29 July 2016

Berendsen plc Interim Results
Announcement for the Six Months Ended 30 June 2016

Key Financial Highlights (£m)	**H1 2016**	H1 2015***	Change	Underlying Growth**
Revenue	**533.5**	500.7	7%	3%
Adjusted operating profit*	**70.2**	65.9	7%	3%
Adjusted operating margin*	**13.2%**	13.2%	-	-
Adjusted profit before tax*	**60.2**	56.4	7%	
Adjusted earnings per share*	**27.0p**	25.0p	8%	
Interim dividend per share	**10.5p**	10.0p	5%	
Statutory				
Operating profit	**61.7**	58.0		
Profit before tax	**51.7**	48.5		
Basic earnings per share	**23.1p**	21.5p		

* Before £4.9 million exceptional items (2015: £Nil) and £3.6 million amortisation of customer contracts (2015: £7.9 million)

** Underlying revenue, adjusted operating profit and growth figures are at constant currency rates and exclude the impact of acquisitions and internal transfers

*** Re-presented for residual value income (see note 5 on page 19)

Operational Highlights

- Workwear underlying revenue grew 4%, with a margin of 18.2% (17.2%)
  - 6% revenue growth in Continental Europe
- Facility underlying revenue grew 3%, incorporating double digit growth in Cleanroom
- UK Flat Linen revenue growth of 2%, with margin down at 6.0% (8.9%)
  - Capability investments made and actions initiated to deliver stability and improvement in operations
- Adjusted operating profit includes capability investments of £1.5 million and further plant consolidation of £2.4 million in UK Workwear and German Healthcare (£2.1 million in 2015)

Strategic Highlights

- Further executive appointments and full Business Line structure now in place
- Development of Berendsen Excellence and definition of Superior Operating Models progressing well
- Accelerated investment in Workwear and Cleanroom plants

Iain Ferguson, Chairman of Berendsen, commented:
"We are pleased to report good progress in line with our expectations, both in operations and in implementing the strategy review we set out in November 2015. The Board expects to achieve a further year of good underlying progress in 2016."

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Analyst Meeting

The company will present to 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 will only be taken at the meeting.

Results for the six months ended 30 June 2016

We are pleased to report good progress in the period in line with our expectations. On an underlying basis revenue was up 3%, excluding currency translation and acquisitions. Reported revenue for the Group was 7% higher compared to the same period last year after the positive impact of currency translation. Our underlying adjusted operating profit was 3% higher notwithstanding the previously announced investments we made in capability for future growth of £1.5 million, with a similar amount expected in the second half and further plant consolidation in UK Workwear (£0.6 million: £2.1 million in 2015) and German Healthcare (£1.8 million: nil). Adjusted operating profit (before amortisation of customer contracts and exceptional costs) for the Group was up 7% compared to last year with the positive impact of currency translation. Adjusted earnings per share for the Group were 27.0p compared to 25.0p last year. The Board is recommending an interim dividend of 10.5p (2015: 10.0p), an increase of 5%, reflecting the good underlying progress we have made in the business.

Strategy Update

We are implementing the four pillars of the strategic actions we set out in our Strategy Review update in November 2015: our focus on customer service through our Business Line structure; driving operational excellence and development of superior operating models; building organisational capability; and establishing a clear prioritisation for the effective use of capital. We are now working on scenario planning to assist us in dealing with the uncertainties that have arisen following the UK referendum in June.

We have established our four Business Lines and the three Business Units within the Facility Business Line, with management teams now in place following the transfer of accountability for the country based Business Units towards the end of the first half. Our Business Line teams are focused on capturing the significant opportunities we have to grow in existing markets, applying our superior operating models to extend market share and take advantage of further outsourcing opportunity. We expect to deliver revenue growth ahead of the markets in which we operate.

We have expanded the scope of our Berendsen Excellence model. Our Business Lines have continued in the development of their operating models. In Workwear and the Cleanroom unit within Facility, this has delivered improvements to existing LEAN (CL 2000) models. We expect to start the roll out of the next development of CL 2000 (CL 3.0) within these two Business Lines towards the end of the year. Our Hospitality business has documented its new model of operating that provides customers with the flexible and tailored linen service that is aligned to their own brand values. Our pilot of this model is progressing well and we are maintaining the discipline within the Business Line of delivering on the target improvements in customer engagement, productivity and employee engagement before we extend the pilot. We have also delivered our first blueprint of the model for our Healthcare Linen services, delivering vendor management systems for textile needs. We have identified a pilot site for initial investment and expect this to be operational from the start of next year.

We are investing in the capability of our people, building on the strong model of accountability at plant level, which has been the hallmark of the group, to drive continuous improvement. While investment in plant and processes will assist in the delivery of these improvements, it is the capabilities of our people that is key to our model. Such investment can take longer to deliver and extends beyond the period of initial capital investment. We expect to develop further our set of core capabilities as a benchmark for continuous improvement. We have also concluded our initial assessment of opportunities in Shared Services to increase efficiency and deliver savings and we expect to conclude on our plans for Shared Services in the second half.

Capital allocation remains a key discipline and is applied to prioritise investment opportunities across our Business Lines. We have accelerated investment to capture opportunities in Workwear and Cleanroom where proven superior operating models exist to deliver higher margins and returns. In the period we completed construction of our Workwear CL 2000 plant in Durham, which became fully operational in July and we announced our plans to commence the conversion of our Birmingham Workwear plant in May, which we expect to complete at the start of next year. As part of this we also announced the conversion of our Workwear plant in Salop to become a dedicated mat plant, transferring work from our Birmingham plant. In Germany, our plans for conversion of Dietzenbach to CL 2000 and the build of our new plant in Augsburg, Bavaria, are progressing. We have also completed conversion of our Workwear plant near Copenhagen. In Cleanroom, we await approval for our investment plans in Beelitz in Germany and we have plans for development of our new UK Cleanroom facilities near Newbury.

In the period, we have also appointed a Group Director of HR, Gillian Duggan, who joined from Amey and was previously with Danaher and also a Business Development Director, Baba Devani, who joined from Babcock. Baba has built a team of four business development professionals who are managing a pipeline of acquisition targets, which provides opportunity for bolt-on acquisitions. Our experience is that the pace of converting these may initially be slow and we expect to start to deliver more on these through next year. In July, Christian Ellegaard, who led Facility from 2011, left the business. The three Business Unit directors responsible for Cleanroom, Mats and Washroom will report to Baba.

Group Overview

Revenue at £533.5 million in the period was up 7% compared to last year (re-presented 2015: £500.7 million) and adjusted operating profit (before amortisation of customer contracts and exceptional costs) at £70.2 million was up 7% (£65.9 million). The positive impact of currency translation increased revenue and adjusted operating profit by £16.1 million and £2.5 million, or 3% and 4%, respectively compared to last year. Excluding currency translation and the contribution from acquisitions (revenue and operating profit impacts of £1.2 million and £0.1 million respectively), underlying revenue grew 3% and adjusted operating profit was also 3% ahead of last year. If currencies remain at current levels we would expect the impact in the second half of 2016 to be significantly higher than in the first half, compared to average exchange rates in 2015.

Our net finance expense was £10.0 million, an increase from £9.5 million last year, primarily as a result of exchange rate translation. We expect the interest charge, before currency impacts, to be lower in the second half, following maturity of a number of USPP loan notes at fixed rates. Adjusted profit before tax was £60.2 million, compared to £56.4 million in the prior period and adjusted earnings per share were 27.0 pence (25.0 pence). Our effective tax rate on adjusted profit before taxation was 23.1% compared to 23.4% for the full year 2015. We expect the tax rate for the full year 2016 to be maintained around this level.

Amortisation of acquired customer contracts was £3.6 million (£7.9 million). As previously announced, we expect one-off costs of up to £10m in implementation of our strategy initiatives, in extending the Business Line structure and building the capabilities we require for the future. These costs will be treated as exceptional items and costs of £4.9m were incurred in the first half. Operating profit after amortisation and exceptional costs was £61.7 million (£58.0 million) and profit before tax was £51.7 million (£48.5 million) after these. Basic earnings per share were 23.1p compared with 21.5p in the first half of 2015.

As expected, our net capital expenditure increased to £109.7 million (£88.9 million) with depreciation of £89.8 million (£84.5 million). Plant investments amounted to £28.6 million, compared with £18.3 million last year with further funding to upgrade our UK Workwear plants and further investments in our Cleanroom plants as discussed above. Investment in textiles was £80.4 million (£71.8 million) reflecting a good level of new contract activity. We expect net capital expenditure to be ahead of depreciation for the year as a whole, in line with previous guidance.

Free cash flow was £0.6 million (£27.2 million), after a working capital outflow of £21.0 million (outflow of £12.7 million), which we expect to reverse in large part in the second half and we still expect to achieve our full year target of at least 75% free cash flow conversion. We purchased shares for the Employee Benefit Trust of £4.8 million. At 30 June 2016 the net pension accounting deficit for the Group was £29.3 million (£15.8 million surplus at the end of 2015) largely reflecting the fall in corporate bond rates during the period. We are currently undertaking the triennial valuation of our UK pension plan with the results of this expected in the second half. The impact of exchange rate movements increased net borrowings by £29.2 million and after dividends paid of £36.8 million, net borrowings at 30 June 2016 were £441.8 million (31 December 2015: £370.9 million). The total facilities available to the Group are almost £855 million with our Revolving Credit Facility and our private placement notes extending from 2016 to 2025.

Business Line Performance

Below we report the results for the six months ended 30 June 2016 in our Business Line segments. Now that the four Business Line structure has been established the group will report its full year 2016 financial results under both the new and the old Business Line segmentation.

£million	Six months to 30 June 2016			Six months to 30 June 2015		
	Revenue	Operating Profit*	Operating Margin*%	Revenue Re-presented	Operating Profit*	Operating Margin*%
Workwear	167.8	30.5	18.2	153.7	26.4	17.2
Facility	122.8	29.4	23.9	114.6	27.7	24.2
UK flat linen	101.9	6.1	6.0	100.3	8.9	8.9
Total Core Growth	**392.5**	**66.0**	**16.8**	**368.6**	**63.0**	**17.1**
Flat linen outside UK^	105.5	4.7	4.5	96.7	5.1	5.3
Clinical solutions and decontamination	35.5	2.1	5.9	35.4	2.1	5.9
Total Manage for Value	**141.0**	**6.8**	**4.8**	**132.1**	**7.2**	**5.4**
Central	-	(2.6)	-	-	(4.3)	-
Total Group	**533.5**	**70.2**	**13.2**	**500.7**	**65.9**	**13.2**

* before exceptional items and amortisation of customer contracts

CORE GROWTH

Workwear

Revenue was up 9% in the period at actual exchange rates to £167.8 million (re-presented 2015: £153.7 million). After adjusting for currency (£6.4 million) acquisitions (£0.3 million) and internal transfers, (£0.6 million), underlying revenue growth was 4%. Adjusted operating profit was £30.5 million (£26.4 million), after the positive impact of exchange rates and the cost of site closures in the UK of £0.6 million (£2.1 million in 2015). Excluding these and after adjusting for the impact of currency (£1.3 million), acquisitions (£0.1 million) and internal transfers (£0.3 million), underlying operating profit was up 3% and the underlying operating margin was similar to last year.

We were pleased with underlying revenue growth of 4% in the first half which compares with 3% in 2015 as a whole. We have seen good development in the size and quality of both our pipeline of tenders and our contract base, especially in Continental Europe where we had higher growth over 6%. Revenue growth in the UK was more modest, however, impacted by the decline in customers with smaller billing sizes, where we are implementing pricing initiatives and which was therefore in line with expectations.

We see significant opportunity to continue to grow strongly in Workwear. It is the largest of our Business Lines, operating in a well-established outsourcing market with £3.5 billion of addressable opportunity across all the territories in which we operate. We see a significant proportion of this potential opportunity arising from those who do not currently outsource and this virgin opportunity of £1.6 billion is biggest in the UK and Germany which we have targeted for further investment.

We believe that we are well positioned to capitalise on this potential and grow our market share with our CL 2000 model, based on customer specific workflow, allowing us to provide solutions to individual customer needs with higher levels of service, productivity and efficiency than traditional mechanised laundry flows. We are innovators in our markets and our Product Design Centre in Sweden continues to address regulatory requirements and produce bespoke solutions for customer specific requirements, for example in the food industry. The standard product collections from our Design Centre represent half of all new contract sales, leading to greater utility for the customer and efficiencies for order processing and lead times for delivery.

We have improved market segmentation and this is driving successful targeting of large and mid-sized companies where the levels of service complexity are higher and our solutions are most valuable to the customer, allowing us to differentiate our offering further from the competition. Our pipeline of key account tenders is growing and includes a number of significant tenders currently focusing on differentiated solutions enabled by the flexibility of our CL operating model. This Business Line is making good progress in defining our next generation CL model, CL 3.0, which will further streamline the end-to-end management of our service to the customer, focus on customer segmentation within our production lines and capitalise on the application of LEAN operating principles. We have expanded the number of operational initiatives in the period, particularly focusing on textile management programmes and transport and we continue our plant audits to drive continuous improvement based on LEAN principles and methodology.

Operationally, we also saw good improvement in Denmark, Sweden and Germany and in the Irish business, which was integrated in the Workwear Business Line last year. Profits in the UK (adjusting for plant closures in 2016 and last year) were largely unchanged. In the UK, we have made further investments in capability to ensure that the next stage of our business improvement plans are delivered, having captured the immediate benefits in productivity at those plants where we have made CL 2000 investments.

Facility

Reported revenue was up 7% at £122.8 million (re-presented 2015: £114.6 million) and adjusted operating profit was up 6% at £29.4 million (£27.7 million). After adjusting for currency of £4.1million, underlying revenue grew 3%. Adjusted operating profit was up 2% after adjusting for currency of £1.1million.

We continue to see higher levels of revenue growth in Cleanroom with double-digit improvement in the UK and Germany. Our businesses in Denmark and Sweden have also made good progress, providing innovative solutions to broaden our service range with customers. Our Cleanroom business is a leader in its market where customers require a very high integrity service and that operate primarily in highly regulated pharmaceutical or technology sites. It offers our customers a unique operating platform with a network of back-up facilities to deliver superior service. Our expertise is in managing contamination control in cleanroom environments and we are expanding the 'tool kit' of solutions we offer our customers. This is enabled through our plant structure which, like Workwear, is based on the CL2000 customer specific workflow.

As announced last year we appointed separate Business Unit Directors for Mats and Washroom services within Facility. These markets are growing and favourable outsourcing trends provide opportunities to grow in virgin territory, where we estimate that there is almost £0.7 billion of addressable opportunity. Innovation is at the heart of our Mats and Washroom Business Units and focuses on the growing awareness of the importance of safety, cleanliness and hygiene in public places.

In Mats, which is over half the revenue of the Business Line and has the greater scale and density necessary to deliver higher margins, we continue to improve the business mix with a higher level of sales of premium categories in all markets and we continue to increase the number of mats at existing customer sites. Further, we are making progress with our new 'zone concept' focusing on unmet needs for mat solutions inside the buildings in addition to the typical entrance zone solution. This has resulted in a broader portfolio of services, meeting the individual customer needs, and increasing sales of our new microfiber mat with greater absorbency and durability. We have been very pleased with the take up of this premium product. Our Mats business has grown well, particularly in Central Europe, but we also saw good growth in the established markets of Sweden and Holland. Growth overall was held back by more difficult trading conditions in Norway, and we have made management changes to ensure we capture the longer term opportunities available to us in this region.

In Washroom, we have seen good growth in our full service product packages, adding profitability to our services. We are further differentiating our sales efforts with greater success being delivered from our field salesforce which is selling to smaller customer establishments, where the level of administration in managing the service effectively in-house is a greater burden. At the same time we are seeing more demand for innovation from those customers where maintaining high hygiene standards and integrity is critical, such as in food processing. We are making good progress with this move to higher integrity customers and supporting our field salesforce where we saw strong growth. As reported in February, we renegotiated a number of facilities management contracts in 2015 and revenues were lower in the first half of 2016 in this customer segment. Because of this, Washroom revenue was slightly below last year at the half year but with a more significant impact on operating profit, which held back profitability in the Business Line as a whole.

UK Flat Linen

Revenue was £101.9 million (£100.3 million), up 2% and adjusted operating profit was £6.1 million (£8.9 million). The adjusted operating margin was 6.0% compared to 8.9% in the prior year. We were disappointed the business has not yet delivered the stability in operations that is key in such a high volume business and as a result profits were down in the half. We are taking steps to improve operating stability.

Niels Peter Hansen was appointed Managing Director of Hospitality at the start of 2016. Niels Peter is now leading his hospitality management team to define a leading, customer-specific, workflow for our hospitality customers. His team is drawn from each of our UK and Scandinavian hospitality units and also includes a number of process experts. Our research shows that customers demand a flexible and individually tailored linen service which is aligned to their own brand values. The acquisition last year of the plant in Reading provides us with additional capacity and a laundry system that delivers the sophisticated linen processing technology needed to provide this level of service, efficiently and with higher levels of productivity. We are making good progress in enhancing the acquired business as we work towards delivering the superior operating model. We are also starting the roll-out, after our initial trial, of the use of ultra-high frequency chip technology (RFID) for improved tracking and identification of linen, which will assist in improving linen utilisation. In our Hospitality business we saw good revenue growth with volume growth in the first quarter, which then faded in the second quarter and we ended the first half with volumes broadly similar to last year. We increased revenue as a result of extensions to service and price increases we obtained.

Christophe Martin, who joined us from Johnson & Johnson in April as leader of our Healthcare business, is engaging in a full review of the opportunities within our Healthcare portfolio. We believe the move to a Business Line structure for Healthcare will allow us to deliver greater hygiene and cleanliness promises to hospitals and offer fuller service solutions to meet our customers' needs. In Healthcare, we made good progress in generating add-on sales from existing contracts, with continued product and service innovations to hospitals and through better contract management. We are focused on continuous operational improvements to help improve profitability in this Business Line. We saw volumes improve in the second quarter with revenues up overall reflecting price increases we have implemented since the introduction of the National Living Wage. We continue to make investments in our pilot programme to deliver services to the as yet untapped Care Home market. We have recently agreed pilots with a number of larger Care Home groups. Prior to these investments profits were largely unchanged, having been impacted in the first quarter by lower than expected volumes. We also continue to engage with Trusts that have not yet outsourced their linen services, where we are well placed to deliver efficiencies and savings, but we have seen some slowdown this year in progress towards tenders.

MANAGE FOR VALUE

Flat Linen Outside UK

Reported revenue in our Flat Linen businesses outside UK was 9% higher at £105.5 million (£96.7 million) and adjusted operating profit was slightly lower at £4.7 million (£5.1 million). After adjusting for currency of £5.6 million, underlying revenue grew by 3%. As previously reported, we announced the closure of our German Healthcare plant at Erbach at a cost of £1.8million and after adjusting for this and currency of £0.3 million, underlying profit grew by almost 20%.

Good progress was achieved in revenue and profitability in Flat Linen outside UK with strong revenue growth and margin improvement in our Hospitality businesses in Scandinavia. A number of contract successes have improved our market position and we invested last year in additional plant capacity to deliver higher volumes and provide a continuous focus on operational enhancements that has helped to improve profitability.

Revenue in our Healthcare business was more stable after a challenging 2015 and we were particularly pleased to see underlying profit improvement in Germany, where we have also undertaken plant consolidation. The Healthcare markets have benefited from significant innovation and high levels of service and we are undertaking a review to ensure that our services are properly aligned to customer need and that we are appropriately rewarded where we deliver added value through a differentiated service.

The businesses in this segment demonstrated that they have opportunities to grow within their markets, which further supports their integration into the Business Line structure in the second half of 2016.

Clinical Solutions and Decontamination

Revenue was £35.5 million (£35.4 million) and adjusted operating profit was £2.1 million (£2.1 million).

Revenue and profit were in line with last year. We saw good revenue growth in our decontamination business with new volume from existing contracts. Our service levels are strong and we are discussing our service offering with a number of potential new customers to utilise available capacity at our existing sites. We are pleased with the progress being made and the business continues to grow its profits. In the Clinical Solutions business, sales of consumables and single use drapes and gowns were up, but revenue from re-usable textiles was slightly reduced due to lower volumes, which adversely impacted the level of profitability.

While the level of profitability within Clinical Solutions and Decontamination is lower than in other parts of our business currently, we believe that there are opportunities to extend the level of service within this part of the portfolio.

Outlook for the Group

We are pleased to report good progress in line with our expectations, both in operations and in implementing the strategy review we set out in November 2015. The Board expects to achieve a further year of good underlying progress in 2016.

Principal risks and uncertainties

Risk
Failure to put in place the structure, culture and capabilities necessary for the delivery of the strategic change programme's objectives:

- Establish new group structure with four Business Lines
- Enhance business development capabilities and develop bolt-on acquisitions
- Establish Berendsen Excellence with the use of LEAN techniques
- Strengthen use and scope of shared services
- Maintain financial and capital discipline, and strong balance sheet and funding profile
- Develop IT capability

Potential impact
- Insufficient support to the new group strategy

Risk
Business disruption and lack of focus resulting from organisational changes occurring during 2016.

Potential impact
- Reduction in future profitability and cash flow
- Failure to deliver targeted revenue growth

Risk
Sales model fails to deliver the necessary new contract wins to drive targeted organic growth

Potential impact
- Reduction in future profitability and cash flow
- Failure to deliver targeted revenue growth

Risk
Movements in exchange rates adversely affect the translation of our group results into UK sterling

Potential impact
- Unexpected variations in group net earnings. The UK's decision in the recent referendum to leave the EU is not expected to have any immediate material direct impact on the group's business as the group has relatively little cross-border trade. However, as over half of the group's operating profits are generated outside the UK, the group's reported revenues and operating profits will benefit modestly from favourable translation should sterling remain at current values, or depreciate further. In the meantime the group is working on scenario planning to assist in dealing with the uncertainties arising post referendum.

Risk
Significant change in the political environment arising from government policies or expenditure levels

Potential impact
- Reduction in future profitability and cash flow
- Failure to deliver targeted growth in revenue
- Adverse impact on reputation

Risk
Failure to deliver the best practice Health and Safety systems to reduce accidents and improve safety

Potential impact
- Failure to deliver on both the strategic objective of operating excellence and also on our core value of safety as part of looking after our employees.

Risk
Non-compliance with laws and regulations

Potential impact
- Damage to our reputation
- Loss of licence to operate

Risk
Further economic uncertainty

Potential impact
- Reduction in future profitability and cash flow
- Adverse pressure on pricing and margins
- Revenue growth below expectations
- Limit our ability to complete the strategy

Risk
Textile suppliers are found not to be adopting appropriate employment and human rights practices

Potential impact
- Loss of licence to operate, loss of goodwill and/or damage to reputation
- Significant stakeholder concern

Risk
Discovering of historic environmental issues at laundries

Potential impact
- Emergence of unaccounted for liability
- Adverse impact on cash flow and retained earnings
- Damage to our reputation

Risk
Unforeseen loss of operational/IT capacity

Potential impact
- Inability to service customer requirements
- Adverse impact on reputation.

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

Potential impact
- Loss of key personnel
- Shortage of appropriately skilled management.

CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2016

	Notes	**Unaudited Six months to 30 June 2016 £m**	Unaudited Six months to 30 June 2015 Re-presented Note 5 £m	Audited Year to 31 December 2015 Re-presented Note 5 £m
Revenue	3, 5	**533.5**	500.7	1,017.5
Cost of sales		**(272.1)**	(256.2)	(515.5)
Gross profit		**261.4**	244.5	502.0
Other income		**1.8**	2.0	4.6
Distribution costs		**(100.6)**	(93.0)	(187.0)
Administrative expenses		**(89.7)**	(85.3)	(161.3)
Other operating expenses		**(11.2)**	(10.2)	(26.2)
Operating profit	3	**61.7**	58.0	132.1
Analysed as:				
Operating profit before exceptional items and amortisation of customer contracts	3	**70.2**	65.9	153.8
Exceptional items	6	**(4.9)**	-	(7.3)
Amortisation of customer contracts	3	**(3.6)**	(7.9)	(14.4)
Operating profit	3	**61.7**	58.0	132.1
Finance costs		**(10.4)**	(10.7)	(20.7)
Finance income		**0.4**	1.2	2.0
Profit before taxation		**51.7**	48.5	113.4
Taxation	7	**(12.1)**	(11.7)	(24.5)
Profit for the period		**39.6**	36.8	88.9
Analysed as:				
Profit attributable to non-controlling interest		**0.1**	0.1	0.2
Profit attributable to owners of parent company	9	**39.5**	36.7	88.7
Earnings per share expressed in pence per share				
– Basic	9	**23.1**	21.5	51.9
– Diluted	9	**23.1**	21.4	51.8

The notes on page 15 to 26 are an integral part of these condensed interim financial statements.
All operations are continuing.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Unaudited Six months to 30 June 2016 £m	Unaudited Six months to 30 June 2015 £m	Audited Year to 31 December 2015 £m
Profit for the period	**39.6**	36.8	88.9
Other comprehensive income/ (expense)			
Items that may be subsequently reclassified into profit or loss:			
Currency translation differences	**35.3**	(33.1)	(24.1)
Gain on cash flow hedges	**5.3**	3.4	3.5
	40.6	(29.7)	(20.6)
Items that cannot subsequently be reclassified into profit or loss:			
Actuarial (losses)/ gains	**(34.7)**	(0.6)	7.7
Other comprehensive income/ (expense) for the period net of tax	**5.9**	(30.3)	(12.9)
Total comprehensive income for the period	**45.5**	6.5	76.0
Attributable to:			
Non-controlling interest	**0.7**	(0.4)	0.2
Owners of parent company	**44.8**	6.9	75.8

Items in the statement above are disclosed net of tax.

CONSOLIDATED INTERIM BALANCE SHEET
As at 30 June 2016

	Notes	**Unaudited Six months as at 30 June 2016 £m**	Unaudited Six months as at 30 June 2015 Restated Note 10, 2 £m	Audited Year ended 31 December 2015 Restated Note 2 £m
Assets				
Intangible assets:				
– Goodwill		**404.3**	361.4	367.0
– Other intangible assets		**23.5**	28.2	25.9
Property, plant and equipment	10	**534.1**	458.4	477.1
Deferred tax assets		**13.1**	7.4	6.9
Derivative financial instruments	16	**64.9**	48.1	51.4
Pension scheme surplus	15	**6.8**	35.1	44.6
Total non-current assets		**1,046.7**	938.6	972.9
Inventories		**58.5**	48.3	50.2
Income tax receivable		**4.4**	4.3	3.3
Derivative financial instruments	16	**8.0**	6.7	16.3
Trade and other receivables		**193.5**	160.1	169.9
Cash and cash equivalents		**224.2**	211.5	281.7
Total current assets		**488.6**	430.9	521.4
Liabilities				
Bank overdraft		**(155.7)**	(99.1)	(155.0)
Borrowings		**(22.8)**	(64.8)	(88.1)
Derivative financial instruments	16	**(0.3)**	(3.2)	(5.3)
Income tax payable		**(17.8)**	(12.2)	(16.5)
Trade and other payables		**(197.5)**	(184.2)	(196.8)
Provisions	11	**(3.7)**	(2.4)	(2.9)
Total current liabilities		**(397.8)**	(365.9)	(464.6)
Net current assets		**90.8**	65.0	56.8
Borrowings		**(487.5)**	(446.4)	(409.5)
Derivative financial instruments	16	**(14.2)**	(3.5)	(5.9)
Pension scheme deficits	15	**(36.1)**	(29.3)	(28.8)
Deferred tax liabilities		**(67.3)**	(60.0)	(65.4)
Trade and other payables		**(1.1)**	(1.1)	(1.1)
Total non-current liabilities		**(606.2)**	(540.3)	(510.7)
Net assets		**531.3**	463.3	519.0
Equity				
Share capital		**51.8**	51.8	51.8
Share premium		**99.5**	99.4	99.5
Other reserves		**6.7**	1.0	1.4
Capital redemption reserve		**150.9**	150.9	150.9
Retained earnings		**217.6**	155.5	211.3
Total equity attributable to shareholders of the company		**526.5**	458.6	514.9
Non-controlling interest		**4.8**	4.7	4.1
Total equity		**531.3**	463.3	519.0

CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the six months ended 30 June 2016

	Notes	**Unaudited Six months to 30 June 2016 £m**	Unaudited Six months to 30 June 2015 £m	Audited Year to 31 December 2015 £m
Cash flows from operating activities				
Cash generated from operations	12	**132.5**	133.7	308.9
Interest paid		**(10.3)**	(9.3)	(19.7)
Interest received		**0.4**	1.2	2.0
Income tax paid		**(12.6)**	(13.1)	(18.0)
Net cash generated from operating activities		**110.0**	112.5	273.2
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	14	**(0.1)**	(2.1)	(9.2)
Purchase of property, plant and equipment		**(108.6)**	(88.6)	(181.5)
Proceeds from the sale of property, plant and equipment	12	**0.9**	3.0	13.3
Purchase of intangible assets		**(1.7)**	(2.2)	(6.2)
Net cash used in investing activities		**(109.5)**	(89.9)	(183.6)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**-**	-	0.1
Purchase of own shares by the Employee Benefit Trust		**(4.8)**	(14.2)	(14.2)
Payment/repayment of loan issue costs		**(0.2)**	(2.1)	(2.1)
Drawdown of borrowings		**32.2**	199.8	199.8
Repayment of borrowings		**(63.9)**	(138.4)	(172.7)
Repayment of finance leases/hire purchase liabilities		**(0.3)**	(1.1)	(5.7)
Acquisition of minority interest in a subsidiary		**-**	-	(0.9)
Dividends paid to company’s shareholders	8	**(36.8)**	(35.0)	(52.1)
Dividends paid to non-controlling interest		**-**	(0.1)	(0.1)
Net cash (used)/ from in financing activities		**(73.8)**	8.9	(47.9)
Net (decrease)/ increase in cash	13	**(73.3)**	31.5	41.7
Cash and cash equivalents at beginning of year		**126.7**	96.9	96.9
Exchange gains/ (losses) on cash		**15.1**	(16.0)	(11.9)
Cash and cash equivalents at end of period		**68.5**	112.4	126.7
Free cash flow	12	**0.6**	27.2	102.5

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

As at 30 June 2016

	Attributable to shareholders of the company							
	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 January 2015	51.8	99.4	(2.4)	150.9	200.5	500.2	5.2	505.4
Comprehensive income:								
Profit for the period	-	-	-	-	36.7	36.7	0.1	36.8
Other comprehensive income:								
Actuarial gains	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Cash flow hedges	-	-	4.2	-	-	4.2	-	4.2
Currency translation	-	-	-	-	(28.3)	(28.3)	(0.5)	(28.8)
Tax on items taken to equity	-	-	(0.8)	-	(4.2)	(5.0)	-	(5.0)
Total other comprehensive income	-	-	3.4	-	(33.2)	(29.8)	(0.5)	(30.3)
Total comprehensive income	-	-	3.4	-	3.5	6.9	(0.4)	6.5
Transactions with owners:								
Purchase of own shares by the Employee Benefit Trust	-	-	-	-	(14.2)	(14.2)	-	(14.2)
Dividends (note 8)	-	-	-	-	(35.0)	(35.0)	(0.1)	(35.1)
Value of employee service in respect of share option schemes and share awards	-	-	-	-	0.7	0.7	-	0.7
Total transactions with owners	-	-	-	-	(48.5)	(48.5)	(0.1)	(48.6)
At 30 June 2015	51.8	99.4	1.0	150.9	155.5	458.6	4.7	463.3
Comprehensive income:								
Profit for the period	-	-	-	-	52.0	52.0	0.1	52.1
Other comprehensive income:								
Actuarial losses	-	-	-	-	9.6	9.6	-	9.6
Cash flow hedges	-	-	0.1	-	-	0.1	-	0.1
Currency translation	-	-	-	-	8.6	8.6	0.5	9.1
Tax on items taken to equity	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Total other comprehensive income	-	-	0.1	-	16.8	16.9	0.5	17.4
Total comprehensive income	-	-	0.1	-	68.8	68.9	0.6	69.5
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	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(17.1)	(17.1)	-	(17.1)
Value of employee service in respect of share option schemes and share awards	-	-	-	-	4.1	4.1	-	4.1
Acquisition of non-controlling interest	-	-	0.3	-	-	0.3	(1.2)	(0.9)
Total transactions with owners	-	0.1	0.3	-	(13.0)	(12.6)	(1.2)	(13.8)
At 31 December 2015	51.8	99.5	1.4	150.9	211.3	514.9	4.1	519.0

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY continued
As at 30 June 2016

	Attributable to shareholders of the company							
	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 January 2016	51.8	99.5	1.4	150.9	211.3	514.9	4.1	519.0
Comprehensive income:								
Profit for the period	-	-	-	-	39.5	39.5	0.1	39.6
Other comprehensive income:								
Actuarial losses (note 15)	-	-	-	-	(42.6)	(42.6)	-	(42.6)
Cash flow hedges	-	-	6.4	-	-	6.4	-	6.4
Currency translation	-	-	-	-	33.5	33.5	0.6	34.1
Tax on items taken to equity	-	-	(1.1)	-	9.1	8.0	-	8.0
Total other comprehensive income / (expense)	-	-	5.3	-	-	5.3	0.6	5.9
Total comprehensive income	-	-	5.3	-	39.5	44.8	0.7	45.5
Transactions with owners:								
Purchase of own shares by the Employee Benefit Trust	-	-	-	-	(4.8)	(4.8)	-	(4.8)
Dividends (note 8)	-	-	-	-	(36.8)	(36.8)	-	(36.8)
Value of employee service in respect of share option schemes and share awards	-	-	-	-	8.4	8.4	-	8.4
Total transactions with owners	-	-	-	-	(33.2)	(33.2)	-	(33.2)
At 30 June 2016	51.8	99.5	6.7	150.9	217.6	526.5	4.8	531.3

The group has an Employee Benefit Trust to administer share plans and to acquire company shares, using funds contributed by the group, to meet commitments to group employees. At 30 June 2016, the Trust held 1,514,115 (30 June 2015: 1,715,142; 31 December 2015: 1,715,142) shares.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 31 December 2015 were approved by the Board of directors on 25 February 2015 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 30 June 2016 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct 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 31 December 2015, 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. Although the current economic conditions, particularly in the UK following the recent referendum, continue to create uncertainty, particularly over the level of demand for the group's products, 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. As a consequence, and having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

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 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2016, but have no material impact on the group:

- Annual improvements 2012-2014

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing this consolidated financial information. None of these are expected to have a significant effect on the consolidated financial statements of the group, except the following as set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is effective for annual periods beginning on or after 1 January 2018 .The group is assessing the impact of IFRS 9.
- IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The group is assessing the impact of IFRS 15.
- IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease terms is 12 months or less, or the underlying asset has low value. The standard is effective for annual periods beginning on or after 1 January 2019. The group is assessing the impact of IFRS 16.
- Cash pooling

  In March 2016, the IFRS Interpretations Committee (IFRS IC) issued an agenda decision regarding the treatment of offsetting and cash-pooling arrangements in accordance with IAS 32: 'Financial instruments: Presentation'. This provided additional guidance on when bank overdrafts in cash-pooling arrangements would meet the requirements for offsetting in accordance with IAS 32. Following this additional guidance, the Group has reviewed its cash-pooling arrangements and has revised its presentation of bank overdrafts. As a result the group has presented an additional £155.7 million within bank overdrafts, bank loans and other borrowings in the current period and increased its cash balances by an equal and opposite amount. Comparatives at 31 December 2015 and 30 June 2015 have been restated by £155.0 million and £99.1 million respectively.

3 Segmental information

The Business Line results for the six months ended 30 June 2016 are as follows:

	Core Growth				Manage for Value				
	Workwear £m	Facility £m	UK Flat Linen £m	Total Core Growth £m	Clinical Solutions and Decontamination £m	Flat Linen outside UK £m	Total Manage for Value £m	Central £m	Group £m
Total segment revenue	168.9	123.4	101.9	394.2	37.2	107.2	144.4	-	538.6
Inter-segment revenue	(1.1)	(0.6)	-	(1.7)	(1.7)	(1.7)	(3.4)	-	(5.1)
Revenue from external customers	167.8	122.8	101.9	392.5	35.5	105.5	141.0	-	533.5
Operating profit before exceptional items and amortisation of customer contracts	30.5	29.4	6.1	66.0	2.1	4.7	6.8	(2.6)	70.2
Exceptional items	-	-	(0.4)	(0.4)	-	(0.3)	(0.3)	(4.2)	(4.9)
Amortisation of customer contracts	(0.3)	(3.1)	-	(3.4)	-	(0.1)	(0.1)	(0.1)	(3.6)
Segment operating profit	30.2	26.3	5.7	62.2	2.1	4.3	6.4	(6.9)	61.7
Net finance costs									(10.0)
Profit before taxation									**51.7**
Taxation									(12.1)
Profit for the period									**39.6**
Profit attributable to non-controlling interest									0.1
Profit attributable to owners of parent company									**39.5**
Capital expenditure	49.4	20.3	20.4	90.1	1.4	22.0	23.4	(2.8)	110.7
Depreciation	34.9	15.2	19.2	69.3	2.0	18.9	20.9	(2.5)	87.7
Amortisation	1.2	3.3	0.7	5.2	-	0.3	0.3	0.2	5.7

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

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

3 Segmental information continued

Analysis of revenue by category:

	Six months to 30 June 2016 £m	Six months to 30 June 2015 Re-presented £m
Sales of goods	**22.4**	21.1
Revenue from services	**511.1**	479.6
	533.5	500.7

Analysis of revenue by country:

	Six months to 30 June 2016 £m	Six months to 30 June 2015 Re-presented £m
UK	**195.3**	192.0
Sweden	**84.9**	75.4
Germany	**74.1**	65.6
Denmark	**68.2**	61.9
Holland	**43.1**	39.3
Norway	**23.4**	24.9
Other	**44.5**	41.6
	533.5	500.7

The re-presented segment results for the six months ended 30 June 2015 were as follows:

	Core Growth				Manage for Value				
	Workwear £m	Facility £m	UK Flat Linen £m	Total Core Growth £m	Clinical Solutions and Decontamination £m	Flat Linen outside UK £m	Total Manage for Value £m	Central £m	Group £m
Total segment revenue	154.5	115.0	100.3	369.8	37.2	97.7	134.9	-	504.7
Inter-segment revenue	(0.8)	(0.4)	-	(1.2)	(1.8)	(1.0)	(2.8)	-	(4.0)
Revenue from external customers	153.7	114.6	100.3	368.6	35.4	96.7	132.1	-	500.7
Operating profit before exceptional items and amortisation of customer contracts	26.4	27.7	8.9	63.0	2.1	5.1	7.2	(4.3)	65.9
Amortisation of customer contracts	(0.5)	(7.3)	-	(7.8)	-	(0.1)	(0.1)	-	(7.9)
Segment operating profit	25.9	20.4	8.9	55.2	2.1	5.0	7.1	(4.3)	58.0
Net finance costs	-	-	-	-	-	-	-	-	(9.5)
Profit before taxation	-	-	-	-	-	-	-	-	48.5
Taxation	-	-	-	-	-	-	-	-	(11.7)
Profit for the period	-	-	-	-	-	-	-	-	36.8
Profit attributable to non-controlling interest	-	-	-	-	-	-	-	-	0.1
Profit attributable to equity shareholders	-	-	-	-	-	-	-	-	36.7
Capital expenditure	35.5	16.7	18.7	70.9	1.7	23.6	25.3	(2.5)	93.7
Depreciation	31.2	14.2	19.3	64.7	2.1	17.3	19.4	(1.8)	82.3
Amortisation	1.4	7.5	0.8	9.7	-	0.3	0.3	0.1	10.1

3 Segmental information continued

The segment assets and liabilities at 30 June 2016 are as follows:

	Core Growth				Manage for Value				
	Workwear £m	Facility £m	UK Flat Linen £m	Total Core Growth £m	Clinical Solutions and Decontamination £m	Flat Linen outside UK £m	Total Manage for Value £m	Central £m	Group £m
Operating assets	417.9	343.9	159.3	921.1	61.0	205.4	266.4	26.4	1,213.9
Operating liabilities	(66.9)	(45.0)	(36.5)	(148.4)	(13.6)	(28.3)	(41.9)	(12.0)	(202.3)

The segment assets and liabilities at 30 June 2015 were as follows:

	Core Growth				Manage for Value				
	Workwear £m	Facility £m	UK Flat Linen £m	Total Core Growth £m	Clinical Solutions and Decontamination £m	Flat Linen outside UK £m	Total Manage for Value £m	Central £m	Group £m
Operating assets	340.2	309.3	151.0	800.5	60.8	178.3	239.1	16.8	1,056.4
Operating liabilities	(60.0)	(33.5)	(36.8)	(130.3)	(14.9)	(29.6)	(44.5)	(12.9)	(187.7)

The segment assets and liabilities at 31 December 2015 were as follows:

	Core Growth				Manage for Value				
	Workwear £m	Facility £m	UK Flat Linen £m	Total Core Growth £m	Clinical Solutions and Decontamination £m	Flat Linen outside UK £m	Total Manage for Value £m	Central £m	Group £m
Operating assets	368.6	301.6	156.8	827.0	61.4	185.6	247.0	16.1	1,090.1
Operating liabilities	(65.3)	(39.4)	(38.1)	(142.8)	(15.5)	(28.0)	(43.5)	(14.5)	(200.8)

Business Line operating assets consist primarily of goodwill, other intangible assets, property, plant and equipment, inventories and trade and other receivables. Business Line operating liabilities consist primarily of trade and other payables and provisions.

Central assets and liabilities include operating assets and liabilities relating to corporate segments.

Analysis of non-current assets other than financial instruments, deferred tax assets and retirement benefit assets by country are:

	Six months to 30 June 2016 £m	Six months to 30 June 2015 restated £m
UK	**223.6**	214.8
Sweden	**130.8**	114.3
Germany	**157.6**	134.0
Denmark	**109.0**	85.6
Holland	**39.5**	33.3
Norway	**22.5**	21.6
Other	**278.9**	244.4
Total	**961.9**	848.0

4 Seasonality

The hotels and restaurants markets are subject to some seasonal fluctuation. Higher revenues and operating profits 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 cyclicality affecting the interim result of the operations.

5 Revenue

In 2016 the group standardised its accounting policy, across the group, in respect of residual value income, arising on the termination of rental contracts, to ensure that all of this income is accounted for within revenue. Previously a portion of this income was shown as part of cost of sales. Accordingly revenue for the six months ended 30 June 2015, £7.0 million and for the year ended 31 December 2015, £11.5m has been re-presented to reflect the position had this policy been in operation during that year. There is no overall impact on operating profit in 2015 as a result of this change.

6 Exceptional items

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

	Six months to June 2016 £m	Six months to June 2015 £m	31 December 2015 £m
Goodwill impairment	**-**	-	6.4
Strategy implementation costs:			
Professional fees and consultancy costs	**4.4**	-	0.7
Restructure and redundancy costs	**0.5**	-	0.2
	4.9	-	7.3

The group incurred professional fees and costs of £4.4m in relation to the implementation of its strategy update. Of this £1.6m was in relation to recruitment of new positions, interim management and support on key strategic projects: £2.3m was in relation to strategic advisory and consultancy and £0.5m related to legal fees.

The restructure and redundancy costs principally relate to the realignment of business priorities within the Flat Linen business within the UK. The tax credit associated with these costs is £0.1m.

7 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. The effective tax rate on adjusted profit before tax is 23.1% (30 June 2015: 24.0%).

On 8 July 2015 reductions to the main UK rate of Corporation tax were announced, by 1% to 19% in April 2017 and by a further 1% to 18% in April 2020. These reductions were substantively enacted on 26 October 2015 and are reflected in these financial statements.

On 16 March 2016 a further reduction was announced replacing the 18% tax rate effective from April 2020 with a 17% tax rate. This further change had not been substantively enacted at the balance sheet date. If applied to the UK deferred tax balances the impact of this reduction in the main UK rate of tax would be to reduce the net UK deferred tax liability by £0.7m.

8 Dividends

A final dividend relating to the year ended 31 December 2015 amounting to £36.8m million was paid in May 2016 (2015: £35.0 million), representing 21.5 pence per share (2014: 20.5 pence).

In addition, the directors recommend an interim dividend in respect of the financial year ending 31 December 2016 of 10.5p per ordinary share. It is payable on 7 October 2016 to shareholders who are on the register at 9 September 2016. This interim dividend amounting to £18.0 million is not reflected in these financial statements as it does not represent a liability at 30 June 2016. It will be recognised in shareholders' equity in the year to 31 December 2016.

9 Earnings per share

Basic earnings per ordinary share are based on the group profit for the period and a weighted average of 170,969,519 (2015: 170,845,178) ordinary shares in issue during the period.

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:

	30 June 2016 Number of shares	30 June 2015 Number of shares	31 December 2015 Number of shares
In issue	**170,969,519**	170,845,178	170,852,995
Dilutive potential ordinary shares arising from unexercised share options and awards	**345,322**	452,605	429,842
	171,314,841	171,297,783	171,282,837

An adjusted operating profit and earnings per ordinary share figure has been presented to eliminate the effects of exceptional items, amortisation of customer contracts, and non-recurring tax items. This presentation is shown because, in the opinion of the directors, this represents useful additional information to the readers of the interim financial statements, providing information attributable to the underlying activities of the business.

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

	Six months to 30 June 2016		Six months to 30 June 2015		Year to 31 December 2015	
	£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	**39.5**	**23.1**	36.7	21.5	88.7	51.9
Exceptional items – goodwill impairment (after taxation)	**-**	**-**	-	-	4.5	2.6
Exceptional items – strategy implementation costs (after taxation)	**3.9**	**2.3**	-	-	0.7	0.4
Amortisation of customer contracts (after taxation)	**2.8**	**1.6**	6.0	3.5	11.1	6.5
Impact of tax rate reductions – UK and other tax items	**-**	**-**	-	-	(1.7)	(1.0)
Profit attributable to equity shareholders of the company for adjusted earnings per share calculation	**46.2**	**27.0**	42.7	25.0	103.3	60.4
Diluted basic earnings per share		**23.1**		21.4		51.8
Diluted adjusted earnings per share		**27.0**		24.9		60.3

10 Property, plant and equipment

During the six months ended 30 June 2016, the group acquired assets including new leases, but excluding property, plant and equipment acquired through business combinations, with a cost of £109 million (30 June 2015: £90.1 million).

Assets with a net book value of £1.4 million were disposed of by the group during the six months ended 30 June 2016 (30 June 2015: £1.4 million) resulting in a net loss on disposal of £0.5 million (30 June 2015: profit £1.4 million).

During 2015 the group made the decision to reclassify, going forward, stocks of rented textile garments awaiting delivery to customers, from property, plant and equipment to inventory. Accordingly at 30 June 2015 £11.3m has been reclassified from property, plant and equipment to reflect this change and report the result at 30 June 2015 on a consistent basis.

The group's capital commitments at 30 June 2016 were £23.2 million (30 June 2015: £18.9 million).

11 Provisions

	Restructuring £m	Other	Total £m
At 1 January 2016	1.1	1.8	2.9
Charged in the year	1.7	-	1.7
Utilised in the period	(1.3)	-	(1.3)
Currency translation	0.1	0.3	0.4
At 30 June 2016	1.6	2.1	3.7
Represented by:			
Current	1.6	2.1	3.7

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

Environmental
Other represents a provision for the historic environmental clean-up costs at one of its plants in Holland (see also note 18) which the group believes are covered by an indemnity from a third party. The receivable in relation to this indemnity has been accounted for, at fair value, within other debtors.

12 Cash flows from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
Profit for the period	**39.6**	36.8	88.9
Adjustments for:			
Taxation	**12.1**	11.7	24.5
Goodwill impairment	**-**	-	6.4
Amortisation of intangible assets	**5.7**	10.1	18.7
Depreciation of property, plant and equipment	**87.7**	82.3	165.4
Loss/ (profit) on sale of property, plant and equipment	**0.5**	(1.4)	(2.8)
Finance income	**(0.4)**	(1.2)	(2.0)
Finance costs	**10.4**	10.7	20.7
Special pension contribution payments	**-**	(2.5)	(3.7)
Other movements	**(2.1)**	(0.1)	3.7
Changes in working capital (excluding effect of acquisitions, non-cash disposals and exchange differences on consolidation):			
Inventories	**(4.7)**	0.5	(1.9)
Trade and other receivables	**(5.5)**	(5.1)	(11.5)
Trade and other payables	**(11.2)**	(7.7)	2.5
Provisions	**0.4**	(0.4)	-
Cash generated from operations	**132.5**	133.7	308.9

12 Cash flows from operating activities continued

In the cash flow statement, proceeds from sale of property (including assets held for sale), plant and equipment comprise:

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
Net book amount	**1.4**	1.6	10.5
Profit on sale of property, plant and equipment	**(0.5)**	1.4	2.8
Proceeds from the sale of property, plant and equipment	**0.9**	3.0	13.3

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
Free cash flow	**0.6**	27.2	102.5
Analysis of free cash flow			
Net cash generated from operating activities	**110.0**	112.5	273.2
Add back special pension contribution payments	**-**	2.5	3.7
Purchases of property, plant and equipment	**(108.6)**	(88.6)	(181.5)
Proceeds from the sale of property, plant and equipment	**0.9**	3.0	13.3
Purchases of intangible assets	**(1.7)**	(2.2)	(6.2)
Free cash flow	**0.6**	27.2	102.5

13 Reconciliation of net cash flow to movement in net debt

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
(Decrease)/ increase in cash	**(73.3)**	31.5	41.7
Cash outflow/ (inflow) from movement in debt and lease financing	**32.2**	(58.2)	(19.3)
(Increase)/ decrease in net debt resulting from cash flows	**(41.1)**	(26.7)	22.4
New finance leases	**(0.5)**	(1.2)	(1.5)
Currency translation	**(29.3)**	3.5	(17.4)
Movement in net debt in period	**(70.9)**	(24.4)	3.5
Net debt at beginning of year	**(370.9)**	(374.4)	(374.4)
Net debt at end of period	**(441.8)**	(398.8)	(370.9)

14 Acquisitions

The group made no acquisitions in the period ended 30 June 2016. Over the same period the group paid £0.1m in respect of previous acquisitions made.

15 Pension schemes

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

	As at 30 June 2016 £m	As at 31 December 2015 £m
Present value of obligations	**(375.8)**	(319.2)
Fair value of plan assets	**346.5**	335.0
Net (liability)/ asset recognised in balance sheet	**(29.3)**	15.8
Analysed as:		
– Pension scheme surplus	**6.8**	44.6
– Pension scheme deficit and unfunded schemes	**(36.1)**	(28.8)
	(29.3)	15.8

Analysis of the movement in the net balance sheet asset:

	Six months to 30 June 2016 £m
At 1 January 2016	**15.8**
Current service cost	**(0.8)**
Interest cost	**(6.0)**
Return on plan assets	**6.3**
Actuarial loss recognised in other comprehensive income	**(42.6)**
Special contributions	**-**
Benefits paid	**0.5**
Contributions paid	**0.5**
Currency translation	**(3.0)**
At 30 June 2016	**(29.3)**

The movement in the pension balance in the six months ended 30 June 2016 largely reflects the result of a fall in the Corporate bond rate during the period and the impact of this fall on discounted pension obligations.

16 Financial risk management and financial instruments

16.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and hence they should be read in conjunction with the group's annual financial statements as at 31 December 2015. There have been no changes in the risk management department or in any risk management policies since the year end.

16.2 Liquidity Risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities. During the period the group repaid $100m, £63.9million, of its USPP 2006 borrowings and made an additional drawdown from its RCF of £32.2 million.

16.3 Fair Value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

16 Financial risk management and financial instruments continued

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 June 2016:

	Level 1	Level 2	Level 3	Total
Assets				
Derivatives used for hedging				
Cross-currency interest swaps	-	70.6	-	70.6
Forward foreign exchange contracts	-	2.3	-	2.3
Total assets	**-**	**72.9**	**-**	**72.9**

Liabilities				
Derivatives used for hedging				
Cross-currency interest swaps	-	(14.5)	-	(14.5)
Total liabilities	**-**	**(14.5)**	**-**	**(14.5)**

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 June 2015:

	Level 1	Level 2	Level 3	Total
Assets				
Derivatives used for hedging				
Cross-currency interest swaps	-	54.8	-	54.8
Total assets	**-**	**54.8**	**-**	**54.8**

Liabilities				
Derivatives used for hedging				
Cross-currency interest swaps	-	(6.7)	-	(6.7)
Forward foreign exchange contracts	-	-	-	-
Total liabilities	**-**	**(6.7)**	**-**	**(6.7)**

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2015:

	Level 1	Level 2	Level 3	Total
Assets				
Derivatives used for hedging				
Cross-currency interest swaps	-	67.1	-	67.1
Forward foreign exchange contracts	-	0.6	-	0.6
Total assets	**-**	**67.7**	**-**	**67.7**

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives used for hedging				
Cross-currency interest swaps	-	(11.2)	-	(11.2)
Forward foreign exchange contracts	-	-	-	-
Total liabilities	**-**	**(11.2)**	**-**	**(11.2)**

16.4 Fair value measurement

In accordance with IFRS 13, disclosure is required for financial instruments that are measured in the group balance sheet at fair value. The fair value of trade and other receivables, cash and cash equivalents, borrowings and trade and other payables approximates to their carrying amounts.

16 Fair risk management and financial instruments continued

Valuation techniques and assumptions applied in determining fair values of each class of asset or liability are consistent with those used as at 31 December 2015 and reflect the current economic environment. The fair value measurements of the derivatives are classified as Level 2 in the fair value hierarchy as defined by IFRS13.

The fair value by designated hedge type are as follows:

	Six months to 30 June 2016		Six months to 30 June 2015		Year to 31 December 2015	
	Assets fair value £m	**Liabilities fair value £m**	Assets fair value £m	Liabilities fair value £m	Assets fair value £m	Liabilities fair value £m
Cash flow hedges						
Cross currency interest rate swaps	**60.9**	**-**	20.8	-	38.9	-
Forward foreign exchange contracts	**2.3**	**-**	-	-	0.6	-
	63.2	**-**	20.8	-	39.5	-
Net investment hedges						
Cross currency interest rate swaps	**9.7**	**(14.5)**	34.0	(6.7)	28.2	(11.2)
	9.7	**(14.5)**	34.0	(6.7)	28.2	(11.2)
Total	**72.9**	**(14.5)**	54.8	(6.7)	67.7	(11.2)

17 Related parties

The nature of related parties as disclosed in the consolidated financial statements for the group as at and for the year ended 31 December 2015 has not changed. Further, there have been no significant related party transactions in the six month period ended 30 June 2016.

18 Contingent liabilities

The group operates from a number of 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. The company expects to have its warranties, which were contractually received in a clear and unequivocal manner, to be confirmed in full. The company does not expect to incur any significant loss in respect of these or any other sites.

In an international group, a variety of claims arise from time to time in addition to those in respect of environmental obligations discussed above. Such claims may arise due to litigation against group companies, as a result of investigations by fiscal authorities, or under regulatory requirements. Provision has been made in these interim consolidated financial statements against those claims which the directors consider are likely to result in significant liabilities. There are no other contingent liabilities which the directors consider require disclosure, other than as disclosed above.

19 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 has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim financial 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 interim financial information, 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 the year ended 31 December 2015

On behalf of the Board

James Drummond

29 July 2016

Chief Executive Officer

Kevin Quinn

29 July 2016

Chief Financial Officer

Independent review report to Berendsen plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Berendsen plc's condensed consolidated interim financial information (the "interim financial information") in the interim financial report of Berendsen plc for the 6 month period ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The condensed consolidated interim financial information, which are prepared by Berendsen plc, comprise:

- the consolidated interim balance sheet as at 30 June 2016;
- the consolidated interim income statement and consolidated interim statement of comprehensive income for the period then ended;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial information.

As disclosed in note 1 to the interim financial information, 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 (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial information included in the interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim financial report, including the condensed consolidated interim financial information, 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 Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the condensed consolidated interim financial information 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 complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority 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 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 interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

PricewaterhouseCoopers LLP
Chartered Accountants
London
29 July 2016

a) The maintenance and integrity of the Berendsen plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.