



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

## Interim report 2007

### Chairman's statement

In our 50th year as a listed company on the London Stock Exchange, I am pleased to announce that overall trading in the first half of 2007 has continued to be strong with revenue of £1,725.6 million (2006: £1,603.2 million), up 14% at constant exchange rates. This increase was the result of a combination of organic growth and acquisition activity. The translation effect of the weak US dollar, which averaged \$1.97 compared to \$1.79 in 2006, caused a 6% reduction in the sales increase from 14% to 8%. Once again demonstrating our strength across our international markets, all four geographic business areas showed increased revenues in local currencies over the comparable period last year.

Operating profit before intangible amortisation was £111.7 million (2006: £104.8 million), up 13% at constant exchange rates with each business area ahead of 2006. Profit before tax increased to £89.1 million (2006: £88.1 million), up 8% at constant exchange rates. This was impacted by an increase of 63% in the interest charge to £11.4 million as a result of higher interest rates combined with a higher level of debt, due to both acquisitions and the purchase of shares, and amortisation up 15% as a result of acquisition activity. With less shares in issue, due to the ongoing buy back

programme, earnings per share rose to 18.3p (2006: 17.5p), up 12% at constant exchange rates. Adjusted earnings per share, after eliminating intangible amortisation, increased to 20.7p (2006: 19.3p), up 14% at constant exchange rates. We have continued with the share buy back during the second half and have bought 12.7 million shares into treasury in the year to date at a cost of £90 million. We are currently expecting to spend a total of about £100 million during the year.

#### Strategy

We continue 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 both organically and by acquisition. 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.

#### Delisting from the New York Stock Exchange

In June the Company delisted its American Depositary Shares (ADSs) from the New York Stock Exchange and ended the registration

of its securities under the Securities Exchange Act of 1934. The Board believed that the administrative burden and costs associated with the ADSs and the Exchange Act registration outweighed the benefits to the Company and its shareholders.

#### Dividend

The Board has decided to increase the interim dividend by 9% to 5.8p (2006: 5.3p). Shareholders will again be able to participate in our dividend reinvestment plan.

#### Board

We have recently added to the independent element of our Board with the appointment of David Sleath as a non-executive director with effect from September. David is Group Finance Director of SEGRO plc. A former partner at Arthur Andersen, he was Finance Director of Wagon plc before joining SEGRO in 2005. He has a strong finance background and broad international experience and we welcome him to the Board.

#### Anthony Habgood

Chairman  
28 August 2007

# Chief executive's review

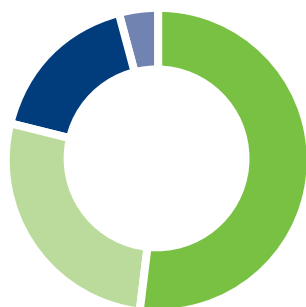
## Operating performance

The translation effects of the weak US dollar and overall currency movements significantly reduced the reported growth rates of revenue and operating profit. The operations, including the relevant growth rates, are therefore reviewed below at constant exchange rates to remove the distorting impact of these currency movements and, unless otherwise stated, in this review references to operating profit are to operating profit before intangible amortisation. The following table compares the half year growth rates of revenue and operating profit as reported in sterling with those at constant exchange rates:

	Actual exchange rates		Constant exchange rates	
	Revenue % Growth	Operating profit* % Growth	Revenue % Growth	Operating profit* % Growth
North America	-3	-6	+7	+4
UK & Ireland	+40	+26	+40	+26
Continental Europe	+5	+17	+6	+18
Australasia	+10	+15	+12	+15
Group	+8	+7	+14	+13

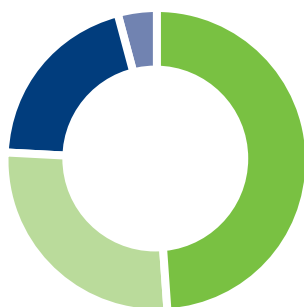
\*Before intangible amortisation

### Revenue



- North America 52%
- UK & Ireland 27%
- Continental Europe 17%
- Australasia 4%

### Operating profit\*



- North America 49%
- UK & Ireland 27%
- Continental Europe 20%
- Australasia 4%

\*Before intangible amortisation and corporate

Exchange rates	Six months to 30.6.07	Six months to 30.6.06
Average		
US\$ : £	1.97	1.79
€ : £	1.48	1.46
AUS\$ : £	2.44	2.41
Period end	30.6.07	30.6.06
US\$ : £	2.01	1.85
€ : £	1.48	1.45
AUS\$ : £	2.36	2.49

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 2006 at the average exchange rates used for the six months to 30 June 2007.

Revenue was £1,725.6 million, up 14%, and operating profit was £111.7 million, up 13%. While the overall operating margin was steady at 6.5%, the operating margin excluding the impact of acquisitions rose by 30 basis points from 6.5% to 6.8%.

In North America revenue and operating profit rose by 7% and 4% respectively, with the lower level of profit increase largely due to the impact of lower margin acquisitions made in the second half of 2006. In the UK & Ireland revenue increased by 40% while operating profit rose less, by 26%, as a result of the impact of Southern Syringe which has improved margins during the first half but, on acquisition in July 2006, was operating at margins much lower than the business area average. Revenue in Continental Europe was up 6% with an operating profit increase of 18% due to margin improvements in France and elsewhere in the region. In Australasia the revenue and operating profit increased by 12% and 15% respectively due principally to good organic growth with some new contract wins.

Operating cash generation partly funded our ongoing share buy back activity of £72.6 million and acquisition spend of £19.2 million during the first half. As a result our net debt rose from £430.7 million at the year end to £495.4 million with a net debt to EBITDA ratio of just under two times.

Return on operating capital was down marginally to 60.8% compared to 62.7% in the first half of 2006 and 61.7% for the year, due to the impact of recent acquisitions which have been operating at lower returns.

### Acquisitions

Following the acquisition of King Benelux and Coffee Point, spend on acquisitions to date will be over £140 million adding annualised revenue in excess of £150 million.

In January we announced two acquisitions in North America. Tec Products, with revenue of \$14 million in 2006, is principally engaged in the supply of jan/san and associated products through distributors. We also purchased Westgate which is a supplier of personal protection equipment through distributors in the eastern US and Canada and had revenue of \$18 million in 2006. At the end of February we acquired Iberlim

based in Barcelona, Spain with revenue of €9 million in 2006. This distributor of cleaning and hygiene products marks our entry into the promising Spanish market. In mid-August we completed the purchase of Coffee Point, a growing vending business based in London with revenue of £45 million in the year ended March 2007. This substantially increases the size of our vending business which is now the largest vending operator in the UK. Finally, clearance from the relevant competition authority has now been obtained for the acquisition of King Benelux, announced in July, which had proforma revenue in 2006 of €125 million. The business is principally engaged in the distribution of products to the healthcare and contract cleaning sectors in the Netherlands and the foodservice, retail and healthcare sectors in Belgium. This is an important strategic acquisition, which we expect to complete shortly, since it will not only expand our successful business in the Netherlands into the healthcare and contract cleaning sectors but will also provide a significant business in Belgium.

### Prospects

We are well positioned in the markets where we compete and the opportunities for continued growth both organically and by acquisition remain good. In North America, although we anticipate that growth will remain below that of the other business areas for the rest of the year, margins from the larger acquisitions made in 2005 and 2006 are expected to improve and the 2007 acquisitions are integrating well. In the UK & Ireland good organic growth should continue, resulting from increased volumes and new customers. Southern Syringe, while operating at lower than the business area average margins, is continuing to improve and the results for the year should be well ahead of our initial plan. The performance of Keenpac, acquired in December 2006, is proceeding in line with expectations. Organic growth in Continental Europe should continue to be strong especially in the countries outside France and we remain confident that our operational initiatives recently implemented in France will continue to improve the business. Organic growth in Australasia is expected to remain strong and the 2006 acquisitions are continuing to develop well. The recent acquisitions of King Benelux and Coffee Point will also contribute to the results in the second half.

The current value of the US dollar is somewhat weaker than the average for the second half of 2006 and, should that continue, although the adverse impact will be less in the second half than it has been in the

first six months, it would have a negative translation effect on our full year results for 2007. Given our strong competitive position in the markets in which we operate, the Board is confident that the Group will continue to develop in a positive way.

### North America

A combination of acquisitions and organic growth contributed to a US dollar increase in revenue of 7% and in operating profit of 4%. In a mixed input pricing environment, competitive pressure and slower economic growth impacted our results as compared to a very strong first half in 2006. In particular our businesses serving redistribution, non-food retail and convenience stores grew well through the continued development of new opportunities.

Early in the year two acquisitions were completed that have augmented our growing redistribution business. New Jersey-based Tec Products is principally engaged in the supply of jan/san and associated products while Westgate, also based in New Jersey, has advanced our safety products and PPE redistribution business. These follow the acquisitions of Morgan Scott, UASI and Cole Harford in the second half of 2006 that are integrating well into our business.

The demand for redistribution of disposable packaging products for the foodservice and jan/san sectors has grown in recent years, due partly to the increase in suppliers' distribution costs, and our most recent acquisitions have been more concentrated in this area. Recognising that we need to organise these and previous acquisitions together into one business, we have combined Papercraft, our long standing redistribution business, with more recently acquired brands into a new, dynamic organisation. Based in Chicago, this provides comprehensive redistribution services under the name R3 which stands for Reliable Redistribution Resource. This development gives us the ability to fulfil redistribution orders and manage the supply chain more efficiently and cost effectively. A new marketing support programme is underway with a customer friendly R3 website and a new R3 catalogue. Customer feedback to date has been positive.

Forty managers have now been certified as master trainers under the VIP (value, integrity and performance) training programme. We are currently evaluating additional training for sales representatives that will reinforce what they learned in VIP, as well as take them to the next level to drive sales and increase margins. VIP training has also recently been

expanded to all customer service and purchasing personnel.

Promoting an exceptional safety culture is of the utmost importance. Our goal is to achieve a significant reduction in accidents, temporary personnel costs and insurance premiums. Beginning with our drivers and warehouse personnel, we are increasing safety awareness in all our locations through training, on-site audits and award programmes.

Although fuel costs have now stabilised, they remain high and standardised practices and procedures for our drivers have been implemented to improve fuel economy. Our environmental initiatives are continuing to move forward. Many branches conserve natural resources by recycling paper and we are investigating recycling the plastic and cardboard waste from our warehouse operations. The installation of high efficiency, low energy lights will reduce our operating costs and conserve energy in locations where we have new leases or move to new facilities. We have also made available to our customers a broad range of products considered to be environmentally friendly. We will continue to build this programme and adapt it to our customers' needs.

We continue to develop further paperless systems to reduce our administration costs. Our e-warehouse radio frequency, scan-based technology is currently live in nearly two dozen branch locations. This technology increases warehouse efficiencies, reduces costs and improves customer service and has allowed us to meet the e-commerce and labelling requirements of several large national customers.

### UK & Ireland

The benefit of acquisitions completed in 2006, together with customer wins and operational initiatives and restructuring, has led to significant revenue growth of 40% and operating profit growth of 26%.

Our retail supplies business had a good start to the year helped partly by account wins achieved last year. We successfully renewed one of our largest contracts and expanded into additional product categories with another existing customer that will benefit the second half. The acquisition of Keenpac in December extended our product offering to premium retail packaging. The business has continued to develop since acquisition due to a new contract with a leading supermarket and additional luxury brand customers.

## Chief executive's review continued

Following a difficult 2006, the hotel, restaurant and catering (horeca) business has benefited from the restructuring activity undertaken last year. With an improved operational base we have won significant new business and a major restaurant contract has been renewed with additional product categories awarded for the second half. Operational improvements are continuing and, after a successful pilot, a new vehicle routing and loading system is being rolled out to improve fuel and vehicle usage.

The cleaning and safety businesses also performed well with additional account wins and the impact of the new Essex warehouse opened last year. The cleaning and hygiene business has started the transition to the safety business's computer system and this will be completed by the end of 2007. Greenham, our UK safety business, renewed its largest contract which is within the public sector and continues to grow within the construction sector securing another significant national account during the period.

In Ireland the horeca business continued to grow despite fewer new hotel openings. The cleaning and safety business benefited from the rationalisation to a single site at the end of the first half last year. The retail business, which was refocused under new management at the end of 2006, had a positive start to the year with new customer wins and the appointment of a sales manager to promote the Keenpac range.

Our vending business benefited from Midlands which was acquired early last year and work is underway to introduce a new computer system across the business that will improve operating efficiencies. The recently completed acquisition of Coffee Point, which has a reputation for providing excellent service and innovative products with a strong and growing customer base, has expanded our business to become the largest vending operator in the UK.

The revenue for both our healthcare business and for the business area overall was significantly enhanced by the acquisition of Southern Syringe at the beginning of July 2006. While we have not yet finished the integration, with the IT system implementation still in progress, costs are under control, operating margins have improved and performance is well ahead of our initial plan.

### Continental Europe

At constant exchange rates revenue increased by 6% and operating profit rose by 18% as good organic sales growth was accompanied by both improved margins and tight cost control.

The cleaning and hygiene business in France experienced strong margin improvement and improved cost efficiencies against a background of difficult market conditions resulting in slower sales growth compared to the rest of Continental Europe. Sales of our Techline own brand products have continued to grow well and the product range has been extended. Investment in a new IT system continues and the first locations have gone live. Improved margins and cost control have also enabled our personal protection equipment/safety products business in France to increase profits during the period.

In the Netherlands our retail business continues to generate excellent results from strong organic growth following contract wins and extensions to the product range. Our horeca business also continues to deliver strong organic growth and has won a number of new accounts. The business in the Netherlands will be expanded considerably by the acquisition of King Benelux which will extend the business into the healthcare and contract cleaning sectors and also provide a significant business in Belgium.

In Germany, revenue growth was good despite increased competition and the exceptional benefits in 2006 from the FIFA World Cup. Improvement has come in particular from regional accounts and tight cost control which has led to improved returns.

The retail business in Denmark has continued to deliver good profit growth following recent account wins in higher margin sectors. Our business supplying horeca customers has also achieved above average sales growth and improved margins.

Our businesses in central Europe are performing very strongly and are benefiting from the roll-out of a new IT system. Beltex, our cleaning and safety products business in Hungary and Romania, has enjoyed high levels of organic sales growth as well as delivering improved margins. Tecep, our retail business covering the main central European countries, has also delivered improved returns on high levels of organic growth.

Iberlim, our cleaning and hygiene business in Spain acquired at the end of February, is performing in line with expectations.

### Australasia

During the first half revenue increased by 12% and operating profit rose by 15% at constant exchange rates due principally to strong organic growth.

Our largest business benefited from new contract wins within its core sectors of healthcare, industrial, horeca and retail across the region. During the second half of last year we expanded into the catering equipment sector, where the product range complements our already strong and growing position within horeca and healthcare, and this business has continued to develop during the first half.

Our food processor supplies businesses, Lesnies and Allcare, have progressed despite the effects of the drought conditions throughout most of Australia. Allcare has increased its market coverage and service offering by utilising the national infrastructure of Lesnies. These two businesses are complementary in this sector and this creates opportunities for wider distribution of existing product categories.

Our specialist healthcare supplies business, Sanicare, has introduced an electronic ordering and reporting system which will enhance their offering as a market leader in the aged care sector.

To support our organic growth objectives we have recently introduced the VIP sales training programme to our national salesforce following its success in North America. We are confident that this programme will benefit our sales teams by improving the skills and techniques required to establish and maintain preferred relationships with our key customers.

### Michael Roney

Chief Executive  
28 August 2007

# Consolidated income statement

	Notes	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
<b>Revenue</b>	2	<b>1,725.6</b>	1,603.2	3,333.2
<b>Operating profit before intangible amortisation</b>		<b>111.7</b>	104.8	226.3
Intangible amortisation		<b>(11.2)</b>	(9.7)	(19.9)
<b>Operating profit</b>	2	<b>100.5</b>	95.1	206.4
Finance income	3	<b>10.1</b>	9.5	19.6
Finance cost	3	<b>(21.5)</b>	(16.5)	(36.3)
<b>Profit before income tax</b>		<b>89.1</b>	88.1	189.7
<b>Profit before income tax and intangible amortisation</b>		<b>100.3</b>	97.8	209.6
UK income tax		<b>(5.7)</b>	(5.3)	(9.1)
Overseas income tax		<b>(22.5)</b>	(22.8)	(51.2)
Total income tax	4	<b>(28.2)</b>	(28.1)	(60.3)
<b>Profit for the period</b>		<b>60.9</b>	60.0	129.4
<b>Earnings per share</b>				
Basic	6	<b>18.3p</b>	17.5p	37.8p
Diluted	6	<b>18.1p</b>	17.4p	37.5p
<b>Proposed dividend per share relating to the period</b>		<b>5.8p</b>	5.3p	17.0p

# Consolidated statement of recognised income and expense

	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
<b>Profit for the period</b>	<b>60.9</b>	60.0	129.4
Actuarial gain on pension schemes	<b>12.6</b>	20.0	17.4
Deferred tax on actuarial gain	<b>(3.8)</b>	(6.2)	(5.5)
Currency translation differences*	<b>3.3</b>	(3.3)	(7.1)
Loss recognised in cash flow hedge reserve	<b>(0.3)</b>	(0.3)	(0.3)
Movement from cash flow hedge reserve to income statement	<b>0.3</b>	(0.3)	(0.3)
Net income recognised directly in equity	<b>12.1</b>	9.9	4.2
<b>Total recognised income for the period</b>	<b>73.0</b>	69.9	133.6

\*Currency translation differences for the six months to 30 June 2007 of £3.3m (six months to 30 June 2006: £(3.3)m; year to 31 December 2006: £(7.1)m) are net of losses of £0.3m (six months to 30 June 2006: gains of £9.1m; year to 31 December 2006: gains of £17.6m) taken to equity as a result of designated effective net investment hedges.

# Consolidated balance sheet

	30.6.07 £m	30.6.06 £m	31.12.06 £m
<b>Assets</b>			
Property, plant and equipment	76.3	72.7	74.3
Intangible assets	784.4	699.1	776.7
Derivative assets	2.1	–	5.4
Deferred tax assets	1.0	9.0	4.1
<b>Total non-current assets</b>	<b>863.8</b>	<b>780.8</b>	<b>860.5</b>
Inventories	280.7	247.2	290.8
Income tax receivable	1.7	2.1	2.7
Trade and other receivables	534.2	468.4	521.2
Derivative assets	0.1	0.6	0.1
Cash and deposits	39.2	66.6	49.0
<b>Total current assets</b>	<b>855.9</b>	<b>784.9</b>	<b>863.8</b>
<b>Total assets</b>	<b>1,719.7</b>	<b>1,565.7</b>	<b>1,724.3</b>
<b>Equity</b>			
Share capital	112.3	111.7	112.0
Share premium	123.7	115.8	119.8
Merger reserve	2.5	2.5	2.5
Capital redemption reserve	8.6	8.6	8.6
Cash flow hedge reserve	(0.3)	(0.3)	(0.3)
Translation reserve	4.7	5.2	1.4
Retained earnings	203.6	260.1	244.0
<b>Total equity</b>	<b>455.1</b>	<b>503.6</b>	<b>488.0</b>
<b>Liabilities</b>			
Interest bearing loans and borrowings	519.6	289.0	456.9
Retirement benefit obligations	13.8	39.9	37.5
Other payables	4.7	2.0	5.6
Derivative liabilities	2.4	2.2	–
Provisions	47.6	34.3	44.6
Deferred tax liabilities	67.9	72.3	73.0
<b>Total non-current liabilities</b>	<b>656.0</b>	<b>439.7</b>	<b>617.6</b>
Bank overdrafts	11.0	25.0	23.9
Interest bearing loans and borrowings	3.8	49.2	4.3
Income tax payable	49.9	52.0	58.4
Trade and other payables	537.6	490.2	524.5
Derivative liabilities	0.3	0.3	0.7
Provisions	6.0	5.7	6.9
<b>Total current liabilities</b>	<b>608.6</b>	<b>622.4</b>	<b>618.7</b>
<b>Total liabilities</b>	<b>1,264.6</b>	<b>1,062.1</b>	<b>1,236.3</b>
<b>Total equity and liabilities</b>	<b>1,719.7</b>	<b>1,565.7</b>	<b>1,724.3</b>

# Consolidated cash flow statement

	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
<b>Cash flow from operating activities</b>			
Profit before income tax	89.1	88.1	189.7
Adjustments for non-cash items:			
depreciation	7.4	7.1	14.6
intangible amortisation	11.2	9.7	19.9
share based payments	2.0	1.6	3.0
other	(1.3)	(0.9)	1.0
Working capital movement	(13.0)	(17.2)	(20.0)
Finance income	(10.1)	(9.5)	(19.6)
Finance cost	21.5	16.5	36.3
Provisions and pensions	(4.2)	(5.0)	(5.7)
Special pension contribution	(9.5)	–	(5.0)
<b>Cash generated from operations</b>	<b>93.1</b>	<b>90.4</b>	<b>214.2</b>
<b>Income tax paid</b>	<b>(32.9)</b>	<b>(11.4)</b>	<b>(40.5)</b>
<b>Cash inflow from operating activities</b>	<b>60.2</b>	<b>79.0</b>	<b>173.7</b>
<b>Cash flow from investing activities</b>			
Interest received	2.5	3.4	8.5
Purchase of property, plant and equipment	(9.4)	(8.0)	(15.8)
Sale of property, plant and equipment	0.9	0.3	4.3
Purchase of businesses	(19.2)	(24.0)	(156.7)
Other investment cash flows	–	–	(1.0)
<b>Cash outflow from investing activities</b>	<b>(25.2)</b>	<b>(28.3)</b>	<b>(160.7)</b>
<b>Cash flow from financing activities</b>			
Interest paid	(14.8)	(6.0)	(24.9)
Dividends paid	(17.6)	(16.5)	(53.3)
(Decrease)/increase in short term loans	(0.4)	4.2	(28.5)
Increase/(decrease) in long term loans	69.6	(31.9)	141.4
Net proceeds from employee shares	3.7	5.1	5.2
Purchase of own shares into treasury	(72.6)	–	(63.1)
<b>Cash outflow from financing activities</b>	<b>(32.1)</b>	<b>(45.1)</b>	<b>(23.2)</b>
<b>Net exchange gain/(loss) on cash and cash equivalents</b>	<b>0.2</b>	<b>(0.7)</b>	<b>(1.4)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3.1</b>	<b>4.9</b>	<b>(11.6)</b>
Cash and cash equivalents at start of period	25.1	36.7	36.7
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3.1</b>	<b>4.9</b>	<b>(11.6)</b>
<b>Cash and cash equivalents at end of period</b>	<b>28.2</b>	<b>41.6</b>	<b>25.1</b>

# Notes

## 1. Basis of preparation

The figures for the six months to 30 June 2007 and 30 June 2006 are unaudited and do not constitute statutory accounts. However, the auditors have carried out a review of the figures to 30 June 2007 and their report is set out in the Independent review report. The comparative figures for the year to 31 December 2006 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 2006 statutory accounts.

## 2. Segment analysis

	Revenue			Operating profit		
	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
North America	905.1	934.3	1,896.8	58.5	62.0	131.2
UK & Ireland	467.2	334.3	774.6	32.1	25.5	59.7
Continental Europe	291.4	278.3	544.7	24.4	20.9	40.9
Australasia	61.9	56.3	117.1	4.5	3.9	9.6
	<b>1,725.6</b>	1,603.2	3,333.2	<b>119.5</b>	112.3	241.4
Corporate				(7.8)	(7.5)	(15.1)
Intangible amortisation*				(11.2)	(9.7)	(19.9)
	<b>1,725.6</b>	1,603.2	3,333.2	<b>100.5</b>	95.1	206.4

\*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 Australasia £0.6m. For the six months to 30 June 2006 the intangible amortisation related to North America £2.1m, UK & Ireland £0.4m, Continental Europe £6.7m and Australasia £0.5m. For the year to 31 December 2006 the intangible amortisation related to North America £4.8m, UK & Ireland £0.8m, Continental Europe £13.3m and Australasia £1.0m.

## 3. Finance income/(cost)

	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
Deposits	0.3	0.2	1.2
Interest income from foreign exchange contracts	2.7	3.3	6.2
Foreign exchange gains	–	–	0.4
Expected return on pension scheme assets	6.9	5.7	11.6
Other finance income	0.2	0.3	0.2
<b>Finance income</b>	<b>10.1</b>	9.5	19.6
Bank loans and overdrafts	(14.8)	(10.4)	(22.4)
Interest expense from foreign exchange contracts	(0.3)	(0.1)	(0.3)
Interest charge on pension scheme liabilities	(6.3)	(5.8)	(12.0)
Other finance expense	(0.1)	(0.2)	(1.6)
<b>Finance cost</b>	<b>(21.5)</b>	(16.5)	(36.3)

## 4. Income tax

A tax charge of 31.3% (six months to 30 June 2006: 32.0%; year to 31 December 2006: 32.0%) on the profit on underlying operations excluding the impact of intangible amortisation of £11.2m (six months to 30 June 2006: £9.7m; year to 31 December 2006: £19.9m) and related deferred tax of £3.2m (six months to 30 June 2006: £3.2m; year to 31 December 2006: £6.7m) 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 31.6% (six months to 30 June 2006: 31.9%; year to 31 December 2006: 31.8%). Of the decrease in these tax rates compared to the rates applied to the prior periods, 0.2% of the reduction is due to a decrease in deferred tax provisions as a result of the recently announced change in the UK corporation tax rate to 28% which will take effect from April 2008.

## Notes continued

### 5. Dividends

Dividends for the period in which they were declared are:

	Per share			Total		
	Six months to 30.6.07	Six months to 30.6.06	Year to 31.12.06	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
2005 final		10.8p	10.8p		36.5	36.5
2006 interim			5.3p			17.6
2006 final	<b>11.7p</b>			<b>38.6</b>		
	<b>11.7p</b>	10.8p	16.1p	<b>38.6</b>	36.5	54.1

The 2007 interim dividend of 5.8p will be paid on 4 January 2008 to shareholders on the register on 16 November 2007.

### 6. Earnings per share

	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
Profit for the period	<b>60.9</b>	60.0	129.4
Adjustment	<b>8.0</b>	6.5	13.2
Adjusted profit*	<b>68.9</b>	66.5	142.6
Basic weighted average ordinary shares in issue (million)	<b>333.1</b>	343.7	342.1
Dilutive effect of employee share plans (million)	<b>2.7</b>	1.5	2.6
Diluted weighted average ordinary shares (million)	<b>335.8</b>	345.2	344.7
Basic earnings per share	<b>18.3p</b>	17.5p	37.8p
Adjustment	<b>2.4p</b>	1.8p	3.9p
Adjusted earnings per share*	<b>20.7p</b>	19.3p	41.7p
Diluted basic earnings per share	<b>18.1p</b>	17.4p	37.5p

\*Adjusted profit and adjusted earnings per share exclude 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

	30.6.07 £m	30.6.06 £m	31.12.06 £m
Cash at bank and in hand	36.5	27.4	45.2
Short term deposits repayable in less than three months	2.7	39.2	3.8
Cash and deposits	39.2	66.6	49.0
Bank overdrafts	(11.0)	(25.0)	(23.9)
<b>Cash and cash equivalents</b>	<b>28.2</b>	<b>41.6</b>	<b>25.1</b>
<b>Interest bearing loans and borrowings</b>			
Current liabilities	(3.8)	(49.2)	(4.3)
Non-current liabilities	(519.6)	(289.0)	(456.9)
Derivative assets – fair value of interest rate swaps hedging fixed interest rate borrowings	2.1	0.3	5.4
Derivative liabilities – fair value of interest rate swaps hedging fixed interest rate borrowings	(2.3)	(2.2)	–
<b>Net debt</b>	<b>(495.4)</b>	<b>(298.5)</b>	<b>(430.7)</b>

Net debt includes the fair value of interest rate swaps hedging fixed interest rate borrowings. Net debt at 30 June 2006 has been re-presented on a consistent basis.

## 8. Movement in reserves

	Six months to 30.6.07 £m	Six months to 30.6.06 £m	Year to 31.12.06 £m
<b>Beginning of period</b>	<b>488.0</b>	460.4	460.4
Total recognised income for the period	73.0	69.9	133.6
Final dividend	(38.6)	(36.5)	(36.5)
Interim dividend	–	–	(17.6)
Issue of share capital	4.2	3.3	7.6
Employee trust shares	(2.9)	2.3	(1.5)
Share based payments	4.0	4.2	5.1
Purchase of own shares into treasury	(72.6)	–	(63.1)
<b>End of period</b>	<b>455.1</b>	503.6	488.0

# 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 2007 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 Standards 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 2007.

## KPMG Audit Plc

Chartered Accountants  
London  
28 August 2007

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