EMBARGOED UNTIL 0700 HOURS - Thursday 16 September 2010

Kingfisher plc reports adjusted pre-tax profits up 23% to £354 million for the 26 weeks ended 31 July 2010

Group Financial Summary	2010/11	2009/10	% Total Change (Reported)	% Total Change (Constant currency)	% Like-for-Like (LFL) change
Sales	£5,454m	£5,502m	(0.9)%	(0.1)%	(1.3)%
Retail profit	£402m	£347m	+15.7%	+15.8%	
Adjusted pre-tax profit	£354m	£288m	+22.9%		
Adjusted basic EPS	10.6p	8.6p	+23.3%		
Interim dividend	1.925p	1.925p			
Net cash/(Financial net debt)	£19m	£(740)m	n/a		

Note: Joint Venture (JV) and Associate sales are not consolidated. Retail profit is operating profit stated before central costs, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and associates. Adjusted measures are before exceptional items, financing fair value remeasurements, amortisation of acquisition intangibles, related tax items and tax on prior year items. A reconciliation to statutory amounts is set out in the Financial Review.

Highlights (in constant currencies):

- Self-help initiatives delivered robust growth in profit and strong cash generation
- Group retail profit up 15.8% with strong growth achieved in each of the three main operating divisions:
    - French profits up 13.7% to £160 million benefiting from good sales growth and continuing margin initiatives
    - UK & Ireland profits up 15.8% to £171 million. B&Q retail profit margin continued to improve benefiting from margin and cost initiatives TradePoint roll out in 118 large format stores successfully completed
    - Other International profits up 21.0% to £71 million. Profit growth in Spain and Turkey, and a halving of China losses more than offset a slight profit decline in Poland
- Net cash of £19 million at the end of July (30 January 2010: financial net debt of £250 million) reflects continued focus on cash management and the weighting of capital expenditure towards H2 this year
- Delivering Value programme progressing well, in particular direct sourcing running ahead of plan
- Interim dividend 1.925p, now being automatically calculated as 35% of the prior year's total dividend (as announced at the prelims in March 2010). It is anticipated that, subject to final approval in March when the Board considers the Group's performance, outlook and capital needs, the current year's full year dividend will rise broadly in line with adjusted earnings.

Statutory reporting

	2010/11	2009/10	Reported Change
Profit before taxation	£351m	£288m	+21.9%
Profit for the period	£248m	£198m	+25.3%
Basic EPS	10.6p	8.5p	+24.7%

Note: Statutory reporting is after net post-tax exceptional gain/(charge) (2010/11: £(3)m; 2009/10: £nil)

Ian Cheshire, Group Chief Executive, said:

"We have traded well with profit again strongly ahead and financial debt reduced. Our Delivering Value programme of self-help initiatives is working well, meaning Kingfisher now generates significantly higher profits and cash flow from its operations and a much better return on capital for its shareholders.

"As we have consistently said, the immediate outlook for consumer spending is fragile, particularly in the UK where it is likely to remain challenging for some time. Our continued profit growth will come from our well-established self-help initiatives, including sourcing more products through our global network and vigorously driving operating cost efficiencies. At the same time our strong balance sheet and cash flow enables us to continue to invest more this year to grow our business, refresh our stores and introduce new products and services to provide the inspiration and solutions our customers want to help them improve their homes."

Delivering Value - progress in 2010/11

Our aim has been and remains to deliver more value for Kingfisher shareholders by focusing on three key priorities – Management, Capital and Returns.

Management

Over the last two years actions have been successfully implemented to transform Kingfisher into a more unified, single retail business better able to capitalise on its international diversity whilst also securing the economies of its buying scale. As well as creating a new management structure, a key action has been the creation of a share-based long-term incentive scheme with targets which include delivering material growth in adjusted earnings per share (EPS).

During H1 a similar incentive scheme was allocated to a further 160 key senior managers across the business. A further long-term share-based incentive scheme will be announced during our first quarter next year together with an update on the Group's longer term growth plans.

Capital

The rigorous focus on generating improved cash flow from operations, reducing our investment in working capital, whilst tightening controls over capital expenditure, has yielded a significant reduction in financial net debt (bonds, loans, cash and overdrafts but excluding capitalised operating leases). Progress continued in H1 with debt further reduced despite the on-going negative effects of new French regulations (LME) that shorten supplier payment terms. As at the end of H1 net cash was £19 million compared with financial net debt of £250m at 30 January 2010 (net debt of £740 million at H1 last year).

Returns

The seven step programme to improve cash returns, known as 'Delivering Value', continues to progress well. The initiatives are successfully boosting short-term trading performance and also better positioning the Group for further growth over the longer-term. Last year overall return on capital increased 250 basis points and further progress this year will come from delivering key milestones set out below:

1. Driving up B&Q UK & Ireland's profit

Self-help measures to rebuild B&Q's retail margin to 7% continued to deliver results.

2010/11 first half progress

- **Stores**
  - 3 large and 1 medium* store revamps
  - 19 'showroom only' revamps (kitchen, bathroom and bedroom areas)

- **Product and Service**
  - To broaden B&Q's customer offer several trials of new or expanded product categories commenced in store to determine their suitability for a nationwide introduction in 2011/12 (e.g. eco, storage and workshop ranges)
  - Retail NVQ or City & Guilds qualification training programme extended to a further 4,300 staff

- **Margin and Costs**
  - Direct sourced shipments ahead of full year target, gross margin benefit of around 80bps
  - Stock shrinkage rates further reduced, gross margin benefit of 50bps
  - Costs down 2% reflecting tight controls and lower sales volumes

2010/11 second half milestones

- **Stores**
  - 16 large store revamps
  - Around 30** 'showroom only' revamps (kitchen, bathroom and bedroom areas)

- **Product and Service**
  - To continue new or expanded product trials in store to determine their suitability for a nationwide introduction in 2011/12
  - Extend retail NVQ or City & Guilds qualification training programme to a further 5,000 staff

- **Margin and Costs**
  - Direct sourced shipments to continue to grow ahead of target

** Medium store revamp milestone announced March 2010 of 15 now adjusted down to 1 as priority being given to the TradePoint 'order & collect' trial in medium stores*
***'Showroom only' revamp milestone announced March 2010 of around 100 adjusted down to around 50 to focus the investment on those stores with the fastest payback*

2. Exploiting our UK Trade opportunity

B&Q in-store 'TradePoint' successfully rolled out into large format stores.

2010/11 first half progress

- Completed national roll out of TradePoint format to 118 B&Q large stores
- Opened 3 new Screwfix outlets with counters exclusive to plumbers and electricians

- Added specialist trade counters exclusive to plumbers and electricians within 91 existing Screwfix sites

2010/11 second half milestones

- Trial a new TradePoint ‘order & collect’ format in B&Q medium stores
- Open 7 further Screwfix outlets with counters exclusive to plumbers and electricians
- Add specialist trade counters exclusive to plumbers and electricians within a further 5 existing Screwfix sites
- Launch trade credit offer that can be used across all Kingfisher UK formats

3. Expanding our total French business

Good sales growth, buying optimisation and increased direct sourcing supporting profitability.

2010/11 first half progress

- Opened 3 new stores and 3 revamps, adding around 2% new space
- Extended buying optimisation programme (€6m benefit)
- Direct sourced shipments ahead of full year target
- Launched a joint-sourced, common branded value range (‘Premier Prix’) in both Castorama and Brico Dépôt
- Up weighted new product launches and new advertising campaigns for both businesses

2010/11 second half milestones

- 4 more revamps
- Extend buying optimisation programme
- Direct sourced shipments to continue to grow ahead of target

4. Rolling out in Eastern Europe

2% space added since last year end. Sales and profit growth continued.

2010/11 first half progress

- Opened 2 new stores, 1 in Turkey and 1 in Russia

2010/11 second half milestones

- Open a further 10 new stores, 5 in Poland (including the third store in Warsaw), 4 in Turkey and 1 in Russia (with a further 2 in progress), adding around 10% new space for the full year
- Open new central distribution centre in Poland (to enable more direct sourcing)
- Develop a smaller ‘city store’ format in Moscow

5. Turning around B&Q China

Repositioning plan on track. Prior year first half losses almost halved.

2010/11 first half progress

- Completed store rationalisation plan (2 further stores) and 80,000 sqm downsized (majority sublet)
- New format trial now in 16 stores
- Appointment of a new Commercial Director with a wealth of experience in large scale retailing in the Chinese market
- Continued the work started in 2009 on re-engineering ranges from the current supplier led model to a customer led, traditional retail ranging model. Around 20% of range review work now complete (e.g. soft furnishings) with encouraging results

2010/11 second half milestones

- Continue the new format trial
- Continue the work started in 2009 on re-engineering ranges
- Return to a profitable business model in H2, targeting a return to overall profitability in 2011/12

6. Growing Group sourcing

Direct sourcing through the Kingfisher Sourcing Organisation (KSO) network continued to grow.

2010/11 first half progress

- Direct sourced shipments running ahead of plan (bathroom, garden power and lighting ranges driving the increase)
- Commenced alignment of range review calendars for major product categories to facilitate more cross-Group common sourcing
- As part of the first steps to developing common ranges for sale across Europe in multi-lingual packaging 10 Kingfisher Group own ‘superbrands’ have been created to replace around 150 own brands currently sold across the Group (e.g. ‘Cooke & Lewis’ will become Kingfisher’s European and Asian wide common kitchen and bathroom brand)

2010/11 second half milestones

- To increase volume of direct sourced shipments for the full year to at least USD 1 billion driven by good growth in the UK, France and Eastern Europe

7. Reducing working capital

Net working capital slightly down on top of delivering reduction of over £300 million last full year.

2010/11 first half progress

- Working capital down £25 million
- On track to further extend average payment terms on direct sourced product by another 5 days

2010/11 second half milestones

- 'Like for like' working capital to remain constant. Overall balance will increase due to further negative effects of the French LME* and investment required for new stores

**Legislative changes shortening French payment terms*

Sustainability

Kingfisher is helping customers make their homes more sustainable at lower cost, whilst also making its own business more sustainable by reducing its environmental and social impact. Good progress was made against these objectives during the period including:

- B&Q UK launched products such as loft insulation made of sheep's wool, carpet underlay made of 100% recycled clothing, Fairtrade bed linen and a natural paint range made from Cornish china clay, adding to its total eco product range of over 4,000. Castorama France will next month launch a range of own brand paint made from 95% natural ingredients, taking its total eco product range to over 6,000. Brico Dépôt Spain launched a low cost solar panel kit priced at 79 euros.

- Our businesses continued initiatives to minimise their carbon footprint. For example, as part of B&Q UK's commitment to reduce carbon by 20% by 2012 the business announced plans to invest £2.3 million next year to improve the energy efficient lighting in 37 stores. In France, Castorama installed a new electricity, gas and water monitoring system in 30 stores with a roll-out across all stores planned for 2010.

- B&Q UK is now a recognised partner in the government's 'Green Deal' home energy refit scheme and is one of the corporate partners in the Prince of Wales' Start initiative.

- B&Q China signed up to the "green commuting" campaign for Shanghai Expo 2010.

Trading Review - FRANCE

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
France	2,185	2,209	(1.1)%	2.9%	1.4%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
France	160	146	9.3%	13.7%

France includes Castorama and Brico Dépôt.
2010/11: £1 = 1.16 euro (2009/10: £1 = 1.12 euro)
**Banque de France data for Feb-July 2010 including relocated and extended stores*
***Private building market (Jan-Dec 09) according to UNIBAL. No 2010 data yet available.*
All trading commentary below is in constant currencies.

Kingfisher France

Kingfisher France outperformed the market with self-help initiatives driving sales ahead 2.9% to £2.2 billion (+1.4% LFL, +1.6% on a comparable store basis). Across the two businesses, three new stores were opened and three were revamped, adding around 2% new space.

Retail profit grew 13.7% reflecting the sales growth and higher gross margins (+100 basis points) from a sharp increase in direct sourcing, continued buying optimisation benefits and fewer promotions year on year.

Castorama total sales grew by 4.1% to £1.2 billion (+2.6% LFL, +3.1% on a comparable store basis). According to Banque de France* sales for the market on a comparable store basis were up around 1%. Castorama's outperformance was supported by progress with its store modernisation programme (60% of total selling space now completed), new and innovative range introductions and the new 'Do-it-Smart' marketing campaign aimed at making home improvement projects easier for customers.

Seasonal categories were up around 5% LFL boosted by favourable weather and new garden furniture ranges. Non-seasonal sales were up around 3% across most categories with decorative performing particularly well supported by a new catalogue.

Brico Dépôt, which more specifically targets the trade professional, delivered total sales growth of 1.4% to £1.0 billion (-0.2% LFL). The trade market**, which last year declined by 11%, appears to have improved following a pick-up in new housing starts and planning consents.

Self-help initiatives to drive sales progressed well in H1 including an up-weighted programme of range refreshment, more 'arrivages' promotions (rolling programme of one-off special buys) and more frequent product catalogues to reinforce Brico Dépôt's value credentials. New kitchen ranges introduced last year performed well (+10% LFL).

Trading Review – UK & IRELAND

Sales £m	**2010/11**	**2009/10**	**% Change (Reported)**	**% Change (Constant)**	**% LFL Change**
UK & Ireland	2,328	2,401	(3.0)%	(2.9)%	(3.7)%

Retail profit £m	**2010/11**	**2009/10**	**% Change (Reported)**	**% Change (Constant)**
UK & Ireland	171	148	15.7%	15.8%

UK & Ireland includes B&Q in the UK & Ireland and Screwfix.
2010/11: £1 = 1.16 euro (2009/10: £1 = 1.12 euro)
**Market data from GfK for the UK leading retailers of home improvement products and services (including new space). However, this data excludes private retailers e.g. IKEA and smaller independents.*

All trading commentary below is in constant currencies.

Kingfisher UK & Ireland

Total sales were down 2.9% to £2,328 million (-3.7% LFL) in a declining home improvement market* affected by weak consumer demand for bigger ticket home project spending.

However, retail profit was up 15.8% reflecting self-help initiatives to drive higher gross margins and lower operating costs. Profit also benefited from the tactical decision in Q2 to limit the use of general, store wide promotions. This approach, whilst impacting LFL sales growth, resulted in a higher gross profit year on year.

B&Q UK & Ireland's total sales were down 3.1% (-3.7% LFL) to £2,095 million. Sales of outdoor products declined around 1% despite mixed weather and following strong growth last year (+7%). Sales of decorative products were down around 2% but sales of Showroom (kitchens, bathrooms and bedrooms) and Building categories were down around 6%, reflecting fewer promotions and weak consumer appetite for bigger ticket purchases. As anticipated, building sales were also impacted by the roll out of 'TradePoint' into B&Q's large format stores.

Retail profit grew 15.4% to £158 million with gross margin percentage increasing sharply by 140 basis points (2009/10: +110 basis points) driven by more direct sourcing, further shrinkage reduction and fewer promotions. A strong focus on operating cost efficiencies also continued with costs reduced in line with sales.

The roll out of the new B&Q **TradePoint** offer within large stores announced with the preliminary results in March 2010 was completed on time and to budget. There are now 118 B&Q large stores with a TradePoint offer and national advertising has now commenced for the first time.

The proposition takes the best of B&Q (extended opening hours, convenient locations, heavy building ranges, showrooms and the rest of the stores' retail products) and adds Screwfix's ranges and logistics expertise to create a merchant environment with extended trade brands and trade only prices. This offer, which is exclusive to the trade professional and unique in the UK, is expected to boost Kingfisher's low share in the professional trade market.

In the original four trial stores, annualised trade sales now account for 13% of total store sales, up from around 9% previously and are expected to increase as the offer becomes better known and trusted by trade professionals. Over 250,000 customers have registered as TradePoint customers, significantly more than were registered with the previous B&Q Trade Discount Card.

Following the successful national roll out to B&Q large stores an ‘order & collect’ TradePoint offer will be trialled in H2 in B&Q medium stores. This format will be based on next day delivery from an in-store order point whilst giving immediate access to trade prices on most of the rest of the stores’ retail products.

Screwfix limited the impact of a challenging smaller tradesman market with total sales declining 1.4% to £233 million. Initiatives that drove sales in a tough market included new ranges and the addition of 91 specialist trade desks exclusive to plumbers and electricians within existing Screwfix outlets. Three new outlets were opened during H1, taking the total to 150 and now accounting for around 60% of total sales. Retail profit was £13 million, up 21.7% reflecting distribution efficiencies and tight cost control.

Trading Review – OTHER INTERNATIONAL

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	941	892	5.6%	0.7%	(1.4)%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
Other International	71	53	33.5%	21.0%

Other International includes Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. JV and Associate sales are not consolidated.

2010/11: £1 = 1.16 euro (2009/10: £1 = 1.12 euro)
2010/11: £1 = 4.64 Polish zloty (2009/10: £1 = 5.09 Polish zloty)
2010/11: £1 = 10.31 Chinese renminbi (2009/10: £1 = 9.96 Chinese renminbi)

All trading commentary below is in constant currencies.

Other International total sales increased by 0.7% to £941 million (-1.4% LFL). Retail profit was up 21.0% to £71 million, including strong growth in Spain and Turkey and lower losses in China partially offset by lower profits in Poland.

During H1, 3 stores opened, one each in Spain, Russia and Turkey. A further 10 stores are planned for H2, including five in Poland, one in Russia and four in Turkey.

In **Eastern Europe** sales in **Poland** were down 2.8% to £524 million in a weaker market. Retail profit of £65 million was slightly down by £4 million, despite LFL sales declining 6.0%, as sales of higher margin products and buying scale benefits boosted gross margins by 70 basis points. Sales in **Russia** grew 37.5% to £111 million in a challenging trading environment. In **Turkey**, Kingfisher's 50% JV, Koçtaş, grew retail profit by 21.8% to £7 million due to strong sales growth (+6.9% LFL) and tight cost control.

Elsewhere, in **Spain** profits grew strongly with sales up 19.6% to £119 million, significantly outperforming the market. **Hornbach**, in which Kingfisher has a 21% economic interest, contributed £11 million to retail profit (2009/10: £13 million).

B&Q China sales declined 13.2% to £187 million primarily reflecting seven fewer stores now trading compared to the same period last year. Sales in the remaining stores were up 10.4% on an LFL basis with higher housing activity in most regions helping stimulate demand. However, recently introduced restrictive property regulations are expected to impact this demand in H2.

The “fix-it” phase of the turnaround plan is progressing as planned and losses of £12 million were almost half that of the previous year.

Financial Review

Group sales declined 0.9% to £5.5 billion (2009/10: £5.5 billion), down 0.1% on a constant currency basis. The total store network has increased from 831 at the year end to 837 stores, including joint ventures. On a like-for-like basis, Group sales were down 1.3% (2009/10: down 2.1%).

Operating profit before exceptional items increased to £374 million (2009/10: £320 million, 2008/09: £250 million). Operating profit after exceptional items increased from £320 million to £367 million. The Group recorded a £9 million exceptional cost in the UK driven by a restructuring of the UK distribution network and a £2 million profit on disposal of properties. **Retail profit** grew 15.7% to £402 million (2009/10: £347 million), up 15.8% on a constant currency basis driven by improvement in margins and operating cost efficiencies. **Central costs** were flat year on year.

Interest decreased by 50% to £16 million (2009/10: £32 million). The reduction has been driven by the repayment of debt over the last 18 months as a result of the Group's cash generation and lower interest rates. The breakdown of interest is as follows:

	2010/11 £m	2009/10 £m
Cash		
Interest on net debt	**(16)**	(31)
Non Cash		
Interest charge on defined benefit pension scheme	**(4)**	(2)
Financing fair value remeasurements	**4**	-
Other	**-**	1
Statutory net interest	**(16)**	(32)

Profit before tax increased from £288 million to £351 million. On a more comparable basis, which removes the impact of one-off items and fair value remeasurements, **adjusted pre-tax profit** grew by 23% to £354 million.

A reconciliation of statutory profit to adjusted profit is set out below:

	2010/11 £m	2009/10 £m	Movement %
Profit before taxation	**351**	288	22%
Exceptional items	**7**	-	
Profit before exceptional items and taxation	**358**	288	24%
Financing fair value remeasurements	**(4)**	-	
Adjusted pre-tax profit	**354**	288	23%
Income tax expense on pre-exceptional profit	**(107)**	(90)	
Impact of prior year items on income tax	**(2)**	3	
Income tax on fair value remeasurements	**1**	-	
Adjusted post-tax profit	**246**	201	22%
Minority interests	**2**	3	
Adjusted post-tax profit attributable to equity shareholders	**248**	204	22%

The effective tax rate on profit before exceptional items, prior year adjustments and adjustments in respect of changes in tax rates is 30% (2009/10: 30%), based on current expectations for the full 2010/11 financial year.

Profit for the period (attributable to equity shareholders) increased to £250 million (2009/10: £201 million). Adjusted post-tax profit (attributable to equity shareholders) increased by 22% to £248 million.

Adjusted basic earnings per share (EPS) increased to 10.6p (2009/10: 8.6p). Basic EPS increased to 10.6p (2009/10: 8.5p). A reconciliation from basic to adjusted basic EPS is provided in Note 8.

At the year end we announced that going forward the Group's interim dividend would be calculated automatically as 35% of the prior year's total dividend with any increase in the total dividend for the year being reflected in the final dividend proposed as part of the March full year announcement. Consequently we have today declared an interim dividend of 1.925p (2009/10: 1.925p per share).

Having rebuilt dividend cover last year to 3.0 times adjusted earnings, it is anticipated that, subject to final approval in March when the Board considers the Group's performance, outlook and capital needs, the current year's full year dividend will rise broadly in line with adjusted earnings.

The ex-dividend date will be 6 October 2010 and the dividend will be paid on 12 November 2010 to those shareholders who are on the Register of Members at the close of business on 8 October 2010. Shareholders are able to take this dividend as cash or in shares, through the Dividend Reinvestment Plan (DRIP). Shareholders who wish to elect for the DRIP for the forthcoming interim dividend but have not already done so must notify the Registrars, Computershare Investor Services plc, by 22 October 2010.

Free cash flow was an inflow of £387 million in the half year, an improvement of £40 million year on year largely due to increased profits, lower interest and tax and higher property disposal proceeds, offset by anticipated lower reduction in working capital. A reconciliation of free cash flow and cash flow movement in net debt is set out below:

	2010/11 £m	2009/10 £m
Operating profit (before exceptional items)	**374**	320
Other non cash items [1]	**135**	146
Change in working capital	**25**	163
Pensions and provisions (before exceptional items)	**(30)**	(32)
Operating cash flow	**504**	597
Net interest paid	**(12)**	(36)
Tax paid	**(51)**	(79)
Gross capital expenditure	**(127)**	(140)
Proceeds on disposals of property, plant and equipment	**73**	5
Free cash flow	**387**	347
Dividends paid	**(84)**	(80)
Exceptional items excluding property disposals	**(12)**	(24)
Other [2]	**7**	4
Cash flow movement in net debt	**298**	247

[1] *Includes depreciation and amortisation, share-based compensation charge, pre-exceptional non cash movement in pensions and provisions, share of post-tax results of JVs and associates and profit/loss on retail disposals.*
[2] *Includes dividends received from JVs and associates.*

Gross capital expenditure in the period was £127 million (2009/10: £140 million) with net proceeds, principally on property sales, of £73 million (2009/10: £5 million). This year capital expenditure is weighted towards the second half of the year.

Net cash at the end of the period was £19 million (30 January 2010: £250 million net debt; 1 August 2009: £740 million net debt). Net debt is reconciled in Note 14. At 31 July 2010 the Group had undrawn committed facilities of £500 million with the next significant debt maturity arising in October 2010. During the period, the Group has bought back 2012 bonds with nominal value of €43 million and £85 million of 2010 bonds have matured.

The maturity profile of Kingfisher's debt is illustrated at: www.kingfisher.com/index.asp?pageid=76

The IAS 19 **net pension position** at 31 July 2010 was a deficit of £125 million, compared with £198 million at 30 January 2010. The improvement in the position since 30 January 2010 is due principally to contributions paid of £23 million, and a reduction in the price inflation rate used in calculating the obligation of the Group from 3.4% to 3.2%.

Risks

The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving Kingfisher's strategic objectives. The Board considers that the principal risks to achieving its objectives, which remain principally unchanged from those set in the 2009/10 Annual Report and Accounts, are set out below:

- Fragility of economic recovery continuing to undermine consumer confidence and restricting opportunities for growth
- Failure to take advantage of the Group's combined buying power, synergies and economies of scale
- Failure of China to deliver the desired return
- Systems and supply chain infrastructures lacking the flexibility and capability to support the delivery of the Group's strategic plans
- Failure to adapt the Group's formats and models to meet ongoing changes in consumer trends, particularly given the impact of developments in the multi-channel sphere
- Not making the necessary investment in people to ensure the Group has the appropriate calibre of staff, skills and experience
- Risk of penalties or punitive damages arising from failure to comply with new legislative or regulatory requirements.
- Impact on the Group's reputation from a major ethical or environmental failure
- Impact of a major health and safety failure on the Group's reputation, resulting in harm to employees, penalties or prosecution
- Not implementing the measures and disciplines to effectively assess the shareholder value delivered through the Delivering Value programme.

Further details of the Group risks and risk management process can be found on pages 26 to 28 of the 2009/10 Annual Report and Accounts.

Operational Review - DATA BY COUNTRY as at 31 July 2010

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	102	1,030	12,702
Brico Dépôt	101	552	6,332
Total France	**203**	**1,582**	**19,034**
B&Q UK & Ireland	330	2,477	22,602
Screwfix	150	13	2,835
Total UK & Ireland	**480**	**2,490**	**25,437**
Poland	56	420	9,090
China	41	343	6,480
Spain	17	101	974
Russia	13	117	2,418
Turkey JV	27	142	1,966
Total Other International	**154**	**1,123**	**20,928**
Total	**837**	**5,195**	**65,399**

Operational Review – SECOND QUARTER BY GEOGRAPHY – 13 weeks ended 31 July 2010

	Sales 2010/11 £m	% Total Change (Reported)	% Total Change (Constant currency)	% LFL Change	Retail Profit 2010/11 £m	% Total Change (Reported)	% Total Change (Constant currency)
France *(1)*	1,120	(2.2)%	3.5%	2.4%	100	6.3%	11.8%
UK & Ireland *(2)*	1,162	(4.0)%	(3.9)%	(4.5)%	99	17.7%	17.8%
Other International *(3)*	530	5.0%	1.7%	0.5%	57	37.1%	30.5%
Total	**2,812**	**(1.7)%**	**Flat**	**(1.0)%**	**256**	**16.4%**	**17.9%**

Note: Joint Venture (JV) and Associate sales are not consolidated. Retail profit is operating profit stated before central costs, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and associates.

(1) Castorama and Brico Dépôt.
(2) B&Q in the UK & Ireland and Screwfix.
(3) Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany.

The preliminary results for the year ended 29 January 2011 will be announced on 24th March 2011. A live webcast will be available from 0915 hours.

Forward-looking statements

This press release contains certain statements that are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations around its three key priorities of Management, Capital and Returns and the associated seven steps to Delivering Value objectives.

Forward-looking statements can be identified by the use of relevant terminology including the words: "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, changes in tax rates, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to, global economic business conditions, monetary and interest rate policies, foreign currency exchange rates, equity and property prices, the impact of competition, inflation and deflation, changes to regulations, taxes and legislation, changes to consumer saving and spending habits; and our success in managing these factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. The Company undertakes no obligation to publicly update any forward- looking statement, whether as a result of new information, future events or otherwise.

Enquiries:

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Nigel Cope, Head of Media Relations	020 7644 1030
Sarah Gerrand, Head of Investor Relations	020 7644 1032

Further copies of this announcement can be downloaded from www.kingfisher.com or by application to: The Company Secretary, Kingfisher plc, 3 Sheldon Square, London, W2 6PX.

Company Profile:

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with nearly 840 stores in eight countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also has a 50% joint venture business in Turkey with Koç Group, and a 21% interest in, and strategic alliance with Hornbach, Germany's leading large format DIY retailer.

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Half year ended 31 July 2010 Before exceptional items	Exceptional items (note 5)	Total	Half year ended 1 August 2009 Before exceptional items	Exceptional items (note 5)	Total
Sales	4	**5,454**	**-**	**5,454**	5,502	-	5,502
Cost of sales		**(3,455)**	**-**	**(3,455)**	(3,556)	-	(3,556)
Gross profit		**1,999**	**-**	**1,999**	1,946	-	1,946
Selling and distribution expenses		**(1,390)**	**(9)**	**(1,399)**	(1,386)	-	(1,386)
Administrative expenses		**(260)**	**-**	**(260)**	(269)	-	(269)
Other income		**14**	**2**	**16**	16	-	16
Share of post-tax results of joint ventures and associates		**11**	**-**	**11**	13	-	13
Operating profit		**374**	**(7)**	**367**	320	-	320
Analysed as:							
Retail profit	4	**402**	**(7)**	**395**	347	-	347
Central costs		**(20)**	**-**	**(20)**	(20)	-	(20)
Share of interest and tax of joint ventures and associates		**(8)**	**-**	**(8)**	(7)	-	(7)
Finance costs		**(22)**	**-**	**(22)**	(43)	-	(43)
Finance income		**6**	**-**	**6**	11	-	11
Net finance costs	6	**(16)**	**-**	**(16)**	(32)	-	(32)
Profit before taxation		**358**	**(7)**	**351**	288	-	288
Income tax expense	7	**(107)**	**4**	**(103)**	(90)	-	(90)
Profit for the period		**251**	**(3)**	**248**	198	-	198
Attributable to:							
Equity shareholders of the Company				**250**			201
Minority interests				**(2)**			(3)
				248			198
Earnings per share	8						
Basic				**10.6p**			8.5p
Diluted				**10.5p**			8.5p
Adjusted basic				**10.6p**			8.6p
Adjusted diluted				**10.5p**			8.6p

The proposed interim dividend for the period ended 31 July 2010 is 1.925p per share.

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

		Year ended 30 January 2010		
£ millions	Notes	Before exceptional items	Exceptional items (note 5)	Total
Sales	4	10,503	-	10,503
Cost of sales		(6,706)	-	(6,706)
Gross profit		3,797		3,797
Selling and distribution expenses		(2,712)	-	(2,712)
Administrative expenses		(536)	-	(536)
Other income		31	17	48
Share of post-tax results of joint ventures and associates		26	-	26
Operating profit		606	17	623
Analysed as:				
Retail profit	4	664	17	681
Central costs		(41)	-	(41)
Share of interest and tax of joint ventures and associates		(17)	-	(17)
Finance costs		(76)	-	(76)
Finance income		19	-	19
Net finance costs	6	(57)	-	(57)
Profit before taxation		549	17	566
Income tax expense	7	(174)	(7)	(181)
Profit for the year		375	10	385
Attributable to:				
Equity shareholders of the Company				388
Minority interests				(3)
				385
Earnings per share	8			
Basic				16.5p
Diluted				16.4p
Adjusted basic				16.4p
Adjusted diluted				16.3p

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Profit for the period	**248**	198	385
Actuarial gains/(losses) on post employment benefits	**67**	(190)	(165)
Currency translation differences			
Group	**(71)**	(34)	15
Joint ventures and associates	**(2)**	(5)	(6)
Cash flow hedges			
Fair value gains/(losses)	**11**	(17)	(13)
Gains transferred to inventories	**(11)**	(12)	(5)
Tax on other comprehensive income	**(15)**	65	55
Other comprehensive income for the period	**(21)**	(193)	(119)
Total comprehensive income for the period	**227**	5	266
Attributable to:			
Equity shareholders of the Company	**229**	9	271
Minority interests	**(2)**	(4)	(5)
	227	5	266

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£ millions	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Own shares held	Retained earnings	Other reserves (note 12)	Total	Minority interests	Total equity
At 31 January 2010	**371**	**2,191**	**(54)**	**1,921**	**516**	**4,945**	**10**	**4,955**
Profit for the period	**-**	**-**	**-**	**250**	**-**	**250**	**(2)**	**248**
Actuarial gains on post employment benefits	**-**	**-**	**-**	**67**	**-**	**67**	**-**	**67**
Currency translation differences								
Group	**-**	**-**	**-**	**-**	**(71)**	**(71)**	**-**	**(71)**
Joint ventures and associates	**-**	**-**	**-**	**-**	**(2)**	**(2)**	**-**	**(2)**
Cash flow hedges								
Fair value gains	**-**	**-**	**-**	**-**	**11**	**11**	**-**	**11**
Gains transferred to inventories	**-**	**-**	**-**	**-**	**(11)**	**(11)**	**-**	**(11)**
Tax on other comprehensive income	**-**	**-**	**-**	**(20)**	**5**	**(15)**	**-**	**(15)**
Other comprehensive income for the period	**-**	**-**	**-**	**47**	**(68)**	**(21)**	**-**	**(21)**
Total comprehensive income for the period	**-**	**-**	**-**	**297**	**(68)**	**229**	**(2)**	**227**
Share-based compensation	**-**	**-**	**-**	**12**	**-**	**12**	**-**	**12**
Own shares disposed	**-**	**-**	**8**	**(8)**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**(84)**	**-**	**(84)**	**-**	**(84)**
At 31 July 2010	**371**	**2,191**	**(46)**	**2,138**	**448**	**5,102**	**8**	**5,110**
At 1 February 2009	371	2,188	(57)	1,768	513	4,783	15	4,798
Profit for the period	-	-	-	201	-	201	(3)	198
Actuarial losses on post employment benefits	-	-	-	(190)	-	(190)	-	(190)
Currency translation differences								
Group	-	-	-	-	(33)	(33)	(1)	(34)
Joint ventures and associates	-	-	-	-	(5)	(5)	-	(5)
Cash flow hedges								
Fair value losses	-	-	-	-	(17)	(17)	-	(17)
Gains transferred to inventories	-	-	-	-	(12)	(12)	-	(12)
Tax on other comprehensive income	-	-	-	52	13	65	-	65
Other comprehensive income for the period	-	-	-	(138)	(54)	(192)	(1)	(193)
Total comprehensive income for the period	-	-	-	63	(54)	9	(4)	5
Share-based compensation	-	-	-	9	-	9	-	9
Own shares disposed	-	-	6	(6)	-	-	-	-
Dividends	-	-	-	(80)	-	(80)	-	(80)
At 1 August 2009	371	2,188	(51)	1,754	459	4,721	11	4,732

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company							
£ millions	Share capital	Share premium	Own shares held	Retained earnings	Other reserves (note 12)	Total	Minority interests	Total equity
At 1 February 2009	371	2,188	(57)	1,768	513	4,783	15	4,798
Profit for the year	-	-	-	388	-	388	(3)	385
Actuarial losses on post employment benefits	-	-	-	(165)	-	(165)	-	(165)
Currency translation differences								
Group	-	-	-	-	17	17	(2)	15
Joint ventures and associates	-	-	-	-	(6)	(6)	-	(6)
Cash flow hedges								
Fair value losses	-	-	-	-	(13)	(13)	-	(13)
Gains transferred to inventories	-	-	-	-	(5)	(5)	-	(5)
Tax on other comprehensive income	-	-	-	45	10	55	-	55
Other comprehensive income for the year	-	-	-	(120)	3	(117)	(2)	(119)
Total comprehensive income for the year	-	-	-	268	3	271	(5)	266
Share-based compensation	-	-	-	20	-	20	-	20
Shares issued under share schemes	-	3	-	-	-	3	-	3
Own shares purchased	-	-	(7)	-	-	(7)	-	(7)
Own shares disposed	-	-	10	(10)	-	-	-	-
Dividends	-	-	-	(125)	-	(125)	-	(125)
At 30 January 2010	371	2,191	(54)	1,921	516	4,945	10	4,955

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

£ millions	Notes	At 31 July 2010	At 1 August 2009	At 30 January 2010
Non-current assets				
Goodwill		**2,394**	2,396	2,395
Other intangible assets		**69**	78	70
Property, plant and equipment		**3,503**	3,609	3,612
Investment property		**25**	23	24
Investments in joint ventures and associates		**237**	223	234
Deferred tax assets		**25**	64	27
Derivatives		**103**	131	81
Other receivables		**22**	19	22
		6,378	6,543	6,465
Current assets				
Inventories		**1,743**	1,683	1,545
Trade and other receivables		**504**	450	494
Derivatives		**34**	12	24
Current tax assets		**39**	48	58
Cash and cash equivalents		**1,380**	963	1,260
		3,700	3,156	3,381
Total assets		**10,078**	9,699	9,846
Current liabilities				
Trade and other payables		**(2,625)**	(2,313)	(2,374)
Borrowings		**(571)**	(228)	(647)
Derivatives		**(8)**	(16)	(25)
Current tax liabilities		**(381)**	(216)	(348)
Provisions		**(19)**	(37)	(36)
		(3,604)	(2,810)	(3,430)
Non-current liabilities				
Other payables		**(66)**	(57)	(74)
Borrowings		**(875)**	(1,522)	(883)
Derivatives		**(23)**	(61)	(47)
Deferred tax liabilities		**(205)**	(208)	(197)
Provisions		**(70)**	(65)	(62)
Post employment benefits	11	**(125)**	(244)	(198)
		(1,364)	(2,157)	(1,461)
Total liabilities		**(4,968)**	(4,967)	(4,891)
Net assets		**5,110**	4,732	4,955
Equity				
Share capital		**371**	371	371
Share premium		**2,191**	2,188	2,191
Own shares held		**(46)**	(51)	(54)
Retained earnings		**2,138**	1,754	1,921
Other reserves	12	**448**	459	516
Total attributable to equity shareholders of the Company		**5,102**	4,721	4,945
Minority interests		**8**	11	10
Total equity		**5,110**	4,732	4,955

The interim financial report was approved by the Board of Directors on 15 September 2010 and signed on its behalf by:

Ian Cheshire, Group Chief Executive   Kevin O'Byrne, Group Finance Director

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

£ millions	Notes	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Operating activities				
Cash generated by operations	13	**492**	573	1,130
Income tax paid		**(51)**	(79)	(151)
French tax receipt		**-**	-	148
Net cash flows from operating activities		**441**	494	1,127
Investing activities				
Purchase of property, plant and equipment, investment property and intangible assets		**(127)**	(140)	(256)
Disposal of property, plant and equipment, investment property and intangible assets		**73**	5	59
Interest received		**6**	11	14
Dividends received from joint ventures and associates		**7**	4	5
Net cash flows from investing activities		**(41)**	(120)	(178)
Financing activities				
Interest paid		**(15)**	(44)	(72)
Interest element of finance lease rental payments		**(3)**	(3)	(5)
Repayment of bank loans		**(37)**	(108)	(130)
Repayment of Medium Term Notes and other fixed term debt		**(124)**	(170)	(500)
Receipt on financing derivatives		**2**	22	78
Capital element of finance lease rental payments		**(7)**	(7)	(14)
Purchase of own shares		**-**	-	(7)
Dividends paid to equity shareholders of the Company		**(84)**	(80)	(125)
Net cash flows from financing activities		**(268)**	(390)	(775)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**132**	(16)	174
Cash and cash equivalents and bank overdrafts at beginning of period		**1,135**	994	994
Exchange differences		**(69)**	(36)	(33)
Cash and cash equivalents and bank overdrafts at end of period	14	**1,198**	942	1,135

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Kingfisher plc ('the Company'), its subsidiaries, joint ventures and associates (together 'the Group') supply home improvement products and services through a network of retail stores and other channels, located mainly in the United Kingdom, continental Europe and China.

Kingfisher plc is a company incorporated in the United Kingdom.

The address of its registered office is 3 Sheldon Square, Paddington, London W2 6PX.

The Company is listed on the London Stock Exchange.

The interim financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Audited statutory accounts for the year ended 30 January 2010 were approved by the Board of directors on 24 March 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006.

The interim financial report has been reviewed, not audited, and was approved by the Board of Directors on 15 September 2010.

2. Basis of preparation

The interim financial report for the 26 weeks ended 31 July 2010 ('the half year') 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. It should be read in conjunction with the annual financial statements for the year ended 30 January 2010, which have been prepared in accordance with IFRSs as adopted by the European Union. The consolidated income statement and related notes represent results for continuing operations, there being no discontinued operations in the periods presented. Where comparatives are given, '2009/10' refers to the prior half year.

There have been no changes in estimates of amounts reported in prior periods that have had a material effect in the current period.

The Directors of Kingfisher plc, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed consolidated financial statements for the half year ended 31 July 2010.

Principal rates of exchange against Sterling

	Half year ended 31 July 2010		Half year ended 1 August 2009		Year ended 30 January 2010	
	Average rate	Period end rate	Average rate	Period end rate	Average rate	Year end Rate
Euro	**1.16**	**1.20**	1.12	1.17	1.13	1.15
US Dollar	**1.51**	**1.56**	1.46	1.64	1.58	1.61
Polish Zloty	**4.64**	**4.79**	5.09	4.89	4.86	4.69
Chinese Renminbi	**10.31**	**10.58**	9.96	11.19	10.79	11.01

Use of non-GAAP measures

Kingfisher believes that retail profit, adjusted pre-tax profit, effective tax rate, adjusted post-tax profit and adjusted earnings per share provide additional useful information on underlying trends to shareholders. These and other non-GAAP measures such as net debt are used by Kingfisher for internal performance analysis and incentive compensation arrangements for employees. The terms 'retail profit', 'exceptional items', 'adjusted', 'effective tax rate' and 'net debt' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

Retail profit is defined as continuing operating profit before central costs (principally the costs of the Group's head office), exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of joint ventures and associates.

The separate reporting of non-recurring exceptional items, which are presented as exceptional within their relevant income statement category, helps provide an indication of the Group's underlying business performance. The principal items which are included as exceptional items are:

- non trading items included in operating profit such as profits and losses on the disposal, closure or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group's trading activities;
- profits and losses on the disposal of properties; and
- the costs of significant restructuring and incremental acquisition integration costs.

The term 'adjusted' refers to the relevant measure being reported for continuing operations excluding exceptional items, financing fair value remeasurements, amortisation of acquisition intangibles, related tax items and prior year tax items. Financing fair value remeasurements represent changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value hedge relationships. Financing derivatives are those that relate to underlying items of a financing nature.

The effective tax rate represents the effective income tax expense as a percentage of continuing profit before taxation excluding exceptional items. Effective income tax expense is the continuing income tax expense excluding tax on exceptional items and tax adjustments in respect of prior years and changes in tax rates.

Net debt (or net cash) comprises borrowings and financing derivatives (excluding accrued interest), less cash and cash equivalents and current other investments.

3. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 January 2010, as described in note 2 of those financial statements.

Taxes on income for interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards, which are mandatory for the first time for the financial year beginning 31 January 2010, are relevant for the Group:

IAS 27 (amendment)	Consolidated and separate financial statements – Non-controlling interests	Requires the effects of all transactions with non-controlling (minority) interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The amended standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. The impact of this on the results presented has not been significant.
IFRS 3 (amendment)	Business combinations	Harmonises business combination accounting with US GAAP. The amended standard will continue to apply the acquisition method to business combinations, but with certain significant changes. All payments to purchase a business will be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill and non-controlling (minority) interests may be calculated on a gross or net basis. All transaction costs will be expensed. This has had no impact on the results presented.

4. Segmental analysis

Income statement

£ millions	Half year ended 31 July 2010				
			Other International		
	UK & Ireland	France	Poland	Other	Total
Sales	**2,328**	**2,185**	**524**	**417**	**5,454**
Retail profit	**171**	**160**	**65**	**6**	**402**
Exceptional items					**(7)**
Central costs					**(20)**
Share of interest and tax of joint ventures and associates					**(8)**
Operating profit					**367**
Net finance costs					**(16)**
Profit before taxation					**351**

£ millions	Half year ended 1 August 2009				
			Other International		
	UK & Ireland	France	Poland	Other	Total
Sales	2,401	2,209	493	399	5,502
Retail profit	148	146	63	(10)	347
Central costs					(20)
Share of interest and tax of joint ventures and associates					(7)
Operating profit					320
Net finance costs					(32)
Profit before taxation					288

£ millions	Year ended 30 January 2010				
			Other International		
	UK & Ireland	France	Poland	Other	Total
Sales	4,442	4,242	1,012	807	10,503
Retail profit	217	322	125	-	664
Exceptional items					17
Central costs					(41)
Share of interest and tax of joint ventures and associates					(17)
Operating profit					623
Net finance costs					(57)
Profit before taxation					566

Balance sheet

£ millions	At 31 July 2010				
			Other International		
	UK & Ireland	France	Poland	Other	Total
Segment assets	**1,068**	**1,108**	**406**	**516**	**3,098**
Central liabilities					**(401)**
Goodwill					**2,394**
Net cash					**19**
Net assets					**5,110**

£ millions	At 1 August 2009				
			Other International		
	UK & Ireland	France	Poland	Other	Total
Segment assets	1,061	1,229	444	512	3,246
Central liabilities					(170)
Goodwill					2,396
Net debt					(740)
Net assets					4,732

£ millions	UK & Ireland	France	Other International – Poland	Other International – Other	Total
					At 30 January 2010
Segment assets	997	1,187	463	562	3,209
Central liabilities					(399)
Goodwill					2,395
Net debt					(250)
Net assets					4,955

The 'Other International' segment consists of Poland, China, Spain, Russia, the joint venture Koçtaş in Turkey and the associate Hornbach which has operations in Germany and other European countries. Poland has been shown separately due to its significance.

Central costs principally comprise the costs of the Group's head office. Central liabilities comprise unallocated head office and other central items including pensions, interest and tax balances.

The Group's sales, although not highly seasonal in nature, do increase over the Easter period and during the summer months leading to slightly higher sales usually being recognised in the first half of the year.

5. Exceptional items

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Included within selling and distribution expenses			
UK restructuring	**(9)**	-	-
	(9)	-	-
Included within other income			
Profit on disposal of properties	**2**	-	17
	2	-	17
Exceptional items before tax	**(7)**	-	17
Tax on exceptional items	**4**	-	(7)
Exceptional items	**(3)**	-	10

The UK restructuring charge of £9m reflects plans announced by the Group to consolidate its distribution network in the UK through the construction of a new regional distribution centre in the south of England and the closure of other sites. The provision covers primarily future costs of redundancies and dilapidations on the sites to be exited.

The profit on disposal of properties is £2m (2009/10: £nil) and for the year ended 30 January was £17m.

6. Net finance costs

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Bank overdrafts and bank loans	**(8)**	(13)	(25)
Medium Term Notes and other fixed term debt	**(11)**	(26)	(43)
Finance leases	**(3)**	(3)	(5)
Financing fair value remeasurements	**4**	-	2
Unwinding of discount on provisions	**(1)**	(1)	(4)
Expected net interest charge on defined benefit pension schemes	**(4)**	(2)	(4)
Capitalised interest	**1**	2	3
Finance costs	**(22)**	(43)	(76)
Cash and cash equivalents and other current investments	**6**	11	19
Finance income	**6**	11	19
Net finance costs	**(16)**	(32)	(57)

7. Income tax expense

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
UK corporation tax			
Current tax on profits for the period	**60**	27	85
Adjustments in respect of prior years	**-**	4	(7)
	60	31	78
Overseas tax			
Current tax on profits for the period	**48**	46	85
Adjustments in respect of prior years	**-**	(1)	(1)
	48	45	84
Deferred tax			
Current period	**(3)**	14	4
Adjustments in respect of prior years	**-**	-	15
Adjustments in respect of changes in tax rates	**(2)**	-	-
	(5)	14	19
Income tax expense	**103**	90	181

The effective rate of tax on profit before exceptional items and excluding tax adjustments in respect of prior years and changes in tax rates is 30% (2009/10: 30%), representing the best estimate of the effective rate for the full financial year. The effective tax rate for the year ended 30 January 2010 was 30%. Tax on exceptional items for the current period is a credit of £4m (2009/10: £nil), all of which relates to current year items. Tax on exceptional items for the year ended 30 January 2010 was a charge of £7m, all of which related to current year items.

8. Earnings per share

Pence	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Basic earnings per share	**10.6**	8.5	16.5
Effect of dilutive share options	**(0.1)**	-	(0.1)
Diluted earnings per share	**10.5**	8.5	16.4
Basic earnings per share	**10.6**	8.5	16.5
Exceptional items	**0.3**	-	(0.7)
Tax on exceptional and prior year items	**(0.2)**	0.1	0.7
Financing fair value remeasurements	**(0.1)**	-	(0.1)
Adjusted basic earnings per share	**10.6**	8.6	16.4
Diluted earnings per share	**10.5**	8.5	16.4
Exceptional items	**0.3**	-	(0.7)
Tax on exceptional and prior year items	**(0.2)**	0.1	0.7
Financing fair value remeasurements	**(0.1)**	-	(0.1)
Adjusted diluted earnings per share	**10.5**	8.6	16.3

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to equity shareholders of the Company. Earnings for the period are £250m (2009/10: £201m) and for the year ended 30 January 2010 were £388m. Adjusted earnings for the period are £248m (2009/10: £204m) and for the year ended 30 January 2010 were £384m. A reconciliation of statutory earnings to adjusted earnings is set out in the Financial Review.

The weighted average number of shares in issue during the period, excluding those held in the Employee Share Ownership Plan Trust (ESOP), is 2,348m (2009/10: 2,347m). The diluted weighted average number of shares in issue during the period is 2,375m (2009/10: 2,372m). For the year ended 30 January 2010, the weighted average number of shares in issue was 2,347m and the diluted weighted average number of shares in issue was 2,369m.

9. Dividends

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Dividends to equity shareholders of the Company			
Final dividend for the year ended 31 January 2009 of 3.4p per share	**-**	80	80
Interim dividend for the year ended 30 January 2010 of 1.925p per share	**-**	-	45
Final dividend for the year ended 30 January 2010 of 3.575p per share	**84**	-	-
	84	80	125

The proposed interim dividend for the period ended 31 July 2010 is 1.925p per share.

10. Capital expenditure

Additions to the cost of property, plant and equipment, investment property and intangible assets are £130m (2009/10: £127m) and for the year ended 30 January 2010 were £258m. Disposals in net book value of property, plant and equipment, investment property and intangible assets are £73m (2009/10: £9m) and for the year ended 30 January 2010 were £51m.

Capital commitments contracted but not provided for at the end of the period are £55m (2009/10: £55m) and at 30 January 2010 were £56m.

11. Post employment benefits

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Deficit in scheme at beginning of period	**(198)**	(74)	(74)
Current service cost	**(14)**	(12)	(22)
Interest on defined benefit obligations	**(46)**	(45)	(91)
Expected return on pension scheme assets	**42**	43	87
Actuarial gains/(losses)	**67**	(190)	(165)
Contributions paid by employer	**23**	32	66
Exchange differences	**1**	2	1
Deficit in scheme at end of period	**(125)**	(244)	(198)

The assumptions used in calculating the costs and obligations of the Group's defined benefit pension schemes are set by the Directors after consultation with independent professionally qualified actuaries. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations, as illustrated in the sensitivity analysis provided in note 27 of the annual financial statements for the year ended 30 January 2010.

A key assumption in valuing the pension obligation is the discount rate. Accounting standards require this to be set based on market yields on high quality bonds at the balance sheet date. The UK scheme discount rate is based on the yield on the iBoxx over 15 year AA-rated Sterling corporate bond index adjusted for the difference in term between iBoxx and scheme liabilities.

The discount rate and price inflation actuarial valuation assumptions for the UK scheme, being the Group's principal defined benefit scheme, are set out below:

Annual % rate	At 31 July 2010	At 1 August 2009	At 30 January 2010
Discount rate	**5.4**	6.0	5.5
Price inflation	**3.2**	3.5	3.4

12. Other reserves

£ millions	Cash flow hedge reserve	Translation reserve	Other	Total
At 31 January 2010	**1**	**356**	**159**	**516**
Currency translation differences				
Group	**-**	**(71)**	**-**	**(71)**
Joint ventures and associates	**-**	**(2)**	**-**	**(2)**
Cash flow hedges				
Fair value gains	**11**	**-**	**-**	**11**
Gains transferred to inventories	**(11)**	**-**	**-**	**(11)**
Tax on other comprehensive income	**-**	**5**	**-**	**5**
Other comprehensive income for the period	**-**	**(68)**	**-**	**(68)**
At 31 July 2010	**1**	**288**	**159**	**448**
At 1 February 2009	14	340	159	513
Currency translation differences				
Group	-	(33)	-	(33)
Joint ventures and associates	-	(5)	-	(5)
Cash flow hedges				
Fair value losses	(17)	-	-	(17)
Gains transferred to inventories	(12)	-	-	(12)
Tax on other comprehensive income	9	4	-	13
Other comprehensive income for the period	(20)	(34)	-	(54)
At 1 August 2009	(6)	306	159	459
At 1 February 2009	14	340	159	513
Currency translation differences				
Group	-	17	-	17
Joint ventures and associates	-	(6)	-	(6)
Cash flow hedges				
Fair value losses	(13)	-	-	(13)
Gains transferred to inventories	(5)	-	-	(5)
Tax on other comprehensive income	5	5	-	10
Other comprehensive income for the year	(13)	16	-	3
At 30 January 2010	1	356	159	516

13. Cash generated by operations

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Operating profit	**367**	320	623
Share of post-tax results of joint ventures and associates	**(11)**	(13)	(26)
Depreciation and amortisation	**118**	129	260
Impairment losses	**-**	-	4
Loss/(profit) on disposal of property, plant and equipment, investment property and intangible assets	**-**	2	(1)
Share-based compensation charge	**12**	9	20
(Increase)/decrease in inventories	**(227)**	76	234
(Increase)/decrease in trade and other receivables	**(17)**	50	(18)
Increase in trade and other payables	**269**	37	102
Movement in provisions	**(10)**	(17)	(24)
Movement in post employment benefits	**(9)**	(20)	(44)
Cash generated by operations	**492**	573	1,130

14. Net debt

£ millions	At 31 July 2010	At 1 August 2009	At 30 January 2010
Cash and cash equivalents	**1,380**	963	1,260
Bank overdrafts	**(182)**	(21)	(125)
Cash and cash equivalents and bank overdrafts	**1,198**	942	1,135
Bank loans	**(122)**	(177)	(154)
Medium Term Notes and other fixed term debt	**(1,079)**	(1,488)	(1,186)
Financing derivatives	**85**	47	20
Finance leases	**(63)**	(64)	(65)
Net cash/(debt)	**19**	(740)	(250)

£ millions	Half year ended 31 July 2010	Half year ended 1 August 2009	Year ended 30 January 2010
Net debt at beginning of period	**(250)**	(1,004)	(1,004)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**132**	(16)	174
Repayment of bank loans	**37**	108	130
Repayment of Medium Term Notes and other fixed term debt	**124**	170	500
Receipt on financing derivatives	**(2)**	(22)	(78)
Capital element of finance lease rental payments	**7**	7	14
Cash flow movement in net debt	**298**	247	740
Exchange differences and other non-cash movements	**(29)**	17	14
Net cash/(debt) at end of period	**19**	(740)	(250)

During the period there has been a reduction in the level of drawn bank loans in China. £85m nominal value of Sterling 2010 MTNs has been repaid at maturity and €43m nominal value of Euro 2012 MTNs has been repurchased, along with the maturity and settlement of the corresponding interest rate swaps. In the prior year there were significant repurchases of Euro and Sterling MTNs, the settlement of the corresponding interest rate swaps, the maturity of a cross-currency swap and the repayment of Sterling and Renminbi bank loans.

15. Contingent assets and liabilities

Kingfisher paid €138m tax to the French tax authorities in the year ended 31 January 2004 as a consequence of the Kesa Electricals demerger and recorded this as an exceptional tax charge. Kingfisher appealed against the tax liability and the tribunal found in favour of Kingfisher in June 2009. As a result a full refund, along with repayment supplement, was received in September 2009. The French tax authorities have appealed against this decision and therefore no income has yet been recognised relating to this receipt.

Kingfisher plc has an obligation to provide a bank guarantee for £50m (2009/10: £50m) to the liquidators of Kingfisher International France Limited in the event that Kingfisher plc's credit rating falls below 'BBB'. The obligation arises from an indemnity provided in June 2003 as a result of the demerger of Kesa Electricals. At 30 January 2010 the amount was £50m.

The Group has arranged for certain bank guarantees to be provided to third parties in the ordinary course of business. The total amount outstanding at the end of the period is £39m (2009/10: £36m). At 30 January 2010 the total amount was £36m.

The Group is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice.

16. Related party transactions

The Group's significant related parties are its associates and joint ventures as disclosed in note 37 of the annual financial statements for the year ended 30 January 2010. There have been no significant changes in related parties or related party transactions in the period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this set of interim condensed 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 includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the period and their impact on the interim condensed financial statements, and a description of the principal risks and uncertainties for the remainder of the financial year; and
- material related party transactions in the period and any material changes in the related party transactions described in the last annual report.

The Directors of Kingfisher plc were listed in the Kingfisher plc Annual Report for year ended 30 January 2010, with the only change in the period to those listed being the retirement of Michael Hepher on 17 June 2010.

By order of the Board

Ian Cheshire	Kevin O'Byrne
Group Chief Executive	Group Finance Director
15 September 2010	15 September 2010

INDEPENDENT REVIEW REPORT TO KINGFISHER PLC

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the half year ended 31 July 2010 which comprises the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated balance sheet, the Consolidated cash flow statement and related notes 1 to 16. We have read the other information contained in the interim 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 interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of Kingfisher plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim 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 interim 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 interim financial report for the half year ended 31 July 2010 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 Statutory Auditors
London, United Kingdom
15 September 2010