Interim results announcement for the six months ended 31 March 2015

Compass delivers strong half year results

	Underlying[1]	Year on year change[2]	Reported
Revenue	£9.1 billion	+5.7%[3]	£8.9 billion
Operating profit	£688 million	+6.5%	£674 million
Profit before tax	£637 million	+4.9%	£621 million
Earnings per share	28.4 pence	+12.3%	27.7 pence
Free cash flow	£323 million	-4.2%	£302 million
Interim dividend per share	9.8 pence	+11.4%	9.8 pence

[1] Full details of the underlying column can be found on page 10.
[2] Measured on a constant currency basis, with the exception of free cash flow and interim dividend.
[3] Organic revenue growth.

Strong first half year with 5.7% organic revenue growth

- Excellent performances in North America and emerging markets
- Europe & Japan returned to growth
- Healthy pipeline of new business across all regions

Further efficiencies supporting investment and delivering margin progression

- Operating profit margin increased by 10 basis points to 7.5%
- MAP programme continuing to drive operating efficiencies across all geographies
- Reinvesting for growth

Growth, performance & returns to shareholders: a proven & sustainable model

- Earnings per share of 28.4 pence, up 12.3% on last year
- Proposed interim dividend of 9.8 pence, 11.4% ahead of last year
- Ongoing return of cash to shareholders

Richard Cousins, Group Chief Executive, said:

"Compass had a strong first half of the year. We have delivered excellent levels of organic growth in North America and emerging markets. Encouragingly, Europe & Japan has returned to growth despite a mixed economic backdrop in the region.

We have also continued to deliver good levels of operating efficiencies, which have enabled us to invest in the many growth opportunities we see, as well as deliver an improvement in the operating margin of 10 basis points.

Our expectations for the full year remain positive and unchanged. However, the economic environment in some of our emerging markets is uncertain, and lower commodity prices are impacting our Offshore & Remote business. Nevertheless, our pipeline of new contracts is encouraging, and our continued focus on organic growth and efficiencies gives us confidence in achieving another year of delivery.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue and margin growth, as well as continued returns to shareholders."

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Chief Executive's Statement

Group overview

Organic revenue growth in the six months to 31 March was strong at 5.7%. On a reported basis revenue increased by 4.7%, lower than organic growth due primarily to a negative currency translation impact.

Our increased focus on growth and investment in sales and retention resulted in new business of 8.5%, driven by a strong performance in MAP 1 (client sales and marketing) in all three regions. Our retention rate has increased to 94.5%, due to an unusually strong performance in North America and improving trends in Europe & Japan.

Like for like revenue growth was 2.7% which reflects some pricing and modest like for like volume increases. We continue to focus on increasing consumer participation and spend through MAP 2 (consumer sales and marketing) initiatives, developing innovative and exciting consumer propositions, and training our people.

Underlying operating profit increased by 6.5% in the first half on a constant currency basis, with the underlying operating profit margin increasing by 10 basis points to 7.5%. We have continued to generate efficiencies by embedding the MAP framework deeper into the business. We have maintained our focus on MAP 3 (cost of food), MAP 4 (labour and in unit costs) and MAP 5 (above unit costs). These efficiencies are, in part, being reinvested in exciting growth opportunities around the world and helping us drive organic revenue growth. They are also enabling us to deliver further improvement in the operating profit margin.

Regional performances

North America – 51.8% Group revenue (2014: 47.9%)

Regional financial summary	2015	2014	Change		
			Reported	Constant currency	Organic
Revenue	**£4,693m**	£4,151m	13.1%	7.8%	8.2%
Operating profit (underlying)	**£398m**	£350m	13.7%	8.2%	-
Operating margin	**8.5%**	8.4%	5bps	-	-

We have delivered another excellent performance in our North American business with organic revenue growth of 8.2% and revenue of £4.7 billion (2014: £4.2 billion). This was driven by good new business wins and unusually high retention rates. There has been some like for like volume improvement in parts of the business.

Operating profit increased by £30 million on a constant currency basis to £398 million (2014: £368 million). Further progress was made on driving efficiencies and leveraging the overhead base while we continue to reinvest in the business to support the high levels of organic growth. Overall, operating profit grew over 8% and margin improved by around five basis points.

Chief Executive's Statement (continued)

The Business & Industry sector has again delivered good levels of net new business. Contract wins include Johnson & Johnson, the Culinary Institute of America and the Royal Bank of Canada. We have seen some improvement in like for like volumes in parts of the sector.

In the Healthcare & Seniors sector organic revenue growth was good, driven by new contracts with the Vancouver Coastal Health Authority and the Scottsdale Lincoln Health Network as well as continuing to expand our relationship with Mount Sinai Health System.

Organic revenue growth in the Education sector included strong net new business and increased levels of participation. Contract wins include Hillsdale College and Louisiana State University at Alexandria.

Our Sports & Leisure business has delivered strong organic revenue growth through excellent retention and solid attendance levels at sporting events. Contract retentions include the Barclays Center, home of the Brooklyn Nets, and the Palace at Auburn Hills, home to the Detroit Pistons.

The Defence, Offshore and Remote business, although small, saw some pressure on organic growth following the recent decline in commodity prices.

Europe & Japan – 30.9% Group revenue (2014: 34.1%)

				Change	
Regional financial summary	**2015**	2014	Reported	Constant currency	Organic
Revenue	**£2,805m**	£2,951m	(4.9)%	1.0%	0.9%
Operating profit (underlying)	**£205m**	£213m	(3.8)%	3.0%	-
Operating margin	**7.3%**	7.2%	10bps	-	-

The Europe & Japan region returned to growth, with organic revenue up 0.9%. This encouraging performance reflects recent investments in our sales and retention teams. The economic picture, however, remains mixed and like for like volumes, while stabilising, remain negative. Overall, revenue in Europe & Japan totalled £2.8 billion (2014: £3.0 billion).

There were good levels of new business in the UK, Spain and Japan along with improving retention rates across the region. We have won contracts with Volkswagen Group and JLL in the UK, Hospital D. Josep Trueta in Spain, and the Rakuten Kobo Stadium Miyagi and GE Healthcare in Japan. Retained contracts include "The Championships, Wimbledon" and ExCel in the UK as well as Disneyland Paris, the Sony head office in Japan and Bosch in Germany.

Like for like volumes declined by around 0.5%, continuing the improving trend seen in 2014. The picture differs across the region. In the UK, Germany, the Netherlands and across Southern Europe, the trends are improving although volumes remain flat to negative. However, we continue to see pressure in France and in our Nordic region where we have an exposure to the oil and gas market.

Chief Executive's Statement (continued)

The ongoing drive for operational efficiencies, in part offset by investments for further top line growth, has delivered an increased constant currency operating profit of £6 million or 3.0%, to £205 million (2014: £199 million). This equates to 10 basis points of operating margin progression to 7.3%.

Fast Growing & Emerging – 17.3% Group revenue (2014: 18.0%)

			Change		
Regional financial summary	**2015**	2014	Reported	Constant currency	Organic
Revenue	**£1,564m**	£1,557m	0.4%	6.1%	7.7%
Operating profit (underlying)	**£109m**	£110m	(0.9)%	3.8%	-
Operating margin	**7.0%**	7.1%	(10)bps	-	-

Organic revenue growth for the region was 7.7% with revenues of £1.6 billion (2014: £1.6 billion). Strong levels of new business wins in our emerging markets, where revenues grew 14% organically, helped offset the expected decline in the Australian Offshore & Remote sector. Operating profit increased by £4 million on a constant currency basis to £109 million (2014: £105 million). We have made further progress in driving operating efficiencies and are reinvesting as appropriate to support growth. However, the weakness in like for like volumes in some emerging markets and pressures in our Offshore & Remote business, resulted in an operating margin decline of 10 basis points to 7.0%.

In Australia, negative organic revenue reflected the ongoing slowdown in the Offshore & Remote sector. Other sectors continued to see good levels of new business and extended service offerings include Wesley College, a large co-educational school, the University of New England and Network Nine. Our 25 year partnership with the Department of Defence saw the addition of the Australia Defence Force HQ in Canberra.

In Latin America, new business wins remain strong across all countries and the pipeline remains encouraging. New food service contracts include Pepsico and Pirelli, both in Brazil, and a remote site contract with Codelco in Chile, a combined open pit and underground copper mining operation. The business also continues to focus on cost efficiencies to mitigate the pressure from falling volumes.

Organic revenue growth in Turkey was driven by new business wins. This has been offset in part by some declines in like for like volumes driven by challenging macroeconomic conditions. New contracts include the provision of food services to Doga Schools, Cimentas and the Turkish Aerospace Industry (TUSAS), as well as the retention of Mercedes and Goodyear.

The Middle East continues to perform well with strong new business wins, for example, Zadco, Tawam Hospital and the UAE University, and in South Africa we have won contracts with AngloAmerican and Mondelez as well as retaining business with Microsoft and Mediclinic.

Chief Executive's Statement (continued)

Double digit organic growth in India and China was driven by strong new business wins. In India, we have won food service contracts with the Asian Heart Institute and Ceat Tyres and strengthened our relationship with Reliance Group with additional support services. In China, as well as extending our relationship with Tencent, we have won a food service contract with Dulwich College, an international school in Beijing.

The uncertain macroeconomic environment in emerging markets and weak commodity prices present both challenges and opportunities. Negative like for like volumes, clients looking for cost savings and increasing inflation rates are putting pressure on margins. To help offset this, we have reduced headcount in Australia, Brazil and our Turkish food business by 10%. However, the long term potential of this region is significant, and we continue to manage the business tightly to consolidate our position as the low cost provider and exploit the structural opportunity to grow the business.

Strategy

Focus on food

Food remains our core business. The structural opportunity in the outsourced food service market, estimated at more than £200 billion, is a key growth driver. With only around 50% of the market currently outsourced, it represents a significant opportunity. We believe the benefits of outsourcing will become ever more apparent as economic conditions and regulatory changes put increasing pressure on organisations' budgets. As one of the largest providers in all of our sectors, we are well placed to benefit from these trends.

Support and multi services

Our approach to support and multi services is low risk and incremental, with strategies developed on a country by country basis to address the local and global opportunity. Our largest sector in this market is Defence, Offshore & Remote, where the model is almost universally multi service. In addition, we have an excellent support service business in North America and some well established operations in other parts of the world. This is a complex segment and there are significant differences in client buying behaviour across countries, sectors and sub sectors.

Geographic spread and emerging markets

The Group has evolved significantly over the last 10 years from a predominantly European-based business with £11.8 billion of annual revenue to a £17.1 billion global business today. Over time, we expect the split of revenue to continue to evolve.

North America (52% of Group revenue) is likely to remain the principal growth engine for the Group. We have a market leading business, which delivers high levels of growth and steady margin expansion. The outsourcing culture is vibrant and the addressable market is significant.

The fundamentals of our businesses in Europe & Japan (31% of Group revenue) are good and we see many opportunities to drive growth in revenue and margin. Our investment in MAP 1 sales and retention is driving organic revenue growth despite a mixed economic backdrop in the region. We continue to see opportunities for efficiencies and to make our operations more competitive.

Chief Executive's Statement (continued)

Fast Growing & Emerging (17% of Group revenue) is an exciting part of our business. We have a strong presence in key markets such as Australia, Brazil and Turkey, and we are growing rapidly in India and China. Although some of these markets can be volatile, we are continuing to invest and hope to see good growth rates maintained well into the future.

Organic growth, supplemented by M&A

Quality and sustainable organic growth remains our key priority, however we continue to seek infill acquisitions where they deliver value to the business. Our focus is on small to medium sized infill acquisitions in food and support services in our existing geographies, bringing on board quality businesses and strong management teams. We continue to target financial returns ahead of our cost of capital by the end of the second year following acquisition.

Ongoing drive for efficiencies

We believe that we are only part of the way through the journey to drive further productivity in our cost of food (MAP 3) and our in unit costs (MAP 4), as well as being able to leverage the overhead base by controlling our above unit costs (MAP 5). The ongoing generation of efficiencies enables us to invest in the business and helps underpin our expectation of further margin progression.

Uses of cash and balance sheet priorities

The Group's cash flow generation remains excellent and it will continue to be a key part of the business model. Going forward, our priorities for how we use our cash remain unchanged: (i) we will continue to invest in the business to support organic growth where we see opportunities with good returns; (ii) we will continue to pursue M&A opportunities, our preference is for small to medium size infill acquisitions, where we look for returns greater than our cost of capital by the end of year two; (iii) we will continue to grow the dividend in line with earnings per share; and (iv) we will continue to maintain strong investment grade credit ratings returning any surplus cash to shareholders to target net debt / EBITDA of around 1.5x.

The Group continues with the current £500 million share buyback programme, announced on 27 November 2013. It is expected that this buyback will be completed in 2015.

Chief Executive's Statement (continued)

Reporting dates for 2015

The Group's reporting dates for the remainder of the year will be:

29 July 2015	Q3 trading update
24 November 2015	Full year results

Summary and outlook

Compass had a strong first half of the year. We have delivered excellent levels of organic growth in North America and emerging markets. Encouragingly, Europe & Japan has returned to growth despite a mixed economic backdrop in the region.

We have also continued to deliver good levels of operating efficiencies, which have enabled us to invest in the many growth opportunities we see, as well as deliver an improvement in the operating margin of 10 basis points.

Our expectations for the full year remain positive and unchanged. However, the economic environment in some of our emerging markets is uncertain, and lower commodity prices are impacting our Offshore & Remote business. Nevertheless, our pipeline of new contracts is encouraging, and our continued focus on organic growth and efficiencies gives us confidence in achieving another year of delivery.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue and margin growth as well as continued returns to shareholders.

Richard Cousins
Group Chief Executive
13 May 2015

Business Review

Financial Summary

For the six months ended 31 March	**2015**	2014	Increase/(decrease)
Revenue			
Underlying at constant currency	**£9,062m**	£8,604m	5.3%
Underlying at reported rates	**£9,062m**	£8,659m	4.7%
Reported	**£8,941m**	£8,558m	4.5%
Organic growth	**5.7%**	4.2%	
Total operating profit			
Underlying at constant currency	**£688m**	£646m	6.5%
Underlying at reported rates	**£688m**	£647m	6.3%
Reported	**£674m**	£633m	6.5%
Operating margin			
Underlying at constant currency	**7.5%**	7.4%	10bps
Underlying at reported rates	**7.5%**	7.4%	10bps
Reported	**7.4%**	7.3%	10bps
Profit before tax			
Underlying at constant currency	**£637m**	£607m	4.9%
Underlying at reported rates	**£637m**	£608m	4.8%
Reported	**£621m**	£594m	4.5%
Basic earnings per share			
Underlying at constant currency	**28.4p**	25.3p	12.3%
Underlying at reported rates	**28.4p**	25.3p	12.3%
Reported	**27.7p**	24.8p	11.7%
Free cash flow			
Underlying	**£323m**	£337m	(4.2)%
Reported	**£302m**	£316m	(4.4)%
Dividends			
Interim dividend per ordinary share	**9.8p**	8.8p	11.4%

Business Review (continued)

Underlying

Segmental performance Six months ended 31 March	Underlying revenue 2015 £m	 2014 £m	Underlying revenue growth Reported	 Constant Currency	 Organic
Continuing operations					
North America	**4,693**	4,151	13.1%	7.7%	8.2%
Europe & Japan	**2,805**	2,951	(4.9)%	1.0%	0.9%
Fast Growing & Emerging	**1,564**	1,557	0.4%	6.1%	7.7%
Total	**9,062**	8,659	4.7%	5.3%	5.7%

Segmental performance Six months ended 31 March	Underlying total operating profit 2015 £m	 2014 £m	Underlying operating margin 2015 %	 2014 %
Continuing operations				
North America	**398**	350	**8.5%**	8.4%
Europe & Japan	**205**	213	**7.3%**	7.2%
Fast Growing & Emerging	**109**	110	**7.0%**	7.1%
Unallocated central overheads	**(32)**	(32)		
Underlying excluding associates	**680**	641	**7.5%**	7.4%
Associates	**8**	6		
Total	**688**	647		

Notes:
1 Unless stated otherwise, all figures in pages 1 - 13 relate to continuing operations for the six months ended 31 March.
2 Constant currency basis restates the prior period results to 2015's average exchange rates.
3 Underlying revenue represents the combined sales of Group and share of equity accounted joint ventures.
4 Underlying operating profit includes share of profit after tax of associates and joint ventures but excludes specific adjusting items.
5 Underlying operating margin is based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.
6 Underlying profit before tax excludes specific adjusting items.
7 Underlying effective tax rate is based on underlying tax charge and underlying profit before tax.
8 Underlying basic earnings per share excludes specific adjusting items and the tax attributable to those items.
9 Underlying free cash flow is adjusted for cash restructuring costs in the year relating to the 2012 and 2013 European exceptional programme.
10 Underlying cash tax rate is based on underlying cash tax and underlying profit before tax.
11 Underlying gross capex includes Group and share of equity accounted joint ventures capex spend.
12 Organic revenue growth is calculated by adjusting underlying revenue for acquisitions (excluding current year acquisitions and including a full period in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current period exchange rates) and compares the current year results against the prior year.
13 Specific adjusting items are:
- amortisation of intangibles arising on acquisition;
- acquisition transaction costs;
- adjustment to contingent consideration on acquisition;
- tax on share of joint ventures;
- (loss)/profit on disposal of US business;
- hedge accounting ineffectiveness;
- profit for the period from discontinued operations.

Business Review (continued)

Revenue

Organic revenue growth for the period was 5.7%, comprising new business of 8.5%, a retention rate of 94.5% and like for like growth of 2.7%. The weakening of Sterling against the US Dollar has been more than offset by its strength against the majority of the Group's other key currencies, giving rise to a 0.6% negative impact from currency translation. Overall, reported revenue increased by 4.7%.

Operating profit

Underlying operating profit was £688 million (2014: £647 million), an increase of 6.3% over the prior period. If we restate 2014's half year profit at the 2015 half year exchange rates, it would reduce by £1 million. On a constant currency basis, underlying operating profit has therefore increased by £42 million or 6.5%.

Reported operating profit was £674 million (2014: £633 million), after the amortisation of intangibles arising on acquisition of £13 million (2014: £11 million), acquisition transaction costs of £1 million (2014: £nil), adjustment to contingent consideration on acquisition of £1 million credit (2014: £2 million debit) and tax on share of profit of joint ventures of £1 million (2014: £1 million).

Finance costs

The underlying net finance cost was £51 million (2014: £39 million). For the full year, we now expect an underlying net finance cost of around £110 million. This equates to an effective interest rate of around 3.5% on gross debt.

Profit before tax

On a constant currency basis, underlying profit before tax increased by £30 million or 4.9% to £637 million (2014: £607 million).

Income tax expense

Income tax expense from continuing operations was £155 million (2014: £147 million).

On an underlying basis, the tax charge was £159 million (2014: £152 million), equivalent to an effective tax rate of 25% (2014: 25%). We expect the tax rate to average out at around the 25% level in the short to medium term.

Basic earnings per share

On a constant currency basis, the underlying basic earnings per share were 28.4 pence (2014: 25.3 pence), an increase of 12.3%.

	Attributable profit		Basic earnings per share		
Six months ended 31 March	**2015 £m**	2014 £m	**2015 pence**	2014 pence	Change %
Reported	**462**	445	**27.7**	24.8	11.7%
Adjustments	**12**	9	**0.7**	0.5	
Constant currency underlying	**474**	454	**28.4**	25.3	12.3%

Free cash flow

Free cash flow from continuing operations totalled £302 million (2014: £316 million). In the first half of 2015, we made cash payments of £21 million relating to the 2012 and 2013 European exceptional programme. Adjusting for this, free cash flow on an underlying basis would have been £323 million (2014: £337 million).

Underlying gross capital expenditure of £234 million (2014: £216 million), including assets purchased under finance leases of £2 million (2014: £1 million), is equivalent to 2.6% of revenues (2014: 2.5% of revenues), in line with expectations. We continue to invest in projects where we see good returns and expect the rate of capital expenditure to revenue to continue at around this level in the second half of the year.

The working capital outflow of £106 million (2014: £57 million) reflects both the seasonality of the business and some investment in emerging markets which have a less efficient working capital profile. For the full year we expect to see a small working capital outflow.

The £23 million outflow (2014: £22 million) in respect of post-employment benefit obligations reflects the regular payments agreed with Trustees to reduce deficits on defined benefit pension schemes, and is expected to continue at this level going forward.

The underlying cash tax rate was 20% (2014: 23%). For the full year we expect the cash tax rate to be in the low to mid-20s, reflecting the fact that proportionately more tax payments are made in the second half.

The net interest outflow was £45 million (2014: £35 million).

Acquisition payments

The total cash spend on acquisitions in the first half was £58 million (2014: £76 million). This includes £48 million on infill acquisitions, £9 million of deferred consideration relating to previous year acquisitions and £1 million on acquisition transaction costs.

Proceeds from issue of share capital

The Group received cash of £2 million (2014: £2 million) from the issue of share capital in the period in connection with the exercise of employee share options.

Dividend

An interim dividend of 9.8 pence per share, an increase of 11.4%, will be paid on 27 July 2015 to shareholders on the register on 26 June 2015.

Post-employment benefit obligations

The Group has continued to review and monitor its pension obligations throughout the period working closely with the Trustees and members of all 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 2015, calculated in accordance with IAS 19 (R), for all Group defined benefit schemes was £141 million (30 September 2014: £170 million).

Business Review (continued)

Purchase of own shares

During the period, the Group purchased a further £139 million worth of shares under the ongoing share buyback programme announced in November 2013. This brings the total spend on shares repurchased at 31 March 2015 to £314 million and we expect to complete the £500 million buyback during 2015.

Risks and uncertainties

The principal risks and uncertainties facing the business and the activities the Group undertakes to mitigate these are set out in pages 14 -17, headed 'Focus on Risk'.

Related party transactions

Details of transactions with related parties are set out in note 17. These transactions have not, and are not expected to have, a material effect on the financial performance or position of the Group.

Post balance sheet events

There have been no material events since 31 March 2015.

Financial position

During the first six months of the year, net debt increased to £2,655 million (30 September 2014: £2,353 million). The increase includes £295 million paid in respect of the final dividend for 2014.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Business Review, as is the financial position of the Group, its cash flows, liquidity position, and borrowing facilities. In addition, note 20 of the Consolidated Financial Statements of our 2014 Annual Report includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook in some of its markets.

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, they continue to adopt the going concern basis in preparing the financial statements.

Dominic Blakemore
Group Finance Director
13 May 2015

Focus on Risk

Identifying and managing risk

The Board continues to take a proactive approach to recognising and mitigating risk with the aim of protecting its employees and consumers and safeguarding the interests of the Company and its shareholders in the constantly changing environment in which it operates.

As set out in the Corporate Governance section within the 2014 Annual Report, the Group has policies and procedures in place to ensure that risks are properly identified, 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 maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process, and core activities throughout the Group.

The table below sets out the principal risks and uncertainties facing the business at the date of this Announcement. These have been subject to robust assessment and review. They do not comprise all of the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management or deemed to be less material at the date of this Announcement may also have an adverse effect on the Group.

The Group faces a number of operational risks on an ongoing basis such as litigation and financial (including liquidity and credit) risk and some wider risks, for example, environmental and reputational. Additionally, there are risks (such as those relating to the eurozone economy and the international corporate tax environment, pensions, and acquisitions and investments) which vary in importance depending on changing conditions. All risks disclosed in previous years can be found in the Annual Reports available on our website at www.compass-group.com. We recognise that these risks remain important to the business and they are kept under review. However, we have focused the disclosures on pages 14 to 17 on those risks that are currently considered to be more significant to the Group.

Risk	Description	Examples of Mitigation
Health and safety	Health and safety is our number one operational priority. We are focused on protecting people's wellbeing, as well as avoiding serious business interruption and potential damage to our reputation. Compass feeds millions of consumers and employs thousands of people around the world every day. Therefore setting the highest standards for food hygiene and safety is paramount.	All management meetings throughout the Group feature a health and safety update as their first agenda item. Health and safety improvement KPIs are included in the annual bonus plans for each of the business' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards. The safety and quality of our global supply chain are assured through compliance against a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity.

Focus on Risk (continued)

Risk	Description	Examples of Mitigation
Clients and Consumers		
Client and consumer sales and retention	Our business relies on securing and retaining a diverse range of clients.	We have strategies which strengthen our long term relationships with our clients and consumers based on quality, value and innovation. Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.
Bidding	Each year, the Group could bid for a large number of opportunities.	A rigorous tender review process is in place, which includes a critical assessment of contracts to identify potential risks (including social and ethical risks) and rewards, prior to approval at an appropriate level in the organisation.
Service delivery and contractual compliance	The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to loss of business.	Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions.
Competition	We operate in a competitive marketplace. The level of concentration and outsource penetration varies by country and by sector. Some markets are relatively concentrated with two or three key players, others are highly fragmented and offer significant opportunities for consolidation and penetration of the self-operated market. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	We aim to minimise this by continuing to promote our differentiated propositions and focusing on our points of strength, such as flexibility in our cost base, quality and value of service and innovation.

Focus on Risk (continued)

Risk	Description	Examples of Mitigation
People		
Recruitment	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses due to a lack of industry experience amongst candidates and appropriately qualified people, and the seasonal nature of some of our business.	The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation and through offering training and development programmes.
Retention and motivation	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group.	The Group has established training, development, performance management and reward programmes to retain, develop and motivate our best people. The Group has a well established employee engagement initiative, Your Voice, which helps us to monitor, understand and respond to our employees' needs.
Information systems and technology		
Information systems and technology	The digital world creates many risks for a global business including technology failures, loss of confidential data and damage to brand reputation.	We seek to assess and manage the maturity of our enterprise risk and security infrastructure and our ability to effectively defend against current and future cyber risks by using analysis tools and experienced professionals to evaluate and mitigate potential impacts. The Group relies on a variety of IT systems in order to manage and deliver services and communicate with our clients, consumers, suppliers and employees. We are focused on the need to maximise the effectiveness of our information systems and technology as a business enabler and to reduce both cost and exposure as a result.

Focus on Risk (continued)

Risk	Description	Examples of Mitigation
Economic and political environment		
Economy	Some sectors of our business could be susceptible to adverse changes in economic conditions and employment levels.	With the variable and flexible nature of our cost base, it is generally possible to contain the impact of these adverse conditions.
Cost inflation	Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour or food could constitute a risk to our ability to do this.	As part of our MAP framework, we seek to manage inflation through continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients.
Political stability	We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability.	The Group remains vigilant to future changes presented by emerging markets or fledgling administrations and we try to anticipate and contribute to important changes in public policy.
Compliance and fraud		
Compliance and fraud	Ineffective compliance management with laws and regulations, or evidence of fraud, could have an adverse effect on the Group's reputation and could result in an adverse impact on the Group's performance if significant financial penalties are levied or a criminal action is brought against the Company or its directors.	The Group's zero tolerance based Codes of Business Conduct and Ethics govern all aspects of our relationships with our stakeholders. All alleged breaches of the Codes, including any allegations of fraud, are investigated. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. Regulation and compliance risk is also considered as part of our annual business planning process.

Directors' responsibilities

The Interim Report complies with the Disclosure and Transparency Rules ('DTR') of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The Interim Management 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 2015

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

International Accounting Standard 34 ('IAS 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:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- 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.

The directors are responsible for keeping adequate 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 Act 2006. The directors, having prepared the financial statements, have permitted the auditor 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 the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 which comprises the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed balance sheet, the condensed cash flow and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Anthony Sykes
For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
13 May 2015

Compass Group PLC
Condensed Financial Statements (continued)

Condensed income statement

for the six months ended 31 March 2015

	Notes	Six months to 31 March 2015 Unaudited £m	Six months to 31 March 2014 Restated[1] Unaudited £m	Year ended 30 September 2014 Restated[1] £m
Continuing operations				
Combined sales of Group and share of equity accounted joint ventures	3	**9,062**	8,659	17,058
Less: share of sales of equity accounted joint ventures		**(121)**	(101)	(204)
Revenue		**8,941**	8,558	16,854
Operating costs		**(8,287)**	(7,942)	(15,670)
Operating profit		**654**	616	1,184
Share of profit after tax of joint ventures	3	**12**	11	21
Share of profit after tax of associates	3	**8**	6	9
Total operating profit	3	**674**	633	1,214
Underlying operating profit [2]		**688**	647	1,245
Amortisation of intangibles arising on acquisition		**(13)**	(11)	(25)
Acquisition transaction costs		**(1)**	-	(3)
Adjustment to contingent consideration on acquisition		**1**	(2)	-
Tax on share of profit of joint ventures		**(1)**	(1)	(3)
(Loss)/profit on disposal of US business		**(1)**	-	1
Profit on disposal of interest in associates		**-**	-	13
Finance income	4	**2**	3	5
Finance costs	4	**(53)**	(42)	(91)
Hedge accounting ineffectiveness	4	**(1)**	-	-
Change in the fair value of investments	4	**-**	-	2
Profit before tax		**621**	594	1,144
Income tax expense	5	**(155)**	(147)	(276)
Profit for the period from continuing operations		**466**	447	868
Discontinued operations				
Profit for the period from discontinued operations		**-**	-	3
Continuing and discontinued operations				
Profit for the period		**466**	447	871
Attributable to				
Equity shareholders of the Company		**462**	445	865
Non-controlling interests		**4**	2	6
Profit for the period		**466**	447	871
Basic earnings per share (pence)				
From continuing operations	6	**27.7p**	24.8p	48.8p
From discontinued operations	6	**-**	-	0.2p
From continuing and discontinued operations	6	**27.7p**	24.8p	49.0p
Diluted earnings per share (pence)				
From continuing operations	6	**27.6p**	24.7p	48.7p
From discontinued operations	6	**-**	-	0.2p
From continuing and discontinued operations	6	**27.6p**	24.7p	48.9p

[1] 2014 has been restated for change in accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 16.
[2] Underlying operating profit excludes amortisation of intangibles arising on acquisition, acquisition transaction costs, and adjustment to contingent consideration on acquisition but includes share of profit after tax of associates and operating profit of joint ventures.

Compass Group PLC
Condensed Financial Statements (continued)

Condensed statement of comprehensive income

for the six months ended 31 March 2015

	Notes	Six months to 31 March 2015 Unaudited £m	Six months to 31 March 2014 Unaudited £m	Year ended 30 September 2014 £m
Profit for the period		**466**	447	871
Other comprehensive income				
Items that are not subsequently reclassified to profit or loss				
Remeasurement of post-employment benefit obligations - (loss)	9	**(240)**	(17)	(146)
Return on plan assets, excluding interest income - gain	9	**255**	45	137
Tax on items relating to the components of other comprehensive income		**(2)**	(5)	3
		13	23	(6)
Items that may be subsequently reclassified to profit or loss				
Currency translation differences		**(19)**	(81)	(103)
		(19)	(81)	(103)
Total other comprehensive loss for the period		**(6)**	(58)	(109)
Total comprehensive income for the period		**460**	389	762
Attributable to				
Equity shareholders of the Company		**456**	388	756
Non-controlling interests		**4**	1	6
Total comprehensive income for the period		**460**	389	762

Compass Group PLC
Condensed Financial Statements (continued)

Condensed statement of changes in equity

for the six months ended 31 March 2015

	Attributable to equity shareholders of the Company							
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 October 2014	**178**	**174**	**293**	**(1)**	**4,277**	**(3,082)**	**9**	**1,848**
Profit for the period	-	-	-	-	-	462	4	466
Other comprehensive income								
Currency translation differences	-	-	-	-	(19)	-	-	(19)
Remeasurement of post-employment benefit obligations - loss	-	-	-	-	-	(240)	-	(240)
Return on plan assets, excluding interest income - gain	-	-	-	-	-	255	-	255
Tax on items relating to the components of other comprehensive income	-	-	-	-	(2)	-	-	(2)
Total other comprehensive income	-	-	-	-	(21)	15	-	(6)
Total comprehensive income for the period	-	-	-	-	(21)	477	4	460
Issue of shares (for cash)	-	2	-	-	-	-	-	2
Fair value of share-based payments	-	-	-	-	8	-	-	8
Tax on items taken directly to equity	-	-	-	-	-	3	-	3
Share buyback[1]	(1)	-	1	-	-	(139)	-	(139)
Release of LTIP award settled by issue of new shares	-	6	-	-	(6)	-	-	-
Other changes	-	-	-	1	1	3	-	5
	177	182	294	-	4,259	(2,738)	13	2,187
Dividends paid to Compass shareholders (note 7)	-	-	-	-	-	(295)	-	(295)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3)	(3)
At 31 March 2015	**177**	**182**	**294**	**-**	**4,259**	**(3,033)**	**10**	**1,889**

[1] Including stamp duty and brokers' commission.

Other reserves	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
At 1 October 2014	**170**	**4,170**	**7**	**(70)**	**4,277**
Other comprehensive income					
Currency translation differences	-	-	-	(19)	(19)
Tax on items relating to the components of other comprehensive income	-	-	-	(2)	(2)
Total other comprehensive income	-	-	-	(21)	(21)
Total comprehensive income for the period	-	-	-	(21)	(21)
Fair value of share-based payments	8	-	-	-	8
Release of LTIP award settled by issue of new shares	(6)	-	-	-	(6)
Other changes	-	-	-	1	1
At 31 March 2015	**172**	**4,170**	**7**	**(90)**	**4,259**

Compass Group PLC
Condensed Financial Statements (continued)

Condensed statement of changes in equity

for the six months ended 31 March 2014

	Attributable to equity shareholders of the Company							
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings[1] £m	Non-controlling interests £m	Total £m
At 1 October 2013 as previously reported	180	400	55	(1)	4,374	(2,226)	9	2,791
Past service cost recognised in accordance with IAS 19 (R)[1]	-	-	-	-	-	(1)	-	(1)
At 1 October 2013 as restated	180	400	55	(1)	4,374	(2,227)	9	2,790
Profit for the period	-	-	-	-	-	445	2	447
Other comprehensive income								
Currency translation differences	-	-	-	-	(80)	-	(1)	(81)
Remeasurement of post-employment benefit obligations - loss	-	-	-	-	-	(17)	-	(17)
Return on plan assets, excluding interest income - gain	-	-	-	-	-	45	-	45
Tax on items relating to the components of other comprehensive income	-	-	-	-	-	(5)	-	(5)
Total other comprehensive income	-	-	-	-	(80)	23	(1)	(58)
Total comprehensive income for the period	-	-	-	-	(80)	468	1	389
Issue of shares (for cash)	-	2	-	-	-	-	-	2
Fair value of share-based payments	-	-	-	-	7	-	-	7
Release of LTIP award settled by issue of new shares	-	5	-	-	(5)	-	-	-
Tax on items taken directly to equity	-	-	-	-	-	1	-	1
Share buyback[2]	(2)	-	2	-	-	(200)	-	(200)
Other changes	-	-	-	1	(2)	2	(1)	-
	178	407	57	-	4,294	(1,956)	9	2,989
Dividends paid to Compass shareholders (note 7)	-	-	-	-	-	(287)	-	(287)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2)	(2)
At 31 March 2014	178	407	57	-	4,294	(2,243)	7	2,700

[1] 2013 has been restated for past service cost recognised in accordance with IAS 19 (R).
[2] Including stamp duty and brokers' commission.

Other reserves	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
At 1 October 2013	162	4,170	7	35	4,374
Other comprehensive income					
Currency translation differences	-	-	-	(80)	(80)
Total other comprehensive income	-	-	-	(80)	(80)
Total comprehensive income for the period	-	-	-	(80)	(80)
Fair value of share-based payments	7	-	-	-	7
Release of LTIP award settled by issue of new shares	(5)	-	-	-	(5)
Other changes	-	-	-	(2)	(2)
At 31 March 2014	164	4,170	7	(47)	4,294

Compass Group PLC
Condensed Financial Statements (continued)

Condensed balance sheet

as at 31 March 2015

	Notes	As at 31 March 2015 Unaudited £m	As at 31 March 2014 Restated[1] Unaudited £m	Year ended 30 September 2014 Restated[1] £m
Non-current assets				
Goodwill		**3,600**	3,514	3,528
Other intangible assets		**1,113**	932	1,010
Property, plant and equipment		**747**	712	724
Interests in joint ventures and associates		**210**	163	189
Other investments		**41**	42	36
Trade and other receivables		**71**	54	70
Deferred tax assets*		**247**	250	246
Derivative financial instruments**		**73**	46	50
Non-current assets		**6,102**	5,713	5,853
Current assets				
Inventories		**287**	256	265
Trade and other receivables		**2,151**	2,037	2,069
Tax recoverable*		**33**	40	32
Cash and cash equivalents**		**336**	672	408
Derivative financial instruments**		**14**	11	16
Current assets		**2,821**	3,016	2,790
Total assets		**8,923**	8,729	8,643
Current liabilities				
Short term borrowings**		**(283)**	(289)	(297)
Derivative financial instruments**		**(2)**	(2)	(4)
Provisions	8	**(143)**	(162)	(161)
Current tax liabilities*		**(166)**	(170)	(148)
Trade and other payables		**(3,116)**	(2,968)	(3,095)
Current liabilities		**(3,710)**	(3,591)	(3,705)
Non-current liabilities				
Long term borrowings**		**(2,752)**	(1,866)	(2,525)
Derivative financial instruments**		**(41)**	(4)	(1)
Post-employment benefit obligations	9	**(141)**	(153)	(170)
Provisions	8	**(284)**	(309)	(277)
Deferred tax liabilities*		**(39)**	(39)	(39)
Trade and other payables		**(67)**	(67)	(78)
Non-current liabilities		**(3,324)**	(2,438)	(3,090)
Total liabilities		**(7,034)**	(6,029)	(6,795)
Net assets		**1,889**	2,700	1,848
Equity				
Share capital		**177**	178	178
Share premium account		**182**	407	174
Capital redemption reserve		**294**	57	293
Less: Own shares		**-**	-	(1)
Other reserves		**4,259**	4,294	4,277
Retained earnings		**(3,033)**	(2,243)	(3,082)
Total equity shareholders' funds		**1,879**	2,693	1,839
Non-controlling interests		**10**	7	9
Total equity		**1,889**	2,700	1,848

* Component of current and deferred taxes.
** Component of net debt.
[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

Compass Group PLC
Condensed Financial Statements (continued)

Condensed cash flow statement

for the six months ended 31 March 2015

	Notes	Six months to 31 March 2015 Unaudited £m	Six months to 31 March 2014 Restated[1] Unaudited £m	Year ended 30 September 2014 Restated[1] £m
Cash flow from operating activities				
Cash generated from operations	11	**694**	674	1,417
Interest paid		**(47)**	(38)	(77)
Tax received		**5**	15	24
Tax paid		**(132)**	(142)	(266)
Net cash from operating activities		**520**	509	1,098
Cash flow from investing activities				
Purchase of subsidiary companies and investments in associates[2]		**(58)**	(76)	(176)
Proceeds from sale of subsidiary companies and associates - discontinued activities[2]		**-**	-	(1)
Proceeds from sale of subsidiary companies and associates - continuing activities[2]		**4**	-	66
Tax on profits from sale of subsidiary companies and associates		**-**	-	(4)
Purchase of intangible assets		**(101)**	(93)	(206)
Purchase of property, plant and equipment[3]		**(130)**	(121)	(261)
Proceeds from sale of property, plant and equipment/intangible assets		**11**	12	22
Purchase of other investments		**(1)**	-	(2)
Proceeds from sale of other investments		**-**	2	3
Dividends received from joint ventures and associates		**4**	6	22
Interest received		**2**	3	6
Net cash used in investing activities		**(269)**	(267)	(531)
Cash flow from financing activities				
Proceeds from issue of ordinary share capital		**2**	2	5
Purchase of own shares[4]		**(139)**	(200)	(280)
Net increase/(decrease) in borrowings	12	**111**	(51)	597
Repayment of obligations under finance leases	12	**(3)**	(2)	(5)
Return of cash to Compass shareholders	7	**-**	-	(1,000)
Equity dividends paid	7	**(295)**	(287)	(444)
Dividends paid to non-controlling interests		**(3)**	(2)	(3)
Net cash used in financing activities		**(327)**	(540)	(1,130)
Cash and cash equivalents				
Net decrease in cash and cash equivalents	12	**(76)**	(298)	(563)
Cash and cash equivalents at beginning of the year		**408**	987	987
Currency translation gains/(losses) on cash and cash equivalents		**4**	(17)	(16)
Cash and cash equivalents at end of the period		**336**	672	408

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.
[2] Net of cash acquired or disposed and payments received or made under warranties and indemnities.
[3] Includes property, plant and equipment purchased under client commitments.
[4] Includes stamp duty and brokers' commission.

Compass Group PLC
Condensed Financial Statements (continued)

Reconciliation of free cash flow from continuing operations

for the six months ended 31 March 2015

	Six months to 31 March 2015 Unaudited £m	Six months to 31 March 2014 Restated[1] Unaudited £m	Year ended 30 September 2014 Restated[1] £m
Net cash from operating activities of continuing operations	**520**	509	1,098
Purchase of intangible assets	**(101)**	(93)	(206)
Purchase of property, plant and equipment	**(130)**	(121)	(261)
Proceeds from sale of property, plant and equipment/intangible assets	**11**	12	22
Purchase of other investments	**(1)**	-	(2)
Proceeds from sale of other investments	**-**	2	3
Dividends received from joint ventures and associates	**4**	6	22
Interest received	**2**	3	6
Dividends paid to non-controlling interests	**(3)**	(2)	(3)
Free cash flow from continuing operations	**302**	316	679
Add back: Cash restructuring costs in the year	**21**	21	58
Underlying free cash flow	**323**	337	737

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

Notes to the condensed financial statements

for the six months ended 31 March 2015

1 Basis of preparation

The unaudited condensed financial statements for the six months ended 31 March 2015 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 ('IFRSs') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union that are effective for the year ending 30 September 2015.

The unaudited condensed financial statements for the six months ended 31 March 2015, which were approved by the Board on 13 May 2015 and the comparative information in relation to the year ended 30 September 2014, do not comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006, and should be read in conjunction with the Annual Report for the year ended 30 September 2014. Those accounts have been reported upon by the Group's auditor and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The financial statements have been prepared on a going concern basis. This is discussed in the Business Review on page 13.

The accounting policies adopted in the preparation of these unaudited condensed financial statements are consistent with the policies applied by the Group in its consolidated financial statements for the year ended 30 September 2014. The following accounting standards, interpretations and amendments have been adopted by the Group in the current period:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IFRIC 24 Levies

Amendments to the following standards:

- IFRS 10, IFRS 11 and IFRS 12: Transition guidance
- IFRS 10, IFRS 11 and IFRS 12: Investment entities
- IAS 27 Separate financial statements
- IAS 28 Investments in associates and joint ventures
- IAS 32 Financial instruments: Presentation
- IAS 39 Financial instruments: Recognition and measurement

With the exception of IFRS 11, the above new and amended standards do not have a material effect on the Group. The impact of IFRS 11 is detailed in note 16.

In preparing these condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2014.

2 Seasonality of operations

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

Compass Group PLC
Condensed Financial Statements (continued)

3 Segmental reporting

Revenues[1]	Geographical segments: North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Total £m
Six months ended 31 March 2015				
Combined sales of Group and share of equity accounted joint ventures[2]	**4,693**	**2,805**	**1,564**	**9,062**
Six months ended 31 March 2014				
Combined sales of Group and share of equity accounted joint ventures[2]	4,151	2,951	1,557	8,659
Year ended 30 September 2014				
Combined sales of Group and share of equity accounted joint ventures[2]	8,199	5,716	3,143	17,058

Revenues[1]	Products and services: Sectors: Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	Total £m
Six months ended 31 March 2015						
Combined sales of Group and share of equity accounted joint ventures[2]	**3,413**	**1,753**	**1,900**	**983**	**1,013**	**9,062**
Six months ended 31 March 2014						
Combined sales of Group and share of equity accounted joint ventures[2]	3,428	1,558	1,749	880	1,044	8,659
Year ended 30 September 2014						
Combined sales of Group and share of equity accounted joint ventures[2]	6,783	2,815	3,515	1,857	2,088	17,058

[1] There is no inter-segmental trading.
[2] Continuing revenue from external customers arising in the UK, the Group's country of domicile, was £932 million (six months to 31 March 2014: £883 million, year ended 30 September 2014: £1,787 million). Continuing revenue from external customers arising in the US was £4,265 million (six months to 31 March 2014: £3,745 million, year ended 30 September 2014: £7,413 million). Continuing revenue from external customers arising in all foreign countries from which the Group derives revenue was £8,130 million (six months to 31 March 2014: £7,776 million, year ended 30 September 2014: £15,271 million).

Result	Geographical segments: North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Total £m
Six months ended 31 March 2015					
Underlying operating profit before joint ventures and associates, exceptional items and costs relating to acquisitions	**398**	**204**	**97**	**(32)**	**667**
Add: Share of profit of joint ventures	**-**	**1**	**12**	**-**	**13**
Add: Share of profit of associates	**4**	**4**	**-**	**-**	**8**
Underlying operating profit before costs relating to acquisitions and tax on share of profit of joint ventures [1]	**402**	**209**	**109**	**(32)**	**688**
Less: Amortisation of intangibles arising on acquisition	**(7)**	**(3)**	**(3)**	**-**	**(13)**
Less: Acquisition transaction costs	**(1)**	**-**	**-**	**-**	**(1)**
Less: Tax on share of profit of joint venture	**-**	**-**	**(1)**	**-**	**(1)**
Add: Adjustment to contingent consideration on acquisition	**1**	**-**	**-**	**-**	**1**
Total operating profit - continuing	**395**	**206**	**105**	**(32)**	**674**
Loss on disposal of US business					**(1)**
Finance income					**2**
Finance costs					**(53)**
Hedge accounting ineffectiveness					**(1)**
Profit before tax					**621**

[1] Underlying operating profit before costs relating to acquisitions and tax on share of profit of joint ventures is the profit measure considered by the chief operating decision maker.

Compass Group PLC
Condensed Financial Statements (continued)

3 Segmental reporting (continued)

Result	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Total £m
	Geographical segments				
Six months ended 31 March 2014					
Underlying operating profit before joint ventures and associates, exceptional items and costs relating to acquisitions	350	212	99	(32)	629
Add: Share of profit of joint ventures	-	1	11	-	12
Add: Share of profit of associates	3	3	-	-	6
Underlying operating profit before costs relating to acquisitions and tax on share of profit of joint ventures[1]	353	216	110	(32)	647
Less: Amortisation of intangibles arising on acquisition	(5)	(3)	(3)	-	(11)
Less: Tax on share of profit of joint venture	-	-	(1)	-	(1)
Less: Adjustment to contingent consideration on acquisition	-	-	(2)	-	(2)
Total operating profit - continuing	348	213	104	(32)	633
Finance income					3
Finance costs					(42)
Profit before tax					594

[1] Underlying operating profit before costs relating to acquisitions and tax on share of profit of joint ventures is the profit measure considered by the chief operating decision maker.

Result	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Total £m
	Geographical segments				
Year ended 30 September 2014					
Underlying operating profit before joint venture and associates, exceptional items and costs relating to acquisitions	666	406	205	(65)	1,212
Add: Share of profit of joint ventures	-	3	21	-	24
Add: Share of profit of associates	6	3	-	-	9
Underlying operating profit before costs relating to acquisitions and tax on share of profit of joint ventures[1]	672	412	226	(65)	1,245
Less: Amortisation of intangibles arising on acquisition	(12)	(5)	(8)	-	(25)
Less: Acquisition transaction costs	(2)	(1)	-	-	(3)
Less: Tax on share of profit of joint ventures	-	(1)	(2)	-	(3)
Add: Adjustment to contingent consideration on acquisition	1	-	(1)	-	-
Total operating profit - continuing	659	405	215	(65)	1,214
Profit on disposal of US business					1
Profit on disposal of interest in associates					13
Finance income					5
Finance costs					(91)
Change in the fair value of investments					2
Profit before tax					1,144

[1] Underlying operating profit before costs relating to acquisitions and tax on share of profit of joint ventures is the profit measure considered by the chief operating decision maker.

Compass Group PLC
Condensed Financial Statements (continued)

4 Financing income, costs and related (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 2015 £m	Six months to 31 March 2014 £m	Year ended 30 September 2014 £m
Finance income			
Bank interest	**2**	3	5
Total finance income	**2**	3	5
Finance costs			
Interest on bank loans and overdrafts	**8**	5	11
Interest on other loans	**41**	31	69
Finance lease interest	**1**	1	1
Interest on bank loans, overdrafts, other loans and finance leases	**50**	37	81
Unwinding of discount on provisions	**1**	2	3
Interest on net post-employment benefit obligations	**2**	3	7
Total finance costs	**53**	42	91
Analysis of finance costs by defined IAS 39[1] category			
Fair value through profit or loss (unhedged derivatives)	**2**	(1)	4
Derivatives in a fair value hedge relationship	**(12)**	(12)	(28)
Derivatives in a net investment hedge relationship	**2**	2	3
Other financial liabilities	**58**	48	102
Interest on bank loans, overdrafts, other loans and finance leases	**50**	37	81
Fair value through profit or loss (unwinding of discount on provisions)	**1**	2	3
Outside of the scope of IAS 39 (net pension scheme charge)	**2**	3	7
Total finance costs	**53**	42	91

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

The Group uses derivative financial instruments such as forward currency contracts, cross currency swaps and interest rate swaps to hedge the risks associated with changes in foreign currency exchange rates and interest rates. As explained in section Q of the Group's accounting policies in the Annual Report for the year ended 30 September 2014, 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.

Compass Group PLC
Condensed Financial Statements (continued)

4 Financing income, costs and related (gains)/losses (continued)

Fair value measurement

All derivative financial instruments are shown at fair value in the balance sheet. All the derivatives held by the Group at fair value are considered to have fair values determined by Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair value measurement'. The fair values of derivative financial instruments represent the maximum credit exposure.

Financing related (gains)/losses	Six months to 31 March 2015 £m	Six months to 31 March 2014 £m	Year ended 30 September 2014 £m
Hedge accounting ineffectiveness			
Unrealised net losses on unhedged derivative financial instruments[1]	**5**	-	-
Unrealised net (gains)/losses on derivative financial instruments in a designated fair value hedge[2]	**(38)**	1	(23)
Unrealised net losses/(gains) on the hedged item in a designated fair value hedge	**34**	(1)	23
Total hedge accounting ineffectiveness losses	**1**	**-**	-
Change in the fair value of investments			
Gain from the changes in the fair value of investments[1,3]	**-**	**-**	2

[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.

Compass Group PLC
Condensed Financial Statements (continued)

5 Tax

Recognised in the income statement: Income tax expense on continuing operations	Six months to 31 March 2015 £m	Six months to 31 March 2014 Restated[1] £m	Year ended 30 September 2014 Restated[1] £m
Current tax			
Current year	**158**	146	269
Adjustment in respect of prior years	**(5)**	(2)	1
Current tax expense	**153**	144	270
Deferred tax			
Current year	**3**	3	9
Impact of changes in statutory tax rates	**1**	-	1
Adjustment in respect of prior years	**(2)**	-	(4)
Deferred tax expense	**2**	3	6
Total income tax			
Income tax expense on continuing operations	**155**	147	276

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

The Group does not recognise deferred tax assets in respect of tax losses and other temporary differences where the recovery is uncertain. Unrecognised deferred tax assets in respect of tax losses and other temporary differences amount to £46 million (30 September 2014: £42 million). 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.

Compass Group PLC
Condensed Financial Statements (continued)

6 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, acquisition transaction costs, adjustment to contingent consideration on acquisition, European exceptional, gains and losses on disposal of businesses, hedge accounting ineffectiveness, change in fair value of investments 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 2015 £m	Six months to 31 March 2014 £m	Year ended 30 September 2014 £m
Profit for the year attributable to equity shareholders of the Company	**462**	445	865
Less: Profit for the period from discontinued operations	**-**	-	(3)
Attributable profit for the period from continuing operations	**462**	445	862
Amortisation of intangible assets arising on acquisition (net of tax)	**10**	8	18
Acquisition transaction costs (net of tax)	**1**	-	2
Adjustment to contingent consideration on acquisition (net of tax)	**(1)**	1	1
European exceptional (net of tax)	**-**	-	(7)
Loss/(profit) on disposal of US businesses (net of tax)	**1**	-	(1)
Profit on disposal of interest in associates (net of tax)	**-**	-	(13)
Loss from hedge accounting ineffectiveness (net of tax)	**1**	-	-
Profit from change in the fair value of investments (net of tax)	**-**	-	(2)
Underlying attributable profit for the year from continuing operations	**474**	454	860

Average number of shares (millions of ordinary shares)	Six months to 31 March 2015 Ordinary shares of $10^{5/8}$p each millions	Six months to 31 March 2014 Ordinary shares of 10p each millions	Year ended 30 September 2014 Ordinary shares of $10^{5/8}$p each millions
Average number of shares for basic earnings per share	**1,668**	1,795	1,766
Dilutive share options	**4**	6	5
Average number of shares for diluted earnings per share	**1,672**	1,801	1,771

Compass Group PLC
Condensed Financial Statements (continued)

6 Earnings per share (continued)

	Six months to 31 March		Year ended 30 September
	2015	2014	2014
	Earnings per share	Earnings per share	Earnings per share
	pence	pence	pence
Basic earnings per share (pence)			
From continuing and discontinued operations	**27.7**	24.8	49.0
From discontinued operations	**-**	-	(0.2)
From continuing operations	**27.7**	24.8	48.8
Amortisation of intangible assets arising on acquisition (net of tax)	**0.6**	0.4	1.0
Acquisition transaction costs (net of tax)	**0.1**	-	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**(0.1)**	0.1	0.1
European exceptional (net of tax)	**-**	-	(0.4)
Loss/(profit) on disposal of US businesses (net of tax)	**0.1**	-	(0.1)
Profit on disposal of interest in associates (net of tax)	**-**	-	(0.7)
Profit from change in the fair value of investments (net of tax)	**-**	-	(0.1)
From underlying continuing operations	**28.4**	25.3	48.7
Diluted earnings per share (pence)			
From continuing and discontinued operations	**27.6**	24.7	48.9
From discontinued operations	**-**	-	(0.2)
From continuing operations	**27.6**	24.7	48.7
Amortisation of intangible assets arising on acquisition (net of tax)	**0.6**	0.4	1.0
Acquisition transaction costs (net of tax)	**0.1**	-	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**(0.1)**	0.1	0.1
European exceptional (net of tax)	**-**	-	(0.4)
Loss/(profit) on disposal of US businesses (net of tax)	**0.1**	-	(0.1)
Profit on disposal of interest in associates (net of tax)	**-**	-	(0.7)
Profit from change in the fair value of investments (net of tax)	**-**	-	(0.1)
From underlying continuing operations	**28.3**	25.2	48.6

Compass Group PLC
Condensed Financial Statements (continued)

7 Dividends

The interim dividend of 9.8 pence per share (2014: 8.8 pence per share), £163m in aggregate[1], is payable on 27 July 2015 to shareholders on the register at the close of business on 26 June 2015. 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	Six months to 31 March 2015 £m	Six months to 31 March 2014 £m	Year ended 30 September 2014 £m
Amounts recognised as distributions to equity shareholders during the year:			
Final 2013 - 16.0p per share	**-**	287	287
Interim 2014 - 8.8p per share	**-**	-	157
Final 2014 - 17.7p per share	**295**	-	-
Total dividends	**295**	287	444

[1] Based on the number of shares in issue at 31 March 2015 (1,664 million shares).

Compass Group PLC
Condensed Financial Statements (continued)

8 Provisions

Provisions	Insurance £m	Provisions in respect of discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Reorganisation £m	Other £m	Total 2015 £m	Total 2014 £m	Year ended 30 September 2014 Total £m
	Six months to 31 March								
Brought forward	**232**	**46**	**29**	**64**	**36**	**31**	**438**	531	531
Reclassified[1]	**-**	**-**	**(1)**	**(1)**	**1**	**-**	**(1)**	(17)	(21)
Expenditure in the year	**(2)**	**(1)**	**(4)**	**(6)**	**(17)**	**(3)**	**(33)**	(46)	(89)
Charged to income statement	**12**	**-**	**1**	**2**	**2**	**-**	**17**	24	39
Credited to income statement	**-**	**-**	**(1)**	**(5)**	**-**	**(3)**	**(9)**	(15)	(14)
Business acquisitions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	2	2
Business disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	(3)
Unwinding of discount on provisions	**-**	**-**	**1**	**-**	**-**	**-**	**1**	2	3
Currency adjustment	**20**	**-**	**-**	**(4)**	**(1)**	**(1)**	**14**	(10)	(10)
Carried forward	**262**	**45**	**25**	**50**	**21**	**24**	**427**	471	438

[1] Including items reclassified between accrued liabilities and other balance sheet captions.

Provisions	Six months to 31 March 2015 £m	Six months to 31 March 2014 £m	Year ended 30 September 2014 £m
Current	**143**	162	161
Non-current	**284**	309	277
Total provisions	**427**	471	438

The provision for insurance relates to the potential settlements in respect of claims under self-funded insurance schemes, primarily workers' compensation schemes in the US, and is essentially long term in nature.

Provisions in respect of discontinued and disposed of 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.

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 provisions for the estimated cost of litigation and other sundry claims. The timing of the settlement of these claims is uncertain.

Provisions for reorganisation include provision for redundancy costs and these are expected to be utilised over the next year.

Other provisions include environmental provisions and provisions relating to the 2012 and 2013 European exceptional programme for property and assets. 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.

Provisions are discounted to present value where the effect is material using the Group's weighted average cost of capital.

Compass Group PLC
Condensed Financial Statements (continued)

9 Post-employment benefit obligations

Pension schemes operated

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 assets. 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 1% to 39% of pensionable salaries. The arrangements are described in more detail in note 23 of the Company's Annual Report for the year ended 30 September 2014.

At 31 March 2015 the assets of the various schemes were invested in a diversified portfolio that consisted primarily of equities and debt securities. The fair value of these assets is shown below by major category:

Movements in the fair value of plan assets	Six months to 31 March					Year ended 30 September
	UK £m	USA £m	Other £m	Total 2015 £m	Total 2014 £m	Total 2014 £m
Brought forward	**1,944**	**279**	**84**	**2,307**	2,149	2,149
Currency adjustment	**-**	**27**	**2**	**29**	(11)	(6)
Interest income on plan assets	**39**	**5**	**1**	**45**	46	91
Return on plan assets, excluding interest income	**239**	**8**	**8**	**255**	45	137
Employee contributions	**-**	**11**	**1**	**12**	10	17
Employer contributions	**15**	**11**	**7**	**33**	32	60
Benefits paid	**(30)**	**(19)**	**(6)**	**(55)**	(53)	(96)
Administration expenses paid from plan assets	**-**	**(1)**	**-**	**(1)**	-	(1)
Disposals and plan settlements	**-**	**-**	**(4)**	**(4)**	(2)	(44)
Carried forward	**2,207**	**321**	**93**	**2,621**	2,216	2,307

Movement in the present value of defined benefit obligations	Six months to 31 March					Year ended 30 September
	UK £m	USA £m	Other £m	Total 2015 £m	Total 2014 Restated[1] £m	Total 2014 Restated[1] £m
Brought forward	**1,920**	**390**	**167**	**2,477**	2,352	2,352
Currency adjustment	**-**	**38**	**(2)**	**36**	(16)	(13)
Current service cost	**1**	**5**	**3**	**9**	9	16
Past service cost	**-**	**-**	**-**	**-**	-	(4)
Interest expense on benefit obligations	**38**	**7**	**2**	**47**	49	97
Remeasurements - demographic assumptions	**-**	**-**	**-**	**-**	-	23
Remeasurements - financial assumptions	**212**	**15**	**13**	**240**	17	121
Remeasurements - experience	**-**	**-**	**-**	**-**	-	2
Employee contributions	**-**	**11**	**1**	**12**	11	17
Benefits paid	**(30)**	**(19)**	**(6)**	**(55)**	(52)	(95)
Disposals and plan settlements	**-**	**-**	**(4)**	**(4)**	(2)	(40)
Acquisitions	**-**	**-**	**-**	**-**	1	1
Carried forward	**2,141**	**447**	**174**	**2,762**	2,369	2,477
Post-employment benefit obligations recognised in the balance sheet	**66**	**(126)**	**(81)**	**(141)**	(153)	(170)

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

Compass Group PLC
Condensed Financial Statements (continued)

9 Post-employment benefit obligations (continued)

Post-employment benefit obligations recognised in the balance sheet

	Six months to 31 March 2015 £m	Six months to 31 March 2014 Restated[1] £m	Year ended 30 September 2014 Restated[1] £m
Present value of defined benefit obligations	**2,762**	2,369	2,477
Fair value of plan assets	**(2,621)**	(2,216)	(2,307)
Post-employment benefit obligations recognised in the balance sheet	**141**	153	170

Remeasurements

	Six months to 31 March 2015 £m	Six months to 31 March 2014 Restated[1] £m	Year ended 30 September 2014 Restated[1] £m
Remeasurement of post-employment benefit obligations - loss	**(240)**	(17)	(146)
Return on plan assets, excluding interest income - gain	**255**	45	137
Total recognised in the consolidated statement of comprehensive income	**15**	28	(9)

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

Compass Group PLC
Condensed Financial Statements (continued)

10 Business combinations

The Group has completed a number of small infill acquisitions in several countries for a total consideration of £52 million. They are not considered material to the Group.

11 Reconciliation of operating profit to cash generated by operations

Reconciliation of operating profit to cash generated by continuing operations	Six months to 31 March 2015 £m	Six months to 31 March 2014 Restated[1] £m	Year ended 30 September 2014 Restated[1] £m
Operating profit from continuing operations before share of profit after tax of joint ventures and associates	**654**	616	1,184
Adjustments for:			
Acquisition transaction costs	**1**	-	3
Amortisation of intangible assets	**73**	63	128
Amortisation of intangible assets arising on acquisition	**13**	11	25
Depreciation of property, plant and equipment	**98**	91	189
Loss/(profit) on disposal of US business	**1**	-	(1)
Decrease in provisions	**(25)**	(35)	(64)
Decrease in post-employment benefit obligations	**(23)**	(22)	(46)
Share-based payments - charged to profits	**8**	7	13
Operating cash flows before movement in working capital	**800**	731	1,431
Increase in inventories	**(12)**	(9)	(17)
Increase in receivables	**(75)**	(85)	(152)
(Decrease)/increase in payables	**(19)**	37	155
Cash generated by continuing operations	**694**	674	1,417

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

Compass Group PLC
Condensed Financial Statements (continued)

12 Reconciliation of net cash flow to movement in net debt

This 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.

	Six months to 31 March								Year ended 30 September 2014 Restated[1]
Net debt	**Cash and cash equivalents £m**	**Bank overdrafts £m**	**Bank and other borrowings £m**	**Total overdrafts and borrowings £m**	**Finance leases £m**	**Derivative financial instruments £m**	**Net debt 2015 £m**	Net debt 2014 Restated[1] £m	£m
Brought forward	**408**	**(37)**	**(2,768)**	**(2,805)**	**(17)**	**61**	**(2,353)**	(1,211)	(1,211)
Net decrease in cash and cash equivalents	**(76)**	**-**	**-**	**-**	**-**	**-**	**(76)**	(298)	(563)
Cash inflow from issue of bonds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	(646)
Cash outflow from repayment of bonds	**-**	**-**	**250**	**250**	**-**	**-**	**250**	-	-
Cash inflow from issue of loan notes	**-**	**-**	**(258)**	**(258)**	**-**	**-**	**(258)**	-	-
Cash outflow from repayment of loan notes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	74
Cash (inflow)/outflow from other changes in gross debt	**-**	**(7)**	**(119)**	**(126)**	**-**	**23**	**(103)**	51	(25)
Cash outflow from repayment of obligations under finance leases	**-**	**-**	**-**	**-**	**3**	**-**	**3**	2	5
Increase in net debt as a result of new finance leases taken out	**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**	(1)	(2)
Currency translation gains/(losses)	**4**	**(2)**	**(44)**	**(46)**	**1**	**(64)**	**(105)**	36	13
Other non-cash movements	**-**	**-**	**(35)**	**(35)**	**-**	**24**	**(11)**	(11)	2
Carried forward	**336**	**(46)**	**(2,974)**	**(3,020)**	**(15)**	**44**	**(2,655)**	(1,432)	(2,353)

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

Other non-cash movements are comprised as follows:

Other non-cash movements in net debt	Six months to 31 March **2015 £m**	2014 £m	Year ended 30 September 2014 £m
Amortisation of fees and discount on issuance	**(1)**	(1)	(2)
Amortisation of the fair value adjustment in respect of the £250 million Sterling Eurobond redeemed in 2014	**-**	2	4
Changes in the fair value of bank and other borrowings in a designated fair value hedge	**(34)**	1	(23)
Bank and other borrowings	**(35)**	2	(21)
Changes in the value of derivative financial instruments including accrued income	**24**	(13)	23
Other non-cash movements	**(11)**	(11)	2

[1] 2014 has been restated for joint ventures in accordance with IFRS 11, as detailed in note 16.

Compass Group PLC
Condensed Financial Statements (continued)

13 Contingent liabilities

Performance bonds, guarantees and indemnities	As at 31 March 2015 £m	As at 31 March 2014 £m	Year ended 30 September 2014 £m
Performance bonds, guarantees and indemnities (including those of associates) [1]	**387**	409	392

[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 15.

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('UN'). 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.

Other litigation and claims

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.

In addition, the Group is subject to periodic tax audits and challenges with/by various fiscal authorities covering corporate, employee and sales taxes in the various jurisdictions in which it operates. None of these are currently expected to have a material impact on the Group's financial position.

Outcome

Although it is not possible to predict the outcome or quantify the financial effect 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. The timing of the settlement of these proceedings or claims is uncertain.

14 Capital commitments

Capital commitments	As at 31 March 2015 £m	As at 31 March 2014 £m	Year ended 30 September 2014 £m
Contracted for but not provided for	**203**	139	187

The majority of capital commitments are for intangible assets.

15 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 2014, details of which can be found in note 31 of the 2014 Annual Report.

Compass Group PLC
Condensed Financial Statements (continued)

16 IFRS 11 Restatement

Comparative financial information for the year ended 30 September 2014 and the six months to 31 March 2014 have been restated for the effects of IFRS 11. The following principal joint arrangements, previously accounted for as jointly controlled entities under IAS 31 are now classified as joint ventures and are equity accounted under the requirements of the revised IAS 28:

- Quadrant Catering Limited
- ADNH-Compass Middle East LLC
- Express Support Services Limitada

The impact of the restatements on the Group's condensed income statement, balance sheet and cash flow statement is as shown below:

Condensed income statement	Six months to 31 March 2014			Year ended 30 September 2014		
	As published £m	IFRS 11 £m	Restated Unaudited £m	As published £m	IFRS 11 £m	Restated £m
Continuing operations						
Revenue	8,659	(101)	8,558	17,058	(204)	16,854
Operating costs before goodwill impairment	(8,031)	89	(7,942)	(15,850)	180	(15,670)
Operating profit	628	(12)	616	1,208	(24)	1,184
Share of profit of joint ventures	-	11	11	-	21	21
Share of profit of associates	6	-	6	9	-	9
Total operating profit	634	(1)	633	1,217	(3)	1,214
Profit on disposal of US business	-	-	-	1	-	1
Profit on disposal of interest in associates	-	-	-	13	-	13
Finance income	3	-	3	5	-	5
Finance costs	(42)	-	(42)	(91)	-	(91)
Change in the fair value of investments	-	-	-	2	-	2
Profit before tax	595	(1)	594	1,147	(3)	1,144
Income tax expense	(148)	1	(147)	(279)	3	(276)
Profit for the year from continuing operations	447	-	447	868	-	868
Discontinued operations						
Profit for the year from discontinued operations	-	-	-	3	-	3
Continuing and discontinued operations						
Profit for the year	447	-	447	871	-	871

Compass Group PLC
Condensed Financial Statements (continued)

16 IFRS 11 Restatement (continued)

Condensed balance sheet

	As at 31 March 2014			Year ended 30 September 2014		
	As published	IFRS 11	Restated Unaudited	As published	IFRS 11	Restated
	£m	£m	£m	£m	£m	£m
Non-current assets						
Goodwill	3,551	(37)	3,514	3,565	(37)	3,528
Other intangible assets	932	-	932	1,010	-	1,010
Property, plant and equipment	717	(5)	712	729	(5)	724
Interests in joint ventures and associates	84	79	163	114	75	189
Other investments	42	-	42	36	-	36
Trade and other receivables	62	(8)	54	67	3	70
Deferred tax assets*	250	-	250	246	-	246
Derivative financial instruments**	46	-	46	50	-	50
Non-current assets	5,684	29	5,713	5,817	36	5,853
Current assets						
Inventories	260	(4)	256	270	(5)	265
Trade and other receivables	2,082	(45)	2,037	2,128	(59)	2,069
Tax recoverable*	40	-	40	32	-	32
Cash and cash equivalents**	699	(27)	672	431	(23)	408
Derivative financial instruments**	11	-	11	16	-	16
Current assets	3,092	(76)	3,016	2,877	(87)	2,790
Total assets	8,776	(47)	8,729	8,694	(51)	8,643
Current liabilities						
Short term borrowings**	(289)	-	(289)	(297)	-	(297)
Derivative financial instruments**	(2)	-	(2)	(4)	-	(4)
Provisions	(162)	-	(162)	(161)	-	(161)
Current tax liabilities*	(170)	-	(170)	(148)	-	(148)
Trade and other payables	(3,010)	42	(2,968)	(3,139)	44	(3,095)
Current liabilities	(3,633)	42	(3,591)	(3,749)	44	(3,705)
Non-current liabilities						
Long term borrowings**	(1,866)	-	(1,866)	(2,526)	1	(2,525)
Derivative financial instruments**	(4)	-	(4)	(1)	-	(1)
Post-employment benefit obligations	(158)	5	(153)	(176)	6	(170)
Provisions	(309)	-	(309)	(277)	-	(277)
Deferred tax liabilities*	(39)	-	(39)	(39)	-	(39)
Trade and other payables	(67)	-	(67)	(78)	-	(78)
Non-current liabilities	(2,443)	5	(2,438)	(3,097)	7	(3,090)
Total liabilities	(6,076)	47	(6,029)	(6,846)	51	(6,795)
Net assets	2,700	-	2,700	1,848	-	1,848
Equity						
Share capital	178		178	178		178
Share premium account	407	-	407	174	-	174
Capital redemption reserve	57	-	57	293	-	293
Less: Own shares	-	-	-	(1)	-	(1)
Other reserves	4,294		4,294	4,277		4,277
Retained earnings	(2,243)	-	(2,243)	(3,082)	-	(3,082)
Total equity shareholders' funds	2,693	-	2,693	1,839	-	1,839
Non-controlling interests	7	-	7	9	-	9
Total equity	2,700	-	2,700	1,848	-	1,848

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

Compass Group PLC
Condensed Financial Statements (continued)

16 IFRS 11 Restatement (continued)

Condensed cash flow statement

	Six months to 31 March 2014			Year ended 30 September 2014		
	As published £m	IFRS 11 £m	Restated Unaudited £m	As published £m	IFRS 11 £m	Restated £m
Cash flow from operating activities						
Cash generated from operations	685	(11)	674	1,442	(25)	1,417
Interest paid	(38)	-	(38)	(77)	-	(77)
Tax received	15	-	15	24	-	24
Tax paid	(143)	1	(142)	(268)	2	(266)
Net cash from operating activities	519	(10)	509	1,121	(23)	1,098
Cash flow from investing activities						
Purchase of subsidiary companies and investments in associates[1]	(76)	-	(76)	(176)	-	(176)
Proceeds from sale of subsidiary companies and associates - discontinued activities[1]	-		-	(1)	-	(1)
Proceeds from sale of subsidiary companies and associates - continuing activities[1]	-		-	66	-	66
Tax on profits from sale of subsidiary companies and associates	-		-	(4)	-	(4)
Purchase of intangible assets	(93)	-	(93)	(206)	-	(206)
Purchase of property, plant and equipment[2]	(122)	1	(121)	(263)	2	(261)
Proceeds from sale of property, plant and equipment/intangible assets	12	-	12	22	-	22
Purchase of other investments	-	-	-	(2)	-	(2)
Proceeds from sale of other investments	2	-	2	3	-	3
Dividends received from associates undertakings	5	-	5	7	-	7
Dividends received from joint ventures	-	1	1	-	15	15
Interest received	3	-	3	6	-	6
Net cash used in investing activities	(269)	2	(267)	(548)	17	(531)
Cash flow from financing activities						
Proceeds from issue of ordinary share capital	2	-	2	5	-	5
Purchase of own shares[3]	(200)	-	(200)	(280)	-	(280)
Net increase in borrowings	(51)	-	(51)	597	-	597
Repayment of obligations under finance leases	(2)	-	(2)	(5)	-	(5)
Return of cash to Compass shareholders	-	-	-	(1,000)	-	(1,000)
Equity dividends paid	(287)	-	(287)	(444)	-	(444)
Dividends paid to non-controlling interests	(2)	-	(2)	(5)	2	(3)
Net cash used in financing activities	(540)	-	(540)	(1,132)	2	(1,130)
Cash and cash equivalents						
Net decrease in cash and cash equivalents	(290)	(8)	(298)	(559)	(4)	(563)
Cash and cash equivalents at beginning of the year	1,006	(19)	987	1,006	(19)	987
Currency translation losses on cash and cash equivalents	(17)	-	(17)	(16)	-	(16)
Cash and cash equivalents at end of the period	699	(27)	672	431	(23)	408

[1] Net of cash acquired or disposed and payments received or made under warranties and indemnities.

[2] Includes property, plant and equipment purchased under client commitments.

[3] Includes stamp duty and brokers' commission.

Compass Group PLC
Condensed Financial Statements (continued)

17 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.

Associates
There were no significant transactions with associates during the period.

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

18 Post balance sheet events

There have been no material post balance sheet events.

19 Exchange rates

	Six months to 31 March		Year ended 30 September
	2015	2014	2014
Average exchange rate for the period[1]			
Australian Dollar	**1.89**	1.80	1.81
Brazilian Real	**4.18**	3.79	3.80
Canadian Dollar	**1.85**	1.77	1.79
Euro	**1.31**	1.20	1.23
Japanese Yen	**181.31**	166.95	169.92
Norwegian Krone	**11.32**	9.96	10.12
South African Rand	**17.83**	17.18	17.54
Swedish Krona	**12.21**	10.63	11.00
Swiss Franc	**1.49**	1.47	1.49
Turkish Lira	**3.68**	3.47	3.53
UAE Dirham	**5.71**	6.04	6.09
US Dollar	**1.55**	1.64	1.66
Closing exchange rate as at the end of the period[1]			
Australian Dollar	**1.94**	1.80	1.85
Brazilian Real	**4.74**	3.76	3.97
Canadian Dollar	**1.88**	1.84	1.81
Euro	**1.38**	1.21	1.28
Japanese Yen	**178.03**	171.69	177.83
Norwegian Krone	**11.96**	9.98	10.41
South African Rand	**17.99**	17.54	18.32
Swedish Krona	**12.80**	10.81	11.69
Swiss Franc	**1.44**	1.47	1.55
Turkish Lira	**3.85**	3.57	3.70
UAE Dirham	**5.45**	6.12	5.95
US Dollar	**1.48**	1.67	1.62

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

Compass Group PLC
Condensed Financial Statements (continued)

Notes:

(a) Compass Group is one of the world's leading foodservice and support services companies with annual revenue of £17 billion operating in around 50 countries.

(b) MAP is a simple, but clearly defined Group operating framework. MAP focuses on five key value drivers, enabling the businesses to deliver disciplined, profitable growth with the focus more on organic growth and like for like growth.

The five key value drivers are:

MAP 1: Client sales and marketing
MAP 2: Consumer sales and marketing
MAP 3: Cost of food
MAP 4: Unit costs
MAP 5: Above unit overheads

(c) The timetable for payment of the interim dividend of 9.8p per share is as follows:

Ex dividend date:	25 June 2015
Record date:	26 June 2015
Payment date:	27 July 2015

(d) The Interim Results Announcement was approved by the Directors on 13 May 2015.

The Interim Results Announcement does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006.

(e) Forward looking statements

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the foodservice and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

(f) A presentation for analysts and investors will take place at 9:30 a.m. (BST/London) on Wednesday 13 May 2015 at Bank of America Merrill Lynch, 2 King Edward Street, London, EC1A 1HQ.

The live presentation can also be accessed via both a teleconference and webcast:

- To listen to the live presentation via teleconference, dial +44 (0) 20 3003 2666, followed by password: Compass
- To view the presentation slides and/or listen to a live webcast of the presentation, go to www.compass-group.com or video.merchantcantos.com.
- Please note that remote listeners will not be able to ask questions during the Q&A session.

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

- A teleconference replay of the presentation will be available from 12:00 noon (BST/London) on Wednesday 13 May 2015 for seven working days. To hear the replay, dial +44 (0) 20 8196 1998, conference reference 3159665.
- A webcast replay of the presentation will be available for six months at www.compass-group.com and video.merchantcantos.com

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