EMBARGOED UNTIL 0700 HOURS - Thursday 16 September 2010

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

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

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

Highlights (in constant currencies):

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

Statutory reporting

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

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

Ian Cheshire, Group Chief Executive, said:

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

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

Delivering Value - progress in 2010/11
Our aim has been and remains to deliver more value for Kingfisher shareholders by focusing on three key priorities – Management, Capital and Returns.

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

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

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

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

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

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

2010/11 first half progress

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

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

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

2010/11 second half milestones

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

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

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

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

2. Exploiting our UK Trade opportunity

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

2010/11 first half progress

- Completed national roll out of TradePoint format to 118 B&Q large stores

- Opened 3 new Screwfix outlets with counters exclusive to plumbers and electricians
- Added specialist trade counters exclusive to plumbers and electricians within 91 existing Screwfix sites

2010/11 second half milestones

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

3. Expanding our total French business

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

2010/11 first half progress

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

2010/11 second half milestones

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

4. Rolling out in Eastern Europe

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

2010/11 first half progress

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

2010/11 second half milestones

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

5. Turning around B&Q China

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

2010/11 first half progress

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

2010/11 second half milestones

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

6. Growing Group sourcing

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

2010/11 first half progress

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

2010/11 second half milestones

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

7. Reducing working capital

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

2010/11 first half progress

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

2010/11 second half milestones

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

**Legislative changes shortening French payment terms*

Sustainability

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

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

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

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

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

Trading Review - FRANCE

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

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

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

Kingfisher France

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

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

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

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

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

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

Trading Review – UK & IRELAND

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

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

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

All trading commentary below is in constant currencies.

Kingfisher UK & Ireland

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

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

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

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

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

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

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

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

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

Trading Review – OTHER INTERNATIONAL

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

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

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

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

All trading commentary below is in constant currencies.

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

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

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

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

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

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

Financial Review

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks

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

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

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

Operational Review - DATA BY COUNTRY as at 31 July 2010

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

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

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

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

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

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

Forward-looking statements

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

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

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

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

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

Company Profile:

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