



Everyday essentials

Annual Review and Summary Financial Statement 2008





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Bunzl is a fast growing and successful Group with operations across the Americas, Europe and Australasia.

We have partnered with both customers and suppliers in providing outsourcing solutions and service oriented distribution.

We supply a broad range of internationally sourced products that are everyday essentials for our customers to operate their businesses.

Financial highlights

- Revenue up **17%**
- Operating profit* up **15%**
- Adjusted earnings per share* up **17%**
- Dividend per share up **10%**

	2008	2007	Actual exchange rates	Growth Constant exchange rates
Revenue £m	4,177.3	3,581.9	17%	8%
Operating profit £m	244.5	218.5	12%	4%
Operating profit* £m	280.5	242.9	15%	7%
Profit before tax £m	206.9	191.1	8%	1%
Profit before tax* £m	242.9	215.5	13%	5%
Basic earnings per share p	44.5	39.8	12%	5%
Adjusted earnings per share* p	52.7	45.1	17%	9%
Dividend per share p	20.6	18.7	10%	

*Before intangible amortisation



Our markets

Foodservice	33%
Grocery	25%
Cleaning & safety	19%
Non-food retail	8%
Healthcare	7%
Other	8%

Our business at a glance

We have facilities in 23 countries across four business areas: North America, UK & Ireland, Continental Europe and Rest of the World.

North America

£134.0m

Operating profit*

45%

of Group operating profit*

UK & Ireland

£78.0m

Operating profit*

26%

of Group operating profit*

Continental Europe

£67.2m

Operating profit*

23%

of Group operating profit*

Rest of the World

£17.6m

Operating profit*

6%

of Group operating profit*

*Before intangible amortisation and corporate costs

We are continually developing our international network and global sourcing capabilities to serve the evolving requirements of our customers. In early 2008 we entered the growing Brazilian market.

Our management team



Michael Roney
Chief Executive



Brian May
Finance Director



James Cunningham
Managing Director UK & Ireland



Pat Larmon
President and CEO North America



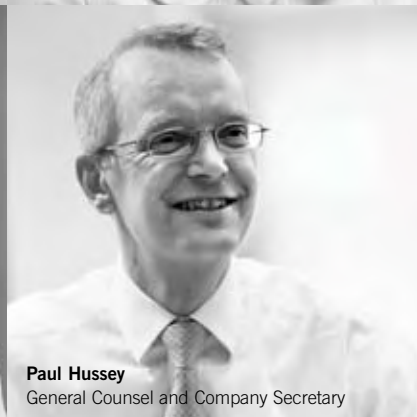
Celia Baxter
Director of Group Human Resources



Frank van Zanten
Managing Director Continental Europe



Nancy Lester
Director of Corporate Development



Paul Hussey
General Counsel and Company Secretary



Kim Hetherington
Managing Director Australasia





Chairman's statement

Anthony Habgood

Anthony Habgood
Chairman
23 February 2009

I am very pleased to be able to report that Bunzl increased its revenue by 17% to £4,177.3 million and its operating profit before intangible amortisation by 15% to £280.5 million in a period of increasingly difficult macroeconomic conditions, most markedly in the UK but also across the international markets in which we operate. These increases were the result of continued organic growth and acquisition activity with the impact of currency translation contributing between 8% and 9% as sterling weakened significantly against the euro and the US dollar. While the UK & Ireland was somewhat weaker in the second half, our strength around the world has again been demonstrated as all four of our business areas showed increased revenues and operating profits in local currencies for the year as a whole.

Profit before tax and intangible amortisation was up 13% to £242.9 million. Earnings per share rose 12% to 44.5p and adjusted earnings per share, after eliminating the effect of intangible amortisation, increased by 17% to 52.7p. Currency translation also accounted for 8% of the increases in profit before tax and adjusted earnings per share.

Dividend

The Board is recommending a 10% increase in the final dividend to 14.15p. This brings the total dividend for the year to 20.6p, also an increase of 10%. This year we propose to reintroduce a scrip dividend alternative, subject to shareholder approval, to replace the existing dividend reinvestment plan. Further information, including details of how shareholders can elect to participate should they wish to do so, will be included with my letter to shareholders relating to the forthcoming Annual General Meeting.

Credit facilities

Bunzl has committed funding from the US private placement market and syndicated and bilateral facilities totalling £1.1 billion. The first significant facilities mature in December 2010 and the longest committed funding matures in 2018. We expect to remain comfortably within our banking covenants. We are a highly cash generative business and will continue to rely on diverse sources of funding to achieve our objectives.

Strategy

In difficult economic conditions, Bunzl is pursuing its strategy of focusing on its strengths, continuously reviewing its cost base and consolidating the markets in which it competes. Through the pursuit of this strategy we have built leading positions in specific business sectors in the Americas, Europe and Australasia. In 2008 we further extended our business coverage with a number of acquisitions that took us deeper into our chosen markets and we entered Brazil for the first time. Redefining and deepening our commitment to customers and markets, extending our business into new geographies as appropriate and expanding and coordinating our procurement and international sourcing are important elements of our strategy.

Sourcing and consolidation operation in Shanghai

During 2008, Bunzl established a wholly owned operation in Shanghai to coordinate further the Group's sourcing and inventory consolidation activities in China to meet the evolving needs of our customers. In addition a Quality Assurance and Quality Control function has been set up to ensure that purchased products meet the required specifications and that the factories producing the products meet the Group's Ethical Trading policy.

Investment

While Bunzl does not have heavy capital expenditure for a company of its size, both organic growth and acquisitions require investment in the business to expand and enhance its asset base. Systems are critical to our ability to serve our customers in the most efficient and appropriate manner and we are convinced that our modern systems are a source of heightened advantage that enable us to manage our business in a way that will maintain our leadership in the market place. We therefore continuously upgrade our systems as we increase functionality and enhance customer service.

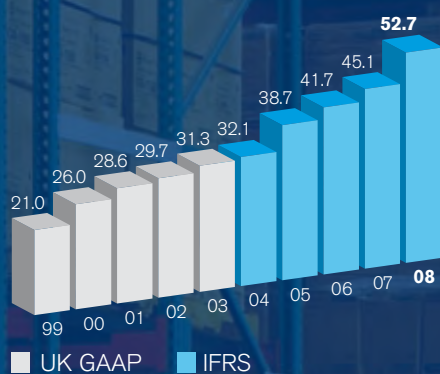
Environment and climate change

A common theme across Bunzl is a strong desire to increase environmental awareness for Bunzl's customers and staff. 'Green Teams' have been formed in each of our business areas and have implemented a number of initiatives to encourage sustainability. These include developing environmentally friendly services and products such as customer information sheets and catalogues describing green products, reviewing the possibility of closed loop recycling whereby Bunzl's plastic waste and that of our customers can be recycled to produce some of the products required by the customer base and conferences for sales representatives and customers. In addition, during 2008 we have continued to refine our approach to measuring CO₂ emissions to help identify our carbon footprint and enable us to reduce our environmental impact.

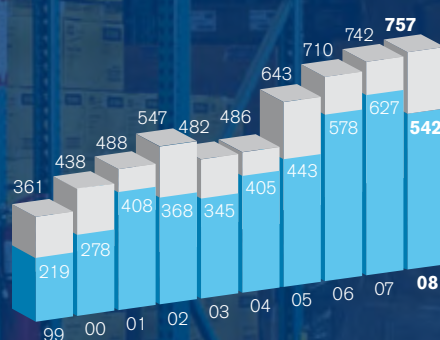
Employees

Our ability to deliver quality service depends on the excellence of our employees and their willingness to listen and respond to our customers' requirements. During the year everyone has worked together to adapt the operations in line with the changes in the market environment and to integrate newly acquired businesses into the organisation. We very much appreciate the flexibility, hard work and enthusiasm shown by our employees which is key to the ongoing growth and success of Bunzl.

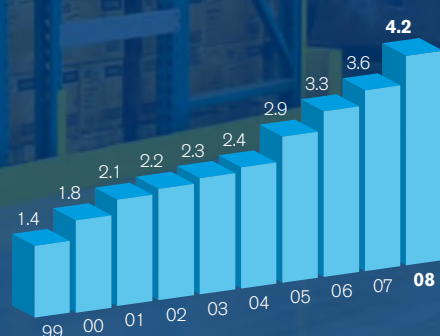
ADJUSTED EARNINGS PER SHARE ^p



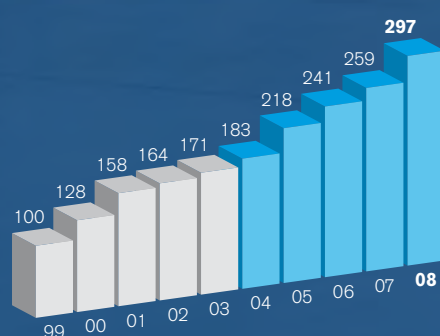
SHARE PRICE RANGE ^p



REVENUE ^{£bn}



OPERATING PROFIT* ^{£m}



*Before amortisation and corporate costs
99-05 continuing operations

■ UK GAAP ■ IFRS

Everyday essentials

‘Our success is based on understanding customer needs and our ability to deliver everyday essential products when and where they are needed.’



Chief Executive's review

Michael Roney
Chief Executive
23 February 2009

Operating performance

The Group once again had a successful year in 2008, despite the deterioration of world economies, due to a combination of organic growth, positive acquisition impact in both new and existing geographies and the benefit of currency translation. Furthermore the strong cash flow of the Group continued as we converted 92% of our operating profit into cash. In this review all references to operating profit are to operating profit before intangible amortisation.

Overall revenue increased 17% to £4,177.3 million and operating profit rose 15% to £280.5 million with currency translation accounting for between 8% and 9% of these increases. The operating profit margin declined slightly from 6.8% to 6.7%.

In North America revenue and operating profit rose by 12% and 9% respectively due to the second half impact of stronger organic growth and the strengthening of the US dollar. Although the profitability in UK & Ireland in the second half suffered as a result of the significant deterioration in the macroeconomic environment, revenue and operating profit for the full year rose by 11% and 5% respectively principally resulting from the positive impact of recent acquisitions. In Continental Europe both revenue and operating profit grew strongly, up 34%, due to organic growth, acquisition activity during 2007 and 2008 and the significant strengthening of the euro. The Rest of the World experienced a 50% increase in revenue while operating profit rose 63%, largely due to our acquisition of Prot Cap in Brazil in February, but also as a result of continued strong performance in Australasia and currency translation.

Basic earnings per share were 44.5p, up 12%. Adjusted earnings per share, after eliminating the effect of intangible amortisation, were 52.7p, an increase of 17%. Currency translation contributed 8% of this increase. Return on average operating capital continued at a consistently high level of 57%.

After strong operating cash flow, partly offset by expenditure on acquisitions, net debt rose by £203.1 million to £870.7 million, principally due to an increase of £168.9 million as a result

of the translation effect of our borrowings in foreign currencies following the weakening of sterling, particularly in the second half of the year. A further consequence of the sharp decline in the value of sterling late in the year was that the net debt to EBITDA ratio increased to 2.8 times as net debt is translated at the closing exchange rates and EBITDA is calculated using the average exchange rates for the year. Using the closing exchange rates for both net debt and EBITDA would have resulted in a ratio of 2.4 times which is consistent with the level of the previous year.

Since there has been a significant impact from strengthening foreign currencies, principally the US dollar and the euro, the operations, including the relevant growth rates, are reviewed below at constant exchange rates to remove the impact of these currency movements. Changes in the level of revenue and profits at constant exchange rates have been calculated by retranslating the results for 2007 at the average exchange rates used for 2008.

Acquisitions

The cost of acquisitions during 2008 was £123 million with the Group making investments in six countries including a significant first step into Brazil. We also announced two acquisitions in Spain and one acquisition in each of the UK, Australia, Germany and the Netherlands.

In January we completed the acquisition of Günter Guest Supplies, a German based business with revenue in 2007 of €9 million which services the hotel market throughout Europe with guest amenity products. In February we entered the promising Brazilian market with the acquisition of Prot Cap, a São Paulo based business with seven branches throughout the country and revenue of R\$118 million in 2007. It is a leading national supplier of personal protection equipment to the industrial, processor, construction, retail and mining sectors. In April we announced the acquisition of Salgo. Based in Sydney the business had revenue of A\$32 million in the year ended June 2007 and is principally engaged in the distribution of catering equipment and supplies to the hotel, restaurant and catering sectors throughout

eastern Australia. This bolt-on acquisition has provided the opportunity to extend their product range into our existing business. At the end of June we purchased Worldpack which is a Netherlands based business with 2007 revenue of €19 million and a leading distributor throughout Benelux of promotional packaging and point-of-sale items for the non-food retail sector.

In July we acquired A&E Russell which had revenue of £21 million in 2007 and supplies a broad range of personal protection equipment and related products throughout Scotland and England. In August we announced two acquisitions in Spain which have strengthened and broadened our presence in that country after our initial step in 2007. Hicosa, which is based in Barcelona and is principally engaged in the distribution of cleaning and hygiene products to a variety of customers, complements our existing Spanish cleaning and hygiene business, Iberlim. Revenue in 2007 was €6 million. Marca, which is based in Cartagena, supplies personal protection equipment to redistributors throughout Spain and had revenue of €21 million in 2007.

We remain committed to our strategy of focusing on our strengths and consolidating the markets in which we compete through both organic and acquisition growth.

Prospects

In the countries where we operate the 2009 economic environment is expected to be more challenging than 2008. While this may put pressure on underlying sales it may also present us with opportunities to develop the Group further. In North America the positive impact of new customer wins and additional business with existing accounts should increase the level of organic revenue growth from 2008, albeit with some mix-driven margin pressure. In spite of new client wins in UK & Ireland, the very difficult economic situation is likely to continue to put pressure on sales thereby limiting the potential for growth in 2009. Growth in Continental Europe is expected to be lower as recent acquisitions are fully integrated and the pressure on underlying growth continues. In the Rest of the World good growth is expected.

The current value of sterling is considerably weaker than the average rate for 2008 and, should the current spot rates continue, there will be a significantly greater positive translation impact on revenue and profits in 2009 than in 2008.

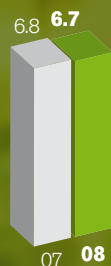
Even though the global economies have continued to deteriorate, the Board expects that our market leading positions in relatively resilient sectors and the positive impact of currency will enable the Group to continue to develop positively. Our strong financial position and highly cash generative business along with diverse sources of funding will allow us to take advantage of appropriate opportunities as they arise.

ORGANIC REVENUE GROWTH %



Increase in revenue for the year excluding the impact of currency and current year acquisitions but including a pro rata part year in respect of prior year acquisitions. Planned revenue reductions in prior year acquisitions reduced the underlying organic revenue growth in 2008 by 0.3% from 2.3%.

PROFIT MARGIN %



Ratio of operating profit before intangible amortisation to revenue.

PROFIT MARGIN EXCLUDING CURRENCY AND ACQUISITIONS %



Profit margin excluding the impact of currency and current year acquisitions but including a pro rata part year in respect of prior year acquisitions.

ACQUISITION SPEND £m



Consideration paid and payable, together with net debt assumed, in respect of businesses acquired during the year including any adjustments relating to acquisitions made in prior years.

ANNUALISED REVENUE FROM ACQUISITIONS £m



Estimated revenue which would have been contributed by acquisitions made during the year if such acquisitions had been completed at the beginning of the relevant year.

Foodservice essentials

We provide everyday foodservice items that our customers need for the successful running of their businesses. Our products range from crockery and appliances for hotels and restaurants to a wide variety of disposable items such as napkins, cups and stirrers for the catering trade.



Grocery essentials

We supply supermarkets, grocery stores and convenience stores with products which they do not sell but are essential for their everyday operations, including counter service and take out packaging as well as stationery and cleaning and hygiene supplies.



North America

+3%

Revenue
at constant exchange rates

69.5%

Return on average
operating capital

In North America revenue rose 3% at constant exchange rates to £2,055.1 million as a result of the second half impact of new customer wins and additional penetration of existing accounts. Ongoing pressures on our customers due to the continued weak economic environment and increases in fuel costs affected our results leaving operating profit 1% ahead at £134.0 million.

Our grocery business, which remains our largest sector, has developed a variety of logistics and product solutions to meet the needs of our customers during these difficult times. Our leading position in this market has been strengthened further by new account wins on the back of enhanced programmes that assist our customers with inventory management, working capital, cost control and sustainability issues.

Our redistribution business, R3, has also continued to grow, particularly with foodservice and jan/san distributors. We have expanded into larger accounts by establishing supply relationships with major buying groups. Suppliers, by increasing purchase order minimums, have effectively given us greater opportunities to grow with our distributor customers as they seek to manage their working capital more efficiently. In addition, our jan/san initiatives have continued to progress allowing us to purchase effectively at the volumes necessary to achieve optimum price points while being able to market and distribute these products in a manner that meets our customers' needs. We have expanded our catalogues and promotional literature and provided more selling tools to our sales representatives.

We continued to expand within the food processor industry. It is anticipated that market demand in this sector will continue to grow as consumers look for healthy, quick serve meal alternatives that require innovative packaging solutions. Our efforts have focused on fresh cut produce processors, specialised

bakeries and large take home meal processors as well as the protein processors. Our logistics programmes, combined with our broad product offering of personal protection equipment, operating supplies and packaging items, have created new sales opportunities with large national and global accounts. Our ability to service customers on a global basis is a major benefit of our programmes.

Although we are operating in a difficult trading environment, we have continued to make inroads into the non-food retail sector. During the year we successfully secured a national distribution programme with a major retailer. Another national retail customer has recently recognised our value and innovation as their Supplier of the Year due in part to our high fill rates, product selection and responsiveness to their needs.

With the recent addition of jan/san and foodservice lines for breakrooms and cafeterias, we anticipate expanding our safety business. We also plan to increase our import product offering.

Our business serving the convenience store sector performed well as we grew with both new and current customers. We are particularly targeting small and local chains that benefit from our logistics and marketing programmes.

Over the last year, we have continued to strengthen our partnerships with our strategic suppliers. These efforts have focused not only on product offerings and programmes, but also on sales training and synergistic sales and marketing efforts. Together with these suppliers we have identified joint sales targets in all sectors and have established programmes that allow us to track and monitor our progress.

We have also seen success with new products introduced through our international sourcing and import operation. An additional private

label line has allowed us to become more competitive against low end competitors and converters in the marketplace. We continued to invest in infrastructure in China that will allow us to source and consolidate products in the region more efficiently and to manage the quality control of the manufacturing processes of our suppliers.

Operating cost management remains an ongoing focus. We recently consolidated several operations in the North East of the USA that not only will reduce our operating expenses, but will provide a more effective platform to service our customer base. We should also reap further cost benefits as we continue to implement our information technology initiatives in our warehouses and for our transportation fleet and sales force, thereby improving our overall efficiency.

Environmental concerns continue to be a driving force where our focus addresses three major areas of our business: products; warehousing; and transportation. We are working with our suppliers to develop packaging solutions to meet the needs of our customers. These include a new line of compostable foodservice products. We continue to add motion sensors and new lighting systems to our warehouses that can significantly reduce our energy consumption. Within our truck fleet, engine governors have been set to reduce engine idle time and limit maximum speeds to improve fuel consumption. Additionally, we have added hybrid fuel consumption vehicles to our fleet and plan to expand this initiative.

Although the business faces ongoing economic challenges and competitive pressures, we are well positioned to pursue the opportunities that arise in each of our sectors while continuing to reduce operating costs.



UK & Ireland

+10%

Revenue
at constant exchange rates

56.0%

Return on average
operating capital

Despite a significant weakening of the economy as the year progressed, the integration of acquisitions from 2007 and 2008, together with a number of account wins, enabled revenue for the year as a whole to grow by 10% at constant exchange rates to £1,100.0 million. Although operating profit declined in the second half compared to 2007, the full year was up 4% at constant exchange rates to £78.0 million.

Within our horeca (hotel, restaurant and catering) business, market demand for catering equipment fell as the economy weakened and there were fewer new openings but we achieved a number of significant national account gains for both catering disposables and equipment within the leisure, hotel, restaurant and pub sectors. This continued into the last quarter and a number of significant accounts will start in early 2009. In August we relocated our North West branch to be nearer our customer base, improve efficiencies and reduce vehicle mileage.

Although we experienced a decline in plastic carrier bag volumes driven by retailers' activities to reduce consumers' usage, our retail supplies business, supplying a consolidated range of goods not for resale, had another strong year and grew sales by winning new customers and additional product categories. Revenue and gross margins on paper bags and luxury packaging

goods, mostly sourced from Asia, came under pressure due to lower sales volumes and the cost impact of the stronger US dollar.

The healthcare business progressed with the continued development of Southern Syringe where we completed the implementation of our IT system and integrated the supply chain of our original medical supplies business. In January 2009 we rebranded Southern Syringe as Bunzl Healthcare Supplies and Supply Chain Solutions. Care Shop, the leading care home distribution business acquired in December 2007, has performed to our expectations and has now also been integrated. During the year we relocated the Glasgow branch to our distribution centre at Cumbernauld.

Our cleaning and safety business grew with improved profitability. After implementing a new IT system in 2007, our cleaning and hygiene operations secured new customers and transferred existing accounts onto eCommerce solutions. This has allowed us to reduce our central telesales personnel and switch others to proactive selling. We also opened a new branch which replaced two smaller locations. We reacted to the decline in the construction market by reducing headcount in our safety business and entering the food processor market where we had some significant account wins which gives us a platform to grow within this sector.

We acquired A&E Russell in July, which increased our presence in Scotland, and have started to integrate the business which has led to a number of synergies being achieved.

In vending, the overall business has slowed significantly since the half year, due principally to cutbacks in the corporate sector, leading to disappointing results. We continued with the integration of Coffee Point, closing several warehouses and the head office and reducing the number of personnel. We also commenced the implementation of a new IT system within the combined business to increase the efficiency of our operations.

The Irish business saw reduced demand as the economy there entered recession ahead of the UK but we benefited from the acquisition of both Irish Merchants and Rafferty in the fourth quarter of 2007. As the integration has proceeded we have reorganised the business to prepare for the next phase of its development.

Healthcare essentials

We are a leading supplier of medical disposables to the healthcare sector in the UK. Our product range includes the essentials used in hospitals, health centres and care homes such as face masks, examination gloves, protective workwear, sterilisation products and procedure packs.





Non-food retail essentials

We supply a wide range of goods not for resale used by shops and department stores. These include carrier bags, gift boxes and other point of sale items which can be tailored to meet our customers' individual requirements.

**+16%**Operating profit
at constant exchange rates**48.9%**Return on average
operating capital

Continental Europe

At constant exchange rates revenue increased by 15% to £822.8 million and operating profit rose 16% to £67.2 million. Good organic sales growth has been complemented by the full year impact of the 2007 acquisitions of King Benelux and Iberlim and the part year impact of the 2008 acquisitions of Günter Guest Supplies, Worldpack, Hicosa and Marca. Profitability has improved, principally due to operating efficiency gains which have more than offset higher fuel and third party transport costs.

In France, our cleaning and hygiene business recorded good revenue growth in difficult market conditions, particularly with larger accounts. The resulting margin pressure was partially offset by higher sales of our TechLine own brand products and continued tight control over costs. The roll out of the new IT system is progressing well. Our French personal protection equipment business generated substantial profit growth from a combination of key account wins, good margin management and cost efficiencies.

In Benelux, the King businesses benefited from substantially improved purchasing terms now that they are part of Bunzl. King Netherlands also achieved strong sales growth due to new customer wins and implemented a new IT system in November which should lead to further efficiencies. King Belgium's profits were however held back by the disruption and one-off costs caused by the consolidation of two warehouses into one new location and a change in its IT system. It is now well positioned to grow and will also benefit from cost efficiencies in 2009. Our Dutch horeca business also delivered margin improvement but sales growth has slowed in recent months. Although the retail businesses in Benelux had lower sales, good margin management and lower costs reduced the impact on profits. Worldpack is integrating well and successfully relocated to a new, purpose-built warehouse in September.

In Germany, profits improved due to better margins and tight cost control. Günter integrated successfully into our existing operations with all stock now held in our warehouse in Marl and its operations transferred onto the same ERP system as our existing German business. Sales are benefiting from the cross-selling of product ranges.

In Denmark, both our retail and horeca businesses enjoyed strong profit growth from robust sales and margin improvements. The horeca business successfully relocated one of its two warehouses into a new, larger building, positioning it well for continued growth in the future along with cost efficiencies.

In central Europe, our cleaning and safety business had flat sales and experienced some margin pressure, particularly following some product changes at one of its major customers. The retail business, by contrast, improved its margins but sales were lower due in particular to a customer loss although this business has been won back for 2009.

In Spain, our cleaning and hygiene business continues to grow and we are currently integrating Hicosa, acquired in July, with our existing operations. We also acquired Marca, a personal protection equipment business which is based in Cartagena. The initial performance of these newly acquired businesses is in line with our expectations despite the weak local economy.



Rest of the World

+49%

Operating profit
at constant exchange rates

58.9%

Return on average
operating capital

The Rest of the World increased revenue by 38% at constant exchange rates to £199.4 million and operating profit by 49% to £17.6 million principally as a result of the acquisition of Prot Cap in Brazil in February but also due to strong growth across Australasia.

In Australasia, the business has been reorganised into three separate business units to create additional market specialisation and to capitalise on ordering and consolidation synergies from mutual customers within these sectors.

We experienced continued strong organic growth and improved profitability in our largest business, Outsourcing Services. The ongoing focus into the healthcare, industrial, horeca and retail (goods not for resale) sectors has held this business in good stead in a difficult economic environment. Our specialist healthcare business had a much stronger performance following operational improvements made during 2008. To complement our strong position, while capitalising on the continued growth opportunities in the healthcare market, this business is now reporting through Outsourcing Services. This will result in

ongoing synergies by utilising the same ordering platform and offering our customers increased consolidation opportunities while maintaining specialist expertise from the dedicated healthcare clinical team.

Bunzl Food Processor Supplies had a disappointing year and steps have been taken to improve our performance. During the year we successfully merged the two separate businesses operating in this sector to create a single identity. We also completed a systems integration which brings them onto the same operating system as Outsourcing Services. This will provide ongoing economies of scale and provide additional flexibility and efficiency by automating customer and supplier transactions.

To recognise our growing position in the catering equipment sector, we created our third business unit, Bunzl Catering Supplies. This follows our acquisition of Salgo in April and complements our existing business based in Queensland. Our goal is to create a single national network to provide a seamless service offering to our customers in this sector.

To support the business growth and to create the most efficient operational platform, we continue to invest in and develop our IT initiatives. This will include standardising and rationalising all business processes, benchmarking across all operating businesses and increasing the level of orders received electronically. This year we will also commission our first fully consolidated warehouse and distribution facility for all three business units in Brisbane and are evaluating other locations as opportunities arise.

The acquisition of Prot Cap in February, a leading national supplier of personal protection equipment in São Paulo, represents our first step into the large and growing Brazilian market. Results so far have been encouraging with the business trading ahead of expectations due to a combination of new customer wins and product line extensions.

Cleaning & safety essentials

We are a leading supplier of essential cleaning and hygiene products and personal protection equipment to a variety of industrial and construction markets. The safety product range includes work wear, ear and eye protection, gloves and other safety equipment.



Board of Directors

The implementation of Bunzl's global strategy is overseen by a strong independent international Board.



1|2|3



4|5|6



7|8|9

1 Ulrich Wolters

*†• (Age 66)

Non-executive director since 2004. Formerly Managing Director of Aldi Süd in Germany, he built the business into one of the world's leading retailers operating principally in Germany and Austria, the US, the UK and Australia. He is Chairman of Lenze AG and a non-executive director of Douglas Holding AG.

2 Michael Roney

(Age 54)

Chief Executive since 2005 having been a non-executive director since 2003. After holding a number of senior general management positions within Goodyear throughout Latin America and then Asia, he became President of their Eastern European, African and Middle Eastern businesses and subsequently Chief Executive Officer of Goodyear Dunlop Tires Europe BV. He is a non-executive director of Johnson Matthey Plc.

3 Charles Banks

*†#• (Age 68)

Non-executive director since 2002 and Chairman of the Remuneration Committee. Previously Chief Executive of Ferguson Enterprises, the largest North American subsidiary of Wolseley plc, he joined the Board of Wolseley in 1992 and was Group Chief Executive from 2001 until 2006. He is a partner of private equity firm Clayton Dubilier & Rice.

4 Brian May

(Age 44)

Finance Director since 2006. A chartered accountant, he qualified with KPMG and joined Bunzl in 1993 as Internal Audit Manager. Subsequently he became Group Treasurer before taking up the role of Finance Director, Europe & Australasia in 1996 and Finance Director designate in 2005.

5 David Sleath

*†• (Age 47)

Non-executive director since 2007 and Chairman of the Audit Committee. Formerly a Partner and Head of Audit and Assurance for the Midlands region of Arthur Andersen, he subsequently became Finance Director of Wagon plc before joining SEGRO plc, the European industrial property group, in 2005 where he is now Group Finance Director.

6 Anthony Habgood

(Age 62)

Chairman since 1996, having joined as Chief Executive in 1991, and Chairman of the Nomination Committee. A director of The Boston Consulting Group from 1977 to 1986, he was then appointed a director of Tootal Group PLC, subsequently becoming Chief Executive. He is Chairman of Whitbread PLC and the senior independent director of SVG Capital plc.

7 Pat Larmon

(Age 56)

Executive director since 2004 and President and Chief Executive Officer, North America. Having joined Bunzl in 1990 when Packaging Products Corporation, of which he was an owner, was acquired, he held various senior management positions over 13 years before becoming President of North America in 2003. He was appointed Chief Executive Officer in 2004.

8 Peter Johnson

*†• (Age 61)

Non-executive director since 2006. Having spent most of his earlier career in the motor industry, he joined Inchcape plc in 1995 and became Chief Executive in 1999 and Chairman in 2006. He is Chairman of The Rank Group Plc.

9 Jeff Harris

*†#• (Age 60)

Non-executive director since 2000 and senior independent director. Appointed Finance Director of UniChem Plc in 1986 and Chief Executive in 1992, he became Chief Executive of the enlarged Alliance UniChem Plc in 1997 and was Chairman from 2001 until 2005. He is Chairman of Filtrona plc.

* Member of the Audit Committee

† Member of the Remuneration Committee

Member of the Nomination Committee

• Independent director

Financial review

FREE CASH FLOW £m



Cash generated from operations less net capital expenditure, interest and tax.

RETURN ON AVERAGE OPERATING CAPITAL %



Ratio of operating profit before intangible amortisation to the average of the month end operating capital employed, being tangible fixed assets, inventories and trade and other receivables less trade and other payables.

Cash generated from operations was £272 million, £14 million higher than in 2007.

Group performance

Revenue increased by 17%, or 8% at constant exchange rates, to £4,177.3 million reflecting organic growth, the full year impact of 2007 acquisitions and acquisitions made in 2008. Operating profit before intangible amortisation increased 15%, or 7% at constant exchange rates, to £280.5 million. Operating profit margin excluding intangible amortisation declined to 6.7% from 6.8%. Intangible amortisation of £36.0 million was up £11.6 million, principally reflecting the full year impact of 2007 acquisitions and amortisation relating to acquisitions made in 2008.

The net interest charge increased to £37.6 million from £27.4 million in 2007 due to an increased level of average net debt and adverse currency movements. The increased level of average net debt was due to the full year impact of 2007 acquisitions, acquisitions made in 2008, the full year impact of the 2007 share buy back and currency movements. Interest cover was 7.5 times. Profit before income tax and intangible amortisation was £242.9 million, up 13%, or 5% at constant exchange rates.

Tax

A tax charge at a rate of 30.8% (2007: 31.6%) has been provided on the profit before tax and intangible amortisation. Including the impact of intangible amortisation of £36.0 million and the related deferred tax of £10.0 million, the overall tax rate is 31.3% (2007: 31.9%). The tax rate of 30.8% is higher than the nominal UK rate of 28.5% for 2008, principally because many of the Group's operations are in countries with higher tax rates.

Profit for the year

Profit after tax increased 9%, or 2% at constant exchange rates, to £142.2 million.

Earnings and dividends

The weighted average number of shares decreased to 319.4 million from 326.9 million due to the full year impact of the 2007 share buy back more than offsetting shares issued

on option exercises. Earnings per share were 44.5p, up 12%, or 5% at constant exchange rates. After adjusting for intangible amortisation and the related deferred tax, earnings per share increased 17%, or 9% at constant exchange rates, to 52.7p. This adjustment removes a non-cash charge which is not taken into account by management when assessing the underlying performance of the businesses.

An interim 2008 dividend of 6.45p per share and a proposed final 2008 dividend of 14.15p per share will deliver an increase of 10% for the year with dividend cover based on adjusted earnings per share at 2.6 times. A final 2007 dividend of 12.9p per share and the interim 2008 dividend of 6.45p per share at a total cost of £61.9 million have been charged to shareholders' equity in 2008.

Balance sheet

Return on average operating capital before intangible amortisation decreased to 57.3% from 60.9% in 2007. This decline was principally due to the reduction in net operating margin and an increase in working capital. Intangible assets increased by £311.0 million to £1,301.3 million reflecting goodwill and customer relationships arising on acquisitions in the year of £130.5 million and an exchange impact of £216.5 million, net of an amortisation charge of £36.0 million. Shareholders' equity increased by £136.4 million to £612.6 million principally due to profit after tax of £142.2 million and foreign currency gains of £82.7 million, partly offset by an actuarial loss on pensions, net of deferred tax, of £23.0 million and dividends of £61.9 million. Net debt increased by £203.1 million to £870.7 million due to a net cash outflow of £34.2 million combined with an adverse exchange movement of £168.9 million. Net debt to EBITDA was 2.8 times. The ratio would have been 2.4 times if the difference between the average exchange rates (used for the EBITDA calculation) and closing exchange rates (used for the net debt calculation) is eliminated.

Financial review continued

Cash flow

Cash generated from operations was £272.3 million, a £14.3 million increase compared to 2007, primarily due to an increase in profit before income tax. Cash inflow from operating activities was £205.9 million after income tax paid of £66.4 million. Spend on acquisitions was £115.9 million and capital expenditure net of sale proceeds was £15.2 million. Net cash inflow before financing activities was £81.3 million. After interest and dividends paid of £48.4 million and £59.9 million respectively and a £7.2 million outflow relating to employee share schemes, this produced a net cash outflow of £34.2 million.

Pensions

At 31 December 2008 the Group's pension deficit was £50.4 million. This represents a £37.2 million increase compared to 2007 primarily due to an actuarial loss of £32.7 million, adverse currency movements of £10.7 million and the current service cost of £5.1 million, partly offset by cash contributions of £8.5 million. The actuarial loss of £32.7 million results from a decline in the value of the schemes' assets partly offset by a reduction in the liabilities principally due to higher discount rates.

Going concern

Based on the expected future profit generation, cash conversion and current facilities' headroom over the 12 months to March 2010, the 2008 financial statements have been prepared on the going concern basis as described further in the Directors' report in the Directors' Report and Accounts and summarised in the Summary Directors' report on page 24.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on average capital employed as well as the level of total shareholders' equity and the amount of dividends paid to ordinary shareholders.

The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. All of the borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the Group has a portfolio of competitively priced borrowing facilities to meet the demands of the business over time and, in order to do so, arranges a mixture of borrowings from different sources with a variety of maturity dates.

The Group's businesses provides a high and consistent level of cash generation, which helps fund future development and growth. The Group seeks to maintain an appropriate balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes to the Group's approach to capital management during the year and the Group is not subject to any externally imposed capital requirements.

Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate and foreign currency risks. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are reviewed by the executive directors. Controls over exposure changes and transaction authenticity are in place.

Hedge accounting

The Group designates derivatives which qualify as hedges for accounting purposes as either (a) a hedge of the fair value of a recognised asset or liability; (b) a hedge of the cash flow risk resulting from changes in interest rates or foreign exchange rates; or (c) a hedge of a net investment in a foreign operation.

The Group tests the effectiveness of hedges on a prospective and retrospective basis to ensure compliance with IAS 39 'Financial Instruments: Recognition and Measurement'. Methods for testing effectiveness include dollar offset, critical terms and regression analysis.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges a mixture of borrowings from different sources. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis based on the management accounts. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. During 2008 all covenants have been complied with and based on current forecasts it is expected that all covenants will continue to be complied with for the foreseeable future.

Interest rate risk

The Group's debt is effectively held at floating interest rates since the US dollar bonds have been swapped to floating rates using interest rate swaps. Bank loans are drawn for various periods at interest rates linked to LIBOR. Interest rate caps and interest rate collars are in place to reduce the Group's resultant floating rate exposure to movements in LIBOR and thereby protect the Group's interest charge against material adverse movements in interest rates.

EXCHANGE RATES

Average	2008	2007
US\$: £	1.85	2.00
€ : £	1.26	1.46
A\$: £	2.19	2.39

Year end

US\$: £	1.44	1.99
€ : £	1.03	1.36
A\$: £	2.06	2.27

The interest rate swaps had a notional principal of £371.5 million outstanding at 31 December 2008. The floating interest rate is based on US dollar LIBOR repricing every three months.

Financial liabilities with a notional principal of £517.6 million were capped at 31 December 2008. The interest rate is based on US dollar and euro LIBOR repricing every three months. The interest rate collars have been entered into to manage the interest rate risk on US dollar borrowings with a notional principal of £69.4 million in the year ended 31 December 2008 and £208.3 million in the year ending 31 December 2009.

Foreign currency risk

The majority of the Group's borrowings were effectively denominated in US dollars and euros until the latter part of 2008. As a result of the increased volatility in the foreign exchange markets towards the year end, the Group converted the majority of this debt into sterling in order to limit the impact of foreign exchange on the level of net debt. At 31 December 2008, the Group had £255.9 million of debt denominated in foreign currencies.

The majority of the Group's transactions are carried out in the respective functional currencies of the Group's operations and so transaction exposures are limited. However where they do occur the Group's policy is to hedge significant exposures of firm commitments for a period of up to one year as soon as they are committed using forward foreign exchange contracts and these are designated as cash flow hedges.

Credit risk

Credit risk is the risk of loss in relation to a financial asset due to non-payment by the counterparty. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of financial assets.

The Group's principal financial assets are cash and deposits, derivative financial instruments and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets. The maximum exposure to credit risk for cash and deposits and trade and other receivables is their carrying amount.

Dealings are restricted to those banks with the relevant combination of geographic presence and suitable credit rating. The Group continually monitors the credit ratings of its counterparties and the credit exposure to each counterparty.

For trade and other receivables, the amounts represented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

At the balance sheet date there were no significant concentrations of credit risk.



Driver essentials

We are working hard at reducing risk and improving safety for all of our staff. With defensive driver training in North America and 'Drive with Pride' in UK & Ireland, as well as a host of other measures, a key theme for 2008 was the safe driving of Bunzl's commercial fleets.

Corporate social responsibility

-20%

Accident incidence rate

60%

Proportion of waste being recycled in UK & Ireland

The Company takes the area of social responsibility seriously and has for many years had policies with respect to business standards, health, safety and the environment. The Board believes that positive actions with respect to social responsibility are not only desirable in their own right but are also of potential economic and commercial benefit to the Group and considers environmental, social and governance matters for identifying, evaluating and managing risks to the Group. Bunzl is a member of the FTSE4Good index.

Bunzl's corporate social responsibility policy provides a reference point to guide stakeholders, including all employees, on the elements that drive the conduct of the business and relationships with the world in which the Group operates. The overall policy is made up of the following underlying elements: Standards of business conduct (Code of ethics), Environment (including climate change), Health and Safety, Employees, Customers, Suppliers and Community. Further details are available on the Company's website, www.bunzl.com.

Standards of business conduct (Code of ethics)

The Group has standards of business conduct which were updated most recently in 2007. The standards set out the behaviour expected of each Bunzl employee and cover the areas of conflicts of interest, compliance with laws, rules and regulations, dealing in Bunzl shares, protection of confidential information and company assets and relationships with stakeholders. The Code sets out requirements for reporting unethical behaviour, including any issues relating to accounting, internal controls and auditing matters. To raise employee awareness further, notices have been posted across the Group encouraging employees to 'Speak Out' regarding any business related concerns. The notices include details of confidential contacts should they feel unable to discuss such issues with their line managers. Business area heads are responsible for implementation of the standards and compliance is monitored annually. During 2008 no incidents of non-compliance have been recorded.

Environment (including climate change) and Health & Safety ('EHS')

The Group has a long standing commitment to achieving continual improvement in environment, health and safety performance. The Group Environment, Health and Safety Committee comprises representatives from each business area and is responsible to the Board for reviewing the Group's policy and agreeing standards and objectives for the Group worldwide as well as auditing performance against those objectives. During the year it was agreed to change the name of the EHS integrated web-based tool, which is universally applicable and adds value to the environmental and the health and safety management programmes both at subsidiary and Group level, to the Bunzl Risk Management System ('BRMS') to reflect work on risk management being carried out with insurers. The following objectives were set for 2008 to improve further the Group's performance:

- achieve an overall reduction in accident incidence and severity rates, amount of fuel used and waste to landfill;
- increase recycling of waste material;
- identify common themes to improve EHS performance across the Group and secure greater ownership from line management to understand and address the relevant issues;
- maintain and develop awareness of EHS matters with particular focus on employee involvement; and
- obtain external verification of the measurement of Bunzl's carbon footprint.

Environment

Through a diverse range of initiatives, from improving our paper and plastic recycling to fitting energy saving lights in our warehouses and reducing our fuel consumption, we are committed to reducing the environmental impact of our operations. We are also continually developing further ideas on green products as well as providing staff education and customer information.

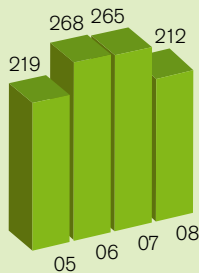
The major environmental impacts of the Group are associated with the management of waste, which is predominantly the packaging that suppliers use for delivering their products to Bunzl, and the consumption of fuel to transport products to our customers. These two areas are Bunzl's key performance indicators relating to environmental impact and during the year the Group has continued to focus on its environmental performance in these areas as shown in the bar charts on page 23.

The UK & Ireland business area maintained a good performance in 2008 relating to waste to landfill and waste to recycling. The proportion of waste per month being taken to landfill in the UK & Ireland has fallen each year from 2005, while the proportion of waste being recycled has increased over the same period. During 2008 waste data was collected for Australasia, Denmark, Germany and the Netherlands and will be included in key performance indicators in future years. A number of initiatives in each of the business areas are continuing which have a positive environmental benefit. Balers, used to compress waste paper, cardboard and plastic shrink wrap for disposal, and waste segregation programmes have been introduced at more sites. Discussions have been held with suppliers to eliminate unnecessary transit packaging and wherever possible reusable packaging is used. In the UK the Group is a member of Valpak who discharge the relevant obligations under the Producer Responsibility (Packaging Waste) and Waste Electrical and Electronic Equipment regulations. In Germany the Group is a member of Duales System Deutschland who operate the 'Green Dot' recycling system.

The Group continued to improve the fuel efficiency of the commercial fleet compared to 2007, measured as the consumption of diesel against revenue, for the businesses based in the US, the UK & Ireland and France. There continues to be a focus on the efficient use of fuel by better transport management.

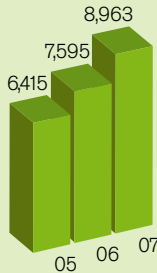
Corporate social responsibility continued

INCIDENCE RATE



Average number of incidents per month per 100,000 employees

SEVERITY RATE



Average number of days lost per month per 100,000 employees

In 2008 there has been a strong desire to increase environmental awareness of Bunzl's customers and staff. 'Green Teams' have been set up in all business areas and have implemented a number of initiatives. These include the development of customer information sheets and catalogues describing green products, reviewing the possibility of closed loop recycling whereby Bunzl's plastic waste and that of our customers can be recycled to produce some of the products required by the customer base and conferences for sales representatives and customers.

Central to Bunzl's environmental programme has been a drive across the business to gain ISO 14001 accreditation. During 2008, accreditation has been attained by Coffee Point, Irish Merchants and Allcare. To date, all UK & Ireland businesses have gained accreditation, with the exception of the newest acquisitions in Healthcare, Keenpac and A&E Russell. Within Continental Europe, Bunzl Netherlands, Denmark and Germany are accredited. France takes part in the Bunzl environmental reporting processes. In Australasia it is expected that the Catering Supplies businesses will gain accreditation in 2009. North America has a programme for recycling plastic and installing energy efficient lighting systems as well as continuing to provide information on truck fleet fuel usage.

During 2008 Bunzl has continued to refine its approach to measuring its CO₂ emissions to help identify its carbon footprint and thereby enable the Group to reduce its environmental impact. The Greenhouse Gas (GHG) Protocol's classification of emissions has been adopted and we continue to use the GHG conversion factors developed by the UK Department for Food and Rural Affairs. We have endeavoured to capture and collate data for the whole Group in Scope 1 and Scope 2 of the GHG Protocol and have data for some 90% of the Group.

In addition we have focused on those parts of Scope 3 that can be controlled by Bunzl such as CO₂ emissions of third party carriers used in connection with the transportation of Bunzl's goods and business travel such as air, rail and road. Other indirect emissions have not been factored in at this stage. We have calculated Bunzl's carbon footprint on the above basis and are in the process of validating the calculation prior to any external publication. In 2008 Bunzl was able for the first time to provide quantitative data to the Carbon Disclosure Project.

Health & safety

The Company continuously seeks to improve the quality and the reliability of data collection to support the key metrics used to measure the Group's EHS performance. Group health and safety performance is assessed by two indices: incidence rate, reflecting the total number of accidents/incidents which involve lost time, and severity rate, reflecting the number of days lost as the result of accidents or work related ill-health. Trends against these two measures are tracked using monthly averages. Data covering the central European businesses have been included for 2008 only.

Due to accidents which took place towards the end of 2007 which resulted in additional days lost following the publication of last year's report, the severity rate for 2007 has unfortunately increased and been restated accordingly. Since the severity of accidents which occur at the end of a particular year is often not known for several months afterwards, the Company has for this year reported, and will in the future report, the severity rate one year in arrears. Regrettably during the year there has been one fatality, an employee, involved in a road accident in Hungary. A variety of actions have been taken to raise awareness of health and safety issues and provide managers with information to enable them to identify areas of poor performance and to improve accident rates including publication of business area statistics on a quarterly basis and, within some business areas, the publication of accident statistic league tables.

Manual handling and slipping and tripping remain the highest cause of incidents but the level of severity is variable. The Group remains focused on reducing these risks as far as reasonably practicable by ensuring good housekeeping, reviewing weights of products supplied, providing appropriate equipment and raising personal awareness of safe working practices. A key theme for 2008 was the safe driving of Bunzl's commercial fleets which has included a defensive driving training course for professional truck drivers in North America and 'Drive with Pride' training for UK & Ireland based drivers which covered safe driving as well as customer service and driving economically. In addition a programme relating to claims defensibility has been run in the UK & Ireland to assist managers in understanding the costs and causes of safety failure and how these can be avoided by implementing robust safety management procedures. There have been a number of initiatives aimed at encouraging employees to take greater ownership of their own health and well-being including in North America a programme to encourage employees to get healthy by walking 10,000 steps per day.

Employees

Bunzl remains committed to the recruitment of high quality staff and developing them within the businesses to maximise personal performance and progression. This is achieved by a combination of structured Group development programmes, specific skills training within respective businesses, performance management processes and the provision of challenging and responsible roles. During 2008 the Bunzl VIP (value, integrity and performance) sales training and development initiative developed in North America continued to be successfully rolled out to all sales professionals in Australasia. A new development programme, 'Supply Chain Management Workshop', has been piloted which is aimed at improving the effectiveness of the operations of the business. In the UK & Ireland after the success of the WoW! customer care programme, WoW2! was launched to continue to build outstanding customer care across the business. The Group

WASTE TO LANDFILL (%)



Proportion of waste materials from the UK & Ireland businesses sent to landfill.

RECYCLED WASTE (%)



Proportion of waste materials from the UK & Ireland businesses sent for recycling.

DIESEL FUEL USAGE (Litres per £,000 revenue)



Quarterly average volume of diesel used in the US, the UK & Ireland and France for transporting the Company's products.

aims to provide development opportunities to employees and strives to promote from within whenever appropriate. Graduates continue to be recruited into the businesses in the US and the UK and have structured training programmes to enhance their development.

Appropriate and well-timed communication to and from employees is essential to ensure the continued effectiveness of the business. The European Information and Consultation Forum continues to meet to provide information to, and to consult with, elected employee representatives on Group and business area policies, strategy and performance. Some UK businesses have formalised information and consultation arrangements to ensure better employee involvement and feedback locally. A magazine, 'The Source', continues to be produced and distributed around the Group, notifying employees of major business successes, acquisitions and appointments. A variety of locally produced newsletters, briefings and intranet communications give more specific information related to the business or site where employees are based.

Customers

The Group's business and livelihood depends upon its customers. Every employee is responsible for ensuring that any contact with customers and the public at large reflects professionalism, efficiency and honesty. During 2008, as has been the practice for some years, a number of businesses undertook formal customer surveys to measure their customer service performance and rectify any issues identified. In addition, senior management meets key customers on an ad hoc basis to ensure an understanding of their service requirements and gain their perceptions on how these requirements are being met. The quality of the operations and service is key and many sites have attained ISO 9001:2000 accreditation. A number of customers have recognised the quality of service provided by Bunzl businesses during 2008 and a variety of awards have been received. These include in North America, Vendor of the Year in the Furniture and Supplies category awarded by Office Depot for maintaining high fill rates and

responsiveness, the Seattle branch won the Food Services of America Seattle's Supplier Excellence award due to having exhibited the best all round performance and, for the second year running, the Processor business was awarded the Spirit of Excellence Award by Hormel Foods Corporation.

In the UK, Greenham was awarded the DEFRA Sustainability Award as it had contributed significantly to the DEFRA performance targets by reducing CO₂ emissions, waste generation and water consumption and increased energy efficiency and recycling opportunities in the provision of goods and services and a Bunzl Lockhart National Accounts Manager was named Sales Professional of the Year by the Catering Equipment Suppliers Association which is the fourth year in a row that a Bunzl Lockhart sales person has won this award. In Continental Europe, Varia-Pack in Belgium was for the third year in a row named as the Best Supplier in the non-food category by Gate Gourmet. In Australasia, Bunzl Food Processors was named Gold Supplier by Australian Country Choice.

Suppliers

Bunzl regards suppliers as partners and works with them to help achieve policy aspirations in the delivery of products and services. Specifically the Group is committed to working with its suppliers to ensure that the welfare of workers and labour conditions within the supply chain meet or exceed recognised standards. Management regularly meets with suppliers to ensure mutual understanding and to give and receive feedback on services and goods received.

Community

Bunzl at Group level has continued to support a cross section of projects with registered charities in the fields of healthcare, disability and the environment. In 2008 Bunzl and its employees across the world made significant donations to various cancer research and cancer care charities including sponsorship of projects relating to leukaemia research undertaken by the Leukaemia Research Fund and donations and local fund raising for

Macmillan Cancer Support. Bunzl continued to support Queen Elizabeth's Training College in the UK to fund the National Vocational Qualification accreditation of the Customer Service training course developed last year with funding from Bunzl. Support was once again given to Leonard Cheshire, this year to develop a new training initiative 'Enterprise Ability' which aims to develop the business skills of disabled people to enable them to become self-employed media professionals or internet traders. This initiative was inspired by the 'Ability TV studio' which Bunzl partly funded. Further funding was provided to the British Occupational Health Research Forum to support research on 'Line management competencies and supporting colleagues back to work'. For the first time, a donation was given to the Equipment Loan Pool run by the Royal London School for the Blind which helps clients take up employment by lending their potential employers access technology to enable them to start work immediately.

We continued to provide support to environmental projects which included funding the London Remade Local Authority Network Meetings which discuss recycling activities as well as providing funding for an educational centre to purchase equipment to support the Work Horse Programme.

Donations were also made to two UK benevolent associations, Hospitality Action and The Lighthouse Club, who support workers from two of the key industry sectors that Bunzl serves. In addition, Group companies and individual employees worldwide continue to support local charitable initiatives. North America has sponsored a variety of organisations and events such as the Variety Children's Charity of St Louis Parade, the MS Gateway Area Walk and the Queen of Peace Center. In the UK, fund raising activities took place for Springboard, the Cedar Foundation and the Point Foundation. Bunzl Netherlands raised funds for child cancer charity Kika. Australasia raised funds for a number of charities including Cure Kids, the Deaf Cricket Tour and the World's Greatest Shave.

Summary directors' report

Principal activity and business review

The principal activity of the Group is providing value-added distribution and outsourcing services in the Americas, Europe and Australasia. Details of the Group's activities, developments and performance for the year, the main trends and factors likely to affect its future development and performance and information which fulfils the requirements of the Companies Act 2006 relating to the production of a business review are set out in the Chairman's statement, the Chief Executive's review, the Financial review and the Corporate social responsibility report on pages 4 to 15 and 17 to 23 and in the section entitled 'Principal risks and uncertainties' set out in the full Directors' report included within the Directors' Report and Accounts.

Going concern

The directors, having made appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Purchase of own shares

During the year ended 31 December 2008 the Company did not purchase any of its own shares pursuant to the shareholder authorities granted at the 2007 and 2008 Annual General Meetings. As at 23 February 2009 the Company held a total of 23,325,000 shares in treasury.

Directors

All of the current directors served throughout the year. Mr A J Habgood, Mr B M May, Mr C A Banks and Mr P W Johnson retire by rotation at the Annual General Meeting in accordance with the Company's Articles of Association and the Combined Code on Corporate Governance and, being eligible, offer themselves for re-election. Biographical details of the current directors are set out on page 16.

Directors' interests in ordinary shares are shown in Note 20 to the consolidated financial statements in the Directors' Report and Accounts. None of the directors was materially interested in any contract of significance with the Company or any of its subsidiary undertakings during or at the end of 2008.

Dividends

An interim dividend of 6.45p was paid in respect of the year and the directors recommend a final dividend of 14.15p, making a total for the year of 20.6p. This compares with 18.7p for the year ended 31 December 2007.

Corporate governance

The Company is committed to high standards of corporate governance. The Company confirms that it has complied throughout 2008 with the provisions of the Combined Code on Corporate Governance.

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors and the Company Secretary, in addition to other senior executives who are directors of subsidiaries of the Company, to the extent permitted by law and the Articles in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as a director or officer of the Company or any of its subsidiaries.

Internal control

The directors acknowledge that they have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In accordance with the Turnbull guidance the Company has established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating and managing significant risks to the Group. The directors confirm that such procedures have been in place for the year ended 31 December 2008 and up to the date of approval of these financial statements and have been reviewed during the year.

The directors also confirm that they have reviewed the effectiveness of the system of internal control in operation during 2008.

Annual General Meeting

The Annual General Meeting will be held at The Park Suite, The Dorchester, Park Lane, London W1K 1QA on Wednesday 13 May 2009 at 11.00 am. The notice convening the Meeting is set out in a separate letter from the Chairman to shareholders which explains the items of special business.

External auditors

A resolution is to be proposed at the forthcoming Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company at a rate of remuneration to be determined by the directors.

P N Hussey

Secretary
23 February 2009

Summary remuneration report

The Company's remuneration policy for 2008 and beyond is designed to help ensure the recruitment, retention and motivation of the executive directors by providing fair reward for the responsibilities they undertake and the performance they achieve on behalf of shareholders. In this context, the Remuneration Committee's policy is to set the overall remuneration package at a competitive level and in a form that permits significant additional remuneration to be earned for high performance over a sustained period. This is normally achieved by benchmarking base pay against comparator companies and a range of factors, including performance, and by providing, in addition, short and long term incentives geared to performance.

In assessing the balance of performance related and non-performance related elements of remuneration, base pay and benefits are treated as non-performance related, whereas annual bonus (including awards under the Deferred Annual Share Bonus Scheme – 'DASBS') and long term incentives are treated as performance related. For this purpose, share options and performance shares are valued at an appropriate proportion of their face value on grant or award. On this basis, the Committee sets the remuneration package such that about half the total target remuneration package is derived from the performance related elements.

Base pay

The base pay of each executive director is set to reflect the size and scope of that director's responsibilities undertaken on behalf of the Board, the level of overall performance achieved, including that related to environmental, social and governance issues, and experience in the post. It is benchmarked against comparator companies and the actual pay level is set after taking into account individual performance and the general movement of base pay within the Group.

Annual bonus plan

The executive directors participate in an annual bonus plan intended to support the Company's overall remuneration policy. The bonus plan for each executive director contains meaningful targets that seek to focus attention on one or two key measures of short to medium term achievement. Half of this annual bonus is normally paid in cash and the balance (but with the total aggregate amount capped) is deferred under the rules of the DASBS.

Under the DASBS, eligible executives, including the executive directors, receive the deferred element of their annual bonus as an award of ordinary shares. The ordinary shares are transferred to the executive on 1 March in the third year after the year in which the award is made, provided normally the executive has remained in the employment of the Group throughout that period or until their normal retirement date.

Share based incentives

The Remuneration Committee believes that the long term performance of the Group is an important consideration for shareholders and that share based incentives are an important part of helping to align the interests of shareholders and those employed by the Group. A formal share ownership guideline is in place under which executive directors are expected over a period of time to retain a shareholding worth at least equal to their basic salaries.

The Group operates a Long Term Incentive Plan under which the executive directors and other senior executives in the Group may be granted options and awards in respect of performance shares. Participation in the Plan is at the discretion of the Committee. The Committee reviews biannually the level of grant taking account of each executive's performance and job responsibilities. Annual grants of share options may not exceed an amount equal to three times base salary. In normal circumstances options granted are exercisable, subject to satisfaction of the relevant performance condition, after three years with no provision for retesting, not earlier than three years and not later than 10 years after the date of grant. Annual awards of performance shares may not exceed an amount equal to two times base salary. A performance share award will normally vest (i.e. become exercisable) on the third anniversary of its grant to the extent that the applicable performance conditions have been satisfied, with no provision for retesting, and will remain capable of being exercised for the three year period following the date on which it vests.

Retirement benefits

The Group utilises both defined benefit and defined contribution pension schemes throughout the world. All defined benefit schemes are closed to new entrants who are now offered a defined contribution arrangement. The executive directors are eligible to participate in the relevant pension scheme and/or may choose to take a pension allowance, part of which can be paid into a private pension scheme.

Service contracts

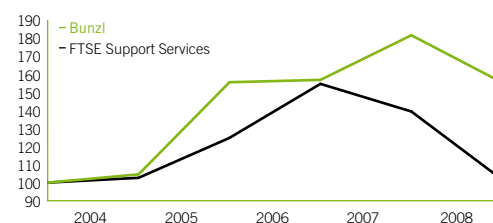
It is the Company's policy that executive directors are normally employed on contracts that provide for 12 months' notice from the Company and six months' notice from the executive. The non-executive directors do not have service contracts.

Directors' emoluments for 2008

The directors' aggregate emoluments for 2008 were £3.3 million, the aggregate amount of gains made by directors on the exercise of share options during the year was £0.8 million, the aggregate market value of performance share awards exercised by directors under long term incentive schemes during the year was £3.4 million, the aggregate market value of shares exercised by directors under the DASBS was £0.7 million and the aggregate amount of contributions paid by the Company to money purchase pension schemes in respect of the directors was £0.2 million. Two of the current directors participate in defined benefit pension schemes, one of whom (who is no longer accruing future benefits under the defined benefit scheme) also participates in a money purchase pension scheme.

Total shareholder return

The Company's total shareholder return over the last five years compared to that of the FTSE Support Services Sector is shown below.



Source: Thomson Datastream

Consolidated income statement

for the year ended 31 December 2008

	2008 £m	2007 £m
Revenue	4,177.3	3,581.9
Operating profit before intangible amortisation	280.5	242.9
Intangible amortisation	(36.0)	(24.4)
Operating profit	244.5	218.5
Finance income	27.6	21.1
Finance cost	(65.2)	(48.5)
Profit before income tax	206.9	191.1
Profit before income tax and intangible amortisation	242.9	215.5
UK income tax	(8.6)	(4.4)
Overseas income tax	(56.1)	(56.6)
Total income tax	(64.7)	(61.0)
Profit for the year attributable to the Company's equity holders	142.2	130.1
Earnings per share attributable to the Company's equity holders		
Basic	44.5p	39.8p
Diluted	44.4p	39.6p
Dividend per share	20.6p	18.7p

Consolidated balance sheet

at 31 December 2008

	2008 £m	2007 £m
Assets		
Property, plant and equipment	111.3	91.0
Intangible assets	1,301.3	990.3
Investment in associates	0.5	–
Derivative assets	49.1	11.3
Deferred tax assets	2.8	0.5
Total non-current assets	1,465.0	1,093.1
Inventories	490.6	331.6
Income tax receivable	5.8	4.4
Trade and other receivables	724.8	575.4
Derivative assets	1.7	1.5
Cash and deposits	65.6	76.0
Total current assets	1,288.5	988.9
Total assets	2,753.5	2,082.0
Equity		
Share capital	112.6	112.4
Share premium	126.6	124.6
Merger reserve	2.5	2.5
Capital redemption reserve	8.6	8.6
Cash flow hedge reserve	(4.9)	(1.1)
Translation reserve	96.0	9.5
Retained earnings	271.2	219.7
Total equity attributable to the Company's equity holders	612.6	476.2
Liabilities		
Interest bearing loans and borrowings	919.7	656.4
Retirement benefit obligations	50.4	13.2
Other payables	11.9	10.6
Provisions	50.2	50.6
Deferred tax liabilities	134.1	92.3
Total non-current liabilities	1,166.3	823.1
Bank overdrafts	8.1	20.3
Interest bearing loans and borrowings	57.6	79.4
Income tax payable	55.0	60.5
Trade and other payables	833.9	611.8
Derivative liabilities	6.4	1.5
Provisions	13.6	9.2
Total current liabilities	974.6	782.7
Total liabilities	2,140.9	1,605.8
Total equity and liabilities	2,753.5	2,082.0

Approved by the Board of Directors of Bunzl plc on 23 February 2009 and signed on its behalf by Mr M J Roney, Chief Executive and Mr B M May, Finance Director.

Consolidated cash flow statement

for the year ended 31 December 2008

	2008 £m	2007 £m
Cash flow from operating activities		
Profit before income tax	206.9	191.1
Adjustments for non-cash items:		
depreciation	19.7	15.9
intangible amortisation	36.0	24.4
share based payments	5.3	4.8
Working capital movement	(15.9)	13.5
Finance income	(27.6)	(21.1)
Finance cost	65.2	48.5
Provisions and pensions	(15.8)	(18.5)
Other	(1.5)	(0.6)
Cash generated from operations	272.3	258.0
Income tax paid	(66.4)	(65.1)
Cash inflow from operating activities	205.9	192.9
Cash flow from investing activities		
Interest received	7.0	5.3
Purchase of property, plant and equipment	(20.9)	(19.9)
Sale of property, plant and equipment	5.7	3.3
Purchase of businesses	(115.9)	(191.7)
Investment in associates	(0.5)	–
Cash outflow from investing activities	(124.6)	(203.0)
Cash flow from financing activities		
Interest paid	(48.4)	(33.6)
Dividends paid	(59.9)	(56.2)
(Decrease)/increase in short term loans	(73.2)	34.9
Increase in long term loans	99.8	192.1
Net (purchase of)/proceeds from employee shares	(7.2)	1.0
Purchase of own shares into treasury	–	(100.0)
Cash (outflow)/inflow from financing activities	(88.9)	38.2
Exchange gain on cash and cash equivalents	9.4	2.5
Increase in cash and cash equivalents	1.8	30.6
Cash and cash equivalents at start of year	55.7	25.1
Increase in cash and cash equivalents	1.8	30.6
Cash and cash equivalents at end of year	57.5	55.7

1 Analysis of revenue and operating profit

	Revenue		Operating profit*	
	2008 £m	2007 £m	2008 £m	2007 £m
North America	2,055.1	1,839.0	134.0	123.3
UK & Ireland	1,100.0	994.3	78.0	74.5
Continental Europe	822.8	616.0	67.2	50.0
Rest of the World	199.4	132.6	17.6	10.8
Corporate			(16.3)	(15.7)
	4,177.3	3,581.9	280.5	242.9

*Before intangible amortisation.

2 Income tax

A tax charge at a rate of 30.8% (2007: 31.6%) has been provided on the profit before tax and intangible amortisation. Including the impact of intangible amortisation of £36.0m (2007: £24.4m) and the related deferred tax of £10.0m (2007: £7.1m), the overall tax rate is 31.3% (2007: 31.9%).

3 Dividends

	2008 £m	2007 £m
2006 final		38.6
2007 interim		18.6
2007 final	41.3	
2008 interim	20.6	
Total	61.9	57.2

The 2008 final dividend of 14.15p per share will be paid on 1 July 2009 to shareholders on the register at the close of business on 8 May 2009.

Total dividends for the year to which they relate are:

	Per share	
	2008	2007
Interim	6.45p	5.8p
Final	14.15p	12.9p
Total	20.6p	18.7p

4 Earnings per share

	2008 £m	2007 £m
Profit for the year	142.2	130.1
Adjustment	26.0	17.3
Adjusted profit*	168.2	147.4
Basic weighted average ordinary shares in issue (million)	319.4	326.9
Dilutive effect of employee share plans (million)	1.2	1.8
Diluted weighted average ordinary shares (million)	320.6	328.7
Basic earnings per share	44.5p	39.8p
Adjustment	8.2p	5.3p
Adjusted earnings per share*	52.7p	45.1p
Diluted basic earnings per share	44.4p	39.6p
Adjustment	8.1p	5.2p
Adjusted diluted earnings per share*	52.5p	44.8p

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

5 Cash and cash equivalents and net debt

	2008 £m	2007 £m
Cash at bank and in hand	60.4	69.0
Short term deposits repayable in less than three months	5.2	7.0
Cash and deposits	65.6	76.0
Bank overdrafts	(8.1)	(20.3)
Cash and cash equivalents	57.5	55.7
Interest bearing loans and borrowings		
Current liabilities	(57.6)	(79.4)
Non-current liabilities	(919.7)	(656.4)
Derivative assets – fair value of interest rate swaps hedging fixed interest rate borrowings	49.1	12.5
Net debt	(870.7)	(667.6)
Movement in net debt	2008 £m	2007 £m
Beginning of year	(667.6)	(430.7)
Net cash outflow	(34.2)	(198.9)
Currency translation	(168.9)	(38.0)
End of year	(870.7)	(667.6)

Statement of the independent auditors to the members of Bunzl plc

Pursuant to Section 251 of the Companies Act 1985

We have examined the Summary Financial Statement which comprises the Consolidated income statement, Consolidated balance sheet, Consolidated cash flow statement, the related Notes and the Summary remuneration report set out on pages 25 to 30.

This statement is made solely to the Company's members, as a body, in accordance with Section 251 of the Companies Act 1985.

Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review and Summary Financial Statement with the full annual financial statements, the Directors' report, the Directors' remuneration report and its compliance with the relevant requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the Annual Review and Summary Financial Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the Group's full annual financial statements describes the basis of our audit opinion on those financial statements and the Directors' remuneration report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual financial statements, the Directors' report and the Directors' remuneration report of Bunzl plc for the year ended 31 December 2008 and complies with the applicable requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
London
23 February 2009

The auditors have issued an unqualified report on the full financial statements containing no statement under Sections 237(2) or 237(3) of the Companies Act 1985.

Shareholder information

Financial calendar

	2009
Annual General Meeting	13 May
Results for the half year to 30 June 2009	24 August

	2010
Results for the year to 31 December 2009	February
Annual Report circulated	March

Dividend payments are normally made on these dates:

Ordinary shares (final)	1 July
Ordinary shares (interim)	2 January

Analysis of ordinary shareholders

At 31 December 2008 the Company had 5,906 (2007: 5,704) shareholders who held 350.4 million (2007: 349.8million) ordinary shares (including treasury shares) between them, analysed as follows:

Size of holding	Number of shareholders	% of issued share capital
0 – 10,000	5,286	2
10,001 – 100,000	343	3
100,001 – 500,000	169	11
500,001 – 1,000,000	44	9
1,000,001 and over	64	75
	5,906	100

Shareholder security

Shareholders are advised to be cautious about any unsolicited financial advice, offers to buy shares at a discount or offers of free company reports. More detailed information about this can be found at www.moneymadeclear.fsa.gov.uk. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Share dealing

Bunzl plc shares can be traded through most banks and stockbrokers. The Company's Registrar also offers an internet and telephone dealing service. Further details can be found at www.computershare.com/dealing/uk or by telephoning 0870 703 0084.

ShareGift

Sometimes shareholders have only a small holding of shares which may be uneconomical to sell. Shareholders who wish to donate these shares to charity can do so through ShareGift, an independent charity share donation scheme (registered charity no. 1052686). Further information about ShareGift may be obtained from ShareGift on 020 7930 3737 or at www.sharegift.org.

Secretary

P N Hussey

Auditors

KPMG Audit Plc

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Registrar

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The Pavilions
Bridgwater Road
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Telephone 0870 889 3257
Fax 0870 703 6101
Website www.computershare.com

Stockbrokers

JPMorgan Cazenove
Citigroup

Forward looking statements

The Annual Review and Summary Financial Statement contains certain statements about the future outlook for the Group. Although the Company believes that the expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

The Annual Review and Summary Financial Statement is only a summary of information in the Company's annual accounts, the Directors' report and the Directors' remuneration report and does not contain sufficient information to allow as full an understanding of the results of the Group and state of affairs of the Company or the Group and of their policies and arrangements concerning directors' remuneration as would be provided by the full annual accounts and reports. For further information the Directors' Report and Accounts (which includes the full Directors' report and Directors' remuneration report) should be consulted. Copies of the Directors' Report and Accounts may be obtained, free of charge, from the Company Secretary at the registered office or from the Company's website www.bunzl.com. Shareholders may elect in writing to receive the Directors' Report and Accounts in addition to the Annual Review and Summary Financial Statement for all future years. The full accounts for 2007 have been filed at Companies House and the full accounts for 2008 will be filed after they have been approved at the Annual General Meeting.



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