EMBARGOED UNTIL 0700 HOURS
Thursday 27 March 2008

Kingfisher plc
Preliminary results for the year ended 2 February 2008

Group Financial Summary

	2007/08	2006/07	Reported Change	Constant Currency Change (52 weeks)	Like-for-like (LFL) change
Retail sales *(1)*	£9,364m	£8,676m	+7.9%	+8.0%	+2.6%
Retail profit *(2)*	£498m	£504m	(1.2)%	(2.7)%	
Adjusted pre-tax profit *(3)*	£386m	£397m	(2.8)%		
Adjusted post-tax profit *(3)*	£265m	£277m	(4.3)%		
Adjusted basic EPS *(3)*	11.3p	11.9p	(5.0)%		
Full year dividend	7.25p	10.65p	(31.9)%		
Net debt	£1,559m	£1,294m			

(1) For the UK businesses, reported results are for the 52 weeks ended 2 February 2008 (2006/07: 53 weeks ended 3 February 2007). Outside the UK, results are reported on a calendar month basis. Joint venture (JV) and Associate sales are not consolidated.

(2) Retail profit is stated before central costs, exceptional items, acquisition intangibles amortisation and share of joint venture and associate interest and tax.

(3) Adjusted measures are before exceptional items, financing fair value remeasurements and acquisition intangibles amortisation. A reconciliation to statutory amounts is set out in the Financial Review.

Financial highlights

- Group retail sales up 8.0%, +2.6% like-for-like.
- Adjusted pre-tax profit down 2.8%.
- Final dividend to be reduced by 50% to 3.4p with a similar reduction expected for the forthcoming interim dividend.
- Property portfolio valued at £3.6 billion.

Operating highlights

- International (ex-UK, representing over half of Kingfisher's sales) delivered strong sales, up 11%, and retail profit growth up 5%.
  - Good performance in France (sales up 7.2%, retail profit up 13.2%).
  - Strong performance in Poland (sales up 31.1%, retail profit up 41.8%).
  - B&Q China to be restructured resulting in an exceptional charge of £22 million in 2007/08, with a further exceptional charge of around £11 million expected in 2008/09.
- In the UK, sales grew 5%, underlying retail profit was flat before the impact of B&Q's biggest ever year of range and store renewal.

Statutory reporting

	2007/08	2006/07	Reported Change
Pre-tax profit	£395m	£450m	(12.2)%
Post-tax profit attributable to equity shareholders	£274m	£337m	(18.7)%
Basic EPS	11.7p	14.4p	(18.8)%

Peter Jackson, Chairman, said:

"The last year has been challenging for international retailers with increased global economic uncertainty impacting consumer confidence, particularly here in the UK.

"Despite this there were many examples of good progress across the Group. In our largest single business, B&Q, we made a major step forward in improving B&Q's offer to customers, introducing more new products and modernising more store space than ever before, whilst capitalising well on more buoyant conditions in many of our international markets.

"At the end of the financial year the Board appointed Ian Cheshire as the new Group Chief Executive to drive through the changes necessary to improve returns and maximise our value for shareholders. It is early days but he is already making good progress, setting new targets and a clear direction for the Group.

"The Board is confident that Ian and his team will bring about a major improvement in the performance of the Group, but to do that it will need to continue investing. Ian is already applying a great deal of rigour to ensure that cash is spent wisely. Against this internal background and the external economic environment, the Board has decided to reduce the final dividend by fifty percent and would expect to apply a similar cut to the forthcoming interim dividend. This would have the effect of rebasing the dividend to a level more prudently covered by current earnings from which it could grow consistent with the performance and capital needs of the Group."

Ian Cheshire, Group Chief Executive, said:

"I am delighted to be leading Kingfisher at this important time in our development. We have a great opportunity to unlock the full potential of our strong assets. By changing how the Group as a whole is managed, tightening our use of capital and driving out higher cash returns from our businesses we intend to deliver a step-change in value for our shareholders.

"No business can fully shield itself from economic cycles and given the current state of the financial markets, most commentators are expecting the short-term outlook to worsen before it improves. Against this background, our priorities remain on improving cash margin and controlling costs. I remain confident that Kingfisher has a bright future with a strong position in an attractive retail sector and with geographic diversification in developed and developing markets."

REVIEW OF THE YEAR

The remainder of this release has three main sections:

- Future Direction
- Operational Review
- Financial Review and preliminary Financial Statements.

Future Direction

Home improvement is an attractive segment of retail, benefiting from natural long-term demand characteristics fuelled by demand for more new housing and more frequent home renewal. The market also benefits from many products being common across international markets, giving rise to global sourcing and economies of scale.

Within this market Kingfisher is alone in having such a large and geographically diversified business. However, delivering more shareholder value from this strong strategic position will require changes in three key areas.

Management

Historically, Kingfisher has followed a decentralised management approach, with our retail businesses largely operating independently but participating in Group-wide programmes for local advantage. This approach has successfully resulted in the businesses being well adapted to local customers, but it has yet to deliver the Group's full potential.

Going forward, the retail businesses will retain responsibility for best serving their local customers but a new senior team, working within a new management structure, will have collective responsibility for overall Group delivery of results as well as key existing cross-Group activities; global sourcing, own-brand development, common purchasing, IT, property and global talent management.

Accordingly, three new geographic divisions have now been established; UK, France and Other International. Three new management roles have been created with overall responsibility for all businesses in each geographic division and good progress has been made identifying these executives. Philippe Tible, CEO of Castorama France, has been appointed to lead the French division and an announcement about the UK will be made shortly.

These three roles will make up the core of the new Retail Board with cross-Group powers and incentives. Internal management information has been simplified and more rigorous internal reporting - business performance monitoring and challenge processes - are being introduced. The Group Chief Executive will regularly attend Board meetings of the UK, French and Polish businesses.

Capital

Capital invested to support Kingfisher's domestic and international development has been significant to date, building strong retail and sourcing operations across the world and there continue to be new investment opportunities which offer good returns. However, debt has expanded in recent years and, with the global economic cycle now tightening, stabilising debt at current levels, prior to reducing it in due course is now a priority. Accordingly, we have set a target of constant currency flat net debt for the current year.

Consistent with this, existing capital deployed across the Group will be reviewed and new capital investment will continue, albeit at a slower rate. Annual capital investment will be around £400 million, reprioritised to the highest and fastest-returning projects. Higher hurdle rates have already been introduced with immediate effect, driving quicker achievement of attractive returns.

The Board believes there are significant capital investment opportunities over the coming years that will drive shareholder value. Given this investment opportunity, combined with the Board's view of capital and performance, the Board has therefore decided to reduce the final dividend by fifty percent to 3.4p, making a total dividend for the year of 7.25p. Had the Board adopted this fifty per cent reduction at the interim dividend stage, it would have declared an interim dividend of 1.93p making a total dividend for the year of 5.33p covered 2.1 times by adjusted earnings. The Board believes that such a level of dividend would be appropriate for current business needs and is a level from which it could grow consistent with the performance and capital needs of the company.

Cash Returns

Having invested significantly in the worldwide retail and sourcing operations, greater focus will now be placed on generating higher cash returns from the retail businesses. Operational improvements will be achieved through a greater customer focus and drive for operating cost efficiencies.

Over the next three months the new management team will draw up new three year operating plans with clear, stretching, but achievable, sales growth, margin improvement and cost reduction targets. Greater emphasis will also be placed on optimising working capital. Accordingly, we will align management incentives to the delivery of these plans, which will drive a step change in shareholder value.

Operational Review - UK

Retail sales £m	2007/08 52 weeks	2006/07 53 weeks	% Change (Reported) 52 vs 53 weeks	% Change 52 vs 52 weeks	% LFL Change
UK	4,395	4,262	3.1%	5.1%	0.4%

Retail profit £m	2007/08	2006/07	% Change (Reported)
UK	153	183	(16.3)%

UK includes B&Q in the UK, Screwfix and Trade Depot.

UK Market

The UK home improvement market* grew over the first half of the year, before weakening over the second half, as concerns over higher personal debt, less debt availability and falling house prices began to weigh on the consumer. For the full year, the market grew by around 3%, following falls of 0.5% last year and 4% in 2005/06.

Kingfisher's businesses outperformed the market by delivering sales growth of 5.1%, despite disruption from B&Q's biggest year of change in its history.

**Market data from GfK for the leading retailers of home improvement products and services*

B&Q's total reported **sales** were £3.9 billion, up 2.7% (52 weeks). For the first time in three years, despite operating in a challenging market and with difficult summer weather patterns, LFLs were up, by 0.6%. Total sales grew 4.8% over the first half but only 0.5% in the second half (26 weeks), reflecting a tougher retail environment. However, good sales growth from revamped large stores and new ranges helped offset disruption from the ongoing renewal activity.

Retail profit was £131 million (2006/07: £163 million), after £29 million net revenue costs of the renewal programme (£14 million revamping larger stores and £15 million range review clearance activity). Underlying retail profit was broadly maintained. The underlying gross margin rate, before range review clearance activity, was slightly up compared to last year, reflecting less promotional activity and a favourable sales mix towards new, higher margin products.

Total costs grew 4% (52 weeks) with underlying cost inflation of 2%, net new space growth of 2% and the additional costs of store revamping offset by cost savings.

Renewal programme update
B&Q aims to grow its share of home improvement expenditure by strengthening its appeal to both the Do-it-Yourself (DIY) and Do-it-For-Me (DFM) customer. During 2007/08, B&Q underwent the biggest year of change in its history, which included updating product ranges, improving its store environments and introducing more services, to ensure B&Q is the first and only store for a greater proportion of customers' home improvement spend.

New product ranges
B&Q updated 60% of its overall product ranges during the year, supported by a major new advertising campaign. Updated ranges of wall and window coverings, lighting, soft furnishings and kitchens sold particularly well as have bedroom, plumbing and flooring ranges which have been updated more recently. A better underlying performance is expected from these changes in 2008/09.

Customer service
Customer service requirements are typically the highest when shopping for room make-over decorative items and major home improvement projects. Good advice, on-line and in-store, coupled with fast and efficient delivery and installation are key to good customer service.

During the first half of the year, 800 in-store decorative advisers received practical decorating skills training, to enable them to advise customers on how to style rooms. This initiative has been well received and will be extended to laying flooring, tiling and the basics of plastering and fitting kitchens and bathrooms.

Following a major overhaul of B&Q's installation and home delivery services, the time from order to delivery and installation of kitchens and bathrooms has been reduced by five weeks on average.

Also, the B&Q website (www.diy.com) has been revamped, with customers now able to use new free room design and bathroom planner software, view more than 35,000 products on-line and check availability in their local store. In addition, 6,500 products continue to be available for home delivery.

Store development
Having revamped around 5.5 million square feet of store space across the year, B&Q now has over half its store space in a modern format. Twenty seven large store revamps, which encompass more clearly defined shop-within-shop sections, room-set displays and more space allocated to kitchens, bathrooms, flooring and tiling areas were completed. This programme remains on track for completion by 2011.

The 11 large new format stores which have been open for more than one year have delivered targeted average sales densities of over £200 per square foot, 25% higher than comparable sized, older format stores.

The higher sales productivity results from customers spending more in the expanded kitchen, bathroom and associated project areas. In aggregate, the revamps, which on average have only 24 weeks trading data, have delivered sales uplifts of 13% higher than a 'control group'. However, measurement of this relative uplift excludes the benefits of updated product ranges, which are now substantially available in all stores, including the 'control group' stores.

B&Q now has 117 large stores (38 in the latest format) and 206 medium stores (of which 151 have been modernised). Overall net space increased 2% during the year.

UK Trade

Screwfix total sales grew 28.0% (52 weeks), driven by the continued roll-out of the trade counters, which provide customers with immediate product availability and a bigger catalogue. An additional 55 outlets opened during the year, taking the total to 93. Trade counters now represent almost 40% of total sales. To support this continued growth, a second distribution centre was successfully commissioned during the year in Stafford.

Retail profit increased 6.4%, driven by the strong sales growth and fulfilment efficiency gains, offset by start-up costs for the second distribution centre and an accelerated trade counter opening programme. Excluding the impact from these initiatives, retail profit would have been up around 14%.

Trade Depot, which targets the general builder and specialist trade customer, opened two more branches during the year taking the total trading to six. Underlying trading remains encouraging.

As part of the new management structure, an integrated review of the optimal UK trade strategy across our various brands will be conducted.

Operational Review - FRANCE

Retail sales £m	2007/08	2006/07	% Change (Reported)	% Change (Constant)	% LFL Change
France	3,224	2,955	9.1%	7.2%	2.6%

Retail profit £m	2007/08	2006/07	% Change (Reported)	% Change (Constant)
France	237	206	15.2%	13.2%

France includes Castorama and Brico Dépôt.
All percentage movements below are in constant currencies.

In France, Kingfisher's total sales grew 7.2% (LFL +2.6%). Eight new stores were opened in the year and six were revamped, adding around 4% new space. Banque de France data shows that growth in comparable DIY store sales* was 3.0% for the full year. Kingfisher's businesses outperformed the market by delivering comparable stores sales growth of 3.7% (on the same basis as Banque de France), despite disruption from store revamps.

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

Retail profit grew 13.2% to £237 million with both businesses delivering good profit growth. Gross margins were up 90 basis points due to higher own-brand sales penetration, a 25% increase in direct sourcing and an improved sales mix across both businesses. With a high level of freehold stores and strong cost control, Kingfisher's net cost inflation in France continues to run at around 2%. This is expected to increase to around 3% for 2008/09.

Castorama total reported sales grew 4.1% to £1.7 billion (+3.7% LFL, +5.6% on a comparable store basis), driven by good performances of new paint, decorative and bathroom ranges. The sales participation of exclusive own-brand products continued to grow with sales of the decorative 'Colours' ranges almost doubling compared to the prior year.

Castorama continued its store modernisation programme, with six stores revamped during the year. Forty-two per cent of total selling space is now in the new format and these stores continue to outperform, with average sales densities 19% higher than older format stores.

Brico Dépôt total reported sales increased 11.1% to £1.5 billion. LFL sales growth was +1.4% after around 2% of internal cannibalisation resulting from the decision to open new stores in catchments where existing stores are trading at full capacity. Sales were strong in building and decorative categories, supported by favourable weather and new ranges of power tools and indoor paint.

Eight new stores opened in the year taking the total to 89, including the opening of three stores transferred from Castorama at the end of last year.

The new SAP information technology platform was implemented to support Brico Dépôt's future growth. Since completion of the project stock availability and stock quality have improved.

Operational Review - REST OF EUROPE

Retail sales £m	2007/08	2006/07	% Change (Reported)	% Change (Constant)	% LFL Change
Rest of Europe	1,273	1,002	27.0%	22.8%	12.2%

Retail profit £m	2007/08	2006/07	% Change (Reported)	% Change (Constant)
Rest of Europe	122	110	10.1%	5.9%

Rest of Europe includes Poland, Italy, Spain, Ireland, Russia, Turkey JV and Hornbach in Germany.
Joint Venture and Associate sales are not consolidated.
All percentage movements below are in constant currencies.

Rest of Europe sales increased 22.8% to £1,273 million (+12.2% LFL) with 12 more stores (excluding Turkey JV) trading compared to the prior year. Retail profit increased 5.9% to £122 million, reflecting strong growth in Poland offset by weaker performances from Castorama Italy and Hornbach (21% economic interest) in a difficult German market.

Seventeen new stores were opened in the year across six countries, including seven in Poland, five in Turkey and two in Russia.

Sales for Castorama and Brico Dépôt in **Poland** increased 31.1% to £703 million (+22.5% LFL), boosted by buoyant consumer spending, strong property and construction markets and favourable weather. Retail profit increased 41.8% to £87 million as good cost control, a year on year doubling in direct sourcing and increased own-brand penetration, helped to offset increasing wage inflation. New ranges, including exclusive own-brand professional tools and decorative products, performed well.

Seven new stores opened including the second Brico Dépôt, launched to meet the demand for a more trade-orientated offer.

Operating in a generally weak retail market, Castorama **Italy** sales declined 1.2% to £314 million (-2.4% LFL). Sales benefited from relocated and revamped stores, together with successful targeted promotional activity in bathroom accessory and flooring categories. Retail profit of £29 million was down slightly on the prior year (2006/07: £31 million), with higher pre-opening and revamp costs. Increased own-brand penetration and good cost control helped to offset the slow market.

One new store was opened taking the total to 28. Two stores were revamped and one was relocated.

In **Ireland,** where B&Q has eight stores, sales grew 6.8%, reflecting one new store opening in the second half of the year. Brico Dépôt's expansion into **Spain** continued with 11 stores now trading with underlying trading encouraging. In **Russia**, two new Castorama stores were opened taking the total to five. Sales more than doubled compared to the prior year (+25.6% LFL).

Koçtaş in **Turkey**, a 50% joint venture, continued to grow sales and retail profit strongly, benefiting from Kingfisher sourcing buying power and own-brand penetration. Five new stores opened taking the total to 15. Hornbach, in which Kingfisher has a 21% economic interest, contributed £13 million to retail profit; £6 million lower than last year, due to a difficult German market.

Operational Review - ASIA

Retail sales £m	2007/08	2006/07	% Change (Reported)	% Change (Constant)	% LFL Change
Asia	472	457	3.4%	7.0%	(0.1)%

Retail profit £m	2007/08	2006/07	% Change (Reported)	% Change (Constant)
Asia	(14)	5	n/a	n/a

Asia includes China, Taiwan and South Korea. Taiwan JV sales are not consolidated.
All percentage movements below are in constant currencies.

Asia sales increased 7.0% to £472 million (-0.1% LFL) with retail losses of £14 million (2006/07: £5 million profit).

B&Q China sales increased 7.9% to £465 million reflecting new store openings and the development of new ranges. Sales were flat on a LFL basis, impacted by a slowdown of new apartment sales in the major Chinese markets, and new regulations covering trading terms between retailers and suppliers.

Following the regulation change, finalisation of B&Q China’s 2007 supplier agreements was delayed until clarification with the authorities in August 2007. As a result of the required changes to some of its supplier arrangements, B&Q China’s result for the year was impacted by £11 million, contributing to a retail loss of £12 million (2006/07: £8 million profit).

The Chinese market remains fundamentally attractive with B&Q’s operations in the major cities continuing to show attractive returns. B&Q has expanded rapidly over the last three years, adding 42 stores, tripling its store base. However, after several years of dramatic growth the business now needs a period of consolidation. Following a Group-led review, B&Q China will be restructured giving rise to an operating exceptional cost of £22 million in 2007/08, relating to the accelerated write-down of assets. A further exceptional charge of around £11 million is expected to be recognised in 2008/09. Of the total £33 million exceptional charge, the cash cost is expected to be £9 million.

Other Asia
B&Q **Taiwan** delivered a small profit for the year prior to it being sold to its 50% joint venture partner on 4 January 2008. The exit from the two stores in **South Korea** was completed towards the end of the year. Following the disposal of Taiwan and Korea, the B&Q Asia head office in Hong Kong will close in the first half.

Financial Review

Financial summary

A summary of the reported financial results for the year ended 2 February 2008 is set out below.

	2007/08 £m	2006/07 £m	Increase / (decrease)
Revenue	**9,364**	8,676	7.9%
Operating profit	**457**	501	(8.8)%
Profit before taxation	**395**	450	(12.2)%
Adjusted pre-tax profit	**386**	397	(2.8)%
Basic earnings per share	**11.7p**	14.4p	(18.8)%
Adjusted earnings per share	**11.3p**	11.9p	(5.0)%
Dividends	**7.25p**	10.65p	(31.9)%
Underlying Return on Invested Capital (ROIC)	**7.0%**	6.9%	0.1pps

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

	2007/08 £m	2006/07 £m	Increase / (decrease)
Profit before taxation	**395**	450	(12.2)%
Exceptional items	**(4)**	(49)	(91.8)%
Profit before exceptional items and taxation	**391**	401	(2.5)%
Financing fair value remeasurements	**(5)**	(4)	25.0%
Adjusted pre-tax profit	**386**	397	(2.8)%
Income tax expense on pre-exceptional profit	**(125)**	(120)	4.2%
Income tax on fair value remeasurements	**2**	1	
Minority interest	**2**	(1)	
Adjusted post-tax profit	**265**	277	(4.3)%

Reporting period

The Group's financial reporting year ends on the nearest Saturday to 31 January. The current year is for the 52 weeks ended 2 February 2008 with the comparative financial period being the 53 weeks ended 3 February 2007. This only impacts the UK operations with all of the other operations reporting on a calendar basis as a result of local statutory requirements.

The effect of the 53rd week on the results of the Group's comparative period was an increase of £79 million revenue. It has no significant impact on operating profit. So that the results are more readily comparable, all of the UK like-for-like analysis has been calculated comparing the 52 weeks against 52 weeks last year.

Total reported **sales** grew 7.9% to £9.4 billion on a reported rate basis, and 8.0% on a 52 week constant currency basis. During the year, an additional 80 net new stores were added, taking the store network to 765 (excluding Turkey JV). On a LFL basis, Group sales were up 2.6%.

Operating profit before exceptional items grew by 0.2% to £453 million and fell by 8.8% to £457 million after exceptional items.

The net **interest** charge for the year was £62 million, up £11 million on the prior year as a result of higher annualised interest rates and movements in exchange rates. This was partially offset by an increase in net interest return on the defined benefit pension scheme.

Adjusted pre-tax profit fell 2.8% reflecting challenging trading conditions in the UK and China only being partially offset by positive performances in France and Poland.

Taxation

The effective rate of tax on profit has increased from 25% in the prior year to 31% reflecting an increased level of tax on exceptional items net of a release of provisions in respect of prior years. The effective rate of tax on profit before exceptional items and excluding prior year tax adjustments and the impact of rate changes is 32.0% (2006/07: 32.0%).

The Group effective tax rate is calculated as follows:

Effective tax rate calculation 2007/08	Profit	Tax	Effective rate
	£m	£m	
Profit before tax and tax thereon	395	(123)	31%
Less exceptional profit and tax thereon	(4)	14	
Less prior year adjustment – exceptional		(16)	
Less prior year adjustment – non-exceptional		9	
Less adjustment attributable to rate changes		(9)	
Total	391	(125)	32%

The Group effective rate of tax is affected by the varying tax rates in the different jurisdictions in which it operates, the mix of taxable profits in those jurisdictions, the rules impacting on deductibility of certain costs and the non-recognition of tax losses in start-up jurisdictions. Whilst the headline tax rates in some of the jurisdictions in which we operate are reducing, there is also an increased focus on tax as a means of raising revenue for the local economies and therefore the tax cost of multinationals is tending to increase over time. We will continue to plan our tax affairs efficiently.

The statutory tax rates in the jurisdictions in which the Group operates for this financial year and expected rates in the next financial year are as follows:

Jurisdiction	Statutory tax rate 2007/08	Statutory tax rate 2008/09
UK	30%	30% - 28%
France	34.43%	34.43%
Poland	19%	19%
Rest of Europe	12.5% - 37.25%	12.5% - 35%
Asia	17.5% - 33%	17.5% - 25%

Exceptional items
The Group recorded a £4 million pre-tax exceptional income in the year. Net profits on property disposals of £39 million and £5 million income on previously written off loans have been offset by exceptional costs in Asia of £40 million.

Costs of £13 million have been expensed on the closure of B&Q Korea and the Asia head office, which will close during the first half of 2008/09. The Group also sold its B&Q Taiwan 50% stake for £50 million recording a gross profit before goodwill of £27 million and net loss on disposal of £5 million. The £32 million goodwill was allocated to B&Q Taiwan on the acquisition of Castorama's minority interest in 2002/03. A further £22 million charge has been recorded as a result of restructuring the B&Q China business.

In total the B&Q China restructuring is anticipated to cost approximately £33 million of which £9 million will be a cash cost.

Earnings per share

	2007/08	2006/07
Basic earnings per share	**11.7p**	14.4p
Exceptional items (net of tax)	**(0.3)p**	(2.4)p
Financing fair value remeasurements (net of tax)	**(0.1)p**	(0.1)p
Adjusted earnings per share	**11.3p**	11.9p

Dividends
The Board has proposed a final dividend of 3.4p per share, making the total dividend for the year 7.25p per share, down 31.9% on the prior year. This dividend is covered 1.6 times by adjusted earnings (2006/07: 1.1 times).

The final dividend for the year ended 2 February 2008 will be paid on 13 June 2008 to shareholders on the register at close of business on 18 April 2008, subject to approval of shareholders at the Company's Annual General Meeting, to be held on 5 June 2008. A dividend reinvestment plan (DRIP) is available to all shareholders who would prefer to invest their dividends in the shares of the Company.

The shares will go ex-dividend on 16 April 2008. For those shareholders electing to receive the DRIP the last date for receipt of electing is 22 May 2008. Dividend cheques and tax vouchers will be posted on 11 June 2008. Certificates for shareholders electing for the DRIP will be posted no later than 26 June 2008.

Return on Capital Employed (ROCE)
ROCE reduced to 7.5% in the year (2006/07: 7.9%). ROCE is defined as adjusted operating profit (pre exceptional operating profit excluding share of interest and tax of joint ventures and associates) divided by average capital employed.

Return on invested capital (ROIC)
ROIC is defined as net operating profit less adjusted taxes (adjusted operating profit excluding property lease and property depreciation costs less tax, plus property revaluation increases in the year) divided by average invested capital (average net assets less financing related balances and pension provisions plus property operating lease costs capitalised at the long-term property yield).

Following the transition to IFRS, the Group elected not to revalue properties from 1 February 2004. However, property appreciation is an integral part of a ROIC measure and therefore Kingfisher continues to include revaluation gains and the current market value of our properties in ROIC calculations.

ROIC declined from 8.7% to 6.5% in the year primarily due to a reduction in property revaluation gains on owned properties on a like for like basis. In 2006/07 these gains increased ROIC by 2.6%.

Underlying ROIC increased from 6.9% to 7.0%. Underlying ROIC assumes properties appreciate in value at a steady rate over the long-term. When calculating the underlying ROIC, short-term variations in property values more or less than the long-term mean are excluded.

ROIC excluding goodwill
Kingfisher's sales, invested capital and underlying ROIC excluding goodwill are disclosed below by geography:

	Retail Sales £bn *(1)*	**Proportion of Group sales %**	**Invested Capital (IC) £bn *(2)***	**Proportion of Group IC %**	**Returns % (ROIC) *(2)***
UK	4.4	47%	6.1	65%	7%
France	3.2	34%	1.7	18%	12%
Other International	1.8	19%	1.6	17%	10%
Group total	**9.4**	**100%**	**9.4**	**100%**	**9%**

1) *For the UK businesses, reported total sales figures are for the 52 weeks ended 2 February 2008. Outside the UK, figures are on a calendar month basis.*
2) *Excluding goodwill of £2.5 billion but including smoothed property appreciation and leases capitalised at long-term yields.*

Cashflow
The Group generated £465 million of cash from operating activities in the year, down £94 million on the prior year. The year on year change is mainly as a result of a cash outflow recorded in working capital of £36 million, whereas in 2006/07 a cash inflow of £124 million was recorded. Inventory at £1,873 million was £342 million greater than last year reflecting an increased number of stores, extra inventory from the revamp programmes at B&Q UK and Castorama France, the effect of exchange rates (£118 million) and buying ahead as a result of the timing of Easter.

Net capital expenditure was £411 million (2006/07: £216 million) which has risen year on year as a result of a rise in the level of acquisitions within the Group's portfolio and a reduction of disposals.

The Group received £50 million net consideration on the sale of B&Q Taiwan.

The resulting year end net debt was £1,559 million (2006/07: £1,294 million).

Capital expenditure
Following the appointment of a new Group Chief Executive the capital allocation and approval process has been tightened with the aim of prioritising a lower rate of annual capital investment towards the highest and fastest returning projects:

- The management team will draw up new three year operating plans which lead into the budget process for the following year. This process drives the key strategic capital allocation decisions and the output is reviewed by the Board, twice a year.

- The capital expenditure committee will now be chaired by the Group Chief Executive and will include the Group Property Director as well as the Group Finance Director. It will review all projects between £0.75 million and £15.0 million (including the capitalised value of lease commitments). Projects above this level are approved by the Board although all projects above £0.75 million are notified to the Board.
- Investment criteria and hurdle rates have been revised with more challenging hurdle rates for IRR (Internal Rate of Return) and payback and the introduction of a new target for year three returns versus initial cash investment.
- An annual post-investment review process will continue to review the performance of all projects above £0.75 million which were completed in the prior year. The findings of this exercise will be considered by both the new Retail Board and the main Board and directly influence the assumptions for similar project proposals going forward.

Gross capital expenditure (excluding business acquisitions) for the Group was £528 million (2006/07: £467 million). £227 million was spent on property (2006/07: £220 million) and £301 million on fixtures, fittings and intangibles (2006/07: £247 million). A total of £117 million (2006/07: £251 million) of proceeds from disposals were received during the year, £115 million of which came from property disposals.

Payments to acquire businesses in the year amounted to £1 million (2006/07: £2 million) which related to the purchase of minorities in China.

Financing

At the year end, the Group had undrawn committed bank facilities available of £675 million. The Group has no significant debt maturities until 2010. The maturity profile of Kingfisher Plc's debt and financing arrangement is illustrated at:
www.kingfisher.com/investors/debtinvestors/debtmaturity

Kingfisher aims to smooth the maturity profile of its debt by issuing debt with different maturities and by utilising committed bank revolving credit facilities to provide additional liquidity.

In March 2007, the Group obtained new committed revolving credit facilities totalling £275 million with a number of banks and a £25 million committed term bank loan facility. These facilities mature in March 2010 and are available to be drawn to support the general corporate purposes of the Group. In July 2007, the Group extended the maturity of its £500 million syndicated bank revolving credit facility by one year, such that it now matures in August 2012.

The terms of the US Private Placement note agreement and the committed bank facilities require that the ratio of operating profit to net interest payable must be no less than 3:1. The Group comfortably complied with this covenant. The interest rates paid by the Group under these financing arrangements are based on LIBOR plus a margin. The margins are fixed and are not subject to change in line with credit ratings.

Property
The values are based on valuations performed by external qualified valuers where the key assumption is the estimated yields. The average income yields used were 6.3% in the UK (2006/07: 5.5%), 6.5% in France and Italy (2006/07: 6.7%), 6.9% in Poland (2006/07: 6.8%) and 7.7% in China (2006/07: 7.7%).

During the year the Group disposed of properties for cash consideration of £115 million including £73 million on the sale of its national distribution centre in Worksop, which it retained the right to lease for 24 years. This is consistent with the Group's policy of recycling property when economically attractive. The proceeds of the transaction were used to repay existing debt and to invest in Kingfisher's worldwide store opening programme, including further freehold acquisitions.

The Group owns a significant property portfolio, most of which is used for trading purposes. If the Group had continued to revalue this it would have had a market value of £3.6 billion at year end, compared to the net book value of £2.7 billion recorded in the financial statements. This represents a £386 million increase against the prior year and a £76 million increase on a constant currency basis.

Pensions
The Group holds a net pension surplus of £77 million in relation to defined benefit pension arrangements of which £110 million is in relation to its UK Scheme. In 2006/07 the Group held a deficit of £55 million. This increase was as a result of additional payments to the UK pension scheme (£101 million was paid compared to a normal contribution of around £45 million per annum) and increases in the discount rate used to calculate the defined benefit obligation from 5.3% to 6.2% as a result of increases to corporate bond rates over the year. This was partly offset by an increase in the inflation rate assumption from 2.9% to 3.3% and changed mortality rates with an assumption that people will live longer. The mortality change increased the obligation by approximately £34 million and ensures that these assumptions remain in line with current market best estimates.

The approach used to prepare the pension valuation is in line with current market practise and international accounting standards, and has been applied consistently. This uses a number of assumptions which are likely to fluctuate in the future and so may have a significant effect on the valuation of the scheme's assets and liabilities.

Further disclosures of the assumptions used (including mortality assumptions) and sensitivities are provided in note 8.

Operational Review - DATA BY COUNTRY as at 2 February 2008

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
B&Q	323	2,368	26,427
UK Trade	99	27	2,603
Total UK	**422**	**2,395**	**29,030**
Castorama	98	972	12,022
Brico Dépôt	89	476	6,001
Total France	**187**	**1,448**	**18,023**
Castorama Poland	42	334	7,520
Castorama Italy	28	175	2,114
B&Q Ireland	8	51	590
Brico Dépôt Spain	11	60	684
Castorama Russia	5	44	1,282
Koçtaş Turkey	15	78	1,637
Total Rest of Europe	**109**	**742**	**13,827**
B&Q China	62	585	10,358
Total Asia	**62**	**585**	**10,358**
Total	**780**	**5,170**	**71,238**

Operational Review - FULL YEAR BY GEOGRAPHY – year ended 2 February 2008

	Retail sales £m *(1)*		**%**	**%**	**% LFL**	**Retail profit £m** *(2)*		**%**
	2007/08	**2006/07**	**Change (Reported)**	**Change (Constant currency)**	**Change**	**2007/08**	**2006/07**	**Change (Reported)**
UK *(3)*	**4,395** 52 weeks	**4,262** 53 weeks	**3.1%** 52 vs 53 weeks	**5.1%** 52 vs 52 weeks	**0.4%**	**153**	**183**	**(16.3)%**
France *(4)*	3,224	2,955	9.1%	7.2%	2.6%	237	206	15.2%
Rest of Europe *(5)*	1,273	1,002	27.0%	22.8%	12.2%	122	110	10.1%
Asia *(6)*	472	457	3.4%	7.0%	(0.1)%	(14)	5	n/a
International	**4,969**	**4,414**	**12.5%**	**10.8%**	**4.6%**	**345**	**321**	**7.4%**
Total	**9,364**	**8,676**	**7.9%**	**8.0%**	**2.6%**	**498**	**504**	**(1.2)%**

2007/08 £1 = 1.4472 euro 2006/07 £1 = 1.4720 euro

(1) For the UK businesses, reported total sales figures are for the 52 weeks ended 2 February 2008 (2006/07: 53 weeks ended 3 February 2007). Outside the UK, figures are on a calendar month basis. Joint venture (JV) and Associate sales are not consolidated.
(2) Retail profit is stated before central costs, exceptional items, acquisition intangibles amortisation and share of joint venture and associate interest and tax.
(3) B&Q, Screwfix and Trade Depot.
(4) Castorama and Brico Dépôt.
(5) Rest of Europe includes Poland, Italy, Spain, Ireland, Russia, Turkey JV and Hornbach in Germany.
(6) Asia includes China, South Korea and Taiwan JV.

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Further copies of this announcement are available at www.kingfisher.com, or from: The Company Secretary, Kingfisher plc, 3 Sheldon Square, London, W2 6PX.

Company Profile

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with 780 stores in nine countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also has a 21% interest in, and strategic alliance with, Hornbach, Germany's leading DIY Warehouse retailer, with over 120 stores in Germany and eight other European countries.