

WH SMITH INTERNATIONAL LIMITED

Report and Financial Statements

31 August 2002

**Deloitte & Touche
Chartered Accountants
London**



WH SMITH INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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WH SMITH INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

COMPANY INFORMATION

DIRECTORS

R G Handover
I Houghton
J A Warren

SECRETARY

I Houghton

REGISTERED OFFICE

Greenbridge Road
Swindon
Wiltshire
SN3 3RX

AUDITORS

Deloitte & Touche
Chartered Accountants
London

WH SMITH INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 August 2002.

PRINCIPAL ACTIVITIES

The company acts as a holding company for interests in Europe, Australia and Asia. The Board will continue to manage these investments for the foreseeable future.

RESULTS

The company made nil profit after taxation and dividends for the year ended 31 August 2002 (2001 – £1,191,394)

DIVIDENDS

The directors do not recommend the payment of a dividend (2001 – £nil).

DIRECTORS AND THEIR INTERESTS

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

As Mr R G Handover and Mr J A Warren were also directors of WH Smith PLC as at 31 August 2002, their interests in the shares and debentures of that company are not required to be recorded in the Register of Directors' Share Interests of this company. The directors have no other beneficial interests in Group companies.

Mr I Houghton had the following interests in the ordinary shares of the WH Smith PLC at 31 August 2001 and 31 August 2002.

Share options	31 August 2002	Granted in the year	Exercised/lapsed in the year	1 September 2001
Mr I Houghton	97,382	27,397	Nil	69,985

ELECTIVE RESOLUTIONS

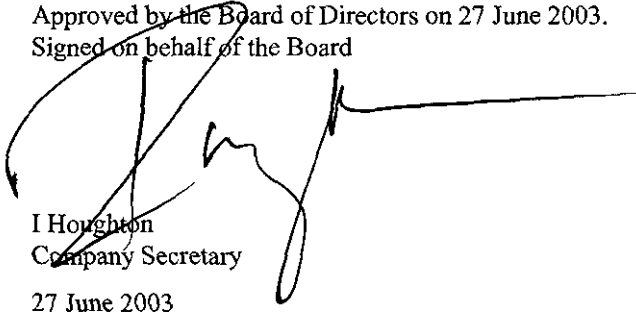
At an Extraordinary General Meeting of the company held on 27 May 1994, Elective Resolutions were passed dispensing with:

- (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 will continue in office as auditors.

Approved by the Board of Directors on 27 June 2003.
Signed on behalf of the Board


I Houghton
Company Secretary
27 June 2003

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.

By Order of the Board



I Houghton
Company Secretary

27 June 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WH SMITH INTERNATIONAL LIMITED

We have audited the financial statements of WH Smith International Limited for the year ended 31 August 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 8. 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.

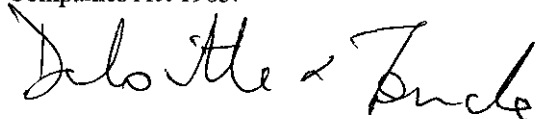
Basis of opinion

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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants
London

30 June 2003

WH SMITH INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 August 2002

	Note	2002 £	2001 £
Income from shares in subsidiaries		-	1,191,394
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	1,191,394
Tax on profit on ordinary activities	3	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		-	1,191,394

There were no recognised gains or losses in the current financial year or preceding financial year other than as stated in the profit and loss account, accordingly no separate statement of total recognised gains or losses has been provided.

There have been no movements in shareholders' funds other than the recognised gains and losses for both the current financial year and preceding financial year as shown above.

All results are derived from continuing operations.

WH SMITH INTERNATIONAL LIMITED

BALANCE SHEET

31 August 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Investments	4	<u>68,754</u>	<u>68,754</u>
CURRENT ASSETS			
Debtors	5	<u>1,127,640</u>	<u>1,191,394</u>
CREDITORS: amount falling due within one year	6	<u>-</u>	<u>(63,754)</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			
5000 Ordinary shares of £1 each		5,000	5,000
Profit and loss account	7	<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 27 June 2003.

Signed on behalf of the Board of Directors

I Houghton
Director

WH SMITH INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

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.

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 2002. Comparative figures are for the year ended 31 August 2001. Consolidated financial statements have not been prepared as the Company itself is a wholly owned subsidiary of a company registered in England & Wales.

Investments

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

2. OPERATING RESULTS

The Directors were not paid for services provided to the Company in the current or previous years. The company had no employees. The remuneration of the auditors has been borne by the parent company during the year and the previous year.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
Corporation tax based on profit for the year at 30% (2001 – 30%)	-	517,716
Double taxation relief	-	(517,716)
	<hr/>	<hr/>
	-	-
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WH SMITH INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

4. FIXED ASSET INVESTMENTS

	31 August 2002 £	1 September 2001 £
Shares at cost and net book value in WH Smith Nederland BV	<u>68,754</u>	<u>68,754</u>

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			
WH Smith (France) SA	Ordinary	100	France
WH Smith (Espana) SA	Ordinary	100	Spain
Lexicon Book Company Ltd	Ordinary	100	Great Britain
WH Smith Singapore Holding PTE Ltd	Ordinary	100	Singapore
WH Smith Hong Kong Ltd	Ordinary	100	Hong Kong
WH Smith SDN BHD	Ordinary	100	Malaysia
WH Smith Pty Limited	Ordinary	100	Australia

WH 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.

5. DEBTORS

	2002 £	2001 £
Amounts falling due within one year:		
Owed by other group companies	<u>1,127,640</u>	<u>1,191,394</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Amounts owed to other group companies	<u>-</u>	<u>63,754</u>

7. 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.

WH SMITH INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

8. 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