



<p ALIGN="CENTER">REPORT OF INDEPENDENT AUDITORS</p>  
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<p>&nbsp;</p>

<blockquote>  
<p>To: The Directors</p>  
<p>ASDA Group plc</p>  
</blockquote>

<p>We have audited the accompanying consolidated balance sheet of ASDA Group plc as of May 1, 1999, and the related consolidated profit and loss account and consolidated cash flow statement for the 52 weeks then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.</p>

<p>We conducted our audit in accordance with United Kingdom auditing standards which are similar to those generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.</p>

<p>In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ASDA Group plc as at May 1, 1999, and the consolidated results of its operations and its consolidated cash flows for the 52 weeks then ended in conformity with accounting principles generally accepted in the United Kingdom.</p>

<p ALIGN="JUSTIFY">&nbsp;</p>

<p ALIGN="JUSTIFY">Ernst & Young</p>

<p>London, England<br>September 27, 1999</p>

<p ALIGN="center"></font><strong>Page 3 fo 28</strong></p>

<p ALIGN="JUSTIFY">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br></u>PROFIT AND LOSS ACCOUNT<br></strong>for the 52 weeks ended 1 May 1999</p>

<p ALIGN="JUSTIFY">&nbsp;</p>  
<div align="center"><center>

	<p align="right"><em>&lt;font SIZE="2"&gt;Note&lt;/font&gt;</em></p>
	<p align="right"><strong>&lt;font SIZE="2"&gt;1999&lt;br&gt;GBPm&lt;/font&gt;</strong></p>
	<p><b>SALES</b></p>
	<p align="right">8,866.7</p>
	<p>Value added tax</p>
	<p align="right">668.4</p>
	<p><b>TURNOVER</b></p>
	<p align="right">1</p>
	<p align="right">8,198.3</p>
	<p>Operating costs</p>
	<p align="right">2</p>
	<p align="right">7,762.7</p>
	<p><b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b></p>
	<p align="right">435.6</p>
	<p>Net interest payable</p>

	3
	(12.7)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	
	422.9
Taxation	
	4
	(105.9)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	
	317.0
Dividends	
	5
	(28.8)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	
	21
	288.2

There were no other recognised gains or losses for the period other than the profit for the 52 weeks of GBP317.0 m.

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ASDA Group plc  
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
for the 52 weeks ended 1 May 1999

	1999
Total recognised gains and losses	
	317.0
Dividends	
	(28.8)
Shares issued	
	7.4
Total movements during the year	
	295.6
Shareholders' funds at beginning of the year	
	2,279.8
Shareholders' funds at end of the year	
	2,575.4

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
for the 52 weeks ended 1 May 1999

	1999 GBPm
Reported profit on ordinary activities before taxation	422.9
Adjustment of depreciation to historical cost basis	(3.0)
Historical cost profit on ordinary activities before taxation	419.9
Historical cost retained profit	285.2

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**ASDA Group plc**  
**BALANCE SHEET**  
as at 1 May 1999

	Note	1999 GBPm
<b>FIXED ASSETS</b>		
Tangible assets	7	3,574.8
Investments	8	9.3
Colleague Share Ownership Plan	18	57.1
		3,641.2
<b>CURRENT ASSETS</b>		
Stocks	10	426.7

<td width="332">Debtors </td>	<td align="right" width="41">11</td>	<td align="right" width="65">121.6</td>
</tr>		
<td width="332">Investments </td>	<td align="right" width="41">12</td>	<td align="right" width="65">103.2</td>
</tr>		
<td width="332">Cash at bank and in hand</td>	<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65"><u>17.1</u></td>
</tr>		
<td width="332">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65"><u>668.6</u></td>
</tr>		
<td colspan="3" width="438">&nbsp;&nbsp;&nbsp;</td>		
</tr>		
<td colspan="3" width="438"><font SIZE="1"><b>CREDITORS:</b></font><font SIZE="2"> amounts falling due within one year</font></td>		
<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65">&nbsp;&nbsp;&nbsp;</td>	
</tr>		
<td colspan="3" width="438"><small>Borrowings</small></td>		
<td align="right" width="41"><small>16</small></td>	<td align="right" width="65"><small>(81.8)</small></td>	
</tr>		
<td colspan="3" width="438"><small>Other creditors</small></td>		
<td align="right" width="41"><small>13</small></td>	<td align="right" width="65"><u><small>(1,099.3)</small></u></td>	
</tr>		
<td colspan="3" width="438">&nbsp;&nbsp;&nbsp;</td>		
<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65"><small>(1,181.1)</small></td>	
</tr>		
<td colspan="3" width="438"><font SIZE="1"><b>NET CURRENT (LIABILITIES)/ASSETS</b></font></td>		
<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65"><small><u>(512.5</u></small></td>	
</tr>		
<td colspan="3" width="438"><font SIZE="1"><b>TOTAL ASSETS LESS CURRENT LIABILITIES</b></font></td>		
<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65"><small>3,128.7</small></td>	
</tr>		
<td colspan="3" width="438">&nbsp;&nbsp;&nbsp;</td>		
</tr>		
<td colspan="3" width="438"><font SIZE="1"><b>CREDITORS:</b></font> <small>amounts falling due after more than one year</small></td>		
<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65">&nbsp;&nbsp;&nbsp;</td>	
</tr>		
<td colspan="3" width="438"><small>Borrowings</small></td>		
<td align="right" width="41"><small>16</small></td>	<td align="right" width="65"><small>(512.5)</small></td>	
</tr>		
<td colspan="3" width="438"><small>Provisions</small></td>		
<td align="right" width="41"><small>14</small></td>	<td align="right" width="65"><small><u>(40.8)</u></small></td>	
</tr>		
<td colspan="3" width="438">&nbsp;&nbsp;&nbsp;</td>		
<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65"><small><u><strong>2,575.4</strong></u></small></td>	
</tr>		
<td colspan="3" width="438">&nbsp;&nbsp;&nbsp;</td>		
</tr>		
<td colspan="3" width="438"><font SIZE="1"><b>CAPITAL AND RESERVES</b></font></td>		
<td align="right" width="41">&nbsp;&nbsp;&nbsp;</td>	<td align="right" width="65">&nbsp;&nbsp;&nbsp;</td>	
</tr>		

Called up share capital	19	763.2
Share premium account	21	408.8
Revaluation reserve	21	229.4
Profit and loss account	21	1,174.0
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>2,575.4</b>

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ASDA Group plc  
CASH FLOW STATEMENT  
for the 52 weeks ended 1 May 1999

	Notes	
Net cash inflow from operating activities	22	565.1
Returns on investment and servicing of finance	22	(22.2)
Taxation	22	(90.2)
Capital expenditure and financial investment	22	(511.2)
Equity dividends paid		(106.8)
Cash outflow before use of liquid resources and financing		(165.3)
Management of liquid resources	22	10.9
Financing		

Issue of ordinary share capital	8.7
Borrowings and lease financing	22
	<u>144.1</u>
	152.8
Decrease in cash in period	1.6

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Notes	1999
		GBPm
Decrease in cash in period		(1.6)
Cash (inflow)/outflow from borrowings and lease financing		22
		<u>(144.1)</u>
Cash inflow from management of liquid resources		<u>(10.9)</u>
Change in net debt resulting from cash flows		<u>(156.6)</u>
Opening net debt		<u>(317.4)</u>
Closing net debt		22

**ASDA Group plc**  
**ACCOUNTING POLICIES**

**ACCOUNTING BASIS**  
The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets. The accounts are prepared in accordance with applicable accounting standards.

**CONSOLIDATED ACCOUNTS**  
The consolidated accounts incorporate the accounts of the company and its subsidiary undertakings together with the group's share of the profits less losses of associated undertakings, adjusted where appropriate to conform to group accounting policies for the 52 weeks ended 1 May 1999.

**GOODWILL**

Goodwill arising on acquisitions prior to 2 May 1998 was set off directly against reserves in the group accounts. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS 10.

Positive goodwill arising on acquisitions since 2 May 1998 is ordinarily capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

**TURNOVER**

Turnover comprises the value of sales excluding value added tax and intra-group transactions.

**TANGIBLE FIXED ASSETS**

The group's tangible fixed assets are included in the balance sheet at cost less depreciation, with the exception of its food retailing properties, which have been included at valuation less depreciation and amounts written off.

**DEPRECIATION**

The group's tangible fixed assets are depreciated over their estimated useful lives, on a straight line basis, as follows:

Freehold and long leasehold property 20 - 50 years

Short leasehold property

Over period of lease

Plant, fixtures and fittings

3 - 20 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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**ASDA Group plc**  
**ACCOUNTING POLICIES**

**LEASED ASSETS**

Assets held under finance leases are capitalised as tangible fixed assets and are included in borrowings at the cost of outright purchase. Rentals are apportioned between reductions in the capital obligations included in borrowings and those relating to finance charges which are charged to the profit and loss accounts at a constant periodic rate of charge.

The capitalised cost of leased assets is written off over the shorter of their estimated useful lives or the lease terms.

The costs of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**CAPITALISATION OF INTEREST**

Interest costs relating to the financing of properties in the course of construction for trading occupation by the company or its subsidiary undertakings are capitalised gross (previously net of tax relief).

Interest costs incurred in funding land and construction work in progress in respect of property development projects are capitalised during development.

**STOCKS**

Stocks comprise goods held for resale and development properties and are valued at the lower of cost and net realisable value.

**DEFERRED TAXATION**

Deferred tax has been accounted for to the extent that it is probable that a liability or asset will crystallise.



<font SIZE="2"><b>

<p ALIGN="JUSTIFY">INVESTMENTS</b></font><br>

Investments in associated undertakings are dealt with under the equity method of accounting in the consolidated accounts less amounts written off. In the company's accounts investments in associated undertakings are stated at cost less amounts written off.</p>

<p ALIGN="JUSTIFY">Short term investments are stated at the lower of cost and net realisable value. All income from these investments is included in the profit and loss account as interest receivable and similar income.</p>

<font SIZE="2"><b>

<p ALIGN="JUSTIFY">FOREIGN CURRENCIES</b></font><br>

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account.</p>

<font SIZE="2"><b>

<p ALIGN="JUSTIFY">PENSIONS</b></font><br>

Pension costs are charged to the profit and loss account over the expected service lives of colleagues in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.</p>

<p align="center"><strong><font size="3">Page 9 of 28</font></strong><font SIZE="2"><b></p>

<p align="left"></b></font><strong><u>ASDA Group plc<br>

</u>NOTES TO THE ACCOUNTS<br>

</strong>at 1 May 1999<font SIZE="2"><b></p>

<p ALIGN="JUSTIFY">1. TURNOVER AND SEGMENTAL ANALYSIS</b></font><br>

Turnover comprises the value of sales excluding value added tax.<br>

The group operated in two principal areas of activity, categorised as follows:</p>

<ul>

<li>ASDA - retail of food, clothing, home and leisure superstores</li>

<li>Gazeley - property developments.</li>

</ul>

<font SIZE="2"><i><div align="center"><center>

<table border="1" width="346">

</i></font>

<tr>

<td width="268">&nbsp;</td>

<td align="right" width="66">52 weeks<br>

1999<br>

GBPm</td>

</tr>

<tr>

<td width="268"><font SIZE="1"><b>TURNOVER</b></font></td>

<td align="right" width="66">&nbsp;</td>

</tr>

<tr>

<td width="268"><small>ASDA</small></td>

<td align="right" width="66"><small>8,178.0</small></td>

</tr>

<tr>

<td width="268"><small>Gazeley</small></td>

<td align="right" width="66"><small><u>20.3</u></small></td>

</tr>

<tr>

<td width="268">&nbsp;</td>

<td align="right" width="66"><p ALIGN="right"><small><strong><u>8,198.3</u></strong></small></td>

</tr>

<tr>

<td width="268"><font SIZE="1"><b>PROFIT</b></font></td>

<td align="right" width="66">&nbsp;</td>

</tr>

<tr>

<td width="268"><small>ASDA</small></td>

<td align="right" width="66"><small>426.9</small></td>

</tr>

<tr>

<td width="268"><small>Gazeley</small></td>

<td align="right" width="66"><small><u>8.7</u></small></td>

</tr>

<tr>

<td width="268"><small>Operating profit</small></td>

<td align="right" width="66"><small>435.6</small></td>

</tr>

<tr>

<td width="268"><small>Net interest payable</small></td>

<td align="right" width="66"><small><u>(12.7)</u></small></td>

	<small>Profit on ordinary activities before taxation</small>
	<small>&lt;u&gt;&lt;strong&gt;422.9&lt;/strong&gt;&lt;/u&gt;</small>
	<b>NET ASSETS</b>
	<small>ASDA</small>
	<small>2,949.4</small>
	<small>Gazeley</small>
	<small>&lt;u&gt;59.9&lt;/u&gt;</small>
	<small>3,009.3</small>
	<small>Unallocated net liabilities</small>
	<small>&lt;u&gt;(433.9)&lt;/u&gt;</small>
	<small>Total net assets</small>
	<small>&lt;strong&gt;&lt;u&gt;2,575.4&lt;/u&gt;&lt;/strong&gt;</small>

Unallocated net liabilities comprise balances in respect of investments, dividends and borrowings.

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**ASDA Group plc**  
NOTES TO THE ACCOUNTS  
at 1 May 1999

**2. OPERATING COSTS**

	52 weeks 1999 GBPm
	<small>Change in stocks</small>
	<small>(61.7)</small>
	<small>Other operating income</small>
	<small>(36.8)</small>
	<small>Raw materials and consumables</small>
	<small>6,367.3</small>
	<small>Employment costs</small>
	<small>758.3</small>
	<small>Depreciation of tangible fixed assets</small>
	<small>145.3</small>
	<small>Other operating charges</small>
	<small>&lt;u&gt;590.3&lt;/u&gt;</small>

		7,762.7
	<b>WITHIN OTHER OPERATING CHARGES:</b>	
	<b>OPERATING LEASE CHARGES</b>	
		41.2
	<b>-</b>	
	<b>plant and machinery</b>	12.7
	<b>AMOUNTS PAID TO AUDITORS</b>	
	<b>Fees charged to profit and loss account in respect of:</b>	
	<b>Audit</b>	0.3
	<b>Other</b>	0.2
		0.5
	<b>EMPLOYMENT COSTS</b>	
	<b>Wages and salaries</b>	697.9
	<b>Social security costs</b>	45.0
	<b>Pension costs</b>	15.4
		758.3

</i><b>

<p ALIGN="JUSTIFY">2. OPERATING COSTS</b> (continued)</font><br>  
The average number of colleagues employed by the group during the year was:</p>  
<i><font SIZE="2"><div align="center"><center>

	Total 1999	Full time equivalents 1999
</font><font SIZE="1"><td width="58"></font></i><small>ASDA</small></td> <td align="right" width="55"><small>83,280</small></td> <td align="right" width="131"><small>51,270</small></td>		
<td width="58"><small>Gazeley</small></td> <td align="right" width="55"><small><u>23</u></small></td> <td align="right" width="131"><small><u>22</u></small></td>		
<td width="58">		

</TABLE>  
</center></div><font SIZE="2"><b>

<p ALIGN="JUSTIFY">3. NET INTEREST PAYABLE</b><i></p>  
<div align="center"><center>

	52 weeks 1999	GBPm					
<font SIZE="1"><td width="252"></font><small>Bank loans and overdrafts </small></td> <td align="right" width="65"><small>(7.9)</small></td>							
<td width="252"><small>Finance leases</small></td> <td align="right" width="65"><small>(0.6)</small></td>							
<td width="252"><small>Bonds</small></td> <td align="right" width="65"><small><u>(38.9)</u></small></td>							
<td width="252">	<tr><td>&lt;td width="252"&gt;&lt;small&gt;Interest capitalised before tax relief of GBPnil&lt;/small&gt;&lt;/td&gt; &lt;td align="right" width="65"&gt;&lt;small&gt;&lt;u&gt;17.2&lt;/u&gt;&lt;/small&gt;&lt;/td&gt;</td></tr> <tr><td>&lt;td width="252"&gt; </td><td &gt;&lt;small&gt;(30.2)&lt;="" align="right" small&gt;&lt;="" td&gt;<="" tr="" width="65"><tr><td>&lt;td width="252"&gt;&lt;small&gt;Interest receivable and similar income&lt;/small&gt;&lt;/td&gt; &lt;td align="right" width="65"&gt;&lt;small&gt;&lt;u&gt;17.5&lt;/u&gt;&lt;/small&gt;&lt;/td&gt;</td></tr><tr><td>&lt;td width="252"&gt; </td><td &gt;&lt;small&gt;&lt;u&gt;&lt;strong&gt;(12.7)&lt;="" align="right" small&gt;&lt;="" strong&gt;&lt;="" td&gt;<="" tr="" u&gt;&lt;="" width="65"></td></tr></td></tr>	<td width="252"><small>Interest capitalised before tax relief of GBPnil</small></td> <td align="right" width="65"><small><u>17.2</u></small></td>	<td width="252">	<tr><td>&lt;td width="252"&gt;&lt;small&gt;Interest receivable and similar income&lt;/small&gt;&lt;/td&gt; &lt;td align="right" width="65"&gt;&lt;small&gt;&lt;u&gt;17.5&lt;/u&gt;&lt;/small&gt;&lt;/td&gt;</td></tr> <tr><td>&lt;td width="252"&gt; </td><td &gt;&lt;small&gt;&lt;u&gt;&lt;strong&gt;(12.7)&lt;="" align="right" small&gt;&lt;="" strong&gt;&lt;="" td&gt;<="" tr="" u&gt;&lt;="" width="65"></td></tr>	<td width="252"><small>Interest receivable and similar income</small></td> <td align="right" width="65"><small><u>17.5</u></small></td>	<td width="252">	
<td width="252"><small>Interest capitalised before tax relief of GBPnil</small></td> <td align="right" width="65"><small><u>17.2</u></small></td>							
<td width="252">	<tr><td>&lt;td width="252"&gt;&lt;small&gt;Interest receivable and similar income&lt;/small&gt;&lt;/td&gt; &lt;td align="right" width="65"&gt;&lt;small&gt;&lt;u&gt;17.5&lt;/u&gt;&lt;/small&gt;&lt;/td&gt;</td></tr> <tr><td>&lt;td width="252"&gt; </td><td &gt;&lt;small&gt;&lt;u&gt;&lt;strong&gt;(12.7)&lt;="" align="right" small&gt;&lt;="" strong&gt;&lt;="" td&gt;<="" tr="" u&gt;&lt;="" width="65"></td></tr>	<td width="252"><small>Interest receivable and similar income</small></td> <td align="right" width="65"><small><u>17.5</u></small></td>	<td width="252">				
<td width="252"><small>Interest receivable and similar income</small></td> <td align="right" width="65"><small><u>17.5</u></small></td>							
<td width="252">							

</TABLE>  
</center></div>

<p ALIGN="center"><b>&nbsp;<font size="3"><strong>Page 12 of&nbsp;<font><b><font SIZE="2">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><font><font size="3"><strong><u>ASDA Group plc<br>  
</u>NOTES TO THE ACCOUNTS<br>



<b><font size="3">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br></u>NOTES TO THE ACCOUNTS<br></strong>at 1 May 1999</font><font SIZE="2"><i></p></i>

<p ALIGN="JUSTIFY">6. DIRECTORS' REMUNERATION</font></b></p>

<p ALIGN="JUSTIFY">The total remuneration of the directors is as follows:</p><i><div align="center"><center>

&nbsp;</td><td align="right" width="59"><small><small>52 weeks <small>1999 <small>GBP000</small></small></td></tr><tr><td width="386"><small>Total directors&#146; remuneration excluding pension</small></td><td align="right" width="59"><small><small>2,277</small></small></td></tr><tr><td width="386"><small>Aggregate gains on the exercise of share options</small></td><td align="right" width="59"><small><small>2,859</small></small></td></tr><tr><td width="386">&nbsp;</td><td align="right" width="59"><small><small>No.</small></small></td></tr><tr><td width="386"><small>Number of directors who are members of the defined benefit scheme</small></td><td align="right" width="59"><small><small>8</small></small></td></tr></TABLE></center></div>
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<p ALIGN="JUSTIFY">Amounts in respect of the highest paid director are as follows:</p><div align="center"><center>

<td height="51" width="545"></td><td height="51" align="right" width="93"><small>52 weeks <i>1999</small> <small>GBP000</small></i></td></tr><tr><td height="32" width="545"><small>Total remuneration excluding pension and including gains on exercise of share options</small></td><td height="32" align="right" width="93"><small>1,486</small></td></tr><tr><td height="19" width="545"></td><td height="19" align="right" width="93"><small><i>1 May 1999</i></small><p><small><i>GBP000</i></small></td></tr><tr><td height="19" width="545"><small>Accumulated total accrued pension</small></td><td height="19" align="right" width="93"><small>20</small></td></tr></TABLE></center></div>
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<p ALIGN="JUSTIFY">&nbsp;<The highest paid director exercised 779,390 share options during the year, 250,000 of which related to qualifying services under a long term incentive scheme.</p>

<p ALIGN="center"><font size="3"><strong><b>Page 14 of&nbsp;&nbsp;&nbsp;28</b></strong></font></p><b><font size="3">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br></u>NOTES TO THE ACCOUNTS<br></strong>at 1 May 1999</font><font SIZE="2"><i></p></i>

<p ALIGN="JUSTIFY">7. TANGIBLE FIXED ASSETS</b><i></p></i><div align="center"><center>

<table border="1" width="651" height="562">



<b>DEPRECIATION</b>				
At beginning of the year				
	167.1	155.2	412.7	735.0
Reclassification				
	29.3	(29.4)	0.1	-
Charge for the year				
	33.0	16.1	96.2	145.3
Disposals				
	(41.9)	(35.6)	(65.2)	(142.7)
At end of the year				
	187.5	106.3	443.8	737.6
Net book amounts at end of the year				
	2,381.9	537.3	405.4	3,324.6
Assets under construction				
				250.2
<b>NET BOOK AMOUNTS AT END OF THE YEAR</b>				
				3,574.8
<b>NET BOOK AMOUNTS AT BEGINNING OF THE YEAR</b>				
				3,196.3

&nbsp;

ASDA Group plc  
NOTES TO THE ACCOUNTS  
at 1 May 1999

7. TANGIBLE FIXED ASSETS (continued)

Food retailing properties were revalued at 1 May 1996 by External Valuers, Messrs G.L. Hearn and Partners, Chartered Surveyors. The open market valuations were carried out on the basis of "Existing Use Value" as defined in Practice Statement 4 of, and in accordance with, the RICS Appraisal and Valuation Manual (the New Red Book) published by the Royal Institute of Chartered Surveyors, with the exception of certain superstores which, in the opinion of the directors, have a limited future economic life in existing



use. In respect of these properties, the directors have estimated their lower, alternative use value.

The cumulative amount of capitalised interest included in the net book value of fixed assets is  
GBP40.7 million. Details of interest capitalised during the year are given in note 3 on page 19.

The historical cost of food retailing properties included at valuation is as follows:

	1999
Freehold properties	1,428.6
Leasehold properties	573.5
	2,002.1

The net book amount of plant, fixtures and fittings for the group includes 1.5 million British Pounds in respect of leased assets after charging depreciation of GBP5.9 million.

	1999
Leases with 50 years or more unexpired	460.6
Leases with less than 50 years unexpired	76.8
	537.4

**8. FIXED ASSET INVESTMENTS**

	1999
Subsidiary undertakings (note 9)	-
Qualifying Employee Share Ownership Trust	9.3
	9.3

</center></div><font SIZE="2">

<p ALIGN="JUSTIFY"><br>

The Qualifying Employee Share Ownership Trust (&#145;QUEST&#146;) was established for the purposes of the Sharesave Scheme. As at 1 May 1999, 2,239,545 of the ordinary shares issued to the QUEST had been transferred to the option holders exercising options under the Sharesave Scheme and the option money received by QUEST used to repay part of the loan. The remaining 19,660,455 shares held by the QUEST, over which options have been granted, are included in fixed asset investments at a cost of GBP9.3 million.</p>

<b>

<p ALIGN="center"></font><font size="3"><strong>Page 16 of&nbsp; 28</strong></font></p>

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br></u>NOTES TO THE ACCOUNTS<br></strong>at 1 May 1999</font><i></p></i>

<p ALIGN="JUSTIFY">9. SUBSIDIARY UNDERTAKINGS</b><br>

As at 1 May 1999, the following companies, being those whose results principally affect the financial position of the group, were subsidiary undertakings whose ordinary share capital was wholly owned, and which were registered in England and Wales and operating in the UK.</p>

<font SIZE="2"><i><div align="center"><center>

<table border="1" width="499">

<tr>

<td width="202">&nbsp;</td>

<td align="right" width="122">Principal activities</td>

<td align="right" width="157">Holding Company</td>

</tr>

<tr>

<td colspan="3" width="493">&nbsp;</td>

</tr>

<tr>

<td width="202"></i>ASDA Stores Limited</td>

<td align="right" width="122">Retailing</td>

<td align="right" width="157">ASDA Group plc</td>

</tr>

<tr>

<td width="202">Gazeley Properties Limited</td>

<td align="right" width="122">Property Development</td>

<td align="right" width="157">Gazeley Holdings Limited</td>

</tr>

<tr>

<td width="202">McLagan Investments Limited</td>

<td align="right" width="122">Property Investment</td>

<td align="right" width="157">ASDA Group plc</td>

</tr>

<tr>

<td width="202">The Burwood House Group Plc</td>

<td align="right" width="122">Property Investment</td>

<td align="right" width="157">McLagan Investments Limited</td>

</tr>

</TABLE>

</center></div>

<p ALIGN="JUSTIFY">A complete list of subsidiary undertakings will be annexed to the next annual return to the Registrar of Companies.</p><b>

<p ALIGN="JUSTIFY">10. STOCKS</b><i></p></i>

<div align="center"><center>

<table border="1" width="263">

</i></font>

<tr>

<td width="147">&nbsp;</td>

<td align="right" width="104">1999<br>

GBPm</td>

</tr>

<tr>

<td width="147"><small>Goods held for resale</small></td>

<td align="right" width="104"><small>385.5</small></td>

</tr>

<tr>

<td width="147"><small>Development properties</small></td>

<td align="right" width="104"><u><small>41.2</small></u></td>

</tr>

<tr>

<td width="147">&nbsp;</td>

<td align="right" width="104"><small><u><strong>426.7</strong></u></small></td>

</tr>  
</TABLE>  
</center></div><b>

<p ALIGN="JUSTIFY"></b><i>&nbsp;</i>&nbsp;</p>

<p ALIGN="JUSTIFY"></i><b>11. DEBTORS</b><i></i></p>  
<div align="center"><center>

</i>	
<tr>	
<td width="266">&nbsp;</td>	
<td align="right" width="74"><small>1999</small> 	
<small>GBPm</small></td>	
</tr>	
<tr>	
<td width="266"><small>Amounts owed by subsidiary undertakings</small></td>	
<td align="right" width="74"><small>-</small></td>	
</tr>	
<tr>	
<td width="266"><small>Other debtors</small></td>	
<td align="right" width="74"><small>48.9</small></td>	
</tr>	
<tr>	
<td width="266"><small>Prepayments and accrued income</small></td>	
<td align="right" width="74"><u><small>72.7</small></u></td>	
</tr>	
<tr>	
<td width="266">&nbsp;</td>	
<td align="right" width="74"><small><u><strong>121.6</strong></u></small></td>	
</tr>	
</TABLE>	
</center></div>	

<p ALIGN="center">&nbsp;<font size="3"><b><strong>Page 17 of&nbsp;</strong> 28</strong></b></font></p>  
<b><font size="3">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br>

</u>NOTES TO THE ACCOUNTS<br>

</strong>at 1 May 1999</font><i></i></p>  
<div align="center"><center>

</i></font>	
<tr>	
<td width="277">&nbsp;</td>	
<td align="right" width="90"><small>1999 	
GBPm</small></td>	
</tr>	
<tr>	
<td width="277"><font SIZE="1"><b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b></font></td>	
<td align="right" width="90">&nbsp;</td>	
</tr>	
<tr>	
<td width="277"><small>Bank overdraft</small></td>	
<td align="right" width="90"><small>-</small></td>	
</tr>	
<tr>	
<td width="277"><small>Trade creditors</small></td>	
<td align="right" width="90"><small>689.3</small></td>	
</tr>	
<tr>	
<td width="277"><small>Amounts owed to subsidiaries</small></td>	
<td align="right" width="90"><small>-</small></td>	
</tr>	
<tr>	
<td width="277"><small>Taxation </small></td>	
<td align="right" width="90"><small>156.7</small></td>	
</tr>	
<tr>	
<td width="277"><small>Social security</small></td>	
<td align="right" width="90"><small>12.4</small></td>	
</tr>	
<tr>	
<td width="277"><small>Other creditors</small></td>	

<small>94.5</small>
<small>Accruals</small>
<small>146.4</small>
<small>Proposed dividend</small>
<small>&lt;u&gt;- &lt;/u&gt;</small>
<small> </small>
<small>&lt;u&gt;&lt;strong&gt;1,099.3&lt;/strong&gt;&lt;/u&gt;</small>

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

<small>1999</small>	<small>GBPm</small>
<small>Provisions (note 15)</small>	<small>11.2</small>
<small>Deferred taxation (note 17)</small>	<small>&lt;u&gt;29.6&lt;/u&gt;</small>
<small> </small>	<small>&lt;u&gt;&lt;strong&gt;40.8&lt;/strong&gt;&lt;/u&gt;</small>

**15. PROVISIONS**

<small>Onerous lease provision</small>	<small>1999</small>	<small>GBPm</small>
<small>At beginning of the year</small>	<small>36.7</small>	
<small>Utilised during the year</small>	<small>&lt;u&gt;(25.5)&lt;/u&gt;</small>	
<small>At end of the year</small>	<small>&lt;u&gt;&lt;strong&gt;11.2&lt;/strong&gt;&lt;/u&gt;</small>	

The onerous lease provision represents provisions for lease obligations arising from discontinued activities.

**16. BORROWINGS**





<i>  
</tr>  
</TABLE>  
</center></div>

<p ALIGN="JUSTIFY"><i>Provision has been made at the anticipated rate of corporation tax on timing differences which are expected to reverse in the foreseeable future.</p>

<p ALIGN="JUSTIFY">&nbsp;</p>  
<div align="center"><center>

&nbsp;</td> <td align="right" style="vertical-align: top;" width="105"><small>&lt;br&gt; Depreciation&lt;br&gt; allowances&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; Short term&lt;br&gt; timing&lt;br&gt; differences&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52">&amp;nbsp;&lt;p&gt;&lt;small&gt;Total&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;</td></small></td></small></td>		<small>&lt;br&gt; Depreciation&lt;br&gt; allowances&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; Short term&lt;br&gt; timing&lt;br&gt; differences&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52">&amp;nbsp;&lt;p&gt;&lt;small&gt;Total&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;</td></small></td></small>	<small>&lt;br&gt; Short term&lt;br&gt; timing&lt;br&gt; differences&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52">&amp;nbsp;&lt;p&gt;&lt;small&gt;Total&lt;/small&gt;&lt;br&gt; &lt;small&gt;GBPm&lt;/small&gt;&lt;/td&gt;</td></small>	&nbsp;<p><small>Total</small>  <small>GBPm</small></td>
<b>POTENTIAL LIABILITY</b> </td>				
<small>&lt;br&gt; At beginning of the year&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="105"><small>&lt;br&gt; &lt;small&gt;89.2&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; &lt;small&gt;(17.5)&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;71.7&lt;/small&gt;&lt;/td&gt;</small></td></small></td></small></td></small>		<small>&lt;br&gt; &lt;small&gt;89.2&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; &lt;small&gt;(17.5)&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;71.7&lt;/small&gt;&lt;/td&gt;</small></td></small></td></small>	<small>&lt;br&gt; &lt;small&gt;(17.5)&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;71.7&lt;/small&gt;&lt;/td&gt;</small></td></small>	<small>&lt;br&gt; &lt;small&gt;71.7&lt;/small&gt;&lt;/td&gt;</small>
<small>&lt;br&gt; Provision charged through profit and loss account&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="105"><small>&lt;br&gt; &lt;small&gt;16.0&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; &lt;small&gt;6.7&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;22.7&lt;/small&gt;&lt;/td&gt;</small></td></small></td></small></td></small>		<small>&lt;br&gt; &lt;small&gt;16.0&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; &lt;small&gt;6.7&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;22.7&lt;/small&gt;&lt;/td&gt;</small></td></small></td></small>	<small>&lt;br&gt; &lt;small&gt;6.7&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;22.7&lt;/small&gt;&lt;/td&gt;</small></td></small>	<small>&lt;br&gt; &lt;small&gt;22.7&lt;/small&gt;&lt;/td&gt;</small>
<small>&lt;br&gt; At end of the year&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="105"><small>&lt;br&gt; &lt;small&gt;105.2&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; &lt;small&gt;(10.8)&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;94.4&lt;/small&gt;&lt;/td&gt;</small></td></small></td></small></td></small>		<small>&lt;br&gt; &lt;small&gt;105.2&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="95"><small>&lt;br&gt; &lt;small&gt;(10.8)&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;94.4&lt;/small&gt;&lt;/td&gt;</small></td></small></td></small>	<small>&lt;br&gt; &lt;small&gt;(10.8)&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="52"><small>&lt;br&gt; &lt;small&gt;94.4&lt;/small&gt;&lt;/td&gt;</small></td></small>	<small>&lt;br&gt; &lt;small&gt;94.4&lt;/small&gt;&lt;/td&gt;</small>

<p ALIGN="JUSTIFY">Any capital gains tax arising on the disposal of properties at their revalued amounts would be covered by indexation, rollover relief and capital losses. </p>

<p ALIGN="center">&nbsp;<font size="3"><b><strong>Page 20 of&nbsp;  28</strong></b></font></p>  
<b><font size="3">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br>  
</u>NOTES TO THE ACCOUNTS<br>  
</strong>at 1 May 1999</i></p>  
</i></b>

<p ALIGN="JUSTIFY">&nbsp;<br>  
<b>18. COLLEAGUE SHARE OWNERSHIP PLAN</b></p>  
<i><div align="center"><center>

<b>POTENTIAL LIABILITY</b> </td>		
<small>&lt;br&gt; At beginning of the year&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="57"><small>&lt;br&gt; &lt;small&gt;53.1&lt;/small&gt;&lt;/td&gt;</small></td></small>		<small>&lt;br&gt; &lt;small&gt;53.1&lt;/small&gt;&lt;/td&gt;</small>
<small>&lt;br&gt; Additions during the year&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="57"><small>&lt;br&gt; &lt;small&gt;24.6&lt;/small&gt;&lt;/td&gt;</small></td></small>		<small>&lt;br&gt; &lt;small&gt;24.6&lt;/small&gt;&lt;/td&gt;</small>
<small>&lt;br&gt; Issued during the year&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="57"><small>&lt;br&gt; &lt;small&gt;(20.6)&lt;/small&gt;&lt;/td&gt;</small></td></small>		<small>&lt;br&gt; &lt;small&gt;(20.6)&lt;/small&gt;&lt;/td&gt;</small>
<small>&lt;br&gt; At end of the year&lt;/small&gt;&lt;/td&gt;<td align="right" style="vertical-align: top;" width="57"><small>&lt;br&gt; &lt;small&gt;57.1&lt;/small&gt;&lt;/td&gt;</small></td></small>		<small>&lt;br&gt; &lt;small&gt;57.1&lt;/small&gt;&lt;/td&gt;</small>

</tr>  
</TABLE>  
</center></div>

<p ALIGN="JUSTIFY">&nbsp;</p>

<p ALIGN="JUSTIFY">The Colleague Share Ownership Plan (&quot;CSOP&quot;) is designed to extend share option participation throughout the business and the directors consider that the CSOP is an important factor in motivating and retaining colleagues. Options are granted over shares equal in value to 25% of salary and are exercisable three and six years after grant, provided that the colleague remains employed by ASDA. Option prices are based on market prices prevailing at the date of grant. At 1 May 1999, 61.7 million shares were under option.</p>

<p ALIGN="JUSTIFY">The CSOP is administered by an independent professional trust company resident in Jersey. The trust holds sufficient ordinary shares in the company to meet the anticipated future obligations of the CSOP, funded by a direct loan from the company. The costs of the CSOP are charged to the profit and loss account as they accrue. There is a dividend waiver in place in respect of shares held by the trust.</p>

<p ALIGN="JUSTIFY">At 1 May 1999 the trust held 46.1 million ordinary shares of the company at an aggregate cost of GBP57.1 million the related loan from the company being included within fixed assets on the balance sheet. The market value of the shares at 1 May 1999 was GBP95.3 million.</p>

<p ALIGN="center"><font size="3"><b><strong>Page 21 of&nbsp;  28</strong></b></font></p>  
<b><font size="3">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br></u>NOTES TO THE ACCOUNTS<br></strong>at 1 May 1999</font><i></p>  
</i></b>

<p ALIGN="JUSTIFY">&nbsp;<br>  
<b>19. CALLED UP SHARE CAPITAL</b></p>  
<i><div align="center"><center>

</i>	
<td width="284">&nbsp;</td>	<td align="right" width="190"><small>Ordinary shares of 25p each 1999 GBpm</small></td>
<td width="284"><small><b>Authorised</b></small></td>	<td align="right" width="190"><small><u><strong>1,250.0</strong></u></small></td>
<td width="284"><b><small>Allotted and fully paid</small><font SIZE="1">:</font></b></td>	<td align="right" width="190">&nbsp;</td>
<td width="284"><small>At beginning of the year</small></td>	<td align="right" width="190"><p ALIGN="right"><small>761.1</small></td>
<td width="284"><small>Issued in relation to share option schemes</small></td>	<td align="right" width="190"><small><u>2.1</u></small></td>
<td width="284">&nbsp;</td>	<td align="right" width="190"><small><u><strong>763.2</strong></u></small></td>

</TABLE>  
</center></div>

<p ALIGN="JUSTIFY">At 1 May 1999 there were 3,052,784,731 ordinary shares in issue. 8,334,195 share options with a nominal value of GBP2,083,549 were exercised during the year for a total consideration of GBP7,326,717.</p>

<p ALIGN="JUSTIFY">In addition to the CSOP referred to above which uses shares acquired in the market, the group operates a number of share schemes for colleagues. Details of options outstanding under each of the schemes as at 1 May 1999 are summarised as follows:</p>  
<font SIZE="2"><i><div align="center"><center>

<td width="233">&nbsp;</td>	<td align="right" width="101"> Number of participants</td>
-----------------------------	--



	  Number of  options</td>	Price per  ordinary share  (range)  pence</td>	  Exercisable  by</td>
	</tr>		
	<tr> <td width="233"></i>Executive share option scheme 1984</td> <td align="right" width="101">143</td> <td align="right" width="92">1,841,331</td> <td align="right" width="79">25 - 170</td> <td align="right" width="97">July 2004</td> </tr>		
	<tr> <td width="233">Executive share option scheme 1994</td> <td align="right" width="101">2,203</td> <td align="right" width="92">36,566,689</td> <td align="right" width="79">66 - 209.5</td> <td align="right" width="97">January 2009</td> </tr>		
	<tr> <td width="233">Sharesave scheme 1994</td> <td align="right" width="101">54,554</td> <td align="right" width="92">84,717,333</td> <td align="right" width="79">47 - 146.5</td> <td align="right" width="97">October 2004</td> </tr>		

</font><font size="3"><b><strong><br>  
<font SIZE="2">Page 22 of&nbsp;28</font></strong></b></p>  
<b><font size="3">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br>  
</u>NOTES TO THE ACCOUNTS<br>  
</strong>at 1 May 1999</font><i></p>  
</i>

<p ALIGN="JUSTIFY">&nbsp;</p>

<p ALIGN="JUSTIFY">20. FIANACIAL COMMITMENTS<br>  
</b><i></p>  
<div align="center"><center>

	&nbsp;</td> <td align="right" width="117"></font><em><small>1999</small>  <small>GBPm</small></em></td>
	</font><small>Contracted</small></td> <td align="right" width="117"><small><strong><u>53.3</u></strong></small></td> <font SIZE="2">

<p ALIGN="JUSTIFY">The annual commitments under non-cancellable operating leases, which  
relate primarily to land and buildings, are as follows:</p>  
<div align="center"><center>

	&nbsp;</td> <td align="right" width="134"><font SIZE="2"><i>1999  GBPm</i></font></td>
	<small>Leases expiring:</small></td> <td align="right" width="134">&nbsp;</td>
	<small>After five years</small></td> <td align="right" width="134"><small><u><strong>40.1</strong></u></small></td>

</TABLE>  
</center></div>

<p ALIGN="JUSTIFY">&nbsp;</p>  
<font SIZE="2"><b>

<p ALIGN="JUSTIFY">21. RESERVES</b><i></p>  
<div align="center"><center>

&nbsp;	<small>Share premium account GBPm</small>		
&nbsp;	<small>&lt;br&gt; Revaluation reserve GBPm</small>		
&nbsp;	<small>Profit and loss account GBPm</small>		
&nbsp;			
<small>At beginning of the year</small>	<small>403.5</small>	<small>229.4</small>	<small>885.8</small>
<small>Retained profit for the year</small>	<small>-</small>	<small>-</small>	<small>288.2</small>
<small>Premium on ordinary shares in relation to share option schemes</small>	<small>&lt;u&gt;5.3&lt;/u&gt;</small>	<small>&lt;u&gt;- &lt;/u&gt;</small>	<small>&lt;u&gt;- &lt;/u&gt;</small>
<small>At end of the year</small>	<small>&lt;u&gt;&lt;strong&gt;408.8&lt;/strong&gt;&lt;/u&gt;</small>	<small>&lt;u&gt;&lt;strong&gt;229.4&lt;/strong&gt;&lt;/u&gt;</small>	<small>&lt;u&gt;&lt;strong&gt;1,174.0&lt;/strong&gt;&lt;/u&gt;</small>

<p ALIGN="JUSTIFY"><br>  
The cumulative amount of goodwill written off to reserves since 1 January 1989 is GBP114.5 million.</p>  
<b>

<p ALIGN="center"><font size="3"><strong>Page 23 of&nbsp;  28</strong></font><font SIZE="2"></p>  
<font size="3">

<p ALIGN="center">&nbsp;</p>

<p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br>  
</u>NOTES TO THE ACCOUNTS<br>  
</strong>at 1 May 1999</font><i></p>  
</i>

<p ALIGN="JUSTIFY">22. CASH FLOW</b><i></p>  
<div align="center"><center>

&nbsp;	<small>1999 GBPm</small>
&nbsp;	
<small>&lt;b&gt;(a) Reconciliation of operating profit to net cash inflow from operating activities&lt;/b&gt;</small>	
&nbsp;	
<small>Operating profit</small>	





changes<br>  
 GBPm</i></small></td>  
 <td align="right" width="73"><small><i><br>  
 At 1 May<br>  
 1999<br>  
 GBPm</i></small></td>  
 </tr>  
 <tr>  
 <td width="174"><small>Cash in hand and at bank</small></td>  
 <td align="right" width="73"><small>18.7</small></td>  
 <td align="right" width="79"><small>(1.6)</small></td>  
 <td align="right" width="83"><small>-</small></td>  
 <td align="right" width="73"><small>17.1</small></td>  
 </tr>  
 <tr>  
 <td width="174"><small>Debt due within one year</small></td>  
 <td align="right" width="73"><small>(28.1)</small></td>  
 <td align="right" width="79"><small>3.7</small></td>  
 <td align="right" width="83"><small>(57.4)</small></td>  
 <td align="right" width="73"><small>(81.8)</small></td>  
 </tr>  
 <tr>  
 <td width="174"><small>Debt due after one year</small></td>  
 <td align="right" width="73"><small>(422.1)</small></td>  
 <td align="right" width="79"><small>(147.8)</small></td>  
 <td align="right" width="83"><small>57.4</small></td>  
 <td align="right" width="73"><small>(512.5)</small></td>  
 </tr>  
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 <td width="174"><small>Current asset investments</small></td>  
 <td align="right" width="73"><small><u>114.1</u></small></td>  
 <td align="right" width="79"><small><u>(10.9)</u></small></td>  
 <td align="right" width="83"><small><u>- </u></small></td>  
 <td align="right" width="73"><small><u>103.2</u></small></td>  
 </tr>  
 <tr>  
 <td width="174">&nbsp;</td>  
 <td align="right" width="73"><small><u><strong>(317.4)</strong></u></small></td>  
 <td align="right" width="79"><small><u><strong>(156.6)</strong></u></small></td>  
 <td align="right" width="83"><small><u><strong>- </strong></u></small></td>  
 <td align="right" width="73"><small><u><strong>(474.0)</strong></u></small></td>  
 </tr>  
 </TABLE>  
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 <p ALIGN="JUSTIFY">&nbsp;</p>  
 <b>  
 <p ALIGN="JUSTIFY">23. PENSIONS</b><br>  
 The group operates a final salary scheme open to all full time and part time salaried colleagues and a money purchase plan open to all hourly paid colleagues. These schemes provide a pension in addition to the basic state pension together with other benefits such as life assurance.</p>  
 <p ALIGN="JUSTIFY">The assets of the money purchase plan are invested with the Prudential Life Assurance Company whilst the assets of the final salary scheme are placed by the trustees under the management of professional fund managers. The assets of these schemes are held separate from the group's assets.</p>  
 <p ALIGN="JUSTIFY">The trustees of these schemes have been selected to represent the wide range of members and consist of eight colleagues (nine for the money purchase plan) performing a range of roles in both stores and ASDA House. In addition there is one pensioner trustee and an independent trustee who is a solicitor specialising in pensions work.</p>  
 <p ALIGN="JUSTIFY">The pension cost relating to the final salary scheme is assessed in accordance with the advice of an independent qualified actuary who conducted a triennial valuation as at 6 April 1998 using the projected unit method.</p>  
 <font SIZE="2">  
 <p ALIGN="center"></font><font size="3"><b><strong>Page 25 of&nbsp;   28</strong></b></font></p>  
 <b><font size="3">  
 <p ALIGN="center">&nbsp;</p>  
 <p ALIGN="JUSTIFY"><strong><u>ASDA Group plc<br>  
 </u>NOTES TO THE ACCOUNTS<br>  
 </strong>at 1 May 1999</font><i></p>  
 </i>  
 <p ALIGN="JUSTIFY">23. PENSIONS</b> (continued)<br>  
 The key actuarial assumptions are that the long term rate of investment return will exceed the rate of increase in salaries by 2% per annum and exceed the rate of increase in pensions by 4.25% per annum. The rate of growth of equity dividends is 4.75% per annum. At 6 April 1998, the market value of the scheme's assets was GBP317.2 million and the





<p>Before Income Taxes, Minority Interest and Equity in Unconsolidated Subsidiaries</p>	<p>7,323</p>
<p>690</p>	<p>785</p>
<p>7,228</p>	<p>207</p>
<p>Provision for Income Taxes</p>	
<p>2,740</p>	<p>207</p>
<p>(301)</p>	<p>2,646</p>
<p>Income Before Minority Interest and Equity in Unconsolidated Subsidiaries</p>	
<p>4,583</p>	<p>483</p>
<p>(484)</p>	<p>(484)</p>
<p>4,582</p>	<p>4,582</p>
<p>Minority Interest and Equity in Unconsolidated Subsidiaries</p>	
<p>(153)</p>	<p>(153)</p>
<p>(153)</p>	<p>(153)</p>
<p>Net Income</p>	
<p>\$4,430</p>	<p>\$483</p>
<p>(484)</p>	<p>(484)</p>
<p>\$4,429</p>	<p>\$4,429</p>
<p>Net Income Per Share - Basic and Dilutive</p>	
<p>\$0.99</p>	<p>\$0.99</p>
<p>\$0.99</p>	<p>\$0.99</p>
<p>Average Number of Common Shares:</p>	
<p>Basic</p>	<p>4,464</p>
<p>4,464</p>	<p>4,464</p>







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<TITLE>CONSENT OF INDEPENDENT AUDITORS</TITLE>  
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<p ALIGN="CENTER">CONSENT OF INDEPENDENT AUDITORS</p>

<p>We consent to the incorporation by reference of our report dated September 27, 1999, with respect to the financial statements of ASDA Group plc included in this Current Report (Form 8-K) for Wal-Mart Stores, Inc., in the following registration statements and related prospectuses:</p>

<p>&nbsp;</p>

Stock Option Plan of 1984 of Wal-Mart Stores, Inc., as amended	Form S-8	File No. 2-94358 and 33-43315
Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended	Form S-8	File No. 33-55325
Debt Securities and Pass-Through Certificates of Wal-Mart Stores, Inc.	Form S-3	File No. 33-55725
Director Compensation Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-24259
Debt Securities of Wal-Mart Stores, Inc.	Form S-3	File No. 33-53125
Dividend Reinvestment and Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-3	File No. 333-2089
401(k) Retirement Savings Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-29847
401(k) Retirement Savings Plan of Wal-Mart Puerto Rico, Inc.	Form S-8	File No. 33-44659
Form S-3 Registration Statement Covering 14,710,000 Shares	Form S-3	File No. 333-56993
Associate Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-62965
Stock Incentive Plan of Wal-Mart Stores, Inc.	Form S-8	File No. 333-60329
Debt Securities of Wal-Mart Stores, Inc.	Form S-3	File No. 333-82909
The ASDA Colleague Share Ownership Plan	The ASDA Group Long Term Incentive Plan	
The ASDA Group PLC Sharesave Scheme		
The ASDA 1984 Executive Share Option Scheme		

