EMBARGOED UNTIL 0700 HOURS – Wednesday 12 September 2012

Kingfisher reports half year sales down 3.3%, up 1% in constant currencies, adjusted pre-tax profits down 15.5% to £371 million

Group Financial Summary 26 weeks ended 28 July 2012	**2012/13**	**2011/12**	**% Total Reported change**	**% Total Constant currency change**	**% Like-for-like (LFL) change**
Sales	£5,478m	£5,662m	(3.3)%	1.0%	(2.8)%
Retail profit	£403m	£473m	(14.7)%	(10.0)%	
Adjusted pre-tax profit	£371m	£439m	(15.5)%		
Adjusted basic EPS	11.5p	13.5p	(14.8)%		
Interim dividend	3.09p	2.47p	+25.1%		
Net cash/ (financial net debt)	£29m	£(186)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 (Section 5).

Highlights:

- Results significantly impacted by
  - £25 million adverse foreign exchange movements when translating euro and zloty overseas profits into sterling for reporting purposes
  - Over £30 million less profit from record wet weather in the UK and Northern Europe, significantly impacting footfall. Seasonal product sales were down 7% resulting in higher seasonal markdowns to clear excess seasonal stocks and additional marketing to drive footfall and share
  - Around £10 million cost of accelerating the national roll out of new common own brands in the UK
- On-going self-help initiatives, including higher direct sourcing, helped limit the overall profit decline
- Free cash flow generation up year on year, ending H1 with £29 million net cash
- 'Creating the Leader' programme well underway, 2012/13 milestone delivery on track
- £5 million net exceptional charge post tax, primarily relating to streamlining support offices offset by the closure of the final salary pension scheme to future accrual in the UK
- Interim dividend up 25.1%, calculated automatically as 35% of the prior year's total dividend in line with stated policy

Statutory reporting	**2012/13**	**2011/12**	**Reported Change**
Profit before taxation	£364m	£438m	(16.9)%
Profit for the period	£259m	£320m	(19.1)%
Basic EPS	11.1p	13.7p	(19.0)%

Note: A reconciliation to adjusted measures above is set out in the Financial Review (Section 5).

Ian Cheshire, Group Chief Executive, said:

"This has been a tough first half with unprecedented wet weather throughout the key spring and summer seasons in Northern Europe. This affected footfall and demand for outdoor maintenance, gardening and leisure products, which normally account for a significant proportion of our first half sales.

"However, we took action to clear excess seasonal stocks, drive indoor product sales and tightly manage cash, as well as accelerating our self-help initiatives. Whilst we were unable to offset fully the adverse weather impacts, our efforts meant we exited the first half in as good shape as possible and with net cash on the balance sheet. Our new medium term self-help plan, 'Creating the Leader', is now well underway and we are on track to deliver our key milestones for 2012/13.

"Whilst an uncertain economic backdrop has been a feature of our markets for some time, we recognise that this is unlikely to improve for a while. In the short term we will continue to focus on trading effectively, whatever the market conditions, whilst accelerating our self-help initiatives where practical and remaining agile in order to capitalise on opportunities as they arise. Having got off to a good start with our new 'Creating the Leader' programme, I am very confident that we can create a world class home improvement retailer and unlock the full potential of our international talent and scale."

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Further copies of this announcement can be downloaded from www.kingfisher.com or viewed on the Kingfisher IR iPad App available for free at the Apple App store.
We can also be followed on twitter @kingfisherplc.
A video interview with Ian Cheshire and Kevin O'Byrne is available on the website.

Company Profile:

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with 988 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.

The remainder of this release is broken down into five main sections:
1) 'Creating the Leader' update
2) Trading review by major geography
3) Country data
4) Second quarter by major geography – 13 weeks ended 28 July 2012
5) Financial Review and, in part 2 of the announcement, the interim condensed Financial Statements

Section 1
'CREATING THE LEADER' UPDATE

Our unique contribution as a business to our customers is that we can harness our international scale, our sourcing capability, our heritage as a leader in sustainability and our home improvement experience to bring new, more sustainable and more affordable products to market. By also providing our customers with project advice and new shopping channels to complement our stores we will make it easier for them to adapt their homes to their evolving needs. Our shorthand for describing this new purpose is *"Better Homes, Better Lives".*

'Creating the Leader' H1 progress and milestones for H2

In March 2012, we set out four areas (Easier, Common, Expand and One Team) with eight specific steps that make up 'Creating the Leader' along with their associated key success measures and short term annual milestones.

Today we update on the progress we have made towards each of the 2012/13 milestones:

EASIER
1. **Making it easier for our customers to improve their home**
2. **Giving our customers more ways to shop**

2012/13 first half progress
- Completed UK roll out of DIY training classes
- Launched B&Q YouTube channel with over 100 'how to' videos available for the most popular DIY projects
- Trialling new 'easier' store formats (e.g. higher in-store availability, more self-service, more in-store learning aids/demonstrations) in France & Russia
- Prepared for the UK's 'Green Deal'
    - 'Eco' shops now being trialled in 5 B&Q UK stores
    - Started providing home efficiency assessments
- Launched Screwfix mobile 'click, pay & collect' offer, already accounting for 50% of total mobile sales
- Launched a multi-channel platform in Screwfix

2012/13 second half milestones
- Roll out Group multi-channel platform to B&Q's 'TradePoint'
- Upgrade B&Q's on-line offer
- Trial 'click & collect' in Castorama France

COMMON

3. **Building innovative common brands**
4. **Driving efficiency and effectiveness everywhere**

2012/13 first half progress

- Grown the proportion of sales of direct sourced and common* own brands, on track to reach full year targets
- Opened new direct sourcing office in Turkey
- Extended ‘Trade’ common own brands in Screwfix and Brico Dépôt
    - Mid-range ‘Titan’ hand power tools launched in 2010 now being extended to other products e.g. vacuums and pressure washers
    - Developed new ‘Site’ work wear brand
- Developed a Group-wide stock forecasting and replenishment IT solution, now in full roll out in B&Q UK & Ireland, improving availability and reducing stock levels
- Driven Group-wide cost efficiencies
    - GNFR (Goods not for resale) savings secured from European-wide supply negotiations including marketing catalogue printing and store fixture and fittings costs
    - SAP contract re-negotiated on a Group-wide basis and extended

2012/13 second half milestones

- 18% of sales to be direct sourced, 7% of sales to be common* own brands
- Double direct sourcing in our developing markets (Poland, Russia, Turkey & China)
- Launch ‘Site’ workwear brand in Screwfix (replacing previous brands) and trial in Brico Dépôt
- Launch a new opening price point hand power tool range in Screwfix and Brico Dépôt under the brand name ‘Energer’

** common means same product or same supplier where common product is not possible due to market / legal reasons e.g. electrical extension cable which is the same supplier but with different electrical sockets*

EXPAND

5. **Growing our presence in existing markets**
6. **Expanding in new and developing markets**

2012/13 half year progress

- Opened 35 new stores (UK 28*, France 2, Russia 1, Turkey 1 & Spain 3)
- Revamped and extended four Castorama France stores, 70% of stores now in modern format
- Successfully converted and integrated 28 Focus DIY stores, contributing 3% to B&Q total sales growth, pay back slightly ahead of expectations
- Secured site for a new small store model in China. Around a third of the size of a current B&Q China store, the trial store will target the Do-it-For-Me apartment design market

2012/13 second half milestones

- Open 37 new stores (UK 32*, Poland 5)
- Revamp and extend one Castorama France store
- Trial a 4,000m^2 standalone B&Q Design Centre store in China
  - Based on the productive existing Design Centre area of the much larger (c10,000m^2) 'Big Box' stores
  - Incorporating higher levels of service in store, better displays, more exclusive Group own brand product, improved web offer and stock held centrally for home delivery
  - An additional P&L cost of around £3 million will be invested in H2 in this trial

**principally Screwfix outlets*

ONE TEAM

7. **Developing leaders and connecting people**
8. **Sustainability: becoming 'Net Positive'**

2012/13 half year progress

- Launched the Kingfisher Academy
- Top 250 managers attended change management and finance training (including a deeper understanding of Kingfisher Economic Profit)
- Announced our new sustainability plan, becoming 'Net Positive'.
  - Establishes our aim to give back more than we take: to seek to make a positive contribution to the world's future by having a net positive impact as a business.
  - Four key priority areas established: timber, energy, innovation and communities
  - Launched microsite at www.kingfisher.com/netpositive
  - Targets set and agreed with all operating companies

2012/13 second half milestones

- Extend the Kingfisher Academy modules
- Formally launch 'Net Positive' and associated scorecard

Section 2
TRADING REVIEW BY MAJOR GEOGRAPHY

FRANCE

Sales £m	2012/13	2011/12	% Reported Change	% Constant Change	% LFL Change
France	2,206	2,341	(5.8)%	1.1%	(0.6)%

Retail profit £m	2012/13	2011/12	% Reported Change	% Constant Change
France	191	201	(4.9)%	2.0%

France includes Castorama and Brico Dépôt
2012/13: £1 = 1.23 euro (2011/12: 1.14 euro)
All trading commentary below is in constant currencies

Kingfisher France

According to Banque de France data, which excludes the heavier trade market, sales for the home improvement market[(1)] were up 1.0%. The market was impacted by the unusually wet weather in Northern France with the worst weather-affected month of April seeing the market declining by 9%. In H1, Kingfisher France sales grew 1.1% to £2.2 billion (-0.6% LFL, +0.4% on a comparable store basis[(1)]). In the North of France, LFL sales were down 1.2% with footfall down around 2%. In the South of France, LFL sales and footfall were flat. Across the two businesses, one net new store was opened and five were revamped, adding around 1% new space.

Retail profit grew by 2.0%, slightly ahead of sales growth, with gross margin percentage up 10 basis points reflecting on-going sourcing initiatives offsetting some investment in pricing. Costs were also tightly controlled with £3 million of unplanned increased social charges on profit sharing schemes being absorbed in H1, with around a further £4 million expected to arise in H2.

Castorama total sales grew by 2.2% to £1.2 billion (-0.3% LFL, +1.4% on a comparable store basis[(1)]). Castorama continued to gain market share benefiting from its innovative 'Do-it-Smart' approach aimed at making home improvement projects easier for customers.

Sales of outdoor seasonal products were down around 2% impacted by the adverse weather. Sales of indoor and building products were up around 1% with sales of new kitchen and tiling ranges performing particularly well.

Brico Dépôt, which more specifically targets trade professionals and heavy DIYers, was impacted by the slower house building market, with new housing start and planning consent data[(2)] down around 3% for the last three months. Total sales were broadly flat at £1.0 billion (-0.9% LFL). New ranges introduced last year (e.g. heating and joinery ranges) performed particularly well (+20% LFL).

[(1)] *Banque de France data is based on comparable store data, which includes relocated and extended stores*
[(2)] *Service de l'observation et des statistiques July 2012*

UK & IRELAND

Sales £m	2012/13	2011/12	% Reported Change	% Constant Change	% LFL Change
UK & Ireland	2,264	2,306	(1.8)%	(1.7)%	(5.5)%

Retail profit £m	2012/13	2011/12	% Reported Change	% Constant Change
UK & Ireland	145	182	(20.2)%	(20.2)%

UK & Ireland includes B&Q in the UK & Ireland and Screwfix
2012/13: £1 = 1.23 euro (2011/12: 1.14 euro)
All trading commentary below is in constant currencies

Kingfisher UK & Ireland
According to GfK, the market for the UK's leading home improvement retailers[(1)] was down around 6% across the first half, including seasonal ranges down 14%. The smaller tradesman market declined by 1%[(2)].

Kingfisher UK & Ireland total sales were down 1.7% to £2.3 billion (-5.5% LFL) in a continuing challenging consumer environment which was further impacted by record adverse weather. Retail profit declined by 20.2% to £145 million principally reflecting weak seasonal sales, additional markdowns to clear seasonal stocks and accelerated range change.

B&Q UK & Ireland's total sales were down 3.0% (-6.0% LFL) to £2.0 billion. Sales of outdoor seasonal products were down around 11% with average footfall down 20% in the severely weather-affected weeks. Sales of building products were also impacted by the adverse weather. Sales of indoor decorative products were up as customers switched some of their home improvement activities indoors.

Retail profit declined by 24.1% to £125 million. Gross margins were down 40 basis points, despite on-going sourcing benefits, reflecting the markdowns needed to successfully clear seasonal stocks and the decision to accelerate clearance ahead of the national rollout of new, common own brand ranges of tiling and décor products into Q2. A strong focus on operating cost efficiencies continued and in addition a one-off construction related claim for around £5 million was settled and received.

Screwfix grew total sales by 8.9% to £273 million, despite the challenging smaller tradesman market[(2)], benefiting from the continued rollout of new outlets, the success of 'click, pay & collect' and the more recent introduction of a mobile 'click, pay & collect' offer. Twenty-five new outlets were opened during H1, taking the total to 240. Around a further 30 new outlets are planned for H2.

Retail profit was up 19.1% to £20 million, reflecting the strong sales growth, gross margins benefiting from more direct sourcing, distribution efficiencies and continued tight cost control.

UK reporting
B&Q and Screwfix are increasingly operating together, sharing a distribution network, jointly developing several major initiatives together including multi-channel and Eco and adopting a complementary strategy for UK growth. As a result, from next year (2013/14)

reporting in the UK will mirror our current practice in France and provide one overall profit figure along with a commentary on the sales performance of each major business.

(1)This GfK data includes new space added but excludes certain retailers e.g. IKEA,Topps Tiles and other smaller independents
(2) Based on the Builders' Merchants Federation lightside data April-June 2012

OTHER INTERNATIONAL

Sales £m	2012/13	2011/12	% Reported Change	% Constant Change	% LFL Change
Other International	1,008	1,015	(0.8)%	7.4%	(1.0)%

Retail profit £m	2012/13	2011/12	% Reported Change	% Constant Change
Other International	67	90	(25.3)%	(15.1)%

Other International includes Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Joint Venture (Koçtaş JV) and Associate (Hornbach) sales are not consolidated
2012/13: £1 = 1.23 euro (2011/12: 1.14 euro); 2012/13: £1 = 5.16 Polish zloty (2011/12: £1 = 4.54 Polish zloty)
2012/13: £1 = 9.99 Chinese renminbi (2011/12: £1 = 10.56 Chinese renminbi)
All trading commentary below is in constant currencies

Other International total sales increased by 7.4% to £1.0 billion (-1.0% LFL) driven by new store openings. However, the uncertain European economic backdrop and adverse weather impacted LFL sales and profitability in each of our territories with the exception of Russia. Retail profit declined by 15.1% to £67 million.

Five new stores opened during H1, three in Spain, one in Russia and one in Turkey, adding around 2% new space. There are five new stores planned for H2 all in Poland.

In **Eastern Europe** sales in **Poland** were up 2.3% (-4.1% LFL) to £513 million. Gross margins were held flat benefiting from sourcing initiatives offset by some investment in pricing in an on-going weak market. Tight cost control partially offset cost inflation resulting in a 12.6% decline in retail profit to £54 million. In **Russia,** where the economic backdrop remains relatively strong, sales were up 48.3% to £198 million (+19.3% LFL) benefiting from new store openings. Retail profit was £2 million, compared to a loss of £1 million in H1 last year. In **Turkey,** Kingfisher's 50% JV, Koçtaş, grew sales by 6.8% (-4.2% LFL) to £162 million reflecting a new store opening offset by weather impacted seasonal sales (e.g. cooling ranges) and a slower economic environment. Retail profit contribution was £5 million, 30.2% down year on year.

Elsewhere, Brico Dépôt **Spain** grew sales by 2.1% (-4.8% LFL) to £129 million driven by new store openings. Retail profit was £3 million, half the level of last year, reflecting a difficult market and £1 million of pre-opening costs after the resumption of new store openings. **Hornbach**, in which Kingfisher has a 21% economic interest, contributed £9 million to retail profit, down 22.9% on last year, largely reflecting a £5 million loss in Q1.

B&Q **China** sales declined by 5.5% (-4.7% LFL) to £168 million reflecting one less store compared with last year and a more challenging housing market than anticipated (down 7%*). Losses of £6 million were flat year on year.

**New property transaction sales for 17 cities in which B&Q operates July 2011-June 2012 according to the China Real Estate Exchange Centre*

Section 3
COUNTRY DATA

As at 28 July 2012

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	103	1,075	12,211
Brico Dépôt	103	571	6,577
Total France	**206**	**1,646**	**18,788**
B&Q UK & Ireland	360	2,587	23,122
Screwfix	240	18	3,533
Total UK & Ireland	**600**	**2,605**	**26,655**
Poland	67	493	10,912
China	39	325	4,482
Spain	20	116	1,108
Russia	19	170	2,681
Turkey JV	37	194	3,316
Total Other International	**182**	**1,298**	**22,499**
Total	**988**	**5,549**	**67,942**

Section 4
SECOND QUARTER BY MAJOR GEOGRAPHY – 13 weeks ended 28 July 2012

	Sales	% Total	% Total	% LFL	Retail Profit	% Total	% Total
	2012/13 £m	Change (Reported)	Change (Constant currency)	Change (Constant currency)	2012/13 £m	Change (Reported)	Change (Constant currency)
France	1,117	(9.3)%	0.1%	(1.7)%	113	(8.1)%	0.6%
UK & Ireland	1,159	3.7%	3.9%	(0.3)%	70	(28.8)%	(28.8)%
Other International	570	(2.1)%	8.6%	(0.2)%	60	(20.9)%	(11.4)%
Total Group	**2,846**	**(2.9)%**	**3.2%**	**(0.8)%**	**243**	**(18.2)%**	**(12.7)%**

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.

Section 5
FINANCIAL REVIEW

A summary of the reported financial results for the six months ended 28 July 2012 is set out below:

	2012/13 £m	2011/12 £m	(Decrease) /Increase
Sales	**5,478**	5,662	(3.3)%
Adjusted pre-tax profit	**371**	439	(15.5)%
Profit before taxation after exceptional items	**364**	438	(16.9)%
Adjusted basic earnings per share	**11.5p**	13.5p	(14.8)%
Dividends	**3.09p**	2.47p	25.1%

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

	2012/13 £m	2011/12 £m	Decrease
Profit before taxation	**364**	438	(16.9)%
Exceptional items	**6**	-	-
Profit before exceptional items and taxation	**370**	438	(15.5)%
Financing fair value remeasurements	**1**	1	-
Adjusted pre-tax profit	**371**	439	(15.5)%

Profit after tax and EPS including all exceptional items for the six months ended 28 July 2012 are set out below:

	2012/13	2011/12	Decrease
Profit after tax	**£259m**	£320m	(19.1)%
Basic EPS	**11.1p**	13.7p	(19.0)%

Overview
Total **sales** grew by 1.0% on a constant currency basis and declined by 3.3% to £5.5 billion (2011/12: £5.7 billion) on a reported rate basis. On a like-for-like basis, Group sales were down 2.8% (2011/12: +1.6%). During the period, a net additional 32 new stores were opened, including 25 Screwfix trade counters, taking the store network to 951 stores (excluding 37 Turkey JV stores).

Retail profit before exceptional items declined by 10.0% on a constant currency basis and by 14.7% to £403 million (2011/12: £473 million) on a reported rate basis. Including exceptional items, retail profit declined by 16.1% to £397 million (2011/12: £473 million).

The net **interest** charge for the six months was £4 million, down £1 million on the prior period. A breakdown of this is shown below.

Profit before tax declined by 16.9% to £364 million as a result of adverse weather patterns, challenging trading conditions and the currency translation impacts of a weaker euro and Polish zloty. After removing the impact of exceptional items and fair value remeasurements, **adjusted pre-tax profit** declined by 15.5% to £371 million.

Profit after tax for the period was £259 million (2011/12: £320 million). This resulted in the Group recording a **basic EPS** of 11.1p in the period (2011/12: 13.7p).

Net **interest** charge has fallen by £1 million in the period. The breakdown is as follows:

	2012/13 £m	2011/12 £m
Underlying net interest	**(3)**	(4)
Financing fair value remeasurements	**(1)**	(1)
Statutory net interest	**(4)**	(5)

Underlying net interest has fallen by £1 million driven by a fall in interest on net debt, reflecting higher average levels of net cash, offset by an increase in the net pensions interest cost, principally due to a reduction in the asset return assumption.

Taxation

The effective rate of tax, calculated on profit before exceptional items and prior year tax adjustments is 28% (2011/12: 28%).

Effective tax rate calculation	**Profit £m**	**Tax £m**	**2012/13 %**	2011/12 %
Profit before tax and tax thereon	364	105	29	27
Add exceptional loss and tax thereon	6	1		
Less prior year items	-	(2)		
Total - adjusted	370	104	28	28

The overall rate of tax includes the impact of exceptional items and prior year tax adjustments. The impact of such items in the period was to raise the overall tax rate to 29%. In the prior year such items lowered the overall tax rate to 27%.

The Group's effective tax rate reflects the rates of tax and the proportion of profits generated in the various jurisdictions in which the Group operates. The statutory rates for the Group's main operating companies during 2012/13 are:

- UK 24%
- France 36.1%
- Poland 19%

Because of the large differences between these rates some fluctuation in the Group's effective tax rate is possible in the future. Whilst we will 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 multi-nationals may increase over time.

Exceptional items
In the period the Group booked a net post-tax exceptional charge of £5 million (2011/12: £nil). The largest element is a £22 million reorganisation charge in the UK which is expected to pay back within 18 months from Q4 this year. The reorganisation includes streamlining:

- B&Q's store support office, repositioning it as a more agile, customer-focused operation. This reorganisation is the final phase of the successful 'Martini' initiative that simplified processes, reduced costs and improved customer service in stores and supply chain in recent years
- B&Q's kitchen, bathroom and bedroom business following the introduction of EDLP on these ranges. (EDLP - Every Day Low Pricing offers customers a consistently low price all year round. This results in a more even distribution of sales throughout the year and eliminates the need to resource the business for short term peaks)
- Kingfisher's IT services as the Group increasingly moves towards a common set of systems, including a number of services being consolidated with a third party

Netted against this charge are several exceptional credits comprising:

- A net pensions accounting credit of £11 million (2011/12: £nil), see the pensions section below for details
- A £1 million profit on disposal of properties (2011/12: £nil)
- A £4 million release (2011/12: £2 million) of an onerous property contract provision for idle stores either sublet or exited in the period
- Net tax credit on exceptional items of £1 million (2011/12: £nil)

Earnings per share
Basic earnings per share in the period is 11.1p (2011/12: 13.7p). On a more comparable basis, removing the impact of exceptional items and financing fair value remeasurements, adjusted basic earnings per share is 11.5p (2011/12: 13.5p).

	2012/13	2011/12
Basic earnings per share	**11.1p**	13.7p
Exceptional items and financing fair value remeasurements	**0.3p**	0.1p
Tax on exceptional and prior year items	**0.1p**	(0.3)p
Adjusted earnings per share	**11.5p**	13.5p

Dividends
The **interim dividend** has been calculated, as in the prior year, automatically as 35% of the prior year's total dividend. Any increase in the full year dividend is considered annually in March. As announced at the year end, the interim dividend is proposed at 3.09p per share (2011/12: 2.47p per share). The ex-dividend date will be 10 October 2012 and the dividend will be paid on 16 November 2012 to those shareholders who are on the Register of Members at the close of business on 12 October 2012. 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 26 October 2012.

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

	2012/13 £m	2011/12 £m
Operating profit (before exceptional items)	**374**	443
Other non-cash items [(1)]	**141**	134
Change in working capital	**55**	(170)
Pensions and provisions (before exceptional items)	**(24)**	(26)
Operating cash flow	**546**	381
Net interest paid	**(4)**	(5)
Tax paid	**(74)**	(68)
Gross capital expenditure (before strategic investments)	**(172)**	(175)
Disposal of assets	**6**	-
Free cash flow	**302**	133
Dividends paid	**(148)**	(121)
Share purchase for employee incentive schemes	**-**	(117)
Strategic capex investments [(2)]		
- Focus	**-**	(24)
- UK	**-**	(64)
Other [(3)]	**4**	(4)
Cash flow movement in net cash/(debt)	**158**	(197)
Opening net (debt)/cash	**(88)**	14
Other movement including foreign exchange	**(41)**	(3)
Closing net cash/(debt)	**29**	(186)

[(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)] Investments of a one-off nature, such as bolt on acquisitions and buy outs of freeholds in existing leased stores.
[(3)] Includes dividends received from JVs and associates, issue of shares, business acquisitions and exceptional items (excluding property disposals).

Free cash flow of £302 million was generated in the period (2011/12: £133 million) benefiting from the timing of stock purchases and month end payroll runs of around £150 million. This is expected to reverse in H2. In the prior period we invested additional funds outside of our normal ‘free cash flow’ with £88 million allocated to strategic capex investments and £117 million on acquiring our own shares. The strategic capex spend included £64 million in the UK where we had actively decided to purchase freeholds already occupied and £24 million on the acquisition of 29 Focus stores.

Financial net cash at the end of the period was £29 million (28 January 2012: £88 million net debt; 30 July 2011: £186 million net debt). The Group maintains a strong investment grade credit rating and has been upgraded during the period by two of the three rating agencies to BBB. The third agency remains at BBB- positive outlook. The Group has a £200 million committed facility that expires in 2016 and was undrawn at 28 July 2012. The next significant debt maturity is in November 2012 when the Group will repay bonds with a nominal value of €200 million.

The maturity profile of Kingfisher’s debt is illustrated in the ‘debt investors’ area under ‘Financial information’ in the ‘Investors & Media’ section of the Kingfisher website: www.kingfisher.com/index.asp?pageid=76

Pensions

The IAS 19 **net pension position** at 28 July 2012 was a deficit of £44 million, compared with £15 million at 28 January 2012. The decline in the position since 28 January 2012 is principally due to actuarial losses of £66 million offset by a £27 million curtailment gain.

During the period, and following consultation with the active members, the UK final salary pension scheme was closed to future benefit accrual with effect from 30 June 2012. The scheme had been closed to new entrants in 2004. A net exceptional pensions accounting credit of £11 million has been recognised. This includes a £27 million non-cash curtailment gain, representing the one-off reduction in accounting liabilities as benefits are no longer linked to future salary increases other than in line with inflation. It is offset by a £16 million charge for transitional payments to the active members. From July 2012 an enhanced defined contribution scheme has been offered to all UK employees and it is expected that the reduction in cash contributions to the final salary scheme will largely be offset by higher contributions to the defined contribution scheme.

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 unchanged from those set in the 2011/12 Annual Report and Accounts, are summarised below:

- Failure to drive demand and deliver value through the easier initiatives
- Failure to invest in the systems and supply chain platforms necessary to maintain either competitive parity or advantage, amongst online or multi-national competitors
- Failure to 'unlock' the potential to generate further shareholder value through the optimisation of combined purchasing and commercial synergies, while retaining accountability at the Operating Companies
- Increased exposure to reputational damage resulting from significant product or service failures, due to poor quality of design, manufacture or installation, as the Group continues to invest in own brand and sourcing
- Uncertainty surrounding the resilience of the global economy and the future of the Eurozone continues to impact both consumer confidence and the long-term sustainability and capabilities of the Group's supplier base
- As retailing is changing due to the growth of online and multi-channel retailers, a failure to adapt the Group's business model and take advantage of the opportunities created by changes in technology, could result in being unable to maintain and grow market position
- Not making the necessary investment in our people to ensure that the Group has the appropriate calibre of staff, skills and experience
- The impact on Kingfisher's reputation and brand arising from a major environmental or ethical failure, a significant corporate fraud or material non-compliance with legislative or regulatory requirements resulting in punitive or custodial sentences

Further details of the Group risks and risk management process can be found on pages 18 to 20 of the 2011/12 Annual Report and Accounts.

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 the company's programme known as 'Creating the Leader' and its associated eight steps.

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 and reliance should not be placed on any forward-looking statement. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this press release should be construed as a profit forecast.

KINGFISHER PLC

2012/13 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

		Half year ended 28 July 2012			Half year ended 30 July 2011		
£ millions	Notes	Before exceptional items	Exceptional items (note 5)	Total	Before exceptional items	Exceptional items (note 5)	Total
Sales	4	**5,478**	**-**	**5,478**	5,662	-	5,662
Cost of sales		**(3,453)**	**-**	**(3,453)**	(3,559)	-	(3,559)
Gross profit		**2,025**	**-**	**2,025**	2,103	-	2,103
Selling and distribution expenses		**(1,406)**	**4**	**(1,402)**	(1,407)	-	(1,407)
Administrative expenses		**(271)**	**(11)**	**(282)**	(282)	-	(282)
Other income		**19**	**1**	**20**	16	-	16
Share of post-tax results of joint ventures and associates		**7**	**-**	**7**	13	-	13
Operating profit		**374**	**(6)**	**368**	443	-	443
Analysed as:							
Retail profit	4	**403**	**(6)**	**397**	473	-	473
Central costs		**(22)**	**-**	**(22)**	(21)	-	(21)
Share of interest and tax of joint ventures and associates		**(7)**	**-**	**(7)**	(9)	-	(9)
Finance costs		**(11)**	**-**	**(11)**	(12)	-	(12)
Finance income		**7**	**-**	**7**	7	-	7
Net finance costs	6	**(4)**	**-**	**(4)**	(5)	-	(5)
Profit before taxation		**370**	**(6)**	**364**	438	-	438
Income tax expense	7	**(106)**	**1**	**(105)**	(118)	-	(118)
Profit for the period		**264**	**(5)**	**259**	320	-	320
Attributable to:							
Equity shareholders of the Company				**259**			321
Non-controlling interests				**-**			(1)
				259			320
Earnings per share	8						
Basic				**11.1p**			13.7p
Diluted				**10.9p**			13.5p
Adjusted basic				**11.5p**			13.5p
Adjusted diluted				**11.2p**			13.2p

The proposed interim dividend for the period ended 28 July 2012 is 3.09p per share.

KINGFISHER PLC

2012/13 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Year ended 28 January 2012 Before exceptional items	Exceptional items (note 5)	Total
Sales	4	10,831	-	10,831
Cost of sales		(6,748)	-	(6,748)
Gross profit		4,083	-	4,083
Selling and distribution expenses		(2,769)	(9)	(2,778)
Administrative expenses		(560)	-	(560)
Other income		33	(3)	30
Share of post-tax results of joint ventures and associates		32	-	32
Operating profit		819	(12)	807
Analysed as:				
Retail profit	4	882	(12)	870
Central costs		(43)	-	(43)
Share of interest and tax of joint ventures and associates		(20)	-	(20)
Finance costs		(31)	-	(31)
Finance income		21	-	21
Net finance costs	6	(10)	-	(10)
Profit before taxation		809	(12)	797
Income tax expense	7	(165)	7	(158)
Profit for the year		644	(5)	639
Attributable to:				
Equity shareholders of the Company				640
Non-controlling interests				(1)
				639
Earnings per share	8			
Basic				27.5p
Diluted				26.9p
Adjusted basic				25.1p
Adjusted diluted				24.6p

KINGFISHER PLC

2012/13 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Profit for the period	**259**	320	639
Actuarial (losses)/gains on post employment benefits	**(66)**	(19)	20
Currency translation differences			
Group	**(144)**	16	(128)
Joint ventures and associates	**(12)**	3	(10)
Cash flow hedges			
Fair value gains/(losses)	**10**	(13)	10
(Gains)/losses transferred to inventories	**(8)**	12	8
Tax on other comprehensive income	**21**	5	(9)
Other comprehensive income for the period	**(199)**	4	(109)
Total comprehensive income for the period	**60**	324	530
Attributable to:			
Equity shareholders of the Company	**61**	325	530
Non-controlling interests	**(1)**	(1)	-
	60	324	530

KINGFISHER PLC

2012/13 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	Non-controlling interests	Total equity
At 29 January 2012	**372**	**2,199**	**(134)**	**2,869**	**413**	**5,719**	**8**	**5,727**
Profit for the period	**-**	**-**	**-**	**259**	**-**	**259**	**-**	**259**
Actuarial losses on post employment benefits	**-**	**-**	**-**	**(66)**	**-**	**(66)**	**-**	**(66)**
Currency translation differences								
Group	**-**	**-**	**-**	**-**	**(143)**	**(143)**	**(1)**	**(144)**
Joint ventures and associates	**-**	**-**	**-**	**-**	**(12)**	**(12)**	**-**	**(12)**
Cash flow hedges								
Fair value gains	**-**	**-**	**-**	**-**	**10**	**10**	**-**	**10**
Gains transferred to inventories	**-**	**-**	**-**	**-**	**(8)**	**(8)**	**-**	**(8)**
Tax on other comprehensive income	**-**	**-**	**-**	**19**	**2**	**21**	**-**	**21**
Other comprehensive income for the period	**-**	**-**	**-**	**(47)**	**(151)**	**(198)**	**(1)**	**(199)**
Total comprehensive income for the period	**-**	**-**	**-**	**212**	**(151)**	**61**	**(1)**	**60**
Share-based compensation	**-**	**-**	**-**	**11**	**-**	**11**	**-**	**11**
New shares issued under share schemes	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**1**
Own shares issued under share schemes	**-**	**-**	**61**	**(57)**	**-**	**4**	**-**	**4**
Dividends	**-**	**-**	**-**	**(148)**	**-**	**(148)**	**-**	**(148)**
At 28 July 2012	**372**	**2,200**	**(73)**	**2,887**	**262**	**5,648**	**7**	**5,655**
At 30 January 2011	371	2,194	(42)	2,390	539	5,452	8	5,460
Profit for the period	-	-	-	321	-	321	(1)	320
Actuarial losses on post employment benefits	-	-	-	(19)	-	(19)	-	(19)
Currency translation differences								
Group	-	-	-	-	16	16	-	16
Joint ventures and associates	-	-	-	-	3	3	-	3
Cash flow hedges								
Fair value losses	-	-	-	-	(13)	(13)	-	(13)
Losses transferred to inventories	-	-	-	-	12	12	-	12
Tax on other comprehensive income	-	-	-	6	(1)	5	-	5
Other comprehensive income for the period	-	-	-	(13)	17	4	-	4
Total comprehensive income for the period	-	-	-	308	17	325	(1)	324
Share-based compensation	-	-	-	17	-	17	-	17
New shares issued under share schemes	1	-	-	-	-	1	-	1
Own shares issued under share schemes	-	-	21	(20)	-	1	-	1
Own shares purchased	-	-	(117)	-	-	(117)	-	(117)
Dividends	-	-	-	(121)	-	(121)	-	(121)
Purchase of non-controlling interests	-	-	-	(7)	-	(7)	-	(7)
At 30 July 2011	372	2,194	(138)	2,567	556	5,551	7	5,558

KINGFISHER PLC

2012/13 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	Non-controlling interests	Total equity
At 30 January 2011	371	2,194	(42)	2,390	539	5,452	8	5,460
Profit for the year	-	-	-	640	-	640	(1)	639
Actuarial gains on post employment benefits	-	-	-	20	-	20	-	20
Currency translation differences								
Group	-	-	-	-	(129)	(129)	1	(128)
Joint ventures and associates	-	-	-	-	(10)	(10)	-	(10)
Cash flow hedges								
Fair value gains	-	-	-	-	10	10	-	10
Losses transferred to inventories	-	-	-	-	8	8	-	8
Tax on other comprehensive income	-	-	-	(4)	(5)	(9)	-	(9)
Other comprehensive income for the year	-	-	-	16	(126)	(110)	1	(109)
Total comprehensive income for the year	-	-	-	656	(126)	530	-	530
Share-based compensation	-	-	-	32	-	32	-	32
New shares issued under share schemes	1	5	-	-	-	6	-	6
Own shares issued under share schemes	-	-	25	(23)	-	2	-	2
Own shares purchased	-	-	(117)	-	-	(117)	-	(117)
Dividends	-	-	-	(178)	-	(178)	-	(178)
Purchase of non-controlling interests	-	-	-	(8)	-	(8)	-	(8)
At 28 January 2012	372	2,199	(134)	2,869	413	5,719	8	5,727

KINGFISHER PLC

2012/13 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

£ millions	Notes	At 28 July 2012	At 30 July 2011	At 28 January 2012
Non-current assets				
Goodwill		**2,396**	2,398	2,397
Other intangible assets		**148**	98	123
Property, plant and equipment		**3,573**	3,754	3,667
Investment property		**52**	40	55
Investments in joint ventures and associates		**256**	266	271
Post employment benefits	11	**-**	-	25
Deferred tax assets		**20**	24	23
Derivatives		**57**	56	66
Other receivables		**18**	19	17
		6,520	6,655	6,644
Current assets				
Inventories		**1,932**	1,956	1,844
Trade and other receivables		**567**	574	531
Derivatives		**33**	11	26
Current tax assets		**2**	38	1
Cash and cash equivalents		**613**	594	587
		3,147	3,173	2,989
Total assets		**9,667**	9,828	9,633
Current liabilities				
Trade and other payables		**(2,558)**	(2,558)	(2,356)
Borrowings		**(315)**	(253)	(367)
Derivatives		**(5)**	(19)	(6)
Current tax liabilities		**(314)**	(386)	(305)
Provisions		**(45)**	(26)	(16)
		(3,237)	(3,242)	(3,050)
Non-current liabilities				
Other payables		**(107)**	(79)	(121)
Borrowings		**(334)**	(563)	(375)
Derivatives		**(2)**	(14)	(8)
Deferred tax liabilities		**(252)**	(262)	(269)
Provisions		**(36)**	(42)	(43)
Post employment benefits	11	**(44)**	(68)	(40)
		(775)	(1,028)	(856)
Total liabilities		**(4,012)**	(4,270)	(3,906)
Net assets		**5,655**	5,558	5,727
Equity				
Share capital		**372**	372	372
Share premium		**2,200**	2,194	2,199
Own shares held		**(73)**	(138)	(134)
Retained earnings		**2,887**	2,567	2,869
Other reserves	12	**262**	556	413
Total attributable to equity shareholders of the Company		**5,648**	5,551	5,719
Non-controlling interests		**7**	7	8
Total equity		**5,655**	5,558	5,727

The interim financial report was approved by the Board of Directors on 11 September 2012 and signed on its behalf by:

Ian Cheshire, Group Chief Executive

Kevin O'Byrne, Group Finance Director

KINGFISHER PLC

2012/13 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

£ millions	Notes	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Operating activities				
Cash generated by operations	13	**535**	375	827
Income tax paid		**(74)**	(68)	(148)
Net cash flows from operating activities		**461**	307	679
Investing activities				
Purchase of businesses		**-**	(2)	(2)
Purchase of property, plant and equipment, investment property and intangible assets		**(172)**	(263)	(450)
Disposal of property, plant and equipment, investment property and intangible assets		**6**	-	9
Interest received		**7**	6	19
Dividends received from joint ventures and associates		**10**	9	10
Net cash flows from investing activities		**(149)**	(250)	(414)
Financing activities				
Interest paid		**(9)**	(9)	(22)
Interest element of finance lease rental payments		**(2)**	(2)	(5)
Repayment of bank loans		**(5)**	(8)	(10)
Repayment of Medium Term Notes and other fixed term debt		**-**	(10)	(30)
Payment on financing derivatives		**-**	(3)	(5)
Capital element of finance lease rental payments		**(6)**	(6)	(16)
New shares issued under share schemes		**1**	1	6
Own shares issued under share schemes		**4**	1	2
Own shares purchased		**-**	(117)	(117)
Purchase of non-controlling interests		**-**	(7)	(8)
Dividends paid to equity shareholders of the Company		**(148)**	(121)	(178)
Net cash flows from financing activities		**(165)**	(281)	(383)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**147**	(224)	(118)
Cash and cash equivalents and bank overdrafts at beginning of period		**485**	636	636
Exchange differences		**(51)**	22	(33)
Cash and cash equivalents and bank overdrafts at end of period	14	**581**	434	485

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 28 January 2012 were approved by the Board of Directors on 21 March 2012 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 11 September 2012.

2. Basis of preparation

The interim financial report for the 26 weeks ended 28 July 2012 ('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 28 January 2012, 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, '2011/12' 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 28 July 2012.

Principal rates of exchange against Sterling

	Half year ended 28 July 2012		Half year ended 30 July 2011		Year ended 28 January 2012	
	Average rate	Period end rate	Average rate	Period end rate	Average rate	Year end rate
Euro	**1.23**	**1.27**	1.14	1.14	1.15	1.19
US Dollar	**1.58**	**1.57**	1.62	1.65	1.60	1.57
Polish Zloty	**5.16**	**5.24**	4.54	4.57	4.80	5.04
Chinese Renminbi	**9.99**	**10.02**	10.56	10.59	10.31	9.94

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 the impact of changes in tax rates on deferred tax.

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

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 28 January 2012, 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.

There are no standards, amendments to standards or interpretations that are both mandatory for the first time for the financial year ending 2 February 2013 and expected to have a material impact on the Group's results.

4. Segmental analysis

Income statement

	Half year ended 28 July 2012				
			Other International		
£ millions	UK & Ireland	France	Poland	Other	Total
Sales	**2,264**	**2,206**	**513**	**495**	**5,478**
Retail profit	**145**	**191**	**54**	**13**	**403**
Exceptional items					**(6)**
Central costs					**(22)**
Share of interest and tax of joint ventures and associates					**(7)**
Operating profit					**368**
Net finance costs					**(4)**
Profit before taxation					**364**

	Half year ended 30 July 2011				
			Other International		
£ millions	UK & Ireland	France	Poland	Other	Total
Sales	2,306	2,341	570	445	5,662
Retail profit	182	201	70	20	473
Central costs					(21)
Share of interest and tax of joint ventures and associates					(9)
Operating profit					443
Net finance costs					(5)
Profit before taxation					438

	Year ended 28 January 2012				
			Other International		
£ millions	UK & Ireland	France	Poland	Other	Total
Sales	4,338	4,470	1,094	929	10,831
Retail profit	271	423	135	53	882
Exceptional items					(12)
Central costs					(43)
Share of interest and tax of joint ventures and associates					(20)
Operating profit					807
Net finance costs					(10)
Profit before taxation					797

Balance sheet

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					At 28 July 2012
Segment assets	**1,350**	**1,237**	**480**	**564**	**3,631**
Central liabilities					**(401)**
Goodwill					**2,396**
Net cash					**29**
Net assets					**5,655**

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					At 30 July 2011
Segment assets	1,472	1,255	472	581	3,780
Central liabilities					(434)
Goodwill					2,398
Net debt					(186)
Net assets					5,558

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					At 28 January 2012
Segment assets	1,403	1,309	505	596	3,813
Central liabilities					(395)
Goodwill					2,397
Net debt					(88)
Net assets					5,727

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.

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 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Included within selling and distribution expenses			
UK restructuring	**4**	2	2
UK stores acquisition integration	**-**	(2)	(11)
	4	-	(9)
Included within administrative expenses			
UK restructuring	**(22)**	-	-
Net pension gain	**11**	-	-
	(11)	-	-
Included within other income			
Profit/(loss) on disposal of properties	**1**	-	(3)
	1	-	(3)
Exceptional items before tax	**(6)**	-	(12)
Tax on exceptional items	**1**	-	7
Exceptional items	**(5)**	-	(5)

The UK restructuring net charge of £18m principally reflects the streamlining of B&Q UK & Ireland's store support office and kitchen, bathroom and bedroom business as well as IT services. It also includes a £4m release (2011/12: £2m) of an onerous property contract provision for idle stores either sublet or exited in the period, which had previously been included as part of the B&Q UK store closure and downsizing programme in 2005/06.

In the prior year the Group acquired 29 Focus stores in the UK and incurred £2m of costs in the first half, £11m for the full year, integrating these into the B&Q store network.

The net pension gain of £11m includes a £27m curtailment gain arising due to the closure of the UK final salary scheme to future benefit accrual. Offsetting the gain is a charge of £16m for transitional payments to scheme members.

The gain on disposal of properties is £1m (2011/12: £nil) and for the year ended 28 January 2012 was a loss of £3m.

6. Net finance costs

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Bank overdrafts and bank loans	**(3)**	(5)	(12)
Medium Term Notes and other fixed term debt	**(4)**	(5)	(10)
Finance leases	**(2)**	(2)	(5)
Financing fair value remeasurements	**(1)**	(1)	2
Unwinding of discount on provisions	**-**	-	(4)
Expected net interest charge on defined benefit pension schemes	**(2)**	-	-
Other interest payable	**-**	-	(3)
Capitalised interest	**1**	1	1
Finance costs	**(11)**	(12)	(31)
Cash and cash equivalents and current other investments	**7**	6	19
Expected net interest return on defined benefit pension schemes	**-**	1	2
Finance income	**7**	7	21
Net finance costs	**(4)**	(5)	(10)

7. Income tax expense

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
UK corporation tax			
Current tax on profits for the period	**30**	55	68
Adjustments in respect of prior years	**3**	2	(16)
	33	57	52
Overseas tax			
Current tax on profits for the period	**65**	65	142
Adjustments in respect of prior years	**(1)**	-	(31)
	64	65	111
Deferred tax			
Current period	**8**	4	12
Adjustments in respect of prior years	**3**	(3)	(12)
Adjustments in respect of changes in tax rates	**(3)**	(5)	(5)
	8	(4)	(5)
Income tax expense	**105**	118	158

The effective rate of tax on profit before exceptional items and excluding prior year tax adjustments and the impact of changes in tax rates on deferred tax is 28% (2011/12: 28%), representing the best estimate of the effective rate for the full financial year. The effective tax rate for the year ended 28 January 2012 was 28%. Tax on exceptional items for the current period is a credit of £1m (2011/12: £nil). Tax on exceptional items for the year ended 28 January 2012 was a credit of £7m, £5m of which related to prior 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 successfully against this tax liability and as a result received €169m from the French tax authorities in September 2009, representing a refund of the €138m and €31m of repayment supplement. The French tax authorities appealed this decision and the hearing took place in May 2011 with the Court of Appeal finding in Kingfisher's favour. The French tax authorities have appealed this decision to the final level of court although a date for this hearing has not yet been set. Therefore no income has yet been recognised relating to this receipt.

8. Earnings per share

Pence	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Basic earnings per share	**11.1**	13.7	27.5
Effect of dilutive share options	**(0.2)**	(0.2)	(0.6)
Diluted earnings per share	**10.9**	13.5	26.9
Basic earnings per share	**11.1**	13.7	27.5
Exceptional items	**0.3**	-	0.5
Tax on exceptional and prior year items	**0.1**	(0.3)	(2.8)
Financing fair value remeasurements	**-**	0.1	(0.1)
Adjusted basic earnings per share	**11.5**	13.5	25.1
Diluted earnings per share	**10.9**	13.5	26.9
Exceptional items	**0.2**	-	0.5
Tax on exceptional and prior year items	**0.1**	(0.3)	(2.7)
Financing fair value remeasurements	**-**	-	(0.1)
Adjusted diluted earnings per share	**11.2**	13.2	24.6

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to equity shareholders of the Company. A reconciliation of statutory earnings to adjusted earnings is set out below:

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Earnings	**259**	321	640
Exceptional items	**6**	-	12
Tax on exceptional and prior year items	**1**	(6)	(66)
Financing fair value remeasurements	**1**	1	(2)
Adjusted earnings	**267**	316	584

The weighted average number of shares in issue during the period, excluding those held in the Employee Share Ownership Plan Trust (ESOP), is 2,332m (2011/12: 2,339m). The diluted weighted average number of shares in issue during the period is 2,379m (2011/12: 2,385m). For the year ended 28 January 2012, the weighted average number of shares in issue was 2,331m and the diluted weighted average number of shares in issue was 2,375m.

9. Dividends

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Dividends to equity shareholders of the Company			
Final dividend for the year ended 28 January 2012 of 6.37p per share	**148**	-	-
Interim dividend for the year ended 28 January 2012 of 2.47p per share	**-**	-	57
Final dividend for the year ended 29 January 2011 of 5.145p per share	**-**	121	121
	148	121	178

The proposed interim dividend for the period ended 28 July 2012 is 3.09p per share.

10. Capital expenditure

Additions to the cost of property, plant and equipment, investment property and intangible assets are £176m (2011/12: £238m) and for the year ended 28 January 2012 were £443m. Disposals in net book value of property, plant and equipment, investment property and intangible assets are £5m (2011/12: £1m) and for the year ended 28 January 2012 were £20m.

Capital commitments contracted but not provided for at the end of the period are £34m (2011/12: £84m) and at 28 January 2012 were £139m.

11. Post employment benefits

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Net deficit in schemes at beginning of period	**(15)**	(58)	(58)
Current service cost	**(14)**	(14)	(29)
Interest on defined benefit obligations	**(44)**	(46)	(93)
Expected return on pension scheme assets	**42**	47	95
Curtailment gain	**27**	-	-
Actuarial (losses)/gains	**(66)**	(19)	20
Contributions paid by employer	**23**	23	49
Exchange differences	**3**	(1)	1
Net deficit in schemes at end of period	**(44)**	(68)	(15)

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 28 January 2012.

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 28 July 2012	At 30 July 2011	At 28 January 2012
Discount rate	**4.0**	5.3	4.5
Price inflation	**2.6**	3.5	3.0

The UK final salary scheme was closed to future benefit accrual with effect from 30 June 2012, resulting in a curtailment gain of £27m. From this date all UK employees have had the opportunity to join an enhanced defined contribution scheme. The reduction in future contributions to the final salary scheme is expected to be offset significantly by the increased employee participation in, and employer contributions to, the enhanced defined contribution scheme.

12. Other reserves

£ millions	Cash flow hedge reserve	Translation reserve	Other	Total
At 29 January 2012	**7**	**247**	**159**	**413**
Currency translation differences				
Group	**-**	**(143)**	**-**	**(143)**
Joint ventures and associates	**-**	**(12)**	**-**	**(12)**
Cash flow hedges				
Fair value gains	**10**	**-**	**-**	**10**
Gains transferred to inventories	**(8)**	**-**	**-**	**(8)**
Tax on other comprehensive income	**(1)**	**3**	**-**	**2**
Other comprehensive income for the period	**1**	**(152)**	**-**	**(151)**
At 28 July 2012	**8**	**95**	**159**	**262**
At 30 January 2011	(5)	385	159	539
Currency translation differences				
Group	-	16	-	16
Joint ventures and associates	-	3	-	3
Cash flow hedges				
Fair value losses	(13)	-	-	(13)
Losses transferred to inventories	12	-	-	12
Tax on other comprehensive income	-	(1)	-	(1)
Other comprehensive income for the period	(1)	18	-	17
At 30 July 2011	(6)	403	159	556
At 30 January 2011	(5)	385	159	539
Currency translation differences				
Group	-	(129)	-	(129)
Joint ventures and associates	-	(10)	-	(10)
Cash flow hedges				
Fair value gains	10	-	-	10
Losses transferred to inventories	8	-	-	8
Tax on other comprehensive income	(6)	1	-	(5)
Other comprehensive income for the year	12	(138)	-	(126)
At 28 January 2012	7	247	159	413

13. Cash generated by operations

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Operating profit	**368**	443	807
Share of post-tax results of joint ventures and associates	**(7)**	(13)	(32)
Depreciation and amortisation	**122**	115	237
Impairment losses	**-**	-	7
(Profit)/loss on disposal of property, plant and equipment, investment property and intangible assets	**(1)**	1	7
Share-based compensation charge	**11**	17	32
Increase in inventories	**(152)**	(155)	(94)
Increase in trade and other receivables	**(57)**	(63)	(28)
Increase/(decrease) in trade and other payables	**264**	50	(65)
Movement in provisions	**23**	(11)	(24)
Movement in post employment benefits	**(36)**	(9)	(20)
Cash generated by operations	**535**	375	827

14. Net cash/(debt)

£ millions	At 28 July 2012	At 30 July 2011	At 28 January 2012
Cash and cash equivalents	**613**	594	587
Bank overdrafts	**(32)**	(160)	(102)
Cash and cash equivalents and bank overdrafts	**581**	434	485
Bank loans	**(91)**	(96)	(98)
Medium Term Notes and other fixed term debt	**(464)**	(493)	(478)
Financing derivatives	**65**	36	67
Finance leases	**(62)**	(67)	(64)
Net cash/(debt)	**29**	(186)	(88)

£ millions	Half year ended 28 July 2012	Half year ended 30 July 2011	Year ended 28 January 2012
Net (debt)/cash at beginning of period	**(88)**	14	14
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**147**	(224)	(118)
Repayment of bank loans	**5**	8	10
Repayment of Medium Term Notes and other fixed term debt	**-**	10	30
Payment on financing derivatives	**-**	3	5
Capital element of finance lease rental payments	**6**	6	16
Cash flow movement in net cash/(debt)	**158**	(197)	(57)
Exchange differences and other non-cash movements	**(41)**	(3)	(45)
Net cash/(debt) at end of period	**29**	(186)	(88)

15. Contingent assets and liabilities

Kingfisher plc has an obligation to provide a bank guarantee for £50m (2011/12: £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 28 January 2012 the amount was £50m.

The Group has arranged for certain guarantees to be provided to third parties in the ordinary course of business. Of these guarantees, only £6m (2011/12: £9m) would crystallise due to possible future events not wholly within the Group's control. At 28 January 2012 the amount was £10m.

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 joint ventures, associates and pension schemes as disclosed in note 36 of the annual financial statements for the year ended 28 January 2012. 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 the year ended 28 January 2012. There have been no changes in the period.

By order of the Board

Ian Cheshire
Group Chief Executive
11 September 2012

Kevin O'Byrne
Group Finance Director
11 September 2012

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 28 July 2012 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 it 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 28 July 2012 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 Auditor
London, United Kingdom
11 September 2012