4845728

Dell Products

Directors' Report and Financial Statements

Year Ended 28 January 2011

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

S Corkery
S Creed
T Kitt
J Wright
G Fox
S McDonnell (alternate director)

Solicitors

Matheson Ormsby Prentice
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Secretary and Registered Office

S Creed and
Matsack Trust Limited
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Registered No: 191034

Bankers

Barclays Bank Plc
47/48 St Stephens Green
Dublin 2
Ireland

Citibank
Citibank House
336 Strand
London WC2R 1HP
England

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the financial year ended 28 January 2011.

Directors' responsibilities for financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books of account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Dell, Raheen Industrial Estate, Raheen, Limerick.

Principal activities

The principal activity of the company is the sale and distribution of Dell manufactured systems and third party manufactured computer option products. These are purchased from another group company and sold to end customers through group companies acting as commissionaire agents and to other group companies.

On the 11 January 2011, as part of an acquisition of business from a group company, the company started to provide certain ancillary global operations support, EMEA supply chain and logistics management and support and back office IT and finance support.

Results, dividend and reserves

Profit for the financial year amounted to US$10.7m (2010: profit of US$3.9m).

This amount has been taken to reserves. The directors do not recommend the payment of a dividend (2010: US$nil).

Business review

Dell delivers innovative technology and services which customers trust and value. As a leading technology company, we offer a broad range of products and services that we believe create optimal solutions for our customers that will provide them with the power to do more.

The company operates as principal in the Dell EMEA commissionaire structure, and trading results for the year and the year-end financial position are in line with expectation. Turnover increased from US$11.2 billion in FY2010 to US$12.4 billion in FY2011, an increase of 10.5%. The recovery in the world economy during FY2011 helped strengthen demand from our commercial customers as the corporate refresh cycle continued, particularly for our Large Enterprise and SMB customers. Demand from our consumer customers softened during late FY2011 compared to late FY2010 when the launch of Windows 7 increased demand for our Consumer client products.

DIRECTORS' REPORT - continued

Business review - continued
The company sells products to third party end-customers through commissionaire agents located in EMEA. Commissionaire fees and other distribution costs paid to other group companies amounted to US$1,370,478,298 (2010: US$1,539,094,047).

Interest receivable relates mainly to interest on group intercompany loans and income from financial investments. Financial investments are placed with high quality financial institutions.

Interest payable primarily relates to interest charged on outstanding group balances. Interest rates applied are based on external LIBOR rates and represent arm's length market rates.

The net assets of the company at the end of fiscal 2011 were US$286 million (2010: $273 million).

Principal risks and uncertainties
The company is expecting competitive pressure to continue into the new fiscal year due to factors such as industry-wide global pricing pressures, increased competition, potential increases in the cost and availability of raw materials and outside manufacturing services.

Financial risk management
Foreign exchange risk
The financial statements are stated in US dollars, revenue flows are in non US denominated currencies and costs are predominately in US dollars, as a result of the mismatch of currencies the Dell group uses foreign exchange contracts at an EMEA level, though not within this entity. The objective is to manage the exposure to foreign currency exchange rate fluctuations on earnings and cash flows associated with foreign exchange rate changes. The company's foreign exchange risk is managed centrally by Dell Inc. in Austin, Texas, refer to foreign currency accounting policy on page 8. Foreign currency exchange exposures are continually monitored however, there can be no assurance that the foreign currency contracts entered into will substantially offset the impact of fluctuations in currency exchange rates on the results of operations and financial position.

Credit risk
Trade receivables comprise a large widespread customer base with no significant concentrations of credit risk. Both new and existing customers are regularly evaluated to ensure credit limits are appropriate.

Interest rate and cash flow risk
Investments are managed centrally on behalf of the company by Dell Inc. Austin, Texas. The funds are invested in a range of investment products, all of which are investment grade minimum with minimum ratings of A-/A3. There are no immediate plans to alter this strategy or portfolio.

Events since the year end
There have been no significant events affecting the company since the year end.

Future developments
There are no future developments to report.

Research and development
Research and development activities relate to computer products.

Donations
The company did not make any political donations during the year.

Directors
The names of the persons who served as directors during the financial year ended 28 January 2011 and up to the date of the signing of this report are set out below. Except where indicated, they served as directors for the entire year.

DIRECTORS' REPORT - continued

Board of directors

S Corkery	
S Creed	
T Kitt	(appointed 21 October 2010)
J Wright	
G Fox	(appointed 10 October 2011)
T Geary	(resigned 24 September 2010)
K McDaid	(resigned 10 June 2011)
N O'Mahoney	(appointed 21 October 2010, resigned 8 April 2011)
S McDonnell	(alternate director)
M O'Neill	(alternate director, appointed 21 October 2010, resigned 21 October 2010)

Directors' and secretary's interests
Details of these shareholdings are set out in note 24.

Auditors
The auditors, PricewaterhouseCoopers, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

Sean McDonnell
Director

Tom Kitt
Director

Date: 10 October 2011

pwc

Independent auditors' report to the members of Dell Products

We have audited the financial statements on pages 8 to 23. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

pwc

Independent auditors' report to the members of Dell Products - continued

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 28 January 2011 and of its profit for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report on pages 3 to 5 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 11 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 28 January 2011 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

10 October 2011

ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

Basis of preparation
The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Historical cost convention
The financial statements are prepared under the historical cost convention.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments.

Intangible fixed assets
Intangible fixed assets consist of customer relationships and employee non - compete covenants. Intangibles are stated at cost less accumulated amortisation. Amortisation is calculated in order to write off the cost over their estimated useful lives by equal annual instalments. In all cases intangible assets are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Inventories
Inventories are stated at the lower of cost and net realisable value.

Cost is based on normal levels of cost and comprises cost of purchase, i.e. suppliers invoice price with the addition of charges such as freight and duty where appropriate.

Net realisable value comprises the actual or estimated selling price (net of trade but before settlement discounts), less all costs to be incurred in marketing, selling, and distribution.

Foreign currency
The financial statements are stated in US dollars.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and revenue, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are accounted for through the profit and loss account.

Where a transaction is covered by a forward exchange contract entered into the contracted exchange rate is used to translate the related asset, liabilities, revenue or cost.

Other forward exchange contracts existing at the balance sheet date, which are entered into, by the company to cover future commitments are accounted for in the financial period to which the commitment relates.

Financial assets
Financial assets are stated at cost less provision for any permanent diminution in value.

Investments
Investments are stated at cost less provision for any permanent diminution in value.

Pensions
The pension entitlements of employees arise under a defined contribution scheme and are sourced by contributions by the company to a separately administered pension fund.

Contributions to the scheme are charged to the profit and loss account on an accruals basis.

ACCOUNTING POLICIES - continued

Share based payments
The company operates equity-settled share option schemes for employees under which employees acquire options over Dell Inc ("Dell") shares. The fair value of share options granted is recognised as employee benefit costs with a corresponding increase in the share-based payment reserve in equity. The fair value of the options granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The company operates an equity-settled long term incentive plan for employees. The fair value is measured at the grant date and is spread over the period which the employees become unconditionally entitled to the shares with a corresponding increase in the share-based payment reserve. The fair value of the shares conditionally granted is measured using the market price of the shares at the time of grant.

Payments made to the ultimate parent company Dell Inc. on the exercise by company employees of options are deducted from the share based payment reserve.

Taxation
Deferred taxation is provided on a full provision basis, without discounting, on all timing differences which have arisen but not reversed at the balance sheet date.

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Current tax represents the amount expected to be paid or recovered in respect of taxable profit for the financial period and is calculated using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Turnover
Net turnover includes the sales of manufactured systems and computer option products. These systems and products are sold either separately or as part of a multiple-element arrangement. Dell allocates revenue from multiple-element arrangements to the elements based on the relative fair value of each element, which is generally based on the relative sales price of each element when sold separately. Product revenue is recognised upon shipment, net of an allowance for estimated returns, provided that no significant obligations remain.

Extended warranty income
Extended warranty income is treated as deferred income and is credited to the profit and loss account over the period to which the warranty cover relates.

Government grants
Employment grants are recognised in the financial statements when receipt is certain.

PROFIT AND LOSS ACCOUNT
Year Ended 28 January 2011

	Notes	28 January 2011 Total US$'000	29 January 2010 Total US$'000
Turnover	2	12,388,060	11,209,526
Cost of sales	3	(10,624,409)	(9,290,711)
Gross profit		1,763,651	1,918,815
Distribution costs	4	(1,402,239)	(1,567,050)
Administrative expenses		(350,001)	(342,183)
		(1,752,240)	(1,909,233)
Operating profit		11,411	9,582
Interest receivable	5	5,246	6,902
Interest payable	5	(4,192)	(9,437)
Income from financial assets	6	201	-
Profit on ordinary activities before taxation	7	12,666	7,047
Taxation	9	(2,008)	(3,107)
Profit for the financial year		10,658	3,940

Turnover and operating profit arose solely from continuing operations.

There were no recognised gains or losses other than those dealt with in the profit and loss account.

On behalf of the board

Sean McDonnell

Director

Director

BALANCE SHEET
28 January 2011

	Notes	28 January 2011 US$'000	29 January 2010 US$'000
Fixed assets			
Intangible assets	10	128	495
Tangible assets	11	30,473	42,752
Financial assets	12	42,968	42,968
		73,569	86,215
Current assets			
Inventories	13	33,397	57,381
Debtors due within one year	14	2,346,927	2,275,426
Short term investments	15	1,152,958	874,855
Cash at bank and in hand		177,788	139,273
		3,711,070	3,346,935
Creditors - amounts falling due within one year	16	(2,652,966)	(2,508,923)
Net current assets		1,058,104	838,012
Total assets less current liabilities		1,131,673	924,227
Creditors - amounts falling due after more than one year	16	(845,781)	(651,363)
		285,892	272,864
Capital and reserves			
Called up share capital	18	2,210	-
Capital contribution	19	58,210	58,210
Profit and loss account	20	207,078	196,420
Special non-distributable reserve	20	7,889	10,099
Share based payment reserve	20	10,505	8,135
Equity shareholders' funds	21	285,892	272,864

On behalf of the board

Sean McDonnell

Director

Director

NOTES TO THE FINANCIAL STATEMENTS

1 Group company transactions

The principal activity of the company is the sale and distribution of manufactured systems and third party manufactured computer options products. These are purchased from another group company and sold to end customers through group companies acting as commissionaire agents and to other group companies.

On 11 January 2011, the company agreed to acquire from Dell Products Manufacturing, a group company, its remaining business, including all employees, together with certain assets and liabilities at book value. The company agreed to assume the net liabilities of the business transferred for a consideration payable of $3,223,953 by Dell Products Manufacturing Limited, as shown in the table below.

	Total fair value and book value US$'000
Tangible assets	2
Other receivables	39
Deferred tax asset (note 17)	389
Accruals	(3,654)
	(3,224)

Following the acquisition, the company began to provide to other group companies certain ancillary global operations support, EMEA supply chain and logistics management, and support and back office IT and finance support.

2 Turnover

	2011 US$'000	2010 US$'000
Turnover was attributable to the sale of computer products and extended warranty income to:		
Other group companies	533,541	375,792
Other customers	11,854,519	10,833,734
	12,388,060	11,209,526

A geographical analysis of turnover is as follows:

	2011 US$'000	2010 US$'000
Europe	12,190,802	11,059,307
Rest of World	197,258	150,219
	12,388,060	11,209,526

3 Cost of sales

	2011 US$'000	2010 US$'000
Cost of sales was attributable to the purchase of computer products and materials from:		
Other group companies	10,201,525	8,630,731
Other suppliers	422,884	659,980
	10,624,409	9,290,711

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Distribution costs

As set out in note 1, the company sells products to third party customers through commissionaire agents. Included within the total distribution costs are commissions and other distribution costs paid to other group companies amounting to US$1,370,478,298 (2010: US$1,539,094,047). All commissionaire agents are associated group companies.

5 Interest receivable/payable

	2011 US$'000	2010 US$'000
Interest receivable from group undertakings	3,012	3,732
Other interest receivable	2,234	3,170
	5,246	6,902

Interest payable consists of interest paid on group borrowings that are wholly repayable in one year.

6 Income from financial assets

	2011 US$'000	2010 US$'000
Dividend received on preference shares in related party company	201	-

7 Profit before taxation

	2011 US$'000	2010 US$'000
Profit before taxation has been arrived at after charging/(crediting):		
(Gain)/loss on foreign exchange	(98,693)	31,588
Deprecation	18,431	21,181
Loss on fixed asset disposals	2,176	2,995
Amortisation of intangibles	367	629
Grant income	(3,385)	-
Directors' remuneration	1,343	1,976

Auditors' remuneration
Remuneration for the statutory audit and other services carried out by the company's auditor is as follows:

	2011 US$'000	2010 US$'000
Audit of individual financial statements	261	288
Other assurance services	42	16
Tax advisory services	-	-
Other non-audit services	-	-
	303	304

No indication can be given of the contribution to turnover and operating profit of the acquired trade as detailed in note 1. This is because the business and assets were integrated into the company's existing operations immediately after acquisition and it is not now possible to identify the separate results or turnover of each of the separate parts of the businesses. However, the turnover and operating profit of the acquired trade had an immaterial effect in the financial year.

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Staff costs and employees

	2011 US$'000	2010 US$'000
Wages and salaries	88,026	83,035
Share based payments (note 23)	6,807	1,615
Social welfare costs	6,934	8,823
Other pension costs	2,540	3,117
	104,307	96,590

The average number of full time equivalent persons employed during the year was 796 (2010: 813).

9 Taxation

	2011 US$'000	2010 US$'000
Tax on profit on ordinary activities		
Current tax:		
Irish corporation tax on profit for the financial year	2,804	1,860
Adjustments in respect of prior years	(225)	664
Current tax charge for financial year	2,579	2,524
Deferred tax:		
Origination and reversal of timing differences	(617)	583
Adjustments in respect of prior years	46	-
Deferred tax credit for the financial year	(571)	583
Tax charge for year	2,008	3,107

The rate of corporation tax was 12.5% (2010:12.5%).

The current tax charge for the year is different than the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities. The differences are explained below:

	2011 US$'000	2010 US$'000
Profit on ordinary activities before tax	12,666	7,047
Profit on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2010: 12.5%)	1,583	881
Effects off:		
Capital allowances (in excess of)/less than depreciation	(382)	379
Disallowable expenses	183	714
Employment grants (s25 IDA)	(423)	-
Adjustment to tax charge in respect of previous years	(225)	664
Higher rate of tax on passive income	1,819	91
Group relief claimed under TCA 97 S420A	(192)	(1,526)
Payment for group relief claimed	-	1,501
Other timing differences	216	(180)
	2,579	2,524

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Intangible assets

	Intangibles Total US$'000
Cost	
At 29 January 2010	1,966
Additions	-
At 28 January 2011	1,966
Accumulated amortisation	
At 29 January 2010	1,471
Charge for the year	367
At 28 January 2011	1,838
Net book values	
At 28 January 2011	128
At 29 January 2010	495

11 Tangible assets

	Leasehold improvements US$'000	Plant and machinery US$'000	Furniture US$'000	Computer equipment and software US$'000	Total US$'000
Cost					
At 29 January 2010	11,929	31,082	1,051	60,446	104,508
Additions	93	740	-	7,757	8,590
Disposals	(180)	(2,493)	(90)	(11,351)	(14,114)
Transfer to/from group company	-	-	-	(262)	(262)
At 28 January 2011	11,842	29,329	961	56,590	98,722
Accumulated depreciation					
At 29 January 2010	4,173	18,521	599	38,463	61,756
Charge for the year	1,329	5,855	10	11,237	18,431
Disposals	(33)	(1,794)	(78)	(10,033)	(11,938)
Transfer from group companies	-	-	-	-	-
At 28 January 2011	5,469	22,582	531	39,667	68,249
Net book values					
At 28 January 2011	6,373	6,747	430	16,923	30,473
At 29 January 2010	7,756	12,561	452	21,983	42,752

The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated are as follows:

Leasehold improvements	60 months
Plant and machinery	60 months
Furniture	60 months
Computer equipment and software	30 - 36 months

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Financial assets

	2011 US$'000	2010 US$'000
Unlisted preference shares in related party company	42,968	42,968

13 Inventories

	2011 US$'000	2010 US$'000
Finished goods for resale	33,397	57,381

The replacement cost of stock does not materially differ from the value above.

14 Debtors

	2011 US$'000	2010 US$'000
Amounts falling due within one year:		
Trade debtors	1,828,191	1,693,919
Other debtors and prepayments	170,233	235,964
Amounts owed by parent undertaking	-	102,385
Amounts owed by other group companies	301,493	213,452
Corporation tax	2,015	7,356
VAT receivable	40,474	18,789
Deferred tax (note 17)	4,521	3,561
	2,346,927	2,275,426

15 Short term investments

	2011 US$'000	2010 US$'000
Investments at cost	1,152,958	874,855

16 Creditors

	2011 US$'000	2010 US$'000
Amounts falling due within one year:		
Trade creditors	129,917	94,791
Amounts owed to parent company	422,298	-
Amounts owed to other group companies	1,046,517	1,182,777
VAT payable	125,331	109,764
Income tax deducted under PAYE	1,445	1,302
Accruals	154,339	301,646
Deferred warranty income	773,119	818,643
	2,652,966	2,508,923
Creditors for taxation and social welfare included above	126,776	111,066
Amounts falling due after more than one year:		
Deferred warranty income	845,781	651,363

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Provision for liabilities

	2011 US$'000	2010 US$'000
Deferred taxation:		
At start of financial year	(3,561)	(4,144)
(Credit)/charge for the financial year	(617)	583
Adjustment in respect of prior period	46	-
Deferred taxation transferred from other group companies	(389)	-
At end of financial year	(4,521)	(3,561)
On accelerated capital allowances at 12.5% (2010: 12.5%)	(3,601)	(4,025)
On short term timing differences at 12.5% and 25% (2010: 12.5% and 25%)	436	1,593
Share based payments at 12.5% (2010: 12.5%)	(1,356)	(1,129)
Deferred tax asset	(4,521)	(3,561)

The deferred tax asset is included in note 14.

18 Share capital

	2011 US$	2010 US$
Authorised:		
50,000 ordinary shares of US$1 each	-	50,000
10,000,000 ordinary shares of US$1 each	10,000,000	-
Allotted and fully paid:		
100 ordinary shares of US$1 each	-	100
2,210,000 ordinary shares of US$1 each	2,210,000	-

On 30 August 2010, the company amended its authorised share capital from 50,000 to 10,000,000 ordinary shares of US$1 each. The company subsequently issued 2,209,900 ordinary shares of US$1 each to its existing shareholders on a pro-rata basis on the same date. This amount was capitalised from the special non-distributable reserve.

19 Capital contribution

	2011 US$'000	2010 US$'000
Capital contribution	58,210	58,210

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Statement of movement on reserve

	Profit and loss account	Share based payment reserve	Special non-distributable reserve	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 29 January 2010	196,420	8,135	10,099	214,654
Profit for the financial period	10,658	-	-	10,658
Transfer from special non-distributable reserve (note 18)	-	-	(2,210)	(2,210)
Share based payment charge net of payments made	-	2,370	-	2,370
Balance at 28 January 2011	207,078	10,505	7,889	225,472

The special non-distributable reserve was set up to comply with the terms and conditions of grant agreements with the Industrial Development Agency Ireland (IDA). This special non-distributable reserve represents the equity equivalent contribution by the company towards funding from the Industrial Development Agency Ireland (IDA).

Under agreements with the Industrial Development Agency Ireland (IDA), cumulative employment grants received amounting to US$3,927,293 may be revoked, cancelled or aborted in certain circumstances. The most significant of which is the cessation of operations or if the jobs to which the grants relate become vacant and remain vacant for a period of 6 months.

21 Reconciliation of movements in shareholders' funds

	2011	2010
	US$'000	US$'000
Opening shareholders' funds	272,864	270,310
Movement in share based payment reserve	2,370	(1,386)
Profit for the financial year	10,658	3,940
Closing shareholder's funds	285,892	272,864

22 Pension

The pension entitlements of certain employees arise under a defined contribution pension scheme and are secured by contributions by the company to a separately administered pension fund. Annual contributions are charged to the profit and loss account on an accrual basis. The cost to the company for the year was US$2,540,173 (2010: US$3,117,224), of which US$264,182 (2010: US$621,496) was accrued at year end.

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Share-based payment

Employee Stock Plans Dell Inc ("Dell") is currently issuing stock grants under the Dell Amended and Restated 2002 Long-Term Incentive Plan ("the 2002 Incentive Plan") which was approved by shareholders on 4 December 2007. There are previous plans that have been terminated except for options previously granted under those plans that are still outstanding. These are all collectively referred to as the "Stock Plans".

The 2002 Incentive Plan provides for the granting of stock-based incentive awards to Dell's employees and non-employee directors. Awards may be incentive stock options, nonqualified stock options, restricted stock, or restricted stock units.

Stock Option Agreements - the right to purchase shares pursuant to existing stock option agreements typically vests pro-rata at each option anniversary date over a three to five year period. The options, which are granted with option exercise prices equal to the fair market value of Dell's common stock on the date of grant, generally expire within ten to twelve years from the date of grant.

Restricted Stock Awards - Awards of restricted stock may be either grant of restricted stock, restricted stock units, or performance-based stock units that are issued at no cost to the recipient. For restricted stock grants, at the date of grant, the recipient has all rights of a stockholder, subject to certain restrictions on transferability and a risk of forfeiture. Restricted stock grants typically vest over a five- to seven-year period beginning on the date of grant. For restricted stock units, legal ownership of the shares is not transferred to the employee until the unit vests, which is generally over a three to five-year period. Dell also grants performance-based restricted stock units as a long-term incentive in which an award recipient receives shares contingent upon Dell achieving performance objectives and the employees' continuing employment through the vesting period, which is generally over a three to five-year period. Compensation expense recorded in connection with these performance-based restricted stock units is based on Dell's best estimate of the number of shares that will eventually be issued upon achievement of the specified performance criteria and when it becomes probable that certain performance goals will be achieved. The cost of these awards is determined using the fair market value of Dell's common stock on the date of the grant.

Acceleration of Vesting of options - on 23 January 2009, Dell's Board of Directors approved the acceleration of the vesting of unvested "out-of-the-money" stock options (options that have an exercise price greater than the current market stock price) with exercise prices equal to or greater than $10.14 per share. Dell concluded the modification to the stated vesting provisions was substantive after Dell considered the volatility of its share price and the exercise price of the amended options in relation to recent shares values. The weighted-average exercise price of the options that were accelerated was $21.90.

The company recognised total expenses of US$6,806,692 (2010: US$1,614,680) related to equity settled share based payment transactions in the period.

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Share-based payment - continued

Details of the movement in the share options during the year are as follows:

	Number of options	USD weighted average exercise price (per share) US$	USD aggregate weighted average option value US$'000
Outstanding at beginning of the year	3,681,319	32.20	118,543
Transferred from group company	1,061,406	32.30	34,282
Granted in the year	307,515	14.99	4,610
Exercised in the year	-	-	-
Forfeited in the year	(33,336)	14.99	(500)
Expired in the year	(1,506,869)	36.74	(55,368)
Outstanding at the end of the year	3,510,035	28.94	101,567
Exercisable at the end of the year	3,235,856	30.12	97,457

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Share-based payment - continued

The following table summarises information about the above share options at 28 January 2011:

	Outstanding			Exercisable		
	Number outstanding at 28 January 2011	US$ weighted average exercise price	Weighted remaining contractual life	Number exercisable at 28 January 2011	US$ weighted average exercise price	Weighted remaining contractual life
2011						
Range of exercise price						
$0.00 - $19.9999	274,179	14.99	9.17	-	-	-
$20.00 - $29.9999	1,776,634	24.94	1.11	1,776,634	24.94	1.11
$30.00 - $39.9999	937,661	34.33	3.23	937,661	34.33	3.23
Over $40.00	521,561	40.18	4.10	521,561	40.18	4.10
Total	3,510,035	28.94	2.75	3,235,856	30.12	2.21

The following table summarises information about the above share options at 29 January 2010:

	Outstanding			Exercisable		
	Number outstanding at 29 January 2010	US$ weighted average exercise price	Weighted remaining contractual life	Number exercisable at 29 January 2010	US$ weighted average exercise price	Weighted remaining contractual life
2010						
Range of exercise price						
$0.00 - $19.9999	6,100	17.30	8.39	6,100	17.30	8.39
$20.00 - $29.9999	1,490,025	24.96	2.11	1,490,025	24.96	2.11
$30.00 - $39.9999	1,661,155	36.03	2.28	1,661,155	36.03	2.28
Over $40.00	524,039	40.84	4.52	524,039	40.84	4.52
Total	3,681,319	32.20	2.54	3,681,319	32.20	2.54

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Share-based payment - continued

Details of the movement in restricted stock options during the year are as follows:

	28 January 2011		29 January 2010	
	Number of shares	US$ weighted average grant date fair value (per share)	Number of shares	US$ weighted average grant date fair value (per share)
Non-vested restricted stock at beginning of the year	610,997	17.62	815,857	23.64
Transfer in the year	98,151	18.54	(21,998)	15.20
Granted in the year	308,180	14.98	274,639	10.75
Vested in the year	(374,176)	19.57	(308,140)	24.14
Forfeited in the year	(43,113)	14.85	(149,361)	24.81
Non-vested restricted stock at end of the year	600,039	15.39	610,997	17.62

	28 January 2011	29 January 2010
Weighted average grant date fair value of restricted stock awards granted (per share)	$14.98	$10.75
Total estimated fair value of restricted stock awards vested	$5,391,484	$7,437,598

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	28 January 2011	29 January 2010
Expected term (years)	4.51	3.61
Volatility (%)	36%	37%
Risk free rate (%)	2.3%	2.7%
Dividend yield (%)	-	-
Share price	$14.99	$18.56

Volatility is based on the weighted average historic volatility over a period equal to the weighted average expected life.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Directors' and secretary's interests

The beneficial interests, including family interests, of the directors and secretary in office at 28 January 2011 in the share capital of the company and associated group companies at 29 January 2010 and 28 January 2011 were as follows:

Dell Inc		28 January 2011 (or date of appointment if later)		29 January 2010 (or date of appointment if later)	
		Shares	Number Options	Shares	Number Options
Common stock US $0.01 par value					
S Corkery		2,497	547,549	2,497	635,759
K McDaid	(resigned 10 June 2011)	17,641	48,309	10,058	45,551
J Wright		-	106,012	-	90,560
S Creed		6,782	39,867	5,957	58,048
T Kitt	(appointed 21 October 2010)	5,172	180,678	5,172	202,716
N O'Mahony	(appointed 21 October 2010, resigned 8 April 2011)	4,638	63,701	1,083	63,701
S McDonnell	(alternate director)	2,695	108,495	2,695	98,154

The directors and secretary and their families have no other interests in the shares of the company or any other group company at 28 January 2011.

25 Group companies

The company, which is an unlimited company, is a subsidiary of Dell Global BV, which is incorporated in the Netherlands. The ultimate holding company is Dell Inc, which is incorporated in the USA. Dell Inc is the smallest and largest group to consolidate the results of the company. Group financial statements for Dell Inc may be obtained at Dell Inc, One Dell Way, Round Rock, Texas 78682 - 2222, USA.

Transactions that Dell Products has with wholly owned subsidiary companies of Dell Inc. are not disclosed as the company has taken advantage of the exemptions available under FRS 8 "Related party Disclosures" from disclosing such transactions.

26 Cash flow statement

A cash flow statement is not presented in these financial statements, as the company is a wholly owned subsidiary of Dell Inc which itself publishes such a statement and is therefore exempted from the requirements of Financial Reporting Standard No. 1 “Cash Flow Statements”.

27 Comparative figures

Comparative figures have been adjusted where necessary to conform to current year presentation.

28 Approval of financial statements

The directors approved the financial statements on 10 October 2011.