KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

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

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

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

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

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

KINGFISHER PLC

2010/11 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

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

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

Ian Cheshire, Group Chief Executive

Kevin O'Byrne, Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

Kingfisher plc is a company incorporated in the United Kingdom.

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

The Company is listed on the London Stock Exchange.

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

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

2. Basis of preparation

The interim financial report for the 26 weeks ended 31 July 2010 ('the half year') has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. It should be read in conjunction with the annual financial statements for the year ended 30 January 2010, which have been prepared in accordance with IFRSs as adopted by the European Union. The consolidated income statement and related notes represent results for continuing operations, there being no discontinued operations in the periods presented. Where comparatives are given, '2009/10' refers to the prior half year.

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

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

Principal rates of exchange against Sterling

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

Use of non-GAAP measures

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

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

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

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

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

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

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

3. Accounting policies

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

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

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

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

4. Segmental analysis

Income statement

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

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

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

Balance sheet

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

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

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

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

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

5. Exceptional items

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

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

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

6. Net finance costs

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

7. Income tax expense

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

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

8. Earnings per share

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

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

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

9. Dividends

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

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

10. Capital expenditure

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

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

11. Post employment benefits

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

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

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

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

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

12. Other reserves

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

13. Cash generated by operations

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

14. Net debt

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

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

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

15. Contingent assets and liabilities

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

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

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

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

16. Related party transactions

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this set of interim condensed financial statements has been prepared in accordance with IAS 34, 'Interim financial reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

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

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

By order of the Board

Ian Cheshire
Group Chief Executive
15 September 2010

Kevin O'Byrne
Group Finance Director
15 September 2010

INDEPENDENT REVIEW REPORT TO KINGFISHER PLC

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the half year ended 31 July 2010 which comprises the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated balance sheet, the Consolidated cash flow statement and related notes 1 to 16. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410: 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of Kingfisher plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410: 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the half year ended 31 July 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
15 September 2010