COMPASS GROUP PLC

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2007

Strong first half – delivering ahead of expectations:

- Revenue £5.2 billion, 5% organic growth.
- Operating profit £267 million, up 14% reported basis, 25% constant currency.
- Margin 5.1%, up 70 basis points.
- Underlying earnings per share 7.5p, up 79%.
- Interim dividend up 6% to 3.6p.
- Free cash flow of £136 million, up £98 million.
- Selecta disposal announced for £772 million, completion expected July 2007.
- Further £500 million share buyback, takes total to £1 billion.

Richard Cousins, Chief Executive Officer, said:

"We have exceeded our expectations in the first half of the year with the operating margin up by 70 basis points to 5.1%. This positive trend is being achieved due to the underlying quality of the business combined with the introduction of a more transparent and intense management approach. The MAP framework is helping us to be more selective about the new business we take on and more disciplined in the investment of capital. Coupled with much more focus on driving like for like revenue growth and more emphasis on cost management and cash control, this has delivered encouraging results in terms of both operating profit and free cash flow.

As previously announced, our strategy is to simplify our organisation and focus on our core operations. I am therefore pleased that we have agreed the sale of Selecta and announced an additional £500 million share buy back in the last few days. This takes our total share buy back to £1 billion demonstrating our confidence in the future of the business and our commitment to deliver value to our shareholders".

Sir Roy Gardner, Chairman, said:

"This is a very encouraging set of results, with a number of actions and initiatives introduced over the last 6-9 months contributing to the improved performance in many parts of the business. Looking ahead to the full year, we expect to see a continuation of the underlying performance seen in the first half".

Financial summary For the six months ended 31 March	**2007**	**2006**	**Increase/ (decrease)**
Continuing operations			
Revenue			
- constant currency (1)	£5,185m	£4,943m	4.9%
- reported	£5,185m	£5,277m	(1.7)%
Operating profit (2)			
- constant currency (1)	£267m	£214m	24.8%
- reported	£267m	£234m	14.1%
Operating margin(3)	5.1%	4.4%	70bps
Profit before tax			
- underlying (4)	£224m	£151m	48.3%
- reported	£224m	£158m	41.8%
Free cash flow	£136m	£38m	257.9%
Basic earnings per share			
- underlying (4)	7.5p	4.2p	78.6%
- reported	7.5p	4.5p	66.7%
Total Group including discontinued operations			
Basic earnings per share	9.6p	6.5p	47.7%
Interim dividend per ordinary share	3.6p	3.4p	5.9%

(1) Constant currency restates the prior year results to 2007's average exchange rates.
(2) Includes share of profit of associates.
(3) Excludes share of profit of associates.
(4) Underlying profit before tax excludes revaluation gains and losses on swaps and hedging instruments (hedge accounting ineffectiveness) of £nil million (2006: £7 million). Underlying basic earnings per share excludes these items net of tax.
(5) Organic growth is calculated by adjusting for acquisitions (excluding current period acquisitions and including a full six months in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current period exchange rates) and compares the results against 2006.

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For presentation and teleconference details refer to the notes on page 9.

GROUP TRADING REVIEW

Compass Group today announces its unaudited interim results for the six month period ended 31 March 2007.

Financial summary **For the six months ended 31 March**	**2007**	**2006**	**Increase/ (decrease)**
Continuing operations			
Revenue			
- constant currency (1)	£5,185m	£4,943m	4.9%
- reported	£5,185m	£5,277m	(1.7)%
Operating profit (2)			
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Operating margin(3)	5.1%	4.4%	70bps
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- underlying (4)	£224m	£151m	48.3%
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Basic earnings per share			
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(2) Includes share of profit of associates.
(3) Excludes share of profit of associates.
(4) Underlying profit before tax excludes revaluation gains and losses on swaps and hedging instruments (hedge accounting ineffectiveness) of £nil million (2006: £7 million). Underlying basic earnings per share excludes these items net of tax.

Discontinued Operations

On 12 May 2007, the Group announced that it had entered into an agreement to sell its European vending business, Selecta, for a consideration of £772 million on a debt and cash free basis. Subject to obtaining various approvals, the sale is expected to complete in July 2007. The Group has also completed the sale and closure of a number of other small businesses as part of the exit from the discontinued travel concessions business and Middle East military catering operations. The 2006 revenue and operating profits of all of these businesses combined were £539 million and £52 million respectively. The results of these businesses are treated as discontinued operations and are therefore excluded from the results of continuing operations in 2007. The 2006 results have been restated on a consistent basis.

Revenue

Overall, organic revenue growth was 5%. The significant strengthening of sterling, in particular against the US dollar, reduced revenues by 7%, resulting in reported revenues declining by 2%. Organic growth is calculated by adjusting for acquisitions (excluding current period acquisitions and including a full period in respect of prior period acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current period exchange rates), and compares the results against 2006.

The table below summarises the performance of the Group's continuing operations by geographic segment.

Segmental performance Six months ended 31 March 2007	**2007**	**2006**	**Reported change %**	**Constant currency change %**	**Organic change %**
Continuing operations					
Revenue (£m)					
North America	2,133	2,224	(4)	7	7
Continental Europe	1,306	1,294	1	3	3
United Kingdom	957	962	(1)	(1)	(1)
Rest of the world	789	797	(1)	10	10
Total	5,185	5,277	(2)	5	5
Operating profit (1) (£m)					
North America	130	126			
Continental Europe	88	74			
United Kingdom	53	53			
Rest of the world	27	20			
Unallocated overheads	(34)	(41)			
Associates	3	2			
Total	267	234			
Operating margin (2) (%)					
North America	6.1	5.7			
Continental Europe	6.7	5.7			
United Kingdom	5.5	5.5			
Rest of the world	3.4	2.5			
Total	5.1	4.4			

(1) Operating profit includes share of profit of associates UK £2m (2006: £1m) & North America £1m (2006: £1m).
(2) Operating margin is based on revenue and operating profit excluding share of profit of associates.

North America – 41.1% Group revenue (2006: 42.2%)

We have continued to see good organic revenue growth of 7% in North America in the first half, coming from all the contract sectors. In Chartwells, the education business, we have been successful in driving like for like growth by increasing participation in schools and voluntary meals, translating to organic revenue growth of 9%. Some large contract wins in the Crothall support services business have helped achieve organic revenue growth of 7% in the healthcare sector and the pipeline continues to look strong. The sports and leisure sector has also performed particularly well with Levy delivering organic revenue growth of 9%. The revenue decline in the vending business, Canteen, reflects our ongoing strategy to franchise more marginal operations, a reduction in retail sales and continuing consolidation in the manufacturing sector.

Operating profit from continuing operations increased to £130 million (2006: £126 million), a 40 basis point margin improvement, with all sectors contributing to this delivery through an improvement in the quality of revenue and very tight control of overheads. On a constant currency basis, operating profit moved ahead strongly, up £19 million on the same period last year. Excluding the adverse impact on profits in the first half of last year of Hurricane Katrina and higher fuel costs, the underlying margin improvement in the first half of this year was approximately 20 basis points.

Continental Europe – 25.2% Group revenue (2006: 24.5%)

Revenue in Continental Europe grew by 3% on an organic basis to £1,306 million (2006: £1,294 million). We have seen a good start to the year in Spain, with strong new contract wins in healthcare and education and good like for like growth across all sectors driven by an increase in consumer numbers and new services offered to clients. The Nordic region continues to perform well with high activity levels at oil and gas clients and a focus on healthy eating driving volumes in the business and industry sector. Our businesses in the emerging markets of Central and Eastern Europe are also starting to make progress.

Operating profit from continuing operations increased to £88 million (2006: £74 million), a margin increase of 100 basis points. The significant level of restructuring costs in the first half of last year impacted last year's margin by approximately 30 basis points, so the underlying increase in the first half of this year was 70 basis points. Approximately half of this improvement is a one time step up from the turnaround of previously underperforming countries such as France and the Netherlands and the new management team in Italy delivering an encouraging start to stabilising the business.

UK – 18.5% Group revenue (2006: 18.2%)

In the UK, revenue was flat compared to last year at £957 million (2006: £962 million) as we continue to be more selective on the new business we take on and address low margin contracts. Operating profit from continuing operations was in line with 2006 at £53 million.

The fundamentals in the UK are extremely attractive and we remain optimistic that it will become a very good business. However, the poor discipline of the past combined with the excessive complexity of the business will take time to change.

The performance continues to stabilise with the second quarter results being better than the first. Overall, a 5.5% margin represents a satisfactory outcome.

Significant changes in the senior management team have been made and confidence is restored. In common with other parts of the Group, the culture is being changed to focus more on like for like revenue growth and we continue to avoid, renegotiate or exit poor performing contracts.

Good progress is being made to further reduce overheads and unit labour scheduling is now receiving intensive focus. This, combined with a healthy sales pipeline is helping to create a solid platform from which to grow profitability.

Rest of the World – 15.2% Group revenue (2006: 15.1%)

Strong organic revenue growth of 10% in the Rest of the World was largely a result of 22% growth in Australia and 15% in Latin America, whilst revenues in Japan remained flat. The remote site business in Australia has benefited from the buoyancy of the mining and energy sectors and the mobilisation of new business gained in 2006, while in Latin America a focus on volumes in the business and industry sector has had a positive impact. The smaller, emerging markets, particularly India and China, are also becoming more established and offer a good opportunity for future growth.

Operating profit from continuing operations increased to £27 million (2006: £20 million), a margin increase of 90 basis points. Approximately half of this improvement comes from the flow through from the high levels of new business gained in 2006 in addition to the turnaround resulting from the focus on poorer performing businesses.

Unallocated Overheads

Unallocated overheads for the first half year were £34 million (2006: £41 million). The decrease is largely due to the absence in the first half of the year of non-recurring costs in the first half of last year relating to the UN investigation and restructuring, partly offset by the strengthening of central functions which will continue into the second half.

Operating Profit

Operating profit from continuing operations, including associates, was £267 million (2006: £234 million), an increase of 14% on a reported basis and 25% at constant currency.

Finance Cost

Underlying net finance cost for the first half was £43 million (2006: £83 million, £76 million including the net effect of the revaluation of swaps and hedging instruments that do not qualify for hedge accounting under IAS 39). We expect a higher second half net finance cost due to the higher level of net debt following the completion of the current £500 million share buy back, giving a full year expected net finance cost of around £95 million to £100 million, before any benefit from the Selecta disposal proceeds which we expect to have for the final three months of the year.

Profit before taxation

Profit before taxation from continuing operations was £224 million (2006: £158 million).

On an underlying basis, excluding revaluation gains and losses on swaps and hedging instruments (hedge accounting ineffectiveness), profit before tax from continuing operations increased by 48% to £224 million (2006: £151 million).

Income Tax Expense

The overall Group tax charge before exceptional items was £65 million (2006: £54 million), an effective tax rate of 29% (2006: 34%). We continue to expect the Group's effective tax rate to average out at around the 30% level for the foreseeable future.

Basic Earnings per Share

Basic earnings per share were 9.6 pence (2006: 6.5 pence). Excluding the results of discontinued operations, basic earnings per share on an underlying basis, excluding revaluation gains and losses on swaps and hedging instruments (hedge accounting ineffectiveness), were 7.5 pence (2006: 4.2 pence).

Continuing operations

	Attributable Profit		Basic earnings per share		
	2007 £m	**2006 £m**	**2007 Pence**	**2006 Pence**	**Change**
Reported	198	140	9.6	6.5	47.7%
Discontinued operations	(44)	(44)	(2.1)	(2.0)	
Hedge accounting ineffectiveness (net of tax)	-	(5)	-	(0.3)	
Underlying	154	91	7.5	4.2	78.6%

Dividends

The interim dividend is 3.6 pence per share (2006: 3.4 pence), a year on year increase of 6%.

Discontinued Operations

Operating profit from discontinued operations was £25 million (2006: £53 million). The profit after tax from discontinued operations was £20 million (2006: £44 million).

Free Cash Flow

Free cash flow from the continuing business totalled £136 million (2006: £38 million). The major factors contributing to the increase were: £32 million increase in operating profit before associates, £41 million lower net capital expenditure and £37 million lower net interest payments.

Gross capital expenditure of £79 million represents 1.5% of revenue. We are expecting a higher level of capex of around £100 million in the second half of the year due to the phasing of activity and we therefore expect the full year to be below the 2.0% of revenue level for the continuing business (excluding Selecta). We still expect the working capital outflow to average out at around £20 million per year.

The cash tax rate on continuing operations for the first half was 27% and we continue to expect this to average around the mid to high 20s level for the foreseeable future.

Net interest paid of £47 million benefits from the significant reduction in the level of net debt as a result of the receipt of the SSP and Moto sale proceeds.

Overall, following the disposal of Selecta and the travel concessions business, we expect free cash flow to be delivered more evenly across the year with only a slight weighting towards the second half.

Acquisitions

The acquisition of the remaining 5% interest in Onama was completed in December 2006 for £7 million. A further £14 million was spent in the first half on deferred consideration relating to prior year acquisitions and £3 million on new acquisitions.

Financial Targets

The Group's three year targets for the continuing business for 2006 to 2008 remain unchanged at:

- 100 basis points improvement in ROCE
- free cash flow from continuing operations of £800 million to £850 million.

Outlook

This is a very encouraging set of results, with a number of actions and initiatives introduced over the last 6-9 months contributing to the improved performance in many parts of the business. Looking ahead to the full year, we expect to see a continuation of the underlying performance seen in the first half.

Richard Cousins **Chief Executive**	**Sir Roy Gardner** **Chairman**

NOTES

(a) The Annual Report for the year ended 30 September 2006 has been filed with the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

(b) Forward looking statements

This Press Release contains forward looking statements within the meaning of Section 27A of the Securities Act 1933, as amended, and Section 21E of the Securities Exchange Act 1934, as amended. These statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently being anticipated as reflected in such forward looking statements. The terms 'expect', 'should be', 'will be', 'is likely to' and similar expressions identify forward looking statements. Factors which may cause future outcomes to differ from those foreseen in forward looking statements include, but are not limited to: general economic conditions and business conditions in Compass Group's markets; exchange rate fluctuations; customers' and clients' acceptance of its products and services; the actions of competitors; and legislative, fiscal and regulatory developments.

(c) The timetable for the proposed interim dividend of 3.6p per share is as follows:

Ex dividend date:	27 June 2007
Record date:	29 June 2007
Payment date:	6 August 2007

(d) A presentation for analysts and investors will take place at 9:30 am (BST/London) on Wednesday 16 May 2007 at Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1.

The live presentation can also be accessed via both a webcast and dial-in teleconference starting at 9:30 am:

- To listen to the live presentation via teleconference, dial (UK) +44 (0)1452 562716. **Conference access ID: 6579885**
- To view the presentation slides and/or listen to a live audio webcast of the presentation, go to www.compass-group.com or www.cantos.com
- Please note that remote listeners will not be able to ask questions during the Q&A session.

A replay recording of the presentation will also be available via teleconference and webcast:

- A teleconference replay of the presentation will be available for five working days, from 14.00 on May 16 until midnight 22 May 2007. To hear the replay, dial (UK) +44 (0)1452 55 00 00. The replay access number is **6579885#**.
- A webcast replay of the presentation will be available for six months, at www.compass-group.com and www.cantos.com

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Website
www.compass-group.com

Compass Group is the world's largest foodservice company with annual revenue of c. £10 billion. For more information visit www.compass-group.com

Independent review report to Compass Group PLC

Introduction

We have been instructed by Compass Group PLC ('the Company') to review the financial information for the six months ended 31 March 2007 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 14. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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 formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2007.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
16 May 2007

Consolidated income statement

for the six months ended 31 March 2007

	Notes	Six months to 31 March 2007 Unaudited £m	Six months to 31 March 2006 Unaudited £m	Year ended 30 September 2006 Before exceptional items Audited £m	Year ended 30 September 2006 Exceptional items Audited £m	Year ended 30 September 2006 Total Audited £m
Continuing operations						
Revenue	2	**5,185**	5,277	10,276	–	10,276
Operating costs		**(4,921)**	(5,045)	(9,822)	–	(9,822)
Operating profit	2	**264**	232	454	–	454
Share of profit of associates	2	**3**	2	2	–	2
Total operating profit	2	**267**	234	456	–	456
Finance income	3	**13**	3	15	–	15
Finance costs	3	**(56)**	(86)	(160)	–	(160)
Hedge accounting ineffectiveness	3	–	7	11	–	11
Profit before tax		**224**	158	322	–	322
Income tax expense	4, 6	**(65)**	(54)	(109)	44	(65)
Profit for the period from continuing operations		**159**	104	213	44	257
Discontinued operations						
Profit before exceptional items (net of tax)	5	**20**	44	65	–	65
Exceptional items (net of tax)	5, 6	**24**	–	–	(27)	(27)
Profit for the period from discontinued operations	5	**44**	44	65	(27)	38
Continuing and discontinued operations						
Profit for the period		**203**	148	278	17	295
Attributable to						
Equity shareholders of the Company		**198**	140	268	17	285
Minority interest		**5**	8	10	–	10
Profit for the period		**203**	148	278	17	295
Earnings per share						
Basic earnings per share						
From continuing operations	7	**7.5p**	4.5p			11.5p
From discontinued operations	7	**2.1p**	2.0p			1.8p
From continuing and discontinued operations	7	**9.6p**	6.5p			13.3p
Diluted earnings per share						
From continuing operations	7	**7.5p**	4.4p			11.5p
From discontinued operations	7	**2.1p**	2.1p			1.8p
From continuing and discontinued operations	7	**9.6p**	6.5p			13.3p

Consolidated statement of recognised income and expense

For the six months ended 31 March 2007

	Notes	Six months to 31 March 2007 Unaudited £m	Six months to 31 March 2006 Unaudited £m	Year ended 30 September 2006 Audited £m
Net income/(expense) recognised in equity				
Fair value movement on cash flow hedges		**–**	3	4
Currency translation differences		**(2)**	–	(7)
Actuarial losses on post-retirement employee benefits		**–**	–	(37)
Tax on items taken directly to equity		**–**	–	3
Recognition of deferred tax asset relating to currency translation differences in prior years		**37**	–	–
Net income/(expense) recognised in equity		**35**	3	(37)
Transfers				
Transfer to profit or loss from equity of cumulative translation differences on discontinued activities		**–**	–	2
Transfer to profit or loss from equity on cash flow hedges		**–**	(1)	(6)
Transfers		**–**	(1)	(4)
Net gain/(loss) recognised directly in equity				
Net gain/(loss) recognised directly in equity		**35**	2	(41)
Profit for the period				
Profit for the period		**203**	148	295
Total recognised income and expense for the period	8	**238**	150	254
Attributable to				
Equity shareholders of the Company		**231**	141	248
Minority interest		**7**	9	6
Total recognised income and expense for the period		**238**	150	254

Consolidated balance sheet

As at 31 March 2007

	Notes	As at 31 March 2007 Unaudited £m	As at 31 March 2006 Unaudited £m	As at 30 September 2006 Audited £m
Assets				
Non-current assets				
Goodwill		**3,017**	3,434	3,451
Other intangible assets		**139**	167	152
Property, plant and equipment		**579**	928	756
Interests in associates		**40**	41	39
Other investments		**6**	9	9
Deferred tax assets		**270**	200	237
Trade and other receivables		**101**	137	117
Derivative financial instruments		**4**	29	22
		4,156	4,945	4,783
Current assets				
Inventories		**180**	241	212
Trade and other receivables		**1,339**	1,544	1,424
Tax recoverable		**7**	4	10
Derivative financial instruments		**8**	6	9
Cash and cash equivalents		**536**	231	848
		2,070	2,026	2,503
Assets of disposal groups				
Assets included in disposal groups held for sale	5	**652**	1,663	–
Total assets		**6,878**	8,634	7,286
Liabilities				
Current liabilities				
Short-term borrowings		**(141)**	(218)	(119)
Derivative financial instruments		**(1)**	(7)	(2)
Current tax liabilities		**(219)**	(309)	(357)
Trade payables and other payables		**(1,764)**	(2,196)	(1,990)
Provisions		**(70)**	(10)	(65)
		(2,195)	(2,740)	(2,533)
Non-current liabilities				
Long-term borrowings		**(1,771)**	(2,536)	(1,835)
Derivative financial instruments		**(13)**	(7)	(18)
Post-employment benefit obligations		**(254)**	(553)	(282)
Provisions		**(291)**	(143)	(242)
Deferred tax liabilities		**(6)**	(18)	(18)
Other liabilities		**(46)**	(100)	(46)
		(2,381)	(3,357)	(2,441)
Liabilities of disposal groups				
Liabilities included in disposal groups held for sale	5	**(149)**	(235)	–
Total liabilities		**(4,725)**	(6,332)	(4,974)
Net assets				
Net assets		**2,153**	2,302	2,312
Equity				
Share capital		**201**	216	210
Share premium account		**103**	94	96
Capital redemption reserve		**24**	9	15
Less: own shares		**(4)**	(1)	–
Other reserves		**4,301**	4,161	4,288
Retained earnings		**(2,490)**	(2,204)	(2,303)
Total equity shareholders' funds		**2,135**	2,275	2,306
Minority interests		**18**	27	6
Total equity	8	**2,153**	2,302	2,312

Consolidated cash flow statement

For the six months ended 31 March 2007

	Notes	Six months to 31 March **2007 Unaudited £m**	2006 Unaudited £m	Year ended 30 September 2006 Audited £m
Cash flow from operating activities				
Cash generated from operations	10	**304**	275	648
Interest paid		**(59)**	(87)	(186)
Interest element of finance lease rentals		**(1)**	(1)	(3)
Tax received		–	5	4
Tax paid		**(61)**	(54)	(97)
Net cash from operating activities for continuing operations		**183**	138	366
Net cash from operating activities for discontinued operations		**18**	103	181
Net cash from operating activities		**201**	241	547
Cash flow from investing activities				
Purchase of subsidiary companies and investments in associated undertakings		**(24)**	(31)	(167)
Proceeds from sale of subsidiary companies and associated undertakings		**29**	31	1,807
Tax on profits from sale of subsidiary companies and associated undertakings		**(61)**	–	(50)
Contribution of disposal proceeds to pension plans		–	–	(280)
Purchase of property, plant and equipment		**(64)**	(98)	(152)
Proceeds from sale of property, plant and equipment		**17**	11	20
Purchase of intangible assets and investments		**(12)**	(13)	(30)
Dividends received from associated undertakings		–	1	2
Interest received		**13**	4	15
Net cash from/(used in) investing activities for continuing operations		**(102)**	(95)	1,165
Net cash from/(used in) investing activities for discontinued operations		**(22)**	(63)	(106)
Net cash from/(used in) investing activities		**(124)**	(158)	1,059
Cash flow from financing activities				
Proceeds from issue of ordinary share capital		**7**	–	2
Purchase of own shares (net)		**(290)**	–	(148)
Net increase/(decrease) in borrowings		**42**	16	(647)
Repayment of obligations under finance leases		**(9)**	(8)	(15)
Equity dividends paid		**(136)**	(140)	(213)
Dividends paid to minority interests		**(1)**	(5)	(11)
Net cash from/(used in) financing activities		**(387)**	(137)	(1,032)
Cash and cash equivalents				
Net increase/(decrease) in cash and cash equivalents	11	**(310)**	(54)	574
Cash and cash equivalents at beginning of the period		**848**	281	281
Exchange gains and losses on cash and cash equivalents		**(2)**	4	(7)
Cash and cash equivalents at end of the period		**536**	231	848

Reconciliation of free cash flow from continuing operations

for the six months ended 31 March 2007

	Six months to 31 March **2007 £m**	2006 £m	Year ended 30 September 2006 £m
Net cash from operating activities for continuing operations	**183**	138	366
Purchase of property, plant and equipment	**(64)**	(98)	(152)
Proceeds from sale of property, plant and equipment	**17**	11	20
Purchase of intangible assets and investments	**(12)**	(13)	(30)
Dividends received from associated undertakings	–	1	2
Interest received	**13**	4	15
Dividends paid to minority interests	**(1)**	(5)	(11)
Free cash flow from continuing operations	**136**	38	210

Notes to the consolidated financial statements

For the six months ended 31 March 2007

1 Basis of preparation

The unaudited interim financial statements for the six months ended 31 March 2007 have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union at 31 March 2007 and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The Group has not yet adopted IAS34 'Interim Financial Reporting' but intends to do so from 1 October 2007.

Details of the accounting policies applied are those set out in the Group's Annual Report for the year ended 30 September 2006, which is published in the Investor Relations section of the Group website (www.compass-group.com) and which is also available on request.

In accordance with the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations', the IFRS consolidated income statements and consolidated cash flow statements for 2006 previously presented have been amended to reflect the classification of certain operations as discontinued, as shown in note 5.

The unaudited interim financial statements for the six months ended 31 March 2007, which were approved by the Board of directors on 16 May 2007, do not comprise statutory accounts for the purpose of Section 240 of the Companies Act 1985. The Annual Report for the year ended 30 September 2006 contained an unqualified audit report and has been filed with the Registrar of Companies.

2 Segmental reporting

	North America £m	Continental Europe* £m	United Kingdom £m	Rest of the World* £m	Eliminations £m	Total £m
Revenue from continuing operations						
Six months to 31 March 2007						
External revenue	2,133	1,306	957	789	–	5,185
Inter-segment revenue	–	–	–	4	(4)	–
Total revenue	2,133	1,306	957	793	(4)	5,185
Six months to 31 March 2006						
External revenue	2,224	1,294	962	797	-	5,277
Inter-segment revenue	-	-	-	8	(8)	-
Total revenue	2,224	1,294	962	805	(8)	5,277
Year ended 30 September 2006						
External revenue	4,290	2,484	1,889	1,613	-	10,276
Inter-segment revenue	-	-	-	15	(15)	-
Total revenue	4,290	2,484	1,889	1,628	(15)	10,276

	North America £m	Continental Europe* £m	United Kingdom £m	Rest of the World* £m	Other £m	Total £m
Operating profit from continuing operations						
Six months to 31 March 2007						
Operating profit/(loss)	130	88	53	27	(34)	264
Share of profit of associates	1	-	2	-	-	3
Segment result	131	88	55	27	(34)	267
Six months to 31 March 2006						
Operating profit/(loss)	126	74	53	20	(41)	232
Share of profit of associates	1	-	1	-	-	2
Segment result	127	74	54	20	(41)	234
Year ended 30 September 2006						
Operating profit/(loss)	245	129	110	47	(77)	454
Share of profit of associates	1	-	1	-	-	2
Segment result	246	129	111	47	(77)	456

* Russia and Turkey were transferred from the Rest of World to the Continental Europe segment during the current reporting period to ensure alignment with the new management reporting structure. The 2006 segmental results have been restated on a consistent basis. The combined revenue and operating profit of these businesses was £24 million and £1 million respectively for the period to 31 March 2006 and £46 million and £3 million respectively for the year ended 30 September 2006.

3 Finance income and costs

	Six months to 31 March 2007 £m	Six months to 31 March 2006 £m	Year ended 30 September 2006 £m
Finance income			
Bank interest	**13**	3	15
Finance costs			
Bank loans and overdrafts	**2**	23	35
Other loans	**52**	53	107
Finance lease interest	**1**	1	3
Interest on bank and other loans and finance leases	**55**	77	145
Unwinding of discount on put options held by minority shareholders	–	3	4
Interest on pension scheme liabilities net of expected return on scheme assets	**1**	6	11
Total	**56**	86	160
Hedge accounting ineffectiveness			
Unrealised net gains on financial instruments	**–**	7	11

4 Tax

The tax charge on continuing operations for the period is based on an estimated full year effective tax rate of 29% (last full year 34% before exceptional items).

The estimated full year effective tax rate of 29% does not take into account the impact of the proposed reduction in the UK statutory rate of corporation tax from 30% to 28% from 1 April 2008 announced in the March 2007 Budget, as the relevant legislation was not substantively enacted at the interim balance sheet date. If, as anticipated, substantive enactment has occurred by the Group's full year balance sheet date of 30 September 2007, it is estimated that the full year effective tax rate would be approximately 30%. This increase would be due largely to a charge arising from the reduction in the balance sheet carrying value of deferred tax assets in the UK to reflect the reduced rate of corporation tax at which those assets are expected to reverse.

	Six months to 31 March		Year ended 30 September 2006		
	2007 £m	2006 £m	Before exceptional items £m	Exceptional items £m	Total £m
Tax on continuing operations					
UK tax	**7**	11	29	(44)	(15)
Overseas tax	**58**	43	80	–	80
Total	**65**	54	109	(44)	65

5 Discontinued operations

In November 2006, as part of the Group's strategy of focussing on its core contract catering business, the Group announced its intention to dispose of its European vending business, Selecta. As explained in Note 13 'Post balance sheet events', the Group announced on 12 May 2007 that it had agreed to sell Selecta to a company managed by Allianz Capital Partners GmbH. The transaction is expected to be completed by the end of the current financial year. The Group has also completed the sale and closure of a number of other small businesses as part of the exit from the discontinued travel concessions business and Middle East military catering operations. The results of all these businesses are classified as discontinued operations and are therefore excluded from the results of continuing operations in 2007. The 2006 results have been restated on a consistent basis. Where appropriate, the assets and liabilities of these businesses are classified as being held for sale as at 31 March 2007.

In the year ended 30 September 2006, the Group disposed of its Inflight catering operations, which operated principally in Continental Europe, on 19 December 2005, and disposed of its travel concession catering business, Select Service Partner, including Creative Host Services in the US (together 'SSP') on 15 June 2006. The results of these businesses are classified as discontinued operations and are therefore excluded from the results of continuing operations in 2006. The assets and liabilities of SSP were classified as being held for sale as at 31 March 2006.

In the second half of the year ended 30 September 2006, the Group also discontinued its Middle East military catering operations and withdrew from or disposed of various other businesses. The results of these businesses are classified as discontinued operations and are therefore excluded from the results of continuing operations in 2006. This process was substantially complete by the end of the year and no assets or liabilities were classified as being held for sale at 30 September 2006.

The results of the discontinued operations were as follows:

	Six months to 31 March		Year ended 30 September
	2007 **£m**	2006 £m	2006 £m
Trading activities of discontinued activities			
External revenue	**262**	1,315	1,988
Operating costs	**(237)**	(1,262)	(1,913)
Profit before exceptional items	**25**	53	75
Exceptional operating items (note 6)	–	–	(47)
Profit before tax	**25**	53	28
Income tax expense	**(5)**	(9)	(10)
Profit after tax	**20**	44	18
Disposal of net assets and other adjustments relating to discontinued activities			
Profit on disposal of net assets of discontinued operations	**–**	–	116
Cumulative translation exchange loss	**–**	–	(2)
Increase in provisions related to discontinued operations	**(45)**	–	–
Profit before tax	**(45)**	–	114
Tax	**69**	–	(94)
Profit after tax	**24**	–	20
Profit for the period from discontinued operations			
Profit for the period from discontinued operations	**44**	44	38

The major classes of assets and liabilities of the businesses classified as held for sale (on a cash free / debt free basis) were as follows:

	As at 31 March		As at 30 September
	2007 **£m**	2006 £m	2006 £m
	Selecta/Other	*SSP*	*None*
Assets			
Goodwill	**394**	813	–
Property, plant and equipment	**144**	745	–
Inventories	**36**	27	–
Trade and other receivables	**71**	56	–
Other assets	**7**	22	–
Assets included in disposal groups held for sale	**652**	1,663	–
Liabilities			
Trade and other payables	**(129)**	(199)	–
Other liabilities	**(20)**	(36)	–
Liabilities included in disposal groups held for sale	**(149)**	(235)	–
Net Assets			
Net Assets included in disposal groups held for sale	**503**	1,428	–

6 Exceptional items

Exceptional items are disclosed and described separately in the interim financial statements where it is necessary to do so to clearly explain the financial performance of the Group. Items reported as exceptional are material items of income or expense that have been shown separately due to the significance of their nature or amount.

	Six months to 31 March		Year ended 30 September
	2007 £m	2006 £m	2006 £m
Continuing operations			
Income tax expense	**–**	–	44
Discontinued operations			
Settlement of UN contract claims and related expenses	**–**	–	(39)
Middle East military catering business	**–**	–	(8)
Exceptional operating costs	**–**	–	(47)
Profit on disposal of net assets and other adjustments relating to discontinued operations (note 5)	**24**	–	20
	24	–	(27)
Continuing and discontinued operations			
Total	**24**	–	17

In the period to 31 March 2007, the Group released tax provisions totalling £69 million following the settlement of a number of long-standing issues connected with prior year discontinued activities. The Group also established provisions totalling £45 million in respect of the prior year disposal of travel concessions catering businesses and in respect of discontinued Middle East military catering operations. The result of these items was a net profit of £24 million in the period.

In the year ended 30 September 2006, a £44 million exceptional tax credit arose in respect of previously unrecognised tax losses and tax deductions in respect of pension prepayments in the UK tax group that originated in previous years.

£39 million was charged to complete investigations and to settle lawsuits for lost profits brought by two competitors of the Group, ES-KO International Inc and Supreme Foodservice AG in relation to contracts awarded to Eurest Support Services by the UN.

£8 million was provided to settle claims arising in respect of the discontinued Middle East military catering operations.

A profit of £20 million (net of cumulative translation exchange losses and tax) was recognised in respect of the disposal of the Group's Inflight catering services business on 19 December 2005 and its travel concessions catering business ("SSP") on 15 June 2006.

7 Earnings per share

The calculation of earnings per share is based on earnings after tax and the weighted average number of shares in issue during the period. The adjusted earnings per share figures have been calculated based on earnings excluding the effect of discontinued activities and exceptional items; these are disclosed to show the underlying trading performance of the Group.

	Six months to 31 March		Year ended 30 September
	2007	2006	2006
	£m	£m	£m
Attributable profit			
Profit for the period attributable to equity shareholders of the Company	**198**	140	285
Less profit for the period from discontinued operations	**(44)**	(44)	(38)
Attributable profit for the period from continuing operations	**154**	96	247
Less exceptional items included in continuing operations (net of tax)	–	–	(44)
Attributable profit for the period from continuing operations before exceptional items	**154**	96	203
Hedge accounting ineffectiveness (net of tax)	**–**	(5)	(7)
Underlying attributable profit for the period from continuing operations before exceptional items	**154**	91	196

	Six months to 31 March		Year ended 30 September
	2007	2006	2006
Average number of shares (millions of ordinary shares of 10p each)			
Average number of shares for basic earnings per share	**2,052**	2,156	2,147
Dilutive share options	**13**	2	3
Average number of shares for diluted earnings per share	**2,065**	2,158	2,150
Basic earnings per share			
From continuing and discontinued operations	**9.6p**	6.5p	13.3p
From discontinued operations	**(2.1)p**	(2.0)p	(1.8)p
From continuing operations	**7.5p**	4.5p	11.5p
Effect of exceptional items (net of tax)	**–**	–	(2.0)p
From continuing operations before exceptional items	**7.5p**	4.5p	9.5p
Hedge accounting ineffectiveness	**–**	(0.3)p	(0.4)p
From underlying continuing operations before exceptional items	**7.5p**	4.2p	9.1p
Diluted earnings per share			
From continuing and discontinued operations	**9.6p**	6.5p	13.3p
From discontinued operations	**(2.1)p**	(2.1)p	(1.8)p
From continuing operations	**7.5p**	4.4p	11.5p
Effect of exceptional items (net of tax)	**–**	–	(2.0)p
From continuing operations before exceptional items	**7.5p**	4.4p	9.5p
Hedge accounting ineffectiveness	**–**	(0.2)p	(0.4)p
From underlying continuing operations before exceptional items	**7.5p**	4.2p	9.1p

8 Reconciliation of movements in total shareholders' equity

	Six months to 31 March		Year ended 30 September
	2007	2006	2006
	£m	£m	£m
Opening total shareholders' equity	**2,312**	2,278	2,278
Total recognised income and expense	**238**	150	254
Issue of shares	**7**	–	2
Fair value of share-based payments	**11**	16	25
Share buy-back	**(282)**	–	(149)
Transfer on exercise of put options	**8**	–	131
Other changes	–	3	(5)
	2,294	2,447	2,536
Dividends paid to Compass shareholders (note 9)	**(136)**	(140)	(213)
Dividends paid to minority interest	**(1)**	(5)	(11)
	2,157	2,302	2,312
Increase in own shares held for staff compensation schemes*	**(4)**	–	–
Closing total shareholders' equity	**2,153**	2,302	2,312

* These shares are held in trust and are used to satisfy some of the Group's liabilities to employees for share options, share bonus and long-term incentive plans.

9 Dividends

The interim dividend of 3.6 pence per share (2006: 3.4 pence per share) will be payable on 6 August 2007 to shareholders on the register at the close of business on 29 June 2007. The dividend was approved by the Board after the balance sheet date, and has thus not been reflected as a liability in these interim financial statements. The dividends paid in the periods presented were as follows:

	Six months to 31 March		Year ended 30 September
	2007	2006	2006
	£m	£m	£m
Dividends on ordinary shares of 10p each			
Final 2005 - 6.5p per share	**–**	140	140
Interim 2006 – 3.4p per share	**–**	–	73
Final 2006 – 6.7p per share	**136**	–	–
Total	**136**	140	213

10 Reconciliation of operating profit to cash generated from operations

	Six months to 31 March		Year ended 30 September
	2007	2006	2006
	£m	£m	£m
Operating profit from continuing operations	**264**	232	453
Adjustments for:			
Depreciation of property, plant and equipment	**71**	74	150
Amortisation of intangible fixed assets	**15**	15	38
(Gain)/loss on disposal of property, plant and equipment	**(1)**	1	5
Increase/(decrease) in provisions	**(7)**	(2)	(38)
Share-based payments	**11**	14	21
Other non-cash items (net)	–	1	–
Operating cash flows before movement in working capital	**353**	335	629
(Increase)/decrease in inventories	**(7)**	(9)	(4)
(Increase)/decrease in receivables	**(26)**	(61)	(37)
Increase/(decrease) in payables	**(16)**	10	60
Cash generated from operations	**304**	275	648

11 Reconciliation of net cash flow to movement in net debt

	Six months to 31 March		Year ended 30 September
	2007	2006	2006
	£m	£m	£m
Net increase/(decrease) in cash and cash equivalents	**(310)**	(54)	574
Cash (inflow)/outflow from changes in debt and lease financing	**(33)**	(8)	662
Valuation movements and other non-cash changes	**12**	16	39
Changes in finance leases	**(3)**	(6)	(15)
Foreign exchange movements	**51**	(25)	69
Acquisitions and disposals	–	–	1
(Increase)/decrease in net debt during the period	**(283)**	(77)	1,330
Opening net debt	**(1,095)**	(2,425)	(2,425)
Closing net debt	**(1,378)**	(2,502)	(1,095)

The table above is presented as additional information to show movement in net debt, defined as overdrafts, bank and other borrowings and finance leases, net of cash and cash equivalents.

12 Contingent liabilities

On 21 October 2005 the Company announced that it had instructed Freshfields Bruckhaus Deringer to conduct an investigation into the relationships between Eurest Support Services ("ESS") (a member of the Group), IHC Services Inc. ("IHC") and the United Nations. Ernst & Young assisted Freshfields Bruckhaus Deringer in this investigation. On 1 February 2006 it was announced that the investigation had concluded.

The investigation established serious irregularities in connection with contracts awarded to ESS by the UN. The work undertaken by Freshfields Bruckhaus Deringer and Ernst & Young gave no reason to believe that these issues extended beyond a few individuals within ESS to other parts of ESS or the wider Compass Group of companies.

IHC's relationship with the UN and ESS is part of a wider and on-going investigation into UN procurement activity being conducted by the United States Attorney's Office for the Southern District of New York, and with which the Group is co-operating fully. These investigators have access to sources unavailable to the Group, Freshfields Bruckhaus Deringer and Ernst & Young, and further information may emerge which is inconsistent with or additional to the findings of the Freshfields Bruckhaus Deringer investigation, which could have an adverse impact on the Group. The Group has however not been contacted by or received further requests for information from the United States Attorney's Office for the Southern District of New York or the UN in connection with these matters since January 2006.

In February 2007, the Group's Portuguese business, Eurest (Portugal) Sociedade Europeia Restaurantes LDA, was visited by the Portuguese Competition Authority (PCA) as part of an investigation into possible past breaches of competition law by the Group and other caterers in the sector. The PCA investigation relates to a part of the Portuguese catering business which services mainly public sector contracts. The Group is cooperating fully with the PCA's ongoing investigation. Revenues of the Portuguese business for the year ended 30 September 2006 were £90 million (€132 million). It is likely that the investigation will take several months to complete and its outcome cannot be predicted at this point.

No provision has been made in the financial statements in respect of these matters and it is not currently possible to quantify any potential liability which may arise. The directors currently have no reason to believe that any potential liability that may arise would be material to the financial position of the Group.

The Group, through a number of its subsidiary undertakings, is, from time to time, party to various other legal proceedings or claims arising from its normal business. Provisions are made as appropriate. None of these proceedings is regarded as material litigation.

The Group has provided guarantees to certain minority shareholders and joint venture partners over the level of profits which will accrue to them in future periods.

13 Post balance sheet events

The Group announced on 12 May 2007 that it had agreed to sell its European vending business, Selecta, to a company managed by Allianz Capital Partners GmbH for a consideration of £772 million on a debt and cash free basis, subject to customary closing adjustments. The sale is expected to be completed in July 2007.

The Group's share buyback programme continued after the balance sheet date. Between 1 April 2007 and 11 May 2007, the Group repurchased for cancellation 13 million ordinary shares for a total consideration of £46 million, bringing the total number of shares repurchased since the share buyback programme began to 166 million shares for a total consideration of £474 million (before brokers commission and stamp duty).

14 Exchange rates

The main exchange rates used to translate the results and financial position of subsidiaries reporting in foreign currency were:

	Six months to 31 March		Year ended 30 September
	2007	2006	2006
	£m	£m	£m
Average exchange rate for period*			
Australian Dollar	**2.48**	2.36	2.41
Brazilian Real	**4.14**	3.88	3.97
Canadian Dollar	**2.26**	2.03	2.06
Euro	**1.49**	1.46	1.46
Japanese Yen	**230.72**	204.55	209.07
Norwegian Krone	**12.15**	11.62	11.66
South African Rand	**14.10**	11.07	11.95
Swedish Krona	**13.62**	13.76	13.67
Swiss Franc	**2.39**	2.28	2.29
US Dollar	**1.95**	1.75	1.80
Closing exchange rate as at end of period*			
Australian Dollar	**2.43**	2.43	2.53
Brazilian Real	**4.01**	3.77	4.22
Canadian Dollar	**2.26**	2.02	2.13
Euro	**1.47**	1.43	1.48
Japanese Yen	**231.59**	204.66	220.54
Norwegian Krone	**11.97**	11.38	12.47
South African Rand	**14.22**	10.69	14.52
Swedish Krona	**13.76**	13.52	13.80
Swiss Franc	**2.39**	2.27	2.34
US Dollar	**1.96**	1.73	1.87

* Average rates are used to translate the income statement and cash flow. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.