



Interim results announcement for the six months ended 31 March 2013

Delivering sustainable growth and further efficiencies

	Underlying¹	Year on year change²	Reported
Revenue	£8.8 billion	+4.1% ³	£8.8 billion
Operating profit	£650 million	+6.6%	£615 million
Profit before tax	£611 million	+8.1%	£575 million
Earnings per share	24.5 pence	+10.9%	23.1 pence
Free cash flow	£386 million	+4.9%	£343 million
Interim dividend per share	8.0 pence	+11.1%	8.0 pence

¹ The underlying column excludes the European exceptional and other non-underlying items. Full details can be found on pages 8 to 13.

² Measured on a constant currency basis, excluding free cash flow and interim dividend.

³ Organic revenue growth rate includes the negative impact from the timing of Easter of c.0.7%.

Good start to the year with continued revenue growth and further efficiencies.

- Reported revenue up 4.4% year on year, on a constant currency basis, including impact of acquisitions and disposals.
- Organic revenue growth of 4.1% (including negative Easter impact); 4.8% on a comparable working days basis.
- Operating profit margin increased by 15 basis points to 7.3%.

North America and Fast Growing & Emerging generating excellent growth; European action plans on track.

- Organic revenue growth in North America of 8.2%; Ascension Health contract expanded and Texas A&M fully mobilised.
- Fast Growing & Emerging organic revenue growth of 10.5%, driven by strong levels of new business and like for like revenue.
- Good progress on European action plans to manage difficult economic environment.

Future prospects remain encouraging; overall expectations for the full year are unchanged.

- Healthy pipeline of new business in North America and Fast Growing & Emerging.
- Further operational progress in Europe & Japan to manage economic challenges.
- Longer term, Compass remains well placed to capitalise on significant structural growth opportunities in food and support services globally.

Richard Cousins, Group Chief Executive, said:

“Compass has started the year well. We have generated organic revenue growth of over 4%, reflecting the strength of the performance in North America and Fast Growing & Emerging. Economic conditions in Europe & Japan remain challenging but we are executing the action plans we announced last year and improving our operating efficiency significantly. This, combined with ongoing efficiencies across the business, has delivered a 15 basis points increase in the operating margin. Looking forward, I remain positive about the significant structural growth opportunities in our markets and the potential for further revenue and margin growth”.

Sir Roy Gardner, Chairman, said:

“With good levels of organic revenue growth and a further increase in the margin, these results are testament to the ongoing commitment and hard work of everyone at Compass. Our cash flow also remains excellent, which has enabled us to continue to invest in the business, make acquisitions and reward shareholders. I’m pleased to announce that the interim dividend has been increased by 11% and we remain on track to complete the £400 million buyback by the end of this calendar year.”

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Interim Management Report: Chief Executive's Statement

Group overview

Reported revenue has grown by 3.0% in the first six months to 31 March 2013, or 4.4% on a constant currency basis. After adjusting for the impact of acquisitions and disposals, organic growth has remained strong at 4.1% for the period (including the negative impact from the timing of Easter of c. 0.7%). On a comparable working days basis, organic revenue growth was 4.8%.

During the half, we delivered new business growth of 8.8%, driven by a good performance in MAP 1 (client sales and marketing) in North America and Fast Growing & Emerging. Our retention rate also remained high at 94.0%, despite an increase in the number of business closures in Europe and our decision to exit certain contracts that have become uneconomic.

Like for like revenue growth of 1.3% reflects modest price increases and slightly negative like for like volume overall. Like for like volume continues to be broadly flat in North America, modestly positive in Fast Growing & Emerging and negative in Europe & Japan. We have retained our focus on increasing consumer participation and spend through MAP 2 (consumer sales and marketing) initiatives, developing innovative and exciting consumer propositions, and training our people.

Underlying operating profit increased by 6.6% in the first half on a constant currency basis, with the underlying operating profit margin increasing by 15 basis points to 7.3%. We have continued to generate efficiencies through embedding the MAP framework deeper into the business. We have maintained our focus on MAP 3 (cost of food) initiatives such as menu planning and supplier rationalisation, as well as MAP 4 (labour and in unit costs) and MAP 5 (above unit costs). These efficiencies are, in part, being reinvested in exciting growth opportunities around the world and helping us to manage the difficult economic conditions in Europe. They are also enabling us to deliver the further improvement in the operating profit margin.

Regional Performances

North America – 46.1% Group revenue (2012: 44.4%)

Regional financial summary	2013	2012	Change			
			Reported	Constant currency	Organic	Adjusted organic ¹
Revenue	£4,059m	£3,799m	6.8%	6.8%	8.2%	8.7%
Operating profit (underlying)	£338m	£313m	8.0%	8.0%	-	-
Operating margin	8.3%	8.2%	10bps	-	-	-

¹ Adjusted organic estimates the impact of the timing of Easter and adjusts for this.

We have delivered another excellent performance in our North American business, with revenue of £4.1 billion (2012: £3.8 billion). Exceptional organic revenue growth of 8.2% (around 8.7% excluding the negative impact due to the timing of Easter) has been driven by strong new business wins, including a contribution of nearly 3% from the Ascension Health and Texas A&M contracts, and continued high retention rates. Like for like volume has remained broadly flat.

Ongoing efficiencies and tight control of discretionary spend have delivered 8% operating profit growth and a 10 basis points improvement in the margin. Operating profit increased by £25 million on a constant currency basis to £338 million (2012: £313 million).

In the Business & Industry sector, we have delivered good levels of net new business. New contract wins include food service contracts with Amazon, Sony Computer Entertainment America and the California Public Employees' Retirement System (CalPERS). Like for like revenue growth was positive, although like for like volume was broadly flat.

Chief Executive's Statement (continued)

We have again delivered strong organic revenue growth in the Healthcare & Seniors sector. In addition to the Ascension Health contract, we have seen good growth in food service, winning new contracts with Mary Washington and Stafford Hospitals, McLaren Bay Medical Center and Bon Secours Health System, Inc., where we serve 18,000 meals daily. In multi services, we have won an important contract with The Mount Sinai Medical Center in New York. In addition, the recent acquisitions of CREST and Mayflower Healthcare Textile Services have expanded our support services offer across the US, whilst Nova has increased our geographical coverage in Canada.

The Education sector has seen good levels of new business wins, including the previously announced Texas A&M contract and new contracts with Schreiner University and Rockhurst High School. Retention rates also continue to be high and like for like revenue remains positive.

Levy, our Sports & Leisure business, has delivered double digit organic revenue growth through good net new business and high attendance levels at sporting events, especially at our NBA and NHL locations. New contract wins include the Reno-Sparks Convention Center in Nevada.

The ESS business, which provides food and support services in Alaska, Canada and the Gulf of Mexico, continued to deliver solid organic revenue and profit growth.

Europe & Japan – 35.0% Group revenue (2012: 37.8%)

Regional financial summary	2013	2012	Change			Adjusted organic ¹
			Reported	Constant currency	Organic	
Revenue	£3,080m	£3,228m	(4.6)%	(2.4)%	(3.6)%	(2.6)%
Operating profit (underlying)	£212m	£214m	(0.9)%	1.0%	-	-
Operating margin	6.9%	6.6%	30bps	-	-	-

¹ Adjusted organic estimates the impact of the timing of Easter and adjusts for this.

Economic conditions in many parts of Europe remain difficult. Overall, revenue in Europe & Japan for the first half totalled £3.1 billion (2012: £3.2 billion), an organic decline of 3.6% (a decrease of around 2.6% excluding the negative impact due to the timing of Easter).

We continue to win good quality new business across the region. In the UK, for example, we have won a contract to provide a range of services to the Ministry of Defence, serving over 15,000 consumers across 12 sites. In Germany, we have been awarded a multi service contract with Hannover re SE, one of the leading reinsurance groups in the world. And in Japan, we have won new food contracts with Fuji Heavy Industries Ltd and the Bank of Japan Tokyo Head Office, where we will serve 2,000 meals a day.

Our rate of retention has been slightly reduced because of the increased number of business closures in Europe and our decision to exit certain contracts that have become uneconomic.

As expected, like for like volume has declined by around 2.5% in the first half and we have again seen differing trends across the region. In North and East Europe, like for like revenue is broadly flat but, within that, we are starting to see some pressure on clients' hospitality budgets in countries such as Sweden and in the Czech Republic, some clients have moved to shorter working hours. In the UK, the negative trends in like for like volume in some sectors were more than offset by an increased number of sporting events in the first half, notably the Autumn Internationals at Twickenham. In France, volume trends have become more difficult in recent months. In the Southern European countries of Italy, Spain and Portugal, we have seen ongoing declines of around 6%.

Chief Executive's Statement (continued)

With the drop through on these like for like volume declines at around 35%, operating profit has been impacted by around £25 million. This has been mitigated by the actions we announced in September 2012. Together with ongoing efficiency programmes, we have delivered an increase in operating profit of 1.0% on a constant currency basis to £212 million (2012: £210 million), and the operating profit margin has increased by 30 basis points to 6.9%.

Fast Growing & Emerging – 18.9% Group revenue (2012: 17.8%)

Regional financial summary	2013	2012	Reported	Change		Adjusted organic ¹
				Constant currency	Organic	
Revenue	£1,665m	£1,523m	9.3%	13.0%	10.5%	11.0%
Operating profit (underlying)	£126m	£115m	9.6%	12.5%	-	-
Operating margin	7.6%	7.6%	-	-	-	-

¹ Adjusted organic estimates the impact of the timing of Easter and adjusts for this.

Strong organic revenue growth of 10.5% (around 11% excluding the negative impact due to the timing of Easter) has been delivered through strong new business wins and like for like revenue growth. The revenue for the period was £1.7 billion (2012: £1.5 billion). We have continued to generate efficiencies, which we have invested in the many growth opportunities and in strengthening our regional management teams. Overall, operating profit increased by £14 million on a constant currency basis to £126 million (2012: £112 million), which includes the contribution from the infill acquisition of Crown Camps in Colombia. We have maintained the margin at 7.6%.

In Brazil, we have seen double digit growth in new business wins and good organic revenue progression. The moderate slowdown seen in the industrial sector towards the end of last year has continued to impact like for like volume. However, a strong new business pipeline and continued efficiency programmes are providing an excellent platform for future growth.

The rest of our business in Latin America delivered good levels of organic revenue growth and further margin progression through our focus on improving processes and controls. In Colombia, following the acquisition of Crown Camps, we have won several new contracts with leading global drilling companies in the rapidly growing oil and gas sector.

Strong organic revenue growth in Turkey was driven by new business wins and like for like revenue growth. New contracts include a support services contract with Koc University, BSH where we have added cleaning and outdoor services to the food service we already offer, and Gemak, which has outsourced both food and security services to the same company for the first time.

Australia has delivered strong double digit organic revenue growth, primarily from new business wins in the Remote sector. These include a multi service contract with Rio Tinto for its Wildflower Village in the Pilbara region of Western Australia, and with JKC Australia LNG to support the development of the Ichthys LNG Project onshore LNG facilities near Darwin. The pipeline remains healthy, although we are coming off the peak of growth in the construction sector.

In India, we have again delivered excellent double digit organic growth. We have won new business across both food and support services, including a food service contract with CRISIL, a Standard & Poor's Company. In China, we have seen a slight slowdown in like for like volume but we continue to win good levels of new business. For example, in the first half we have won food service contracts with Roche and Tencent, where we will serve in excess of 5,500 meals per day.

Chief Executive's Statement (continued)

Strategy

Focus on food

Food remains our core business. The structural opportunity in the outsourced food service market, estimated at £200 billion, is a key growth driver. With an overall penetration rate of around 50%, it represents a significant opportunity. We believe the benefits of outsourcing will become ever more apparent as economic conditions and legislative changes put increasing pressure on organisations' budgets. Sectors such as Healthcare and Education are significantly underpenetrated and Business & Industry, whilst more highly penetrated, is still attractive due to its scale, growth and, in some countries, the fragmented nature of the market. As one of the largest providers in all of our sectors, we are well placed to benefit from these trends.

Growing support and multi services

Support and multi services are a growing part of the business as we continue to win new contracts and expand the range of services we supply to our existing clients. They have grown from just over £1 billion of revenue in 2006 to over £4 billion in 2012 and now represent 25% of Group revenue. The largest sector is Defence, Offshore & Remote, although we also see exciting opportunities in Business & Industry, Healthcare and Education. This is a complex market and there are significant differences in client buying behaviour across countries, sectors and sub sectors. Our approach is therefore low risk and incremental, with strategies developed on a country by country basis. We will continue to build our capabilities organically, supplemented by infill acquisitions.

Geographic spread and emerging markets

The Group has evolved significantly over the last 10 years from a predominantly European-based business with just over £10 billion of revenue to the nearly £17 billion global business today. Over time, we expect the split of revenue to continue to evolve.

North America (46% of Group revenue) will remain the principal growth engine for the Group. We have a market leading business, which delivers high levels of growth and steady margin expansion. The outsourcing culture is vibrant and the addressable market is significant. We are well positioned, with a good client base in all of our core sectors, and a strong management team.

The fundamentals of our businesses in Europe & Japan (35% of Group revenue) are solid; however, we expect economic conditions there to remain challenging in the short term. We have therefore introduced measures to reduce cost and make our operations more competitive for the future, building a better business on the good foundations in place. We still see many opportunities to drive growth in revenue and margin.

Fast Growing & Emerging, which now comprises 19% of Group revenue, is an increasingly important part of our business. We have a strong presence in key markets such as Australia, Brazil and Turkey, and we are growing rapidly in India and China. With the potential they offer, we are investing in their growth. As the trend to outsourcing increases, we would hope to see high levels of growth maintained well into the future.

Organic growth, supplemented by M&A

Through the application of MAP 1 (client sales and marketing) and MAP 2 (consumer sales and marketing), quality and sustainable organic growth remains our priority but we will look to make infill acquisitions where they deliver value. We seek out small to medium-sized infill acquisitions in food and support services in our existing geographies, bringing on board quality businesses and strong management teams. In the first half of 2013, we have committed around £80 million to such acquisitions. We also continue to target financial returns ahead of our cost of capital by the end of the second year. Our analysis at the end of the 2012 financial year showed that, for those acquisitions made between 2008 and 2010, we achieved this, and furthermore delivered returns of over 11% by the third year of ownership.

Chief Executive's Statement (continued)

Ongoing drive for efficiencies

We remain committed to our relentless focus on generating efficiencies through applying the MAP framework. We believe that we are only part of the way through the journey to drive further productivity in our cost of food (MAP 3) and our in unit costs (MAP 4), as well as being able to leverage the overhead base by controlling our above unit costs (MAP 5). During the first half of 2013, we have continued to improve our discipline around supplier and product rationalisation, recipe standardisation and labour scheduling, as well as rolling out "lean" management techniques. The ongoing generation of efficiencies helps underpin our expectation of further margin progression.

Uses of cash and balance sheet priorities

The Group's cash flow generation remains excellent and it will continue to be a key part of the model. It enables us to reward shareholders in parallel with reinvesting for growth and making infill acquisitions. In addition, we are committed to growing the dividend broadly in line with constant currency earnings and maintaining a cash cover of two times. An efficient balance sheet remains a priority and we continue to target strong investment grade credit ratings, which imply a net debt to EBITDA ratio of around 1 to 1.2 times. In light of this, we are continuing to execute the current £400 million share buyback, which we expect to complete by the end of the 2013 calendar year.

Summary and outlook

Compass has started the year well. We have delivered good levels of organic revenue growth in North America and Fast Growing & Emerging, and the cost reduction actions we're taking in Europe & Japan are progressing well.

We have again generated good levels of efficiencies, which are enabling us to reinvest in the business and manage the economic challenges in Europe. Some have also flowed through to increase the Group's operating margin.

As we look out to the second half, the pipeline of new contracts in North America and Fast Growing & Emerging remains healthy and we expect to see good performances in these regions. The pressure we've seen on like for like volume in the first half in Europe & Japan is likely to continue. However, our continued focus on efficiencies underpins our confidence and our overall expectations for the full year remain positive and unchanged.

In the longer term, we remain very optimistic about the structural growth opportunities in both food and support services around the world. We also expect to generate more cost efficiencies and make further progress in the operating profit margin.



Richard Cousins
Group Chief Executive
15 May 2013

Interim Management Report: Business Review

Financial Summary

For the six months ended 31 March	2013	2012	Increase/(decrease)
Continuing operations			
Revenue			
Constant currency	£8,804m	£8,430m	4.4%
Reported	£8,804m	£8,550m	3.0%
Organic			4.1%
Total operating profit			
Underlying at constant currency	£650m	£610m	6.6%
Underlying at reported rates	£650m	£617m	5.3%
Reported	£615m	£604m	1.8%
Operating margin			
Underlying at constant currency	7.3%	7.2%	15bps
Underlying at reported rates	7.3%	7.2%	15bps
Reported	6.9%	7.0%	(10bps)
Profit before tax			
Underlying at constant currency	£611m	£565m	8.1%
Underlying at reported rates	£611m	£572m	6.8%
Reported	£575m	£581m	(1.0%)
Basic earnings per share			
Underlying at constant currency	24.5p	22.1p	10.9%
Underlying at reported rates	24.5p	22.4p	9.4%
Reported	23.1p	22.5p	2.7%
Free cash flow			
Underlying	£386m	£368m	4.9%
Reported	£343m	£337m	1.8%
Dividends			
Interim dividend per ordinary share	8.0p	7.2p	11.1%

Business Review (continued)

Segmental performance Six months ended 31 March	Revenue		Revenue Growth		
	2013	2012	Reported	Constant	Organic
	£m	£m		Currency	
Continuing operations					
North America	4,059	3,799	6.8%	6.8%	8.2%
Europe & Japan	3,080	3,228	(4.6)%	(2.4)%	(3.6)%
Fast Growing & Emerging	1,665	1,523	9.3%	13.0%	10.5%
Total	8,804	8,550	3.0%	4.4%	4.1%

Segmental performance Six months ended 31 March	Total Operating Profit		Operating Margin	
	2013	2012	2013	2012
	£m	£m	%	%
Continuing operations				
North America	338	313	8.3%	8.2%
Europe & Japan	212	214	6.9%	6.6%
Fast Growing & Emerging	126	115	7.6%	7.6%
Unallocated central overheads	(32)	(30)	-	-
Excluding associates	644	612	7.3%	7.2%
Associates	6	5		
Underlying	650	617		
Amortisation of intangibles arising on acquisition	(14)	(9)		
Acquisition transaction costs	(2)	(5)		
Adjustments to contingent consideration on acquisitions	1	1		
European exceptional costs	(20)	-		
Total	615	604		

Notes: (these refer to pages 1-13 of this document)

- (1) Unless stated otherwise, all figures in this document relate to the six months ended 31 March.
- (2) Unless stated otherwise the data shown on pages 1 – 13 relates to the continuing business only.
- (3) Constant currency restates the prior period results to 2013's average exchange rates.
- (4) Total operating profit includes share of profit of associates.
- (5) Underlying operating profit and margin exclude European exceptional, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and gain on the disposal of US Corrections business.
- (6) Operating margin is based on revenue and operating profit excluding share of profit of associates.
- (7) Underlying net finance cost excludes hedge accounting ineffectiveness and the change in the fair value of investments and non-controlling interest put options.
- (8) Underlying profit before tax excludes European exceptional, amortisation of intangibles arising on acquisition, acquisition transaction costs; adjustment to contingent consideration on acquisition, gain on disposal of US Corrections business, hedge accounting ineffectiveness and change in fair value of investments and non-controlling interest put options.
- (9) Underlying basic earnings per share excludes European exceptional, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustments to contingent consideration on acquisition, gain on disposal of US Corrections business, hedge accounting ineffectiveness, change in fair value of investments and non-controlling interest put options and the tax attributable to those items as well as an adjustment to the exceptional recognition of tax losses.
- (10) Underlying free cash flow for the six months ended 31 March 2013 is adjusted for cash flows related to European exceptional. For the six months ended 31 March 2012, free cash flow is adjusted for one-off cash outflow in respect of non-recurring historic tax issues.
- (11) Organic revenue growth is calculated by adjusting 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.

Business Review (continued)

Revenue

Overall, reported revenue growth for the six months to 31 March 2013 was up 3.0%, or 4.4% on a constant currency basis. Organic revenue growth for the period was 4.1%, after adjusting for the impact of acquisitions and disposals, comprising new business of 8.8%, a retention rate of 94.0% and like for like growth of 1.3%. On a comparable working day basis, organic revenue growth would have been approximately 4.8%.

Operating Profit

Underlying operating profit from continuing operations was £650 million (2012: £617 million), an increase of 5.3% over the prior period. On a constant currency basis, underlying operating profit increased by £40 million, 6.6%.

Reported operating profit was £615 million (2012: £604 million), after the amortisation of intangibles arising on acquisition of £14 million (2012: £9 million), acquisition transaction costs of £2 million (2012: £5 million) and adjustment to contingent consideration on acquisition of £1 million credit (2012: £1 million credit).

During the period, we incurred an additional £20 million of costs related to the European exceptional programme. For the full year, our expectation of £50 million remains unchanged.

Finance Costs

The underlying net finance cost was £39 million (2012: £45 million). Although there is now a higher level of net debt, the decrease largely reflects the short-term inefficiency of having raised \$1 billion of new debt in the US Private Placement market in September 2011, ahead of the £614 million of debt repayments due in May 2012.

For the full year, we continue to expect an underlying net finance cost of around £80 million, including a charge of around £15 million relating to the pension fund deficit.

Other Gains and Losses

Other gains and losses include a £1 million charge related to the disposal of the US Corrections business in 2012 (2012: £24 million gain) and £nil (2012: £2 million loss) from hedge accounting ineffectiveness.

Profit Before Tax

Profit before tax from continuing operations was £575 million (2012: £581 million).

On an underlying basis, profit before tax from continuing operations increased by 6.8% to £611 million (2012: £572 million).

Income Tax Expense

Income tax expense from continuing operations was £148 million (2012: £152 million).

On an underlying basis, the tax charge on continuing operations was £158 million (2012: £146 million), equivalent to an effective tax rate of 26% (2012: 26%). We expect the tax rate to average out at around this level in the short to medium term.

Basic Earnings per Share

Basic earnings per share were 23.1 pence (2012: 22.5 pence).

Business Review (continued)

On an underlying basis, the basic earnings per share from continuing operations were 24.5 pence (2012: 22.4 pence), an increase of 9.4% compared to the prior year, or 10.9% on a constant currency basis.

	Attributable Profit		Basic Earnings Per Share		
	2013 £m	2012 £m	2013 pence	2012 pence	Change %
Six months ended 31 March					
Reported	424	427	23.1	22.5	2.7%
Adjustments	26	(3)	1.4	(0.1)	-
Underlying	450	424	24.5	22.4	9.4%
Constant currency	450	419	24.5	22.1	10.9%

Dividends

An interim dividend of 8.0 pence per share, an increase of 11.1%, will be paid on 29 July 2013 to shareholders on the register on 28 June 2013.

Free Cash Flow

Free cash flow from continuing operations totalled £343 million (2012: £337 million). In the first half, we made cash payments of £43 million related to the European exceptional programme. Adjusting for this, free cash flow on an underlying basis would have been £386 million (2012: £368 million, after adjusting for a one-off cash outflow in respect of non-recurring historic tax issues), an increase of 4.9%.

Gross capital expenditure of £234 million (2012: £187 million), including assets purchased under finance leases of £1 million (2012: £2 million), is equivalent to 2.7% of revenues (2012: 2.2% of revenues). This is a little higher as we invest in the many good organic growth opportunities in North America and the Fast Growing & Emerging markets. We expect this rate to return to more normal levels of around 2.3% in the second half of the year and around 2.5% for 2013 as a whole.

We are making further good progress in working capital management, limiting the increase in trade working capital (excluding provisions) to £12 million (2012: £44 million increase) in the first half of the year. This reflects the focus we have placed on the collection of overdue debt. Our guidance for the full year remains unchanged at broadly neutral.

The £26 million outflow (2012: £28 million) in respect of post-employment benefit obligations reflects the regular payments agreed with trustees to reduce deficits on defined benefit pension schemes, and is expected to continue at this level going forward.

The underlying cash tax rate (adjusted for the impact of European exceptional costs) was 20% (2012: 22%), based on underlying profit before tax for the continuing operations. For the full year we expect the cash tax rate to be a few percentage points higher, increasing in the medium term to average in the mid 20s.

The net interest outflow was £33 million (2012: £37 million, excluding £9 million of interest associated with the tax settlements).

Free cash outflow from discontinued operations was £nil (2012: £43 million principally related to the settlement of certain tax liabilities on the disposal of businesses in earlier years).

Business Review *(continued)*

Acquisition Payments

The total cash spend on acquisitions in the first half was £63 million. This includes £52 million on infill acquisitions, £2 million on acquisition transaction costs and £9 million of deferred consideration relating to previous year acquisitions. The £52 million on infill acquisitions includes the purchase of trade and assets of Nova Services Group, Inc. ('Nova'), a Toronto-based company that provides food and support services to the B&I and Healthcare & Seniors sectors, and Clinical Resources for Equipment Support Technology Services, Inc. ('CREST'), which is a national leader in medical equipment maintenance.

Disposals

There were no payments received in respect of businesses disposed of or discontinued in prior years (2012: £58 million).

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. An additional one-time contribution of £72 million was made to the UK scheme in March 2013, ahead of the April 2013 tri-annual review, which we anticipate will complete in September 2013.

The Group's pension deficit at 31 March 2013, calculated on the accounting basis in accordance with IAS 19, for all Group defined benefit schemes was £309 million (30 September 2012: £361 million).

Proceeds from Issue of Share Capital

The Group received cash of £10 million (2012: £16 million) from the issue of share capital in the period in connection with the exercise of employee share options.

Purchase of Own Shares

During the period, the Group completed the £500 million share buy back programme announced in November 2011 and began the £400 million share buy back programme announced in November 2012. In the six months ended 31 March 2013, a total of £241 million has been paid of which £96 million relates to the new programme which remains on track to complete within the calendar year.

Risks and Uncertainties

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

The Financial Reporting Council has recommended that companies comment on their exposure to risks from the eurozone crisis. The Group's liquidity risk (the ability to service short-term liabilities) is considered low in all scenarios other than a fundamental collapse of the financial markets.

At 30 September 2012, 5% of the Group's revenues were generated from clients located in Italy, Spain, Portugal and the Republic of Ireland. The Group believes that any potential exposure in relation to outstanding receivables due from clients located in those countries is covered by its existing provisions. No clients or Group assets are located in Greece.

As uncertainty over the eurozone economies persists and government austerity measures take effect, growth rates and consumer demand can be expected to remain under pressure. The Group continues to monitor the level of exposures when responding to these risks and compiling business forecasts.

Business Review (continued)

The principal risks and uncertainties facing the business and the activities the Group undertakes to mitigate these are set out in pages 14 -16, headed 'Focus on Risk'.

Related Party Transactions

Details of transactions with related parties are set out in note 18. These transactions have not, and are not expected to have, a material effect on the financial performance or position of the Group.

Post Balance Sheet Events

There have been no material events since 31 March 2013.

Financial Position

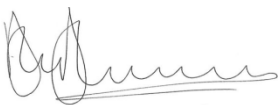
During the first six months of the year, net debt increased to £1,310 million (30 September 2012: £973 million). The increase includes £259 million paid in respect of the final dividend for 2012.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Business Review, as is the financial position of the Group, its cash flows, liquidity position, and borrowing facilities. In addition, note 20 of the Consolidated Financial Statements of our 2012 Annual Report includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with a number of 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.



Dominic Blakemore
Group Finance Director
15 May 2013

Interim Management Report: Focus on Risk

The identification of risks and opportunities is a core activity throughout the Group.

The Board continues to take a proactive approach to recognising and mitigating risk with the aim of protecting its employees and customers and safeguarding the interests of the Company and its shareholders.

As set out on pages 46 to 52 of the Corporate Governance section of our 2012 Annual Report, the Group has policies and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level within the business.

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

Our process for identifying and managing risks is set out in detail in the Corporate Governance section of the Annual Report.

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

The Group faces a number of operational risks on an ongoing basis including supply chain; information technology and infrastructure; litigation; financial and tax risk, each of which were disclosed in previous years' Annual Reports which can be found on our website at www.compass-group.com. We recognise that these risks remain important to the business and they are kept under review. However, we have focused our disclosures on those risks that are considered to be currently more significant to the Group.

Health, safety and environment		
Risk: Health and safety	Risk: Food safety	Risk: Environment
Mitigation: There is potential for accidents in the workplace. Health and safety is our number one operational priority. All management meetings throughout the Group feature a health and safety update as their first agenda item.	Mitigation: Compass feeds millions of consumers around the world every day, therefore setting the highest standards for food hygiene and safety is paramount. The Group has appropriate policies, processes and training procedures in place to ensure full compliance with legal obligations and industry standards.	Mitigation: Every day, everywhere, we look to make a positive contribution to the health and wellbeing of our consumers, the communities we work in and the world we live in. Our Corporate Responsibility statement on pages 16 to 19 in the 2012 Annual Report describes our approach in more detail.
Clients and consumers		
Risk: Client retention	Risk: Service delivery and compliance with contract terms and conditions	Risk: Changes in client demand and consumer preferences
Mitigation: We have strategies which strengthen our long-term relationships with our clients based on quality and value. Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.	Mitigation: The Group's operating companies contract with a large number of clients. Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the appropriate contract terms and conditions.	Mitigation: We strive to meet client and consumer demand for quality, choice and value by developing innovative and nutritious food offers which suit the lifestyle, tastes and spending power of our customers in today's challenging economic environment.
Risk: Consolidation of food and support services	Risk: Bidding risk	Risk: Credit risk
Mitigation: We have developed a range of support services to complement our existing food offer. These services are underpinned by the Compass Service Framework, our standard operating platform for support services, which gives us the ability to deliver to a consistent world-class standard globally and differentiates us from our competitors.	Mitigation: Each year, the Group's operating companies bid selectively for large numbers of contracts and a more limited number of concession opportunities. A rigorous tender process is in place which includes a critical assessment of contracts to identify potential risks (including social and ethical risks) and rewards, prior to approval at an appropriate level in the organisation.	Mitigation: Given the diverse and unrelated nature of the Group's client base, there is limited concentration of credit risk with regard to trade receivables. The Company continues to monitor its creditor base and the ability of clients to comply with payment terms in light of the impact of austerity measures arising from the global economic slowdown.

Focus on Risk (continued)

People		
Risk: Recruitment	Risk: People retention and motivation	Risk: Succession Planning
Mitigation: Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses due to a lack of industry experience, appropriately qualified people and the seasonal nature of some of our business. However, the Group aims to mitigate this risk by efficient, time-critical resource management, mobilisation of existing, experienced employees within the organisation and through its training and development programmes, to meet its strategic aims.	Mitigation: Retaining and motivating the best people with the right skills is key to the long-term success of the Group. The Group has established training, development, performance management and reward programmes to develop, retain and motivate our best people. The Group has a well-established employee engagement initiative, Your Voice, which helps us to monitor, understand and respond to our employees' needs.	Mitigation: Succession planning is one of the key roles of the Board, to identify and develop employees' potential and to ensure that immediate and future resource is available for the Group to achieve its strategic and operational objectives. The Nomination Committee is responsible for making recommendations to the Board as a whole in respect of Board succession. Details can be found on page 47 in the 2012 Annual Report.
Economic environment		
Risk: Economy	Risk: Food cost inflation	Risk: Labour cost inflation
Mitigation: Almost half of our business, the Healthcare & Seniors, Education and Defence, Offshore & Remote sectors, is less susceptible to economic downturns. Revenues in the remaining 50%, the Business & Industry and Sports & Leisure sectors, are more susceptible to economic conditions and employment levels. However, with the variable and flexible nature of our cost base, it is generally possible to contain the impact of like for like volume declines.	Mitigation: As part of our MAP programme, we seek to manage food price inflation through: cost indexation in our contracts, giving us the contractual right to review pricing with our clients; menu management to substitute ingredients in response to any forecast shortages and cost increases; and continuing to drive greater purchasing efficiencies through supplier rationalisation and compliance as well as understanding and reviewing market and global trends.	Mitigation: Our objective is always to deliver the right level of service in the most efficient way. As part of our MAP programme, we have been deploying tools and processes to optimise labour productivity and exercise better control over other labour costs such as absenteeism, overtime and third party agency spend; and to improve our management of salary and benefit costs and control labour cost inflation.
Eurozone		
Risk: Operating performance	Risk: Liquidity risk	
Mitigation: Recent conditions in the eurozone indicate that growth rates and consumer demand will remain under pressure for some time. Approximately 16% of our revenues are generated by clients located in the eurozone. Although the majority of the Group's revenues are generated outside of this region, a prolonged recessionary environment in the eurozone may adversely impact Group revenues and operating profit. The Company will continue to evaluate its operations within the eurozone to ensure that it is prepared to meet the ongoing challenges presented by the current environment.	Mitigation: The Group's liquidity risk (the ability to service short-term liabilities) is considered low in all scenarios other than a fundamental collapse of the financial markets and the Group's exposure to the Euro is considered to be minimal. Our policies with regard to managing liquidity risk and foreign currency risk are included on page 99 of the consolidated financial statements of our 2012 Annual Report. The Company will continue to monitor its exposure in line with its policies to ensure that it minimises any risk.	
Regulatory, political and competitive environment		
Risk: Political stability	Risk: Regulation	Risk: Competition
Mitigation: We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability. The Group remains vigilant to future changes presented by emerging markets or fledgling administrations. We engage with governments and non-governmental organisations to ensure the views of our stakeholders are represented and we try to anticipate and contribute to important changes in public policy.	Mitigation: Changes to laws or regulations could adversely affect our performance. We engage with governments and non-governmental organisations directly or through trade associations to ensure that our views are represented.	Mitigation: We operate in a competitive marketplace. The level of concentration and outsource penetration varies by country. Some markets are relatively concentrated with two or three key players, others are highly fragmented and offer significant opportunities for consolidation and penetration into the self-operated market. Aggressive pricing from our competitors could cause a reduction in our revenues and margins. We aim to minimise this by continuing to promote our differentiated propositions by focusing on our points of strength such as flexibility in our cost base, quality and value of service.

Focus on Risk (continued)

Acquisitions and investments		
Risk: Acquisition and investment risk	Risk: Joint ventures	
Mitigation: Capital investments and potential acquisitions are subject to appropriate levels of due diligence and approval. Post acquisition integration and performance is closely managed and subject to regular review.	Mitigation: In some countries we operate through joint ventures which, if not managed effectively, could cause damage to the Group's reputation. Procedures are in place to ensure that joint venture partners bring skills, experience and resources that complement and add to those provided from within the Group.	
Fraud and compliance risk	Reputation risk	Pensions risk
Mitigation: Ineffective compliance management could have an adverse effect on the Group's reputation and could result in significant financial penalties being levied or a criminal action being brought against the Company or its Directors. The Group's zero tolerance based Codes of Business Conduct and Ethics govern all aspects of our relationship with our stakeholders. All alleged breaches of the Codes are investigated. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls.	Mitigation: Our brands are amongst the most successful and best established in our industry. They represent a key element of the Group's overall marketing and positioning. In the event that our brands or reputation are damaged this could adversely impact the Group's performance. The Group's zero tolerance based Codes of Business Conduct and Ethics are designed to safeguard the Company's assets, brands and reputation.	Mitigation: There are inherent funding risks associated with the provision of final salary pensions. However, the Group's UK defined benefit pension scheme is closed to future accrual and to new entrants other than for transfers under public sector contracts in the UK where the Company is obliged to provide final salary benefits to transferring employees. Further information is set out in note 24 of the consolidated financial statements on pages 106 to 110 of the 2012 Annual Report.
Tax risk		
Mitigation: As a Group, we seek to plan and manage our tax affairs efficiently in the jurisdictions in which we operate. In doing so, we act in compliance with the relevant laws and disclosure requirements. In an increasingly complex international tax environment, a degree of uncertainty is inevitable. However, we exercise our judgement and seek appropriate professional advice when calculating our tax liabilities and forecasting the recoverability of deferred tax assets. The effective rate of tax may be influenced by a number of factors, including changes in laws and accounting standards, which could increase the rate and the Group actively monitors these factors to identify the potential impact.		

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 Services 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
15 May 2013

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

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

Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; 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 Compass Group PLC ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2013 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 statement and related notes 1 to 20. 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 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The 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 Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the 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 United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The logo for Deloitte LLP, featuring the word 'Deloitte' in a blue, stylized font and 'LLP' in a smaller, blue, sans-serif font to its right.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
15 May 2013

Condensed income statement

for the six months ended 31 March 2013

	Notes	Six months to 31 March				Before	European	Year ended
		Before	European			European	exceptional	30 September
		European	European	2013	2012	exceptional	30 September	2012
		exceptional	exceptional	Unaudited	Unaudited	2012	Audited	Audited
		£m	£m	£m	£m	£m	£m	
Continuing operations								
Revenue	3	8,804	-	8,804	8,550	16,905	-	16,905
Operating costs		(8,175)	(20)	(8,195)	(7,951)	(15,762)	(295)	(16,057)
Operating profit	3	629	(20)	609	599	1,143	(295)	848
Share of profit of associates	3	6	-	6	5	8	-	8
Total operating profit	3	635	(20)	615	604	1,151	(295)	856
(Loss)/gain on disposal of the US Corrections business	4	(1)	-	(1)	24	23	-	23
Finance income	5	4	-	4	4	9	-	9
Finance costs	5	(43)	-	(43)	(49)	(94)	-	(94)
Hedge accounting ineffectiveness	5	-	-	-	(2)	(6)	-	(6)
Change in the fair value of investments and non-controlling interests put options	5	-	-	-	-	1	-	1
Profit before tax		595	(20)	575	581	1,084	(295)	789
Income tax expense	6	(154)	6	(148)	(152)	(250)	72	(178)
Profit for the period		441	(14)	427	429	834	(223)	611
Attributable to								
Equity shareholders of the Company		438	(14)	424	427	828	(223)	605
Non-controlling interests		3	-	3	2	6	-	6
Profit for the period		441	(14)	427	429	834	(223)	611
Basic earnings per share (pence)								
From continuing operations	8			23.1p	22.5p			32.1p
Diluted earnings per share (pence)								
From continuing operations	8			23.0p	22.4p			31.9p

Analysis of operating profit

for the six months ended 31 March 2013

	Six months to 31 March		Year ended
	2013	2012	30 September
	Unaudited	Unaudited	Audited
	£m	£m	£m
Continuing operations			
Underlying operating profit before share of profits of associates	644	612	1,170
Share of profit of associates	6	5	8
Underlying operating profit ⁽¹⁾	650	617	1,178
Amortisation of intangibles arising on acquisition	(14)	(9)	(18)
Acquisition transaction costs	(2)	(5)	(9)
Adjustment to contingent consideration on acquisition	1	1	-
Operating profit after costs relating to acquisitions and disposals before European exceptional	635	604	1,151
European exceptional	(20)	-	(295)
Total operating profit	615	604	856

(1) Underlying operating profit excludes European exceptional, amortisation of intangibles arising on acquisition, acquisition transaction costs and adjustment to contingent consideration on acquisition.

Condensed statement of comprehensive income

for the six months ended 31 March 2013

	Six months to 31 March		Year ended
	2013	2012	30 September
	Unaudited	Unaudited	Audited
	£m	£m	£m
Profit for the period	427	429	611
Other comprehensive income			
Currency translation differences	95	(41)	(90)
Actuarial losses on post-retirement employee benefits	(27)	(49)	(115)
Tax on items relating to the components of other comprehensive income	5	10	27
Total other comprehensive income/(loss) for the period	73	(80)	(178)
Total comprehensive income for the period	500	349	433
Attributable to			
Equity shareholders of the Company	497	347	427
Non-controlling interests	3	2	6
Total comprehensive income for the period	500	349	433

Condensed statement of changes in equity

for the six months ended 31 March 2013

	Six months to 31 March							Total £m
	Share capital	Share premium account	Capital redemption reserve	Own shares	Other reserves	Retained earnings	Non- controlling interests	
	£m	£m	£m	£m	£m	£m	£m	
At 1 October 2012	186	386	49	(1)	4,445	(1,834)	10	3,241
Profit for the period	-	-	-	-	-	424	3	427
Other comprehensive income								
Currency translation differences	-	-	-	-	95	-	-	95
Actuarial losses on post-retirement employee benefits	-	-	-	-	-	(27)	-	(27)
Tax on items relating to the components of other comprehensive income	-	-	-	-	-	5	-	5
Total other comprehensive income	-	-	-	-	95	(22)	-	73
Total comprehensive income for the period	-	-	-	-	95	402	3	500
Issue of shares (for cash)	-	10	-	-	-	-	-	10
Fair value of share-based payments	-	-	-	-	7	-	-	7
Tax on items taken directly to equity	-	-	-	-	-	3	-	3
Share buy back ⁽¹⁾	(3)	-	3	-	-	(241)	-	(241)
Release of LTIP award settled by issue of new shares	-	-	-	-	(6)	-	-	(6)
Other changes	-	-	-	-	-	(1)	(1)	(2)
	183	396	52	(1)	4,541	(1,671)	12	3,512
Dividends paid to Compass shareholders (note 9)	-	-	-	-	-	(259)	-	(259)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2)	(2)
At 31 March 2013	183	396	52	(1)	4,541	(1,930)	10	3,251

(1) Including stamp duty and brokers' commission.

	Six months to 31 March					Equity adjustment for put options	Total other reserves
	Share-based payment reserve	Merger reserve	Revaluation reserve	Translation reserve			
	£m	£m	£m	£m	£m		
At 1 October 2012	156	4,170	7	112	-	4,445	
Other comprehensive income							
Currency translation differences	-	-	-	95	-	95	
Total other comprehensive income	-	-	-	95	-	95	
Total comprehensive income for the period	-	-	-	95	-	95	
Fair value of share-based payments	7	-	-	-	-	7	
Release of LTIP award settled by issue of new shares	(6)	-	-	-	-	(6)	
At 31 March 2013	157	4,170	7	207	-	4,541	

Condensed statement of changes in equity continued

	Six months to 31 March							Total £m
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings £m	Non- controlling interests £m	
	At 1 October 2011	190	353	44	(1)	4,529	(1,620)	
Profit for the period	-	-	-	-	-	427	2	429
Other comprehensive income								
Currency translation differences	-	-	-	-	(41)	-	-	(41)
Actuarial losses on post-retirement employee benefits	-	-	-	-	-	(49)	-	(49)
Tax on items relating to the components of other comprehensive income	-	-	-	-	-	10	-	10
Total other comprehensive income	-	-	-	-	(41)	(39)	-	(80)
Total comprehensive income for the period	-	-	-	-	(41)	388	2	349
Issue of shares (for cash)	1	15	-	-	-	-	-	16
Fair value of share-based payments	-	-	-	-	5	-	-	5
Tax on items taken directly to equity	-	-	-	-	-	3	-	3
Share buy back ⁽¹⁾	(2)	-	2	-	-	(101)	-	(101)
Release of LTIP award settled by issue of new shares	-	4	-	-	(4)	-	-	-
Other changes	-	-	-	-	-	-	1	1
Dividends paid to Compass shareholders (note 9)	189	372	46	(1)	4,489	(1,330)	11	3,776
Dividends paid to non-controlling interests	-	-	-	-	-	(243)	-	(243)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2)	(2)
At 31 March 2012	189	372	46	(1)	4,489	(1,573)	9	3,531

(1) Including stamp duty and brokers' commission.

	Six months to 31 March						Total other reserves £m
	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Equity adjustment for put options £m		
	At 1 October 2011	149	4,170	7	203	-	
Other comprehensive income							
Currency translation differences	-	-	-	(41)	-	(41)	
Total other comprehensive income	-	-	-	(41)	-	(41)	
Total comprehensive income for the period	-	-	-	(41)	-	(41)	
Fair value of share-based payments	5	-	-	-	-	5	
Release of LTIP award settled by issue of new shares	(4)	-	-	-	-	(4)	
At 31 March 2012	150	4,170	7	162	-	4,489	

Other reserves

Condensed balance sheet

as at 31 March 2013

	As at 31 March		As at
	2013	2012	30 September
Notes	Unaudited	Unaudited	Audited
	£m	£m	£m
Non-current assets			
Goodwill	4,169	4,077	4,037
Other intangible assets	903	790	804
Property, plant and equipment	731	675	652
Interests in associates	88	79	82
Other investments	42	48	46
Trade and other receivables	92	93	90
Deferred tax assets*	303	243	296
Derivative financial instruments**	83	53	87
Non-current assets	6,411	6,058	6,094
Current assets			
Inventories	279	266	261
Trade and other receivables	2,241	2,143	2,114
Tax recoverable*	25	27	31
Cash and cash equivalents**	674	1,118	728
Derivative financial instruments**	5	25	2
Current assets	3,224	3,579	3,136
Total assets	9,635	9,637	9,230
Current liabilities			
Short-term borrowings**	(120)	(382)	(77)
Derivative financial instruments**	(5)	(4)	(3)
Provisions	(206)	(125)	(246)
Current tax liabilities*	(171)	(224)	(147)
Trade and other payables	(3,126)	(2,954)	(3,010)
Current liabilities	(3,628)	(3,689)	(3,483)
Non-current liabilities			
Long-term borrowings**	(1,946)	(1,714)	(1,708)
Derivative financial instruments**	(1)	(3)	(2)
Post-employment benefit obligations	(309)	(319)	(361)
Provisions	(373)	(302)	(357)
Deferred tax liabilities*	(39)	(37)	(40)
Trade and other payables	(88)	(42)	(38)
Non-current liabilities	(2,756)	(2,417)	(2,506)
Total liabilities	(6,384)	(6,106)	(5,989)
Net assets	3,251	3,531	3,241
Equity			
Share capital	183	189	186
Share premium account	396	372	386
Capital redemption reserve	52	46	49
Less: Own shares	(1)	(1)	(1)
Other reserves	4,541	4,489	4,445
Retained earnings	(1,930)	(1,573)	(1,834)
Total equity shareholders' funds	3,241	3,522	3,231
Non-controlling interests	10	9	10
Total equity	3,251	3,531	3,241

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

Condensed cash flow statement

for the six months ended 31 March 2013

	Notes	Six months to 31 March		Year ended
		2013 Unaudited £m	2012 Unaudited £m	30 September 2012 Audited £m
Cash flow from operating activities				
Cash generated from operations	13	698	683	1,393
One-off employer contributions to post-employment benefit obligations		(72)	-	-
Interest paid		(36)	(50)	(87)
Premium paid on options		-	-	(2)
Interest element of finance lease rentals		(1)	-	(2)
Tax received		10	12	24
Tax paid		(121)	(135)	(259)
Net cash from operating activities of continuing operations		478	510	1,067
Net cash (used in) operating activities of discontinued operations		-	(19)	(19)
Net cash from/(used in) operating activities		478	491	1,048
Cash flow from investing activities				
Purchase of subsidiary companies and investments in associated undertakings ⁽¹⁾	12	(63)	(188)	(221)
Proceeds from the sale of subsidiary companies and associated undertakings - discontinued activities ⁽¹⁾		-	-	(3)
Proceeds from the sale of subsidiary companies and associated undertakings - continuing activities ⁽¹⁾		-	58	58
Tax on profits from the sale of subsidiary companies and associated undertakings		-	-	(21)
Purchase of intangible assets		(95)	(68)	(154)
Purchase of property, plant and equipment		(138)	(117)	(240)
Proceeds from sale of property, plant and equipment / intangible assets		16	7	28
Purchase of other investments		-	(3)	(3)
Proceeds from sale of other investments		7	-	-
Dividends received from associated undertakings		1	6	8
Interest received		4	4	9
Net cash (used in) investing activities by continuing operations		(268)	(301)	(539)
Net cash (used in) investing activities by discontinued operations		-	(24)	(24)
Net cash from/(used in) investing activities		(268)	(325)	(563)
Cash flow from financing activities				
Proceeds from issue of ordinary share capital		10	16	30
Purchase of own shares		(241)	(101)	(356)
Net increase/(decrease) in borrowings	14	215	179	(133)
Repayment of obligations under finance leases	14	(3)	(4)	(10)
Equity dividends paid	9	(259)	(243)	(378)
Dividends paid to non-controlling interests		(2)	(2)	(6)
Net cash (used in) financing activities by continuing operations		(280)	(155)	(853)
Net cash (used in) financing activities by discontinued operations		-	-	-
Net cash from/(used in) financing activities		(280)	(155)	(853)
Cash and cash equivalents				
Net increase/(decrease) in cash and cash equivalents	14	(70)	11	(368)
Cash and cash equivalents at beginning of the period		728	1,110	1,110
Currency translation gains/(losses) on cash and cash equivalents		16	(3)	(14)
Cash and cash equivalents at end of the period		674	1,118	728

(1) Net of cash acquired or disposed and payments received or made under warranties and indemnities.

Reconciliation of free cash flow from continuing operations

for the six months ended 31 March 2013

	Six months to 31 March		Year ended
	2013	2012	30 September
	Unaudited	Unaudited	Audited
	£m	£m	£m
Net cash from operating activities of continuing operations	478	510	1,067
One-off employer contributions to post-employment benefit obligations	72	-	-
Purchase of intangible assets	(95)	(68)	(154)
Purchase of property, plant and equipment	(138)	(117)	(240)
Proceeds from sale of property, plant and equipment / intangible assets	16	7	28
Purchase of other investments	-	(3)	(3)
Proceeds from sale of other investments	7	-	-
Dividends received from associated undertakings	1	6	8
Interest received	4	4	9
Dividends paid to non-controlling interests	(2)	(2)	(6)
Free cash flow from continuing operations	343	337	709
Add back impact of non-recurring tax issues	-	31	31
Add back: Cash restructuring costs in the year	43	-	20
Underlying free cash flow	386	368	760

Notes to the condensed financial statements

for the six months ended 31 March 2013

1 Basis of preparation

The unaudited condensed financial statements for the six months ended 31 March 2013 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 ended 30 September 2013.

The unaudited condensed financial statements for the six months ended 31 March 2013, which were approved by the Board on 15 May 2013, and the comparative information in relation to the year ended 30 September 2012, 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 2012. 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 Auditor 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 the 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 2012.

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.

3 Segmental reporting

Revenues	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Intra Group £m	
Six months ended 31 March 2013					
External revenue	4,059	3,080	1,665	-	8,804
Six months ended 31 March 2012					
External revenue	3,799	3,228	1,523	-	8,550
Year ended 30 September 2012					
External revenue	7,517	6,243	3,145	-	16,905

(1) There is no inter-segmental trading.

Revenues	Products and services: Sectors					Total £m
	Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	
Six months ended 31 March 2013						
External revenue	3,529	1,566	1,743	858	1,108	8,804
Six months ended 31 March 2012						
External revenue	3,595	1,526	1,552	812	1,065	8,550
Year ended 30 September 2012						
External revenue	7,068	2,645	3,243	1,785	2,164	16,905

(1) There is no inter-sector trading.

(2) Continuing revenues from external customers arising in the UK, the Group's country of domicile, were £901 million (six months to 31 March 2012: £948 million, year ended 30 September 2012: £1,908 million). Continuing revenues from external customers arising in all foreign countries from which the Group derives revenues were £7,903 million (six months to 31 March 2012: £7,602 million, year ended 30 September 2012: £14,997 million).

3 Segmental reporting continued

	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	
Result					
Six months ended 31 March 2013					
Operating profit before associates, European exceptional and costs relating to acquisitions	338	212	126	(32)	644
European exceptional	-	(20)	-	-	(20)
Operating profit before associates and costs relating to acquisitions	338	192	126	(32)	624
Less: Amortisation of intangibles arising on acquisition	(5)	(3)	(6)	-	(14)
Less: Acquisition transaction costs	-	-	-	(2)	(2)
Add: Adjustment to contingent consideration on acquisition	1	-	-	-	1
Operating profit before associates - continuing	334	189	120	(34)	609
Add: Share of profit of associates	3	3	-	-	6
Total operating profit - continuing	337	192	120	(34)	615
(Loss) on disposal of US Corrections business					(1)
Finance income					4
Finance costs					(43)
Hedge accounting ineffectiveness					-
Change in the fair value of investments and non-controlling interest put options					-
Profit before tax					575
Income tax expense					(148)
Profit for the period from continuing operations					427
In 2012, we announced a series of actions to improve the operational efficiency of our operations in Europe. As a result, we took a £295 million exceptional costs for the year ended 30 September 2012. During the six months ended 31 March 2013, we have recognised an additional £20 million of exceptional costs, which were predominately cash costs related to accelerating efficiencies across operations.					
Six months ended 31 March 2012					
Operating profit before associates, European exceptional and costs relating to acquisitions	313	214	115	(30)	612
European exceptional	-	-	-	-	-
Operating profit before associates and costs relating to acquisitions	313	214	115	(30)	612
Less: Amortisation of intangibles arising on acquisition	(3)	(3)	(2)	(1)	(9)
Less: Acquisition transaction costs	-	(3)	-	(2)	(5)
Add: Adjustment to contingent consideration on acquisition	1	-	-	-	1
Operating profit before associates - continuing	311	208	113	(33)	599
Add: Share of profit of associates	3	2	-	-	5
Total operating profit - continuing	314	210	113	(33)	604
Gain on disposal of US Corrections business					24
Finance income					4
Finance costs					(49)
Hedge accounting ineffectiveness					(2)
Change in the fair value of investments and non-controlling interest put options					-
Profit before tax					581
Income tax expense					(152)
Profit for the period from continuing operations					429

3 Segmental reporting continued

Result	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Total £m
Year ended 30 September 2012					
Operating profit before associates, European exceptional and costs relating to acquisitions	598	397	235	(60)	1,170
European exceptional	-	(295)	-	-	(295)
Operating profit before associates and costs relating to acquisitions	598	102	235	(60)	875
Less: Amortisation of intangibles arising on acquisition	(6)	(6)	(5)	(1)	(18)
Less: Acquisition transaction costs	-	(3)	(4)	(2)	(9)
Add: Adjustment to contingent consideration on acquisition	2	(1)	(1)	-	-
Operating profit before associates - continuing	594	92	225	(63)	848
Add: Share of profit of associates	5	3	-	-	8
Total operating profit - continuing	599	95	225	(63)	856
Gain on disposal of US Corrections business					23
Finance income					9
Finance costs					(94)
Hedge accounting ineffectiveness					(6)
Change in the fair value of investments and non-controlling interest put options					1
Profit before tax					789
Income tax expense					(178)
Profit for the year from continuing operations					611

3 Segmental reporting continued

	Geographical segments				Unallocated		Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Current and deferred tax £m	Net debt £m	
Balance sheet							
As at 31 March 2013							
Total assets	3,276	3,746	1,521	2	328	762	9,635
Total liabilities	(1,500)	(1,667)	(769)	(166)	(210)	(2,072)	(6,384)
Net assets/(liabilities)	1,776	2,079	752	(164)	118	(1,310)	3,251
<i>Total assets include:</i>							
Interests in associates	50	38	-	-	-	-	88
Non-current assets	2,459	2,773	792	1	303	83	6,411
As at 31 March 2012							
Total assets	2,950	3,888	1,332	1	270	1,196	9,637
Total liabilities	(1,311)	(1,516)	(672)	(243)	(261)	(2,103)	(6,106)
Net assets/(liabilities)	1,639	2,372	660	(242)	9	(907)	3,531
<i>Total assets include:</i>							
Interests in associates	47	32	-	-	-	-	79
Non-current assets	2,191	2,836	728	7	243	53	6,058
As at 30 September 2012							
Total assets	3,015	3,712	1,348	11	327	817	9,230
Total liabilities	(1,348)	(1,687)	(726)	(251)	(187)	(1,790)	(5,989)
Net assets/(liabilities)	1,667	2,025	622	(240)	140	(973)	3,241
<i>Total assets include:</i>							
Interests in associates	46	36	-	-	-	-	82
Non-current assets	2,226	2,782	699	4	296	87	6,094

(1) Non-current assets arising in the UK, the Group's country of domicile, were £2,306 million (31 March 2012: £2,007 million, 30 September 2012: £2,000 million). Non-current assets arising in all foreign countries from which the Group derives revenues were £4,105 million (31 March 2012: £3,755 million, 30 September 2012: £4,094 million).

4 Gain on disposal of US Corrections Business

On 29 March 2012, the Group disposed of the assets related to its food and support services business in correctional facilities located in the United States. The disposal of these assets is in line with the Group's strategy of continuing to focus on core growth sectors. The gain arising on disposal, and subsequent adjustments from the finalisation of liabilities related to the disposal as set out in the table below, are included in profit from continuing operations for the periods ended 31 March 2013 and 2012. The assets and results of operations of the Corrections business were included in the North America and the Defence, Offshore & Remote segments.

	Six months to 31 March		Year ended 30 September
	2013 £m	2012 £m	2012 £m
Gain on disposal of the US Corrections business			
(Loss)/Gain on disposal of the US Corrections business	(1)	24	23
Tax on (loss)/gain on disposal of US Corrections business	-	(11)	(10)
Net (loss)/gain on disposal of US Corrections business	(1)	13	13

5 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.

	Six months to 31 March		Year ended
	2013	2012	30 September 2012
	£m	£m	£m
Finance income and costs			
Finance income			
Bank interest	4	4	9
Total finance income	4	4	9
Finance costs			
Interest on bank loans and overdrafts	4	4	6
Interest on other loans	29	35	69
Finance lease interest	1	1	2
Interest on bank loans, overdrafts, other loans and finance leases	34	40	77
Unwinding of discount on provisions	2	1	2
Amount charged to pension scheme liabilities net of expected return on scheme assets (note 11)	7	8	15
Total finance costs	43	49	94

Analysis of finance costs by defined IAS 39⁽¹⁾ category

Fair value through profit and loss (unhedged derivatives)	-	1	3
Derivatives in a fair value hedge relationship	(10)	(18)	(31)
Derivatives in a net investment hedge relationship	2	3	5
Other financial liabilities	42	54	100
Interest on bank loans, overdrafts, other loans and finance leases	34	40	77
Fair value through profit or loss (un-winding of discount on provisions)	2	1	2
Outside of the scope of IAS 39 (net pension scheme charge)	7	8	15
Total finance costs	43	49	94

(1) IAS 39 'Financial instruments: Recognition and Measurement'.

The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivative financial instruments such as forward currency contracts, cross currency swaps and interest rate swaps to hedge the risks associated with changes in foreign currency exchange rates and interest rates. As explained in section Q of the Group's accounting policies in the Company's Annual Report for the year ended 30 September 2012, such derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

The Group has a small number of outstanding put options which are now matured. This enabled certain non-controlling shareholders to require the Group to purchase the non-controlling interest shareholding at an agreed multiple of earnings. These options are treated as derivatives over equity instruments and are recorded in the balance sheet at fair value which is re-evaluated at each period end. Fair value is based on the present value of expected cash outflows. The movement in fair value is included in the profit for the period.

	Six months to 31 March		Year ended
	2013	2012	30 September 2012
	£m	£m	£m
Financing related (gains)/losses			
Hedge accounting ineffectiveness			
Unrealised net (gains)/losses on unhedged derivative financial instruments ⁽¹⁾	(1)	-	1
Unrealised net (gains)/losses on derivative financial instruments in a designated fair value hedge ⁽²⁾	14	14	(14)
Unrealised net (gains)/losses on the hedged item in a designated fair value hedge	(13)	(12)	19
Total hedge accounting ineffectiveness losses	-	2	6
Change in the fair value of investments and non-controlling interest put options			
Change in the fair value of investments ^{(1), (3)}	-	-	(1)
Change in fair value of non-controlling interest put options (credit)/charge ⁽¹⁾	-	-	-
Total	-	-	(1)

(1) Categorized as 'fair value through profit or loss' (IAS 39).

(2) Categorized as derivatives that are designated and effective as hedging instruments carried at fair value (IAS 39).

(3) Life insurance policies used by overseas companies to meet the cost of unfunded post-employment benefit obligations included in note 11.

6 Tax

The income tax expense on continuing operations for the period is based on an estimated full year effective tax rate of 26% (last full year 26%).⁽¹⁾

	Six months to 31 March				Before European	European	
	Before European exceptional	European exceptional	2013	2012	exceptional Year ended 30 September 2012	exceptional Year ended 30 September 2012	
Recognised in the income statement:	2013	2013	2013	2012	2012	2012	2012
Income tax expense on continuing operations	£m	£m	£m	£m	£m	£m	£m
Current tax							
Current year	161	(10)	151	168	295	(24)	271
Adjustment in respect of prior years	(1)	-	(1)	(7)	(21)	-	(21)
Current tax expense/(credit)	160	(10)	150	161	274	(24)	250
Deferred tax							
Current year	(6)	4	(2)	(12)	(2)	(48)	(50)
Impact of changes in statutory tax rates	-	-	-	3	6	-	6
Adjustment in respect of prior years	(1)	-	(1)	-	9	-	9
Deferred tax expense/(credit)	(7)	4	(3)	(9)	13	(48)	(35)
Income tax expense on continuing operations excluding exceptional recognition of tax losses arising in prior years	153	(6)	147	152	287	(72)	215
Current tax charge/(credit) on exceptional recognition of tax losses arising in prior years	-	-	-	-	(19)	-	(19)
Deferred tax charge/(credit) on exceptional recognition of tax losses arising in prior years	1	-	1	-	(18)	-	(18)
Total tax charge (credit) on exceptional recognition of tax losses arising in prior years	1	-	1	-	(37)	-	(37)
Total income tax							
Income tax expense/(credit) on continuing operations	154	(6)	148	152	250	(72)	178

(1) On an underlying basis.

The Group does not recognise deferred tax assets in respect of tax losses and other temporary differences where the recovery is uncertain. Unrecognised deferred tax assets in respect of tax losses and other temporary differences amount to £48 million (30 September 2012: £46 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.

The impact of changes in statutory rates in the prior year related principally to the reduction of the UK corporation tax rate from 26% to 24% from 1 April 2012, and to 23% from 1 April 2013. These changes resulted in deferred tax charges arising from the reduction in the balance sheet carrying value of deferred tax assets to reflect the anticipated rate of tax at which those assets are expected to reverse.

7 Discontinued operations

Period ended 31 March 2013 and 2012

There is no profit or loss from discontinued operations for the six months ended 31 March 2013 and 2012.

Year ended 30 September 2012

There is no profit or loss from discontinued operations for the year ended 30 September 2012.

There was an outflow of £3 million from discontinued operations included in the condensed cash flow statement related to the settlement of certain tax liabilities on the disposal of businesses in earlier years.

There were no assets or liabilities included in disposal groups held for sale at the balance sheet date.

8 Earnings per share

The calculation of earnings per share is based on earnings after tax and the weighted average number of shares in issue during the period. The adjusted earnings per share figures have been calculated based on earnings excluding the effect of discontinued operations, the European exceptional, loss/(gain) on disposal of the US Corrections business, the amortisation of intangible assets arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, hedge accounting ineffectiveness, and the change in the fair value of investments and non-controlling interest put options, the tax attributable to these amounts and the exceptional recognition of tax losses. These items are excluded in order to show the underlying trading performance of the Group.

	Six months to 31 March		Year ended
	2013	2012	30 September
Attributable profit	£m	£m	2012 £m
Profit for the period attributable to equity shareholders of the Company	424	427	605
Add back: Amortisation of intangible assets arising on acquisition (net of tax)	10	6	14
Add back: Acquisition transaction costs (net of tax)	1	3	8
Less: Adjustment to contingent consideration on acquisition (net of tax)	(1)	(1)	-
Less: Change in fair value of investments and non-controlling interest put options (net of tax)	-	-	(1)
Add back: European exceptional (net of tax)	14	-	223
Add back: Loss/(gain) on disposal of US Corrections business (net of tax)	1	(13)	(13)
Add back: Loss/(profit) from hedge accounting ineffectiveness (net of tax)	-	2	4
Add back: Exceptional recognition of tax losses	1	-	(37)
Underlying attributable profit for the period from continuing operations	450	424	803

	Six months to 31 March		Year ended
	2013	2012	30 September
Average number of shares (millions of ordinary shares of 10p each)			2012
Average number of shares for basic earnings per share	1,838	1,897	1,884
Dilutive share options	7	9	10
Average number of shares for diluted earnings per share	1,845	1,906	1,894

Basic earnings per share (pence)

From continuing operations	23.1	22.5	32.1
Amortisation of intangible assets arising on acquisition (net of tax)	0.5	0.3	0.8
Acquisition transaction costs (net of tax)	0.1	0.2	0.4
Adjustment to contingent consideration on acquisition (net of tax)	(0.1)	-	-
Change in fair value of investments and non-controlling interest put options (net of tax)	-	-	-
European exceptional (net of tax)	0.8	-	11.8
Loss/(gain) on US Corrections disposal (net of tax)	-	(0.7)	(0.7)
Hedge accounting ineffectiveness (net of tax)	-	0.1	0.2
Exceptional recognition of tax losses	0.1	-	(2.0)
From underlying continuing operations	24.5	22.4	42.6

8 Earnings per share continued

	Six months to 31 March		Year ended 30 September
	2013	2012	2012
Diluted earnings per share (pence)			
From continuing operations	23.0	22.4	31.9
Amortisation of intangible assets arising on acquisition (net of tax)	0.5	0.3	0.8
Acquisition transaction costs (net of tax)	0.1	0.2	0.4
Adjustment to contingent consideration on acquisition (net of tax)	(0.1)	-	-
Change in fair value of investments and non-controlling interest put options (net of tax)	-	-	-
European exceptional (net of tax)	0.8	-	11.8
Loss/(gain) on US Corrections disposal (net of tax)	-	(0.7)	(0.7)
Hedge accounting ineffectiveness (net of tax)	-	0.1	0.2
Exceptional recognition of tax losses	0.1	-	(2.0)
From underlying continuing operations	24.4	22.3	42.4

9 Dividends

The interim dividend of 8.0 pence per share (2012: 7.2 pence per share), £146 million in aggregate⁽¹⁾, is payable on 29 July 2013 to shareholders on the register at the close of business on 28 June 2013. 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.

	Six months to 31 March		Year ended 30 September
	2013 £m	2012 £m	2012 £m
Dividends paid on ordinary shares of 10p each			
Final 2011 - 12.8p per share	-	243	243
Interim 2012 - 7.2p per share	-	-	135
Final 2012 - 14.1p per share	259	-	-
Total dividends	259	243	378

(1) Based on the number of shares in issue at 31 March 2013 (1,826 million shares).

10 Provisions

	Six months to 31 March							Year ended 30 September	
	Insurance £m	Provisions in respect of discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Reorganisation £m	Other £m	Total 2013 £m	Total 2012 £m	Total 2012 £m
Provisions									
Brought forward	217	52	79	105	94	56	603	439	439
Reclassified	-	-	3	(5)	1	(8)	(9)	-	-
Expenditure in the year	(4)	-	(19)	(1)	(35)	(7)	(66)	(40)	(73)
Charged to income statement	15	-	2	3	10	2	32	39	294
Credited to income statement	-	-	(2)	(1)	(1)	(4)	(8)	(7)	(44)
Business acquisitions	-	-	-	-	-	-	-	1	1
Unwinding of discount on provisions	-	-	2	-	-	-	2	1	2
Currency adjustment	13	-	2	4	4	2	25	(6)	(16)
Carried forward	241	52	67	105	73	41	579	427	603

10 Provisions continued

Provisions	As at 31 March		As at
	2013	2012	30 September
	£m	£m	2012
			£m
Current	206	125	246
Non-current	373	302	357
Total provisions	579	427	603

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

Provisions in respect of discontinued and disposed businesses relate to estimated amounts payable in connection with onerous contracts and claims arising from disposals. The final amount payable remains uncertain as, at the date of approval of these financial statements, there remains a further period during which claims may be received. The timing of any settlement will depend upon the nature and extent of claims received. Surplus provisions of £nil (six months ended 31 March 2012: £nil, year ended 30 September 2012: £nil) were credited to the discontinued operations section of the income statement in the period.

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 sundry other claims. The timing of the settlement of these claims is uncertain.

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 for re-organisation include provision for redundancy costs.

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

11 Post-employment benefit obligations

The Group operates a number of pension arrangements throughout the world which have been developed in accordance with statutory requirements and local customs and practices. The majority of schemes are self-administered and the schemes' assets are held independently of the Group's 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 3% to 35% of pensionable salaries.

The arrangements are described in more detail in note 24 of the Company's Annual Report for the year ended 30 September 2012.

Post-employment benefit obligations:	Six months to 31 March				Year ended	
	UK	USA	Other	Total	Total	2012
Total (surplus)/deficit	£m	£m	£m	2013	2012	Total
				£m	£m	£m
Brought forward	132	118	112	362	293	293
Business acquisitions	-	-	-	-	4	4
Current service cost	1	5	6	12	11	20
Curtailement credit	-	-	-	-	-	(3)
Plan settlement	-	-	(2)	(2)	(1)	-
Amount charged to plan liabilities	37	8	4	49	50	100
Expected return on plan assets	(33)	(7)	(2)	(42)	(42)	(85)
Actuarial (gains)/losses	36	(6)	(3)	27	49	115
Employer contributions ⁽¹⁾	(87)	(8)	(13)	(108)	(38)	(72)
Currency adjustment	-	7	5	12	(6)	(10)
Carried forward	86	117	107	310	320	362

(1) Group contributions in the six months to 31 March 2013 include an exceptional advance payment of £72 million (year ended 30 September 2012: £nil)

11 Post-employment benefit obligations continued

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

	As at 31 March		As at
	2013	2012	30 September
Post-employment benefit obligations recognised in the balance sheet	£m	£m	£m
Total deficit of defined benefit pension plans shown in the above table	310	320	362
Past service cost not recognised ⁽¹⁾	(1)	(1)	(1)
Post-employment benefit obligations shown in the balance sheet	309	319	361

(1) To be recognised over the remaining service life in accordance with IAS 19.

The actuarial (gain)/loss reported in the condensed statement of comprehensive income can be reconciled as follows:

	Six months to 31 March		Year ended
	2013	2012	30 September
Actuarial adjustments	£m	£m	£m
Actuarial losses shown in the above table	27	49	115
Actuarial losses shown in the statement of comprehensive income	27	49	115

12 Business combinations

On 31 October 2012 Compass Group Canada Ltd purchased the trade and assets of Nova Services Group, Inc. ('Nova') for a consideration of £13 million. Nova is a Toronto-based company that provides food and support services to the B&I and Healthcare & Seniors sectors.

On 20 December 2012, Crothall Services Group ('Crothall'), a US subsidiary of the Group, purchased Clinical Resources for Equipment Support Technology Services, Inc. ('CREST'), a national leader in medical equipment maintenance. Total purchase price was £27 million which included £10 million of deferred consideration. 'CREST' offers custom Clinical and Diagnostic Equipment maintenance solutions.

In addition to the acquisitions set out above, the Group has also completed a number of smaller infill acquisitions in several countries for total consideration of £39 million.

12 Business combinations continued

	Acquisitions		Adjustments ⁽¹⁾	Total
	Book value	Fair value	Fair value	Fair value
	£m	£m	£m	£m
Contract-related and other intangibles arising on acquisition	-	41	-	41
Property, plant and equipment	5	5	-	5
Inventories	2	2	-	2
Trade and other receivables	13	13	-	13
Cash and cash equivalents	9	9	-	9
Trade and other payables	(19)	(19)	-	(19)
Fair value of net assets acquired	10	51	-	51
Goodwill arising on acquisition		28		28
Total consideration		79	-	79

Net assets acquired

Satisfied by

Cash consideration		61	-	61
Deferred consideration ⁽²⁾		18	-	18
		79	-	79

Cash flow

Cash consideration		61	-	61
Cash acquired		(9)	-	(9)
Acquisition transaction costs		2	-	2
Net cash outflow arising on acquisition		54	-	54
Deferred consideration and other payments relating to previous acquisitions				9
Total cash outflow arising from the purchase of subsidiary companies and investments in associated undertakings				63

(1) Adjustments to provisional amounts in respect of prior year acquisitions in accordance with International Financial Reporting Standard 3 'Business Combinations (Revised 2008)'.

(2) Deferred consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. Actual amounts 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 2013 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 2013 were £2 million (2012: £5 million).

In the period from acquisition to 31 March 2013 the acquisitions contributed revenue of £30 million and operating profit of £1 million to the Group's results.

If the acquisitions had occurred on 1 October 2012, Group revenue for the period would have been £8,817 million and total Group operating profit (including associates) would have been £615 million.

13 Reconciliation of operating profit to cash generated by operations

	Six months to 31 March		Year ended
	2013	2012	30 September
	£m	£m	£m
Reconciliation of operating profit to cash generated by continuing operations			
Operating profit from continuing operations	609	599	848
<i>Adjustments for:</i>			
Acquisition transaction costs	2	5	9
Adjustment to contingent consideration for prior year adjustments	1	-	-
Amortisation of intangible assets	57	54	116
Amortisation of intangible assets arising on acquisition	14	9	18
Depreciation of property, plant and equipment	88	88	203
(Gain)/loss on disposal of property, plant and equipment/intangible assets	-	1	2
Impairment of goodwill	-	-	2
Increase/(decrease) in provisions	(42)	(6)	174
Increase/(decrease) in post-employment benefit obligations	(26)	(28)	(54)
Share-based payments - charged to profits	7	5	11
Operating cash flows before movement in working capital	710	727	1,329
(Increase) in inventories	(3)	(6)	(4)
(Increase) in receivables	(15)	(132)	(146)
Increase in payables	6	94	214
Cash generated by continuing operations	698	683	1,393

14 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 during the period.

	Six months to 31 March							Net debt	Net debt	Year ended
	Cash and cash equivalents	Bank overdrafts	Bank and other borrowings	Total overdrafts and borrowings	Finance leases	Derivative financial instruments	Total gross debt			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Net debt										
Brought forward	728	(58)	(1,699)	(1,757)	(28)	84	(1,701)	(973)	(761)	(761)
Net increase/(decrease) in cash and cash equivalents	(70)	-	-	-	-	-	-	(70)	11	(368)
Cash outflow from repayment of bonds	-	-	-	-	-	-	-	-	296	609
Cash (inflow)/outflow from changes in other gross debt	-	30	(233)	(203)	-	(12)	(215)	(215)	(475)	(476)
Cash outflow from repayment of obligations under finance leases	-	-	-	-	3	-	3	3	4	10
Increase in net debt as a result of new finance leases taken out	-	-	-	-	(1)	-	(1)	(1)	(2)	(4)
Currency translation gains/(losses)	16	(3)	(90)	(93)	(1)	34	(60)	(44)	17	18
Acquisitions and disposals (excluding cash)	-	-	-	-	-	-	-	-	(3)	(3)
Other non-cash movements	-	-	14	14	-	(24)	(10)	(10)	6	2
Carried forward	674	(31)	(2,008)	(2,039)	(27)	82	(1,984)	(1,310)	(907)	(973)

14 Reconciliation of net cash flow to movement in net debt continued

Other non-cash movements are comprised as follows:

	Six months to 31 March		Year ended 30 September
	2013 £m	2012 £m	2012 £m
Other non-cash movements in net debt			
Amortisation of fees and discount on issuance	(1)	-	(2)
Amortisation of the fair value adjustment in respect of the £250 million sterling Eurobond redeemable in 2014	2	2	4
Swap monetisation credit	-	-	2
Unrealised net gains/(losses) on bank and other borrowings in a designated fair value hedge	13	14	(17)
Bank and other borrowings	14	16	(13)
Changes in the value of derivative financial instruments	(24)	(10)	15
Other non-cash movements	(10)	6	2

15 Contingent liabilities

	As at 31 March		As at 30 September
	2013 £m	2012 £m	2012 £m
Performance bonds, guarantees and indemnities			
Performance bonds, guarantees and indemnities (including those of associated undertakings) ⁽¹⁾	379	380	383

(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 17.

Performance bonds, guarantees and indemnities

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

Eurest Support Services

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

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

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

15 Contingent liabilities continued

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

Other litigation and claims

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

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

Outcome

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

16 Capital commitments

	As at 31 March		As at
	2013	2012	30 September
Capital commitments	£m	£m	£m
Contracted for but not provided for	110	101	120

The majority of capital commitments are for intangible assets.

17 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 2012.

18 Related party transactions

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

Subsidiaries

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

Joint ventures

There were no significant transactions between joint ventures or joint venture partners and the rest of the Group during the period.

Associates

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

Key management personnel

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

19 Post balance sheet events

There have been no material events since 31 March 2013.

20 Exchange rates

Exchange rates	Six months to 31 March		Year ended
	2013	2012	30 September 2012
Average exchange rate for the period			
Australian Dollar	1.52	1.53	1.53
Brazilian Real	3.21	2.83	2.99
Canadian Dollar	1.59	1.59	1.59
Euro	1.21	1.18	1.21
Japanese Yen	136.37	124.10	124.35
Norwegian Krone	8.97	9.09	9.19
South African Rand	13.87	12.43	12.71
Swedish Krona	10.32	10.61	10.69
Swiss Franc	1.47	1.43	1.47
UAE Dirham	5.81	5.81	5.81
US Dollar	1.58	1.58	1.58
Closing exchange rate as at the end of the period			
Australian Dollar	1.46	1.54	1.55
Brazilian Real	3.06	2.91	3.28
Canadian Dollar	1.54	1.60	1.59
Euro	1.18	1.20	1.26
Japanese Yen	142.77	131.49	125.63
Norwegian Krone	8.86	9.11	9.24
South African Rand	13.93	12.26	13.32
Swedish Krona	9.87	10.60	10.59
Swiss Franc	1.44	1.44	1.52
UAE Dirham	5.58	5.87	5.93
US Dollar	1.52	1.60	1.61

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

Notes:

- (a) Compass Group is one of the world's leading foodservice and support services company with annual revenue of over £16 billion operating in around 50 countries.
- (b) MAP is a simple, but clearly defined Group operating framework. MAP focuses on five key value drivers, enabling the businesses to deliver disciplined, profitable growth with the focus more on organic growth and like for like growth.

The five key value drivers are:

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

- (c) The timetable for payment of the interim dividend of 8.0p per share is as follows:

Ex dividend date:	26 June 2013
Record date:	28 June 2013
Payment date:	29 July 2013

- (d) The Interim Results Announcement was approved by the Directors on 15 May 2013.

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

- (e) Forward looking statements

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

- (f) A presentation for analysts and investors will take place at 9:30 a.m. (BST/London) on Wednesday 15 May 2013 at Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ.

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

- To listen to the live presentation via teleconference, dial +44 (0) 20 3140 0722.
- To view the presentation slides and/or listen to a live webcast of the presentation, go to www.compass-group.com or www.cantos.com.
- Please note that remote listeners will not be able to ask questions during the Q&A session.

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

- A teleconference replay of the presentation will be available from 12:00 noon (BST/London) on Wednesday 15 May 2013 for ten working days. To hear the replay, dial +44 (0) 20 3140 0698, conference reference 382069#.
- A webcast replay of the presentation will be available for six months at www.compass-group.com and www.cantos.com

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