Consolidated income statement
For the financial year ended 31 January 2009

£ millions	Notes	2008/09 Before exceptional items	2008/09 Exceptional items (note 4)	2008/09 Total	2007/08 Restated Before exceptional items	2007/08 Restated Exceptional items (note 4)	2007/08 Restated Total
Revenue	3	**10,026**	**-**	**10,026**	9,050	-	9,050
Cost of sales		**(6,504)**	**(21)**	**(6,525)**	(5,905)	-	(5,905)
Gross profit		**3,522**	**(21)**	**3,501**	3,145	-	3,145
Selling and distribution expenses		**(2,624)**	**(105)**	**(2,729)**	(2,313)	(35)	(2,348)
Administrative expenses		**(496)**	**(124)**	**(620)**	(449)	-	(449)
Other income		**22**	**13**	**35**	22	44	66
Share of post-tax results of joint ventures and associates	3	**22**	**(36)**	**(14)**	19	(5)	14
Operating profit		**446**	**(273)**	**173**	424	4	428
Analysed as:							
Retail profit	3	**503**	**(113)**	**390**	469	(1)	468
Impairment of goodwill and investment in associate		**-**	**(160)**	**(160)**	-	-	-
Central costs		**(41)**	**-**	**(41)**	(40)	5	(35)
Share of interest and tax of joint ventures and associates		**(16)**	**-**	**(16)**	(5)	-	(5)
Finance costs		**(119)**	**-**	**(119)**	(95)	-	(95)
Finance income		**36**	**-**	**36**	33	-	33
Net finance costs	5	**(83)**	**-**	**(83)**	(62)	-	(62)
Profit before taxation		**363**	**(273)**	**90**	362	4	366
Income tax expense	6	**(95)**	**7**	**(88)**	(116)	2	(114)
Profit from continuing operations		**268**	**(266)**	**2**	246	6	252
Profit from discontinued operations	13	**26**	**178**	**204**	20	-	20
Profit for the year		**294**	**(88)**	**206**	266	6	272
Attributable to:							
Equity shareholders of the Company				**209**			274
Minority interests				**(3)**			(2)
				206			272
Earnings per share	7						
Total operations:							
Basic				**8.9p**			11.7p
Diluted				**8.9p**			11.7p
Continuing operations:							
Basic				**0.2p**			10.9p
Diluted				**0.2p**			10.9p
Adjusted basic				**11.0p**			10.6p

The proposed final dividend for the financial year ended 31 January 2009, subject to approval by shareholders at the Annual General Meeting, is 3.4p per share.

Consolidated statement of recognised income and expense
For the financial year ended 31 January 2009

£ millions	Notes	2008/09	2007/08
Actuarial (losses)/gains on post employment benefits		**(191)**	47
Currency translation differences			
Group		**159**	206
Joint ventures and associates		**32**	26
(Gains)/losses transferred to income statement		**(80)**	3
Cash flow hedges			
Fair value gains/(losses)		**33**	(6)
(Gains)/losses transferred to inventories		**(10)**	8
Tax on items recognised directly in equity		**35**	(19)
Net (expense)/ income recognised directly in equity		**(22)**	265
Profit for the year		**206**	272
Total recognised income for the year		**184**	537
Attributable to:			
Equity shareholders of the Company	10	**180**	537
Minority interests		**4**	-
		184	537

Consolidated balance sheet

As at 31 January 2009

£ millions	Notes	2008/09	2007/08
Non-current assets			
Goodwill		**2,396**	2,532
Other intangible assets		**73**	85
Property, plant and equipment		**3,699**	3,698
Investment property		**24**	29
Investments in joint ventures and associates		**219**	204
Post employment benefits	9	**-**	110
Deferred tax assets		**26**	25
Derivatives		**180**	66
Other receivables		**17**	13
		6,634	6,762
Current assets			
Inventories		**1,792**	1,873
Trade and other receivables		**508**	533
Derivatives		**107**	5
Current tax assets		**33**	1
Other investments		**-**	11
Cash and cash equivalents		**1,157**	218
		3,597	2,641
Total assets		**10,231**	9,403
Current liabilities			
Trade and other payables		**(2,362)**	(2,238)
Borrowings		**(389)**	(191)
Derivatives		**(38)**	(10)
Current tax liabilities		**(206)**	(89)
Provisions		**(69)**	(47)
		(3,064)	(2,575)
Non-current liabilities			
Other payables		**(33)**	(32)
Borrowings		**(1,907)**	(1,620)
Derivatives		**(76)**	(52)
Deferred tax liabilities		**(226)**	(318)
Provisions		**(53)**	(49)
Post employment benefits	9	**(74)**	(33)
		(2,369)	(2,104)
Total liabilities		**(5,433)**	(4,679)
Net assets		**4,798**	4,724
Equity			
Share capital		**371**	371
Share premium		**2,188**	2,188
Own shares held		**(57)**	(66)
Reserves	10	**2,281**	2,220
Minority interests		**15**	11
Total equity		**4,798**	4,724

The financial statements were approved by the Board of Directors on 25 March 2009 and signed on its behalf by:

Ian Cheshire
Group Chief Executive

Kevin O'Byrne
Group Finance Director

Consolidated cash flow statement

For the financial year ended 31 January 2009

£ millions	Notes	2008/09	2007/08
Operating activities			
Cash generated by operations	11	**867**	513
Income tax paid		**(77)**	(69)
Net cash flows from operating activities		**790**	444
Investing activities			
Purchase of minority interests		**(7)**	(1)
Purchase of property, plant and equipment, investment property and intangible assets		**(390)**	(513)
Disposal of property, plant and equipment, investment property and intangible assets		**62**	117
Disposal of investment in joint venture		**-**	50
Disposal of other investments		**12**	21
Dividends received from joint ventures and associates		**3**	6
Net cash flows from investing activities		**(320)**	(320)
Financing activities			
Interest received		**22**	22
Interest paid		**(111)**	(89)
Interest element of finance lease rental payments		**(5)**	(6)
Net (payment)/receipt on forward foreign exchange contracts		**(5)**	6
Net (payment)/receipt of bank loans		**(37)**	136
Capital element of finance lease rental payments		**(12)**	(11)
Issue of share capital to equity shareholders of the Company		**-**	3
Issue of share capital to minority interests		**1**	3
Disposal of own shares held		**-**	2
Dividends paid to equity shareholders of the Company		**(125)**	(249)
Dividends paid to minority interests		**(1)**	(4)
Net cash flows from financing activities		**(273)**	(187)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts from continuing operations		**197**	(63)
Net cash flows from operating activities		**23**	21
Net cash flows from investing activities		**522**	(15)
Net cash flows from financing activities		**1**	1
Net increase in cash and cash equivalents and bank overdrafts from discontinued operations	13	**546**	7
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**743**	(56)
Cash and cash equivalents and bank overdrafts at beginning of year		**195**	245
Exchange differences		**56**	6
Cash and cash equivalents and bank overdrafts at end of year	12	**994**	195

Notes to the consolidated financial statements

1. General information

Kingfisher plc (the Company) and its subsidiaries (together the Group) retail home improvement products through a network of retail sites, located mainly in the United Kingdom, continental Europe and China.

Kingfisher plc is a Company incorporated in the United Kingdom. The address of its registered office is 3 Sheldon Square, Paddington, London W2 6PX.

The company has a primary listing on the London Stock Exchange and a secondary listing on the Paris Bourse.

2. Basis of preparation

The consolidated financial statements of the Company and its subsidiaries are made up to the nearest Saturday to 31 January each year. The current financial year is the 52 weeks ended 31 January 2009. The comparative financial year is the 52 weeks ended 2 February 2008. 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 financial information which comprises the consolidated income statement, consolidated statement of recognised income and expense, consolidated balance sheet, consolidated cash flow statement and related notes do not constitute the Group's Annual Report and Accounts. The auditors have reported on the Group's statutory accounts for each of the years 2008/09 and 2007/08 under section 235 of the Companies Act 1985, which do not contain statements under sections 237 (2) or (3) of the Companies Act 1985 and are unqualified. The statutory accounts for 2007/08 have been delivered to the Registrar of Companies and the statutory accounts for 2008/09 will be filed with the Registrar in due course. Copies of the Annual Report and Accounts will be posted to shareholders during the week beginning 27 April 2009.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and post employment benefits.

No new standards, amendments or interpretations that became effective in these financial statements had an impact on the Group's results.

The comparatives have been restated for the discontinuance of the Castorama Italy business (note 13).

Use of adjusted measures

Kingfisher believes that retail profit, adjusted pre-tax profit, adjusted post-tax profit and adjusted earnings per share provide additional useful information on underlying trends to shareholders. These measures are used by Kingfisher for internal performance analysis and incentive compensation arrangements for employees. The terms 'retail profit', 'exceptional items' and 'adjusted' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measurements of profit. 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. Retail profit is defined as continuing operating profit before central costs (principally the costs of the Group's head office), exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of joint ventures and associates.

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

3. Segmental analysis

Income statement

£ millions	United Kingdom	France	Other International Poland	Other International Other	Total
					Year ended 31 January 2009
External revenue	**4,279**	**3,888**	**1,036**	**823**	**10,026**
Retail profit	**129**	**283**	**124**	**(33)**	**503**
Exceptional items	**(18)**	**13**	**-**	**(268)**	**(273)**
Less: Share of operating profit of joint ventures and associates	**-**	**(1)**	**-**	**(1)**	**(2)**
Segment result before joint ventures and associates	**111**	**295**	**124**	**(302)**	**228**
Share of post-tax results of joint ventures and associates	**-**	**1**	**-**	**(15)**	**(14)**
Segment result	**111**	**296**	**124**	**(317)**	**214**
Central costs					**(41)**
Operating profit					**173**
Net finance costs					**(83)**
Profit before taxation					**90**
Income tax expense					**(88)**
Profit from continuing operations					**2**
Profit from discontinued operations					**204**
Profit for the year					**206**

£ millions	United Kingdom	France	Other International Poland	Other International Other	Total
					Year ended 2 February 2008 Restated
External revenue	4,395	3,224	703	728	9,050
Retail profit	153	237	87	(8)	469
Exceptional items before central costs	38	1	-	(40)	(1)
Less: Share of operating profit of joint ventures and associates	-	-	-	(19)	(19)
Segment result before joint ventures and associates	191	238	87	(67)	449
Share of post-tax results of joint ventures and associates	-	-	-	14	14
Segment result	191	238	87	(53)	463
Central costs					(35)
Operating profit					428
Net finance costs					(62)
Profit before taxation					366
Income tax expense					(114)
Profit from continuing operations					252
Profit from discontinued operations					20
Profit for the year					272

The Group's primary reporting segments are geographic, with the Group operating in three main geographical areas, being the UK, France and Other International. The Group only has one business segment, being retail, therefore no secondary segmental disclosure is given.

The Other International segment consists of Poland, China, Ireland, Spain, Russia, the joint venture Koçtaş in Turkey and the associate Hornbach which has operations in Germany and other European countries. Taiwan, South Korea and the former Asia head office were sold or closed in the prior year and so are included in comparatives only. The 'Rest of Europe' and 'Asia' segments previously reported have been combined into the 'Other International' segment in order to align external reporting with internal management reporting. Poland has been shown separately as it meets the reportable segment criteria as prescribed by IAS 14 'Segment Reporting'.

Central costs have not been allocated. These principally comprise the costs of the Group's head office.

4. Exceptional items

£ millions	2008/09	2007/08
Included within cost of sales		
China restructuring	**(21)**	-
	(21)	-
Included within selling and distribution expenses		
China restructuring	**(86)**	(22)
UK restructuring	**(19)**	-
Loss on closure of B&Q Home in South Korea and Asia head office	**-**	(13)
	(105)	(35)
Included within administrative expenses		
Impairment of goodwill	**(124)**	-
	(124)	-
Included within other income		
Profit on disposal of properties	**13**	39
Recovery of loan receivable previously written off	**-**	5
	13	44
Included within share of post-tax results of joint ventures and associates		
Impairment of investment in Hornbach	**(36)**	-
Gross profit on disposal of B&Q Taiwan joint venture before goodwill	**-**	27
Goodwill attributed to B&Q Taiwan joint venture	**-**	(32)
	(36)	(5)
Exceptional items before tax	**(273)**	4
Tax on exceptional items (note 6)	**7**	2
Exceptional items – continuing operations	**(266)**	6
Exceptional items - discontinued operations (note 13)	**178**	-
Exceptional items	**(88)**	6

An exceptional loss of £107m has been recorded relating to the B&Q China turnaround plan. The plan involves rationalising the store portfolio from 63 to 41 and then revamping the remaining stores, 17 of which will also be downsized. The exceptional loss comprises store asset impairments, lease exits, inventory write downs and employee redundancy costs. The total charge included £19m related to the termination of leases, which is included within restructuring provisions, £55m related to the impairment of property, plant and equipment and £21m related to the write down of inventories.

The Group has recorded an exceptional loss of £19m following the announcement that Trade Depot in the UK would be closed, which includes a loss on disposal of properties of £6m.

An exceptional loss of £124m has been recorded on the impairment of goodwill in China based on a review of its recoverable amount performed at the year end. The goodwill balance, whose cost increased from £84m at the beginning of the year to £124m at the year end due to foreign exchange differences, has now been fully written down.

The Group has recorded an exceptional profit of £13m on disposal of properties (2007/08: £39m profit).

An exceptional loss of £36m has been recorded on the write down of the Group's investment in Hornbach.

5. Net finance costs

£ millions	2008/09	2007/08
Bank overdrafts and bank loans	**(23)**	(15)
Medium Term Notes and other fixed term debt	**(86)**	(79)
Financing fair value remeasurements	**(5)**	5
Finance leases	**(5)**	(6)
Unwinding of discount on provisions	**(3)**	(3)
Capitalised interest	**3**	3
Finance costs	**(119)**	(95)
Cash and cash equivalents and other investments	**23**	21
Expected net interest return on defined benefit pension schemes	**13**	12
Finance income	**36**	33
Net finance costs – continuing operations	**(83)**	(62)

6. Income tax expense

£ millions	2008/09	2007/08 Restated
UK corporation tax		
Current tax on profits for the year	**34**	19
Adjustments in respect of prior years	**(14)**	(29)
	20	(10)
Double taxation relief	**-**	(1)
	20	(11)
Overseas tax		
Current tax on profits for the year	**111**	88
Adjustments in respect of prior years	**6**	-
	117	88
Deferred tax		
Current year	**(41)**	19
Adjustments in respect of prior years	**(8)**	21
Adjustments in respect of changes in tax rates	**-**	(3)
	(49)	37
Income tax expense – continuing operations	**88**	114

The effective rate of tax on profit from continuing operations before exceptional items and excluding tax adjustments in respect of prior years and changes in tax rates is 31% (2007/08 restated: 31%). Tax on exceptional items is a credit of £7m, all of which relates to current year items. In 2007/08 tax on exceptional items was a credit of £2m, of which a £14m charge related to current year items and a £16m credit related to prior year items. Excluding exceptional items the prior year adjustment in 2007/08 was a charge of £5m.

7. Earnings per share

	2008/09			2007/08 Restated		
	Earnings £ millions	Weighted average number of shares millions	Earnings per share pence	Earnings £ millions	Weighted average number of shares millions	Earnings per share pence
Total operations:						
Basic earnings per share	**209**	**2,345**	**8.9**	274	2,342	11.7
Dilutive share options		**9**	**-**		9	-
Diluted earnings per share	**209**	**2,354**	**8.9**	274	2,351	11.7
Continuing operations:						
Basic earnings per share	**5**	**2,345**	**0.2**	254	2,342	10.9
Dilutive share options		**9**	**-**		9	-
Diluted earnings per share	**5**	**2,354**	**0.2**	254	2,351	10.9
Basic earnings per share	**5**	**2,345**	**0.2**	254	2,342	10.9
Exceptional items	**273**		**11.7**	(4)		(0.2)
Tax on exceptional and prior year items	**(23)**		**(1.0)**	3		0.1
Financing fair value remeasurements	**5**		**0.2**	(5)		(0.2)
Tax on financing fair value remeasurements	**(2)**		**(0.1)**	2		-
Adjusted basic earnings per share	**258**	**2,345**	**11.0**	250	2,342	10.6
Diluted earnings per share	**5**	**2,354**	**0.2**	254	2,351	10.9
Exceptional items	**273**		**11.7**	(4)		(0.2)
Tax on exceptional and prior year items	**(23)**		**(1.0)**	3		0.1
Financing fair value remeasurements	**5**		**0.2**	(5)		(0.2)
Tax on financing fair value remeasurements	**(2)**		**(0.1)**	2		-
Adjusted diluted earnings per share	**258**	**2,354**	**11.0**	250	2,351	10.6

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of shares in issue during the year, excluding those held in the Employee Share Ownership Plan Trust (ESOP) which for the purpose of this calculation are treated as cancelled.

For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's shares during the year.

8. Dividends

£ millions	2008/09	2007/08
Dividends to equity shareholders of the Company		
Final dividend for the year ended 2 February 2008 of 3.4p per share (3 February 2007: 6.8p per share)	**80**	159
Interim dividend for the year ended 31 January 2009 of 1.925p per share (2 February 2008: 3.85p per share)	**45**	90
	125	249

The proposed final dividend for the year ended 31 January 2009 of 3.4p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

9. Post employment benefits

	2008/09			2007/08		
£ millions	UK	Other	Total	UK	Other	Total
Surplus/(deficit) in scheme at beginning of year	**110**	**(33)**	**77**	(28)	(27)	(55)
Current service cost	**(20)**	**(3)**	**(23)**	(26)	(3)	(29)
Settlements, curtailments and termination benefits	**-**	**-**	**-**	-	1	1
Interest on defined benefit obligations	**(82)**	**(2)**	**(84)**	(74)	(2)	(76)
Expected return on pension scheme assets	**97**	**-**	**97**	88	-	88
Actuarial (losses)/gains	**(186)**	**(5)**	**(191)**	49	(2)	47
Contributions paid by employer	**41**	**7**	**48**	101	2	103
Disposal of subsidiaries	**-**	**7**	**7**	-	-	-
Exchange differences	**-**	**(5)**	**(5)**	-	(2)	(2)
(Deficit)/surplus in scheme at end of year	**(40)**	**(34)**	**(74)**	110	(33)	77

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.

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 overall expected rate of return on scheme assets reflects market expectations at the valuation date of long term asset returns and the mix of assets in the schemes.

	2008/09		2007/08	
Annual % rate	UK	Other	UK	Other
Discount rate	**6.5**	**5.3 to 5.5**	6.2	5.3 to 5.5
Salary escalation	**4.3**	**2.0 to 6.6**	4.1	2.0 to 6.6
Rate of pension increases	**3.5**	**-**	3.3	-
Price inflation	**3.5**	**2.0 to 2.5**	3.3	2.0 to 2.5

	2008/09		2007/08	
% rate of return	UK	Other	UK	Other
Equities	**8.7**	**-**	8.1	-
Bonds	**5.6**	**-**	5.3	-
Property	**7.1**	**-**	6.7	-
Other	**4.3**	**3.5**	4.3	4.0
Overall expected rate of return	**6.7**	**3.5**	6.8	4.0

For the UK scheme, the mortality assumptions used in the actuarial valuations have been selected with regard to the characteristics and experience of the membership of the scheme from 2004 to 2007. The assumptions for life expectancy of UK scheme members are as follows:

Years	2008/09	2007/08
Age to which current pensioners are expected to live (60 now)		
- Male	**87.2**	87.2
- Female	**85.9**	85.9
Age to which future pensioners are expected to live (60 in 15 years time)		
- Male	**88.8**	88.8
- Female	**87.1**	87.1

The following sensitivity analysis for the UK scheme shows the estimated impact on obligations resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £26m
Salary escalation	Increase/decrease by 0.1%	Increase/decrease by £2m
Rate of pension increases	Increase/decrease by 0.1%	Increase/decrease by £14m
Price inflation	Increase/decrease by 0.1%	Increase/decrease by £24m
Mortality	Increase in life expectancy by one year	Increase by £40m

10. Reserves

£ millions	Retained earnings	Translation reserve	Cash flow hedge reserve	Other reserves	Reserves
At 3 February 2008	**1,815**	**248**	**(2)**	**159**	**2,220**
Actuarial losses on post employment benefits	**(191)**	**-**	**-**	**-**	**(191)**
Currency translation differences – Group excluding minority interests	**-**	**152**	**-**	**-**	**152**
Currency translation differences – joint ventures and associates	**-**	**32**	**-**	**-**	**32**
Currency translation differences – gains transferred to income statement	**-**	**(80)**	**-**	**-**	**(80)**
Cash flow hedges – fair value gains	**-**	**-**	**33**	**-**	**33**
Cash flow hedges – gains transferred to inventories	**-**	**-**	**(10)**	**-**	**(10)**
Tax on items recognised directly in equity	**54**	**(12)**	**(7)**	**-**	**35**
Net (expense)/income recognised directly in equity	**(137)**	**92**	**16**	**-**	**(29)**
Profit for the year	**209**	**-**	**-**	**-**	**209**
Total recognised income for the year	**72**	**92**	**16**	**-**	**180**
Share-based compensation	**15**	**-**	**-**	**-**	**15**
Own shares disposed	**(9)**	**-**	**-**	**-**	**(9)**
Dividends	**(125)**	**-**	**-**	**-**	**(125)**
At 31 January 2009	**1,768**	**340**	**14**	**159**	**2,281**
At 4 February 2007	1,763	20	(3)	159	1,939
Actuarial gains on post employment benefits	47	-	-	-	47
Currency translation differences – Group excluding minority interests	-	204	-	-	204
Currency translation differences – joint ventures and associates	-	26	-	-	26
Currency translation differences – losses transferred to income statement	-	3	-	-	3
Cash flow hedges – fair value losses	-	-	(6)	-	(6)
Cash flow hedges – losses transferred to inventories	-	-	8	-	8
Tax on items recognised directly in equity	(13)	(5)	(1)	-	(19)
Net income recognised directly in equity	34	228	1	-	263
Profit for the year	274	-	-	-	274
Total recognised income for the year	308	228	1	-	537
Share-based compensation	6	-	-	-	6
Own shares disposed	(13)	-	-	-	(13)
Dividends	(249)	-	-	-	(249)
At 2 February 2008	1,815	248	(2)	159	2,220

11. Cash generated by operations

£ millions	2008/09	2007/08 Restated
Operating profit	**173**	428
Share of post-tax results of joint ventures and associates	**14**	(14)
Amortisation and depreciation	**265**	226
Impairment losses	**185**	19
Loss/(profit) on disposal of property, plant and equipment, investment property and intangible assets	**11**	(29)
Share-based compensation charge	**15**	6
Decrease/(increase) in inventories	**169**	(216)
Decrease in trade and other receivables	**69**	4
(Decrease)/increase in trade and other payables	**(23)**	178
Increase/(decrease) in provisions	**14**	(16)
Movement in post employment benefits	**(25)**	(73)
Cash generated by operations – continuing operations	**867**	513

12. Net debt

Net debt comprises borrowings and financing derivatives (excluding accrued interest), less cash and cash equivalents and current other investments. Financing derivatives are those that relate to underlying items of a financing nature.

£ millions	2008/09	2007/08
Cash and cash equivalents	**1,157**	218
Bank overdrafts	**(163)**	(23)
Cash and cash equivalents and bank overdrafts	**994**	195
Current other investments	**-**	11
Bank loans	**(307)**	(283)
Medium Term Notes and other fixed term debt	**(1,757)**	(1,436)
Financing derivatives	**135**	23
Finance leases	**(69)**	(69)
Net debt	**(1,004)**	(1,559)

£ millions	2008/09	2007/08
Net debt at beginning of year	**(1,559)**	(1,294)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**743**	(56)
Disposal of current other investments	**(12)**	(21)
Net payment/(receipt) on forward foreign exchange contracts	**5**	(6)
Net payment/(receipt) of bank loans	**37**	(136)
Capital element of finance lease rental payments	**12**	11
Cash flow movement in net debt	**785**	(208)
Exchange differences and other non-cash movements	**(230)**	(57)
Net debt at end of year	**(1,004)**	(1,559)

13. Discontinued operations

On 30 January 2009 Kingfisher completed the sale of its Castorama Italy business to Groupe Adeo S.A. The disposed business has been classified as a discontinued operation in these financial statements. A summary of the results, earnings per share and cash flows of the Castorama Italy business is set out below:

£ millions	2008/09	2007/08
Revenue	**368**	314
Operating expenses	**(334)**	(285)
Operating profit	**34**	29
Net finance income	**1**	-
Profit before taxation	**35**	29
Income tax expense	**(9)**	(9)
Profit from discontinued operations before exceptional profit on disposal	**26**	20
Exceptional profit on disposal (see below)	**178**	-
Profit from discontinued operations	**204**	20

Pence	2008/09	2007/08
Basic earnings per share	**8.7**	0.8
Diluted earnings per share	**8.7**	0.8

£ millions	2008/09	2007/08
Net cash flows from operating activities before tax paid on disposal	**29**	21
Net cash flows from investing activities before proceeds received on disposal	**(12)**	(15)
Net cash flows from financing activities	**1**	1
Net increase in cash and cash equivalents and bank overdrafts from discontinued operations before proceeds received and tax paid on disposal	**18**	7
Proceeds received on disposal (see below)	**534**	-
Tax paid on disposal	**(6)**	-
Net increase in cash and cash equivalents and bank overdrafts from discontinued operations	**546**	7

The Castorama Italy business was classified as a disposal group held for sale from 1 August 2008 (the date of announcement of the agreement to sell) up to 30 January 2009 (the date the sale was completed). Accordingly, depreciation and amortisation of £6m were not charged with respect to Castorama Italy during this period. If depreciation and amortisation had been charged, operating profit and retail profit for the year would have been £28m.

The profit on disposal is analysed as follows:

£ millions	2008/09
Proceeds (net of cash disposal costs of £4m) before cash and cash equivalents disposed	**548**
Cash and cash equivalents disposed	**(14)**
Proceeds received on disposal	**534**
Other disposal costs	**(6)**
Net proceeds on disposal	**528**
Net assets disposed excluding cash and cash equivalents (see below)	**(404)**
Currency translation gains transferred from translation reserve	**80**
Exceptional profit on disposal before tax	**204**
Exceptional tax on profit on disposal	**(26)**
Exceptional profit on disposal	**178**

£ millions	2008/09
Goodwill	**55**
Property, plant and equipment	**386**
Inventories, trade and other receivables/(payables)	**13**
Deferred tax liabilities	**(45)**
Post employment benefits	**(7)**
Other net assets	**2**
Net assets disposed excluding cash and cash equivalents	**404**