

Kingfisher International Holdings Limited

Report and Accounts

2 February 2002



Kingfisher International Holdings Limited
Report and accounts
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Kingfisher International Holdings Limited
Directors and officers

DIRECTORS

H.M. Jones
H.A. Weir

SECRETARY

M.H. Stokes

REGISTERED OFFICE

North West House
119 Marylebone Road
London NW1 5PX

AUDITORS

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH

Kingfisher International Holdings Limited

Directors' report

The directors present their report and financial statements for the year ended 2 February 2002.

Principal activities and review of the business

The Company operates as an investment company whose subsidiaries are incorporated outside the United Kingdom and intends to continue to do so for the foreseeable future.

Results and dividends

The loss for the year, after taxation, amounted to £45,038,000 (2001:profit of £1,522,000). The directors do not recommend the payment of a dividend for the financial year (2001:£nil). The retained loss for the year of £45,038,000 (2001:profit of £1,522,000) has been transferred to reserves.

During the year, the Company received dividends of £1,243,000 from Kingfisher BV (2001: £2,033,000).

Elective Resolution

On 2 December 1991 the Company passed an elective resolution whereby it would dispense with the holding of an annual general meeting until the election was revoked. Further elective resolutions were passed at the same time that the Company would dispense with :

- a) the laying of the annual report and financial statements before the Company in general meeting and
- b) the requirement to reappoint annually the auditors of the Company in general meeting.

Directors and directors' interests

The directors of the Company, who served during the financial year, are:

H.M. Jones
H.A. Weir

Neither of the directors has any beneficial interest in the shares of the Company. The interests of H.A. Weir in the share capital of the ultimate holding company, Kingfisher plc, at the end of the year are shown in the financial statements of that company.

H.M.Jones had the following interest in 13.75p(1) Ordinary shares of Kingfisher plc:

	As at 3 Feb 2001	As at 2 Feb 2002
H.M. Jones	15,711	15,102

Kingfisher International Holdings Limited
Directors' report

H.M.Jones had the following interests in options for 13.75p⁽¹⁾ Ordinary shares in Kingfisher plc :

	As at 3 Feb 2001	Options Granted	Options Exercised	Options Lapsed	As at 2 Feb 2002
H.M. Jones	114,643	31,636	(2,216)	(2,172)	141,891

The market price of Kingfisher plc shares at 2 February 2002 was 388.0p and the range during the year was 275.0p to 494.0p. The options were exercised on 7 August 2001 at an exercise price of 233.5p. The market price of the shares on this date was 376.5p.

(1) The nominal value of Kingfisher plc shares changed on 28 August 2001 as approved by the shareholders at an extraordinary general meeting on 24 August 2001 when the ordinary shares of 12.5p were consolidated on a 10 for 11 basis into ordinary shares of 13.75p.

GOING CONCERN

The directors confirm that, after making enquiries, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (please also see Note 17 Post Balance Sheet Events). For this reason they continue to adopt the going concern basis in preparing these accounts.



M.H. Stokes
Secretary
18 November 2002

Kingfisher International Holdings Limited
Statement of directors' responsibilities

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

The directors are required by Company law 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 loss for the year to that date. In preparing the financial statements the Directors are required:

To ensure that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

To take such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

To apply suitable accounting policies in a consistent manner and supported by reasonable and prudent judgements and estimates where necessary.

To comply with all applicable accounting standards (except where any departures from this requirement are explained in the Notes to the accounts).

To prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

Kingfisher International Holdings Limited

Independent auditors' report to the members of Kingfisher International Holdings Limited

We have audited the accounts on pages 6 to 11.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2 February 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors

London

18/4/02

Kingfisher International Holdings Limited
Profit and Loss Account
for the year ended 2 February 2002

	Notes	2002 £000	2001 £000
Income from shares in group undertakings	2	<u>1,243</u> 1,243	<u>2,033</u> 2,033
Loss on disposal of fixed asset investment	3	(46,516)	-
(Loss)/profit on ordinary activities before interest		<u>(45,273)</u>	<u>2,033</u>
Interest receivable	4	515	-
Interest payable	5	(526)	-
(Loss)/profit on ordinary activities before taxation	8	<u>(45,284)</u>	<u>2,033</u>
Taxation on ordinary activities	9	246	(511)
(Loss)/profit on ordinary activities after taxation		<u>(45,038)</u>	<u>1,522</u>
Dividends on equity shares		-	-
Retained (loss)/profit for the year	15	<u>(45,038)</u>	<u>1,522</u>

The result for the year arises solely from continuing operations.


The company has no recognised gains and losses other than the (loss)/profit above and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the years stated above and their historical cost equivalents.

Kingfisher International Holdings Limited
Balance Sheet
as at 2 February 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Investments	10	19,373	19,373
Current assets			
Debtors: due within one year	11	133	8,721
Debtors: due after more than one year	11	53,091	-
Creditors: amounts falling due within one year	12	<u>(95,461)</u>	<u>(5,389)</u>
Net current (liabilities)/assets		(42,237)	3,332
Provisions for liabilities and charges	13	-	(531)
Net (liabilities)/assets		<u>(22,864)</u>	<u>22,174</u>
Capital and reserves			
Called up share capital	14	1,784	1,784
Profit and loss account	15	(24,648)	20,390
Equity shareholders' funds:	16	<u>(22,864)</u>	<u>22,174</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors and were signed on its behalf by:-


H.A. Weir
Director
18 November 2002

Kingfisher International Holdings Limited
Notes to the Accounts
at 2 February 2002

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are made up to the nearest Saturday to 31 January, so as to coincide with its ultimate holding company.

The Company's ultimate holding company is Kingfisher plc and the cash flows of the Company are shown in the consolidated Cash Flow Statement of Kingfisher plc, which is publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

The Company is exempt under Section 228 of the Companies Act 1985 from publishing consolidated financial statements as it and its subsidiary are included by full consolidation in the consolidated financial statements of its ultimate parent, Kingfisher plc which is registered in England and Wales.

Transactions denominated in foreign currencies are translated into sterling at contracted rates or where no contract exists, at average monthly rates.

Monetary assets and liabilities denominated in foreign currencies which are held at the balance sheet date are converted into sterling at the year end exchange rates. All exchange differences on monetary items are taken into the profit and loss account. This treatment is required by SSAP20 in order to give a true and fair view of the Company's results. Compliance with SSAP20 overrides Schedule 4 Paragraph 12 of the Companies Act 1985 which states that only profits realised at the balance sheet date should be included in the profit and loss account.

Fixed asset investments are stated at cost except when there has been a permanent diminution in their value when they are stated at net realisable value.

Dividend income is recognised on receipt.

Financial Reporting Standard 18 - "Accounting Policies" has been adopted for these financial statements. The directors have reviewed the accounting policies adopted by the Company and have confirmed that they are the most appropriate to the particular circumstances of the Company. There is no change to the previously reported numbers as a result of the adoption of this standard.

Financial Reporting Standard 19 - "Deferred Tax" has been adopted for the first time in these financial statements. As required by the Standard, deferred taxation has been calculated using the full provision approach rather than the partial provision approach previously employed. There is no change to the previously reported numbers as a result of the adoption of this standard.

2 Income from shares in group undertakings	2002	2001
	£000	£000
Dividend received from subsidiary undertakings	1,243	2,033

3 Loss on disposal of fixed asset investment

The loss on disposal of fixed asset investments arises from a loss on the disposal of shares that were purchased during the year from another group undertaking. The company acquired 12,177,437 ordinary shares in Tiscali SpA, an Italian Internet Service Provider, on 5 June 2001 for £98,167,118. This represented the market price at the time. (See note 10)

4 Interest receivable	2002	2001
	£000	£000
Interest receivable from group undertakings	515	-

5 Interest payable	2002	2001
	£000	£000
Bank and other interest payable	526	-

6 Employees

The Company had no employees during the financial year (2001:nil).

Kingfisher International Holdings Limited
Notes to the Accounts
at 2 February 2002

7 Directors' remuneration

None of the directors of the Company received any remuneration from the Company in respect of the financial year ended 2 February 2002 (2001: £nil)

8 Loss on ordinary activities before taxation

Auditors' remuneration is borne by the parent company.

9 Tax on profit on ordinary activities	2002	2001
	£000	£000
Current tax on profits of the period at 30% (2001: 30%)	410	684
Adjustments in respect of prior periods	10	169
	<u>420</u>	<u>853</u>
Double taxation relief	(135)	(247)
	<u>285</u>	<u>606</u>
Deferred taxation (note 13)	(531)	(95)
	<u>(246)</u>	<u>511</u>

Factors affecting the tax charge for the period	2002	2001
	£000	£000

(Loss)/Profit on ordinary activities before taxation	<u>(45,284)</u>	<u>2,033</u>
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(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	(13,585)	610
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Effects of:

Exceptional items	13,955	-
Taxation on underlying taxation	40	74
Double taxation relief	(135)	(247)
Adjustments to prior period corporation tax	10	169
	<u>285</u>	<u>606</u>
Current corporation tax charge for the period		
	(531)	(95)
	<u>(246)</u>	<u>511</u>
Total (credit)/charge for the period		

10 Fixed asset investments

	Investments in group undertakings	Other investments	Total
	£000	£000	£000
Cost			
At 3 February 2001	19,373	-	19,373
Additions	-	98,167	98,167
Disposals	-	(98,167)	(98,167)
At 2 February 2002	<u>19,373</u>	<u>-</u>	<u>19,373</u>

During the year the company acquired and disposed of 12,177,437 shares in an Italian listed Internet Service Provider, Tiscali SpA.

The Company continues to hold the entire issued share capital of Kingfisher BV, an investment holding company incorporated and operating in the Netherlands.

The Company also holds the entire issued capital of Tanmin Limited, a holding company incorporated in Jersey, Channel Islands.

Kingfisher International Holdings Limited
Notes to the Accounts
at 2 February 2002

11 Debtors	2002	2001
	£000	£000
Due within one year		
Amounts due from group undertakings	<u>133</u>	<u>8,721</u>
Due after more than one year		
Other debtors	<u>53,091</u>	<u>-</u>

Other debtors due after more than one year relate to the deferred consideration, due in 2004 for the disposal of the shares in Tiscali, as described in note 10.

12 Creditors: amounts falling due within one year	2002	2001
	£000	£000
Amounts owed to parent undertaking	67,628	5,140
Other creditors	27,633	-
Corporation tax	200	249
	<u>95,461</u>	<u>5,389</u>

13 Provisions for liabilities and charges	2002	2001
	£000	£000
Deferred taxation:		
At start of year	531	626
(Released)/charged during the year	(531)	324
Utilised during the year	-	(419)
	<u>-</u>	<u>531</u>
At end of year	-	531

14 Share capital	2002	2001
	£'000	£'000
Authorised:		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
	£'000	£'000
Allotted, called up and fully paid:		
1,783,561 ordinary shares of £1 each	<u>1,784</u>	<u>1,784</u>

15 Profit and loss account	2002	2001
	£000	£000
At start of year	20,390	18,868
Retained (loss)/profit for the financial year	(45,038)	1,522
	<u>(24,648)</u>	<u>20,390</u>
At end of year	(24,648)	20,390

Kingfisher International Holdings Limited
Notes to the Accounts
at 2 February 2002

16 Reconciliation of movements in shareholders' funds	2002	2001
	£000	£000
Retained (loss)/profit for the financial year	(45,038)	1,522
Net addition to shareholders' funds	(45,038)	1,522
Opening shareholders' funds	22,174	20,652
Closing shareholders' funds	(22,864)	22,174

17 Post Balance Sheet Events

On 18 April 2002, the Company issued 25,000,000 shares to its sole shareholder, Zeus Land Investments Limited at their nominal value of £1 per share. This brings the company back into a net asset position.

18 Ultimate holding company

The Company's immediate parent is Zeus Land Investments Limited, which is registered in England and Wales.

The ultimate parent company is Kingfisher plc, which is registered in England and Wales. Copies of the annual report and financial statements of Kingfisher plc can be obtained from The Secretary, Kingfisher plc, North West House, 119 Marylebone Road, London NW1 5PX.