

10 April 2014

**WH SMITH PLC**  
**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014**

**Strong performance across the Group with EPS up 15% and interim dividend up 15%**

**Group Financial Summary**

	6 months to		% change
	Feb 2014	Feb 2013 <sup>1</sup>	
Group profit before tax	£69m	£67m	3%
Diluted earnings per share	46.3p	40.3p	15%
Travel trading profit <sup>2</sup>	£30m	£29m	3%
High Street trading profit <sup>2</sup>	£49m	£48m	2%
Group profit from trading operations <sup>2</sup>	£79m	£77m	3%
Headline Group profit before tax <sup>3</sup>	£70m	£68m	3%
Headline diluted earnings per share <sup>3</sup>	47.1p	41.1p	15%

- Interim dividend of 10.8p, up 15% on the prior year
- Strong cash generation and balance sheet; free cash flow<sup>4</sup> of £53m
- Good progress with return of cash to shareholders; as at 9 April, 2.1m shares purchased and £21m of cash returned to shareholders
- Group total sales down 4% with like-for-like (LFL) sales down 4%
  - Travel total sales up 2% with LFL sales down 1%
  - High Street total sales down 7% with LFL sales down 6%
- Gross margin improved by 190 basis points
- Good progress made in Travel's growing international channel with over 150 units now won
- In line with latest plan, High Street delivered cost savings of £9m in the half, with a further £5m identified for the second half; on track for £14m of costs savings for the full year

**Stephen Clarke, Group Chief Executive said:**

"The Group has delivered another strong performance, with profit growth in Travel and High Street, demonstrating the continuing success of our strategy.

"The Group remains highly cash generative. During the first half we returned £47m to shareholders through the dividend and share buyback announced in October 2013 and today we have increased the interim dividend by 15%.

"Looking ahead, we will continue to invest in new opportunities that position us well for future growth."

1 Restated to reflect adoption of IAS 19 Revised (IAS19R) and to recognise IFRIC 14 pension liability and associated deferred tax asset. See Note 1 to the financial statements

2 Group profit from trading operations and High Street and Travel trading profit are stated after directly attributable share-based payment and pension service charges and before central costs, interest and taxation. See Note 2 to the financial statements

3 Headline Group profit before tax excludes the non-cash income statement charge for pensions. A reconciliation of Headline Group profit before tax to statutory Profit before tax is provided in the Group Income Statement on page 7

4 Net cash flow from operating activities adjusted for net capital expenditure, pension deficit funding, net interest received and settlement of contingent consideration provisions. See analysis of cash flow (page 5)

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WH Smith PLC's Interim Results 2014 are available at [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk). A copy of the Interim Results 2014 will shortly be available for inspection at the UK Listing Authority, 25 The North Colonnade, London E14 5HS.

## FINANCIAL REVIEW

### Group Summary

Group profit from trading operations<sup>2</sup> increased by 3% on the prior year to £79m (2013: £77m) and Headline Group profit before tax<sup>3</sup> of £70m (2013: £68m), was an increase of 3% on the prior year.

Total Group sales were £613m (2013: £638m) with LFL sales down 4%. Travel sales were up 2% compared to last year and down 1% on a LFL basis, reflecting a recent improvement in UK air passenger numbers. High Street sales were down 7% and down 6% on a LFL basis.

Travel delivered another strong performance with trading profit<sup>2</sup> increasing by 3% to £30m with further improvement in gross margin and good cash generation. We continue to invest in the business and are on track to open 30 new units in the UK this year. In our international channel we now have 118 units open with a further 38 yet to open, giving us a total of 156 units. As at 28 February 2014 Travel operated from 701 units.

High Street delivered another good performance with trading profit<sup>2</sup> up 2% to £49m and high levels of cash generation. We saw a strong gross margin performance and costs were tightly controlled. In line with our latest plan, cost savings of £9m were delivered in the half, with a further £5m identified in the second half. As at 28 February 2014 High Street operated from 607 stores.

Headline diluted earnings per share<sup>3</sup> increased by 15% to 47.1p (2013: 41.1p)<sup>1</sup>. This reflects the increase in profit, a lower basic weighted average number of shares in issue following the share buyback, and a decrease in the effective tax rate from 22%<sup>1</sup> to 19%.

The Group remains highly cash generative and has a strong balance sheet. Net funds were £18m at 28 February 2014, with a Group free cash flow<sup>4</sup> of £53m. The Group has a committed multi-currency revolving credit facility of £70m through to January 2016.

On 10 October 2013 the Board announced a further £50m return of cash to shareholders through a rolling share buyback programme. As at 9 April we have purchased 2.1m shares and returned £21m of cash to shareholders.

The Board has declared an interim dividend of 10.8p per share, a 15% increase on last year.

The increase in interim dividend reflects the Board's confidence in the future prospects of the Group, the strong cash generative nature of the business, and our progressive dividend policy.

We continue to invest in the business, including capital expenditure in the half of £19m, whilst consistently growing dividends and returning cash to shareholders as part of our long-term strategy to create value for shareholders. Including the share buyback announced on 10 October 2013 and the declared interim dividend, we will have returned £550m of cash to shareholders since our 2007 financial year. We have done this through a combination of ordinary dividends, share buybacks and a special dividend.

Since 2006 we have reduced our issued share capital by 34% through the buyback programme and special dividend.

Financial Year	Ordinary Dividend <sup>5</sup> £m	Buyback £m	Special Dividend £m	Total £m
2014	39	50 <sup>6</sup>	-	89
2013	34	50	-	84
2012	31	50	-	81
2011	29	55	-	84
2010	26	35	-	61
2009	23	-	-	23
2008	21	33	57	111
2007	17	-	-	17
	<b>220</b>	<b>273</b>	<b>57</b>	<b>550</b>

<sup>5</sup> Cash dividend paid and interim dividend declared

<sup>6</sup> Buyback announced on 10 October 2013

## Trading Operations

### *Travel*

Travel delivered another strong performance with good cash generation. Trading profit<sup>2</sup> increased by 3% to £30m (2013: £29m) with a further improvement in gross margin and good cost control.

Total Travel sales were up 2%, with LFL sales down by 1%, reflecting some recent improvement in UK air passenger trends and our continued focus on space management. Gross margin increased by 110bps during the period, primarily driven by active category mix management.

We continue to identify opportunities for growth and invest in new space in Travel and are on track to open 30 units in the UK this year, including all the CTN units at the new Heathrow Terminal 2. In the first half we opened 7 units in the UK.

We continue to evolve our offer to meet changing customer and landlord needs while investing in new space and format development. Category mix varies substantially by channel and even by location within a channel, so actively focussing on our category mix management enables us to best meet customer and landlord needs, improve service and efficiency, grow market share and drive margins. This has resulted in further changes to product mix and our customer offer, as we evolve our formats and trial new initiatives in each of our key channels. In air, we have invested in relaying stores, improving navigation and store design while also allocating additional space to growth areas such as, souvenirs, gifting, travel accessories, digital accessories and health and beauty essentials. In rail, customer needs are different and our space and category mix management reflect this. For example, we are currently trialling an increased food-to-go offer, combined with faster payment options for time pressed commuters.

In hospitals, where a large part of our customer base is hospital staff, we have also extended our food-to-go and convenience offer, particularly for the breakfast and lunchtime markets. In addition in the hospital channel we continue to offer our operating expertise to partners, such as M&S Simply Food, where there is a mutually beneficial opportunity. During the half we opened 2 M&S Simply Food units in Bristol Royal Infirmary and Blackpool Hospital. We now have 4 M&S Simply Food units open, with further openings planned for the second half.

Our international units are performing well and we have invested in additional resources to develop the business and support further growth. We have now won 156 units in international locations including 15 new units announced today: in the International terminal at Bali; Pudong Airport, Shanghai; further stores in Russia; and additional *Fresh Plus* hospital cafés in Australia. Additionally, we acquired a small cards and gifts franchisor in Australia in January 2014, *Wild Cards and Gifts*,

which has 40 franchisees, enabling us to offer an additional brand to landlords and to develop further our international wholesaling. In total, excluding the *Wild Cards and Gifts* franchisees, we now have 118 units open across four channels: air, rail, hospitals and malls.

The WHSmith brand and offer continue to be well received by customers and landlords and we have demonstrated that we can add value and deliver improved performance. We continue to utilise our three operating models and, of the 156 units we have already won, 54% are franchise, 33% direct lease and the remainder are joint venture.

The Travel business now operates from 701 units, including motorway service area franchise units. 5 UK units were closed in the period, primarily due to landlord redevelopment. We renewed 13 contracts and completed 20 refits during the half. Excluding franchise units, Travel occupies 0.53m square feet.

### **High Street**

High Street delivered a good profit performance, with an increase in trading profit<sup>2</sup> to £49m (2013: £48m), up 2% on the prior year. This was achieved by continuing to actively manage our space to optimise our core categories, margin mix and costs in order to deliver sustainable profit and good cash generation.

High Street sales were down 7% in total and down 6% on a LFL basis, reflecting some challenging markets and weaker publishing in the period. Gross margin improved by around 220bps, through rebalancing the mix of our business, better buying, improved sourcing and markdown management.

Optimal use of space is a fundamental part of the strategy for High Street, as we look to maximise profitability today in ways that are sustainable for future years. We work our space to maximise return on every metre drop in every store through improving margins, reducing costs and driving third party income opportunities. Each individual store has a specific space reconfiguration twice a year driven by many years worth of detailed space and product elasticity data. In the half space changes have included the addition of a further 19 Post Offices, giving us 103 in total; a reduction in backlist fiction in some stores; and the addition of more space to seasonal ranges. Going forward, we will continue to manage space in this way.

Cost savings remain a core part of our strategy and we focus on all areas of cost in the business. We have made good progress in the half, delivering cost savings of £9m, with a further £5m identified for the second half, in line with our latest plan. These come from right across the business, including an evolving books operating model, more effective waste management in our distribution centres and more targeted marketing spend. We also have a number of initiatives on trial such as improved utilisation of technology to simplify and improve the efficiency of our store operating model.

The High Street business now operates from 607 stores, which occupy 2.96m square feet. 8 stores were closed in the period.

### **Category Performance**

Stationery:

Our strategy to build on our market leading position in Stationery remains unchanged. Like-for-like sales were down 2%, with gross margin up. We managed our stock tightly in all categories and saw a strong performance from our Christmas ranges, including boxed cards, wrap, calendars and gifting. As a result, we ended the season in a clean stock position.

Our online personalised greetings card and gifting website, Funkypigeon.com, continues to grow its profit and performed well over the key Christmas and Valentine's Day seasons. We grew share and extended our gifting ranges to include t-shirts and mobile phone covers. Traffic from mobile devices continues to increase and during the half we launched new Apple and Android apps.

## Books:

In Books, the market continues to vary by sub-category and to be impacted by the quality of publishing. We saw the strongest performance in Kids with our book space adjusted accordingly. In Adult, apart from the Sir Alex Ferguson autobiography, Christmas hardback publishing was weaker than last year. Our partnership with Kobo continues to develop, with the 250 Kobo 'shop in shops' performing well over Christmas. We had a number of market leading deals with both the Kobo *Mini* and Kobo *Touch* selling at £29.99. Over the half, eReader sales were well ahead of last year.

## News and Impulse:

News and Impulse like-for-like sales were down 2% year on year with further improvement in gross margin. The newspaper and magazine market continues to be challenging but we continue to grow our market share further through successful promotions across several of the key titles. We continue to develop the strongly-growing bookazine category which helps improve our margins and our range now includes over 400 titles. As we actively manage our space we have extended our food-to-go and convenience offer in Travel. In High Street we rolled out new till front displays to over 400 stores.

## Non-Operating Activities

### Net Finance Cost

£m	6 months to	
	Feb 2014	Feb 2013
Bank interest/unwinding of discount on provisions	(1)	(1)
Pension interest	(1)	(1)
<b>Net finance costs</b>	<b>(2)</b>	<b>(2)</b>

Net finance costs relating to bank loans and unwinding of discounts on provisions were £1m in line with last year.

IAS 19 (Revised), became effective for the Group for the current financial year ending 31 August 2014, and is a change in accounting policy which requires pension interest in the Income Statement to be calculated on the net balance sheet position for retirement benefit obligations at the beginning of the period. The resulting non-cash pension charge was £1m in the period ended 28 February 2014. The comparatives for the period ended 28 February 2013 have been restated to reflect a non-cash £1m charge following this change in accounting policy.

### Fixed Charges Cover

Fixed charges, comprising property operating lease rentals and net finance charges, were covered 1.8 times (2013: 1.7 times) by profit before tax and fixed charges. In the full year we expect fixed charges cover to be consistent with the prior year at around 1.6 times.

## Cash Flow and Balance Sheet

The Group generated £53m of free cash flow during the period.

£m	6 months to	
	Feb 2014	Feb 2013
Group operating profit	71	69
Depreciation, amortisation & amounts written off fixed assets	18	18
Working capital	(4)	-
Employers payroll tax on exercised share awards	(5)	-
Net capital expenditure	(19)	(24)
Tax	(9)	(7)
Net provisions	(2)	(1)
Other items	3	3
<b>Free cash flow</b>	<b>53</b>	<b>58</b>

There was a small cash outflow from working capital of £4m with capital expenditure in the half of £19m, £5m lower than last year, which included the roll out of new tills. Capital expenditure includes new stores in High Street and Travel, together with the ongoing investment in technology and the existing estate. During the half we also paid the employers' payroll tax on the MIP and LTIP grants following the vesting of the 2010 MIP and LTIP awards. We do not anticipate this repeating next year. Net corporation tax paid was £9m in the period compared to £7m last year.

As at 28 February 2014 the Group had net funds of £18m.

£m	6 months to	
	Feb 2014	Feb 2013
Opening net funds	31	36
Free cash flow generated	53	58
Equity dividends paid	(26)	(23)
Pension deficit funding	(7)	(6)
Net purchase of shares for employee share schemes	(9)	-
Purchase of own shares for cancellation	(21)	(22)
Acquisitions and earnouts	(2)	(2)
Other	(1)	-
	<b>18</b>	<b>41</b>

In addition to the free cash generated, the Group has seen a net outflow of £66m, relating to non-trading operations, which include last year's final dividend of £26m, pension deficit funding of £7m and net ESOP trust purchases of £9m. As at 28 February 2014 the Group had returned £21m of cash to shareholders via an on market buyback. Acquisitions and earnouts in the period relate to the acquisition of *Wild Retail Group* and payments relating to the acquisition of *Fresh Plus*.

The Group had net assets of £146m before the IFRIC 14 pension liability and associated deferred tax asset, £6m lower than last year end, reflecting cash generation in the period offset by the share buyback programme. Net assets after pensions were £99m compared to £102m at 31 August 2013.

### Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain those detailed on pages 15 and 16 of the Group's Annual Report and Accounts 2013, a copy which is available on the Group's website at [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk). These include: economic, political, competitive and market risks; reliance on the WHSmith brand; key suppliers and supply chain management; store portfolio; business interruption; reliance on key personnel; treasury and financial risk; and pensions and investment risk.

*This announcement contains certain forward looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this announcement should be construed as a profit forecast. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.*

**WH Smith PLC**  
**Group Income Statement**  
For the 6 months to 28 February 2014

£m	Note	6 months to 28 Feb 2014 (unaudited)	6 months to 28 Feb 2013 Restated <sup>1</sup> (unaudited)	12 months to 31 Aug 2013 Restated <sup>1</sup> (audited)
<b>Continuing operations</b>				
Revenue		613	638	1,186
<b>Operating profit</b>	2	<b>71</b>	69	107
Investment income		-	-	-
Finance costs	4	<b>(2)</b>	(2)	(4)
<b>Profit before tax</b>		<b>69</b>	67	103
Income tax expense	5	<b>(13)</b>	(15)	(22)
<b>Profit for the year</b>		<b>56</b>	52	81
<b>Earnings per share</b>				
Basic	7	<b>46.7p</b>	41.9p	66.4p
Diluted	7	<b>46.3p</b>	40.3p	63.8p
<b>Equity dividends per share<sup>2</sup></b>	6	<b>10.8p</b>	9.4p	30.7p
<b>Non GAAP measures</b>				
	Note	6 months to 28 Feb 2014 (unaudited)	6 months to 28 Feb 2013 Restated <sup>1</sup> (unaudited)	12 months to 31 Aug 2013 Restated <sup>1</sup> (audited)
<b>Reconciliation of Profit before tax to Headline Group profit before tax</b>				
<b>Profit before tax</b>		<b>69</b>	67	103
Adjusted for:				
Non-cash income statement charge for pensions		1	1	3
<b>Headline Group profit before tax</b>	1	<b>70</b>	68	106
<b>Headline earnings per share</b>				
Basic	7	<b>47.5p</b>	42.7p	68.9p
Diluted	7	<b>47.1p</b>	41.1p	66.1p
<b>Fixed charges cover</b>	8	<b>1.8x</b>	1.7x	1.6x

<sup>1</sup> Restated for adoption of IAS 19 Revised and IFRIC 14 minimum funding liability. See Note 1.

<sup>2</sup> Current period dividend per share is the interim dividend.

**WH Smith PLC**  
**Group Statement of Comprehensive Income**  
For the 6 months to 28 February 2014

<b>£m</b>	Note	<b>6 months to 28 Feb 2014 (unaudited)</b>	6 months to 28 Feb 2013 Restated <sup>1</sup> (unaudited)	12 months to 31 Aug 2013 Restated <sup>1</sup> (audited)
<b>Profit for the period</b>		<b>56</b>	52	81
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified subsequently to the income statement:</b>				
Actuarial losses on defined benefit pension schemes	3	<b>(2)</b>	-	-
Tax on defined benefit pension schemes		<b>(1)</b>	-	-
		<b>(3)</b>	-	-
<b>Items that may be reclassified subsequently to the income statement:</b>				
Mark to market valuation of derivative financial asset		<b>(2)</b>	1	1
Exchange differences on translation of foreign operations		-	1	-
		<b>(2)</b>	2	1
<b>Other comprehensive loss for the period, net of tax</b>		<b>(5)</b>	2	1
<b>Total comprehensive income for the period</b>		<b>51</b>	54	82

<sup>1</sup> See Note 1.

**WH Smith PLC**  
**Group Balance Sheet**  
As at 28 February 2014

£m	Note	At 28 Feb 2014 (unaudited)	At 28 Feb 2013 Restated <sup>1</sup> (unaudited)	At 31 Aug 2013 Restated <sup>1</sup> (audited)
<b>Non-current assets</b>				
Goodwill		34	33	33
Other intangible assets		22	25	22
Property, plant and equipment		151	152	149
Deferred tax assets		19	23	23
Trade and other receivables		2	3	3
		<b>228</b>	236	230
<b>Current assets</b>				
Inventories		149	152	148
Trade and other receivables		49	49	51
Current tax asset		-	-	2
Derivative financial asset		-	1	1
Cash and cash equivalents	9	57	41	31
		<b>255</b>	243	233
<b>Total assets</b>		<b>483</b>	479	463
<b>Current liabilities</b>				
Trade and other payables		(222)	(234)	(232)
Bank overdrafts and other borrowings	9	(39)	-	-
Retirement benefit obligation	3	(11)	(11)	(11)
Current tax liabilities		(41)	(46)	(42)
Short-term provisions		(4)	(4)	(3)
Derivative financial liability	13	(1)	-	-
		<b>(318)</b>	(295)	(288)
<b>Non-current liabilities</b>				
Retirement benefit obligation	3	(47)	(55)	(51)
Deferred tax liabilities		(1)	(3)	(2)
Long-term provisions		(3)	(3)	(4)
Other non-current liabilities		(15)	(15)	(16)
		<b>(66)</b>	(76)	(73)
<b>Total liabilities</b>		<b>(384)</b>	(371)	(361)
<b>Total net assets</b>		<b>99</b>	108	102
<b>Shareholders' equity</b>				
Called up share capital		27	28	27
Share premium		4	3	4
Capital redemption reserve		10	9	10
Revaluation reserve		2	2	2
ESOP reserve		(11)	(21)	(21)
Hedging reserve		(1)	1	1
Translation reserve		(3)	(2)	(3)
Other reserve		(234)	(213)	(215)
Retained earnings		305	301	297
<b>Total equity</b>		<b>99</b>	108	102

<sup>1</sup> See Note 1.

**WH Smith PLC**  
**Group Cash Flow Statement**  
For the 6 months to 28 February 2014

£m	Note	6 months to	12 months to	
		28 Feb 2014 (unaudited)	28 Feb 2013 (unaudited)	31 Aug 2013 (audited)
<b>Net cash inflow from operating activities</b>	10	<b>65</b>	75	119
<b>Investing activities</b>				
Purchase of property, plant and equipment		(17)	(19)	(32)
Purchase of intangible assets		(2)	(5)	(6)
Acquisition of business		(2)	(1)	(1)
<b>Net cash outflow from investing activities</b>		<b>(21)</b>	(25)	(39)
<b>Financing activities</b>				
Dividend paid		(26)	(23)	(34)
Purchase of own shares for cancellation		(21)	(22)	(50)
Purchase of own shares for employee share schemes		(9)	-	(1)
Proceeds from borrowings		39	-	-
<b>Net cash used in financing activities</b>		<b>(17)</b>	(45)	(85)
<b>Net increase / (decrease) in cash and cash equivalents in the period</b>		<b>27</b>	5	(5)
Cash and cash equivalents at beginning of the period		31	36	36
Effect of movements in foreign exchange rates		(1)	-	-
<b>Cash and cash equivalents at end of the period</b>		<b>57</b>	41	31

**Reconciliation of net cash flow to movement in net funds**

£m	Note	6 months to	12 months to	
		28 Feb 2014 (unaudited)	28 Feb 2013 (unaudited)	31 Aug 2013 (audited)
<b>Net funds at beginning of the period</b>		<b>31</b>	36	36
Increase / (decrease) in cash and cash equivalents		26	5	(5)
(Increase) / decrease in debt		(39)	-	-
<b>Net funds at end of the period</b>	9	<b>18</b>	41	31

**WH Smith PLC**  
**Group Statement of Changes in Equity**  
For the 6 months to 28 February 2014

£m	Share capital and share premium	Capital redemption reserve	Revaluation reserve	ESOP reserve	Hedging and translation reserves	Other reserve <sup>1</sup>	Retained earnings	Total
<b>Balance at 1 September 2013</b>	<b>31</b>	<b>10</b>	<b>2</b>	<b>(21)</b>	<b>(2)</b>	<b>(215)</b>	<b>297</b>	<b>102</b>
Total comprehensive income for the period	-	-	-	-	(2)	-	53	51
Recognition of share-based payments	-	-	-	-	-	-	3	3
Deferred tax on share-based payments	-	-	-	-	-	-	(1)	(1)
Premium on issue of shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(26)	(26)
Employee share schemes	-	-	-	10	-	(19)	-	(9)
Purchase of own shares for cancellation	-	-	-	-	-	-	(21)	(21)
<b>Balance at 28 February 2014 (unaudited)</b>	<b>31</b>	<b>10</b>	<b>2</b>	<b>(11)</b>	<b>(4)</b>	<b>(234)</b>	<b>305</b>	<b>99</b>
<b>Balance at 1 September 2012</b>	<b>32</b>	<b>8</b>	<b>2</b>	<b>(22)</b>	<b>(3)</b>	<b>(212)</b>	<b>290</b>	<b>95</b>
Total comprehensive income for the period <sup>2</sup>	-	-	-	-	2	-	52	54
Recognition of share-based payments	-	-	-	-	-	-	3	3
Deferred tax on share-based payments	-	-	-	-	-	-	1	1
Premium on issue of shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(23)	(23)
Employee share schemes	-	-	-	1	-	(1)	-	-
Purchase of own shares for cancellation	(1)	1	-	-	-	-	(22)	(22)
<b>Balance at 28 February 2013<sup>2</sup> (unaudited)</b>	<b>31</b>	<b>9</b>	<b>2</b>	<b>(21)</b>	<b>(1)</b>	<b>(213)</b>	<b>301</b>	<b>108</b>
<b>Balance at 1 September 2012</b>	<b>32</b>	<b>8</b>	<b>2</b>	<b>(22)</b>	<b>(3)</b>	<b>(212)</b>	<b>290</b>	<b>95</b>
Total comprehensive income for the period	-	-	-	-	1	-	81	82
Recognition of share-based payments	-	-	-	-	-	-	7	7
Deferred tax on share-based payments	-	-	-	-	-	-	3	3
Premium on issue of shares	1	-	-	-	-	-	-	1
Dividends paid	-	-	-	-	-	-	(34)	(34)
Employee share schemes	-	-	-	1	-	(3)	-	(2)
Purchase of own shares for cancellation	(2)	2	-	-	-	-	(50)	(50)
<b>Balance at 31 August 2013 (audited)</b>	<b>31</b>	<b>10</b>	<b>2</b>	<b>(21)</b>	<b>(2)</b>	<b>(215)</b>	<b>297</b>	<b>102</b>

<sup>1</sup> The 'Other' reserve includes reserves created in relation to the historical capital reorganisation, proforma restatement and the demerger from Smith News PLC in 2006, as well as movements relating to employee share schemes of £19m (2013: £1m).

<sup>2</sup> Restated for recognition of IFRIC 14 minimum funding liability. See Note 1.

**WH Smith PLC**  
**Notes to the Interim Financial Statements**  
For the 6 months to 28 February 2014

**1. Basis of preparation, Accounting policies and Approval of Interim Statement**

The Interim Financial Statements for the 6 months ended 28 February 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, "Interim Financial Reporting" as adopted by the European Union. This report should be read in conjunction with the Group's Annual Report and Accounts 2013, which have been prepared in accordance with IFRSs as adopted by the European Union.

The financial information set out in this report does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The Annual Report and Accounts 2013 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the 2013 Annual Report and Accounts and it is these accounting policies which are expected to be followed in the preparation of the full financial statements for the financial year ended 31 August 2014, except as outlined below.

In June 2011 the IASB issued amendments to IAS 19 "Employee Benefits" (IAS 19 (Revised)). The revised standard is effective for the Group for the first time during the 6 months ended 28 February 2014. The impact on the Group's defined benefit pension schemes is to replace the interest expense on retirement benefit obligations and the expected return on plan assets with a single net interest amount that is calculated by applying the discount rate to the net retirement benefit surplus or deficit. In addition, the administration costs of the pension scheme, previously charged against the expected return on plan assets, are now charged within operating costs. The impact of the amendment has been to reduce profit before tax by £2m for the six months ended 28 February 2014 (six months ended 28 February 2013: a reduction of £2m, year ended 31 August 2013: a reduction of £5m). Prior year comparatives have been restated, and the impact of these restatements is set out in note 16.

The Group has also adopted the following standards and interpretations which became mandatory for the first time during the current financial year. The adoption of these standards has had no material impact on the Group. All other amendments which apply for the first time in the current financial year do not impact the interim consolidated financial information of the Group.

Amendments to IFRS 7 Financial instruments: Disclosures – Offsetting financial assets and financial liabilities  
IFRS 13 Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. However IFRS 13 requires specific disclosures on fair values. The Group has included the required disclosures at note 13.

For the year ended 31 August 2013, the Group amended its accounting in respect of the schedule of contributions to the WH Smith Pension Trust to recognise these as an obligation of the Company under IFRIC 14. The prior year comparatives for the six months ended 28 February 2013 have been restated to reflect this change. The accounting for the minimum funding requirement is therefore on a consistent basis for all periods disclosed. The impact of the restatement is set out in note 16.

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. The Group believes that High Street and Travel trading profit, Group profit from trading operations, Headline Group profit before tax, Headline earnings per share, Fixed charges cover and Free cash flow provide useful information to users of the financial statements. The terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

The Group's business activities together with the factors that are likely to affect its future developments, performance and position are set out in the Financial Review. The Financial Review describes the Group's financial position, cash flows and borrowing facilities and also highlights the principal risks and uncertainties facing the Group. The Annual Report and Accounts 2013 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The directors report that they have reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure, proposed dividends and borrowing facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate financial resources to continue its current operations, including contractual and commercial commitments for the foreseeable future. For these reasons, the going concern basis has been adopted in preparing the financial statements.

The Interim Financial Statements are unaudited but have been reviewed by our auditors and were approved by the Board of Directors on 10 April 2014.

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**2. Segmental analysis of results**

For management and financial reporting purposes, the Group is organised into two operating divisions – High Street and Travel. These divisions are the basis on which the Group reports its IFRS 8 operating segment information.

**a) Group revenue**

£m	6 months to		12 months to
	<b>28 Feb 2014</b> <b>(unaudited)</b>	28 Feb 2013 (unaudited)	31 Aug 2013 (audited)
<b>Continuing operations:</b>			
Travel	<b>221</b>	216	460
High Street	<b>392</b>	422	726
<b>Group revenue</b>	<b>613</b>	638	1,186

**Seasonality**

Sales in the High Street business are subject to seasonal fluctuations, with peak demand in the Christmas trading period, which falls in the first half of the Group's financial year. For the six months ended 28 February 2014, the level of High Street sales represented 54% (2013: 54%) of the annual level of High Street sales in the year ended 31 August 2013.

**b) Group results**

£m	6 months to		12 months to
	<b>28 Feb 2014</b> <b>(unaudited)</b>	28 Feb 2013 Restated <sup>1</sup> (unaudited)	31 Aug 2013 Restated <sup>1</sup> (audited)
<b>Continuing operations</b>			
Travel	<b>30</b>	29	66
High Street	<b>49</b>	48	56
<b>Profit from trading operations</b>	<b>79</b>	77	122
Unallocated costs	<b>(8)</b>	(8)	(15)
<b>Group operating profit</b>	<b>71</b>	69	107
Investment income	-	-	-
Finance costs	<b>(2)</b>	(2)	(4)
Income tax expense	<b>(13)</b>	(15)	(22)
<b>Profit for the period</b>	<b>56</b>	52	81

<sup>1</sup> See Note 1.

Group profit before finance charges and taxation for the period to 28 February 2014 is stated after the write-down of inventories to net realisable value, £1m (2013: £2m).

**WH Smith PLC**  
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**3. Retirement benefit obligation**

WH Smith PLC has operated a number of defined benefit plans, which are closed to service accrual, and defined contribution pension plans. The main pension arrangements for employees are operated through a defined benefit scheme, WHSmith Pension Trust, and a defined contribution scheme, WH Smith Retirement Savings Plan. The most significant scheme is the defined benefit WHSmith Pension Trust.

The retirement benefit obligations recognised in the balance sheet for the respective schemes at the relevant reporting dates were:

<b>£m</b>	<b>At 28 Feb 2014 (unaudited)</b>	<b>At 28 Feb 2013 Restated<sup>1</sup> (unaudited)</b>	<b>At 31 Aug 2013 (audited)</b>
WHSmith Pension Trust	(58)	(66)	(62)
United News Shops Retirement Benefits Scheme	-	-	-
<b>Retirement benefit obligation recognised in the balance sheet</b>	<b>(58)</b>	<b>(66)</b>	<b>(62)</b>

<sup>1</sup> See Note 1.

**WHSmith Pension Trust**

The market value of the assets and the present value of the liabilities in the scheme at the relevant reporting dates were:

<b>£m</b>	<b>At 28 Feb 2014 (unaudited)</b>	<b>At 28 Feb 2013 Restated<sup>1</sup> (unaudited)</b>	<b>At 31 Aug 2013 (audited)</b>
Present value of the obligations	(878)	(832)	(856)
Fair value of plan assets	997	962	964
<b>Surplus before consideration of asset ceiling</b>	<b>119</b>	<b>130</b>	<b>108</b>
Amounts not recognised due to effect of asset ceiling	(119)	(130)	(108)
Additional liability recognised due to minimum funding requirements	(58)	(66)	(62)
<b>Retirement benefit obligation recognised in the balance sheet</b>	<b>(58)</b>	<b>(66)</b>	<b>(62)</b>

Movement in net retirement benefit liability during the period:

<b>£m</b>	<b>6 months to 28 Feb 2014 (unaudited)</b>	<b>28 Feb 2013 Restated<sup>1</sup> (unaudited)</b>	<b>12 months to 31 Aug 2013 Restated<sup>1</sup> (audited)</b>
At beginning of period	(62)	(70)	(70)
Current service cost	-	-	-
Net interest cost on the defined benefit liability	(1)	(1)	(3)
Contributions	7	6	12
Actuarial gains and losses	(2)	(1)	(1)
<b>At end of period</b>	<b>(58)</b>	<b>(66)</b>	<b>(62)</b>

**WH Smith PLC**  
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**3. Retirement benefit obligation (continued)**

The defined benefit pension schemes are closed to further accrual and given the Liability Driven Investment policy adopted by the WHSmith Pension Trust Trustees, the present value of the economic benefits of the IAS 19 surplus in the pension scheme of £119m (2013: £130m) available on a reduction of future contributions is £nil (2013: £nil). As a result the Group has not recognised this IAS 19 surplus on the balance sheet. There is an ongoing actuarial deficit primarily due to the different assumptions and calculation methodologies used compared to those under IAS 19. We have recognised the schedule of contributions as a liability of £58m in accordance with the requirements of IFRIC 14. We have also restated the February 2013 Financial Statements recognising a liability of £66m. See Note 1.

A full actuarial valuation of the scheme is carried out every three years, with interim reviews in the intervening years. The latest full actuarial valuation of the Pension Trust was carried out at 31 March 2012 by independent actuaries using the projected unit credit method. Following this valuation, the deficit was £75m, and a revised deficit funding schedule of approximately £13m per annum (subject to indexation) over the following seven years was agreed with the Trustee. During the period, the Group made a contribution of £7m to the WHSmith Pension Trust (2013: £6m) in accordance with the agreed pension deficit funding schedule.

Total (expense) / income recognised in the Statement of Comprehensive Income ("SOCl"):

£m	6 months to		12 months to
	28 Feb 2014 (unaudited)	28 Feb 2013 Restated <sup>1</sup> (unaudited)	31 Aug 2013 Restated <sup>1</sup> (audited)
Total actuarial gain / (loss) before consideration of asset ceiling	1	8	(22)
(Loss) / gain resulting from changes in amounts not recognised due to effect of asset ceiling	(8)	(15)	10
Changes in minimum funding liability	5	6	11
Actuarial gains in respect of United News Shops Retirement benefits scheme	-	1	1
Total actuarial loss recognised in other comprehensive income	(2)	-	-

The principal long-term assumptions used in the IAS 19 valuation were:

%	6 months to		12 months to
	28 Feb 2014 (unaudited)	28 Feb 2013 (unaudited)	31 Aug 2013 (audited)
Rate of increase in pension payments	3.28	3.39	3.36
Rate of increase in deferred pensions	2.50	2.49	2.59
Discount rate	4.32	4.52	4.50
RPI Inflation assumption	3.40	3.39	3.49
CPI Inflation assumption	2.50	2.49	2.59

**4. Finance costs**

£m	6 months to		12 months to
	28 Feb 2014 (unaudited)	28 Feb 2013 Restated <sup>1</sup> (unaudited)	31 Aug 2013 Restated <sup>1</sup> (audited)
Interest payable on bank loans and overdrafts & unwinding of discounts on provisions	1	1	1
Net interest cost on the defined benefit pension liability	1	1	3
	2	2	4

<sup>1</sup> See Note 1.

**WH Smith PLC**  
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**5. Income tax expense**

£m	6 months to		12 months to
	<b>28 Feb 2014</b>	28 Feb 2013 Restated <sup>1</sup>	31 Aug 2013 Restated <sup>1</sup>
	<b>(unaudited)</b>	(unaudited)	(audited)
Tax on profit from continuing operations	<b>18</b>	23	37
<i>Standard rate of UK corporation tax 22.16% (2012: 23.58%)</i>			
Adjustment in respect of prior year UK corporation tax	<b>(5)</b>	(8)	(15)
<b>Total current tax charge – continuing operations</b>	<b>13</b>	15	22
Deferred tax – current year	-	-	-
Deferred tax – prior year	-	-	-
<b>Tax on profit – continuing operations</b>	<b>13</b>	15	22
<i>Effective tax rate on continuing activities</i>	<b>19%</b>	22%	21%
<b>Tax on Headline profit – continuing operations</b>	<b>13</b>	15	22
<i>Effective tax rate on Headline profit - continuing activities</i>	<b>19%</b>	22%	21%

<sup>1</sup> See Note 1.

**6. Dividends**

Amounts paid and recognised as distributions to shareholders in the period are as follows:

£m	6 months to		12 months to
	<b>28 Feb 2014</b>	28 Feb 2013	31 Aug 2013
	<b>(unaudited)</b>	(unaudited)	(audited)
<b>Dividends</b>			
Interim	-	-	11
Final	<b>26</b>	23	23
	<b>26</b>	23	34

The directors have declared an interim dividend in respect of the period ending 28 February 2014 of 10.8p per ordinary share, which will absorb an estimated £13m of shareholders' equity. This will be paid on 7 August 2014 to shareholders registered at the close of business on 18 July 2014.

**7. Earnings per share**

**a) Earnings**

£m	6 months to		12 months to
	<b>28 Feb 2014</b>	28 Feb 2013 Restated <sup>1</sup>	31 Aug 2013 Restated <sup>1</sup>
	<b>(unaudited)</b>	(unaudited)	(audited)
<b>Earnings attributable to shareholders</b>	<b>56</b>	52	81
Adjusted for non-headline items (net of taxation):			
Non-cash income statement charge for pensions	<b>1</b>	1	3
<b>Headline earnings attributable to shareholders</b>	<b>57</b>	53	84

<sup>1</sup> See Note 1.

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**7. Earnings per share (continued)**

**b) Basic and diluted earnings per share**

	6 months to		12 months to
	<b>28 Feb 2014</b>	28 Feb 2013	31 Aug 2013
<b>Pence</b>	<b>(unaudited)</b>	Restated <sup>1</sup> (unaudited)	Restated <sup>1</sup> (audited)
<b>Basic earnings per share</b>	<b>46.7</b>	41.9	66.4
Adjustments for non-headline items	<b>0.8</b>	0.8	2.5
<b>Basic headline earnings per share</b>	<b>47.5</b>	42.7	68.9
<b>Diluted earnings per share</b>	<b>46.3</b>	40.3	63.8
Adjustments for non-headline items	<b>0.8</b>	0.8	2.3
<b>Diluted headline earnings per share</b>	<b>47.1</b>	41.1	66.1

<sup>1</sup> See Note 1.

Diluted earnings per share takes into account various share awards and share options including SAYE schemes, which are expected to vest, and for which a sum below fair value will be paid.

**c) Weighted average share capital**

	6 months to		12 months to
	<b>28 Feb 2014</b>	28 Feb 2013	31 Aug 2013
<b>Millions</b>	<b>(unaudited)</b>	(unaudited)	(audited)
<b>Weighted average ordinary shares in issue</b>	<b>123</b>	129	127
Less weighted average ordinary shares held in ESOP Trust	<b>(3)</b>	(5)	(5)
<b>Weighted average ordinary shares for earnings per share</b>	<b>120</b>	124	122
Add weighted average number of ordinary shares under option	<b>1</b>	5	5
<b>Weighted average ordinary shares for diluted earnings per share</b>	<b>121</b>	129	127

**8. Fixed Charges Cover – Non GAAP**

	6 months to		12 months to
	<b>28 Feb 2014</b>	28 Feb 2013	31 Aug 2013
<b>£m</b>	<b>(unaudited)</b>	Restated <sup>1</sup> (unaudited)	Restated <sup>1</sup> (audited)
Net finance charges	<b>2</b>	2	4
Net operating lease rentals	<b>89</b>	89	182
<b>Total fixed charges</b>	<b>91</b>	91	186
<b>Profit before tax</b>	<b>69</b>	67	103
<b>Profit before tax and fixed charges</b>	<b>160</b>	158	289
<b>Fixed charges cover - times</b>	<b>1.8x</b>	1.7x	1.6x

<sup>1</sup> See Note 1.

**WH Smith PLC**  
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**9. Analysis of net funds**

Movements in net funds can be analysed as follows:

£m	At 28 Feb 2014 (unaudited)	At 28 Feb 2013 (unaudited)	At 31 Aug 2013 (audited)
Cash and cash equivalents	57	41	31
Borrowings	(39)	-	-
<b>Net funds</b>	<b>18</b>	<b>41</b>	<b>31</b>

£m	At 31 Aug 2013 (audited)	Cash flow	Currency translation	At 28 Feb 2014 (unaudited)
Cash and cash equivalents	31	27	(1)	57
Borrowings	-	(39)	-	(39)
<b>Net funds</b>	<b>31</b>	<b>(12)</b>	<b>(1)</b>	<b>18</b>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The Group has a £70m 5-year committed revolving credit facility. As at 28 February 2014 this Group had drawn down £39m on this facility. The revolving credit facility is due to mature on 24 January 2016. During the period the interest rate on the facility was LIBOR plus 110bps.

**10. Net cash inflow from operating activities**

£m	6 months to		12 months to
£m	28 Feb 2014 (unaudited)	28 Feb 2013 (unaudited)	31 Aug 2013 (audited)
<b>Operating profit from continuing operations</b>	<b>71</b>	<b>69</b>	<b>107</b>
Depreciation and amortisation	17	17	35
Impairment losses	1	1	2
Share-based payments	3	3	7
(Increase) / decrease in inventories	(1)	(1)	3
Decrease in receivables	3	6	4
Decrease in payables	(11)	(5)	(6)
Adjustment for pension funding	(7)	(6)	(12)
Income taxes paid	(9)	(7)	(19)
Charge to provisions	-	-	1
Cash spend against provisions	(2)	(2)	(3)
<b>Net cash inflow from operating activities</b>	<b>65</b>	<b>75</b>	<b>119</b>

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**11. Called Up Share Capital**

	<b>28 Feb 2014</b>		28 Feb 2013		31 Aug 2013	
	<b>(unaudited)</b>		<b>(unaudited)</b>		<b>(audited)</b>	
	<b>Number of</b>	<b>Nominal</b>	Number of	Nominal	Number of	Nominal
	<b>shares</b>	<b>value</b>	shares	value	shares	value
	<b>(millions)</b>	<b>£m</b>	(millions)	£m	(millions)	£m
Equity						
Ordinary shares of 22 6/67p	121	27	127	28	123	27
<b>Total</b>	<b>121</b>	<b>27</b>	<b>127</b>	<b>28</b>	<b>123</b>	<b>27</b>

During the six month period the Company repurchased 2,107,000 (six months to 28 February 2013: 3,280,000) of its own shares in the open market for an aggregate consideration of £21m (2013: £22m).

The holders of ordinary shares are entitled to receive dividends as declared from time-to-time and are entitled to one vote per share at the meetings of the Company.

**12. Contingent liabilities**

	6 months to		12 months to
<b>£m</b>	<b>28 Feb 2014</b>	28 Feb 2013	31 Aug 2013
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
Bank and other loans guaranteed	<b>4</b>	4	5

Other potential liabilities that could crystallise are in respect of previous assignments of leases where the liability could revert to the Group if the lessee defaulted. Pursuant to the terms of the Demerger Agreement with Smiths News PLC, any such contingent liability, which becomes an actual liability, will be apportioned between the Group and Smiths News PLC in the ratio 65:35 (provided that the actual liability of Smiths News PLC in any 12 month period does not exceed £5m). The Group's 65 per cent share of these leases has an estimated future rental commitment at 28 February 2014 of £10m (28 February 2013: £15m).

**13. Financial Instruments**

IFRS 13 requires disclosure of fair value measurements by level based on the following measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All fair value measurements made by the group are in the Level 2 category. The fair value of forward foreign exchange contracts has been determined using forward currency exchange rates at the balance sheet date. These have been provided by the individual banking institutions with whom the contracts are held. There have been no transfers of assets or liabilities between any levels of the fair value hierarchy.

	28 Feb 2014
<b>£m</b>	<b>(unaudited)</b>
<b>Financial liabilities</b>	
Derivative financial instruments:	
Forward foreign currency contracts	1
	<b>1</b>

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**14. Acquisitions**

On 31 January 2014, the Group acquired 100 per cent of the issued share capital of Wild Retail Group Pty Limited, a company incorporated in Australia, for a cash consideration of £2m. The acquired company is a franchisor of cards and gifts. The fair value of assets acquired is £2m and has been allocated as follows; £1m intangible assets (representing the brand and franchise contracts), £1m goodwill.

**15. Related Parties**

There have been no material changes to the related party transactions during the interim period under review.

**16. Restatement of prior period information**

The Group has adopted IAS 19 (Revised) during the period. The impact on the Group's defined benefit pension schemes is to replace the interest expense on retirement benefit obligations and the expected return on plan assets with a single net interest amount that is calculated by applying the discount rate to the net retirement benefit surplus or deficit. In addition, the administration costs of the pension scheme, previously charged against the expected return on plan assets, are now charged within operating costs. Prior year comparatives have been restated as set out below.

In addition, for the year ended 31 August 2013, the Group amended its accounting in respect of the schedule of contributions to the WH Smith Pension Trust to recognise these as an obligation of the Company under IFRIC 14. The prior year comparatives for the six months ended 28 February 2013 have been restated to reflect this change.

<b>6 months to 28 February 2013</b>				
<b>£m</b>	Previously reported	Impact of liability recognition	Impact of IAS 19R	Restated
<b>Income statement</b>				
Headline profit before tax	68	-	-	68
Non-cash income statement income/ (charge) for pensions	1	-	(2)	(1)
Profit before tax	69	-	(2)	67
Income tax expense	(12)	(3)	-	(15)
Profit after tax	57	(3)	(2)	52
Earnings per share				
Basic	46.0p	(2.5)p	(1.6)p	41.9p
Diluted	44.2p	(2.3)p	(1.6)p	40.3p
Headline earnings per share				
Basic	45.2p	(2.5)p	-	42.7p
Diluted	43.4p	(2.3)p	-	41.1p
<b>Statement of comprehensive income</b>				
Profit after tax	57	(3)	(2)	52
Actuarial gains / (losses)	(6)	4	2	-
Tax on items taken directly to equity	-	-	-	-
Other items of comprehensive income	2	-	-	2
<b>Total comprehensive income</b>	<b>53</b>	<b>1</b>	<b>-</b>	<b>54</b>
<b>Balance sheet</b>				
Retirement benefit obligation	-	(66)	-	(66)
Deferred tax asset on retirement benefit obligation	-	14	-	14
	-	(52)	-	(52)

**WH Smith PLC**  
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**16. Restatement of prior period information (continued)**

<b>12 months to 31 August 2013</b>			
<b>£m</b>	Previously reported	Impact of IAS 19R	Restated
<b>Income statement</b>			
Headline profit before tax	106	-	106
Non-cash income statement income / (charge) for pensions	2	(5)	(3)
Profit before tax	108	(5)	103
Income tax expense	(21)	(1)	(22)
Profit after tax	87	(6)	81
Earnings per share			
Basic	71.3p	(4.9)p	66.4p
Diluted	68.5p	(4.7)p	63.8p
Headline earnings per share			
Basic	69.7p	(0.8)p	68.9p
Diluted	66.9p	(0.8)p	66.1p
<b>Statement of comprehensive income</b>			
Profit after tax	87	(6)	81
Actuarial gains / (losses)	(5)	5	-
Tax on items taken directly to equity	(1)	1	-
Other items of comprehensive income	1	-	1
<b>Total comprehensive income</b>	<b>82</b>	<b>-</b>	<b>82</b>
<b>Balance sheet</b>			
Retirement benefit obligation	(62)	-	(62)
Deferred tax asset on retirement benefit obligation	12	-	12
	(50)	-	(50)

**Statement of Directors' Responsibilities**

The Directors confirm to the best of their knowledge that this condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors of WH Smith PLC are listed on the website at [www.whsmithplc.co.uk/about\\_whsmith/directors/](http://www.whsmithplc.co.uk/about_whsmith/directors/).

By order of the Board

**Stephen Clarke**  
Group Chief Executive

**Robert Moorhead**  
Chief Financial Officer and Chief Operating Officer

10 April 2014

## **INDEPENDENT REVIEW REPORT TO WH SMITH PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2014 which comprises the group income statement, the group statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Deloitte LLP**

Chartered Accountants and Statutory Auditor  
London, United Kingdom  
10 April 2014

## WH Smith PLC

### Appendix

#### Analysis of retailing stores and selling space

##### Number of High Street stores

	1 Sept 2013	Opened	Closed	28 Feb 2014
High Street	615	-	(8)	607
Total	615	-	(8)	607

A Travel store may consist of multiple units within one location. On an individual unit basis, Travel stores can be analysed as follows:

##### Number of Travel units

	1 Sept 2013	Opened	Closed	28 Feb 2014
Non franchise units	494	17	(5)	506
Joint Venture and Franchise units <sup>1</sup>	179	16	-	195
Total	673	33	(5)	701

<sup>1</sup> Note – excludes kiosks in China.

##### Retail selling square feet ('000s)

	1 Sept 2013	Opened	Closed	28 Feb 2014
High Street	3,000	-	(38)	2,962
Travel	522	9	(2)	529
Total	3,522	9	(40)	3,491

Total Retail selling square feet does not include franchise units.