

Company Number: 3078635

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2002



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COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Report and Financial Statements 2002

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Directors

F H Mackay
A P Lynch
R M Morley

Secretary

A Derham

Registered Office

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

Auditors

Deloitte & Touche LLP
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 2002.

1. Activities and Future Prospects

The company acts as a holding company principally for subsidiaries resident outside the United Kingdom and it is the intention of the directors that it will continue in this capacity.

2. Results and Dividend

The profit for the year of £25,923,000 (2001: loss of £1,735,000) has been transferred to/from reserves.

The directors do not propose the payment of a dividend (2001: £nil).

3. Directors

The following served as directors throughout the year under review:

A P Lynch
F H Mackay
R M Morley

4. Directors' Interests

Mr F H Mackay holds jointly with Compass Group Holdings PLC one ordinary share of £1 in the company.

During the year, Mr F H Mackay and Mr A P Lynch have also been directors of the company's parent undertaking shown in note 15 to the financial statements. Their interests in shares of Compass Group PLC are shown in the financial statements of Compass Group PLC.

None of the directors had any other interest in the company or any other group company.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Directors' Report (continued)

4. Directors' Interests - continued

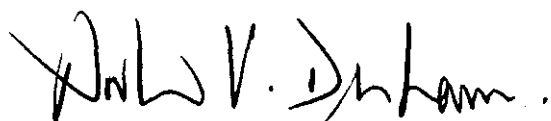
Mr R M Morley had the following interests in the shares of Compass Group PLC:-

	R M Morley
Under option at 1 October 2001	1,283,780
Granted in the year	386,940
Exercised	(179,314)
Lapsed	-
Under option at 30 September 2002	<u>1,491,406</u>
Owned at 1 October 2001	38,038
Owned at 30 September 2002	217,352

5. Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board.



A Derham
Secretary
28 August 2003

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for the period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 15. 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 company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 relevant information regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 2002 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

28 August 2003

COMPASS OVERSEAS HOLDINGS No.2 LIMITED**Profit and Loss Account for the year ended 30 September 2002**

	Notes	2002 £ 000	2001 £ 000
Income from shares in group undertakings		25,751	-
Profit on ordinary activities before taxation		25,751	-
Tax credit/(charge) on profit on ordinary activities	4	172	(1,735)
Profit/(loss) for the year transferred to/(from) reserves	9	25,923	(1,735)

All operations are continuing operations.

Statement of Total Recognised Gains and Losses

	2002 £ 000	2001 £ 000
Profit/(loss) for the year	25,923	(1,735)
Foreign exchange translation differences on foreign currency net investments	1,348	8,151
Total gains and losses recognised in the year	27,271	6,416

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Balance Sheet as at 30 September 2002

	Notes	2002 £ 000	2001 restated £ 000
Fixed assets			
Investments	5	<u>1,093,452</u>	<u>1,023,051</u>
Current assets			
Debtors	6	2,715	217
Creditors: amounts falling due within one year	7	<u>(955,094)</u>	<u>(909,466)</u>
Net current liabilities		<u>(952,379)</u>	<u>(909,249)</u>
Total assets less current liabilities		<u>141,073</u>	<u>113,802</u>
Capital and reserves			
Called up share capital	8	-	-
Share premium	9	507,814	507,814
Profit and loss account	9	(194,906)	(220,829)
Foreign exchange reserve	9	<u>(171,835)</u>	<u>(173,183)</u>
Equity shareholders' funds	10	<u>141,073</u>	<u>113,802</u>

Agreed by the Board of
Directors and signed on their behalf

X
A P Lynch
Director
28 August 2003

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2002

1. Accounting policies

(a) Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

(b) Investments

Investments are stated at historical cost and translated into sterling in accordance with the policy at (d) below, less any provision for impairment in value.

(c) Deferred taxation

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. The Company has decided to adopt the policy of discounting deferred tax balances as permitted by FRS 19.

(d) Foreign currencies

The historical currency cost of investments in foreign subsidiary companies are 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 on inter-company long-term loans are treated as movements on reserves.

(e) Comparative amounts

Where necessary, prior year's balances have been reclassified to maintain comparability. These reclassifications do not result in any adjustments to be made to retained earnings at the end of the preceding report period.

2. Auditors' remuneration

Audit fees for the current and preceding financial years are borne by another group company.

3. Directors' emoluments and employees

The directors received no emoluments during the year (2001 - £nil).
There were no employees during the year (2001 - none).

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2002

4. Tax credit/(charge) on profit/(loss) on ordinary activities

	2002 £ 000	2001 £ 000
Corporation tax at 30% (2001: 30%)	-	(551)
Prior year adjustments	172	(1,184)
	<u>172</u>	<u>(1,735)</u>
Tax charge on profit on ordinary activities at the UK standard rate of 30%	(7,725)	-
<i>Effects of:</i>		
Group relief payable	-	(551)
Availability of overseas tax credits	7,725	
	<u>-</u>	<u>(551)</u>
Current tax credit/(charge) on profit on ordinary activities		

5. Fixed asset investments

	Shares in group undertakings £ 000
At 1 October 2001	1,023,051
Additions	53,162
Foreign exchange differences	17,239
At 30 September 2002	<u>1,093,452</u>

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

The company has four direct subsidiary companies: Compass Group International B.V, Compass Group Vending Holdings BV, Shanghai Creative Food Technologies Co. Limited and Shanghai Eurest Technology Food Services Co. Limited. It also holds a direct investment in Eurest Proper Meals de Mexico, SA de CV.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2002

5. Fixed asset investments - cont'd

- i. Compass Group International BV, formerly Eurest 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:

Country of registration or incorporation	Principal activities	Percentage interest held at 30 September 2002
Compass Group Norge A/S, Norway	Holding company for the provision of foodservice in Norway	100
Compass Group Deutschland GmbH, Germany	Holding company for the provision of foodservice in Germany	100
Compass Group Nederland BV, The Netherlands	Holding company for the provision of foodservice in the Netherlands	100
Compass Group Holdings Spain S.L., Spain	Holding company for the provision of foodservice in Spain	100

- ii. Compass Group Vending Holdings 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 Holdings BV is Selecta Group AG, a company incorporated in Switzerland, which is engaged in the provision of foodservice. Compass Group Vending Holdings BV holds a 33% interest in Selecta Group AG.

- iii. The Company holds 52% of the ordinary share capital of Shanghai Creative Food Technologies Co. Limited and Shanghai Eurest Technology Food Services Co. Limited. Both companies provide foodservice, and are incorporated, in China.

- iv. The Company holds a direct investment in 36% of the ordinary share capital of Eurest Proper Meals de Mexico, SA de CV, a company that provides foodservice, and is incorporated, in Mexico. The remaining 64% of the ordinary share capital is held indirectly through the Company's subsidiary, Compass Group International BV.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2002

6. Debtors:	2002	2001
	£ 000	£ 000

Amounts falling due within one year:

Amounts owed by group companies

2,498

-

Amounts falling due after more than one year:

Loan notes

217

217

7. Creditors: amounts falling due within one year	2002	2001
	£ 000	£ 000

Amounts owed to group undertakings

955,094

909,466

8. Called up share capital

	2002		2001	
	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>

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2002

9. Reserves	Share premium	Profit and loss account	Foreign exchange reserve
	£ 000	£ 000	£ 000
At 1 October 2001	507,814	(220,829)	(173,183)
Foreign exchange translation differences	-	-	1,348
Profit for the year	-	25,923	-
At 30 September 2002	<u>507,814</u>	<u>(194,906)</u>	<u>(171,835)</u>

10. Reconciliation of movement in equity shareholders' funds	2002 £ 000	2001 £ 000
Opening equity shareholders' funds	113,802	107,386
Profit/ (loss) for the year	25,923	(1,735)
Other recognised gains and losses relating to the year	1,348	8,151
Closing equity shareholders' funds	<u>141,073</u>	<u>113,802</u>

11. Contingent liabilities

The company has entered into cross guarantees in respect of:

- i) US\$87 million borrowed under fixed term (2001: US\$420 million), fixed interest private placement by the parent company Compass Group Holdings PLC. As of 30 September 2002 the amount was reduced to US\$69 million (2001: US\$324 million).
- ii) The group overdraft facility with National Westminster Bank PLC. The amount drawn down at 30 September 2001 was nil (2001: nil).

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2002

12. Commitments

There were no commitments for capital expenditure at the end of the year.

13. Cash flow statement

A group cash flow statement is included in the financial statements of the ultimate parent company, Compass Group PLC.

14. Ultimate parent company and controlling party

The ultimate parent company, which is 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.

All the above named companies are incorporated in Great Britain 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.

15. Transactions with related parties

In accordance with the exemption extended in FRS8 "Related Party Disclosures", the company has not disclosed transactions or balances between itself and group undertakings on the basis that 90 per cent or more of the voting rights of these companies are controlled 100 per cent within the group.