

W H SMITH INTERNATIONAL LIMITED

Report and Financial Statements

31 August 2005



W H SMITH INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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W H SMITH INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

COMPANY INFORMATION

DIRECTORS

K E Swann
A J H Stewart
I Houghton

SECRETARY

I Houghton

REGISTERED OFFICE

Greenbridge Road
Swindon
Wiltshire
SN3 3RX

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

W H SMITH INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 August 2005.

PRINCIPAL ACTIVITIES

The company acts as a holding company for overseas interests. The Board will continue to manage these investments for the foreseeable future.

RESULTS

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during the accounting year under review or the preceding accounting year. There have been no movements in shareholders' funds during the accounting year under review or the preceding accounting year.

DIVIDENDS

The directors do not recommend the payment of a dividend (2004 – £nil).

DIRECTORS AND THEIR INTERESTS

The names of the present directors are shown on page 1.

The following changes took place in the composition of the Board of Directors between 31 August 2004 and the date of this report:

A J H Stewart (appointed 3 March 2005)

J A Warren (resigned 3 March 2005)

K E Swann and A J H Stewart are also directors of WH Smith PLC, their interests in the shares and loan stocks of that company are disclosed in the consolidated financial statements of WH Smith PLC and are not required to be recorded in the Register of Directors' Share Interests of this Company.

The directors had no other interests in the shares of the company or any other group company at the beginning and end of the year.

Mr I Houghton had the following beneficial interests in the shares of WH Smith PLC at 31 August 2005 and 31 August 2004:

Shareholdings	31 August 2005	31 August 2004
I Houghton	26,269	3,301

Deferred Bonus Plan shares	31 August 2005	31 August 2004
I Houghton	768	768

W H SMITH INTERNATIONAL LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

Share Options

	Scheme	31 August 2005	Granted in the year	Lapsed in the year	Exercised in the year	31 August 2004
I Houghton	Executive Share Option Scheme	151,617	21,021	-	-	130,596
	Management Investment Plan	63,529	63,529	-	-	-
	2004 LTIP	21,176	21,176	-	-	-
	Sharesave Scheme	3,682	-	-	-	3,682
	Total	240,004	105,726	-	-	134,278

Further information about WH Smith PLC's share option scheme is detailed in the accounts of WH Smith PLC.

The directors had no other interests in the shares of the company or any other group company at the beginning and end of the year

ELECTIVE RESOLUTIONS

At an Extraordinary General Meeting of the company held on 27 May 1994, Elective Resolutions were passed dispensing with:

- (i) the laying of accounts and reports before the company in general meeting;
- (ii) the holding of Annual General Meetings; and
- (iii) the obligation to appoint auditors annually.

AUDITORS

Deloitte & Touche LLP will continue in office as auditors.

Approved by the Board of Directors
and signed on behalf of the Board

I Houghton
Company Secretary

23 March 2006

W H SMITH INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

W H SMITH INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W H SMITH INTERNATIONAL LIMITED

We have audited the financial statements of W H Smith International Limited for the year ended 31 August 2005 which comprise the balance sheet and the related notes 1 to 6. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

23 March 2006

W H SMITH INTERNATIONAL LIMITED

BALANCE SHEET 31 August 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	3	<u>68,754</u>	<u>68,754</u>
CURRENT ASSETS			
Debtors	4	<u>1,127,640</u>	<u>1,127,640</u>
NET CURRENT ASSETS		<u>1,127,640</u>	<u>1,127,640</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>1,196,394</u></u>	<u><u>1,196,394</u></u>
CAPITAL AND RESERVES			
Called up equity share capital:			
Authorised, called up, allotted and fully paid			
5,000 Ordinary shares of £1 each		5,000	5,000
Profit and loss account		<u>1,191,394</u>	<u>1,191,394</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>1,196,394</u></u>	<u><u>1,196,394</u></u>

These financial statements were approved by the Board of Directors on **23** March 2006.

Signed on behalf of the Board of Directors

I Houghton
Director

NOTES TO THE ACCOUNTS

Year ended 31 August 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in compliance with the Companies Act 1985 and in accordance with applicable United Kingdom law and accounting standards. They are prepared under the historical cost convention. These accounting policies have been applied consistently throughout both the current and previous the periods.

Basis of preparation

These financial statements present information for the company as an individual undertaking and not as a group. The financial statements are for the year ended 31 August 2005. Comparative figures are for the year ended 31 August 2004. Consolidated financial statements have not been prepared as the company itself is a wholly owned subsidiary of a company registered in England and Wales.

Investments

Investments in subsidiary companies are stated at cost less any provision for impairment.

2. PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during the accounting year under review or the preceding accounting year. There have been no movements in shareholders' funds during the accounting year under review or the preceding accounting year.

The directors were not paid for services provided to the company in the current or previous years. The company had no other employees, other than the directors (2004: none). The remuneration of the auditors has been borne by the parent company during the year and the previous year.

3. FIXED ASSET INVESTMENTS

	2005 £	2004 £
Shares at cost and net book value in WH Smith Nederland BV	68,754	68,754

The principal subsidiary companies are set out below.

	Class of share	Interest %	Country of incorporation
Held directly			
W H Smith Nederland BV	Ordinary	100	Holland
Held indirectly			
W H Smith (France) SA	Ordinary	100	France
W H Smith (Espana) SA	Ordinary	100	Spain
Lexicon Book Company Ltd	Ordinary	100	Great Britain
W H Smith PTE Ltd	Ordinary	100	Singapore
WH Smith SDN BHD	Ordinary	100	Malaysia

W H Smith Nederland BV is the parent company of the other above mentioned companies. All of the above companies are engaged in the activity of retailing.

W H SMITH INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2005

4. DEBTORS

	2005 £	2004 £
Amounts falling due within one year:		
Owed by other group companies	<u>1,127,640</u>	<u>1,127,640</u>

5. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with WH Smith Group companies and interests of the group which are related parties.

6. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is WH Smith PLC, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group including the company for which consolidated financial statements are prepared. The immediate parent company is WH Smith (Holdings) Limited which is incorporated in Great Britain.

Copies of both sets of financial statements are available from:

The Company Secretary

WH Smith PLC
Greenbridge Road
Swindon
Wiltshire
SN3 3RX