

BERENDSEN PLC
Interim results announcement
for the six months ended 30th June 2011

Financial Highlights

Revenue	Up 2% to £495.9 million (first half 2010: £488.5 million)
Adjusted operating profit*	Up 12% to £61.6 million (£54.8 million)
Adjusted profit before tax*	Up 18% to £48.4 million (£41.0 million)
Adjusted earnings per share*	Up 18% to 20.8p (17.7p)
Free cash flow	£37.6 million (£37.9 million)
Interim dividend per share	Up 14% to 7.4p (6.5p)
Profit before taxation	Up 6% to £30.4 million (£28.8 million)
Basic earnings per share	Up 3% to 12.9p (12.5p)

* before £5.9million (£0.9million) exceptional charges and £12.1million (£11.3million) amortisation of customer contracts.

Operational Highlights

- Group:
 - Good progress in implementation of Strategic Review
 - Successful refinancing of Revolving Credit Facilities with a new Euro 535 million 5 year facility signed
- Nordic region:
 - Adjusted operating profit up 17% to £29.6 million (£25.3 million)
 - Margin increase of 250bps to 17.2%
- Continent region:
 - Adjusted operating profit up 5% to £16.2 million (£15.4 million)
 - Margin improvement of 80bps to 13.5%
- UK and Ireland:
 - Revenue of textile maintenance businesses up 3% to £167.6 million (£162.3 million)
 - Adjusted operating profit maintained at £18.1 million with a margin of 10.8% (11.2%)

Christopher Kemball, Chairman of Berendsen, commented:

“ Implementation of the Strategic Review we announced last November has developed well and our medium and longer term ambitions for the Group remain clear as the benefits of the various initiatives materialise. The Board expects first half trends to continue for the balance of 2011 resulting in good year on year progress ”.

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Analyst Meeting

The company will be presenting to a meeting of analysts at 9.00am today. A live audiocast of the presentation and questions will be available on the company's website on www.berendsen.com. Questions can only be taken at the meeting.

Results for the six months ended 30th June 2011

Results

Revenue increased to £495.9 million in the period, up 2% (£488.5 million). Adjusted operating profit (before exceptional items and amortisation of customer contracts) was £61.6 million, up from £54.8 million last year. Revenue and adjusted operating profit growth include a benefit of £7.0 million and £1.0 million respectively from exchange rates. Comparisons of revenue and adjusted operating profit performance to the equivalent period last year reflect the provisioning at the end of 2010 of the estimated future losses on decontamination contracts (£2.5 million loss in the first half of 2011) and the acquisition of the ISS washroom activities in Denmark, Sweden and Norway in December 2010. Partially offsetting the impact of these, was the disposal of Björnkläder (the Swedish direct sales business) also in December 2010. Excluding these items and the impact of currency, underlying revenue grew 2% and adjusted operating profit grew 4%.

Our net finance expense was £13.2 million, a decrease on the £13.8 million last year. We expect the interest charge to be slightly higher in the second half as a result of the refinancing we concluded in July 2011 and which is discussed below. Adjusted profit before taxation was £48.4 million, 18% above last year and adjusted earnings per share were up 18% to 20.8 pence (17.7 pence). Our effective tax rate on adjusted profit before taxation was 26.5% and we expect the tax rate for the full year to be maintained at this level.

As we indicated in our annual results announcement in February, we have incurred net exceptional costs relating to the final restructuring in German Healthcare (£2.9 million) and the implementation of our Strategic Review initiatives (£3.0 million). These comprised restructuring of £1.4 million for our Irish flat linen business, which is being realigned to the new strategic priorities, and £1.6 million in relation to management of a number of change programmes identified in our Strategic Review. Amortisation of acquired customer contracts was £12.1 million compared with £11.3 million last year. Operating profit after these items was £43.6 million (£42.6 million) and profit before taxation was £30.4 million (£28.8 million). Basic earnings per share were up 3% to 12.9 pence compared with 12.5 pence in the first half of 2010.

Our net capital expenditure was £79.4 million (£73.1 million) compared with depreciation of £86.0 million (£83.2 million). Plant investments amounted to £16.3 million, significantly below the £20.6 million of last year, as expected. This included the investment in extending our workwear and mat plant in Norway. We remain well invested with an excellent footprint across the markets we serve. Investment in textiles increased to £64.2 million (£53.2 million) reflecting a good level of new contract activity and greater volumes on existing contracts. Overall, we expect net capital expenditure to be similar to depreciation in the second half of the year.

Free cash flow was strong at £37.6 million (£37.9 million) a conversion of 107% of the adjusted profit after tax of the Group. We have contributed £2.5 million to the UK pension fund in the period and intend to contribute a similar amount in the second half of the year. At 30th June 2011, the pension accounting deficit for the Group was £8.8 million (£3.6 million at the end of 2010). Acquisitions, including deferred consideration and financial liabilities assumed, amounted to £6.9 million in the period. The impact of exchange rates decreased net borrowings by £6.1 million and, after dividends paid of £24.8 million, net borrowings at 30th June 2011 were £532.2 million (31st December 2010: £540.2 million).

On 29th July 2011, we successfully concluded the renegotiation of our Revolving Credit Facilities (RCF) with a new Euro 535 million facility extending out to July 2016, replacing existing facilities which were due to expire in June 2012. While the margins on the facility show the expected modest increase on our existing RCF, we are pleased with the terms that we have negotiated and the support of our banking group, most of which have rolled from our existing facilities to this new facility. The total facilities available to the Group are £818.0 million with our new RCF and our private placement notes extending from 2014 to 2021; we have currently £459.0 million of fixed rate borrowings with an average rate of 5.1%.

The interim financial information for the six months ended 30th June 2011 has been reviewed by PricewaterhouseCoopers LLP.

Dividend

In line with our progressive dividend policy, the Board is recommending an interim dividend of 7.4 pence per share. The 14% increase reflects the fact that we maintained our 2010 interim dividend at 6.5 pence per share, whereas our final dividend was increased by 9%. Our policy continues to pay dividends at least twice covered by our adjusted earnings per share on a full year basis. The dividend will be paid on 13th October 2011 to shareholders on the register at the close of business on 16th September 2011.

Nordic Region

Revenue was maintained at £172.4 million (£171.9 million) but adjusted operating profit increased by 17% to £29.6 million (£25.3 million). The growth rates against last year reflect the disposal of the Björnkläder business and the acquisition of the ISS washroom business. Both of these transactions took place in December 2010 and the net impact of these was to reduce revenue by £11 million and increase adjusted operating profit by £1 million in the first half comparison. On a constant currency basis and excluding these transactions, revenue was up 4% and adjusted operating profit was up 6%. The adjusted operating margin increased to 17.2% from 14.7%.

The region benefited from improving markets and delivered a good performance in the first half. Sweden has experienced strong GDP growth of 6% over the last 12 months and since the start of the year we have seen an 8% increase in the number of garment wearers (up 20% since January 2010) contributing to good levels of revenue growth; the facility business also contributed good underlying revenue growth. We are pleased with the margin improvement Sweden has delivered which has resulted in a significant increase in adjusted operating profit.

Although recovery of the market in Denmark is at an early stage, our business performed well, particularly in workwear, which has delivered good revenue growth and a significant improvement in margin. As expected, flat revenue in our hotel and healthcare businesses held back the overall level of revenue growth, but the country posted a double digit increase in adjusted operating profit because of the performance of workwear and facility.

Our Norwegian business grew well within a strong market, building organically on the acquisitions we have made in mats and washroom over the last 18 months. We completed the extension of our plant near Oslo in the first half putting our growth plans firmly on track. Integration of the acquired mat and washroom contracts has taken longer than we expected, however, and this has resulted in higher distribution costs, which have held back profits in the first half. We expect to resolve these issues in the second half and to deliver fully on the profit improvements we have planned.

Our mat business in the Baltics, albeit small, returned to double digit revenue growth.

Continent Region

The revenue of our Continent region decreased by 1% to £120.0 million (£121.0 million) whilst adjusted operating profit was up 5% on last year at £16.2 million (£15.4 million). In constant currency terms our workwear and facility revenues were up 3%, with the reduction in revenue relating to German Healthcare. The adjusted operating margin for the region improved to 13.5% (12.7%).

Holland is now showing revenue and adjusted operating profit growth in more settled market conditions, with a modest increase in the number of rental garment wearers since the start of the year. Our Polish business delivered strong results with a significant improvement in revenue, adjusted operating profit and margin. Our German workwear business has not yet delivered upon the market improvements we are seeing. This held back the overall level of revenue and operating profit growth in our workwear and facility businesses in the region. We have consequently made a management change, moving in an experienced manager to run this key business in the second half. The level of new sales in the Czech Republic continues to be encouraging and we are moving closer to our breakeven target for 2012.

As anticipated, the revenue of our German Healthcare business was £4.0 million below last year because of the full year effect of the contracts we lost in 2010. However, as previously discussed, we have secured business at this lower level of volume, extending most of our major contracts at or near the prevailing market price. We are also pleased that the business has secured some good new contract wins. The business improved adjusted operating profit, realising benefits from the restructuring we did last year, despite the lower level of volume.

UK and Ireland

Our textile maintenance businesses produced revenue of £167.6 million, up 3% on 2010 (£162.3 million) with adjusted operating profit of £18.1 million, flat on last year.

Our hotel linen business continued to grow but we have seen some slowing in the rate of growth in the first half, following the good growth we saw in 2010. While there were pockets of stronger activity, such as the expected increase in London in April as a result of long holiday weekends for Easter and the Royal Wedding, volumes were behind where we expected in most contracts, leading to some loss of margin for the division as a whole. However, the significant improvement we made last year largely remains intact.

Volumes in our healthcare business were slightly down, which we attribute to uncertainties around public sector budgets. The level of interest in outsourcing continues to be strong, however, and we are engaging with an increasing number of Trusts who are evaluating outsourcing opportunities to reduce their overall costs. Now that the framework pricing discussions have been concluded, we expect to see more specific tendering and contracting activity. The business performed well and we saw a further improvement in adjusted operating profit.

Our workwear business maintained its profit level on modest revenue growth in challenging but stable markets.

Our businesses in Ireland performed well in a very difficult environment, benefitting from the restructuring that we undertook at the end of 2010 and in the first half of 2011, managing to reverse the trend of declining profits it has seen in recent periods, which is a pleasing result.

Revenue in our Clinical Solutions and Decontamination operations was £35.9 million (£33.3 million) and adjusted operating profit was £1.9 million. This compares with a loss of £0.7 million in the first half of 2010, which included the loss on decontamination contracts of £2.6 million. At the end of 2010, we provisioned against the estimated future losses of our decontamination contracts and the performance in 2011 benefits from utilisation of £2.5 million of this provision, in line with our expectations. We are making progress in our reviews with the NHS Trusts to deliver workable contracts for the long term, but a number of issues are still to be resolved.

Revenue of our sterile consumable and reusable textiles businesses grew 4% in the first half, maintaining profitability.

Strategy Review Update

We are making good progress with the implementation of our Strategic Review initiatives.

We have concluded the key appointments to our business line management teams. These teams are currently developing their detailed business plans to take forward the objectives we defined in the Strategic Review, which will focus on growth and marketing strategies to leverage our already strong positions. We already have evidence of closer cooperation between countries leading to conversion of contract opportunities. We are moving progressively towards full Business Line accountability, which will be fully operative from the start of 2012. As a part of this process UK workwear now reports to Peter Havéus, who will lead this business line.

We have also appointed an experienced Group Director, Human Resources, Chris Thrush, to the Executive Board. His task is to develop our HR processes and ensure that we have the performance and development programmes necessary to create a strong pool of management with identified senior succession. He will also ensure that our remuneration systems are tied to our strategic targets and appropriately reward different levels of achievement.

We have also developed other Group-wide initiatives to build on best practice within the Group. We are rolling a contract and commercial terms management programme across the Group, which will extend deep into the organisation across all business lines, recognising the opportunities to improve the management and profitability of our contract base. This is being led by Christian Ellegaard, who will also lead our Facilities business line.

We are reviewing our procurement strategies and processes to ensure that we align these to the new business line structures as well as maximising the opportunities for savings. This review is being led by Steve Finch, who is also responsible for the core hotel and healthcare businesses in the UK under the new structure.

We have completed the diagnostic, design and action planning phases of our Group-wide capital efficiency programme and we have commenced implementation of the many actions that will drive improvements in this area and will underpin our Strategic Review commitment to convert at least 100% of our profits to cash and to improve the Group's return on invested capital. We have been encouraged by the initial results we have seen and in many instances these actions are yielding greater levels of improvement than we had planned.

We believe that strong communication within the Group is important to embed the Strategic Review objectives within the business. We held a conference in May 2011 for the top management group with the focus on growth as well as on other, important issues such as the vision and values of Berendsen. The top sales management of the Group were also invited to attend reflecting the greater emphasis on sales effectiveness. We are pleased with the impact this has had on the Group and the levels of individual engagement we are seeing.

Outlook for the Group

Implementation of the Strategic Review we announced last November has developed well and our medium and longer

term ambitions for the Group remain clear as the benefits of the various initiatives materialise. The Board expects first half trends to continue for the balance of 2011 resulting in good year on year progress.

Principal Risks and Uncertainties

Details of our principal risks and uncertainties were previously disclosed on pages 32 to 35 of the 2010 Annual Report and Accounts. In that disclosure we referred to our mitigation procedures which remain relevant to the risks outlined below.

Taking into account our strategic objectives outlined on pages 8 and 9 of the 2010 Annual Report and Accounts, some or all of the principal risks and uncertainties summarised below have the potential to impact our results or financial position during the remaining six months of the financial year:

Implementing our strategic change programme

- Failure to put in place the structure and culture that will enable the delivery of the strategic change programme's objectives for the next 12 to 18 months.

Delivering sustainable organic growth

- Our core growth business areas do not sustain revenue growth rates of GDP + 1% - 2%.

Maintaining a sound financial position/improving capital efficiency

- Return on Invested Capital (ROIC) is not sufficiently greater than the Group's cost of capital.
- Failure to improve the performance of the Decontamination business during 2011.

Improving financial returns by leveraging operational efficiency

- Unforeseen loss of capacity.
- One of our major textile suppliers is unexpectedly unable to meet our textile requirements, or the pricing of cotton significantly destabilises buying patterns and increases input costs.

Maintaining a motivated workforce driven by an experienced management team

- Inadequate talent management and inability to recruit and retain sufficiently qualified and experienced senior management.

Maintaining health and safety and other governance matters as a priority

- Breach of health and safety regulations or lack of cleanliness of staff and/or facilities.

Reducing our impact on the environment

- Non-compliance with Group Corporate (CR) policies including environmental policy.
- Discovery of historic environmental issues at laundries.

CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30th June 2011

	Notes	Unaudited Six months to 30th June 2011 £m	Unaudited Six months to 30th June 2010 £m	Audited Year to 31st December 2010 £m
Continuing operations				
Revenue	3	495.9	488.5	986.1
Cost of sales		(256.1)	(258.3)	(513.8)
Gross profit		239.8	230.2	472.3
Other operating income		0.8	0.9	13.0
Distribution costs		(95.5)	(94.2)	(190.9)
Administrative expenses		(83.1)	(79.4)	(147.0)
Other operating expenses		(18.4)	(14.9)	(86.0)
Operating profit	3	43.6	42.6	61.4
Analysed as:				
Operating profit before exceptional items and amortisation of customer contracts	3	61.6	54.8	123.9
Exceptional items	4	(5.9)	(0.9)	(40.9)
Amortisation of customer contracts		(12.1)	(11.3)	(21.6)
Operating profit	3	43.6	42.6	61.4
Finance expense		(14.0)	(14.4)	(28.1)
Finance income		0.8	0.6	1.3
Profit before taxation		30.4	28.8	34.6
Taxation		(8.3)	(7.4)	(12.2)
Profit for the period		22.1	21.4	22.4
Profit attributable to non-controlling interests		0.3	0.3	0.6
Profit attributable to equity shareholders		21.8	21.1	21.8
		22.1	21.4	22.4
Earnings per share for profit attributable to the ordinary equity holders of the company, expressed in pence per share				
– Basic and diluted	8	12.9	12.5	12.9

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30th June 2011

	Unaudited Six months to 30th June 2011 £m	Unaudited Six months to 30th June 2010 £m	Audited Year to 31st December 2010 £m
Profit for the period	22.1	21.4	22.4
Other comprehensive income/(loss)			
Currency translation difference	22.6	(23.7)	(10.1)
Actuarial (losses)/gains	(5.7)	(11.5)	9.6
Cash flow hedges	2.5	20.4	2.6
Other comprehensive income/(loss) for the period, net of tax	19.4	(14.8)	2.1
Total comprehensive income for the period	41.5	6.6	24.5
Total comprehensive income attributable to:			
Equity shareholders	41.0	6.7	24.1
Non-controlling interests	0.5	(0.1)	0.4

CONSOLIDATED INTERIM BALANCE SHEET
As at 30th June 2011

	Notes	Unaudited Six months to 30th June 2011 £m	Unaudited Six months to 30th June 2010 £m	Audited Year to 31st December 2010 £m
Assets				
Goodwill		444.4	434.5	428.1
Other intangible assets		87.7	65.2	91.3
Property, plant and equipment	9	548.2	503.3	534.4
Assets classified as held for sale		0.5	1.6	0.4
Deferred tax assets		18.9	14.9	19.1
Derivative financial instruments		30.2	75.7	45.5
Trade and other receivables		–	3.6	–
Pension scheme surplus		25.1	–	22.5
Total non-current assets		1,155.0	1,098.8	1,141.3
Inventories		39.5	43.5	37.7
Income tax receivable		15.1	6.6	9.0
Derivative financial instruments		–	0.5	–
Trade and other receivables		181.1	161.2	165.1
Cash and cash equivalents		83.2	75.5	74.0
Total current assets		318.9	287.3	285.8
Liabilities				
Interest bearing loans and borrowings		(2.8)	(3.0)	(3.1)
Income tax payable		(18.5)	(10.9)	(16.2)
Derivative financial instruments		(2.5)	(1.3)	(1.7)
Trade and other payables		(199.2)	(186.5)	(183.5)
Provisions	10	(8.6)	(2.7)	(8.0)
Total current liabilities		(231.6)	(204.4)	(212.5)
Net current assets		87.3	82.9	73.3
Interest bearing loans and borrowings		(612.6)	(601.1)	(611.1)
Derivative financial instruments		(44.6)	(32.2)	(41.7)
Pension scheme deficits	14	(33.9)	(42.5)	(26.1)
Deferred tax liabilities		(54.0)	(60.9)	(58.1)
Trade and other payables		(2.3)	(1.7)	(2.5)
Provisions	10	(6.5)	(2.5)	(7.2)
Total non-current liabilities		(753.9)	(740.9)	(746.7)
Net assets		488.4	440.8	467.9
Equity				
Share capital		51.5	51.5	51.5
Share premium		96.8	96.7	96.7
Other reserves		1.8	17.2	(0.7)
Capital redemption reserve		150.9	150.9	150.9
Retained earnings		182.9	120.9	165.4
Total shareholders' equity		483.9	437.2	463.8
Minority interest in equity		4.5	3.6	4.1
Total equity		488.4	440.8	467.9

CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the six months ended 30th June 2011

	Notes	Unaudited Six months to 30th June 2011 £m	Unaudited Six months to 30th June 2010 £m	Audited Year to 31st December 2010 £m
Cash flows from operating activities				
Cash generated from operations	11	140.4	139.4	278.8
Interest paid		(13.7)	(14.1)	(28.4)
Interest received		0.8	0.6	1.3
Income tax paid		(11.5)	(14.9)	(20.3)
Net cash generated from operating activities		116.0	111.0	231.4
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired		(6.1)	(35.9)	(85.6)
Sale of subsidiary, net of cash disposed		–	–	26.5
Purchase of property, plant and equipment		(80.5)	(73.8)	(162.2)
Proceeds from the sale of property, plant and equipment	11	2.1	2.9	6.7
Purchase of intangible assets		(1.0)	(2.2)	(4.6)
Special pension contribution payments		(2.5)	(4.0)	(6.0)
Net cash used in investing activities		(88.0)	(113.0)	(225.2)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		0.1	0.3	0.3
Purchase of treasury shares and own shares by the Employee Benefit Trust		–	(2.5)	(3.3)
Drawdown of borrowings		4.9	19.2	22.2
Repayment of borrowings		–	(181.0)	(184.0)
Repayment of finance leases/hire purchase liabilities		(1.9)	(2.3)	(4.6)
Dividends paid to company's shareholders	7	(24.8)	(22.9)	(33.8)
Dividends paid to non-controlling interest		(0.1)	(0.1)	(0.1)
Net cash used in financing activities		(21.8)	(189.3)	(203.3)
Net increase/(decrease) in cash		6.2	(191.3)	(197.1)
Cash at beginning of period		74.0	272.2	272.2
Exchange gains/(losses) on cash		3.0	(5.4)	(1.1)
Cash and cash equivalents at end of period		83.2	75.5	74.0
Free cash flow		37.6	37.9	75.5
Analysis of free cash flow:				
Net cash generated from operating activities		116.0	111.0	231.4
Add back fundamental restructuring cash paid		1.0	–	4.2
Purchase of property, plant and equipment		(80.5)	(73.8)	(162.2)
Proceeds from the sale of property, plant and equipment		2.1	2.9	6.7
Purchase of intangible assets		(1.0)	(2.2)	(4.6)
Free cash flow		37.6	37.9	75.5

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY
As at 30th June 2011

	Attributable to shareholders of the company							Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Retained earnings £m	Total £m	Minority interest £m	
At 1st January 2010	51.5	96.4	(3.3)	150.9	176.5	472.0	3.8	475.8
Comprehensive income:								
Profit for the period	–	–	–	–	21.1	21.1	0.3	21.4
Other comprehensive income:								
Actuarial losses	–	–	–	–	(15.5)	(15.5)	–	(15.5)
Cash flow hedges	–	–	28.4	–	–	28.4	–	28.4
Currency translation	–	–	–	–	(33.0)	(33.0)	(0.4)	(33.4)
Tax on items taken to equity	–	–	(7.9)	–	(5.7)	(13.6)	–	(13.6)
Total other comprehensive income	–	–	20.5	–	(54.2)	(33.7)	(0.4)	(34.1)
Total comprehensive income	–	–	20.5	–	(33.1)	(12.6)	(0.1)	(12.7)
Transactions with owners:								
Issue of share capital in respect of share option schemes	–	0.3	–	–	–	0.3	–	0.3
Purchase of own shares by the Employee Benefit Trust	–	–	–	–	(2.2)	(2.2)	–	(2.2)
Dividends (note 7)	–	–	–	–	(22.9)	(22.9)	(0.1)	(23.0)
Value of employee service in respect of share option schemes and share awards	–	–	–	–	2.6	2.6	–	2.6
Total transactions with owners	–	0.3	–	–	(22.5)	(22.2)	(0.1)	(22.3)
At 30th June 2010 (unaudited)	51.5	96.7	17.2	150.9	120.9	437.2	3.6	440.8
Comprehensive income:								
Profit for the period	–	–	–	–	0.7	0.7	0.3	1.0
Other comprehensive income:								
Actuarial gains	–	–	–	–	29.1	29.1	–	29.1
Cash flow hedges	–	–	(24.6)	–	–	(24.6)	–	(24.6)
Currency translation	–	–	–	–	28.2	28.2	0.2	28.4
Tax on items taken to equity	–	–	6.7	–	(3.4)	3.3	–	3.3
Total other comprehensive income	–	–	(17.9)	–	53.9	36.0	0.2	36.2
Total comprehensive income	–	–	(17.9)	–	54.6	36.7	0.5	37.2
Transactions with owners:								
Issue of share capital in respect of share option schemes	–	–	–	–	–	–	–	–
Purchase of own shares by the Employee Benefit Trust	–	–	–	–	(0.8)	(0.8)	–	(0.8)
Dividends (note 7)	–	–	–	–	(10.9)	(10.9)	–	(10.9)
Value of employee service in respect of share option schemes and share awards	–	–	–	–	1.6	1.6	–	1.6
Total transactions with owners	–	–	–	–	(10.1)	(10.1)	–	(10.1)
At 31st December 2010	51.5	96.7	(0.7)	150.9	165.4	463.8	4.1	467.9

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY continued
As at 30th June 2011

	Attributable to shareholders of the company							
	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Retained earnings £m	Total £m	Minority interest £m	Total equity £m
At 1st January 2011	51.5	96.7	(0.7)	150.9	165.4	463.8	4.1	467.9
Comprehensive income:								
Profit for the period	–	–	–	–	21.8	21.8	0.3	22.1
Other comprehensive income:								
Actuarial losses	–	–	–	–	(7.8)	(7.8)	–	(7.8)
Cash flow hedges	–	–	3.4	–	–	3.4	–	3.4
Currency translation	–	–	–	–	16.9	16.9	0.2	17.1
Tax on items taken to equity	–	–	(0.9)	–	7.6	6.7	–	6.7
Total other comprehensive income	–	–	2.5	–	16.7	19.2	0.2	19.4
Total comprehensive income	–	–	2.5	–	38.5	41.0	0.5	41.5
Transactions with owners:								
Issue of share capital in respect of share option schemes	–	0.1	–	–	–	0.1	–	0.1
Purchase of own shares by the Employee Benefit Trust	–	–	–	–	0.2	0.2	–	0.2
Dividends (note 7)	–	–	–	–	(24.8)	(24.8)	(0.1)	(24.9)
Value of employee service in respect of share option schemes and share awards	–	–	–	–	3.6	3.6	–	3.6
Total transactions with owners	–	0.1	–	–	(21.0)	(20.9)	(0.1)	(21.0)
At 30th June 2011 (unaudited)	51.5	96.8	1.8	150.9	182.9	483.9	4.5	488.4

The number of treasury shares held by the company as at 30th June 2011 was 1,025,000 (30th June 2010: 1,025,000).

In addition, the number of own shares held in the Employee Benefit Trust as at 30th June 2011 was 1,890,297 (30th June 2010: 1,765,938).

NOTES TO THE INTERIM RESULTS

1 Basis of preparation

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2010 were approved by the Board of directors on 24th February 2011 and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed, not audited.

This condensed consolidated interim financial information for the six months ended 30th June 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2010, which have been prepared in accordance with IFRSs as adopted by the European Union.

1.1 Going – concern basis

The group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the group's products; and (b) the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated interim financial statements.

On 29th July 2011, the group concluded the renegotiation of its Revolving Credit Facilities (RCF) with a new Euro 535 million facility extending out to July 2016 replacing existing facilities which were due to expire in June 2012. The total facilities available to the group are £818.0 million with the new RCF and private placement notes extending from 2014 to 2021.

2 Accounting policies

Except as described below, the accounting policies and key assumptions and sources of estimation uncertainty applied are consistent with those of the annual financial statements for the year ended 31st December 2010, as described in those annual financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011, but have no material impact on the group:

- IAS 24 (revised), 'Related party disclosures'
- IAS 32 (amendment), 'Classification of rights issue'
- IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement'
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2011 and have not been early adopted. Their expected impact is still being assessed in detail by management:

- IFRS 1, 'First time adoption'
- IAS 1, 'Presentation of financial statements'
- IAS 16, 'Property, plant and equipment'
- IAS 32, 'Financial instruments: presentation'
- IAS 34, 'Interim financial reporting'

3 Segmental information

The basis of segmentation and the basis of measurement of segment profit or loss are consistent with the annual financial statements for the year ended 31st December 2010. The segment results for the six months ended 30th June 2011 are as follows:

	Textile maintenance Nordic £m	Textile maintenance Continent £m	Textile maintenance UK and Ireland £m	Total textile maintenance £m	Clinical solutions and decontamination £m	Unallocated £m	Group £m
Continuing operations							
Total segment revenue	172.5	120.7	167.6	460.8	36.6	-	497.4
Inter-segment revenue	(0.1)	(0.7)	-	(0.8)	(0.7)	-	(1.5)
Revenue from external customers	172.4	120.0	167.6	460.0	35.9	-	495.9
Operating profit before exceptional items and amortisation of customer contracts	29.6	16.2	18.1	63.9	1.9	(4.2)	61.6
Exceptional items	(0.4)	(3.0)	(1.6)	(5.0)	-	(0.9)	(5.9)
Amortisation of customer contracts	(9.4)	(2.1)	(0.4)	(11.9)	(0.2)	-	(12.1)
Segment result	19.8	11.1	16.1	47.0	1.7	(5.1)	43.6
Net finance expense							(13.2)
Profit before taxation							30.4
Taxation							(8.3)
Profit for the period							22.1
Profit attributable to minority interests							0.3
Profit attributable to equity shareholders							21.8
Capital expenditure	35.6	24.9	29.4	89.9	0.4	0.1	90.4
Depreciation	25.5	25.2	30.1	80.8	2.3	0.1	83.2
Amortisation	10.4	2.6	1.7	14.7	0.2	-	14.9

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations. The acquisition in the period was in the Textile maintenance Continent segment.

Sales between segments are carried out at arm's length. The company is domiciled in the UK.

Analysis of revenue by category:

	Six months to 30 June 2011 £m	Six months to 30 June 2010 £m
Sales of goods	6.0	27.4
Revenue from services	489.9	461.1
	495.9	488.5

Analysis of revenue by country:

	Six months to 30 June 2011 £m	Six months to 30 June 2010 £m
UK	187.9	179.6
Sweden	72.9	78.6
Germany	66.2	70.2
Denmark	67.2	64.8
Other	101.7	95.3
	495.9	488.5

3 Segmental information continued

The segment results for the six months ended 30th June 2010 were as follows:

Continuing operations	Textile maintenance Nordic £m	Textile maintenance Continent £m	Textile maintenance UK and Ireland £m	Total textile maintenance £m	Clinical solutions and decontamination £m	Unallocated £m	Group £m
Total segment revenue	172.3	122.4	162.3	457.0	33.7	-	490.7
Inter-segment revenue	(0.4)	(1.4)	-	(1.8)	(0.4)	-	(2.2)
Revenue from external customers	171.9	121.0	162.3	455.2	33.3	-	488.5
Operating profit before exceptional items and amortisation of customer contracts	25.3	15.4	18.1	58.8	(0.7)	(3.3)	54.8
Exceptional items	(0.1)	(0.8)	-	(0.9)	-	-	(0.9)
Amortisation of customer contracts	(7.1)	(2.8)	(1.4)	(11.3)	-	-	(11.3)
Segment result	18.1	11.8	16.7	46.6	(0.7)	(3.3)	42.6
Net finance expense							(13.8)
Profit before taxation							28.8
Taxation							(7.4)
Profit for the period							21.4
Profit attributable to minority interests							0.3
Profit attributable to equity shareholders							21.1
Capital expenditure	28.8	39.6	23.7	92.1	1.7	0.5	94.2
Depreciation	24.1	23.6	30.8	78.5	2.2	0.1	80.8
Amortisation	8.3	3.2	1.8	13.3	0.4	-	13.7

The segment assets and liabilities at 30th June 2011 are as follows:

	Textile maintenance Nordic £m	Textile maintenance Continent £m	Textile maintenance UK and Ireland £m	Total textile maintenance £m	Clinical solutions and decontamination £m	Unallocated £m	Group £m
Total assets	625.4	380.9	350.5	1,356.8	23.3	93.8	1,473.9
Total liabilities	138.0	65.8	85.1	288.9	31.6	665.0	985.5

The segment assets and liabilities at 30th June 2010 were as follows:

	Textile maintenance Nordic £m	Textile maintenance Continent £m	Textile maintenance UK and Ireland £m	Total textile maintenance £m	Clinical solutions and decontamination £m	Unallocated £m	Group £m
Total assets	546.6	351.6	284.2	1,182.4	94.5	108.4	1,385.3
Total liabilities	124.0	70.4	99.5	293.9	14.0	636.6	944.5

The segment assets and liabilities at 30th December 2010 were as follows:

	Textile maintenance Nordic £m	Textile maintenance Continent £m	Textile maintenance UK and Ireland £m	Total textile maintenance £m	Clinical solutions and decontamination £m	Unallocated £m	Group £m
Total assets	603.8	368.4	281.9	1,254.1	69.3	103.7	1,427.1
Total liabilities	126.9	65.9	77.8	270.6	24.6	664.0	959.2

Unallocated assets include segment assets for corporate entities and derivative financial instruments.

Unallocated liabilities include segment liabilities for corporate entities and derivative financial instruments.

4 Exceptional items

Included within operating profit are the following items which the group considers to be exceptional:

	Six months to 30th June 2011 £m	Six months to 30th June 2010 £m	Year to 31st December 2010 £m
Goodwill impairment	-	-	34.1
Onerous contract provision associated with the Decontamination contracts	-	-	9.9
Write off of pre-contract and commissioning costs associated with the Decontamination contracts	-	-	3.3
Restructuring costs	2.9	0.5	9.7
Strategy implementation costs	3.0	-	1.4
Acquisition transaction costs	0.1	0.4	1.1
Profit on disposal of subsidiary	-	-	(11.4)
Amendment to defined benefit pension scheme past service cost	-	-	(7.0)
Profit on property disposals	(0.1)	-	(0.2)
Total	5.9	0.9	40.9

The restructuring costs relate primarily to the closure of a German Healthcare plant. The tax credit on this is £0.8 million (2010: £0.5 million).

The group incurred costs of £3.0 million associated with the implementation of its strategic review announced in November 2010. This includes £1.4 million of restructuring costs incurred in the Irish flat linen business which is being realigned with the new strategic priorities. This also includes £1.6 million of programme management costs identified in our strategic review. The tax credit on these costs is £0.7 million.

Acquisition costs of £0.1 million have been expensed to the income statement in line with IFRS 3 (revised). The tax credit on these was £nil million (2010: £0.1 million).

At 30th June 2010, the group incurred restructuring charges of £0.5 million. The tax credit on these was £0.5 million. Additionally, acquisition costs of £0.4 million were incurred. The tax credit on these costs were £0.1 million.

At 31st December 2010, the group incurred goodwill impairment charges of £34.1 million. This included £13.1 million in relation to the German Healthcare business and £21.0 million in relation to the UK Decontamination business. The tax credit on this was £3.8 million.

A £9.9 million onerous contract provision was provided for the losses expected until the decontamination contracts reach a financially sustainable position. The provision is expected to be utilised principally during 2011 and 2012. The tax credit on this was £2.7 million. In addition, £3.3 million of pre-contract and commissioning costs associated with the decontamination contracts were written off. The tax credit on this is £1.0 million.

The restructuring costs related primarily to the closure of a German Healthcare plant following the loss of a significant contract. In addition, restructuring costs were incurred following the acquisitions of the ISS mats business in Norway. The tax credit on these is £2.1 million.

The group incurred costs of £1.4 million associated with the implementation of its strategic review announced in November 2010. This includes £0.6 million of restructuring costs incurred in the Irish flat linen business which is being realigned with the new strategic priorities. The tax credit on these costs was £0.4 million.

Acquisition costs of £1.1 million were expensed to the income statement in line with IFRS 3 (revised). These would previously have been accounted for as part of the business combination. The tax credit on these was £0.4 million.

On 22nd December 2010, the group disposed of Björnkläder, the Swedish direct sales business for a profit of £11.4 million. The tax charge incurred was £0.2 million.

Following the UK Government's announcement in summer 2010, the inflation index to be used to derive statutory pension increase has been changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). Due to a number of differences between the indices, CPI is expected to be less than RPI over the long-term which means that the Scheme liabilities have reduced. The reduction was recognised as a negative past service cost of £7 million. The tax charge on this was £2.0 million.

The group realised a net profit on property disposals in Sweden and the UK of £0.2 million. The tax charge on this was nil.

5 Seasonality

The hotels and restaurants markets are subject to some seasonal fluctuation. Higher revenues in the second and third quarters of the year are expected due to increased demand during the holiday season. Other than this, there is no significant seasonality or cyclicity affecting the interim result of the operations.

6 Taxation

The income tax expense is based on an effective annual tax rate estimated individually for each tax jurisdiction in which the group operates and applied to the pre-tax profit, excluding exceptional items, of the relevant entity. Tax on exceptional items is calculated separately and specifically on those items and is disclosed in note 4. The effective tax rate on adjusted profit before tax is 26.5% (30th June 2010: 26.6%).

7 Dividends

A final dividend relating to the year ended 31st December 2010 amounting to £24.8 million was paid in May 2011 (2009: £22.9 million), representing 14.7 pence per share (2010: 13.5 pence).

In addition, an interim dividend in respect of the financial year ending 31st December 2011 of 7.4 pence per ordinary share was proposed by the board of directors on 25th August 2011. It is payable on 13th October 2011 to shareholders who are on the register at 16th September 2011. This interim dividend amounting to £12.5 million is not reflected in these financial statements as it does not represent a liability at 30th June 2011. It will be recognised in shareholders' equity in the year to 31 December 2011.

8 Earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the period attributable to the equity holders and a weighted average of 168,847,643 (30th June 2010: 169,075,040) ordinary shares in issue during the period and exclude the treasury shares and shares in the Employee Benefit Trust.

Diluted earnings per share are based on the group profit for the period and a weighted average of ordinary shares in issue during the period calculated as follows:

	30th June 2011 Number of shares	30th June 2010 Number of shares	31st December 2010 Number of shares
In issue	168,847,643	169,075,040	169,059,590
Dilutive potential ordinary shares arising from unexercised share options and awards	408,406	309,215	284,350
	169,256,049	169,384,255	169,343,940

An adjusted earnings per ordinary share figure has been presented to eliminate the effects of exceptional items and amortisation of customer contracts and intellectual property rights and non-recurring tax items.

This presentation shows the trend in earnings per ordinary share that is attributable to the underlying trading activities of the total group.

The reconciliation between the basic and adjusted figures for the total group is as follows:

	Six months to 30th June 2011		Six months to 30th June 2010		Year to 31st December 2010	
	£m	Earnings per share pence	£m	Earnings per share pence	£m	Earnings per share pence
Profit attributable to equity shareholders of the company for basic earnings per share calculation	21.8	12.9	21.1	12.5	21.8	12.9
Profit on disposal of subsidiary (after taxation)	-	-	-	-	(11.2)	(6.6)
Adjustment to defined benefit pension past service cost (after taxation)	-	-	-	-	(5.0)	(3.0)
Profit on property disposals (after taxation)	(0.1)	(0.1)	-	-	(0.2)	(0.1)
Goodwill impairment (after taxation)	-	-	-	-	30.3	17.9
Onerous contract provision (after taxation)	-	-	-	-	7.3	4.3
Pre-contract and commissioning costs (after taxation)	-	-	-	-	2.3	1.4
Restructuring items (after taxation)	2.1	1.2	-	-	7.6	4.5
Strategy implementation costs (after taxation)	2.3	1.4	-	-	1.0	0.6
Acquisition transaction costs (after taxation)	0.1	0.1	0.3	0.2	0.7	0.4
Amortisation of customer contracts and intellectual property rights (after taxation)	9.0	5.3	8.5	5.0	16.1	9.5
Exceptional tax credit due to change in tax rates	-	-	-	-	(0.1)	(0.1)
Adjusted earnings	35.2	20.8	29.9	17.7	70.6	41.7
Diluted basic earnings	-	12.9	-	12.5	-	12.9

9 Property, plant and equipment

During the six months ended 30th June 2011, the group acquired assets with a cost of £81.8 million (30th June 2010: £75.8 million), not including property, plant and equipment acquired through business combinations.

Assets with a net book value of £1.7 million were disposed of by the group during the six months ended 30th June 2011 (30th June 2010: £2.3 million) resulting in a net gain on disposal of £0.4 million (30th June 2010: £0.6 million).

The group's capital commitments at 30th June 2011 were £2.6 million (30th June 2010: £2.8 million).

10 Provisions

	Vacant Properties £m	Restructuring £m	Property disposals £m	Onerous contract provision £m	Total £m
At 1st January 2011	0.4	2.4	2.5	9.9	15.2
Charged in the period	-	4.9	-	-	4.9
Utilised in the period	-	(2.9)	-	(2.5)	(5.4)
Currency translation	-	0.4	-	-	0.4
At 30th June 2011	0.4	4.8	2.5	7.4	15.1
Represented by:					
Non-current	-	-	2.5	4.0	6.5
Current	0.4	4.8	-	3.4	8.6
	0.4	4.8	2.5	7.4	15.1

Vacant properties

Vacant property provisions are made in respect of vacant and partly sub-let leasehold properties to the extent that the future rental payments are expected to exceed future rental income. It is further assumed, where reasonable, that the properties will be able to be sub-let beyond the present sub-let lease agreements.

Restructuring

Restructuring provisions comprise largely of employee termination payments. Provisions are not recognised for future operating losses.

Property disposals

The group has outstanding warranties, indemnities and guarantees given previously on a number of properties operated by businesses which have been disposed. The majority of these expire in 2017 with the remaining expiring by 2022.

Onerous contract provision

A provision for £9.9 million was recognised for the two decontamination contracts which are considered to be onerous as at 31st December 2010. The provision is being utilised principally over the next two years. The utilisation of the provision is shown in other operating expenses in the income statement. The contracts are not expected to be loss-making after four years. If this assumption is not achieved, further provisioning may be required. The amounts were shown in other operating expenses in the income statement as well as being disclosed as an exceptional cost in 2010.

11 Cash generated from operations

Reconciliation of profit for the period to cash generated from operations.

	Six months to 30th June 2011 £m	Six months to 30th June 2010 £m	Year to 31st December 2010 £m
Profit for the period	22.1	21.4	22.4
Adjustments for:			
Taxation	8.3	7.4	12.2
Goodwill impairment	-	-	34.1
Onerous contract provision	-	-	9.9
Pre-contract and commissioning costs written off	-	-	3.3
Profit on sale of subsidiary	-	-	(11.4)
Amortisation of intangible fixed assets	14.9	13.7	26.5
Depreciation of tangible fixed assets	83.2	80.8	162.9
Profit on sale of property	-	-	(0.2)
Profit on sale of plant and equipment	(0.4)	(0.6)	(0.9)
Restructuring costs (non-cash element)	1.3	-	5.6
Amendment to pension scheme past service cost	-	-	(7.0)
Finance income	(0.8)	(0.6)	(1.3)
Finance expense	14.0	14.4	28.1
Other non-cash movements	1.1	1.6	0.4
Changes in working capital (excluding effect of acquisitions, disposals and exchange differences on consolidation):			
Inventories	(1.2)	(4.3)	(6.3)
Trade and other receivables	(11.2)	(3.9)	(6.2)
Trade and other payables	13.2	12.2	13.2
Provisions	(4.1)	(2.7)	(6.5)
Cash generated from operations	140.4	139.4	278.8

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Six months to 30th June 2011 £m	Six months to 30th June 2010 £m	Year to 31st December 2010 £m
Net book amount	1.7	2.3	5.6
Profit on sale of property, plant and equipment	0.4	0.6	1.1
Proceeds from sale of property, plant and equipment	2.1	2.9	6.7

12 Reconciliation of net cash flow to movement in net debt

	Six months to 30th June 2011 £m	Six months to 30th June 2010 £m	Year to 31st December 2010 £m
Increase/ (decrease) in cash	6.2	(191.2)	(197.1)
Cash outflow/(inflow) from movement in debt and lease financing	(3.0)	164.1	166.4
Changes in net debt resulting from cash flows	3.2	(27.1)	(30.7)
New finance leases	(1.3)	(2.0)	(4.7)
Bank loans and lease obligations acquired with subsidiaries	-	(3.0)	(2.8)
Currency translation	6.1	(11.6)	(17.1)
Movement in net debt in period	8.0	(43.7)	(55.3)
Net debt at beginning of period	(540.2)	(484.9)	(484.9)
Net debt at end of period	(532.2)	(528.6)	(540.2)

13 Acquisitions

The group has acquired a number of textile maintenance businesses primarily in Sweden. The fair value exercise is in progress and therefore the amounts below are provisional, to be finalised in the 2011 accounts. The cash and deferred consideration payable is dependent on the fair value of the assets and liabilities at the date of acquisition and is therefore also provisional.

	Provisional fair values £m
Intangible assets	7.0
Property, plant and equipment	0.6
Deferred tax liabilities	(0.9)
Net assets acquired	6.7
Goodwill	-
Consideration satisfied by:	6.7
– Cash	5.9
– Deferred consideration	0.8

Acquisition related costs of £0.1 million are included in the income statement in exceptional items (note 4).

Shown below are the revenues and profit for the year after tax as if the above acquisitions had been made at the beginning of the period.

	£m
Revenue	3.4
Operating profit	0.5

From the date of acquisition to 30th June 2011, the above acquisitions contributed £2.5 million to revenue and £0.2 million to profit after tax for the period.

During the period the group also paid deferred consideration on previous acquisitions. A reconciliation of the total net cash paid for acquisitions is provided below:

	£m
Net cash consideration	5.9
Deferred consideration paid on previous acquisitions	0.2

The total consideration including net financial liabilities assumed and deferred consideration payable for the acquisitions is £6.9 million.

14 Pension schemes

The amounts recognised in the balance sheet are determined as follows:

	As at 30th June 2011 £m	As at 31st December 2010 £m
Present value of obligations	(253.2)	(242.0)
Fair value of plan assets	244.4	238.4
Net liability recognised in balance sheet	(8.8)	(3.6)
Analysed as:		
– Pension scheme surplus	25.1	22.5
– Pension scheme deficit and unfunded schemes	(33.9)	(26.1)
	(8.8)	(3.6)

Analysis of the movement in the net balance sheet liability:

	Six months to 30th June 2011 £m
At 1st January 2011	(3.6)
Current service cost	(1.4)
Interest cost	(6.3)
Expected return on plan assets	7.7
Actuarial loss recognised in other comprehensive income	(7.8)
Special contributions	2.5
Contributions paid	2.5
Currency translation	(2.4)
At 30th June 2011	(8.8)

15 Related parties

The nature of related parties as disclosed in the consolidated financial statements for the group as at and for the year ended 31st December 2010 has not changed. Further, there have been no significant related party transactions in the six month period ended 30th June 2011.

16 Contingent liabilities

The group operates from 132 laundries across Europe. Some of the sites have operated as laundry sites for many years, and historic environmental liabilities may exist, although the group has indemnities from third parties in respect of a number of sites. The extent of these liabilities and the cover provided by the indemnities are reviewed where appropriate with the relevant third party. The company is currently defending a legal claim to the warranties received for any environmental damage that might have existed when it purchased laundry sites in Sweden and Holland. The company fully expects to have its warranties, which were contractually received in a clear and unequivocal manner, to be confirmed. The company does not expect to incur any significant loss in respect of these or any other sites.

17 Website policy

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of directors' responsibilities

The directors confirm that this condensed set of consolidated interim financial information have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and 4.2.8 namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Berendsen plc are listed in the Berendsen plc Annual Report for 31 December 2010.

By order of the Board

Peter Ventress
25th August 2011
Chief Executive

Kevin Quinn
25th August 2011
Finance Director

Independent review report to Berendsen plc

Introduction

We have been engaged by the company to review the condensed consolidated interim financial information in the interim financial report for the six months ended 30 June 2011, which comprises the consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim balance sheet, consolidated interim cash flow statement, consolidated statement of changes in total equity and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated set of interim financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the interim financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

London

25th August 2011