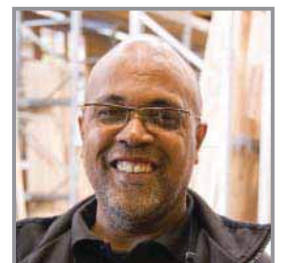


Kingfisher Pension Scheme

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012



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Kingfisher Pension Scheme

Chairman's Introduction

I am pleased to present my review of the Scheme for the year ended 31 March 2012, my first as Chairman. I know my predecessor Tony Stanworth who retired as Chairman of the Board effective from September 2011 will be a 'hard act to follow'. May I formally thank Tony for all his hard work and effort on behalf of the Scheme members since he became a Trustee Director in 1992. He will be sorely missed and I wish him well on his full retirement, may it be a long and fruitful one.

The twelve months to March 2012 again saw continued volatility in global stock markets, mainly caused by the continuing Euro zone crisis and the UK going into a double dip recession in early 2012. A number of central governments continued to operate with quantitative easing support packages, to encourage liquidity in the markets and to try and stave off recession in the developed nations.

Against this background, the Trustee has over the last 12 months undertaken for the Scheme the annual Valuation review, as at 31 March 2011, and as part of the agreed recovery plan with Kingfisher plc following the 2010 valuation, completed the 2nd phase of establishing the special property partnership; this, giving improved security to the Final Salary section and its membership.

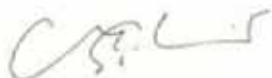
At the last 3 year valuation, as at 31 March 2010, there was a small reportable funding deficit of £170m and the funding level had fallen to 90.4%. The latest annual update valuation as at 31 March 2011 saw this funding deficit reduce to £111m and the funding level slightly improve to 94%. The recovery plan, as detailed in last year's Report & Accounts remains on target and aims for the Final Salary section of the Scheme to have sufficient funds to buy out all Final Salary members' benefits with an insurance company, if we need to, in 2030. The investment performance of the Scheme during the year to 31 March 2012 saw a positive return of 15%.

The Trustee spent a considerable time in discussions with Kingfisher plc following its announcement on 2 February 2012 to consult the Scheme membership on a number of proposals including the closure of the Final Salary section to future accrual, effective from 30 June 2012. Though a disappointment to many active members this closure does have the benefit of keeping the Scheme on its de-risking journey plan through to 2030. Another part of the announcement, the proposal to increase money purchase employer contribution levels and to improve the lump sum death benefit to 4 times salary was warmly received by the Trustee. Also, from July the Money Purchase section of the Scheme will see the introduction of 2 new investment funds; a self select Emerging Market equity based fund and a 3rd 5 year Life style cash target fund.

The appointment of Zurich in 2011 as the new money purchase provider should better position the Scheme and Company to deal with the forthcoming auto enrolment legislation when it comes into effect in April 2013.

On a personal basis, may I welcome two new Trustees to the Board, Ian Playford the Kingfisher Group Property Director and Mark Fawcett who has an investment background and is current CIO of NEST. I look forward to working with both new Trustee Directors and my thanks go to Sarah Levy for her work on behalf of the Trustee.

On a final note, I would like to thank the Group Pensions Department for their on-going contribution in supporting the Trustee Directors, the Scheme and most importantly of all the membership.



BESTrustees plc, represented by Clive Gilchrist, Chairman
Kingfisher Pension Trustee Ltd
26 June 2012

Kingfisher Pension Scheme

Trustee and Advisors

| | |
|---|--|
| Trustee | Kingfisher Pension Trustee Limited |
| Board of Directors | Tony Stanworth, Chairman (retired 20 September 2011) BESTrustees plc, represented by Clive Gilchrist (Chairman, appointed 20 September 2011) Sally Clifton Mark Fawcett, Independent Trustee (appointed 1 October 2011) Sarah Levy (nee Gerrand) (resigned 11 June 2012) Evelyn Gardiner (nee Gleeson) Paul Goulder Helen Jones Karl Lidgley Ian Playford (appointed 20 September 2011) Kerrin Qualters |
| Secretary to the Trustee | Dermot Courtier |
| Actuary | Neil Mobbs, Towers Watson Limited |
| Auditor | Grant Thornton UK LLP |
| Bankers | Barclays Bank plc |
| Group Life | Zurich Assurance Limited (from 1 June 2011) |
| Legal Advisers | Mayer Brown International LLP Freshfields Bruckhaus Deringer LLP Hogan Lovells International LLP |
| Investment Consultant | Towers Watson Limited |
| Final Salary Section Investment Managers | Aviva Investors European Credit Management Limited Goldman Sachs Asset Management International PIMCO Europe Limited Rogge Global Partners plc State Street Global Advisors UK Limited Wellington Management International Limited |
| AVC Providers | BlackRock Investment Management (UK) Ltd Legal & General Assurance (Pensions Management) Ltd London Life Limited The Prudential Assurance Company Limited |
| Custodian | State Street Bank & Trust Company |
| Pensions Administrators Final Salary Section | Kingfisher plc Group Pensions Dept, 3 Sheldon Square, Paddington, London W2 6PX |
| Money Purchase Section | The Prudential Assurance Company Limited (to 31 July 2011) Zurich Assurance Limited (from 1 August 2011) |

There are a number of pension technical terms used in this document. To assist with understanding them you might like to read the Final Salary and Money Purchase Sections Member Guides on the Trustee website. The address is www.kingfisherpensions.com.

Kingfisher Pension Scheme

Trustee's Report

Introduction

The Scheme is a hybrid scheme, providing 'final salary' benefits (i.e. based on a member's salary and service) for employees who joined the Scheme before 1 April 2004 and 'money purchase' benefits (i.e. based on what a member's accumulated fund value will purchase at retirement) for all employees recruited on or after 1 April 2004 or who otherwise elected to be provided with such benefits.

During the Scheme year under review:

- Members of the Final Salary Section were contracted-out of the State Second Pension (S2P) whilst members of the Money Purchase Section participated in S2P.
- The Money Purchase Section was open to all UK companies and their employees within the Kingfisher Group, subject to certain employee eligibility conditions;
- The Scheme was governed in accordance with the terms of the Trust Deed and Rules and of all relevant legislation.

This report gives information about the Scheme and its management in the Scheme year 2011/2012.

The Financial Statements of the Scheme for the year ended 31 March 2012, as set out on pages xx to xx have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995. The accounts comply with the Statement of Recommended Practice (SORP) 'Financial Reports of Pension Schemes (revised May 2007)'.

The value of the Scheme's net assets at 31 March 2012 was £2,160.9m, an increase of £371.5m from 31 March 2011. The Investment Report on pages 17 to 27 provides information on the investment background, strategy and performance over the year.

Actuarial Review

The Financial Statements set out on pages 29 to 43 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Final Salary Section these liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Final Salary Section and the level of contributions payable.

The 2010 Valuation showed that the annual rate of employer's contribution required to target full funding on a gilts basis by 2030 (including an allowance for administrative expenses over that period) is £45 million p.a. increasing in line with inflation every three years.

In accordance with the Statement of Funding Principles dated 31 March 2011 the Trustee and Kingfisher have agreed that the employers should pay contributions to the Final Salary section as set out below:

- £45 million in 12 equal monthly instalments from 1 April 2010. This rises to £48.5 million a year in equal monthly instalments from 1 April 2011, increasing every three years in line with the increase in RPI with the first increase due from 1 April 2014
- These contributions will be offset by income from the Special Purpose Vehicle, the interest in which is purchased by lump sum contributions (£78 million in January 2011 & £106m in June 2011)
- Additional contributions equal to the PPF levies payable for levy years 2011/12 onwards

Kingfisher Pension Scheme

Actuarial Review (cont'd)

- The contribution schedule has been derived with reference to the Secondary funding objective (the Secondary funding objective targets a strong funding level which is in excess of the minimum Statutory Funding requirements), and is expected to improve the coverage of technical provisions beyond the recovery period for the current deficit. The schedule includes all expenses and life insurance costs but excludes levies for the Pension Protection Fund. From the 2010 valuation the ultimate Secondary Funding Objective target is for the Scheme to be sufficiently funded to secure benefits with insured annuities by 2030.

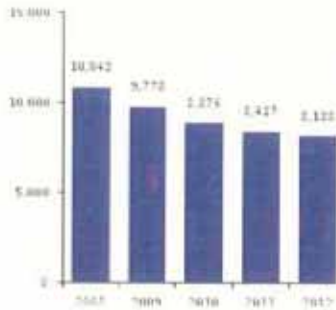
The formal actuarial certificate required by statute to be included in the Annual Report from the Scheme Actuary appears on page 46. In addition, the Trustee has included the most recent Actuarial Certificate of the calculation of the technical provisions on page 46.

The next triennial valuation is due as at 31 March 2013.

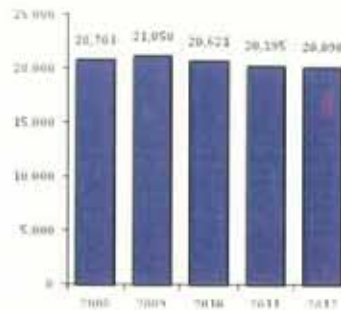
Kingfisher Pension Scheme

Five Year Summary at 31 March

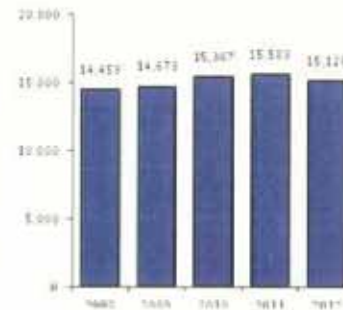
Active Members



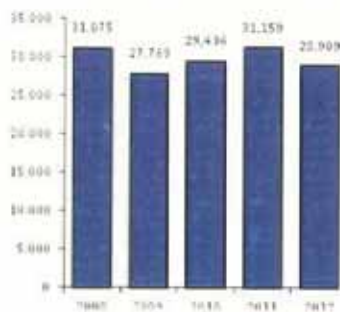
Deferred Pensioners



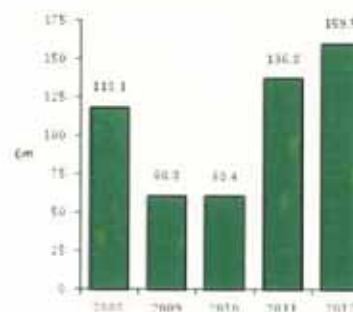
Pensioners & Dependents



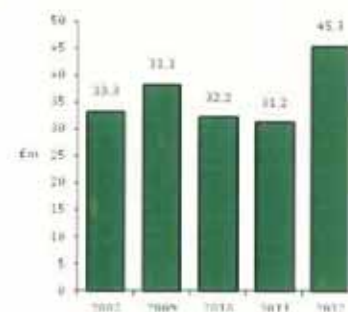
Life Assurance Only Members¹



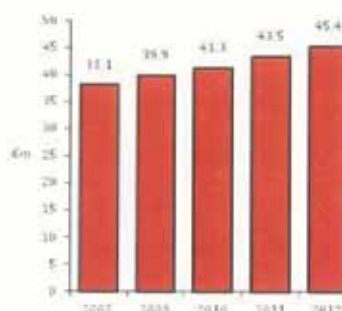
Income – Contributions, Transfer Values & Other income



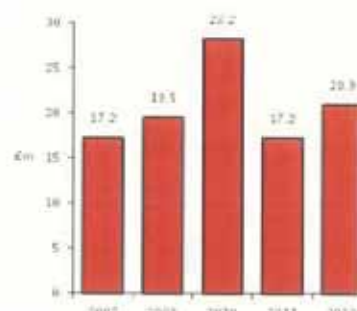
Income – Investment



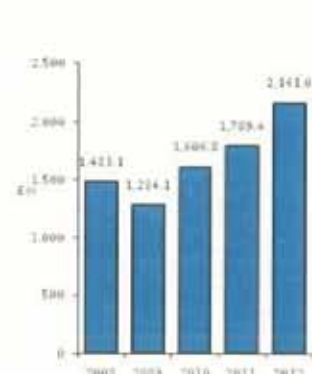
Expenditure – Pensions



Expenditure – Other Benefits, Expenses & Other payments



Fund Value



Contributions

Following the latest Actuarial Valuation at 31 March 2010, a new Schedule of Contributions was introduced at 1 April 2011 and certified by the Scheme Actuary on 31 March 2011.

¹ From 1 April 2004, a lump sum death benefit is provided for all employees in the event of their death while still working for a participating company.

Kingfisher Pension Scheme

Final Salary Section

Members' contributions are either 7% or 5% of Pensionable Salary depending on the member's chosen option during a consultation period between 1 January and 31 March 2004, subject to any later decision to pay contributions at the lower rate. Participating companies meet the balance of the cost to ensure that the Scheme is able to meet its estimated future commitments.

Money Purchase Section

Members' core contributions are 3% of Pensionable Salary. At the member's option, additional core contributions may be paid, which will be matched by the Company up to a maximum of an additional 2% (5% in certain circumstances) of Pensionable Salary. Members, who during the consultation period between 1 January and 31 March 2004, chose to join the Money Purchase Section on terms similar to those provided by the former Kingfisher Retirement Trust, do not contribute to the Money Purchase Section and the Company contributes 1% of Pensionable Salary on their behalf.

Company Additional Contributions

It is on occasion considered appropriate by the employer to enhance a member's benefits available from the Scheme. Where an employer chooses to do this, they are required to pay an additional amount to the Scheme (in the case of a member of the Final Salary Section and where applicable, to cover the cost of providing a stated level of benefits). The amount paid is calculated in accordance with instructions provided by the Scheme Actuary.

Additional Voluntary Contributions (AVCs)

AVCs provide an opportunity for members of the Scheme to increase their retirement benefits. AVCs are a tax-efficient way of providing extra benefits as the amount paid in contributions currently attracts tax relief at the member's highest rate of taxation and the fund builds up in a favourable tax environment.

AVCs paid by members of the Final Salary Section are invested separately from the other Scheme assets to ensure there are individual funds for each member which are clearly identifiable. Each member of the Money Purchase Section is allocated an individual clearly identifiable investment fund (known as a retirement account) and AVCs paid by such members are invested in the same retirement account.

Final Salary Section

Members of the Final Salary Section have a choice of:

- **With-Profits Fund.** This aims to provide a minimum growth rate that is guaranteed for contributions invested to date. Each year, further bonuses are added but these are not guaranteed in advance. When the benefits become payable, there is the possibility of an additional Terminal Bonus. Currently, the With-Profits Fund is invested and managed by Prudential.
- **Unit-linked funds.** These are directly linked to stock and bond markets. Each contribution buys a number of units in the selected investment funds, upon leaving or retiring these units are sold and used to buy pension benefits. Returns are not guaranteed and fund values can fall as well as rise. Currently, unit-linked funds are invested and managed by BlackRock and Legal & General, using active and passive management approaches.

Details of the value of members' AVC funds are included in their Personal Benefit Statements.

Kingfisher Pension Scheme

Money Purchase Section

AVCs paid by members of the Money Purchase Section are invested in the same underlying funds as the investment of their core contributions.

Transfer Values

All transfer values paid during the year were calculated as cash equivalents (within the meaning of Chapter IV Part IV of the Pension Schemes Act 1993) and verified in the manner prescribed under Section 97 of the Act. No allowance for discretionary benefits was made in the calculation of cash equivalents.

Membership

There are three categories of membership within the Scheme:

Active members

These are contributing employees who are

- members of the Final Salary Section before 1 April 2004 or
- members of the Money Purchase Section after 1 April 2004.

Deferred pensioners

Members who have left service or otherwise ceased active membership and have the right to a future pension under the Scheme.

Pensioners and Dependants

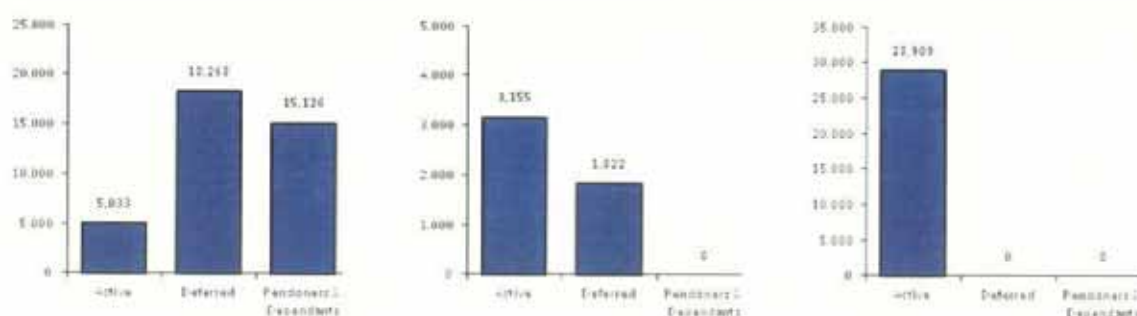
Members who have retired from the Scheme and are in receipt of a pension, and dependants who are in receipt of a pension following the death of a member.

Membership at 31 March 2012

Final Salary Section

Money Purchase Section

Life Assurance Only²



Changes in Membership during the year ended 31 March 2012

² From 1 April 2004, a lump sum death benefit is provided for all employees in the event of their death while still working for a participating company.

Kingfisher Pension Scheme

Changes in Membership during the year ended 31 March 2012

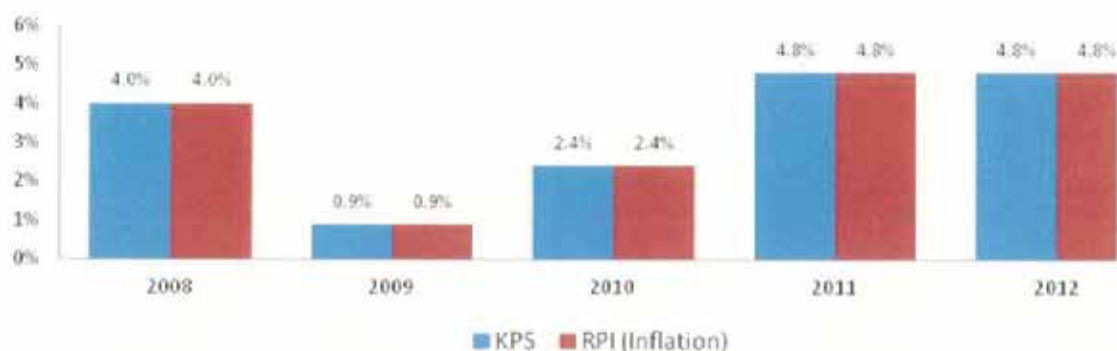
| | Final Salary Section | | | | Money Purchase Section | |
|------------------|----------------------|----------|-------------------------|---------------------|------------------------|----------|
| | Active | Deferred | Pensioners & Dependants | Life Assurance only | Active | Deferred |
| At 1 April 2011 | 5,402 | 18,570 | 15,583 | 31,159 | 3,025 | 1,625 |
| New | 1 | 251 | 715 | - | 450 | 255 |
| Deaths | (9) | (57) | (539) | - | (4) | (5) |
| Retirements | (115) | (445) | 0 | - | (19) | (19) |
| Leavers | (246) | (51) | (633) | - | (297) | (34) |
| At 31 March 2012 | 5,033 | 18,268 | 15,126 | 28,909 | 3,155 | 1,822 |

Pension Increases

Pensions in payment receive guaranteed annual increases matching the rise in the Retail Prices Index (during a calendar year) up to a maximum of 5%. Where inflation exceeds 5%, the Company may consider the payment of additional discretionary increases.

Increases from the Scheme do not apply to that element of the pension representing any Guaranteed Minimum Pension (GMP) in payment after age 60 for females or 65 for males (which the Scheme is required to provide as a consequence of contracting-out of State Earnings Related Pension Scheme (SERPS)) earned before 6 April 1988, as these increases are provided along with the State pension. The GMP element earned after April 1988 will be increased by the Scheme in line with inflation, as required by legislation, up to a limit of 3% per annum.

Pension increases over the last five years have been:



Both Jersey and Guernsey have their own Retail Prices Index (5.0% and 3.2% respectively at December 2011) and increases for Channel Islands pensioners are calculated in accordance with these.

Since April 1978, final salary schemes have been able to contract-out of the State additional pension scheme (known until April 2002 as the State Earnings Related Pension Scheme (SERPS) and now known as the State Second Pension (S2P)); in doing so, a member and their employer pay a reduced rate of NI contributions.

Because this reduced the member's SERPS pension, prior to 6 April 1997 a contracted-out scheme had to guarantee to pay a minimum pension so that the member would not be disadvantaged. Following the Pensions Act 1995, with effect from 6 April 1997 contracted-out final salary schemes no longer have to guarantee to provide a minimum pension. Instead, they are required to pass a 'Reference Scheme Test'. Consequently, members who joined after 6 April 1997 do not have a GMP, and the GMPs of members who joined before 6 April 1997 stopped accruing at that date.

Each year, the Scheme increases deferred pensions in line with inflation, up to 5% p.a. between the date of leaving and the date of retirement. These increases are non-discretionary.

Kingfisher Pension Scheme

Changes to the Scheme

Following an extensive review, Kingfisher plc (the Company) announced in February 2012 its proposal to close the Kingfisher Pension Scheme Final Salary Section for existing members to future accrual on 30 June 2012 and to provide an enhanced Kingfisher Pension Scheme Money Purchase Section from 2 July 2012. This was agreed following a 60 day consultation period with members, and in order to have fairer pension arrangements, providing equality for all colleagues and to manage the risk associated with funding Final Salary Section benefits increasing the cost of the Scheme to the Company.

The main changes proposed are as follows:

- Closure of the Final Salary Section to future build up of benefits on 30 June 2012. All Final Salary Section benefits earned up to 30 June 2012 would be protected with active members becoming deferred members of the Scheme.
- All Final Salary Section active members would be invited to become an active member of the improved Money Purchase Section with effect from 2 July 2012.
- If members elected to join the Money Purchase Section, increased Company contribution and risk (i.e. death in service) benefits would be made available from 2 July 2012.
- Final Salary Section active members who elect to join the Money Purchase Section will receive a goodwill payment for the first 24 months of Money Purchase Section membership (provided they remain in employment) which can be paid in to the Money Purchase Section or taken as cash, subject to tax and National Insurance (NI).
- The introduction of SMART Pensions (salary sacrifice) providing a more cost effective way of making contributions to the Money Purchase Section.

General

Group Life arrangements

The Trustee undertook a review of the life assurance arrangements within the Scheme, inviting Lorica Consulting Ltd to support this review. Three clear milestones were identified, these were:

- Identify whether there were advantages to insuring the Kingfisher Pension Scheme benefits
- Establish whether the administration of claims could be outsourced, resulting in a reduction of administration for Kingfisher Group Pensions Department
- That the review and recommendation could be done at no cost to the Trustee.

After this review the Trustee decided to appoint Lorica Consulting Ltd as the claims handler and Zurich Assurance Ltd as the insurer from 1 June 2011. The annual premium of £1,154,000 was paid in May 2011.

Final Salary Section – Special Purpose Vehicle (SPV)

In line with the valuations undertaken in 2004 and 2007, the Kingfisher Group and Trustee choose to take a longer view when looking at the funding of the Pension Scheme. A similar approach was adopted for the Scheme triennial funding valuation as at 31 March 2010, with the aim of keeping the Group's annual contributions to the Scheme at a level broadly consistent with previous years. This was achieved principally by the introduction of property security in a partnership: Kingfisher Scottish Limited Partnership (KSLP) giving recourse for the Scheme to property assets in the event of Kingfisher's insolvency. On an ongoing basis, the Scheme receives a regular income stream from the partnership that forms part of the annual cash contribution from the Group to the Pension Scheme under the Schedule of Contributions.

Kingfisher Pension Scheme

Final Salary Section – Special Purpose Vehicle (SPV) (cont'd)

In January 2011 UK property assets with a market value of £83m were sold to the Kingfisher Scottish Limited Partnership (KSLP) and leased back to B&Q plc under standard commercial lease terms. The KSLP gives recourse for the Scheme to property assets in the event of Kingfisher's insolvency. The Kingfisher Group retains control over these properties including the flexibility to substitute alternative properties. The Trustee's partnership interest in KSLP entitles it to the majority of the income of the partnership over the next 20 years. At the end of this term, Kingfisher plc has the option to acquire the Trustee's partnership interest in KSLP.

A further two UK properties with a combined market value of £119m were transferred to the partnership in June 2011, and leased back to B&Q plc under standard commercial lease terms.

Money Purchase Section

Change of administration provider

Following a review of the money purchase section administration arrangements in 2009, Prudential was appointed as the new administration provider from 1 December 2009. Subsequently Prudential changed its strategic direction and became unable to meet the Trustee's or the Company's requirements.

Therefore following a further review of the administration services provided within the market, the Trustee decided to appoint Zurich as its new administration provider from 1 August 2011. Both active and deferred members were notified of this change taking place in June 2011.

The announcement to members highlighted the following:

- Zurich were replacing Prudential as the administrator of the Money Purchase Section from August 2011.
- Members' Retirement Accounts with Prudential would be automatically switched into equivalent funds with Zurich during August 2011.

As a consequence of the change in administration provider, a number of changes to the underlying funds of the 'white labelled' funds were made, as follows:

| Fund Name | Old underlying Fund | New underlying Fund |
|-------------------------------------|--------------------------------------|---|
| Active Global Equity (inc. UK) Fund | 70% M&G Global Leaders Fund | 70% Schroder QEP Global Active Value Fund |
| Pre-Retirement Fund | Prudential Pre-Retirement Fund | SSgA Pre-Retirement Fund |
| Ethical Fund | Prudential Socially Responsible Fund | LGIM Ethical Global Equity Index Fund |
| Shariah Fund | Prudential HSBC Amanah Fund | Zurich HSBC Amanah Fund |

Focus (DIY) Limited

Focus DIY Limited entered administration on 5 May 2011 with Ernst & Young appointed as administrators. Kingfisher plc received clearance from the Office of Fair Trading (OFT) to acquire 30 Focus DIY stores following agreement with the administrators of Focus on 6 May 2011, with up to 600 employees transferring to B&Q under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Transferring employees had the opportunity to take up membership of the Scheme as offered to all employees. Any movements are reflected in the overall membership statistics on page 8.

Kingfisher Pension Scheme

Governance Report

Scheme Management

The Kingfisher Pension Scheme is managed and administered by the Trustee, Kingfisher Pension Trustee Limited, on behalf of Scheme members in accordance with the terms of the Trust Deed and Rules of the Scheme and of all relevant legislation.

Administration

The Trustee Board delegates day-to-day administration of the Scheme to the Group Pensions Department of Kingfisher plc. The Trustee Board also delegates aspects of the day-to-day administration of the Money Purchase Section to Zurich Assurance limited. The delegated administration services are carried out in accordance with formal agreements governing the services to be provided. The Scheme meets all the administrative costs incurred by Kingfisher Group Pensions Department.

Trustee Directors

The Trustee Board consists of ten Trustee Directors, known as Trustees, made up of four Employer appointed Directors, two independent Trustee Directors and four Member Nominated Directors (MNDs). The MNDs serve for a period of four years unless their Trusteeship is terminated or they resign or leave active membership before the end of their term. These Trustee Directors are also able to stand for re-selection for a further one term of four years, making a total of eight years maximum service.

Tony Stanworth, Chairman of the Trustee Board, retired on 20 September 2011 and BESTrustees plc, represented by Clive Gilchrist, was appointed Chairman of the Trustee Board on 20 September 2011. Ian Playford was appointed as an employer nominated director on 20 September 2011. Mark Fawcett was appointed as an Independent Trustee Director on 1 October 2011.

Appointment and removal of Trustee Directors

The number of the Trustees shall never be more than 14 or (except on account of casual vacancies or where the Trustees are or include a company) fewer than three. Within these limits, the Company will have power by deed to remove Trustees from office or to appoint new or additional Trustees. A Trustee will be discharged if he is removed or replaced by the Company (provided that there is at least one Trustee remaining) or if he resigns by written notice both to the Company and to the other Trustees (provided that the Trustees continuing in office are at least three in number or include a company). A company which is not the sole Trustee will cease to be a Trustee upon going into liquidation.

Trustee Fees

The fees payable for the services of Tony Stanworth, Helen Jones and Kerrin Qualters are fixed by Kingfisher plc. BESTrustees plc and Mark Fawcett also receive fees as an employer nominated Trustee Directors. The other employer and member nominated directors receive no fees as Trustee Directors but are reimbursed expenses incurred on behalf of the Scheme. The fees received by the Trustee Directors in the year ended 31 March 2012 are set out below and are included in Note 8 to the accounts on page xx.

| | 2012 £'000s | 2011 £'000s |
|---|----------------|----------------|
| Tony Stanworth (Chairman to 20 September 2011) | 16 | 42 |
| BESTrustees plc (Chairman from 20 September 2011) | 49 | 52 |
| Mark Fawcett | 13 | - |
| Helen Jones | 9 | 20 |
| Kerrin Qualters | 5 | 5 |

Kingfisher Pension Scheme

Trustee Knowledge and Understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from April 2006. On taking office, new Trustee Directors are provided with introductory trustee training facilitated by an external professional source. Update courses are made available on a regular basis. Training presentations are also made at the Trustee meetings from time to time.

Board Committees

The Trustee Board monitors and oversees the scheme through committees, which focus on specific aspects of day to day operations. The four committees are Accounts, Audit & Governance, Benefits, DC & Retirement and Investment. Each committee has Terms of Reference and reports to the Trustee Board.

The composition of the committees :

- **Accounts, Audit & Governance Committee**

The members are Sally Clifton (Chair), Helen Jones and Paul Goulder.

The role of the committee is to approve the financial statements of the Scheme and the Report to members, arrange and approve the process of auditing the Report to members, monitor financial controls, record keeping, and expenses, approve budgets of the Scheme, monitor and review internal control systems and those assigned in the form of and from the risk register. To make decisions with regards to the appointment and removal of Scheme auditors and bankers based on appropriate advice. To monitor and review compliance with the schedule of contributions and to consider Scheme governance issues.

- **Benefits Committee**

The members are Kerrin Qualters (Chairman), Sally Clifton, Paul Goulder and Helen Jones.

The committee meets as regularly as necessary, normally via electronic means, to exercise the Trustee's discretionary powers, particularly in relation to the distribution of lump sum death benefits and the granting of ill health retirement pensions.

- **DC & Retirement Committee**

The members are BESTrustees plc (represented by Clive Gilchrist, Chairman), Mark Fawcett (from 1 October 2011), Sarah Levy (until 11 June 2012), Evelyn Gardiner and Karl Lidgley.

The role of the committee is to focus on the monitoring and review of all defined contribution arrangements, to monitor and review the investment performance of the money purchase section, to monitor the risks to members' benefits and review risks assigned from the risk register.

- **Investment Committee**

The members are BESTrustees plc (represented by Clive Gilchrist, Chairman), Mark Fawcett (from 1 October 2011), Sarah Levy (until 11 June 2011), Evelyn Gardiner, Karl Lidgley, Ian Playford (from 20 September 2011) and Kerrin Qualters.

The Trustee Board agrees the Scheme's Statement of Investment Principles. Day to day investment management is undertaken by external managers. The role of the committee is to make recommendations to the Trustee Board on strategic issues, monitor and review manager performance, decide on manager appointments and terminations and to monitor and review risks assigned from the risk register.

Kingfisher Pension Scheme

Attendance at Trustee's Meetings

The table below shows the attendance of individual Trustee Directors at the Trustee Board and Board Committee meetings held during the year.

| Trustee Director | Trustee Board | Accounts, Audit & Governance | DC & Retirement | Investment |
|---|---------------|------------------------------|-----------------|------------|
| Tony Stanworth (Chairman) (#) | 4/4 | - | - | - |
| BESTrustees plc (represented by Clive Gilchrist) (Chairman) (+) | 6/6 | - | 3/3 | 4/4 |
| Mark Fawcett, Independent (#) | 2/2 | - | 3/3 | 1/2 |
| Sarah Levy (#) | 6/6 | - | 2/3 | 4/4 |
| Evelyn Gardiner (#) | 4/6 | - | 3/3 | 3/4 |
| Helen Jones (#) | 6/6 | 4/4 | - | - |
| Ian Playford (#) | 2/2 | - | - | 2/2 |
| Sally Clifton (*) | 6/6 | 4/4 | - | - |
| Paul Goulder (*) | 3/6 | 2/4 | - | - |
| Karl Lidgley (*) | 6/6 | - | 3/3 | 4/4 |
| Kerrin Qualters (*) | 6/6 | - | - | 4/4 |

(+) independent (#) employer nominated (*) member nominated

Trustee Directors

- Tony Stanworth (Chairman)** appointed 30 March 1992, retired 20 September 2011.
Tony has been a trustee since 1992 and Chairman of the Trustee Board since 2001. He was also Chairman of the Investment Committee from 1997 to 2002 and has been Chairman of the Benefits Committee since 2001. Tony also served as a trustee of the Lowndes Queensway Pension Scheme for 10 years. Before taking early retirement Tony was Group HR Director of Kingfisher from 1997 to 2005 and prior to that was HR Director of B&Q and Superdrug.
- BESTrustees plc (represented by Clive Gilchrist) (Chairman)** appointed 1 March 2009.
Clive has over 35 years' experience of the pensions and investment industries and was, until recently Managing Director of BESTrustees plc since its inception in 1992. His early career was in stock-broking and investment management including ten years as investment manager/Director at the Post Office S.S.F./PosTel (now Hermes). He was a Member of the NAPF Council and Investment Committee for many years including two years as Investment Chairman and has also chaired the Pension Committee of The Association of Corporate Trustees.

BESTrustees plc, represented by Clive Gilchrist, was appointed Chairman of the Trustee Board on 20 September 2011.
- Mark Fawcett (employer nominated)** appointed 1 October 2011.
Mark has been an investment manager for the last 23 years and managed money at a variety of institutions. He is currently Chief Investment Officer, NEST Corporation. Before joining NEST, Mark was a Partner at the boutique investment manager Thames River Capital LLP. Previously Mark was Head of Japanese Equities at Gartmore Investment Management and Chief Investment Officer at American Express Asset Management International.
- Sally Clifton** appointed 1 March 2009.
Sally joined B&Q in 1989 and has performed a number of roles including Computer Audit Manager and Supplier Administration Controller. Sally's current role is Company Secretary, heading up the B&Q Legal Services team. Sally is an Associate member of the Institute of Chartered Secretaries and Administrators, qualifying in 1986.

Kingfisher Pension Scheme

- **Sarah Levy** (nee Gerrand)appointed 1 June 2009, resigned 11 June 2012
Sarah joined Kingfisher in 2004 and her current role is Head of Investor Relations having previously spent her first two and a half years as Group Financial Reporting Manager. She is a qualified chartered accountant and is fluent in French and Spanish. Before joining Kingfisher she worked at Ernst & Young.
- **Evelyn Gardiner** (nee Gleeson) appointed 1 June 2010.
Evelyn joined Kingfisher in 2010 as Group HR Director having spent the previous four years at BP plc as HR Director, Fuels Value Chains. Before BP, Evelyn spent nine years at Mars Incorporated in senior HR operational roles, having started her career in manufacturing operations.
- **Ian Playford** appointed 20 September 2011.
Ian joined Kingfisher in October 2009 as Group Property Director from Parkridge Holdings, a property development and investment group where he was CEO, Western Europe and Russia. Before joining Parkridge, Ian spent five years at King Sturge and 12 years at Aviva as a fund manager.
- **Paul Goulder** appointed 1 June 2010.
Paul is currently unit manager in Kendal and has been with B&Q for 32 years and has worked at all levels from customer adviser to unit manager.
- **Helen Jones** appointed 1 September 2003.
Helen was Director of Governance and Corporate Services, responsible for Company Secretarial, Legal and Legislative Affairs, Corporate Governance matters and Group Corporate Responsibility until July 2007. She then took on the role of Director of Government and Industry Relations until retiring in August 2008 having spent 21 years with Kingfisher. She is a Fellow of the Institute of Chartered Secretaries and Administrators, qualifying in 1976.
- **Karl Lidgley** appointed 25 November 2005.
Karl has worked at B&Q for 26 years. During his career with B&Q he has worked at all levels in store; from part-time customer advisor through to unit manager, and currently works in the role of Unit Manager in Kettering.
- **Kerrin Qualters** appointed 1 July 2009.
Kerrin retired from B&Q after 22 years as Director of Store Development. Prior to working on the regeneration of the warehouse format, he developed the mini warehouse concept. Kerrin also spent 3 years in Turkey developing the large store format for Koctas and has held a number of other senior operational roles. Before B&Q he spent 17 years with Woolworths in store management roles.

Advice to the Trustee

The names of the present professional advisors to the Trustee are shown on page 3. The advisors to the Scheme are appointed by the Trustee. Each appointment of a professional advisor is agreed in accordance with formal agreements governing the services to be provided.

Risk Management Review

The Trustee Board has established a Risk Register for each section of the Scheme, as each has rather different characteristics, from which each register details the associated significant risks and the relevant internal controls. The registers are regularly reviewed and are formally approved by the Trustee Board on an annual basis to ensure that they remain appropriate.

Conflicts of Interest Policy

Trustee directors are required to avoid a situation in which they have or may have a direct or indirect interest that conflicts, or may conflict, with the interests of the corporate trustee of the pension scheme.

During the year no conflicts of interest were identified in accordance with the Trustee conflicts of interest policy.

Kingfisher Pension Scheme

Corporate Governance

The Trustee Board believe it is desirable;

- To have a consistent approach on corporate governance issues
- To act as a responsible investor
- To be able to manage the process in a practical way

Consequently, all investment managers have been asked to exercise voting rights where relevant, referring back to the Group Pensions Department only those issues which they feel are contentious and warrant further discussion before taking action.

Actuarial Valuations

A full actuarial valuation of the Scheme is undertaken every three years based on assumptions as to future inflation, pension increases, salary increases, investment returns and life expectancy. These assumptions are discussed at the full Trustee Board meetings with the Scheme Actuary. The last full actuarial valuation was at 31 March 2010.

Custody of Assets

Final Salary Section

Although the Trustee Board has delegated day to day management of the Scheme's investments to external managers, the custody (safekeeping) of most of these assets is presently carried out independently of the managers by State Street Bank and Trust Company Limited.

Money Purchase Section

The custody (safekeeping) of these assets is carried out by the underlying investment manager's custodian, namely:

| Underlying Fund | Custodian |
|---|---|
| State Street Global Advisors Limited As Of Priced Global Equity (30/70) Index sub-fund | State Street Bank and Trust Company Limited |
| Schroders QEP Global Active Value Fund | JP Morgan Chase Bank |
| Invesco Perpetual High Income Fund | Bank of New York Mellon Corporation |
| State Street Global Advisors Limited As Of Priced Diversified Beta sub-fund | State Street Bank and Trust Company Limited |
| State Street Global Advisors Limited Pre-Retirement Fund | State Street Bank and Trust Company Limited |
| State Street Global Advisors Limited As Of Priced Index Linked Gilt Over 5 Year Index sub-fund | State Street Bank and Trust Company Limited |
| State Street Global Advisors Limited As Of Priced Sterling Liquidity sub-fund | State Street Bank and Trust Company Limited |
| LGIM Ethical Global Equity Index Fund | HSBC Global Investor Services |
| HSBC Amanah Fund | RBC Dexia Investor Services |

Approval of the Annual Report

The directors of the Trustee Company approved this report, including the Statement of Trustee's Responsibilities' on page 16, on 26 June 2012.

Statement of Trustee's Responsibilities for the Financial Statements

The audited financial statements, which are prepared in accordance with applicable law and UK Generally Accepted Accounting Practice (UK GAAP), are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties the audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the scheme during the Scheme year, and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the year end; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes (revised May 2007)'.

The Trustee is responsible for the maintenance and integrity of the financial information of the Scheme included on the pension scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. The Trustee is also responsible for making available each year, commonly in the form of a Trustee's Annual Report, information about the Scheme prescribed by pensions legislation, which it should ensure is consistent with the audited financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of the Trustee's responsibilities accompanying the Trustee's Summary of Contributions.

The Trustee has a general responsibility for ensuring that adequate accounting records are kept, and for taking such steps as are reasonably open to the Trustee to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls

Investment Report

The purpose of this report is to advise members of the Trustee Board's investment policy and provide an outline of the general economic background prevailing during the year under review.

Final Salary Section

Investment Objectives and Strategy

Kingfisher plc (the 'Company') and Kingfisher Pension Trustee Limited (the 'Trustee') have agreed the following:

- A funding and investment plan for the Scheme, the Secondary Funding Objective "2FO", which targets a strong funding level and relatively low investment risk and which is in excess of the minimum Statutory Funding requirements. From the 2010 valuation the ultimate 2FO target is for the Scheme to be sufficiently funded to secure benefits with insured annuities by 2030;
- Initial annual 2FO contributions were £40m a year from 2005-2024, increasing with RPI on a triennial basis. Accordingly in 2008 after the 2007 triennial valuation annual employer contributions rose with RPI to £45m. Following completion of the 2010 valuation the employer contribution has risen, effective from 1 April 2011 to £48.5m + RPI (excluding £0.5m for the Pension Protection Fund levy which the Company has agreed to reimburse the Scheme for). The employer contribution will be reviewed again after the next 3 yearly valuation as at March 2013 and thereafter each formal valuation through to 2030;
- The 2FO funding target for 2030 will be the expected cost of securing benefits through insured annuities at that time. For the 2010 valuation the expected annuity terms in 2030 assume a discount rate for future benefit payments in line with yields on gilts of appropriate nature and duration;
- Planned investment de-risking switching from return seeking to matching assets. Matching assets constitute 60% of Scheme assets at April 2010 and will constitute 100% of Scheme Assets by April 2030. The Company and the Trustee will agree circumstances under which this de-risking plan could be accelerated;
- That having extended the initial 2FO target date from 2024 to 2030, there is no intention to extend the target 2FO date beyond 2030.

Other details relating to the 2FO and the Statutory Funding Objective are set out in the Statement of Funding Principles.

The Company and the Trustee have agreed the above planned high-level asset allocation changes in order to achieve an appropriate level of long-term return with an acceptable degree of risk. In practice, the Trustee wishes to move to the target asset allocation in a cost efficient manner, so the timing and magnitude of switches from return-seeking assets to matching assets will be decided upon by the Trustee based on monitoring of the Scheme's progress in reaching the 2FO and with input from the Company.

The objective is subject to regular monitoring by the Investment Committee with a triennial review as part of the actuarial valuation exercise. The objective forms the basis from which the Investment Committee develops a more detailed strategy approved by the Trustee Board, which is discussed with the Company. It is then for the Investment Committee to implement that strategy in terms of asset allocation and the appointment and monitoring of the appropriate managers.

Risk Measurement and Management

The Trustee recognises the following investment risks that the Scheme is exposed to and has taken the following measures to continually monitor and manage these risks. These measures do not render the

Kingfisher Pension Scheme

investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance target.

- **Solvency Risk and Mismatch Risk**

The risk that the Scheme's assets fail to keep pace with the liabilities (due to investment factors) is measured and managed through qualitative and quantitative assessment of the expected development of the liabilities relative to the current and target investment policy. The results of this analysis are regularly discussed with the Actuary and the Scheme's investment advisors.

Mismatch risk can include inflation and interest rate risk. These risks are being managed through a swap programme.

- **Concentration Risk**

The Scheme's assets have been diversified across a range of asset classes, e.g. equities (UK and overseas), fixed interest (UK and overseas), Index Linked Gilts and cash. Within each asset class there are further diversifying conditions placed on managers, e.g. a limit on the maximum holding in any one stock by each manager.

No investment is permitted in the shares of Kingfisher plc or Companies majority owned by Kingfisher plc, other than indirectly through investment in pooled funds.

- **Manager Risk**

The Trustee aims to minimise the impact of any appointed manager underperforming. So, where appropriate, the Scheme's assets are allocated in varying amounts to a number of managers in each asset class, often employing different approaches (e.g. passive and active).

In addition, each manager is given a specific objective and is subject to guidelines and restrictions on what is permitted in achieving those objectives as specified in the individual Investment Management Agreements.

There is no limit on the value of assets managed by any one manager, however the volatility of the asset class and the manager's investment approach are taken into account when determining the size of each portfolio.

- **Derivative Risk**

Restrictions are imposed on the use of derivatives. Derivatives will be used by the Scheme for risk management purposes, as part of the strategic asset allocation. Derivatives are also used on a tactical basis by the Scheme's investment managers to ensure that they are able to cover exposed positions (e.g. risk reduction) and to increase or decrease exposure to markets, other than by direct investment, following asset allocation decisions. Derivatives are not to be used for speculative purposes or to 'gear up' fund returns. There are different facets to derivative risk, namely:

- Counterparty risk - addressed through the investment manager, banks and custodian guidelines with respect to cash management; in the use of derivatives this risk is mitigated through the exchange of collateral or margin.
- Basis risk - the returns from the backing assets used to meet the payable leg of a derivative may not match exactly. This risk is addressed through the investment policy adopted by the Trustee for the backing assets and the investment managers' asset management capabilities.
- Liability risk - pension liabilities can only be estimated and there is a risk of unanticipated changes in the assumptions used to value the KPS' liabilities, hence there may be a divergence between the performance of the derivatives and the actual value of the liabilities. This risk is managed by constructing a derivative strategy based on a best-estimate of future Scheme cashflows.

- **Performance Risk**

The risk of the returns on the Scheme being less than anticipated is monitored by regular review of both individual manager and total fund performance. This allows action to be taken to address persistent deviation from expected levels.

- **Custodian Risk**

Includes the risk that a custodian of the investments held in respect of the Final Salary Section or Money Purchase Section misplaces Scheme investments, that it is receiving, delivering or safekeeping and includes the further risk introduced by the Custodian's use of sub-custodians within some overseas countries

The Trustee Board believes in separating custody of assets from fund management as far as is practical. This provides an element of extra protection for KPS assets as well as the opportunity for efficient consolidated reporting. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made.

- **Liquidity Risk**

Sufficient liquidity is maintained to meet expected outflows, with assets invested in appropriately realisable classes so as not to disrupt the Scheme's overall investment policy.

- **Currency Risk**

This risk is measured by the level of overseas investments and the translation effect of currencies leading to the risk of an adverse influence on investment values. It is managed by reducing translation risk of investing overseas by hedging a proportion of the overseas investments' currency translation risk for those overseas currencies that can be hedged efficiently.

- **Sponsor Risk**

Includes the risk that the sponsor (in the case of the Principal Employer) cannot, or will not, make good a current or future deficit of the Plan.

Is measured by the level of ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit;

Is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to a number of metrics reflecting the financial strength of the sponsor.

- **Contribution Income**

The Schedule of Contributions payable and their due dates, is maintained by the Trustee, allowing any late (or lower than expected) payment to be raised with the relevant operating company at an early date (delays in the payment of contributions could affect the Scheme's solvency position).

- **Cash Transactions**

The risk of cash being transferred out of the Scheme in unauthorised circumstances is controlled by the restrictions imposed by the bank mandates and controls agreed with the Custodian and investment managers. These measures generally define the circumstances in which cash payments can be made and who is able to authorise them.

Kingfisher Pension Scheme

Socially Responsible Investment

The Trustee Board has delegated day to day investment decisions to its appointed investment managers (within certain guidelines and restrictions).

The Trustee Board believes that all companies should be run in a socially responsible way as in the long run this should contribute to the success of those companies, but equally recognises its fiduciary responsibility to act in the best financial interests of the Scheme's members. Therefore, the Trustee Board's policy is that the investment managers should take account of social, environmental and ethical considerations to the extent that they may have a financial impact on investment performance. With this in mind, the Trustee Board also encourages managers to pursue policies of engagement with their investee companies.

The Trustee Board, however, recognises that because of the need to closely track the Index benchmarks, it is not appropriate for the Scheme's passive managers to take account of social, environmental or ethical considerations in the construction of their portfolios. However, the Trustee Board also encourages its passive manager and its other pooled fund managers, to pursue a policy of engagement with investee companies.

Kingfisher Pension Scheme

Current Asset Allocation

| Asset Class | | Mandate | Proportion of fund allocated |
|-------------|---|----------------------|------------------------------|
| Equities | Wellington Management | Active – Global | 5% |
| | State Street Global Advisors | Passive – Global | 19% |
| Bonds | European Credit Management | Active – Europe | 2% |
| | Goldman Sachs | Active – Global | 7% |
| | Kingfisher Scottish Limited Partnership | - | 10% |
| | PIMCO | Active – Global | 7% |
| | Rogge Global Partners | Active – Global | 7% |
| | State Street Global Advisors | Passive – UK only | 37% |
| Property | Aviva Investors | Active – UK & Europe | 4% |
| Cash | Rogge Global Partners | Passive – Global | 2% |

Distribution of Scheme Assets

| | 31 March 2012 | 31 March 2011 |
|-------------------------------|---------------|---------------|
| UK Equities | 9% | 11% |
| Overseas Equities | 16% | 19% |
| Fixed Interest | 37% | 37% |
| Index Linked Gilts | 20% | 20% |
| Special Purpose Vehicle (SPV) | 10% | 4% |
| Cash & Cash Instruments | 3% | 3% |
| Property | 4% | 5% |
| AVC Funds | 1% | 1% |
| Total | 100% | 100% |

Distribution by Investment Manager

| | 31 March 2012 | 31 March 2011 |
|---|---------------|---------------|
| Aviva Investors | 4% | 5% |
| European Credit Management | 2% | 3% |
| Goldman Sachs | 7% | 8% |
| Kingfisher Scottish Limited Partnership (SPV) | 10% | 4% |
| PIMCO | 7% | 8% |
| Rogge Global Partners | 9% | 10% |
| State Street Global Advisors | 56% | 56% |
| Wellington Management | 5% | 6% |
| Total | 100% | 100% |

Geographical Spread of Assets

| | 31 March 2012 | 31 March 2011 |
|---------------|---------------|---------------|
| UK | 79% | 73% |
| Europe | 8% | 11% |
| North America | 10% | 11% |
| Japan | 1% | 2% |
| Others | 2% | 3% |
| Total | 100% | 100% |

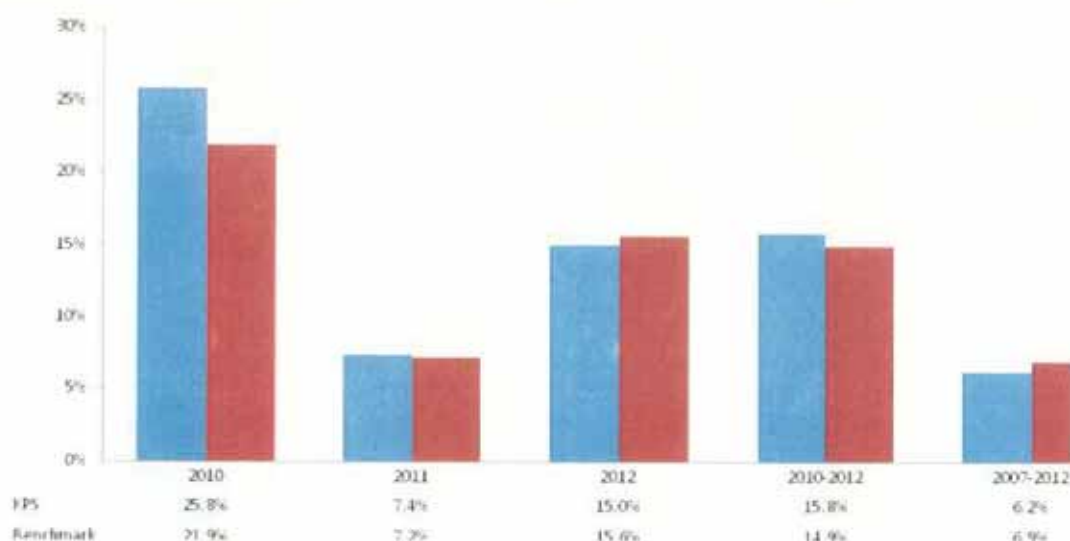
Kingfisher Pension Scheme

Investment Performance

The performance of the Scheme's investments is measured against the Scheme specific benchmark and other UK pension schemes of various sizes by an independent external measurement service, Performance & Risk Analytics, of BNY Mellon Asset Servicing. Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2012 was 15.0%, compared to the Scheme specific benchmark of 15.6%.

Reviewing performance over the longer periods is more relevant to the Scheme's long-term objectives. Over three and five year periods, the annual returns were 15.8% and 6.2% compared to the benchmark of 14.9% and 6.9% respectively.

Annualised Investment Returns



Current Managers' Objectives

As part of the Scheme's investment strategy, its assets are allocated to a number of investment managers in specific asset classes. The investment managers are given performance objectives which, when combined, are intended to enable the Scheme to achieve its overall investment objectives (see page xx).

Global Equities

Wellington Management's objective is to out-perform the MSCI World Index return by 2% per annum (net of base fees) over rolling three year periods.

State Street Global Advisors' objective is to deliver a return to within 0.5% of the rolling annual total return and within 0.25% per annum over rolling three-year period of its 'benchmark'.

The benchmark is made up of UK and Overseas Equity securities and comprises the following indices: 43.4% FTSE-All Share Index; 24.4% FTSE-All World North America; 19.3% FTSE-All World Europe ex-UK; 5.6% FTSE-All World Japan and 7.3% FTSE-All World Pacific Basin (ex Japan).

Kingfisher Pension Scheme

Bonds

European Credit Management's objective is to out-perform by 2% over three year rolling periods (net of fees) 1 month LIBOR.

Goldman Sach's fixed interest portfolio has the objective of out-performing its benchmark by 1.5% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

Kingfisher Scottish Limited Partnership's objective is to carry on the business of managing, owning and leasing the freehold properties which comprise the property portfolio and to manage those properties in accordance with the investment policy.

PIMCO's fixed interest portfolio has the objective of out-performing its benchmark by 1.5% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

Rogge Global Partners' fixed interest portfolio has the objective of out-performing its benchmark by 1.25% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

State Street Global Advisors' objective is to deliver a return to within 0.5% of the rolling annual total return and within 0.25% per annum over rolling three-year period of its 'benchmark'. The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

Property

Aviva Investors' property portfolio has the objective of out-performing the IPD All Balanced Funds Index by 0.5% (net of fees) per annum over rolling three year periods.

Cash

Rogge Global Partners' emerging market currency fund has the objective of an absolute return providing exposure to emerging market currencies.

Trustee's Cash

The Trustee maintains a current account to meet the day-to-day benefits and expenditure payments. Any monies in the account that are not required for immediate use are placed on an overnight money market account.

Fees

The Trustee Board believe that, in the right circumstances, a performance related fee is preferable to a traditional asset based fee as it ensures that investment managers share in both their over and under performance.

However, it is difficult to implement just one approach to fees, as managers may be inflexible on changing their standard basis. The Scheme may have to accept this if it believes a manager can add value and wishes to appoint them despite inflexibility on fees.

All investment fees are met by the Scheme.

Kingfisher Pension Scheme

Money Purchase Section

Investment Objectives and Strategy

The Trustee's objective is to make available to members of the Money Purchase Section an appropriate range of investment options to which members and the Company will contribute in order to provide each member with a fund which will be used to secure their benefit at retirement. The Money Purchase Section offers a facility for members to contribute more on a voluntary basis.

The Trustee Board makes available a range of investments via pooled funds, which seek to:

- Establish a financially efficient scheme that provides attractive and robust long term investment options to members that recognise their investment challenge and incorporate institutional best practices
- Enable members to protect their benefits as they approach retirement
- Limit the scope of members to need to take detailed investment decisions.

Currently the Trustee Board offer two Lifestyle strategies which involve automatic switches from predominantly equities to gilts, corporate bonds and cash as the target retirement date approaches from either a 5 year or 10 year start date before retirement. In addition, the Trustee Board offer a number of funds offering specific equity, bond or cash investments which may be selected by members instead of the Lifestyle options.

The Money Purchase Section does not hold shares directly in Kingfisher plc.

Risk Measurement and Management

The Trustee is aware of a number of risks for the Money Purchase Section of the scheme, which include:

- **Underperformance risk**
The members are invested in low risk/low return assets for too much of their working lifetime.

The fund manager fails to add value compared to passive (index tracking) investment. Passive management is an investment management strategy that seeks to match the return and risk characteristics of a market segment or index by mirroring its composition.
- **Annuity risk**
Close to retirement the members are invested in assets that do not protect against annuity rate changes.
- **Volatility**
At retirement the members are invested in assets which are too volatile.
- **Switching risk**
That wholesale switches between asset classes expose the members to market risk.

The Trustee is satisfied that the spread of assets by type and the investment manager's policies on investing in individual securities within each type provides adequate diversification of investments. The Trustee believes that the investment strategies (the mix of asset type) inherent in the managers' funds are currently appropriate for achieving their objectives.

Kingfisher Pension Scheme

Investment Approach

Passive management (also known as index tracking), aims to reduce the risk of poor share selection in individual companies and instead invest in most of the companies within a market/index (e.g. the FTSE or All-Share index). In this way they aim to deliver returns that are close to the overall market returns.

Active Management aims to use analysis of the markets to achieve above-average returns. The investment manager will do this by choosing shares that are either undervalued (to buy) or overvalued (to sell) and choosing the right time to do this. Actively managed investments have the potential to bring in higher returns than passively managed investments but they also carry a higher risk of underperforming if the investment manager's decisions prove unsuccessful. Actively managed funds usually incur higher annual management charges.

Investment Performance

All the assets attributed to the Money Purchase Section, including members' AVCs but excluding cash required for transaction purposes, are presently invested in a range of asset classes administered by Prudential. Members have the option to invest in one of two lifestyle approaches or select from a range of asset classes, listed below. It is not possible to compare the performance of each lifestyle approach with a stated objective.

Option A – Lifestyle 5 Year

This option has been designed to fit the 'average' member's requirements, attempting to balance the opportunity for maximizing returns, whilst reducing the volatility of returns as retirement approaches.

Option B – Lifestyle 10 Year

This option has been designed for members who wish to take a more cautious approach to investing whilst attempting to still deliver above average returns in the early years.

The difference between the two lifestyle approaches is when the transition is made from investing in higher risk funds investing mainly in company shares (accumulation phase) to lower risk funds investing in gilts, corporate bonds and cash (pre retirement phase).

| | Lifestyle 5 Year | Lifestyle 10 Year* |
|-----------------------|---|---|
| Accumulation Phase | 50% Passive Global Equity (inc. UK) 50% Diversified Return | 50% Passive Global Equity (inc. UK) 50% Diversified Return |
| Pre-Retirement Phase | 75% Pre Retirement 25% Money Market | 75% Pre Retirement 25% Money Market |
| Transition Start Date | 5 years before retirement | 10 years before retirement |
| Cash Transition Date | 2.5 years before retirement | 5 years before retirement |

* The Lifestyle 10 Year has been selected by the Trustee as the default fund should members not elect to make an investment choice

Kingfisher Pension Scheme

| Asset Class & Fund Name | Fund Description | Underlying Fund | Performance Objective & Benchmark |
|---|--|--|--|
| Global Equity (Passive) Passive Global Equity (inc. UK) Fund | This fund invests in a combination of funds which invest in stock markets around the world. To reduce the impact of currency movements on the returns generated by the fund, 75% of its non sterling currency exposure is hedged back to Sterling | State Street Global Advisors Limited As Of Priced Global Equity (30/70) Index sub-fund | To track the performance of the benchmark. 70% FTSE World ex UK (hedged 75%) Index 30% FTSE All Share Index |
| Global Equity (Active) Active Global Equity (inc. UK) Fund | This fund invests approximately 30-40% in the shares of UK companies and the remainder in the shares of overseas companies | 70% Schroder QEP Global Active Value Fund 30% Invesco Perpetual High Income Fund | 70% MSCI World Index 30% FTSE All Share Index |
| Multi-Asset (Passive) Diversified Return Fund | This fund invests in a wide range of assets, including company shares, high yield bonds, property, commodities and specialised alternative assets | State Street Global Advisors Limited As Of Priced Diversified Beta sub-fund | To target returns in line with the benchmark. 60% FTSE All-World Developed Index 40% FTSE Gilts All Stocks Index |
| Corporate Bond & Fixed Interest (Passive) Pre-Retirement Fund | This fund invests in UK government bonds (Gilts) and UK corporate bonds with an average maturity period of 15 years or longer | State Street Global Advisors Limited Pre-Retirement Fund | To track the performance of the benchmark. Mirrors the benchmark of the underlying fund (currently 50% FTSE A British Government Over 15 Year Gilt Index and 50% IBOXX Sterling Non-Gilts Over 15 Years Index). |
| Index-Linked (Passive) Pre-Retirement Inflation Linked Fund | This fund invests in UK government bonds (Gilts) where the interest payable on the bond is linked to the rate of inflation | State Street Global Advisors Limited As Of Priced Index Linked Gilt Over 5 Year Index sub-fund | To track the performance of the benchmark. Mirrors the benchmark of the underlying fund (currently the FTSE Actuaries British Government Over 5 Years Indexed Linked Gilts Index). |
| Cash (Active) Money Market Fund | This fund aims to provide a high level of security by investing in short-term money market instruments and fixed deposits. While this is a low risk fund, no investment strategy is without risk. As such there is a small chance this fund could have a negative return | State Street Global Advisors Limited As Of Priced Sterling Liquidity sub-fund | The fund is actively managed to outperform the benchmark. 7 Day LIBID |
| UK Equity (Passive) Ethical Fund | This fund invests in shares of companies that meet a set of ethical criteria | LGIM Ethical Global Equity Index Fund | Mirrors the benchmark of the underlying fund (currently FTSE4Good Global Equity Index) |
| Global Equity (Passive) Shariah Fund | This fund invests in shares of companies around the world whose practices are consistent with Shariah principles | HSBC Amanah Fund | To track the performance of the benchmark. Mirrors the benchmark of the underlying fund (currently the DOW Jones Islamic Titans 100 Index). |

Kingfisher Pension Scheme

Fund Performance to 31 March 2012

| Quarterly Fund Performance | | | |
|-----------------------------|-----------------|---------------|------------------------------|
| Fund | Performance (%) | Benchmark (%) | (Under)/over performance (%) |
| Passive Global Equity | 9.7 | 9.6 | 0.1 |
| Active Global Equity | 6.4 | 7.8 | -1.4 |
| Diversified Return | 6.2 | 4.6 | 1.6 |
| Pre-Retirement | -0.1 | -0.3 | 0.2 |
| Pre-Retirement Index Linked | -1.9 | -2.0 | 0.1 |
| Money Market | 0.2 | 0.1 | 0.1 |
| Ethical | 9.9 | 9.5 | 0.4 |
| Shariah | 6.4 | 7.4 | -1.0 |

The Money Purchase Section white labelled funds were established in July 2011 and therefore there is currently no longer-term fund performance available for these funds.

Independent Auditor's Report

To the Trustee of the Kingfisher Pension Scheme

We have audited the financial statements of the Kingfisher Pension Scheme for the year ended 31 March 2012 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities on page xx, the Scheme's Trustee is responsible for the preparation of financial statements which show a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the rest of the annual report which comprises the Trustee's Report, the Governance Report, the Investment Report, the Actuarial Statements and Compliance Statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year ended 31 March 2012 and of the amount and disposition at that date of its assets and liabilities (other than liabilities to pay pensions and benefits after the end of the scheme year);
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

29 June 2012

Kingfisher Pension Scheme

26 June 2012

Fund Account

For the year ended 31 March 2012

| | Notes | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s restated |
|---|-------|------------------------|--------------------------|-------------------------|-------------------------------------|
| Contributions & Benefits | | | | | |
| Contributions | 2 | 153,005 | 5,628 | 158,633 | 135,991 |
| Transfers in | 3 | 90 | 23 | 113 | 800 |
| Other income | 4 | 725 | 0 | 725 | 0 |
| | | 153,820 | 5,651 | 159,471 | 136,791 |
| Benefits | 5 | (56,385) | (309) | (56,694) | (52,799) |
| Leavers | 6 | (4,915) | (347) | (5,262) | (4,194) |
| Other payments | 7 | (1,154) | 0 | (1,154) | 0 |
| Administrative expenses | 8 | (3,241) | 0 | (3,241) | (3,682) |
| | | (65,695) | (656) | (66,351) | (60,675) |
| Net additions from dealings with members | | 88,125 | 4,995 | 93,120 | 76,116 |
| Returns on Investments | | | | | |
| Investment income | 9 | 45,391 | 0 | 45,391 | 31,167 |
| Change in market value of investments | 10 | 235,394 | 741 | 236,135 | 78,183 |
| Investment management expenses | 11 | (3,113) | 0 | (3,113) | (2,815) |
| Net returns on investments | | 277,672 | 741 | 278,413 | 106,535 |
| Net increase in the Scheme during the year | | 365,797 | 5,736 | 371,533 | 182,651 |
| Net assets of the Scheme | | | | | |
| At 1 April | | 1,763,461 | 25,957 | 1,789,418 | 1,606,767 |
| At 31 March | | 2,129,258 | 31,693 | 2,160,951 | 1,789,418 |

The notes on pages 31 to 43 form part of these financial statements.

Kingfisher Pension Scheme

Net Assets Statement

At 31 March 2012

| | Notes | Total 2012 £'000s | Total 2011 £'000s |
|---|-------|-------------------------|-------------------------|
| Final Salary Section | | | |
| Investment assets: | 10 | | |
| Fixed interest securities | | 403,704 | 369,305 |
| Equities | | 112,953 | 110,118 |
| Index linked securities | | 410,962 | 350,376 |
| Pooled investment vehicles | | 805,293 | 781,085 |
| Special purpose vehicle (SPV) | | 203,827 | 79,286 |
| Derivative assets | | 231,751 | 75,926 |
| AVC investments | | 16,539 | 16,981 |
| Cash & cash instruments | | 18,272 | 15,951 |
| Other investment balances | | (235) | (4,625) |
| | | 2,203,066 | 1,794,403 |
| Investment liabilities: | 10 | | |
| Derivative liabilities | | (81,065) | (44,070) |
| Total net investments | | 2,122,001 | 1,750,333 |
| Current assets | 12 | 8,460 | 14,474 |
| Current liabilities | 13 | (1,203) | (1,346) |
| Net assets of the Final Salary Section | | 2,129,258 | 1,763,461 |
| Money Purchase Section | | | |
| Investment assets: | 10 | | |
| Pooled investment vehicles | | 30,967 | 25,923 |
| Current assets | 12 | 726 | 43 |
| Current liabilities | 13 | 0 | (9) |
| Net assets of the Money Purchase Section | | 31,693 | 25,957 |
| Net assets of the Scheme at 31 March | | 2,160,951 | 1,789,418 |

The notes on pages 31 to 43 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statements from the actuary on page 46 of the annual report, and these financial statements should be read in conjunction with them.

Signed for and on behalf of
The Trustee of the Kingfisher Pension Scheme on 26 June 2012.



BESTrustees plc,
represented by Clive Gilchrist, Chairman



S Clifton

Notes to the Financial Statements

Basis of preparation

The Financial Statements have been prepared in accordance with the provisions of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice (SORP) 'Financial Reports of Pension Schemes (revised May 2007)'.

1. Accounting policies

The principal accounting policies of the scheme have remained unchanged from the previous year and are as follows:

- a) Employee contributions are accounted for on from the date of deduction from payroll and employer contributions are accounted for in the period to which the corresponding pay relates. Employer special contributions are accounted for in accordance with the agreement under which they are being paid.
- b) Benefits are accounted for on the date of leaving, or if a member has a choice of benefits, on notification of choice to the Scheme. Individual transfer values to or from other schemes are accounted for on a cash basis.
- c) Investments are measured on fair value basis :
 - Quoted securities are valued at the bid price at 31 March 2012.
 - Pooled Investment Vehicles are valued at the bid price quoted by the managers or at the single price if only one price is quoted.
 - The Special Purpose Vehicle (SPV) is valued on a discounted cash flow basis by an in-house treasury team. A discount rate, based on property asset backed bonds and adjusted for Kingfisher plc's credit rating, is applied to the projected future cashflows.
 - Futures contracts are valued at the exchange price for closing out the contract at the year end and this represents the unrealised profit or loss of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin and any variation margin which is due to or from the broker.
 - The fair value of swap contracts is calculated using pricing models, where inputs are based on market data at the year end.
 - Forward foreign exchange contracts are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
 - The Trustee has purchased annuity policies that are specifically allocated to the provision of benefits for, or in respect of, particular members. These annuity policies are in the name of the Trustee, and remain assets of the scheme because the Trustee is not legally discharged of the corresponding liabilities. However, the Trustee is satisfied that the policies represent an effective discharge of its liabilities and, in accordance with the treatment recommended by the SORP, the purchase cost has been accounted for as 'purchase of annuities' in the Fund Account and the annuity policies are carried at nil value in the Net Asset Statement.

Kingfisher Pension Scheme

d) Investment Income

- Dividends, fixed interest income, SPV income, derivative income, deposit interest and other investment income receivable have been accounted for on an accruals basis. Irrecoverable withholding taxes are reported as a separate tax charge.
- Income arising from annuity policies purchased from insurance companies by some predecessor schemes is included as investment income in order to fund the pensions paid by the scheme. The figures for the previous year have been restated from benefits payable for comparability.

e) Foreign Currency

- Foreign income is translated into sterling at the rate ruling on the date the income is received. Investment and current assets and liabilities denominated in foreign currencies are translated using the sterling rate of exchange ruling at the year end. Foreign exchange gains and losses arising on translation of investments are included as part of the change in market value of investments.

f) Expenses

- Administration and investment management expenses are accounted for on an accruals basis.

2. Contributions

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|------------------------------------|---------------------------|-----------------------------|-------------------------|-------------------------|
| Employers | | | | |
| Normal | 145,037 | 2,761 | 147,798 | 125,269 |
| Augmentations | 234 | 147 | 381 | 99 |
| Members | | | | |
| Normal | 7,297 | 2,577 | 9,874 | 9,867 |
| Additional voluntary contributions | 437 | 143 | 580 | 756 |
| Total | 153,005 | 5,628 | 158,633 | 135,991 |

Employer augmentations were paid on occasions where the employer considered it to be appropriate to enhance members' benefits available from the Scheme. On each occasion, the employer paid an additional amount to the Scheme to cover the cost of providing these benefits. In the case of the Final Salary Section, the amount paid was calculated in accordance with instructions provided by the Scheme Actuary.

During the year the employer made an additional normal contribution of £105,800,000. The Trustee chose to invest the contribution in a property backed Special Purpose Vehicle.

3. Transfers In

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|--|---------------------------|-----------------------------|-------------------------|-------------------------|
| Individual transfers-in from other Schemes | 36 | 23 | 59 | 649 |
| Inter Scheme transfers from Money Purchase | 1 | 0 | 1 | 100 |
| MP life premiums received by FS* | 53 | 0 | 53 | 51 |
| Total | 90 | 23 | 113 | 800 |

* MP members have an option to purchase additional life cover, this is funded through the Final Salary Section.

Kingfisher Pension Scheme

4. Other income

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|--------------------------|---------------------------|-----------------------------|-------------------------|-------------------------|
| Claims on term insurance | 725 | 0 | 725 | 0 |
| Total | 725 | 0 | 725 | 0 |

5. Benefits

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s restated |
|---|---------------------------|-----------------------------|-------------------------|-------------------------------------|
| Pensions | 45,399 | 0 | 45,399 | 43,504 |
| Commutations and lump sum retirement benefits | 9,523 | 76 | 9,599 | 7,628 |
| Lump sum death benefits | 1,463 | 89 | 1,552 | 1,549 |
| Purchase of annuities | 0 | 91 | 91 | 67 |
| MP life premiums paid to FS | 0 | 53 | 53 | 51 |
| Total | 56,385 | 309 | 56,694 | 52,799 |

6. Payments to and on account for leavers

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|---|---------------------------|-----------------------------|-------------------------|-------------------------|
| Individual transfers to other Schemes | 4,912 | 304 | 5,216 | 4,017 |
| Inter Scheme transfers to Final Salary | 0 | 1 | 1 | 100 |
| Refunds to members leaving service | 4 | 42 | 46 | 78 |
| Payments for members joining state scheme | (1) | 0 | (1) | (1) |
| Total | 4,915 | 347 | 5,262 | 4,194 |

7. Other payments

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|---|---------------------------|-----------------------------|-------------------------|-------------------------|
| Premiums on term insurance paid to Zurich Assurance Ltd | 1,154 | 0 | 1,154 | 0 |
| Total | 1,154 | 0 | 1,154 | 0 |

8. Administrative expenses

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|-----------------------------------|---------------------------|-----------------------------|-------------------------|-------------------------|
| Administration and processing | 2,700 | 0 | 2,700 | 2,230 |
| Actuarial fees | 207 | 0 | 207 | 536 |
| Audit fees | 40 | 0 | 40 | 36 |
| Legal and other professional fees | 202 | 0 | 202 | 761 |
| Trustee fees | 92 | 0 | 92 | 119 |
| Total | 3,241 | 0 | 3,241 | 3,682 |

The Scheme bears all of the costs of administration, which are then charged to the Final Salary Section and consists of the costs incurred by the Group Pensions Department on behalf of the Trustee Board.

Kingfisher Pension Scheme

9. Investment Income

| | Final Salary | Money Purchase | Total 2012 | Total 2011 |
|--|---------------|----------------|---------------|-----------------|
| | £'000s | £'000s | £'000s | £'000s restated |
| Income from fixed interest securities | 19,399 | 0 | 19,399 | 18,287 |
| Dividends from equities | 2,336 | 0 | 2,336 | 2,834 |
| Income from index-linked securities | 5,170 | 0 | 5,170 | 5,933 |
| Income from pooled investment vehicles | 4,053 | 0 | 4,053 | 3,204 |
| Income from SPV | 9,777 | 0 | 9,777 | 0 |
| Income from derivatives | 110 | 0 | 110 | 201 |
| Interest on cash and cash instruments | 96 | 0 | 96 | 55 |
| Other | 4,402 | 0 | 4,402 | 550 |
| Annuity income | 161 | 0 | 161 | 199 |
| Sub total | 45,505 | 0 | 45,505 | 31,263 |
| Irrecoverable taxation | (113) | 0 | (113) | (96) |
| Total | 45,391 | 0 | 45,391 | 31,167 |

Investment income arising on certain pooled investment vehicles is reinvested and reflected in the unit price. Other income consists of income from class actions and stock lending. During the year the Scheme received income from stock lending of £4,350,255.

10. Investments

a. Reconciliation of investments held at beginning and end of year

Final Salary Section

| | Value at 31 March 2011 | Purchases at cost & derivative payments | Sales proceeds & derivative receipts | Change in market value | Value at 31 March 2012 |
|-------------------------------|------------------------|---|--------------------------------------|------------------------|------------------------|
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| Fixed interest securities | 369,305 | 521,402 | (502,311) | 15,308 | 403,704 |
| Equities | 110,118 | 70,748 | (69,045) | 1,133 | 112,953 |
| Index linked securities | 350,376 | 88,499 | (90,973) | 63,059 | 410,962 |
| Pooled investment vehicles | 781,085 | 31,985 | (26,744) | 18,968 | 805,293 |
| Special purpose vehicle (SPV) | 79,286 | 105,800 | 0 | 18,740 | 203,827 |
| Derivatives | | | | | |
| Futures – exchange traded | (326) | 59,457 | (57,567) | (1,425) | 139 |
| Options | (256) | 276 | (1,267) | 533 | (712) |
| Forward foreign exchange | (1,461) | 905 | (1) | 1,459 | 901 |
| Swaps – over the counter | 33,899 | 235 | 0 | 116,223 | 150,358 |
| AVC investments | 16,981 | 428 | (870) | 0 | 16,539 |
| | 1,739,007 | 879,735 | (748,776) | 233,998 | 2,103,964 |
| Cash & cash instruments | 15,951 | | | 1,406 | 18,272 |
| Other investment balances | (4,625) | | | (10) | (235) |
| Total | 1,750,333 | | | 235,394 | 2,122,001 |

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year together with foreign exchange deals and losses and currency translations.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as commissions. Transaction costs incurred during the year amounted to £164,000 (2011: £251,000). For investments in pooled investment vehicles, these costs are charged indirectly

Kingfisher Pension Scheme

through the bid-offer spread of the unit price. These indirect costs and the amount of stamp duty and other fees are not separately provided to the scheme.

Money Purchase Section

| | Value at 31 March 2011 | Purchases at cost & derivative payments | Sales proceeds & derivative receipts | Change in market value | Value at 31 March 2012 |
|----------------------------|------------------------------|--|---|------------------------------|------------------------------|
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| Pooled Investment Vehicles | 25,923 | 29,255 | (24,952) | 741 | 30,967 |
| Total | 25,923 | 29,255 | (24,952) | 741 | 30,967 |

| | 2011 | 2012 |
|---------------------------------|---------------|---------------|
| | £'000s | £'000s |
| Passive Global Equity (inc UK) | 11,169 | 12,990 |
| Diversified Return | 10,138 | 12,054 |
| Pre Retirement | 2,361 | 3,065 |
| Active Global Equity (inc UK) | 1,267 | 1,542 |
| Money Market | 840 | 964 |
| Pre Retirement Inflation Linked | 119 | 285 |
| Ethical | 17 | 48 |
| Shariah | 12 | 19 |
| Total | 25,923 | 30,967 |

Money Purchase assets are allocated to provide benefits to the individuals on whose behalf the contributions were paid and assets identified as designated to members in the Net Assets Statement do not form a common pool of assets available for members generally. Members receive an annual statement confirming the contributions paid on their behalf and the value of their money purchase rights.

Kingfisher Pension Scheme

b. Details of investments held at year end

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|---|---------------------------|-----------------------------|-------------------------|-------------------------|
| Fixed interest securities | | | | |
| UK public sector quoted | 76,363 | 0 | 76,363 | 32,593 |
| UK quoted | 260,419 | 0 | 260,419 | 261,485 |
| Overseas public quoted | 10,879 | 0 | 10,879 | 8,716 |
| Overseas quoted | 56,043 | 0 | 56,043 | 66,511 |
| | 403,704 | 0 | 403,704 | 369,305 |
| Equities | | | | |
| UK quoted | 13,101 | 0 | 13,101 | 13,707 |
| Overseas quoted | 99,852 | 0 | 99,852 | 96,411 |
| | 112,953 | 0 | 112,953 | 110,118 |
| Index linked securities | | | | |
| UK public sector | 410,962 | 0 | 410,962 | 350,376 |
| | 410,962 | 0 | 410,962 | 350,376 |
| Pooled investment vehicles | | | | |
| Unit trusts | | | | |
| - Property | 63,010 | 0 | 63,010 | 63,069 |
| - Other (Equity) | 32 | 0 | 32 | 26 |
| Managed funds | | | | |
| Property | 21,095 | 0 | 21,095 | 18,944 |
| Fixed interest | 270,668 | 0 | 270,668 | 250,029 |
| Equity | 399,597 | 0 | 399,597 | 397,948 |
| Currency | 50,891 | 0 | 50,891 | 51,069 |
| Unitised insurance policies - other | 0 | 30,967 | 30,967 | 25,923 |
| | 805,293 | 30,967 | 836,260 | 807,008 |
| Special purpose vehicle (SPV) | 203,827 | 0 | 203,827 | 79,286 |
| | 203,827 | 0 | 203,827 | 79,286 |
| Derivatives | | | | |
| Futures – exchange traded | 139 | 0 | 139 | (326) |
| Options | (712) | 0 | (712) | (256) |
| Forward foreign exchange | 901 | 0 | 901 | (1,461) |
| Swaps – over the counter | 150,358 | 0 | 150,358 | 33,899 |
| | 150,686 | 0 | 150,686 | 31,856 |
| Cash & cash equivalents | | | | |
| Cash deposits | 3,088 | 0 | 3,088 | 9,631 |
| Short term liquidity funds | 15,184 | 0 | 15,184 | 6,320 |
| | 18,272 | 0 | 18,272 | 15,951 |
| Other investment balances | | | | |
| Amounts due from brokers | 32,158 | 0 | 32,158 | 13,242 |
| Amounts due to brokers | (42,003) | 0 | (42,003) | (27,967) |
| Outstanding dividend entitlements and recoverable withholding tax | 9,610 | 0 | 9,610 | 10,100 |
| | (235) | 0 | (235) | (4,625) |
| AVC investments | 16,539 | 0 | 16,539 | 16,981 |
| Total investment assets | 2,122,001 | 30,967 | 2,152,968 | 1,776,256 |

Pooled investment vehicles with a market value of £698million were operated by companies registered in the UK. Pooled investment vehicles with a market value of £107million were operated by non UK registered companies.

Kingfisher Pension Scheme

c. Derivative Contracts

The Trustee has authorised the use of derivatives by the investment managers as part of the investment strategy for the pension scheme. The strategy consists of two main derivative components:

- A liability hedging swap portfolio that is designed to match liabilities of the scheme by nature, term, amount and frequency of cash flows having regard to the scheme's assets.
- A hedging portfolio that is designed to hedge external bond managers' benchmarks to a LIBOR position.

In addition to the liability hedging programme, derivatives are also used by the Scheme's investment managers for hedging purposes and to enhance the efficient management of portfolios. They provide the opportunities to achieve the objective of the portfolio more efficiently than would be the case through direct dealing in the underlying security.

Further information on derivative risk is covered in the investment report. The main objectives for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

Futures

Used to adjust interest rate exposures and replicate bond positions. They may offer the opportunity for the portfolio to outperform due to active management of the liquid portfolio backing the exposure.

Options

The Scheme's actively managed portfolios may use options. Written options generate income in expected rate scenarios and may generate capital losses if unexpected interest rate environments are realized. Purchased options are used to manage interest rate and volatility exposures. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option.

Forward foreign exchange

Forwards are used to hedge currency risk, resulting from investing in overseas assets, against exchange rate movements.

Swaps

The Scheme has entered into derivative interest rate and inflation swap contracts, to alter the duration and inflation exposure of the bond assets to better reflect the scheme's liabilities and cash flow profile, in order to ensure that the investment managers are able to cover exposed positions (e.g. risk reduction) and to increase or decrease exposure to markets, other than by direct investment, following asset allocation decisions. Credit default swaps (CDS) are used by active managers to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure ("selling protection"), obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure ("buying protection"), providing the right to "put" bonds to the counterparty in the event of a default.

i. Derivative contracts

| | Total 2012 £'000s | Total 2011 £'000s |
|---------------------------|-------------------------|-------------------------|
| Assets | | |
| Futures – exchange traded | 220 | 104 |
| Options | 17 | 0 |
| Forward foreign exchange | (1,191) | 1,574 |
| Swaps – over the counter | 232,705 | 74,248 |
| Total | 231,751 | 75,926 |

Kingfisher Pension Scheme

Liabilities

| | | |
|---------------------------|-----------------|-----------------|
| Futures – exchange traded | (81) | (430) |
| Options | (729) | (256) |
| Forward foreign exchange | 2,093 | (3,035) |
| Swaps – over the counter | (82,348) | (40,349) |
| Total | (81,065) | (44,070) |

ii. Futures – exchange traded

The Scheme has exchange traded UK and overseas fixed interest futures outstanding at the year end as follows:

| Contract | Underlying Asset Class | 2012 | | 2011 | | |
|------------------|------------------------|--------------------------|--------------|------------------|--------------|------------------|
| | | Economic Exposure £'000s | Asset £'000s | Liability £'000s | Asset £'000s | Liability £'000s |
| UK Futures | Fixed interest | 7,901 | 7 | (16) | 33 | (281) |
| Overseas Futures | Fixed interest | 6,700 | 213 | (65) | 71 | (149) |
| Total | | | 220 | (81) | 104 | (430) |

The economic exposure represents the notional value of stock purchased under the futures contracts and therefore the value subject to market movements.

iii. Options

The Scheme has outstanding options at the year end as follows:

| Type of options | Expiration | Underlying investment | 2012 | | |
|-----------------|------------|-----------------------|--|--------------|------------------|
| | | | Notional local amount of outstanding contracts | Asset £'000s | Liability £'000s |
| UK | | | | | |
| Written calls | 3 months | Interest rate calls | (14,400,000) | 0 | (66) |
| Written puts | 3 months | Interest rate puts | (14,400,000) | 0 | (117) |
| Overseas | | | | | |
| Purchased puts | 6 months | Interest rate puts | 1,900,000 | 17 | 0 |
| Written calls | 6 months | Interest rate calls | (29,900,000) | 0 | (6) |
| Written calls | 9 months | Interest rate calls | (10,300,000) | 0 | (34) |
| Written calls | 12 months | Interest rate calls | (22,800,000) | 0 | (95) |
| Written calls | 18 months | Interest rate calls | (9,800,000) | 0 | (15) |
| Written puts | 6 months | Interest rate puts | (54,200,000) | 0 | (45) |
| Written puts | 9 months | Interest rate puts | (10,300,000) | 0 | (7) |
| Written puts | 12 months | Interest rate puts | (22,800,000) | 0 | (331) |
| Written puts | 15 months | Interest rate puts | (1,300,000) | 0 | 0 |
| Written puts | 18 months | Interest rate puts | (9,800,000) | 0 | (13) |
| Total | | | | 17 | (729) |

| Type of options | Expiration | Underlying investment | 2011 | | |
|-----------------|------------|-----------------------|--|--------------|------------------|
| | | | Notional local amount of outstanding contracts | Asset £'000s | Liability £'000s |
| UK | | | | | |
| Written calls | 1 month | Interest rate calls | (5,200,000) | 0 | (3) |
| Written calls | 3 months | Interest rate calls | (16,000,000) | 0 | (12) |
| Overseas | | | | | |
| Written calls | 6 months | Bonds calls | (7,100,000) | 0 | (59) |
| Written calls | 7 months | Bonds calls | (3,200,000) | 0 | (35) |
| Written puts | 6 months | Bonds puts | (3,400,000) | 0 | (30) |
| Written puts | 5 months | Interest rate puts | (4,200,000) | 0 | (9) |
| Written puts | 6 months | Interest rate puts | (12,400,000) | 0 | (108) |
| Total | | | | 0 | (256) |

Kingfisher Pension Scheme

iv. Forward foreign exchange

The Scheme has open foreign exchange contracts at the year end as follows:

| | 2012 | | Asset £'000s | Liability £'000s |
|--------------------------|--------------------------|---------------------|-----------------|---------------------|
| | Local Purchased '000s | Local Sold '000s | | |
| AUD - Australian Dollar | 8,616 | 12,001 | (179) | 265 |
| BRL - Brazilian Real | 5 | 1,757 | 0 | 15 |
| CAD - Canadian Dollar | 12,031 | 6,492 | (143) | 65 |
| CHF - Swiss Franc | 1,654 | 3,320 | 7 | (9) |
| CNY - Yuan Renminbi | 20,080 | 0 | (23) | 0 |
| DKK - Danish Krone | 28 | 14 | 0 | 0 |
| EUR - Euro | 29,431 | 64,984 | (55) | 85 |
| HKD - Hong Kong Dollar | 0 | 637 | 1 | 0 |
| JPY - Japanese Yen | 1,392,995 | 2,303,081 | (15) | 608 |
| KRW - South Korean Won | 3,522,800 | 6,473,516 | (31) | 6 |
| MXN - Mexican Peso | 51,784 | 103,893 | (28) | 64 |
| MYR - Malaysian Ringgit | 8,090 | 3,110 | (21) | (11) |
| NOK - Norwegian Krone | 107,994 | 48,653 | (18) | 20 |
| NZD - New Zealand Dollar | 3,450 | 2,551 | (50) | 11 |
| PHP - Philippine Peso | 89,580 | 0 | (24) | 0 |
| PLN - Polish Zloty | 13,478 | 13,551 | (4) | (7) |
| SAR - South African Rand | 1,815 | 18,209 | (1) | 17 |
| SEK - Swedish Krona | 11,643 | 15,797 | 6 | (8) |
| SGD - Singapore Dollar | 23 | 0 | 0 | 0 |
| TRY - Turkish Lira | 167 | 0 | 1 | 0 |
| USD - US Dollar | 95,623 | 143,142 | (615) | 971 |
| Total | | | (1,191) | 2,092 |

| | 2011 | | Asset £'000s | Liability £'000s |
|----------------------------|--------------------------|---------------------|-----------------|---------------------|
| | Local Purchased '000s | Local Sold '000s | | |
| AUD - Australian Dollar | 12,053 | 10,996 | 228 | (302) |
| BRL - Brazilian Real | 10,184 | 6,838 | 89 | (97) |
| CAD - Canadian Dollar | 24,327 | 10,601 | 152 | (32) |
| CHF - Swiss Franc | 6,111 | 8,135 | 64 | (106) |
| CLP - Chilean Peso | 298,000 | 0 | (1) | 0 |
| CNY - Yuan Renminbi | 22,122 | 2,042 | 21 | 6 |
| DKK - Danish Krone | 28 | 14 | 0 | 0 |
| EUR - Euro | 30,965 | 83,681 | 429 | (2,286) |
| INR - Indian Rupee | 65,120 | 65,120 | (3) | (25) |
| JPY - Japanese Yen | 1,369,047 | 2,373,061 | (105) | 125 |
| KRW - South Korean Won | 3,779,733 | 3,296,640 | 33 | (69) |
| MXN - Mexican Peso | 5,002 | 1,860 | (1) | 0 |
| MYR - Malaysian Ringgit | 9,086 | 0 | 14 | 0 |
| NOK - Norwegian Krone | 108,927 | 49,009 | 346 | (82) |
| NZD - New Zealand Dollar | 7,934 | 5,844 | 96 | (149) |
| PEN - Peruvian Nouveau Sol | 1,050 | 0 | (1) | 0 |
| PHP - Philippine Peso | 221,618 | 0 | (13) | 0 |
| PLN - Polish Zloty | 13,045 | 13,141 | (19) | 9 |
| RUB - Russian Ruble | 43,200 | 0 | 46 | 0 |
| SEK - Swedish Krona | 95,205 | 84,052 | 44 | (64) |
| SGD - Singapore Dollar | 5,890 | 0 | 65 | 0 |
| TRY - Turkish Lira | 167 | 0 | (3) | 0 |
| USD - US Dollar | 144,371 | 218,154 | 93 | 37 |
| Total | | | 1,574 | (3,035) |

All foreign exchange contracts mature within three months of the year end.

Kingfisher Pension Scheme

v. Swaps – over the counter

The scheme has derivative contracts outstanding at the year end relating to its fixed interest investment portfolio. These contracts are traded over the counter. The details are:

| Type of Contract | Number of Contracts | Maturity | 2012 | |
|--------------------------------|---------------------|-------------|-----------------|---------------------|
| | | | Asset £'000s | Liability £'000s |
| UK - Interest rate swap | 10 | 0-5 Years | 46 | (39,647) |
| | 11 | 5-10 Years | 40,889 | (21,078) |
| | 15 | 10-20 Years | 49,099 | (11,737) |
| | 12 | 20-30 Years | 44,475 | (8,774) |
| | 22 | 30-40 Years | 50,163 | (166) |
| UK - Credit default swap | 8 | 40-50 Years | 16,466 | 0 |
| | 1 | 0-5 Years | 0 | (10) |
| Overseas - Credit default swap | 2 | 5-10 Years | 28 | (69) |
| | 45 | 0-5 Years | 414 | (341) |
| Overseas - Interest rate swap | 2 | 5-10 Years | 84 | 0 |
| | 4 | 0-5 Years | 26 | (37) |
| | 6 | 5-10 Years | 171 | (45) |
| | 5 | 10-20 Years | 2 | (52) |
| | 4 | 20-30 Years | 163 | (163) |
| UK - LPI | 2 | 30-40 Years | 51 | (229) |
| | 3 | 5-10 Years | 3,974 | 0 |
| | 2 | 10-20 Years | 3,947 | 0 |
| UK - RPI | 2 | 20-30 Years | 4,506 | 0 |
| | 3 | 5-10 Years | 1,594 | 0 |
| | 7 | 10-20 Years | 3,449 | 0 |
| | 7 | 20-30 Years | 1,314 | 0 |
| | 20 | 30-40 Years | 7,406 | 0 |
| | 8 | 40-50 Years | 4,439 | 0 |
| Total | | | 232,706 | (82,348) |

| Type of Contract | Number of Contracts | Maturity | 2011 | |
|------------------------------|---------------------|-------------|-----------------|---------------------|
| | | | Asset £'000s | Liability £'000s |
| UK Interest rate swap | 21 | 0-5 Years | 7,259 | (16,321) |
| | 8 | 5-10 Years | 3,857 | (342) |
| | 13 | 10-20 Years | 10,408 | (4,262) |
| | 13 | 20-30 Years | 7,517 | (15,993) |
| | 22 | 30-40 Years | 2,985 | (770) |
| UK Credit default swap | 9 | 40-50 Years | 896 | (29) |
| | 1 | 0-5 Years | 0 | (26) |
| UK LPI swap | 1 | 5-10 Years | 0 | (82) |
| | 2 | 5-10 Years | 3,555 | 0 |
| UK RPI swap | 2 | 10-20 Years | 3,759 | 0 |
| | 3 | 20-30 Years | 6,784 | 0 |
| | 2 | 5-10 Years | 1,402 | 0 |
| Overseas interest rate swap | 7 | 10-20 Years | 4,633 | 0 |
| | 7 | 20-30 Years | 5,467 | 0 |
| | 19 | 30-40 Years | 9,570 | 0 |
| | 10 | 40-50 Years | 4,359 | (83) |
| | 25 | 5-10 Years | 772 | (570) |
| Overseas Credit default swap | 21 | 10-20 Years | 280 | (1,096) |
| | 4 | 20-30 Years | 347 | 0 |
| | 16 | 30-40 Years | 210 | (617) |
| | 1 | 40-50 Years | 0 | (27) |
| Overseas Credit default swap | 45 | 0-5 Years | 155 | (131) |
| | 1 | 5-10 Years | 33 | 0 |

Kingfisher Pension Scheme

| | | |
|--------------|---------------|-----------------|
| Total | 74,248 | (40,349) |
|--------------|---------------|-----------------|

The notional principal of the swap is the amount used to determine the value of swapped interest receipts and payments. The counterparties to the swaps are banking institutions. Collateral is held to support the unrealised gain on swaps. At the year end £148million of gilts were held in respect of the Scheme's liability hedging programme.

d. Final Salary Section - AVC Investments

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies, with-profits (Prudential and London Life) and unit linked (BlackRock and Legal & General), securing additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Each member participating in this arrangement receives an annual statement confirming the amounts held in their account. The aggregate amount of AVC investments is as follows:

| | Total 2012 £'000s | Total 2011 £'000s |
|-----------------|----------------------------------|----------------------------------|
| Prudential | 13,859 | 14,228 |
| Legal & General | 1,357 | 1,343 |
| BlackRock | 998 | 1,053 |
| London Life | 325 | 357 |
| Total | 16,539 | 16,981 |

The AVC valuations are as at 31 March 2011 and cash movements only have been added to the year end

e. Stock Lending

The Scheme lends certain fixed interest, index linked and equity securities under a Trustee approved stock lending programme. At the year end the Scheme had lent £452million, comprising fixed interest £135million, index linked £305million, equities £12million and held collateral delivered to secure obligations in respect of loaned securities consisting of cash and other securities with a market value of not less than 102% of the market value of the transferred securities. If the transferred market value of the collateral falls below 100%, the Scheme will enforce prompt delivery of additional collateral.

During the year the Scheme received income from stock lending of £4,350,255.

11. Investment Management Expenses

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|--|------------------------------------|--------------------------------------|----------------------------------|----------------------------------|
| Administration, management and custody | 3,011 | 0 | 3,011 | 2,725 |
| Performance measurement services | 90 | 0 | 90 | 85 |
| Other advisory fees | 12 | 0 | 12 | 5 |
| Total | 3,113 | 0 | 3,113 | 2,815 |

Investment manager expenses for the Money Purchase Section are deducted from units as part of the annual management charge.

12. Current assets

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|------------------------------|------------------------------------|--------------------------------------|----------------------------------|----------------------------------|
| Employer augmentations* | 68 | 0 | 68 | 0 |
| Employer contributions due* | 9 | 66 | 76 | 41 |
| Cash balances | 8,274 | 658 | 8,932 | 14,341 |
| AVC payments due from Zurich | 0 | 2 | 2 | 11 |

Kingfisher Pension Scheme

| | | | | |
|-----------------|--------------|------------|--------------|---------------|
| VAT recoverable | 109 | 0 | 109 | 124 |
| Total | 8,460 | 726 | 9,187 | 14,517 |

Included in the Money Purchase cash balance is £86,167 (2011: £38,000) not allocated to members.

*Contributions have been received in accordance with the schedule of contributions.

13. Current liabilities

| | Final Salary £'000s | Money Purchase £'000s | Total 2012 £'000s | Total 2011 £'000s |
|--------------------------------|---------------------------|-----------------------------|-------------------------|-------------------------|
| Expenses | 100 | 0 | 100 | 466 |
| Investment manager fees | 532 | 0 | 532 | 435 |
| Sundry unpaid benefits | 189 | 0 | 189 | 252 |
| Expenses due to Kingfisher plc | 374 | 0 | 374 | 190 |
| Tax payable | 8 | 0 | 8 | 11 |
| Others | 0 | 0 | 0 | 1 |
| Total | 1,203 | 0 | 1,203 | 1,355 |

14. Employer-related investment

No investment is permitted in the shares or bonds of Kingfisher plc, or Companies majority owned by Kingfisher plc, other than indirectly through investment in pooled funds. The exposure to Kingfisher through pooled funds is less than 0.1% of total scheme assets.

15. Concentration of investment

Securities, pooled investment vehicles and equity holdings, which are either significant or exceed 5% of the total net assets of the Scheme are as follows:

| | £'000s | % |
|--|---------|---|
| Special Purpose Vehicle | 203,827 | 9 |
| SSgA MPF UK Equity | 172,712 | 8 |
| SSgA MPF Sterling Corporate Bond All Stocks Fund | 153,522 | 7 |
| UK Index Linked Gilts 22 July 2032 | 114,594 | 5 |

There is no direct equity holding by the Scheme that constitutes 3% or more of the relevant company's issued share capital.

Kingfisher Pension Scheme

16. Related party transactions

Transactions with related parties of the Scheme have been disclosed in the annual report as follows:

The Scheme has received employer contributions in respect of seven of the directors of the Trustee Board who are or were contributing members of the Scheme. These were paid in accordance with the Schedule of Contributions and the Rules of the Scheme.

Kingfisher plc pays some administration expenses on behalf of the Scheme, £1,436,731 for this year (2011: £1,313,000), and subsequently recharges these to the Scheme. The balance owing to Kingfisher plc at year end is £374,000 (2011: £190,000)

B&Q plc pays the pensioner payroll expenses on behalf of the Scheme, £45,399,000 for this year (2011: £44,633,000), and the Scheme transfers the funds on the same day B&Q plc makes the payment. Any returned pension payments are remitted to the Scheme by B&Q plc. At the year end the balance owing to the Scheme is £xx,000 (2011: £41,000).

Employer contributions of £144,000 (2011: £ 41,000) were due to the Scheme at the year end. These were paid across in accordance with the Schedule of Contributions.

Pension payments to Tony Stanworth, Helen Jones and Kerrin Qualters are included within gross pensions. The amounts of pensions are calculated in accordance with the Rules of the Scheme.

Trustee Director fees for BESTrustees plc, Mark Fawcett, Helen Jones, Kerrin Qualters and Tony Stanworth are included in Trustee fees of £92,000 (2011: £119,000) on page 11.

17. Post Year End Event

The Trustee has agreed to the closure of the Final Salary section to future accrual, effective from 30 June 2012.

Independent Auditor's Statement about Contributions

Independent Auditor's Statement about Contributions, made under Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Kingfisher Pension Scheme.

We have examined the Summary of Contributions payable under the Schedule of Contributions, to the Kingfisher Pension Scheme in respect of the scheme year ended 31 March 2012, which is set out on page xx.

Respective responsibilities of Trustee and Auditor

As described on page xx, the Scheme's Trustee is responsible, under the Pensions Act 2004, for ensuring that there is prepared maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active Members of the scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of the active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

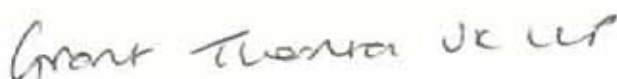
It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Statement about contributions payable under the schedule of contributions

In our opinion, contributions for the Scheme year ended 31 March 2012 as reported in the summary of contributions and payable under the schedule have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 31 March 2011.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

20 June 2012

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Kingfisher Pension Scheme

Statement of Trustee's Responsibilities in respect of contributions

The Scheme Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received and for monitoring that contributions are made to the Scheme in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Act 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's Summary of contributions payable under the Schedule in respect of the Scheme year ended 31 March 2012

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 31 March 2011 in respect of the scheme year ended 31 March 2012. The Scheme auditor reports on contributions payable under the schedule in the independent Auditor's Statement about Contributions.

| Contributions payable under the schedule in respect of the scheme year | £'000s |
|--|----------------|
| Employer | |
| FS normal contributions | 145,037 |
| MP normal contributions | 2,761 |
| FS special contributions | 234 |
| MP special contributions | 147 |
| Member | |
| FS normal contributions | 7,297 |
| MP normal contributions | 2,577 |
| Contributions payable under the Schedule | 158,053 |
| Reconciliation of Contributions Payable under the Schedule of Contributions to Total Contributions reported in the Financial Statements | |
| Contributions payable under the Schedule (as above) | 158,053 |
| Contributions payable in addition to those due under the Schedule | 580 |
| Member additional voluntary contributions | |
| Total contributions reported in the financial statements (see Note 2) | 158,633 |

Signed for and on behalf of
The Trustee of the Kingfisher Pension Scheme on 26 June 2012.



BESTrustees plc,
Represented by Clive Gilchrist, Chairman



S Clifton

Kingfisher Pension Scheme

Actuary's Certification of Schedule of Contributions

For period between 1 April 2011 to 31 March 2016

Name of Section: Kingfisher Pension Scheme

Adequacy of rates of contributions

- 1 I certify that, in my opinion, the rates of contributions shown in the schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2010 to continue to be met by the end of the period for which the schedule is to be in force.
- 2 I hereby certify that, in my opinion, the schedule of contributions is consistent with the Statement of Funding Principles dated 31 March 2011.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

N G Mobbs
Fellow of the Institute of Actuaries

31 March 2011

Towers Watson Limited
Watson House
London Road
Reigate
Surrey
RH2 9PQ

Actuary's Statutory Certificate

Actuarial certification for the purposes of regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of Scheme: Kingfisher Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2010 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 31 March 2011.

N G Mobbs
Fellow of the Institute of Actuaries

31 March 2011

Towers Watson Limited
Watson House
London Road
Reigate
Surrey
RH2 9PQ

Kingfisher Pension Scheme

Compliance Statement

Participating Companies

| Company | Date of Participation in Pension Scheme | Company | Date of Participation in Pension Scheme |
|-------------------------|---|---|---|
| Kingfisher plc | 1 February 1987 | Screwfix Direct Ltd | 1 August 2000 |
| B&Q plc | 1 February 1988 | Castorama Rus LLC | 1 February 2007 |
| B&Q (Guernsey) Ltd | 1 February 1988 | Kingfisher Information Technology Services (UK) Ltd | 1 March 2007 |
| B&Q (Retail) Jersey Ltd | 1 February 1988 | | |

Enquiries about the Scheme

Any enquiries concerning the Scheme or requests for copies of this Report, individual benefit statements, the Trust Deed and Rules or the latest report on the Actuarial Valuation of the Scheme should be addressed to the Head of Group Pensions at the office of Kingfisher plc.

Internal Disputes Resolution Procedure

Any questions you have should be directed to the Administrators first of all, as they have full details of your membership of the Scheme. The Administrators will make every attempt to answer your questions, but if you have a complaint or dispute that you cannot resolve with the Administrators, you should use the Internal Dispute Resolution Procedure, via Kingfisher Group Pensions department.

This is a formal procedure, put in place by the Trustee, to settle any complaints and disputes about the Scheme. It is available on request to all members and beneficiaries, including leavers who still have rights in the Scheme, pensioners and other individuals who have an entitlement or possible entitlement in the Scheme. There are two stages:

Stage one

Kingfisher Group Pensions Department will give you a form to complete to register your complaint. If you wish, you may nominate a representative to make the complaint on your behalf. Your complaint will be investigated by the Head of Group Pensions and you will normally receive a response within 10 days. The response will include details about how you progress to Stage two of the procedure, if your complaint is not resolved at Stage one.

Stage two

If you are unhappy with the response from the Head of Group Pensions, you can refer your complaint to the Trustee. You should do this within six months of receiving the Head of Group Pensions response. You will normally be sent a response within two months of your complaint.

Kingfisher Pension Scheme

The Pensions Advisory Service (TPAS)

If your complaint is not resolved through the IDRPs you can take it further by contacting The Pensions Advisory Service. Making a complaint to them will not affect your right to take legal action later.

TPAS is available to help members and beneficiaries of occupational pension schemes with any pension query they may have, or any difficulties they have been unable to resolve with the Trustee or administrators. They can be contacted either through your local Citizens Advice Bureau if you wish or direct:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB

Tel: 0845 6012923 (Mon-Fri 9am-5pm)
Email: enquiries@thepensionsadvisoryservice.org.uk
Web: www.thepensionsadvisoryservice.org.uk

Pensions Ombudsman

If you are still not satisfied, you can refer the complaint to the Pensions Ombudsman. The Pensions Ombudsman is appointed to investigate complaints and judge the facts of a case, in relation to a pension scheme's rules and statutory regulations. Normally the Ombudsman will ask TPAS to consider the complaint first. Their address is:

The Office of the Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB

Tel: 0207 6302200 (Mon-Fri 9am-5pm)
Email: enquiries@pensions-ombudsman.org.uk
Web: www.pensions-ombudsman.org.uk

Other Pensions Organisations

The Pensions Regulator

Kingfisher Pension Scheme is regulated by the Pensions Regulator who regulates the running of occupational pension schemes and can intervene if those responsible have failed in their duties. Their address is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW

Tel: 0870 6063636 (Mon-Fri 9am-5.30pm)
Email: customersupport@thepensionsregulator.gov.uk
Web: www.thepensionsregulator.gov.uk

Kingfisher Pension Scheme

Pension Protection Fund (PPF)

The PPF was set up in April 2005 to protect the pensions of most members of defined benefit schemes where employers get into financial difficulties and leave a scheme without enough funds to pay the pensions in full. Their address is:

Pension Protection Fund
Knollys House
17 Addiscombe Road
Croydon
Surrey CR0 6SR

Tel: 0845 6002541 (Mon-Fri 9am-5.30pm)

Email: information@ppf-gsi.gov.uk

Web: www.pensionprotectionfund.org.uk

Scheme Registration

The Scheme is registered with the Registrar of Occupational and Personal Pension Schemes. The address of the Pension Schemes Registry is:

P O Box 1NN, Newcastle upon Tyne NE99 1NN

Scheme registration number: 100797763

Tax Status with HM Revenue & Customs

The Scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such most of its income and investment gains are free of taxation. However, the Scheme cannot reclaim certain amounts of withholding taxes relating to overseas investment income.

Constitution

The Kingfisher Pension Scheme is constituted by a Trust Deed and is administered in accordance with the Rules contained in the Deed. Members may inspect this Trust Deed on application to the Trustee or Scheme Administrator. The Final Salary Section of the Scheme is contracted-out of the State Second Pension.

Member Information

Membership of the Pension Scheme is voluntary. The Trustee Board, together with the participating companies, is committed to providing easy-to-understand information to existing members and those eligible to join. This information includes:

- Personal Benefit Statements, which give individual members information annually on the benefits they may receive.
- 'Talking Pensions', a magazine explaining in an informal way the options open to employees.
- 'Member Guide', the explanatory booklet for the Money Purchase Section.
- 'Member Guide', the explanatory booklet for the Final Salary Section.
- 'AVC Fund Fact Sheets' for members of the Final Salary Section giving full details of the available AVC options.

All of these publications are online at our website www.kingfisherpensions.com; alternatively they may be obtained from the relevant company contacts.

Kingfisher Pension Scheme

Contacts

| | |
|---|---|
|  | <p>B&Q</p> <p>B&Q plc B&Q House Chestnut Avenue Chandlers Ford Hampshire SO53 3LE</p> <p>Tel: 02380 690100</p> |
|  | <p>Kingfisher</p> <p>Kingfisher plc Group Pensions Department 3 Sheldon Square Paddington London W2 6PX</p> <p>Tel: 08456 807060</p> |
|  | <p>Screwfix</p> <p>Screwfix Direct Ltd Mead Avenue Houndstone Business Park Yeovil Somerset BA22 8RT</p> <p>Tel: 01935 414100</p> |
|  | <p>KITS</p> <p>KITS Hutwood Court Bournemouth Road Chandlers Ford Eastleigh Hampshire SO53 3QD</p> <p>Tel: 02380 818551</p> |