23 April 2009

WH SMITH PLC
INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2009

Profit performance across the Group ahead of expectations with interim dividend up 17%

KEY POINTS

- Group profit before tax £61m (2008: £64m)

- Group profit from trading operations flat at £67m:
  - Travel profit up 18% to £20m[1]
  - High Street profit £47m[1]

- Group total sales flat with like-for-like (LFL) sales down 5%:
  - Travel total sales up 17% with LFL sales down 1%
  - High Street total sales down 6% with LFL sales down 6%, in line with our strategic plan

- Gross margin has improved by 170 basis points year on year

- Earnings per share up 16% to 31.2p (2008: 26.9p) on a statutory[2] and underlying[3] basis

- Interim dividend of 5.4p, up 17% on the prior year

- Strong balance sheet and cash generation:
  - Net cash at the half year of £44m
  - Free cash flow[4] of £67m (2008: £61m)
  - Previous actions on pension structure continue to reduce effects of market volatility

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

“We have delivered a solid performance with Group profits of £61m, reflecting the attractiveness of the Travel business model and the resilience of our High Street division.

“Our decision to increase the dividend by 17% reflects the strength of our on-going cash generation as well as the Board’s confidence in the future prospects of the business.

“Our markets remain challenging, however we have planned accordingly and are confident in the outcome for the full year.”

[1] Trading operations profit is stated after directly attributable share-based payment and pension service charges and before central costs, exceptional items, interest and taxation
[2] EPS as per IAS 33 – diluted
[3] Profit after tax and before exceptional items – diluted
[4] Net cash flow from operating activities adjusted for capital expenditure, pension deficit funding, tax refunds and net interest received

- Ends -

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WH Smith PLC

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WH Smith PLC's Interim Results 2009 are available at www.whsmithplc.co.uk. A copy of the Interim Results 2009 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 was £67m, in line with the prior year. The Group generated profit before tax of £61m (2008: £64m), a decrease of 5% on the prior year as a result of lower interest income following the £90m return of cash to shareholders and acquisitions in the prior year.

Travel continued its strong performance, with profit[1] increasing by 18% to £20m, sales up 17% and gross margin growth. During the period the integration of new businesses was completed in line with our plan.

High Street profit[1] was £47m, in line with expectations, down 6% on the prior year. We are continuing with our strategy to rebalance the mix of our business towards our core categories, reducing our presence in entertainment. Entertainment is disproportionately weighted towards the first half, and consequently the profile of profit generation will continue, as in previous years, to shift towards the second half. We continue to optimise margins and maintain tight cost control.

Total Group sales were £731m (2008: £734m) with LFL sales down 5%. Travel sales grew by 17% to £209m, down 1% on a LFL basis. High Street sales were down 6% at £522m and down 6% on a LFL basis (excluding entertainment LFL sales were down 2%).

Earnings per share increased by 16% to 31.2p (2008: 26.9p) on a statutory[2] and underlying[3] basis. Earnings per share calculations reflect a lower basic weighted average number of shares in issue following the share buyback and share consolidation together with a reduction in effective tax rate from 23% to 22%.

The Group has a strong balance sheet with high levels of cash generation. Group free cash flow[4] was £67m (2008: £61m). Our working capital position has improved, despite the increased level of stock following the acquisitions and new business wins.

At 28 February 2009, the Group had net assets of £193m (2008: £186m). Net funds were £40m and the Group has committed working capital facilities of £90m through to June 2011.

The Board has declared an interim dividend of 5.4p per share. This is an increase of 17% on the prior year which reflects the Board's confidence in the continuing strong cash generative nature of the business and its future prospects.

[1] Trading operations profit is stated after directly attributable share-based payment and pension service charges and before central costs, exceptional items, interest and taxation
[2] EPS as per IAS 33 – diluted
[3] Profit after tax and before exceptional items – diluted
[4] Net cash flow from operating activities adjusted for capital expenditure, pension deficit funding, tax refunds and net interest received

Trading Operations

Travel

Travel continued to deliver strong profit growth in a challenging trading environment, demonstrating the strength of the business model. Profit[1] increased by 18% to £20m (2008: £17m), achieved as a result of increased sales combined with improved underlying gross margin and tight cost control.

Total Travel sales grew by 17% driven by new business wins and acquisitions. Travel sales were down by 1% on a LFL basis with sales continuing to outperform passenger numbers.

Gross margin increased by around 80bps during the period through better use of space, good category mix management and further buying improvements, resulting in more sales in higher margin categories such as confectionery and books. We have increased average transaction value by focusing on mix changes and improved promotional activity.

We have successfully completed the integration of new businesses comprising hospital units acquired from UNS Group Limited and airport units from Alpha Retail UK Limited. We renewed 6 contracts and completed 13 refits. We have opened 22 new units and closed 7 units, primarily due to landlord redevelopments, in the period.

The Travel business now operates from 464 units, including motorway service area franchise units and coffee shops. Excluding motorway service area franchise units, Travel occupies 0.4m square feet (2008: 0.3m square feet).

High Street

High Street delivered a profit[1] of £47m in line with expectations (2008: £50m), as we continued with our strategy to rebalance the mix of the business focusing on rebuilding authority in our core categories, optimising margins, maintaining tight cost control and delivering the retail basics.

High Street sales were down 6% and on a LFL basis down 6%, in line with our strategic plan. Excluding entertainment LFL sales were down 2%. Gross margin improved by around 190bps through rebalancing the mix of our business, better buying terms, improved sourcing and markdown management.

In addition to the £5m of cost savings originally planned, High Street delivered accelerated cost savings of £4m in the period. Cost savings were delivered from a number of areas of the business including variable costs associated with entertainment, store staff flexibility programmes and supply chain efficiencies.

The High Street business now operates from 562 stores, which occupy 3.0m square feet (2008: 3.0m square feet). We opened 6 new stores and closed 1 store during the period.

[1] Trading operations profit is stated after directly attributable share-based payment and pension service charges and before central costs, exceptional items, interest and taxation

Category Performance

We continue to build on our authority as a popular book specialist. We saw further good share performance versus the general high street with strong market shares in Kids books, including *Beadle the Bard*, and celebrity autobiographies such as Paul O'Grady's *At My Mother's Knee* and Michael Parkinson's *Parky*. Books LFL sales were down 3% while gross margin was up year on year. Improved ranges and effective promotions also contributed to our performance, for example through *The Times* Paperbacks of the Year promotion. We increased the focus on Kids books with major range reviews leading to wider ranges being introduced in areas such as picture books. In Travel, improved merchandising and strong promotions, such as Deal of the Week, have helped support our books performance. We have made further progress with our specialist bookstore format, expanding our portfolio by opening 8 new units in the period, for example at Manchester and Stansted airports, bringing the total number of books-only stores to 17.

Stationery LFL sales were flat, outperforming 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 continued increases in lower cost sourcing. Core sub-categories remain our focus and our share continues to be strong. Our seasonal categories performed well, with our gifting range being particularly effective. We have successfully developed additional bolt-on ranges to our core categories, for example an improved range of 'digital' items which include web cams, digital picture frames and USB memory sticks. Our Back to College offer was successful, running for an extended period with an improved offer in terms of range and value.

News and Impulse LFL sales were down 3% year on year with an improvement in gross margin. The magazine market continues to be challenging, particularly for monthly magazines and partworks where we are traditionally strong. However, our market share is broadly stable, supported by a number of exclusive titles such as Jamie Oliver, Heartbeat and Fred Dibnah. We continue to invest in impulse categories with performance driven by better use of space, new ranges and strong promotions. An additional 81 Lottery terminals were installed in the period.

In Entertainment, we continued with our strategy to reduce steadily our presence in entertainment, while continuing to provide a tailored convenience offer. As we do this we are optimising profitability. Entertainment LFL sales were down 33% which was driven by our strategy and also by availability issues in the category. Gross margins were lower year on year reflecting the competitiveness of the market. Our view of the long-term outlook for the entertainment market remains unchanged.

Non-Operating Activities

Net Investment Income

The results include net finance income of £nil (2008: net finance income of £3m) due to the lower cash balances following the £90m return of cash to shareholders and acquisitions in the prior year.

Fixed Charges Cover

Fixed charges, comprising property operating lease rentals and net finance charges, were covered 1.7 times (2007: 1.8 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 1.4 times.

Cash Flow and Balance Sheet

The Group generated £67m of free cash flow during the period. Cash inflows from working capital in the period were £8m, with continued focus on working capital management. The efficient management of payables and receivables has more than offset increased stock levels. Capital expenditure was £13m in the period, a £1m increase on the prior year as a result of the continued impact of acquisitions and new business wins, particularly in the Travel business. The cash generative nature of the High Street and Travel businesses is one of the strengths of the Group.

The Group had net funds of £40m with net cash of £44m as at 28 February 2009. The Group has committed working capital facilities of £90m through to June 2011 which is expected to be sufficient to meet its needs in the foreseeable future.

The Group had net assets of £193m at the end of the period, an increase of £32m since 31 August 2008 reflecting the cash generation of the businesses over the period.

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 pages 6, 7,10,11,18 and 19 of the Group's Annual Report and Accounts 2008, a copy which is available on the Group's website at www.whsmithplc.co.uk. 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, reliance on key personnel, disruptions in travel, loss of tenancy contracts, change of control clauses, capital risk, liquidity risk, credit risk, interest rate risk, foreign currency risk and investment risk.

INTERIM MANAGEMENT STATEMENT

The Group will issue its Interim Management Statement on 4 June 2009.

WH Smith PLC

Group Income Statement
For the 6 months to 28 February 2009

£m	Note	**6 months to 28 Feb 2009**	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Continuing operations				
Revenue	2	**731**	734	1,352
Operating profit		**61**	61	74
Investment income		**-**	4	5
Finance costs		**-**	(1)	(3)
Profit before tax		**61**	64	76
Income tax expense	4	**(13)**	(15)	(17)
Profit after tax from continuing operations		**48**	49	59
Profit for the period		**48**	49	59
Earnings per share[1]				
Basic	6	32.0p	28.3p	36.4p
Diluted	6	31.2p	26.9p	35.3p
Non-GAAP measures				
Underlying earnings per share[2]				
Basic	6	32.0p	28.3p	36.4p
Diluted	6	31.2p	26.9p	35.3p
Equity dividends per share[3]	5	5.4p	4.6p	14.3p
Fixed charges cover	7	1.7x	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.

WH Smith PLC

Group Balance Sheet
As at 28 February 2009

£m	Note	**At 28 Feb 2009**	At 29 Feb 2008	At 31 Aug 2008
Non-current assets				
Goodwill		**32**	15	32
Other intangible assets		**22**	17	23
Property, plant and equipment		**171**	169	177
Deferred tax assets		**8**	12	11
Trade and other receivables		**4**	4	4
Derivative financial assets		**2**	-	-
		239	217	247
Current assets				
Inventories		**154**	155	147
Trade and other receivables		**59**	72	70
Available for sale investments		**-**	2	-
Derivative financial assets		**5**	-	2
Cash and cash equivalents	8	**44**	53	22
		262	282	241
Total assets		**501**	499	488
Current liabilities				
Trade and other payables		**(245)**	(235)	(239)
Current tax liabilities		**(35)**	(43)	(31)
Obligations under finance leases	8	**(3)**	(4)	(4)
Bank overdrafts and other borrowings	8	**-**	-	(25)
Short-term provisions		**(3)**	(5)	(4)
		(286)	(287)	(303)
Non-current liabilities				
Retirement benefit obligation	3	**(1)**	-	-
Deferred tax liabilities		**(8)**	(11)	(10)
Long-term provisions		**(4)**	(4)	(4)
Obligations under finance leases	8	**(1)**	(4)	(2)
Other non-current liabilities		**(8)**	(7)	(8)
		(22)	(26)	(24)
Total liabilities		**(308)**	(313)	(327)
Total net assets		**193**	186	161
Total equity		**193**	186	161

WH Smith PLC

Group Balance Sheet (continued)
As at 28 February 2009

£m	**At 28 Feb 2009**	At 29 Feb 2008	At 31 Aug 2008
Shareholders' equity			
Called up share capital	**35**	36	35
Capital redemption reserve	**2**	1	2
Revaluation reserve	**2**	3	2
ESOP reserve	**(24)**	(28)	(28)
Hedging reserve	**7**	-	2
Translation reserve	**(2)**	(2)	(2)
Other reserve	**(185)**	(170)	(179)
Retained earnings	**358**	346	329
Total equity	**193**	186	161

WH Smith PLC

Group Cash Flow Statement
For the 6 months to 28 February 2009

£m	Note	6 months to **28 Feb 2009**	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Net cash inflow from operating activities	9	**79**	70	104
Investing activities				
Interest received		**-**	4	4
Proceeds on disposal of property, plant and equipment		**-**	2	3
Acquisition of businesses		**-**	-	(24)
Purchase of property, plant and equipment		**(13)**	(12)	(35)
Purchase of intangible assets		**-**	-	(4)
Net cash outflow from investing activities		**(13)**	(6)	(56)
Financing activities				
Interest paid		**-**	-	(1)
Dividend paid		**(15)**	(71)	(78)
Purchase of own shares for cancellation		**-**	(10)	(33)
Purchase of own shares for employee share schemes		**(2)**	(2)	(9)
Proceeds from borrowings		**-**	-	25
Repayments of borrowings		**(25)**	(9)	(9)
Repayments of obligations under finance leases		**(2)**	(1)	(3)
Net cash used in financing activities		**(44)**	(93)	(108)
Net increase / (decrease) in cash and cash equivalents in period		**22**	(29)	(60)
Opening net cash and cash equivalents		**22**	82	82
Closing net cash and cash equivalents		**44**	53	22

Reconciliation of net cash flow to movement in net funds / (debt)

£m	Note	6 months to **28 Feb 2009**	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Net (debt) / funds at beginning of the period		**(9)**	64	64
Increase / (decrease) in cash and cash equivalents		**22**	(29)	(60)
Decrease / (increase) in debt		**25**	9	(16)
Net movement in finance leases		**2**	1	3
Net funds / (debt) at end of the period	8	**40**	45	(9)

WH Smith PLC

Group Statement of Recognised Income and Expense
For the 6 months to 28 February 2009

	6 months to		12 months to
	28 Feb 2009	29 Feb 2008	31 Aug 2008
Actuarial losses on defined pension schemes (Note 3)	**(6)**	(5)	(10)
Tax on items taken directly to equity			
- deferred tax	**(1)**	-	1
Net expense recognised directly in equity	**(7)**	(5)	(9)
Profit for the period	**48**	49	59
Total recognised income and expense for the period	**41**	44	50

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

WH Smith PLC

Reconciliation of Movements in Equity

For the 6 months to 28 February 2009

£m	Share capital	Capital redemption reserve	Revaluation reserve	ESOP reserve	Hedging and translation reserves	Other reserve	Retained earnings	Total
Balance at 1 September 2007	**37**	**-**	**4**	**(29)**	**(3)**	**(165)**	**383**	**227**
Total recognised income and expense for the period	-	-	-	-	-	-	44	**44**
Recognition of share-based payments	-	-	-	-	-	-	3	**3**
Dividends paid	-	-	-	-	-	-	(71)	**(71)**
Employee share schemes	-	-	(1)	1	-	(5)	-	**(5)**
Purchase of own shares for cancellation	(1)	1	-	-	-	-	(13)	**(13)**
Mark to market valuation	-	-	-	-	1	-	-	**1**
Balance at 29 February 2008	**36**	**1**	**3**	**(28)**	**(2)**	**(170)**	**346**	**186**
Total recognised income and expense for the period	-	-	-	-	-	-	6	**6**
Recognition of share-based payments	-	-	-	-	-	-	3	**3**
Dividends paid	-	-	-	-	-	-	(7)	**(7)**
Employee share schemes	-	-	-	-	-	(9)	-	**(9)**
Purchase of own shares for cancellation	(1)	1	-	-	-	-	(20)	**(20)**
Profit realised on sale of previously revalued freehold property	-	-	(1)	-	-	-	1	**-**
Mark to market valuation	-	-	-	-	2	-	-	**2**
Balance at 1 September 2008	**35**	**2**	**2**	**(28)**	**-**	**(179)**	**329**	**161**
Total recognised income and expense for the period	-	-	-	-	-	-	41	**41**
Recognition of share-based payments	-	-	-	-	-	-	3	**3**
Dividends paid	-	-	-	-	-	-	(15)	**(15)**
Employee share schemes	-	-	-	4	-	(6)	-	**(2)**
Mark to market valuation	-	-	-	-	5	-	-	**5**
Balance at 28 February 2009	**35**	**2**	**2**	**(24)**	**5**	**(185)**	**358**	**193**

The ‘Other’ reserve includes reserves created in relation to the historic capital reorganisation, proforma restatement and the demerger from Smith News PLC.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

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

The Interim Financial Statements for the 6 months to 28 February 2009 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 2008, 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 240 the Companies Act 1985. The Annual Report and Accounts 2008 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s237(2) or s237(3) of the Companies Act 1985.

The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the 2008 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 2009. New accounting standards from the IASB and interpretations from IFRIC which become mandatory for the first time during the current financial year are IFRIC 12 'Service Concession Arrangements', IFRIC 13 'Customer Loyalty Programmes' and IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. It is not anticipated that the new interpretations will have a material impact on the financial statements of the Group in the period of initial application

The Interim Financial Statements are unaudited but have been reviewed by our auditors and were approved by the Board of Directors on 23 April 2009.

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

	6 months to		12 months to
£m	**28 Feb 2009**	29 Feb 2008	31 Aug 2008
Continuing operations			
High Street	**522**	556	939
Travel	**209**	178	413
Group revenue	**731**	734	1,352

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 26 weeks ended 28 February 2009, the level of sales represented 56% (2008: 58%) of the annual level of sales in the year ended 31 August 2008.

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.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

2 Segmental analysis of results continued

c) Group results

£m	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Continuing operations			
High Street	**47**	50	47
Travel	**20**	17	41
Trading profit	**67**	67	88
Unallocated costs	**(6)**	(6)	(14)
Group operating profit	**61**	61	74
Investment income	**-**	4	5
Finance costs	**-**	(1)	(3)
Income tax expense	**(13)**	(15)	(17)
Profit for the period	**48**	49	59

Group operating profit is stated after the write-down of inventories to net realisable value of £5m (2008: £3m).

d) Analysis of retailing stores and selling space

Number of stores

	1 Sept 2008	Opened	Closed	28 Feb 2009
High Street	557	6	(1)	562
Travel	215	10	(3)	222
Total	**772**	**16**	**(4)**	**784**

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 2008	Opened	Closed	28 Feb 2009
Non franchise units	340	13	(7)	346
Franchise units	101	9	-	110
Caffé Nuovo	8	-	-	8
Total	**449**	**22**	**(7)**	**464**

Retail selling square feet (000's)

	1 Sept 2008	Opened	Closed	28 Feb 2009
High Street	3,005	15	(6)	3,014
Travel	364	21	(7)	378
Total	**3,369**	**36**	**(13)**	**3,392**

Total Retail selling square feet does not include franchise units.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

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:

£m	**At 28 Feb 2009**	At 29 Feb 2008	At 31 Aug 2008
WH Smith Pension Trust	**-**	-	-
United News Shops Retirement Benefits Scheme	**(1)**	-	-
Retirement benefit obligation recognised in the balance sheet	**(1)**	-	-

WH Smith Pension Trust

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

£m	**At 28 Feb 2009**	At 29 Feb 2008	At 31 Aug 2008
Present value of the obligations	**(542)**	(645)	(662)
Fair value of plan assets	**701**	684	793
Surplus / (deficit) in scheme	**159**	39	131
Amounts not recognised	**(159)**	(39)	(131)
Retirement benefit obligation recognised in the balance sheet	**-**	-	-

Movement in net retirement benefit surplus during the period:

	6 months to		12 months to
£m	**28 Feb 2009**	29 Feb 2008	31 Aug 2008
At beginning of period	**131**	-	-
Current service cost	**-**	-	-
Interest cost	**-**	-	-
Contributions	**5**	5	10
Actuarial gains and losses	**23**	34	121
At end of period	**159**	39	131

The defined pension schemes are closed to further accrual and given the Liability Driven Investment policy adopted by the WH Smith Pension Trust Trustees, the present value of the economic benefits of the IAS 19 surplus in the pension scheme of £159m (2008: £39m) available on a reduction of future contributions is £nil (2008: £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.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

3 Retirement benefit obligation (continued)

WH Smith Pension Trust (continued)

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

£m	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Actuarial gains	**23**	34	121
Amounts not recognised	**(28)**	(39)	(131)
Amounts recognised to the SORIE	**(5)**	(5)	(10)

In addition, a £1m charge has been recognised in the Statement of Recognised Income and Expense in relation to actuarial losses in the period on the United News Shops Retirement Benefits Scheme.

4 Income tax expense

£m	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Tax on profit	**18**	21	22
Standard rate of UK corporation tax 28% (2008: 30%)			
Adjustment in respect of prior year UK corporation tax	**(5)**	(6)	(8)
Total current tax charge	**13**	15	14
Deferred tax – current year	**-**	-	3
Tax on profit	**13**	15	17
Effective tax rate on continuing operations	***22%***	*23%*	*23%*

5 Dividends

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

£m	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Interim	**-**	-	7
Final	**15**	14	14
Special interim dividend	**-**	57	57
	15	71	78

The directors are recommending an interim dividend in respect of the period ending 28 February 2009 of 5.4p per ordinary share, which will absorb an estimated £8m of shareholders' equity. This will be paid on 12 June 2009 to shareholders registered at the close of business on 22 May 2009.

In the prior year a special interim dividend of 33p per ordinary share was paid on 29 February 2008.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

6 Earnings per share

a) Earnings

£m	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Underlying earnings attributable to shareholders (note i)	**48**	49	59
Earnings attributable to shareholders	**48**	49	59

b) Basic earnings per share

Pence	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Underlying earnings per share (note i)	**32.0**	28.3	36.4
Earnings per share (note ii)	**32.0**	28.3	36.4

(i) Underlying earnings per share has been calculated using profit after tax
(ii) Basic earnings per share has been calculated using profit after tax

c) Diluted earnings per share

Pence	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Underlying earnings per share	**31.2**	26.9	35.3
Earnings per share	**31.2**	26.9	35.3

d) Weighted average share capital

Millions	6 months to 28 Feb 2009	6 months to **29 Feb 2008**	12 months to 31 Aug 2008
Weighted average shares in issue for earnings per share	**150**	173	162
Add weighted average number of ordinary shares under option	**4**	9	5
Weighted average ordinary shares for diluted earnings per share	**154**	182	167

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

7 Fixed charges cover

£m	6 months to 28 Feb 2009	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Net finance (income) / charges	**-**	(3)	(2)
Net operating lease rentals	**85**	79	171
Total fixed charges	**85**	76	169
Profit before tax	**61**	64	76
Profit before tax and fixed charges	**146**	140	245
Fixed charges cover – times	**1.7x**	1.8x	1.4x

8 Analysis of net funds / (debt)

£m	**At** 28 Feb 2009	At 29 Feb 2008	At 31 Aug 2008
Cash and cash equivalents	**44**	53	22
Debt			
- Revolving credit facility	**-**	-	(25)
Obligations under finance leases	**(4)**	(8)	(6)
Net funds / (debt)	**40**	45	(9)

£m	At 31 Aug 2008	Cash flow	Non-cash	**At 28 Feb 2009**
Cash and cash equivalents	22	22	-	**44**
Debt				
- Revolving credit facility	(25)	25	-	**-**
Obligations under finance leases	(6)	2	-	**(4)**
Net funds / (debt)	(9)	49	-	**40**

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 £90m 5-year committed revolving credit facility, as at 28 February 2009 £90m of the facility was undrawn. The revolving credit facility is due to mature on 26 June 2011. The utilisation is interest bearing, during the period the interest charged was at LIBOR plus 60bps (2008: 60bps).

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

9 Net cash inflow from operating activities

£m	6 months to **28 Feb 2009**	6 months to 29 Feb 2008	12 months to 31 Aug 2008
Operating profit from continuing operations	**61**	61	74
Adjustment for pension funding	**(5)**	(5)	(10)
Depreciation and amortisation	**19**	19	39
Impairment losses	**1**	2	3
Profit on sale of property, plant and equipment	**-**	(1)	-
Share-based payments	**3**	3	6
Increase in inventories	**(7)**	(14)	(3)
Decrease / (increase) in receivables	**9**	(4)	(10)
Increase in payables	**6**	14	15
Income taxes paid	**(7)**	(4)	(7)
Cash spend against provisions	**(1)**	(1)	(3)
Net cash inflow from operating activities	**79**	**70**	**104**

10 Called Up Share Capital

a) Authorised

	28 Feb 2009		29 Feb 2008		31 Aug 2008	
	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 22 6/67p	**272**	**60**	272	60	272	60
Total	**272**	**60**	272	60	272	60

b) Allotted and fully paid

	28 Feb 2009		29 Feb 2008		31 Aug 2008	
	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 22 6/67p	**157**	**35**	162	36	157	35
Total	**157**	**35**	162	36	157	35

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 the prior period the Company repurchased 692,756 of its own shares pre the share consolidation and 8,159,447 post the share consolidation in the open market for an aggregate consideration of £33m.

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.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2009

11 Contingent Liabilities

£m	**At 28 Feb 2009**	At 29 Feb 2008	At 31 Aug 2008
Banks and other loans guaranteed	**4**	5	4

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 28 February 2009 of £61m (2008: £71m).

12 Related Parties

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

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 in the WH Smith PLC Annual Report and Accounts 2008.

By order of the Board

Kate Swann
Group Chief Executive

Robert Moorhead
Group Finance Director

23 April 2009

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 2009 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expense, the consolidated reconciliation of movements in equity and related notes 1 to 12. 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 Kingdoms' 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 28 February 2009 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 LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
23 April 2009