11 April 2013

WH SMITH PLC
INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Strong performance across the Group with EPS up 11% and interim dividend up 13%

KEY POINTS

- Total Group profit before tax up 5% to £69m (2012: £66m)
- Group profit from trading operations[1] up 4% to £77m (2012: £74m)
  - Strong performance from Travel with trading profit[1] up 7% to £29m (2012: £27m)
  - Further growth from High Street with trading profit[1] up 2% to £48m (2012: £47m)
- Earnings per share[2] up 11% to 44.2p (2012: 40.0p)
- Interim dividend of 9.4p, up 13% on the prior year
- Good progress with return of cash to shareholders through on market share buyback programme. As at 10 April, we have purchased 4.2m of shares and returned £28m of cash to shareholders
- Strong balance sheet and cash generation
  - Strong free cash flow[3] of £58m
  - Net cash of £41m as at 28 February 2013
- Group total sales down 4% with like-for-like (LFL) sales down 5%
  - Travel total sales flat with LFL sales down 4%
  - High Street total sales down 6% with LFL sales down 5%
- Gross margin improved by 160 basis points
- Further progress in Travel's growing international channel with 121 units now open or won, and a further 30 kiosks won in China
- High Street delivered cost savings of £9m in the period, with a further £8m identified for the second half, in line with latest guidance; on track for £17m of cost savings for the full year

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

"We have delivered another strong performance across the Group with EPS up 11% and the interim dividend increased by 13%. Both businesses continue to increase profit year on year, despite the challenging economic environment.

"The Group remains highly cash generative enabling us to invest in our businesses and in new opportunities, whilst returning cash to shareholders. So far this financial year, we have returned £28m to shareholders through the share buyback announced in August 2012.

"We expect the trading environment to remain challenging however the business is in good shape and is well positioned for continued growth in both the UK and internationally."

[1] 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.
[2] Diluted
[3] 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 2013 are available at www.whsmithplc.co.uk. A copy of the Interim Results 2013 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[1] increased 4% on the prior year to £77m (2012: £74m) and the Group generated profit before tax of £69m (2012: £66m), an increase of 5% on the prior year.

Total Group sales were £638m (2012: £665m) with LFL sales down 5%. Travel sales were flat at £216m, down 4% on a LFL basis. High Street sales were down 6% at £422m and down 5% on a LFL basis.

Travel delivered another good performance with trading profit[1] increasing by 7% to £29m with further improvement in gross margin. We continue to invest in the business, and in the UK we opened 12 new units during the half taking us to a total of 565 units in this country. In our international channel we opened a further 16 new units. We now have 78 units open in this channel and a further 43 units yet to open, giving us a total of 121 units either open or won, with a further 30 kiosks won in China. The business is well placed for recovery when the economy improves. As at 28 February 2013, Travel operated from 643 units.

High Street delivered a resilient performance in challenging trading conditions, with trading profit[1] up 2% to £48m, and further good cash generation. We saw a good gross margin performance and costs were tightly controlled. Cost savings of £9m were delivered in the half, with a further £8m identified in the second half, in line with latest guidance. We opened 3 new stores in the period and as at 28 February 2013, High Street operated from 621 stores.

Earnings per share[2] increased by 11% to 44.2p (2012: 40.0p). 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 18% to 17%.

The Group remains highly cash generative and has a strong balance sheet. Net cash was £41m at 28 February 2013, with a Group free cash flow[3] of £58m. The Group has a committed multi-currency revolving credit facility of £70m through to January 2016.

On the 23 August 2012 the Board announced a further £50m return of cash to shareholders through a rolling share buyback programme. As at 10 April we have purchased 4.2m shares and returned £28m of cash to shareholders.

The Board has declared an interim dividend of 9.4p per share, a 13% increase on last year.

[1] 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.
[2] Diluted
[3] 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)

The increase in interim dividend reflects the Board's confidence in the future prospects of the Group and the continuing strong cash generative nature of the business. We have a progressive dividend policy and expect that over time dividends would be broadly covered twice by earnings calculated on a normalised tax basis. We continue to invest in the business, including capital expenditure in the half of £24m, 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 23 August 2012 and the declared interim dividend, we will have returned £461m of cash to shareholders since 2007. We have done this through a combination of ordinary dividends, share buybacks and a special dividend.

Financial Year	**Ordinary Dividend[1] £m**	**Buyback £m**	**Special Dividend £m**	**Total £m**
2013	34	50[2]	-	84
2012	31	50	-	81
2011	29	55	-	84
2010	26	35	-	61
2009	23	-	-	23
2008	21	33	57	111
2007	17	-	-	17
	181	**223**	**57**	**461**

[1] Cash dividend paid and interim dividend declared
[2] Buyback announced on 23 August 2012

Trading Operations

Travel

Travel delivered another strong performance demonstrating the strength of the business model, which enables us to continue to grow despite the challenging economic environment. Travel's trading profit[1] increased by 7% to £29m (2012: £27m) with a further improvement in gross margin and good cost control. We continue to benefit from variable rents based on turnover and are well positioned when the economy improves.

Total Travel sales were flat, with LFL sales down by 4%. Gross margin increased by around 160bps during the period, primarily driven by active category mix management.

We continue to identify opportunities for growth in the UK and opened 12 new units in the UK during the period, including: 4 in air, 1 in rail, 5 in hospitals, 1 in a motorway service area and 1 workplace unit. In the second half we plan to open a total of 18 units in Travel in the UK: 3 in air, 4 in rail, 5 in hospitals and 6 workplace units.

We continue to actively manage our space in store to optimise sales, margins, service, efficiency and market share. For example, we have reduced book space in air and increased space to children's categories and impulse, whilst giving more space to self-checkouts in air and rail.

We also continue to invest in format development, building on the strength of our relationships with landlords and we continue to see opportunities to extend the WHSmith brand and develop new brands. We have recently opened a new concept *WHSmith Express* store at East Midlands Airport, a *WHSmith BooksPlus* store at Heathrow T4 and three *Zoodle* stores with a dedicated children's offer; two in Manchester Airport and one in Melbourne Airport. Whilst the stores are still in trial phase, initial performance is encouraging. In addition, we can bring our operating expertise to partners where there is a mutually beneficial opportunity, for example, we opened our first M&S Simply Food store in Salford Hospital in November.

Our international units continue to perform well with the WHSmith brand and offer well received in each location by customers and landlords. We continue to demonstrate we can add value and deliver improved performance and have had a strong half in winning new units. We have today announced 20 new units: 5 in Australia, 2 in Scandinavia and 4 in Malaysia and 9 in the Middle

[1] 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.

East. We now have 121 international units either open or won, across four channels (air, rail, hospitals and malls), and in a number of territories. In addition, we have also announced today that we have won 30 small kiosks in China.

We continue to utilise our three operating models and, of the 121 units we have already won, 60% are franchise, 30% direct lease and the remainder are joint venture.

The Travel business now operates from 643 units, including motorway service area franchise units and coffee shops. 4 units were closed in the period, primarily due to landlord redevelopment. We renewed 11 contracts and completed 12 refits during the period. Excluding franchise units, Travel occupies 0.5m square feet (2012: 0.5m square feet).

High Street

High Street delivered a resilient profit performance in challenging trading conditions, delivering an increase in trading profit[1] to £48m (2012: £47m), up 2% on the prior year. This was achieved by continuing to strengthen our core categories, whilst focusing on optimising margins, controlling costs and delivering the retailing basics. Cash generation in the division continues to be strong.

High Street sales were down 6% in total and down 5% on a LFL basis, reflecting the current economic climate. Gross margin improved by around 160bps, through rebalancing the mix of our business, better buying and improved sourcing, and markdown management.

Optimal use of space remains a fundamental part of our strategy in High Street. We have made many significant changes over time, including changing the mix of our categories and adding in services such as the Kobo shops, as well as improving margins, operational flexibility and efficiency. We have a dedicated team managing space and have a substantial amount of data on space elasticity by store and by category. We make changes to space at least twice a year. For example, in the first half we have increased stockroom space to allow us to improve availability and reduce delivery frequency. We have also invested in more seasonal space for cards in order to reduce workload during the key spring seasons.

We made good progress on costs during the period delivering savings of £9m with a further £8m identified for the second half, in line with latest guidance. We continually aim to adjust variable costs to sales and in addition have made good progress in a number of areas right across the business including the rollout of new tills, which are more energy efficient, faster and have lower maintenance costs. In the second half we will be rolling out voice picking across all of our distribution centres to increase productivity and, as usual, we have a number of initiatives on trial such as: pulping returns from a books publisher saving on transport and processing costs; changing the way funkypigeon.com is hosted to make it a variable cost; increasing sorter productivity in the distribution centre; and adding time clocks to our in-store chillers.

The High Street business now operates from 621 stores, which occupy 3.0m square feet (2012: 3.1m square feet). We opened 3 new stores in the period.

Category Performance

Stationery:
We continue with our strategy to build on our market leading position in Stationery. LFL sales were down 2%, with gross margin up and we saw an encouraging share performance across both general and seasonal stationery. We managed our stock tightly in all categories, given the trading conditions, which helped support the improvement in gross margin. Our seasonal ranges performed well over Christmas, including our wide range of Gadgetshop branded products. We have also announced today that we have acquired the Past Times brand which we intend to use in a similar way to the Gadgetshop brand which we acquired in 2010. We saw a strong performance from funkypigeon.com over the key Christmas and Valentine's Day periods and we have recently launched new smartphone and tablet apps, enabling customers to create and send personalised cards using mobile devices.

[1] 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.

Books:
In Books, LFL sales were down 6% but gross margin was up year on year. The books market continues to vary by sub-category: the Kids market, which is less impacted by consumer spending, has generally been more resilient; Non-Fiction is most impacted by the publishing schedule year on year, and Fiction sales have generally been weaker, with the exception of big releases such as the *Fifty Shades* trilogy. Our share performance remains consistently robust versus the general retail market, reflecting the continued strength of our consumer proposition. We saw a strong performance from Kobo during the half, with the in store Kobo shops performing particularly well. As a result, we have agreed to roll out a further 100 Kobo shops this year.

News and Impulse:
News and Impulse LFL sales were down by 4% year on year with further improvement in gross margin and a strong market share performance. The newspaper and magazine market remains challenging, however we continue to develop the strongly-growing bookazine category with our range now consisting of well over two hundred and fifty titles, with some successful recent launches including *The Samsung Galaxy Book*. Impulse categories continue to perform well.

Non-Operating Activities

Net Investment Income

Net finance income was £nil (2012: £nil) reflecting the current low rates of interest. From 1 September 2013 the revised IAS 19 requires pension interest to be based on the net balance sheet pension surplus or deficit. This is currently nil. As we continue not to recognise the accounting surplus on our balance sheet, there will be no pension interest income in our Income Statement (comparatives will be adjusted for prior periods).

Fixed Charges Cover

Fixed charges, comprising property operating lease rentals and net finance charges, were covered 1.8 times (2012: 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 £58m of free cash flow during the period.

	6 months to	
£m	**Feb 2013**	**Feb 2012**
Operating profit	69	66
Depreciation, amortisation & amounts written off fixed assets	18	18
Working capital	-	(1)
Net capital expenditure	(24)	(19)
Tax	(7)	(5)
Net provisions	(1)	-
Other items	3	4
Free cash flow	**58**	**63**

The cash flows from working capital were flat. Capital expenditure was £24m in the period, a £5m increase on the prior year reflecting the timing of spend, particularly on the new tills. Capital expenditure includes new stores in High Street and Travel together with the ongoing investment in technology and the existing estate. Net corporation tax paid was £7m in the period compared to £5m last year. As at 28 February 2013 the Group had returned £22m of cash to shareholders as part of the share buyback programme and had net cash of £41m. The cash generative nature of the High Street and Travel businesses is one of the strengths of the Group.

The Group had net assets of £161m at the end of the period, an increase of £12m since 31 August 2012, reflecting the cash generated in the period offset by the share buyback programme.

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 16 and 17 of the Group's Annual Report and Accounts 2012, a copy which is available on the Group's website at 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 2013

£m	Note	**6 months to 28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Continuing operations				
Revenue	2	**638**	665	1,243
Operating profit		**69**	66	102
Investment income		**1**	1	2
Finance costs		**(1)**	(1)	(2)
Profit before tax		**69**	66	102
Income tax expense	4	**(12)**	(12)	(18)
Profit for the period		**57**	54	84
Earnings per share				
Basic	6	46.0p	40.9p	64.6p
Diluted	6	44.2p	40.0p	62.7p
Non GAAP measures				
Equity dividends per share[1]	5	9.4p	8.3p	26.9p
Fixed charges cover	7	1.8x	1.7x	1.6x

[1] Current period dividend per share is the interim dividend.

WH Smith PLC

Group Statement of Comprehensive Income

For the 6 months to 28 February 2013

£m	Note	**6 months to 28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Profit for the period		**57**	54	84
Other comprehensive income:				
Actuarial losses on defined benefit pension schemes	3	**(6)**	(8)	(16)
Mark to market valuation of derivative financial asset		**1**	-	-
Exchange differences on translation of foreign operations		**1**	1	-
Other comprehensive income for the period, net of tax		**(4)**	(7)	(16)
Total comprehensive income for the period		**53**	47	68

WH Smith PLC

Group Balance Sheet
As at 28 February 2013

£m	Note	At 28 Feb 2013 (unaudited)	At 29 Feb 2012 (unaudited)	At 31 Aug 2012 (audited)
Non-current assets				
Goodwill		**33**	32	32
Other intangible assets		**25**	23	22
Property, plant and equipment		**152**	152	155
Deferred tax assets		**9**	8	8
Trade and other receivables		**3**	3	4
		222	218	221
Current assets				
Inventories		**152**	156	151
Trade and other receivables		**49**	55	54
Current tax asset		**-**	-	5
Derivative financial assets		**1**	-	-
Cash and cash equivalents	8	**41**	53	36
		243	264	246
Total assets		**465**	482	467
Current liabilities				
Trade and other payables		**(234)**	(244)	(246)
Current tax liabilities		**(45)**	(44)	(45)
Short-term provisions		**(4)**	(4)	(4)
		(283)	(292)	(295)
Non-current liabilities				
Retirement benefit obligation	3	**-**	-	(1)
Deferred tax liabilities		**(3)**	(6)	(4)
Long-term provisions		**(3)**	(6)	(3)
Other non-current liabilities		**(15)**	(16)	(15)
		(21)	(28)	(23)
Total liabilities		**(304)**	(320)	(318)
Total net assets		**161**	162	149
Shareholders' equity				
Called up share capital		**28**	30	29
Share premium		**3**	2	3
Capital redemption reserve		**9**	7	8
Revaluation reserve		**2**	2	2
ESOP reserve		**(21)**	(23)	(22)
Hedging & Translation reserves		**(1)**	(2)	(3)
Other reserve		**(213)**	(212)	(212)
Retained earnings		**354**	358	344
Total equity		**161**	162	149

WH Smith PLC

Group Cash Flow Statement

For the 6 months to 28 February 2013

£m	Note	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Net cash inflow from operating activities	9	**75**	75	115
Investing activities				
Purchase of property, plant and equipment		**(19)**	(23)	(38)
Purchase of intangible assets		**(5)**	(2)	(5)
Proceeds on disposal of property, plant and equipment		**-**	6	6
Acquisition of business		**(1)**	-	-
Net cash outflow from investing activities		**(25)**	(19)	**(37)**
Financing activities				
Dividend paid		**(23)**	(20)	(31)
Purchase of own shares for cancellation		**(22)**	(21)	(50)
Net purchase of own shares for employee share schemes		**-**	(3)	(2)
Net cash used in financing activities		**(45)**	(44)	(83)
Net increase / (decrease) in cash and cash equivalents in period		**5**	12	(5)
Opening net cash and cash equivalents		**36**	41	41
Closing net cash and cash equivalents		**41**	53	36

Reconciliation of net cash flow to movement in net cash

£m	Note	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Net cash at beginning of the period		**36**	41	41
Increase / (decrease) in cash and cash equivalents		**5**	12	(5)
Net cash at end of the period	8	**41**	53	36

WH Smith PLC

Group Statement of Changes in Equity

For the 6 months to 28 February 2013

£m	Share capital and share premium	Capital redemption reserve	Revaluation reserve	ESOP reserve	Hedging and translation reserves	Other reserve	Retained earnings	Total
Balance at 1 September 2012	**32**	**8**	**2**	**(22)**	**(3)**	**(212)**	**344**	**149**
Total comprehensive income for the period	-	-	-	-	2	-	51	**53**
Recognition of share-based payments	-	-	-	-	-	-	3	**3**
Deferred tax on share-based payments	-	-	-	-	-	-	1	**1**
Dividends paid	-	-	-	-	-	-	(23)	**(23)**
Employee share schemes	-	-	-	1	-	(1)	-	**-**
Purchase of own shares for cancellation	(1)	1	-	-	-	-	(22)	**(22)**
Balance at 28 February 2013 (unaudited)	**31**	**9**	**2**	**(21)**	**(1)**	**(213)**	**354**	**161**
Balance at 1 September 2011	**33**	**6**	**2**	**(25)**	**(3)**	**(207)**	**350**	**156**
Total comprehensive income for the period	-	-	-	-	1	-	46	**47**
Recognition of share-based payments	-	-	-	-	-	-	4	**4**
Dividends paid	-	-	-	-	-	-	(20)	**(20)**
Employee share schemes	-	-	-	2	-	(5)	-	**(3)**
Purchase of own shares for cancellation	(1)	1	-	-	-	-	(22)	**(22)**
Balance at 29 February 2012 (unaudited)	**32**	**7**	**2**	**(23)**	**(2)**	**(212)**	**358**	**162**
Balance at 1 September 2011	**33**	**6**	**2**	**(25)**	**(3)**	**(207)**	**350**	**156**
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	68	**68**
Recognition of share-based payments	-	-	-	-	-	-	7	**7**
Premium on issue of shares	1	-	-	-	-	-	-	**1**
Dividends paid	-	-	-	-	-	-	(31)	**(31)**
Employee share schemes	-	-	-	3	-	(5)	-	**(2)**
Purchase of own shares for cancellation	(2)	2	-	-	-	-	(50)	**(50)**
Balance at 31 August 2012 (audited)	**32**	**8**	**2**	**(22)**	**(3)**	**(212)**	**344**	**149**

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 £1m (2012: £5m).

Notes to the Interim Financial Statements
For the 6 months to 28 February 2013

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

The Interim Financial Statements for the 6 months ended 28 February 2013 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 2012, 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 2012 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 2012 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 2013.

The Group has 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.

Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income

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 2012 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 11 April 2013.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2013

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 **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Continuing operations			
Travel	**216**	217	462
High Street	**422**	448	781
Group revenue	**638**	665	1,243

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 2013, the level of High Street sales represented 54% (2012: 55%) of the annual level of High Street sales in the year ended 31 August 2012.

b) Group results

£m	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Continuing operations			
Travel	**29**	27	63
High Street	**48**	47	54
Profit from trading operations	**77**	74	117
Unallocated costs	**(8)**	(8)	(15)
Profit before finance charges and taxation	**69**	66	102
Investment income	**1**	1	2
Finance costs	**(1)**	(1)	(2)
Income tax expense	**(12)**	(12)	(18)
Profit for the period	**57**	54	84

Group profit before finance charges and taxation for the period to 28 February 2013 is stated after the write-down of inventories to net realisable value, £2m (2012: £2m).

Notes to the Interim Financial Statements
For the 6 months to 28 February 2013

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 2013 (unaudited)**	At 29 Feb 2012 (unaudited)	At 31 Aug 2012 (audited)
WHSmith Pension Trust	**-**	-	-
United News Shops Retirement Benefits Scheme	**-**	-	(1)
Retirement benefit obligation recognised in the balance sheet	**-**	-	(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:

£m	**At 28 Feb 2013 (unaudited)**	At 29 Feb 2012 (unaudited)	At 31 Aug 2012 (audited)
Present value of the obligations	**(832)**	(774)	(776)
Fair value of plan assets	**962**	920	889
Surplus in scheme	**130**	146	113
Amounts not recognised	**(130)**	(146)	(113)
Retirement benefit obligation recognised in the balance sheet	**-**	-	-

Movement in net retirement benefit surplus during the period:

£m	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
At beginning of period	**113**	69	69
Current service cost	**-**	-	-
Interest income	**1**	1	2
Contributions	**6**	7	13
Actuarial gains and losses	**10**	69	29
At end of period	**130**	146	113

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 £130m (2012: £146m) available on a reduction of future contributions is £nil (2012: £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.

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 £6m to the WHSmith Pension Trust (2012: £7m) in accordance with the agreed pension deficit funding schedule.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2013

3 Retirement benefit obligation (continued)

Amounts recognised in Statement of Comprehensive Income ("SOCI")

£m	6 months to **28 Feb 2013** **(unaudited)**	 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Actuarial gains in respect of WHSmith Pension Trust	**10**	69	29
Amounts not recognised in respect of WHSmith Pension Trust	**(17)**	(77)	(44)
Actuarial gains / (losses) in respect of United News Shops Retirement Benefits Scheme	**1**	-	(1)
Amounts recognised in the SOCI	**(6)**	(8)	(16)

4 Income tax expense

£m	6 months to **28 Feb 2013** **(unaudited)**	 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Tax on profit	**21**	21	34
Blended rate of UK corporation tax 23.58% (2012: 25.58%)			
Adjustment in respect of prior year UK corporation tax	**(8)**	(9)	(13)
Total current tax charge	**13**	12	21
Deferred tax – current year	**(1)**	-	(2)
Deferred tax – prior year	**-**	-	(1)
Tax on profit	**12**	12	18
Effective tax rate on continuing operations	***17%***	*18%*	*18%*

5 Dividends

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

£m	6 months to **28 Feb 2013** **(unaudited)**	 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Interim	**-**	-	11
Final	**23**	20	20
	23	20	31

The directors have declared an interim dividend in respect of the period ending 28 February 2013 of 9.4p per ordinary share, which will absorb an estimated £11m of shareholders' equity. This will be paid on 8 August 2013 to shareholders registered at the close of business on 19 July 2013.

Notes to the Interim Financial Statements
For the 6 months to 28 February 2013

6 Earnings per share

a) Basic and diluted earnings per share

Pence	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Basic	**46.0**	40.9	64.6
Diluted	**44.2**	40.0	62.7

b) Weighted average ordinary share capital

Millions	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Weighted average ordinary shares in issue for earnings per share	**124**	132	130
Add weighted average number of ordinary shares under option	**5**	3	4
Weighted average ordinary shares for diluted earnings per share	**129**	135	134

7 Fixed charges cover – Non GAAP

£m	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Net finance charges	**-**	-	-
Net operating lease rentals	**89**	89	184
Total fixed charges	**89**	89	184
Profit before tax	**69**	66	102
Profit before tax and fixed charges	**158**	155	286
Fixed charges cover – times	**1.8x**	1.7x	1.6x

Notes to the Interim Financial Statements
For the 6 months to 28 February 2013

8 Analysis of net cash

£m	**At 28 Feb 2013 (unaudited)**	At 29 Feb 2012 (unaudited)	At 31 Aug 2012 (audited)
Cash and cash equivalents	**41**	53	36
Net cash	**41**	53	36

£m	At 31 Aug 2012 (audited)	Cash flow	**At 28 Feb 2013 (unaudited)**
Cash and cash equivalents	36	5	**41**
Net cash	36	5	**41**

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 2013 the facility was undrawn. 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.

9 Net cash inflow from operating activities

£m	6 months to **28 Feb 2013 (unaudited)**	6 months to 29 Feb 2012 (unaudited)	12 months to 31 Aug 2012 (audited)
Operating profit from continuing operations	**69**	66	102
Depreciation and amortisation	**17**	17	34
Impairment losses	**1**	1	5
Share-based payments	**3**	4	7
(Increase) / decrease in inventories	**(1)**	(2)	3
Decrease in receivables	**6**	3	3
Decrease in payables	**(5)**	(2)	(6)
Adjustment for pension funding	**(6)**	(7)	(13)
Income taxes paid	**(7)**	(5)	(17)
Charge to provisions	**-**	1	1
Cash spend against provisions	**(2)**	(1)	(4)
Net cash inflow from operating activities	**75**	75	115

Notes to the Interim Financial Statements
For the 6 months to 28 February 2013

10 Called Up Share Capital

	28 Feb 2013 (unaudited)		29 Feb 2012 (unaudited)		31 Aug 2012 (audited)	
	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	**127**	**28**	135	30	130	29
Total	**127**	**28**	135	30	130	29

During the six month period the Company repurchased 3,280,000 (six months to 29 February 2012: 4,192,000) of its own shares in the open market for an aggregate consideration of £22m (2012: £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.

11 Contingent Liabilities

£m	**At 28 Feb 2013 (unaudited)**	At 29 Feb 2012 (unaudited)	At 31 Aug 2012 (audited)
Bank and other loans guaranteed	**4**	4	4

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 2013 of £15m (29 February 2012: £26m).

12 Related Parties

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

13 Post balance sheet events

As at 10 April 2013, the Company has repurchased a further 0.9 million of its own shares in the open market as part of the Company's share buy back programme.

WH Smith PLC

Notes to the Interim Financial Statements

For the 6 months to 28 February 2013

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/.

By order of the Board

Kate Swann
Group Chief Executive

Robert Moorhead
Group Finance Director

11 April 2013

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 2013 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 13. 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 2013 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
11 April 2013

WH Smith PLC

Appendix

Analysis of retailing stores and selling space

Number of High Street stores

	1 Sept 2012	Opened	Closed	28 Feb 2013
High Street	618	3	-	621
Total	**618**	**3**	**-**	**621**

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 2012	Opened	Closed	28 Feb 2013
Non franchise units	448	19	(4)	463
Joint Venture and Franchise units[1]	159	9	-	168
Caffé Nuovo	12	-	-	12
Total	**619**	**28**	**(4)**	**643**

[1] Note – excludes four kiosks in China.

Retail selling square feet (millions)

	1 Sept 2012	Opened	Closed	28 Feb 2013
High Street	3.0	-	-	3.0
Travel	0.5	-	-	0.5
Total	**3.5**	**-**	**-**	**3.5**

Total Retail selling square feet does not include franchise units.