COMPASS GROUP

Half year results announcement for the six months ended 31 March 2017

	Underlying[1] results			Statutory results		
	HY 2017	HY 2016	Change	HY 2017	HY 2016	Change
Revenue	£11.6 billion	£11.2 billion[2]	+3.6%[3]	£11.5 billion	£9.5 billion	+20.3%
Operating profit	£894 million	£850 million[2]	+5.2%[2]	£877 million	£704 million	+24.6%
Operating margin	7.6%	7.4%	+20bps	7.6%	7.4%	+20bps
Earnings per share	37.9 pence	36.4 pence[2]	+4.1%[2]	37.5 pence	30.4 pence	+23.4%
Free cash flow	£502 million	£396 million	+26.8%			
Interim dividend per share	11.2 pence	10.6 pence	+5.7%	11.2 pence	10.6 pence	+5.7%

[1] Full details of the underlying results can be found on pages 33 - 35.
[2] Measured on a constant currency basis.
[3] Organic revenue growth.

Compass reports a good start to the year and proposes a £1bn special dividend. Organic revenue grew by 3.6% and operating margin improved by 20 basis points. Full year expectations remain positive and unchanged.

Organic revenue growth of 3.6%

- Growth in Q2 accelerated compared with Q1
- Another strong six months in North America with organic revenue up 7.1%
- Improving trends in Europe with organic revenue up 1.6%
- Rest of World declined by 5.1% organically, but grew 2.6% excluding Offshore & Remote

Margin up 20bps

- The Management and Performance (MAP) programme continues to drive operating efficiencies
- Margin improvement aided by the end of restructuring plan in Offshore & Remote

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

- Free cash flow of £502 million, up 26.8% on H1 2016
- Proposed interim dividend up 5.7%
- Remain committed to ongoing returns to shareholders with a proposed £1bn special dividend

Statutory results

- On a statutory basis, revenue, operating profit and earnings per share benefitted by over 15% from the translational effect of weaker sterling

Chief Executive's Statement

Richard Cousins, Group Chief Executive, said:

"Compass had a good six months, with the business performing as expected. North America continues to deliver excellent growth and trends in Europe are improving. In Rest of World, reasonable growth in Business & Industry, Healthcare and Education was offset by ongoing weakness in Brazil and our Offshore & Remote sector.

We continue to drive operating efficiencies around the business which, combined with the end of the restructuring in our Offshore and Remote business, resulted in margin improvement of 20bps in the period.

Given our excellent cash generation and the strength of the business, we are announcing a £1 billion special dividend. This reflects our commitment to return surplus cash to shareholders whilst maintaining an efficient balance sheet.

Our expectations for FY 2017 are positive and unchanged, with growth weighted to the second half. 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."

Results presentation today

The results presentation for investors and analysts is being held today, Wednesday 10th May 2017, at 9 a.m. at Bank of America Merrill Lynch, 2 King Edward Street, London EC1A 1HQ. A live webcast of the results presentation will be broadcast today at 9 a.m., accessible via the Company's website, www.compass-group.com. At the end of the presentation you will be able to participate in a question and answer session by dialling:

UK Toll Number:	+44 (0) 203 139 4830
UK Toll-Free Number:	+44 (0) 808 237 0030
US Toll Number:	+1 718 873 9077
US Toll-Free Number:	+1 866 928 7517
Participant PIN Code:	94454716#

Financial calendar

Ex-dividend date for 2017 interim dividend	18 May 2017
Record date for 2017 interim dividend	19 May 2017
2017 interim dividend payment	19 June 2017
Q3 Trading Update	26 July 2017
Full year results	21 November 2017

Enquiries

Investors	Sandra Moura	+44 1932 573 000
Press	Gordon Simpson, Finsbury	+44 207 251 3801
Website	www.compass-group.com	

Legal Entity Identifier (LEI) No. 2138008M6MH9OZ6U2T68

Chief Executive's Statement (continued)

Basis of preparation

Throughout the Interim Results Announcement, and consistent with prior years, underlying measures are used to describe the Group's performance. These are not recognised under IFRS or other generally accepted accounting practice (GAAP).

The Executive Board of the Group manages and assesses the performance of the business on these measures and believes they are more representative of ongoing trading, facilitate meaningful year on year comparisons, and hence provide more useful information to shareholders. All underlying measures are defined in the glossary of terms on page 37.

A summary of the adjustments from statutory results to underlying results is shown in note 9 on pages 33 to 34 and further detailed in the condensed income statement (page 16), reconciliation of free cash flow (page 23), note 2 segmental reporting (pages 25 to 26) and note 10 organic revenue and organic profit (page 35).

Group overview

Revenue grew by 20% on a statutory basis, 16% of which was the benefit of currency translation. On an organic basis it increased by 3.6%. New business wins were 8.1% driven by strong MAP 1 (client sales and marketing) performance in most countries, our retention rate was 94.3% as a result of our ongoing focus and investment while like for like revenue grew by 1.2% reflecting sensible price increases and weak volumes in our commodity related business and in Brazil.

Operating profit grew by 25%, with 18% a result of foreign currency translations. Underlying operating profit increased by 5.2% on a constant currency basis. The operating profit margin increased by 20 basis points as we continue to drive efficiencies across the business using our Management and Performance (MAP) framework. We benefitted from the end of the restructuring plan in the Emerging Markets and Offshore & Remote last year and the absence of these costs this year. 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 overheads). These efficiencies combined with modest pricing increases enabled us to offset inflation pressures and reinvestment to support the exciting growth opportunities we see around the world.

Returns to shareholders continue to be an integral part of our business model. As a result of continued strong cash flow generation, the Group proposes a shareholder return by way of a special dividend of £1 billion (61 pence per share) expected to be paid in July and an interim dividend of 11.2 pence per share (up 5.7%). In the first half, we have also bought back £18 million of shares. Our leverage policy remains unchanged: to maintain strong investment grade credit ratings, returning any surplus cash to shareholders to target net debt to EBITDA of around 1.5x.

Chief Executive's Statement (continued)

Regional performances

North America – 58.5% Group revenue (2016: 56.0%)

Regional financial summary	Underlying 2017	Underlying 2016	Change Reported rates	Change Constant currency	Change Organic
Revenue	**£6,792m**	£5,418m	25.4%	6.6%	7.1%
Regional operating profit	**£580m**	£461m	25.8%	7.0%	7.6%
Regional operating margin	**8.5%**	8.5%	-		

Our North American business has delivered another strong performance with organic revenue growth of 7.1%. This was driven by good new business wins and an excellent retention rate. Like for like revenues were positive with good pricing and broadly flat volumes across the business - with the exception of the Offshore & Remote sector which continues to be weak. The half year benefitted from the positive impact of Easter, which more than offset the negative impact of the 2016 Leap year. The quarterly impact of Easter is estimated to be between 0.5% and 1%.

Strong net new business in our core Eurest sub-sector drove solid organic growth in our Business & Industry sector. New contract wins include Verizon and Comcast.

Organic revenue growth in Healthcare & Seniors was driven by good levels of new business. New contract wins included the Mayo Foundation, Texas Children's Hospital and Richfield Living.

The Education sector has enjoyed solid levels of net new business with contract wins including food service contracts with the Darden School of Business and Wichita Fall ISD, as well as a support services contract with Dekalb County ISD.

In our Sports & Leisure business, excellent retention and some improvements in like for like volumes continue to drive organic revenue growth. Contract wins include the Nassau Veterans Memorial Coliseum and the Toledo Mud Hens stadium.

Our Offshore & Remote business – which is small at around 2% of revenues – saw a 5.7% decline in organic revenue due to continued volume and pricing pressures. However, the rate of decline is reducing and new contracts continue to be won, including additional business with Shell.

Underlying operating profit of £580 million increased by 7.0% (£38 million) on a constant currency basis. Margins were unchanged as the benefits of ongoing efficiency initiatives across MAPs 3 and 4, sensible price increases and leverage of the overhead base were largely offset by the continued weakness in our Offshore & Remote business, above average labour inflation and the dilutive impact of the CulinArt acquisition.

Chief Executive's Statement (continued)

Europe – 26.0% Group revenue (2016: 28.2%)

Regional financial summary	Underlying 2017	Underlying 2016	Change Reported rates	Change Constant currency	Change Organic
Revenue	**£3,023m**	£2,722m	11.1%	1.6%	1.6%
Regional operating profit	**£226m**	£201m	12.4%	2.3%	2.3%
Regional operating margin	**7.5%**	7.4%	10bps		

Organic revenue in Europe grew by 1.6% reflecting good levels of new business and the benefit of pricing in some countries, partly offset by the negative impact of contract closures seen in the second half of 2016. In addition, the first half of the year has benefitted by the timing of Easter partially offset by the negative impact of the 2016 Leap year. The quarterly impact of Easter is estimated at around 2.5% percent.

Our new business performance reflects good levels of wins in Turkey, Iberia and Central & Eastern Europe. New contracts include the Institut Pasteur in France, Residencias Sanyres in Spain, Aston Villa Football Club in the UK, Jacobs Douwe Egberts in the Netherlands and Carrefour in Turkey. Contract extensions include Siemens Real Estate in Denmark, Prosafe in Norway, ENI Headquarters in Italy and Hospital de Basurto in Spain.

After a slowdown in new business in the UK post the Brexit referendum, contracts are now mobilising as expected. The oil & gas market in the North Sea continues to be weak with double digit revenue declines. Challenging trading conditions remain in France.

Underlying operating profit grew by 2.3% (£5 million) on a constant currency basis. The ongoing focus on driving operational efficiencies and sensible pricing allowed us to support the creation of nine sub-regional business units, offset the impact of lower volumes in the oil & gas business, and manage the pressures of labour and food inflation, particularly in the UK. As a result of our actions, the underlying operating margin improved by 10 basis points to 7.5%.

Chief Executive's Statement (continued)

Rest of World – 15.5% Group revenue (2016: 15.8%)

Regional financial summary	Underlying 2017	Underlying 2016	Change Reported rates	Change Constant currency	Change Organic
Revenue	**£1,802m**	£1,526m	18.1%	(5.1)%	(5.1)%
Regional operating profit	**£113m**	£97m	16.5%	(6.6)%	(6.6)%
Regional operating margin	**6.3%**	6.4%	(10)bps		

Organic revenue in our Rest of World region declined by 5.1%. Excluding the Offshore & Remote business, organic revenue grew by 2.6%. The Offshore & Remote business declined by 20%, reflecting the continuing impact of the transition of construction contracts to production in Australia and continued weakness in our commodity related business around the region. In the half year the benefit of Easter was offset by the negative impact of the 2016 Leap year. The quarterly impact of Easter is estimated to be up to 0.5%.

The Offshore & Remote business in Australia, as expected, saw an acceleration in organic revenue declines to 28% reflecting contracts continuing to move from their construction to production phase and the ongoing pressures of site closures and lower volumes. Similar challenges continue to be seen in our non-Australian Offshore & Remote business across the region. Revenue declines reached a low point in quarter one and while our commodity related business will continue to be challenged, the trends are improving. We continue to win and retain contracts including Anglo Gold Ashanti in Australia, De Beers Group Services in South Africa and Petrobras Urucu in Brazil.

The Business & Industry, Healthcare and Education sectors of the region, continue to perform reasonably well. We have experienced good growth in New Zealand, India, China, Australia and our Spanish speaking Latin American businesses. However, Brazil is still very tough. New business wins include the Massey University in New Zealand, Adani in India, Tencent in China, National Bank of Australia, Mazda in Mexico and Makro in Brazil. We continue to retain contracts, including Citi Bank and Discovery Health in South Africa, Coca Cola in Colombia and Sanofi in Mexico.

Underlying operating margins excluding Australia were slightly positive, with the savings from the restructuring programme, along with pricing and ongoing efficiencies, offsetting the impact of weak volumes in our Offshore & Remote sector and Brazil. In Australia, pricing pressures and site closures are reducing the profitability of our business. Overall, underlying operating profit therefore declined by 6.6% (£8 million) on a constant currency basis, with the underlying margin down 10 basis points to 6.3%.

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 structural growth opportunity. We believe the benefits of outsourcing become further apparent as economic conditions and regulatory changes put further 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 (58% 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 (26% 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 with the creation of the nine sub-regional business units, 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, whilst 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 have concluded a restructuring of our business 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 benefitting from the cost advantages of scale in food procurement and back office costs.

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 use the Management and Performance (MAP) framework across the business. All our employees use this simple framework to drive performance across the business. It 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).

Chief Executive's Statement (continued)

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 underlying constant currency earnings per share; and (iv) maintain strong investment grade credit ratings returning any surplus cash to shareholders to target net debt to EBITDA of around 1.5x.

In light of the above, the Group has announced a proposed shareholder return by way of a special dividend of £1 billion (61 pence per share) expected to be paid in July.

Summary and outlook

Compass had a good six months, with the business performing as expected. North America continues to deliver excellent growth and trends in Europe are improving. In Rest of World, reasonable growth in Business & Industry, Healthcare and Education was offset by ongoing weakness in Brazil and our Offshore & Remote sector.

We continue to drive operating efficiencies around the business which, combined with the end of the restructuring in our Offshore and Remote business, resulted in margin improvement of 20bps in the period.

Given our excellent cash generation and the strength of the business, we are announcing a £1 billion special dividend. This reflects our commitment to return surplus cash to shareholders whilst maintaining an efficient balance sheet.

Our expectations for FY 2017 are positive and unchanged, with growth weighted to the second half. 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.

Richard Cousins
Group Chief Executive
10 May 2017

Business Review

Segmental performance

Six months ended 31 March	Underlying revenue[1] 2017 £m	Underlying revenue[1] 2016 £m	Growth Reported Rates	Growth Constant Currency	Growth Organic
North America	**6,792**	5,418	25.4%	6.6%	7.1%
Europe	**3,023**	2,722	11.1%	1.6%	1.6%
Rest of World	**1,802**	1,526	18.1%	(5.1)%	(5.1)%
Total	**11,617**	9,666	20.2%	3.3%	3.6%

	Underlying operating profit[1] 2017 £m	Underlying operating profit[1] 2016 £m	Underlying operating margin[1] 2017 %	Underlying operating margin[1] 2016 %
North America	**580**	461	**8.5%**	8.5%
Europe	**226**	201	**7.5%**	7.4%
Rest of World	**113**	97	**6.3%**	6.4%
Unallocated overheads	**(34)**	(32)		
EM & OR restructuring	**-**	(11)		
Total after EM & OR restructuring	**885**	716	**7.6%**	7.4%
Associates	**9**	8		
Total	**894**	724		

[1] Definitions of underlying measures of performance can be found in the glossary on page 37.

Business Review (continued)

Statutory results

On a statutory basis, revenue was £11,470 million (2016: £9,536 million), growth of 20.3%, mainly driven by foreign currency translation of 16% and organic growth of 3.6%.

Operating profit was £877 million (2016: £704 million), an increase of 24.6% over the prior year driven by 18% of foreign currency translation and 5.2% of underlying operating profit growth.

Operating margin was 7.6% (2016: 7.4%).

Net finance costs were £47 million (2016: £38 million).

Profit before tax was £831 million (2016: £666 million) giving rise to an income tax expense of £209 million (2016: £162 million), equivalent to an effective tax rate of 25.2% (2016 FY: 24.3%).

Basic earnings per share were 37.5 pence (2016: 30.4 pence), an increase of 23.4%, of which 19% relates to foreign currency translation.

Underlying results

On an organic basis, revenue increased by 3.6%. This was broken down as follows: new business wins were 8.1% driven by a strong performance in most countries, our retention rate was 94.3% as a result of our ongoing focus and investment, while like for like revenue growth of 1.2% reflected sensible price increases and weak volumes in our commodity related business and in Brazil.

Underlying operating profit was £894 million (2016: £724 million), an increase of 23.5%. If we restate 2016's profit at the 2017 average exchange rates, it would increase by £126 million to £850 million. On a constant currency basis, underlying operating profit has therefore increased by £44 million, or 5.2%.

The underlying operating margin increased by 20 basis points as we continue to drive efficiencies across the business and benefitted from the end of the Emerging Markets and Offshore & Remote restructuring. The efficiencies, combined with modest pricing increases, enabled us to offset inflation pressures and reinvestment to support the exciting growth opportunities we see around the world.

The underlying net finance cost increased to £52 million (2016: £47 million) as a result of the weakness of sterling on foreign denominated debt. This equates to an effective interest rate of around 3% on gross debt. We continue to expect an underlying net finance cost of around £110 million, including the cost of additional debt to fund the proposed special dividend, as well as the continued weakness of sterling on our foreign currency borrowings.

On an underlying basis, the tax charge was £213 million (2016: £166 million), equivalent to an effective tax rate of 25.3% (2016 FY: 24.5%). This increase is a consequence of both the changing regulatory environment affecting all multinational groups, and specifically the enactment into law in the UK of the OECD BEPS legislation, and the impact of exchange rate movements. We expect the underlying tax rate to be around the same level for the full year. As previously noted, we are likely to see a continuing period of significant uncertainty in the international corporate tax environment.

On a constant currency basis, the underlying basic earnings per share were 37.9 pence (2016: 36.4 pence), an increase of 4.1%.

Business Review (continued)

Interim dividend

An increase of 5.7% in our interim dividend to 11.2 pence per share is above our first half constant currency earnings per share growth, in recognition that our growth this year is second half weighted. The dividend will be paid on 19 June 2017 to shareholders on the register on 19 May 2017.

Special dividend

The Board is proposing to return 61 pence per share, or £1 billion in aggregate, to shareholders through a special dividend and share consolidation. The special dividend and share consolidation will be subject to shareholder approval at a General Meeting on 7 June 2017. The special dividend, if approved, is expected to be paid on 17 July 2017 to shareholders on the register on 26 June 2017. Details of the share consolidation will be set out in a separate circular to shareholders on or around 15 May 2017. The resulting new ordinary shares are expected to be listed on the London Stock Exchange on 27 June 2017. The Group has arranged a committed bridge facility to fund the special dividend which it plans to replace with longer term bond finance in due course.

Free cash flow

Free cash flow totalled £502 million (2016: £391 million). In the first half of 2016, we made cash payments of £5 million related to the European exceptional programme. Adjusting for this, free cash flow on an underlying basis would have grown by £106 million or 26.8%. Underlying free cash flow conversion was 56% (2016: 55%).

Gross capital expenditure of £337 million (2016: £264 million), including assets purchased under finance leases of nil (2016: £1 million), is equivalent to 2.9% of underlying revenues (2016: 2.7% of underlying revenues). We expect capex in the full year to continue at these levels.

The working capital outflow, excluding provisions and pensions, of £78 million (2016: £83 million) reflects the seasonality of the business. Looking forward, annual trade working capital movements are expected to average out at a small outflow.

The £5 million outflow (2016: £21 million) in respect of post-employment benefit obligations reflects the reduction in regular payments agreed with trustees of the UK scheme as a result of the funding surplus following the triennial valuation in April 2016. We now expect a total outflow for the Group of around £20 million per annum.

The net interest outflow was £38 million (2016: £39 million).

The underlying cash tax rate was 19% (2016: 17%). For the full year we expect the cash tax rate to be in range of 20 to 23 percent, 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, net of cash acquired, was £63 million (2016: £144 million), comprising £59 million on infill acquisitions, £1 million on acquisition transaction costs and £3 million of deferred consideration relating to prior years' acquisitions.

Disposals

The Group received £17 million (2016: £1 million) in respect of the disposal of some small non-core businesses.

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 net pension surplus at 31 March 2017, calculated in accordance with IAS 19, for all Group defined benefit schemes was £17 million (30 September 2016: £21 million net deficit).

Business Review (continued)

Financial position

During the first six months of the year, net debt decreased to £2,866 million (30 September 2016: £2,874 million). The Group generated £502 million of free cash flow, including investing £325 million in net capital expenditure, and spent £46 million on acquisitions net of disposal proceeds. £347 million was paid in respect of the final dividend for 2016 and £18 million returned to shareholders through share buybacks.

The remaining £83 million movement in net debt related predominantly to 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.

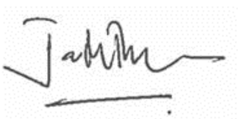
A summary of the principal risks and uncertainties that face the business is set out on page 13.

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 17 of the Consolidated Financial Statements of our 2016 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
10 May 2017

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 27-29 of the 2016 Annual Report. These remain unchanged, with the exception of two specific updates highlighted, 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

Updates to 'Economic and Political Environment' risks since the 2016 Annual Report:

- Brexit – following the UK's decision to exit the European Union (the 'EU') and the announcement of a UK general election on 8 June 2017, there is significant uncertainty about the withdrawal process, its timeframe, the outcome of negotiations about future arrangements between the UK and the EU, and the period for which existing EU laws for member states will continue to apply to the UK. The Board views the potential impact of Brexit as an integral part of its Principal Risks rather than as a stand-alone risk. As the process of Brexit evolves, the Board will continue to assess its impact.
- US Political reform – the Group has significant operations and a substantial employee base in North America, where the new US administration has signalled broad policy changes. Some of these potential changes in policy are in respect of trade and tax, none of which are clear at this stage. We are closely monitoring developments from the new US administration and will continue to assess the impact of changes when there is more clarity on the nature of the changes and the extent to which they will be enacted.

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
10 May 2017

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 that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Legislation in the UK 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 2017 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 Guidance 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 2017 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
10 May 2017

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Notes	Six months to 31 March 2017 Unaudited £m	 2016 Unaudited £m	Year ended 30 September 2016 £m
Combined sales of Group and share of equity accounted joint ventures	2	**11,617**	9,666	19,871
Less: share of sales of equity accounted joint ventures		**(147)**	(130)	(266)
Revenue		**11,470**	9,536	19,605
Operating costs		**(10,615)**	(8,853)	(18,235)
Operating costs, excluding Emerging Markets and Offshore & Remote restructuring		**(10,615)**	(8,842)	(18,210)
Emerging Markets and Offshore & Remote restructuring		**-**	(11)	(25)
Operating profit before joint ventures and associates		**855**	683	1,370
Share of profit after tax of joint ventures and associates		**22**	21	39
Operating profit		**877**	704	1,409
Underlying operating profit[1]	2	**894**	724	1,445
Amortisation of intangibles arising on acquisition		**(19)**	(14)	(31)
Acquisition transaction costs		**(1)**	(1)	(2)
Adjustment to contingent consideration on acquisition		**4**	(4)	-
Share based payment expense – non-controlling interest put options		**-**	-	(1)
Tax on share of profit of joint ventures		**(1)**	(1)	(2)
Gain on disposal of business		**1**	-	1
Finance income		**4**	4	4
Finance costs		**(56)**	(51)	(105)
Other financing items		**5**	9	12
Profit before tax		**831**	666	1,321
Income tax expense	3	**(209)**	(162)	(319)
Profit for the period		**622**	504	1,002
ATTRIBUTABLE TO				
Equity shareholders of the Company		**616**	500	992
Non-controlling interests		**6**	4	10
Profit for the period		**622**	504	1,002
EARNINGS PER SHARE (PENCE)				
Basic	4	**37.5p**	30.4p	60.4p
Diluted	4	**37.4p**	30.4p	60.3p

[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.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Six months to 31 March		Year ended
	2017 Unaudited £m	2016 Unaudited £m	30 September 2016 £m
Profit for the period	**622**	504	1,002
Other comprehensive income			
Items that are not subsequently reclassified to profit or loss			
Remeasurement of post-employment benefit obligations – gain/(loss)	**84**	(66)	(500)
Return on plan assets, excluding interest income – (loss)/gain	**(49)**	74	480
Tax on items relating to the components of other comprehensive income	**(8)**	(1)	6
	27	7	(14)
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	**6**	61	158
	6	61	158
Total other comprehensive income for the period	**33**	68	144
Total comprehensive income for the period	**655**	572	1,146
ATTRIBUTABLE TO			
Equity shareholders of the Company	**649**	568	1,136
Non-controlling interests	**6**	4	10
Total comprehensive income for the period	**655**	572	1,146

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	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 2016	176	182	295	-	4,359	(2,507)	15	2,520
Profit for the period	-	-	-	-	-	616	6	622
Other comprehensive income								
Currency translation differences	-	-	-	-	6	-	-	6
Remeasurement of post-employment benefit obligations - gain	-	-	-	-	-	84	-	84
Return on plan assets, excluding interest income - loss	-	-	-	-	-	(49)	-	(49)
Tax on items relating to the components of other comprehensive income	-	-	-	-	-	(8)	-	(8)
Total other comprehensive income	-	-	-	-	6	27	-	33
Total comprehensive income for the period	-	-	-	-	6	643	6	655
Fair value of share-based payments	-	-	-	-	10	-	-	10
Tax on items taken directly to equity	-	-	-	-	-	1	-	1
Share buy back[1]	-	-	-	-	-	(18)	-	(18)
Other changes	-	-	-	-	(9)	-	-	(9)
Non-controlling interests arising on acquisition	-	-	-	-	-	-	4	4
	176	182	295	-	4,366	(1,881)	25	3,163
Dividends paid to Compass shareholders (note 5)	-	-	-	-	-	(347)	-	(347)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(9)	(9)
At 31 March 2017	176	182	295	-	4,366	(2,228)	16	2,807

[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 non-controlling interest put options reserve £m	Total other reserves £m
At 1 October 2016	193	4,170	7	(5)	(6)	4,359
Other comprehensive income						
Currency translation differences	-	-	-	6	-	6
Total other comprehensive income	-	-	-	6	-	6
Fair value of share-based payments	10	-	-	-	-	10
Other changes	-	-	-	-	(9)	(9)
At 31 March 2017	203	4,170	7	1	(15)	4,366

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 5)	-	-	-	-	-	(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 non-controlling 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 YEAR ENDED 30 SEPTEMBER 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	-	-	-	-	-	992	10	1,002
Other comprehensive income								
Currency translation differences	-	-	-	-	158	-	-	158
Remeasurement of post-employment benefit obligations - loss	-	-	-	-	-	(500)	-	(500)
Return on plan assets, excluding interest income - gain	-	-	-	-	-	480	-	480
Tax on items relating to the components of other comprehensive income	-	-	-	-	(2)	8	-	6
Total other comprehensive income	-	-	-	-	156	(12)	-	144
Total comprehensive income for the period	-	-	-	-	156	980	10	1,146
Fair value of share-based payments	-	-	-	1	16	1	-	18
Tax on items taken directly to equity	-	-	-	-	-	9	-	9
Share buy back[1]	-	-	-	-	-	(100)	-	(100)
Issue of treasury shares to satisfy employee share scheme awards exercised	-	-	-	-	-	3	-	3
Release of LTIP award settled by issue of new shares	-	-	-	-	(2)	-	-	(2)
Other changes	-	-	-	-	-	-	1	1
	176	182	295	-	4,359	(2,011)	24	3,025
Dividends paid to Compass shareholders (note 5)	-	-	-	-	-	(496)	-	(496)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(9)	(9)
At 30 September 2016	176	182	295	-	4,359	(2,507)	15	2,520

[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 non-controlling 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	-	-	-	158	-	158
Tax on items relating to the components of other comprehensive income	-	-	-	(2)	-	(2)
Total other comprehensive income	-	-	-	156	-	156
Fair value of share-based payments	16	-	-	-	-	16
Release of LTIP award settled by issue of new shares	(2)	-	-	-	-	(2)
At 30 September 2016	193	4,170	7	(5)	(6)	4,359

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED BALANCE SHEET
AS AT 31 MARCH 2017

	Notes	As at 31 March 2017 Unaudited £m	As at 31 March 2016 Unaudited £m	Year ended 30 September 2016 £m
NON-CURRENT ASSETS				
Goodwill		**4,126**	3,768	4,050
Other intangible assets		**1,565**	1,293	1,469
Property, plant and equipment		**994**	846	953
Interests in joint ventures and associates		**233**	211	222
Other investments		**48**	42	50
Post-employment benefit assets[1]		**216**	209	192
Trade and other receivables		**108**	81	97
Deferred tax assets*		**134**	162	149
Derivative financial instruments**	7,8	**112**	105	184
Non-current assets		**7,536**	6,717	7,366
CURRENT ASSETS				
Inventories		**373**	316	347
Trade and other receivables		**2,738**	2,373	2,596
Tax recoverable*		**82**	60	77
Cash and cash equivalents**	7	**418**	356	346
Derivative financial instruments**	7,8	**7**	19	2
Current assets		**3,618**	3,124	3,368
Total assets		**11,154**	9,841	10,734
CURRENT LIABILITIES				
Short term borrowings**	7	**(42)**	(566)	(321)
Derivative financial instruments**	7,8	**(4)**	(9)	(9)
Provisions		**(136)**	(129)	(143)
Current tax liabilities*		**(234)**	(190)	(195)
Trade and other payables		**(3,965)**	(3,405)	(3,851)
Current liabilities		**(4,381)**	(4,299)	(4,519)
NON-CURRENT LIABILITIES				
Long term borrowings**	7	**(3,356)**	(2,816)	(3,075)
Derivative financial instruments**	7,8	**(1)**	(6)	(1)
Post-employment benefit obligations[1]		**(199)**	(201)	(213)
Provisions		**(279)**	(269)	(280)
Deferred tax liabilities*		**(40)**	(37)	(40)
Trade and other payables		**(91)**	(76)	(86)
Non-current liabilities		**(3,966)**	(3,405)	(3,695)
Total liabilities		**(8,347)**	(7,704)	(8,214)
Net assets		**2,807**	2,137	2,520
EQUITY				
Share capital		**176**	176	176
Share premium account		**182**	182	182
Capital redemption reserve		**295**	295	295
Other reserves		**4,366**	4,258	4,359
Retained earnings		**(2,228)**	(2,786)	(2,507)
Total equity shareholders' funds		**2,791**	2,125	2,505
Non-controlling interests		**16**	12	15
Total equity		**2,807**	2,137	2,520

* Component of current and deferred taxes.
** Component of net debt.
[1] Represented to reclassify post-employment benefit obligations included within post-employment benefit assets of £201m as at 31 March 2016 and £192m of post-employment benefit assets included within post-employment benefit obligations for the year ended 30 September 2016. As a result, non-current assets and non-current liabilities have also increased by £201m as at 31 March 2016 and £192m as at 30 September 2016.

Compass Group PLC
Condensed Financial Statements (continued)

CONDENSED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Notes	Six months to 31 March 2017 Unaudited £m	Six months to 31 March 2016 Unaudited £m	Year ended 30 September 2016 £m
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated from operations	6	**1,021**	782	1,768
Interest paid		**(42)**	(42)	(98)
Tax received		**5**	2	17
Tax paid		**(164)**	(114)	(263)
Net cash from operating activities		**820**	628	1,424
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of subsidiary companies and investments in associated undertakings[1]		**(63)**	(144)	(180)
Proceeds from sale of subsidiary companies and associated undertakings[1]		**17**	1	2
Purchase of intangible assets		**(160)**	(113)	(267)
Purchase of property, plant and equipment[2]		**(177)**	(150)	(311)
Proceeds from sale of property, plant and equipment/intangible assets		**12**	12	29
Purchase of other investments		**-**	-	(6)
Proceeds from sale of other investments		**1**	1	2
Dividends received from joint ventures and associates		**11**	14	33
Interest received		**4**	3	4
Net cash used in investing activities		**(355)**	(376)	(694)
CASH FLOW FROM FINANCING ACTIVITIES				
Purchase of own shares[3]		**(18)**	(72)	(100)
Receipts from issue of treasury shares to satisfy employee share scheme awards exercised		**-**	2	3
Increase in borrowings		**35**	395	194
Decrease in borrowings		**(59)**	(196)	(309)
Repayment of obligations under finance leases		**(2)**	(2)	(3)
Equity dividends paid	5	**(347)**	(322)	(496)
Dividends paid to non-controlling interests		**(9)**	(4)	(9)
Net cash used in financing activities		**(400)**	(199)	(720)
CASH AND CASH EQUIVALENTS				
Net increase in cash and cash equivalents		**65**	53	10
Cash and cash equivalents at beginning of the year		**346**	283	283
Currency translation gains on cash and cash equivalents		**7**	20	53
Cash and cash equivalents at end of the period		**418**	356	346

[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

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Six months to 31 March		
	2017 Unaudited £m	2016 Unaudited £m	Year ended 30 September 2016 £m
Net cash from operating activities	**820**	628	1,424
Purchase of intangible assets	**(160)**	(113)	(267)
Purchase of property, plant and equipment	**(177)**	(150)	(311)
Proceeds from sale of property, plant and equipment/intangible assets	**12**	12	29
Purchase of other investments	**-**	-	(6)
Proceeds from sale of other investments	**1**	1	2
Dividends received from joint ventures and associated undertakings	**11**	15	33
Interest received	**4**	3	4
Dividends paid to non-controlling interests	**(9)**	(5)	(9)
Free cash flow from operations	**502**	391	899
Add back: Europe & Japan cash restructuring costs in the period	**-**	5	9
Underlying free cash flow	**502**	396	908

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

1 BASIS OF PREPARATION

The unaudited condensed financial statements for the six months ended 31 March 2017 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 2017.

The unaudited condensed financial statements for the six months ended 31 March 2017, which were approved by the Board on 10 May 2017, and the comparative information in relation to the half year ended 31 March 2016, 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 2016. 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 12.

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 2016. The following accounting standards, interpretations and amendments have been adopted by the Group in the current period:

Amendments to IAS 1 - Disclosure initiative
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 in joint operations
Improvements to IFRS – 2012-2014 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 2017. The Group is currently analysing the impact these standards would have on its consolidated results and financial position.

IFRS 9 - Financial instruments
IFRS 15 - Revenue from contracts with customers (see further details below)
IFRS 16 - Leases
Amendments to IAS 7 - Disclosure initiative
Amendments to IAS 12 - Recognition of deferred tax assets from unrealised losses
Amendments to IFRS 2 – Classification and measurement of share based payment transactions
Improvements to IFRS - 2014-2016 cycle

IFRS 15 'Revenue from Contracts with Customers' (not yet endorsed by the European Union): We have made good progress in training our people and identifying areas of divergence with current practice and based on this assessment believe that IFRS 15 will not have a significant impact on the timing and recognition of revenue, operating profit margin or net assets. It is anticipated that there will be some impact on the Group as a result of changes in the disclosure of some client commitment contract intangibles, variable payments to and variable receipts from clients and the accounting for sales commissions. The Group plans to apply IFRS 15 for the year ended 30 September 2019 with a retrospective approach to the restatement of comparatives.

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 2016.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2017

2 SEGMENTAL REPORTING

REVENUE[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Total £m
SIX MONTHS ENDED 31 MARCH 2017[2,3]				
Combined sales of Group and share of equity accounted joint ventures	**6,792**	**3,023**	**1,802**	**11,617**
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
YEAR ENDED 30 SEPTEMBER 2016[2,3,]				
Combined sales of Group and share of equity accounted joint ventures	11,198	5,458	3,215	19,871

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 2017						
Combined sales of Group and share of equity accounted joint ventures	**4,433**	**2,346**	**2,620**	**1,315**	**903**	**11,617**
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
YEAR ENDED 30 SEPTEMBER 2016						
Combined sales of Group and share of equity accounted joint ventures	7,602	3,621	4,472	2,416	1,760	19,871

[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 £1,017 million (six months to 31 March 2016: £993 million, year ended 30 September 2016: £1,981 million). Continuing revenue from external customers arising in the US was £6,321 million (six months to 31 March 2016: £5,006 million, year ended 30 September 2016: £10,350 million). Continuing revenue from external customers arising in all foreign countries from which the Group derives revenue was £10,600 million (six months to 31 March 2016: £8,673 million, year ended 30 September 2016: £17,890 million).

RESULT	Geographical segments North America £m	Europe £m	Rest of World £m	Central Activities £m	Total £m
SIX MONTHS ENDED 31 MARCH 2017					
Underlying operating profit before joint ventures and associates	**579**	**226**	**100**	**(34)**	**871**
Add: Share of profit before tax of joint ventures	**1**	**-**	**13**	**-**	**14**
Underlying operating profit before associates	**580**	**226**	**113**	**(34)**	**885**
Add: Share of profit of associates	**5**	**4**	**-**	**-**	**9**
Underlying operating profit[1]	**585**	**230**	**113**	**(34)**	**894**

[1] 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 2017

2 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 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 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 other expenses (£1 million).
[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 2016					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	906	394	194	(65)	1,429
Add: Share of profit before tax of joint ventures	2	-	24	-	26
Underlying operating profit before associates and Emerging Markets and Offshore & Remote restructuring	908	394	218	(65)	1,455
Add: Share of profit of associates	10	5	-	-	15
Underlying operating profit before Emerging Markets and Offshore & Remote restructuring	918	399	218	(65)	1,470
Less: Emerging Markets and Offshore & Remote restructuring[1]	-	(6)	(19)	-	(25)
Underlying operating profit[2]	918	393	199	(65)	1,445

[1] The Group incurred charges resulting from the restructuring and downturn in the trading conditions of its Emerging Markets and Offshore & Remote activities which include headcount reductions (£22 million) and other expenses (£3 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 2017

3 TAX

RECOGNISED IN THE INCOME STATEMENT: INCOME TAX EXPENSE	Six months to 31 March 2017 £m	Six months to 31 March 2016 £m	Year ended 30 September 2016 £m
CURRENT TAX			
Current year	**219**	171	315
Adjustment in respect of prior years	**(16)**	(18)	(38)
Current tax expense	**203**	153	277
DEFERRED TAX			
Current year	**5**	2	27
Impact of changes in statutory tax rates	**1**	4	6
Adjustment in respect of prior years	**-**	3	9
Deferred tax expense	**6**	9	42
TOTAL INCOME TAX			
Income tax expense	**209**	162	319

Deferred tax assets have not been recognised in respect of tax losses of £93 million (31 March 2016: £115 million, 30 September 2016: £101 million) and other temporary differences of £18 million (31 March 2016: £17 million, 30 September 2016: £16 million). These deferred tax assets have not been recognised as the timing of recovery is uncertain.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

4 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 underlying earnings per share figures have been calculated based on earnings excluding the effect of the amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, non-controlling interest put options, gains and losses on disposal of businesses, other financing items, 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 2017 £m	Six months to 31 March 2016 £m	Year ended 30 September 2016 £m
Profit for the period attributable to equity shareholders of the Company	**616**	500	992
Amortisation of intangibles arising on acquisition (net of tax)	**13**	9	21
Acquisition transaction costs (net of tax)	**1**	1	1
Adjustment to contingent consideration on acquisition (net of tax)	**(3)**	5	-
Non-controlling interest put options	**-**	-	1
Gain on disposal of businesses (net of tax)	**-**	-	(1)
Other financing items (net of tax)	**(4)**	(7)	(10)
Profit from change in the fair value of investments (net of tax)	**-**	(1)	-
Underlying attributable profit for the year from operations	**623**	507	1,004

AVERAGE NUMBER OF SHARES (MILLIONS OF ORDINARY SHARES)	Six months to 31 March 2017 Ordinary shares of $10^{5/8}$p each millions	Six months to 31 March 2016 Ordinary shares of $10^{5/8}$p each millions	Year ended 30 September 2016 Ordinary shares of $10^{5/8}$p each millions
Average number of shares for basic earnings per share	**1,644**	1,645	1,643
Dilutive share options	**2**	2	3
Average number of shares for diluted earnings per share	**1,646**	1,647	1,646

	Six months to 31 March 2017 Earnings per share pence	Six months to 31 March 2016 Earnings per share pence	Year ended 30 September 2016 Earnings per share pence
BASIC EARNINGS PER SHARE (PENCE)			
From operations	**37.5**	30.4	60.4
Amortisation of intangibles arising on acquisition (net of tax)	**0.7**	0.5	1.2
Acquisition transaction costs (net of tax)	**0.1**	0.1	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**(0.2)**	0.3	-
Non-controlling interest put options (net of tax)	**-**	-	0.1
Gain on disposal of businesses (net of tax)	**-**	-	(0.1)
Other financing items (net of tax)	**(0.2)**	(0.4)	(0.6)
Profit from change in the fair value of investments (net of tax)	**-**	(0.1)	-
From underlying operations	**37.9**	30.8	61.1
DILUTED EARNINGS PER SHARE (PENCE)			
From operations	**37.4**	30.4	60.3
Amortisation of intangibles arising on acquisition (net of tax)	**0.7**	0.5	1.2
Acquisition transaction costs (net of tax)	**0.1**	0.1	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**(0.2)**	0.3	-
Non-controlling interest put options (net of tax)	**-**	-	0.1
Gain on disposal of businesses (net of tax)	**-**	-	(0.1)
Other financing items (net of tax)	**(0.2)**	(0.4)	(0.6)
Profit from change in the fair value of investments (net of tax)	**-**	(0.1)	-
From underlying operations	**37.8**	30.8	61.0

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

5 DIVIDENDS

The interim dividend of 11.2 pence per share (2016: 10.6 pence per share), £184 million in aggregate[1], is payable on 19 June 2017 to shareholders on the register at the close of business on 19 May 2017. 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 **2017** **£m**	Six months to 31 March 2016 £m	Year ended 30 September 2016 £m
Amounts recognised as distributions to equity shareholders during the year:			
Final 2015 – 19.6p per share	**-**	322	322
Interim 2016 – 10.6p per share	**-**	-	174
Final 2016 – 21.1 per share	**347**	-	-
Total dividends	**347**	322	496

[1] Based on the number of ordinary shares, excluding treasury shares, in issue at 31 March 2017 (1,644 million shares).

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

6 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	Six months to 31 March		Year ended 30 September
	2017 £m	2016 £m	2016 £m
Operating profit	**855**	683	1,370
Adjustments for:			
Acquisition transaction costs	**1**	1	2
Amortisation of intangible assets	**110**	85	179
Amortisation of intangible assets arising on acquisition	**19**	14	31
Depreciation of property, plant and equipment	**129**	104	216
(Gain)/Loss on disposal of property, plant and equipment/intangible assets	**(1)**	1	(1)
Decrease in provisions	**(19)**	(10)	(19)
Decrease in post-employment benefit obligations	**(5)**	(21)	(39)
Share-based payments - charged to profits	**10**	8	16
Operating cash flows before movement in working capital	**1,099**	865	1,756
Increase in inventories	**(15)**	(15)	(13)
Increase in receivables	**(84)**	(96)	(93)
Increase in payables	**21**	28	118
Cash generated from operations	**1,021**	782	1,768

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

7 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 2017 £m**	Net debt 2016 £m	Year ended 30 September 2016 £m
Brought forward	**346**	**(27)**	**(3,355)**	**(3,382)**	**(14)**	**176**	**(2,874)**	(2,603)	(2,603)
Net increase in cash and cash equivalents	**65**	**-**	**-**	**-**	**-**	**-**	**65**	53	10
Cash outflow from repayment of loan notes	**-**	**-**	**35**	**35**	**-**	**-**	**35**	110	114
Cash (inflow)/outflow from bank loans	**-**	**-**	**(35)**	**(35)**	**-**	**-**	**(35)**	(394)	195
Cash outflow/(inflow) from other changes in gross debt	**-**	**-**	**-**	**-**	**-**	**24**	**24**	85	(194)
Cash outflow from repayment of obligations under finance leases	**-**	**-**	**-**	**-**	**2**	**-**	**2**	2	3
Increase in net debt as a result of new finance leases taken out	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(1)	(2)
Currency translation gains/(losses)	**7**	**(2)**	**(58)**	**(60)**	**-**	**(23)**	**(76)**	(161)	(395)
Other non-cash movements	**-**	**-**	**56**	**56**	**-**	**(63)**	**(7)**	(8)	(2)
Carried forward	**418**	**(29)**	**(3,357)**	**(3,386)**	**(12)**	**114**	**(2,866)**	(2,917)	(2,874)

Other non-cash movements are comprised as follows:

Other non-cash movements in net debt	Six months to 31 March **2017 £m**	2016 £m	Year ended 30 September 2016 £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	**57**	(19)	(24)
Bank and other borrowings	**56**	(20)	(25)
Changes in the value of derivative financial instruments including accrued income	**(63)**	12	23
Other non-cash movements	**(7)**	(8)	(2)

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

8 FINANCIAL INSTRUMENTS

The Group held certain financial instruments at fair value at 31 March 2017.

The fair values have been determined by reference to Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair value measurements'. There were no transfers between levels in the current and comparative periods.

All derivative financial instruments are shown at fair value on the balance sheet and are present values determined from future cashflows discounted at rates derived from market sourced data. The fair values of derivative financial instruments represent the maximum credit exposure.

DERIVATIVE ASSETS	Six months to 31 March 2017 £m	Six months to 31 March 2016 £m	Year ended 30 September 2016 £m
Interest rate swaps:			
Fair value hedges[1]	**35**	69	74
Not in a hedging relationship[2]	**2**	-	-
Other derivatives:			
Forward currency contracts and cross currency swaps[3]	**82**	55	112
Total	**119**	124	186

DERIVATIVE LIABILITIES	Six months to 31 March 2017 £m	Six months to 31 March 2016 £m	Year ended 30 September 2016 £m
Interest rate swaps:			
Fair value hedges[1]	**-**	-	-
Not in a hedging relationship[2]	**(2)**	(5)	(4)
Other derivatives:			
Forward currency contracts and cross currency swaps[3]	**(3)**	(10)	(6)
Total	**(5)**	(15)	(10)

[1] Derivatives that are designated and effective as hedging instruments carried at fair value (IAS 39).
[2] Derivatives carried at 'fair value through profit or loss' (IAS 39).
[3] Other derivatives include cross currency swaps that are designated and effective as hedging instruments carried at fair value (IAS 39) amounting to £75 million (31 March 2016: £35 million, 30 September 2016: £111 million).

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2017

9 STATUTORY AND UNDERLYING RESULTS

	Six Months to 31 March 2017							
		Adjustments						
	2017 Statutory £m	1	2	3	4	5	6	2017 Underlying £m
Operating profit	877	19	1	(4)	1	-	-	894
Gain on disposal of businesses	1	-	-	-	-	(1)	-	-
Net finance cost	(47)	-	-	-	-	-	(5)	(52)
Finance income	4	-	-	-	-	-	-	4
Finance costs	(56)	-	-	-	-	-	-	(56)
Other financing items	5	-	-	-	-	-	(5)	-
Profit before tax	831	19	1	(4)	1	(1)	(5)	842
Income tax expense	(209)	(6)	-	1	(1)	1	1	(213)
Tax rate	25.2%							25.3%
Profit for the year	622	13	1	(3)	-	-	(4)	629
Non-controlling interests	(6)	-	-	-	-	-	-	(6)
Profit attributable to equity shareholders of the Company	616	13	1	(3)	-	-	(4)	623
Average number of shares	1,644							1,644
BASIC EARNINGS PER SHARE (PENCE)	37.5	0.7	0.1	(0.2)	-	-	(0.2)	37.9

Adjustments:

1. Amortisation of intangibles arising on acquisition.

2. Acquisition transaction costs.

3. Adjustment to contingent consideration on acquisition.

4. Tax on share of profit of joint ventures.

5. Gain on disposal of businesses.

6. Other financing items including hedge accounting ineffectiveness.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

9 STATUTORY AND UNDERLYING RESULTS (continued)

	Six Months to 31 March 2016							
		Adjustments						
	2016 Statutory £m	1	2	3	4	5	6	2016 Underlying £m
Operating profit	704	14	1	4	1	-	-	724
Net finance cost	(38)	-	-	-	-	(9)	-	(47)
Finance income	4	-	-	-	-	-	-	4
Finance costs	(51)	-	-	-	-	-	-	(51)
Other financing items	9	-	-	-	-	(9)	-	-
Profit before tax	666	14	1	4	1	(9)	-	677
Income tax expense	(162)	(5)	-	1	(1)	2	(1)	(166)
Tax rate	24.3%							24.5%
Profit for the year	504	9	1	5	-	(7)	(1)	511
Non-controlling interests	(4)	-	-	-	-	-	-	(4)
Profit attributable to equity shareholders of the Company	500	9	1	5	-	(7)	(1)	507
Average number of shares	1,645							1,645
BASIC EARNINGS PER SHARE (PENCE)	30.4	0.5	0.1	0.3	-	(0.4)	(0.1)	30.8

Adjustments:

1. Amortisation of intangibles arising on acquisition.
2. Acquisition transaction costs.
3. Adjustment to contingent consideration on acquisition.
4. Tax on share of profit of joint ventures.
5. Other financing items including hedge accounting ineffectiveness.
6. Profit from change in the fair value of investments.

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

10 ORGANIC REVENUE AND ORGANIC PROFIT

	Six Months to 31 March				
	Geographical segments				
	North America £m	Europe £m	Rest of World £m	Other £m	Group £m
2017					
Combined sales of Group and share of equity accounted joint ventures	**6,792**	**3,023**	**1,802**	**-**	**11,617**
% growth actual rates	**25.4%**	**11.1%**	**18.1%**		**20.2%**
% growth constant currency	**6.6%**	**1.6%**	**(5.1)%**		**3.3%**
Organic adjustments	**(27)**	**(3)**	**-**	**-**	**(30)**
Organic revenue	**6,765**	**3,020**	**1,802**	**-**	**11,587**
% growth organic	**7.1%**	**1.6%**	**(5.1)%**		**3.6%**
2016					
Combined sales of Group and share of equity accounted joint ventures	5,418	2,722	1,526	-	9,666
Currency adjustments	953	253	372	-	1,578
Constant currency underlying revenue	6,371	2,975	1,898	-	11,244
Organic adjustments	(57)	(2)	-	-	(59)
Organic revenue	6,314	2,973	1,898	-	11,185
2017					
Underlying operating profit	**585**	**230**	**113**	**(34)**	**894**
Move share of profit of associates to other	**(5)**	**(4)**	**-**	**9**	**-**
Underlying operating profit	**580**	**226**	**113**	**(25)**	**894**
Underlying operating margin - Region	**8.5%**	**7.5%**	**6.3%**		
Underlying operating margin – Group					**7.6%**
% growth actual rates	**25.8%**	**12.4%**	**16.5%**		**23.5%**
% growth constant currency	**7.0%**	**2.3%**	**(6.6)%**		**5.2%**
Organic adjustments	**(1)**	**-**	**-**	**-**	**(1)**
Organic profit	**579**	**226**	**113**	**(25)**	**893**
% growth organic	**7.6%**	**2.3%**	**(6.6)%**		**5.6%**
2016					
Underlying operating profit	466	201	89	(32)	724
Move share of profit of associates to other	(5)	(3)	-	8	-
Move Emerging Markets and Offshore & Remote restructuring costs to other	-	3	8	(11)	-
Underlying operating profit	461	201	97	(35)	724
Underlying operating margin - Region	8.5%	7.4%	6.4%		
Underlying operating margin - Group					7.4%
Currency adjustments	81	20	24	1	126
Constant currency underlying profit	542	221	121	(34)	850
Organic adjustments	(4)	-	-	-	(4)
Organic profit	538	221	121	(34)	846

Compass Group PLC
Condensed Financial Statements (continued)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

11 POST BALANCE SHEET EVENTS

The Board is proposing to return 61 pence per share, which is equivalent to £1 billion in aggregate, to shareholders through a special dividend and share consolidation. The special dividend and share consolidation will be subject to shareholder approval at a General Meeting on 7 June 2017. If approved, the special dividend is expected to be paid on 17 July 2017 to shareholders on the register on 26 June 2017. Details of the share consolidation will be set out in a separate circular to shareholders. The Group has arranged a committed bank facility to fund the special dividend which it plans to replace with longer term bond finance over the coming months.

12 EXCHANGE RATES

	Six months to 31 March		Year ended 30 September
	2017	2016	2016
AVERAGE EXCHANGE RATE FOR THE PERIOD[1]			
Australian Dollar	**1.66**	2.04	1.94
Brazilian Real	**4.02**	5.73	5.19
Canadian Dollar	**1.66**	1.98	1.88
Euro	**1.16**	1.34	1.28
Japanese Yen	**138.07**	174.46	159.94
Norwegian Krone	**10.46**	12.65	12.01
South African Rand	**16.96**	21.79	20.88
Swedish Krona	**11.18**	12.45	12.00
Swiss Franc	**1.25**	1.46	1.40
Turkish Lira	**4.30**	4.30	4.16
UAE Dirham	**4.60**	5.40	5.22
US Dollar	**1.25**	1.47	1.42
CLOSING EXCHANGE RATE AS AT THE END OF THE PERIOD[1]			
Australian Dollar	**1.64**	1.87	1.70
Brazilian Real	**3.97**	5.09	4.22
Canadian Dollar	**1.67**	1.86	1.71
Euro	**1.17**	1.26	1.16
Japanese Yen	**139.34**	161.55	131.54
Norwegian Krone	**10.74**	11.89	10.38
South African Rand	**16.77**	21.14	17.86
Swedish Krona	**11.16**	11.65	11.13
Swiss Franc	**1.25**	1.38	1.26
Turkish Lira	**4.55**	4.05	3.90
UAE Dirham	**4.59**	5.28	4.77
US Dollar	**1.25**	1.44	1.30

[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 - Group	Includes share of profit after tax of associates and profit before tax of joint ventures but excludes the specific adjusting items, as listed below.
Underlying operating profit - Region	Includes share of profit before tax of joint ventures but excludes the specific adjusting items, as listed below, profit after tax of associates and EM & OR restructuring.
Underlying operating margin - Group	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.
Underlying operating margin - Region	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates and EM & OR restructuring.
Underlying net finance cost	Excludes specific adjusting items.
Underlying profit before tax	Excludes specific adjusting items.
Underlying basic earnings per share	Excludes specific adjusting items and the tax attributable to those items.
Underlying EBITDA	Based on underlying operating profit, adding back amortisation of intangible assets and depreciation of property, plant and equipment.
Underlying tax	Excludes tax attributable to specific adjusting items.
Underlying effective tax rate	Based on underlying tax charge and underlying profit before tax.
Underlying cash tax rate	Based on net cash tax and underlying profit before tax.
Free cash flow	Calculated by adjusting operating profit for non-cash items in profit, cash movements in provisions, post-employment benefit obligations and working capital, cash purchases and proceeds from disposal of non-current assets, cash interest received, dividends received from joint ventures and associated undertakings, and dividends paid to non-controlling interests.
Underlying free cash flow	Adjusted for cash restructuring costs in the year relating to the 2012 and 2013 European exceptional programme.
Free cash flow conversion	Underlying free cash flow expressed as a percentage of underlying operating profit.
Organic revenue	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 year exchange rates).
Organic revenue growth	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 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 prior year's underlying revenue.
Organic profit	Calculated by adjusting underlying operating profit 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 year exchange rates)
Organic operating profit growth	Calculated by adjusting underlying operating profit 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 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 prior year's underlying operating profit.
Specific adjusting items	amortisation of intangibles arising on acquisition; acquisition transaction costs; adjustment to contingent consideration on acquisition; share-based payments expense – non-controlling interest call option; tax on share of joint ventures; profit/(loss) on disposal of businesses; change in the fair value of investments; other financing items.
EM & OR restructuring	Emerging Markets and Offshore & Remote restructuring.
Net debt	Overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents.
Net debt to EBITDA	Net debt divided by underlying EBITDA.