



News Release

30 August 2016

HALF YEARLY FINANCIAL REPORT FOR SIX MONTHS ENDED 30 JUNE 2016

Bunzl plc, the international distribution and outsourcing Group, today publishes its half yearly financial report for the six months ended 30 June 2016.

	H1 16	H1 15	Growth as reported	Growth at constant exchange
Financial results				
Revenue	£3,446.8m	£3,135.2m	10%	6%
Adjusted operating profit*	£235.1m	£208.4m	13%	9%
Adjusted profit before income tax*	£210.6m	£187.0m	13%	9%
Adjusted earnings per share*	46.2p	41.4p	12%	8%
Interim dividend	13.0p	11.75p	11%	

Statutory results

Operating profit	£180.1m	£168.5m	7%
Profit before income tax	£155.6m	£147.1m	6%
Basic earnings per share	33.8p	32.1p	5%

Highlights include:

- Good increase at constant exchange rates in revenue, adjusted operating profit* and adjusted earnings per share*
- Group operating margin* of 6.8% up 20 basis points at constant exchange rates with margins up in North America and Continental Europe and down in UK & Ireland and Rest of the World
- Eight acquisitions announced to date in 2016, including three announced today, with committed spend of £101 million
- Continued strong cash conversion with operating cash flow[†] to adjusted operating profit* of 97%
- 23 year track record of dividend growth continues with an increase of 11% in the interim dividend

* Before customer relationship amortisation and acquisition related costs (see Notes 1 and 2)

† Before acquisition related costs (see Cash flow in the Financial Review)

Commenting on today's results, Frank van Zanten, Chief Executive of Bunzl, said:

"I am pleased that Bunzl has produced another good set of results with adjusted operating profit up 9% at constant exchange rates and an 11% increase in the interim dividend.

Following my appointment as Chief Executive in April this year, combined with almost 20 years' experience with the Group, I believe that Bunzl has an excellent business model with an experienced management team executing a proven strategy. Going forward, we will focus on further expansion of the Group, continuing our investments in IT and digital projects and intensifying the sharing of best practice across our businesses globally.

We continue to have a strong balance sheet and an active pipeline of opportunities for further acquisitions and expect to complete more transactions during the rest of the year. The Board is confident that Bunzl's well positioned businesses will develop further and that the prospects for the Group are positive."

Business area highlights:

	Revenue (£m)		Growth at constant exchange	Adjusted operating profit* (£m)		Growth at constant exchange	Operating margin*	
	H1 16	H1 15 [◇]		H1 16	H1 15 [◇]		H1 16	H1 15 [◇]
North America	1,997.8	1,807.5	5%	128.1	111.3	10%	6.4%	6.2%
Continental Europe	638.6	530.7	13%	60.5	48.0	18%	9.5%	9.0%
UK & Ireland	523.4	535.1	(3)%	36.0	37.3	(4)%	6.9%	7.0%
Rest of the World	287.0	261.9	15%	21.0	22.0	5%	7.3%	8.4%

North America (58% of Group revenue)

- Revenue increase from recent acquisitions and improved underlying growth with operating margin* up 30 basis points at constant exchange rates
- Grocery remains stable despite deflationary pressures
- Redistribution growth from category management programmes
- Safety impacted by downturn in the oil and gas sector
- Strong growth in businesses serving food processor, convenience store and agriculture sectors
- Continue to leverage our national distribution platform in Canada

Continental Europe (19% of Group revenue)

- Significant revenue and profit growth, principally driven by acquisitions, with operating margin* up 50 basis points at constant exchange rates
- Increased sales in cleaning & hygiene and safety with reductions in operating costs improved profits in France
- Growth in the Netherlands with increased margins
- Strong growth in Germany and expansion in healthcare through acquisition
- Further improvement in Spain and central Europe
- Good growth and expansion in Turkey

UK & Ireland (15% of Group revenue)

- Weaker performance
- Improved profitability in safety
- Resilient performance from cleaning & hygiene
- Food retail rebased following previously announced account loss; non-food retail performing well
- Hospitality impacted by reduced activity and investment by its customers
- Solid growth in healthcare despite increased customer focus on cost savings
- Excellent performance in Ireland, particularly in hospitality

Rest of the World (8% of Group revenue)

- Margins remain under pressure due to macroeconomic conditions and currency weakness
- Significant benefit from acquisitions, particularly in Latin America
- Latin America
 - Weaker performance in Brazil
 - Other businesses generally trading ahead of expectations
- Australasia
 - Market conditions remain challenging

* Before customer relationship amortisation and acquisition related costs (see Notes 1 and 2)

◇ Restated to reflect the internal transfer of a business from Continental Europe to North America (see Note 2)

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Note:

A live webcast of today's presentation to analysts will be available on www.bunzl.com commencing at 9.30 am.

CHAIRMAN'S STATEMENT

Results

Against the background of challenging macroeconomic and market conditions persisting in many of the countries and sectors in which we operate, I am pleased to report another good set of results. Overall currency translation movements, principally due to the weakening of sterling against the US dollar and the euro which was partly offset by the strengthening of sterling against the Brazilian real and the Canadian dollar, increased the key reported Group growth rates at actual exchange rates by 4%.

Group revenue for the first half of 2016 increased to £3,446.8 million (2015: £3,135.2 million) and adjusted operating profit (being operating profit before customer relationship amortisation and acquisition related costs) was £235.1 million (2015: £208.4 million). Adjusted earnings per share were 46.2p (2015: 41.4p).

At constant exchange rates revenue increased 6% and adjusted operating profit rose by 9%. The Group operating margin improved from 6.6% to 6.8% at constant exchange rates, with adjusted earnings per share up 8% on the same basis.

Dividend

The Board has decided to increase the interim dividend by 11% to 13.0p. Shareholders will again have the opportunity to participate in our dividend reinvestment plan.

Strategy

We continue to pursue our proven strategy of developing the business through organic growth, consolidating the markets in which we compete through focused acquisitions and continuously improving the efficiency of our operations. Acquisition activity has continued into 2016. Including the three acquisitions announced today, one of which is expected to be completed at the end of September, we have acquired eight businesses so far this year. The committed spend in respect of these acquisitions is £101 million, adding annualised revenue of over £100 million.

Board

As announced earlier this year, after more than a decade in the role, Michael Roney retired as Chief Executive and stood down from the Board at the conclusion of the Annual General Meeting in April 2016. He was succeeded by Frank van Zanten who for the previous 10 years was Managing Director of the Continental Europe business area. The management transition has gone well with Frank's appointment providing continuity for the business as well as its customers and employees.

Following his appointment as Chief Executive of Brammer plc, Meinie Oldersma resigned as a non-executive director earlier this month. We thank Meinie for his guidance and contribution during his time on the Board.

CHIEF EXECUTIVE'S REVIEW

Operating performance

The overall positive translation effect of currency movements during the period has increased the reported Group growth rates. As in previous reporting periods, the operations, including the relevant growth rates, are reviewed below at constant exchange rates to remove the distorting impact of these currency movements. Changes in the level of revenue and profits at constant exchange rates have been calculated by retranslating the results for the first half of 2015 at the average rates used for 2016. Unless otherwise stated, all references in this review to operating profit are to adjusted operating profit (being operating profit before customer relationship amortisation and acquisition related costs).

Revenue increased 6% (10% at actual exchange rates) to £3,446.8 million principally due to the positive impact of acquisitions. Consistent with the trends seen during the second half of 2015, underlying organic revenue (excluding the impact of acquisitions and an additional trading day) in the first half of 2016 was at a similar level to the comparable period last year. Operating profit was £235.1 million, an increase of 9% (13% at actual exchange rates). The percentage growth in operating profit was greater than that of revenue due to the impact of higher margin acquisitions, resulting in an improvement in the Group operating margin by 20 basis points to 6.8% (also up 20 basis points at actual exchange rates).

In North America revenue rose 5% (11% at actual exchange rates) due to the effect of acquisitions together with some increased organic growth, while operating profit increased 10% (15% at actual exchange rates) as the operating margin improved 30 basis points to 6.4% (20 basis points at actual exchange rates). Revenue in Continental Europe rose 13% (20% at actual exchange rates) as a result of the impact of acquisitions and organic revenue growth, with operating profit up 18% (26% at actual exchange rates) as the operating margin improved 50 basis points (50 basis points at actual exchange rates) to 9.5%. In UK & Ireland revenue was down 3% (down 2% at actual exchange rates) with limited impact from acquisitions during the period and organic revenue growth held back principally due to pressure in our food retail business following a previously announced account loss at the beginning of 2016. Operating profit in UK & Ireland was down 4% (down 3% at actual exchange rates) with the operating margin decreasing by 10 basis points (10 basis points at actual exchange rates) to 6.9%. In Rest of the World revenue increased 15% (10% at actual exchange rates) with operating profit up 5% (down 5% at actual exchange rates) as margins came under pressure due to challenging macroeconomic conditions and some negative foreign exchange transaction impact of weaker local currencies in the relevant markets. As a result, the business area operating margin was down 70 basis points (110 basis points at actual exchange rates) to 7.3%.

Basic earnings per share were 3% higher (5% at actual exchange rates) at 33.8p. Adjusted earnings per share (after eliminating the effect of customer relationship amortisation, acquisition related costs and the associated tax) were 46.2p, an increase of 8% (12% at actual exchange rates). The return on average operating capital decreased marginally from 55.5% at 31 December 2015 to 55.4% and the return on invested capital also reduced slightly from 17.1% in 2015 to 17.0%.

Once again operating cash flow was very strong with the ratio of operating cash flow before acquisition related costs to adjusted operating profit at 97%. Net debt at the end of June was £1,168.8 million compared to £1,107.2 million at the 2015 year end. The net debt to EBITDA ratio of 2.1 times was unchanged from December 2015.

Acquisitions

At the beginning of February we purchased Earthwise Bag Company, a distributor of reusable bags to supermarkets and other retailers in the US, which has expanded our offering of environmentally friendly products to the grocery and retail sectors. Revenue in 2015 was £12 million. Bursa Pazari, which had revenue of £31 million in 2015, was acquired at the end of March and represents our second step in Turkey, extending our operations there into the foodservice and healthcare sectors. It is principally engaged in the sale of a variety of packaging and other foodservice supplies and disposable gloves to wholesalers, retailers and hospitals throughout Turkey and also exports to a number of countries.

At the end of May we completed three further acquisitions. Inkozell and Mo Ha Ge are both engaged in the sale of healthcare related consumables, principally incontinence products, to a variety of home end users and care homes throughout Germany. The aggregate revenue of the businesses in 2015 was £16 million. In the UK we purchased Classic Bag which develops and distributes bespoke retail packaging for non-food retailers in the UK, Hong Kong and

elsewhere in Europe. It complements our existing retail supplies business in the UK, enhances our customer base and extends our presence in this market in Hong Kong. Revenue in 2015 was £7 million. Polaris Chemicals distributes cleaning & hygiene supplies to both redistributors and end users, including government and education establishments, retirement homes and cleaning companies, throughout the Brussels and Walloon regions of Belgium. The acquisition has brought additional scale to our cleaning & hygiene supplies business in Belgium. Revenue in 2015 was £3 million.

Today we are announcing three more acquisitions. The purchase in July of Plus II and Apex, which had revenue in 2015 of £16 million and £6 million respectively, have further expanded our cleaning & hygiene supplies business in Canada that has grown significantly in recent years through acquisition. Finally, the proposed purchase of Silwell, which is expected to complete in September, will provide additional scale to our business in Hungary by extending our operations there in the foodservice sector. Revenue in 2015 was £6 million.

North America

	Six months to 30.6.16 £m	Six months to 30.6.15 [◇] £m	Growth at constant exchange
Revenue	1,997.8	1,807.5	5%
Adjusted operating profit*	128.1	111.3	10%
Operating margin*	6.4%	6.2%	

* Before customer relationship amortisation and acquisition related costs (see Notes 1 and 2)

◇ Restated to reflect the internal transfer of a business from Continental Europe (see Note 2)

In North America, revenue increased by 5% to £1,997.8 million, primarily due to the impact of acquisitions completed in 2015 and the first half of this year, as well as some underlying organic growth which improved relative to the level achieved in the second half of 2015. The businesses we have acquired have enabled us to extend our product and service offerings and further consolidate the markets we serve. While our underlying volumes increased over the same period last year, organic revenue growth was held back, principally due to deflationary pressures caused by price declines of plastic resin-based products and slower trading in the oil and gas sector. Operating profit increased 10% to £128.1 million with the operating margin at 6.4%, up 30 basis points at constant exchange rates, due to the impact of higher margin acquisitions and some improvement in the underlying business.

Our largest business serving the grocery sector remains stable despite deflationary pressures caused by price declines of plastic resin-based products. With our acquisition of Earthwise Bag, acquired in February, we are now able to provide our grocery customers with additional eco-friendly reusable bag options that can be custom-branded for promotional purposes. As we have expanded our product offering in this sector, we have continued to take steps to reduce our operating costs and further improve efficiencies. We continue to bring our customers unmatched value in our flexible store delivery programmes that provide improved asset utilisation and an optimal supply of store operating products.

In our business serving the retail sector we have experienced some growth as we continue to promote our complete merchandising and operational capabilities to multi-channel retailers. These include our ability to provide them with access to our global distribution network for greater efficiency and consistent service on an international scale. Our scope of operations, combined with our ability to provide materials consolidation, custom-fulfilment, store decor and branded packaging for e-commerce and in-store use, enables us to provide an end-to-end solution that we believe is unmatched in the retail sector.

Although we have also experienced some deflationary pressures in our redistribution business, we continue to expand our category management programme with our foodservice distributor customers. We are currently involved in new programme roll-outs focused on helping these customers increase their sales of non-food disposables to restaurants. Additionally, we have recently introduced some new proprietary digital tools to help our foodservice customers make better operational decisions to achieve greater profitability. In conjunction with these sales and marketing efforts, we now have a central warehouse capability in the Northeastern US to provide our customers both in this sector and others with enhanced access to janitorial and sanitation ('jan-san') products.

Our safety business has been impacted by the downturn in the oil and gas sector. Despite this, we have made gains in other areas, such as the automotive and industrial markets. We continue to invest in developing new and innovative safety products under our own brands in order to broaden our product offering for a wide variety of customers.

Although customer consolidation has continued in the food processor sector, we have expanded our business by capitalising on opportunities to promote our total programme encompassing jan-san and safety products for use in our customers' plant operations. We continue to drive business growth through our national accounts strategy and the expansion of our own label product offering, including in particular vacuum pouches, shrink bags and bin liners.

We have also continued to experience growth in our operations that supply the agriculture sector. Our expanded presence and capabilities in Mexico have allowed us to capitalise on growing demand in the region. Additionally, we are achieving greater profitability after migrating all of our businesses serving this sector onto a unified IT system and consolidating our operating costs which together have led to a number of savings being achieved.

In the convenience store sector, revenue and profits have grown despite the challenges presented as a result of competition from non-traditional suppliers as well as customer consolidation. We continue to execute our pull-through strategy with our primary wholesale partners to help them increase sales with convenience store retailers. Our ability to manage our wholesaler partners' inventory enables them to have the right products at the right time so that they can reduce their working capital and warehouse space needs.

Finally, our business in Canada continues to operate successfully and has grown significantly following a number of acquisitions over the last few years. Our recent entrance into the industrial packaging sector, with the purchase of GF in June 2015, is progressing well and we have continued to leverage our national distribution platform to expand business within all of our sectors. We have consolidated facilities in Toronto to enhance our efficiency and profitability and are currently reviewing the potential consolidation of warehouses in other regions. The purchase last month of Plus II in Montreal and Apex in Toronto further extends our product and service offering in the cleaning & hygiene sector in Canada.

Continental Europe

	Six months to 30.6.16 £m	Six months to 30.6.15 [◇] £m	Growth at constant exchange
Revenue	638.6	530.7	13%
Adjusted operating profit*	60.5	48.0	18%
Operating margin*	9.5%	9.0%	

* Before customer relationship amortisation and acquisition related costs (see Notes 1 and 2)

◇ Restated to reflect the internal transfer of a business to North America (see Note 2)

Revenue rose by 13% at constant exchange rates to £638.6 million and operating profit increased 18% to £60.5 million. Gross margins were broadly stable following the currency-related pressure experienced in 2015 and operating costs have continued to be tightly controlled such that underlying profitability improved. In addition to our continued organic growth, we have benefited from the full year impact of a number of acquisitions completed in 2015 as well as those businesses acquired during the first half of 2016. The operating margin has risen 50 basis points at constant exchange rates to 9.5%.

In France, sales at our cleaning & hygiene business grew slightly as improvements in the industrial, food processing and public sectors in particular were partially offset by a decline in the hotel, restaurant and catering ('horeca') sector. Operating margins improved due to further reductions in operating costs resulting in higher profits. Our safety business similarly recorded modest sales growth as well as lower operating costs such that its profits also increased. Ligne T, acquired in May last year, is benefitting from synergies with our existing business and Comatec, our horeca business acquired in early December 2015, is integrating well into the Group and trading ahead of expectations.

In the Netherlands, revenue increased overall, with good progress in the healthcare, food and non-food retail, horeca, hygiene and government sectors, although sales declined in the food processing and safety sectors. Margins increased after the pressure experienced last year and overall profitability improved. Janssen Packaging, which was purchased in March 2015, is trading in line with our expectations.

In Belgium, sales and profits grew well in the cleaning & hygiene sector due in part to the full year impact of customer wins in 2015. This was offset by ongoing difficult trading conditions in the retail business, as our customers continue to face competition from lower cost retail chains, thereby putting pressure on both sales and margins. The process of integrating Polaris Chemicals, acquired at the end of May this year, into our cleaning & hygiene supplies business is underway.

In Germany, sales grew strongly in all of our market sectors although margins were lower. Combined with careful control of operating costs, the sales growth has led to higher profits. Inkozell and Mo Ha Ge were also acquired at the end of May and are being integrated into our German operations.

In Switzerland, sales declined in the horeca sector as the tourism industry continued to suffer from the strength of the Swiss franc. Overall sales were, however, only slightly below the comparable period last year from good growth in other areas and margins have improved.

Meier Verpackungen, our first business in Austria that we purchased in September last year, is integrating well and benefitting from exchanging ideas with other Group companies engaged in the food processing sector.

In Denmark, sales have grown strongly, particularly with customers in the public sector as well as with food processors. A number of new business wins have contributed to this growth although a recent customer loss will impact the second half of the year. While margins are under pressure, costs have been carefully managed and profits increased strongly.

In Spain, our safety businesses continue to record particularly strong revenue growth and sales also grew well in our cleaning & hygiene business. With stable margins and only modest increases in operating costs, profits were significantly ahead of last year. While sales at Quirumed, acquired in January 2015, were slightly down on last year, significant costs have been taken out of the business. Cemelim and Faru, purchased in November 2015, are benefiting from synergies with other Bunzl companies within Spain.

In Israel, sales grew well in both of our businesses, margins improved and operating cost increases were limited such that profits grew well.

In central Europe, sales grew strongly in Hungary, Romania and the Czech Republic as we have benefited from recent customer gains. The margin has improved and profits grew significantly. The proposed acquisition of Silwell will diversify and expand our business in Hungary by providing access to a number of customers operating in the horeca sector.

In Turkey, Istanbul Ticaret, our safety business acquired at the end of May last year, has seen strong sales growth. At the end of March this year we acquired Bursa Pazari which has also experienced good growth.

UK & Ireland

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Growth at constant exchange
Revenue	523.4	535.1	(3)%
Adjusted operating profit*	36.0	37.3	(4)%
Operating margin*	6.9%	7.0%	

* Before customer relationship amortisation and acquisition related costs (see Notes 1 and 2)

In UK & Ireland revenue decreased by 3% at constant exchange rates to £523.4 million and operating profit was 4% lower at £36.0 million. With limited impact from acquisitions, the loss of some business in food retail at the beginning of the year combined with subdued macroeconomic conditions in the UK have resulted in a weaker performance compared to the first six months of 2015. During the period we have continued to review our operating model for further efficiencies, invest in both technological and warehousing capabilities and implement opportunities for more cost effective sourcing of products.

Against this background, the markets that are served by our safety business have slowed due to delays in large new infrastructure construction projects which has had an impact on sales volumes. The business undertook a restructuring at the end of last year to reduce its cost base further and has continued to develop its own label product offering which has resulted in increased levels of profitability. Although some business was lost in the second quarter, recent contract wins should lead to an improved performance in the second half of the year. The cleaning & hygiene supplies business has remained resilient and continues to help customers mobilise new projects rapidly and effectively in an increasingly competitive environment. Our ongoing investment in digital platforms provides greater ability for our customers to monitor and control their spend going forward.

Our food retail business has faced challenging trading conditions following an account loss at the start of 2016. However, the business has been successfully rebased and the management team is continuing to establish and build strong relationships with existing and potential customers. The period has seen even greater levels of competition amongst grocery retail chains which has impacted margins and, as a result, we have continued to focus on innovation to add tangible value for our customers as well as operational efficiencies to mitigate these pressures. The impact of the government-imposed levy on single-use plastic carrier bags introduced in October 2015 has been almost entirely offset by the continued development of our offering of Bags for Life. Our non-food retail packaging business has continued to perform well, with strong performances from existing customers and new customer wins contributing to strong growth. The acquisition in May this year of Classic Bag, another branded retail packaging business, has given us access to a number of new customers. Our marketing services business has successfully incorporated all of its recent acquisitions and is now operating as a single business. A number of contracts were renewed with key customers during the period. The business has an excellent reputation in the market, leaving it well placed to capture future opportunities.

The hospitality sector remains a very competitive environment against the backdrop of a softer market and reduced activity and investment by many of our customers. However, our catering disposables business has successfully retained and won a number of contracts and continues to implement operational efficiencies without impacting the high standards of service that our customers are used to. The catering equipment business successfully opened the London Innovation Centre to showcase further its product and service offerings and has also continued to invest in its own brand programme.

Our healthcare business has seen solid growth in the period in an environment of continuing commoditisation of product ranges and budget constraints. Growth has principally come from acute hospitals looking to save costs while at the same time retain a high level of service and also from our strengthening relationships with private hospital groups. We continue to expand and develop our range of own brand products to ensure we remain competitive and maintain margins.

Our business in Ireland has seen excellent growth during the first half, particularly in the hospitality sector but also from our customers in the healthcare and foodservice sectors. Profitability improved, partly from the strengthening of the euro but also as a consequence of initiatives put in place last year to maintain and improve margins, the benefits of which we have seen in the current period.

Rest of the World

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Growth at constant exchange
Revenue	287.0	261.9	15%
Adjusted operating profit*	21.0	22.0	5%
Operating margin*	7.3%	8.4%	

* Before customer relationship amortisation and acquisition related costs (see Notes 1 and 2)

In Rest of the World revenue increased 15% to £287.0 million and operating profit was up 5% to £21.0 million with the results benefitting significantly from the impact of acquisitions, particularly in Latin America. Margins remained under pressure due to the challenging macroeconomic conditions and the impact of significant currency movements which have affected those businesses that import large volumes of products.

In Brazil the market continues to be surrounded by uncertainty, principally caused by the ongoing Presidential impeachment process, and impacted by the significant exchange rate depreciation that took place during last year. In the safety sector we have experienced headwinds caused by many infrastructure and other capital investments being postponed, combined with higher unemployment in general which has had a resultant impact on both sales and margins. Nonetheless, as a result of our broad cross-section of businesses, products and services, we are well positioned to benefit from the uplift when the political situation becomes more stable. The cleaning & hygiene sector has experienced similar difficulties for the same reasons and is currently suffering from intense competition caused by the decline in the economy. Despite this, we have been able to improve our gross margins based on our reputation in the market and the quality of the solutions we can offer to our customers.

In contrast, the healthcare sector in Brazil is continuing to expand with sales and profits in our businesses serving this market ahead of expectations. The integration of Labor and Lamedid is progressing well and has already produced tangible synergies for us and our customers. Our dental supplies business Dental Sorria, that was acquired in December 2015, is performing in line with expectations and integrating well into the Group. We plan to implement a new IT system and invest in more advanced solutions to foster our relationships with local customers. The creation of the Bunzl Health (Bunzl Saude) brand under one management team has streamlined our communications and created a platform for future growth in the healthcare sector which we expect will continue to expand for the foreseeable future based on the local demographics and further investments in the industry, both in the private and public sectors.

In the rest of Latin America, our safety business Vicsa, which is based in Chile and has operations in several countries throughout the region, is performing strongly with both revenue and profit significantly ahead of last year despite the backdrop of a soft economy in Chile. A new e-commerce initiative has been implemented and is progressing well, showing promising results for this developing market channel. However our other Chilean safety business, Tecno Boga, continues to suffer headwinds from the decline in mining activity and the impact of customers trading down to cheaper products. As a result we are taking steps to streamline our product range and reduce costs while at the same time ensuring that we can continue to keep serving our customers with the best value solution available in the marketplace. DPS, our recent acquisition in the catering disposables sector in Chile which was purchased in November 2015, is integrating as planned and performing ahead of expectations despite a weak market dynamic.

In Colombia, our safety business Solmaq, which was acquired in June last year, is performing ahead of expectations and integrating well. We are planning an important expansion of the business by relocating the operations to a new distribution centre and sales office that will improve operating efficiencies, and further enhance our market penetration and prospects for future development.

Our safety business in Mexico, where the economy remains stable, is also trading well with robust operating margins. The integration of Vicsa Mexico and Espomega has been completed as planned and has generated a number of cost saving synergies.

In Australasia, market conditions remain soft and continue to be challenging, particularly for those businesses with exposure to the resources sector. The business has also continued to be affected by the weakening of the Australian dollar in 2015 which increased the cost of imported products during the first half. However the currency has remained relatively stable over recent months which should provide a more consistent platform as regards the cost of imports going forward. Our business strategy continues to be to develop a sustainable position in the more resilient market sectors to enable the operations to remain strong in all economic cycles.

Our largest business, which has a strong base in the healthcare, cleaning, catering and retail sectors, has been somewhat impacted by the market downturn. During the period we have further invested in its infrastructure by completing a number of IT system integrations and warehouse consolidations. This will streamline our operational footprint and bring a number of the recently acquired businesses onto the main IT platform. We are also developing a new digital trading platform which will help drive the next level of growth and customer engagement and this will be rolled out across the business over the next year.

Our food processor business continues to develop its position as a leading supplier to the Australian and New Zealand food industries. We have focused the business on diversifying its predominantly meat industry customer base into more non-meat food processors, supported by investment in specialist and technical resources. While this strategy continues to make good progress, adverse weather conditions in some regions in Australia have resulted in livestock shortages and some plant closures which in turn have impacted the business in the first half. We do however have a solid pipeline of new customer and product range expansion opportunities which will help our momentum as these new opportunities roll out in the second half.

As in previous reporting periods, our industrial and safety supplies business continues to be significantly impacted by the resources market downturn. Although market conditions are predicted to remain flat for the foreseeable future, we continue to focus on diversifying our business mix into the more resilient energy, transportation and construction sectors. Despite the challenging market conditions, the business has been able to hold its market position by winning some large tenders in the second half of 2015 and also had some good wins this year in the energy sector which continues to perform relatively strongly. We have continued to invest in our infrastructure to support long term growth, including upgrading our IT platform to help drive productivity and streamline business processes, and have also implemented operational initiatives to enhance our competitive position. While these actions position the business well for the future, we have continued to reduce costs by consolidating facilities and reorganising the business to fit the current market environment.

Prospects

Although we continue to face mixed macroeconomic conditions, Bunzl's strong competitive position, our diversified and resilient businesses and our ability to consolidate our fragmented markets further are expected to lead to continued growth. The recent weakening of sterling will have a significant positive effect on the reported results for the remainder of the year if exchange rates remain at their current levels.

In North America, the combination of recent acquisitions and improved organic growth should result in a good performance for the year. In Continental Europe we expect to see a strong performance due to the benefit of acquisitions and continued organic growth. Progress in UK & Ireland in 2016 will be held back, principally due to ongoing pressure in the business serving the grocery sector and the expected continuation of subdued macroeconomic conditions in the UK. Although many of the economies in Rest of the World remain challenging, we will continue to benefit from the impact of recent acquisitions in Latin America and more stable local currencies compared to last year.

It is difficult to give a firm view as to the probable impact of the recent referendum result in the UK as the terms of leaving the European Union are not yet known and are unlikely to be negotiated in the foreseeable future. However, at present more than 85% of our business is based outside the UK and, as a result, we do not currently expect the impact on the Group's overall operations to be significant.

We have a strong balance sheet and an active pipeline of opportunities for further acquisitions and, with a number of ongoing discussions taking place, we expect to complete more transactions during the rest of the year.

The Board is confident that Bunzl's well positioned businesses will develop further and that the prospects for the Group are positive.

FINANCIAL REVIEW

Group performance

Overall currency translation movements had a positive impact on the Group's results due to the weakening of sterling against the US dollar and the euro partly offset by the strengthening of sterling against the Brazilian real and the Canadian dollar.

Revenue increased to £3,446.8 million, up 6% at constant exchange rates and up 10% at actual exchange rates, due to the positive impact of acquisitions with underlying revenue broadly unchanged from last year. Adjusted operating profit (being operating profit before customer relationship amortisation and acquisition related costs) increased to £235.1 million, an increase of 9% at constant exchange rates and 13% at actual exchange rates. The adjusted operating profit margin increased from 6.6% to 6.8% at both constant and actual exchange rates due to the impact of higher margin acquisitions.

Customer relationship amortisation and acquisition related costs of £55.0 million increased by £15.1 million due to an increase of £9.6 million in acquisition related costs, largely as a result of a £7.1 million credit in 2015 from adjustments to previously estimated earn outs and a £5.5 million increase in customer relationship amortisation.

The net interest charge of £24.5 million increased by £3.1 million at actual exchange rates and £2.1 million at constant exchange rates due to a higher average net debt from the funding of acquisitions and a higher average interest rate from changes in the funding mix, partly offset by a reduction in the interest charge on the Group's defined benefit pension schemes.

Adjusted profit before income tax (being profit before income tax, customer relationship amortisation and acquisition related costs) was £210.6 million, up 13% at actual exchange rates and 9% at constant exchange rates, principally due to the growth in adjusted operating profit.

Tax

A tax charge at a rate of 27.7% (30 June 2015: 27.5%) has been provided on the adjusted profit before income tax. Including the impact of customer relationship amortisation of £38.2 million, acquisition related costs of £16.8 million and the associated tax credit of £14.1 million, the overall tax rate is 28.4% (30 June 2015: 28.6%). The underlying tax rate of 27.7% is higher than the nominal UK rate of 20.0% for 2016, principally because many of the Group's operations are in countries with higher tax rates. As anticipated in the 2015 Annual Report, following proposed changes in tax legislation, the Company currently expects that the underlying tax rate will increase by around 1% in 2017.

Profit for the period

Profit after tax increased 3% at constant exchange rates (6% at actual exchange rates) to £111.4 million.

Earnings

The weighted average number of shares increased to 329.9 million from 327.5 million at 30 June 2015 due to employee share option exercises partly offset by shares being purchased from the market into the Company's employee benefit trust. Earnings per share were 33.8p, up 3% at constant exchange rates (up 5% at actual exchange rates). After adjusting for customer relationship amortisation, acquisition related costs and the associated tax, adjusted earnings per share were 46.2p, an increase on 2015 of 8% at constant exchange rates and 12% at actual exchange rates. The customer relationship amortisation, acquisition related costs and associated tax are items which are not taken into account by management when assessing the results of the business as they do not relate to the underlying operating performance. Accordingly, such items are removed in calculating the adjusted earnings per share on which management assesses the performance of the Group. Further details on this and on other non-GAAP measures are set out in Note 1.

Dividends

The interim dividend has increased by 11% to 13.0p from 11.75p in 2015.

Acquisitions

The acquisitions made in the first half of 2016 were Earthwise Bag Company, Bursa Pazari, Inkozell & Mo Ha Ge, Classic Bag and Polaris Chemicals. Annualised revenue and adjusted operating profit of the businesses acquired were £73.3 million and £11.1 million respectively, with a total committed spend of £80.2 million. A summary of the effect of acquisitions made in the six months ended 30 June 2016 is as follows:

	£m
Provisional fair value of assets and liabilities acquired	43.2
Goodwill	21.4
Consideration	64.6
Satisfied by:	
cash consideration	52.8
deferred consideration	11.8
	64.6
Contingent payments relating to retention of former owners	9.1
Net bank overdrafts acquired	3.6
Transaction costs and expenses	2.9
Total committed spend in respect of acquisitions completed in the period	80.2

The net cash outflow in the period in respect of acquisitions comprised:

Cash consideration	52.8
Net bank overdrafts acquired	3.6
Deferred consideration in respect of prior year acquisitions	29.5
Net cash outflow in respect of acquisitions	85.9
Transaction costs and expenses	2.7
Payments relating to retention of former owners	9.7
Total cash outflow in respect of acquisitions	98.3

Cash flow

Cash generated from operations before acquisition related costs was £237.6 million, a £26.9 million increase from 2015, primarily due to a £26.7 million increase in adjusted operating profit. The Group's free cash flow of £152.9 million was £18.7 million higher than 2015. After payment of the 2015 interim dividend of £38.6 million, an acquisition cash outflow of £98.3 million and an £8.6 million inflow on employee share schemes, the net cash inflow was £24.6 million. The summary cash flow for the period was as follows:

	Six months to 30.6.16 £m	Six months to 30.6.15 £m
Cash generated from operations*	237.6	210.7
Net capital expenditure	(10.7)	(11.0)
Operating cash flow*	226.9	199.7
Operating cash flow* to adjusted operating profit[†]	97%	96%
Interest	(20.8)	(20.0)
Tax	(53.2)	(45.5)
Free cash flow	152.9	134.2
Dividends	(38.6)	(36.0)
Acquisitions	(98.3)	(263.1)
Employee share schemes	8.6	(45.0)
Net cash inflow / (outflow)	24.6	(209.9)

* Before acquisition related costs

[†] Before customer relationship amortisation and acquisition related costs

Balance sheet

Return on average operating capital employed decreased slightly from 55.5% at 31 December 2015 to 55.4% and return on invested capital also decreased slightly from 17.1% at 31 December 2015 to 17.0%. Intangible assets have increased by £213.6 million since 31 December 2015 to £1,861.4 million, reflecting goodwill and customer relationships arising on acquisitions in the period of £67.1 million and a positive exchange impact of £181.8 million, partially offset by an amortisation charge of £38.2 million. Software of £18.7 million, which was previously reported within Property, plant and equipment, is now recorded within Intangible assets, and increased by £2.9 million during the period, primarily due to additions.

The Group's net pension deficit at 30 June 2016 of £69.8 million was £29.8 million higher than at 31 December 2015, mainly due to an actuarial loss of £24.1 million. The actuarial loss arose as a result of a £54.1m increase in the present value of scheme liabilities due to the impact of changes in assumptions, principally lower discount rates, partly offset by the actual return on scheme assets being £30.0 million higher than expected. The movements in shareholders' equity and net debt during the period were as follows:

Shareholders' equity	£m
At 1 January 2016	1,016.3
Profit for the period	111.4
Dividends	(125.4)
Currency	161.5
Actuarial loss on pension schemes (net of tax)	(18.3)
Share based payments	13.2
Employee share options	10.2
At 30 June 2016	1,168.9

Net debt	£m
At 1 January 2016	(1,107.2)
Net cash inflow	24.6
Currency	(86.2)
At 30 June 2016	(1,168.8)

Net debt to EBITDA (times)	2.1
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The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources. Additionally, the Group monitors compliance with its debt covenants, principally net debt to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times. All covenants have been complied with for the six months ended 30 June 2016, with net debt to EBITDA of 2.1 times unchanged from 31 December 2015.

The Group has substantial committed borrowing facilities available to it comprising multi-currency credit facilities from the Group's banks and US dollar, euro and sterling bonds. As at 30 June 2016 the Group had undrawn committed facilities of £880.8 million. During the next 12 months £157.4 million of the committed facilities and bonds mature. The Group's remaining committed borrowing facilities and bonds will mature at various times over the period up to December 2026.

Risks and uncertainties

The recent referendum vote for the UK to exit the European Union is currently not expected to have a material impact on the Group as more than 85% of the Group's business is based outside the UK. To the extent that any risks associated with the referendum outcome might materialise, these are most likely to relate to the impact of foreign exchange volatility (particularly transaction exposures) and the heightened risk of an economic slowdown occurring in the UK. However, as foreign exchange and the economic environment have already been identified within the Group's principal risks and uncertainties, it is not considered necessary to change such risks and uncertainties at the present time.

The principal risks and uncertainties affecting the business activities of the Group for the remaining six months of the financial year therefore remain those detailed in the section entitled 'Principal risks and uncertainties' on pages 36 to 38 of the Annual Report for the year ended 31 December 2015. These include the impact of general economic conditions and the ongoing competitive pressures in the countries in which we operate, the impact of product price changes, the translation and transaction impacts of movements in exchange rates on the Group's results, the ability of the Group to complete and successfully integrate acquisitions, the impact of changes in tax legislation on the Group's cash flows and the availability of funding to enable the Group to meet its financial obligations as they fall due. A copy of the 2015 Annual Report is available on the Company's website at www.bunzl.com. Set out in the Chief Executive's Review is a commentary on the prospects for the Group for the second half of the financial year.

Consolidated income statement

		Six months to 30.6.16 £m	Six months to 30.6.15 £m	Growth		Year to 31.12.15 £m
	Notes			Actual exchange rates	Constant exchange rates	
Revenue	2	3,446.8	3,135.2	10%	6%	6,489.7
Operating profit	2	180.1	168.5	7%	4%	366.5
Finance income	3	2.7	2.3			4.8
Finance cost	3	(27.2)	(23.7)			(48.6)
Profit before income tax		155.6	147.1	6%	3%	322.7
Income tax	4	(44.2)	(42.0)			(90.0)
Profit for the period attributable to the Company's equity holders		111.4	105.1	6%	3%	232.7
Earnings per share attributable to the Company's equity holders						
Basic	6	33.8p	32.1p	5%	3%	71.0p
Diluted	6	33.4p	31.8p	5%	3%	70.2p

Non-GAAP measures*						
Operating profit	2	180.1	168.5	7%	4%	366.5
Adjusted for:						
Customer relationship amortisation	2	38.2	32.7			66.8
Acquisition related costs	2	16.8	7.2			21.7
Adjusted operating profit	2	235.1	208.4	13%	9%	455.0
Finance income	3	2.7	2.3			4.8
Finance cost	3	(27.2)	(23.7)			(48.6)
Adjusted profit before income tax		210.6	187.0	13%	9%	411.2
Tax on adjusted profit	4	(58.3)	(51.4)			(113.1)
Adjusted profit for the period		152.3	135.6	12%	9%	298.1
Adjusted earnings per share	6	46.2p	41.4p	12%	8%	91.0p

* See Note 1 for further details of the non-GAAP measures.

Consolidated statement of comprehensive income

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Year to 31.12.15 £m
Profit for the period	111.4	105.1	232.7
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial (loss)/gain on defined benefit pension schemes	(24.1)	9.7	27.0
Tax on items that will not be reclassified to profit or loss	5.8	(3.4)	(6.7)
Total items that will not be reclassified to profit or loss	(18.3)	6.3	20.3
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations	198.9	(79.7)	(77.8)
(Loss)/gain taken to equity as a result of effective net investment hedges	(36.5)	2.2	(13.5)
(Loss)/gain recognised in cash flow hedge reserve	(0.5)	4.6	9.6
Movement from cash flow hedge reserve to income statement	(0.1)	(7.0)	(10.6)
Tax on items that may be reclassified to profit or loss	(0.3)	0.7	(0.4)
Total items that may be reclassified subsequently to profit or loss	161.5	(79.2)	(92.7)
Other comprehensive income/(expense) for the period	143.2	(72.9)	(72.4)
Total comprehensive income attributable to the Company's equity holders	254.6	32.2	160.3

Consolidated balance sheet

	Notes	30.6.16 £m	30.6.15* £m	31.12.15* £m
Assets				
Property, plant and equipment	1	117.1	109.8	110.9
Intangible assets	7	1,861.4	1,559.8	1,647.8
Defined benefit pension assets		-	-	5.4
Derivative financial assets	10	45.0	11.2	16.5
Deferred tax assets		4.0	6.3	-
Total non-current assets		2,027.5	1,687.1	1,780.6
Inventories		837.3	756.3	794.2
Income tax receivable		0.7	0.5	0.7
Trade and other receivables		1,067.8	894.4	947.5
Derivative financial assets	10	33.2	8.5	17.2
Cash at bank and in hand	8	250.6	292.5	281.8
Total current assets		2,189.6	1,952.2	2,041.4
Total assets		4,217.1	3,639.3	3,822.0
Equity				
Share capital		107.8	107.7	107.7
Share premium		166.9	162.9	163.9
Translation reserve		(17.4)	(164.5)	(179.1)
Other reserves		20.0	19.1	20.2
Retained earnings		891.6	737.7	903.6
Total equity attributable to the Company's equity holders		1,168.9	862.9	1,016.3
Liabilities				
Interest bearing loans and borrowings	8	1,267.9	1,017.2	1,058.8
Defined benefit pension liabilities		69.8	59.8	45.4
Other payables		28.6	22.1	20.8
Provisions		27.0	20.5	25.3
Deferred tax liabilities		122.0	115.4	112.8
Total non-current liabilities		1,515.3	1,235.0	1,263.1
Bank overdrafts	8	140.1	234.9	231.1
Interest bearing loans and borrowings	8	62.4	122.2	120.8
Income tax payable		77.7	64.0	74.8
Trade and other payables		1,217.7	1,106.2	1,096.4
Derivative financial liabilities	10	25.7	4.6	10.0
Provisions		9.3	9.5	9.5
Total current liabilities		1,532.9	1,541.4	1,542.6
Total liabilities		3,048.2	2,776.4	2,805.7
Total equity and liabilities		4,217.1	3,639.3	3,822.0

* Revised to reflect a change in the presentation of Cash at bank and in hand and Bank overdrafts and a reclassification of software assets from Property, plant and equipment to Intangible assets. See Note 1.

Consolidated statement of changes in equity

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves [◊] £m	Retained earnings [†] £m	Total Equity £m
At 1 January 2016	107.7	163.9	(179.1)	20.2	903.6	1,016.3
Profit for the period					111.4	111.4
Actuarial loss on defined benefit pension schemes					(24.1)	(24.1)
Foreign currency translation differences for foreign operations			198.9			198.9
Loss taken to equity as a result of effective net investment hedges			(36.5)			(36.5)
Loss recognised in cash flow hedge reserve				(0.5)		(0.5)
Movement from cash flow hedge reserve to income statement				(0.1)		(0.1)
Income tax (charge)/credit on other comprehensive income			(0.7)	0.4	5.8	5.5
Total comprehensive income/(expense)			161.7	(0.2)	93.1	254.6
2015 interim dividend					(38.6)	(38.6)
2015 final dividend					(86.8)	(86.8)
Issue of share capital	0.1	3.0				3.1
Employee trust shares					7.1	7.1
Share based payments					13.2	13.2
At 30 June 2016	107.8	166.9	(17.4)	20.0	891.6	1,168.9

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves [◊] £m	Retained earnings [†] £m	Total Equity £m
At 1 January 2015	107.6	160.3	(87.2)	21.0	782.2	983.9
Profit for the period					105.1	105.1
Actuarial gain on defined benefit pension schemes					9.7	9.7
Foreign currency translation differences for foreign operations			(79.7)			(79.7)
Gain taken to equity as a result of effective net investment hedges			2.2			2.2
Gain recognised in cash flow hedge reserve				4.6		4.6
Movement from cash flow hedge reserve to income statement				(7.0)		(7.0)
Income tax credit/(charge) on other comprehensive income			0.2	0.5	(3.4)	(2.7)
Total comprehensive (expense)/income			(77.3)	(1.9)	111.4	32.2
2014 interim dividend					(36.0)	(36.0)
2014 final dividend					(80.1)	(80.1)
Issue of share capital	0.1	2.6				2.7
Employee trust shares					(46.1)	(46.1)
Share based payments					6.3	6.3
At 30 June 2015	107.7	162.9	(164.5)	19.1	737.7	862.9

Consolidated statement of changes in equity (continued)

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves [◇] £m	Retained earnings [†] £m	Total Equity £m
At 1 January 2015	107.6	160.3	(87.2)	21.0	782.2	983.9
Profit for the year					232.7	232.7
Actuarial gain on defined benefit pension schemes					27.0	27.0
Foreign currency translation differences for foreign operations			(77.8)			(77.8)
Loss taken to equity as a result of effective net investment hedges			(13.5)			(13.5)
Gain recognised in cash flow hedge reserve				9.6		9.6
Movement from cash flow hedge reserve to income statement				(10.6)		(10.6)
Income tax (charge)/credit on other comprehensive income			(0.6)	0.2	(6.7)	(7.1)
Total comprehensive (expense)/income			(91.9)	(0.8)	253.0	160.3
2014 interim dividend					(36.0)	(36.0)
2014 final dividend					(80.1)	(80.1)
Issue of share capital	0.1	3.6				3.7
Employee trust shares					(30.2)	(30.2)
Share based payments					14.7	14.7
At 31 December 2015	107.7	163.9	(179.1)	20.2	903.6	1,016.3

[◇] Other reserves comprise merger reserve £2.5m (30 June 2015: £2.5m; 31 December 2015: £2.5m), capital redemption reserve £16.1m (30 June 2015: £16.1m; 31 December 2015: £16.1m) and cash flow hedge reserve £1.4m (30 June 2015: £0.5m; 31 December 2015: £1.6m).

[†] Retained earnings comprise earnings of £1,003.2m (30 June 2015: £875.7m; 31 December 2015: £1,022.5m) offset by the own shares reserve of £111.6m (30 June 2015: £138.0m; 31 December 2015: £118.9m).

Consolidated cash flow statement

	Notes	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Year to 31.12.15 £m
Cash flow from operating activities				
Profit before income tax		155.6	147.1	322.7
Adjustments:				
depreciation and software amortisation		12.9	12.2	24.1
customer relationship amortisation	7	38.2	32.7	66.8
acquisition related costs	2	16.8	7.2	21.7
share based payments		5.4	4.5	9.1
finance income	3	(2.7)	(2.3)	(4.8)
finance cost	3	27.2	23.7	48.6
provisions		(1.8)	(2.5)	(3.9)
retirement benefit obligations		(1.4)	(1.1)	(7.4)
other		1.4	0.5	(2.1)
Working capital movement		(14.0)	(11.3)	(9.8)
Cash generated from operations before acquisition related costs		237.6	210.7	465.0
Cash outflow from acquisition related costs	9	(12.4)	(33.8)	(42.7)
Income tax paid		(53.2)	(45.5)	(92.5)
Cash inflow from operating activities		172.0	131.4	329.8
Cash flow from investing activities				
Interest received		0.6	1.6	2.8
Purchase of property, plant and equipment and software		(10.9)	(11.2)	(24.8)
Sale of property, plant and equipment		0.2	0.2	2.4
Purchase of businesses	9	(85.9)	(229.3)	(328.5)
Cash outflow from investing activities		(96.0)	(238.7)	(348.1)
Cash flow from financing activities				
Interest paid		(21.4)	(21.6)	(42.7)
Dividends paid		(38.6)	(36.0)	(116.1)
Increase in borrowings		200.9	240.1	256.4
Repayment of borrowings		(197.6)	(38.3)	(73.8)
Realised gains on foreign exchange contracts		5.3	23.8	27.5
Proceeds from issue of ordinary shares to settle share options		3.1	2.7	3.7
Proceeds from exercise of market purchase share options		14.0	8.6	23.1
Purchase of employee trust shares		(8.5)	(56.3)	(56.3)
Cash (outflow)/inflow from financing activities		(42.8)	123.0	21.8
Increase in cash and cash equivalents		33.2	15.7	3.5
Cash and cash equivalents at beginning of the period		50.7	54.3	54.3
Increase in cash and cash equivalents		33.2	15.7	3.5
Currency translation		26.6	(12.4)	(7.1)
Cash and cash equivalents at end of the period	8	110.5	57.6	50.7

Notes

1. Basis of preparation

The condensed set of financial statements for the six months ended 30 June 2016, with comparative figures for the six months ended 30 June 2015, is unaudited and does not constitute statutory accounts. However the external auditors have carried out a review of the condensed set of financial statements and their report in respect of the six months ended 30 June 2016 is set out in the Independent review report. The comparative figures for the year ended 31 December 2015 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 498(2)(3) of the Companies Act 2006.

The directors, having reassessed the principal risks and uncertainties, considered it appropriate to adopt the going concern basis of accounting in the preparation of the condensed set of financial statements. The condensed set of financial statements has been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the EU and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. The condensed set of financial statements has been prepared on the basis of the accounting policies set out in the Group's 2015 statutory accounts which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. There are no new standards issued by the International Accounting Standards Board ('IASB') that are effective for the Group for the year ended 31 December 2016. The Group has adopted all relevant amendments to existing standards issued by the IASB that are effective from 1 January 2016 with no material impact on its consolidated results or financial position.

In March 2016 an agenda decision of the IFRS Interpretation Committee was issued which provided clarity over the situations where cash pooling arrangements meet the requirements of IFRS to present cash and overdrafts on a net basis. As a result, the 30 June 2015 and the 31 December 2015 comparative figures for Cash at bank and in hand and Bank overdrafts have been increased by £204.2 million and £202.6 million respectively. These balances were previously presented on a net basis in the Consolidated balance sheet and relevant Notes (see Note 8).

In prior years software related assets were included as a part of Property, plant and equipment in the Consolidated balance sheet. As the Group continues to upgrade its IT systems and invest in new e-commerce platforms, separate disclosure of the net book value of these assets is considered to enhance existing disclosures and increase transparency. The Group has therefore changed the presentation of software assets to show them as a separate component of Intangible assets, increasing Intangible assets and reducing Property, plant and equipment by £15.8 million and £13.0 million at 31 December 2015 and 30 June 2015 respectively (see Note 7).

Non-GAAP measures

Further to the various performance measures defined under IFRS, the Group reports a number of alternative performance measures that are designed to assist with the understanding of the underlying performance of the Group and its businesses. These measures are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice (known as 'non-GAAP measures') and may not be directly comparable with other companies' non-GAAP measures. They are not designed to be a substitute for any of the IFRS measures of performance. The principal alternative performance measures used within this half yearly financial report include:

- adjusted operating profit;
- adjusted profit before income tax and adjusted profit for the period; and
- adjusted earnings per share and adjusted diluted earnings per share.

These measures exclude the charge for customer relationship amortisation, acquisition related costs and any associated tax. Acquisition related costs comprise transaction costs and expenses, deferred consideration payments relating to the retention of former owners of businesses acquired and adjustments to previously estimated earn outs. Customer relationship amortisation, acquisition related costs and any associated tax are not items which are taken into account by management when assessing the results of the business as they do not relate to the underlying operating performance and distort comparability between businesses and between reporting periods. Accordingly, these items are removed in calculating the profitability measures by which management assess the performance of the Group. Other non-GAAP measures are used to monitor the performance of the Group and a number of these are based on, or derived from, the non-GAAP measures noted above. Growth rates at constant exchange rates are calculated by retranslating the results for the first half of 2015 at the average rates for 2016. All non-GAAP measures in this half yearly financial report have been calculated consistently with the methods applied in the 2015 Annual Report.

2. Segment analysis

Six months ended 30 June 2016	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	1,997.8	638.6	523.4	287.0		3,446.8
Adjusted operating profit/(loss)	128.1	60.5	36.0	21.0	(10.5)	235.1
Customer relationship amortisation	(11.1)	(16.2)	(4.0)	(6.9)	-	(38.2)
Acquisition related costs	(6.4)	(5.0)	(0.9)	(4.5)	-	(16.8)
Operating profit/(loss)	110.6	39.3	31.1	9.6	(10.5)	180.1
Finance income						2.7
Finance cost						(27.2)
Profit before income tax						155.6
Adjusted profit before income tax						210.6
Income tax						(44.2)
Profit for the period						111.4

Six months ended 30 June 2015	North America* £m	Continental Europe* £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	1,807.5	530.7	535.1	261.9		3,135.2
Adjusted operating profit/(loss)	111.3	48.0	37.3	22.0	(10.2)	208.4
Customer relationship amortisation	(8.5)	(13.5)	(4.0)	(6.7)	-	(32.7)
Acquisition related costs	(6.1)	(1.0)	(0.4)	0.3	-	(7.2)
Operating profit/(loss)	96.7	33.5	32.9	15.6	(10.2)	168.5
Finance income						2.3
Finance cost						(23.7)
Profit before income tax						147.1
Adjusted profit before income tax						187.0
Income tax						(42.0)
Profit for the period						105.1

Year ended 31 December 2015	North America* £m	Continental Europe* £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	3,784.2	1,088.6	1,102.4	514.5		6,489.7
Adjusted operating profit/(loss)	249.0	99.5	84.9	42.1	(20.5)	455.0
Customer relationship amortisation	(18.9)	(27.3)	(8.0)	(12.6)	-	(66.8)
Acquisition related costs	(9.5)	(5.3)	(0.8)	(6.1)	-	(21.7)
Operating profit/(loss)	220.6	66.9	76.1	23.4	(20.5)	366.5
Finance income						4.8
Finance cost						(48.6)
Profit before income tax						322.7
Adjusted profit before income tax						411.2
Income tax						(90.0)
Profit for the year						232.7

Acquisition related costs for the six months ended 30 June 2016 comprise transaction costs and expenses of £2.9m (30 June 2015: £3.2m; 31 December 2015: £7.9m), deferred consideration payments of £14.1m (30 June 2015: £11.1m; 31 December 2015: £24.3m) relating to the retention of former owners of businesses acquired and a credit of £0.2m (30 June 2015: £7.1m credit; 31 December 2015: £10.5m credit) from adjustments to previously estimated earn outs. The Group's financial results have not historically been subject to significant seasonal trends.

* The segment analysis for the six months ended 30 June 2015 and year ended 31 December 2015 included, within Continental Europe, the results of a business acquired in Europe that has operations in the United States of America. This part of the business is now managed and reported as part of the North America business area and operating segment. Accordingly, the Group has restated the operating segment information for the six months ended 30 June 2015 and year ended 31 December 2015 to include the business within the North America segment. For the six months ended 30 June 2015 and year ended 31 December 2015 respectively, additional revenue of £14.9 million and £32.4 million and operating profit of £1.9 million and £4.4 million are being reported in North America with a corresponding reduction in revenue and operating profit in Continental Europe.

3. Finance income/(cost)

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Year to 31.12.15 £m
Interest on cash and cash equivalents	1.2	0.8	1.9
Interest income from foreign exchange contracts	1.1	1.0	1.9
Other finance income	0.4	0.5	1.0
Finance income	2.7	2.3	4.8
Interest on loans and overdrafts	(24.2)	(20.8)	(43.3)
Interest expense from foreign exchange contracts	(0.7)	(1.0)	(1.7)
Interest charge on defined benefit pension schemes	(0.7)	(1.4)	(2.4)
Fair value loss on US private placement notes in a hedge relationship	(29.9)	(2.6)	(2.9)
Fair value gain on interest rate swaps in a hedge relationship	28.8	2.6	2.9
Foreign exchange gain/(loss) on intercompany funding	75.1	(30.3)	2.0
Foreign exchange (loss)/gain on external debt not in a hedge relationship	(75.5)	30.0	(3.0)
Other finance expense	(0.1)	(0.2)	(0.2)
Finance cost	(27.2)	(23.7)	(48.6)

The foreign exchange gain or loss on intercompany funding arises as a result of the retranslation of foreign currency intercompany loans. The foreign exchange gain or loss on intercompany funding is substantially matched by the foreign exchange loss or gain on external debt not in a hedge relationship, which minimises the foreign currency exposure in the income statement.

4. Income tax

In assessing the underlying performance of the Group, management uses adjusted profit which excludes customer relationship amortisation and acquisition related costs. Similarly the tax effect of these items is excluded in monitoring the tax rate on the adjusted profit of the Group (also referred to as the underlying tax rate) which is shown in the table below:

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Year to 31.12.15 £m
Income tax on profit	44.2	42.0	90.0
Tax associated with customer relationship amortisation and acquisition related costs	14.1	9.4	23.1
Tax on adjusted profit	58.3	51.4	113.1
Profit before income tax	155.6	147.1	322.7
Customer relationship amortisation and acquisition related costs	55.0	39.9	88.5
Adjusted profit before income tax	210.6	187.0	411.2
Reported tax rate	28.4%	28.6%	27.9%
Tax rate on adjusted profit	27.7%	27.5%	27.5%

5. Dividends

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Year to 31.12.15 £m
2014 interim		36.0	36.0
2014 final		80.1	80.1
2015 interim	38.6		
2015 final	86.8		
	125.4	116.1	116.1

Dividends per share for the periods to which they relate are:

	Six months to 30.6.16	Six months to 30.6.15	Per share Year to 31.12.15
2015 interim		11.75p	11.75p
2015 final			26.25p
2016 interim	13.0p		
	13.0p	11.75p	38.00p

The 2016 interim dividend of 13.0p will be paid on 3 January 2017 to shareholders on the register on 17 November 2016.

6. Earnings per share

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Year to 31.12.15 £m
Profit for the period	111.4	105.1	232.7
Adjusted for:			
customer relationship amortisation	38.2	32.7	66.8
acquisition related costs	16.8	7.2	21.7
tax credit on adjusting items	(14.1)	(9.4)	(23.1)
Adjusted profit for the period	152.3	135.6	298.1
Basic weighted average ordinary shares in issue (million)	329.9	327.5	327.6
Dilutive effect of employee share plans (million)	3.5	3.1	4.1
Diluted weighted average ordinary shares (million)	333.4	330.6	331.7
Basic earnings per share	33.8p	32.1p	71.0p
Adjustment	12.4p	9.3p	20.0p
Adjusted earnings per share	46.2p	41.4p	91.0p
Diluted earnings per share	33.4p	31.8p	70.2p
Adjustment	12.3p	9.2p	19.7p
Adjusted diluted earnings per share	45.7p	41.0p	89.9p

7. Intangible assets

	Six months to 30.6.16 £m	Six months to 30.6.15* £m	Year to 31.12.15* £m
Goodwill			
Beginning of the period	999.3	922.3	922.3
Acquisitions	21.4	57.0	109.0
Currency translation	102.6	(42.2)	(32.0)
End of the period	1,123.3	937.1	999.3
Customer relationships			
Cost			
Beginning of the period	1,069.2	938.9	938.9
Acquisitions	45.7	119.5	172.2
Currency translation	126.7	(57.3)	(41.9)
End of the period	1,241.6	1,001.1	1,069.2
Amortisation			
Beginning of the period	436.5	382.4	382.4
Charge in the period	38.2	32.7	66.8
Currency translation	47.5	(23.7)	(12.7)
End of the period	522.2	391.4	436.5
Net book value of customer relationships	719.4	609.7	632.7
Net book value of software	18.7	13.0	15.8
Total net book value of intangible assets	1,861.4	1,559.8	1,647.8

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. Further details of acquisitions made in the period are set out in Note 9.

* As explained in Note 1, the Group has changed the presentation of software assets to show them as a separate component of Intangible assets, increasing Intangible assets by £15.8 million and £13.0 million for 31 December 2015 and 30 June 2015 respectively. Software assets are amortised over their estimated useful lives which range from 3 to 7 years.

8. Cash and cash equivalents and net debt

	30.6.16 £m	30.6.15* £m	31.12.15* £m
Cash at bank and in hand	250.6	292.5	281.8
Bank overdrafts	(140.1)	(234.9)	(231.1)
Cash and cash equivalents	110.5	57.6	50.7
Interest bearing loans and borrowings - current	(62.4)	(122.2)	(120.8)
Interest bearing loans and borrowings - non-current	(1,267.9)	(1,017.2)	(1,058.8)
Derivatives managing interest rate risk and currency profile	51.0	14.5	21.7
Net debt	(1,168.8)	(1,067.3)	(1,107.2)

* The 30 June 2015 and the 31 December 2015 comparative figures for Cash at bank and in hand and Bank overdrafts have been increased by £204.2 million and £202.6 million respectively as explained in Note 1. These amounts, being the overdraft included in the Group's cash pool at the end of these periods, were previously presented on a net basis in the Consolidated balance sheet. Notwithstanding the change in presentation, the cash pool continues to operate as previously, enabling the Group to access cash in its subsidiaries to pay down the Group's borrowings. The Group continues to have the legal right of set-off of balances within the cash pool and the change in presentation has no impact on the Group's net debt or its compliance with banking covenants. The Cash at bank and in hand and Bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	30.6.16 £m	30.6.15 £m	31.12.15 £m
Cash at bank and in hand net of amounts in the cash pool	153.6	88.3	79.2
Bank overdrafts net of amounts in the cash pool	(43.1)	(30.7)	(28.5)
Cash and cash equivalents	110.5	57.6	50.7

	Six months to 30.6.16 £m	Six months to 30.6.15 £m	Year to 31.12.15 £m
Movement in net debt			
Beginning of the period	(1,107.2)	(877.4)	(877.4)
Net cash inflow/(outflow)	24.6	(209.9)	(206.6)
Realised gains on foreign exchange contracts	5.3	23.8	27.5
Currency translation	(91.5)	(3.8)	(50.7)
End of the period	(1,168.8)	(1,067.3)	(1,107.2)

9. Acquisitions

2016

The acquisitions completed in the six months to 30 June 2016 were Earthwise Bag Company, Bursa Pazari, Inkozell and Mo Ha Ge, Classic Bag and Polaris Chemicals.

Earthwise Bag Company, a distributor of reusable bags to supermarkets and other retailers in the US, was acquired on 9 February 2016. Bursa Pazari, which is principally engaged in the sale of a variety of packaging and other foodservice supplies and disposable gloves to wholesalers, retailers and hospitals throughout Turkey, was acquired on 30 March.

Three acquisitions were completed on 31 May 2016. Inkozell and Mo Ha Ge are both engaged in the sale of healthcare related consumables, principally incontinence products, to a variety of at home end users and care homes throughout Germany. Classic Bag is engaged in the development and distribution of bespoke retail packaging for non-food retailers in the UK, Hong Kong and elsewhere in Europe. Polaris Chemicals, based in Belgium, distributes cleaning and hygiene supplies to both redistributors and end users, including government and education establishments, retirement homes and cleaning companies.

Acquisitions, involving the purchase of the acquiree's share capital or, as the case maybe, the relevant assets of the businesses acquired, have been accounted for under the acquisition method of accounting. 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. At 30 June 2016 the allocation period for all acquisitions completed since 1 July 2015 remained open and accordingly the fair values presented are provisional.

9. Acquisitions (continued)

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 consideration paid or payable in respect of acquisitions comprises amounts paid on completion, deferred consideration and payments which are contingent on the retention of former owners of businesses acquired. IFRS 3 requires that any payments that are contingent on future employment, including payments which are contingent on the retention of former owners of businesses acquired, are charged to the income statement. All other consideration has been allocated against the identified net assets, with the balance recorded as goodwill. Transaction costs and expenses such as professional fees are charged to the income statement. 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.

A summary of the effect of acquisitions made in the six months ended 30 June 2016 is detailed below:

Provisional fair value of assets and liabilities acquired	Notes	£m
Intangible assets	7	45.7
Property, plant and equipment and software		0.6
Inventories		5.0
Trade and other receivables		16.6
Trade and other payables		(8.8)
Net bank overdrafts		(3.6)
Provisions for liabilities and charges		(0.4)
Defined benefit pension liabilities		(0.9)
Tax and deferred tax		(11.0)
		43.2
Goodwill	7	21.4
Consideration		64.6
Satisfied by:		
cash consideration		52.8
deferred consideration		11.8
		64.6
Contingent payments relating to retention of former owners		9.1
Net bank overdrafts acquired		3.6
Transaction costs and expenses		2.9
Total committed spend in respect of acquisitions completed in the period		80.2
The net cash outflow in the period in respect of acquisitions comprised:		
Cash consideration		52.8
Net bank overdrafts acquired		3.6
Deferred consideration in respect of prior year acquisitions		29.5
Net cash outflow in respect of acquisitions		85.9
Transaction costs and expenses		2.7
Payments relating to retention of former owners		9.7
Total cash outflow in respect of acquisitions		98.3

Acquisitions completed during the six months ended 30 June 2016 contributed £17.1m to the Group's revenue and £2.5m to the Group's adjusted operating profit for the six month period ended 30 June 2016.

The estimated contributions of businesses acquired during the period to the results of the Group for the six month period ended 30 June 2016 if such acquisitions had been made at the beginning of the period, are as follows:

	£m
Revenue	36.7
Adjusted operating profit	5.6

9. Acquisitions (continued)

2015

The acquisitions completed in the year ended 31 December 2015 were Tillman, Quirumed, Jan-Mar, Janssen Packaging, Prescott, Emballages Maska, Istanbul Ticaret, Ligne T, GF, Solmaq, Cordova Safety Products, Steiner Industries, Bidvest Hospitality Supplies, Delta Hospitality, Meier Verpackungen, Planet Clean, ICB, Cemelim, Casa do EPI, DPS, Faru, Comatec and Dental Sorria.

Tillman, the proposed acquisition of which was agreed on 30 December 2014, was acquired on 2 January 2015. The business supplies a variety of personal protection equipment, principally gloves to distributors throughout the US. Quirumed, a business principally engaged in the supply of healthcare related products and equipment to a customer base consisting of medical centres, doctors' surgeries and other end users throughout Spain and in other countries in Europe, was acquired on 30 January 2015. Jan-Mar, which is principally engaged in the sale of cleaning and hygiene supplies to distributors in Toronto, Canada, was also acquired on 30 January 2015. Janssen Packaging, a business engaged in the distribution of specialist packaging materials for the e-commerce, fashion and fulfilment sectors in the Netherlands, was acquired on 10 March 2015. Prescott, acquired on 31 March 2015, distributes cleaning and hygiene products to a variety of end users in the construction, property management and healthcare sectors, as well as to some distributors, throughout the Montreal area of Quebec, Canada. Emballages Maska, a business principally engaged in the sale of cleaning and hygiene supplies to other distributors throughout Quebec and eastern Ontario, was also acquired on 31 March 2015.

Istanbul Ticaret, a business based in Turkey and principally engaged in the sale of a variety of personal protection equipment to both end users and other distributors throughout Turkey, was acquired on 29 May 2015. Ligne T, a distributor of personal protection equipment, principally workwear, to a variety of end user customers throughout the south-west region of France, was acquired on 29 May 2015. GF, a distributor of industrial packaging, warehouse supplies and equipment to end user customers in western Canada, was acquired on 1 June 2015. Solmaq, which supplies a complete range of head-to-toe personal protection equipment and other welding and industrial consumables to distributors, retailers and end users throughout Colombia, was acquired on 30 June 2015. Cordova Safety Products, a business engaged in the sale of a variety of personal protection equipment, principally gloves, to distributors throughout the US, was also acquired on 30 June 2015.

Steiner Industries, acquired on 1 July 2015, distributes personal protection equipment, principally safety gloves and workwear, to distributors in the US. Bidvest Hospitality Supplies and Delta Hospitality, acquired on 1 July 2015 and 17 July 2015 respectively, are businesses principally engaged in the supply of catering consumables and equipment to a variety of end user customers including restaurants, bars, contract caterers, hotels and hospitals throughout Australia. Meier Verpackungen, a distributor of customer specific packaging products to food processors throughout Austria, was acquired on 1 September 2015. Planet Clean, a business principally engaged in the sale and distribution of cleaning and hygiene supplies and equipment to a variety of customer markets throughout western Canada, was acquired on 16 September 2015.

ICB, a business principally engaged in the sale of cleaning and hygiene supplies and based in Auckland, New Zealand, was acquired on 30 October 2015. Cemelim, a business based in Barcelona, Spain, is also engaged in the sale of cleaning and hygiene supplies, was acquired on 2 November 2015. Casa do Epi, a business engaged in the sale of a wide range of personal protection equipment to end user customers in the mining, construction and manufacturing sectors in Brazil was acquired on 3 November 2015. DPS, which supplies catering disposables and a variety of cleaning, safety and packaging products to wholesalers and distributors as well as end users in Chile, was acquired on 30 November 2015. Faru, a business engaged in the sale of personal protection equipment to distributors throughout Spain, was also acquired on 30 November 2015. Comatec, a distributor of high-end innovative single-use tableware to restaurants and hotels throughout France which also exports products to a large number of distributors in a number of countries worldwide, was acquired on 1 December 2015. Dental Sorria, a business engaged in the distribution of dental healthcare supplies and equipment to medical centres, dental clinics and other end users in Brazil was acquired on 18 December 2015.

10. Financial instruments

The following financial assets and liabilities are held at fair value:

	30.6.16 £m	30.6.15 £m	31.12.15 £m
Derivative financial assets			
Interest rate swaps	45.0	12.5	17.1
Interest rate options	-	0.1	-
Foreign exchange contracts for net investment hedging	16.5	1.2	9.1
Foreign exchange contracts for intercompany hedging	14.1	4.4	5.1
Foreign exchange contracts for cash flow hedging	2.6	1.5	2.4
	78.2	19.7	33.7
Derivative financial liabilities			
Foreign exchange contracts for net investment hedging	(4.0)	(0.6)	(5.6)
Foreign exchange contracts for intercompany hedging	(20.6)	(3.1)	(4.0)
Foreign exchange contracts for cash flow hedging	(1.1)	(0.9)	(0.4)
	(25.7)	(4.6)	(10.0)

All financial assets and liabilities in the table above have carrying amounts where the fair value is, and has been throughout the relevant period, a level two fair value measurement. Level two fair value measurements use inputs other than quoted prices that are observable for the relevant asset or liability, either directly or indirectly. The fair values of both financial assets and liabilities are calculated by discounting expected future cash flows translated at the appropriate balance sheet date exchange rates and adjusted for counterparty credit risk as applicable.

The fair values of all financial instruments equate to their book values, with the exception of the US dollar, euro and sterling private placement notes. The fair value of US dollar, euro and sterling private placement notes using market prices at 30 June 2016 was £1,332.1m (30 June 2015: £786.0m; 31 December 2015: £1,035.3m), compared to a carrying value of £1,224.8m (30 June 2015: £765.0m; 31 December 2015: £1,018.9m).

11. Related party transactions

As disclosed in the Annual Report for the year ended 31 December 2015, 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 Disclosures'. There have been no significant changes in those related parties identified at the year end and there have been no material transactions with those related parties during the six months ended 30 June 2016. Details of the relevant relationships with those related parties will be disclosed in the Annual Report for the year ending 31 December 2016. All transactions with subsidiaries are eliminated on consolidation.

Responsibility statement of the directors in respect of the half yearly financial report

The directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- the half yearly financial 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 Disclosure and Transparency Rule ('DTR') 4.2.7R; and
- the half yearly financial report includes a fair review of the disclosure of related party transactions and changes therein as required by DTR4.2.8R.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of a condensed set of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board

Frank van Zanten
Chief Executive
30 August 2016

Brian May
Finance Director

Independent review report by PricewaterhouseCoopers LLP to Bunzl plc Report on the condensed set of interim financial statements

Our conclusion

We have reviewed Bunzl plc's condensed set of interim financial statements, defined below in the half yearly financial report of Bunzl plc for the six month period ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the condensed set of interim financial statements is not prepared, in all material respects, in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the European Union ('the EU') and the Disclosure and Transparency Rules ('the DTR') of the United Kingdom's Financial Conduct Authority ('the UK FCA').

What we have reviewed

The condensed set of financial statements, which is prepared by Bunzl plc, comprise:

- the consolidated income statement and consolidated statement of comprehensive income for the six months to 30 June 2016;
- the consolidated balance sheet as at 30 June 2016;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated cash flow statement for the period then ended; and
- the explanatory notes to the condensed set of interim financial statements.

The condensed set of interim financial statements included in the half yearly financial report have been prepared in accordance with IAS 34, as adopted by the EU and the DTR of the UK FCA.

As disclosed in note 1 to the condensed set of interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards as adopted by the EU.

Responsibilities for the condensed set of interim financial statements and the review

Our responsibilities and those of the directors

The half yearly financial report, including the condensed set of interim financial statements, is the responsibility of, and has been approved by, the directors of Bunzl plc. The directors are responsible for preparing the half yearly financial report in accordance with the DTR of the UK FCA.

Our responsibility is to express to the Company a conclusion on the condensed set of interim financial statements in the half yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for Bunzl plc for the purpose of complying with the DTR of the UK FCA and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of condensed interim financial statements involves

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 United Kingdom. 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.

We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of interim financial statements.