Kingfisher reports half year total sales up 0.9% (+1.8% LFL) and flat adjusted pre-tax profits of £364 million after the negative impact of foreign exchange translation. Kingfisher also announces Group Chief Executive succession plan. Sir Ian Cheshire to be succeeded by Ms Véronique Laury, Chief Executive of Castorama France, before the end of the current financial year. See separate RNS.

Group Financial Summary

26 weeks ended 2 August 2014	**2014/15**	**2013/14**	**% Total Change Reported**	**% Total Change Constant currency**	**% LFL* Change Constant currency**
Sales*	£5,768m	£5,716m	+0.9%	+4.6%	+1.8%
Retail profit* (1)	£390m	£390m	Flat	+3.3%	
Adjusted* pre-tax profit(1)	£364m	£364m	Flat		
Adjusted basic EPS(1)	11.3p	11.3p	Flat		
Statutory pre-tax profit	£375m	£401m	(6.5)%		
Statutory post-tax profit	£277m	£440m	(37.0)%		
Basic EPS	11.8p	18.7p	(36.9)%		
Interim dividend	3.15p	3.12p	+1.0%		
Net cash*	£496m	£259m	n/a		

Throughout this release '' indicates the first instance of terms defined in Section 5 'Glossary' of this announcement.
(1) *2013/14 comparatives restated to reflect disposal of Hornbach (see note 2 in part 2 to this announcement)*

First half highlights in constant currencies:

- Reported Group retail profit of £390m impacted by £12m adverse foreign exchange movements when translating overseas profits into sterling
- Group retail profit ahead 3.3% in constant currencies, after development costs of £11m in our new markets - Portugal, Germany & Romania. Underlying retail profit, excluding these development costs, was up 6.0%
- Total sales in France grew 0.4% and profit was flat. The ongoing slow economy and declining housing market impacted our performance, particularly for our more construction orientated Brico Dépôt business
- UK & Ireland sales were up 6.6% (+4.4% LFL) and retail profit was up 17.7%, benefiting from initiatives to re-energise B&Q and better demand for trade products as housing construction and activity improved. The B&Q strategy update is on pages 8-9
- In Other International markets sales grew 8.8% but profit growth in Poland, Turkey and Spain was offset by new country development costs and higher losses in China
- Progress continued with our 'Creating the Leader' programme including entering a binding agreement to acquire the shares of the principal shareholders of Mr Bricolage, the French home improvement retailer, and opening today our first 4 Screwfix outlets in Germany with next day national delivery
- The previously announced multi-year capital returns programme to shareholders, starting with £200m in FY 2014/15 commenced in H1. £100m was returned as a special dividend and £35m via a share buyback (8.5m shares)

Subsequent highlights:

- Remainder of the capital returns programme will resume as a share buyback
- At Q2 we indicated that we experienced a sharp market downturn in June and July in France and Poland (Castorama France -3.3% LFL; Brico Dépôt -7.2% LFL; Castorama Poland -4.7% LFL). Since then in August, one of our largest months, sales were better

across both markets (Castorama France -0.6% LFL; Brico Dépôt France -4.3% LFL; Castorama Poland +3.3% LFL) and overall Group LFL was +0.3%

Kingfisher's Group Chief Executive, Sir Ian Cheshire, said:

"This was a difficult first half with demand in our largest and most significant market, France, remaining particularly weak with a sharp market downturn experienced in our second quarter. We did though deliver flat profits in France, a resilient performance despite the difficult backdrop. However, conditions in the UK were more favourable with better weather and encouraging signs in the smaller tradesman market. We were able to capitalise on the better conditions with Screwfix performing particularly well growing sales by 23%. B&Q UK & Ireland also delivered their best H1 sales growth in over a decade as the new team start to gain traction with its re-energising initiatives and started to make progress with its plan to better position the business for the future.

"Looking to the longer term, we continue to work on our 'Creating the Leader' programme including opening Screwfix and Brico Dépôt stores in two new countries and accelerating the rebranding of the recently acquired Romanian business into the Brico Dépôt format. We remain convinced that investment today to develop the highly profitable Screwfix and Brico Dépôt formats into new markets creates a huge growth opportunity for Kingfisher.

"Whilst our French business saw an improvement in August we remain cautious about the economic backdrop and focused on trading effectively with continued self-help initiatives whilst continuing with our initiatives to build a long term, sustainable future for the business. We have a strong balance sheet and cashflow to enable the necessary investment in the future as well as paying a healthy dividend to our shareholders. I am pleased that we are also recommencing our share buyback."

ENQUIRIES

Ian Harding, Group Communications Director	+44 (0) 20 7644 1029
Sarah Levy, Director of Investor Relations	+44 (0) 20 7644 1032
Nigel Cope, Head of Media Relations	+44 (0) 20 7644 1030
Matt Duffy, Investor Relations Manager	+44 (0) 20 7644 1082
Brunswick	+44 (0) 20 7404 5959

Further copies of this announcement can be downloaded from www.kingfisher.com or viewed on the Kingfisher IR iPad App available for free at the Apple App store. Video interviews with Sir Ian Cheshire (Group Chief Executive) and Karen Witts (Group Finance Director) are also available on the website and we can be followed on twitter @kingfisherplc with the interim results tag #KGFHY.

Kingfisher American Depository Receipts are traded in the US on the OTCQX platform: (OTCQX: KGFHY)
http://www.otcmarkets.com/stock/KGFHY/quote

COMPANY PROFILE

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with 1,157 stores in ten countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also operates the Koçtaş brand, a 50% joint venture in Turkey with the Koç Group.

The remainder of this release is broken down into five main sections:

1) 'Creating the Leader' update
2) Trading review by major geography
3) 2014/15 Summary data by geography
4) Financial Review and, in part 2 of this announcement, the interim condensed Financial Statements
5) Glossary

Section 1: 'CREATING THE LEADER' UPDATE

Our unique contribution as a business to our customers is that we can harness our home improvement experience, our heritage as a leader in sustainability and our international scale to bring new, more sustainable and more affordable products to market. By also providing our customers with project advice and new shopping channels to complement our stores we will make it easier for them to adapt their homes to their evolving lifestyles. Our shorthand for describing this purpose is *"Better Homes, Better Lives"* and the programme of self-help initiatives to achieve this purpose is called 'Creating the Leader'.

'Creating the Leader' 2014/15 H1 progress

In March 2014, we set out our key 2014/15 priorities against our four areas (Easier, Common, Expand and One Team) that make up 'Creating the Leader'. Today we update on the progress we have made towards each of these 2014/15 priorities:

EASIER

Priority: Extend omnichannel capabilities across the Group*
2014/15 half year progress

- 'Click, Pay & Collect' offer at B&Q UK going live with the release of diy.com
- Launched 'Click, Pay & Collect' in 17 stores across Castorama France and Brico Dépôt France

COMMON*

Priority: Extend sourcing programmes
2014/15 half year progress

- Achieved 10% common (up from 9% at Jan 2014) and 20% direct sourcing (20% at Jan 2014)
- Launched online sourcing 'Katalog' to support sourcing programmes
    - Web-based virtual showroom showcasing 55,000 Group products
    - Available to all operating companies

Priority: Start four year Group-wide IT programme
2014/15 half year progress

- Programme on track driven by cross Group team of c.100
- Fully working pilot will be in a standalone B&Q UK store late next year followed by a rollout phase to other operating companies

EXPAND

Priority: Organic space growth of 2% (71 net new stores, of which 54 are Screwfix outlets)
2014/15 half year progress

- Organic space growth of 1% (33 net new stores, of which 24 are Screwfix outlets) including 1 store new country entry into Portugal with Brico Dépôt
- Screwfix Germany was launched today incorporating 4 outlets and a website with national next day delivery

Priority: Actively managing the portfolio
2014/15 half year progress

- Completed the disposal of Hornbach (proceeds received of £198m)
- Commenced search for strategic partner for B&Q China
    - In preliminary discussions

Priority: Continue to capitalise on consolidation opportunities
2014/15 half year progress

- Rebranded two of the recently acquired 15 Bricostore Romania stores under the Brico Dépôt brand
    - Given encouraging results from these first two stores, the remaining 13 will be rebranded earlier than originally planned, by Q1 next year. The additional investment impact of this acceleration on 2014/15 profit will be a net charge of around £6 million
- Entered into a binding agreement on 23 July 2014 following the outcome of successful exclusive negotiations to acquire the shareholding of the principal shareholders of Mr Bricolage, the French home improvement retailer
    - Acquisition of this shareholding will now proceed subject to French anti-trust clearance
    - Subsequently, a mandatory offer will be made to acquire the shares held by the minority shareholders at the agreed price per share of €15, in accordance with applicable law
    - Closure of the acquisition of the shareholding of the principal shareholders expected to be completed around the end of Kingfisher's 2014/15 financial year
    - This will then give rise to the start of a multi-year project, including plans to set up a Brico Dépôt franchising operation in FY 2015/16

ONE TEAM

Priority: People (Increased focus on talent management; *Continue to develop Kingfisher One Academy with new programme*s)
2014/15 half year progress

- Launched new 'Early Talent' programme for high potential graduates and 'Kingfisher LEAD' programme for high performing managers
- Continued to develop the Kingfisher One Academy with new 'Collaborative Leadership', Innovation and 'Net Positive' programmes

Priority: Net Positive (*Establish processes to accelerate Net Positive innovation and to apply what we learn across the Group; Further integrate Net Positive into our operating company business plans)*

2014/15 half year progress

- Extended Net Positive into bonusable objectives to the One Team board from the Group Executive previously
- Established internal governance framework for sustainability reporting to the Group Executive, with representation at board level from all operating companies

Section 2: TRADING REVIEW BY MAJOR GEOGRAPHY

FRANCE*

Sales £m	2014/15	2013/14	% Total Change Reported	% Total Change Constant Currency	% LFL Change
France	2,205	2,306	(4.4)%	+0.4%	(0.8)%

Retail profit £m	2014/15	2013/14	% Change Reported	% Change Constant Currency
France	182	191	(4.8)%	Flat

All trading commentary below is in constant currencies

Kingfisher France

Kingfisher France total sales increased by 0.4% (-0.8% LFL; -3.2% 2 year LFL) to £2,205 million supported by better weather compared to H1 last year whilst underlying markets remained soft. Across the two businesses, 2% net new space was added compared to H1 last year. One net new store was opened, two stores were revamped, and two Castorama stores were converted to Brico Dépôt.

Kingfisher France delivered flat retail profit of £182 million reflecting lower levels of variable pay and pre-opening costs and higher gross margins largely offsetting inflation. Gross margins were up 30 basis points across H1, with ongoing self-help initiatives offset by additional promotional activity in Q2.

Castorama total sales grew by 0.1% (+0.1% LFL; -1.1% 2 year LFL) to £1,234 million.

According to Banque de France data*, sales for the home improvement market were up 2% for the first four months (February to May), turning down sharply by 5% in June and July. Across H1 sales for the home improvement market were broadly flat and down around 4% on a two year basis.

Sales of seasonal products were up around 4% whereas sales of indoor and building products were down around 1%.

Brico Dépôt, which more specifically targets trade professionals and heavy DIYers, grew total sales by 0.8% (-1.9% LFL; -5.7% 2 year LFL) to £971 million driven by new store openings. Sales were impacted by a slower house building market with new housing starts and planning consent data* down around 15% and 13% respectively.

UK & IRELAND*

Sales £m	2014/15	2013/14	% Total Change Reported	% Total Change Constant Currency	% LFL Change
UK & Ireland	2,419	2,270	+6.5%	+6.6%	+4.4%

Retail profit £m	2014/15	2013/14	% Change Reported	% Change Constant Currency
UK & Ireland	166	141	+17.7%	+17.7%

All trading commentary below is in constant currencies

Kingfisher UK & Ireland

Total sales increased by 6.6% to £2,419 million (+4.4% LFL, +3.3% 2 year LFL) and retail profit grew by 17.7% to £166 million. Gross margins were down 80 basis points largely reflecting the recognition in Q1 of more promotionally-led showroom sales (kitchens, bathrooms and bedrooms) from Q4 last year (Q1 gross margin down 210 basis points; Q2 gross margin up 40 basis points). Tight cost control continued, despite higher levels of variable pay.

On a value basis, the UK home improvement leader market* for H1 was up 5.5% reflecting better weather year on year, a stronger UK economy and more buoyant housing construction. On the same definition, Kingfisher UK sales were up around 5%.

During H1, B&Q reduced prices on c.3,500 products helping improve price perception and increase sales volumes. Over time, as the initiative gains momentum, the resulting growth in sales volume will also drive growth in sales on a value basis, however so far it is too early for the results to be seen in Kingfisher UK's sales performance on a value basis.

Consequently, on a volume basis (being quantity of products sold), the UK home improvement leader market for H1 was up 3.2%. On the same definition, Kingfisher UK sales were up over twice that rate with both businesses ahead of the market.

B&Q UK & Ireland's total sales grew by 4.0% (+3.2% LFL, +1.5% 2 year LFL) to £2,033 million. Sales of outdoor seasonal and building products were up around 6% benefiting from the better weather and a more buoyant smaller tradesman market. Sales of indoor products, excluding showroom, were up around 3%. Sales of showroom products were down 1.5% reflecting less promotional activity in Q2.

Screwfix total sales grew by 23.3% (+11.9% LFL, +15.9% 2 year LFL) to £386 million, benefiting from a strong promotional programme, the continued roll out of new outlets and the continued success of the mobile 'Click, Pay & Collect' offer. Twenty-four net new outlets were opened, taking the total to 359.

The UK market for the smaller tradesman* was up around 7%.

B&Q strategy update

Despite a very challenging housing and economic backdrop for the last six years, during which the UK home improvement market declined around 12%[(1)], Kingfisher UK & Ireland delivered broadly flat sales and achieved profit growth of 50% by exploiting the UK trade market opportunity. While B&Q remains the market leader we recognise that the business needs to evolve and adapt to a fast changing retail environment. Looking ahead, its customers and market are evolving very quickly and B&Q has begun a transformation programme in this changing environment.

In October 2013, Kevin O'Byrne, an executive director of Kingfisher plc, assumed direct leadership of B&Q UK & Ireland. He has strengthened the B&Q UK & Ireland board with the appointment of three executives from the successful Screwfix business and two senior executives from outside Kingfisher. From Autumn 2014, the board will be complete following the appointment of Grahame Smith as B&Q UK & Ireland Property Director, who formerly held senior property roles at Carphone Warehouse, Mothercare and Arcadia.

The strengthened management team has made a good early start, initially focussed on re-energising the business. Examples of initiatives have included simplifying in-store price messaging, lowering prices to customers and driving customer transactions with better targeted marketing. The results have been encouraging, helping to drive sales and deliver double digit profit growth in H1, while improving value perception and marketing awareness.

Moving forward, B&Q's ambition is to rejuvenate home improvement retailing for the digital age in the UK and Ireland as it evolves from the 'old retail' world to the 'new retail' world, combining the best of stores and digital. The programme has three major work streams which will take a number of years to implement due to the scale of the store portfolio. These are detailed below together with milestones:

- Productivity – B&Q aims to be a simpler, more efficient business with a lower cost operating model and with stores that are easier for customers to shop. This will enhance its pricing power to drive sales volumes which in turn drives further efficiency and higher cash profit. Various initiatives will be introduced including 'store friendly deliveries' (making it quicker and easier for store staff to replenish) and 'better labour scheduling' (in-store labour hours better matched to customer demand and delivery times). Trials start in H2 2014/15.

- Offer – B&Q wants to offer customers great value, a tighter range in store with greater project availability, and broader complementary ranges available on line. This will be supported by better online content, best in class 'Click, Pay & Collect' and home delivery. Comprehensive trials for 5 of our 19 categories will start in H2 2014/15 and will involve stock reduction. Of particular focus is the kitchen category where an improved 'Every Day Great Value' message, a quicker and easier web based design tool and a significantly reduced range together with new choice is to be introduced.

- Property – a detailed catchment review has confirmed that B&Q can adequately meet local customer needs from fewer stores and that some of stores could be smaller. The shape of the store portfolio is changing but this does take time as around 90% of our stores are on long term institutional leases with average lease lengths remaining of around 8 years. The property work stream involves two phases:

Phase 1 Right Size Right Place – this phase started last year and the first rightsize was a success. The store was reduced in size by 50% and sales densities improved by 70%. A further 17 large stores were earmarked for rightsizing and required planning permission. So far two have been granted permission and two have been denied. We now anticipate that of the original batch of 18 stores around 8 will complete, largely due to planning issues leading to lapse. These 8 will represent a reduction in B&Q's total space of 2% and a reduction of around £50 million to lease adjusted debt.

Phase 2 Catchment Analysis - a mixture of store closures, further rightsizes and targeted reinvestment. Trials will commence next year.

B&Q exceptional charges and benefits

Productivity and Property Phase 1 work streams, as detailed above, give rise to exceptional charges for the first two years as follows:

- FY 2014/15: the net exceptional charge is expected to be around £1 million after the £16 million profit on disposal of the first store (Belvedere) as part of the Property Phase 1 work stream.

- FY 2015/16: the net exceptional charge is expected to be around £14 million.

The projects are expected to deliver discounted paybacks of less than 18 months. The benefits will be invested back in the business, largely into the 'Offer' work stream. From a cash perspective, the plans over the next two years are expected to be broadly self-funding.

These exceptional charges and benefits do not include the Offer and Property Phase 2 work streams, further details of which will be provided.

(1) *As per Kingfisher estimates – BCG commissioned report*

OTHER INTERNATIONAL*

Sales £m	2014/15	2013/14	% Total Change Reported	% Total Change Currency Constant	% LFL Change
Other International	1,144	1,140	+0.3%	+8.8%	+1.6%

Retail profit £m	2014/15	2013/14	% Change Reported	% Change Constant Currency
Other International (existing)	53	58	(9.5)%	(3.7)%
New country development*	(11)	-	n/a	n/a
Total	42	58	(27.6)%	(23.0)%

All trading commentary below is in constant currencies and 2013/14 comparatives restated to reflect disposal of Hornbach.

Other International total sales increased by 8.8% (+1.6% LFL) to £1,144 million driven by LFL growth in Russia and Poland. Retail profit decreased by 23.0% to £42 million with retail profit growth in Poland, Turkey & Spain offset by higher losses in China and new country development costs.

During H1 eight net new stores were opened, four in Spain, one in Portugal and three in Turkey adding around 5% net new space compared to H1 last year.

Sales in **Poland** were up 3.6% (+3.1% LFL) to £554 million. Sales of seasonal products were up 7% across H1 benefiting from better weather patterns, representing around 15% of sales. After an encouraging start to the year, sales of indoor products for February to May were up around 7%, turning down sharply in June and July with sales down around 4%. Gross margins were up 60 basis points benefiting from ongoing self-help initiatives and weak comparatives (down 60 basis points in H1 last year). Retail profit grew by 5.2% to £54 million supported by the sales growth and higher gross margins, offset by higher levels of variable pay and range review costs.

In **Russia**, sales grew by 15.2% (+11.6% LFL) to £212 million benefiting from a strong market. Retail profit was £3 million (2013/14: £3 million reported retail profit) reflecting adverse foreign currency exchange movements and higher advertising costs compared to H1 last year. In **Turkey,** Kingfisher's 50% JV, Koçtaş, grew sales by 10.8% (+1.9% LFL) to £149 million benefiting from new store openings. Retail profit contribution was up 7.2% to £4 million. In **Spain**, sales grew by 16.6% (-6.0% LFL) to £170 million reflecting new store openings offset by a difficult environment. Retail profit was up 7.3% to £3 million.

B&Q **China** sales decreased by 7.6% (-7.3% LFL) to £163 million impacted by a slowing Chinese property market* which was down around 18%. The retail loss was £11 million (2013/14: £7 million reported loss) including around £2 million of costs relating to the new format trial.

New country development activity

Bricostore **Romania**, acquired in Q2 2013/14, contributed sales of £42 million. The retail loss of £6 million includes costs relating to the conversion of stores to the Brico Dépôt format, which are outperforming the previous format. Costs relating to the previously announced country entry into **Germany** with Screwfix and **Portugal** Brico Dépôt amounted to £5 million.

Section 3: SUMMARY DATA BY GEOGRAPHY

As at 2 August 2014	**Store numbers**	**Selling space (000s m^2)**	**Employees (FTE)**
Castorama	103	1,117	12,392
Brico Dépôt	112	625	6,893
France	**215**	**1,742**	**19,285**
B&Q UK & Ireland	360	2,575	20,596
Screwfix	359	24	4,683
UK & Ireland	**719**	**2,599**	**25,279**
Poland	72	529	10,357
China	39	318	3,695
Portugal	1	6	128
Romania	15	156	1,112
Russia	20	185	2,712
Spain	28	168	1,518
Turkey JV	48	232	3,555
Other International	**223**	**1,594**	**23,077**
Total Group	**1,157**	**5,935**	**67,641**

Half year 2014/15	**Sales**	**% Total Change**	**% Total Change**	**% LFL Change**
	£m	**Reported**	**Constant currency**	**Constant currency**
Castorama	1,234	(4.7)%	+0.1%	+0.1%
Brico Dépôt	971	(4.0)%	+0.8%	(1.9)%
France	**2,205**	**(4.4)%**	**+0.4%**	**(0.8)%**
B&Q UK & Ireland	2,033	+3.9%	+4.0%	+3.2%
Screwfix	386	+23.3%	+23.3%	+11.9%
UK & Ireland	**2,419**	**+6.5%**	**+6.6%**	**+4.4%**
Poland	554	(0.6)%	+3.6%	+3.1%
China	163	(16.1)%	(7.6)%	(7.3)%
Portugal	3	n/a[(1)]	n/a[(1)]	n/a[(1)]
Romania	42	n/a[(2)]	n/a[(2)]	n/a[(2)]
Russia	212	(5.9)%	+15.2%	+11.6%
Spain	170	+11.1%	+16.6%	(6.0)%
Other International	**1,144**	**+0.3%**	**+8.8%**	**+1.6%**
Total Group	**5,768**	**+0.9%**	**+4.6%**	**+1.8%**

[(1)] *First store opened during Q2 2014/15 therefore not applicable*
[(2)] *Acquisition of 15 stores in Romania completed during Q2 2013/14 therefore not applicable*

Half year 2014/15	Retail Profit £m	% Total Change Reported	% Total Change Constant currency	Operating Margin % 2014/15	Operating Margin % 2013/14
France	**182**	**(4.8)%**	**Flat**	**+8.2%**	**+8.3%**
UK & Ireland	**166**	**+17.7%**	**+17.7%**	**+6.9%**	**+6.2%**
Poland	54	+0.9%	+5.2%	+9.9%	+9.7%
China	(11)	(63.1)%	(79.6)%	(6.9)%	(3.6)%
Portugal & Germany	(5)	n/a[(1)]	n/a[(1)]	n/a[(1)]	n/a[(1)]
Romania	(6)	n/a[(2)]	n/a[(2)]	(15.2)%	n/a[(2)]
Russia	3	(24.7)%	(7.8)%	+1.2%	+1.3%
Spain	3	+2.2%	+7.3%	+1.5%	+2.0%
Turkey JV	4	(16.1)%	+7.2%	n/a[(3)]	n/a[(3)]
Other International	**42**	**(27.6)%**	**(23.0)%**	**+3.7%**	**+5.4%**
Total Group	**390**	**Flat**	**+3.3%**	**+6.8%**	**+6.9%**

[(1)] First Portugal store opened during Q2 2014/15 and Screwfix Germany opened post half year 2014/15 therefore not applicable
[(2)] Acquisition of 15 stores in Romania completed during Q2 2013/14 therefore not applicable
[(3)] Joint Venture (Koçtaş JV) sales are not consolidated therefore not applicable

Year to date average FX rates vs £ Sterling

	2014/15	2013/14
Euro	1.23	1.17
Polish Zloty	5.11	4.91
Chinese Renminbi	10.40	9.44
Romanian Leu	5.45	5.18
Russian Rouble	59.05	48.22
Turkish Lira	3.60	2.82

Q2 by major geography (compared to Q2 last year)

13 weeks ended 2 August 2014	Sales 2014/15 £m	% Total Change Reported	% Total Change Constant currency	% LFL Change Constant currency	Retail Profit 2014/15 £m	% Total Change Reported	% Total Change Constant currency
France	1,128	(8.0)%	(2.2)%	(3.0)%	112	(10.6)%	(5.3)%
UK & Ireland	1,219	+1.4%	+1.5%	(0.6)%	98	+8.1%	+8.1%
Other International	638	(4.1)%	+4.2%	(2.2)%	38	(30.4)%	(24.6)%
Total Group	**2,985**	**(3.5)%**	**+0.6%**	**(1.8)%**	**248**	**(8.3)%**	**(4.4)%**

Data tables for Q1, Q2 and half year are available for download in excel format at http://www.kingfisher.com/index.asp?pageide=59.

Section 4: FINANCIAL REVIEW

A summary of the reported financial results for the six months ended 2 August 2014 is set out below:

	2014/15	2013/14	Increase/ (decrease)
Sales	**£5,768m**	£5,716m	+0.9%
Adjusted pre-tax profit	**£364m**	£364m	Flat
Profit before taxation after exceptional items	**£375m**	£401m	(6.5)%
Exceptional items (post-tax)	**£11m**	£153m	n/a
Adjusted basic earnings per share	**11.3p**	11.3p	Flat
Dividends – interim	**3.15p**	3.12p	+1.0%
– special	**4.20p**	-	n/a

The statutory results for the prior half year benefited significantly from exceptional items which added £35 million to profit before tax, £153 million to profit after tax and 6.5p to basic earnings per share (EPS). For comparative purposes adjusted measures are therefore presented. The current and prior period exceptional items are detailed further below.

Prior period adjusted measures have also been restated to exclude the contribution of Hornbach, following its disposal in the current period. For H1 2013/14, this has reduced retail profit by £4 million, adjusted pre-tax profit and adjusted earnings by £1 million, and with no material impact on adjusted earnings per share.

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

	2014/15 £m	2013/14 £m	Increase/ (decrease)
Profit before taxation	**375**	401	(6.5)%
Exceptional items (pre-tax)	**(10)**	(35)	
Profit before exceptional items and taxation	**365**	366	(0.3)%
Share of Hornbach post-tax results	**-**	(1)	
Financing fair value remeasurements (FFVR*)	**(1)**	(1)	
Adjusted pre-tax profit	**364**	364	Flat

Profit and EPS including all exceptional items for the six months ended 2 August 2014 are set out below:

	2014/15	2013/14	Increase/ (decrease)
Profit after tax	**£277m**	£440m	(37.0)%
Basic EPS	**11.8p**	18.7p	(36.9)%

Kingfisher

Overview

Total **sales** grew by 4.6% on a constant currency basis and grew by 0.9% to £5.8 billion (2013/14: £5.7 billion) on a reported rate basis. On a like-for-like basis, Group sales were up 1.8% (2013/14: down 0.8%). During the period, a net additional 30 new stores were opened, including 24 Screwfix trade counters and the first Brico Dépôt store in Portugal, taking the store network to 1,109 stores (excluding 48 Turkey JV stores).

Retail profit before exceptional items remained flat at £390 million (2013/14: £390 million restated), including a £12 million adverse foreign exchange movement representing a 3.3% increase on a constant currency basis. During the period significant work was performed on expansion including opening our first store in Portugal, preparing for the opening of the first four trade counters of Screwfix Germany and developing the newly acquired business in Romania. In total this resulted in a £11 million charge in the period.

The net **interest** charge for the six months was £3 million, compared with a prior period income of £25 million. A breakdown of this is shown below:

	2014/15 **£m**	2013/14 £m
Interest on net cash/debt	**(3)**	(4)
Pensions interest	**(1)**	1
Underlying net interest	**(4)**	(3)
FFVR	**1**	1
Exceptional items	**-**	27
Statutory net interest	**(3)**	25

The principal movement in net interest is driven by the prior period release of a £27 million exceptional repayment supplement provision on the Kesa demerger French tax case (see exceptional items below). Underlying net interest of £4 million was slightly higher than last year, due principally to a net interest return on our defined benefit pensions last year becoming a net interest charge this year, reflecting the increase in deficit compared with the prior half year.

Profit before tax decreased by 6.5% to £375 million. On an adjusted basis **pre-tax profit** remained flat at £364 million. **Profit after tax** for the period was £277 million (2013/14: £440 million). This resulted in the Group recording a **basic EPS** of 11.8p in the period (2013/14: 18.7p).

Taxation

The effective rate of corporation tax, calculated on profit before exceptional items and prior year tax adjustments is 27% (2013/14: 27%).

Effective tax rate calculation	**Profit** **£m**	**Tax** **£m**	**2014/15** **%**	2013/14 %
Profit before tax and tax thereon	**375**	**(98)**	**26%**	(10)%
Exceptional items	**(10)**	**(1)**		
Prior year items and rate changes		**1**		
Total - effective	**365**	**(98)**	**27%**	27%

The overall rate of tax includes the impact of exceptional items and prior year tax adjustments. The impact of such items in the period results in a rate of 26%. In the prior period, the overall rate was -10% as a result of a £118 million exceptional tax provision release on the successful resolution of the KESA demerger French tax case.

The statutory rates for the Group's main operating companies during 2014/15 are:

- UK 21%
- France 38%
- Poland 19%

The Group's effective tax rate is sensitive to the blend of tax rates and profits in the Group's various jurisdictions. The effective rate of tax is higher than the UK statutory rate because of the amount of Group profit that is earned in higher tax jurisdictions and because no future benefit is assumed for losses incurred in overseas jurisdictions such as China.

Exceptional items

	2014/15 £m Gain/(charge)	2013/14 £m Gain
Profit on disposal of properties - UK	**16**	-
UK restructuring	**(6)**	-
Total UK	**10**	-
Profit on disposal of properties - France	**5**	1
Acquisition and integration costs	**(5)**	-
Kesa demerger French tax case – repayment supplement	**-**	27
Ireland restructuring	**-**	7
Exceptional items before tax	**10**	35
Tax on exceptional items	**1**	-
Kesa demerger French tax case	**-**	118
Net exceptional items	**11**	153

In the UK a profit of £16 million on disposal of part of the Belvedere store was offset by a £6 million restructuring charge relating to the transformation of B&Q, driven by productivity initiatives aimed at delivering a simpler, more efficient business with a lower cost operating model.

A further £5 million profit on disposal of properties was realised in France.

Current period acquisition and integration costs of £5 million have been incurred, including fees relating to the acquisition of Mr Bricolage.

In July 2013 the Conseil d'Etat, France's ultimate court, found in favour of Kingfisher regarding the Kesa demerger tax case, which concluded the matter. Whilst a refund was received from the French tax authorities following the first positive decision in 2009, the Group continued to provide against the risk while litigation was ongoing. A £27 million repayment supplement provision and £118 million taxation provision related to the case were subsequently released and treated as exceptional.

Earnings per share

Basic EPS have decreased by 36.9% to 11.8p (2013/14: 18.7p). On a more comparable basis, removing the impact of exceptional items, the share of Hornbach results, fair value remeasurements and the effect of prior year tax adjustments, adjusted basic earnings per share have remained flat at 11.3p (2013/14: 11.3p).

	Earnings £m	**2014/15 EPS pence**	Earnings £m	2013/14 EPS pence
Basic earnings per share	**278**	**11.8**	440	18.7
Share of Hornbach post-tax results	**-**	**-**	(1)	-
Exceptional items (net of tax)	**(11)**	**(0.5)**	(153)	(6.5)
Prior year tax items and rate changes	**1**	**0.1**	(20)	(0.9)
FFVR (net of tax)	**(1)**	**(0.1)**	(1)	-
Adjusted basic earnings per share	**267**	**11.3**	265	11.3

Dividends and capital returns

The interim ordinary dividend is proposed at 3.15p per share (2013/14: 3.12p per share).

The Group continues to aim to move towards a medium term annual ordinary dividend cover of around 2.5 times. At this level, the Board believes the ordinary dividend will continue to be prudently covered by earnings and free cash flow and remain consistent with the capital needs of the business.

The interim ordinary dividend will be paid on 14 November 2014 to shareholders on the register at close of business on 10 October 2014. A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. The shares will go ex-dividend on 9 October 2014. For those shareholders electing to receive the DRIP the last date for receipt of electing is 24 October 2014.

Of the £200 million due to be returned in FY 2014/15, £100 million has been returned via a special dividend of 4.2p per share paid on 25 July 2014 and £35 million via a share buyback (8.5 million shares). The remainder of our capital return programme will resume as a share buyback.

Free cash flow*

A reconciliation of free cash flow is set out below:

	2014/15 £m	2013/14 £m
Operating profit (before exceptional items)	**368**	368
Other non-cash items[(1)]	**142**	141
Change in working capital	**33**	125
Pensions and provisions (before exceptional items)	**(20)**	(18)
Operating cash flow	**523**	616
Net interest paid	**(3)**	(5)
Tax paid	**(65)**	(39)
Gross capital expenditure	**(119)**	(147)
Disposal of assets	**47**	10
Free cash flow	**383**	435
Ordinary dividends paid	**(159)**	(150)
Special dividend paid	**(100)**	-
Share buyback	**(35)**	-
Disposal of Hornbach	**198**	-
Acquisition of Bricostore Romania (including debt)	**-**	(63)
Other[(2)]	**(2)**	2
Net cash flow	**285**	224
Opening net cash	**238**	38
Other movement including foreign exchange	**(27)**	(3)
Closing net cash	**496**	259

[(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, issue of shares and exceptional items (excluding property disposals).

Net cash at the end of the period was £496 million (1 February 2014: £238 million; 3 August 2013: £259 million). This balance includes funds set aside for the acquisition of Mr Bricolage. As previously announced the overall enterprise value is around €275 million.

Free cash flow of £383 million was generated in the period, a decrease of £52 million against the prior period due primarily to a lower reduction in working capital, which was partially offset by lower capital expenditure and higher receipts from the disposal of assets. The working capital movement was as a result of higher levels of stock at the period end due principally to different volumes of trading year on year around the period end. This stock relates to current ranges and is therefore expected to sell through by the year end.

During the period free cash flow generated was partially utilised by the ordinary and special dividend payments and share buybacks. The proceeds from the disposal of the Group’s shareholding in Hornbach AG have offset these additional outflows.

Management of balance sheet and liquidity risk and financing

The Group finished the period with £496 million of net cash on the balance sheet. However the Group's overall leverage is more significant when including capitalised lease debt that in accordance with accounting standards does not appear on the balance sheet. The ratio of the Group's lease adjusted net debt (capitalising leases at 8 times annual rent) to EBITDAR* on a moving annual total basis is 2.1 times as at 2 August 2014. At this level the Group has financial flexibility whilst retaining an efficient cost of capital.

A reconciliation of lease adjusted net debt to EBITDAR is set out below:

	2014/15 Moving annual total £m	2013/14 Year end[(1)] £m
EBITDA*	**1,001**	998
Property operating lease rentals	**441**	440
EBITDAR	**1,442**	1,438
Financial net cash	**(496)**	(238)
Pension deficit	**46**	100
Property operating lease rentals (8x)[(2)]	**3,528**	3,520
Lease adjusted net debt	**3,078**	3,382
Lease adjusted net debt to EBITDAR	**2.1x**	2.4x

[(1)] *Comparatives restated to reflect disposal of Hornbach.*
[(2)] *Kingfisher believes 8x is a reasonable industry standard for estimating the economic value of its leased assets.*

The Group has a £200 million committed facility that expires in 2016 and was undrawn at 2 August 2014. The next significant debt maturity is in December 2014 when the Group is required to repay MTNs with a notional value of £73 million.

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

Kingfisher currently holds a BBB credit rating with two of the three rating agencies. The third agency remains at BBB- with outlook upgraded to positive. Kingfisher aims to maintain its solid investment grade credit rating whilst investing in the business where economic returns are attractive and paying a healthy annual dividend to shareholders. After satisfying these key aims and taking into account the economic and trading outlook any surplus capital is returned to shareholders.

Acquisitions and disposals

On 3 April 2014, Kingfisher announced it had entered into exclusive negotiations with the principal shareholders of Mr Bricolage, the French home improvement retailer, to acquire their shareholding.

A non-binding memorandum of understanding was entered into, marking the start of exclusive negotiations during which the operating businesses of Mr Bricolage and of Kingfisher in France (Castorama and Brico Dépôt) would meet with their respective works councils and would propose improved commercial terms to the franchisees of Mr Bricolage. The outcome of these negotiations has been successful and accordingly, a binding agreement was entered into on 23 July 2014.

The acquisition by Kingfisher of the shares of the principal shareholders of Mr Bricolage will now proceed subject to French anti-trust clearance. Subsequently, a mandatory offer will be made to acquire the shares held by the minority shareholders at the agreed price per share of €15, in accordance with applicable law. The closure of the acquisition of the shareholding of the principal shareholders is expected to be completed around the end of Kingfisher's 2014/15 financial year.

The Group received proceeds of €236 million (£198 million) following the disposal of its 21% stake in Hornbach in March 2014 and in the prior period, the Group acquired 100% of Bricostore Romania for £63 million (including debt).

Pensions

At the half year, the Group had a net deficit of £46 million in relation to defined benefit pension arrangements, compared with a net deficit of £100 million at 1 February 2014. The favourable movement is driven by Kingfisher's contributions and strong asset returns, more than offsetting the interest cost and actuarial losses on the liabilities. This accounting valuation is sensitive to a number of assumptions and market rates which are likely to fluctuate in the future.

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 out in the 2013/14 Annual Report and Accounts, are summarised below:

- Our 'Easier' initiatives fail to deliver demand and value due to a lack of capabilities and resources to manage the volume of change underway
- Our investment in systems and supply chain platforms fails to deliver the anticipated benefits
- As customers change the way they shop we fail to adapt our business model quickly enough to these changes
- We fail to unlock the potential to generate further shareholder value through the optimisation of combined purchasing and commercial synergies, while retaining accountability at the Operating Companies
- We fail to create enough innovation opportunities to sufficiently differentiate our product offer.
- We fail to identify and maximise potential cost reductions and efficiency savings
- Our investment in new store formats, customer markets and customer proposition strategies, particularly our omnichannel development plans fail to stimulate increased consumer spend and do not deliver the desired return to top line like-for-like growth in our mature markets
- Uncertainty surrounding the resilience of the global economy and increased political volatility may impact both consumer confidence and the long term sustainability and capabilities of our supplier base
- Our investments in overseas expansion fail to deliver value (synergies and cost savings)
- We do not make the necessary investment in our people to ensure that we have the appropriate calibre of staff, skills and experience
- We fail to deliver our sustainability targets due to not integrating our sustainability plan into the day to day operations of the business
- A lack of perceived price competitiveness, particularly, when compared to more discount based or online competitors, would affect our ability to maintain or grow market share
- Key product suppliers lack the necessary resilience or disaster recovery capabilities to manage the impact of ongoing global economic volatility or the increasing impacts of extreme weather cycles and patterns on their operations and extended supply chains
- We fail to maintain a safe environment for our customers and store colleagues which results in a major incident or fatality that is directly attributable to a failure in our Health and Safety management systems
- Kingfisher's reputation and brand are affected by a major environmental or ethical failure, a significant corporate fraud or material non-compliance with legislative or regulatory requirements resulting in punitive or custodial procedures

Further details of the Group risks and risk management process can be found on pages 28 to 31 of the 2013/14 Annual Report and Accounts.

Section 5: GLOSSARY (terms are listed in alphabetical order)

Adjusted measures are before exceptional items, financing fair value remeasurements, amortisation of acquisition intangibles, related tax items and tax on prior year items including the impact of rate changes on deferred tax. 2013/14 comparatives have been restated to exclude the share of Hornbach results. A reconciliation to statutory amounts is set out in the Financial Review (Section 4).

Banque de France data includes relocated and extended stores. July 2014 data is provisional.
http://webstat.banque-france.fr/en/browse.do?node=5384326

Chinese property market – new property market transactions sales down 18% for the six months to June 2014 for 17 cities in which B&Q China operates, according to the China Real Estate Exchange.

Common means two or more operating companies selling the same product, or a similar product but from the same supplier where the same product is not possible due to market / legal reasons (e.g. electrical extension cable which is from the same supplier but with different electrical sockets).

EBITDA (earnings before interest, tax, depreciation and amortisation) which is calculated as retail profit less central costs and before depreciation and amortisation.

EBITDAR (earnings before interest, tax, depreciation, amortisation and property operating lease rentals) which is calculated as retail profit less central costs, before depreciation and amortisation and property operating lease rentals.

France consists of Castorama France and Brico Dépôt France.

Free cash flow represents cash generated from operations less the amount spent on tax, interest and net capital expenditure during the year (excluding business acquisitions and disposals). A reconciliation from operating profit (before exceptional items) is set out in the Financial Review (Section 4).

French property market
New housing starts and planning consent data for the six months to July 2014 according to the Ministry of Housing.
http://www.statistiques.developpement-durable.gouv.fr/publications/p/2099/756/construction-logements-resultat-fin-juin-2014-france.html

FFVR (financing fair value remeasurements) represents changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying value of borrowings and other hedged items under fair value hedge relationships.

LFL stands for like-for-like sales growth which represents the constant currency, year-on-year sales growth for stores that have been open for more than a year. This growth rate is compounded when calculating a cumulative 2 year LFL.

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

New country development consists of Portugal, Romania and Germany.

Omnichannel - allowing customers to shop with us in any way they prefer (via shops, the internet or catalogues).

Other International consists of China, Poland, Portugal, Romania, Russia, Germany, Spain and Turkey (Koçtaş JV).

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. 2013/14 comparatives have been restated to exclude the share of Hornbach operating profit.

Sales
Group sales exclude Joint Venture (Koçtaş JV) sales.

Smaller tradesman market
Kingfisher estimate for the UK smaller tradesman market is year on year movement of a weighted average incorporating 70% trade (using the most recent public data available for the big trade merchants as a proxy) and 30% DIY (using the UK RMI (Repairs, Maintenance & Improvement) GfK large chain (shed) data).

UK home improvement leader market
Kingfisher estimate for the UK RMI (Repairs, Maintenance & Improvement) market incorporates GfK data, which includes new space but which excludes B&Q Ireland and private retailers e.g. IKEA and other smaller independents. Kingfisher data is submitted on a cash sales basis and is adjusted for discounts.

UK & Ireland consists of B&Q UK & Ireland and Screwfix UK.

Forward-looking statements

This announcement contains certain statements that are forward-looking and which should be considered, amongst other statutory provisions, in light of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts may be forward-looking statements. Such statements are, therefore, subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations around the Company's programme known as 'Creating the Leader' and its associated eight steps.

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

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

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. We urge you to read our annual report and other company reports, including the risk factors contained therein, for a more detailed discussion of the factors that could affect our future performance and the industry in which we operate. Reliance should not be placed on any forward-looking statement. Our forward looking statements speak only as of the date of this press release and the Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this press release should be construed as a profit forecast.

KINGFISHER PLC

2014/15 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Half year ended 2 August 2014 Before exceptional items	Exceptional items (note 5)	Total	Half year ended 3 August 2013 (restated – note 2) Before exceptional items	Exceptional items (note 5)	Total
Sales	4	**5,768**	**-**	**5,768**	5,716	-	5,716
Cost of sales		**(3,660)**	**-**	**(3,660)**	(3,619)	-	(3,619)
Gross profit		**2,108**	**-**	**2,108**	2,097	-	2,097
Selling and distribution expenses		**(1,464)**	**(11)**	**(1,475)**	(1,468)	7	(1,461)
Administrative expenses		**(297)**	**-**	**(297)**	(283)	-	(283)
Other income		**19**	**21**	**40**	17	1	18
Share of post-tax results of joint ventures and associates		**2**	**-**	**2**	5	-	5
Operating profit		**368**	**10**	**378**	368	8	376
Analysed as:							
Retail profit	4	**390**	**10**	**400**	390	8	398
Share of Hornbach operating profit		**-**	**-**	**-**	4	-	4
Central costs		**(19)**	**-**	**(19)**	(20)	-	(20)
Share of interest and tax of joint ventures and associates		**(3)**	**-**	**(3)**	(6)	-	(6)
Finance costs		**(6)**	**-**	**(6)**	(6)	-	(6)
Finance income		**3**	**-**	**3**	4	27	31
Net finance (costs)/income	6	**(3)**	**-**	**(3)**	(2)	27	25
Profit before taxation		**365**	**10**	**375**	366	35	401
Income tax (expense)/credit	7	**(99)**	**1**	**(98)**	(79)	118	39
Profit for the period		**266**	**11**	**277**	287	153	440
Attributable to:							
Equity shareholders of the Company				**278**			440
Non-controlling interests				**(1)**			-
				277			440
Earnings per share	8						
Basic				**11.8p**			18.7p
Diluted				**11.7p**			18.5p
Adjusted basic				**11.3p**			11.3p
Adjusted diluted				**11.2p**			11.2p

The proposed interim ordinary dividend for the period ended 2 August 2014 is 3.15p per share.

KINGFISHER PLC

2014/15 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

		Year ended 1 February 2014 (restated – note 2)		
£ millions	Notes	Before exceptional items	Exceptional items (note 5)	Total
Sales	4	11,125	-	11,125
Cost of sales		(7,005)	-	(7,005)
Gross profit		4,120	-	4,120
Selling and distribution expenses		(2,883)	2	(2,881)
Administrative expenses		(550)	-	(550)
Other income		37	2	39
Share of post-tax results of joint ventures and associates		22	(14)	8
Operating profit		746	(10)	736
Analysed as:				
Retail profit	4	779	4	783
Share of Hornbach operating profit		26	(14)	12
Central costs		(42)	-	(42)
Share of interest and tax of joint ventures and associates		(17)	-	(17)
Finance costs		(12)	-	(12)
Finance income		8	27	35
Net finance income	6	(4)	27	23
Profit before taxation		742	17	759
Income tax expense	7	(163)	114	(49)
Profit for the year		579	131	710
Attributable to:				
Equity shareholders of the Company				709
Non-controlling interests				1
				710
Earnings per share	8			
Basic				30.0p
Diluted				29.7p
Adjusted basic				22.8p
Adjusted diluted				22.6p

KINGFISHER PLC

2014/15 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Profit for the period	**277**	440	710
Actuarial gains/(losses) on post employment benefits	**42**	(17)	(127)
Tax on items that will not be reclassified	**(39)**	3	65
Total items that will not be reclassified subsequently to profit or loss	**3**	(14)	(62)
Currency translation differences			
Group	**(77)**	(22)	(210)
Joint ventures and associates	**-**	(1)	(25)
Transferred to income statement	**-**	-	(31)
Cash flow hedges			
Fair value (losses)/gains	**(6)**	13	(4)
Losses/(gains) transferred to inventories	**16**	(1)	9
Tax on items that may be reclassified	**(3)**	(2)	2
Total items that may be reclassified subsequently to profit or loss	**(70)**	(13)	(259)
Other comprehensive income for the period	**(67)**	(27)	(321)
Total comprehensive income for the period	**210**	413	389
Attributable to:			
Equity shareholders of the Company	**211**	412	388
Non-controlling interests	**(1)**	1	1
	210	413	389

KINGFISHER PLC

2014/15 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 13)	Total	Non-controlling interests	Total equity
At 2 February 2014	**373**	**2,209**	**(35)**	**3,495**	**266**	**6,308**	**9**	**6,317**
Profit for the period	**-**	**-**	**-**	**278**	**-**	**278**	**(1)**	**277**
Other comprehensive income for the period	**-**	**-**	**-**	**3**	**(70)**	**(67)**	**-**	**(67)**
Total comprehensive income for the period	**-**	**-**	**-**	**281**	**(70)**	**211**	**(1)**	**210**
Share-based compensation	**-**	**-**	**-**	**6**	**-**	**6**	**-**	**6**
New shares issued under share schemes	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**1**
Own shares issued under share schemes	**-**	**-**	**11**	**(10)**	**-**	**1**	**-**	**1**
Purchase of own shares for cancellation	**(1)**	**-**	**-**	**(35)**	**1**	**(35)**	**-**	**(35)**
Dividends	**-**	**-**	**-**	**(259)**	**-**	**(259)**	**-**	**(259)**
At 2 August 2014	**372**	**2,210**	**(24)**	**3,478**	**197**	**6,233**	**8**	**6,241**
At 3 February 2013	373	2,204	(60)	3,106	525	6,148	8	6,156
Profit for the period	-	-	-	440	-	440	-	440
Other comprehensive income for the period	-	-	-	(14)	(14)	(28)	1	(27)
Total comprehensive income for the period	-	-	-	426	(14)	412	1	413
Share-based compensation	-	-	-	7	-	7	-	7
New shares issued under share schemes	-	1	-	-	-	1	-	1
Own shares issued under share schemes	-	-	44	(38)	-	6	-	6
Dividends	-	-	-	(150)	-	(150)	-	(150)
At 3 August 2013	373	2,205	(16)	3,351	511	6,424	9	6,433
At 3 February 2013	373	2,204	(60)	3,106	525	6,148	8	6,156
Profit for the year	-	-	-	709	-	709	1	710
Other comprehensive income for the year	-	-	-	(62)	(259)	(321)	-	(321)
Total comprehensive income for the year	-	-	-	647	(259)	388	1	389
Share-based compensation	-	-	-	7	-	7	-	7
New shares issued under share schemes	-	5	-	-	-	5	-	5
Own shares issued under share schemes	-	-	49	(41)	-	8	-	8
Purchase of own shares for ESOP trust	-	-	(24)	-	-	(24)	-	(24)
Dividends	-	-	-	(224)	-	(224)	-	(224)
At 1 February 2014	373	2,209	(35)	3,495	266	6,308	9	6,317

KINGFISHER PLC

2014/15 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

£ millions	Notes	At 2 August 2014	At 3 August 2013	At 1 February 2014
Non-current assets				
Goodwill		**2,416**	2,414	2,417
Other intangible assets		**240**	200	222
Property, plant and equipment		**3,526**	3,770	3,625
Investment property		**40**	63	50
Investments in joint ventures and associates		**26**	282	32
Post employment benefits	11	**28**	70	-
Deferred tax assets		**11**	16	12
Derivative assets	12	**33**	55	40
Other receivables		**14**	18	15
		6,334	6,888	6,413
Current assets				
Inventories		**2,199**	2,167	2,054
Trade and other receivables		**610**	599	590
Derivative assets	12	**11**	12	5
Current tax assets		**11**	4	15
Short-term deposits	15	**167**	-	-
Cash and cash equivalents		**627**	559	535
Assets held for sale		**11**	-	208
		3,636	3,341	3,407
Total assets		**9,970**	10,229	9,820
Current liabilities				
Trade and other payables		**(2,691)**	(2,695)	(2,486)
Borrowings	12	**(103)**	(15)	(94)
Derivative liabilities	12	**(18)**	(6)	(27)
Current tax liabilities		**(203)**	(208)	(175)
Provisions		**(9)**	(13)	(8)
		(3,024)	(2,937)	(2,790)
Non-current liabilities				
Other payables		**(85)**	(87)	(86)
Borrowings	12	**(218)**	(329)	(230)
Derivative liabilities	12	**-**	(13)	-
Deferred tax liabilities		**(286)**	(304)	(251)
Provisions		**(42)**	(50)	(46)
Post employment benefits	11	**(74)**	(76)	(100)
		(705)	(859)	(713)
Total liabilities		**(3,729)**	(3,796)	(3,503)
Net assets		**6,241**	6,433	6,317
Equity				
Share capital		**372**	373	373
Share premium		**2,210**	2,205	2,209
Own shares held in ESOP trust		**(24)**	(16)	(35)
Retained earnings		**3,478**	3,351	3,495
Other reserves	13	**197**	511	266
Total attributable to equity shareholders of the Company		**6,233**	6,424	6,308
Non-controlling interests		**8**	9	9
Total equity		**6,241**	6,433	6,317

The interim financial report was approved by the Board of Directors on 9 September 2014 and signed on its behalf by:

Sir Ian Cheshire, Group Chief Executive

Karen Witts, Group Finance Director

KINGFISHER PLC

2014/15 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

£ millions	Notes	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Operating activities				
Cash generated by operations	14	**512**	600	976
Income tax paid		**(65)**	(39)	(142)
Net cash flows from operating activities		**447**	561	834
Investing activities				
Purchase of businesses, net of cash acquired	16	**-**	(28)	(28)
Purchase of property, plant and equipment, investment property and intangible assets		**(119)**	(147)	(304)
Disposal of property, plant and equipment, investment property, property assets held for sale and intangible assets		**47**	10	12
Disposal of Hornbach	16	**198**	-	-
Increase in short-term deposits	15	**(167)**	-	-
Interest received		**2**	3	8
Dividends received from joint ventures and associates		**7**	11	11
Net cash flows from investing activities		**(32)**	(151)	(301)
Financing activities				
Interest paid		**(3)**	(6)	(12)
Interest element of finance lease rental payments		**(2)**	(2)	(4)
Repayment of bank loans		**(2)**	(89)	(89)
Repayment of Medium Term Notes and other fixed term debt		**-**	(33)	(33)
Receipt on financing derivatives		**-**	6	6
Capital element of finance lease rental payments		**(7)**	(6)	(13)
New shares issued under share schemes		**1**	1	5
Own shares issued under share schemes		**1**	6	8
Purchase of own shares for cancellation		**(35)**	-	-
Purchase of own shares for ESOP trust		**-**	-	(24)
Ordinary dividends paid to equity shareholders of the Company		**(159)**	(150)	(224)
Special dividend paid to equity shareholders of the Company		**(100)**	-	-
Net cash flows from financing activities		**(306)**	(273)	(380)
Net increase in cash and cash equivalents and bank overdrafts		**109**	137	153
Cash and cash equivalents and bank overdrafts at beginning of period		**534**	398	398
Exchange differences		**(31)**	23	(17)
Cash and cash equivalents and bank overdrafts at end of period	15	**612**	558	534

KINGFISHER PLC

2014/15 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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 1 February 2014 were approved by the Board of Directors on 24 March 2014 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 9 September 2014.

2. Basis of preparation

The interim financial report for the 26 weeks ended 2 August 2014 ('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 1 February 2014, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') 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, '2013/14' refers to the prior half year.
The following non-GAAP measures have been restated in the comparatives to exclude the contribution of Hornbach, in order to improve comparability following its disposal in the current period:

	Half year ended 3 August 2013			Year ended 1 February 2014		
£ millions	Before restatement	Restatement	After restatement	Before restatement	Restatement	After restatement
Retail profit - Group	394	(4)	390	805	(26)	779
Retail profit - Other International	62	(4)	58	171	(26)	145
Adjusted pre-tax profit	365	(1)	364	744	(14)	730
Adjusted earnings	266	(1)	265	552	(14)	538
Adjusted basic earnings per share	11.3p	-	11.3p	23.4p	(0.6)p	22.8p
Adjusted diluted earnings per share	11.2p	-	11.2p	23.2p	(0.6)p	22.6p
Segment assets - Group	3,994	(248)	3,746	3,894	(198)	3,696
Segment assets - Other International	1,172	(248)	924	1,174	(198)	976

There was no contribution from Hornbach to the current period adjusted (non-GAAP) results. Statutory (GAAP) measures have not been restated.

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 2 August 2014.

Principal rates of exchange against Sterling

	Half year ended 2 August 2014		Half year ended 3 August 2013		Year ended 1 February 2014	
	Average rate	Period end rate	Average rate	Period end rate	Average rate	Year end rate
Euro	**1.23**	**1.25**	1.17	1.15	1.18	1.22
US Dollar	**1.68**	**1.68**	1.53	1.53	1.57	1.64
Polish Zloty	**5.11**	**5.24**	4.91	4.86	4.95	5.17
Chinese Renminbi	**10.40**	**10.40**	9.44	9.37	9.62	9.97

Use of non-GAAP measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the generally accepted accounting principles (GAAP) under which the Group reports. Kingfisher believes that retail profit, adjusted pre-tax profit, effective tax rate, adjusted earnings and adjusted earnings per share provide additional useful information on underlying trends to shareholders. These and other non-GAAP measures such as net debt/cash are used by Kingfisher for internal performance analysis and incentive compensation arrangements for employees. The terms ‘retail profit’, ‘exceptional items’, ‘adjusted’, ‘effective tax rate’ and ‘net debt/cash’ are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

Retail profit is defined as continuing operating profit before central costs (principally the costs of the Group’s head office), exceptional items, amortisation of acquisition intangibles and the Group’s share of interest and tax of joint ventures and associates. 2013/14 comparatives have been restated to exclude the share of Hornbach operating profit.

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 (including the impact of changes in tax rates on deferred tax). 2013/14 comparatives have been restated to exclude the share of Hornbach results. Financing fair value remeasurements represent changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value hedge relationships. Financing derivatives are those that relate to underlying items of a financing nature.

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

Net debt/cash comprises borrowings and financing derivatives (excluding accrued interest), less cash and cash equivalents and short-term deposits.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 1 February 2014, as described in note 2 of those financial statements.

There are no standards, amendments to standards or interpretations that are both mandatory for the first time for the financial year ending 31 January 2015 and expected to have a material impact on the Group’s results.

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

4. Segmental analysis

Income statement

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					Half year ended 2 August 2014
Sales	**2,419**	**2,205**	**554**	**590**	**5,768**
Retail profit	**166**	**182**	**54**	**(12)**	**390**
Exceptional items					**10**
Central costs					**(19)**
Share of interest and tax of joint ventures and associates					**(3)**
Operating profit					**378**
Net finance costs					**(3)**
Profit before taxation					**375**

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					Half year ended 3 August 2013 (restated – note 2)
Sales	2,270	2,306	557	583	5,716
Retail profit	141	191	54	4	390
Share of Hornbach operating profit					4
Exceptional items					8
Central costs					(20)
Share of interest and tax of joint ventures and associates					(6)
Operating profit					376
Net finance income					25
Profit before taxation					401

£ millions	UK & Ireland	France	Other International: Poland	Other International: Other	Total
					Year ended 1 February 2014 (restated – note 2)
Sales	4,363	4,423	1,109	1,230	11,125
Retail profit	238	396	123	22	779
Share of Hornbach operating profit					26
Exceptional items					(10)
Central costs					(42)
Share of interest and tax of joint ventures and associates					(17)
Operating profit					736
Net finance income					23
Profit before taxation					759

Balance sheet

	At 2 August 2014				
			Other International		
£ millions	UK & Ireland	France	Poland	Other	Total
Segment assets	**1,366**	**1,279**	**518**	**391**	**3,554**
Central liabilities					**(225)**
Goodwill					**2,416**
Net cash					**496**
Net assets					**6,241**

	At 3 August 2013 (restated – note 2)				
			Other International		
£ millions	UK & Ireland	France	Poland	Other	Total
Segment assets	1,456	1,366	560	364	3,746
Investment in Hornbach					248
Central liabilities					(234)
Goodwill					2,414
Net cash					259
Net assets					6,433

	At 1 February 2014 (restated – note 2)				
			Other International		
£ millions	UK & Ireland	France	Poland	Other	Total
Segment assets	1,356	1,364	563	413	3,696
Investment in Hornbach					198
Central liabilities					(232)
Goodwill					2,417
Net cash					238
Net assets					6,317

The ‘Other International’ segment consists of Poland, China, Spain, Portugal, Germany, Russia, Romania and the joint venture Koçtaş in Turkey. Poland has been shown separately due to its significance.

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

The Group’s sales, although generally not highly seasonal on a half-yearly basis, 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 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Included within selling and distribution expenses			
UK restructuring	**(6)**	-	-
Acquisition and integration costs	**(5)**	-	(5)
Ireland restructuring	**-**	7	7
	(11)	7	2
Included within other income			
Profit on disposal of properties	**21**	1	2
	21	1	2
Included within share of post-tax results of joint ventures and associates			
Net impairment of investment in Hornbach	**-**	-	(14)
	-	-	(14)
Included within finance income			
Kesa demerger French tax case – repayment supplement income	**-**	27	27
	-	27	27
Exceptional items before tax	**10**	35	17
Tax on exceptional items	**1**	-	(4)
Kesa demerger French tax case	**-**	118	118
Exceptional items	**11**	153	131

Current period exceptional items include a £6m restructuring charge in the UK relating to the transformation of B&Q, driven by productivity initiatives aimed at delivering a simpler, more efficient business with a lower cost operating model.

Current period acquisition and integration costs of £5m have been incurred, including fees relating to the acquisition of Mr Bricolage.

Profit on disposal of properties of £21m in the current period principally relates to the disposal of freehold assets in the UK and France.

Prior year acquisition and integration costs of £5m principally comprised costs of acquiring and integrating the Bricostore Romania business.

The prior year exceptional credit of £7m for Ireland restructuring reflected the release of provisions recorded in January 2013 when B&Q Ireland entered into an Examinership process. It successfully exited Examinership in May 2013 with the closure of only one store.

A net impairment loss of £14m was recognised in the prior year on the Group's investment in Hornbach. This comprised a loss of £45m on remeasurement of the investment to fair value, offset by a £31m gain on the transfer from reserves of cumulative foreign exchange gains since transition to IFRS.

In July 2013 the Conseil d'Etat, France's ultimate court, found in favour of Kingfisher regarding the Kesa demerger tax case, which concluded the matter. Whilst a refund was received from the French tax authorities following the first positive decision in 2009, the Group continued to provide against the risk while litigation was on-going. A £27m repayment supplement provision and £118m taxation provision related to the case were subsequently released and treated as exceptional.

6. Net finance (costs)/income

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Bank overdrafts and bank loans	**(3)**	(3)	(3)
Medium Term Notes and other fixed term debt	**(1)**	(2)	(3)
Finance leases	**(2)**	(2)	(4)
Financing fair value remeasurements	**1**	1	(2)
Unwinding of discount on provisions	**(1)**	-	-
Net interest expense on defined benefit pension schemes	**(1)**	-	-
Capitalised interest	**1**	-	-
Finance costs	**(6)**	(6)	(12)
Cash and cash equivalents and short-term deposits	**3**	3	6
Net interest income on defined benefit pension schemes	**-**	1	2
Kesa demerger French tax case – repayment supplement income	**-**	27	27
Finance income	**3**	31	35
Net finance (costs)/income	**(3)**	25	23

7. Income tax

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
UK corporation tax			
Current tax on profits for the period	**35**	30	47
Adjustments in respect of prior years	**-**	(1)	(7)
	35	29	40
Overseas tax			
Current tax on profits for the period	**64**	66	131
Kesa demerger French tax case	**-**	(118)	(118)
Other adjustments in respect of prior years	**1**	(12)	(11)
	65	(64)	2
Deferred tax			
Current period	**(2)**	3	16
Adjustments in respect of changes in tax rates	**-**	(7)	(9)
	(2)	(4)	7
Income tax expense/(credit)	**98**	(39)	49

The effective rate of tax on profit before exceptional items and excluding prior year tax adjustments and the impact of changes in tax rates on deferred tax is 27% (2013/14: 27%), representing the best estimate of the effective rate for the full financial year. The effective tax rate on the same basis for the year ended 1 February 2014 was 26%. Exceptional tax items for the current period amount to a credit of £1m (2013/14: £118m credit, all of which related to prior year items). Exceptional tax items for the year ended 1 February 2014 amounted to a credit of £114m, £118m of which related to prior year items.

8. Earnings per share

Pence	Half year ended 2 August 2014	Half year ended 3 August 2013 (restated – note 2)	Year ended 1 February 2014 (restated – note 2)
Basic earnings per share	**11.8**	18.7	30.0
Effect of dilutive share options	**(0.1)**	(0.2)	(0.3)
Diluted earnings per share	**11.7**	18.5	29.7
Basic earnings per share	**11.8**	18.7	30.0
Share of Hornbach post-tax results	**-**	-	(0.6)
Exceptional items before tax	**(0.4)**	(1.5)	(0.7)
Tax on exceptional and prior year items	**-**	(5.9)	(6.0)
Financing fair value remeasurements	**(0.1)**	-	0.1
Adjusted basic earnings per share	**11.3**	11.3	22.8
Diluted earnings per share	**11.7**	18.5	29.7
Share of Hornbach post-tax results	**-**	-	(0.6)
Exceptional items before tax	**(0.4)**	(1.5)	(0.7)
Tax on exceptional and prior year items	**-**	(5.8)	(5.9)
Financing fair value remeasurements	**(0.1)**	-	0.1
Adjusted diluted earnings per share	**11.2**	11.2	22.6

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

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013 (restated – note 2)	Year ended 1 February 2014 (restated – note 2)
Earnings	**278**	440	709
Share of Hornbach post-tax results	**-**	(1)	(14)
Exceptional items before tax	**(10)**	(35)	(17)
Tax on exceptional and prior year items	**-**	(138)	(141)
Financing fair value remeasurements	**(1)**	(1)	2
Tax on financing fair value remeasurements	**-**	-	(1)
Adjusted earnings	**267**	265	538

The weighted average number of shares in issue during the period, excluding those held in the Employee Share Ownership Plan Trust (ESOP), is 2,364m (2013/14: 2,358m). The diluted weighted average number of shares in issue during the period is 2,375m (2013/14: 2,376m). For the year ended 1 February 2014, the weighted average number of shares in issue was 2,363m and the diluted weighted average number of shares in issue was 2,382m.

9. Dividends

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Dividends to equity shareholders of the Company			
Special interim dividend of 4.2p per share paid 25 July 2014	**100**	-	-
Ordinary final dividend for the year ended 1 February 2014 of 6.78p per share	**159**	-	-
Ordinary interim dividend for the year ended 1 February 2014 of 3.12p per share	**-**	-	74
Ordinary final dividend for the year ended 2 February 2013 of 6.37p per share	**-**	150	150
	259	150	224

The proposed ordinary interim dividend for the period ended 2 August 2014 is 3.15p per share.

10. Capital expenditure

Additions to the cost of property, plant and equipment, investment property and intangible assets, excluding assets acquired on the purchase of businesses, are £124m (2013/14: £146m) and for the year ended 1 February 2014 were £308m. Disposals in net book value of property, plant and equipment, investment property, property assets held for sale and intangible assets are £24m (2013/14: £9m) and for the year ended 1 February 2014 were £13m.

Capital commitments contracted but not provided for at the end of the period are £54m (2013/14: £48m) and at 1 February 2014 were £31m.

11. Post employment benefits

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Net deficit in schemes at beginning of period	**(100)**	-	-
Current service cost	**(4)**	(4)	(9)
Administration costs	**(2)**	(2)	(3)
Net interest (expense)/income	**(1)**	1	2
Net actuarial gains/(losses)	**42**	(17)	(127)
Contributions paid by employer	**18**	16	33
Exchange differences	**1**	-	4
Net deficit in schemes at end of period	**(46)**	(6)	(100)

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 1 February 2014.

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 corporate 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 principal financial assumptions for the UK scheme, being the Group's principal defined benefit scheme, are set out below:

Annual % rate	At 2 August 2014	At 3 August 2013	At 1 February 2014
Discount rate	**4.2**	4.6	4.4
Price inflation	**3.2**	3.3	3.3

12. Financial instruments

The Group holds the following financial instruments at fair value:

£ millions	At 2 August 2014	At 3 August 2013	At 1 February 2014
Cross-currency interest rate swaps	**37**	60	42
Foreign exchange contracts	**7**	7	3
Derivative assets	**44**	67	45

£ millions	At 2 August 2014	At 3 August 2013	At 1 February 2014
Cross-currency interest rate swaps	**(8)**	(13)	(9)
Foreign exchange contracts	**(10)**	(6)	(18)
Derivative liabilities	**(18)**	(19)	(27)

The fair values are calculated by discounting future cash flows arising from the instruments and adjusted for credit risk. These fair value measurements are all made using observable market rates of interest, foreign exchange and credit risk. All the derivatives held by the Group at fair value are considered to have fair values determined by Level 2 inputs as defined by the fair value hierarchy of IFRS 13, 'Fair value measurement'. There are no non-recurring fair value measurements nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy.

Except as detailed in the following table of borrowings, the directors consider that the carrying amounts of financial instruments recorded at amortised cost in the financial statements are approximately equal to their fair values. Where available, market values have been used to determine the fair values of borrowings. Where market values are not available or are not reliable, fair values have been calculated by discounting cash flows at prevailing interest and foreign exchange rates. This has resulted in a mix of Level 1 and Level 2 inputs as defined by the fair value hierarchy of IFRS 13, 'Fair value measurement'.

			Carrying amount
£ millions	At 2 August 2014	At 3 August 2013	At 1 February 2014
Bank overdrafts	**15**	1	1
Bank loans	**12**	16	14
Medium Term Notes and other fixed term debt	**238**	264	247
Finance leases	**56**	63	62
Borrowings	**321**	344	324

			Fair value
£ millions	At 2 August 2014	At 3 August 2013	At 1 February 2014
Bank overdrafts	**15**	1	1
Bank loans	**13**	17	16
Medium Term Notes and other fixed term debt	**245**	273	254
Finance leases	**70**	79	79
Borrowings	**343**	370	350

13. Other reserves

£ millions	Cash flow hedge reserve	Translation reserve	Other	Total
At 2 February 2014	**(5)**	**112**	**159**	**266**
Currency translation differences				
Group	**-**	**(77)**	**-**	**(77)**
Cash flow hedges				
Fair value losses	**(6)**	**-**	**-**	**(6)**
Losses transferred to inventories	**16**	**-**	**-**	**16**
Tax on items that may be reclassified	**(3)**	**-**	**-**	**(3)**
Other comprehensive income for the period	**7**	**(77)**	**-**	**(70)**
Purchase of own shares for cancellation	**-**	**-**	**1**	**1**
At 2 August 2014	**2**	**35**	**160**	**197**
At 3 February 2013	(8)	374	159	525
Currency translation differences				
Group	-	(23)	-	(23)
Joint ventures and associates	-	(1)	-	(1)
Cash flow hedges				
Fair value gains	13	-	-	13
Gains transferred to inventories	(1)	-	-	(1)
Tax on items that may be reclassified	(4)	2	-	(2)
Other comprehensive income for the period	8	(22)	-	(14)
At 3 August 2013	-	352	159	511
At 3 February 2013	(8)	374	159	525
Currency translation differences				
Group	-	(210)	-	(210)
Joint ventures and associates	-	(25)	-	(25)
Transferred to income statement	-	(31)	-	(31)
Cash flow hedges				
Fair value losses	(4)	-	-	(4)
Losses transferred to inventories	9	-	-	9
Tax on items that may be reclassified	(2)	4	-	2
Other comprehensive income for the year	3	(262)	-	(259)
At 1 February 2014	(5)	112	159	266

14. Cash generated by operations

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Operating profit	**378**	376	736
Share of post-tax results of joint ventures and associates	**(2)**	(5)	(8)
Depreciation and amortisation	**132**	130	261
Impairment losses	**-**	-	2
(Profit)/loss on disposal of property, plant and equipment, investment property and intangible assets	**(22)**	(1)	1
Share-based compensation charge	**6**	7	7
Increase in inventories	**(179)**	(60)	(31)
Increase in trade and other receivables	**(28)**	(50)	(60)
Increase in trade and other payables	**243**	234	118
Movement in provisions	**(4)**	(21)	(29)
Movement in post employment benefits	**(12)**	(10)	(21)
Cash generated by operations	**512**	600	976

15. Net cash

£ millions	At 2 August 2014	At 3 August 2013	At 1 February 2014
Cash and cash equivalents	**627**	559	535
Bank overdrafts	**(15)**	(1)	(1)
Cash and cash equivalents and bank overdrafts	**612**	558	534
Short-term deposits	**167**	-	-
Bank loans	**(12)**	(16)	(14)
Medium Term Notes and other fixed term debt	**(238)**	(264)	(247)
Financing derivatives	**23**	44	27
Finance leases	**(56)**	(63)	(62)
Net cash	**496**	259	238

Short-term deposits comprise bank deposits with original maturities of between three and 12 months.

£ millions	Half year ended 2 August 2014	Half year ended 3 August 2013	Year ended 1 February 2014
Net cash at beginning of period	**238**	38	38
Net increase in cash and cash equivalents and bank overdrafts	**109**	137	153
Increase in short-term deposits	**167**	-	-
Repayment of bank loans	**2**	89	89
Repayment of Medium Term Notes and other fixed term debt	**-**	33	33
Receipt on financing derivatives	**-**	(6)	(6)
Capital element of finance lease rental payments	**7**	6	13
Cash flow movement in net cash	**285**	259	282
Borrowings acquired	**-**	(35)	(35)
Exchange differences and other non-cash movements	**(27)**	(3)	(47)
Net cash at end of period	**496**	259	238

16. Acquisitions and disposals

On 3 April 2014, Kingfisher announced it had entered into exclusive negotiations with the principal shareholders of Mr Bricolage, the French home improvement retailer, to acquire their shareholding. A non-binding memorandum of understanding was entered into, marking the start of exclusive negotiations during which the operating businesses of Mr Bricolage and of Kingfisher in France (Castorama and Brico Dépôt) would meet with their respective works councils and would propose improved commercial terms to the franchisees of Mr Bricolage. The outcome of these negotiations was successful and accordingly, a binding agreement was entered into on 23 July 2014.

The acquisition by Kingfisher of the shares of the principal shareholders of Mr Bricolage will now proceed subject to French anti-trust clearance. Subsequently, a mandatory offer will be made to acquire the shares held by the minority shareholders at the agreed price per share of €15, in accordance with applicable law. The closure of the acquisition of the shareholding of the principal shareholders is expected to be completed around the end of Kingfisher’s 2014/15 financial year.

In the prior period, the Group acquired 100% of the share capital of the Bricostore Romania companies for cash consideration of £35m (along with a non-cash element of £16m) and acquired cash of £7m and borrowings of £35m.

The Group received proceeds of €236m (£198m) following the disposal of its 21% stake in Hornbach in March 2014.

17. Contingent assets and liabilities

The Group has arranged for certain guarantees to be provided to third parties in the ordinary course of business. Of these guarantees, only £1m (2013/14: £1m) would crystallise due to possible future events not wholly within the Group's control. At 1 February 2014 the amount was £1m.

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 joint ventures, associates and pension schemes as disclosed in note 37 of the annual financial statements for the year ended 1 February 2014. There have been no significant changes in related parties or related party transactions in the period, except that Hornbach is no longer a related party.

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 4.2.7R and DTR 4.2.8R, namely:

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

The Directors of Kingfisher plc were listed in the Kingfisher plc Annual Report for the year ended 1 February 2014. With the exception of Philippe Tible, who stepped down as a Director of Kingfisher plc on 31 July 2014, there have been no changes in the period.

By order of the Board

Sir Ian Cheshire	Karen Witts
Group Chief Executive	Group Finance Director
9 September 2014	9 September 2014

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 2 August 2014 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 18. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group 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 2 August 2014 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
9 September 2014