EMBARGOED UNTIL 0700 HOURS - Thursday 24 March 2011

Kingfisher reports full year adjusted pre-tax profits up 23% to £670 million and dividends up 29% for the full year. Outlines key themes of the next phase of its development after 'Delivering Value'

Group Financial Summary	2010/11	2009/10	% Total Change (Reported)	% Total Change (Constant currency)	% Like-for-like (LFL) change
Sales	£10,450m	£10,503m	(0.5)%	+0.5%	(0.9)%
Retail profit	£762m	£664m	+14.7%	+16.3%	
Adjusted pre-tax profit	£670m	£547m	+22.5%		
Adjusted basic EPS	20.5p	16.4p	+25.0%		
Interim dividend	1.925p	1.925p	Flat		
Final dividend	5.145p	3.575p	+43.9%		
Full year dividend	7.07p	5.5p	+28.5%		
Net cash/(Financial net debt)	£14m	£(250)m	n/a		

Note: Joint Venture (Koçtaş JV) and Associate (Hornbach) 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, strong cash generation and 130 bps higher return on capital
- Strong growth achieved in each of the three main operating divisions:
  - French retail profits up 12.0% to £348 million driven by good sales growth and continuing margin initiatives
  - UK & Ireland retail profits up 11.8% to £243 million. B&Q retail profit margin continued to improve, benefitting from margin and cost initiatives. 'TradePoint' nationally rolled out into all B&Q stores. Screwfix profits up 24.7%
  - Other International retail profits up 34.3% to £171 million driven by profit growth in Poland despite a particularly difficult first half, strong profit growth in Spain and Turkey and a material reduction in China losses, where the repositioning plan remains on track
- Free cash flow of £407 million, £679 million of outstanding bonds and loans repaid
- Full year dividend up 28.5%, ahead of growth in adjusted earnings. Dividend cover reduced to 2.9 times and to be lowered to 2.7 times over the medium-term
- Property portfolio independently valued at £3.3 billion (2009/10: £3.0 billion)
- Good progress in the second full year of the three year 'Delivering Value' programme. Activities to drive the next phase of Kingfisher's development now being mobilised, ready to commence on completion of the 'Delivering Value' phase in January 2012

Statutory reporting	2010/11	2009/10	Reported Change
Profit before taxation	£671m	£566m	+18.6%
Profit for the year	£491m	£385m	+27.5%
Basic EPS	21.0p	16.5p	+27.3%

Note: A reconciliation to adjusted measures is set out in the Financial Review.

Ian Cheshire, Group Chief Executive, said:

"We have delivered another year of strong profit growth and cash generation in what continue to be challenging times for our customers around the world.

"Our 'Delivering Value' programme of self-help has been a great success so far with profits almost doubled since it started, return on capital up sharply and financial net debt eliminated. Despite significant economic headwinds over the last few years we are now a stronger, more valuable business. I am also delighted that we are now better able to accelerate our expansion where economic returns have been proven whilst also significantly increasing our dividend for our shareholders, many of whom are now our own colleagues.

"Looking ahead, although I see no let up in the challenging environment in the short-term, I am excited by our future prospects. This year we will be stepping up the pace once more with a full set of activities in the final year of the first phase of 'Delivering Value' as well as mobilising the second phase, which is due to start in 2012. I believe we have an exciting growth opportunity, sustainable over the longer term, by creating a business that is the world's expert at making home improvement easier for customers. We are uniquely placed to use our scale, our network of international experience and our diversity for the benefit of our customers and shareholders."

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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. A video interview of Ian Cheshire is available on the website.

The remainder of this release has five main sections:
- Strategic Update
- 2010/11 Trading Review by Division
- Detailed 'Delivering Value Phase 1' Update
- Country data
- 2010/11 Financial Review and, in part 2 of the RNS, the preliminary Financial Statements

STRATEGIC UPDATE

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

Management

The Group Executive, comprising the Group CEO, Group FD and the three divisional CEOs, have collective responsibility for overall Group direction and performance. Kingfisher is now managed in a more integrated way with a growing number of cross-group networks established to accelerate key initiatives throughout the business. This new way of working is known internally as the 'One Team' approach. Clear goals and share-based incentives extend from the Group CEO to store managers in our largest markets: the UK, France and Poland.

Capital

A rigorous approach to capital over the last three years has resulted in over a £500 million reduction in gross working capital (before the negative impact of French LME[(1)]) and a reprioritisation of new capital expenditure to faster payback investments. This discipline, combined with focus on generating higher cash profitability from the business, has resulted in net cash of £14 million at the year end (£1.6 billion net financial debt as at 2 February 2008).

[(1)]Legislative changes shortening French payment terms, implemented over the 3 years to 2012

Returns

<u>'Delivering Value'</u>

Aim – to place greater focus on generating higher cash returns from the retail businesses

The seven step programme to improve cash returns, known as 'Delivering Value', is progressing well. The programme was mobilised during 2008/09, commenced in 2009/10 and is due to be completed by the end of January 2011/12. The initiatives are supporting the trading performance in the shorter term and also better positioning the Group for its next stage of development.

After two full years of the programme, Kingfisher is now a significantly stronger, higher returning business. Adjusted basic EPS has increased by 93% since 2007/08 and dividends have started to rise again for the first time in five years. The Group's standard return on capital has increased from 5.8%[(1)] to 9.6%, ahead of its cost of capital. The balance sheet is robust, providing financial strength and flexibility, whilst the talent of our people is being better harnessed to deliver common goals. We have a high quality global sourcing capability and a developing product innovation capability.

The financial year 2011/12 will be a year of transition as we complete the final milestones for the 'Delivering Value' phase and mobilise the activities that will drive the next phase of our development. A summary of progress to date since January 2008 for each of the seven key 'Delivering Value' steps is set out below.

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

   Self-help measures have rebuilt B&Q's retail margin to 5.6% (from 3.2% in 2007/08) despite weak markets throughout this period. B&Q is on track to achieve a sustainable 7% operating margin.

2. **Exploiting our UK Trade opportunity**

   Sales to the trade were £828 million in 2010/11, up from around £700 million in 2007/08. Over 415,000 trade professionals are now registered with 'TradePoint' and 2.4 million registered with Screwfix.

3. **Expanding our total French business**

   10% net new space added and profits up 18% in constant currencies since 2007/08, supported by buying optimisation and more direct sourcing.

4. **Rolling out in Eastern Europe**

   59% space added, profit up 43% in constant currencies since 2007/08.

5. **Turning around B&Q China**

   Repositioning plan on track. Annual losses of £62 million[(2)] at peak in 2008/09 have been reduced to £8 million with the business now positioned for potential break-even in 2011/12, subject to a stable Chinese home improvement market.

6. **Growing Group sourcing**

   Direct sourcing shipments through the Kingfisher Sourcing Organisation (KSO) is now at US$1.3 billion per annum, up over 60% since 2007/08.

7. **Reducing working capital**

   Net working capital reduced by over £500 million[(3)] since 2007/08 excluding around £180 million negative impact of French LME[(4)]

   [(1)] *Since January 2009*
   [(2)] *In constant currencies*
   [(3)] *At reported rates*
   [(4)] *Legislative changes shortening French payment terms, implemented over the 3 years to 2012*

<u>'Delivering More Value – Creating the leader'</u>

Aim – to deliver faster growth and higher returns by working together to become the world's expert at making home improvement easier for customers

The next phase of our development builds on the success of 'Delivering Value' which has repositioned Kingfisher as a strong business in the attractive home improvement market.

We currently operate in eight countries, spanning over 500 million households. Around £120 billion is spent per year on repairing, maintaining and improving these households. Spending in developed markets has tended to reflect underlying consumption patterns whilst in the developing markets rising wealth is fuelling accelerated growth as home

owners catch up with developed country standards. As well as growth potential, the home improvement market is also attractive to retailers because of the relatively small number of well known manufacturer brands. This means a specialist home improvement retailer provides a vital role for the consumer by offering a wide product choice and expert advice. They can offer a high proportion of ‘own brand’ product, achieve economies of buying scale and have a more defensible position against online or generalist operators when compared with other retail segments.

However, the lack of sizeable, global manufacturer brands in our sector has meant there has been relatively limited product innovation in recent years to make home improvement easier and more accessible for the consumer. As a result demand has not been stimulated to its full potential.

This is particularly true in the more developed markets such as the UK and France where householders generally have a list of work needed to be done but their repair, maintenance or improvement jobs are thought to be too complicated or too costly. We believe there is a big opportunity for a real retail leader to emerge to address this opportunity and unlock the latent demand in these markets.

We aim to capitalise on the attractive characteristics of our market and to use our unrivalled international scale and experience to develop products, services and channels for our customers that make their household jobs easier to do. By doing this we will create the leader in our industry and ‘accelerate away from the pack’, delivering faster, sustainable growth and higher returns. Over the coming years we will focus on three themes:

1. **EASIER**

We believe we can stimulate the overall market, grow our like-for-like sales and our market share by becoming the world’s expert at making home improvement easier for our customers.

Product

- We will establish for the first time a product innovation function to design new, easier to use product under the banner of our 10 new own ‘super-brands’. These products will be exclusive to Kingfisher businesses
- We will use our scale and global sourcing expertise to bring these products first to market and at great value for money
- We will expand our direct sourcing network across the world to find the best sources of quality and affordability

Multi-channel

- We will add new digital channels for the convenience of our customers

Advice

- We will be the best at offering advice and demonstration whether that is in store, online or through social media
  We will de-mystify ‘Eco’ to make this important trend more accessible

2. COMMON

By having a 50% core common range across all our businesses we will use our scale to accelerate innovation, stimulating overall market demand and growing our like-for-like sales and our market share. Our scale will also make home improvement more affordable for our customers whilst boosting our margins.

This is possible because tastes across our markets are increasingly similar as customers travel more and buy products produced from international sources. We already sell the same categories in our stores, such as building & repair materials and tools, gardening and seasonal products, decoration products, kitchens and bathrooms. However, less than 5% of individual products on sale across Kingfisher's businesses are common to more than one business and sourced from a common supplier, reflecting our previous conglomerate organisation. As we progress towards a more integrated organisational approach we will increase the proportion of products that form a core common range to around 50%. Much of this product will be our own brands and sourced direct through the global Kingfisher Sourcing Organisation.

Greater commonality will result in greater convergence of our operating models around the Group, enabling productivity gains in store, supply chain and systems.

3. EXPAND

By becoming the best at making home improvement easier and developing a core common range we will be able to accelerate and improve our expansion, thereby growing total sales and market share.

Having strengthened the businesses and established stringent capital disciplines, Kingfisher is now in a better position to successfully accelerate its expansion. There is potential to grow our current store network from 856 to over 1,100 in our existing markets over the long-term, and also establish a multi-channel presence in each one. Over time we would expect participation of sales from the three geographic operating divisions to be broadly equivalent (UK & Ireland, France and Other International).

'Proven' territories

- We will expand faster and deeper into existing markets where returns are proven

'Early phase' territories

- We will continue to develop in China and Russia and determine suitability for eventual expansion against challenging return hurdle rates

New territories

- We will identify and enter new markets with stores and other channels, leveraging our core common range and more common operating model

Organisational development

Successful delivery of the next phase will require us to complete the journey from our origins as a retail conglomerate to a single, unified retailer. Much progress has been made in recent years and the organisation is now ready to complete the final

steps in our journey, thereby unlocking the full potential of our unique international talent and scale.

At the same time it is also very important that we retain the value of our local diversity and closeness to the local customer. Rather than adopting a fully centralised model we will retain our existing country management structures whilst in addition creating a series of teams that work across traditional country and business boundaries. A number of these multi-national, multi-operating company teams are already established, are well resourced and empowered to manage key projects, such as common ranging and multi-channel development, under the direction of the Group Executive. Known internally as 'One Team' this new approach will enable us to move from the existing 20:80 (common: local) business model towards an 80:20 model.

Challenging goals

A key element of the success of the Delivering Value programme has been setting clear and challenging medium-term goals linked to share-based incentives. As we start to enter the next phase of Kingfisher's development a revision to the existing Performance Share Plan, covering the three years to January 2014, will be proposed for approval by shareholders at the Annual General Meeting in June 2011.

Under the proposals, share awards will be made for reaching stretching earnings and returns targets. The maximum potential share award will vest as follows:

- Earnings: 50% of the award for achieving a compound average growth rate (CAGR) of 15% in adjusted EPS over the three years. EPS in 2013/14 will need to be 31.2p to achieve maximum vesting (start to earn from 8% CAGR)
- Returns: 50% of the award for generating a cumulative Kingfisher economic profit target over the three years (requiring a continued improvement in return on capital)

Kingfisher economic profit differs from other reported profit figures because it takes into account a charge for the capital employed in the business. In doing this the calculation treats leases as though they were owned assets within capital employed, capitalising them using long-term property yields. For the purposes of the calculation, reported adjusted post-tax profit is used, but interest and lease costs are added back. A charge for the cost of capital employed is then deducted by applying the Group's lease adjusted WACC to its lease and pension adjusted capital employed.

These share-based incentives will cover the two Executive Directors and the top 50 senior managers with plans to extend elements of this scheme to the next 150 senior managers. Further share incentives for store managers will also be rolled out next year.

2010/11 TRADING REVIEW BY DIVISION

FRANCE

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
France	4,204	4,242	(0.9)%	2.9%	1.6%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
France	348	322	7.8%	12.0%

France includes Castorama and Brico Dépôt
2010/11: £1 = 1.17 euro (2009/10: 1.13 euro)
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 £4.2 billion (+1.6% LFL, +1.8% on a comparable store basis). Across the two businesses, three new stores were opened and seven were revamped, adding around 2% new space.

Retail profit grew 12.0% 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 4.6% to £2.3 billion (+3.4% LFL, +3.8% on a comparable store basis). According to Banque de France[(1)] sales for the market on a comparable store basis were up 1.4%. Castorama's strong outperformance was supported by progress with its store modernisation programme (63% of total selling space now completed), new range introductions and the innovative 'Do-it-Smart' marketing campaign aimed at making home improvement projects easier for customers.

Sales across outdoor and indoor categories were up a similar amount with sales of new decorative ranges, supported by a new catalogue, new heating, laminate flooring and storage ranges performing particularly well.

Brico Dépôt, which more specifically targets the trade professional, delivered total sales growth of 1.0% to £1.9 billion (-0.5% LFL). Like-for-likes were impacted by around 0.5% by the French national strikes and adverse weather in northern France in H2. The trade market[(2)] was down 4%.

Self-help initiatives to drive sales and footfall progressed well 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 (+9% LFL) and hand tool (+4% LFL) ranges introduced last year performed well.

[(1)]*Banque de France data for Feb 2010 - Jan 2011 including relocated and extended stores*
[(2)]*Private building market Jan-Dec 2010 according to UNIBAL*

UK & IRELAND

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
UK & Ireland	4,333	4,442	(2.4)%	(2.4)%	(3.0)%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
UK & Ireland	243	217	11.8%	11.8%

UK & Ireland includes B&Q in the UK & Ireland and Screwfix
2010/11: £1 = 1.17 euro (2009/10: 1.13 euro)
All trading commentary below is in constant currencies

Kingfisher UK & Ireland

Total sales were down 2.4% to £4.3 billion (-3.0% LFL) impacted by pre-opening disruption from the national rollout of 'TradePoint' and B&Q UK's tactical decision in Q2 to limit the use of general, store-wide promotions. This approach, whilst impacting LFL sales growth, resulted in higher gross profit[(1)] year on year which together with other self-help initiatives to drive higher gross margins and lower operating costs, resulted in retail profit up 11.8%.

GFK market data for the UK's leading home improvement retailers[(2)] was up around 1% across the year whereas the trade[(3)] market declined.

B&Q UK & Ireland's total sales were down 2.8% (-3.3% LFL) to £3.9 billion. Sales of outdoor products declined around 1% despite mixed weather and following strong growth last year (+6%). Reported sales across all categories of indoor products were down a similar amount reflecting fewer promotions and as anticipated, building sales were also impacted by the roll out of 'TradePoint' into B&Q's large format stores. However, underlying kitchen sales responded well to improved merchandising, new ranges and more targeted promotions across H2 (+7%).

Retail profit grew by 10.4% to £215 million with gross margin percentage increasing strongly by a further 110 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 (SG&A[4]) percentage to sales held broadly flat across the year.

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 in H1. 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, systems 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.

Across H2, an 'order & collect' offer was rolled out into all remaining B&Q stores. This additional offer is based on next day delivery to the tradesman's nearest store as well as giving access to 'TradePoint' catalogue prices on selected lines through any B&Q store checkout. A major review of all B&Q in-store building ranges was also completed to support the 'TradePoint' roll out.

‘TradePoint’ continues to progress well and annualised trade sales continue to grow and account for 15% of total store sales, up from around 10% pre-‘TradePoint’, and are expected to increase as the offer becomes better known and trusted by trade professionals. Over 415,000 customers have now registered as ‘TradePoint’ customers, significantly more than were registered with the previous B&Q Trade Discount Card.

Screwfix limited the impact of a challenging smaller tradesman market with total sales up 1.6% to £479 million compared with the wider trade market which we estimate to have been slightly down. Initiatives that drove market share gains included the continued roll out of trade counters, the addition of 103 specialist trade desks exclusive to plumbers and electricians within existing Screwfix outlets and new ranges (e.g. work wear +39% LFL). Fifteen new outlets were opened during the year, taking the total to 162, now accounting for around 60% of total sales. Retail profit was £28 million, up 24.7% reflecting the sales growth, distribution efficiencies, shrinkage reduction and tight cost control.

(1)Sales multiplied by gross margin percentage
(2)This data includes new space added but excludes private retailers e.g. IKEA and smaller independents
(3)Based on the Builders’ Merchants Federation data Jan-Dec 2010
(4) Selling, General and Administrative Expenses

OTHER INTERNATIONAL

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	1,913	1,819	5.2%	1.7%	(1.2)%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
Other International	171	125	37.3%	34.3%

Other International includes Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Joint Venture (Koçtaş JV) and Associate (Hornbach) sales are not consolidated
2010/11: £1 = 1.17 euro (2009/10: 1.13 euro)
2010/11: £1 = 4.65 Polish zloty (2009/10: £1 = 4.86 Polish zloty)
2010/11: £1 = 10.41 Chinese renminbi (2009/10: £1 = 10.79 Chinese renminbi)

All trading commentary below is in constant currencies

Other International total sales increased by 1.7% to £1.9 billion (-1.2% LFL). Retail profit was up 34.3% to £171 million driven by profit growth in Poland, Spain and Turkey and significantly lower losses in China.

During 2010/11, 10 new stores opened, three in Poland, two in Russia, four in Turkey and one in Spain, adding around 6% new space. A further 16 new stores are planned for 2011/12, including six in Poland, four in Russia and six in Turkey, adding around 10% new space.

In **Eastern Europe** sales in **Poland** were up 0.7% (-2.8% LFL) to £1,062 million in a more stable market after a difficult first half (2010/11 H1 -6.0% LFL). New bathroom and garden catalogues and expanded decoration ranges all boosted sales and profits. Retail profit was up 3.1% to £134 million driven by the sales growth and gross margins (+60 basis points) benefitting from sales of higher margin products, shrinkage reduction, buying scale benefits and tight cost control. Sales in **Russia** grew 39.2% to £240 million reflecting new store openings. In **Turkey**, Kingfisher's 50% JV, Koçtaş, retail profit grew strongly due to strong sales growth (+7.3% LFL), more direct sourcing benefitting gross margins and tight cost control.

Elsewhere, in **Spain** profits grew strongly with sales up 16.4% to £225 million, significantly outperforming the market. **Hornbach**, in which Kingfisher has a 21% economic interest, contributed £31 million to retail profit (2009/10: £30 million).

B&Q China sales declined 16.2% to £386 million primarily reflecting 15% less space now trading compared to the prior year. Like-for-likes declined by 2.3%. The 'fix-it' phase of the turnaround plan remains on track with losses reducing as planned to £8 million, down almost 80% on the prior year (2009/10: loss of £36 million).

DETAILED 'DELIVERING VALUE PHASE 1' UPDATE

Progress to Date (Feb 2008 to Jan 2011) and Milestones for 2011/12

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

   Progress to date

   Self-help measures have rebuilt B&Q's retail margin to 5.6% (from 3.2% in 2007/08) despite weak markets throughout this period. B&Q is on track to achieve a sustainable 7% operating margin.

- Stores
  - 41 large and 25 medium store revamps (60% of estate now in modern format)
  - 140 'showroom only' revamps (kitchen, bathroom and bedroom areas)

- Product and Service
  - More stringent store operating standards introduced ('Martini' programme), 93% remain compliant
  - Self-service checkout rolled out nationally
  - 21,000 staff achieved retail NVQs or City & Guilds qualifications, covering over 60% of store staff headcount
  - 'Reserve and Collect' rolled out nationally and 12,000 products for next day home delivery launched on diy.com
  - Launched and established Cooke & Lewis as a leading kitchen and bathroom range
  - New or expanded product categories trialled, successful ranges rolled out nationally (car care and workshop ranges)

- Margin and Costs
  - Margin improvement of 300bps supported by distribution efficiencies, shrinkage reduction and more direct sourcing (shipments up 30%)
  - Reduced moving annual average stock by 9 days boosted by removal of 'top stocks'[(1)]
  - Costs (SG&A[(2)]) percentage to sales held broadly flat despite underlying cost inflation, 3% net new space and slower sales

2011/12 milestones

- Stores
  - Revamp 9 large and 28 medium stores, open one new store
  - 7 'showroom only' revamps (kitchen, bathroom and bedroom areas)

- Product and Service
  - Roll out new storage range nationally
  - Establish 'You can do it' DIY centres in 15 large stores
  - Create over 200 'how to' videos available in-store and on diy.com
  - Extend NVQ or City & Guilds qualification training programme to a further 4,000 staff

- Margin and Costs
  - Direct sourcing shipments to rise by around 15%

- Open new distribution centre in Swindon (as part of the supply chain efficiency project previously announced)

2. Exploiting our UK Trade opportunity

Progress to date

Sales to the trade were £828 million in 2010/11, up from around £700 million in 2007/08. Over 415,000 trade professionals are now registered with 'TradePoint' and 2.4 million registered with Screwfix.

- Maximising synergies with Screwfix, a new trade offer ('TradePoint') was successfully added to 124 B&Q stores. A further 194 B&Q stores offer a 'TradePoint' 'order & collect' service based on next day delivery
- Completed major review of all B&Q in-store building ranges to support the 'TradePoint' roll out
- Opened 69 new Screwfix outlets (taking the total to 162)
- Added specialist trade counters exclusive to plumbers and electricians within 110 Screwfix outlets
- Launched 'Plumbfix' and 'Electricfix', specialist mail order catalogues

2011/12 milestones

- Add new services for trade professionals including:
  - an improved third-party credit and insurance offer that can be used across all Kingfisher UK formats
  - a smart phone transactional application to allow easier online shopping
  - bulky goods delivery to further extend the 'TradePoint' and Screwfix offer
  - development of a 'click, pay and collect in 15 minutes' offer for all Screwfix trade counters
- Open 20 further Screwfix outlets
- Launch a consumer facing directory website (jobsorted.com) to help trade professionals find work
- Launch specialist websites for both 'Plumbfix' and Electricfix'

3. Expanding our total French business

Progress to date

10% net new space added and profits up 18% in constant currencies since 2007/08, supported by buying optimisation and more direct sourcing.

- Opened 16 net new stores, undertaken 3 relocations and 21 revamps, adding 10% net new space
- Castorama modernisation accelerated:
  - 63% of stores now in modern format, up from 42% in 2007/08
  - innovative 'Do-it-Smart' advertising and products introduced as part of its drive to make home improvement projects quicker and easier
- Margin improvement of 260bps supported by buying optimisation benefits (covering common suppliers to Castorama and Brico Dépôt), shrinkage reduction and doubling direct sourcing shipments

2011/12 milestones

- Open 2 net new stores, 4 relocations and 2 revamps, adding around 2% new space
- Continued up-weighted new product launches across both businesses
- Re-launch of the Brico Dépôt 'Le Book' pocket-sized catalogue
- Extend buying optimisation programme, to include Brico Dépôt Spain
- Roll out common incentive schemes to all store staff across both businesses incorporating new operational measures (e.g. ATV[(3)] growth)

4. Rolling out in Eastern Europe

Progress to date

59% space added, profit up 43% in constant currencies since 2007/08.

- Opened 41 net new stores, 17 in Poland, 15 in Turkey and 9 in Russia with total sales up 52%[(4)] to £1.6 billion (including 100% of the sales of the Koçtaş JV)
- Opened new central distribution facilities in Poland and Turkey to unlock future direct sourcing and distribution benefits

2011/12 milestones

- Open a further 16 new stores, 6 in Poland, 6 in Turkey and 4 in Russia, adding around 17% new space
- Direct sourcing shipments in Poland and Turkey to increase by over 50%
- Open smaller 'city store' format in Moscow (housing 90% of current product ranges in 65% of the space)

5. Turning around B&Q China

Progress to date

Repositioning plan on track. Annual losses of £62 million[(4)] at peak in 2008/09 have been reduced to £8 million with the business now positioned for potential break-even in 2011/12.

- Appointed a new, highly experienced management team
- Store portfolio rationalised from 63 to 41 of which 16 stores were downsized. All resulting space successfully sub-let
- Central costs reduced by around 30% including one regional office closure
- 16 of the remaining stores have been retro-fitted to offer customers an improved shopping experience and to broaden the appeal to existing home owners as well as new home buyers
- 30% of ranges have been re-engineered from the previous 'supplier led' model to a more European 'customer led' retail model with encouraging results
- Introduced direct sourced group own brands

2011/12 milestones

- Continue the new format trial

- Continue the work on re-engineering ranges including more direct sourced group own brands
- Overall break-even target, subject to a stable Chinese home improvement market

6. Growing Group sourcing

Progress to date

Direct sourcing shipments through the Kingfisher Sourcing Organisation (KSO) is now at US$1.3 billion per annum, up over 60% since 2007/08.

- Extended the sourcing network to Brazil, Israel, Turkey and Vietnam taking the total network to 10 locations sourcing from 32 countries (25% of direct sourced suppliers being located outside of China)
- Created core range catalogues to facilitate more cross-Group common sourcing
- Established 10 'superbrands' to replace 150+ local own brands. This is a critical first step in enabling the development and roll out of group-wide common ranges in multi-lingual packaging

2011/12 milestones

- Create a new group commercial organisation aligning our sourcing, own brand and innovation capabilities more closely
- Finalise common range planning and range review alignment between B&Q UK and Castorama France
- Commence roll-out of group-wide common ranges under the Blooma, Blyss and Verve 'superbrands'
- Invest in an innovation and design team to increase product creation capability
- Increase volume of direct sourced shipments by almost 15% to US$1.5 billion

7. Reducing working capital

Progress to date

Net working capital reduced by over £500 million[(5)] since 2007/08 excluding around £180 million negative impact of French LME[(6)]

- Reduced moving annual average stock by 11 days
- Average payment terms on direct sourced product extended by 51 days (to 85 days)

2011/12 milestones

- 'Like-for-like' working capital to remain constant. Overall balance will increase due to further negative effects in the final year of implementation of French LME[(6)] and investment required for new stores
- Further extend average payment terms on direct sourced product by another 5 days (to 90 days)

Sustainability update

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 year including:

- Sales of eco-products have increased from £700 million to £1.1 billion since 2008/09 when audited measurement of this KPI began. Sales of eco-products now represent over 10% of total sales

- Initiatives to minimise our carbon footprint, including rolling out energy efficient lighting and installing new electricity, gas and water monitoring systems in stores, has helped reduce carbon emissions by 25% since 2007/08 when audited measurement of this KPI began

- B&Q UK is now a recognised partner in the UK government's 'Green Deal' home energy refit scheme and has undertaken full 'eco refits' of over 60 homes so far to reduce their carbon emissions. B&Q also became one of the founding corporate partners in the Prince of Wales' Start initiative

(1) *Stocks at the top of in-store shelving*
(2) *SG&A*
(3) *Average transaction values*
(4) *In constant currencies*
(5) *At reported rates*
(6) *Legislative changes shortening French payment terms, implemented over the 3 years to 2012*

COUNTRY DATA

As at 29 January 2011

	Store numbers	**Selling space (000s sq.m.)**	**Employees (FTE)**	**Long-term store targets**
Castorama	102	1,035	11,779	-
Brico Dépôt	101	557	5,969	-
Total France	**203**	**1,592**	**17,748**	**240**
B&Q UK & Ireland	330	2,480	23,669	350
Screwfix	162	14	3,006	200
Total UK & Ireland	**492**	**2,494**	**26,675**	**550**
Poland	59	439	9,332	125
China	41	339	5,929	To be decided
Spain	17	100	898	100
Russia	14	126	2,340	To be decided
Turkey JV	30	160	2,512	100
Total Other International	**161**	**1,164**	**21,011**	**325**
Total	**856**	**5,250**	**65,434**	**1,115**

2010/11 FINANCIAL REVIEW

Financial summary

A summary of the reported financial results for the year ended 29 January 2011 is set out below.

	2010/11 £m	2009/10 £m	Increase / (decrease)
Sales	**10,450**	10,503	(0.5)%
Adjusted pre-tax profit	**670**	547	22.5%
Profit before taxation after exceptional items	**671**	566	18.6%
Adjusted basic earnings per share	**20.5p**	16.4p	25.0%
Dividends	**7.07p**	5.50p	28.5%

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

	2010/11 £m	2009/10 £m	Increase
Profit before taxation	**671**	566	18.6%
Exceptional items	**6**	(17)	
Profit before exceptional items and taxation	**677**	549	23.3%
Financing fair value remeasurements	**(7)**	(2)	
Adjusted pre-tax profit	**670**	547	22.5%

Profit and EPS including all exceptional items for the year ended 29 January 2011 is set out below:

	2010/11	2009/10	Increase
Profit for the year	**£491m**	£385m	27.5%
Basic EPS	**21.0p**	16.5p	27.3%

Overview

Total **sales** grew 0.5% on a constant currency basis and declined by 0.5% to £10.4 billion on a reported rate basis. During the year, an additional 21 net new stores were opened taking the store network to 826 (excluding 30 Turkey JV stores). This includes the impact of closing three stores across the Group. On a LFL basis, Group sales were down 0.9%.

Retail Profit before exceptional items grew by 14.7% to £762 million, and by 11.0% to £756 million including exceptional items.

The net **interest** charge for the year was £27 million, down £30 million on the prior year driven by significantly lower average net debt levels and lower interest rates.

Profit before tax grew by 18.6% to £671 million as a result of improved trading in the year and a reduction in net finance costs. On a more comparable basis, which removes the impact of one off items and fair value remeasurements, **adjusted pre-tax** profit grew by 22.5% to £670 million.

Profit for the year grew by 27.5% to £491 million. This resulted in the Group recording a **basic EPS** of 21.0p which is up 4.5p (+27.3%) in the year.

Interest

As discussed above, net interest has decreased by £30 million in the year. The breakdown is as follows:

	2010/11 £m	2009/10 £m
Cash		
Interest on net debt	**(25)**	(54)
Non Cash		
Interest charge on defined benefit pension scheme	**(7)**	(4)
Other	**(2)**	(1)
Underlying net interest	**(34)**	(59)
Financing fair value remeasurements	**7**	2
Statutory net interest	**(27)**	(57)

Taxation

The effective rate of tax, calculated on profit before exceptional items, prior year tax adjustments and the impact of rate changes is 29% (2009/10: 30%). The overall rate is 27% (2009/10: 32%).

Effective tax rate calculation 2010/11	Profit £m	Tax £m	Effective rate %
Profit before tax and tax thereon	671	180	27
Less: exceptional loss and tax thereon	6	3	-
Less: prior year adjustment	-	11	-
Total	677	194	29

The Group's effective tax rate is sensitive to the blend of tax rates and profits in the various jurisdictions. Whilst we continue to plan our tax affairs efficiently and adopt a prudent approach towards providing for uncertain tax positions, we are aware that with pressure on government finances, the tax cost of multinationals may increase over time.

The tax rates for this financial year and the expected rates for next year are as follows:

Jurisdiction	Statutory tax rate 2011/12	Statutory tax rate 2010/11
UK	26%	28%
France	34.43%	34.43%
Poland	19%	19%
Rest of Europe	0% - 34%	0% - 34%
Asia	16.5% - 25%	16.5% - 25%

Taxation risk management

The Group's tax strategy is to manage its tax affairs efficiently and in a way which enhances shareholder value whilst balancing the tax risk it faces. Tax risks can arise from change in law, differences in interpretation of law, changes in tax rates and the failure to comply with the tax law and associated procedures. The Group manages and controls these risks through local management, its Group tax department and appropriate advice from reputable professional firms. Where disputes arise with the tax authorities the Group addresses the areas of dispute promptly in a professional, open and constructive manner.

Exceptional items

The Group has recorded a net exceptional post tax charge of £3 million in the year (2009/10: gain of £10 million) as follows:

	2010/11 £m (Charge)/ gain	2009/10 £m (Charge)/ gain
Profit on disposal of properties	**3**	17
UK distribution network restructuring	**(9)**	-
Exceptional items	**(6)**	17
Tax on exceptional items	**3**	(7)
Net exceptional items	**(3)**	10

Earnings per share

Basic earnings per share have increased by 27.3% to 21.0p (2009/10: 16.5p). The increase year on year is as a consequence of improved underlying performance, partially offset by the adverse movement in exceptional items in the year. On a more comparable basis, removing the impact of exceptional items and financing fair value remeasurements, adjusted basic earnings per share have increased by 25% to 20.5p (2009/10: 16.4p).

	2010/11	2009/10
Basic earnings per share	**21.0p**	16.5p
Exceptional items	**0.3p**	(0.7)p
Financing fair value remeasurements (net of tax)	**(0.2)p**	(0.1)p
Impact of prior year items and exceptional items on income tax	**(0.6)p**	0.7p
Adjusted earnings per share	**20.5p**	16.4p

Dividends

Given the strong performance in 2010/11 and confidence in the future prospects provided by self-help initiatives, the Board believes it is now appropriate to start lowering dividend cover from 3.0 times to 2.7 times adjusted earnings over the medium-term. At this level the Board believes the dividend will continue to be prudently covered by earnings and free cash flow and remain consistent with the capital needs of the business. Accordingly, the Board has proposed a final dividend of 5.145p, an increase of 43.9%. This gives a full year dividend of 7.07p, an increase of 28.5% (2009/10: 5.5p).

As previously announced, the Group's interim dividend is calculated automatically as 35% of the prior year's total dividend. Based on this, the interim dividend to be paid in November 2011 would be 2.47p per share (2010: 1.925p per share). The final dividend will continue to be proposed each year as part of the full year preliminary announcement in March.

The final dividend for the year ended 29 January 2011 will be paid on 20 June 2011 to shareholders on the register at close of business on 6 May 2011, subject to approval of shareholders at the Annual General Meeting, to be held on 16 June 2011. A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company.

The shares will go ex-dividend on 4 May 2011. For those shareholders electing to receive the DRIP the last date for receipt of electing is 27 May 2011.

Return on Capital (ROC)

The Group has two main Return on Capital (ROC) measures.

The first measure, Standard Return on Capital, is primarily a Group measure. It is stated on a non-lease adjusted basis, although we also quote a lease adjusted number. The asset base includes goodwill.

The second measure, Lease Adjusted ROC excluding Goodwill, is used to monitor performance at a geographic divisional level.

Group Return

	2010/11	2009/10	Increase
Standard Return on capital (ROC)	9.6%	8.3%	+1.3%pps

For Standard ROC, Return is calculated as post tax Retail Profit less central costs and excluding exceptional items, other than realised property profit. Return is then divided by a two point average of Invested Capital (calculated as Net Assets excluding Net Debt and Pension related items including related Deferred Tax).

The strong operating performance combined with improved asset turns has resulted in the Standard ROC performance increasing from 8.3% to 9.6% in 2010/11 compared to the Group's weighted average cost of capital (WACC) of 8.1%.

Lease adjusted ROC is based on the same definition except it excludes property lease costs, and Invested Capital is adjusted for lease costs capitalised at the long-term property yield. Lease adjusted ROC has increased from 6.8% to 7.3% in 2010/11, compared to the Group's lease adjusted cost of capital (WACC) of 6.8%.

Geographic Divisional Return

Kingfisher's underlying ROC by geographic division is set out below. All divisions improved their returns in 2010/11. Return is stated after adjusting for property lease costs and before property profits. Invested capital excludes goodwill but includes capitalised leases:

	Retail Sales £bn	Proportion of Group sales %	Invested Capital (IC) £bn *(1)*	Proportion of Group IC %	Returns % (ROC)	
					2010/11	2009/10
UK	4.3	42%	6.0	63%	**6.6%**	6.4%
France	4.2	40%	2.0	21%	**13.6%**	12.4%
Other International	1.9	18%	1.5	16%	**11.1%**	9.5%

(1) Excluding goodwill of £2.4 billion

Free cash flow

A reconciliation of free cash flow and cash flow movement in net debt/cash is set out below:

	2010/11 £m	2009/10 £m
Operating profit (before exceptional items)	**704**	606
Other non cash items [(1)]	**276**	319
Change in working capital (before exceptional items)	**(141)**	315
Change in pensions and provisions (before exceptional items)	**(57)**	(68)
Operating cash flow	**782**	1,172
Net interest paid [(2)]	**(19)**	(63)
Tax paid [(2)]	**(133)**	(151)
Capital expenditure	**(310)**	(256)
Disposal of assets	**87**	59
Free cash flow	**407**	761
Dividends paid	**(129)**	(125)
French tax receipt	**-**	148
Other [(3)]	**(9)**	(44)
Cash flow movement in net debt/cash	**269**	740
Opening net debt	**(250)**	(1,004)
FX impacts	**(5)**	14
Closing net cash/(debt)	**14**	(250)

[(1)] *Includes depreciation and amortisation, share-based compensation charge, pension service cost, share of post-tax results of JVs and associates and profit/loss on retail disposals.*
[(2)] *Prior year excludes French tax receipt - £120 million tax and £28 million related repayment supplement.*
[(3)] *Includes dividends received from JVs and associates, issue/purchase of shares and cash utilisation of exceptional provisions.*

The Group exceeded its net debt target for the year, reporting year end net cash of £14 million (2009/10: £250 million financial net debt). On a constant currency basis net financial debt has decreased by £1.7 billion over the last three years (£1.6 billion on a reported currency basis).

Free cash flow of £407 million was generated in the year, a movement of £354 million year on year mainly driven by movement in working capital. In the prior year significant progress was made on our 'Delivering Value' objective to reduce working capital and as a result a one off benefit of £315 million was recorded. Over the full period of 'Delivering Value' working capital has reduced by over £500 million excluding the impact of LME of around £180 million over the same period. LME is the legislative change shortening payment terms in France, implemented over the three years to 2012.

In the current year working capital has increased by £141 million. The largest single item impacting this is the LME change in France. The balance is due to planned earlier purchase of seasonal stock and additional stock in newly opened stores. Stock days have increased in the period from 92 days in 2009/10 to 95 days on a moving average basis.

With a tight focus on cash over the last three years, the Group has been able to reduce its reliance on external funding improving our financial flexibility. In 2010/11 the Group repaid £679 million nominal value of gross debt by repaying maturing debt, and by repurchasing significant proportions of our 2014 Eurobonds and US Private Placement debt. In total over the last three years we have repaid gross debt with a value of £1,371 million.

The Group will maintain a high focus on free cash flow generation going forward to fund dividends to shareholders and increased investment in growth opportunities where returns are attractive.

Capital expenditure

Gross capital expenditure increased by 21% in the year to £310 million. Of this, £116 million was spent on property (2009/10: £102 million). In the year £194 million was spent on fixtures, fittings and intangibles (2009/10: £154 million). A total of £87 million of proceeds from disposals were received during the year (2009/10: £59 million).

As detailed last year the Group has a rigorous approach to capital allocation and authorisation. The process includes:

- An annual strategic planning process based on detailed plans for all businesses for the next three years. This process drives the key strategic capital allocation decisions and the output is reviewed by the Board, twice a year.
- A capital approval process through a capital expenditure committee, attended by the Group Chief Executive, Group Finance Director, Group Property Director and the three regional CEOs as required. The committee is delegated to review all projects between £0.75 million and £15.0 million (including the capitalised value of lease commitments).
- Projects above this level are approved by the Board although all projects above £0.75 million are also notified to the Board.
- Clear investment criteria with challenging hurdle rates for IRR (Internal Rate of Return) and discounted payback.
- An annual post-investment review process to undertake a full review of all projects above £0.75 million which were completed in the last four years, together with a review of recent performance on all other existing stores. The findings of this exercise are considered by both the Retail Board and the Board and directly influence the Regional and Group Development Strategy and the assumptions for similar project proposals going forward.
- An annual review of return on capital by store is performed which drives plans to improve the returns of weaker stores.

Management of liquidity risk and financing

The Group now has low levels of financial net debt. However, the Group's overall leverage, including capitalised lease debt that (in accordance with accounting regulations) does not appear on the balance sheet, is estimated to be around 50%. At this level the Group has financial flexibility whilst retaining an efficient cost of capital.

Kingfisher is currently targeting to have relatively low levels of financial net debt to support a solid investment grade credit rating. Where appropriate Kingfisher may purchase current leasehold assets used by the Group. This may increase financial net debt but have no impact on lease adjusted net debt.

Kingfisher regularly reviews the level of cash and debt facilities required to fund its activities. This involves preparing a prudent cash flow forecast for the next three years, determining the level of debt facilities required to fund the business, planning for repayments of debt at its maturity and identifying an appropriate amount of headroom to provide a reserve against unexpected outflows.

At the year end, Kingfisher had an undrawn £500 million committed bank facility, which matures in August 2012.

Kingfisher deposits surplus cash with a number of banks with strong credit ratings and with money market funds which have the strongest, AAA, credit rating and offer same day liquidity. A credit limit for each bank or fund is agreed by the Board covering the full value of deposits and a proportion of the value of derivative contracts. The credit risk is reduced further by spreading the investments and derivative contracts across several counterparties. At the year end, Kingfisher had a total of around £500 million of cash deposited with banks and in money market funds. The highest single cash investment was a £86 million money market fund investment.

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

The terms of the US Private Placement note agreement and the committed bank facility require that the ratio of Group operating profit, excluding exceptional items, to net interest payable must be no less than 3:1. The Group is in compliance with this covenant, with the ratio at the year end being 26:1.

The Group has entered into interest rate derivative contracts to convert the fixed rate payable on its bonds and the US Private Placement note to a floating rate of interest. The floating interest rates paid by the Group under its financing arrangements are based on LIBOR and EURIBOR plus a margin. The margins were not changed during the year. Under the terms of the financing agreements, the margins are fixed and are not subject to change in line with credit ratings or financial ratios.

Property

The Group owns a significant property portfolio, most of which is used for trading purposes. If the Group had continued to revalue this it would have had a market value of £3.3 billion at year end (2009/10: £3.0 billion), compared to the net book value of £2.7 billion recorded in the financial statements.

The values are based on valuations performed by external qualified valuers where the key assumption is the estimated yields. The valuation exercise was performed in October 2010 with approximately one third of the portfolio valued by external professional valuers.

Pensions

At the year end, the Group had a deficit of £58 million in relation to defined benefit pension arrangements of which £21 million is in relation to its UK Scheme. In 2009/10 the Group had a deficit of £198 million.

The approach used to prepare the pension valuation is in line with current market practice and international accounting standards, and has been applied consistently. This uses a number of assumptions which are likely to fluctuate in the future and so may have a significant effect on the accounting valuation of the scheme's assets and liabilities.

The decrease in the deficit was predominantly due to asset returns and changes to the discount rate and mortality assumptions used to value the pension obligation.

The valuation is very sensitive to financial and demographic assumptions. To aid understanding of the impact that changes to the assumptions could have on the pension

obligation, we have included sensitivity analysis as part of the pension disclosure in note 9 of this announcement. Further details of all the key assumptions are also contained within the note.

Changes in the mortality assumptions and updated membership data reflect work done as part of the triennial funding valuation of the UK defined benefit scheme undertaken as at 31 March 2010.

In line with the valuations undertaken in 2004 and 2007, the Group chooses to take a longer view when looking at the funding of the pension scheme, and funding levels are set on a 20-30 year horizon with a target of full funding of the scheme on a prudent basis at this point in time. A similar approach has been adopted for this year's valuation, with the aim of keeping the Group's annual contributions to the scheme at a level broadly consistent with previous years.

This has been achieved principally by the introduction of property security held in a partnership, giving the pension scheme recourse to the property assets in the event of Kingfisher's insolvency. The scheme will receive a regular income stream from the partnership that forms part of the annual cash contribution from the Group to the pension scheme under the schedule of contributions.

UK property assets with a market value of £83 million were sold to the partnership and leased back to B&Q plc under standard commercial lease terms. The Group retains control over these properties, including the flexibility to substitute alternatives. The trustee's partnership interest entitles it to the majority of the income of the partnership over the next 20 years. At the end of this term, Kingfisher plc has the option to acquire the trustee's partnership interest.

The assets and activities of the partnership are consolidated within the Group financial statements by virtue of its control over the partnership. Under IFRS, the investment held by the scheme in the partnership does not represent a plan asset for the purposes of the Group's consolidated financial statements. Accordingly, the pension deficit position recorded in the Group financial statements does not reflect the scheme's investment in the partnership. The future payments to be made to the scheme by the partnership will be reflected as pension contributions in the Group financial statements on a cash basis.

The Group will obtain the normal tax deduction for the cash contribution made to the scheme during the current year which will be spread over the next four years

A further two UK properties with a combined market value of £116 million are likely to be transferred to the partnership during 2011/12, and leased back to B&Q plc. The pension trustee may choose to make a further investment in the partnership at this time.

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.

Company Profile:

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with nearly 860 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.

Consolidated income statement
Year ended 29 January 2011

£ millions	Notes	2010/11 Before exceptional items	2010/11 Exceptional items (note 4)	2010/11 Total	2009/10 Before exceptional items	2009/10 Exceptional items (note 4)	2009/10 Total
Continuing operations:							
Sales	3	**10,450**	**-**	**10,450**	10,503	-	10,503
Cost of sales		**(6,545)**	**-**	**(6,545)**	(6,706)	-	(6,706)
Gross profit		**3,905**	**-**	**3,905**	3,797	-	3,797
Selling and distribution expenses		**(2,739)**	**(9)**	**(2,748)**	(2,712)	-	(2,712)
Administrative expenses		**(527)**	**-**	**(527)**	(536)	-	(536)
Other income		**34**	**3**	**37**	31	17	48
Share of post-tax results of joint ventures and associates		**31**	**-**	**31**	26	-	26
Operating profit		**704**	**(6)**	**698**	606	17	623
Analysed as:							
Retail profit	3	**762**	**(6)**	**756**	664	17	681
Central costs		**(41)**	**-**	**(41)**	(41)	-	(41)
Share of interest and tax of joint ventures and associates		**(17)**	**-**	**(17)**	(17)	-	(17)
Finance costs		**(46)**	**-**	**(46)**	(76)	-	(76)
Finance income		**19**	**-**	**19**	19	-	19
Net finance costs	5	**(27)**	**-**	**(27)**	(57)	-	(57)
Profit before taxation		**677**	**(6)**	**671**	549	17	566
Income tax expense	6	**(183)**	**3**	**(180)**	(174)	(7)	(181)
Profit for the year		**494**	**(3)**	**491**	375	10	385
Attributable to:							
Equity shareholders of the Company				**494**			388
Non-controlling interests				**(3)**			(3)
				491			385
Earnings per share	7						
Basic				**21.0p**			16.5p
Diluted				**20.7p**			16.4p
Adjusted basic				**20.5p**			16.4p
Adjusted diluted				**20.2p**			16.3p

The proposed final dividend for the year ended 29 January 2011, subject to approval by shareholders at the Annual General Meeting, is 5.145p per share.

Consolidated statement of comprehensive income
Year ended 29 January 2011

£ millions	Notes	2010/11	2009/10
Profit for the year		**491**	385
Actuarial gains/(losses) on post employment benefits	9	**128**	(165)
Currency translation differences			
Group		**32**	15
Joint ventures and associates		**-**	(6)
Cash flow hedges			
Fair value gains/(losses)		**5**	(13)
Gains transferred to inventories		**(14)**	(5)
Tax on other comprehensive income		**(33)**	55
Other comprehensive income for the year		**118**	(119)
Total comprehensive income for the year		**609**	266
Attributable to:			
Equity shareholders of the Company		**611**	271
Non-controlling interests		**(2)**	(5)
		609	266

Consolidated statement of changes in equity
Year ended 29 January 2011

£ millions	Notes	Share capital	Share premium	Own shares held	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
		Attributable to equity shareholders of the Company							
At 31 January 2010		**371**	**2,191**	**(54)**	**1,921**	**516**	**4,945**	**10**	**4,955**
Profit for the year		**-**	**-**	**-**	**494**	**-**	**494**	**(3)**	**491**
Actuarial gains on post employment benefits	9	**-**	**-**	**-**	**128**	**-**	**128**	**-**	**128**
Currency translation differences									
Group		**-**	**-**	**-**	**-**	**31**	**31**	**1**	**32**
Cash flow hedges									
Fair value gains		**-**	**-**	**-**	**-**	**5**	**5**	**-**	**5**
Gains transferred to inventories		**-**	**-**	**-**	**-**	**(14)**	**(14)**	**-**	**(14)**
Tax on other comprehensive income		**-**	**-**	**-**	**(34)**	**1**	**(33)**	**-**	**(33)**
Other comprehensive income for the year		**-**	**-**	**-**	**94**	**23**	**117**	**1**	**118**
Total comprehensive income for the year		**-**	**-**	**-**	**588**	**23**	**611**	**(2)**	**609**
Share-based compensation		**-**	**-**	**-**	**21**	**-**	**21**	**-**	**21**
Shares issued under share schemes		**-**	**3**	**-**	**-**	**-**	**3**	**-**	**3**
Own shares disposed		**-**	**-**	**12**	**(11)**	**-**	**1**	**-**	**1**
Dividends		**-**	**-**	**-**	**(129)**	**-**	**(129)**	**-**	**(129)**
At 29 January 2011		**371**	**2,194**	**(42)**	**2,390**	**539**	**5,452**	**8**	**5,460**
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	9	-	-	-	(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

Consolidated balance sheet
At 29 January 2011

£ millions	Notes	2010/11	2009/10
Non-current assets			
Goodwill		**2,395**	2,395
Other intangible assets		**86**	70
Property, plant and equipment		**3,632**	3,612
Investment property		**32**	24
Investments in joint ventures and associates		**259**	234
Deferred tax assets		**27**	27
Derivatives		**62**	81
Other receivables		**15**	22
		6,508	6,465
Current assets			
Inventories		**1,791**	1,545
Trade and other receivables		**513**	494
Derivatives		**15**	24
Current tax assets		**45**	58
Cash and cash equivalents		**731**	1,260
		3,095	3,381
Total assets		**9,603**	9,846
Current liabilities			
Trade and other payables		**(2,519)**	(2,374)
Borrowings		**(196)**	(647)
Derivatives		**(11)**	(25)
Current tax liabilities		**(372)**	(348)
Provisions		**(27)**	(36)
		(3,125)	(3,430)
Non-current liabilities			
Other payables		**(76)**	(74)
Borrowings		**(577)**	(883)
Derivatives		**(17)**	(47)
Deferred tax liabilities		**(238)**	(197)
Provisions		**(52)**	(62)
Post employment benefits	9	**(58)**	(198)
		(1,018)	(1,461)
Total liabilities		**(4,143)**	(4,891)
Net assets		**5,460**	4,955
Equity			
Share capital		**371**	371
Share premium		**2,194**	2,191
Own shares held		**(42)**	(54)
Retained earnings		**2,390**	1,921
Other reserves		**539**	516
Total attributable to equity shareholders of the Company		**5,452**	4,945
Non-controlling interests		**8**	10
Total equity		**5,460**	4,955

The financial statements were approved by the Board of Directors on 23 March 2011 and signed on its behalf by:

Ian Cheshire
Group Chief Executive

Kevin O'Byrne
Group Finance Director

Consolidated cash flow statement

Year ended 29 January 2011

£ millions	Notes	2010/11	2009/10
Operating activities			
Cash generated by operations	10	**763**	1,130
Income tax paid		**(133)**	(151)
French tax receipt	6	**-**	148
Net cash flows from operating activities		**630**	1,127
Investing activities			
Purchase of property, plant and equipment, investment property and intangible assets		**(310)**	(256)
Disposal of property, plant and equipment, investment property and intangible assets		**87**	59
Interest received		**19**	14
Dividends received from joint ventures and associates		**6**	5
Net cash flows from investing activities		**(198)**	(178)
Financing activities			
Interest paid		**(33)**	(72)
Interest element of finance lease rental payments		**(5)**	(5)
Repayment of bank loans		**(57)**	(130)
Repayment of Medium Term Notes and other fixed term debt		**(696)**	(500)
Receipt on financing derivatives		**6**	78
Capital element of finance lease rental payments		**(12)**	(14)
Issue of share capital under share schemes		**3**	-
Purchase of own shares		**-**	(7)
Disposal of own shares		**1**	-
Dividends paid to equity shareholders of the Company		**(129)**	(125)
Net cash flows from financing activities		**(922)**	(775)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts		**(490)**	174
Cash and cash equivalents and bank overdrafts at beginning of year		**1,135**	994
Exchange differences		**(9)**	(33)
Cash and cash equivalents and bank overdrafts at end of year	11	**636**	1,135

Notes to the 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.

2 Basis of preparation

The consolidated financial statements of the Company, its subsidiaries, joint ventures and associates are made up to the nearest Saturday to 31 January each year. The current financial year is the 52 weeks ended 29 January 2011 ('the year'). The comparative financial year is the 52 weeks ended 30 January 2010 ('the prior year'). This only impacts the UK operations with all the other operations reporting on a calendar basis as a result of local statutory requirements.

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 consolidated financial statements for the year ended 29 January 2011.

The condensed financial information, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related notes do not constitute statutory financial statements for the 52 weeks ended 29 January 2011, but are derived from those statements. Statutory financial statements for 2010/11 will be filed with the Registrar of Companies in due course. The Group's auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006. Statutory financial statements for 2009/10 have been filed with the Registrar of Companies. The Group's auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The condensed financial information has been abridged from the 2010/11 statutory financial statements, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The condensed financial information has been prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and post employment benefits.

The following new standards and amendments, which are mandatory for the first time for the financial year ended 29 January 2011, are relevant for the Group:

IAS 27 (amendment)	Consolidated and separate financial statements – Non-controlling interests (effective from 1 July 2009)	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 (effective from 1 July 2009)	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. The impact of this on the results presented has not been significant.

Principal rates of exchange

	2010/11		2009/10	
	Average rate	Year end rate	Average rate	Year end rate
Euro/£	**1.17**	**1.16**	1.13	1.15
US Dollar/£	**1.54**	**1.59**	1.58	1.61
Polish Zloty/£	**4.65**	**4.52**	4.86	4.69
Chinese Renminbi/£	**10.41**	**10.45**	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/cash 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/cash' 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/cash comprises borrowings and financing derivatives (excluding accrued interest), less cash and cash equivalents and current other investments.

3 Segmental analysis

Income statement

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					2010/11
Sales	**4,333**	**4,204**	**1,062**	**851**	**10,450**
Retail profit	**243**	**348**	**134**	**37**	**762**
Exceptional items					**(6)**
Central costs					**(41)**
Share of interest and tax of joint ventures and associates					**(17)**
Operating profit					**698**
Net finance costs					**(27)**
Profit before taxation					**671**

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					2009/10
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

The operating segments disclosed above are based on the information reported internally to the Board of Directors and Group Executive. This information is predominantly based on the geographical areas in which the Group operates and which are managed separately. The Group only has one business segment being the supply of home improvement products and services.

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.

4 Exceptional items

£ millions	2010/11	2009/10
Included within selling and distribution expenses		
UK restructuring	**(9)**	-
	(9)	-
Included within other income		
Profit on disposal of properties	**3**	17
	3	17
Exceptional items before tax	**(6)**	17
Tax on exceptional items	**3**	(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 Group has recorded an exceptional profit of £3m on the disposal of properties (2009/10: £17m profit).

5 Net finance costs

£ millions	2010/11	2009/10
Bank overdrafts and bank loans	**(18)**	(25)
Medium Term Notes and other fixed term debt	**(21)**	(43)
Financing fair value remeasurements	**7**	2
Finance leases	**(5)**	(5)
Unwinding of discount on provisions	**(3)**	(4)
Expected net interest charge on defined benefit pension schemes	**(7)**	(4)
Capitalised interest	**1**	3
Finance costs	**(46)**	(76)
Cash and cash equivalents and current other investments	**19**	19
Finance income	**19**	19
Net finance costs	**(27)**	(57)

6 Income tax expense

£ millions	2010/11	2009/10
UK corporation tax		
Current tax on profits for the year	**73**	66
Adjustments in respect of prior years	**(10)**	(7)
	63	59
Overseas tax		
Current tax on profits for the year	**118**	104
Adjustments in respect of prior years	**(5)**	(1)
	113	103
Deferred tax		
Current year	**-**	4
Adjustments in respect of prior years	**5**	15
Adjustments in respect of changes in tax rates	**(1)**	-
	4	19
Income tax expense	**180**	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 29% (2009/10: 30%). Tax on exceptional items for the year is a credit of £3m, all of which relates to current year items. In 2009/10 tax on exceptional items was a charge of £7m, all of which related to current year items.

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 this tax liability and the tribunal found in favour of Kingfisher in June 2009. As a result, on 7 September 2009 the Group received €169m (£148m) from the French tax authorities, representing a refund of the €138m and €31m of repayment supplement. The French tax authorities have appealed against this decision and the appeal court hearing date is awaited. No income has therefore been recognised in respect of this receipt.

7 Earnings per share

	2010/11			2009/10		
	Earnings £ millions	Weighted average number of shares millions	Earnings per share pence	Earnings £ millions	Weighted average number of shares millions	Earnings per share pence
Basic earnings per share	**494**	**2,349**	**21.0**	388	2,347	16.5
Dilutive share options		**38**	**(0.3)**		22	(0.1)
Diluted earnings per share	**494**	**2,387**	**20.7**	388	2,369	16.4
Basic earnings per share	**494**	**2,349**	**21.0**	388	2,347	16.5
Exceptional items	**6**		**0.3**	(17)		(0.7)
Tax on exceptional and prior year items	**(14)**		**(0.6)**	14		0.7
Financing fair value remeasurements	**(7)**		**(0.3)**	(2)		(0.1)
Tax on financing fair value remeasurements	**2**		**0.1**	1		-
Adjusted basic earnings per share	**481**	**2,349**	**20.5**	384	2,347	16.4
Diluted earnings per share	**494**	**2,387**	**20.7**	388	2,369	16.4
Exceptional items	**6**		**0.3**	(17)		(0.7)
Tax on exceptional and prior year items	**(14)**		**(0.6)**	14		0.7
Financing fair value remeasurements	**(7)**		**(0.3)**	(2)		(0.1)
Tax on financing fair value remeasurements	**2**		**0.1**	1		-
Adjusted diluted earnings per share	**481**	**2,387**	**20.2**	384	2,369	16.3

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of shares in issue during the year, excluding those held in the Employee Share Ownership Plan Trust ('ESOP') which for the purpose of this calculation are treated as cancelled.

For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where both the exercise price is less than the average market price of the Company's shares during the year and any related performance conditions have been met.

8 Dividends

£ millions	2010/11	2009/10
Dividends to equity shareholders of the Company		
Final dividend for the year ended 30 January 2010 of 3.575p per share (31 January 2009: 3.4p per share)	**84**	80
Interim dividend for the year ended 29 January 2011 of 1.925p per share (30 January 2010: 1.925p per share)	**45**	45
	129	125

The proposed final dividend for the year ended 29 January 2011 of 5.145p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability.

9 Post employment benefits

£ millions	2010/11 UK	2010/11 Other	2010/11 Total	2009/10 UK	2009/10 Other	2009/10 Total
Deficit in scheme at beginning of year	**(171)**	**(27)**	**(198)**	(40)	(34)	(74)
Current service cost	**(23)**	**(4)**	**(27)**	(19)	(3)	(22)
Interest on defined benefit obligations	**(90)**	**(2)**	**(92)**	(88)	(3)	(91)
Expected return on pension scheme assets	**84**	**1**	**85**	87	-	87
Actuarial gains/(losses)	**134**	**(6)**	**128**	(160)	(5)	(165)
Contributions paid by employer	**45**	**1**	**46**	49	17	66
Exchange differences	**-**	**-**	**-**	-	1	1
Deficit in scheme at end of year	**(21)**	**(37)**	**(58)**	(171)	(27)	(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.

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 overall expected rate of return on scheme assets reflects market expectations at the valuation date of long term asset returns and the mix of assets in the schemes.

Annual % rate	2010/11 UK	2010/11 Other	2009/10 UK	2009/10 Other
Discount rate	**5.6**	**4.4**	5.5	5.3
Salary escalation	**4.3**	**2.0 to 6.7**	4.2	2.0 to 6.6
Rate of pension increases	**3.5**	**-**	3.4	-
Price inflation	**3.5**	**2.0**	3.4	2.0
Overall expected rate of return on assets	**6.0**	**3.5**	5.9	3.5

For the UK scheme, the mortality assumptions used in the actuarial valuations have been selected with regard to the characteristics and experience of the membership of the scheme from 2007 to 2010. The assumptions for life expectancy of UK scheme members are as follows:

Years	2010/11	2009/10
Age to which current pensioners are expected to live (60 now)		
- Male	**86.4**	87.2
- Female	**87.1**	85.9
Age to which future pensioners are expected to live (60 in 15 years' time)		
- Male	**87.1**	88.8
- Female	**88.7**	87.1

The following sensitivity analysis for the UK scheme shows the estimated impact on obligations resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £31m
Salary escalation	Increase/decrease by 0.1%	Increase/decrease by £3m
Rate of pension increases	Increase/decrease by 0.1%	Increase/decrease by £20m
Price inflation	Increase/decrease by 0.1%	Increase/decrease by £31m
Mortality	Increase in life expectancy by one year	Increase by £45m

10 Cash generated by operations

£ millions	2010/11	2009/10
Operating profit	**698**	623
Share of post-tax results of joint ventures and associates	**(31)**	(26)
Depreciation and amortisation	**238**	260
Impairment losses	**14**	4
Loss/(profit) on disposal of property, plant and equipment, investment property and intangible assets	**4**	(1)
Share-based compensation charge	**21**	20
(Increase)/decrease in inventories	**(238)**	234
Increase in trade and other receivables	**(10)**	(18)
Increase in trade and other payables	**107**	102
Movement in provisions	**(21)**	(24)
Movement in post employment benefits	**(19)**	(44)
Cash generated by operations	**763**	1,130

11 Net cash/(debt)

£ millions	2010/11	2009/10
Cash and cash equivalents	**731**	1,260
Bank overdrafts	**(95)**	(125)
Cash and cash equivalents and bank overdrafts	**636**	1,135
Bank loans	**(104)**	(154)
Medium Term Notes and other fixed term debt	**(504)**	(1,186)
Financing derivatives	**56**	20
Finance leases	**(70)**	(65)
Net cash/(debt)	**14**	(250)

£ millions	2010/11	2009/10
Net debt at beginning of year	**(250)**	(1,004)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**(490)**	174
Repayment of bank loans	**57**	130
Repayment of Medium Term Notes and other fixed term debt	**696**	500
Receipt on financing derivatives	**(6)**	(78)
Capital element of finance lease rental payments	**12**	14
Cash flow movement in net debt	**269**	740
Exchange differences and other non-cash movements	**(5)**	14
Net cash/(debt) at end of year	**14**	(250)