Kingfisher plc announces adjusted pre-tax profits up 35%
for the 26 weeks ended 1 August 2009

Group Financial Summary	**2009/10**	**2008/09**	**% Total Change (Reported)**	**% Total Change (Constant currency)**	**% Like-for-Like (LFL) change**
Sales	£5,502m	£5,130m	+7.3%	+1.4%	(2.1)%
Retail profit	£347m	£277m	+25.4%	+23.5%	
Adjusted pre-tax profit	£288m	£214m	+34.6%		
Adjusted post-tax profit	£201m	£146m	+37.7%		
Adjusted basic EPS	8.6p	6.3p	+36.5%		
Interim dividend	1.925p	1.925p	-		
Net debt	£740m	(£1,004m as at 31 January 2009)			

Note: Continuing operations only. Joint Venture (JV) and Associate sales are not consolidated. Retail profit is stated before central costs, interest, 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)

- Good progress with the 7 step 'Delivering Value' plan
- Group total sales up 1.4% with continued share gains in our major markets
- Group retail profit up 23.5%, driven by strong growth in the UK and Poland
- French sales and retail profit held flat in a weaker environment, supported by new margin and cost initiatives
- UK & Ireland sales up 1.2%, retail profit up 59.3%. B&Q profit up 66% benefiting from sales growth and continuing margin and cost improvements
- Other International sales up 5.2%, profits up 26.5% with continued strong growth in Poland, stabilised losses in China and resilient trading in Russia, Turkey and Spain
- China repositioning plan on track, store portfolio now rationalised from 63 to 48 and downsizing and revamps underway. Trading in line with our expectations
- Net debt reduced by 26% (at reported rates) in H1, down over 50% year on year. Free cash flow of £347m of which around £280m was used to repay outstanding bonds and loans early

Statutory reporting

	2009/10	**2008/09**	**Reported Change**
Profit before taxation	£288m	£206m	+39.8%
Post-tax profit attributable to equity shareholders	£201m	£147m	+36.7%
Basic EPS – total operations	8.5p	6.3p	+34.9%

Note: Statutory reporting is continuing operations only and after net exceptional charges (2009/10: £nil; 2008/09: £(11)m)

Ian Cheshire, Group Chief Executive, said:

"We have delivered a strong set of results against a generally tough economic backdrop in our major markets. We grew market share and our self help initiatives are working, particularly in the UK, where a stronger B&Q was able to capitalise on better weather and the renewed consumer interest in the home and DIY.

"Our more unified management approach across the Group is really starting to deliver, enabling us to strengthen the business for the longer term whilst also managing our margins, costs and cash effectively.

"Looking forward, given widespread economic uncertainty, we continue to plan for challenging times. However, we will retain flexibility in our trading plans and stay focused on our self help initiatives so that while managing the business tightly we can capitalise on better demand as it arises and progress our 'Delivering Value' plan."

Delivering Value - progress in 2009/10

Our aim is to deliver a step-change in value for Kingfisher shareholders by focusing on three key priorities – **Management, Capital and Returns**.

The senior management team, which now has collective responsibility for overall Group performance, is working effectively together, running the Group in a more unified way. They have strengthened the next level of senior management and extended the share based incentive scheme to this broader group. Share incentives have also been extended to store managers in the UK and France. Capital expenditure has been significantly reduced and reprioritised to target higher and faster payback investments. Following the sale of the lower returning Italian business and successful initiatives to reduce working capital across the Group, net debt has been halved year on year. The seven step programme to improve returns, known as 'Delivering Value' is also on track. Progress against our 2009/10 milestones is set out below:

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

Self help measures to rebuild operating margins delivering results.

2009/10 first half progress

- Stores
    - 8 lower cost large store revamps (under £1 million per store compared with the previous £2.5 million), 4 large store 'showroom only' revamps (kitchen, bathroom and bedroom areas of the store) and 5 medium store revamps completed
- Product and Service
    - Premium 'Cooke & Lewis' kitchen range extended to bathrooms
    - 'Reserve and Collect' on diy.com rolled out nationally
    - 12,000 products for next day home delivery on diy.com added utilising the Screwfix existing home fulfilment network
    - Self-service checkout now in 211 stores
    - New monthly store team bonus introduced linked to sales, store profit and maintaining of store operating standards

- Margin and Costs
    - 1 of 4 distribution centres closed, gross margin benefit of 20bps
    - 60 new, more productive double-decker distribution trailers introduced
    - Shrinkage reduced, gross margin benefit of 30 bps
    - Operating costs down 1%

2009/10 second half milestones

- Stores
    - 3 medium store revamps, 76 'showroom only' revamps (focusing on the kitchen, bathroom and bedroom areas of the store), costing under £50k per store
- Product and Service
    - Trial of extended installation services in Scottish stores (flooring, lighting and tiling)
    - Complete the roll out of self-service checkout
    - Continue the new, enhanced staff training programme (6,500 NVQs, 5,000 City & Guilds)
- Margin and Costs
    - Roll out around 60 more double-decker distribution trailers
    - Reduce overall operating costs by 1% year on year

2. Exploiting our UK Trade opportunity

Screwfix offer extended. B&Q in-store 'Trade Point' trial launched.

2009/10 first half progress

- Opened 7 new Screwfix outlets
- Launched 'Electricfix', a new specialist mail order catalogue operated by Screwfix exclusively for qualified electricians
- 4 Screwfix outlets tailored to incorporate separate 'Plumbfix' (for qualified plumbers) and 'Electricfix' points of sale
- B&Q in-store trade offer ('Trade Point') on trial in 4 stores maximising synergies with Screwfix

2009/10 second half milestones

- Extend 'Trade Point' trial to at least a further 4 stores
- Open 1 further Screwfix outlet

3. Expanding our total French business

2% new space added. Buying optimisation and cost reduction programmes delivering ahead of plan.

2009/10 first half progress

- Opened 4 net new stores, 1 relocation and 4 revamps, adding 2% new space
- Buying optimisation programme underway
- Stock shrinkage rates reduced, gross margin benefit of 10bps
- Delivered operating cost savings of €37m

2009/10 second half milestones

- Extend buying optimisation initiatives
- Achieve a further €28m operating cost savings to secure full year target of €65m

4. Rolling out in Eastern Europe

8% space added since last year end. Sales and profit growth continued.

2009/10 first half progress

- Opened 5 new stores, 2 in Poland, 2 in Turkey and 1 in Russia
- Total sales grew 13.2% (including 100% Turkey JV) to £0.7 billion*

2009/10 second half milestones

- Open a further 10 new stores, 4 in Poland, 3 in Turkey and 3 in Russia
- Full year total sales (including 100% Turkey JV) targeted to reach £1.7 billion*

** In constant currencies*

5. Turning around B&Q China

Repositioning plan on track.

2009/10 first half progress

- Store portfolio rationalised from 63 to 48, 2 stores downsized
- New store format trialled in Shanghai, a further 5 stores now in the new format
- New single room make-over and single product installation service launched
- Working capital reduction in line with target

2009/10 second half milestones

- Complete the store rationalisation programme, 48 to 42 stores
- Extend new format trial to another 7 stores before commencing roll out

As a result of the turnaround activity, and subject to our expectations of a sustainable stabilisation of the market, Kingfisher is targeting a return to a profitable business model during the second half of 2010 and for the business as a whole to return to profitability in 2011.

6. Growing Group sourcing

Group sourcing levels increasing, led by the UK and France.

2009/10 first half progress

- Number of product lines increased by 11%
- Shipped volumes increased by 28%

- B&Q and Castorama France progressing well with coordinating more direct sourced ranges for 2010, e.g. 25% of next year's outdoor leisure range will be the same where previously there was no commonality.

2009/10 second half milestones

- Continue to increase volume of direct sourced shipments
- Continue to extend the number of direct sourced product lines

7. Reducing working capital

Good progress on working capital improvements.

2009/10 first half progress

- Overall moving annual average stock days running at 8 less days year on year, eg B&Q UK & Ireland running at 9 days lower whilst product availability for customers reached record levels
- Overall moving annual average debtor days running at 2 less days year on year
- Payment terms on direct sourced product extended by 20 days

2009/10 second half milestones

- Further extend payment terms on direct sourced product
- Full year working capital target remains a reduction of £50 million (at constant currencies), despite material effects from legislative changes shortening French payment terms.

Operational Review - FRANCE

Retail sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
France	2,209	1,927	14.7%	0.1%	(3.5)%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
France	146	128	14.4%	-

France includes Castorama and Brico Dépôt.
2009/10 £1 = 1.12 euro (2008/09 £1 = 1.28 euro)

All trading commentary below is in constant currencies.

Kingfisher France

Kingfisher France continued to outperform the market, delivering flat total sales of £2.2 billion (-3.5% LFL) during H1, despite the weaker sales environment. According to Banque de France* comparable DIY store sales for the market as a whole were down 4% compared with Kingfisher's comparable stores down 3%. Across the two businesses, four net new stores were opened, one was relocated and four were revamped, adding around 2% new space.

**Banque de France data including relocated and extended stores*

Retail profit margins were maintained benefiting from broadly flat gross margins, with higher own-brand sales penetration and buying optimisation benefits offsetting increased promotional activity. Decisive management action to flex store costs and reduce central costs generated savings of £33 million, a cost to sales ratio reduction of 150 basis points, helping to support retail profit margin.

Castorama total sales grew 0.3% to £1.2 billion (-1.4% LFL, -0.6% on a comparable store basis) supported by its modernisation programme. Seasonal categories were up 2.6% LFL, benefiting from favourable weather and a new catalogue. Non-seasonal LFL sales were down around 2%. Stores trading in the new format, now representing 57% of total selling space, continue to significantly outperform.

Brico Dépôt, which more specifically targets the professional tradesman, delivered flat total sales of £1.0 billion (-6.0% LFL). Trade demand has been weakened by the slowdown in housing starts (down 22%) and big project planning consents (down 19%). A number of self help initiatives including introducing new ranges, stepping up the 'arrivages' promotions (rolling programme of one-off special buys) and securing cost savings are underway.

Operational Review – UK & Ireland

Retail sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
UK & Ireland	2,401	2,365	1.5%	1.2%	(0.3)%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
UK & Ireland	148	93	59.4%	59.3%

UK & Ireland includes B&Q in the UK & Ireland and Screwfix. Prior year figures include Trade Depot.
2009/10 £1 = 1.12 euro (2008/09 £1 = 1.28 euro)

All trading commentary below is in constant currencies.

Kingfisher UK & Ireland

Kingfisher UK & Ireland delivered total sales up 1.2% to £2.4 billion (-0.3% LFL) and retail profit up 59.3%, supported by strong sales, gross margin benefits and further cost initiatives. The total home improvement market* was relatively resilient, down only around 1%, with better weather and renewed consumer interest in the home and DIY helping offset the negative impacts of the recession and weak housing market. However, consumer appetite for bigger ticket projects remains weak, making the trade market more challenging. Kingfisher's UK businesses in aggregate outperformed the market.

** Market data from GfK for the UK leading retailers of home improvement products and services (including new space). However, this data excludes private retailers eg Ikea and smaller independents.*

B&Q UK & Ireland's total reported sales grew 2.6% (+1.4% LFL) to £2.2 billion. More favourable weather boosted sales of outdoor products, up almost 7% (2008/09 seasonal sales down 10%). Kitchen, bathroom and bedroom sales were up around 4%, helped by improved merchandising and new ranges, continued good sales growth from revamped large stores as well as recent competitor withdrawal. This was despite weak consumer appetite for bigger ticket purchases. Sales of DIY and decorative products remained relatively resilient, down around 2%, supported by increasing consumer interest in DIY and low-cost room makeovers.

Retail profit grew 66.0% to £137 million. Gross margins were up around 100 basis points, despite tough comparatives (2008/09: +150 basis points) due to lower mark down activity, better sales of higher margin products, shrinkage reduction and supply chain cost efficiencies. A strong focus on operating cost efficiencies also continued, resulting in an overall cost reduction of around 1% despite underlying cost inflation and new store space of 1% each.

Following successful trials of a lower-cost large store revamp (£1 million versus £2.5 million for a standard revamp), a further eight were completed during H1. The lower-cost revamps incorporate most of the features of a standard revamp including more clearly defined shop-within-shop sections, room-set displays and more space allocated to kitchens, bathrooms, bedrooms, tiling and flooring areas. The key savings come from recycling existing fixtures, less in-store category relocation and faster completion which minimises trading disruption. To enable an acceleration of the programme, a more limited revamp was also successfully trialled during H1 which focuses only on the main showroom categories (kitchen, bathroom and bedroom). In addition, five medium format stores were revamped. B&Q UK & Ireland now has 119 large stores (65 in the modern format) and 211 medium stores (of which 181 have been modernised). Overall net space increased 1% during H1 with a similar increase expected for the balance of year.

In a much more challenging trade market **Screwfix** limited the impact to a total sales decline of 5.8% to £236 million, supported by the continued roll out of trade counters and the new ‘Plumbfix’ and ‘Electricfix’ specialist mail order catalogues. Seven trade counters were opened during H1, taking the total to 145, with over half of total sales now generated from these physical outlets.

Retail profit was £11 million, down £3 million compared to the same period last year, reflecting a continued tight focus on cost management which helped to partially offset the impact of lower sales.

Operational Review – OTHER INTERNATIONAL

Retail sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	892	838	6.4%	5.2%	(3.5)%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
Other International	53	56	(5.8)%	26.5%

Other International includes Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Continuing operations only. JV and Associate sales are not consolidated. Prior year figures have been restated to exclude Ireland.
2009/10 £1 = 5.09 Polish zloty (2008/09 £1 = 4.38 Polish zloty)
2009/10 £1 = 9.96 Chinese renminbi (2008/09 £1 = 13.82 Chinese renminbi)
2009/10 £1 = 1.12 euro (2008/09 £1 = 1.28 euro)

All trading commentary below is in constant currencies.

Other International total sales increased 5.2% to £892 million. LFL sales were down 3.5% reflecting continued high LFL declines in China. Retail profit was, however, up 26.5% to £53 million, reflecting growth in Poland, Spain and Hornbach (21% economic interest), and lower losses in China.

During H1, six stores opened, two in Poland (one Castorama and one Brico Depot), two in Turkey and one each in Russia and Spain.

In **Eastern Europe** sales in Poland were up 11.4% to £493 million (+2.1% LFL despite a tough comparative of +11.6%) and retail profits were up 12.4% to £63 million reflecting good sales growth in decoration, supported by new paint ranges and a good response to the new garden catalogue. Gross margins benefited from sales of higher margin products and buying scale benefits. Costs grew slower than sales due to tight cost control. Russia continued to be encouraging (+3.1% LFL) in a slower market and in Turkey, Kingfisher's 50% JV, Koçtaş grew retail profits due to tight cost control, despite sales (-3.9% LFL) being affected by weakening demand.

Elsewhere, **Spain** delivered its first retail profit and **Hornbach**, in which Kingfisher has a 21% economic interest, contributed £14 million to retail profit, up 3.6%.

B&Q China sales declined 18.0% to £222 million (-17.7% LFL) with losses of £22 million, slightly lower than last year on a constant currency basis (sterling having weakened 28% versus the Chinese renminbi compared with the same period last year). Sales continued to decline in a weak housing market which has particularly impacted B&Q China's internal design and apartment fit out business. Although housing activity did pick up in most markets during H1 this has yet to translate into stronger consumer demand for home improvement.

The repositioning plan previously announced with the preliminary results in March 2009 continues on track. The store portfolio has been rationalised from 63 to 48 and two stores have been downsized. Six stores are now trading in the new format and providing good learning prior to commencing roll out. The trial will be extended to a further seven stores in H2.

Financial Review

Financial summary

Sales grew 7.3% to £5.5 billion (2008/09: £5.1 billion), up 1.4% on a constant currency basis. The increase in sales was largely driven by share gains in our major markets. During H1, one net additional store was added taking the total store network to 824, including Turkey JV. On a like-for-like basis, Group sales were down 2.1% (2008/09: (2.6)%.

Retail profit grew 25.4% to £347 million (2008/09: £277 million), up 23.5% on a constant currency basis. The effect on reported retail profit of movements in foreign exchange rates was minimal, with a favourable impact of the stronger euro largely offset by adverse impacts of the weaker Polish zloty and stronger Chinese renminbi (the latter due to losses in China). Profit growth was driven by higher sales, improved margins and operating cost efficiency improvements. Central costs were flat year on year.

Operating profit before exceptional items grew 28% to £320 million (2008/09: £250 million) driven by strong growth in the UK and Poland. Operating profit after exceptional items was also £320 million (2008/09: £239 million) as there were no exceptional items in H1 (2008/09: £11 million charge).

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

	2009/10 £m	2008/09 £m	Movement %
Profit before taxation	**288**	206	40%
Exceptional items	**-**	11	
Profit before exceptional items and taxation	**288**	217	33%
Financing fair value remeasurements	**-**	(3)	
Adjusted pre-tax profit	**288**	214	35%
Income tax expense on pre-exceptional profit	**(90)**	(69)	
Impact of prior year items on income tax	**3**	-	
Income tax on fair value remeasurements	**-**	1	
Adjusted post-tax profit	**201**	146	38%
Minority interests	**3**	1	
Adjusted post-tax profit attributable to equity shareholders	**204**	147	39%

Net finance costs decreased by £1 million to £32 million (2008/09: £33 million). Lower average net debt levels reduced net finance costs by £10 million but this was largely offset by a £9 million increase in the non cash accounting charge arising from a higher deficit on the defined benefit pension scheme.

	2009/10 £m	2008/09 £m
Cash		
Interest on net debt	**(31)**	(43)
Non Cash		
Interest (charge)/return on defined benefit pension scheme	**(2)**	7
Other	**1**	3
Statutory net interest	**(32)**	(33)

The effective tax rate on profit before exceptional items, prior year adjustments and adjustments in respect of changes in tax rates is 30% (2008/09: H1 32%, full year 31%), based on current expectations for the full 2009/10 financial year. The reduction reflects the Group's changing geographical profit mix.

French tax receipt
On 7 September, following a favourable tax ruling in France, the Group received a refund of the €138 million exceptional tax liability paid by Kingfisher in 2003/04 relating to the Kesa Electricals demerger plus a further €31 million repayment supplement. As the French tax authorities have indicated that they will appeal the ruling, the Group has not recognised the €169 million as an asset in the current period (2008/09: £nil).

Profit after tax (attributable to equity shareholders) increased to £201 million (2008/09: £147 million).

Adjusted basic earnings per share (EPS) increased to 8.6p (2008/09: 6.3p). Continuing basic EPS increased to 8.5p (2008/09: 5.9p). A reconciliation from basic to adjusted basic EPS is provided in Note 8.

Free cash flow of £347 million was generated in the half year, an improvement of £151 million year on year largely due to increased profits, a reduction in working capital and lower capital expenditure. The working capital reduction benefitted from the fact that creditors are seasonally higher at the half year than at the year end. A reconciliation of free cash flow and cash flow movement in net debt is set out below:

	2009/10	2008/09
	£m	£m
Operating profit (before exceptional items)	**320**	250
Other non cash items [1]	**127**	127
Change in working capital (before exceptional items)	**163**	125
Change in pensions and provisions (before exceptional items)	**(13)**	(15)
Operating cash flow	**597**	487
Interest paid	**(36)**	(37)
Tax paid	**(79)**	(53)
Net capital expenditure	**(135)**	(201)
Free cash flow	**347**	196
Dividends paid	**(80)**	(80)
Exceptional items excluding property disposals	**(24)**	(5)
Discontinued operations	**-**	27
Other [2]	**4**	1
Cash flow movement in net debt	**247**	139

[1] Includes depreciation and amortisation, share-based compensation charge, share of post-tax results of JVs and associates and profit/loss on retail disposals.
[2] Includes dividends received from JVs and associates and dividends paid to minority interests.

Net debt decreased to £740 million (31 January 2009: £1,004 million; 2 August 2008: £1,448 million). The decrease in net debt is largely due to a strong trading performance, a reduction in working capital and reduced capital expenditure. Net debt is reconciled in Note 14. As at 17 September 2009 the Group had undrawn committed facilities of £500 million with no significant debt maturities until 2010. During H1, the Group bought back bonds, which mature in 2010, with nominal values of €120 million and £65 million and repaid sterling loans of £75 million and £33 million of renminbi loans in China.

The maturity profile of Kingfisher's debt is illustrated at:
www.kingfisher.com/investors/debtinvestors/debtmaturity

The IAS 19 **net pension position** at 1 August 2009 was a deficit of £244 million, compared with £74 million at 31 January 2009. The net pension position is reconciled in Note 11. The deterioration of the position since 31 January 2009 is largely due to a reduction in the discount rate used in calculating the obligation of the Group from 6.5% to 6.0% as a result of market movements on bond yields and falls in the fair value of the pension scheme assets.

The **interim dividend** is proposed at 1.925p per share, unchanged on the prior year. The ex-dividend date will be 7 October 2009 and the dividend will be paid on 12 November 2009, to those shareholders who are on the Register of Members at the close of business on 9 October 2009. Shareholders are able to take this dividend as cash or in shares, through the Dividend Reinvestment Plan (DRIP). Shareholders who wish to elect for the DRIP for the forthcoming interim dividend but have not already done so must notify the Registrars, Computershare Investor Services plc, by 22 October 2009.

Risks

The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving Kingfisher's strategic objectives. The Board considers that the principal risks to achieving its objectives, which remain principally unchanged from those set in the 2008/09 Annual Report and Accounts, are set out below:

- Economic conditions
- New and emerging markets
- Health and safety
- Application of IT
- Attracting and retaining the best people
- Strategy effectiveness
- Supply chain architecture
- Execution of store revamps
- Investment opportunities
- Group synergies
- Corporate responsibility
- Regulatory

Further details of the Group risks and risk management process can be found on pages 25 to 28 of the 2008/09 Annual Report and Accounts.

Operational Review - DATA BY COUNTRY as at 1 August 2009

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	101	1,011	12,437
Brico Dépôt	100	547	6,205
Total France	**201**	**1,558**	**18,642**
B&Q UK & Ireland	330	2,464	23,675
Screwfix	145	13	2,672
Total UK & Ireland	**475**	**2,477**	**26,347**
Poland	53	402	8,900
China	48	465	8,163
Spain	16	95	853
Russia	8	72	1,714
Turkey JV	23	123	2,161
Total Other International	**148**	**1,157**	**21,791**
Total	**824**	**5,192**	**66,780**

Operational Review – SECOND QUARTER BY GEOGRAPHY – 13 weeks ended 1 August 2009

	Retail Sales 2009/10 £m	% Total Change (Reported)	% Total Change (Constant currency)	% LFL Change	Retail Profit 2009/10 £m	% Total Change (Reported)	% Total Change (Constant currency)
France	1,145	11.2%	(1.2)%	(4.0)%	93	11.2%	(1.9)%
UK & Ireland	1,210	Flat	(0.3)%	(1.2)%	85	38.1%	37.9%
Other International	506	4.9%	6.3%	(1.4)%	41	2.5%	29.0%
Total Group	**2,861**	**5.1%**	**0.4%**	**(2.4)%**	**219**	**18.2%**	**16.2%**

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

Forward-looking statements

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

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

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

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

Enquiries:

Ian Harding, Group Communications Director	020 7644 1029
Nigel Cope, Head of Communications	020 7644 1030
Sarah Gerrand, Head of Investor Relations	020 7644 1032

Company Profile:

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with over 820 stores in eight countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also has a 21% interest in, and strategic alliance with Hornbach, Germany's leading large format DIY retailer.

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.

KINGFISHER PLC

2009/10 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Half year ended 1 August 2009 Before exceptional items	Exceptional items (note 5)	Total	Half year ended 2 August 2008 Before exceptional items	Exceptional items (note 5)	Total
Revenue	4	**5,502**	**-**	**5,502**	5,130	-	5,130
Cost of sales		**(3,556)**	**-**	**(3,556)**	(3,328)	(4)	(3,332)
Gross profit		**1,946**	**-**	**1,946**	1,802	(4)	1,798
Selling and distribution expenses		**(1,386)**	**-**	**(1,386)**	(1,323)	(7)	(1,330)
Administrative expenses		**(269)**	**-**	**(269)**	(252)	-	(252)
Other income		**16**	**-**	**16**	13	-	13
Share of post-tax results of joint ventures and associates		**13**	**-**	**13**	10	-	10
Operating profit		**320**	**-**	**320**	250	(11)	239
Analysed as:							
Retail profit	4	**347**	**-**	**347**	277	(11)	266
Central costs		**(20)**	**-**	**(20)**	(20)	-	(20)
Share of interest and tax of joint ventures and associates		**(7)**	**-**	**(7)**	(7)	-	(7)
Finance costs		**(43)**	**-**	**(43)**	(49)	-	(49)
Finance income		**11**	**-**	**11**	16	-	16
Net finance costs	6	**(32)**	**-**	**(32)**	(33)	-	(33)
Profit before taxation		**288**	**-**	**288**	217	(11)	206
Income tax expense	7	**(90)**	**-**	**(90)**	(69)	-	(69)
Profit from continuing operations		**198**	**-**	**198**	148	(11)	137
Profit from discontinued operations	16	**-**	**-**	**-**	9	-	9
Profit for the period		**198**	**-**	**198**	157	(11)	146
Attributable to:							
Equity shareholders of the Company				**201**			147
Minority interests				**(3)**			(1)
				198			146
Earnings per share	8						
Continuing operations:							
Basic				**8.5p**			5.9p
Diluted				**8.5p**			5.9p
Adjusted basic				**8.6p**			6.3p
Total operations:							
Basic				**8.5p**			6.3p
Diluted				**8.5p**			6.3p

The proposed interim dividend for the period ended 1 August 2009 is 1.925p per share.

KINGFISHER PLC

2009/10 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Year ended 31 January 2009 Before exceptional items	Exceptional items (note 5)	Total
Revenue	4	10,026	-	10,026
Cost of sales		(6,504)	(21)	(6,525)
Gross profit		3,522	(21)	3,501
Selling and distribution expenses		(2,624)	(105)	(2,729)
Administrative expenses		(496)	(124)	(620)
Other income		22	13	35
Share of post-tax results of joint ventures and associates		22	(36)	(14)
Operating profit		446	(273)	173
Analysed as:				
Retail profit	4	503	(113)	390
Impairment of goodwill and investment in associate		-	(160)	(160)
Central costs		(41)	-	(41)
Share of interest and tax of joint ventures and associates		(16)	-	(16)
Finance costs		(119)	-	(119)
Finance income		36	-	36
Net finance costs	6	(83)	-	(83)
Profit before taxation		363	(273)	90
Income tax expense	7	(95)	7	(88)
Profit from continuing operations		268	(266)	2
Profit from discontinued operations	16	26	178	204
Profit for the year		294	(88)	206
Attributable to:				
Equity shareholders of the Company				209
Minority interests				(3)
				206
Earnings per share	8			
Continuing operations:				
Basic				0.2p
Diluted				0.2p
Adjusted basic				11.0p
Total operations:				
Basic				8.9p
Diluted				8.9p

KINGFISHER PLC

2009/10 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Profit for the period	**198**	146	206
Actuarial losses on post employment benefits	**(190)**	(44)	(191)
Currency translation differences			
Group	**(34)**	145	159
Joint ventures and associates	**(5)**	11	32
Gains transferred to income statement	**-**	-	(80)
Cash flow hedges			
Fair value (losses)/gains	**(17)**	(3)	33
(Gains)/losses transferred to inventories	**(12)**	4	(10)
Tax on other comprehensive income	**65**	12	35
Other comprehensive income for the period	**(193)**	125	(22)
Total comprehensive income for the period	**5**	271	184
Attributable to:			
Equity shareholders of the Company	**9**	269	180
Minority interests	**(4)**	2	4
	5	271	184

KINGFISHER PLC

2009/10 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£ millions	Share capital	Share premium	Own shares held	Retained earnings	Other reserves (note 12)	Total	Minority interests	Total equity
	Attributable to equity shareholders of the Company							
At 1 February 2009	**371**	**2,188**	**(57)**	**1,768**	**513**	**4,783**	**15**	**4,798**
Profit for the period	**-**	**-**	**-**	**201**	**-**	**201**	**(3)**	**198**
Actuarial losses on post employment benefits	**-**	**-**	**-**	**(190)**	**-**	**(190)**	**-**	**(190)**
Currency translation differences								
Group	**-**	**-**	**-**	**-**	**(33)**	**(33)**	**(1)**	**(34)**
Joint ventures and associates	**-**	**-**	**-**	**-**	**(5)**	**(5)**	**-**	**(5)**
Cash flow hedges								
Fair value losses	**-**	**-**	**-**	**-**	**(17)**	**(17)**	**-**	**(17)**
Gains transferred to inventories	**-**	**-**	**-**	**-**	**(12)**	**(12)**	**-**	**(12)**
Tax on other comprehensive income	**-**	**-**	**-**	**52**	**13**	**65**	**-**	**65**
Other comprehensive income for the period	**-**	**-**	**-**	**(138)**	**(54)**	**(192)**	**(1)**	**(193)**
Total comprehensive income for the period	**-**	**-**	**-**	**63**	**(54)**	**9**	**(4)**	**5**
Share-based compensation	**-**	**-**	**-**	**9**	**-**	**9**	**-**	**9**
Own shares disposed	**-**	**-**	**6**	**(6)**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**(80)**	**-**	**(80)**	**-**	**(80)**
At 1 August 2009	**371**	**2,188**	**(51)**	**1,754**	**459**	**4,721**	**11**	**4,732**
At 3 February 2008	371	2,188	(66)	1,815	405	4,713	11	4,724
Profit for the period	-	-	-	147	-	147	(1)	146
Actuarial losses on post employment benefits	-	-	-	(44)	-	(44)	-	(44)
Currency translation differences								
Group	-	-	-	-	142	142	3	145
Joint ventures and associates	-	-	-	-	11	11	-	11
Cash flow hedges								
Fair value losses	-	-	-	-	(3)	(3)	-	(3)
Losses transferred to inventories	-	-	-	-	4	4	-	4
Tax on other comprehensive income	-	-	-	12	-	12	-	12
Other comprehensive income for the period	-	-	-	(32)	154	122	3	125
Total comprehensive income for the period	-	-	-	115	154	269	2	271
Share-based compensation	-	-	-	6	-	6	-	6
Own shares disposed	-	-	6	(6)	-	-	-	-
Dividends	-	-	-	(80)	-	(80)	-	(80)
At 2 August 2008	371	2,188	(60)	1,850	559	4,908	13	4,921

KINGFISHER PLC

2009/10 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company							
£ millions	Share capital	Share premium	Own shares held	Retained earnings	Other reserves (note 12)	Total	Minority interests	Total equity
At 3 February 2008	371	2,188	(66)	1,815	405	4,713	11	4,724
Profit for the year	-	-	-	209	-	209	(3)	206
Actuarial losses on post employment benefits	-	-	-	(191)	-	(191)	-	(191)
Currency translation differences								
Group	-	-	-	-	152	152	7	159
Joint ventures and associates	-	-	-	-	32	32	-	32
Gains transferred to income statement	-	-	-	-	(80)	(80)	-	(80)
Cash flow hedges								
Fair value gains	-	-	-	-	33	33	-	33
Gains transferred to inventories	-	-	-	-	(10)	(10)	-	(10)
Tax on other comprehensive income	-	-	-	54	(19)	35	-	35
Other comprehensive income for the year	-	-	-	(137)	108	(29)	7	(22)
Total comprehensive income for the year	-	-	-	72	108	180	4	184
Share-based compensation	-	-	-	15	-	15	-	15
Own shares disposed	-	-	9	(9)	-	-	-	-
Dividends	-	-	-	(125)	-	(125)	(1)	(126)
Capital injections from minority interests	-	-	-	-	-	-	1	1
At 31 January 2009	371	2,188	(57)	1,768	513	4,783	15	4,798

KINGFISHER PLC

2009/10 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

£ millions	Notes	At 1 August 2009	At 2 August 2008	At 31 January 2009
Non-current assets				
Goodwill		**2,396**	2,486	2,396
Other intangible assets		**78**	76	73
Property, plant and equipment		**3,609**	3,603	3,699
Investment property		**23**	31	24
Investments in joint ventures and associates		**223**	222	219
Post employment benefits	11	**-**	84	-
Deferred tax assets		**64**	28	26
Derivatives		**131**	67	180
Other receivables		**19**	15	17
		6,543	6,612	6,634
Current assets				
Inventories		**1,683**	1,883	1,792
Trade and other receivables		**450**	495	508
Derivatives		**12**	6	107
Current tax assets		**48**	4	33
Other investments		**-**	1	**-**
Cash and cash equivalents		**963**	370	1,157
		3,156	2,759	3,597
Assets held for sale		**-**	512	-
Total assets		**9,699**	9,883	10,231
Current liabilities				
Trade and other payables		**(2,313)**	(2,351)	(2,362)
Borrowings		**(228)**	(269)	(389)
Derivatives		**(16)**	(7)	(38)
Current tax liabilities		**(216)**	(97)	(206)
Provisions		**(37)**	(50)	(69)
		(2,810)	(2,774)	(3,064)
Non-current liabilities				
Other payables		**(57)**	(39)	(33)
Borrowings		**(1,522)**	(1,542)	(1,907)
Derivatives		**(61)**	(78)	(76)
Deferred tax liabilities		**(208)**	(286)	(226)
Provisions		**(65)**	(47)	(53)
Post employment benefits	11	**(244)**	(25)	(74)
		(2,157)	(2,017)	(2,369)
Liabilities held for sale		**-**	(171)	-
Total liabilities		**(4,967)**	(4,962)	(5,433)
Net assets		**4,732**	4,921	4,798
Equity				
Share capital		**371**	371	371
Share premium		**2,188**	2,188	2,188
Own shares held		**(51)**	(60)	(57)
Retained earnings		**1,754**	1,850	1,768
Other reserves	12	**459**	559	513
Total attributable to equity shareholders of the Company		**4,721**	4,908	4,783
Minority interests		**11**	13	15
Total equity		**4,732**	4,921	4,798

The interim financial report was approved by the Board of Directors on 16 September 2009 and signed on its behalf by:

Ian Cheshire, Group Chief Executive

Kevin O'Byrne, Group Finance Director

KINGFISHER PLC

2009/10 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

£ millions	Notes	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Operating activities				
Cash generated by operations	13	**573**	482	867
Income tax paid		**(79)**	(53)	(77)
Net cash flows from operating activities		**494**	429	790
Investing activities				
Purchase of minority interests		**-**	-	(7)
Purchase of property, plant and equipment, investment property and intangible assets		**(140)**	(234)	(390)
Disposal of property, plant and equipment, investment property and intangible assets		**5**	33	62
Disposal of other investments		**-**	11	12
Dividends received from joint ventures and associates		**4**	2	3
Net cash flows from investing activities		**(131)**	(188)	(320)
Financing activities				
Interest paid		**(44)**	(47)	(111)
Interest element of finance lease rental payments		**(3)**	(3)	(5)
Interest received		**11**	13	22
Repayment of bank loans		**(108)**	(51)	(37)
Repayment of Medium Term Notes and other fixed term debt		**(170)**	-	-
Receipt/(payment) on financing derivatives		**22**	(3)	(5)
Capital element of finance lease rental payments		**(7)**	(5)	(12)
Issue of share capital to minority interests		**-**	-	1
Dividends paid to equity shareholders of the Company		**(80)**	(80)	(125)
Dividends paid to minority interests		**-**	(1)	(1)
Net cash flows from financing activities		**(379)**	(177)	(273)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts from continuing operations		**(16)**	64	197
Net cash flows from operating activities		**-**	33	23
Net cash flows from investing activities		**-**	(6)	522
Net cash flows from financing activities		**-**	-	1
Net increase in cash and cash equivalents and bank overdrafts from discontinued operations	16	**-**	27	546
Net (decrease)/increase in cash and cash equivalents and bank overdrafts		**(16)**	91	743
Cash and cash equivalents and bank overdrafts at beginning of period		**994**	195	195
Transfer to assets and liabilities held for sale		**-**	(8)	**-**
Exchange differences		**(36)**	9	56
Cash and cash equivalents and bank overdrafts at end of period	14	**942**	287	994

1. General information

Kingfisher plc (the Company) and its subsidiaries (together the Group) retail home improvement products through a network of retail sites, 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 has a primary listing on the London Stock Exchange and a secondary listing on the Paris Bourse.

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 31 January 2009 were approved by the Board of directors on 25 March 2009 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 237(2) or (3) of the Companies Act 1985.

The interim financial report has been reviewed, not audited, and was approved by the Board of Directors on 16 September 2009.

2. Basis of preparation

The interim financial report for the half year ended 1 August 2009 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 31 January 2009, which have been prepared in accordance with IFRSs as adopted by the European Union. Where comparatives are given, '2008/09' 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.

Principal rates of exchange

	Half year ended 1 August 2009		Half year ended 2 August 2008		Year ended 31 January 2009	
	Average rate	Period end rate	Average rate	Period end rate	Average rate	Year end rate
Euro/£	**1.12**	**1.17**	1.28	1.27	1.24	1.12
US Dollar/£	**1.46**	**1.64**	1.98	1.98	1.81	1.44
Polish Zloty/£	**5.09**	**4.89**	4.38	4.08	4.39	5.02
Chinese Renminbi	**9.96**	**11.19**	13.82	13.53	12.51	9.86

Use of non-GAAP measures

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

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

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

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

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

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

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

3. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2009, as described in note 2 of those financial statements.

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

The following new standards and amendments to standards, which are mandatory for the first time for the financial year beginning 1 February 2009, are relevant for the Group:

IAS 1 (revised)	Presentation of financial statements	Requires non-owner changes in equity to be shown in either one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements. Owner changes in equity are required to be shown in a statement of changes in equity.
IAS 38 (amendment)	Intangible assets – Catalogue costs	Expenses incurred in printing mail order catalogues are recognised once the catalogues are printed and not when they are distributed to customers. The impact of this on the results presented has not been significant.
IFRS 2 (amendment)	Share based payments - Vesting conditions and cancellations	Clarifies that vesting conditions are service conditions and performance conditions only. Other features that are not vesting conditions are required to be included in the grant date fair value. The impact of this on the results presented has not been significant.
IFRS 8	Operating segments	IFRS 8 replaces IAS 14, ‘Segment reporting’. It requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in Ireland moving from ‘Other International’ to ‘UK & Ireland’ (previously ‘UK’).

The following new standards and interpretations, which are mandatory for the first time for the financial year beginning 1 February 2009, are relevant but were already applied by the Group:
- IAS 23, 'Borrowing costs (revised)'; and
- IFRIC 13, 'Customer loyalty programmes'.

The following amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1 February 2009, are either not currently relevant or material for the Group:
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement';
- IAS 39 and IFRS 7 (amendment), 'Reclassification of financial assets'; and
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.

4. Segmental analysis

Income statement

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

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					Half year ended 2 August 2008 Restated
Revenue	2,365	1,927	514	324	5,130
Retail profit	93	128	65	(9)	277
Exceptional items					(11)
Central costs					(20)
Share of interest and tax of joint ventures and associates					(7)
Operating profit					239
Net finance costs					(33)
Profit before taxation					206

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					Year ended 31 January 2009 Restated
Revenue	4,379	3,888	1,036	723	10,026
Retail profit	132	283	124	(36)	503
Exceptional items					(273)
Central costs					(41)
Share of interest and tax of joint ventures and associates					(16)
Operating profit					173
Net finance costs					(83)
Profit before taxation					90

Balance sheet

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

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					At 2 August 2008 Restated
Segment assets	1,373	1,140	490	631	3,634
Discontinued operations assets					341
Central liabilities					(92)
Goodwill					2,486
Net debt					(1,448)
Net assets					4,921

£ millions	UK & Ireland	France	Other International Poland	Other International Other	At 31 January 2009 Restated Total
Segment assets	1,185	1,385	442	561	3,573
Central liabilities					(167)
Goodwill					2,396
Net debt					(1,004)
Net assets					4,798

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. Comparatives have been restated to reflect the move of Ireland from 'Other International' to 'UK & Ireland' (previously 'UK') and a new segmental balance sheet reporting format following the adoption of IFRS 8, 'Operating segments', in the current period.

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

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

5. Exceptional items

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Included within cost of sales			
China restructuring	-	(4)	(21)
	-	(4)	(21)
Included within selling and distribution expenses			
China restructuring	-	(7)	(86)
UK restructuring	-	-	(19)
	-	(7)	(105)
Included within administrative expenses			
Impairment of goodwill	-	-	(124)
	-	-	(124)
Included within other income			
Profit on disposal of properties	-	-	13
	-	-	13
Included within share of post-tax results of joint ventures and associates			
Impairment of investment in Hornbach	-	-	(36)
	-	-	(36)
Exceptional items before tax	-	(11)	(273)
Tax on exceptional items	-	-	7
Exceptional items – continuing operations	-	(11)	(266)
Exceptional items - discontinued operations	-	-	178
Exceptional items	-	(11)	(88)

There have been no exceptional items in the current period. Details on the prior year exceptional items are disclosed in note 5 of the annual financial statements for the year ended 31 January 2009.

6. Net finance costs

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Bank overdrafts and bank loans	**(13)**	(5)	(23)
Medium Term Notes and other fixed term debt	**(26)**	(44)	(86)
Financing fair value remeasurements	**-**	3	(5)
Finance leases	**(3)**	(3)	(5)
Unwinding of discount on provisions	**(1)**	(2)	(3)
Expected net interest charge on defined benefit pension schemes	**(2)**	-	-
Capitalised interest	**2**	2	3
Finance costs	**(43)**	(49)	(119)
Cash and cash equivalents and other investments	**11**	9	23
Expected net interest return on defined benefit pension schemes	**-**	7	13
Finance income	**11**	16	36
Net finance costs – continuing operations	**(32)**	(33)	(83)

7. Income tax expense

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
UK corporation tax			
Current tax on profits for the period	**27**	16	34
Adjustments in respect of prior years	**4**	-	(14)
	31	16	20
Overseas tax			
Current tax on profits for the period	**46**	49	111
Adjustments in respect of prior years	**(1)**	-	6
	45	49	117
Deferred tax			
Current period	**14**	4	(41)
Adjustments in respect of prior years	**-**	-	(8)
	14	4	(49)
Income tax expense – continuing operations	**90**	69	88

The effective rate of tax on profit from continuing operations before exceptional items and excluding tax adjustments in respect of prior years and changes in tax rates is 30% (2008/09: 32%), representing the best estimate of the effective rate for the full financial year. The effective tax rate for the year ended 31 January 2009 was 31%. Tax on exceptional items for the current period is £nil (2008/09: £nil). Tax on exceptional items for the year ended 31 January 2009 was a credit of £7m, all of which related to current year items.

8. Earnings per share

Pence	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Continuing operations:			
Basic earnings per share	**8.5**	5.9	0.2
Diluted earnings per share	**8.5**	5.9	0.2
Basic earnings per share	**8.5**	5.9	0.2
Exceptional items	**-**	0.5	11.7
Tax on exceptional and prior year items	**0.1**	-	(1.0)
Financing fair value remeasurements	**-**	(0.1)	0.2
Tax on financing fair value remeasurements	**-**	-	(0.1)
Adjusted basic earnings per share	**8.6**	6.3	11.0
Diluted earnings per share	**8.5**	5.9	0.2
Exceptional items	**-**	0.5	11.7
Tax on exceptional and prior year items	**0.1**	-	(1.0)
Financing fair value remeasurements	**-**	(0.1)	0.2
Tax on financing fair value remeasurements	**-**	-	(0.1)
Adjusted diluted earnings per share	**8.6**	6.3	11.0
Total operations:			
Basic earnings per share	**8.5**	6.3	8.9
Diluted earnings per share	**8.5**	6.3	8.9

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to equity shareholders of the Company. Earnings from continuing operations for the period are £201m (2008/09: £138m) and for the year ended 31 January 2009 were £5m. Adjusted earnings for the period are £204m (2008/09: £147m) and for the year ended 31 January 2009 were £258m. Earnings from total operations for the period are £201m (2008/09: £147m) and for the year ended 31 January 2009 were £209m.

The weighted average number of shares in issue during the period, excluding those held in the Employee Share Ownership Plan Trust (ESOP), is 2,347m (2008/09: 2,345m). The diluted weighted average number of shares in issue during the period is 2,372m (2008/09: 2,352m). For the year ended 31 January 2009, the weighted average number of shares in issue was 2,345m and the diluted weighted average number of shares in issue was 2,354m.

9. Dividends

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Dividends to equity shareholders of the Company			
Final dividend for the year ended 2 February 2008 of 3.4p per share	**-**	80	80
Interim dividend for the year ended 31 January 2009 of 1.925p per share	**-**	-	45
Final dividend for the year ended 31 January 2009 of 3.4p per share	**80**	-	-
	80	80	125

The proposed interim dividend for the period ended 1 August 2009 is 1.925p per share.

10. Capital expenditure

Additions to the cost of property, plant and equipment, investment property and intangible assets are £127m (2008/09: £247m on a total operations basis) and for the year ended 31 January 2009 were £415m on a total operations basis. Disposals in net book value of property, plant and equipment, investment property and intangible assets are £9m (2008/09: £37m on a total operations basis) and for the year ended 31 January 2009 were £74m on a total operations basis.

Capital commitments contracted but not provided for at the end of the period are £55m (2008/09: £46m) and at 31 January 2009 were £71m.

11. Post employment benefits

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
(Deficit)/surplus in scheme at beginning of period	**(74)**	77	77
Current service cost	**(12)**	(13)	(23)
Interest on defined benefit obligations	**(45)**	(41)	(84)
Expected return on pension scheme assets	**43**	48	97
Actuarial losses	**(190)**	(44)	(191)
Contributions paid by employer	**32**	27	48
Transfer to assets and liabilities held for sale	**-**	6	-
Disposal of subsidiaries	-	-	7
Exchange differences	**2**	(1)	(5)
(Deficit)/surplus in scheme at end of period	**(244)**	59	(74)

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 28 of the annual financial statements for the year ended 31 January 2009.

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 1 August 2009	At 2 August 2008	At 31 January 2009
Discount rate	**6.0**	6.6	6.5
Price inflation	**3.5**	3.7	3.5

12. Other reserves

£ millions	Cash flow hedge reserve	Translation reserve	Other	Total
At 1 February 2009	**14**	**340**	**159**	**513**
Currency translation differences				
Group	**-**	**(33)**	**-**	**(33)**
Joint ventures and associates	**-**	**(5)**	**-**	**(5)**
Cash flow hedges				
Fair value losses	**(17)**	**-**	**-**	**(17)**
Gains transferred to inventories	**(12)**	**-**	**-**	**(12)**
Tax on other comprehensive income	**9**	**4**	**-**	**13**
Other comprehensive income for the period	**(20)**	**(34)**	**-**	**(54)**
At 1 August 2009	**(6)**	**306**	**159**	**459**
At 3 February 2008	(2)	248	159	405
Currency translation differences				
Group	-	142	-	142
Joint ventures and associates	-	11	-	11
Cash flow hedges				
Fair value losses	(3)	-	-	(3)
Losses transferred to inventories	4	-	-	4
Other comprehensive income for the period	1	153	-	154
At 2 August 2008	(1)	401	159	559
At 3 February 2008	(2)	248	159	405
Currency translation differences				
Group	-	152	-	152
Joint ventures and associates	-	32	-	32
Gains transferred to income statement	-	(80)	-	(80)
Cash flow hedges				
Fair value gains	33	-	-	33
Gains transferred to inventories	(10)	-	-	(10)
Tax on other comprehensive income	(7)	(12)	-	(19)
Other comprehensive income for the year	16	92	-	108
At 31 January 2009	14	340	159	513

13. Cash generated by operations

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Operating profit	**320**	239	173
Share of post-tax results of joint ventures and associates	**(13)**	(10)	14
Depreciation and amortisation	**129**	129	265
Impairment losses	**-**	-	185
Loss on disposal of property, plant and equipment, investment property and intangible assets	**2**	2	11
Share-based compensation charge	**9**	6	15
Decrease/(increase) in inventories	**76**	(10)	169
Decrease in trade and other receivables	**50**	68	69
Increase/(decrease) in trade and other payables	**37**	72	(23)
Movement in provisions	**(17)**	-	14
Movement in post employment benefits	**(20)**	(14)	(25)
Cash generated by operations – continuing operations	**573**	482	867

14. Net debt

£ millions	At 1 August 2009	At 2 August 2008	At 31 January 2009
Cash and cash equivalents	**963**	370	1,157
Bank overdrafts	**(21)**	(83)	(163)
Cash and cash equivalents and bank overdrafts	**942**	287	994
Current other investments	**-**	1	-
Bank loans	**(177)**	(229)	(307)
Medium Term Notes and other fixed term debt	**(1,488)**	(1,430)	(1,757)
Financing derivatives	**47**	(8)	135
Finance leases	**(64)**	(69)	(69)
Net debt	**(740)**	(1,448)	(1,004)

£ millions	Half year ended 1 August 2009	Half year ended 2 August 2008	Year ended 31 January 2009
Net debt at beginning of period	**(1,004)**	(1,559)	(1,559)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**(16)**	91	743
Disposal of current other investments	**-**	(11)	(12)
Repayment of bank loans	**108**	51	37
Repayment of Medium Term Notes and other fixed term debt	**170**	-	-
(Receipt)/payment on financing derivatives	**(22)**	3	5
Capital element of finance lease rental payments	**7**	5	12
Cash flow movement in net debt	**247**	139	785
Transfer to assets and liabilities held for sale	**-**	(8)	-
Exchange differences and other non-cash movements	**17**	(20)	(230)
Net debt at end of period	**(740)**	(1,448)	(1,004)

Sterling bank loans of £75m have been repaid in the period, along with a reduction in the level of bank loans in China. €120m of a €500m MTN and £65m of a £150m MTN have been repurchased in the period. A €330m cross-currency swap has matured and £65m of a £150m interest rate swap has been settled in the period.

15. Acquisitions

There have been no significant acquisitions in the current period. There were no significant acquisitions in the prior half year, however in the second half of the prior year there were purchases of minority interests in China amounting to £7m of cash consideration.

16. Discontinued operations

There have been no significant disposals in the current period.

On 30 January 2009 Kingfisher completed the sale of its Castorama Italy business to Groupe Adeo S.A. The disposed business is classified as a discontinued operation in the prior half year and full year. It is classified on the balance sheet as a disposal group held for sale in the prior half year.

Further details on the disposal, results, earnings per share and cash flows of the Castorama Italy business are given in note 35 of the annual financial statements for the year ended 31 January 2009.

17. Contingent assets and liabilities

Kingfisher paid €138m tax to the French tax authorities in the year ended 31 January 2004 as a consequence of the Kesa Electricals demerger and recorded this as an exceptional tax charge. Kingfisher appealed against this tax liability and the tribunal found in favour of Kingfisher in June 2009. As a result on 7 September the Group received €169m from the French tax authorities, representing a refund of the €138m and €31m of repayment supplement. The French tax authorities have indicated that they will appeal against this decision, therefore no asset has been recognised in these interim financial statements (2008/09: £nil). At 31 January 2009 no asset was recognised.

Kingfisher plc has an obligation to provide a bank guarantee for £50m (2008/09: £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 31 January 2009 the amount was £50m.

The Group has arranged for certain bank guarantees to be provided to third parties in the ordinary course of business. The total amount outstanding at the end of the period is £36m (2008/09: £34m). At 31 January 2009 the total amount was £35m.

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.

18. Related party transactions

The Group's significant related parties are its associates and joint ventures as disclosed in note 38 of the annual financial statements for the year ended 31 January 2009. 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 financial statements has been prepared in accordance with IAS 34 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 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 are listed in the Kingfisher plc Annual Report for 31 January 2009. There have been no changes in the period.

By order of the Board

Ian Cheshire	Kevin O'Byrne
Group Chief Executive	Group Finance Director
16 September 2009	16 September 2009

INDEPENDENT REVIEW REPORT TO KINGFISHER PLC

Introduction
We have been instructed by the Company to review the condensed consolidated interim financial information in the interim financial report for the six months ended 1 August 2009 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 the related notes. 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 consolidated interim financial information.

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 financial information 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 consolidated interim financial information in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review
We conducted our review in accordance with guidance contained in 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 enquiries, 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 consolidated interim financial information in the interim financial report for the six months ended 1 August 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
16 September 2009