Bunzl is a focused, international, value-added distribution and outsourcing Group with operations in North America, Europe and Australasia

Interim report 2006

Chairman's statement

During our first full year as a focused, international, value-added distribution and outsourcing Group, I am pleased to be able to report that overall trading in the first half has continued to be strong with revenue up 17% to £1,603.2 million. This increase was principally the result of a combination of organic growth and acquisition activity. Currency movements, largely the dollar which, despite currently being weaker than it was at this time last year, averaged $1.79 to £1 during the first half compared to $1.86 in 2005, contributed about 2.5% to this increase. Following the Group's reorganisation in November 2005 into four geographic business areas (North America, UK & Ireland, Continental Europe and Australasia), it is particularly pleasing that all areas showed increased revenues over the comparable period last year.

Operating profit before intangible amortisation was up 14% to £104.8 million with each business area also showing an increase over 2005. Profit before tax increased 9% to £88.1 million. This was impacted by an increase of 75% in the interest charge to £7.0 million as a result of higher interest rates, particularly in North America, combined with a slightly higher level of debt, and amortisation up 33% as a result of acquisition activity. With somewhat more shares in issue, principally due to the exercise of options by Filtrona employees following its demerger from the Group last summer, earnings per share of continuing operations rose by 7%. Adjusted earnings per share, after eliminating intangible amortisation, rose 8% to 19.3p.

Strategy

We are continuing to pursue our well defined strategy of focusing on our strengths and consolidating our markets while also logically extending the product and geographic areas in which we compete. Expanding our geographic spread, increasingly co-ordinating our procurement and international sourcing and continually redefining and deepening our commitment to our customers and markets remain important ongoing elements of our success.

Dividend

The Board has decided to increase the interim dividend by 8% to 5.3p (2005: 4.9p). Shareholders will again be able to participate in our dividend reinvestment plan.

Board

On 1 January Brian May, who had been Finance Director designate since June 2005, joined the Board as Finance Director. His previous role was as Finance Director of our growing and successful European and Australasian businesses. Also on 1 January, Peter Johnson, Chairman of Inchcape plc, joined the Board as an independent non-executive director. His experience of distribution and international markets is already proving to be of value to us. Finally on 31 January, David Williams, Finance Director until the end of 2005, retired after reaching his normal retirement age and having served as a director for over 14 years. I wish Brian every success in his new role and welcome Peter to the Board. I would also like to thank David for his highly significant contribution to Bunzl over many years.

Anthony Habgood
Chairman
29 August 2006

Chief executive's review

Operating performance

Revenue rose by 17% to £1,603.2 million due to a combination of improved organic growth and the impact of acquisitions. Operating profit before intangible amortisation of £104.8 million was 14% higher than 2005 as the acquisitions made in the second half of 2005 at lower than average Group margins continue to be integrated into the operations. While the overall net margin is down from 6.7% to 6.5%, the net margin excluding the impact of acquisitions has improved slightly.

In North America revenue rose by 24% with operating profit increasing by 18% largely due to the impact of the lower margin acquisitions completed in the second half of 2005. Revenue and operating profit in the UK & Ireland rose by 3%. Continental Europe showed a 16% increase in revenue and an 11% improvement in operating profit due to good growth from recent acquisitions at lower margins than the business area average and a small reduction in operating returns. In Australasia revenue increased by 19% and operating profit rose by 18%. Adjusted earnings per share, after eliminating the effect of intangible amortisation, were 19.3p, an increase of 8%.

Cash inflow from operations funded acquisition activity and reduced net debt from £355.5 million at the year end to £296.6 million. With shareholders' equity increasing to £503.6 million from £460.4 million at the year end, gearing fell to 58.9% from 77.2%. Return on operating capital was 62.7% compared to 62.1% in the first half of 2005 and 61.4% for the year.

Acquisitions

In 2006 we have made acquisitions in each of the business areas. Master Craft Packaging, which serves the redistribution and foodservice sectors in California, Oregon and Washington and had revenue of $11 million in 2005, was purchased in January. Midshires Group, with revenue of £12 million in 2005, provides vending services throughout central England and was acquired in late January. In April we announced the acquisition of Picardie Hygiene, a cleaning and hygiene distributor based in northeast France which had revenue of €10 million in 2005, and the purchase of Allcare Disposable Products, a distributor to food processors based in Melbourne, Australia with revenue of A$23 million in the year to June 2005. In early July we acquired Southern Syringe. The business, which is based in London, is involved in the sale and distribution throughout the UK of healthcare related consumables to a variety of end users including the NHS, private hospitals and nursing homes and had revenue of £182 million in 2005. This important acquisition significantly expands our position in the growing healthcare consumables market. Today we announced the purchase of Morgan Scott and United American Sales. Based in Toronto, Morgan Scott had revenue in 2005 of C$66 million. It is a regional distributor of jan/san and foodservice disposable products and will further strengthen our presence in eastern Canada. United American Sales is a redistributor based in Ohio with revenue in 2005 of $58 million. This business is our first move into the redistribution sector for personal protection equipment in the North American market.

2006 acquisition activity to date will add annualised revenue of about £285 million at a total cost of £90 million.

Share buy back

We have decided to implement a limited on-market share buy back programme, such purchases to be made subject to market conditions. This is consistent with the Board's objective of maintaining an appropriate balance sheet structure while continuing with our strategic priority of growing both organically and by acquisition.

Prospects

The possibilities for growth in our sectors continue to be promising and, as we expand both organically and through acquisitions, we will extend our coverage and further consolidate our markets.

Revenue in North America remains strong, aided by good underlying growth supported by upward pressure from product prices, and the impact of recently acquired businesses. The acquisitions made in the second half of 2005, at lower than the Group's average margins, are now largely integrated onto the Company's IT platform and, together with the more recent acquisitions, are expected to show benefits in future periods.

In the UK & Ireland organic growth has slowed due to weaker market conditions and competitive pressures. Tight cost control, supported by additional operating efficiencies, continues to offset underlying cost pressures. The recently announced acquisition in the growing healthcare consumables market will broaden our product offering and customer base and will give us the opportunity to extend our business in this sector.

Revenue in Continental Europe continues to develop well due to a combination of good organic growth across all businesses and the impact of acquisitions. While we expect some continued margin pressure, we will reduce operating costs through the ongoing integration of the acquisitions onto new IT platforms and further business reorganisation. Overall we see good growth opportunities as we consolidate our markets and extend our coverage into new countries.

The outlook for Australasia is good due to satisfactory organic growth, increased international sourcing and the positive effect of acquisitions made since the first half of 2005.

While the first half US dollar translation impact has been favourable compared to 2005, if the current rate holds until the end of the year the impact on the full year results would be slightly negative.

The combination of good organic growth, our strong positions in the markets in which we operate, the most recent acquisitions and a promising pipeline of opportunities give us confidence that the prospects are good and that the Group will continue to develop satisfactorily.

North America

A combination of organic and acquisition growth contributed to dollar revenue growth of 19% and a 14% increase in dollar operating profit. The underlying revenue growth has improved as has the underlying margin despite rising input prices and continued competitive pressure. All of our sectors showed good organic growth and, while the supermarket business continues to be the largest of our customer categories, we continue to expand our presence in a greater way in the redistribution, food

processor, non-food retail and convenience store business sectors.

Acquisitions made in 2005 were an important component of our growth and the ongoing successful integration of SOFCO, A W Mendenhall and Retail Resources will benefit our margins and support our growth initiatives in the key sectors of redistribution and non-food retail. Although currently generating lower margins, we expect to see improvement as they are all now on our IT platform and many cost reduction initiatives have recently been implemented.

The three acquisitions made this year are exciting additions to our current business. In January we purchased Master Craft Packaging which strengthens our position in the redistribution and foodservice segments. Today we announced the acquisition of Morgan Scott and United American Sales. Morgan Scott is a Toronto based distributor of jan/san and foodservice disposable products which will significantly grow our sales in eastern Canada. United American Sales is a redistribution business supplying personal protection equipment into the industrial and construction markets. This business gives us a platform to grow in a new sector with significant potential.

In order to drive organic sales growth, we are making significant investments in our employees. An example of this is the VIP (value, integrity, performance) sales training and development initiative launched in the second half of 2005. It is designed to give our sales professionals the more advanced selling tools to help them identify opportunities to enhance margin and increase sales. All General Managers, Sales Managers and Sales Representatives have completed this three day programme. Our goal is to expand the VIP training to other operational areas of the business in order to enhance our exceptional customer service.

We also anticipate organic growth through deeper penetration of existing customers, particularly with jan/san products. A new catalogue contains information on more than 5,000 jan/san and foodservice items for our redistribution business. We are also working closely with suppliers to further develop our jan/san capabilities on a national basis.

Despite higher fuel charges we continue to manage our costs effectively. Proactive measures to minimise the impact on our cost base include modification of truck driving behaviour and practices to improve driver safety and fuel economy. Outbound freight costs have been kept to a minimum by implementation of a new freight rating system. We are confident that our IT capabilities, supply chain and delivery methods will help to decrease costs, particularly in our recent acquisitions. In addition, we continue to strengthen our relationships with both suppliers and customers to further enhance our competitive position.

UK & Ireland

During the first half, when both sales and operating profit grew by 3%, we continued to implement many initiatives to grow our business and make our operations more efficient.

The retail supplies business benefited from a new contract with a leading high street retailer which was won during 2005. Our history of growing business with current customers and winning new ones continued in 2006 as we moved into a new segment with an agreement to supply a national chain of garage forecourts. Our Manchester warehouse site is undergoing a significant expansion to handle the growth in our retail business.

While the horeca (hotel, restaurant and catering) market has been challenging, our business has implemented several initiatives to operate more efficiently at lower cost that will put us in a better position for the future.

While revenue in the cleaning and safety business was flat, we saw an improvement in operating margins. Our customer segments provided mixed results as the sales grew to major contract cleaners and construction companies but declined to manufacturers and smaller, local customers. At the end of the first half we secured a long term national contract with a leading contract cleaner and we also opened a new safety supplies branch in Essex to better serve that local market. Margins were partly enhanced by a continuing focus on imported products and private label sales.

In Ireland revenue in the horeca business was boosted by the continuing investment in the hotel sector while we consolidated our cleaning and safety businesses in Dublin to improve operating efficiencies and to maximise cross selling opportunities.

Vending benefited from the acquisition of Midshires at the end of January. This increased our presence in the Midlands and we have already completed the integration of the Midshires sites with our existing locations.

While the healthcare business was impacted by the NHS budget deficits, spending cutbacks and the rising price of latex for gloves, we made good progress by offering new product ranges and increasing our sales of vinyl and nitrile gloves. In early July we made an important acquisition, that of Southern Syringe with sales of £182 million in 2005. This company has a significant presence in the healthcare distribution market and, although currently operating at considerably lower than the Group's average margins, will give us an opportunity to develop successfully in this sector.

Continental Europe

Revenue increased by 16% and operating profit rose by 11% as the business continued to develop through stronger organic growth and the impact of acquisitions. The combination of acquisitions made at lower than the business area average margin and a small reduction in operating returns caused a decline in the overall margin.

In France our business has experienced satisfactory growth in spite of a difficult market. Sales to national account cleaning and hygiene customers have grown and this has been further supported by the acquisition of Picardie Hygiene. Margin pressure will be partly offset through the recent introduction of Techline, our own branded range of products, and our ongoing investment in a new IT system. Our personal protectaon equipment/safety products business has performed well principally due to strong organic growth.

In the Netherlands our retail business achieved excellent results through very good organic growth. We have increased our range of products and greatly benefited from significant new contracts. Our business supplying horeca customers also delivered

a strong performance largely due to organic sales growth.

In Germany the good growth in revenue came from additional business with national and regional accounts and from the FIFA World Cup. Strong cost control also helped to improve profitability.

Our retail business in Denmark has exceeded expectations as strong organic growth has been supported by ongoing cost savings. Our business supplying horeca customers continues to prosper. A significant contract win at the end of 2005 and the introduction of a food solutions product range have helped deliver profitable growth.

The recent acquisitions in central Europe have performed very well and have increased our interest in emerging market opportunities. Beltex, our cleaning and safety products business based in Hungary and acquired in November 2004, delivered a strong performance principally due to good underlying revenue growth and good cost control. Tecep, our retail business purchased in July 2005 covering the principal countries of central Europe, delivered better than expected results due to increased sales of equipment and packaging to new supermarkets in the region.

Australasia

A combination of organic and acquisition growth increased revenue and operating profit by 19% and 18% respectively.

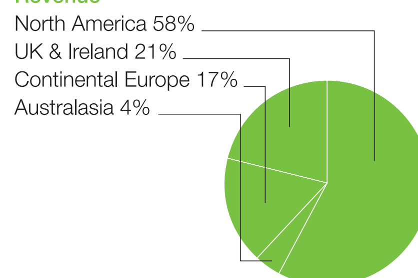
Our main business continues to grow organically and leverage its strong market position as a leading consolidator within its core sectors of healthcare, industrial, horeca and retail. We have achieved new contract wins and a new distribution facility in New Zealand will further support our growth initiatives.

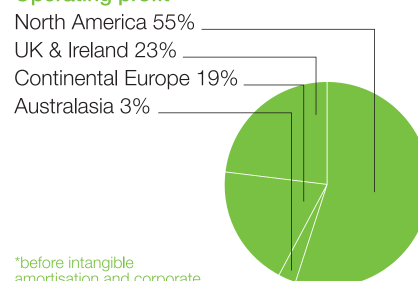
Our specialist healthcare business, Sanicare, which was acquired in July 2005, was successfully integrated into the Bunzl operating system in April. From July 2006 Sanicare will also operate out of the new Bunzl facility in New Zealand which will be the platform for our business development within this region.

In April we acquired Allcare Disposable Products, which expands our position and product offering into the food processor sector. Allcare is a recognised market leader and the acquisition strengthens our position while creating opportunities for wider distribution of existing product categories.

We continue to pursue initiatives to operate more efficiently at lower cost. We have successfully conducted consolidation import trials from a warehouse in Shanghai. The business is investing in new infrastructure along with upgrading existing facilities and additional enhancements to our IT systems. An internet ordering platform has been developed to complement our existing e-business connections with customers and suppliers.

Michael Roney
Chief Executive
29 August 2006





Exchange rates Average	**Six months to 30.6.06**	Six months to 30.6.05
US$: £	**1.79**	1.86
€ : £	**1.46**	1.46
AUS$: £	**2.41**	2.42
Period end	**30.6.06**	30.6.05
US$: £	**1.85**	1.79
€ : £	**1.45**	1.48
AUS$: £	**2.49**	2.35

Consolidated income statement

Continuing operations	Notes	Six months to 30.6.06 £m	Six months to 30.6.05 £m	Year to 31.12.05 £m
Revenue				
Existing businesses		**1,592.0**	1,366.3	2,924.4
Acquisitions		**11.2**		
	2	**1,603.2**	1,366.3	2,924.4
Operating profit before intangible amortisation				
Existing businesses		**103.9**	91.8	203.4
Acquisitions		**0.9**		
Operating profit before intangible amortisation		**104.8**	91.8	203.4
Intangible amortisation		**(9.7)**	(7.3)	(15.9)
Operating profit	2	**95.1**	84.5	187.5
Finance income	3	**9.5**	14.2	22.0
Finance cost	3	**(16.5)**	(18.2)	(32.8)
Profit before income tax		**88.1**	80.5	176.7
Profit before income tax and intangible amortisation		**97.8**	87.8	192.6
UK income tax		**(5.3)**	(3.8)	(8.7)
Overseas income tax		**(22.8)**	(21.8)	(48.0)
Total income tax	4	**(28.1)**	(25.6)	(56.7)
Profit for the period		**60.0**	54.9	120.0
Discontinued operations				
Profit for the period		**–**	4.2	4.2
Total profit for the period		**60.0**	59.1	124.2
Attributable to:				
Equity holders of the Company		**60.0**	58.5	123.6
Minority interests		**–**	0.6	0.6
Total profit for the period		**60.0**	59.1	124.2
Earnings per share of the total profit for the period attributable to the Company's equity holders				
Basic		**17.5p**	17.4p	36.5p
Diluted		**17.4p**	17.3p	36.3p
Earnings per share of the profit for the period from continuing operations attributable to the Company's equity holders				
Basic	6	**17.5p**	16.3p	35.4p
Diluted	6	**17.4p**	16.2p	35.2p
Proposed dividend per share relating to the period		**5.3p**	4.9p	15.7p

Consolidated statement of recognised income and expense

	Six months to 30.6.06 £m	Six months to 30.6.05 £m	Year to 31.12.05 £m
Profit for the period	**60.0**	59.1	124.2
Actuarial gain/(loss) on pension schemes	**20.0**	(19.2)	(27.3)
Deferred taxation on actuarial (gain)/loss	**(6.2)**	6.2	8.4
Currency translation differences*	**(3.3)**	0.7	8.1
Movement of cash flow hedging reserve	**(0.6)**	2.1	1.6
Net income/(expense) recognised directly in equity	**9.9**	(10.2)	(9.2)
Total recognised income for the period	**69.9**	48.9	115.0
Adoption of IAS 32 and IAS 39		(1.3)	(1.3)
	69.9	47.6	113.7
Attributable to:			
Equity holders of the Company	**69.9**	48.0	114.1
Minority interests	**–**	0.9	0.9
Total recognised income for the period	**69.9**	48.9	115.0

*Currency translation differences for the six months to 30 June 2006 of £(3.3)m (six months to 30 June 2005: £0.7m; year to 31 December 2005: £8.1m) are net of gains of £9.1m (six months to 30 June 2005: £2.1m; year to 31 December 2005: losses of £15.7m) taken to equity as a result of designated effective net investment hedges.

Consolidated balance sheet

	30.6.06 £m	30.6.05 £m	31.12.05 £m
Assets			
Property, plant and equipment	**72.7**	64.2	69.8
Intangible assets	**699.1**	597.2	695.5
Derivative assets	**–**	–	4.8
Deferred tax assets	**9.0**	13.6	22.2
Total non-current assets	**780.8**	675.0	792.3
Inventories	**247.2**	218.8	272.3
Income tax receivable	**2.1**	2.8	2.5
Trade and other receivables	**468.4**	424.3	470.7
Derivative assets	**0.6**	0.8	0.9
Cash and deposits	**66.6**	103.8	53.7
Total current assets	**784.9**	750.5	800.1
Total assets	**1,565.7**	1,425.5	1,592.4
Equity			
Share capital	**111.7**	110.0	111.4
Share premium	**115.8**	98.9	112.8
Merger reserve	**2.5**	–	2.5
Capital redemption reserve	**8.6**	8.6	8.6
Cash flow hedging reserve	**(0.3)**	0.8	0.3
Translation reserve	**5.2**	1.1	8.5
Retained earnings	**260.1**	171.2	216.3
Total equity	**503.6**	390.6	460.4
Liabilities			
Interest bearing loans and borrowings	**289.0**	287.8	339.7
Retirement benefit obligations	**39.9**	53.2	60.0
Other payables	**2.0**	4.8	1.5
Derivative liabilities	**2.2**	–	–
Provisions	**34.3**	31.9	38.3
Deferred tax liabilities	**72.3**	62.3	79.3
Total non-current liabilities	**439.7**	440.0	518.8
Bank overdrafts	**25.0**	42.6	17.0
Interest bearing loans and borrowings	**49.2**	59.0	52.5
Income tax payable	**52.0**	41.8	40.8
Trade and other payables	**490.2**	447.4	497.6
Derivative liabilities	**0.3**	–	–
Provisions	**5.7**	4.1	5.3
Total current liabilities	**622.4**	594.9	613.2
Total liabilities	**1,062.1**	1,034.9	1,132.0
Total equity and liabilities	**1,565.7**	1,425.5	1,592.4

Consolidated cash flow statement

	Six months to 30.6.06 £m	Six months to 30.6.05 £m	Year to 31.12.05 £m
Cash flow from operating activities of continuing operations			
Profit before income tax	**88.1**	80.5	176.7
Adjustments for non-cash items:			
Depreciation	**7.1**	6.7	13.6
Intangible amortisation	**9.7**	7.3	15.9
Other	**3.0**	(0.2)	4.5
Working capital movement	**(17.2)**	(18.3)	(11.4)
Finance income	**(9.5)**	(14.2)	(22.0)
Finance cost	**16.5**	18.2	32.8
Special pension contribution	**–**	(3.3)	(3.3)
Employee trust shares	**1.8**	2.2	(2.7)
Other cash movements	**(7.3)**	(5.3)	(6.4)
Cash inflow from operating activities of continuing operations	**92.2**	73.6	197.7
Cash inflow from operating activities of discontinued operations	**–**	16.1	2.2
Income tax paid of continuing operations	**(11.4)**	(31.2)	(56.7)
Income tax paid of discontinued operations	**–**	(2.8)	(2.8)
Cash inflow from operating activities	**80.8**	55.7	140.4
Cash flow from investing activities of continuing operations			
Interest received	**3.4**	10.5	11.8
Purchase of property, plant and equipment	**(8.0)**	(4.8)	(11.4)
Sale of property, plant and equipment	**0.3**	0.6	0.8
Purchase of businesses	**(24.0)**	(22.7)	(124.4)
Demerger of business	**–**	115.4	115.4
Other investment cash flows	**–**	(3.0)	0.7
Cash (outflow)/inflow from investing activities of continuing operations	**(28.3)**	96.0	(7.1)
Cash outflow from investing activities of discontinued operations	**–**	(12.3)	(12.3)
Cash (outflow)/inflow from investing activities	**(28.3)**	83.7	(19.4)
Cash flow from financing activities of continuing operations			
Interest paid	**(6.0)**	(10.5)	(20.2)
Dividends paid	**(16.5)**	(18.5)	(57.8)
Increase/(decrease) in short term loans	**4.2**	(87.6)	(102.3)
(Decrease)/increase in long term loans	**(31.9)**	(1.8)	37.6
Shares issued for cash	**3.3**	11.4	26.6
Cash outflow from financing activities of continuing operations	**(46.9)**	(107.0)	(116.1)
Cash outflow from financing activities of discontinued operations	**–**	(35.1)	(35.1)
Cash outflow from financing activities	**(46.9)**	(142.1)	(151.2)
Exchange (loss)/gain on cash and cash equivalents of continuing operations	**(0.7)**	(0.9)	2.1
Exchange gain on cash and cash equivalents of discontinued operations	**–**	0.3	0.3
Net exchange (loss)/gain on cash and cash equivalents	**(0.7)**	(0.6)	2.4
Increase/(decrease) in cash and cash equivalents	**4.9**	(3.3)	(27.8)
Cash and cash equivalents at start of period	**36.7**	64.5	64.5
Increase in cash and cash equivalents of continuing operations	**4.9**	30.5	19.9
Decrease in cash and cash equivalents of discontinued operations	**–**	(33.8)	(47.7)
Cash and cash equivalents at end of period	**41.6**	61.2	36.7

Notes

1. Basis of preparation

The figures for the six months to 30 June 2006 and 30 June 2005 are unaudited and do not constitute statutory accounts. However, the auditors have carried out a review of the figures to 30 June 2006 and their report is set out in the Independent review report. The comparative figures for the year ended 31 December 2005 are not the Company's statutory accounts for the year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

The interim financial information has been prepared on the basis of the accounting policies set out in the Group's 2005 statutory accounts. Some adjustments have been made to the figures for the six months to 30 June 2005, none of which materially impact the previously published financial information, to reflect reclassifications and interpretations of accounting standards following the adoption of International Financial Reporting Standards in 2005. As a result, for the six months to 30 June 2005, the intangible amortisation charge and the related deferred tax have each reduced by £0.5m, the basic and diluted earnings per share for the Group and for continuing operations have each increased by 0.3p and total equity has increased by £2.3m. There has been no change to the adjusted earnings per share for the six months to 30 June 2005 or to the financial information for the year ended 31 December 2005.

2. Segment analysis

	Revenue			Operating profit		
Continuing operations	**Six months to 30.6.06 £m**	Six months to 30.6.05 £m	Year to 31.12.05 £m	**Six months to 30.6.06 £m**	Six months to 30.6.05 £m	Year to 31.12.05 £m
North America	**934.3**	753.2	1,665.2	**62.0**	52.5	116.0
UK & Ireland	**334.3**	326.1	664.2	**25.5**	24.8	56.1
Continental Europe	**278.3**	239.8	490.0	**20.9**	18.8	37.9
Australasia	**56.3**	47.2	105.0	**3.9**	3.3	8.4
	1,603.2	1,366.3	2,924.4	**112.3**	99.4	218.4
Corporate				**(7.5)**	(7.6)	(15.0)
Intangible amortisation*				**(9.7)**	(7.3)	(15.9)
	1,603.2	1,366.3	2,924.4	**95.1**	84.5	187.5

*For the six months to 30 June 2006 intangible amortisation comprised North America £2.1m, UK & Ireland £0.4m, Continental Europe £6.7m and Australasia £0.5m. For the six months to 30 June 2005 intangible amortisation comprised North America £0.8m, UK & Ireland £0.1m, Continental Europe £6.1m and Australasia £0.3m. For the year to 31 December 2005 intangible amortisation comprised North America £2.4m, UK & Ireland £0.3m, Continental Europe £12.6m and Australasia £0.6m.

3. Finance income/(cost)

	Six months to 30.6.06 £m	Six months to 30.6.05 £m	Year to 31.12.05 £m
Deposits	**3.8**	9.3	11.8
Expected return on pension scheme assets	**5.7**	4.9	10.2
Finance income	**9.5**	14.2	22.0
Loans and overdrafts	**(10.7)**	(13.2)	(22.5)
Interest charge on pension scheme liabilities	**(5.8)**	(5.0)	(10.3)
Finance cost	**(16.5)**	(18.2)	(32.8)

4. Income tax for continuing operations

A taxation charge of 32.0% (2005: 32.0%) on the profit on underlying operations excluding the impact of intangible amortisation of £9.7m (2005: £7.3m) and related deferred tax of £3.2m (2005: £2.5m) has been provided based on the estimated effective rate of taxation for the year. Including the impact of intangible amortisation and related deferred tax, the overall tax rate is 31.9% (2005: 31.8%).

Notes continued

5. Dividends

Dividends for the period in which they were declared are:

	Per share			Total		
	Six months to 30.6.06	Six months to 30.6.05	Year to 31.12.05	**Six months to 30.6.06 £m**	Six months to 30.6.05 £m	Year to 31.12.05 £m
2004 final		9.15p	9.15p		39.3	39.3
2005 interim			4.9p			16.5
2005 final	**10.8p**			**36.5**		
	10.8p	9.15p	14.05p	**36.5**	39.3	55.8

The 2006 interim dividend of 5.3p will be paid on 2 January 2007 to shareholders on the register on 17 November 2006.

6. Earnings per share

	Six months to 30.6.06 £m	Six months to 30.6.05 £m	Year to 31.12.05 £m
Continuing operations			
Profit for the period	**60.0**	54.9	120.0
Adjustment	**6.5**	4.8	11.0
Adjusted profit*	**66.5**	59.7	131.0
Discontinued operations			
Profit for the period (net of minority interests)	**–**	3.6	3.6
Basic weighted average ordinary shares in issue (million)	**343.7**	336.0	338.8
Dilutive effect of employee share plans (million)	**1.5**	2.2	1.7
Diluted weighted average ordinary shares (million)	**345.2**	338.2	340.5
Continuing operations			
Basic earnings per share	**17.5p**	16.3p	35.4p
Adjustment	**1.8p**	1.5p	3.3p
Adjusted earnings per share*	**19.3p**	17.8p	38.7p
Diluted basic earnings per share	**17.4p**	16.2p	35.2p
Discontinued operations			
Basic earnings per share	**–**	1.1p	1.1p
Diluted basic earnings per share	**–**	1.1p	1.1p

*Adjusted earnings per share excludes the charge for intangible amortisation and the related deferred tax. This adjustment removes a non-cash charge which is not used by management to assess the underlying performance of the businesses.

7. Cash and cash equivalents and net debt

	30.6.06 £m	30.6.05 £m	31.12.05 £m
Cash at bank and in hand	**27.4**	82.9	48.4
Short term deposits repayable on demand	**–**	7.9	–
Bank overdrafts	**(25.0)**	(42.6)	(17.0)
Cash	**2.4**	48.2	31.4
Short term deposits repayable in less than three months	**39.2**	13.0	5.3
Cash and cash equivalents	**41.6**	61.2	36.7
Current liabilities – interest bearing loans and borrowings	**(49.2)**	(59.0)	(52.5)
Non-current liabilities – interest bearing loans and borrowings	**(289.0)**	(287.8)	(339.7)
Net debt	**(296.6)**	(285.6)	(355.5)

8. Movement in reserves

	Six months to 30.6.06 £m	Six months to 30.6.05 £m	Year to 31.12.05 £m
Beginning of period	**460.4**	487.5	487.5
Total recognised income for the period	**69.9**	48.9	115.0
Final dividend	**(36.5)**	(39.3)	(39.3)
Interim dividend	**–**	–	(16.5)
Issue of share capital	**3.3**	11.4	29.2
Employee trust shares	**2.3**	2.7	(1.1)
Share based payments	**4.2**	1.8	8.0
Demerger of business	**–**	(122.4)	(122.4)
End of period	**503.6**	390.6	460.4

Independent review report

by KPMG Audit Plc to Bunzl plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2006 which comprises the Consolidated income statement, the Consolidated statement of recognised income and expense, the Consolidated balance sheet, the Consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Statements on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

KPMG Audit Plc
Chartered Accountants
London
29 August 2006

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