

Company Registration No 3078635

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Report and Financial Statements

30 September 2007

WEDNESDAY



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28/05/2008
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COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Report and Financial Statements 2007

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Directors

M J White
N A F Palmer

Secretary

A V Derham

Registered Office

Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Directors' Report

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 30 September 2007

1 Business Review and Principal Activities

The Company is a wholly owned subsidiary of Compass Group Holdings PLC and the ultimate holding company is Compass Group PLC. The Company acts as a holding company principally for subsidiaries resident outside the United Kingdom and it is the intention of the directors that the Company will continue to act as a holding company for overseas subsidiaries.

The results for the Company show a pre-tax profit for the year of £54,925,000 (2006: £39,784,000) and net assets of £938,168,000 (2006: £679,538,000) at 30 September 2007. The Company's directors believe that analysis using key performance indicators is not necessary for an understanding of the position of the Company. The performance of Compass Group PLC is discussed in its Annual Report which does not form part of this report.

2 Principal Risks and Uncertainties

The Company has only inter-group investments and balances, no third party debt and hence no external interest rate exposure. Certain investments in subsidiary undertakings and intra-group balances are denominated in foreign currency. The Company has the potential to hedge account for some of its currency borrowings against equity investments and there is a gain/loss associated with the translation of residual balances taken to profit and loss account.

The company has entered into a number of intra-group forward foreign exchange contracts in order to hedge its currency investments held in foreign operations. All outstanding contracts held as at 30 September 2007 were entered into on 28 September 2007 and consequently their fair values at the balance sheet date are zero.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Group risks are discussed in the group's Annual Report which does not form part of this report.

3 Dividend

An interim dividend of £145,278 per ordinary share was paid on 21st September 2007 (2006: £nil). The directors do not recommend the payment of a final dividend in respect of the financial year ended 30 September 2007 (2006: £nil).

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Directors' Report (continued)

4 Directors

The following served as directors throughout the year under review unless otherwise indicated

M J White (appointed 1 June 2007)

T C Mason (resigned 1 June 2007)

N A F Palmer

5 Directors' Qualifying Third Party Indemnity

A qualifying third party indemnity provision as defined in section 234 of the Companies Act 2006 formerly section 309B(1) of the Companies Act 1985 (as amended) is and was in full force and effect for the benefit of each of the directors of the Company, both at the date of this report and throughout the financial year to which this report relates

6 Directors' disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

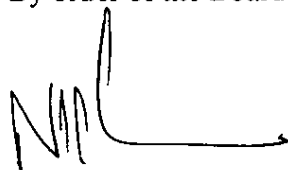
(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

7 Auditors

Deloitte and Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board



N A F Palmer

Director

23 May 2008

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Directors' Report (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, having prepared the financial statements, have permitted the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPASS OVERSEAS HOLDINGS No.2 LIMITED

We have audited the financial statements of Compass Overseas Holdings No 2 Limited for the year ended 30 September 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF COMPASS OVERSEAS HOLDINGS No.2 LIMITED
(continued)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
London, United Kingdom
27 May 2008*

COMPASS OVERSEAS HOLDINGS No.2 LIMITED**Profit and Loss Account for the year ended 30 September 2007**

	Notes	2007 £ 000	2006 £ 000
Operating costs		(1)	-
Loss on disposal of fixed asset investment		-	(193)
Foreign exchange loss		<u>(5,795)</u>	<u>(775)</u>
Operating loss		(5,796)	(968)
Income from shares in group undertakings		64,577	2,400
Interest receivable and similar income	4	29,430	38,352
Interest payable and similar charges	5	<u>(33,286)</u>	<u>-</u>
Profit on ordinary activities before taxation		54,925	39,784
Tax credit on profit on ordinary activities	6	<u>22,185</u>	<u>20,558</u>
Profit for the financial year on ordinary activities after taxation		<u>77,110</u>	<u>60,342</u>

Statement of Total Recognised Gains and Losses

		2007 £ 000	2006 £ 000
Profit for the financial year		77,110	60,342
Foreign exchange translation differences on foreign currency net investments	12	(12,082)	(15,831)
Unrealised surplus on revaluation of fixed asset investments	12	<u>253,602</u>	<u>-</u>
Total gains recognised in the year		<u>318,630</u>	<u>44,511</u>

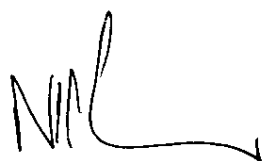
All operations are continuing operations

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Balance Sheet as at 30 September 2007

	Notes	2007 £ 000	2006 £ 000
Fixed assets			
Investments	8	3,027,414	2,765,222
Current assets			
Debtors amounts falling due within one year	9	26,836	1,049,886
Cash at bank		67,905	7,006
		94,741	1,056,892
Creditors amounts falling due within one year	10	(2,183,987)	(3,142,576)
Net current liabilities		(2,089,246)	(2,085,684)
Net assets		938,168	679,538
Capital and reserves			
Called up share capital	11	-	-
Share premium account	12	507,814	507,814
Revaluation reserve	12	253,602	-
Foreign exchange reserve	12	(188,380)	(176,298)
Profit and loss account	12	365,132	348,022
Total shareholders' funds		938,168	679,538

Approved by the Board of directors on 23 May 2008 and signed on their behalf by



N A F Palmer
Director

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2007

1 Accounting policies

(a) Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom laws and accounting standards and under the historical cost convention, except as where discussed below, and have been applied consistently in the current and preceding year. The Company has not prepared consolidated financial statements as it is a wholly-owned subsidiary of Compass Group PLC, a United Kingdom company and ultimate parent which prepares consolidated financial statements (Companies Act 1985 s288). These financial statements thus present information about the Company as an individual undertaking not as a group undertaking.

(b) Investments

Investments are stated using an alternative valuation technique and translated into sterling in accordance with the policy at (d) below, less any provision for impairment in value.

(c) Taxation

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

Deferred tax is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

(d) Foreign currencies

The revalued cost of currency investments in foreign subsidiary companies is translated into sterling at the rates of exchange ruling at the year-end. Gains and losses resulting from the realignment of opening foreign currency balances to the year-end rates including external loans and inter-company long-term loans are treated as movements on reserves. All other exchange differences are dealt with through the profit and loss account.

(e) Cash flow statement

Under the provisions of FRS1, the Company is exempt from the requirement to produce a cash flow statement on the grounds that it is a wholly-owned subsidiary of a parent undertaking which has produced a consolidated cash flow statement in its consolidated accounts.

(f) Derivatives held for net investment hedging

The company has entered into a number of intra-group forward foreign exchange contracts in order to hedge its currency investments held in foreign operations. All outstanding contracts held as at 30 September 2007 were entered into on 28 September 2007 and consequently their fair values at the balance sheet date are zero.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2007

2 Auditors' remuneration

Fees of £5,000 (2006 £5,000) were received by the auditors in respect of the Company's statutory audit for the current and preceding years. These fees were borne by another group company. No fees were received by the auditors in respect of any non-statutory audit services in either the current or preceding year.

3 Directors' emoluments and employees

The directors received no emoluments during the year (2006 £nil).
There were no employees during the year (2006 none).

4 Interest receivable and similar income

	2007 £ 000	2006 £ 000
Interest receivable from other group companies	<u>29,430</u>	<u>38,352</u>

5 Interest payable and similar charges

	2007 £ 000	2006 £ 000
Interest payable to other group companies	<u>33,286</u>	<u>-</u>

6 Tax credit on profit on ordinary activities

	2007 £ 000	2006 £ 000
UK corporation tax at 30%	6,707	17,507
Double tax relief	9,373	161
Adjustments in respect of prior years	<u>6,105</u>	<u>2,890</u>
	<u>22,185</u>	<u>20,558</u>

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2007

6 Tax credit on profit on ordinary activities (continued)

Reconciliation of the UK statutory tax rate to the effective current tax rate

	2007 £ 000	2006 £ 000
Tax charge on profit on ordinary activities at the UK statutory rate	(16,477)	(11,935)
(Increase)/decrease arising from		
Permanent items	-	9
UK/UK transfer pricing adjustment	25,014	29,433
Tax credits	9,373	161
Prior year adjustments	6,105	2,890
Current year losses not relieved	(1,830)	-
Current tax credit on profit on ordinary activities	<u>22,185</u>	<u>20,558</u>

7 Dividends

	Per share £ 000	2007 £ 000	2006 £ 000
Dividends on ordinary shares of £1 each			
Dividend to parent company	145 278 (2006 nil)	<u>60,000</u>	<u>-</u>

8 Fixed asset investments

	Shares in group undertakings £ 000
At 1 October 2006	2,765,222
Additions	8,090
Revaluation of fixed asset investments	253,602
Foreign exchange differences	500
At 30 September 2007	<u>3,027,414</u>

Fixed asset investments have been valued using an alternative valuation technique on the basis of the underlying net assets by currency. On a historical cost basis, shares held in group undertakings would have been stated at £2,773,812,000 (2006 £2,765,222,000)

On 12 December 2006, the Company increased its investment in Compass Group International BV by £8,080,000. As a result of this investment, Compass Group International BV now owns 100% of Onama S p A, Italy. The Company also made a £10,000 investment in Compass Group Holdings Mauritius.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2007

8 Fixed asset investments (continued)

Group accounts are not prepared as the Company is a wholly-owned subsidiary of Compass Group Holdings PLC, which is incorporated and registered in England and Wales

The Company has five direct subsidiary companies Compass Group International B V, Compass Group Vending Holding BV, Stepgates Limited, Compass Catering Services (China) Co Limited, formerly known as Shanghai Creative Food Technologies Co Limited, and Shanghai Eurest Technology Food Services Co Limited

- 1 Compass Group International BV is a holding company incorporated in the Netherlands in which 100% of the ordinary share capital is held The subsidiaries of Compass Group International BV include

Name and country of registration or incorporation	Principal activities
Compass Group Deutschland GmbH, Germany	Holding company
Eurest Deutschland GmbH, Germany	Trading company providing foodservice to business and industry
Eurest Sports & Food GmbH, Germany	Trading company providing foodservice to the sports and leisure market
Compass Group Nederland BV, the Netherlands	Trading company providing foodservice
Compass Group Nederland Holding BV, the Netherlands	Holding company
Eurest Support Services BV, the Netherlands	Trading company providing support services
Compass Group Holdings Spain, S L	Holding company
Eurest Colectividades S A , Spain	Trading company providing foodservice
Sevita Group AG, Switzerland	Holding company
Onama S p A , Italy	Trading company providing foodservice
Palmar S p A (90%)	Trading company providing support services
Lunchtime S r l	Trading company providing prepaid meal vouchers
Restorama AG, Switzerland	Trading company providing foodservice
Compass Group (Australia) Pty Limited (57%)	Trading company providing foodservice
Eurest Support Services (Cyprus) International Ltd, Cyprus	Trading company for the provision of integrated support services to the defence, offshore and remote sectors
Seiyo Food Systems Inc , Japan (86%)	Trading company providing foodservice

All companies listed above are wholly-owned by the Company, except where otherwise indicated

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2007

8 Fixed asset investments (continued)

- ii Compass Group Vending Holding BV is a holding company incorporated in the Netherlands in which 100% of the ordinary share capital is held. The principal investment of Compass Group Vending Holding BV is Sevita Group AG, a company incorporated in Switzerland. Compass Group Vending Holding BV holds a 33.28% interest in Sevita Group AG.
- iii The Company holds 100% of the ordinary share capital of Stepgates Limited which is a company incorporated in Great Britain.
- iv The Company holds 100% of the ordinary share capital of Compass Catering Services (China) Co. Limited, formerly known as Shanghai Creative Food Technologies Co. Limited, and Shanghai Eurest Technology Food Services Co. Limited. Both companies provide foodservice, and are incorporated, in China.

9 Debtors

	2007 £ 000	2006 £ 000
Amounts falling due within one year		
Amounts owed by group undertakings	26,836	1,034,465
Group relief receivable	-	15,421
	<u>26,836</u>	<u>1,049,886</u>

The Company has an unrecognised deferred tax asset of £1,708,268 relating to current year non-trading losses (2006: £nil). The asset will be recovered if the Company has sufficient non-trading profits in future periods.

10 Creditors

	2007 £ 000	2006 £ 000
Amounts falling due within one year		
Amounts owed to group undertakings	2,182,848	3,142,576
Corporation tax	1,139	-
	<u>2,183,987</u>	<u>3,142,576</u>

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2007

11 Called up share capital	2007		2006	
	No.	£	No.	£
<u>Authorised</u>				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<u>Allotted, called up and fully paid</u>				
Ordinary shares of £1 each	<u>413</u>	<u>413</u>	<u>413</u>	<u>413</u>

12 Reserves	Share premium	Revaluation Reserve	Foreign Exchange Reserve	Profit and loss account
	£ 000	£ 000	£ 000	£ 000
At 1 October 2006	507,814	-	(176,298)	348,022
Foreign exchange translation differences	-	-	(12,082)	-
Revaluation of fixed asset investments	-	253,602	-	-
Profit for the year	-	-	-	17,110
At 30 September 2007	<u>507,814</u>	<u>253,602</u>	<u>(188,380)</u>	<u>365,132</u>

13 Reconciliation of movement in equity shareholders' funds	2007	2006
	£ 000	£ 000
Profit for the year	77,110	60,342
Dividend payable	(60,000)	-
	<u>17,110</u>	<u>60,342</u>
Other recognised gains and losses relating to the year	<u>241,520</u>	<u>(15,831)</u>
Net addition to equity shareholders' funds	258,630	44,511
Opening equity shareholders' funds	679,538	635,027
Closing equity shareholders' funds	<u>938,168</u>	<u>679,538</u>

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2007

14 Contingent liabilities

There are no contingent liabilities as at 30 September 2007. In previous years the Company had entered into cross guarantees in respect of US\$62 million borrowed under fixed term, fixed interest private placement by the immediate parent company Compass Group Holdings PLC which has now been prepaid and the group overdraft facility with Barclays Bank PLC which is now cancelled.

15 Commitments

There were no commitments for capital expenditure at the end of the year (2006 £nil).

16. Ultimate parent company and controlling party

The ultimate parent company and controlling party, Compass Group PLC, is the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up. The immediate parent company is Compass Group Holdings PLC.

Compass Group PLC and Compass Group Holdings PLC are incorporated and registered in England and Wales.

Copies of the Compass Group PLC financial statements are available from Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ.

17. Transactions with related parties

In accordance with the exemption extended in FRS 8 "Related Party Disclosures", the company has not disclosed transactions or balances between itself and group undertakings on the basis that 90% or more of the voting rights of these companies are controlled within the group.

18 Post balance sheet events

The Company holds an investment in Strategic Exports Limited which is being liquidated in 2008.