



Bunzl is a focused, international, value-added distribution and outsourcing Group with operations across the Americas, Europe and Australasia

Interim report 2008

Chairman's statement

Growth opportunities in new and existing geographies helped fuel strong overall trading in the first half of 2008 despite increasingly difficult economic conditions as the year has progressed, particularly in the UK and the eurozone. Revenue was up a very pleasing 14% to £1,964.2 million. This increase was the result of both organic growth and acquisition activity with the impact of currency translation, principally the strengthening of the euro, contributing 4% of the overall revenue increase. Once again our strength across our international markets was demonstrated as all four geographic business areas showed increased revenues in local currencies over the comparable period last year.

Operating profit before intangible amortisation increased 15% to £128.6 million. Currency translation contributed 5% of this increase. Profit before tax increased 5% to £93.8 million. This was impacted by an increase of 56% in the interest charge to £17.8 million, as a result of a higher level of debt due to both the purchase of shares in 2007 and acquisitions, and amortisation up 52% as a result of acquisition activity. With less shares in issue, due to last year's buy back programme, earnings per share rose 8% to 19.8p. Adjusted earnings per share, after

eliminating intangible amortisation, increased 14% to 23.7p. The weakness of sterling, which has continued further since the period end, contributed 5% of these increases in earnings per share.

Strategy

We continue to pursue our well defined strategy of focusing on our strengths and consolidating our markets while also logically extending the areas in which we compete both organically and by acquisition. Our geographic coverage was expanded during the period as we entered Brazil, our first move into South America, and we extended our position in Spain where our first small acquisition in 2007 has been followed up by two further acquisitions which we have announced today. 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 11% to 6.45p. Shareholders will again be able to participate in our dividend reinvestment plan.

Board

There have been no changes to the composition of the Board since the year end. Following the appointment of David Sleath as a non-executive director in September 2007, David, who is Group Finance Director of SEGRO plc, was appointed as Chairman of the Audit Committee in April 2008 in succession to Jeff Harris who remains our Senior Independent Director and a member of the Audit Committee. I would like to thank Jeff for his many years' service as Audit Committee Chairman.

FTSE 100

In 2005, when we demerged Filtrona plc out of Bunzl as a separate listed company, we fell out of the FTSE 100 Index of leading shares since Filtrona had accounted for about 25% of Bunzl's profits. Three years later, as Bunzl has continued its growth, we rejoined the Index in April. We are very grateful to the dedication and hard work of all our employees which have enabled the business to continue to grow and develop successfully.

Anthony Habgood

Chairman
26 August 2008

Chief Executive's review

Revenue increased 14% to £1,964.2 million and operating profit before intangible amortisation rose 15% to £128.6 million with currency translation accounting for 4% and 5% of these increases respectively. The overall operating margin was steady at 6.5%. Unless otherwise stated, all references in this review to operating profit are to operating profit before intangible amortisation.

In North America revenue rose 3% while operating profit was at a similar level to 2007 due principally to the negative impact of rising fuel costs which were only partially recovered from our customers. In the UK & Ireland revenue increased by 15% and operating profit rose by 18% as a result of acquisitions, continued improvement in our healthcare business and overall efficiencies. Revenue in Continental Europe was up 38% with operating profit rising 33% resulting from the positive impact of the King Benelux acquisition and the strengthening of the euro. The Rest of the World showed revenue and operating profit growth of 51% and 76% respectively due to the Prot Cap acquisition in Brazil in February, continued strong performance of our business in Australasia and currency translation.

The return on average operating capital continued at a consistently high level of 59.6%. After acquisition expenditure of £79 million during the first half, which adds annualised revenue in excess of £90 million, and strong operating cash flow, net debt increased from £667.6 million at the year end to £730.5 million resulting in a net debt to EBITDA ratio of 2.5 times.

Acquisitions

The Group has spent £118 million year to date which has given us a significant presence in a new country, Brazil, and extended our product offering and customer base in our existing geographies.

In January we completed the acquisition of Günter Guest Supplies, a German based business with revenue in 2007 of €9 million which services the hotel market throughout Europe with guest amenity products. In February we entered the promising Brazilian market with the acquisition of Prot Cap, a São Paulo based business with seven branches throughout the country and revenue of R\$118 million in 2007. It is a leading national supplier of personal protection equipment to the industrial, processor, construction, retail and mining sectors. In April we announced the acquisition of Salgo. Based in Sydney, Australia the business had revenue of A\$32 million in the year ended June 2007 and is principally engaged in the distribution of catering equipment and supplies to the hotel, restaurant and catering sectors throughout eastern Australia. This bolt-on acquisition will provide the opportunity to extend their product range into our existing business. At the end of June we purchased Worldpack which is a Netherlands based business with 2007 revenue of €19 million and a leading distributor throughout Benelux of promotional packaging and point-of-sale items for the non-food retail sector.

In July we acquired A&E Russell which had revenue of £21 million in 2007 and supplies a broad range of personal protection equipment and related products from its 11 branches throughout Scotland and England. Today we are announcing two additional acquisitions in Spain which strengthen our presence in that country after our initial step in 2007. Hicosa, which is based in Barcelona and is principally

engaged in the distribution of cleaning and hygiene products to a variety of customers, complements our existing Spanish cleaning and hygiene business, Iberlim. Revenue in 2007 was €6 million. Marca, which we acquired at the end of July, supplies personal protection equipment to redistributors throughout Spain and had revenue of €21 million in 2007.

Prospects

In North America, organic revenue growth is expected to remain at a similar level to that in 2007 and the first half of 2008. Across Europe, although the economic environment is becoming more challenging, the continued improvement in Southern Syringe, together with the ongoing integration of Coffee Point, Irish Merchants and Care Shop, should lead to good growth in the UK & Ireland; furthermore the positive impact of King Benelux and other recent acquisitions, combined with the continuing development of the rest of the business area, should enable Continental Europe to progress well. In the Rest of the World, strong growth is expected from both Australasia and Brazil.

The current value of sterling is weaker than it was in the second half of 2007 and, should current spot rates continue, the positive translation impact on our results will be somewhat greater in the second half than it has been in the first six months.

Although many of the countries in which we operate are experiencing increasingly difficult economic conditions, the Board is pleased with the progress of the Group and expects that our market leading positions in relatively resilient sectors, combined with the impact of recent acquisitions, will enable Bunzl to continue to develop positively and our strong financial position will allow us to take advantage of appropriate opportunities to increase shareholder value as they arise.

Exchange rates Average	Six months to 30.6.08	Six months to 30.6.07
US\$: £	1.97	1.97
€ : £	1.29	1.48
AUS\$: £	2.14	2.44
Period end	30.6.08	30.6.07
US\$: £	1.99	2.01
€ : £	1.26	1.48
AUS\$: £	2.07	2.36

Operating performance

Since there has been a significant translation impact from strengthening foreign currencies, principally the euro, the operations, including the relevant growth rates, are reviewed below at constant exchange rates to remove the impact of these currency movements. The following table compares half year growth rates of revenue and operating profit as reported in sterling with those at constant exchange rates. Changes in the level of revenue and profits at constant exchange rates have been calculated by retranslating the results for the six months to 30 June 2007 at the average exchange rates used for the six months to 30 June 2008.

	Actual exchange rates		Constant exchange rates	
	Revenue % Growth	Operating profit* % Growth	Revenue % Growth	Operating profit* % Growth
North America	3	0	2	0
UK & Ireland	15	18	14	17
Continental Europe	38	33	20	16
Rest of the World	51	76	32	52
Group	14	15	10	10

*Before intangible amortisation

North America

In North America the business area achieved revenue growth of 2% in a continuing sluggish economic environment while also experiencing significant increases in fuel costs which negatively impacted our results leaving operating profit at a similar level to last year. In response to these challenges, we continue to implement initiatives that will reduce our cost base and maintain our strength in the marketplace.

Following the successful deployment of our VIP (value, integrity, performance) training programme across our organisation, we continued to develop a sales automation application based on our VIP sales methodology. This application not only reinforces the principles taught through this programme but provides our salesforce with the information and IT capabilities to manage their opportunities through the sales pipeline and every aspect of the customer lifecycle. Other sales tools are in development to assist them further and target sales opportunities and product gaps within our customer base. Together these initiatives will provide our salesforce with additional technologies to help grow our sales organically.

Operating expenses increased significantly due to rapidly escalating fuel costs which we were only able to partially offset. In the second quarter of the year we introduced a fuel surcharge to mitigate these increased costs. We are also utilising our fleet

management system to continually evaluate our delivery routes and we are limiting our delivery vehicle speeds and reducing idle time to optimise our fleet's fuel economy.

Within our warehouses, we continue to explore ways to create efficiencies that reduce operating costs. Our warehousing application that utilises radio frequency, scan-based technology is now live in 36 locations. This provides us with real time information and capabilities that not only increase warehouse efficiency but improve customer service and it has allowed us to meet the e-commerce and labelling requirements of several large national customers. We are also continuing to install high efficiency, low energy lighting with motion detection in order to conserve energy and reduce our operating costs.

The implementation of initiatives that address our environmental impact and issues related to product recycling, biodegradability and compostability are ongoing. Many branches conserve natural resources by recycling paper and we are now using pallet wrap recycling programmes in our warehouses. To assist our customers we have made available a broad range of products considered to be environmentally friendly and have created green product catalogues to support this effort. We plan to add further products to the catalogues as they are introduced to the marketplace.

UK & Ireland

Despite weakening economic conditions, organic sales growth, the benefit of acquisitions and ongoing operational improvements enabled the UK & Ireland to grow revenue by 14% and operating profit by 17%.

Our hotel, restaurant and catering (horeca) business has grown sales due to national accounts won during the second half of 2007 and during 2008. This has more than offset weakness with some of our customers and we have also won new business with a major restaurant chain which will start during the second half.

The retail supplies business continued to progress, despite voluntary measures implemented by many retailers to reduce the use of plastic carrier bags, as our broad range of goods not for resale allowed us to take on additional products for existing customers and we benefited from new accounts won at the end of 2007. Our business focused on premium packaging for non-food retailers also increased sales and, while input prices from the Far East have increased, we have minimised the impact of these by reviewing our operational cost base in the UK.

The vending business benefited from the acquisition of Coffee Point in August 2007 which gave us the leadership position in the hot beverage market. The integration continues in line with our plan. A single management structure and salesforce is in place with increased emphasis behind our own Caffè Carezza brand. The new IT system will be rolled out in the second half which will allow the branch and route network to be consolidated further.

The cleaning and safety business has continued to develop through the acquisition in July of A&E Russell which strengthens our position in the personal protection equipment market, particularly in Scotland. Our existing PPE business, Greenham, won its first major food processor customer, which we believe will be an attractive sector going forward. We have also continued to reduce operating costs, especially in our cleaning and hygiene business, with most of our large accounts now trading electronically.

Chief Executive's review *continued*

Our healthcare business progressed well and we appointed a new Managing Director during the first half. Southern Syringe, which we acquired in 2006, has improved its profitability further and has already exceeded our initial projections. We have continued with the implementation of our IT system into Southern Syringe and integrated Shermond into their warehouses. Care Shop, a distributor to care homes acquired in December 2007, has settled in well and is trading ahead of plan.

With the acquisition of Irish Merchants in October 2007 and Rafferty in December, our Irish business has shown good growth despite the slowdown in the Irish economy. We have combined Irish Merchants and our existing retail supplies business under a single management structure which should provide many operational benefits.

All the businesses have faced increased fuel costs which we have mitigated through a combination of factors including price increases to customers, the use of vehicle routing software and increased use of air deflectors and speed limiters on vehicles. Across the business area we have continued to review importing and have sourced a number of new ranges for the second half. While costs remain a key focus, we have continued to invest in our people especially through a new modular Customer Care programme that has been started by over 3,500 of our staff.

Continental Europe

Revenue increased by 20% and operating profit rose by 16% following a notably high increase in profitability in the first half of 2007. Organic sales growth was good, despite a weakening economic backdrop, and was boosted by the acquisitions of King Benelux and Günter Guest Supplies.

In France, the cleaning and hygiene business has seen a reduction in average margins as we have grown sales with larger customers although an increase in sales of our own brand of products, Techline, and tight cost control have lessened the impact. Our personal protection equipment business has seen substantial profit growth as a result of key account wins accompanied by an overall improvement in margin, while at the same time limiting increases in costs.

The King Benelux businesses are integrating well and are enjoying improved margins as a result of synergy benefits. Sales growth at King Nederland has been strong and profits have improved significantly on last year. At King Belgium two warehouses have been consolidated into one new location and a new ERP system has been implemented, laying solid foundations for future growth and efficiencies. The retail supplies businesses in Belgium and the Netherlands have had a slow start to the year and the acquisition of Worldpack at the end of June will significantly strengthen our position in the non-food retail sector and should generate synergies. Our horeca business in the Netherlands has grown satisfactorily.

Our existing German business continues to develop and has been bolstered further by the acquisition of Günter Guest Supplies which is integrating well with the relocation of inventory into our central warehouse already under way. In central Europe our business overall has seen good sales growth, although margins have been under some pressure.

In Denmark, our retail supplies business has continued to grow both revenue and profits and has renewed the contract with its largest customer. Our horeca business has also seen sales growth and a new larger warehouse is on track for occupation at the end of the year.

Despite margin pressure in a slowing economy, strong sales growth at our cleaning and hygiene business in Spain has resulted in improved profits. The recent acquisition of Hicosa in Barcelona should generate additional synergies for the business and the purchase of Marca has extended our Spanish operations into the personal protection equipment sector.

Rest of the World

The Rest of the World increased revenue by 32% and operating profit rose by 52%, principally as a result of the acquisition of Prot Cap in Brazil but also due to continued strong growth across Australasia.

In Australasia the acquisition of Salgo in April has increased our presence in the catering equipment sector and expanded our service offering and coverage across the east coast of Australia. Our largest business continues

to deliver strong organic growth and increased profitability across its core sectors throughout Australia and New Zealand. This business will benefit from the expansion into catering equipment as it creates additional consolidation opportunities for mutual customers across both sectors. Our food processor supplies businesses are in the process of consolidating warehouse facilities and integrating the Group's IT systems to support the businesses' next stage of development. Our specialist healthcare business has improved its performance and we expect this to continue as we reduce costs through merging back office functions and gaining synergies with our largest business.

As the business reaches capacity we are investing in improved warehouse facilities in Brisbane, which follows recent expansions in Melbourne and Perth. In addition we continue to support the business growth through our investment in radio frequency, scan-based technology. These productivity initiatives help to offset rising costs through increased efficiency and accuracy for both customers and suppliers.

The acquisition of Prot Cap in February, a leading national supplier of personal protection equipment in São Paulo, represents our first move into the large and rapidly growing Brazilian market. Results so far have been encouraging with the business trading ahead of our expectations.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group for the remaining six months of the financial year remain those detailed in the section entitled 'Principal risks and uncertainties' on page 1 of the Directors' Report and Accounts for the year ended 31 December 2007. A copy of the Directors' Report and Accounts is available on the Company's website at www.bunzl.com. Set out above is a commentary on the prospects for the Group for the remaining six months of the financial year.

Michael Roney

Chief Executive
26 August 2008

Consolidated income statement

	Notes	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Revenue	2	1,964.2	1,725.6	3,581.9
Operating profit before intangible amortisation		128.6	111.7	242.9
Intangible amortisation		(17.0)	(11.2)	(24.4)
Operating profit	2	111.6	100.5	218.5
Finance income	3	13.2	10.1	21.1
Finance cost	3	(31.0)	(21.5)	(48.5)
Profit before income tax		93.8	89.1	191.1
Profit before income tax and intangible amortisation		110.8	100.3	215.5
UK income tax		(4.4)	(5.7)	(4.4)
Overseas income tax		(25.9)	(22.5)	(56.6)
Total income tax	4	(30.3)	(28.2)	(61.0)
Profit for the period attributable to the Company's equity holders		63.5	60.9	130.1
Earnings per share attributable to the Company's equity holders				
Basic	6	19.8p	18.3p	39.8p
Diluted	6	19.8p	18.1p	39.6p
Dividend per share relating to the period		6.45p	5.8p	18.7p

Consolidated statement of recognised income and expense

	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Profit for the period	63.5	60.9	130.1
Actuarial (loss)/gain on pension schemes	(24.9)	12.6	10.3
Deferred tax on actuarial loss/(gain)	7.2	(3.8)	(3.0)
Currency translation differences arising in the period*	10.6	3.3	8.1
Loss recognised in cash flow hedge reserve	(0.9)	(0.3)	(1.1)
Movement from cash flow hedge reserve to income statement	0.1	0.3	0.3
Net (expense)/income recognised directly in equity	(7.9)	12.1	14.6
Total recognised income for the period attributable to the Company's equity holders	55.6	73.0	144.7

*Currency translation differences for the six months to 30 June 2008 of £10.6m (six months to 30 June 2007: £3.3m; year to 31 December 2007: £8.1m) are net of losses of £36.2m (six months to 30 June 2007: £0.3m; year to 31 December 2007: £32.3m) taken to equity as a result of designated effective net investment hedges.

Consolidated balance sheet

	Notes	30.6.08 £m	30.6.07 £m	31.12.07 £m
Assets				
Property, plant and equipment		97.3	76.3	91.0
Intangible assets	7	1,092.2	784.4	990.3
Investment in associates		0.5	–	–
Derivative assets		12.0	2.1	11.3
Deferred tax assets		0.5	1.0	0.5
Total non-current assets		1,202.5	863.8	1,093.1
Inventories		347.6	280.7	331.6
Income tax receivable		4.0	1.7	4.4
Trade and other receivables		619.0	534.2	575.4
Derivative assets		1.7	0.1	1.5
Cash and deposits	8	107.7	39.2	76.0
Total current assets		1,080.0	855.9	988.9
Total assets		2,282.5	1,719.7	2,082.0
Equity				
Share capital		112.5	112.3	112.4
Share premium		125.4	123.7	124.6
Merger reserve		2.5	2.5	2.5
Capital redemption reserve		8.6	8.6	8.6
Cash flow hedge reserve		(1.9)	(0.3)	(1.1)
Translation reserve		20.1	4.7	9.5
Retained earnings		226.0	203.6	219.7
Total equity attributable to the Company's equity holders	9	493.2	455.1	476.2
Liabilities				
Interest bearing loans and borrowings	8	713.9	519.6	656.4
Retirement benefit obligations		36.8	13.8	13.2
Other payables		10.6	4.7	10.6
Derivative liabilities		1.7	2.4	–
Provisions		48.0	47.6	50.6
Deferred tax liabilities		103.7	67.9	92.3
Total non-current liabilities		914.7	656.0	823.1
Bank overdrafts	8	20.7	11.0	20.3
Interest bearing loans and borrowings	8	115.1	3.8	79.4
Income tax payable		62.3	49.9	60.5
Trade and other payables		665.3	537.6	611.8
Derivative liabilities		2.1	0.3	1.5
Provisions		9.1	6.0	9.2
Total current liabilities		874.6	608.6	782.7
Total liabilities		1,789.3	1,264.6	1,605.8
Total equity and liabilities		2,282.5	1,719.7	2,082.0

Consolidated cash flow statement

	Notes	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Cash flow from operating activities				
Profit before income tax		93.8	89.1	191.1
Adjustments for non-cash items:				
depreciation		9.3	7.4	15.9
intangible amortisation		17.0	11.2	24.4
share based payments		2.6	2.0	4.8
Working capital movement		(9.3)	(13.0)	13.5
Finance income		(13.2)	(10.1)	(21.1)
Finance cost		31.0	21.5	48.5
Provisions and pensions		(5.3)	(4.2)	(9.0)
Special pension contribution		–	(9.5)	(9.5)
Other		(1.5)	(1.3)	(0.6)
Cash generated from operations		124.4	93.1	258.0
Income tax paid		(27.3)	(32.9)	(65.1)
Cash inflow from operating activities		97.1	60.2	192.9
Cash flow from investing activities				
Interest received		4.1	2.5	5.3
Purchase of property, plant and equipment		(11.6)	(9.4)	(19.9)
Sale of property, plant and equipment		1.8	0.9	3.3
Purchase of businesses	10	(75.2)	(19.2)	(191.7)
Investment in associates		(0.5)	–	–
Cash outflow from investing activities		(81.4)	(25.2)	(203.0)
Cash flow from financing activities				
Interest paid		(25.2)	(14.8)	(33.6)
Dividends paid		(18.6)	(17.6)	(56.2)
(Decrease)/increase in short term loans		(1.9)	(0.4)	34.9
Increase in long term loans		56.3	69.6	192.1
Net proceeds from employee shares		1.7	3.7	1.0
Purchase of own shares into treasury		–	(72.6)	(100.0)
Cash inflow/(outflow) from financing activities		12.3	(32.1)	38.2
Exchange gain on cash and cash equivalents		3.3	0.2	2.5
Increase in cash and cash equivalents		31.3	3.1	30.6
Cash and cash equivalents at start of the period		55.7	25.1	25.1
Increase in cash and cash equivalents		31.3	3.1	30.6
Cash and cash equivalents at end of the period	8	87.0	28.2	55.7

Notes

1. Basis of preparation

The condensed set of financial statements for the six months to 30 June 2008, with comparative figures for the six months to 30 June 2007, is unaudited and does not constitute statutory accounts. However the auditors have carried out a review of the condensed set of financial statements and their report in respect of the six months to 30 June 2008 is set out in the Independent review report. The comparative figures for the year to 31 December 2007 have been extracted from, but do not constitute, 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, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

The condensed set of financial statements has been prepared on the basis of the accounting policies set out in the Group's 2007 statutory accounts, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS'), and International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the EU.

The following new interpretations of the International Financial Reporting Interpretations Committee ('IFRIC') are effective for the 2008 financial year:

- IFRIC 11 'IFRS 2 – Group and Treasury Share Transactions';
- IFRIC 12 'Service Concession Arrangements'; and
- IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.

The adoption of IFRIC 11 had no impact on the condensed set of financial statements for the six months to 30 June 2008 or the comparative figures for the six months to 30 June 2007 and the year to 31 December 2007. The Group is currently assessing the impact of IFRIC 12 and IFRIC 14 on the consolidated financial statements for the year to 31 December 2008, neither of which have yet been endorsed by the EU.

IFRS 8 'Operating Segments' is effective for 2009 and has been endorsed by the EU. The Group has elected not to adopt this standard early. The adoption of this standard from 1 January 2009 is not expected to have a significant impact on the consolidated financial statements for the year to 31 December 2009.

2. Segment analysis

	Revenue			Operating profit		
	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
North America	931.7	905.1	1,839.0	58.6	58.5	123.3
UK & Ireland	537.7	467.2	994.3	37.8	32.1	74.5
Continental Europe	401.5	291.4	616.0	32.5	24.4	50.0
Rest of the World	93.3	61.9	132.6	7.9	4.5	10.8
	1,964.2	1,725.6	3,581.9	136.8	119.5	258.6
Corporate				(8.2)	(7.8)	(15.7)
Intangible amortisation*				(17.0)	(11.2)	(24.4)
	1,964.2	1,725.6	3,581.9	111.6	100.5	218.5

*For the six months to 30 June 2008 the intangible amortisation related to North America £2.9m, UK & Ireland £3.5m, Continental Europe £9.3m and Rest of the World £1.3m. For the six months to 30 June 2007 the intangible amortisation related to North America £2.9m, UK & Ireland £1.0m, Continental Europe £6.7m and Rest of the World £0.6m. For the year to 31 December 2007 the intangible amortisation related to North America £5.8m, UK & Ireland £3.0m, Continental Europe £14.5m and Rest of the World £1.1m.

The Group's financial results have not historically been subject to significant seasonal trends.

Notes continued

3. Finance income/(cost)

	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Deposits	0.5	0.3	0.7
Interest income from foreign exchange contracts	3.2	2.7	4.8
Expected return on pension scheme assets	8.4	6.9	14.2
Other finance income	1.1	0.2	1.4
Finance income	13.2	10.1	21.1
Loans and overdrafts	(20.2)	(14.8)	(34.9)
Interest expense from foreign exchange contracts	(2.6)	(0.3)	(0.6)
Interest charge on pension scheme liabilities	(7.0)	(6.3)	(12.6)
Fair value gain/(loss) on US dollar bond	1.0	5.6	(7.1)
Fair value (loss)/gain on interest rate swaps	(1.0)	(5.6)	7.1
Other finance expense	(1.2)	(0.1)	(0.4)
Finance cost	(31.0)	(21.5)	(48.5)

4. Income tax

A tax charge of 31.6% (six months to 30 June 2007: 31.3%; year to 31 December 2007: 31.6%) on the profit on underlying operations excluding the impact of intangible amortisation of £17.0m (six months to 30 June 2007: £11.2m; year to 31 December 2007: £24.4m) and related deferred tax of £4.7m (six months to 30 June 2007: £3.2m; year to 31 December 2007: £7.1m) has been provided based on the estimated effective rate of tax for the year. Including the impact of intangible amortisation and related deferred tax, the overall tax rate is 32.3% (six months to 30 June 2007: 31.6%; year to 31 December 2007: 31.9%).

5. Dividends

Dividends for the period in which they were declared are:

	Per share			Total		
	Six months to 30.6.08	Six months to 30.6.07	Year to 31.12.07	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
2006 final		11.7p	11.7p		38.6	38.6
2007 interim			5.8p			18.6
2007 final	12.9p			41.3		
	12.9p	11.7p	17.5p	41.3	38.6	57.2

The 2008 interim dividend of 6.45p will be paid on 2 January 2009 to shareholders on the register on 14 November 2008.

6. Earnings per share

	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Profit for the period	63.5	60.9	130.1
Adjustment	12.3	8.0	17.3
Adjusted profit*	75.8	68.9	147.4
Basic weighted average ordinary shares in issue (million)	320.4	333.1	326.9
Dilutive effect of employee share plans (million)	1.0	2.7	1.8
Diluted weighted average ordinary shares (million)	321.4	335.8	328.7
Basic earnings per share	19.8p	18.3p	39.8p
Adjustment	3.9p	2.4p	5.3p
Adjusted basic earnings per share*	23.7p	20.7p	45.1p
Diluted earnings per share	19.8p	18.1p	39.6p
Adjustment	3.8p	2.4p	5.2p
Adjusted diluted earnings per share*	23.6p	20.5p	44.8p

*Adjusted profit, adjusted basic earnings per share and adjusted diluted earnings per share exclude the charge for intangible amortisation and the related deferred tax. This adjustment removes a non-cash charge which is not taken into account by management when assessing the underlying performance of the businesses.

7. Intangible assets

	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Goodwill			
Beginning of the period	606.6	497.8	497.8
Acquisitions	39.4	7.7	89.6
Currency translation	18.8	(0.2)	19.2
End of the period	664.8	505.3	606.6
Customer relationships			
Cost			
Beginning of the period	452.0	321.6	321.6
Acquisitions	40.0	12.0	110.4
Currency translation	25.1	(0.7)	20.0
End of the period	517.1	332.9	452.0
Amortisation			
Beginning of the period	68.3	42.7	42.7
Charge in the period	17.0	11.2	24.4
Currency translation	4.4	(0.1)	1.2
End of the period	89.7	53.8	68.3
Net book value at end of the period	427.4	279.1	383.7
Total net book value of intangible assets at end of the period	1,092.2	784.4	990.3

Both goodwill and customer relationships have been acquired as part of business combinations. Customer relationships are amortised over their estimated useful lives which range from 10 to 19 years.

Notes continued

8. Cash and cash equivalents and net debt

	30.6.08 £m	30.6.07 £m	31.12.07 £m
Cash and cash equivalents			
Cash at bank and in hand	101.1	36.5	69.0
Short term deposits repayable in less than three months	6.6	2.7	7.0
Cash and deposits	107.7	39.2	76.0
Bank overdrafts	(20.7)	(11.0)	(20.3)
	87.0	28.2	55.7
Interest bearing loans and borrowings			
Current liabilities	(115.1)	(3.8)	(79.4)
Non-current liabilities	(713.9)	(519.6)	(656.4)
Derivative assets – fair value of interest rate swaps hedging fixed interest rate borrowings	13.2	2.1	12.5
Derivative liabilities – fair value of interest rate swaps hedging fixed interest rate borrowings	(1.7)	(2.3)	–
Net debt	(730.5)	(495.4)	(667.6)

During the period the Group issued a \$100m US dollar bond maturing in 2013.

	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Movement in net debt			
Beginning of the period	(667.6)	(430.7)	(430.7)
Net cash outflow	(26.4)	(66.3)	(198.9)
Currency translation	(36.5)	1.6	(38.0)
End of the period	(730.5)	(495.4)	(667.6)

9. Movement in reserves

	Six months to 30.6.08 £m	Six months to 30.6.07 £m	Year to 31.12.07 £m
Beginning of the period	476.2	488.0	488.0
Total recognised income for the period	55.6	73.0	144.7
Final dividend	(41.3)	(38.6)	(38.6)
Interim dividend	–	–	(18.6)
Issue of share capital	0.9	4.2	5.2
Employee trust shares	1.3	(2.9)	(2.9)
Share based payments	0.5	4.0	(1.6)
Purchase of own shares into treasury	–	(72.6)	(100.0)
End of the period	493.2	455.1	476.2

10. Acquisitions

The principal acquisitions made during the six months to 30 June 2008 were Günter Guest Supplies, Prot Cap, Salgo and Worldpack.

Günter Guest Supplies, a supplier of amenity products to hotels throughout Europe, was acquired on 31 January. Prot Cap, a leading supplier of personal protection equipment to the industrial, processor, construction, retail and mining sectors throughout Brazil, was acquired on 18 February. Salgo, a company principally engaged in the distribution of catering equipment and supplies to the hotel, restaurant and catering sectors throughout eastern Australia, was acquired on 11 April. Worldpack, a leading distributor of promotional packaging and point-of-sale items for the non-food retail sector throughout Benelux, was acquired on 30 June.

During the period between 30 June 2008 and 26 August 2008 three further principal acquisitions have taken place. Hicosa, which is principally engaged in the distribution of cleaning and hygiene products to a variety of customers in Spain, was acquired on 1 July. Revenue for the year ended 31 December 2007 was €6m. A&E Russell, a business based in the UK supplying a broad range of personal protection equipment and related products, was acquired on 4 July. Revenue for the year ended 31 December 2007 was £21m. On 30 July, the Company purchased Marca which supplies personal protection equipment, principally workwear and clothing, to redistributors throughout Spain. Revenue for the year ended 31 December 2007 was €21m.

Acquisitions have been accounted for under the purchase method of accounting, involving the purchase of 100% of the acquiree's share capital or, as the case may be, all of the relevant assets of the businesses acquired. Part of the Group's strategy is to grow through acquisition. The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3 'Business Combinations'. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. As at 30 June 2008, the allocation period for all acquisitions completed since 1 July 2007 remained open and accordingly the fair values presented are provisional.

Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date. To date the adjustments made have impacted assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly adjustments have been made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments have also been made to reflect the associated tax effects. The net impact from these adjustments on acquired net assets reported in the Group's 2007 statutory accounts was £1.9m. The balance sheet at 31 December 2007 has not been restated for these adjustments as they are not considered to be material.

The consideration for the acquisitions has been allocated against the identified net assets, with the balance recorded as goodwill. The acquisitions provide opportunities for further development of the Group's activities and create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses do not translate to separately identifiable intangible assets but do represent much of the assessed value that supports the recognised goodwill.

Notes continued

10. Acquisitions continued

	Book value at acquisition £m	Provisional fair value adjustments		Fair value of assets acquired £m
		Revaluation £m	Consistency of accounting policy £m	
A summary of the effect of acquisitions is detailed below:				
Intangible assets		40.0		40.0
Property, plant and equipment	2.2	0.2	(0.2)	2.2
Inventories	13.2	(0.3)	(1.6)	11.3
Trade and other receivables	16.6	(0.2)	(1.0)	15.4
Trade and other payables	(11.9)	(3.0)	(0.1)	(15.0)
Provisions for liabilities and charges		(0.4)	(0.2)	(0.6)
Deferred tax		(10.7)	0.1	(10.6)
Tax	(1.3)	(2.2)		(3.5)
	18.8	23.4	(3.0)	39.2
Goodwill				39.4
Consideration				78.6
Satisfied by:				
cash consideration				75.2
deferred cash consideration				3.4
				78.6

Acquisitions made during the six months to 30 June 2008 contributed £27.9m to the Group's revenue, £3.1m to the Group's operating profit before intangible amortisation and £2.1m to the Group's operating profit after intangible amortisation.

The estimated contributions of acquired businesses to the results of the Group, as if the acquisitions had been made at the beginning of the period, are as follows:

	£m
Revenue	47.3
Operating profit before intangible amortisation	4.7
Operating profit after intangible amortisation	3.2

11. Contingent liabilities

There have been no material movements in the contingent liabilities disclosed as at 31 December 2007.

12. Related party disclosures

As disclosed in the Directors' Report and Accounts for the year to 31 December 2007, the Group has identified the directors of the Company, its key management and the Group pension schemes as related parties for the purpose of IAS 24 'Related Party Disclosure'. There have been no significant changes in those related parties identified at the year end and there have been no transactions with those related parties during the six months to 30 June 2008 that have materially affected or are expected to materially affect the financial position or performance of the Group during this period. Details of the relevant relationships with those related parties will be disclosed in the Directors' Report and Accounts for the year to 31 December 2008. All transactions with subsidiaries are eliminated on consolidation.

Statement of directors' responsibilities

The interim report complies with the Disclosure and Transparency Rules ('DTR') of the Financial Services Authority in respect of the requirement to produce a half yearly financial report.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- the interim report includes a fair review of the important events during the first six months of the year, and their impact on the condensed set of financial statements, and a description of principal risks and uncertainties for the remaining six months of the year as required by DTR 4.2.7R; and
- the interim report includes a fair review of the disclosure of related party transactions and changes therein as required by DTR 4.2.8R.

By order of the Board

Michael Roney
Chief Executive
26 August 2008

Brian May
Finance Director

Independent review report

by KPMG Audit Plc to Bunzl plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months to 30 June 2008 which comprises the consolidated income statement, consolidated statement of recognised income and expense, consolidated balance sheet, consolidated cash flow statement and the related explanatory 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 information in the condensed set of financial statements.

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 Disclosure and Transparency Rules ('DTR') of the UK's Financial Services Authority ('UK FSA'). 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 is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the DTR of the UK FSA.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the EU. The condensed set of financial statements included in this interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months to 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc
Chartered Accountants, London
26 August 2008



Bunzl plc
York House
45 Seymour Street
London W1H 7JT
T 020 7725 5000
F 020 7725 5001
W www.bunzl.com