COMPASS GROUP

Interim year results announcement for the six months ended 31 March 2016

Strong performance delivering growth and returns to shareholders

	Underlying[1]	Year on year change[2]	Reported
Revenue	£9.7 billion	5.8%[3]	£9.5 billion
Operating profit before restructuring	£735 million	6.4%	
Operating margin before restructuring	7.5%	-	
Operating profit after restructuring	£724 million	4.8%	£704 million
Operating margin after restructuring	7.4%	(10)bps	7.4%
Earnings per share	30.8 pence	8.1%	30.4 pence
Free cash flow	£396 million	22.6%	£391 million
Interim dividend per share	10.6 pence	8.2%	10.6 pence

[1] Full details of the underlying column can be found on page 40.
[2] Measured on a constant currency basis, with the exception of free cash flow and interim dividend.
[3] Organic revenue growth.

Excellent organic revenue growth of 5.8%

- Another strong six months in North America with organic sales up 8.3%
- Good growth in Europe with organic revenue up 3.7%
- Rest of World grew 5% excluding Offshore & Remote

Underlying margin flat before restructuring costs

- The Management and Performance (MAP) programme continues to drive operating efficiencies
- Restructuring plan announced in July 2015 on track to deliver the expected savings

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

- Free cash flow of £396 million, up 23% on H1 2015
- Proposed interim dividend up 8.2%, in line with constant currency EPS growth
- Remain committed to ongoing returns to shareholders with £72 million of share buybacks in H1 2016
- Expectations for 2016 are positive and unchanged

Chief Executive's Statement

Richard Cousins, Group Chief Executive, said:

"Compass has had another strong six months. North America continues to deliver excellent growth. Our business in Europe is growing nicely as we are rewarded for our investment in previous years to accelerate growth in the region. In Rest of World, reasonable growth in Business & Industry, Healthcare & Seniors, Education and Sports & Leisure was partly offset by ongoing weakness in Australia, Brazil and our Offshore & Remote sector.

We continue to drive operating efficiencies around the business, which is being reinvested in the growth opportunities we see. The savings from the restructuring are starting to come through, and are offsetting the weakness in Offshore & Remote and some emerging markets. Therefore, margins pre-restructuring were flat.

Our expectations for FY 2016 are positive and unchanged. Our pipeline of new contracts is encouraging and our focus on organic growth, efficiencies and cash 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 growth, margin improvement, as well as continued returns to shareholders through dividends and ongoing share buybacks."

Enquiries

Investors	Sandra Moura	+44 1932 573 000
Media	Clare Hunt	+44 1932 573 116
Website	www.compass-group.com	

Chief Executive's Statement (continued)

Group overview

Revenue for the Group increased by 5.8% on an organic basis. Underlying revenue at reported rates increased by 6.7%.

New business wins accelerated to 9%, driven by a strong performance in MAP 1 (client sales and marketing) across the Group. Our retention rate remained at 94.5% reflecting our ongoing focus and investment. This includes extending our global contract with JLL to provide a range of food services to HSBC until 2021.

We aim to increase consumer participation and spend through MAP 2 (consumer sales and marketing) initiatives. This combined with a more benign macroeconomic environment in many of our markets resulted in like for like revenue growth of 2.3%, reflecting modest price increases and some volume improvements in parts of North America and Europe. In Rest of World we have seen like for like weakness in some emerging markets and in our Offshore & Remote business.

On 29 July 2015, we announced that in addition to our ongoing restructuring activities, we are proactively reducing the cost base in our Offshore & Remote business globally and in some emerging markets. This incremental restructuring cost of around £50 million will be included in operating profit. In 2015, we incurred a £26 million charge, most of which was for labour cost reductions, with £9 million non-cash. A further £11 million, with £1 million non-cash, has been incurred in the first half of 2016. The remaining £10-15 million is expected to be incurred in the second half.

Excluding the impact of the restructuring, organic operating profit increased by 5.8% with the underlying operating margin remaining flat. We continue to drive efficiencies across the business using our Management and Performance framework, MAP. We have maintained our focus on MAP 3 (cost of food) with initiatives such as menu planning and supplier rationalisation, as well as continually optimising MAP 4 (labour and in unit costs) and MAP 5 (above unit costs). These efficiencies are helping us to invest to support the exciting growth opportunities we see around the world and offset the volume declines and business closures in some emerging markets and in our Offshore & Remote business. After restructuring costs, underlying operating profit increased by 4.8% on a constant currency basis.

Returns to shareholders continue to be an integral part of our business model. Along with an interim dividend of 10.6 pence per share, an increase of 8.2%, the Group bought back £72 million worth of shares in the period. Going forward 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.

Chief Executive's Statement (continued)

Regional performances

North America – 56.0% Group revenue (2015: 51.8%)

Regional financial summary	Underlying 2016	Underlying 2015	Change Reported	Change Constant currency	Change Organic
Revenue	**£5,418m**	£4,693m	15.4%	10.3%	8.3%
Operating profit	**£461m**	£398m	15.8%	10.6%	9.6%
Operating margin	**8.5%**	8.5%	-		

North America has delivered another excellent performance with organic revenue growth of 8.3%. This was driven by solid new business wins and continuing excellent retention rates. Like for like volume improvement has been seen across most of the business, with the exception of the Offshore & Remote sector where volume pressure and price weakness continue.

Underlying operating profit of £461 million increased by 9.6% on an organic basis. We have absorbed increased mobilisation costs to support high levels of organic growth, the impact of lower like for like volumes in the Offshore & Remote sector and above average wage pressures. We continue to drive ongoing efficiency initiatives across MAPs 3 and 4, some pricing increases and leverage the overhead base, resulting in modest underlying operating margin expansion.

Good levels of net new business and some positive like for like volumes delivered strong organic growth in the Business & Industry sector. We retained our existing business and added further locations with each of Intel Corporation and Capital One.

Double digit new business drove the Healthcare & Seniors sector's organic revenue growth with new contract wins including Hartford HealthCare, for both food and support services, and Ochsner Health System.

Increased levels of participation have been seen in the Education sector along with new business wins, including Muncie Community Schools, for both food and support services, and Florida Gulf Coast University.

In our Sports & Leisure business we have again delivered excellent organic revenue growth with strong retention and increased attendance at sporting events. Contract wins include the New Las Vegas Arena and retail operations at Oracle Arena, home of the Golden State Warriors.

The relatively small Offshore & Remote business continues to be impacted by pressure from low commodity prices. Organic revenue declines of 22% are a result of business closures and lower volumes on site. However, new contracts continue to be won including an additional camp for Canada Natural Resources Limited awarded along with a contract extension.

Chief Executive's Statement (continued)

Europe – 28.2% Group revenue (2015: 29.7%)

Regional financial summary (Before EM & OR restructuring costs)	Underlying 2016	Underlying 2015	Change Reported	Change Constant currency	Change Organic
Revenue	**£2,722m**	£2,689m	1.2%	3.6%	3.7%
Operating profit	**£201m**	£199m	1.0%	3.1%	3.1%
Operating margin	**7.4%**	7.4%	-		

The progress in Europe seen in the second half of 2015 continued in the first half of the year with organic revenue growth of 3.7%. The performance is driven by improving rates of new business and slightly positive like for like revenue.

The encouraging new business performance reflects accelerating levels in the UK, BeNeLux and Southern Europe. New contract wins include Conseil de l'Europe in France, Brighterkind in the UK and Türkiye İş Bankası A.Ş. Turkey. Contract extensions include National Grid in the UK as well as P&G Wella in Germany and Club de Campo in Spain.

Our exposure to the oil and gas market in the North Sea continues to moderate like for like volumes, and we continue to face a tough economy in France. However, momentum remains positive in Germany and the UK.

Driving operational efficiencies remains a key focus allowing us to reinvest to support the higher levels of growth. Underlying operating profit grew organically by 3.1% to £201 million, before EM & OR restructuring costs, and the underlying operating margin was flat at 7.4%.

Chief Executive's Statement (continued)

Rest of World – 15.8% Group revenue (2015: 18.5%)

	Underlying		Change		
Regional financial summary (Before EM & OR restructuring costs)	**2016**	2015	Reported	Constant currency	Organic
Revenue	**£1,526m**	£1,680m	(9.2)%	1.5%	1.7%
Operating profit	**£97m**	£115m	(15.7)%	(5.8)%	(5.8)%
Operating margin	**6.4%**	6.8%	(40)bps		

For Rest of World, organic revenue growth was 1.7%. Excluding the Offshore & Remote sector, growth was 5% as pricing and new business was partly offset by volume declines in some emerging markets. In Australia, our largest Offshore & Remote business, as expected, revenues declined by 6%. Underlying operating profit, before EM & OR restructuring costs, reduced organically by 5.8% to £97 million. The underlying operating margin was down 40 basis points, in line with expectations, at 6.4%. Excluding Australia, the savings from the restructuring programme, along with pricing and ongoing efficiencies, offset the impact of weak volumes in the Offshore & Remote sector and some emerging markets. In Australia, pricing pressures and site closures are reducing the profitability of our business.

The 6% organic revenue decline in Australia has been driven by pricing pressures, site closures and lower volumes in the Offshore & Remote business. With more construction contracts moving into their production phases during the second half of the year, we expect the pace of organic decline to accelerate through the second half of 2016 and into 2017. However, other sectors continue to perform well and we have won new business with the Melbourne Museum and Apple as well as a food and support services contract with the Canberra University Hospital. Outside of Australia, our other oil and gas related businesses have seen organic revenue declines of 10%. This is expected to continue through the second half of the year.

In Brazil, double digit new business, including contract wins with Vale and Fibria Celulose has been offset by the negative impact on like for like volumes from challenging macroeconomic conditions. Across the rest of Latin America, we continue to see double digit organic growth with contract wins including Banco Estado in Chile and Cerrejón Port in Colombia.

Japan continued to win and retain contracts including the Bank of Japan, Canon HQ, QVC Marine Field, home to the Chiba Lotte Marines baseball team, and various locations for the National College of Technology. Double digit growth in India was driven by wins in the Business & Industry and Healthcare & Seniors sectors, including new food service contracts with Ericsson and Fortis Hospital. However, while still strong, our organic growth in China reflects a less buoyant Chinese economy. We continue to win new contracts including Google in Shanghai.

Solid growth in the Middle East reflects good levels of new business including contracts with the Petroleum Institute, Al Aqaria and WesternGeco.

Chief Executive's Statement (continued)

Strategy

Focus on food

Food is our focus and our core competence. The food service market is estimated to be more than £200 billion; with only around 50% of the market currently outsourced, it represents a significant opportunity. We believe the benefits of outsourcing become increasingly 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.

Our approach to support and multi services is low risk and incremental, with strategies developed on a country by country basis. 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 services business in North America and some 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

We have a truly international business, with operations in around 50 countries.

North America (56% 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 by combining the cost advantage of our scale with a segmented client facing sector approach. The outsourcing culture is vibrant and the addressable market is significant.

The fundamentals of our businesses in Europe (28% 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 has accelerated our organic revenue growth and we continue to see opportunities to deliver efficiencies and make our operations more competitive.

Rest of World (16% of Group revenue) offers excellent long term growth potential. Our largest markets are Australia, Japan and Brazil, and India and China have strong long term growth potential. Lower commodity prices and a weak macroeconomic backdrop have impacted our Offshore & Remote business and some of our emerging markets. We are in the process of restructuring our business where necessary to adapt to the changing market environment, and remain excited about the attractive long term growth prospects of the region.

Sectorised approach

We segment the market and create sectors and sub-sectors to develop customised dining solutions that meet the requirements of a growing range of clients and consumers. Our portfolio of B2B brands enables us to differentiate these propositions and maximise our market coverage, while benefiting from the cost advantages of scale in food procurement and back office costs.

Chief Executive's Statement (continued)

Scale

As we continue to grow, our scale enables us to achieve our goal of being the lowest cost, most efficient provider of food and support services. Scale is a benefit in terms of food procurement, labour management and back office costs. It underpins our competitiveness and enables us to deliver sustainable growth over time.

MAP culture

We speak one common 'MAP' language. All our employees use a simple framework to drive performance across the business. This framework helps us focus on a common set of business drivers, whether it is winning new business in the right sector on the right terms (MAP 1), increasing our consumer participation and spend (MAP 2), reducing our food costs (MAP 3), our labour costs (MAP 4) or our overhead (MAP 5).

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

Reporting dates for 2016

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

28 July 2016	Q3 trading update
22 November 2016	Full year results

Summary and outlook

Compass has had another strong six months. North America continues to deliver excellent growth. Our business in Europe is growing nicely as we are rewarded for our investment in previous years to accelerate growth in the region. In Rest of World, reasonable growth in Business & Industry, Healthcare & Seniors, Education and Sports & Leisure was partly offset by ongoing weakness in Australia, Brazil and our Offshore & Remote sector.

We continue to drive operating efficiencies around the business, which is being reinvested in the growth opportunities we see. The savings from the restructuring are starting to come through, and are offsetting the weakness in Offshore & Remote and some emerging markets. Therefore, margins pre-restructuring were flat.

Our expectations for FY 2016 are positive and unchanged. Our pipeline of new contracts is encouraging and our focus on organic growth, efficiencies and cash 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 growth, margin improvement, as well as continued returns to shareholders through dividends and ongoing share buybacks.

Richard Cousins

Richard Cousins
Group Chief Executive
11 May 2016

Business Review

Financial summary

For the six months ended 31 March *Continuing operations*	**2016**	2015	Increase / (Decrease)
Revenue			
Underlying at constant currency	**£9,666m**	£9,044m	6.9%
Underlying at reported rates	**£9,666m**	£9,062m	6.7%
Reported	**£9,536m**	£8,941m	6.7%
Organic growth	**5.8%**	5.7%	
Total operating profit			
Underlying, before EM & OR restructuring, at constant currency	**£735m**	£691m	6.4%
Underlying at constant currency	**£724m**	£691m	4.8%
Underlying at reported rates	**£724m**	£688m	5.2%
Reported	**£704m**	£674m	4.5%
Organic growth, before EM & OR restructuring	**5.8%**	5.7%	
Operating margin			
Underlying, before EM & OR restructuring, at reported rates	**7.5%**	7.5%	-
Underlying at reported rates	**7.4%**	7.5%	(10)bps
Reported	**7.4%**	7.4%	-
Profit before tax			
Underlying at constant currency	**£677m**	£640m	5.8%
Underlying at reported rates	**£677m**	£637m	6.3%
Reported	**£666m**	£621m	7.2%
Basic earnings per share			
Underlying at constant currency	**30.8p**	28.5p	8.1%
Underlying at reported rates	**30.8p**	28.4p	8.5%
Reported	**30.4p**	27.7p	9.7%
Free cash flow			
Underlying	**£396m**	£323m	22.6%
Reported	**£391m**	£302m	29.5%
Dividends			
Interim dividend per ordinary share	**10.6p**	9.8p	8.2%

Business Review (continued)

Segmental performance

Six months ended 31 March	Underlying revenue		Underlying revenue growth		
	2016	2015		Constant	
	£m	£m	Reported	Currency	Organic
Continuing operations					
North America	**5,418**	4,693	15.4%	10.3%	8.3%
Europe	**2,722**	2,689	1.2%	3.6%	3.7%
Rest of World	**1,526**	1,680	(9.2)%	1.5%	1.7%
Total	**9,666**	9,062	6.7%	6.9%	5.8%

	Underlying operating profit		Underlying operating margin	
	2016	2015	**2016**	2015
	£m	£m	**%**	%
Continuing operations				
North America	**461**	398	**8.5%**	8.5%
Europe	**201**	199	**7.4%**	7.4%
Rest of World	**97**	115	**6.4%**	6.8%
Unallocated overheads	**(32)**	(32)		
Total before associates and EM & OR restructuring	**727**	680	**7.5%**	7.5%
Associates	**8**	8		
Total before EM & OR restructuring	**735**	688		
EM & OR restructuring	**(11)**	-		
Total	**724**	688		

[1] Unless stated otherwise the data shown on pages 1 – 13 relates to the continuing business only.
[2] Definitions of underlying measures of performance can be found in the glossary on page 40.

Business Review (continued)

Revenue

Revenue for the Group increased by 5.8% on an organic basis. New business wins accelerated to 9% driven by a strong performance across the Group and our retention rate remained at 94.5%. Like for like revenue grew by 2.3% reflecting modest price increases and some volume improvements in part of North America and Europe. Underlying revenue at reported rates increased by 6.7%.

Operating profit

Underlying operating profit after restructuring was £724 million (2015: £688 million), an increase of 5.2%. If we restate 2015's profit at the 2016 average exchange rates, it would increase by £3 million to £691 million. On a constant currency basis, underlying operating profit has therefore increased by £33 million, or 4.8%.

EM & OR restructuring

The Group has incurred an £11 million charge in the period as a result of reducing the cost base in our Offshore & Remote business globally and in some emerging markets. The cost relates to headcount reductions (£10 million) and onerous contract provisions (£1 million). Excluding these restructuring costs, underlying operating profit would have been £735 million, an increase of £44 million or 6.4% on a constant currency basis. A further £10-15 million charge is expected in the second half of the year.

Operating margin

We have absorbed increased mobilisation costs to support high levels of organic growth in North America and Europe, the impact of lower like for like volumes in the Offshore & Remote sector and some emerging markets and above average wage pressures. We continue to drive ongoing efficiency initiatives, modest price increases and leverage the overhead base. This has resulted in the underlying operating margin before EM & OR restructuring costs remaining flat at 7.5%. After these restructuring costs, the underlying operating margin declined by 10 basis points.

Finance costs

The underlying net finance cost reduced to £47 million (2015: £51 million) as a result of lower pension interest costs given the increased surplus on the UK scheme. We therefore now expect an underlying net finance cost of around £100 million. This equates to an effective interest rate of around 3.5% on gross debt.

Income tax expense

Income tax expense from continuing operations was £162 million (2015: £155 million).

On an underlying basis, the tax charge was £166 million (2015: £159 million), equivalent to an effective tax rate of 24.5% (2015 FY: 24.5%). We expect the tax rate to be around the same level for the full year. There are significant changes expected in tax legislation in the future, principally the OECD Base Erosion & Profit Share project. When these proposals are finalised we will report on any impact they will have on the Group.

Basic earnings per share

On a constant currency basis, the underlying basic earnings per share were 30.8 pence (2015: 28.5 pence), an increase of 8.1%.

	Attributable profit		Basic earnings per share		
Six months ended 31 March	**2016 £m**	2015 £m	**2016 pence**	2015 pence	Change %
Reported	**500**	462	**30.4**	27.7	9.7%
Adjustments	**7**	14	**0.4**	0.8	
Constant currency underlying	**507**	476	**30.8**	28.5	8.1%

Business Review (continued)

Dividends

In line with our policy, an interim dividend of 10.6 pence per share, an increase of 8.2%, will be paid on 25 July 2016 to shareholders on the register on 24 June 2016.

Free cash flow

Free cash flow from operations totalled £391 million (2015: £302 million). In the first half of 2016, we made cash payments of £5 million relating to the 2012 and 2013 European exceptional programme. Adjusting for this, free cash flow on an underlying basis would have been £396 million (2015: £323 million), an increase of £73 million or 23%. Free cash flow conversion was 55% (2015: 47%).

Underlying gross capital expenditure of £264 million (2015: £234 million), including assets purchased under finance leases of £1 million (2015: £2 million), is equivalent to 2.7% of underlying revenues (2015: 2.6% of underlying revenues). In the second half of the year we will be investing in a camp in our CAMEA region as part of a long term contract extension with an existing client. We therefore expect capex in the full year to be around 3% of underlying revenues.

The working capital outflow of £83 million (2015: £106 million) reflects the seasonality of the business. Looking forward, annual trade working capital movements are expected to average out at a small outflow. In 2016 we will also have a negative impact of around £70 million due to the timing of our payroll run in September in the USA and UK. This will reverse in 2018.

The £21 million outflow (2015: £23 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 around a £50 million per annum outflow.

The net interest outflow was £39 million (2015: £45 million).

The underlying cash tax rate was 17% (2015: 20%). For the full year we expect the cash tax rate to be in the low 20 percent range, reflecting the fact that proportionately more tax payments are made in the second half.

Acquisition payments

The total cash spent on acquisitions in the first half was £144 million (2015: £58 million), including the acquisition of CulinArt in the USA, a Business & Industry and Education business which in their last fiscal year ending 30 June 2015 had revenues of around £160 million. The total cash spend comprises £119 million on infill acquisition, £24 million of deferred consideration relating to previous year acquisitions and £1 million on acquisition transaction costs.

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 surplus at 31 March 2016, calculated in accordance with IAS 19, for all Group defined benefit schemes was £8 million (30 September 2015: £9 million deficit).

Business Review (continued)

Financial position

During the first six months of the year, net debt increased to £2,917 million (30 September 2015: £2,603 million). The Group generated £396 million of underlying free cash flow, including investing £264 million in gross capital expenditure, and spent £144 million on acquisitions. £322 million was paid in respect of the final dividend for 2015 and £72 million returned to shareholders through share buybacks.

The remaining £172 million movement in net debt related predominantly to £161 million currency translation.

Related party transactions

Transactions with related parties have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

Risks and uncertainties

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

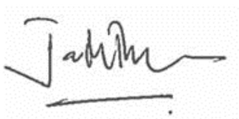
A summary of the principal risks and uncertainties that face the business is set out on page 14.

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 19 of the Consolidated Financial Statements of our 2015 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 longer term contracts with a number of customers 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.

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.



Johnny Thomson
Group Finance Director
11 May 2016

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.

Details of the principal risks facing the Group are included on pages 31-33 of the 2015 Annual Report. These remain unchanged and are expected to continue to be relevant for the remaining six months of this financial year. A summary of the principal risks and uncertainties is set out below:

- Health and safety – 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
- Client and consumer sales and retention – our business relies on securing and retaining a diverse range of clients
- Bidding – each year the Group could bid for a large number of opportunities
- 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 could lead to loss of business
- Competition – we operate in a highly competitive marketplace where aggressive pricing from our competitors could cause a reduction in our revenues and margins
- Recruitment – failure to attract and recruit people with the right skills at all levels could limit the success of the Group
- 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
- Economy – some sectors of our business could be susceptible to adverse changes in economic conditions and employment levels
- Cost inflation – increases in labour or food costs could hamper our ability to deliver the right level of service in the most efficient way
- Political stability – as a global business, our operations and earnings may be adversely affected by political or economic instability
- Compliance and fraud – ineffective compliance management or evidence of fraud could have an adverse effect on the Group's reputation and performance
- Tax compliance – as a Group we operate in an increasingly complex international corporate tax environment. A degree of uncertainty is inevitable and we note in particular the policy efforts being led by the EU and the OECD
- Information systems and technology – the digital world brings risks such as technology failures, loss of confidential data and damage to brand reputation

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. In addition, the geographic, sector and contract diversification of the Group helps to minimise the impact of individual risks on its consolidated results.

Compass Group PLC
Condensed Financial Statements

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
11 May 2016

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.

Compass Group PLC
Condensed Financial Statements (continued)

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 2016 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

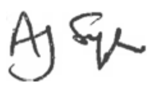
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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 2016 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
11 May 2016

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	Notes	Six months to 31 March 2016 Unaudited £m	Six months to 31 March 2015 Unaudited £m	Year ended 30 September 2015 £m
CONTINUING OPERATIONS				
Combined sales of Group and share of equity accounted joint ventures	3	**9,666**	9,062	17,843
Less: share of sales of equity accounted joint ventures		**(130)**	(121)	(253)
Revenue		**9,536**	8,941	17,590
Operating costs		**(8,853)**	(8,287)	(16,368)
Operating costs, excluding Emerging Markets and Offshore & Remote restructuring		**(8,842)**	(8,287)	(16,342)
Emerging Markets and Offshore & Remote restructuring		**(11)**	-	(26)
Operating profit before joint ventures and associates		**683**	654	1,222
Share of profit after tax of joint ventures and associates	3	**21**	20	39
Operating profit		**704**	674	1,261
Underlying operating profit[1]	3	**724**	688	1,296
Amortisation of intangibles arising on acquisition		**(14)**	(13)	(26)
Acquisition transaction costs		**(1)**	(1)	(2)
Adjustment to contingent consideration on acquisition		**(4)**	1	(5)
Tax on share of profit of joint ventures		**(1)**	(1)	(2)
Loss on disposal of US business		**-**	(1)	(1)
Finance income	4	**4**	2	3
Finance costs	4	**(51)**	(53)	(107)
Other financing items		**9**	(1)	3
Profit before tax		**666**	621	1,159
Income tax expense	5	**(162)**	(155)	(282)
Profit for the period		**504**	466	877
ATTRIBUTABLE TO				
Equity shareholders of the Company		**500**	462	869
Non-controlling interests		**4**	4	8
Profit for the period		**504**	466	877
EARNINGS PER SHARE (PENCE)				
Basic	6	**30.4p**	27.7p	52.3p
Diluted	6	**30.4p**	27.6p	52.2p

[1] 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 2016

	Six months to 31 March		Year ended
	2016 Unaudited £m	2015 Unaudited £m	30 September 2015 £m
Profit for the period	**504**	466	877
Other comprehensive income			
Items that are not subsequently reclassified to profit or loss			
Remeasurement of post-employment benefit obligations - (loss)	**(66)**	(240)	(37)
Return on plan assets, excluding interest income - gain	**74**	255	145
Tax on items relating to the components of other comprehensive income	**(1)**	(2)	(20)
	7	13	88
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	**61**	(19)	(92)
Total other comprehensive profit/(loss) for the period	**68**	(6)	(4)
Total comprehensive income for the period	**572**	460	873

ATTRIBUTABLE TO

Equity shareholders of the Company	**568**	456	865
Non-controlling interests	**4**	4	8
Total comprehensive income for the period	**572**	460	873

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	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 2015	176	182	295	(1)	4,189	(2,904)	13	1,950
Profit for the period	-	-	-	-	-	500	4	504
Other comprehensive income								
Currency translation differences	-	-	-	-	61	-	-	61
Remeasurement of post-employment benefit obligations - loss	-	-	-	-	-	(66)	-	(66)
Return on plan assets, excluding interest income - gain	-	-	-	-	-	74	-	74
Tax on items relating to the components of other comprehensive income	-	-	-	-	-	(1)	-	(1)
Total other comprehensive income	-	-	-	-	61	7	-	68
Total comprehensive income for the period	-	-	-	-	61	507	4	572
Use of own shares to satisfy employee share options	-	-	-	1	-	-	-	1
Fair value of share-based payments	-	-	-	-	8	-	-	8
Tax on items taken directly to equity	-	-	-	-	-	3	-	3
Share buy back[1]	-	-	-	-	-	(72)	-	(72)
Issue of treasury shares to satisfy employee share scheme awards exercised	-	-	-	-	-	2	-	2
Other changes	-	-	-	-	-	-	(1)	(1)
	176	182	295	-	4,258	(2,464)	16	2,463
Dividends paid to Compass shareholders (note 7)	-	-	-	-	-	(322)	-	(322)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4)	(4)
At 31 March 2016	176	182	295	-	4,258	(2,786)	12	2,137

[1] Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Adjustment for minority interest put options reserve £m	Total other reserves £m
At 1 October 2015	179	4,170	7	(161)	(6)	4,189
Other comprehensive income						
Currency translation differences	-	-	-	61	-	61
Total other comprehensive income	-	-	-	61	-	61
Fair value of share-based payments	8	-	-	-	-	8
At 31 March 2016	187	4,170	7	(100)	(6)	4,258

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	Share premium account	Capital redemption reserve	Own shares	Other reserves	Retained earnings	Non-controlling interests	Total
	£m	£m	£m	£m	£m	£m	£m	£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 buy back[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	-	4259	(2,738)	13	2,187
Dividends paid to Compass shareholders (note 7)	-	-	-	-	-	(295)	-	(295)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3)	(3)
At 30 September 2015	177	182	294	-	4,259	(3,033)	10	1,889

[1] Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve	Merger reserve	Revaluation reserve	Translation reserve	Adjustment for minority interest put options reserve	Total other reserves
	£m	£m	£m	£m	£m	£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)
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 30 September 2015	172	4,170	7	(90)	-	4,259

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 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	-	-	-	-	-	869	8	877
Other comprehensive income								
Currency translation differences	-	-	-	-	(92)	-	-	(92)
Remeasurement of post-employment benefit obligations - loss	-	-	-	-	-	(37)	-	(37)
Return on plan assets, excluding interest income - gain	-	-	-	-	-	145	-	145
Tax on items relating to the components of other comprehensive income	-	-	-	-	(1)	(19)	-	(20)
Total other comprehensive income	-	-	-	-	(93)	89	-	(4)
Total comprehensive income for the period	-	-	-	-	(93)	958	8	873
Issue of shares (for cash)	-	2	-	-	-	-	-	2
Fair value of share-based payments	-	-	-	-	15	-	-	15
Tax on items taken directly to equity	-	-	-	-	-	2	-	2
Share buy back[1]	(2)	-	2	-	-	(328)	-	(328)
Issue of treasury shares to satisfy employee share scheme awards exercised	-	-	-	-	-	1	-	1
Release of LTIP award settled by issue of new shares	-	6	-	-	(6)	-	-	-
Other changes	-	-	-	-	(4)	2	2	-
	176	182	295	(1)	4,189	(2,447)	19	2,413
Dividends paid to Compass shareholders (note 7)	-	-	-	-	-	(457)	-	(457)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(6)	(6)
At 30 September 2015	176	182	295	(1)	4,189	(2,904)	13	1,950

[1] Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Adjustment for minority interest put options reserve £m	Total other reserves £m
At 1 October 2014	170	4,170	7	(70)	-	4,277
Other comprehensive income						
Currency translation differences	-	-	-	(92)	-	(92)
Tax on items relating to the components of other comprehensive income	-	-	-	(1)	-	(1)
Total other comprehensive income	-	-	-	(93)	-	(93)
Fair value of share-based payments	15	-	-	-	-	15
Release of LTIP award settled by issue of new shares	(6)	-	-	-	-	(6)
Other changes	-	-	-	2	(6)	(4)
At 30 September 2015	179	4,170	7	(161)	(6)	4,189

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	As at 31 March 2016 Unaudited £m	As at 31 March 2015 Restated Unaudited[1] £m	Year ended 30 September 2015 £m
NON-CURRENT ASSETS				
Goodwill		**3,768**	3,600	3,538
Other intangible assets		**1,293**	1,113	1,130
Property, plant and equipment		**846**	747	764
Interests in joint ventures and associates		**211**	210	203
Other investments		**42**	41	38
Post-employment benefit assets	9	**8**	-	-
Trade and other receivables		**81**	71	71
Deferred tax assets*		**162**	247	182
Derivative financial instruments**		**105**	73	58
Non-current assets		**6,516**	6,102	5,984
CURRENT ASSETS				
Inventories		**316**	287	282
Trade and other receivables		**2,373**	2,151	2,115
Tax recoverable*		**60**	33	64
Cash and cash equivalents**	12	**356**	336	283
Derivative financial instruments**		**19**	14	19
Current assets		**3,124**	2,821	2,763
Total assets		**9,640**	8,923	8,747
CURRENT LIABILITIES				
Short term borrowings[1]**		**(566)**	(301)	(247)
Derivative financial instruments**		**(9)**	(2)	(7)
Provisions	8	**(129)**	(143)	(136)
Current tax liabilities*		**(190)**	(166)	(169)
Trade and other payables[1]		**(3,405)**	(3,098)	(3,157)
Current liabilities		**(4,299)**	(3,710)	(3,716)
NON-CURRENT LIABILITIES				
Long term borrowings**		**(2,816)**	(2,752)	(2,684)
Derivative financial instruments**		**(6)**	(41)	(25)
Post-employment benefit obligations	9	**-**	(141)	(9)
Provisions	8	**(269)**	(284)	(251)
Deferred tax liabilities*		**(37)**	(39)	(28)
Trade and other payables		**(76)**	(67)	(84)
Non-current liabilities		**(3,204)**	(3,324)	(3,081)
Total liabilities		**(7,503)**	(7,034)	(6,797)
Net assets		**2,137**	1,889	1,950
EQUITY				
Share capital		**176**	177	176
Share premium account		**182**	182	182
Capital redemption reserve		**295**	294	295
Less: Own shares		**-**	-	(1)
Other reserves		**4,258**	4,259	4,189
Retained earnings		**(2,786)**	(3,033)	(2,904)
Total equity shareholders' funds		**2,125**	1,879	1,937
Non-controlling interests		**12**	10	13
Total equity		**2,137**	1,889	1,950

* Component of current and deferred taxes. ** Component of net debt.
[1] Balance at 31 March 2015 has been restated to reflect a reclassification between other payables and short term borrowings.

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	Notes	Six months to 31 March 2016 Unaudited £m	Six months to 31 March 2015 Unaudited £m	Year ended 30 September 2015 £m
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated from operations	11	**782**	694	1,476
Interest paid		**(42)**	(47)	(96)
Tax received		**2**	5	19
Tax paid		**(114)**	(132)	(261)
Net cash from operating activities		**628**	520	1,138
CASH FLOW FROM OPERATING ACTIVITIES				
Purchase of subsidiary companies and investments in associated undertakings[1]		**(144)**	(58)	(89)
Proceeds from sale of subsidiary companies and associated undertakings[1]		**1**	4	3
Purchase of intangible assets		**(113)**	(101)	(222)
Purchase of property, plant and equipment[2]		**(150)**	(130)	(282)
Proceeds from sale of property, plant and equipment/intangible assets		**12**	11	28
Purchase of other investments		**-**	(1)	(1)
Proceeds from sale of other investments		**1**	-	1
Dividends received from joint ventures and associates		**14**	4	27
Interest received		**3**	2	3
Net cash used in investing activities		**(376)**	(269)	(532)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of ordinary share capital		**-**	2	2
Purchase of own shares[3]		**(72)**	(139)	(328)
Receipts from issue of treasury shares to satisfy employee share scheme awards exercised		**2**	-	1
Increase in borrowings	12	**395**	384	334
Decrease in borrowings	12	**(196)**	(273)	(250)
Repayment of obligations under finance leases	12	**(2)**	(3)	(5)
Equity dividends paid	7	**(322)**	(295)	(457)
Dividends paid to non-controlling interests		**(4)**	(3)	(6)
Net cash used in financing activities		**(199)**	(327)	(709)
CASH AND CASH EQUIVALENTS				
Net increase/(decrease) in cash and cash equivalents	12	**53**	(76)	(103)
Cash and cash equivalents at beginning of the year	12	**283**	408	408
Currency translation gains/(losses) on cash and cash equivalents	12	**20**	4	(22)
Cash and cash equivalents at end of the period		**356**	336	283

[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)

RECONCILIATION OF FREE CASH FLOW FROM CONTINUING OPERATIONS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	Six months to 31 March		Year ended
	2016 Unaudited	2015 Unaudited	30 September 2015
	£m	£m	£m
Net cash from operating activities	**628**	520	1,138
Purchase of intangible assets	**(113)**	(101)	(222)
Purchase of property, plant and equipment	**(150)**	(130)	(282)
Proceeds from sale of property, plant and equipment/intangible assets	**12**	11	28
Purchase of other investments	**-**	(1)	(1)
Proceeds from sale of other investments	**1**	-	1
Dividends received from joint ventures and associated undertakings	**15**	4	27
Interest received	**3**	2	3
Dividends paid to non-controlling interests	**(5)**	(3)	(6)
Free cash flow from operations	**391**	302	686
Add back: Europe & Japan cash restructuring costs in the period	**5**	21	36
Underlying free cash flow	**396**	323	722

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

1 BASIS OF PREPARATION

The unaudited condensed financial statements for the six months ended 31 March 2016 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 2016.

The unaudited condensed financial statements for the six months ended 31 March 2016, which were approved by the Board on 11 May 2016 and the comparative information in relation to the year ended 30 September 2015, 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 2015. Those accounts have been reported upon by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor 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 2015. The following accounting standards, interpretations and amendments have been adopted by the Group in the current period:

Amendments to IAS 19 - Defined benefit plans: Employee contributions
Improvements to IFRS 2010-2012 Cycle
Improvements to IFRS 2011-2013 Cycle

There is no material impact on this interim financial report as a result of adopting these new standards.

The following accounting standards, interpretations and amendments that are applicable to the Group have been issued by the IASB but had either not been adopted by the European Union or were not yet effective in the European Union at 31 March 2016. The Group is currently analysing the impact these standards would have on its consolidated results and financial position.

IFRS 9 - Financial instruments
IFRS 15 - Revenues from contracts with customers
IFRS 16 - Leases
Amendments to IAS 1 - Disclosure initiative
Amendments to IAS 7 - Disclosure initiative
Amendments to IAS 12 - Recognition of deferred tax assets from unrealised losses
Amendments to IAS 16 and 38 - Clarification of acceptable methods of depreciation and amortisation
Amendments to IAS 27 - Equity method in separate financial statements
Amendments to IFRS 11 - Accounting for acquisitions of interests of joint operations
Improvements to IFRS - 2012-2014 Cycle

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 2015.

2 SEASONALITY OF OPERATIONS

Overall, seasonality is not a significant factor across the Group. However, within individual sectors and geographies we do see some seasonal effects.

Revenues in the Education sector are lower outside term time and activity in the Business & Industry sector in Europe slows down throughout the summer.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2016

3 SEGMENTAL REPORTING

REVENUE[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Total £m
SIX MONTHS ENDED 31 MARCH 2016[2,3]				
Combined sales of Group and share of equity accounted joint ventures	**5,418**	**2,722**	**1,526**	**9,666**
SIX MONTHS ENDED 31 MARCH 2015[2,3,4]				
Combined sales of Group and share of equity accounted joint ventures	4,693	2,689	1,680	9,062
YEAR ENDED 30 SEPTEMBER 2015[2,3,4]				
Combined sales of Group and share of equity accounted joint ventures	9,361	5,192	3,290	17,843

REVENUE[1]	Sectors Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	Total £m
SIX MONTHS ENDED 31 MARCH 2016						
Combined sales of Group and share of equity accounted joint ventures	**3,589**	**1,919**	**2,126**	**1,139**	**893**	**9,666**
SIX MONTHS ENDED 31 MARCH 2015						
Combined sales of Group and share of equity accounted joint ventures	3,413	1,753	1,900	983	1,013	9,062
YEAR ENDED 30 SEPTEMBER 2015						
Combined sales of Group and share of equity accounted joint ventures	6,743	3,139	3,847	2,138	1,976	17,843

[1] There is no inter-segmental trading.

[2] This is the revenue measure considered by the chief operating decision maker.

[3] Continuing revenue from external customers arising in the UK, the Group's country of domicile, was £993 million (six months to 31 March 2015: £932 million, year ended 30 September 2015: £1,912 million). Continuing revenue from external customers arising in the US was £5,006 million (six months to 31 March 2015: £4,265 million, year ended 30 September 2015: £8,557 million). Continuing revenue from external customers arising in all foreign countries from which the Group derives revenue was £8,673 million (six months to 31 March 2015: £8,130 million, year ended 30 September 2015: £15,931 million).

[4] 2015 has been restated to reflect a realignment of the Group's regional reporting structure.

RESULT	Geographical segments North America £m	Europe £m	Rest of World £m	Central Activities £m	Total £m
SIX MONTHS ENDED 31 MARCH 2016					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	**461**	**201**	**83**	**(32)**	**713**
Add: Share of profit before tax of joint ventures	**-**	**-**	**14**	**-**	**14**
Underlying operating profit before associates and Emerging Markets and Offshore & Remote restructuring	**461**	**201**	**97**	**(32)**	**727**
Add: Share of profit of associates	**5**	**3**	**-**	**-**	**8**
Underlying operating profit before Emerging Markets and Offshore & Remote restructuring	**466**	**204**	**97**	**(32)**	**735**
Less: Emerging Markets and Offshore & Remote restructuring[1]	**-**	**(3)**	**(8)**	**-**	**(11)**
Underlying operating profit[2]	**466**	**201**	**89**	**(32)**	**724**

[1] The Group has incurred charges resulting from the restructuring and downturn in the trading conditions of its Emerging Markets and Offshore & Remote activities which include headcount reductions (£10 million) and onerous contract provisions (£1 million).
[2] Underlying operating profit is the profit measure considered by the chief operating decision maker.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2016

3 SEGMENTAL REPORTING (CONTINUED)

RESULT	Geographical segments North America £m	Europe £m	Rest of World £m	Central Activities £m	Total £m
SIX MONTHS ENDED 31 MARCH 2015[1]					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	398	198	103	(32)	667
Add: Share of profit before tax of joint ventures	-	1	12	-	13
Underlying operating profit before associates and Emerging Markets and Offshore & Remote restructuring	398	199	115	(32)	680
Add: Share of profit of associates	4	4	-	-	8
Underlying operating profit[2]	402	203	115	(32)	688

[1] 2015 has been restated to reflect a realignment of the Group's regional reporting structure.
[2] Underlying operating profit is the profit measure considered by the chief operating decision maker.

RESULT	Geographical segments North America £m	Europe £m	Rest of World £m	Central Activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2015[1]					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	759	372	216	(66)	1,281
Add: Share of profit before tax of joint ventures	1	2	25	-	28
Underlying operating profit before associates and Emerging Markets and Offshore & Remote restructuring	760	374	241	(66)	1,309
Add: Share of profit of associates	8	5	-	-	13
Underlying operating profit before Emerging Markets and Offshore & Remote restructuring	768	379	241	(66)	1,322
Less: Emerging Markets and Offshore & Remote restructuring[2]	-	(3)	(18)	(5)	(26)
Underlying operating profit[2,3]	768	376	223	(71)	1,296

[1] 2015 has been restated to reflect a realignment of the Group's regional reporting structure.
[2] The Group has incurred charges resulting from the restructuring and downturn in the trading conditions of its Emerging Markets and Offshore & Remote activities which include headcount reductions (£17 million) and onerous contract provisions (£9 million).
[3] Underlying operating profit is the profit measure considered by the chief operating decision maker.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

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 2016 £m	Six months to 31 March 2015 £m	Year ended 30 September 2015 £m
FINANCE INCOME			
Bank interest	**3**	2	3
Interest on net post-employment benefit obligations	**1**	-	-
Total finance income	**4**	2	3
FINANCE COSTS			
Interest on bank loans and overdrafts	**13**	8	13
Interest on other loans	**35**	41	82
Finance lease interest	**1**	1	1
Interest on bank loans, overdrafts, other loans and finance leases	**49**	50	96
Unwinding of discount on provisions	**2**	1	6
Interest on net post-employment benefit obligations	**-**	2	5
Total finance costs	**51**	53	107

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

5 TAX

RECOGNISED IN THE INCOME STATEMENT: INCOME TAX EXPENSE ON CONTINUING OPERATIONS	Six months to 31 March 2016 £m	Six months to 31 March 2015 £m	Year ended 30 September 2015 £m
CURRENT TAX			
Current year	**171**	158	284
Adjustment in respect of prior years	**(18)**	(5)	(24)
Current tax expense	**153**	153	260
DEFERRED TAX			
Current year	**2**	3	12
Impact of changes in statutory tax rates	**4**	1	1
Adjustment in respect of prior years	**3**	(2)	9
Deferred tax expense	**9**	2	22
TOTAL INCOME TAX			
Income tax expense on continuing operations	**162**	155	282

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 £38 million (31 March 2015: £46 million, 30 September 2015: £39 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)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

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 the amortisation of intangible assets arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, 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.

	Six months to 31 March		Year ended 30 September
ATTRIBUTABLE PROFIT	**2016 £m**	2015 £m	2015 £m
Profit for the period attributable to equity shareholders of the Company	**500**	462	869
Amortisation of intangible assets arising on acquisition (net of tax)	**9**	10	20
Acquisition transaction costs (net of tax)	**1**	1	1
Adjustment to contingent consideration on acquisition (net of tax)	**5**	(1)	3
Loss on disposal of US business (net of tax)	**-**	1	1
Hedge accounting ineffectiveness (net of tax)	**(7)**	1	(2)
Profit from change in the fair value of investments (net of tax)	**(1)**	-	-
Underlying attributable profit for the year from operations	**507**	474	892

	Six months to 31 March		Year ended 30 September
AVERAGE NUMBER OF SHARES (MILLIONS OF ORDINARY SHARES)	**2016 Ordinary shares of $10^{5/8}$p each millions**	2015 Ordinary shares of $10^{5/8}$p each millions	2015 Ordinary shares of $10^{5/8}$p each millions
Average number of shares for basic earnings per share	**1,645**	1,668	1,662
Dilutive share options	**2**	4	4
Average number of shares for diluted earnings per share	**1,647**	1,672	1,666

	Six months to 31 March		Year ended 30 September
	2016 Earnings per share pence	2015 Earnings per share pence	2015 Earnings per share pence
BASIC EARNINGS PER SHARE (PENCE)			
From operations	**30.4**	27.7	52.3
Amortisation of intangible assets arising on acquisition (net of tax)	**0.5**	0.6	1.2
Acquisition transaction costs (net of tax)	**0.1**	0.1	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**0.3**	(0.1)	0.2
Loss on disposal of US business (net of tax)	**-**	0.1	0.1
Hedge accounting ineffectiveness (net of tax)	**(0.4)**	-	(0.2)
Profit from change in the fair value of investments (net of tax)	**(0.1)**	-	-
From underlying operations	**30.8**	28.4	53.7
DILUTED EARNINGS PER SHARE (PENCE)			
From operations	**30.4**	27.6	52.2
Amortisation of intangible assets arising on acquisition (net of tax)	**0.5**	0.6	1.2
Acquisition transaction costs (net of tax)	**0.1**	0.1	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**0.3**	(0.1)	0.2
Loss on disposal of US businesses (net of tax)	**-**	0.1	0.1
Hedge accounting ineffectiveness (net of tax)	**(0.4)**	-	(0.2)
Profit from change in the fair value of investments (net of tax)	**(0.1)**	-	-
From underlying operations	**30.8**	28.3	53.6

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

7 DIVIDENDS

The interim dividend of 10.6 pence per share (2015: 9.8 pence per share), £174 million in aggregate[1], is payable on 25 July 2016 to shareholders on the register at the close of business on 24 June 2016. 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 2016 £m	Six months to 31 March 2015 £m	Year ended 30 September 2015 £m
Amounts recognised as distributions to equity shareholders during the year:			
Final 2014 - 17.7p per share	**-**	295	295
Interim 2015 - 9.8p per share	**-**	-	162
Final 2015 - 19.6p per share	**322**	-	-
Total dividends	**322**	295	457

[1] Based on the number of ordinary shares, excluding treasury shares, in issue at 31 March 2016 (1,644 million shares).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

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 2016 £m	Total 2015 £m	Year ended 30 September 2015 Total £m
	Six months to 31 March								
Brought forward	**242**	**45**	**20**	**44**	**14**	**22**	**387**	438	438
Reclassified	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(1)	(1)
Expenditure in the year	**(2)**	**-**	**(6)**	**(6)**	**(5)**	**(1)**	**(20)**	(33)	(58)
Charged to income statement	**5**	**3**	**-**	**4**	**1**	**1**	**14**	17	44
Credited to income statement	-	**-**	**-**	**-**	**(3)**	**(1)**	**(4)**	(9)	(42)
Business acquisitions	**-**	**-**	**-**	**1**	**-**	**-**	**1**	-	-
Business disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	(2)
Unwinding of discount on provisions	**2**	**-**	**-**	**-**	**-**	**-**	**2**	1	6
Currency adjustment	**12**	**-**	**-**	**4**	**1**	**1**	**18**	14	2
Carried forward	**259**	**48**	**14**	**47**	**8**	**22**	**398**	427	387

	Six months to 31 March 2016 £m	2015 £m	Year ended 30 September 2015 £m
Current	**129**	143	136
Non-current	**269**	284	251
Total provisions	**398**	427	387

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. These 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)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

9 POST-EMPLOYMENT BENEFIT ASSETS/(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 22 of the Company's Annual Report for the year ended 30 September 2015. Disclosures showing the assets and liabilities of the schemes are set out below.

POST-EMPLOYMENT BENEFIT ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET	Six months to 31 March					Year ended
	UK £m	USA £m	Other £m	Total 2016 £m	Total 2015 £m	30 September 2015 £m
Present value of defined benefit obligations	**(2,015)**	**(442)**	**(181)**	**(2,638)**	(2,762)	(2,531)
Fair value of plan assets	**2,224**	**329**	**93**	**2,646**	2,621	2,522
Post-employment benefit assets/(obligations) recognised in the balance sheet	**209**	**(113)**	**(88)**	**8**	(141)	(9)

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

10 BUSINESS COMBINATIONS

On 26 February 2016 Compass Group USA, Inc. purchased 100% of the issued share capital of CulinArt for a total consideration of £105 million. CulinArt operates mainly in the North East and mid-Atlantic areas of the US, primarily in the Business & Industry and Education sectors.

In addition to the above, the Group has completed a number of small infill acquisitions in several countries for a total consideration of £37 million.

	Acquisitions Book value £m	Acquisitions Fair value £m
Net assets acquired		
Contract-related and other intangibles arising on acquisition	7	85
Property, plant and equipment	1	1
Inventories	2	2
Trade and other receivables	19	19
Cash and cash equivalents	6	6
Trade and other payables	(25)	(25)
Deferred tax liabilities	(23)	(23)
Net assets acquired	(13)	65
Goodwill arising on acquisition		77
Total consideration		142
Satisfied by		
Cash consideration		125
Deferred consideration[1]		17
		142
Cash flow		
Cash consideration		125
Cash acquired		(6)
Acquisition transaction costs		1
Net cash outflow arising on acquisition		120
Deferred consideration and other payments relating to previous acquisitions		24
Total cash outflow arising from the purchase of subsidiary companies and investments in associated undertakings		144

[1] Deferred consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. The actual amount paid can vary from the estimate depending on the terms of the transaction and, for example, the actual performance of the acquired business.

Adjustments made to the fair value of assets acquired include the value of intangible assets, provisions and other adjustments recognised on acquisition in accordance with International Financial Reporting Standard 3 'Business Combinations' (revised 2008). The adjustments made in respect of the acquisitions in the six months to 31 March 2016 are provisional and will be finalised within 12 months of the acquisition date.

The goodwill arising on the acquisition of the businesses represents the premium the Group paid to acquire companies which complement the existing business and create significant opportunities for cross selling and other synergies. Of the goodwill arising, substantially all is expected to be deductible for tax purposes.

Acquisition transaction costs expensed in the six months to 31 March 2016 were £1 million (2015: £1 million).

In the period from acquisition to 31 March 2016, the acquisitions contributed revenue of £15 million and operating profit of £nil to the Group's results.

If the acquisitions had occurred on 1 October 2015, combined sales of Group and share of equity accounted joint ventures for the period would have been £9,751 million and total Group operating profit would have been £708 million.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

11 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	Six months to 31 March		Year ended 30 September
	2016 £m	2015 £m	2015 £m
Operating profit	**683**	654	1,222
Adjustments for:			
Acquisition transaction costs	**1**	1	2
Amortisation of intangible assets	**85**	73	147
Amortisation of intangible assets arising on acquisition	**14**	13	26
Depreciation of property, plant and equipment	**104**	98	193
Loss on disposal of property, plant and equipment/intangible assets	**1**	1	3
Decrease in provisions	**(10)**	(25)	(56)
Decrease in post-employment benefit obligations	**(21)**	(23)	(59)
Share-based payments - charged to profits	**8**	8	15
Operating cash flows before movement in working capital	**865**	800	1,493
Increase in inventories	**(15)**	(12)	(17)
Increase in receivables	**(96)**	(75)	(128)
Increase/(decrease) in payables	**28**	(19)	128
Cash generated from operations	**782**	694	1,476

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

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								
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 2016 £m	Net debt 2015 [1] £m	Year ended 30 September 2015 [1] £m
Brought forward	**283**	**(59)**	**(2,859)**	**(2,918)**	**(13)**	**45**	**(2,603)**	(2,371)	(2,371)
Net increase/(decrease) in cash and cash equivalents	**53**	**-**	**-**	**-**	**-**	**-**	**53**	(76)	(103)
Cash outflow/(inflow) from issue of loan notes	**-**	**-**	**110**	**110**	**-**	**-**	**110**	(258)	(259)
Cash outflow from repayment of bonds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	250	250
Cash inflow from bank loans	**-**	**-**	**(394)**	**(394)**	**-**	**-**	**(394)**	-	-
Cash outflow/(inflow) from other changes in gross debt	**-**	**8**	**(1)**	**7**	**-**	**78**	**85**	(103)	(75)
Cash outflow from repayment of obligations under finance leases	**-**	**-**	**-**	**-**	**2**	**-**	**2**	3	5
Increase in net debt as a result of new finance leases taken out	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**	(2)	(2)
Currency translation gains/(losses)	**20**	**(5)**	**(149)**	**(154)**	**(1)**	**(26)**	**(161)**	(105)	(46)
Other non-cash movements	**-**	**-**	**(20)**	**(20)**	**-**	**12**	**(8)**	(11)	(2)
Carried forward	**356**	**(56)**	**(3,313)**	**(3,369)**	**(13)**	**109**	**(2,917)**	(2,673)	(2,603)

[1] 2015 brought forward balance has been restated to reflect a classification between other payables and short term borrowings.

Other non-cash movements are comprised as follows:

Other non-cash movements in net debt	Six months to 31 March 2016 £m	Six months to 31 March 2015 £m	Year ended 30 September 2015 £m
Amortisation of fees and discount on issuance	**(1)**	(1)	(1)
Changes in the fair value of bank and other borrowings in a designated fair value hedge	**(19)**	(34)	(26)
Bank and other borrowings	**(20)**	(35)	(27)
Changes in the value of derivative financial instruments including accrued income	**12**	24	25
Other non-cash movements	**(8)**	(11)	(2)

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

13 CONTINGENT LIABILITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	As at 31 March 2016 £m	As at 31 March 2015 £m	Year ended 30 September 2015 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**352**	387	349

[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 14.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

14 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 2015, details of which can be found in note 30 of the 2015 Annual Report.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

15 POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

16 EXCHANGE RATES

	Six months to 31 March		Year ended 30 September
	2016	2015	2015
AVERAGE EXCHANGE RATE FOR THE PERIOD[1]			
Australian Dollar	**2.04**	1.89	1.98
Brazilian Real	**5.73**	4.18	4.66
Canadian Dollar	**1.98**	1.85	1.90
Euro	**1.34**	1.31	1.35
Japanese Yen	**174.46**	181.31	184.31
Norwegian Krone	**12.65**	11.32	11.82
South African Rand	**21.79**	17.83	18.60
Swedish Krona	**12.45**	12.21	12.58
Swiss Franc	**1.46**	1.49	1.48
Turkish Lira	**4.30**	3.68	3.96
UAE Dirham	**5.40**	5.71	5.69
US Dollar	**1.47**	1.55	1.55
CLOSING EXCHANGE RATE AS AT THE END OF THE PERIOD[1]			
Australian Dollar	**1.87**	1.94	2.16
Brazilian Real	**5.09**	4.74	6.03
Canadian Dollar	**1.86**	1.88	2.03
Euro	**1.26**	1.38	1.36
Japanese Yen	**161.55**	178.03	181.42
Norwegian Krone	**11.89**	11.96	12.92
South African Rand	**21.14**	17.99	20.94
Swedish Krona	**11.65**	12.80	12.70
Swiss Franc	**1.38**	1.44	1.48
Turkish Lira	**4.05**	3.85	4.59
UAE Dirham	**5.28**	5.45	5.56
US Dollar	**1.44**	1.48	1.51

[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.

Glossary of terms

Constant currency	Restates the prior year results to current year's average exchange rates.
Underlying revenue	The combined sales of Group and share of equity accounted joint ventures.
Underlying operating profit	Includes share of profit after tax of associates and joint ventures but excludes some specific adjusting items.
Underlying operating margin	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.
Underlying net finance cost	Excludes hedge accounting ineffectiveness.
Underlying profit before tax	Excludes specific adjusting items.
Underlying tax	Excludes tax attributable to specific adjusting items.
Underlying effective tax rate	Based on underlying tax charge and underlying profit before tax.
Underlying basic earnings per share	Excludes specific adjusting items and the tax attributable to those items.
Underlying free cash flow	Adjusted for cash restructuring costs in the year relating to the 2012 and 2013 European exceptional programme.
Underlying cash tax rate	Based on underlying tax paid/received and underlying profit before tax.
Underlying gross capex	Based on Group and share of equity accounted joint ventures capex spend and revenue.
Organic revenue growth	Calculated by adjusting underlying revenue for acquisitions (excluding current year acquisitions and including a full year in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior year at current year exchange rates) and compares the current year results against the prior year. In addition, where applicable, a 53rd week has been excluded from the current year underlying revenue.
Organic operating profit growth	Calculated by adjusting underlying operating profit for acquisitions (excluding current year acquisitions and including a full year in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior year at current year exchange rates) and compares the current year results against the prior year. In addition, where applicable, a 53rd week has been excluded from the current year underlying operating profit.
Specific adjusting items	- 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 businesses - hedge accounting ineffectiveness
EM & OR restructuring	Emerging markets and Offshore & Remote restructuring.