RENTOKIL INITIAL PLC (RTO)
INTERIM RESULTS FOR SIX MONTHS TO 30 JUNE 2010
30 July 2010

Results	**Q2 2010 AER**	Growth AER	Growth CER	**H1 2010 AER**	Growth AER	Growth CER
Revenue	**624.5**	**(0.2%)**	**(0.8%)**	**1,231.8**	**(2.3%)**	**(2.3%)**
Operating profit[1]	**43.0**	**6.2%**	**5.1%**	**85.1**	**23.0%**	**21.5%**
Adjusted profit before tax[2]	**46.1**	**37.6%**	**37.0%**	**76.5**	**38.8%**	**37.3%**
Operating cash flow[3]	**40.3**	**(31.8%)**	**(34.2%)**	**69.0**	**(40.9%)**	**(42.6%)**

Interim Highlights

- 39% increase in adjusted profit before tax[2] of £77m on 2.3% decline in revenue at AER
- Cost savings of £40m running ahead of £75m full year target
- Operating cash flow[3] of £69m (2009: £117m) representing 100% cash conversion[4] at AER
- Net Debt £1,044m (December 2009: £1,108m); Pension Fund deficit £19m (December 2009: £64m)
- Customer retention improving across the group, though much still to be done
- Sharp focus on growth agenda in challenging market conditions: seven growth pilots underway in UK, service expansion through acquisition of Knightsbridge Guarding

Alan Brown, Chief Executive Officer of Rentokil Initial plc, said:

"Rentokil Initial increased adjusted profit before tax by 39% in H1 and at the same time increased the pace of structural change across the group with further reduction of operating sites in City Link and Textiles & Washrooms. We have also announced the merger of our UK Pest & Washrooms businesses, building on the progress in turning around these operating units over the past 18 months. Significant progress is also being made on systems & process improvement.

"These changes are essential as trading conditions continue to be challenging in most of our markets, continental Europe in particular. This is evidenced by continued strong pricing pressure in a number of categories. Despite this, our businesses are delivering consistent performances against internal operating profit targets and our full year expectations remain unchanged, subject only to the potential adverse impact of the weakening Euro on the translation of results to Sterling.

"We remain focused on our growth agenda, and whilst there is much still to do, we are making progress in laying the foundations for future profitable growth."

AER – actual exchange rates; CER – constant 2009 exchange rates
[1] before amortisation and impairment of intangibles
[2] before amortisation and impairment of intangibles and one-off items
[3] cash flow before interest, tax, acquisitions, disposals and foreign exchange adjustments
[4] after adjusting for one-off cash flows of £34m

Financial Summary

£million	Second Quarter			Half Year		
	2010	2009	*change*	2010	2009	*change*
Pro forma Continuing Operations[1]						
At 2009 constant exchange rates[2]						
Revenue	**626.6**	631.6	*(0.8%)*	**1,229.8**	1,258.3	*(2.3%)*
Operating profit before amortisation and impairment of intangible assets[3] and one-off items[4]	**60.7**	51.3	*18.3%*	**102.6**	83.6	*22.7%*
One-off items[4]	**(17.7)**	(10.4)	*(70.2%)*	**(18.3)**	(14.2)	*(28.9%)*
Operating profit before amortisation and impairment of intangible assets[3]	**43.0**	40.9	*5.1%*	**84.3**	69.4	*21.5%*
Amortisation and impairment of intangible assets[3]	**(13.4)**	(18.0)	*25.6%*	**(26.8)**	(32.6)	*17.8%*
Operating profit	**29.6**	22.9	*29.3%*	**57.5**	36.8	*56.3%*
Share of profit from associates (net of tax)	**0.8**	0.7	*14.3%*	**1.8**	1.7	*5.9%*
Net interest payable	**(15.2)**	(18.2)	*16.5%*	**(28.6)**	(30.1)	*5.0%*
Profit before income tax	**15.2**	5.4	*181.5%*	**30.7**	8.4	*265.5%*
Adjusted profit before income tax[5]	**46.3**	33.8	*37.0%*	**75.8**	55.2	*37.3%*
Operating cash flow[6]	**40.2**	61.1	*(34.2%)*	**68.0**	118.4	*(42.6%)*
Continuing Operations[1]						
At actual exchange rates						
Revenue	**624.5**	626.0	*(0.2%)*	**1,231.8**	1,260.6	*(2.3%)*
Operating profit before amortisation and impairment of intangible assets[3] and one-off items[4]	**60.4**	50.9	*18.7%*	**103.1**	83.4	*23.6%*
One-off items[4]	**(17.4)**	(10.4)	*(67.3%)*	**(18.0)**	(14.2)	*(26.8%)*
Operating profit before amortisation and impairment of intangible assets[3]	**43.0**	40.5	*6.2%*	**85.1**	69.2	*23.0%*
Amortisation and impairment of intangible assets[3]	**(13.8)**	(17.9)	*22.9%*	**(27.6)**	(32.7)	*15.6%*
Operating profit	**29.2**	22.6	*29.2%*	**57.5**	36.5	*57.5%*
Share of profit from associates (net of tax)	**0.9**	0.8	*12.5%*	**1.9**	1.8	*5.6%*
Net interest payable	**(15.2)**	(18.2)	*16.5%*	**(28.5)**	(30.1)	*5.3%*
Profit before income tax	**14.9**	5.2	*186.5%*	**30.9**	8.2	*276.8%*
Adjusted profit before income tax[5]	**46.1**	33.5	*37.6%*	**76.5**	55.1	*38.8%*
Operating cash flow[6]	**40.3**	59.1	*(31.8%)*	**69.0**	116.7	*(40.9%)*

[1] All figures are for continuing operations and are unaudited.
[2] Results at constant exchange rates have been translated at the full year average exchange rates for the Year ended 31 December 2009. £/$ average rates: H1 2010 1.5337 ; H1 2009 1.5011; FY 2009 1.5620. £/€ average rates: H1 2010 1.1538; H1 2009 1.1166, FY 2009 1.1196
[3] Other than computer software.
[4] See Appendix 4 for further details.
[5] Before amortisation and impairment of intangible assets and one-off items.
[6] Cash flow before interest, tax, acquisitions, disposals and foreign exchange adjustments.

This announcement contains statements that are, or may be, forward-looking regarding the group's financial position and results, business strategy, plans and objectives. Such statements involve risk and uncertainty because they relate to future events and circumstances and there are accordingly a number of factors which might cause actual results and performance to differ materially from those expressed or implied by such statements. Forward-looking statements speak only as of the date they are made and no representation or warranty, whether expressed or implied, is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Other than in accordance with the Company's legal or regulatory obligations (including under the Listing Rules and the Disclosure and Transparency Rules), the Company does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Information contained in this announcement relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance. Nothing in this announcement should be construed as a profit forecast.

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A presentation for analysts and shareholders will be held on Friday 30 July 2010 at 9:15am at the offices of UBS, 1 Finsbury Avenue, London EC2. This will be available via a live audio web cast at www.rentokil-initial.com.

Basis of preparation

Segmental information has been presented in accordance with IFRS 8 “Operating Segments” which the group has implemented with effect from 1 January 2009. This statement also reflects internal organisation changes made on 1 January 2010 resulting in the UK Washrooms and Ireland Healthcare businesses moving from Facilities Services to Textiles and Washroom Services. Prior year comparisons have been restated. In all cases references to operating profit are for continuing businesses before amortisation and impairment of intangible assets (other than computer software). References to adjusted operating profit and adjusted profit before income tax also exclude items of a one-off nature, totalling a net cost of £18.3m (2009: £14.2m) that have had a significant impact on the results of the group. They relate directly to the group’s various performance improvement initiatives and consist mainly of redundancy and other reorganisation costs including consultancy, plant and office closure costs net of the profit on sale of certain properties, acquisition costs and profit or loss on the disposal of businesses. They have been separately identified as they represent an investment in the future performance of the group and are not considered to be “business as usual” expenses and have a varying impact on different businesses and reporting periods. An analysis of these costs by division is provided in Appendix 4. All comparisons are at constant 2009 full year average exchange rates.

FIRST HALF REVIEW

First half revenue of £1,229.8m represented a decline of 2.3% with Facilities Services, Asia Pacific, Textiles and Washrooms and Ambius all below H1 2009. These divisions continue to be impacted by challenging market conditions. Pest Control grew revenue by 1.1% reflecting good performances from North America and the UK. Revenue from City Link was unchanged at £167.1m

Group operating profit (before amortisation and impairment of intangible assets) increased by 21.5% to £84.3m and adjusted operating profit (again before amortisation and impairment of intangible assets and one-off items) amounted to £102.6m, an increase of 22.7% on the prior year. Adjusted profit before tax, amortisation and impairment of intangibles and one-off items grew by 37.3% to £75.8m.

The group’s restructuring programmes in City Link and Textiles and Washrooms are proceeding largely to plan. In addition we are introducing shared service centres for back-office processing in the Benelux, Germany, Spain and the Nordics. Total restructuring costs in the first half (including the impairment of the Wednesbury hub amounting to £7m) were £18.3m.

Operating cash flow at £69m (at actual exchange rates) was ahead of plan and includes expenditure against restructuring provisions made in previous years but was behind 2009 which benefited from relatively high receivables balances at the end of 2008. Full year restructuring cash flows are expected to be in the region of £40m, £10m less than indicated at the time of the 2009 results.

PROGRESS AGAINST STRATEGIC THRUSTS

1. Delivering outstanding customer service

We continue to make progress in driving the basics of customer service across the group. State of Service at the end of June was 97.5% across our route-based businesses. City Link was awarded the 2010 Customer Care Award at the Transport & Logistics industry's annual Motor Transport Awards and independent industry research indicates a strong improvement in customer perception of service.

Customer retention is showing improvement though the trend is volatile in Textiles and Washrooms and Facilities Services due to the scale of some contract wins and losses. Progress is being made in ensuring personal accountability for customer contact management across all businesses. Further improvements in responsiveness, proactive customer contact and in tailoring customer propositions are being developed with initiatives in City Link, Textiles and Washrooms and in the UK Pest and Washrooms growth pilots.

2. Developing the capability of our Organisation and People

We are continuing to evolve our organisation with a view to:

- Increasing Functional expertise – in marketing, sales, customer care, service, finance, HR, IT, procurement & supply chain. This drives both the development of and transfer of best practice;
- Increasing Category expertise – in Washrooms, Textiles & Pest;
- Developing transfer mechanisms for the sharing of best practice; and
- Increasing the scale of our country operations to drive efficiency.

The extent to which we move in this direction will be constrained by the complexity of implementation and by the capacity of incumbent management.

Pest & Washrooms UK & Ireland have been merged with effect from 1 July 2010. The combined business will report to Andy Ransom, Divisional MD of Pest Control.

We were delighted to announce in March the appointment of Jeremy Townsend, currently FD at Mitchells & Butlers plc, as Chief Financial Officer. He will join the group at the end of August. After a long and successful career with Rentokil Initial Peter Lloyd, Divisional MD of Facilities Services, will retire in September. He will be succeeded by Mike Brown, currently Group Director of Operations for Serco. Prior to his current position, Mike was CEO of Integrated Services at Serco, a £400m facilities services business in the UK, continental Europe and the Middle East.

During the period we coordinated the Marketing & Sales agendas across the group. As a result the Marketing Director of the Pest Division and the Sales Director of the Textiles & Washrooms Division have been given responsibility for coordinating the global Marketing & Sales agendas.

Further progress has been made in driving HR initiatives across the business, including performance management, global grading, Talent Reviews and Leadership Development Programmes. In addition, we continue to develop our capability in sales and service, procurement and innovation.

3. Delivering operational excellence in all our processes and functions

The turnaround businesses, City Link, Australia Pest, Australia Washrooms, UK Washrooms and UK Pest, continue to make progress and are focused for growth. Full details of their H1 performance can be found within the Divisional Performance section of this report.

We continue to monitor consistently across the group our 17 KPIs under the categories of Colleagues, Customers and Shareholders and are seeing progressive improvement in a number of these measures. We are developing additional new measures to drive Sales & Productivity improvement.

Progress continues in driving common systems across all businesses and geographies. This includes further roll-out of the iCABS contract management system (which is driving improved control in Pest and Washrooms), the roll-out of standard hand held terminals in developed markets and implementation of the Navision finance system. The group-wide roll-out of the Google Apps™ email platform is on track for completion by the end of the year.

Integration of City Link's fragmented systems is close to completion, with well over half of all depots now fully integrated. The full benefit of improved route planning and reduced cost should be seen in H2. Furthermore, Textiles and Washrooms and City Link are piloting route optimisation software, the benefit of which is likely to come through during 2011.

4. Operating at lowest possible cost, maximum cash

Cost savings of £40m were achieved in the first half of 2010, of which £15m can be attributed to City Link's depot rationalisation programme. £7.5m came from indirect procurement savings and the remainder from further divisional savings programmes. We are running ahead of our year end £75m cost savings target.

The reorganisation programme in France and its associated benefits is nearing completion, ahead of plan. The plant rationalisation programme in Belgium is complete although implementation costs are higher than anticipated. A significant number of smaller restructuring projects across the Division are delivering expected benefits. The procurement savings programme continues with underlying business results beginning to reflect the impact, albeit minor so far, of initiatives underway.

The group generated operating cash flow of £69m (2009: £117m) representing 100% conversion from profit (after adjusting for one-off cash flows from restructuring of £34m). Days Sales Outstanding was 51 days and we remain confident of meeting our year end target of 47 days. Capital expenditure reduced from 85.4% of depreciation in H1 2009 to 73.7%.

Progamme Olympic continues to lead the way on improving administration processes across the group, with sizeable benefit anticipated in 2012 and beyond.

5. Delivering profitable growth through organic actions and bolt-on acquisitions

Process improvement – the number of UK growth pilots has been expanded from four to seven following the merger of the UK Pest & Washrooms businesses. These continue to be at an early stage of development. Initial indications are that the pilots focusing on better management of existing customers are having more success than the pilots focusing on development of new customers.

There are also a significant range of initiatives underway outside the UK pilots. We are focusing in particular on improving sales management and sales organisation and are piloting a number of front-line incentive schemes to reward improvements in growth and service.

Service line expansion – in February we indicated our Facilities Services division would be strengthened by the addition of a Manned Guarding operation. In June we announced the acquisition of Knightsbridge Guarding Limited. Knightsbridge has a strong reputation as an expert provider of high calibre, bespoke security specifically for the corporate sector. In the last financial year it generated revenue of £32.5m.

CASH GENERATION AND DIVIDEND

We have made good progress during H1 in operating cash flow, generating £69m and representing 100% conversion from profit (after adjusting for one-off cash flows from restructuring of £34m).

Group net debt fell by £65m in the six months from £1,108m to £1,043m. Good cash flow, coupled with our decision to pass the interim dividend, is consistent with our objective of bringing net debt to below £1bn by the year end and restoring our credit rating to investment grade BBB Flat. The board continues to keep the payment of a dividend under careful review and will resume payment once conditions allow.

OUTLOOK FOR 2010

The rate of restructuring across the group in the first half of 2010 has been high. In this context we are particularly encouraged by our delivery of a 39% increase in adjusted profit before tax.

These changes are essential as trading conditions continue to be challenging in most of our markets, continental Europe in particular. This is evidenced by strong pricing pressure in a number of categories. Nevertheless, our businesses are delivering consistent performances against internal operating profit targets and our full year expectations remain unchanged, subject only to the potential adverse impact of the weakening Euro on the translation of results to Sterling.

DIVISIONAL PERFORMANCE

Textiles and Washroom Services

£ million	**Second Quarter**			**Half Year**		
	2010	**2009**	***change***	**2010**	**2009**	***change***
At 2009 constant exchange rates:						
Revenue	**228.7**	231.6	*(1.3%)*	**455.5**	463.5	*(1.7%)*
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**31.4**	29.8	*5.4%*	**62.1**	55.2	*12.5%*
At actual exchange rates:						
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**30.1**	29.4	*2.4%*	**60.6**	55.3	*9.6%*

[1] Other than computer software

Market conditions have been depressed in H1 impacting on growth. Sales of new contracts are taking longer to secure as customers exercise tighter control on cash and pricing pressure remains particularly sharp.

Revenue declined 1.7%, held back by difficult trading conditions and competitive pressures in France and the Benelux. France grew revenue by 0.4% in H1, held back by a major contract loss in Q1. Revenue in the Netherlands fell by 4.3%. Germany was flat year on year but saw growth in Q2 (up

1.0% on Q1 and up 1.8% on the prior year). The turnaround of the UK business continues and, while revenue fell, this was in line with plan and the rate of terminations is improving steadily.

Profit increased by 12.5%, aided by strong performances from France, the UK, Spain, Italy and the Hygiene units and reflecting the impact of new management, robust cost control and delivery of restructuring plans. This was partially offset by profit decline in the Benelux, impacted by higher processing and distribution costs associated with the restructuring in Belgium and tough trading conditions in the Netherlands. Good results were also recorded in the Nordics, Germany and the Medical units.

New business was 9.1% down on the prior year reflecting tough pricing conditions and restructuring of our sales force in France. Customer retention fell from 75.1% at June 2009 to 74.8% primarily due to France contract losses.

The reorganisation programme in France and its associated benefits is nearing completion. The plant rationalisation programme in Belgium was completed ahead of schedule though commissioning costs are higher than anticipated. A significant number of smaller restructuring projects are delivering expected benefits. The garment procurement and range rationalisation programme continues to demonstrate high potential, though significant benefits are unlikely to arise before H2 2011.

Pest Control

£ million	Second Quarter			Half Year		
	2010	**2009**	***change***	**2010**	**2009**	***change***
At 2009 constant exchange rates:						
Revenue	**117.5**	117.1	*0.3%*	**220.0**	217.6	*1.1%*
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**25.8**	24.8	*4.0%*	**41.8**	38.6	*8.3%*
At actual exchange rates:						
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**25.8**	25.0	*3.2%*	**42.0**	38.8	*8.2%*

[1] Other than computer software

Pest Control revenue rose 1.1% in H1. While East Africa and the Caribbean (EAC) delivered good growth (up 9.3%), more modest performances were recorded in North America, the UK, Europe and South Africa. Consistent with the contract structure, revenue from the Libyan contract declined following a move in Q1 to locally resourced service provision. Contract sales grew by 2.1% and jobs by 2.7%. Divisional retention improved by 1.8% on June 2009 to 83.4%. Divisional profit grew by 8.3%, attributable to strong performances in the UK, Europe, EAC and North America.

Trading conditions have been mixed in Europe, with revenue growing by only 0.1%. The northern countries of Germany, Netherlands and Belgium have performed significantly better than Ireland, Portugal, Spain and Greece. Profit rose by 16.0%, largely due to improvements in Spain following financial and operational stabilisation of the business despite poor trading conditions. Retention has been steady at 84.7%.

Following excellent implementation of the six-point plan of recovery by management appointed in 2009, the turnaround of the UK business continues. New contract sales rose 32.4% and job work increased by 17.5%. Investment in service, systems and training of front line colleagues has resulted in a 4.2% year-on-year improvement in customer retention to 75.4%. Improving sales and retention combined with a focused cost saving agenda has delivered a 24.9% improvement in profit on revenue up 2.8%.

North America has again proved robust, growing revenue by 4.5% and profits by 5.7%. New contract sales remain the key concern for this business and investment in developing sales capability through training and recruitment is underway to improve the business's growth profile.

The business's three-year contract with the Libyan government remains operationally successful with service provision now extended to include a larger geography around the three main cities of operation. Delays in payment experienced earlier in the contract have now been resolved. Separately, the joint venture established with a local partner grew satisfactorily in H1 with a mix of municipal, local and international customers.

Asia Pacific

£ million	Second Quarter 2010	Second Quarter 2009	Second Quarter change	Half Year 2010	Half Year 2009	Half Year change
At 2009 constant exchange rates:						
Revenue	**48.0**	50.3	*(4.6%)*	**95.2**	103.4	*(7.9%)*
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**6.7**	6.7	-	**13.0**	12.3	*5.7%*
At actual exchange rates:						
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**7.6**	6.6	*15.2%*	**14.8**	11.8	*25.4%*

[1] Other than computer software

Revenue declined 7.9%, due to the disposal of the Electronic Security business at the end of 2009, exit of the low-margin Hong Kong government contract, lower government sales in China and a 2009 downturn in fumigation work in Malaysia and the Philippines. Adjusted operating profit rose by 5.7% and retention improved from 66.6% at June 2009 to 83.9%.

Asia

Revenue fell by 14.9%, due to the disposal of the Electronic Security business at the end of 2009, legacy issues including the exit from the Hong Kong government contract and weaker government business in China. Excluding these, revenue grew by 0.8%. Revenue was also impacted by a decline in fumigation work in the Philippines and Malaysia, lower contracts and products in Singapore Hygiene and lower government tenders in Singapore Pest in 2010. This decline was offset by growth in Indonesia, Korea, Thailand, India, Taiwan, Vietnam & Brunei. Retention improved year on year, rising from 50.4% at the June 2009 to 81.5% and most businesses achieved portfolio growth year on year.

Profit grew by 17.1%, due to revenue growth and cost savings in Malaysia, the Philippines, Indonesia, Taiwan, Thailand, China & Vietnam. In Malaysia & Thailand, where we have merged the Pest & Washrooms businesses under one leadership team, the combined businesses are progressing well.

Pacific

Revenue declined by 2.3%, due to prior year contract losses in Pacific Washrooms and Ambius and weaker residential job work in the Australian Pest business. Retention has continued to improve, rising from 79.9% in June 2009 to 85.5%. Profit rose by 3.7% reflecting ongoing tight control on costs.

Ambius

£ million	Second Quarter 2010	Second Quarter 2009	Second Quarter change	Half Year 2010	Half Year 2009	Half Year change
At 2009 constant exchange rates:						
Revenue	**27.0**	28.7	*(5.9%)*	**54.1**	59.0	*(8.3%)*
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**1.4**	1.2	*16.7%*	**2.3**	2.4	*(4.2%)*
At actual exchange rates:						
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**1.4**	1.3	*7.7%*	**2.3**	2.5	*(8.0%)*

[1] Other than computer software

Ambius continued to experience difficult trading conditions in H1. Revenue fell 8.3% as a result of portfolio erosion during 2009 and a 5.8% decline in job sales. However improvements in retention in 2009 have continued in H1, up from 75.0% in 2009 to 83.0%, and gross sales improved marginally by 0.2% reflecting a stabilising of market conditions. Job sales remain soft in most regions. Adjusted operating profit fell 4.2% year on year.

North America has again been weak with a 10.5% decline in revenue. Market conditions have however eased and retention has improved from 70.2% to 83.9%. Job sales declined 7.1%.

Revenue in Europe fell 5.5% due to portfolio loss in 2009. However, the economy has stabilised and retention has improved to 82.0% (2009: 81.0%). Profit grew by 9.0%, reflecting the impact of cost savings initiatives in 2009.

Sales of new brand extension services, including ambient scenting and fresh fruit delivery, continued to rise during H1 and account for 14.2% of total contract sales, compared to 10.6% this time last year. Ambius continues to adjust service headcount in line with portfolio movement and to look for all opportunities to review and reduce its cost base to reflect current economic conditions.

City Link

£ million	Second Quarter			Half Year		
	2010	**2009**	***change***	**2010**	**2009**	***change***
At 2009 constant exchange rates:						
Revenue	**83.6**	82.1	*1.8%*	**167.1**	167.1	-
Adjusted operating loss (before one-off items and amortisation & impairment of intangible assets[1])	**(0.3)**	(0.9)	*66.7%*	**(4.7)**	(7.0)	*32.9%*
At actual exchange rates:						
Adjusted operating loss (before one-off items and amortisation & impairment of intangible assets[1])	**(0.3)**	(0.9)	*66.7%*	**(4.7)**	(7.0)	*32.9%*

[1] Other than computer software

City Link's operating loss of £4.7m is £2.3m (32.9%) lower than the corresponding loss in H1 2009 on revenue unchanged year on year. Second quarter revenue grew however by 1.8% year on year.

Though volumes rose 4%, the market remains extremely competitive and price cutting has continued across the industry in H1. Revenue per consignment weakened by 4.3% on the prior year.

City Link's customer base has remained broadly stable year to date. Apart from heavy snow earlier in the year and some minor service disruption associated with the hub closure, service has remained consistently above 98.5%. City Link was awarded the 2010 Customer Care Award at the Transport & Logistics industry's annual Motor Transport Awards, whilst independent industry research indicates a strong improvement in customer perception of service.

H1 distribution costs were £4.6m higher than in the prior year in part due to an increase in volume and sub-optimal route planning resulting in high sub-contractor costs. Significant improvement in routing efficiency is targeted for H2 as the benefit of restructuring comes though. In addition the business is recruiting more employed and owner drivers and reducing ad hoc sub-contractors.

City Link has closed seven depots during H1 (from 84 to 77). The business is now positioned to operate a regional hub network centred on Coventry in H2. This follows the opening of three new depots in Heathrow, Warrington and Peterborough which also act as regional hubs. The Wednesbury hub closed in late July, completing the transition from a hard sided to a curtain sided trailer fleet.

Initial Facilities Services

£ million	Second Quarter			Half Year		
	2010	**2009**	***change***	**2010**	**2009**	***change***
At 2009 constant exchange rates:						
Revenue	**137.1**	137.7	*(0.4%)*	**267.5**	280.0	*(4.5%)*
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**5.5**	3.7	*48.6%*	**9.9**	7.7	*28.6%*
At actual exchange rates:						
Adjusted operating profit (before one-off items and amortisation & impairment of intangible assets[1])	**5.5**	3.6	*52.8%*	**9.9**	7.7	*28.6%*

[1] Other than computer software

Market conditions remained challenging in H1. Revenue declined 4.5%, reflecting contract losses in late 2009 mostly offset by the benefit of the London Underground contract win which commenced in Q2 2010. Adjusted operating profit grew by 28.6%, the result of actions taken in H2 2009 to restructure and streamline operations and management and the turnaround in the retail business.
Cleaning revenue fell by 5.2%, due principally to contract terminations lost on price in 2009. Profit almost doubled year on year following the successful restructure of the retail and window cleaning operations.

Catering revenues decreased by 3.9%, attributable to lower levels of hospitality spending. Focus on contract profitability and better food purchasing is impacting positively on profit, up 40.3% year on year.

Hospital Services revenue was 6.5% lower year on year due to the loss of three large hospitals contracts in 2009. The business's recent merger with Catering under a single management team is working well and profit is slightly ahead of the prior year.

Specialist Hygiene delivered a marginally improved revenue and profit performance despite difficult trading conditions.

The Division strengthened its position in the UK's integrated services market in June with the acquisition of Knightsbridge Guarding. Knightsbridge has good market positions in London and offers Initial the opportunity to cross-sell manned guarding across its existing portfolio.

As outlined at Q1, we are reviewing the structure of the Division to improve operating efficiency and develop new capability to drive growth. This project is now nearing completion with implementation planned for late 2010/early 2011.

Central Costs

£ million	**Second Quarter**			**Half Year**		
	2010	**2009**	***change***	**2010**	**2009**	***change***
At 2009 constant exchange rates:						
Central costs	**(9.8)**	(14.0)	*30.0%*	**(21.8)**	(25.6)	*14.8%*
At actual exchange rates:						
Central costs	**(9.7)**	(14.1)	*31.2%*	**(21.8)**	(25.7)	*15.2%*

Central costs in the first half were £3.8m lower than last year primarily due to lower premises costs following the exit of the London corporate head office last year and the non-repeat of central accruals made in the first half of 2009. These year-on-year benefits were partly offset by additional costs associated with Programme Olympic.

One-Off items

Details of one-off items incurred in the period, for which adjustments have made, are set out in Appendix 4. They relate directly to the group's various performance improvement initiatives and consist mainly of redundancy and other reorganisation costs including consultancy, plant and office closure costs net of the profit on sale of certain properties, acquisition costs and the profit or loss on the disposal of businesses. They have been separately identified as they represent an investment in the future performance of the group and are not considered to be "business as usual" expenses and have a varying impact on different businesses and reporting periods. In the first half these amounted to £18.3m (2009: £14.2m) and represent the reorganisation of Textiles and Washrooms plants in Europe (including the impairment of assets pending the sale of a business), the costs associated with the creation of shared service centres in Europe, impairment of the City Link hub and other reorganisation costs associated with the continued integration of the City Link and Target Express businesses.

Interest

Net interest payable of £28.5m at actual exchange rates was £1.6m lower than in 2009. Lower interest rates reduced the overall charge by £7.2m and lower average net debt by another £1.7m. These benefits were partly offset by higher net pension costs of £3.0m, year-on-year mark to market changes of £3.0m and £1.3m of foreign exchange movements and other items.

Tax

The income statement tax charge for the 2010 half year was 23.3% of profit before tax from continuing operations, compared with 19.5% for the 2009 half year with 2009 benefiting from the successful settlement of cases.

Net debt and cash flow

£ million at actual exchange rates	Year to Date		
	2010 HY £m	2009 HY £m	*Change £m*
Adjusted profit before amortisation[1], interest and income tax	**103.1**	**83.4**	*19.7*
One-off items	**(18.0)**	**(14.2)**	*(3.8)*
Depreciation	**115.6**	**108.4**	*7.2*
Other non-cash	**2.3**	**3.0**	*(0.7)*
EBITDA	**203.0**	**180.6**	*22.4*
Working capital	**(48.8)**	**28.7**	*(77.5)*
Capex - additions	**(88.6)**	**(99.1)**	*10.5*
Capex - disposals	**3.4**	**6.5**	*(3.1)*
Operating cash flow	**69.0**	**116.7**	*(47.7)*
Interest	**(40.1)**	**(44.0)**	*3.9*
Tax	**(19.1)**	**(5.0)**	*(14.1)*
Free cash flow	**9.8**	**67.7**	*(57.9)*
Acquisitions/disposals	**(4.9)**	**(9.7)**	*5.3*
Foreign exchange translation and other items	**59.7**	**87.3**	*(28.1)*
Decrease in net debt	**64.6**	**145.3**	*(80.7)*
Closing net debt	**(1,043.5)**	**(1,216.9)**	*173.4*

[1] Other than computer software.

Operating cash flow at actual rates of exchange was £47.7m lower than 2009 due to lower inflows from working capital partly offset by higher EBITDA and lower net capital expenditure. Inflows from working capital were £77.5m lower than last year due to lower debtor inflows (2009 benefiting from high debtors at the end of 2008) and the spend against restructuring provisions made in 2009. EBITDA was £22.4m higher than last year due mainly to improved trading performance. Lower capital expenditure amounted to £7.4m, mainly in Textiles and Washrooms.

Tax and interest payments (including finance lease interest) were £10.2m higher than last year with 2009 benefiting from tax repayments not repeated in 2010. Free cash flow was therefore £57.9m lower than last year at £9.8m inflow.

Acquisition and disposal cash flows (primarily the acquisition of Knightsbridge Security in June 2010) amounted to £4.9m outflow. Foreign exchange translation and other items reduced net debt by £59.7m, leaving net debt at £1,043.5m at 30 June 2010.

Funding

The group has a committed £500m revolving credit facility which matures in October 2012. The group also has four capital market notes in issue, including £75m of 25-year Floating Rate Reset Notes which may be put back to the Issuer in September 2013 and biennially thereafter. The earliest maturity date of the remaining three capital markets notes is October 2013. At 30 June 2010 the group had headroom under the committed facility of £280m.

The group's bank facility contains a single financial ratio covenant which requires EBITDA to be no less than 4x interest payable (on the basis of the definitions and subject to the adjustments set out in the bank facility documentation). The covenant is tested semi-annually on a twelve-month look back basis. At 30 June 2010 the covenant ratio was 7.9x, equivalent to £230m of EBITDA headroom. Based on this the board has concluded that the going concern basis of preparation continues to be appropriate.

Principal Risks and Uncertainties

The group has set out in its 2009 Annual Report a number of business and financial risks which could impact the performance of the group. Rentokil Initial applies a system of risk management to identify risks and monitor actions to mitigate them.

Our principal risks are: performance, organisational change, retention of management team, integration of acquisitions, competition, fraud, regulatory, technology and external factors such as changing economic conditions.

During the period to 30 June 2010 there have been no significant events which have impacted on the group's risk assessment. For the remainder of the year the main area of potential risk and uncertainty centres on the challenging economic conditions across all our markets. Further details of the group risks and risk management process can be found in the 2009 Annual Report.

Appendix 1

ANNUAL CONTRACT PORTFOLIO - CONTINUING BUSINESSES

3 Months to 30 June 2010

£m at constant 2009 exchange rates	1.4.10	New Business / Additions	Terminations/ Reductions	Net Price Increases	Acquisitions /(Disposals)	30.6.10	30.6.10 at actual exchange
Textiles & Washroom Services	806.5	43.1	(46.2)	(0.6)	(0.3)	802.5	783.3
Pest Control	328.7	13.5	(13.9)	1.3	-	329.6	332.6
Asia Pacific	150.6	7.4	(6.0)	0.4	-	152.4	170.6
Ambius	95.2	3.3	(4.2)	0.2	-	94.5	95.5
Facilities Services	498.4	21.9	(20.7)	1.5	34.7	535.8	534.0
TOTAL	1,879.4	89.2	(91.0)	2.8	34.4	1,914.8	1,916.0

6 Months to 30 June 2010

£m at constant 2009 exchange rates	1.1.10	New Business / Additions	Terminations / Reductions	Net Price Increases	Acquisitions /(Disposals)	30.6.10	30.6.10 at actual exchange
Textiles & Washroom Services	819.9	89.6	(104.6)	(2.1)	(0.3)	802.5	783.3
Pest Control	324.6	26.8	(26.9)	4.4	0.7	329.6	332.6
Asia Pacific	149.1	14.4	(12.0)	0.9	-	152.4	170.6
Ambius	95.8	6.2	(8.2)	0.7	-	94.5	95.5
Facilities Services	467.9	66.0	(35.6)	2.8	34.7	535.8	534.0
TOTAL	1,857.3	203.0	(187.3)	6.7	35.1	1,914.8	1,916.0

Notes

Contract portfolio definition: Customer contracts are usually either "fixed price", "as-used" (based on volume) or mixed contracts. Contract portfolio is the measure of the annualised value of these customer contracts.

Contract portfolio valuation: The contract portfolio value is typically recorded as the annual value from the customer contract. However, in some cases – especially "as-used" (based on volume) and mixed contracts – estimates are required in order to derive the contract portfolio value. The key points in respect of valuation are:

"As-used" contracts: These are more typical in Textiles and Washroom Services and Catering, where elements of the contract are often variable and based on usage. Valuation is based on historic data (where available) or forecast values.

Income annualisation: In some instances, where for example the underlying contract systems cannot value portfolio or there is a significant "as-used" element, the portfolio valuation is calculated using an invoice annualisation method.

Inter-company: The contract portfolio figures include an element of inter-company revenue.

Job work and extras: Many of the contracts within the contract portfolio include ad hoc and/or repeat job work and extras. These values are excluded from the contract portfolio.

Rebates: The contract portfolio value is gross of customer rebates. These are considered as a normal part of trading and are therefore not removed from the portfolio valuation.

New business/Additions: Represents new contractual arrangements in the period with a new or existing customers and additional business added to existing contracts.

Terminations/Reductions: Represent the cessation or reduction in value of an existing customer contract or the complete cessation of business with a customer.

Net Price Increases: Represents the net change in portfolio value as a result of price increase and decreases.

Acquisitions/Disposals: Represents the net value of customer contracts added or lost as a result of businesses acquired or disposed in the period.

Retention rates: With effect from Quarter one 2009, retention rates are calculated on total terminations (terminations and reductions) with prior years restated to a comparable basis. In prior years these were based on terminations excluding reductions.

Appendix 2

Divisional Analysis (at constant exchange rates)

	3 months to 30 June 2010 £m	3 months to 30 June 2009 £m	**6 months to 30 June 2010 £m**	6 months to 30 June 2009 £m
(at 2009 constant exchange rates)				
Revenue				
Textiles & Washroom Services	**228.7**	231.6	**455.5**	463.5
Pest Control	**117.5**	117.1	**220.0**	217.6
Asia Pacific	**48.0**	50.3	**95.2**	103.4
Ambius	**27.0**	28.7	**54.1**	59.0
City Link	**83.6**	82.1	**167.1**	167.1
Facilities Services	**137.1**	137.7	**267.5**	280.0
Segmental revenue	**641.9**	647.5	**1,259.4**	1,290.6
Inter group trading	**(15.3)**	(15.9)	**(29.6)**	(32.3)
Continuing operations at constant exchange rates	**626.6**	631.6	**1,229.8**	1,258.3
Exchange	**(2.1)**	(5.6)	**2.0**	2.3
Continuing operations at actual exchange rates	**624.5**	626.0	**1,231.8**	1,260.6
Adjusted operating profit				
Textiles & Washroom Services	**31.4**	29.8	**62.1**	55.2
Pest Control	**25.8**	24.8	**41.8**	38.6
Asia Pacific	**6.7**	6.7	**13.0**	12.3
Ambius	**1.4**	1.2	**2.3**	2.4
City Link	**(0.3)**	(0.9)	**(4.7)**	(7.0)
Facilities Services	**5.5**	3.7	**9.9**	7.7
Central Costs	**(9.8)**	(14.0)	**(21.8)**	(25.6)
Segmental profit	**60.7**	51.3	**102.6**	83.6
One-off items (Appendix 4)	**(17.7)**	(10.4)	**(18.3)**	(14.2)
Amortisation of intangible assets[1]	**(13.4)**	(14.1)	**(26.8)**	(28.7)
Impairment of goodwill	**-**	(3.9)	**-**	(3.9)
Continuing operations at constant exchange rates	**29.6**	22.9	**57.5**	36.8
Exchange	**(0.4)**	(0.3)	**-**	(0.3)
Continuing operations at actual exchange rates	**29.2**	22.6	**57.5**	36.5

[1] other that computer software

Divisional Analysis (at actual exchange rates)

	3 months to 30 June 2010 £m	3 months to 30 June 2009 £m	**6 months to 30 June 2010 £m**	6 months to 30 June 2009 £m
(at actual exchange rates)				
Revenue				
Textiles & Washroom Services	**219.6**	228.0	**445.0**	464.2
Pest Control	**118.4**	116.9	**221.5**	220.2
Asia Pacific	**54.4**	49.2	**106.5**	101.3
Ambius	**27.4**	28.4	**54.7**	60.1
City Link	**83.6**	82.1	**167.1**	167.1
Facilities Services	**136.4**	137.4	**266.6**	280.0
Segmental revenue	**639.8**	642.0	**1,261.4**	1,292.9
Inter group trading	**(15.3)**	(16.0)	**(29.6)**	(32.3)
Continuing operations at actual exchange rates	**624.5**	626.0	**1,231.8**	1,260.6
Adjusted operating profit				
Textiles & Washroom Services	**30.1**	29.4	**60.6**	55.3
Pest Control	**25.8**	25.0	**42.0**	38.8
Asia Pacific	**7.6**	6.6	**14.8**	11.8
Ambius	**1.4**	1.3	**2.3**	2.5
City Link	**(0.3)**	(0.9)	**(4.7)**	(7.0)
Facilities Services	**5.5**	3.6	**9.9**	7.7
Central Costs	**(9.7)**	(14.1)	**(21.8)**	(25.7)
Segmental profit	**60.4**	50.9	**103.1**	83.4
One-off items (Appendix 4)	**(17.4)**	(10.4)	**(18.0)**	(14.2)
Amortisation of intangible assets[1]	**(13.8)**	(13.9)	**(27.6)**	(28.7)
Impairment of goodwill	**-**	(4.0)	**-**	(4.0)
Continuing operations at actual exchange rates	**29.2**	22.6	**57.5**	36.5

[1] other than computer software

One-off Items

	3 months to 30 June 2010 £m	3 months to 30 June 2009 £m	**6 months to 30 June 2010 £m**	6 months to 30 June 2009 £m
Textiles & Washroom Services	**(7.6)**	(10.0)	**(7.8)**	(10.0)
Pest Control	**(1.1)**	-	**(1.1)**	-
Asia Pacific	**-**	-	**-**	-
Ambius	**-**	(0.1)	**-**	(0.1)
City Link	**(8.5)**	(0.2)	**(8.9)**	(1.0)
Facilities Services	**(0.5)**	-	**(0.5)**	-
Central Costs	**-**	(0.1)	**-**	(3.1)
At constant exchange rates	**(17.7)**	(10.4)	**(18.3)**	(14.2)
Exchange	**0.3**	-	**0.3**	-
At actual exchange rates	**(17.4)**	(10.4)	**(18.0)**	(14.2)

One-off items relate directly to the group's various performance improvement initiatives and consist mainly of redundancy and other reorganisation costs including consultancy, plant and office closure costs net of the profit on sale of certain properties, acquisition costs and the profit or loss on the sale of businesses. They have been separately identified as they represent an investment in the future performance of the group and are not considered to be "business as usual" expenses and have a varying impact on different businesses and reporting periods. In the first half these amounted to £18.3m (2009: £14.2m) and represent the reorganisation of Textiles and Washrooms plants in Europe (including the impairment of assets pending the sale of a business), the costs associated with the creation of shared service centres in Europe, impairment of the City Link hub and other reorganisation costs associated with the continued integration of the City Link and Target Express businesses.

Condensed consolidated income statement

	Notes	**6 months to 30 June 2010 £m**	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Continuing operations:				
Revenue	4	**1,231.8**	1,260.6	2,530.8
Operating expenses		**(1,174.3)**	(1,224.1)	(2,411.5)
Operating profit		**57.5**	36.5	119.3
Analysed as:				
Operating profit before amortisation and impairment of intangible assets[1]		**85.1**	69.2	180.6
Amortisation and impairment of intangible assets[1]		**(27.6)**	(32.7)	(61.3)
Operating profit	4	**57.5**	36.5	119.3
Interest payable and similar charges	5	**(60.9)**	(63.8)	(125.0)
Interest receivable	6	**32.4**	33.7	67.4
Share of profit from associates (net of tax)		**1.9**	1.8	3.3
Profit before income tax		**30.9**	8.2	65.0
Income tax expense[2]	7	**(7.2)**	(1.6)	(16.1)
Profit for the period from continuing operations		**23.7**	6.6	48.9
Discontinued operations:				
Profit for the period from discontinued operations		**-**	-	-
Profit for the period (including discontinued operations)		**23.7**	6.6	48.9
Attributable to:				
Equity holders of the company		**22.3**	5.3	47.6
Non controlling interests		**1.4**	1.3	1.3
		23.7	6.6	48.9
Basic earnings per share				
- Continuing operations	8	**1.23p**	0.29p	2.63p
- Discontinued operations	8	**-**	-	-
- Continuing and discontinued operations	8	**1.23p**	0.29p	2.63p
Diluted earnings per share				
- Continuing operations	8	**1.19p**	0.29p	2.63p
- Discontinued operations	8	**-**	-	-
- Continuing and discontinued operations	8	**1.19p**	0.29p	2.63p

[1]Other than computer software.
[2]Taxation includes £8.3 million (HY 2009: £6.1 million, FY 2009: £14.8 million) in respect of overseas taxation.

No dividend payments were made in 2009. The board is not recommending the payment of an interim dividend. See note 9.

Condensed consolidated statement of comprehensive income

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Profit for the period (including discontinued operations)	**23.7**	6.6	48.9
Other comprehensive income:			
Net exchange adjustments offset in reserves	**31.2**	31.9	28.7
Actuarial gain / (loss) on defined benefit pension plans	**44.2**	(253.8)	(211.4)
Revaluation of available-for-sale investments	**1.1**	(2.3)	(2.5)
Movement on cash flow hedge reserve	**(3.0)**	4.1	(0.8)
Tax on items taken directly to reserves	**(12.3)**	60.6	49.0
Cumulative exchange recycled to income statement on disposal of foreign operations	**-**	-	(2.0)
Net profit / (loss) not recognised in income statement	**61.2**	(159.5)	(139.0)
Total comprehensive income / (expense)	**84.9**	(152.9)	(90.1)
Attributable to:			
Equity holders of the company	**83.2**	(154.3)	(93.6)
Non controlling interests	**1.7**	1.4	3.5
	84.9	(152.9)	(90.1)

Consolidated balance sheet

Condensed consolidated balance sheet

	Notes	**At 30 June 2010 £m**	At 30 June 2009 £m	At 31 December 2009 £m
Assets				
Non-current assets				
Intangible assets	10	**655.3**	685.0	668.2
Property, plant and equipment	11	**559.9**	630.9	636.3
Investments in associated undertakings		**17.3**	12.5	13.4
Other investments		**0.5**	3.8	1.4
Deferred tax assets		**18.3**	37.5	26.0
Other receivables		**26.3**	25.2	26.5
Derivative financial instruments		**33.9**	22.1	27.3
		1,311.5	1,417.0	1,399.1
Current assets				
Other investments		**3.2**	-	2.3
Inventories		**49.6**	49.3	47.3
Trade and other receivables		**435.7**	460.5	437.5
Derivative financial instruments		**13.0**	19.9	13.1
Cash and cash equivalents	12	**130.3**	99.6	101.7
Held-for-sale assets		**16.1**	-	-
		647.9	629.3	601.9
Liabilities				
Current liabilities				
Trade and other payables		**(519.3)**	(505.3)	(543.3)
Current tax liabilities		**(96.0)**	(98.3)	(102.4)
Provisions for other liabilities and charges	15	**(31.4)**	(48.0)	(56.8)
Bank and other short-term borrowings	13	**(93.5)**	(84.9)	(89.7)
Derivative financial instruments		**(0.4)**	(16.9)	(13.3)
		(740.6)	(753.4)	(805.5)
Net current liabilities		**(92.7)**	(124.1)	(203.6)
Non-current liabilities				
Other payables		**(13.1)**	(15.2)	(14.0)
Bank and other long-term borrowings	13	**(1,080.3)**	(1,231.6)	(1,120.1)
Deferred tax liabilities		**(70.1)**	(73.7)	(73.8)
Retirement benefit obligations	14	**(18.7)**	(113.0)	(64.3)
Provisions for other liabilities and charges	15	**(73.5)**	(72.5)	(69.0)
Derivative financial instruments		**(25.9)**	(0.3)	(4.4)
		(1,281.6)	(1,506.3)	(1,345.6)
Net liabilities		**(62.8)**	(213.4)	(150.1)
Equity				
Capital and reserves attributable to the company's equity holders				
Called up share capital	16	**18.1**	18.1	18.1
Share premium account		**6.8**	6.8	6.8
Other reserves		**(1,748.3)**	(1,764.9)	(1,777.3)
Retained profits		**1,650.6**	1,517.4	1,593.0
		(72.8)	(222.6)	(159.4)
Non controlling interests		**10.0**	9.2	9.3
Total equity		**(62.8)**	(213.4)	(150.1)

Condensed consolidated statement of changes in equity

	Called up share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Minority interest £m	Total equity £m
At 1 January 2009	18.1	6.8	(1,798.5)	1,702.7	9.0	(61.9)
Profit for the period (including discontinued operations)	-	-	-	5.3	1.3	6.6
Other comprehensive income:						
Net exchange adjustments offset in reserves	-	-	31.8	-	0.1	31.9
Actuarial loss on defined benefit pension plans	-	-	-	(253.8)	-	(253.8)
Revaluation of available-for-sale investments	-	-	(2.3)	-	-	(2.3)
Movement on cash flow hedge reserve	-	-	4.1	-	-	4.1
Tax on items taken directly to reserves	-	-	-	60.6	-	60.6
Total comprehensive expense for the period	-	-	33.6	(187.9)	1.4	(152.9)
Transactions with owners:						
Cost of share options and long-term incentive plan	-	-	-	2.6	-	2.6
Transactions with non controlling interests:						
Dividends paid to non controlling interests	-	-	-	-	(1.2)	(1.2)
At 30 June 2009	18.1	6.8	(1,764.9)	1,517.4	9.2	(213.4)
At 1 January 2009	18.1	6.8	(1,798.5)	1,702.7	9.0	(61.9)
Profit for the year (including discontinued operations)	-	-	-	47.6	1.3	48.9
Other comprehensive income:						
Net exchange adjustments offset in reserves	-	-	26.5	-	2.2	28.7
Actuarial loss on defined benefit pension plans	-	-	-	(211.4)	-	(211.4)
Revaluation of available-for-sale investments	-	-	(2.5)	-	-	(2.5)
Movement on cash flow hedge reserve	-	-	(0.8)	-	-	(0.8)
Tax on items taken directly to reserves	-	-	-	49.0	-	49.0
Cumulative exchange recycled to income statement on disposal of foreign operations	-	-	(2.0)	-	-	(2.0)
Total comprehensive expense for the year	-	-	21.2	(114.8)	3.5	(90.1)
Transactions with owners:						
Cost of share options and long-term incentive plan	-	-	-	5.1	-	5.1
Transactions with non controlling interests:						
Acquisition of non controlling interests	-	-	-	-	(0.7)	(0.7)
Dividends paid to non controlling interests	-	-	-	-	(2.5)	(2.5)
At 31 December 2009	18.1	6.8	(1,777.3)	1,593.0	9.3	(150.1)
At 1 January 2010	**18.1**	**6.8**	**(1,777.3)**	**1,593.0**	**9.3**	**(150.1)**
Profit for the period (including discontinued operations)	**-**	**-**	**-**	**22.3**	**1.4**	**23.7**
Other comprehensive income:						
Net exchange adjustments offset in reserves	**-**	**-**	**30.9**	**-**	**0.3**	**31.2**
Actuarial gain on defined benefit pension plans	**-**	**-**	**-**	**44.2**	**-**	**44.2**
Revaluation of available-for-sale investments	**-**	**-**	**1.1**	**-**	**-**	**1.1**
Movement on cash flow hedge reserve	**-**	**-**	**(3.0)**	**-**	**-**	**(3.0)**
Tax on items taken directly to reserves	**-**	**-**	**-**	**(12.3)**	**-**	**(12.3)**
Total comprehensive income for the period	**-**	**-**	**29.0**	**54.2**	**1.7**	**84.9**
Transactions with owners:						
Cost of share options and long-term incentive plan	**-**	**-**	**-**	**3.4**	**-**	**3.4**
Transactions with non controlling interests:						
Dividends paid to non controlling interests	**-**	**-**	**-**	**-**	**(1.0)**	**(1.0)**
At 30 June 2010	**18.1**	**6.8**	**(1,748.3)**	**1,650.6**	**10.0**	**(62.8)**

Treasury shares of £11.1 million (HY 2009: £11.1 million, FY 2009: £11.1 million) have been netted against retained earnings. Treasury shares represent 7.4 million (HY 2009: 7.4 million, FY 2009: 7.4 million) shares held by the Rentokil Initial Employee Share Trust. The market value of these shares at 30 June 2010 was £8.0 million (HY 2009: £6.6 million, FY 2009: £8.6 million). Dividend income from, and voting rights on, the shares held by the Trust have been waived.

Condensed consolidated statement of changes in equity (continued)

Analysis of other reserves

	Capital reduction reserve £m	Legal £m	Cash flow hedge reserve £m	Trans-lation reserve £m	Availa ble-for-sale £m	Total £m
At 1 January 2009	(1,722.7)	10.4	(4.2)	(84.3)	2.3	(1,798.5)
Net exchange adjustments offset in reserves	-	-	-	31.8	-	31.8
Revaluation of available-for-sale investments	-	-	-	-	(2.3)	(2.3)
Movement in cash flow hedge reserve	-	-	4.1	-	-	4.1
Total comprehensive income / (expense) for the period	-	-	4.1	31.8	(2.3)	33.6
At 30 June 2009	(1,722.7)	10.4	(0.1)	(52.5)	-	(1,764.9)
At 1 January 2009	(1,722.7)	10.4	(4.2)	(84.3)	2.3	(1,798.5)
Net exchange adjustments offset in reserves	-	-	-	26.5	-	26.5
Revaluation of available-for-sale investments	-	-	-	-	(2.5)	(2.5)
Movement in cash flow hedge reserve	-	-	(0.8)	-	-	(0.8)
Cumulative exchange recycled to income statement on disposal of foreign operations	-	-	-	(2.0)	-	(2.0)
Total comprehensive income / (expense) for the year	-	-	(0.8)	24.5	(2.5)	21.2
At 31 December 2009	(1,722.7)	10.4	(5.0)	(59.8)	(0.2)	(1,777.3)
At 1 January 2010	**(1,722.7)**	**10.4**	**(5.0)**	**(59.8)**	**(0.2)**	**(1,777.3)**
Net exchange adjustments offset in reserves	**-**	**-**	**-**	**30.9**	**-**	**30.9**
Revaluation of available-for-sale investments	**-**	**-**	**-**	**-**	**1.1**	**1.1**
Movement in cash flow hedge reserve	**-**	**-**	**(3.0)**	**-**	**-**	**(3.0)**
Total comprehensive income / (expense) for the period	**-**	**-**	**(3.0)**	**30.9**	**1.1**	**29.0**
At 30 June 2010	**(1,722.7)**	**10.4**	**(8.0)**	**(28.9)**	**0.9**	**(1,748.3)**

The capital reduction reserve arose in 2005 as a result of the scheme of arrangement of Rentokil Initial 1927 plc under section 425 of the Companies Act 1982 to introduce a new holding company, Rentokil Initial plc and the subsequent reduction in capital approved by the High Court whereby the nominal value of each ordinary share was reduced from 100p to 1p. The effect of this capital reorganisation transaction, which was treated as a reverse acquisition in the group financial statements, was to increase distributable reserves by £1,792.3 million.

Condensed consolidated cash flow statement

	Notes	**6 months to 30 June 2010 £m**	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Cash flows from operating activities				
Cash generated from operating activities	17	**155.2**	211.3	496.6
Interest received		**4.4**	11.4	5.5
Interest paid		**(44.0)**	(54.8)	(65.9)
Income tax paid		**(19.1)**	(5.0)	(17.5)
Net cash generated from operating activities		**96.5**	162.9	418.7
Cash flows from investing activities				
Purchase of property, plant and equipment (PPE)		**(84.5)**	(92.3)	(176.2)
Purchase of intangible fixed assets		**(2.6)**	(4.2)	(6.3)
Proceeds from sale of PPE		**3.4**	6.5	10.0
Acquisition of companies and businesses, net of cash acquired	20	**(6.2)**	(9.7)	(11.2)
Disposal of companies and businesses		**1.3**	-	4.4
Purchase of available-for-sale investments		**-**	(0.8)	(0.8)
Dividends received from associates		**-**	-	1.8
Net cash flows from investing activities		**(88.6)**	(100.5)	(178.3)
Cash flows from financing activities				
Dividends paid to non controlling interests		**(1.0)**	(1.2)	(2.5)
Interest element of finance lease payments		**(0.5)**	(0.6)	(1.1)
Capital element of finance lease payments		**(3.7)**	(4.6)	(9.3)
(Repayments) / new loans		**(11.1)**	(86.7)	(216.0)
Net cash flows from financing activities		**(16.3)**	(93.1)	(228.9)
Net (decrease) / increase in cash and bank overdrafts	18	**(8.4)**	(30.7)	11.5
Cash and bank overdrafts at beginning of year		**59.7**	62.4	62.4
Exchange gains / (losses) on cash and bank overdrafts		**5.2**	9.7	(14.2)
Cash and bank overdrafts at end of the financial period	12	**56.5**	41.4	59.7

Notes to the condensed financial statements

1. General Information
The company is a limited liability company incorporated and domiciled in the UK with a listing on the London Stock Exchange.

The address of its registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0HA.

The condensed consolidated half-yearly financial information for the half year to 30 June 2010 was approved for issue on 30 July 2010.

These interim financial results do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006, and should be read in conjunction with the Annual Report 2009. The comparative figures for the year ended 31 December 2009 are not the group's statutory accounts for that financial year. Those accounts have been reported upon by the group's auditors and delivered to the registrar of companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation
These condensed set of interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2009 except for the changes described in note 3.

3. Accounting Policies
The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those financial statements.

The preparation of the condensed interim financial information for the half-year ended 30 June 2010 requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the statement. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the statement, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Significant seasonal or cyclical variations in the group's total revenues are not experienced during the financial year.

There were no significant changes in the nature and amount of estimates and contingent assets and liabilities reported since the published Annual Report.

The following new standards and amendments to standards as adopted by the European Union at 30 June 2010 are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. The group has applied IFRS 3 (revised) to all business combinations from 1 January 2010. There has been little impact on the group for the 6 months to 30 June 2010.

Other new standards and amendments to standards effective in the year did not have an impact on the group.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

IAS 24 Related party disclosures (revised 2009)
IAS 32 Amendments to financial instruments – classification of rights issues
IFRIC 19 Extinguishing financial liabilities with equity instruments
IFRIC 14 Prepayments of a Minimum Funding Requirement
Amendments to IFRS 2 Group Cash-settled Share Based Payment Transactions

The group does not currently believe the adoption of the above standards or interpretations will have a material impact on the consolidated results or the financial position of the group.

4. Segmental information

Segmental information has been presented in accordance with IFRS 8 "Operating Segments" which the group has implemented with effect from 1 January 2009. This statement also reflects internal organisation changes made on 1 January 2010 resulting in the UK Washrooms and Ireland Healthcare businesses moving from Facilities Services to Textiles and Washroom Services. Prior year comparisons have been restated.

	Revenue 6 months to 30 June 2010 £m	Revenue 6 months to 30 June 2009 £m	Revenue Year to 31 December 2009 £m	**Adjusted operating profit 6 months to 30 June 2010 £m**	Adjusted operating profit 6 months to 30 June 2009 £m	Adjusted operating profit Year to 31 December 2009 £m
Continuing operations (at constant exchange rates)						
Textiles & Washroom Services	**455.5**	463.5	928.8	**62.1**	55.2	132.7
Pest Control	**220.0**	217.6	443.5	**41.8**	38.6	84.9
Asia Pacific	**95.2**	103.4	202.1	**13.0**	12.3	21.1
Ambius	**54.1**	59.0	121.0	**2.3**	2.4	8.8
City Link	**167.1**	167.1	353.1	**(4.7)**	(7.0)	(5.6)
Facilities Services	**267.5**	280.0	547.6	**9.9**	7.7	22.3
Central items	**-**	-	-	**(21.8)**	(25.6)	(43.4)
Total segmental	**1,259.4**	1,290.6	2,596.1	**102.6**	83.6	220.8
Inter group revenue	**(29.6)**	(32.3)	(65.3)	**-**	-	-
	1,229.8	1,258.3	2,530.8	**102.6**	83.6	220.8
Exchange	**2.0**	2.3	-	**0.5**	(0.2)	-
Continuing operations (at actual exchange rates)	**1,231.8**	1,260.6	2,530.8	**103.1**	83.4	220.8
One-off items	**-**	-	-	**(18.0)**	(14.2)	(40.2)
Amortisation of intangible assets[1]	**-**	-	-	**(27.6)**	(28.7)	(57.0)
Impairment of goodwill	**-**	-	-	**-**	(4.0)	(4.3)
Operating Profit	**-**	-	-	**57.5**	36.5	119.3
Interest payable and similar charges	**-**	-	-	**(60.9)**	(63.8)	(125.0)
Interest receivable	**-**	-	-	**32.4**	33.7	67.4
Share of profit from associates (net of tax) - Textiles and Washroom Services	**-**	-	-	**1.9**	1.8	3.3
Profit before income tax	**-**	-	-	**30.9**	8.2	65.0
Income tax expense	**-**	-	-	**(7.2)**	(1.6)	(16.1)
Total for the period from continuing operations	**1,231.8**	1,260.6	2,530.8	**23.7**	6.6	48.9

Inter group revenues (at constant exchange rates)

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Textiles & Washroom Services	**18.9**	20.0	40.7
Pest Control	**0.3**	0.4	0.7
Asia Pacific	**0.1**	0.3	0.5
Ambius	**0.1**	0.1	0.2
City Link	**0.5**	-	0.3
Facilities Services	**9.7**	11.5	22.9
	29.6	32.3	65.3

One off items (at actual exchange rates)

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Textiles & Washroom Services	**7.6**	10.0	31.5
Pest Control	**1.0**	-	-
Asia Pacific	**-**	0.1	0.1
Ambius	**-**	-	0.7
City Link	**8.9**	1.0	3.3
Facilities Services	**0.5**	-	1.8
Central items	**-**	3.1	2.8
	18.0	14.2	40.2

Amortisation and impairment of intangibles[1] (at actual exchange rates)

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Textiles & Washroom Services	**3.5**	4.0	7.7
Pest Control	**7.9**	8.8	17.2
Asia Pacific	**8.2**	11.6	19.8
Ambius	**1.2**	1.6	3.1
City Link	**5.5**	5.5	11.0
Facilities Services	**1.2**	1.1	2.2
Central items	**0.1**	0.1	0.3
	27.6	32.7	61.3

[1]Other than computer software

5. Interest payable and similar charges

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Interest payable on bank loans and overdrafts[1]	**6.8**	9.1	17.5
Interest payable on medium term notes issued[1]	**19.9**	25.5	46.0
Net interest payable / (receivable) on interest rate swaps	**0.6**	(0.8)	(3.3)
Interest on defined benefit plan liabilities (note 14)	**28.9**	27.4	55.3
Interest payable on finance leases	**0.4**	0.6	1.2
Foreign exchange loss / (gain) on translation of foreign denominated loans	**0.1**	(0.7)	(1.3)
Amortisation of discount on provisions	**0.4**	0.4	0.9
Net ineffectiveness of fair value hedges[2]	**-**	(3.1)	(3.1)
Fair value loss on derivatives not designated in a hedge relationship[2, 3]	**3.8**	5.4	11.8
Total interest payable and similar charges (continuing operations)	**60.9**	63.8	125.0

[1]Interest expense on financial liabilities held at amortised cost.
[2](Gain)/loss on financial assets/liabilities at fair value through the income statement.
[3]The fair value loss on derivatives not designated in a hedge relationship includes fair value losses relating to forward rate agreements of £1.2 million (HY 2009: £4.3 million, FY 2009: £8.4 million) and interest rate swaps of £2.6 million (HY 2009: £1.1 million, FY 2009: £3.4 million).

6. Interest receivable

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Bank interest[1]	**3.6**	3.4	6.2
Return on defined benefit plan assets (note 14)	**28.8**	30.3	61.2
Total interest receivable (continuing operations)	**32.4**	33.7	67.4

[1]Interest income on loans and receivables

7. Income tax expense

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Analysis of charge in the period			
UK Corporation tax at 28.0% (HY 2009: 28.0%, FY 2009: 28.0%)	**-**	0.2	1.0
Double tax relief	**-**	(0.2)	(0.2)
	-	-	0.8
Overseas taxation	**17.4**	16.9	29.8
Adjustment in respect of previous periods	**(5.3)**	(2.8)	0.9
Total current tax	**12.1**	14.1	31.5
Deferred tax	**(4.9)**	(12.5)	(15.4)
Total income tax expense (continuing operations)	**7.2**	1.6	16.1

8. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of shares in issue during the period, excluding those held in the Rentokil Initial Employee Share Trust for UK employees (see note at the bottom of the condensed consolidated statement of changes in equity), which are treated as cancelled.

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Profit from continuing operations attributable to equity holders of the company	**22.3**	5.3	47.6
Profit from discontinued operations attributable to equity holders of the company	**-**	-	-
Profit attributable to equity holders of the company	**22.3**	5.3	47.6
Weighted average number of ordinary shares in issue	**1,807.4**	1,807.4	1,807.4
Basic earnings per share from continuing operations	**1.23p**	0.29p	2.63p
Basic earnings per share from discontinued operations	**-**	-	-
Basic earnings per share from continuing and discontinued operations	**1.23p**	0.29p	2.63p

Diluted

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to include all potential dilutive ordinary shares. The group has two types of potential dilutive ordinary shares - those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the period; and the contingent issuable shares under the group's long-term incentive share plans, to the extent the performance conditions have been met at the end of the period.

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Profit from continuing operations attributable to equity holders of the company	**22.3**	5.3	47.6
Profit from discontinued operations attributable to equity holders of the company	**-**	-	-
Profit attributable to equity holders of the company	**22.3**	5.3	47.6
Weighted average number of ordinary shares in issue	**1,870.4**	1,807.4	1,807.4
Adjustment for share options and LTIPs	**10.1**	-	2.9
Weighted average number of ordinary shares for diluted earnings per share	**1,880.5**	1,807.4	1,810.3
Diluted earnings per share from continuing operations	**1.19p**	0.29p	2.63p
Diluted earnings per share from discontinued operations	**-**	-	-
Diluted earnings per share from continuing and discontinued operations	**1.19p**	0.29p	2.63p

9. Dividends

No dividend payments were made in 2009. The board is not recommending the declaration of an interim dividend for 2010.

10. Intangible assets

	Goodwill	Customer lists and relationships	Brands, patents and reacquired franchise rights	Computer software	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2009	503.3	479.8	51.3	36.1	1,070.5
Exchange differences	(25.3)	(36.2)	(1.9)	(2.0)	(65.4)
Additions	-	-	-	4.2	4.2
Disposals/retirements	-	-	-	(0.8)	(0.8)
Acquisition of companies and businesses	0.2	0.7	-	-	0.9
At 30 June 2009	478.2	444.3	49.4	37.5	1,009.4
At 1 January 2009	503.3	479.8	51.3	36.1	1,070.5
Exchange differences	(11.4)	(16.9)	(1.2)	(1.1)	(30.6)
Consideration adjustment	(3.2)	-	-	-	(3.2)
Additions	-	-	-	6.3	6.3
Disposals / retirements	-	-	-	(2.6)	(2.6)
Acquisition of companies and businesses	1.3	0.8	-	-	2.1
Disposal of companies and businesses	(3.7)	(6.9)	(0.9)	(0.1)	(11.6)
At 31 December 2009	486.3	456.8	49.2	38.6	1,030.9
At 1 January 2010	**486.3**	**456.8**	**49.2**	**38.6**	**1,030.9**
Exchange differences	**3.9**	**(3.9)**	**0.6**	**(1.0)**	**(0.4)**
Additions	**-**	**-**	**-**	**2.6**	**2.6**
Disposals / retirements	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Acquisition of companies and businesses	**4.5**	**4.1**	**1.6**	**-**	**10.2**
Disposal of companies and businesses	**-**	**(0.1)**	**-**	**-**	**(0.1)**
At 30 June 2010	**494.7**	**456.9**	**51.4**	**39.2**	**1,042.2**
Accumulated amortisation and impairment					
At 1 January 2009	(17.0)	(258.0)	(19.8)	(20.8)	(315.6)
Exchange differences	2.1	22.4	0.5	1.4	26.4
Disposals	-	-	-	0.2	0.2
Impairment charge	(4.0)	-	-	-	(4.0)
Amortisation charge	-	(24.2)	(4.5)	(2.7)	(31.4)
At 30 June 2009	(18.9)	(259.8)	(23.8)	(21.9)	(324.4)
At 1 January 2009	(17.0)	(258.0)	(19.8)	(20.8)	(315.6)
Exchange differences	1.4	10.0	0.3	0.5	12.2
Disposals	-	-	-	1.9	1.9
Disposal of companies and businesses	3.6	1.4	0.3	0.1	5.4
Impairment charge	(4.3)	-	-	-	(4.3)
Amortisation charge	-	(48.1)	(8.9)	(5.3)	(62.3)
At 31 December 2009	(16.3)	(294.7)	(28.1)	(23.6)	(362.7)
At 1 January 2010	**(16.3)**	**(294.7)**	**(28.1)**	**(23.6)**	**(362.7)**
Exchange differences	**(0.4)**	**5.2**	**(0.3)**	**0.8**	**5.3**
Disposals	**-**	**-**	**-**	**0.9**	**0.9**
Reclassifications	**-**	**0.8**	**(0.8)**	**-**	**-**
Amortisation charge	**-**	**(22.8)**	**(4.8)**	**(2.8)**	**(30.4)**
At 30 June 2010	**(16.7)**	**(311.5)**	**(34.0)**	**(24.7)**	**(386.9)**
Net Book Value					
1 January 2009	486.3	221.8	31.5	15.3	754.9
30 June 2009	459.3	184.5	25.6	15.6	685.0
31 December 2009	470.0	162.1	21.1	15.0	668.2
30 June 2010	**478.0**	**145.4**	**17.4**	**14.5**	**655.3**

11. Property, plant and equipment

	Land & buildings £m	Equipment for rental £m	Other plant and equipment £m	Vehicles and office equipment £m	Total £m
Cost					
At 1 January 2009	221.3	673.2	329.1	259.7	1,483.3
Exchange differences	(18.7)	(67.7)	(29.1)	(21.2)	(136.7)
Additions	1.1	62.3	7.3	13.7	84.4
Disposals	(2.5)	(17.2)	(7.7)	(18.6)	(46.0)
Acquisition of companies and businesses	-	-	-	0.2	0.2
At 30 June 2009	201.2	650.6	299.6	233.8	1,385.2
At 1 January 2009	221.3	673.2	329.1	259.7	1,483.3
Exchange differences	(12.2)	(37.2)	(19.1)	(10.1)	(78.6)
Additions	4.1	122.1	16.4	33.0	175.6
Disposals	(6.5)	(93.4)	(17.5)	(43.4)	(160.8)
Acquisition of companies and businesses	-	-	-	0.2	0.2
Disposal of companies and businesses	-	(3.4)	(0.4)	(1.1)	(4.9)
Reclassifications	(0.2)	-	-	0.2	-
At 31 December 2009	206.5	661.3	308.5	238.5	1,414.8
At 1 January 2010	**206.5**	**661.3**	**308.5**	**238.5**	**1,414.8**
Exchange differences	**(10.7)**	**(36.5)**	**(18.1)**	**(4.1)**	**(69.4)**
Additions	**6.4**	**59.8**	**8.1**	**10.3**	**84.6**
Disposals	**(1.1)**	**(16.3)**	**(10.5)**	**(13.8)**	**(41.7)**
Acquisition of companies and businesses	**-**	**-**	**-**	**0.2**	**0.2**
Disposal of companies and businesses	**-**	**(0.8)**	**-**	**(0.1)**	**(0.9)**
Assets held for sale	**(21.8)**	**(12.1)**	**(11.0)**	**-**	**(44.9)**
At 30 June 2010	**179.3**	**655.4**	**277.0**	**231.0**	**1,342.7**
Accumulated depreciation and impairment					
At 1 January 2009	(47.4)	(381.9)	(199.8)	(133.0)	(762.1)
Exchange differences	5.0	39.8	18.5	12.5	75.8
Disposals	0.8	16.8	6.1	14.0	37.7
Depreciation charge	(3.6)	(67.4)	(12.6)	(22.1)	(105.7)
At 30 June 2009	(45.2)	(392.7)	(187.8)	(128.6)	(754.3)
At 1 January 2009	(47.4)	(381.9)	(199.8)	(133.0)	(762.1)
Exchange differences	3.1	21.1	12.0	6.3	42.5
Disposals	2.8	91.6	14.9	38.0	147.3
Disposal companies and businesses	-	3.2	0.4	0.8	4.4
Depreciation charge	(8.1)	(133.5)	(26.0)	(43.0)	(210.6)
At 31 December 2009	(49.6)	(399.5)	(198.5)	(130.9)	(778.5)
At 1 January 2010	**(49.6)**	**(399.5)**	**(198.5)**	**(130.9)**	**(778.5)**
Exchange differences	**3.0**	**23.0**	**12.2**	**2.8**	**41.0**
Disposals	**0.8**	**15.4**	**9.8**	**12.2**	**38.2**
Disposal of companies and businesses	**-**	**0.5**	**-**	**-**	**0.5**
Impairment charge	**(8.3)**	**(1.8)**	**(2.4)**	**-**	**(12.5)**
Depreciation charge	**(3.2)**	**(64.7)**	**(12.1)**	**(20.3)**	**(100.3)**
Assets held for sale	**10.3**	**10.0**	**8.5**	**-**	**28.8**
At 30 June 2010	**(47.0)**	**(417.1)**	**(182.5)**	**(136.2)**	**(782.8)**
Net Book Value					
At 1 January 2009	173.9	291.3	129.3	126.7	721.2
At 30 June 2009	156.0	257.9	111.8	105.2	630.9
At 31 December 2009	156.9	261.8	110.0	107.6	636.3
At 30 June 2010	**132.3**	**238.3**	**94.5**	**94.8**	**559.9**

Assets held for sale represent the City Link Hub and assets within a business in the Textiles and Washrooms division where sales are planned and are expected to complete in the second half of the year. An impairment charge of £12.5m has been recorded to reduce the carrying value of these assets to the expected proceeds less costs to sell.

12. Cash and cash equivalents

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Cash at bank and in hand	**126.6**	89.7	88.5
Short-term bank deposits	**3.7**	9.9	13.2
	130.3	99.6	101.7
Cash and bank overdrafts include the following for the purposes of the cash flow statement:			
Cash and cash equivalents	**130.3**	99.6	101.7
Bank overdrafts (note 13)	**(73.8)**	(58.2)	(42.0)
	56.5	41.4	59.7

Included within cash at bank and in hand is £12.3 million (HY 2009: £11.3 million, FY 2009: £11.1 million) of restricted cash.

13. Bank and other borrowings

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Non-current			
Bank borrowings	**220.1**	350.5	226.0
Other loans	**851.4**	870.6	885.5
Finance lease liabilities	**8.8**	10.5	8.6
	1,080.3	1,231.6	1,120.1
Current			
Bank overdrafts (note 12)	**73.8**	58.2	42.0
Bank borrowings	**5.1**	10.6	9.7
Other loans	**9.9**	10.4	30.4
Finance lease liabilities	**4.7**	5.7	7.6
	93.5	84.9	89.7
Total bank and other borrowings	**1,173.8**	1,316.5	1,209.8

The group's policy is to fund its businesses centrally with borrowings that are substantially denominated (75% or greater) in the same currency or effective currency as those operations, and in the same proportion as the group's forecast cash flows generated by those businesses. The mix of the group's debt and various notes are shown below. The £300 million, £50 million and €500 million notes are held under the group's 2.5 billion Euro Medium Term Note programme.

	Matures	IAS 39 hedging	Interest coupon	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
£300 million Bond	03/16	NH	Fixed rate - 5.75% pa	**(326.3)**	(330.2)	(336.9)
£75 million Bond	09/13	CFH	Floating rate – 3 month LIBOR + 3.98%	**(75.1)**	(75.2)	(75.2)
£50 million Bond	10/13	CFH	Floating rate – 3 month LIBOR + 3.25%	**(49.9)**	(49.8)	(49.8)
Sterling RCF bank drawings				**(220.0)**	(350.0)	(225.0)
Sterling legs of foreign exchange swaps		Mainly NIH		**325.6**	488.8	414.6
€500 million Bond	03/14	NIH	Fixed rate – 4.625% pa	**(409.3)**	(425.1)	(453.3)
Euro foreign exchange swaps		Mainly NIH		**(231.0)**	(385.7)	(289.3)
US dollar foreign exchange swaps				**(94.6)**	(103.1)	(125.3)
Finance leases in various currencies				**(13.5)**	(16.2)	(16.2)
Non-current bank borrowings				**(0.1)**	(0.5)	(1.0)
Notes issued by subsidiaries of Rentokil Initial plc				**(0.7)**	(0.7)	(0.7)
Current bank borrowings				**(5.1)**	(10.6)	(9.7)
Net cash and bank overdrafts				**56.5**	41.4	59.7
Net debt				**(1,043.5)**	(1,216.9)	(1,108.1)

Key
- CFH - Cash flow hedge accounting applied
- NH - Hedge accounting not applied
- NIH - Designated for Net Investment Hedging

14. Retirement benefit obligations

The group operates a number of pension schemes around the world covering many of its employees. The major schemes are of the defined benefit type with assets held in separate trustee administered funds.

The principal scheme in the group is the Rentokil Initial Pension Scheme (RIPS) in the UK, which has a number of defined benefit sections which are now closed to new entrants (other than the Initial No2 Section, accounting for 0.5% of the total scheme's liabilities, which remains open). Actuarial valuations of the UK scheme are usually carried out every three years. The most recent valuation was at March 2007. The 2010 valuation is in progress.

The defined benefit schemes are re-appraised bi-annually by independent actuaries based upon actuarial assumptions in accordance with IAS 19 requirements. The principal assumptions used for the UK RIPS scheme are shown below.

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Weighted average %			
Discount rate	**5.4%**	6.2%	5.7%
Expected return on plan assets	**6.0%**	6.0%	6.0%
Future salary increases	**4.2%**	4.4%	4.5%
Future pension increases	**3.3%**	3.5%	3.5%

The amounts recognised in the balance sheet for the total of the UK RIPS and other[1] schemes are determined as follows:

Present value of funded obligations	**(1,067.2)**	(999.4)	(1,054.2)
Fair value of plan assets	**1,058.4**	897.5	1,001.1
	(8.8)	(101.9)	(53.1)
Present value of unfunded obligations	**(9.9)**	(11.1)	(11.2)
Liability in the balance sheet	**(18.7)**	(113.0)	(64.3)

The fair value of plan assets at the balance sheet date for the total of the UK RIPS and other[1] schemes is analysed as follows:

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Equity instruments	**166.5**	136.4	173.5
Debt instruments	**513.2**	514.7	488.8
Property	**0.6**	0.5	0.6
Other	**11.7**	54.1	116.0
Swaps	**366.4**	191.8	222.2
	1,058.4	897.5	1,001.1

The amounts recognised in the income statement for the total of the UK RIPS and other[1] schemes are as follows:

Current service cost[2]	**0.6**	0.8	1.3
Interest cost[2]	**28.9**	27.4	55.3
Amount charged to pension liability	**29.5**	28.2	56.6
Expected return on plan assets[2]	**(28.8)**	(30.3)	(61.2)
Total pension cost / (income)	**0.7**	(2.1)	(4.6)

[1] Other retirement benefit plans are predominantly made up of defined benefit plans situated in Ireland, Germany, Australia, Belgium, Norway and France.

[2] Service costs are charged to operating expenses and interest cost and return on plan assets to interest payable and receivable respectively.

15. Provisions for other liabilities and charges

	Vacant properties £m	Environmental £m	Self insurance £m	Other £m	Total £m
At 1 January 2009	30.5	25.1	45.3	21.6	122.5
Exchange differences	-	(1.3)	(2.0)	(0.6)	(3.9)
Additional provisions	1.6	2.0	1.8	8.4	13.8
Unwinding of discount on provisions	0.1	0.3	-	-	0.4
Used during the year	(2.6)	(0.9)	(6.4)	(2.4)	(12.3)
At 30 June 2009	29.6	25.2	38.7	27.0	120.5
At 1 January 2009	30.5	25.1	45.3	21.6	122.5
Exchange differences	(0.1)	0.4	(1.9)	(0.3)	(1.9)
Additional provisions	3.0	2.3	3.0	24.8	33.1
Unused amounts reversed – continuing	(0.3)	(0.6)	(0.3)	(1.6)	(2.8)
Unwinding of discount on provisions	0.3	0.6	-	-	0.9
Used during the year	(4.6)	(4.2)	(11.6)	(5.6)	(26.0)
At 31 December 2009	28.8	23.6	34.5	38.9	125.8
At 1 January 2010	**28.8**	**23.6**	**34.5**	**38.9**	**125.8**
Exchange differences	**-**	**(0.6)**	**1.4**	**(0.8)**	**-**
Additional provisions	**0.1**	**0.4**	**1.6**	**2.9**	**5.0**
Unwinding of discount on provisions	**0.2**	**0.2**	**-**	**-**	**0.4**
Used during the year	**(2.5)**	**(1.0)**	**(4.3)**	**(18.5)**	**(26.3)**
At 30 June 2010	**26.6**	**22.6**	**33.2**	**22.5**	**104.9**

Provisions analysed as follows:

	At 30 June 2010 £m	At 30 June 2009 £m	At 31 December 2009 £m
Non-current	**73.5**	72.5	69.0
Current	**31.4**	48.0	56.8
	104.9	120.5	125.8

Vacant properties

The group has a number of vacant and partly sub-let leasehold properties, with the majority of the head leases expiring before 2020. Provision has been made for the residual lease commitments together with other outgoings, after taking into account existing sub-tenant arrangements and assumptions relating to later periods of vacancy.

Environmental

The group owns a number of properties in the UK, Europe and the USA where there is land contamination and provisions are held for the remediation of such contamination. These provisions are expected to be substantially utilised within the next ten years.

Self insurance

The group purchases external insurance from a portfolio of international insurers for its key insurable risks. The group has historically self-insured its risks but during the latter part of 2008, other than for third party motor liability and workers compensation in the USA and the global property damage/business interruption, this practice was stopped and these became fully covered in the insurance market. Provision is still held for self-insured past cover. For the continuing self-insured programmes, individual claims are met in full by the group up to agreed self-insured limits in order to limit volatility in claims. The calculated cost of self-insurance claims, based on an actuarial assessment of claims incurred at the balance sheet date, is accumulated as claims provisions.

Other

Other provisions principally comprise amounts required to cover obligations arising, warranties given, restructuring costs and costs relating to disposed businesses together with amounts set aside to cover certain legal and regulatory claims. These provisions are expected to be substantially utilised within the next five years.

16. Share Capital

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Authorised			
4,100,000,000 ordinary shares of 1p each	**41.0**	41.0	41.0
Issued and fully paid			
At 1 January and period end – 1,814,831,011 shares (2009: 1,814,831,011)	**18.1**	18.1	18.1

17. Cash generated from operating activities

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Profit for the period	**23.7**	6.6	48.9
Adjustments for:			
- Tax	**7.2**	1.6	16.1
- Share of profit from associates	**(1.9)**	(1.8)	(3.3)
- Interest income	**(32.4)**	(33.7)	(67.4)
- Interest expense	**60.9**	63.8	125.0
- Depreciation and impairment of tangible assets	**112.8**	105.7	210.6
- Amortisation and impairment of intangible assets*	**27.6**	32.7	61.3
- Amortisation of computer software	**2.8**	2.7	5.3
- LTIP charges	**3.4**	2.6	5.1
- Loss on sale of property, plant and equipment	**0.1**	1.8	3.5
- Loss on disposal / retirement of intangible assets	**0.1**	0.6	0.7
- (Gain) / loss on disposal of companies and businesses (included within continuing operations)	**(0.3)**	-	1.1
- Cumulative translation exchange gain recycled on continuing operations	**-**	-	(2.0)
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):			
- Inventories	**(2.4)**	0.1	3.2
- Trade and other receivables	**(5.0)**	31.6	64.4
- Trade and other payables and provisions	**(41.4)**	(3.0)	24.1
Cash generated from operating activities	**155.2**	211.3	496.6

* Other than computer software

18. Reconciliation of net (decrease) / increase in cash and bank overdrafts to net debt

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Net (decrease) / increase in cash and bank overdrafts	**(8.4)**	(30.7)	11.5
Movement on finance leases	**2.2**	2.0	2.6
Movement on loans	**11.1**	86.7	216.0
Decrease in debt resulting from cash flows	**4.9**	58.0	230.1
Foreign exchange translation and other items	**59.7**	87.3	24.0
Movement on net debt in the period	**64.6**	145.3	254.1
Opening net debt	**(1,108.1)**	(1,362.2)	(1,362.2)
Closing net debt	**(1,043.5)**	(1,216.9)	(1,108.1)
Closing net debt comprises:			
Cash and cash equivalents	**130.3**	99.6	101.7
Bank and other short-term borrowings	**(93.5)**	(84.9)	(89.7)
Bank and other long-term borrowings	**(1,080.3)**	(1,231.6)	(1,120.1)
Total net debt	**(1,043.5)**	(1,216.9)	(1,108.1)

19. Free cash flow

	6 months to 30 June 2010 £m	6 months to 30 June 2009 £m	Year to 31 December 2009 £m
Net cash generated from operating activities	**96.5**	162.9	418.7
Purchase of property, plant and equipment (PPE)	**(84.5)**	(92.3)	(176.2)
Purchase of intangible fixed assets	**(2.6)**	(4.2)	(6.3)
Leased property, plant and equipment	**(1.5)**	(2.6)	(6.7)
Proceeds from sale of PPE	**3.4**	6.5	10.0
Purchase of available-for-sale investments	**-**	(0.8)	(0.8)
Dividends received from associates	**-**	-	1.8
Dividends paid to non controlling interests	**(1.0)**	(1.2)	(2.5)
Interest element of finance lease payments	**(0.5)**	(0.6)	(1.1)
Free cash flow	**9.8**	67.7	236.9

20. Business combinations

On 17 June, the Group acquired 100% of the voting equity instruments of two businesses, Knightsbridge Guarding Holdings Ltd, a man guarding security service and Knightsbridge Guarding Business Services Limited ('Perception'), a business services provider. The total consideration for the acquisition was £10.0m. A further £0.4m related to other acquisitions, bringing the total consideration for current and prior period acquisitions to £10.4m.

From the dates of acquisition to 30 June 2010, these acquisitions contributed £1.7 million to revenue and £0.1 million to operating profit. If the acquisitions had occurred on 1 January 2010, these acquisitions would have contributed £17.8 million to revenue and £0.7 million to operating profit.

Details of goodwill and the fair value of net assets acquired are as follows:

	Knightsbridge Guarding £m	Other £m	2010 £m
Purchase consideration:			
- Cash paid	**7.5**	**0.6**	**8.1**
- Contingent consideration	**2.5**	**-**	**2.5**
- Prior period deferred consideration adjustment	**-**	**(0.2)**	**(0.2)**
Total purchase consideration	**10.0**	**0.4**	**10.4**
Fair value of net assets acquired	**(5.3)**	**(0.6)**	**(5.9)**
Goodwill	**4.7**	**(0.2)**	**4.5**

Goodwill represents the synergies, workforce and other benefits expected as a result of combining the respective businesses. None of the goodwill recognised is expected to be deductible for tax purposes.

Contingent consideration up to a maximum of £2.5m is payable over the next year based on earn out conditions on revenue and profit. The group has included the contingent consideration based on the fair value of consideration at the acquisition date.

The group incurred acquisition related costs of £0.4m in respect of the above acquisitions. These have been included in one-off items in these condensed financial statements.

The book value of assets and liabilities arising from acquisitions are as follows:

	Knightsbridge Guarding £m	Other £m	2010 £m
Non-current assets			
- Property, plant and equipment	**0.2**	**-**	**0.2**
Current assets	**7.8**	**-**	**7.8**
Current liabilities	**(6.0)**	**-**	**(6.0)**
Non-current liabilities	**(0.4)**	**-**	**(0.4)**
Net assets acquired	**1.6**	**-**	**1.6**

The provisional fair value adjustments to the book value of assets and liabilities arising from acquisitions during the year and adjustments made to prior period acquisitions are as follows:

	Knightsbridge Guarding £m	Other £m	2010 £m
Non-current assets			
- Intangible assets	**5.1**	**0.6**	**5.7**
Non-current liabilities	**(1.4)**	**-**	**(1.4)**
Net assets acquired	**3.7**	**0.6**	**4.3**

The fair value adjustments above include £nil in respect of prior year acquisitions following the finalisation of the acquisition accounting.

The provisional fair value[1] of assets and liabilities arising from acquisitions in the period and adjustments in respect of prior period acquisitions is are as follows:

	Knightsbridge Guarding £m	Other £m	2010 £m
Non-current assets			
- Intangible assets	**5.1**	**0.6**	**5.7**
- Property, plant and equipment	**0.2**	**-**	**0.2**
Current assets	**7.8**	**-**	**7.8**
Current liabilities	**(6.0)**	**-**	**(6.0)**
Non-current liabilities	**(1.8)**	**-**	**(1.8)**
Net assets acquired	**5.3**	**0.6**	**5.9**

[1] The provisional fair values will be finalised in the 2010 financial statements. The fair values are provisional as the acquisition accounting has not yet been finalised as a result of the proximity of the acquisitions to the period end.

20. Business combinations (continued)

	Knightsbridge Guarding £m	Other £m	2010 £m
Total purchase consideration	**10.0**	**0.4**	**10.4**
Consideration payable in future periods	**(2.5)**	**-**	**(2.5)**
Prior period deferred consideration adjustment	**-**	**0.2**	**0.2**
Purchase consideration (paid in cash)	**7.5**	**0.6**	**8.1**
Cash and cash equivalents in acquired companies and businesses	**(3.0)**	**-**	**(3.0)**
Cash outflow on current period acquisitions	**4.5**	**0.6**	**5.1**
Deferred consideration from prior periods paid	**-**	**1.1**	**1.1**
Cash outflow on current and past acquisitions	**4.5**	**1.7**	**6.2**

21. Related Party Transactions

Initial Catering Services Ltd (75%), Rentokil Initial (Pty) Ltd (74.9%), Yu Yu Calmic Co Ltd (50%), Rentokil Enguard Ltd (70%) and Rentokil Initial (B) Sdn Bhd (70%) are non-wholly owned subsidiaries of Rentokil Initial plc. All transactions between these entities and the group were transacted at arms length during the ordinary course of business and have been eliminated on consolidation.

Nippon Calmic Ltd (49%) was an associate during the period. There are no significant transactions between Nippon Calmic Ltd and other group companies.

The group has made a loan to a consortium of private investors which enabled them to purchase a 25.1% stake in the South African business. The group has a receivable from this consortium as at 30 June 2010 of £19.7 million (HY 2009: £17.1 million, FY 2009: £17.9 million). The loan is due for repayment in 2014. The repayment of the loan will be dependent upon the future dividends generated by the business.

22. Capital commitments

The only capital commitments outstanding at 30 June 2010 were those incurred in the normal course of business.

23. Contingent liabilities

There have been no material changes to the group's contingent liabilities since 31 December 2009.

24. Events occurring after the balance sheet date

There were no significant post-balance sheet events affecting the group since 30 June 2010.

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

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU

- the interim management report includes a fair review of the information required by:

  - DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so

By Order of the Board

Alan Brown
30 July 2010

The directors of Rentokil Initial plc are listed in the Rentokil Initial plc Annual Report for 31 December 2009. A List of the current directors is maintained on the Rentokil Initial website: www.rentokil-initial.com

INDEPENDENT REVIEW REPORT TO RENTOKIL INITIAL PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.
This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Simon Figgis

for and on behalf of KPMG Audit Plc

Chartered Accountants,
8 Salisbury Square
London
EC4Y 8BB

30 July 2010