

17 April 2008

**WH SMITH PLC
INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 29 FEBRUARY 2008**

Further improvement in profitability and substantial return of cash to shareholders

KEY POINTS

- Group profit before tax up 8% to £64m (2007: £59m). Profits from trading operations are £50m¹ in High Street and £17m¹ in Travel.
- Group total sales up 2%, with like-for-like (LFL) sales down 2%, reflecting our strategy to rebalance the mix of our High Street business towards our core categories:
 - Travel total sales up 14%, with LFL sales up 1% (excluding tobacco, LFL sales up 3%)
 - High Street total sales down 2%, with LFL sales down 3%
- Gross margin improved by 70 basis points year on year.
- First half High Street cost savings of £4m delivered, in line with plan.
- Good progress with return of £90m of cash to shareholders through a special dividend and on market share buyback programme.
- Strong free cash flow of £61m.
- Underlying² earnings per share of 26.9p (2007: 25.8p).
- Basic earnings per share of 28.3p (2007: 26.7p).
- Interim dividend of 4.6p, up 24% on last year.

Commenting on the results, Kate Swann, Group Chief Executive said:

“We have delivered another period of good profit growth, with Group profits³ up 8%.

“We have seen further strong performance from Travel with substantial progress in new business development in the hospital, air and motorway channels. In the High Street, we successfully continue to deliver our strategy to rebuild our authority in our core categories.

“The economic environment remains uncertain and, whilst we continue to be cautious, we are confident in the outcome for the full year.”

¹ High Street and Travel profit is stated after directly attributable defined benefit pension service costs, share-based payment costs and before central costs, exceptional items, interest and taxation

² Profit after tax and before exceptional items – diluted

³ Profit before tax

- Ends -

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WH Smith PLC's Interim Results 2008 are available at www.whsmithplc.com. A copy of the Interim Results 2008 will shortly be available for inspection at the UK Listing Authority, 25 The North Colonnade, London, E14 5HS.

CURRENT TRADING

In the 6 weeks to 12 April 2008, LFL sales were down 2%.

FINANCIAL REVIEW

Group Summary

The Group generated a profit before tax of £64m (2007: £59m), ahead of expectations and an increase of 8% on the prior year.

Travel profit¹ increased by 13% to £17m. This continued strong performance, with good sales and margin growth, was driven by mix changes, improved ranges and successful promotions. We have made substantial progress in new business development, including the recently announced acquisition of UNS Group Limited, a franchise agreement with RoadChef and an agreement with Alpha Retail UK Limited.

High Street profit¹ was £50m. We continue our strategy to rebalance the mix of our business towards our core categories and reduce our reliance on entertainment. Entertainment is disproportionately weighted towards the first half of the year, and consequently the profile of profit generation will continue, as expected, to shift towards the second half.

Total Group sales were up 2% to £734m (2007: £721m) with LFL sales down 2%. Travel sales grew by 14% to £178m, up 1% on a LFL basis (excluding tobacco, LFL sales were up 3%). This performance was driven by the airport business which grew by 3% on a LFL basis. LFL sales in rail were flat in the half year. High Street sales were down 2% at £556m and down 3% on a LFL basis.

Underlying² earnings per share increased to 26.9p (2007: 25.8p) with basic earnings per share of 28.3p (2007: 26.7p), reflecting the fact that profit growth combined with a lower basic weighted average number of shares more than offset the increase in the effective tax rate.

We have made good progress on the return of cash to shareholders. An initial return equivalent to 33p per share was made on 29 February 2008 by way of a special dividend, combined with a share consolidation of 67 new ordinary shares for every 74 existing ordinary shares. The remainder is being returned through an on market share buyback programme, which has been substantially completed.

¹ High Street and Travel profit is stated after directly attributable, share-based payment costs and before central costs, exceptional items, interest and taxation

² Profit after tax and before exceptional items - diluted

Cash generation in the period has remained strong. Group free cash flow was £61m (2007: £66m). In the period we have spent an additional £3m on capital expenditure compared to prior year due to the peak in new opening activities in Travel. In the full year we expect our capital expenditure to be broadly in line with depreciation.

At 29 February 2008, the Group had net assets of £186m (2007: £201m), the decrease reflects the significant return of cash to shareholders.

The Board has declared an interim dividend of 4.6p per share. This is an increase of 24% on the prior year which, together with the return of cash to shareholders announced on 31 January 2008, reflects the Board's confidence in the continuing strong cash generative nature of the business.

Trading Operations

Travel

Travel delivered a strong performance with profit¹ increasing by 13% to £17m. This was delivered from increased sales combined with improved underlying gross margin and tight cost control.

Underlying gross margin has increased during H1 through good category mix management and further buying improvements, resulting in more sales of higher margin categories such as confectionery, books and drinks. We have increased average transaction value by focusing on mix changes and improved promotional activity.

We have made substantial progress in business development. We successfully renewed 1 contract in air and 7 in rail and completed 12 refits. We have now opened 25 new units: 17 in air including 5 at Edinburgh airport and 3 at Heathrow Terminal 3, 6 in rail including 4 at St Pancras International, and 2 motorway service leaseholds. We closed 4 units in the period.

The Travel business now operates from 433 units, including motorway service area franchise units. Excluding motorway service area franchise units, Travel now occupies 0.3m square feet (2007: 0.2m square feet).

We recently announced the acquisition of UNS Group Limited comprising 72 retail units and 8 Caffe Nuovo coffee shops in 62 hospitals as well as a franchise agreement with RoadChef to open 29 CTN units which will significantly enhance our coverage of the motorway network. We plan to open 15 franchise units with RoadChef by Autumn 2008 and the remaining 14 by Spring 2009. We have also reached an agreement with Alpha Retail UK Limited to acquire 23 units in 11 airports. In addition, we have won 8 new units which are due to open later this year, including 2 bookstores at Manchester airport, a CTN at London City airport and 5 units at Copenhagen airport. We will run the units in Copenhagen in partnership with SSP who currently operate the units.

High Street

High Street delivered profits¹ of £50m, as we continued with our strategy to rebalance the mix of the business to focus on rebuilding authority in our core categories, optimising margins, tight cost control and delivering the retail basics.

Gross margin improved, driven by rebalancing the mix of our business, better buying terms, improved sourcing and markdown management.

¹ High Street and Travel profit is stated after directly attributable share based payment costs and before central costs, exceptional items, interest and taxation

High Street delivered £4m of cost savings during the period, in line with our cost savings target. Cost savings were delivered from a number of areas of the business including logistics, information systems and stores.

We have made good progress with the integration of Post Offices into High Street stores, with 65 opened to date. The remaining 12 will open by Autumn 2008, bringing the total to 77. In addition, as part of our relationship with Post Office Limited, we plan to roll out Bureau de Change units to an additional 50 High Street stores by Spring 2009. This forms part of our strategy to enhance our customer offer and use space more effectively in our stores.

The High Street business operates from 546 stores which occupy 3.0m square feet (2007: 3.0m square feet). We opened 5 stores in un-served catchments and are encouraged by their performance and closed 3 stores during the period. We also reached an agreement with Martin McColl to acquire 7 high street stores, supporting our strategy to move into unserved catchments.

Category performance

Books LFL sales were up 2% with gross margin up year on year as we continued to implement our strategy to rebuild our authority as a popular book specialist and maximise profitability. We achieved further share growth versus the general high street. This performance was driven by the early release of major non-fiction titles, for example Jamie Oliver's *Jamie at Home* where we performed very strongly, and high market shares in front list titles such as Russell Brand's *My Booky Wook*. We also performed well in Children's books over Christmas with some strong shares as well as exclusive promotional offers. Execution continued to improve with better availability and better pricing compliance in this very competitive trading season. In Travel, we successfully trialled extended book charts and introduced author bays. We continued to see an encouraging performance from our specialist bookstore format.

Stationery LFL sales were flat, reflecting the general stationery market which continues to be soft. Gross margin was up as planned driven by intra category mix as well as improved seasonal markdown management and increased Far East sourcing. The market continues to be mixed: with good growth in some categories, for example, cards and computing, but slower in others such as filing and pens. We continue to focus on core sub categories and the limited market data we have shows our share continues to be strong. The Christmas seasonal categories performed well this year, with strong performances particularly from wrap, diaries and gifting. We invested in increased customer research this year and, following its success, plan to do more for the Christmas 2008 ranges. We finished the Christmas period in a clean stock position. Our Far East sourcing continues to progress to plan.

News and Impulse LFL sales were down 2% with an improvement in gross margin. Despite a tough market, particularly for monthly magazines and partworks, we held share, supported by strong promotional activity with key newspapers. In Travel, we are trialling kiosks offering foreign newspapers on demand in St Pancras International from April, followed by Heathrow T3. In snacking and confectionery, we delivered a strong performance driven by better use of space, new ranges and effective promotions.

In Entertainment, we continued with our strategy to reduce steadily our reliance on entertainment and as we do this, we are optimising profitability. LFL Entertainment sales were down 15% which was slightly better than our expectations, supported by a better performance in multi-media and a strong DVD release schedule. Our view of the long-term outlook for the entertainment market remains unchanged. Gross margin was lower year on year largely reflecting a competitive market, continuing price deflation and the mix of games consoles.

Non-operating activities

Net Finance Income

These results include net finance income of £3m (2007: net charge of £1m).

Taxation

In the current year we expect the rate to be around 23%.

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Group Income Statement

For the 6 months to 29 February 2008

£m	Note	6 months to 29 Feb 2008 Unaudited	6 months to 28 Feb 2007 Unaudited	12 months to 31 Aug 2007 Audited
Continuing operations				
Revenue	2	734	721	1,299
Operating profit before exceptional items	2	61	60	67
Exceptional items	3	-	-	10
Operating profit		61	60	77
Investment income		4	3	5
Finance costs		(1)	(4)	(6)
Profit before tax		64	59	76
Income tax expense	5	(15)	(12)	(16)
Profit after tax from continuing operations		49	47	60
Profit for the period		49	47	60
Earnings per share¹				
Basic	7	28.3p	26.7p	34.3p
Diluted	7	26.9p	25.8p	33.1p
Non-GAAP measures				
Underlying earnings per share²				
Basic	7	28.3p	26.7p	30.3p
Diluted	7	26.9p	25.8p	29.3p
Equity dividends per share³	6	4.6p	3.7p	11.8p
Fixed charges cover	8	1.8x	1.8x	1.4x

¹ Earnings per share is calculated in accordance with IAS 33 'Earnings per share'.

² Underlying earnings per share excludes exceptional items.

³ Current period dividend per share is the proposed interim dividend.

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Group Balance Sheet As at 29 February 2008

£m	Note	At 29 Feb 2008 Unaudited	At 28 Feb 2007 Unaudited	At 31 Aug 2007 Audited
Non-current assets				
Goodwill		15	15	15
Other intangible assets		17	19	20
Property, plant and equipment		169	172	176
Available for sale investments		-	3	-
Deferred tax assets		12	23	15
Trade and other receivables		4	-	5
		217	232	231
Current assets				
Inventories		155	154	141
Trade and other receivables		72	59	59
Available for sale investments		2	-	4
Cash and cash equivalents	9	53	86	82
		282	299	286
Total assets		499	531	517
Current liabilities				
Trade and other payables		(235)	(211)	(217)
Current tax liabilities		(43)	(32)	(25)
Obligations under finance leases	9	(4)	(3)	(3)
Bank overdrafts and other borrowings	9	-	(12)	(9)
Short-term provisions		(5)	(5)	(6)
Derivative financial liabilities		-	(1)	(1)
		(287)	(264)	(261)
Non-current liabilities				
Retirement benefit obligation	4	-	(34)	-
Deferred tax liabilities		(11)	(12)	(12)
Long-term provisions		(4)	(6)	(4)
Obligations under finance leases	9	(4)	(6)	(6)
Other non-current liabilities		(7)	(8)	(7)
		(26)	(66)	(29)
Total liabilities		(313)	(330)	(290)
Total net assets		186	201	227
Total equity		186	201	227

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Group Balance Sheet (continued)

As at 29 February 2008

£m	At 29 Feb 2008 Unaudited	At 28 Feb 2007 Unaudited	At 31 Aug 2007 Audited
Shareholders' equity			
Called up share capital	36	37	37
ESOP reserve	(28)	(28)	(29)
Revaluation reserve	3	3	4
Hedging reserve	-	(1)	(1)
Translation reserve	(2)	(2)	(2)
Capital redemption reserve	1	-	-
Retained earnings	346	356	383
Other reserve	(170)	(164)	(165)
Total equity	186	201	227

WH Smith PLC

Group Cash Flow Statement

For the 6 months to 29 February 2008

£m	Note	6 months to		12 months to
		29 Feb 2008 Unaudited	28 Feb 2007 Unaudited	31 Aug 2007 Audited
Net cash inflows from operating activities	10	70	52	83
Investing activities				
Interest received		4	3	5
Proceeds on disposal of property, plant and equipment		2	2	2
Non-operating disposal costs		-	(2)	(3)
Purchase of property, plant and equipment		(12)	(8)	(26)
Purchase of intangible assets		-	(1)	(6)
Net cash outflows from investing activities		(6)	(6)	(28)
Financing activities				
Interest paid		-	(1)	(2)
Dividend paid		(71)	(11)	(17)
Purchase of own shares		(10)	-	-
Purchase of shares to satisfy employee share schemes		(2)	(11)	(12)
Repayments of borrowings		(9)	(1)	(4)
Repayments of obligations under finance leases		(1)	(2)	(3)
Derivative cash movements		-	-	(1)
Net cash used in financing activities		(93)	(26)	(39)
Net (decrease) / increase in cash and cash equivalents – continuing operations		(29)	20	19
Net (decrease) / increase in cash and cash equivalents – discontinued operations		-	-	(3)
Net (decrease) / increase in cash and cash equivalents in period		(29)	20	16
Opening net cash and cash equivalents		82	66	66
Closing net cash and cash equivalents		53	86	82

Reconciliation of net cash flow to movement in net funds

£m	Note	6 months to		12 months to
		29 Feb 2008 Unaudited	28 Feb 2007 Unaudited	31 Aug 2007 Audited
Net funds at beginning of the period		64	42	42
(Decrease) / Increase in cash and cash equivalents		(29)	20	16
Decrease in debt		9	1	4
Net movement in finance leases		1	2	2
Net funds at end of the period	9	45	65	64

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Group Statement of Recognised Income and Expense

For the 6 months to 29 February 2008

	6 months to 29 Feb 2008 Unaudited	6 months to 28 Feb 2007 Unaudited	12 months to 31 Aug 2007 Audited
Actuarial gains / (losses) on defined pension schemes (Note 4)	(5)	3	23
UK deferred tax attributable to pension scheme liabilities	-	(8)	(13)
UK current tax attributable to the additional pension scheme contributions	-	3	5
Net income / (expense) recognised directly in equity	(5)	(2)	15
Profit for the period	49	47	60
Total recognised income and expense for the period	44	45	75

Total recognised income and expense for the period is fully attributable to the equity holders of the parent company.

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Reconciliation of Movements in Equity

For the 6 months to 29 February 2008

£m	Share Capital	Hedging and translation reserve	Revaluation reserve	Capital redemption reserve	ESOP reserve	Other reserve	Retained earnings	Total
Balance at 1 September 2006	357	(4)	3	-	(22)	(166)	-	168
Total recognised income and expense for the period	-	1	-	-	-	-	44	45
Recognition of share-based payments	-	-	-	-	-	-	3	3
Dividends paid	-	-	-	-	-	-	(11)	(11)
Court approved capital reduction	(320)	-	-	-	-	-	320	-
Employee share schemes	-	-	-	-	(8)	1	-	(7)
Transfer to available for sale financial investments	-	-	-	-	2	1	-	3
Balance at 28 February 2007	37	(3)	3	-	(28)	(164)	356	201
Total recognised income and expense for the period	-	-	-	-	-	-	30	30
Recognition of share-based payments	-	-	-	-	-	-	3	3
Dividends paid	-	-	-	-	-	-	(6)	(6)
Employee share schemes	-	-	-	-	(1)	-	-	(1)
Transfer to available for sale financial investments	-	-	1	-	-	(1)	-	-
Balance at 1 September 2007	37	(3)	4	-	(29)	(165)	383	227
Total recognised income and expense for the period	-	-	-	-	-	-	44	44
Recognition of share-based payments	-	-	-	-	-	-	3	3
Dividends paid	-	-	-	-	-	-	(71)	(71)
Mark to market valuation	-	1	-	-	-	-	-	1
Employee share schemes	-	-	-	-	1	(5)	-	(4)
Redemption of own shares	(1)	-	-	1	-	-	(13)	(13)
Revaluation of available for sale financial investments	-	-	(1)	-	-	-	-	(1)
Balance at 29 February 2008	36	(2)	3	1	(28)	(170)	346	186

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Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

1 Basis of preparation and Approval of Interim Statement

The Interim Financial Statement for the 6 months to 29 February 2008 has 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 2007, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's Annual Report and Accounts 2007.

The financial information set out in this report does not constitute statutory accounts within the meaning of section 240 the Companies Act 1985. The Annual Report and Accounts 2007 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under s237(2) or s237(3) of the Companies Act 1985.

The Interim Financial Statement is unaudited and was approved by the Board of Directors on 17 April 2008.

2 Segmental analysis of results

For management purposes, the Group is currently organised into two operating divisions – High Street and Travel. These divisions are the basis on which the Group currently reports its primary business segment information.

a) Group revenue

£m	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Continuing operations			
High Street	556	565	961
Travel	178	156	338
Group revenue	734	721	1,299

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, which accounts for approximately 60% of annual High Street sales.

b) Geographical split

The total Group revenue and operating profits for these periods originate from within Europe, predominantly within the UK. The directors consider this to be one segment.

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Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

2 Segmental analysis of results continued

c) Group results

£m	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Continuing operations			
High Street	50	51	44
Travel	17	15	36
Trading profit	67	66	80
Unallocated costs	(6)	(6)	(13)
Group operating profit before exceptional items	61	60	67
Exceptional items (note 3)	-	-	10
Group operating profit	61	60	77
Investment income	4	3	5
Finance costs	(1)	(4)	(6)
Income tax expense	(15)	(12)	(16)
Profit for the period	49	47	60

Group operating profit is stated after the write-down of inventories to net realisable value of £3m (2007: £4m).

d) Analysis of retailing stores and selling space

Number of stores

	1 Sept 2007	Opened	Closed	29 Feb 2008
High Street	544	5	(3)	546
Travel	135	8	(2)	141
Total	679	13	(5)	687

A Travel store may consist of multiple units within one location. On an individual unit basis, Travel stores and the motorway stores (operated under franchise and not included in the store numbers above) can be analysed as follows:

Number of Travel units

	1 Sept 2007	Opened	Closed	29 Feb 2008
Travel	223	19	(4)	238
Motorway franchise units	86	-	-	86
Total	309	19	(4)	324

Retail selling square feet (000's)

	1 Sept 2007	Opened	Closed	Redeveloped	29 Feb 2008
High Street	2,997	15	(11)	(4)	2,997
Travel	239	20	(3)	-	256
Total	3,236	35	(14)	(4)	3,253

Total Retail selling square feet does not include motorway franchise units.

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Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

3 Exceptional items

There were no exceptional items recorded in the period to 29 February 2008 or the period to 28 February 2007. In the year ending 31 August 2007 the WHSmith Pension Trust was closed to service accrual. This led to a non cash curtailment gain of £10m.

4 Retirement benefit obligation

WH Smith PLC has operated a number of defined benefit 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 is the defined benefit WHSmith Pension Trust, which was closed to defined benefit service accrual on 2 April 2007.

The WHSmith Pension Trust

The valuation of the defined benefit pension scheme used for the IAS 19 disclosures is based upon the most recent valuation. The market value of the assets and the present value of the liabilities in the schemes at the relevant reporting dates were:

£m	At 29 Feb 2008	At 28 Feb 2007	At 31 Aug 2007
Present value of the obligations	(645)	(699)	(657)
Fair value of plan assets	684	665	657
Surplus / (deficit) in scheme	39	(34)	-
Amounts not recognised	(39)	-	-
Retirement benefit obligation recognised in the balance sheet	-	(34)	-
Deferred taxation	-	10	-
Net retirement obligation	-	(24)	-

Movement in retirement benefit obligation during the period:

£m	6 months to 29 Feb 2008	28 Feb 2007	12 months to 31 Aug 2007
At beginning of period	-	(66)	(66)
Current service cost	-	(3)	(4)
Interest cost	-	(1)	(2)
Contributions	5	33	39
Curtailment gain	-	-	10
Actuarial gains and losses	34	3	23
At end of period	39	(34)	-

On an ongoing funding basis, the defined benefit pension scheme continues to have an actuarial deficit. As a result, the Group will not recognise the IAS 19 surplus on the balance sheet.

WH Smith PLC

Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

4 Retirement benefit obligation (continued)

Total (income) / expense recognised to Statement of Recognised Income and Expense ("SORIE")

£m	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Actuarial gains	34	3	23
Amounts not recognised	(39)	-	-
Amounts recognised to the SORIE	(5)	3	23

5 Income tax expense

£m	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Tax on profit before exceptional items	21	20	23
<i>Standard rate of UK corporation tax 30%</i>			
Adjustment in respect of prior year UK corporation tax	(6)	(8)	(8)
Total current tax charge before exceptional items	15	12	15
Deferred tax – current year	-	-	(2)
Tax on profit exceptional items	15	12	13
Tax on exceptional items	-	-	3
Tax on profit after exceptional items	15	12	16
<i>Effective tax rate – continuing operations</i>	<i>23%</i>	<i>20%</i>	<i>20%</i>

6 Dividends

Amounts paid and recognised in equity in the period are as follows:

£m	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Interim	-	-	6
Final	14	11	11
Special interim dividend	57	-	-
	71	11	17

A special interim dividend of 33p per ordinary share was paid on 29 February 2008. The shareholders approved, at an Extraordinary General Meeting on 20 February 2008, the consolidation of the share capital of the Company by replacing every 74 existing ordinary shares with 67 new ordinary shares.

In addition, the directors are recommending an interim dividend in respect of the period ending 29 February 2008 of 4.6p per ordinary share, which will absorb an estimated £7m of shareholders' equity. This will be paid on 13 June 2008 to shareholders registered at the close of business on 23 May 2008.

WH Smith PLC

Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

7 Earnings per share

a) Earnings

£m	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Underlying earnings attributable to shareholders	49	47	53
Exceptional items net of related taxation	-	-	7
Profit attributable to shareholders	49	47	60

b) Basic earnings per share

Pence	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Underlying earnings per share (note i)	28.3	26.7	30.3
Exceptional items net of related taxation	-	-	4.0
Earnings per share (note ii)	28.3	26.7	34.3

(i) Underlying earnings per share has been calculated using profit after tax but before exceptional items.

(ii) Basic earnings per share has been calculated using profit after tax and exceptional items.

c) Diluted earnings per share

Pence	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Underlying earnings per share	26.9	25.8	29.3
Exceptional items net of related taxation	-	-	3.8
Earnings per share	26.9	25.8	33.1

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.

d) Weighted average share capital

Millions	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Weighted average shares in issue for earnings per share	173	176	175
Add weighted average number of ordinary shares under option	9	6	6
Weighted average ordinary shares for diluted earnings per share	182	182	181

No adjustment is required to comparative EPS values as the special dividend of 33p per ordinary share and the share consolidation of 67 new ordinary shares for every 74 existing ordinary shares which occurred in the period, are effectively a repurchase at fair value.

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Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

8 Fixed charges cover

£m	6 months to		12 months to
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Net finance charges / (income)	(3)	1	1
Net operating lease rentals	79	73	149
Total fixed charges	76	74	150
Profit before tax and exceptional items	64	59	66
Profit before tax, exceptional items and fixed charges	140	133	216
Fixed charges cover – times	1.8x	1.8x	1.4x

9 Analysis of net funds

£m	At	At	At
	29 Feb 2008	28 Feb 2007	31 Aug 2007
Cash and cash equivalents	53	86	82
Debt			
- Sterling floating rate	-	(12)	(9)
Obligations under finance leases	(8)	(9)	(9)
Net funds	45	65	64

Movements in net funds can be further analysed as follows:

£m	At	Cash flow	Non-cash	At
	29 Feb 2008			31 Aug 2007
Cash and cash equivalents	53	(29)	-	82
Debt				
- Sterling floating rate	-	9	-	(9)
Obligations under finance leases	(8)	1	-	(9)
Net funds	45	(19)	-	64

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.

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Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

10 Net cash inflow from operating activities

£m	6 months to 29 Feb 2008	6 months to 28 Feb 2007	12 months to 31 Aug 2007
Operating profit from continuing operations	61	60	77
Operating exceptional items	-	-	(10)
Adjustment for pension funding	(5)	(30)	(35)
Depreciation of property, plant and equipment	16	17	33
Profit on sale of property, plant and equipment	(1)	(2)	(2)
Impairment of property, plant and equipment	2	2	2
Amortisation of intangible assets	3	2	5
Impairment of intangible assets	-	-	1
Share-based payments	3	3	6
(Increase) / decrease in inventories	(14)	(11)	2
Increase in receivables	(4)	(2)	(6)
Increase in payables	14	6	13
Income taxes (paid) / received	(4)	13	5
Cash spend against provisions	(1)	(1)	(2)
Net cash inflow from operating activities before exceptional items	70	57	89
Cash outflow relating to exceptional operating item	-	(5)	(6)
Net cash inflow from operating activities	70	52	83

WH Smith PLC

Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

11 Called Up Share Capital

a) Authorised

	29 Feb 2008		28 Feb 2007		31 Aug 2007	
	Number of shares (millions)	Nominal value £m	Number of shares (millions)	Nominal value £m	Number of shares (millions)	Nominal value £m
Equity:						
Ordinary shares of 20p	-	-	300	60	300	60
Ordinary shares of 22 6/67p	272	60	-	-	-	-
Total	272	60	300	60	300	60

b) Allotted and fully paid

	29 Feb 2008		28 Feb 2007		31 Aug 2007	
	Number of shares (millions)	Nominal value £m	Number of shares (millions)	Nominal value £m	Number of shares (millions)	Nominal value £m
Equity:						
Ordinary shares of 20p	-	-	183	37	183	37
Ordinary shares of 22 6/67p	162	36	-	-	-	-
Total	162	36	183	37	183	37

On 7 September 2006, the Company reduced its authorised share capital through the reduction of the nominal value of each ordinary share from £1.95 each to £0.20 each, creating £320m of distributable reserves.

On 20 February 2008, shareholders approved at an Extraordinary General Meeting a share capital consolidation on the basis of 67 new ordinary shares for every 74 existing ordinary shares. This provided for all of the authorised ordinary shares of 20p (whether issued or unissued) to be consolidated into new ordinary shares of 22 6/67p, which became effective on 22 February 2008.

During February 2008, the Company repurchased 692,756 of its own shares pre share consolidation and 2,550,477 post share consolidation in the open market for an aggregate consideration of £13m. As at 29 February 2008, £3m of costs were outstanding in relation to shares repurchased during the period.

The total number of shares disclosed at 29 February 2008 has been adjusted for 544,668 shares contractually purchased by the Company before the period end, which had yet to be returned for cancellation.

Since 29 February 2008, the Company has repurchased a further 4,857,714 of its own shares in the open market as part of the Company's share buy back programme.

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.

WH Smith PLC

Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

12 Capital Expenditure and Capital Commitments

In the period, there were additions to property, plant and equipment of £12m (2007: £8m), disposals of £1m (2007: £nil) and additions to intangible assets of £nil (2007: £1m).

In the financial period, there were impairments to property, plant and equipment of £2m (2007: £2m) and impairments to intangible assets of £nil (2007: £nil).

Capital commitments contracted, but not provided for by the Group, amounted to £4m (2007: £1m).

13 Contingent Liabilities

£m	At 29 Feb 2008	At 28 Feb 2007	At 31 Aug 2007
Banks and other loans guaranteed	5	6	5

No amount has been included above for taxation that would arise in the event of certain international subsidiaries distributing the balance of their reserves.

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 Smith 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 29 February 2008 of £71m (2007: £88m).

14 Related Parties

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

15 Post balance sheet events

Since 29 February 2008, the Company has repurchased a further 4,857,714 of its own shares in the open market as part of the Company's share buy back programme.

On 18 March 2008, WH Smith PLC acquired UNS Group Limited for a cash consideration of £19m and entered into a franchise agreement with RoadChef to open travel units in all 29 RoadChef motorway service areas. On 17 April 2008, WH Smith PLC announced that it had reached agreement with Alpha Retail UK Limited to acquire 23 units in 11 airports and with Martin McColl to acquire 7 high street stores.

16 Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year are those detailed on page 6, 7 and 11 of the Group's Annual Report and Accounts 2007. These include: competition in the retail industry, poor economic conditions or slowdown, inability to predict accurately or fulfil customer preference or demand, seasonal fluctuations in sales, failure or interruption in product supply, failure or interruption of information technology systems, lack of new store growth opportunities, reliance on the WHSmith brand, disruptions in travel, loss of tenancy contracts and change of control clauses. A copy of the Group's Annual Report and Accounts 2007 is available on the Group's website at www.whsmithplc.co.uk.

WH Smith PLC

Notes to the Interim Financial Statements

For the 6 months to 29 February 2008

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 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of WH Smith PLC are listed in the WH Smith PLC Annual Report and Accounts 2007.

By order of the Board

Kate Swann
Group Chief Executive

Alan Stewart CA (SA)
Group Finance Director

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 29 February 2008 which comprises the Group income statement, the Group balance sheet, the Group reconciliation of movements in equity, the Group statement of recognised income and expense, the Group cash flow statement 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 2410 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 Services 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 29 February 2008 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 Services Authority.

Deloitte & Touche LLP

Chartered Accountants
London, UK
17 April 2008