COMPASS GROUP

Interim Report

Interim Report 2009

55

We operate in 55 countries

40,000

We provide services in over 40,000 locations

388,000

We have 388,000 great people working for us

4 billion

We serve over 4 billion meals a year

Our sectors

Our sectors	Major sector brands
Business & Industry No-one understands food at work as well as we do, refreshing and refuelling the productivity of some of the world's best known companies and with our support services, helping ensure they are always business ready.	Eurest, Eurest Services, Bon Appétit Management Company, F
Fine Dining[1] Bringing exceptional gastronomic creativity and flair, style and hospitality to executive dining rooms, prestigious social and cultural events and world famous venues.	Restaurant Associates, Levy Restaurants, Bon Appétit Management Company
Education From kindergarten to college, providing the nutrition to help the development of young minds and bodies.	Chartwells, Scolarest, Bon Appétit Management Company, F
Healthcare & Seniors Delivering with care to the most exacting standards for hospital patients, staff and visitors and for senior living.	Crothall Services Group, Medirest, Morrison
Sports & Leisure Unparalleled experience in providing high quality foodservice for some of the world's most prestigious sporting and leisure venues, visitor attractions and social events.	Levy Restaurants, All Leisure
Defence, Offshore & Remote Providing essential 'life support' in some of the most inhospitable and demanding environments in the world.	ESS Support Services Worldwide

1 Fine Dining is reported as part of the Business & Industry sector.

In many countries we have specific brands for certain segments of the market and in a number of others we operate under a single brand such as GR SA in Brazil and Seiyo Food – Compass Group in Japan.

Online access

See this Report and our full Corporate Responsibility Report online at:
www.compass-group.com/interimreport09

This year, to help us reduce the impact on the environment and save the cost of producing a printed report, our Interim Report is only available online.

By continuing to improve our online reporting we want to encourage more shareholders to join the increasing numbers who are choosing to receive all shareholder communication electronically rather than in printed form.

To receive all future shareholder communications electronically, please go to **www.capitashareportal.com** to register. As a 'thank you' we will dedicate a tree in your name if you opt to receive electronic shareholder communications. Compass Group is working with The CarbonNeutral Company on this project.

Rely on us.

For world-class foodservice and support services.

Millions of people around the world rely on us every day to provide their breakfasts, lunches and dinners, make their lattes and cappuccinos, serve their sandwiches, vend their drinks and provide their hospitality services: at work, in schools and colleges, in hospitals and retirement homes, at major sporting and entertainment events, in remote mining sites and on offshore platforms. Increasingly, we are also counted on to run their reception and office services, clean their desks and undertake their routine maintenance.

We combine global capability, local market and sector knowledge, and individual client service with a reputation for putting health and safety first in everything we do, delivering to consistently high standards and demonstrating innovation and creativity.

Compass – trusted to deliver.

Contents

Performance highlights

For the six months ended 31 March 2009

Our interim results show good growth and continued improvement despite the difficult economic conditions.

Regional performance

North America

Revenue
£3,082m
(2008: £2,267m)

Underlying operating profit
£234m
(2008: £153m)

% of Group revenue
44%
(2008: 41%)

Continental Europe

Revenue
£1,769m
(2008: £1,488m)

Underlying operating profit
£131m
(2008: £106m)

% of Group revenue
26%
(2008: 27%)

UK & Ireland

Revenue
£939m
(2008: £965m)

Underlying operating profit
£54m
(2008: £52m)

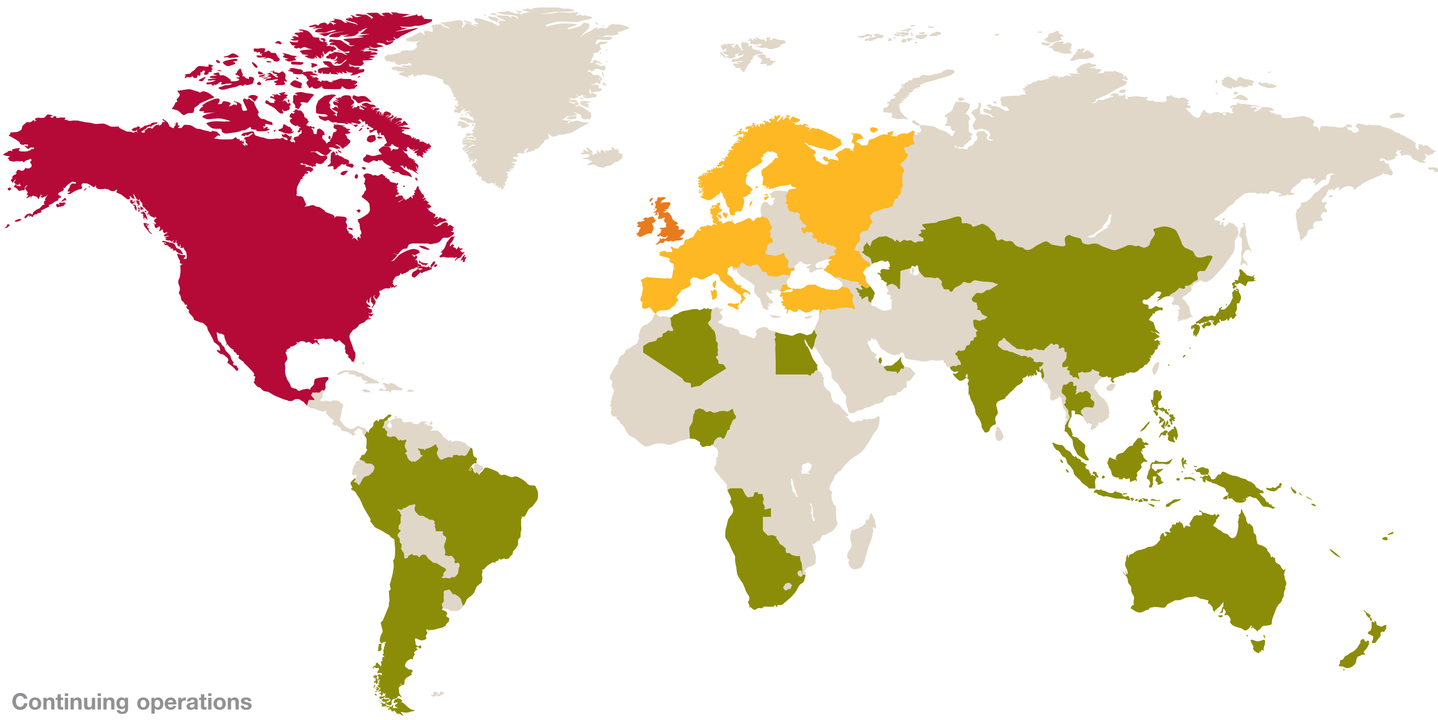
% of Group revenue
14%
(2008: 17%)

Rest of the World

Revenue
£1,137m
(2008: £869m)

Underlying operating profit
£60m
(2008: £38m)

% of Group revenue
16%
(2008: 15%)



Continuing operations
- North America
- Continental Europe
- UK & Ireland
- Rest of the World

Chairman's statement

Sir Roy Gardner
Chairman

We have a clear and focused strategy, an internationally diversified business model and we are the market leader in an industry with significant growth potential. The development of our support services capability is adding a new dimension to growth.

Our drive to increase operating efficiency, whilst investing in the future development of the business, is delivering significant results.

The strength of our cash flow and balance sheet is enabling us both to accelerate growth through value creating infill acquisitions and to reward shareholders. With this in mind, we are increasing the interim dividend by 10% to 4.4 pence. Whilst these are undoubtedly challenging times, we look forward to the future with confidence.

Revenues

2.6% organic revenue growth on a constant currency basis

The chart shows revenues at actual exchange rates.

Underlying operating profit

A **14%** increase in underlying operating profit on a constant currency basis

The chart shows underlying operating profit at actual exchange rates.

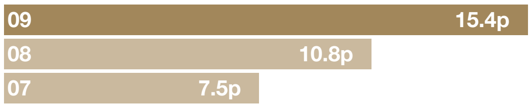
Underlying operating margin

A **60 basis point** increase in underlying operating margin on a constant currency basis

The chart shows underlying operating margin at actual exchange rates.

Underlying basic earnings per share

A **43%** increase in underlying basic earnings per share



Dividends per share

A **10%** increase in the interim dividend per ordinary share

Free cash flow

A **33%** increase in free cash flow

1 Constant currency restates the prior period results to 2009's average exchange rates.
2 Total underlying operating profit includes share of profit of associates but excludes the amortisation of intangibles arising on acquisition.
3 Operating profit by region excludes share of profit of associates and the amortisation of intangibles arising on acquisition.
4 Underlying operating margin is based on revenue and operating profit excluding share of profit of associates and the amortisation of intangibles arising on acquisition.
5 Underlying basic earnings per share excludes the amortisation of intangibles arising on acquisition, hedge accounting ineffectiveness, the change in the fair value of investments and minority interest put options and the tax attributable to these amounts.
6 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 current period results against the prior period.
7 Unless stated otherwise, all figures in this document relate to the six months ended 31 March.
8 Unless otherwise indicated, the data shown on pages 1–24 relates to the continuing business only.

See this Report online at:
www.compass-group.com/interimreport09

No-one understands food at work and how to meet people's varying needs throughout the working day like we do. Wholesome, nutritious breakfast and lunch choices in contemporary staff restaurants; sharing ideas and networking over a barista-made coffee in a stylish café; vending services for quick snacks; grab and go delis for when you're working at your desk and on-site retail outlets for those convenience purchases.

Our insight into what consumers look for drives the innovation in our food offers and brands, delivering the quality, choice and value that bring people back to our restaurants and outlets day in, day out.

Increasingly, clients look to us to provide more than food and outsource other services to us, such as reception services and grounds maintenance. Through the Compass Service Framework, our standard operating platform, we have the capability to consistently deliver a broad range of support services that help ensure that our clients are always business ready.

Food and restaurants are at the heart of what we do.

We bring exceptional gastronomic creativity and flair, style and hospitality to executive dining rooms, prestigious social and cultural events and world famous venues. When you visit venues where we serve food, you will find leading, modern culinary trends and cutting-edge service.

Our culinary credentials stem from working with world renowned chefs such as Ed Brown, Wolfgang Puck and Martin Yan in the USA and Gary Rhodes, Albert Roux, Michel Roux Jr, Prue Leith and the team at Gordon Ramsay Holdings in the UK to develop new restaurants and concepts, menus and, of course, our own chefs.

An encouraging first half

Against the backdrop of deteriorating economic conditions, Compass has had a positive first half. We are encouraged by our continued ability to win high quality new business at levels consistent with last year.

We have demonstrated our ability to flex our cost base and respond to more variable demand. Furthermore, the rigorous application of MAP has enabled us to drive further operating and cost efficiencies of over £50 million, helping to deliver another significant step up in profit and margins.

Looking forward, the trends in revenue seen in the first half of the year are expected to continue into the second half of the year. The acceleration in the rate of cost efficiencies should enable us to deliver further progress in the second half of the year.

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Group overview

Organic revenue growth was 2.6% for the first half and constant currency revenue growth, including acquisitions, was 3.6%. Encouragingly, the level of new business wins in all sectors has remained strong at 8.5%, consistent with last year. As expected, like for like revenue has continued to weaken in parts of the Business & Industry and Sports & Leisure sectors, as clients have reduced discretionary spend on event catering and corporate hospitality and headcounts. However, like for like revenue growth in the Education, Healthcare and Defence, Offshore & Remote sectors has remained strong.

Our ability to flex our largely variable cost base has enabled us to manage our costs in line with the changes in demand. Furthermore, the continued application of the MAP framework has helped us to deliver incremental efficiency gains in each of our major unit costs: food, labour and overhead. We have also continued to deliver savings in above unit costs. Operating margins improved by 60 basis points with all four geographic segments contributing to this strong performance.

Management and Performance ('MAP')

A combination of excellent operational management and the MAP framework has enabled us to deliver £55 million of constant currency operating profit growth in the first half as follows:

£14 million from net new business: Encouragingly we have continued to see a good level of new business across all sectors and geographical regions at levels consistent with last year. Supporting the growth in new foodservice business, we are seeing increased demand to provide additional support services to both new and existing clients. We are also making good progress in developing international business, winning new clients and developing our existing client relationships. For example, with both Shell and American Express we have significantly extended our services this year.

Whilst we are seeing some limited business and site closures, mainly in the Business & Industry sector, core retention is stable. We are making good progress in building retention teams and driving consistent processes around the world.

Looking forward to the second half, we have good visibility on our future pipeline and expect similar trends in net new business to those seen in the first half of the year.

£28 million from like for like growth: Across the base estate we have achieved an appropriate level of price increases in the first half of the year given the input cost inflation we are experiencing in food and labour.

In Business & Industry and Sports & Leisure we have seen some pressure on like for like volumes in parts of the business as clients have reduced discretionary spend on event catering and corporate hospitality and headcounts. The considerable flexibility in our unit cost base has, however, enabled us to reduce costs in line with demand and hence contain the impact on profit of lower volume.

Conversely, through the rest of the estate we have continued to see like for like volume growth, which in turn has converted to good profit growth.

Importantly, our efficiency programme has accelerated and once again, through the MAP programme, we have made significant savings in food, labour and overhead.

On MAP 3, cost of food, we are continuing to drive the rationalisation process – the starting point for which is menu planning. Coupled with this, our product and supplier lists are being systematically narrowed which enables us to buy more competitively. In the USA, the ongoing

MAP

The MAP programme continues to provide the framework to control costs, drive efficiencies and improve performance across the base estate whilst helping us focus the needs of both clients and consumers, enabling us to win quality new business.

roll out of our 'Model Market' approach takes procurement and logistics to the next level, fully automating the process online from order to delivery. This is driving compliance up towards the 100% level and is beginning to deliver significant benefits.

We are making good progress on MAP 4, in unit costs. We are continuing to focus on labour productivity and scheduling and in practice this means less need for expensive agency labour as we better utilise our core labour force. We are making some progress on reducing in unit overheads, but there is plenty of opportunity to do more.

In summary, we have made excellent progress in driving efficiencies in the first half of the year and we expect to see an acceleration in the rate of cost efficiencies, enabling us to deliver further progress in the second half of the year.

£8 million from above unit overhead savings: We continue to make good progress in MAP 5, reducing the above unit overhead whilst growing the business. Increasingly, we are challenging the business both to reduce the overall cost and to redeploy resources from back office to revenue-generating overhead, for example strengthening our sales and retention teams and investing in product innovation.

£5 million from acquisitions and disposals: This relates mainly to the acquisition of the remaining 50% of the shares in GR SA in Brazil completed in March 2008.

Strategy

Our core strategy is to focus on foodservice, developing support services to complement our food offer, building scale within countries to drive efficiency and utilising our global reach to serve multinational clients. Sectorisation has been a fundamental part of our strategy and we have built big businesses in all of the key sectors. The benefit of our significantly diversified portfolio across 55 countries and multiple sectors and sub sectors has offered good downside protection in a slowing economy.

Our primary focus is organic growth. We continue to benefit from the ongoing trend to outsourcing foodservice. As well as the Business & Industry sector, the under penetrated sectors of Healthcare and Education provide significant scope for growth. Aside from foodservice, clients are increasingly asking for a bundled service including both food and support services. Under the Eurest Services brand, we have organically developed a strong support services offering in most of our major countries. The Compass Service Framework, which is our unique operating model, differentiates us from our competitors and we have already had considerable success in winning new multi-service business.

The strength of our cash flow and balance sheet is enabling us to accelerate our organic revenue growth through selective infill acquisitions. The acquisition of Kimco in the USA strengthens our capability to deliver support services to the Business & Industry sector. In Germany, we are also starting to see acceleration in the trend to bundling food and support services and our acquisition of Plural strengthens our ability to deliver support services across the sectors, in particular Business & Industry and Healthcare. In the UK, we have had considerable success in extending our retail offer within hospitals. The acquisition of a number of McColl's food and retail outlets has strengthened our retail capability.

We have continued to drive performance in these more challenging times. The key to our success has been not only the flexibility in the cost base to respond to changes in volume, but also the momentum we have in driving additional cost efficiencies. We have excellent cash generation and significant headroom to service our debt and cover our medium-term refinancing needs. Our balance sheet flexibility is enabling us to pursue value-creating opportunities and to continue to reward shareholders.

The MAP framework has helped us deliver the turnaround in performance in the last two and a half years and this, together with the excellent service delivered by our people, gives us confidence that we can continue to make progress.

Richard Cousins

Richard Cousins
Group Chief Executive
13 May 2009

From kindergarten to college we provide a nutritious, well-balanced diet to help boost concentration and knowledge retention as well as fuel the development of young minds and bodies.

Eat Learn Live, our holistic approach to the health and wellbeing of children and students, has led the market in the USA and has been successfully adopted in Canada, the UK & Ireland and a number of our major European businesses.

Eat is about providing healthier meal options; **Learn**, ongoing programmes and activities to help educate children on diet and lifestyle and put the fun back into food; **Live**, our commitment to sustainability and good environmental practices.

Group revenue 2009

Education 18%
(2008: 17%)

Delivering with care to the most exacting standards for patients, staff and visitors in the public and private healthcare sector and in the growing senior living market with services to residential care homes, retirement communities and home delivery meal services.

Innovations such as Steamplicity, our patented system of steam cooking restaurant quality, fresh, hot meals, have revolutionised patient feeding, offering a greater choice of nutritious meals, delivered to order to patients. We have brought this same innovation to the introduction of convenience outlets and coffee shops which have created exciting retail opportunities for hospital visitors.

Our understanding and experience of the specific demands of this sector, especially in the areas of health and safety and hygiene, have enabled us to build a market leading capability in a range of support services including cleaning, housekeeping, portering, reception and security.

Group revenue 2009

Healthcare & Seniors 19%
(2008: 17%)

Andrew Martin
Group Finance Director

A strong financial performance

Despite the difficult economic conditions we have achieved good organic revenue growth of 2.6%.

Our focus on managing the largely variable cost base and driving cost efficiencies has increased operating margins by 60 basis points to 6.5%. As a result, operating profit at constant currency is up by £55 million to £455 million, a 14% increase on last year.

With the benefit of the favourable move in exchange rates, underlying earnings per share has increased by 43%.

Financial summary

Six months ended 31 March	2009	2008	Increase
Continuing operations			
Revenue			
Constant currency	**£6,927m**	£6,685m	3.6%
Reported	**£6,927m**	£5,589m	23.9%
Total operating profit			
Constant currency	**£455m**	£400m	13.8%
Underlying	**£455m**	£322m	41.3%
Reported	**£453m**	£322m	40.7%
Operating margin			
Constant currency	**6.5%**	5.9%	60bps
Underlying	**6.5%**	5.7%	80bps
Reported	**6.5%**	5.7%	80bps
Profit before tax			
Underlying	**£405m**	£289m	40.1%
Reported	**£387m**	£281m	37.7%
Basic earnings per share			
Underlying	**15.4p**	10.8p	42.6%
Reported	**14.7p**	10.4p	41.3%
Free cash flow			
Reported	**£240m**	£180m	33.3%
Total Group including discontinued operations			
Basic earnings per share	**15.4p**	11.3p	36.3%
Interim dividend per ordinary share	**4.4p**	4.0p	10.0%

Segmental performance

	Revenue		Growth		
Six months ended 31 March	2009 £m	2008 £m	Reported	Constant currency	Organic
Continuing operations					
North America	**3,082**	2,267	36.0%	4.7%	4.4%
Continental Europe	**1,769**	1,488	18.9%	1.9%	1.2%
UK & Ireland	**939**	965	(2.7)%	(3.6)%	(3.6)%
Rest of the World	**1,137**	869	30.8%	10.2%	5.4%
Total	**6,927**	5,589	23.9%	3.6%	2.6%

	Operating profit		Margin	
Six months ended 31 March	2009 £m	2008 £m	2009 %	2008 %
Continuing operations				
North America	**234**	153	**7.6%**	6.7%
Continental Europe	**131**	106	**7.4%**	7.1%
UK & Ireland	**54**	52	**5.8%**	5.4%
Rest of the World	**60**	38	**5.3%**	4.4%
Unallocated overheads	**(28)**	(29)	**–**	–
Excluding associates	**451**	320	**6.5%**	5.7%
Associates	**4**	2		
Underlying	**455**	322		
Amortisation of intangibles arising on acquisition	**(2)**	–		
Total	**453**	322		

1 Constant currency restates the prior period results to 2009's average exchange rates.
2 Total operating profit includes share of profit of associates.
3 Underlying operating profit excludes the amortisation of intangibles arising on acquisition.
4 Operating margin is based on revenue and operating profit excluding share of profit of associates.
5 Underlying operating margin excludes the amortisation of intangibles arising on acquisition.
6 Underlying profit before tax excludes the amortisation of intangibles arising on acquisition, hedge accounting ineffectiveness and the change in the fair value of investments and minority interest put options.
7 Underlying basic earnings per share excludes the amortisation of intangibles arising on acquisition, hedge accounting ineffectiveness, the change in fair value of investments and minority interest put options and the tax attributable to these amounts.
8 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 the prior period.

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Revenue

Overall, organic revenue growth was 2.6%, comprising new business of 8.5%, retention of 93% and like for like growth of 1.1%.

The chart shows revenues at actual exchange rates.

The significant weakening of Sterling increased reported revenues by 20.3% and acquisitions added a further 1.0%, resulting in reported revenue growth of 23.9%.

Operating profit

Underlying operating profit from continuing operations, including associates but excluding the amortisation of intangibles arising on acquisition, was £455 million (2008: £322 million, adjusting this to 2009 average exchange rates would increase the profit by £78 million to £400 million), an increase of 41% on a reported basis over the prior period.

The chart shows underlying operating profit at actual exchange rates.

Operating profit after the amortisation of intangibles arising on acquisition of £2 million (2008: £nil) was £453 million (2008: £322 million).

Operating margin

Underlying operating profit increased by £55 million, or 14%, on a constant currency basis. This represents a 60 basis points improvement in margin to 6.5% (2008: 5.9% on a constant currency basis).

The chart shows underlying operating margin at actual exchange rates.

North America

44.5% Group revenue (2008: 40.6%)

Despite the economic challenges, our North American business has made very good progress in the first half with organic revenue growth of 4.4%. Operating profit increased by £29 million, or 14%, on a constant currency basis to £234 million (2008: £205 million on a constant currency basis). The margin improvement seen in 2008 has continued throughout the first half, with a 50 basis points improvement on a constant currency basis. Including the £2 million benefit of the one-off profit on the prior year disposal of a minority stake in Au Bon Pain, the margin was 7.6%.

Continental Europe

25.5% Group revenue (2008: 26.6%)

In the context of a difficult economic backdrop, Continental Europe has delivered a good performance. Across the region we delivered organic revenue growth of 1.2% and operating profit was £131 million (2008: £124 million on a constant currency basis), an increase of 6%. This represents a further 30 basis points of margin improvement, delivering an overall margin of 7.4%.

UK & Ireland

13.6% Group revenue (2008: 17.3%)

The extensive restructuring of the UK over the past two years has enabled us to significantly improve the efficiency of our operations and, despite the difficult economic conditions, we have delivered a margin improvement of 40 basis points, with operating profit increasing to £54 million (2008: £53 million on a constant currency basis).

Rest of the World

16.4% Group revenue (2008: 15.5%)

The Rest of the World has delivered good organic revenue growth of 5.4%. Operating profit has increased by £14 million, or 30%, on a constant currency basis, to £60 million (2008: £46 million on a constant currency basis), in part through the acquisition of the remaining 50% of the shares of GR SA in Brazil completed in March 2008. The margin has increased by 80 basis points on a constant currency basis to 5.3%.

Regional reviews

Additional information on the performance of each region can be found in the regional reviews on pages 14–17.

Unallocated overheads

Unallocated overheads were £28 million (2008: £31 million on a constant currency basis), reflecting good control over costs.

Finance costs

Underlying net finance cost, excluding hedge accounting ineffectiveness and the impact of revaluing investments and minority interest put options, was £50 million (2008: £33 million). The increase from last year largely reflects the impact of exchange rates on the US Dollar and Euro denominated debt and lower interest income from cash deposits this year. We currently expect the underlying net finance cost for the full year to be around £100 million at current exchange rates.

Other gains and losses

Other gains and losses include an £11 million (2008: £8 million) cost of hedge accounting ineffectiveness and a £5 million (2008: £nil) cost of revaluing investments and minority interest put options.

Profit before tax

Profit before tax from continuing operations was £387 million (2008: £281 million).

On an underlying basis, excluding the amortisation of intangibles arising on acquisition, hedge accounting ineffectiveness and the impact of revaluing investments and minority interest put options, profit before tax from continuing operations increased by 40% to £405 million (2008: £289 million).

Income tax expense

Income tax expense from continuing operations was £112 million (2008: £81 million).

On an underlying basis, excluding the amortisation of intangibles arising on acquisition, hedge accounting ineffectiveness and the impact of revaluing investments and minority interest put options, the tax charge on continuing operations was £117 million (2008: £83 million), equivalent to an effective tax rate of 29% (2008: 29%). Based on current corporate tax rates applicable to our major countries of operation, we expect a similar rate for the full year.

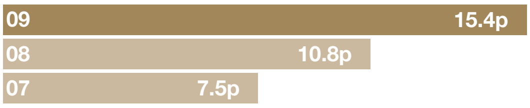
Discontinued operations

The profit after tax from discontinued operations was £12 million (2008: £16 million).

Basic earnings per share

Basic earnings per share, including discontinued operations, were 15.4 pence (2008: 11.3 pence).

On an underlying basis, excluding discontinued operations, the amortisation of intangibles arising on acquisition, hedge accounting ineffectiveness, the impact of revaluing investments and minority interest put options and the tax attributable to these amounts, the basic earnings per share from continuing operations were 15.4 pence (2008: 10.8 pence).



Six months ended 31 March	Attributable profit 2009 £m	Attributable profit 2008 £m	Basic earnings per share 2009 pence	Basic earnings per share 2008 pence	Change %
Reported	**284**	213	**15.4**	11.3	36.3%
Discontinued operations	**(12)**	(16)	**(0.7)**	(0.9)	
Other adjustments	**13**	6	**0.7**	0.4	
Underlying	**285**	203	**15.4**	10.8	42.6%

Dividends

An interim dividend of 4.4 pence per share will be paid on 3 August 2009 to shareholders on the register on 3 July 2009. This represents a year on year increase of 10%.

Free cash flow

Free cash flow from continuing operations totalled £240 million (2008: £180 million). The major factors contributing to the increase were: £131 million increase in underlying operating profit before associates offset by £17 million higher net tax payments and £58 million higher net capital expenditure.

Gross capital expenditure of £133 million (2008: £84 million), including amounts purchased under finance leases of £1 million (2008: £3 million), is equivalent to 1.9% of revenues (2008: 1.5% of revenues). Around half of the increase in net capital expenditure is due to lower disposal proceeds this year and exchange rate movements. The other half is largely phasing. We currently expect the level of gross capital expenditure for the full year to be around 2% of revenues.

There has been a continued focus on all areas of working capital management, limiting the overall seasonal working capital outflow (including provisions and post-employment benefit obligations) to £65 million (2008: £61 million outflow). We believe that there remains further scope for improvement.

The cash tax rate was 21% (2008: 24%), based on underlying profit before tax for continuing operations. For the full year we expect a cash tax rate around the mid 20s level mainly because of the timing of some of the larger payments. We continue to expect the annual cash tax rate to average out over the medium term at the mid to high 20s level.

The net interest outflow was £44 million (2008: £32 million).

Acquisition payments

We have considerably strengthened our ability to offer support services in two key markets, the USA and Germany, through the acquisitions of Kimco and Plural, with a net cash outflow in the period of £51 million and £17 million respectively. In the UK we have agreed to acquire from McColl's a number of food and retail outlets within hospitals. We have spent £4 million up to 31 March 2009, with a further £15 million expected in the second half of the year. With £6 million of other small acquisitions, the total cash spend on infill acquisitions was £78 million. £12 million was spent on the buy out of minority interests (including £11 million on the remaining 5% shareholding in Seiyo Foods, our Japanese business) and £4 million of deferred consideration relating to previous year acquisitions. The total cash spend on acquisitions was therefore £94 million.

Disposals

Payments made in respect of businesses disposed of or discontinued in prior years totalled £33 million in the period (2008: £15 million).

Purchase of own shares

The Group spent cash of £11 million (2008: £290 million) on the purchase of its shares in the period.

Pensions

The Group has continued to review and monitor its pension obligations throughout the year working closely with the Trustees and members of schemes around the Group to ensure proper and prudent assumptions are used and adequate provision and contributions are made.

The Group's pension deficit at 31 March 2009 was £257 million (2008: £177 million), principally reflecting the decrease in the value of pension scheme assets in the current market conditions.

Financial position

During the first six months of the year net debt increased to £1,258 million (2008: £1,210 million).

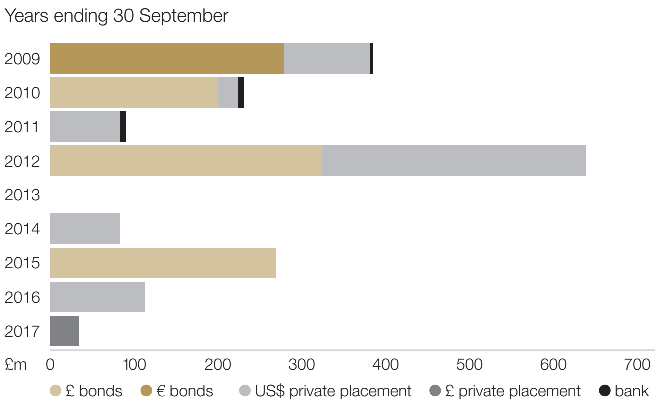
On 30 October 2008, the Group raised £187 million in the private placement market and will be repaying the £380 million of Eurobonds and US Private Placements maturing in May 2009 out of surplus cash. In addition, the Group has an undrawn bank facility of circa £800 million committed through to 2012.

Looking forward, £230 million of debt is due for repayment in 2010 and £90 million in 2011. With strong ongoing free cash generation the Group believes that it is in a very strong financial position.

Liquidity risk

The Group finances its borrowings from a number of sources including banks, the public markets and the private placement markets. Borrowings are stated at their nominal value except for the bond redeemable in December 2014 which is recorded at its fair value to the Group on acquisition.

Maturity profile of principal borrowings
as at 31 March 2009



Borrowings are stated at their nominal value except for the bond redeemable in December 2014 which is recorded at its fair value to the Group on acquisition.

The Group's undrawn committed bank facilities at 31 March 2009 were £793 million (2008: £664 million).

Financial instruments

The Group continues to manage its foreign currency and interest rate exposure in accordance with the policies set out below. The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate, currency swaps and forward currency contracts, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies.

Foreign currency risk

The Group's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency. To implement this policy, forward currency contracts or currency swaps are taken out which, when applied to the actual currency liabilities, convert these to the required currency.

The borrowings in each currency give rise to foreign exchange differences on translation into Sterling. Where the borrowings are either less than, or equate to, the net investment in overseas operations, these exchange rate movements are treated as movements on reserves and recorded in the statement of recognised income and expense rather than in the income statement. Non-Sterling earnings streams are translated at the average rate of exchange for the year. This results in differences in the Sterling value of currency earnings from year to year.

The table in note 21 to the condensed financial statements sets out the exchange rates used to translate the income statements, balance sheets and cash flows of non-Sterling denominated entities.

Interest rate risk

As detailed above, the Group has effective borrowings in a number of currencies and its policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed rate debt or by using interest rate swaps or options so that at least 80% of its projected net debt is fixed or capped for one year, reducing to 60% fixed for the second year and 40% fixed for the third year.

Other risks and uncertainties

The Board takes a proactive approach to risk management with the aim of protecting its employees and customers and safeguarding the interests of the Company and its shareholders.

The principal risks and uncertainties facing the business and the activities the Group undertakes to mitigate these are set out in the section headed 'Managing Risk' on pages 20–23.

Related party transactions

Details of transactions with related parties are set out in note 19. These transactions have not, and are not expected to have, a material effect on the financial performance or position of the Group.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the financial statements.

Summary and outlook

Compass has had a positive first half with consistent levels of new business and retention, and solid growth in like for like volume in the Healthcare, Education and Defence, Offshore & Remote sectors. We have been successful in managing the effect on profit of weakening like for like volume in the Business & Industry and Sports & Leisure sectors.

Looking forward, the trends in revenue seen in the first half of the year are expected to continue into the second half of the year. The acceleration in the rate of cost efficiencies should enable us to deliver further progress in the second half of the year.

Andrew Martin
Group Finance Director
13 May 2009

North America

44%

North America contributes 44% towards Group revenue
(2008: 41%)

Revenue by sector

- Business & Industry 36%
- Education 25%
- Healthcare & Seniors 26%
- Sports & Leisure 10%
- Defence, Offshore & Remote 3%

We have continued to see good organic growth of 4.4% in North America.

Revenue
£3,082m
(2008: £2,267m)

Operating margin
7.6%
(2008: 6.7%)

Operating profit
£234m
(2008: £153m)

Organic revenue growth
4.4%
(2008: 7.0%)

Despite the economic challenges, our North American business has made very good progress in the first half with organic revenue growth of 4.4%. Operating profit increased by £29 million, or 14%, on a constant currency basis to £234 million (2008: £205 million on a constant currency basis). The margin improvement seen in 2008 has continued throughout the first half, with a 50 basis points improvement on a constant currency basis. Including the £2 million benefit of the one-off profit on the prior year disposal of a minority stake in Au Bon Pain, the margin was 7.6%.

We have once again seen excellent levels of new business and retention across all the key sectors. In addition, North America has made excellent progress in driving efficiencies, in particular through the purchasing process and on reducing overheads.

The Business & Industry sector has had another record half year of new business, including new contracts such as the World Bank Group, where we feed 10,000 staff representing over 160 countries. Retention has continued to be very strong. The softness we have seen in like for like volumes in parts of the Business & Industry sector has mainly been driven by a reduction in event catering and hospitality spend. Whilst there is some downward pressure from fewer employees on site, consumers have sought to take advantage of our 'grab & go' and 'value' offers and loyalty plans. Fast and decisive action on cost has enabled the Business & Industry business to deliver another half year of profit and margin growth.

The momentum behind our Healthcare food and support services business has once again delivered very strong organic revenue growth.

We are seeing very good like for like volume growth in Education, driven by increasing enrolments and take up of board plans. Together with the flow through from record new business wins last year, we have again delivered double digit organic revenue growth. We have recently won contracts with Indian Prairie School District in Illinois and Queens University of Charlotte, adding to the over 530 million meals we serve each year in schools, colleges and universities in North America.

Like for like volumes in the Sports & Leisure sector are being impacted by a reduction in corporate hospitality spend, however our ability to flex costs and drive efficiencies has enabled us to improve margins and we continue to see a strong pipeline for new business opportunities.

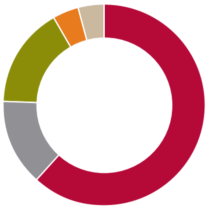
Continental Europe

26%

Continental Europe contributes 26% towards Group revenue
(2008: 27%)

Revenue by sector

- Business & Industry 62%
- Education 14%
- Healthcare & Seniors 16%
- Sports & Leisure 4%
- Defence, Offshore & Remote 4%



In Continental Europe organic growth slowed to 1.2% much as expected.

Revenue
£1,769m
(2008: £1,488m)

Operating margin
7.4%
(2008: 7.1%)

Operating profit
£131m
(2008: £106m)

Organic revenue growth
1.2%
(2008: 4.0%)

In the context of a difficult economic backdrop, Continental Europe has delivered a good performance. Across the region we delivered organic revenue growth of 1.2% and operating profit was £131 million (2008: £124 million on a constant currency basis), an increase of 6%. This represents a further 30 basis points of margin improvement, delivering an overall margin of 7.4%.

The weakness seen in the automotive and related industries has put some pressure on like for like volumes in the Business & Industry sector in much of Europe. However, good control of food and labour costs has enabled the overall margin to continue to move forward.

We are having good success in winning new business and driving retention in all sectors. In Healthcare for example, we have secured five important new hospital contracts in Portugal where we will be serving around 600,000 patient meals a year. In Education, we have secured a significant schools contract in Rome and in the Business & Industry sector, we have been awarded the Statoil contract, the largest we have ever won in Norway. Furthermore, our multi-services offer is providing new opportunities to win business with major companies such as Electrolux in Sweden and Pfizer in Germany.

In France, despite the slowdown in like for like volumes in the Business & Industry sector, we are seeing new business wins at encouraging levels, positive organic revenue growth and good profitability.

Our business in Italy has been significantly impacted by the automotive industry. Factories closed over the Christmas and New Year period and there have been further stoppages since. However, the turnaround plan for our Italian business is on track and we are pleased with the improved margin.

Germany has for some time been one of our most efficient businesses and the continued focus on driving out cost has once again enabled the margin to move forward. However, the German economy remains tough and like for like volumes are challenging.

The Spanish operation is dominated by Education and Healthcare and both these sectors are continuing to see good new business and strong like for like revenue growth. Increased cost control has driven significant margin improvements.

Ongoing growth in the offshore business and a strengthening of the support services offer have driven double digit organic revenue growth in Norway. The roll out of electronic purchasing and an improvement in labour productivity have delivered good growth in margins.

UK & Ireland

14%

UK & Ireland contributes 14% towards Group revenue
(2008: 17%)

Revenue by sector

- Business & Industry 55%
- Education 13%
- Healthcare & Seniors 10%
- Sports & Leisure 11%
- Defence, Offshore & Remote 11%

In the UK & Ireland operating margin has increased by 40 basis points despite the difficult economic conditions.

Revenue
£939m
(2008: £965m)

Operating margin
5.8%
(2008: 5.4%)

Operating profit
£54m
(2008: £52m)

Organic revenue growth
(3.6)%
(2008: 1.0%)

The extensive restructuring of the UK over the past two years has enabled us to significantly improve the efficiency of our operations and, despite the difficult economic conditions, we have delivered a margin improvement of 40 basis points, with operating profit increasing to £54 million (2008: £53 million on a constant currency basis).

In the Business & Industry sector, like for like volumes are being impacted by lower levels of corporate catering and hospitality spend and reduced headcounts. We also experienced extended Christmas and New Year closures and also lost revenues due to the bad weather in February. Whilst we have seen some additional site closures as the economy has slowed, we continue to win high quality new business, increasingly with additional support services. National Grid plc is a good example of where we have extended our foodservice contract at 12 sites to now provide a range of support services in over 500 locations.

We are making good progress in Education and starting to see the benefits of our work over the last few years. We believe we now have the right offering and are in a strong position to move forward. Profitability has improved.

In the Healthcare sector, we have seen steady like for like volume growth, driven by our strong retail proposition. The recent acquisition of a number of McColl's food and retail outlets is adding a new dimension to this exciting sector of the market.

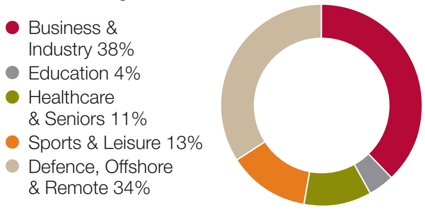
The Jockey Club is a further example of where we have been able to extend our existing relationship with a client. In this landmark deal we have moved from the delivery of foodservices at four racecourses to all 14 racecourses operated by the Jockey Club. New contracts such as the Aviva Stadium in Ireland (formerly Lansdowne Road) and several other new stadium contracts reinforce our leading position in the Sports & Leisure sector.

Rest of the World

16%

The Rest of the World contributes 16% towards Group revenue
(2008: 15%)

Revenue by sector



The Rest of the World has delivered good organic revenue growth of 5.4%.

Revenue
£1,137m
(2008: £869m)

Operating margin
5.3%
(2008: 4.4%)

Operating profit
£60m
(2008: £38m)

Organic revenue growth
5.4%
(2008: 9.0%)

The Rest of the World has delivered good organic revenue growth of 5.4%. Operating profit has increased by £14 million, or 30%, on a constant currency basis, to £60 million (2008: £46 million on a constant currency basis), in part through the acquisition of the remaining 50% of the shares of GR SA in Brazil completed in March 2008. The margin has increased by 80 basis points on a constant currency basis to 5.3%.

Overall we are continuing to see good levels of new business wins across all countries in the region, including a new contract with Cablevision in Argentina, Colégio Santo Américo in Brazil and growing our multinational clients where we have added new sites with Citigroup. Like for like volumes in the energy and extractive industry remain strong. We have made good progress in leveraging our overhead base which has helped to deliver the growth in the margin.

In Australia, we have seen strong levels of revenue growth in all sectors, including a new fully integrated services contract with the Australian Defence Force for bases in Tasmania and an extension to our BHP Billiton Iron Ore construction and expansion portfolio. The Healthcare sector has been outstanding. With a stable management team, good client relationships and a focus on operational efficiency we have seen significant margin improvement.

The economy in Japan has been particularly challenging with reduced volumes in the Business & Industry sector. With good progress on cost control, particularly in the supply chain, we are continuing to see improvement in the margin.

In Brazil there has been a sharp reduction in employment levels affecting like for like volumes. We have strengthened the management team and are now well placed to grow our business in this exciting market, where we are the market leader.

Our UAE joint venture has seen first half revenue growth of 25% and it has a healthy pipeline of potential new business.

Compass has unparalleled experience in providing food and hospitality services at some of the world's most prestigious sporting, leisure and exhibition venues, visitor attractions and major events.

You'll find our teams at the top of their game at the US Open Tennis Tournament, Super Bowl, NBA and NHL All-Star Games and the World Series; NASCAR racing; Twickenham and Super Sport Park; Chelsea Football Club; the Kentucky Derby, Aintree and Cheltenham; the Brit Oval and the Sydney Cricket Ground.

You'll also see us on show at The BRIT Awards and The GRAMMYs; The Getty Center and the Art Institute of Chicago; The Abu Dhabi National Exhibition Centre and at ExCeL London.

We provide vital workplace support for people working in some of the most hostile and demanding terrains in the world, from oil and gas platforms in the North Sea to mines in South America, Africa and Australia to infrastructure development programmes in the UAE and Qatar.

The services we provide support almost every aspect of daily community life in the large-scale accommodation centres which are 'home' to thousands of workers. As well as full round-the-clock foodservice, we manage everything from housekeeping, maintenance of the accommodation, laundry services and transport services through to organising the sports and recreational activities.

Our technical and logistical competence, commitment to health and safety and ability to effectively mobilise contracts have earned us an enviable reputation for providing fully integrated food and support services for global clients with workers around the world.

Group revenue 2009

Defence, Offshore & Remote 9%
(2008: 10%)

Managing risk

The identification of risks and opportunities and the development of action plans to manage the risks and exploit the opportunities is an integral part of the business process, and a core activity throughout the Group.

The Board takes a proactive approach to risk management with the aim of protecting its employees and customers and safeguarding the interests of the Company and its shareholders.

As set out on pages 45 and 46 of the Corporate Governance section of our 2008 Annual Report, the Group has policies and procedures in place to ensure that risks are properly evaluated and managed at the appropriate level within the business.

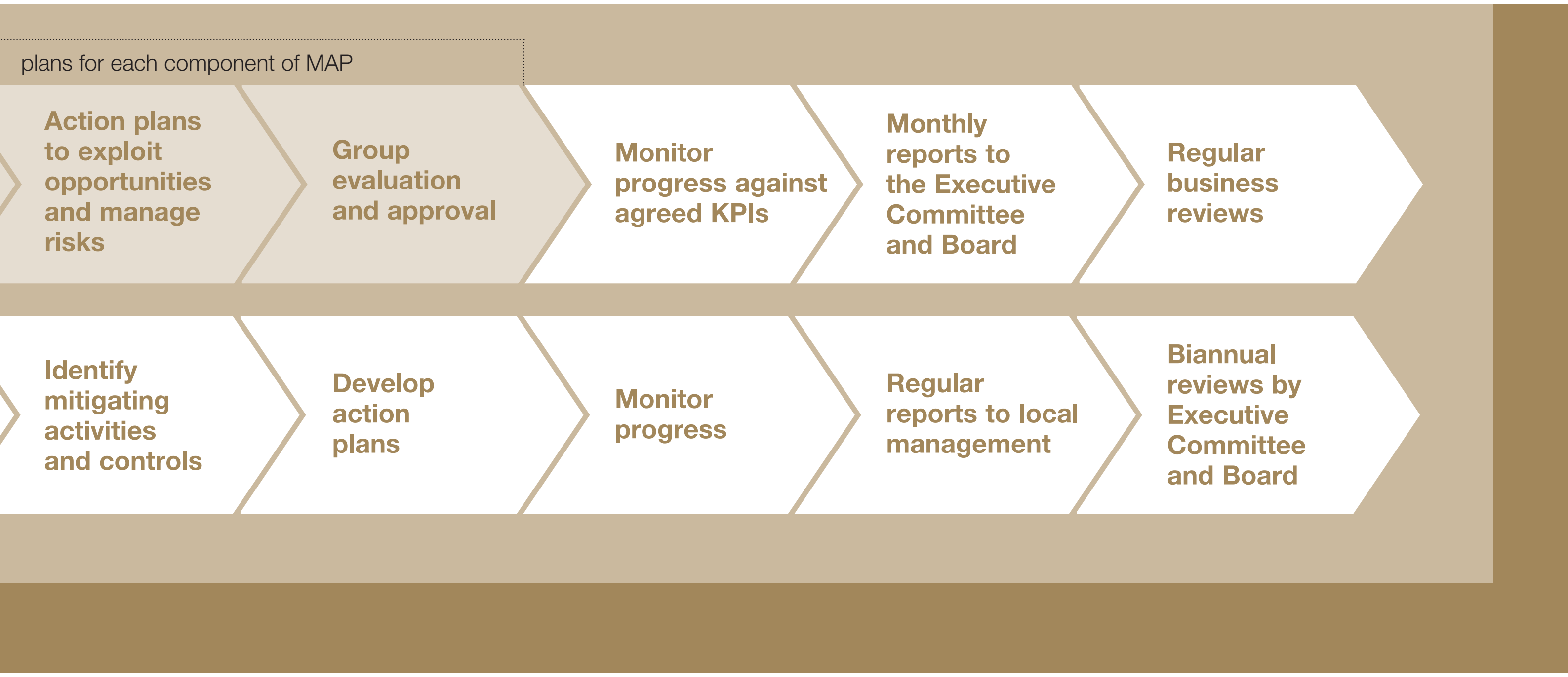
The identification of risks and opportunities, the development of action plans to manage the risks and exploit the opportunities, and the continual monitoring of progress against agreed Key Performance Indicators ('KPIs') is an integral part of the business process, and a core activity throughout the Group.

Control is exercised at Group and business level through MAP, the Group's Management and Performance framework, monthly monitoring of performance by comparison with budgets and forecasts and through regular business reviews with the Group Chief Executive and the Group Finance Director.

This is underpinned by a formal major risk assessment process which is an integral part of the annual business cycle. As part of the process, each of the Group's businesses is required to identify and document major risks and appropriate mitigating activities and controls, and monitor and report to management on the effectiveness of these controls on a biannual basis. Senior managers are also required to sign biannual confirmations of compliance with key procedures and to report any breakdowns in, or exceptions to, these procedures. The results are reviewed by the Executive Committee and the Board.

The Group also has formal procedures in place, with clearly designated levels of authority, for approving acquisitions and other capital investments. This is supported by a post-investment review process for selected acquisitions and major items of capital expenditure.

The table opposite sets out the principal risks and uncertainties facing the business at the date of this Report and the systems and processes the Group has in place to manage and mitigate these risks.



Risk		Mitigation
Health, safety and environment	Food safety	Compass feeds millions of consumers around the world every day, therefore setting the highest standards for food hygiene and safety is paramount. The Group has appropriate policies, processes and training procedures to ensure full compliance with legal obligations.
	Health and safety	Health and safety remains our number one operational priority. All management meetings throughout the Group feature a health and safety update as one of their first agenda items.
	Environment	Every day, everywhere, we look to make a positive contribution to the health and wellbeing of our customers, the communities we work in and the world we live in. Our 2008 Corporate Responsibility Report which can be found at www.compass-group.com/CR08 describes our approach in more detail.
Clients and consumers	Client retention	We aim to build long-term relationships with our clients based on quality and value. Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.
	Consolidation of food and support services	We have developed a range of support services to complement our existing foodservice offer. These services are underpinned by the Compass Service Framework, our standard operating platform for support services, which gives us the capability to deliver to the same consistent world-class standard globally.
	Bidding risk	The Group's operating companies bid selectively for large numbers of contracts each year and a more limited number of concession opportunities. Tenders are developed in accordance with a thorough process which identifies both the potential risks (including social and ethical risks) and rewards, and are subject to approval at an appropriate level of the organisation.
	Credit risk	There is limited concentration of credit risk with regard to trade receivables given the diverse and unrelated nature of the Group's client base.
	Service delivery and compliance with contract terms and conditions	The Group's operating companies contract with a large number of clients. Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the appropriate contract terms and conditions.
	Changes in consumer preferences	We strive to meet consumer demand for quality, choice and value by developing innovative and nutritious food offers which suit the lifestyles, tastes and preferences of our consumers.

Risk		Mitigation
People	People retention and motivation	The recruitment and retention of skilled employees is a challenge faced by the industry at large. The Group has established training and development programmes, succession planning and performance management programmes which are designed to align rewards with our corporate objectives and to retain and motivate our best people.
Supply chain	Suppliers	The Group constantly strives to find the right balance between building long-term supply relationships based on the compatibility of values and behaviour with the requirements of the Group as well as quality and price. The Group seeks to avoid over-reliance on any one supplier.
	Traceability	To reduce risk we are focusing on traceability, clear specification of our requirements to nominated suppliers and the improvement of purchasing compliance by unit managers.
Economic risk	Economy	The diverse nature of the Group's business (spanning the Business & Industry, Education, Healthcare & Seniors, Sports & Leisure and Defence, Offshore & Remote sectors) and our broad geographical coverage (across 55 countries) have helped mitigate the impact of the recent turmoil in the world economy. In addition, our ability to flex our largely variable cost base has allowed us to manage our costs in line with changes in demand whilst continuing to deliver incremental efficiency gains. Whilst we are expecting economic conditions to remain challenging, we are confident that our business model will continue to perform. We have good visibility of our new business pipeline and, as such, we are confident of our continued ability to generate new business. Indeed, in times of economic uncertainty outsourcing is an attractive option for our clients, and we see good opportunities to continue to grow our business and to further improve operating efficiency, supported by our strong financial position.
	Food cost inflation	As part of our MAP programme we seek to manage food cost inflation through cost indexation in our contracts, giving us the contractual right to review pricing with our clients; menu management to substitute ingredients in response to any forecast shortages and cost increases; and continuing to drive greater purchasing efficiencies through supplier rationalisation and compliance.
	Labour cost inflation	Our objective is always to deliver the right level of service in the most efficient way. As part of our MAP programme we have been deploying tools and processes to optimise labour productivity and exercise better control over other labour costs such as absenteeism, overtime and third party agency spend; and to improve our management of salary and benefit costs and control labour cost inflation.
Regulatory, political and competitive environment	Political stability	Compass is a global company operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability. However, we remain aware of these risks and look to mitigate them wherever possible. We have also taken the strategic decision to withdraw from a number of countries (and had completed most of these withdrawals by the date of this Report) where we consider the risks outweigh the rewards.
	Regulation	Changes to laws or regulations could adversely affect our performance. We engage with governmental and non-governmental organisations directly or through trade associations to ensure that our views are represented.
	Competition	Compass operates in a competitive marketplace. The level of concentration and outsource penetration varies by country. Some markets are relatively concentrated with two or three key players, others are highly fragmented and offer significant opportunities for consolidation and penetration into the self-operated market. Aggressive pricing from our competitors could cause a reduction in our revenues and margins. We aim to minimise this by building long-term relationships with our clients based on quality and value.

Risk		Mitigation
Acquisitions and investments	**Acquisition risk**	Potential acquisitions are identified by the operating companies and are subject to appropriate levels of due diligence and approval by Group management. Post-acquisition integration and performance is closely managed and subject to regular review.
	Investment risk	Capital investments are subject to appropriate levels of scrutiny and approval by Group management.
	Joint ventures	In some countries we operate through joint ventures. Procedures are in place to ensure that joint venture partners bring skills, experience and resources that complement and add to those provided from within the Group.
Information technology and infrastructure		The Group relies on a variety of IT systems in order to manage and deliver services and communicate with its customers, suppliers and employees. There is minimal inter-country dependency on IT systems and all of the Group's major operating companies have appropriate disaster recovery plans in place.
Fraud and compliance		The Group's zero tolerance based Code of Ethics governs all aspects of our relationship with our stakeholders. All alleged breaches of the Code are investigated. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls.
Litigation		Though we do not operate in a litigious industry, we have in place policies and processes in all of our main operating companies to report, manage and mitigate against third party litigation.
Reputation risk		Our brands are amongst the most successful and best established in our industry. They represent a key element of the Group's overall marketing and positioning. In the event that our brand or reputation is damaged this could adversely impact the Group's performance. The Group's zero tolerance based Code of Ethics is designed to safeguard the Company's assets, brands and reputation.
Financial risk		Compass Group's financial risk management strategy is based upon sound economic objectives and good corporate practice. The main financial risks concern the availability of funds to meet our obligations (liquidity risk), movements in exchange rates (foreign currency risk), movements in interest rates (interest rate risk) and counterparty credit risk. Derivative and other financial instruments are used to manage interest rate and foreign currency risks. Further details of our financial risks and the ways in which we mitigate them are set out on pages 10–13.
Pensions risk		The Group's defined benefit pension schemes are closed to new entrants other than for transfers under public sector contracts in the UK where the Company is obliged to provide final salary benefits to transferring employees. In addition, over the last four years substantial one-off contributions have been made to reduce the deficit in the UK schemes. Steps have also been taken to reduce the investment risk in these schemes.
Tax risk		As a Group, we seek to plan and manage our tax affairs efficiently in the jurisdictions in which we operate. In doing so, we aim to act in compliance with the relevant laws and disclosure requirements. In an increasingly complex international tax environment, a degree of uncertainty is inevitable in estimating our tax liabilities. We exercise our judgement, and seek appropriate professional advice, in assessing the amounts of tax to be paid and the level of provision required. The effective rate of tax may be influenced by a number of factors, including changes in laws and accounting standards, which could increase the rate.

Health and safety is our number one operational priority.

We believe that each of us at Compass has a moral obligation to safeguard each other, our customers and the environment by operating a safe, injury-free and healthy workplace, serving food that is safe to eat, nutritional and which minimises our impact on the environment.

Online access

See our full Corporate Responsibility Report online at:
www.compass-group.com/CR08

Report

Condensed financial statements

Shareholder information

Index to the financial statements

See this Report online at:
www.compass-group.com/interimreport09
The online Report has the facility to create your own PDF downloads and the ability to download the condensed financial statements in Excel format

Condensed financial statements

Directors' responsibilities

The Interim Report complies with the Disclosure and Transparency Rules ('DTR') of the United Kingdom's Financial Services Authority in respect of the requirement to produce a half-yearly financial report. The Interim Report is the responsibility of, and has been approved by, the directors.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34;
- the Interim Management Report includes a fair review of the important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
- the Interim Management Report includes a fair review of disclosure of related party transactions and changes therein, as required by DTR 4.2.8R.

On behalf of the Board

Mark J White
General Counsel and Company Secretary
13 May 2009

The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS').

International Accounting Standard 34 defines the minimum content of an interim financial report, including disclosures, and identifies the accounting recognition and measurement principles that should be applied to an interim financial report.

Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the Group to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and which comply with the requirements of the Companies Acts 1985 and 2006. The directors, having prepared the financial statements, have permitted the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their review opinion.

The directors are also responsible for the maintenance and integrity of the Compass Group PLC website.

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

Independent review report to Compass Group PLC

Introduction

We have been engaged by Compass Group PLC ('the Company') to review the condensed set of financial statements in the Interim Report for the six months ended 31 March 2009 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 21. We have read the other information contained in the Interim 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 International Standard on Review Engagements (UK and Ireland) 2410 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 is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim 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 United Kingdom. A review of interim financial information consists of making inquiries, 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.

Review 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 Interim Report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
13 May 2009

Consolidated income statement

for the six months ended 31 March 2009

	Notes	Six months to 31 March 2009 Unaudited £m	Six months to 31 March 2008 Unaudited £m	Year ended 30 September 2008 Audited £m
Continuing operations				
Revenue	3	**6,927**	5,589	11,440
Operating costs		**(6,478)**	(5,269)	(10,785)
Operating profit	3	**449**	320	655
Share of profit of associates	3	**4**	2	4
Total operating profit	3	**453**	322	659
Finance income	4	**15**	16	27
Finance costs	4	**(65)**	(49)	(100)
Hedge accounting ineffectiveness	4	**(11)**	(8)	(4)
Change in the fair value of investments and minority interest put options	4	**(5)**	–	(16)
Profit before tax		**387**	281	566
Income tax expense	5	**(112)**	(81)	(169)
Profit for the period from continuing operations	3	**275**	200	397
Discontinued operations				
Profit for the period from discontinued operations	6,7	**12**	16	53
Continuing and discontinued operations				
Profit for the period		**287**	216	450
Attributable to				
Equity shareholders of the Company		**284**	213	443
Minority interests		**3**	3	7
Profit for the period		**287**	216	450
Basic earnings per share (pence)				
From continuing operations	8	**14.7p**	10.4p	20.9p
From discontinued operations	8	**0.7p**	0.9p	2.8p
From continuing and discontinued operations	8	**15.4p**	11.3p	23.7p
Diluted earnings per share (pence)				
From continuing operations	8	**14.7p**	10.4p	20.8p
From discontinued operations	8	**0.6p**	0.8p	2.8p
From continuing and discontinued operations	8	**15.3p**	11.2p	23.6p

1 Impairment of goodwill, impairment of inventories, impairment of financial assets and net foreign exchange gains/(losses) recorded in the income statement, total £1 million loss (2008: £nil).

Analysis of operating profit

for the six months ended 31 March 2009

	Six months to 31 March 2009 Unaudited £m	Six months to 31 March 2008 Unaudited £m	Year ended 30 September 2008 Audited £m
Continuing operations			
Operating profit before associates and amortisation of intangibles arising on acquisition	**451**	320	658
Share of profit of associates	**4**	2	4
Operating profit before amortisation of intangibles arising on acquisition	**455**	322	662
Amortisation of intangibles arising on acquisition	**(2)**	–	(3)
Total operating profit	**453**	322	659

Consolidated statement of recognised income and expense

for the six months ended 31 March 2009

	Notes	Six months to 31 March Retained earnings £m	Revaluation reserve £m	Translation reserve £m	Minority interests £m	Total 2009 Unaudited £m	Total 2008 Unaudited £m	Year ended 30 September 2008 Audited £m
Net income/(expense) recognised in equity								
Currency translation differences		**–**	**–**	**154**	**5**	**159**	7	67
Actuarial gains/(losses) on post-retirement employee benefits	11	**(100)**	**–**	**–**	**–**	**(100)**	(18)	15
Tax on items taken directly to equity		**30**	**–**	**–**	**–**	**30**	9	5
Other		**–**	**(1)**	**–**	**–**	**(1)**	–	(1)
Net income/(expense) recognised directly in equity		**(70)**	**(1)**	**154**	**5**	**88**	(2)	86
Profit for the period								
Profit for the period		**284**	**–**	**–**	**3**	**287**	216	450
Total recognised income and expense for the period	12	**214**	**(1)**	**154**	**8**	**375**	214	536
Attributable to								
Equity shareholders of the Company		**214**	**(1)**	**154**	**–**	**367**	210	526
Minority interests		**–**	**–**	**–**	**8**	**8**	4	10
Total recognised income and expense for the period	12	**214**	**(1)**	**154**	**8**	**375**	214	536

Consolidated balance sheet

as at 31 March 2009

	Notes	As at 31 March 2009 Unaudited £m	As at 31 March 2008 Unaudited £m	As at 30 September 2008 Audited £m
Non-current assets				
Goodwill		**3,645**	3,147	3,290
Other intangible assets[1]		**494**	367	393
Property, plant and equipment[1]		**548**	458	463
Interests in associates		**32**	25	28
Other investments		**39**	13	17
Trade and other receivables[1]		**61**	59	66
Deferred tax assets*		**321**	244	256
Derivative financial instruments**		**72**	19	19
Non-current assets		**5,212**	4,332	4,532
Current assets				
Inventories		**245**	197	213
Trade and other receivables		**1,764**	1,530	1,577
Tax recoverable*		**15**	14	19
Cash and cash equivalents**		**730**	400	579
Derivative financial instruments**		**15**	1	1
Current assets		**2,769**	2,142	2,389
Total assets		**7,981**	6,474	6,921
Current liabilities				
Short-term borrowings**		**(676)**	(111)	(382)
Derivative financial instruments**		**(13)**	(8)	(4)
Provisions	10	**(120)**	(92)	(113)
Current tax liabilities*		**(263)**	(169)	(234)
Trade and other payables		**(2,457)**	(1,983)	(2,235)
Current liabilities		**(3,529)**	(2,363)	(2,968)
Non-current liabilities				
Long-term borrowings**		**(1,386)**	(1,509)	(1,212)
Derivative financial instruments**		**–**	(2)	(6)
Post-employment benefit obligations	11	**(257)**	(177)	(131)
Provisions	10	**(348)**	(372)	(341)
Deferred tax liabilities*		**(9)**	(23)	(24)
Trade and other payables		**(26)**	(32)	(33)
Non-current liabilities		**(2,026)**	(2,115)	(1,747)
Total liabilities		**(5,555)**	(4,478)	(4,715)
Net assets		**2,426**	1,996	2,206
Equity				
Share capital	12	**185**	185	184
Share premium account	12	**196**	144	178
Capital redemption reserve	12	**44**	42	44
Less: Own shares	12	**(2)**	(4)	(4)
Other reserves	12	**4,547**	4,342	4,401
Retained earnings	12	**(2,563)**	(2,729)	(2,616)
Total equity shareholders' funds		**2,407**	1,980	2,187
Minority interests	12	**19**	16	19
Total equity		**2,426**	1,996	2,206

* Component of current and deferred taxes. ** Component of net debt.

1 Certain contract-related assets previously included within property, plant and equipment and other receivables have been reclassified as intangible assets. The 31 March 2008 balance sheet has been restated accordingly. The 30 September 2008 balance sheet was originally published on this basis. There is no impact on the income statement.

Consolidated cash flow statement

for the six months ended 31 March 2009

	Notes	Six months to 31 March 2009 Unaudited £m	Six months to 31 March 2008 Unaudited £m	Year ended 30 September 2008 Audited £m
Cash flow from operating activities				
Cash generated from operations[1]	14	**497**	349	915
Interest paid		**(58)**	(47)	(104)
Interest element of finance lease rentals		**(1)**	(1)	(2)
Tax received		**3**	6	16
Tax paid		**(90)**	(76)	(165)
Net cash from/(used in) operating activities of continuing operations		**351**	231	660
Net cash from/(used in) operating activities of discontinued operations		**(2)**	2	2
Net cash from/(used in) operating activities		**349**	233	662
Cash flow from investing activities				
Purchase of subsidiary companies and investments in associated undertakings[2]	13	**(94)**	(146)	(181)
Proceeds/(payments) from the sale/closure of discontinued activities[2]	6	**(31)**	(10)	(17)
Proceeds/(payments) from the sale/closure of other activities[2]		**(2)**	–	12
Tax on profits from sale of subsidiary companies and associated undertakings		**–**	(5)	45
Purchase of intangible assets and investments[1]		**(53)**	(31)	(73)
Purchase of property, plant and equipment[1]		**(79)**	(50)	(119)
Proceeds from sale of property, plant and equipment / intangibles		**7**	14	26
Purchase of other investments		**(3)**	–	–
Proceeds from sale of other investments		**–**	–	1
Dividends received from associated undertakings		**3**	3	5
Interest received		**15**	16	25
Net cash from/(used in) investing activities by continuing operations		**(237)**	(209)	(276)
Net cash from/(used in) investing activities by discontinued operations		**–**	–	–
Net cash from/(used in) investing activities		**(237)**	(209)	(276)
Cash flow from financing activities				
Proceeds from issue of ordinary share capital	12	**9**	22	58
Purchase of own shares[3]		**(11)**	(290)	(355)
Net increase/(decrease) in borrowings – excluding new leases / repayments	15	**174**	(61)	(141)
Repayment of obligations under finance leases	15	**(7)**	(6)	(11)
Equity dividends paid	9,12	**(148)**	(135)	(209)
Dividends paid to minority interests	12	**(1)**	(3)	(4)
Net cash from/(used in) financing activities by continuing operations		**16**	(473)	(662)
Net cash from/(used in) financing activities by discontinued operations		**–**	–	–
Net cash from/(used in) financing activities		**16**	(473)	(662)
Cash and cash equivalents				
Net increase/(decrease) in cash and cash equivalents	15	**128**	(449)	(276)
Cash and cash equivalents at beginning of the period		**579**	839	839
Currency translation gains/(losses) on cash and cash equivalents		**23**	10	16
Cash and cash equivalents at end of the period		**730**	400	579

1 Certain contract-related assets previously included in property, plant and equipment, and other receivables have been reclassified as intangible assets. The cash flow for the six months to 31 March 2008 has been restated accordingly. The cash flow for the year ended 30 September 2008 was originally published on this basis. There is no impact on the income statement.
2 Net of cash acquired or disposed and payments received or made under warranties and indemnities.
3 Share buy-back and increase/(decrease) in own shares held to satisfy employee share-based payments.

Reconciliation of free cash flow from continuing operations

for the six months ended 31 March 2009

	Six months to 31 March		Year ended 30 September
	2009 Unaudited £m	2008 Unaudited £m	2008 Audited £m
Net cash from operating activities of continuing operations	**351**	231	660
Purchase of intangible assets and investments	**(53)**	(31)	(73)
Purchase of property, plant and equipment	**(79)**	(50)	(119)
Proceeds from sale of property, plant and equipment / intangibles	**7**	14	26
Purchase of other investments	**(3)**	–	–
Proceeds from sale of other investments	**–**	–	1
Dividends received from associated undertakings	**3**	3	5
Interest received	**15**	16	25
Dividends paid to minority interests	**(1)**	(3)	(4)
Other	**–**	–	(1)
Free cash flow from continuing operations	**240**	180	520

Accounting policies

for the six months ended 31 March 2009

Introduction

The significant accounting policies adopted in the preparation of the Group's financial statements are set out below:

A Accounting convention and basis of preparation

The financial statements 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 ('EU') that are effective for the year ended 30 September 2009. They have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

In the current financial year, the Group has adopted IFRS 8 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance, and is effective in the EU for accounting periods beginning on or after 1 January 2009. The Group has elected to adopt this Standard early. In contrast, the predecessor Standard (IAS 14 'Segment Reporting') required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The Group has determined in accordance with IFRS 8 that its reported operating segments will be based on geographies (which were the basis of its primary operating segments under IAS 14), and the segmental information set out in note 3 is presented on this basis. IFRS 8 also requires the disclosure of information about products and services. The Group has determined that it is appropriate to provide such information by sector (enhancing the previous disclosure made under IAS 14). Comparative data has been restated accordingly.

The Group has also adopted IFRIC 13 'Customer Loyalty Programmes'. The adoption of this Interpretation has not led to any material change in the Group's accounting policies.

Certain new standards, amendments and interpretations to existing standards have been published. The Group has identified IFRS 3 (Revised) 'Business Combinations', IFRIC 12 'Service Concession Arrangements', IFRIC 16 'Hedges of a Net Investment in a Foreign Operation', IFRIC 18 'Transfers of Assets from Customers', as well as amendments to IAS 27 'Consolidated and Separate Financial Statements' and IAS 39 'Financial Instruments: Recognition and Measurement' as being potentially relevant to its business but as these standards have not yet been endorsed by the European Union, they have not been adopted by the Group. The Group does not anticipate that any of these standards or interpretations will have a material impact on the Group's financial statements.

B Use of assumptions and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results for the year and the respective income tax and deferred tax provisions in the year in which such determination is made.

Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in section M below. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. The key assumptions used for the value in use calculations are set out in note 10 to the Consolidated Financial Statements section of the Annual Report for the year ended 30 September 2008.

Post-employment benefits

Defined benefit schemes are reappraised annually by independent actuaries based on actuarial assumptions. Significant judgment is required in determining these actuarial assumptions. The principal assumptions used are described in note 23 to the Consolidated Financial Statements section of the Annual Report for the year ended 30 September 2008.

C Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Group's share of interests in joint ventures and associates made up to 30 September each year. Condensed consolidated interim financial statements are prepared for the six months ended 31 March each year.

D Subsidiaries, joint ventures and associates

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing control.

Joint ventures

Joint ventures are entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and other venturers under a contractual agreement. The Group's share is accounted for using the proportionate consolidation method. The consolidated income statement and balance sheet include the Group's share of the income, expenses, assets and liabilities.

Associates

Associates are undertakings that are not subsidiaries or joint ventures over which the Group has significant influence and can participate in financial and operating policy decisions. Investments in associated undertakings are accounted for using the equity method. The consolidated income statement includes the Group's share of the profit after tax of the associated undertakings. Investments in associates include goodwill identified on acquisition and are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value.

Accounting policies

for the six months ended 31 March 2009

Adjustments

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used in line with those used by the Group.

Acquisitions and disposals

The results of subsidiaries, associates or joint ventures acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intra-group transactions

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group subsidiary transacts with a joint venture of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant joint venture.

E Acquisitions

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at the fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale which are recognised and measured at fair value less costs to sell.

The cost of the acquisition in excess of the Group's interest in the net fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

F Foreign currency

The consolidated financial statements are prepared in pounds Sterling, which is the functional currency of the Company.

In preparing the financial statements of individual companies within the Group, transactions in currencies other than pounds Sterling are recorded at the rates of exchange on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period, except for where they arise on items taken directly to equity, in which case they are also recognised in equity.

In order to hedge its exposure to certain foreign exchange risks the Group enters into forward contracts (see section Q below for the Group's accounting policies in respect of derivative financial instruments).

On consolidation, the assets and liabilities of the Group's overseas operations (expressed in their functional currencies, being the currency of the primary economic environment in which each entity operates) are translated at the exchange rates on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

G Revenue

Revenue is recognised in the period in which services are provided in accordance with the terms of the contractual relationships with third parties. Revenue represents the fair value of the consideration received or receivable for goods and services provided in the normal course of business, excluding trade discounts, value added tax and similar sales taxes.

Management fee contracts

Revenue from management fee contracts comprises the total of sales made to consumers, the subsidy charged to clients, together with the management fee charged to clients.

Fixed price contracts

Revenue from fixed price contracts is recognised in proportion to the volume of services that the Group is contracted to supply in each period.

Inter-segment transactions

There is little or no intra-group trading between the reported business segments. Where such trading does take place it is on similar terms and conditions to those available to third parties.

H Rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume-related rebates.

Income from value and volume-related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period.

Agreed discounts relating to inventories are credited to the income statement as the goods are consumed.

Rebates relating to items purchased but still held at the balance sheet date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

Rebates received in respect of plant and equipment are deducted from the costs capitalised.

I Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

J Operating profit

Operating profit is stated before the share of results of associates, investment revenue and finance costs.

K Exceptional items

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

L Tax

Income tax expense comprises current and deferred tax. Tax is recognised in the income statement except where it relates to items taken directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

M Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units ('CGU') for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business. This is generally the total business for a country. However, in some instances, where there are distinct separately managed business activities within a country, particularly if they fall within different secondary business segments, the CGU is identified at this lower level.

If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment is immediately recognised in the income statement and an impairment loss recognised for goodwill is not subsequently reversed.

On disposal, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent gain or loss on disposal.

Other intangible assets

Intangible assets acquired separately are capitalised at cost or, if acquired as part of a business combination, are capitalised at fair value as at the date of the acquisition. Internally generated intangible assets are not capitalised. Amortisation is charged on a straight-line basis on assets over their expected useful lives.

The following rates applied for the Group:

- Contract-related intangible assets: the life of the contract; and
- Computer software: 6% to 33% per annum.

The typical life of contract-related intangibles is 2–20 years.

Contract-related intangible assets arising on acquisition of a business are recognised at fair value and amortised over the life of the contract. Underlying operating profit and underlying earnings per share exclude the amortisation of contract-related intangible assets arising on acquisition of a business as it is not considered to be relevant to the underlying trading performance of the Group.

N Property, plant and equipment

All tangible fixed assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. Freehold land is not depreciated. All other property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value.

Depreciation is provided on a straight-line basis over the anticipated useful lives of the assets.

The following rates applied for the Group:

- Freehold buildings and long-term leasehold property: 2% per annum;
- Short-term leasehold property: the life of the lease;
- Plant and machinery: 8% to 33% per annum; and
- Fixtures and fittings: 8% to 33% per annum.

When assets are sold, the difference between sales proceeds and the carrying amount of the assets is dealt with in the income statement.

Accounting policies

for the six months ended 31 March 2009

O Assets held for sale

Non-current assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification. These assets are measured at the lower of carrying value and fair value less costs to sell.

P Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using either the weighted average price or the first in, first out method as appropriate to the circumstances. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Q Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities, including derivative financial instruments, denominated in foreign currencies are translated into Sterling at period-end exchange rates. Gains and losses are dealt with through the income statement, unless hedge accounting treatment is available.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Borrowings

Borrowings are recognised initially at the proceeds received, net of direct issue costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of direct issue costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Liabilities in respect of option agreements

Option agreements that allow minority shareholders to require the Group to purchase the minority interests are treated as derivatives over equity instruments. These are recorded in the balance sheet at fair value which is re-evaluated at each period end. Fair value is based on the present value of expected cash outflows. The movement in fair value is recognised as income or expense within the income statement.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge the risks associated with changes in foreign exchange rates and interest rates. Such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors that provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the net profit and loss such that it is fully amortised by maturity.

When fair value hedge accounting is discontinued, any adjustment to the carrying amount of the hedged item for the designated risk for interest-bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted.

The Group's policy is to convert a proportion of its floating rate debt to fixed rates, using floating to fixed interest rate swaps. The Group designates these as cash flow hedges of interest rate risk.

In relation to cash flow hedges (forward foreign exchange contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or liability, then at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost of other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement in the period.

Additional information can be found in note 20 to the Consolidated Financial Statements section of the Annual Report for the year ended 30 September 2008.

R Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Payments made under operating leases are charged to income on a straight-line basis over the period of the lease. Any incentives to enter into an operating lease are also spread on a straight-line basis over the lease term.

S Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material.

T Employee benefits

Pension obligations

Payments made to defined contribution pension schemes are charged as an expense when they fall due. Payments made to state-managed schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

For defined benefit pension schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The pension obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other post-employment obligations

Some Group companies provide other post-employment benefits. The expected costs of these benefits are accrued over the period of employment using a similar basis to that used for defined benefit pension schemes. Actuarial gains and losses are recognised immediately in the statement of recognised income and expense.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. In accordance with the requirements of IFRS 2 'Share-based Payments', the Group has applied IFRS 2 to all equity-settled share options granted after 7 November 2002 that were invested at 1 January 2005. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using either the binomial distribution or Black-Scholes pricing models as is most appropriate for each scheme. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

Holiday pay

Paid holidays and similar entitlements are regarded as an employee benefit and are charged to the income statement as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not taken.

Notes to the condensed financial statements

for the six months ended 31 March 2009

1 Basis of preparation

The unaudited interim condensed financial statements for the six months ended 31 March 2009 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'), and have been prepared on the basis of International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union ('EU') that are effective for the year ended 30 September 2009.

The unaudited interim condensed financial statements for the six months ended 31 March 2009, which were approved by the Board on 13 May 2009, and the comparative information in relation to the year ended 30 September 2008, do not comprise statutory accounts for the purpose of Section 240 of the Companies Act 1985 or Section 434 of the Companies Act 2006, and should be read in conjunction with the Annual Report for the year ended 30 September 2008. 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 237 (2) or (3) of the Companies Act 1985 or Section 498 (2) or (3) of the Companies Act 2006.

An online version of the Annual Report is available at www.compass-group.com/annualreport08 and a PDF version can be downloaded from the Investor Relations section of the Group website at www.compass-group.com. The Report is also available from the Company on request.

The accounting policies set out on pages 33–37 and method of computation adopted in the preparation of the unaudited interim condensed financial statements are consistent with the policies applied by the Group in its consolidated financial statements for the year ended 30 September 2008 except as described below.

Changes in accounting policy

In the current financial year, the Group has adopted IFRS 8 'Operating Segments' and IFRIC 13 'Customer Loyalty Programmes'.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance and is effective in the EU for accounting periods beginning on or after 1 January 2009. The Group has elected to adopt this Standard early. In contrast, the predecessor Standard (IAS 14 'Segment Reporting') required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

The Group has determined in accordance with IFRS 8 that its reported operating segments will be based on geographies (which were the basis of its primary operating segments under IAS 14), and the segmental information set out in note 3 is presented on this basis. IFRS 8 also requires the disclosure of information about products and services. The Group has determined that it is appropriate to provide such information by sector (enhancing the previous disclosure made under IAS 14). Comparative data has been restated accordingly.

IFRIC 13 requires companies to allocate revenue between the goods purchased and the fair value of the customer loyalty award, and is effective in the EU for accounting periods beginning on or after 31 December 2008. The Group has elected to adopt this interpretation early. The Group does not operate any significant customer loyalty programmes and there has been no impact on the reported results as a consequence of adopting IFRIC 13.

2 Seasonality of operations

Overall, seasonality is not a significant factor across the Group. However, within individual sectors and geographies we do see some seasonal effects. Revenues in the Education sector are lower outside term time and activity in the Business & Industry sector in Continental Europe slows down throughout the summer.

3 Segmental reporting

Revenues	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Intra Group £m	Total £m
	Operating segments: Geographies					
Six months to 31 March 2009						
External revenue	**3,082**	**1,769**	**939**	**1,138**	**–**	**6,928**
Less: Discontinued operations	**–**	**–**	**–**	**(1)**	**–**	**(1)**
External revenue – continuing	**3,082**	**1,769**	**939**	**1,137**	**–**	**6,927**
Six months to 31 March 2008						
External revenue	2,267	1,488	965	872	–	5,592
Less: Discontinued operations	–	–	–	(3)	–	(3)
External revenue – continuing	2,267	1,488	965	869	–	5,589
Year ended 30 September 2008						
External revenue	4,553	3,021	1,926	1,947	–	11,447
Less: Discontinued operations	–	–	–	(7)	–	(7)
External revenue – continuing	4,553	3,021	1,926	1,940	–	11,440

1 There is no inter-segmental trading.

Revenues	Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	Total £m
	Products and services: Sectors					
Six months to 31 March 2009						
External revenue	**3,133**	**1,204**	**1,296**	**648**	**647**	**6,928**
Less: Discontinued operations	**–**	**–**	**–**	**–**	**(1)**	**(1)**
External revenue – continuing	**3,133**	**1,204**	**1,296**	**648**	**646**	**6,927**
Six months to 31 March 2008						
External revenue	2,613	928	967	529	555	5,592
Less: Discontinued operations	–	–	–	–	(3)	(3)
External revenue – continuing	2,613	928	967	529	552	5,589
Year ended 30 September 2008						
External revenue	5,432	1,632	1,997	1,194	1,192	11,447
Less: Discontinued operations	–	–	–	–	(7)	(7)
External revenue – continuing	5,432	1,632	1,997	1,194	1,185	11,440

1 There is no inter-segmental trading.

Notes to the condensed financial statements

for the six months ended 31 March 2009

3 Segmental reporting continued

Result	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
	Operating segments: Geographies					
Six months to 31 March 2009						
Total operating profit before associates and amortisation of intangibles arising on acquisition	**234**	**131**	**54**	**60**	**(28)**	**451**
Less: Discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit before associates and amortisation of intangibles arising on acquisition – continuing	**234**	**131**	**54**	**60**	**(28)**	**451**
Less: Amortisation of intangibles arising on acquisition	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Operating profit before associates – continuing	**234**	**131**	**54**	**58**	**(28)**	**449**
Add: Share of profit of associates	**2**	**–**	**2**	**–**	**–**	**4**
Operating profit – continuing	**236**	**131**	**56**	**58**	**(28)**	**453**
Finance income						**15**
Finance costs						**(65)**
Hedge accounting ineffectiveness						**(11)**
Change in the fair value of investments and minority interest put options						**(5)**
Profit before tax						**387**
Income tax expense						**(112)**
Profit for the period from continuing operations						**275**

Result	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
	Operating segments: Geographies					
Six months to 31 March 2008						
Total operating profit before associates and amortisation of intangibles arising on acquisition	153	106	52	38	(29)	320
Less: Discontinued operations	–	–	–	–	–	–
Operating profit before associates and amortisation of intangibles arising on acquisition – continuing	153	106	52	38	(29)	320
Less: Amortisation of intangibles arising on acquisition	–	–	–	–	–	–
Operating profit before associates – continuing	153	106	52	38	(29)	320
Add: Share of profit of associates	1	–	1	–	–	2
Operating profit – continuing	154	106	53	38	(29)	322
Finance income						16
Finance costs						(49)
Hedge accounting ineffectiveness						(8)
Change in the fair value of investments and minority interest put options						–
Profit before tax						281
Income tax expense						(81)
Profit for the period from continuing operations						200

3 Segmental reporting continued

Result continued	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
	Operating segments: Geographies					
Year ended 30 September 2008						
Total operating profit before associates and amortisation of intangibles arising on acquisition	311	197	108	103	(62)	657
Less: Discontinued operations	–	–	–	1	–	1
Operating profit before associates and amortisation of intangibles arising on acquisition – continuing	311	197	108	104	(62)	658
Less: Amortisation of intangibles arising on acquisition	–	–	–	(3)	–	(3)
Operating profit before associates – continuing	311	197	108	101	(62)	655
Add: Share of profit of associates	2	–	2	–	–	4
Operating profit – continuing	313	197	110	101	(62)	659
Finance income						27
Finance costs						(100)
Hedge accounting ineffectiveness						(4)
Change in the fair value of investments and minority interest put options						(16)
Profit before tax						566
Income tax expense						(169)
Profit for the year from continuing operations						397

Balance sheet	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Current and deferred tax £m	Net debt £m	Total £m
	Operating segments: Geographies					Unallocated		
As at 31 March 2009								
Total assets	**2,585**	**1,175**	**2,130**	**935**	**3**	**336**	**817**	**7,981**
Total liabilities	**(1,011)**	**(975)**	**(357)**	**(514)**	**(352)**	**(272)**	**(2,074)**	**(5,555)**
Net assets/(liabilities)	**1,574**	**200**	**1,773**	**421**	**(349)**	**64**	**(1,257)**	**2,426**
Total assets include:								
Interests in associates	**5**	**–**	**27**	**–**	**–**	**–**	**–**	**32**
As at 31 March 2008								
Total assets	1,824	997	2,135	829	11	258	420	6,474
Total liabilities	(688)	(815)	(317)	(424)	(412)	(192)	(1,630)	(4,478)
Net assets/(liabilities)	1,136	182	1,818	405	(401)	66	(1,210)	1,996
Total assets include:								
Interests in associates	2	–	23	–	–	–	–	25
As at 30 September 2008								
Total assets	2,100	960	2,124	855	8	275	599	6,921
Total liabilities	(855)	(837)	(308)	(489)	(364)	(258)	(1,604)	(4,715)
Net assets/(liabilities)	1,245	123	1,816	366	(356)	17	(1,005)	2,206
Total assets include:								
Interests in associates	1	–	27	–	–	–	–	28

Notes to the condensed financial statements

for the six months ended 31 March 2009

4 Financing and other gains/losses

Finance income and costs are recognised in the income statement in the period in which they are earned or incurred.

Finance income and costs	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Finance income			
Bank interest	**11**	15	25
Other interest	**4**	–	–
Expected return on pension scheme assets net of amount charged to scheme liabilities (note 11)	**–**	1	2
Total finance income	**15**	16	27
Finance costs			
Bank loans and overdrafts	**8**	7	14
Other loans	**49**	41	84
Finance lease interest	**1**	1	2
Interest on bank loans, overdrafts, other loans and finance leases	**58**	49	100
Unwinding of discount on put options held by minority shareholders	**1**	–	–
Amount charged to pension scheme liabilities net of expected return on scheme assets (note 11)	**6**	–	–
Total finance costs	**65**	49	100
Finance costs by defined IAS 39[1] category			
Fair value through profit and loss (unhedged derivatives)	**4**	–	4
Derivatives in a fair value hedge relationship	**(4)**	5	7
Derivatives in a net investment hedge relationship	**(2)**	(3)	(10)
Other financial liabilities	**60**	47	99
Interest on bank loans, overdrafts, other loans and finance leases	**58**	49	100
Fair value through profit or loss (put options held by minority interests)	**1**	–	–
Outside of the scope of IAS 39 (pension scheme charge)	**6**	–	–
Total finance costs	**65**	49	100

1 IAS 39 'Financial Instruments: Recognition and Measurement'.

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge the risks associated with changes in foreign exchange rates and interest rates. As explained in section Q of the Group's accounting policies, such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

The Group has a small number of outstanding put options which enable minority shareholders to require the Group to purchase the minority interests' shareholding at an agreed multiple of earnings. These options are treated as derivatives over equity instruments and are recorded in the balance sheet at fair value which is re-evaluated at each period end. Fair value is based on the present value of expected cash outflows. The movement in fair value is recognised as income or expense within the income statement.

Other (gains)/losses	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Hedge accounting ineffectiveness			
Unrealised net (gains)/losses on unhedged derivative financial instruments[1]	**9**	8	4
Unrealised net (gains)/losses on derivative financial instruments in a designated fair value hedge[2]	**(69)**	(23)	(11)
Unrealised net (gains)/losses on the hedged item in a designated fair value hedge	**71**	23	11
Total hedge accounting ineffectiveness (gains)/losses	**11**	8	4
Change in the fair value of investments and minority interest put options			
Change in the fair value of investments[1,3]	**2**	–	–
Change in fair value of minority interest put options (credit)/charge[1]	**3**	–	16
Total	**5**	–	16

1 Categorised as 'fair value through profit or loss' (IAS 39).
2 Categorised as derivatives that are designated and effective as hedging instruments carried at fair value (IAS 39).
3 Life insurance policies used by overseas companies to meet the cost of unfunded post-employment benefit obligations included in note 11.

5 Tax

The income tax expense on continuing operations for the period is based on an estimated full year effective tax rate of 29% (last full year 29%).[1]

Recognised in the income statement: Income tax expense on continuing operations	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Current year	**112**	79	176
Adjustment in respect of prior years	**8**	(8)	(3)
Current tax expense/(credit)	**120**	71	173
Current year deferred tax	**7**	10	(8)
Impact of changes in statutory tax rates	**–**	–	(1)
Adjustment in respect of prior years	**(15)**	–	5
Deferred tax expense/(credit)	**(8)**	10	(4)
Income tax expense/(credit) on continuing operations	**112**	81	169

1 On an underlying basis.

The Group does not recognise deferred tax assets in respect of tax losses and other temporary differences where the recovery is uncertain. No deferred tax liability is recognised on temporary differences relating to the unremitted earnings of overseas operations as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

There has been no material change to the level of unrecognised deferred tax assets since 30 September 2008 (£56 million).

6 Discontinued operations

Period ended 31 March 2009

The profit for the period from discontinued operations comprises the release of surplus provisions relating to prior period disposals and discontinued operations.

Period ended 31 March 2008

The profit for the period from discontinued operations comprises the release of surplus provisions and accruals relating to prior period disposals and discontinued operations.

Year ended 30 September 2008

The profit for the year from discontinued operations of £53 million is comprised of the profit arising on the sale of two properties formerly occupied by Selecta, the European vending business, which was disposed of in July 2007, of £nil; an adjustment to deferred tax liabilities forming part of the net assets of businesses disposed of in prior years of £9 million; the release of surplus provisions of £38 million and accruals relating to prior year disposals of £11 million; and a loss after tax from trading activities of £1 million.

Notes to the condensed financial statements

for the six months ended 31 March 2009

6 Discontinued operations continued

Financial performance of discontinued operations	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Trading activities of discontinued operations[1]			
External revenue	**1**	3	7
Operating costs	**(1)**	(3)	(8)
Trading activities of discontinued operations before exceptional costs	**–**	–	(1)
Exceptional operating costs	**–**	–	–
Profit before tax	**–**	–	(1)
Income tax (expense)/credit	**–**	–	–
Profit after tax	**–**	–	(1)
Exceptional items: Disposal of net assets and other adjustments relating to discontinued operations			
Profit on disposal of net assets of discontinued operations	**–**	–	9
Increase in provisions related to discontinued operations	**–**	–	–
Release of surplus provisions and accruals related to discontinued operations[2,3,4]	**12**	16	49
Cumulative translation exchange loss recycled on disposals[5]	**–**	–	–
Profit on sale/closure of discontinued operations before tax	**12**	16	58
Income tax (expense)/credit	**–**	–	(4)
Total profit after tax	**12**	16	54
Profit/(loss) for the period from discontinued operations			
Profit/(loss) for the period from discontinued operations	**12**	16	53

1 The trading activity relates to the final run-off of activity in businesses earmarked for closure.
2 Released surplus provisions of £12 million in the period ended 31 March 2009.
3 Released surplus provisions of £7 million and surplus accruals of £9 million, total £16 million, in the period ended 31 March 2008.
4 Released surplus provisions of £38 million and surplus accruals of £11 million, total £49 million, in the year ended 30 September 2008.
5 The Group manages foreign currency exposures in accordance with the policies set out in note 20 to the Consolidated Financial Statements section of the Annual Report for the year ended 30 September 2008, matching its principal projected cash flows by currency to actual or effective borrowings in the same currency. As a result the cumulative exchange translation loss recycled on disposals is £nil (2008: £nil).

The profit/(loss) on disposal can be reconciled to the cash inflow/(outflow) from disposals as follows:

Net assets/(liabilities) disposed and disposal proceeds	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Net assets/(liabilities) disposed	**–**	–	(7)
Increase/(decrease) in retained liabilities[1,2,3]	**(43)**	(33)	(68)
Cumulative exchange translation loss recycled on disposals[4]	**–**	–	–
Profit on sale/closure of discontinued operations before tax	**12**	16	58
Consideration, net of costs	**(31)**	(17)	(17)
Consideration deferred to future periods	**–**	–	–
Cash disposed of	**–**	–	–
Cash inflow/(outflow) from current activity	**(31)**	(17)	(17)
Deferred consideration and other payments relating to previous disposals	**–**	7	–
Cash inflow/(outflow) from disposals	**(31)**	(10)	(17)

1 Including the release of surplus provisions of £12 million and the utilisation of accruals / provisions in respect of warranty claims, legal claims and other indemnities of £31 million in the period ended 31 March 2009. Total £43 million.
2 Including the release of surplus provisions of £7 million and surplus accruals of £9 million, and utilised accruals / provisions in respect of purchase price adjustments, warranty claims and other indemnities of £17 million in the period ended 31 March 2008. Total £33 million.
3 Including the release of surplus provisions of £38 million and surplus accruals of £11 million; the utilisation of provisions in respect of purchase price adjustments; warranty claims and other indemnities of £25 million and the collection of other amounts totalling £6 million in the year ended 30 September 2008. Total £68 million.
4 The Group manages foreign currency exposures in accordance with the policies set out in note 20 to the Consolidated Financial Statements section of the Annual Report for the year ended 30 September 2008, matching its principal projected cash flows by currency to actual or effective borrowings in the same currency. As a result the cumulative exchange translation loss recycled on disposals is £nil (2008: £nil).

There were no assets or liabilities included in disposal groups held for sale (on a debt free / cash free basis) at the balance sheet date.

7 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.

All of the exceptional items occurring in the period relate to discontinued operations and are described in more detail in note 6.

Exceptional items	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Continuing operations			
Continuing operations	**–**	–	–
Discontinued operations			
Profit on disposal of net assets and other adjustments relating to discontinued operations net of tax (note 6)	**12**	16	54
Discontinued operations	**12**	16	54
Continuing and discontinued operations			
Total	**12**	16	54

8 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 operations, the amortisation of intangible assets arising on acquisition, hedge accounting ineffectiveness, and the change in the fair value of investments and minority interest put options and the tax attributable to these amounts. These items are excluded in order to show the underlying trading performance of the Group.

Attributable profit	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Profit for the period attributable to equity shareholders of the Company	**284**	213	443
Less: Profit for the period from discontinued operations	**(12)**	(16)	(53)
Attributable profit for the period from continuing operations	**272**	197	390
Add back: Amortisation of intangible assets arising on acquisition (net of tax)	**1**	–	2
Add back: Loss/(profit) from hedge accounting ineffectiveness (net of tax)	**8**	6	3
Add back: Change in the fair value of investments and minority interest put options (net of tax)	**4**	–	16
Underlying attributable profit for the period from continuing operations	**285**	203	411

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for the six months ended 31 March 2009

8 Earnings per share continued

Average number of shares (millions of ordinary shares of 10p each)	Six months to 31 March 2009	Six months to 31 March 2008	Year ended 30 September 2008
Average number of shares for basic earnings per share	**1,846**	1,886	1,868
Dilutive share options	**5**	9	13
Average number of shares for diluted earnings per share	**1,851**	1,895	1,881
Basic earnings per share (pence)			
From continuing and discontinued operations	**15.4**	11.3	23.7
From discontinued operations	**(0.7)**	(0.9)	(2.8)
From continuing operations	**14.7**	10.4	20.9
Amortisation of intangible assets arising on acquisition (net of tax)	**0.1**	–	0.1
Hedge accounting ineffectiveness (net of tax)	**0.4**	0.4	0.2
Change in the fair value of investments and minority interest put options (net of tax)	**0.2**	–	0.8
From underlying continuing operations	**15.4**	10.8	22.0
Diluted earnings per share (pence)			
From continuing and discontinued operations	**15.3**	11.2	23.6
From discontinued operations	**(0.6)**	(0.8)	(2.8)
From continuing operations	**14.7**	10.4	20.8
Amortisation of intangible assets arising on acquisition (net of tax)	**0.1**	–	0.1
Hedge accounting ineffectiveness (net of tax)	**0.4**	0.3	0.2
Change in the fair value of investments and minority interest put options (net of tax)	**0.2**	–	0.8
From underlying continuing operations	**15.4**	10.7	21.9

9 Dividends

The interim dividend of 4.4 pence per share (2008: 4.0 pence per share), £81 million in aggregate[1], is payable on 3 August 2009 to shareholders on the register at the close of business on 3 July 2009. The dividend was approved by the Board after the balance sheet date, and has therefore not been reflected as a liability in the interim financial statements.

Dividends on ordinary shares of 10p each	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Final 2007 – 7.2p per share	**–**	135	135
Interim 2008 – 4.0p per share	**–**	–	74
Final 2008 – 8.0p per share	**148**	–	–
Total dividends	**148**	135	209

1 Based on the number of shares in issue at 31 March 2009 (1,847 million shares).

Condensed financial statements

10 Provisions

Provisions	Six months to 31 March Insurance £m	Discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Environ-mental £m	Total 2009 £m	Total 2008 £m	Year ended 30 September 2008 Total £m
Brought forward	**143**	**142**	**50**	**108**	**11**	**454**	437	437
Reclassified[1]	**–**	**(1)**	**1**	**1**	**–**	**1**	16	20
Expenditure in the year	**(2)**	**(21)**	**(3)**	**(6)**	**(1)**	**(33)**	(25)	(51)
Charged to income statement	**14**	**–**	**1**	**6**	**1**	**22**	28	59
Credited to income statement	**–**	**(12)**	**(1)**	**(2)**	**(1)**	**(16)**	(9)	(55)
Fair value adjustments arising on acquisitions	**–**	**–**	**–**	**–**	**–**	**–**	11	26
Business disposals – other activities	**–**	**–**	**–**	**–**	**–**	**–**	–	(2)
Unwinding of discount on provisions	**–**	**–**	**1**	**–**	**–**	**1**	–	–
Currency adjustment	**30**	**1**	**2**	**4**	**2**	**39**	6	20
Carried forward	**185**	**109**	**51**	**111**	**12**	**468**	464	454

1 Including items reclassified from accrued liabilities and other balance sheet captions.

Provisions	As at 31 March 2009 £m	2008 £m	As at 30 September 2008 £m
Current	**120**	92	113
Non-current	**348**	372	341
Total provisions	**468**	464	454

The provision for insurance relates to the costs of self-funded insurance schemes and is essentially long-term in nature.

Provisions in respect of discontinued and disposed businesses relate to estimated amounts payable in connection with onerous contracts and claims arising from disposals. The final amount payable remains uncertain as, at the date of approval of these financial statements, there remains a further period during which claims may be received. The timing of any settlement will depend upon the nature and extent of claims received. Surplus provisions of £12 million were credited to the discontinued operations section of the income statement in the period (six months ended 31 March 2008: £7 million, year ended 30 September 2008: £38 million).

Provisions for onerous contracts represent the liabilities in respect of short-term and long-term leases on unoccupied properties and other contracts lasting under five years.

Provisions for legal and other claims relate principally to the estimated cost of litigation and sundry other claims. The timing of the settlement of these claims is uncertain.

Environmental provisions are in respect of potential liabilities relating to the Group's responsibility for maintaining its operating sites in accordance with statutory requirements and the Group's aim to have a low impact on the environment. These provisions are expected to be utilised as operating sites are disposed of or as environmental matters are resolved.

Notes to the condensed financial statements

for the six months ended 31 March 2009

11 Post-employment benefit obligations

The Group operates a number of pension arrangements throughout the world which have been developed in accordance with statutory requirements and local customs and practices. The majority of schemes are self-administered and the schemes' assets are held independently of the Group's finances. Pension costs are assessed in accordance with the advice of independent, professionally qualified actuaries. The Group makes employer contributions to the various schemes in existence within the range of 6% to 35% of pensionable salaries. The arrangements are described in more detail in note 23 to the Consolidated Financial Statements section of the Annual Report for the year ended 30 September 2008.

	Six months to 31 March					Year ended 30 September
	UK £m	**USA £m**	**Other £m**	**Total 2009 £m**	Total 2008 £m	2008 Total £m
Brought forward	**(17)**	**69**	**81**	**133**	70	70
Business acquisitions	**–**	**–**	**–**	**–**	4	2
Current service cost	**4**	**4**	**6**	**14**	12	23
Past service cost/(credit)	**–**	**–**	**–**	**–**	–	(2)
Amount charged to plan liabilities	**38**	**8**	**4**	**50**	43	92
Expected return on plan assets	**(36)**	**(6)**	**(2)**	**(44)**	(44)	(94)
Actuarial (gains)/losses	**88**	**9**	**2**	**99**	31	77
Employer contributions	**(11)**	**(5)**	**(9)**	**(25)**	(27)	(56)
Other movements	**–**	**–**	**–**	**–**	–	3
Currency adjustment	**–**	**18**	**13**	**31**	9	18
Carried forward	**66**	**97**	**95**	**258**	98	133

The deficit can be reconciled to the post-employment benefit obligations reported in the consolidated balance sheet as follows:

Post-employment benefit obligations: Recognised in the balance sheet	As at 31 March **2009 £m**	2008 £m	As at 30 September 2008 £m
Total deficit of defined benefit pension plans per the above table	**258**	98	133
Surplus not recognised[1,2]	**1**	79	–
Past service cost not recognised[1,3]	**(2)**	–	(2)
Post-employment benefit obligations per the balance sheet	**257**	177	131

1 The amount disclosed in 2009 relates to overseas schemes.
2 The amount disclosed in 2008 relates to UK schemes.
3 To be recognised over the remaining service life in accordance with IAS 19.

The actuarial gain/loss reported in the consolidated statement of recognised income and expense can be reconciled as follows:

Actuarial adjustments	Six months to 31 March **2009 £m**	2008 £m	Year ended 30 September 2008 £m
Actuarial (gains)/losses per the above table	**99**	31	77
Increase/(decrease) in surplus not recognised	**1**	(13)	(92)
Actuarial (gains)/losses per the statement of recognised income and expense	**100**	18	(15)

12 Reconciliation of movements in equity

The Company commenced an on market share buy-back programme following the disposal of Select Service Partner in June 2006. This programme was extended following the disposal of Selecta in July 2007. A third phase of the programme commenced on 1 July 2008. During the period, a total of 3,975,000 ordinary shares of 10 pence each were repurchased for consideration of £13 million[1] and cancelled. No shares were repurchased between 31 March 2009 and the date of this Report.

	Six months to 31 March									
Reconciliation of movements in equity	**Share capital £m**	**Share premium account £m**	**Capital redemption reserve £m**	**Own shares £m**	**Other reserves £m**	**Retained earnings £m**	**Minority interests £m**	**Total 2009 £m**	Total 2008 £m	Year ended 30 September 2008 £m
Brought forward	**184**	**178**	**44**	**(4)**	**4,401**	**(2,616)**	**19**	**2,206**	2,170	2,170
Total recognised income and expense	**–**	**–**	**–**	**–**	**153**	**214**	**8**	**375**	214	536
Issue of shares (for cash)	**1**	**8**	**–**	**–**	**–**	**–**	**–**	**9**	22	58
Fair value of share-based payments	**–**	**–**	**–**	**–**	**4**	**–**	**–**	**4**	6	14
Settled in new shares (issued by the Company)	**–**	**10**	**–**	**–**	**(10)**	**–**	**–**	**–**	–	–
Settled in cash or existing shares[2]	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**	–	(5)
Share buy-back[1]	**–**	**–**	**–**	**–**	**–**	**(13)**	**–**	**(13)**	(282)	(348)
Buy-out of minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**(7)**	**(7)**	(6)	(6)
Fair value adjustments arising on acquisition[3]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	13	9
Other changes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	(6)
	185	**196**	**44**	**(4)**	**4,547**	**(2,415)**	**20**	**2,573**	2,137	2,422
Dividends paid to Compass shareholders (note 9)	**–**	**–**	**–**	**–**	**–**	**(148)**	**–**	**(148)**	(135)	(209)
Dividends paid to minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**	(3)	(4)
(Increase)/decrease in own shares held for staff compensation schemes[4]	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**2**	(3)	(3)
Carried forward	**185**	**196**	**44**	**(2)**	**4,547**	**(2,563)**	**19**	**2,426**	1,996	2,206

	Six months to 31 March							
Other reserves	**Share-based payment reserve £m**	**Merger reserve £m**	**Revaluation reserve £m**	**Translation reserve £m**	**Equity adjustment for put options £m**	**Total other reserves 2009 £m**	Total other reserves 2008 £m	Total other reserves Year ended 30 September 2008 £m
Brought forward	**153**	**4,170**	**8**	**78**	**(8)**	**4,401**	4,312	4,312
Total recognised income and expense	**–**	**–**	**(1)**	**154**	**–**	**153**	11	71
Fair value of share-based payments	**4**	**–**	**–**	**–**	**–**	**4**	10	14
Settled in new shares (issued by the Company)	**(10)**	**–**	**–**	**–**	**–**	**(10)**	–	–
Settled in cash or existing shares[2]	**(1)**	**–**	**–**	**–**	**–**	**(1)**	(4)	(5)
Fair value adjustments arising on acquisition[3]	**–**	**–**	**–**	**–**	**–**	**–**	13	9
Carried forward	**146**	**4,170**	**7**	**232**	**(8)**	**4,547**	4,342	4,401

1 Including stamp duty and brokers commission.
2 It was originally anticipated these payments would be satisfied by the issue of new shares. However, they were settled in cash or existing shares purchased in the market.
3 The fair value adjustments arose on the acquisition of the remaining 50% interest in GR SA and relate to 100% of the shareholding. The portion of the fair value adjustment pertaining to the Group's existing 50% shareholding in GR SA was credited to the revaluation reserve in accordance with IFRS 3.
4 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.

Notes to the condensed financial statements

for the six months ended 31 March 2009

13 Business combinations

The Group acquired 100% of Kimco Corporation ('Kimco'), a provider of facilities management services to the US Business & Industry sector, on 31 December 2008 for a total consideration of £64 million (£63 million after adjusting for cash acquired). £52 million was paid at closing (£51 million after adjusting for cash acquired), with the remaining £12 million being deferred.

In Germany, the Group strengthened its ability to provide support services with the acquisition of 100% of Plural Holding GmbH ('Plural') on 26 March 2009 for a total consideration of £28 million (£21 million after adjusting for cash acquired). £24 million was paid at closing (£17 million after adjusting for cash acquired), with the remaining £4 million being deferred.

On 16 December 2008 the Group agreed to acquire a number of food and retail outlets within UK hospitals from the McColl group of companies for consideration of up to £19 million in order to provide additional services in our core Healthcare market. The leases are being transferred on a site-by-site basis. As at 31 March 2009 only two leases had been transferred for a total consideration of £2 million.

The Group also made a number of small infill acquisitions in its US vending business for a total consideration of £7 million.

On 9 October 2008 the Group bought out the remaining 40% minority interest in Stamfles Food Management Pte, its Singaporean subsidiary which provides foodservices; on 27 February 2009 it acquired the remaining 35% of Embaton SL, its Spanish subsidiary which provides event and banqueting services; and on 27 March 2009 it acquired the remaining 5% minority interest in Seiyo Food – Compass Group Inc ('Seiyo Food'), its Japanese subsidiary, bringing the holding in all three companies to 100%. The combined consideration for the three transactions was £12 million.

	Acquisition of Kimco		Other acquisitions		Buy-out of minority interests	Adjustments[1]	Total
	Book value £m	Fair value £m	Book value £m	Fair value £m	Fair value £m	Fair value £m	Fair value £m
Net assets acquired							
Contract-related and other intangibles arising on acquisition	–	6	–	5	–	–	11
Property, plant and equipment	3	3	3	10	–	1	14
Inventories	1	1	–	–	–	–	1
Trade and other receivables	11	11	10	10	–	–	21
Cash and cash equivalents	1	1	7	7	–	–	8
Other assets	1	1	–	–	–	–	1
Short-term borrowings	–	–	(2)	(3)	–	–	(3)
Trade and other payables	(9)	(9)	(7)	(7)	–	2	(14)
Long-term borrowings	–	–	(6)	(12)	–	–	(12)
Deferred tax liabilities	–	–	–	–	–	15	15
Other liabilities	–	–	–	–	–	(1)	(1)
Minority interests (note 12)	–	–	–	–	7	–	7
Fair value of net assets acquired	8	14	5	10	7	17	48
Goodwill arising on acquisition		50		27	5	(19)	63
Total consideration		64		37	12	(2)	111
Satisfied by							
Cash consideration and costs		52		32	12	–	96
Deferred consideration		12		5	–	(2)	15
		64		37	12	(2)	111
Cash flow							
Cash consideration		52		32	12	–	96
Cash acquired		(1)		(7)	–	–	(8)
Net cash outflow arising on acquisition		51		25	12	–	88
Deferred consideration and other payments relating to previous acquisitions							4
Prepayment relating to the acquisition of food and retail outlets in hospitals in the UK							2
Total cash outflow arising from the purchase of subsidiary companies and investments in associated undertakings							94

1 Adjustments to provisional amounts in respect of prior year acquisitions in accordance with IFRS 3 'Business Combinations'.

13 Business combinations continued

Adjustments made to the fair value of assets acquired include the value of intangible assets, provisions and other adjustments recognised on acquisition in accordance with IFRS 3 'Business Combinations'. The adjustments made in respect of the acquisitions in the six months to 31 March 2009 are provisional and will be finalised within 12 months of the acquisition date.

The goodwill arising on the acquisition of the businesses represents the premium the Group paid to acquire companies which complement the existing business and create significant opportunities for cross-selling and other synergies.

In the period from acquisition to 31 March 2009 the acquisitions contributed revenue of £20 million and operating profit of £1 million to the Group's results.

If the acquisitions had occurred on 1 October 2008, Group revenue for the period would have been £6,947 million and total Group operating profit (including associates) would have been £454 million.

14 Reconciliation of operating profit to cash generated by operations

Reconciliation of operating profit to cash generated by continuing operations	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Operating profit from continuing operations	**449**	320	655
Adjustments for:			
Amortisation of intangible assets[2]	**38**	27	81
Amortisation of intangible assets arising on acquisition	**2**	–	3
Depreciation of property, plant and equipment[2]	**68**	57	125
(Gain)/loss on disposal of property, plant and equipment / intangible assets	**2**	–	2
(Gain)/loss on business disposals – other activities	**–**	–	(6)
Increase/(decrease) in provisions	**8**	17	21
Increase/(decrease) in post-employment benefit obligations	**(10)**	(15)	(33)
Share-based payments – charged to profits	**4**	10	14
Share-based payments – settled in cash or existing shares[1]	**(1)**	(4)	(5)
Operating cash flows before movement in working capital	**560**	412	857
(Increase)/decrease in inventories	**4**	(7)	(13)
(Increase)/decrease in receivables[2]	**69**	(81)	(108)
Increase/(decrease) in payables	**(136)**	25	179
Cash generated by continuing operations[2]	**497**	349	915

1 It was originally anticipated these payments would be satisfied by the issue of new shares. However, they were settled in cash or existing shares purchased in the market.
2 Certain contract-related assets previously included within property, plant and equipment and other receivables have been reclassified as intangible assets. The cash flow for the six months to 31 March 2008 has been restated accordingly. There is no impact on the income statement. The cash flow for the year ended 30 September 2008 was originally published on this basis.

Notes to the condensed financial statements

for the six months ended 31 March 2009

15 Reconciliation of net cash flow to movement in net debt

On 30 October 2008, the Group raised and received a total of £187 million[1] in the US private placement market through the issue of five, seven and eight year loan notes.

Loan notes	Nominal value	Redeemable	Interest
US$ private placement	$105m	Oct 2013	6.45%
US$ private placement	$162m	Oct 2015	6.72%
Sterling private placement	£35m	Oct 2016	7.55%

The following table is presented as additional information to show movement in net debt, defined as overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents during the period.

	Six months to 31 March									
Net debt	Cash and cash equivalents £m	Bank overdrafts £m	Bank and other borrow-ings £m	Total overdrafts and borrow-ings £m	Finance leases £m	Derivative financial instru-ments £m	Total gross debt £m	Net debt 2009 £m	Net debt 2008 £m	Net debt Year ended 30 September 2008 £m
Brought forward	**579**	**(29)**	**(1,512)**	**(1,541)**	**(53)**	**10**	**(1,584)**	**(1,005)**	(764)	(764)
Net increase/(decrease) in cash and cash equivalents	**128**	**–**	**–**	**–**	**–**	**–**	**–**	**128**	(449)	(276)
Cash (inflow) from private placement	**–**	**–**	**(187)**	**(187)**	**–**	**–**	**(187)**	**(187)**	–	–
Cash (inflow)/outflow from changes in other gross debt	**–**	**(14)**	**27**	**13**	**–**	**–**	**13**	**13**	61	141
Cash (inflow)/outflow from repayment of obligations under finance leases	**–**	**–**	**–**	**–**	**7**	**–**	**7**	**7**	6	11
(Increase)/decrease in net debt as a result of new finance leases taken out	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**	**(1)**	(3)	(8)
Currency translation gains/(losses)	**23**	**(13)**	**(196)**	**(209)**	**(10)**	**1**	**(218)**	**(195)**	(54)	(121)
Acquisitions and disposals (excluding cash and overdrafts)	**–**	**–**	**(8)**	**(8)**	**(7)**	**–**	**(15)**	**(15)**	–	–
Other non-cash movements	**–**	**(1)**	**(65)**	**(66)**	**–**	**63**	**(3)**	**(3)**	(7)	12
Carried forward	**730**	**(57)**	**(1,941)**	**(1,998)**	**(64)**	**74**	**(1,988)**	**(1,258)**	(1,210)	(1,005)

Other non-cash movements are comprised as follows:

Other non-cash movements in net debt	Six months to 31 March 2009 £m	Six months to 31 March 2008 £m	Year ended 30 September 2008 £m
Bank overdrafts	**(1)**	–	–
Amortisation of the fair value adjustment in respect of the £250 million Sterling Eurobond redeemable in 2014	**2**	2	4
Swap monetisation credit	**4**	4	9
Unrealised net gains/(losses) on bank and other borrowings in a designated fair value hedge	**(71)**	(23)	(11)
Bank and other borrowings	**(65)**	(17)	2
Changes in the value of derivative financial instruments	**63**	10	10
Other non-cash movements	**(3)**	(7)	12

1 Originally estimated to be £185 million in note 35 to the Consolidated Financial Statements section of the Annual Report for the year ended 30 September 2008.

16 Contingent liabilities

Performance bonds, guarantees and indemnities[1]	As at 31 March 2009 £m	As at 31 March 2008 £m	As at 30 September 2008 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings)	**350**	229	301

1 Excludes bonds, guarantees and indemnities in respect of self-insurance liabilities, post-employment obligations and borrowings (including finance and operating leases) recorded on the balance sheet or disclosed in note 18.

Performance bonds, guarantees and indemnities

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of such guarantees relating to the Group's own contracts and/or the Group's share of certain contractual obligations of joint ventures and associates. Where the Group enters into such arrangements, it does so in order to provide assurance to the beneficiary that it will fulfil its existing contractual obligations. The issue of such guarantees and indemnities does not therefore increase the Group's overall exposure and the disclosure of such performance bonds, guarantees and indemnities is given for information purposes only.

Eurest Support Services

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.

The Group settled all outstanding civil litigation against it in relation to this matter in October 2006, but litigation continues between competitors of ESS, IHC and other parties involved in UN procurement.

IHC's relationship with the UN and ESS was part of a wider 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 co-operated fully. The current status of that investigation is uncertain and a matter for the US authorities. Those investigators could have had access to sources unavailable to the Group, Freshfields Bruckhaus Deringer or Ernst & Young, and further information may yet 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 in connection with these matters since January 2006. The Group has co-operated fully with the UN throughout.

Eurest (Portugal) Sociedade Europeia Restaurantes LDA

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 co-operating fully with the PCA. The investigation has been ongoing for some while and it is likely that it will take some time to complete. The outcome cannot be predicted at this point. Revenues of the Portuguese business for the year ended 30 September 2008 were £110 million (€145 million).

Other litigation

The Group is also involved in various other legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

Outcome

Although it is not possible to predict the outcome of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group.

Minimum profits guarantee

The Group has provided a guarantee to one of its joint venture partners over the level of profits which will accrue to them in future periods. The maximum amount payable under this guarantee is £35 million, which would be payable in respect of the period from 1 July 2007 to 31 December 2010. Based on the latest management projections, no overall liability is expected to arise in relation to this guarantee; however, the phasing of profits over the period covered by this guarantee is expected to give rise to a number of annual payments/repayments between the parties.

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17 Capital commitments

Capital commitments	As at 31 March 2009 £m	As at 31 March 2008 £m	As at 30 September 2008 £m
Contracted for but not provided for	**69**	23	28

18 Operating lease and concessions commitments

The Group leases offices and other premises under non-cancellable operating leases. The leases have varying terms, purchase options, escalation clauses and renewal rights. The Group has some leases that include revenue-related rental payments that are contingent on future levels of revenue.

There has been no material change to the level of future minimum rentals payable under non-cancellable operating leases and concession agreements since 30 September 2008.

19 Related party transactions

The following transactions were carried out with related parties of Compass Group PLC:

Subsidiaries

Transactions between the ultimate Parent Company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

Joint ventures

There were no significant transactions between joint ventures or joint venture partners and the rest of the Group during the period save for a payment of £3 million (which is expected to be recovered in subsequent years) under the terms of the minimum profits guarantee referred to in note 16.

Associates

There were no significant transactions with associated undertakings during the period.

Key management personnel

During the period there were no material transactions or balances between the Group and its key management personnel or members of their close family, other than from remuneration.

20 Post balance sheet events

There have been no material post balance sheet events.

21 Exchange rates

Exchange rates	Six months to 31 March 2009	Six months to 31 March 2008	Year ended 30 September 2008
Average exchange rate for period			
Australian Dollar	**2.24**	2.24	2.19
Brazilian Real	**3.39**	3.56	3.40
Canadian Dollar	**1.84**	2.00	1.99
Euro	**1.16**	1.36	1.32
Japanese Yen	**147.71**	220.10	212.97
Norwegian Krone	**10.25**	10.84	10.53
South African Rand	**14.59**	14.53	14.66
Swedish Krona	**12.18**	12.77	12.40
Swiss Franc	**1.75**	2.23	2.14
UAE Dirham	**5.60**	7.41	7.25
US Dollar	**1.52**	2.02	1.97
Closing exchange rate as at end of period			
Australian Dollar	**2.06**	2.17	2.26
Brazilian Real	**3.26**	3.46	3.44
Canadian Dollar	**1.78**	2.03	1.90
Euro	**1.08**	1.26	1.27
Japanese Yen	**140.41**	198.35	189.23
Norwegian Krone	**9.51**	10.17	10.54
South African Rand	**13.71**	16.08	14.76
Swedish Krona	**11.68**	11.85	12.43
Swiss Franc	**1.64**	1.99	2.00
UAE Dirham	**5.26**	7.31	6.55
US Dollar	**1.43**	1.99	1.78

1 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.

General shareholder information

Registrars and transfer office

All matters relating to the administration of shareholdings should be directed to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 20 7763 0041; email: ssd@capitaregistrars.com.

Shareholders can register online to view their Compass Group PLC shareholding details using the Share Portal, a service offered by Capita Registrars. This service can be accessed at www.capitashareportal.com. Shareholders registering for the Share Portal will require their investor code which is shown on share certificates. The service enables shareholders to do all of the following:

- check their shareholdings in Compass Group PLC 24 hours a day;
- register their email and mailing preference (post or electronic) for future shareholder mailings;
- gain easy access to a variety of shareholder information including indicative valuation and payment instruction details; and
- use the Internet to appoint a proxy to attend general meetings of Compass Group PLC.

Electronic communications

The Company can, at shareholders' request, send shareholders an email notification each time a new shareholder report or other shareholder communication is placed on its website. This enables shareholders to read and/or download the information at their leisure. Shareholders can still request paper copies of the documents if they so wish.

To encourage shareholders to convert to e-communications, the Company will arrange for a sapling tree to be planted in the UK for each shareholder who chooses to receive all future communications electronically. There are no particular software requirements to view these documents, other than those described and available on our website at www.compass-group.com.

The provision of a facility to communicate with shareholders electronically does not discriminate between registered shareholders of the same class. The facility is available to all registered shareholders on equal terms and participation is made as simple as possible. Please note that it is the shareholder's responsibility to notify our Registrars (through www.capitashareportal.com or by post) of any change to their email address. Before electing for electronic communication, shareholders should ensure that they have the appropriate computer capabilities. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out, but cannot accept any responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Please note that any electronic communication sent by a shareholder to the Company or the Registrar containing a computer virus will not be accepted.

The Company's obligation is satisfied when it transmits an electronic message. It cannot be held responsible for a failure in transmission beyond its control. In the event that the Company becomes aware that an electronic transmission is not successfully transmitted, a paper notification will be sent to the shareholder at their registered address. Shareholders wishing to continue to receive shareholder information in the traditional paper format should take no action, or may confirm this via the www.capitashareportal.com website.

Alternative formats

If you would like to receive a copy of the Interim Report in Braille or an audio version on CD, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ.

Dividend Reinvestment Plan ('DRIP')

The Company has introduced a DRIP service, provided by Capita IRG Trustees Limited. The DRIP allows eligible shareholders to use the whole of their cash dividend to buy additional shares in the Company, increasing their shareholding. Additional information, including details of how to sign up, can be obtained from the Company's website at www.compass-group.com and from Capita IRG Trustees Limited, telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 20 7763 0041; email shares@capitaregistrars.com.

The latest date for receipt of the new applications to participate in respect of the 2009 interim dividend is 9 July 2009.

Share price information

The current price of the Company's shares is available on the Company's website www.compass-group.com, Ceefax and Teletext.

The Company's share price is also available from the voice activated FT Cityline service, telephone within the UK: 0905 8171 690. Calls will be charged at 75 pence per minute at all times from a BT landline. Average call duration will be one minute for one stock quote. The cost from other networks and mobile phones may be higher.

ShareGift

ShareGift, the charity share donation scheme, is a free service for shareholders wishing to give shares to charitable causes. It is particularly useful for those shareholders who may wish to dispose of a small quantity of shares where the market value makes it uneconomic to sell on a commission basis. Further information can be obtained from ShareGift (telephone within the UK: 020 7930 3737 and from overseas +44 20 7930 3737 or www.sharegift.org) or from the Registrars.

American Depositary Receipts ('ADRs')

Information about the Company's ADR programme is available on the Company's website at www.compass-group.com.

Warning about unsolicited investment contacts

Many companies have become aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive. A 2006 survey by the Financial Services Authority ('FSA') has reported that the average amount lost by investors is around £20,000.

More detailed information on this or similar activity can be found on the FSA website www.moneymadeclear.fsa.gov.uk and on the Company's website at www.compass-group.com.

Unsolicited mail

The Company is legally obliged to make its register of members available, subject to a proper purpose test, to the public. As a consequence of this some shareholders might receive unsolicited mail. UK shareholders wishing to limit the amount of such mail should refer to the Mailing Preference Service website at www.mpsonline.org.uk.

Identity theft – protecting an investment

Criminals may steal shareholders' personal information putting a holding at risk. Advice on protecting a shareholding is available on the Company's website at www.compass-group.com.

Annual General Meeting voting results

Shareholders voted in favour of all resolutions proposed at the Annual General Meeting held on 5 February 2009. Details of proxy votes received were disclosed to shareholders attending the meeting and are available on the Company's website at www.compass-group.com and upon request from the General Counsel and Company Secretary.

Directors

Chairman
Sir Roy Gardner

Executive directors

Group Chief Executive
Richard Cousins

Group Finance Director
Andrew Martin

Group Managing Director – USA, Canada and Mexico
Gary Green

Non-executive directors

Sir James Crosby (Senior independent director)
Steve Lucas
Susan Murray
Tim Parker
Don Robert (from 8 May 2009)
Sir Ian Robinson

General Counsel and Company Secretary
Mark White

Key committee membership

Audit Committee
Steve Lucas (Chairman)
Tim Parker
Sir Ian Robinson

Corporate Responsibility Committee
Susan Murray (Chairman)
Sir Roy Gardner
Richard Cousins
Andrew Martin
Steve Lucas
Mark White
Jane Kingston (Group HR Director)

Nomination Committee
Sir Roy Gardner (Chairman)
Richard Cousins
Sir James Crosby
Susan Murray
Sir Ian Robinson

Remuneration Committee
Sir James Crosby (Chairman)
Steve Lucas
Tim Parker

Financial calendar

Annual General Meeting:
5 February 2010

Results announcements:
Interim – May
Full year – November*

Dividend payments:
Interim – August
Final – March*

Interim dividend:
Ex-dividend date – 1 July 2009
Record date – 3 July 2009
Payment date – 3 August 2009

* Expected

Forward looking statements

This Report 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, 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 acceptance of its products and services; the actions of competitors; and legislative, fiscal and regulatory developments.

Index to the condensed financial statements

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Find this Report online at
www.compass-group.com/interimreport09

This year, to help us reduce the impact on the environment and save the costs of producing a printed report, our Interim Report is only available online.

The online Report has the facility to create your own PDF downloads and the ability to download the condensed financial statements in Excel format.

Should you wish to print the Report we suggest that to save paper you print it double-sided.

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