

25 February 2009

**Logica delivers actual revenue growth of 17% and pro forma revenue growth ahead of guidance at 5%**

For the year ended 31 December 2008, unaudited results were as follows:

<b>CONTINUING OPERATIONS</b>	<b>2008</b>	<b>2007 PRO FORMA</b>	<b>2007 ACTUAL</b>	<b>GROWTH</b>	
				<b>PRO FORMA</b>	<b>ACTUAL</b>
Revenue (£m)	3,588	3,412	3,073	5%	17%
Adjusted operating profit (£m)	267	235	208	14%	28%
Adjusted operating margin	7.5%	6.9%	6.8%		
Adjusted basic EPS (p)	12.3		10.2		21%
Dividend per share (p)	3.0		5.8		(48)%

<b>STATUTORY RESULTS:</b>	<b>2008</b>		<b>2007 ACTUAL</b>	<b>GROWTH</b>	
					<b>ACTUAL</b>
Operating profit (£m)	86		110		(22)%
Profit before tax (£m)	44		84		(48)%
Basic EPS (p)	2.7		5.4		(50)%

For definition of pro forma, adjusted operating profit, adjusted operating margin and adjusted basic EPS, see notes on page 19.

**Headlines<sup>1</sup>**

- Full year revenue growth ahead of guidance at 5%
  - Underpinned by strong growth at 7% in the Nordics and the UK, offsetting slower growth in the Netherlands and Germany
  - Public Sector and Energy and Utilities remained robust
  - Revenue from outsourcing at 32% of Group total
- Continuing order momentum in the fourth quarter, with full year orders up 11% and group book to bill of 106%
- Adjusted operating profit up 14% to £267 million
- Adjusted operating margin up to 7.5%, in line with guidance
- Strong cash conversion at 148%; net debt of £438 million at 31 December 2008 (£483 million at 31 December 2007) and net debt/EBITDA well within covenants at 1.3x following decisive action on financing in 2008
- 2008 full year dividend of 3.0p, in line with December rebasing of dividend level
- Programme for Growth on track, with good progress made during 2008
  - Stronger customer focus delivering results, with improved pipeline and wins at StatoilHydro, Michelin, KPN, Reitan, Elexon, BT and the UK Home Office in 2008
  - Nearshore and offshore headcount over 5,000 at year end (from 3,450 in 2007)
  - 2008 cost savings ahead of plan at £25 million; 2009 cost savings further accelerated to £75 million
  - 2010 annualised cost savings at £110 million (previously £80 million), with total Programme for Growth restructuring costs at £145 million (previously £110 million)

**Commenting on today's announcement, Andy Green, CEO, said:**

"Logica had a successful 2008, achieving the financial targets we set out to shareholders while strengthening our management capability, implementing our strategy, and transforming the business around our key European customers.

"Our spread of customers and geographies, high penetration of more defensive sectors, and strong financial discipline position us well to weather the economic downturn. We see sound demand for our services, particularly outsourcing, despite the tough market conditions, as our investments position us to contest more, larger opportunities. We remain confident of our ability to outperform the IT services market in 2009 which is forecast to decline modestly.

"Looking further ahead, our close long term relationships with major European customers, deep industry knowledge, and our innovative and flexible culture will provide a robust platform for future growth."

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<sup>1</sup> All headline numbers relate to pro forma numbers as defined on page 19

## Financial overview - continuing operations

On a reported basis, Group revenue was up 17% to £3,588 million (2007 actual: £3,073 million), benefiting from both organic growth and currency effects. This represented pro forma growth of 5%, which is ahead of our guidance. Orders for the year were 11% ahead of 2007 on a pro forma basis, resulting in a book to bill of 106% (2007: 100%). Adjusted operating profit was £267 million (2007 actual: £208 million), representing an adjusted operating margin of 7.5% (2007 actual: 6.8%). Operating profit of £86 million (2007 actual: £110 million) reflected higher exceptional items (mainly associated with our Programme for Growth) of £92 million. Basic adjusted EPS was 12.3p (2007 actual: 10.2p). Net cash inflow from trading operations was £396 million, leading to cash conversion of 148%. Closing net debt was £438 million (£483 million at 31 December 2007), with net debt/EBITDA at the end of 2008 of 1.3x. In line with the proposal we announced in December 2008 to rebase the full year dividend to 3.0p, the proposed final dividend is 0.6p (2007: 3.5p).

## Market overview

We had a strong fourth quarter order intake and we have continued to sign significant orders into the first quarter of 2009. Our increased investment in sales and marketing has led to the overall volume of larger opportunities in our pipeline increasing, particularly in Outsourcing Services (which represented 32% of revenue in 2008). The UK Public Sector, Norway and Finland all had a particularly strong close to 2008 on orders.

Changes to European GDP forecasts for 2009 now suggest that the IT services market will decline modestly in 2009, with more weakness expected in markets with a larger financial services and general industrial exposure. Public Sector, Energy and Utilities, and Telecoms (which collectively accounted for 53% of Group revenue in 2008) remain robust. Our broad spread across sectors, as well as geographies, underpins our confidence in our ability to perform better than the market in 2009 despite the weakened environment.

Appetite for using blended delivery has increased, particularly amongst our continental European customers. While there is increasing pricing pressure, we have been able to respond by offering blended delivery and agreeing more efficient ways of working with our clients.

We work with a very broad range of customers across Europe. In 2008, our top 50 customers accounted for 32% of revenue. We will continue to develop our existing relationships, especially with our largest customers. As IT services customers reduce the number of suppliers working with them, we have an opportunity to engage more fully with our customers.

## Outlook

The strength of our fourth quarter order intake and a pipeline of more large opportunities, particularly in outsourcing as we see the benefit of our investments in this area, is offset against a reduction in shorter term consulting projects. As a result, we expect first half revenue to be in line with 2008 on a constant currency basis. On the basis of current exchange rates, this would imply actual growth of around 10%.

We are continuing to prioritise stringent cost management across the business and have already taken decisive action. Following lower attrition in the last quarter of 2008, we have significantly slowed recruitment and continue to impose a disciplined approach to the use of subcontractors. We have reduced employee numbers where some weakness has already been seen, in line with our previously stated plans to reduce headcount by around 1,300. We are continuing to improve the balance of our onshore/offshore mix in 2009. In 2008, onshore headcount declined while offshore and nearshore headcount increased significantly. Our 2009 cost savings have been progressively accelerated from our original target of £50 million in April to the £75 million we are projecting today. We will take additional action in individual business units should demand conditions weaken further.

We are confident that these actions should allow us to protect full year margins, and, dependent on second half market conditions, deliver our planned improvement of around 0.5%. Looking further ahead, we see the new focus on the customer in our organisation, a strong management team in place that is concentrating on execution, and a new willingness by customers across our territories to adopt a blended delivery approach, as drivers of long-term, sustainable outperformance.

## **Progress on Programme for Growth**

In early 2008, we set out a clear plan for where we expected to take the Group over the period from 2008 to 2010. Our three-year plan was based on a strategy that builds on Logica's distinctive strengths with the intention of making us our customers' most trusted innovation partner and delivering real value to our shareholders. We continued to make good progress in each of the four areas of our plan (Focus for Growth, Accelerate Blended Delivery, One Logica and Competitive Costs) through the fourth quarter, which resulted in delivery against the metrics and targets we set for the Group for 2008. The generation of cost savings is being used to fund reinvestment in the business, with the largest portion to be made to increase our sales and marketing capability under the Focus for Growth umbrella.

### **Focus for Growth**

Strengthening our relationships with our clients with improved account management and focusing our investments in areas where we expect customers to continue to spend resulted in significant new order intake in 2008.

In addition to extending the Outsourcing Services organisation across the Group, a key activity in the fourth quarter was ensuring our large deal hub was in place to guarantee that the best resources are being deployed to win large new deals. At the end of 2008, we had also substantially staffed the account teams targeting our 57 focus accounts, having recruited 27 account managers. Overall, we strengthened our sales and marketing capability with the addition of 65 sales people during the course of 2008.

The consulting recruitment campaign launched in the first half was slowed somewhat in the second half but we added some key skills in the areas of Energy and Utilities and Service oriented Architecture (SoA). We intend to continue building up our consulting capability in line with a more cautious view of the market. Overall, we recruited 35 senior consultancy leaders in 2008 against our original target of 45. We continue to expect to grow our consulting organisation in line with our plans.

In order to maximise the value for our customers, we focused investments in our 13 high growth areas, putting in place practice leaders and clearly defining the value propositions in each area through 2008. Over the course of 2008, our high growth area pipeline more than doubled. Among our wins is our recently announced Business Intelligence project with Total.

### **Accelerate Blended Delivery**

In 2008 we decreased our number of onshore employees whilst increasing the number of offshore employees. We expect this trend to continue in 2009 towards our goal of 8,000 people deployed in our nearshore and offshore locations by the end of 2009.

Headcount in our nearshore and offshore centres increased from 3,450 in April 2008 to over 5,000 at the end of 2008, representing around 13% of our total workforce. This was a net addition of around 1,550 in the second half of the year. Our quarterly run-rate increased over the course of 2008, as we accelerated our recruitment efforts in India. India remains our largest centre with 3,700 people, with our second centre in Chennai, which opened in September, at almost 900. We are also continuing to grow our Moroccan capability and leverage this into French accounts.

In 2008, we saw a marked change in the pace at which our European customers were adopting offshore. For the first time, the absolute number of offshore resources being deployed on customer projects into mainland Europe exceeded those working into the UK. The UK has improved its ratio of offshore heads from 17% in April to 23% by year end and is well on its way to exceeding the target of 25% we set for 2009. The increased numbers of larger bids which now include an embedded offshore component resulted in 37 new customer engagements in India.

## **One Logica**

2008 has seen a marked change of culture at Logica as we focus the business on a common strategy, common processes and a common focus on our customers. Clients are noticing a more ambitious sales led organisation. They are commenting on the way that Logica teams around the world work well together and collaborate with their teams.

Our major initiative in the fourth quarter was to define a consistent operational model to which we will move during 2009. Our clients increasingly recognise us as a single company and contract with us as such. We are beginning to achieve the benefits of operating as a single company, including winning more business, processing bids more efficiently and staffing projects more rapidly.

Common tools and processes are improving our customer responsiveness and reducing the costs of doing business across the Group. Our new bidding tool is expected to be used by over 1,500 people processing over 36,000 bids. Our new resourcing tool will also create significant efficiencies. In 2008, 17,300 jobs were created on our resourcing tool, with 40,000 online job applications made. In 2009, we will also have in place more standardised tools for how we do pieces of work, which will make it easier to work across the organisation. These changes have the additional benefit of allowing us to ensure consistency and thus manage risk effectively across the Group, building on our strong reputation for risk management.

We have strengthened the way we manage and lead the Group, with the addition of 5 new hires at the Executive Committee level. In the second half, we announced that Stephen Kelly would join the Group to lead the HR function and that Wilbert Kieboom would join to lead the Benelux business.

The 2008 full year results will provide the basis for the first award under our new Partnership Incentive Plan to ensure incentives are aligned with the interests of shareholders.

## **Competitive costs**

In 2008, we delivered £25 million of cost savings through action to reduce non-billable headcount and to exit UK property. We reinvested £20 million of this back into the business, with the bulk of this investment supporting an acceleration of our blended delivery capability.

Restructuring costs to achieve savings were £84 million in 2008, as a result of movements in exchange rates and as we took a more cautious view on the UK commercial property market.

We had previously accelerated our forecast 2009 savings to £60 million (against an initial target of £50 million) as we rationalise our IT and advance our cost savings in this area. Given movements in exchange rates and the progress we have made so far, we expect to be able to deliver a further £15 million, leading to total 2009 cost savings of £75 million, of which we intend to invest around £30 million back into the business until the economic climate is clearer. Similarly, we now expect annualised 2010 cost savings to be £110 million (compared to £80 million previously), with £50 million to be reinvested.

Total costs to achieve these cost savings will increase from £110 million to £145 million, of which £61 million are expected to be incurred in 2009. The increased costs are attributable to movements in exchange rates and a more cautious view on the UK commercial property market, and will allow for capacity reductions where demand has fallen because of the economic downturn.

## Operating performance – continuing operations

Unless otherwise stated, all comparatives are on a pro forma basis. See note on page 19.

### Revenue by geography

	FY'08 £'m	H2'08 Actual £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	Growth H2'08 on H2'07 Pro forma %	Growth FY'08 on FY'07 Actual %	% of total
Nordics	1,000	503	938	837	7	6	19	28
France	721	367	687	588	5	3	23	20
UK	710	356	662	662	7	9	7	20
Netherlands	573	289	560	485	2	(1)	18	16
Germany	214	113	209	180	2	(4)	19	6
International	370	191	356	321	4	4	15	10
<b>Total</b>	<b>3,588</b>	<b>1,819</b>	<b>3,412</b>	<b>3,073</b>	<b>5</b>	<b>4</b>	<b>17</b>	<b>100</b>

Full year revenue growth was ahead of expectations at 5%, with some slowing in the second half in markets more exposed to Financial Services and IDT. The Nordics, the UK and the International businesses delivered the most consistent revenue growth through 2008, while France, the Netherlands and Germany slowed more through the second half and into the fourth quarter. In the Nordics, strength was driven by good growth in Norway and Finland.

### Revenue by sector

	FY'08 £'m	H2'08 Actual £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth H2'08 on H2'07 Pro forma %	Growth FY'08 on FY'07 Pro forma %	% of total
Public Sector	1,073	556	958	873	14	12	30
Industry, Distribution and Transport	1,032	511	1,011	921	-	2	29
Energy and Utilities	587	305	534	482	10	10	16
Financial Services	633	314	646	565	(8)	(2)	18
Telecoms and Media	263	133	263	232	-	-	7
<b>Total</b>	<b>3,588</b>	<b>1,819</b>	<b>3,412</b>	<b>3,073</b>	<b>4</b>	<b>5</b>	<b>100</b>

At a Group level, Public Sector and Energy and Utilities continued to drive growth in 2008. In these sectors, we had revenue growth across all geographies except International. In IDT, a strong French performance offset weakness elsewhere. As expected, there was weaker momentum in the Financial Services business into the second half, with challenging markets in the UK and the Netherlands being the most significant contributors to the decline. Telecoms was stable, reflecting a mixed performance across our geographies in 2008.

## Adjusted operating profit by geography

	FY'08 £'m	H2'08 Actual £'m	FY'08 Margin %	H2'08 Margin %	FY'07 Pro forma £'m	FY'07 Pro forma Margin %	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %
Nordics	88	46	8.8	9.1	87	9.2	77	1
France	55	29	7.6	7.9	48	6.9	41	15
UK	55	33	7.8	9.3	30	4.6	30	83
Netherlands	43	22	7.5	7.5	49	8.8	43	(12)
Germany	12	8	5.6	7.4	9	4.5	8	33
International	14	11	4.0	6.0	12	3.3	9	17
<b>Total</b>	<b>267</b>	<b>149</b>	<b>7.5</b>	<b>8.2</b>	<b>235</b>	<b>6.9</b>	<b>208</b>	<b>14</b>

Adjusted operating profit before exceptional items (mainly associated with the Programme for Growth) and amortisation of intangibles initially recognised on acquisition was £267 million. A £25 million increase in adjusted operating profit in the UK was the largest single contributor to the improvement in profitability.

Adjusted operating margin was 7.5%. We saw a margin improvement in four of our six geographies, with lower margins in the Nordics and the Netherlands compared to last year. Margins in the Netherlands reflected a higher level of subcontracting to give greater cost structure flexibility, while margins in the Nordics were somewhat diluted following a significant component of pass through hardware revenue from infrastructure management projects. First half rebranding costs of £5 million were distributed among the geographies. This was offset in the second half by the £5 million of net cost savings from the £25 million generated by the Programme for Growth, with the majority of the cost savings (£20 million) being reinvested in 2008.

## Operating profit by geography

	FY'08 Operating profit £'m	Exceptional items £'m	Amortisation of intangibles £'m	FY'08 Adjusted operating profit £'m
Nordics	14	16	58	88
France	18	11	26	55
UK	11	44	-	55
Netherlands	35	8	-	43
Germany	3	6	3	12
International	5	7	2	14
<b>Total</b>	<b>86</b>	<b>92</b>	<b>89</b>	<b>267</b>

	FY'07 Operating profit £'m	Exceptional items £'m	Amortisation of intangibles £'m	FY'07 Adjusted operating profit £'m
Nordics	14	13	50	77
France	20	-	21	41
UK	30	-	-	30
Netherlands	47	(4)	-	43
Germany	5	-	3	8
International	(6)	14	1	9
<b>Total</b>	<b>110</b>	<b>23</b>	<b>75</b>	<b>208</b>

Operating profit was £86 million (2007: £110 million) mainly as a result of increased exceptional items associated with the Programme for Growth.

Net exceptional items were £92 million (2007: £23 million). £84 million was associated with the Programme for Growth. The largest component of this was restructuring charges incurred for employee redundancies and exiting property leases, particularly in the UK where we initiated our restructuring earliest. A further £8 million relates to the WM-data integration.

Amortisation of intangible assets from acquisitions was £89 million (2007: £75 million). The higher charge was mainly a result of movements in exchange rates.

## Outsourcing Services

	FY'08 Revenue £'m	FY'08 as % of total Group revenue
Outsourcing revenue	1,161	32
Consulting and Systems Integration revenue	2,427	68
<b>Total Group revenue</b>	<b>3,588</b>	<b>100</b>

	FY'08 Revenue from outsourcing £'m	FY'08 Outsourcing as % of total country revenue
Nordics	344	34
France	232	32
UK	322	45
Netherlands	98	17
Germany	26	12
International	139	37
<b>Total Outsourcing Services</b>	<b>1,161</b>	<b>32</b>

<b>FY'08 adjusted operating profit</b>	<b>77</b>
<b>FY'08 adjusted operating margin</b>	<b>6.6%</b>

	FY'08 Orders £'m	FY'08 Revenue £'m	% of total Outsourcing Services revenue
Applications Management (AM)	625	548	47
Infrastructure Management (IM)	647	545	47
Business Process Outsourcing (BPO)	80	68	6
<b>Total Outsourcing Services</b>	<b>1,352</b>	<b>1,161</b>	<b>100</b>

<b>Book to bill</b>	<b>116%</b>
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In January 2008, we created a new Outsourcing Services division which became operational in key European geographies from Q1 2008 and was rolled out more widely by the end of the year. Outsourcing Services revenue and profit will be reported from 2009.

Outsourcing Services represents just under a third of 2008 revenue and incorporates around 9,000 employees working in our onshore, nearshore and offshore centres, with operations in 16 countries around the Group.

Applications Management represented 47% of 2008 revenue. Having seen significant growth in 2008, Infrastructure Management represented 47%, with BPO at 6%.

Adjusted operating margin in this business reflects our strength in applications management and other value-added outsourcing, with Outsourcing Services margins of 6.6%.

Book to bill for the year was 116%. Our investment in sales and marketing has resulted in an increased order backlog in Outsourcing Services and a 50% increase in the pipeline since the first half, with a significant increase in the volume of opportunities with our focus accounts. At the end of 2008, our backlog and secured revenue covered over 80% of expected 2009 revenue. During the year, we contested more large deals, more than doubling the number of

wins with an order value of over £20 million. We have around 150 deals greater than £5 million in the current pipeline. We continue to expect Outsourcing Services to be the fastest growing element of our revenue going forward, rising to 35% of total revenue from the 2008 level of 32%.

## Review of continuing operations by geography

### Nordics

Revenue by market sector	FY'08 £'m	H2'08 Actual £'m	H2'08 Pro forma £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	% of total
Public Sector	344	183	181	298	253	15	35
Industry, Distribution and Transport	404	192	190	407	382	(1)	40
Other sectors	252	128	126	233	202	8	25
<b>Total</b>	<b>1,000</b>	<b>503</b>	<b>497</b>	<b>938</b>	<b>837</b>	<b>7</b>	<b>100</b>

Book to bill	112%				107%
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Adjusted operating profit (£'m)	88	46		87	77
Adjusted operating margin (%)	8.8	9.1		9.2	9.2

Revenue was up 7% on a pro forma basis to £1,000 million. Sweden represented 54% of our Nordic revenue in 2008 (2007: 55%) Adjusted operating profit was £88 million, giving an adjusted operating margin of 8.8%.

Double digit growth in the Public Sector was driven by a strong performance in Finland as well as ongoing revenue in the defence sector in Sweden. In IDT, the more challenging economic environment in Sweden resulted in a slight decline over 2007. In other sectors, double digit growth in Utilities and Financial Services with customers such as StatoilHydro and Swedbank more than offset a continuing decline in telecoms license revenue in the Telecoms and Media sector.

Lower telecoms license revenue did, however, have some dilutive impact on margin, when coupled with higher pass-through revenue due to growth in infrastructure outsourcing projects. In light of slower fourth quarter growth in the Swedish market, we have taken action to reduce Swedish headcount. This will provide extra protection should the economy slow further in 2009.

Book to bill was 112%, driven by strong order intake in Norway and Finland in the second half of the year. The momentum in these countries, combined with increasing numbers of larger opportunities using our blended delivery model in the applications management and infrastructure management areas across the Nordics, has resulted in a tripling of the pipeline in the Nordics since early 2008.

## France

Revenue by market sector	FY'08 £'m	H2'08 Actual £'m	H2'08 Pro forma £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	% of total
Industry, Distribution and Transport	281	144	140	259	222	8	39
Financial Services	188	92	90	188	161	-	26
Other sectors	252	131	126	240	205	5	35
<b>Total</b>	<b>721</b>	<b>367</b>	<b>356</b>	<b>687</b>	<b>588</b>	<b>5</b>	<b>100</b>

Book to bill	104%				96%
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Adjusted operating profit (£'m)	55	29		48	41
Adjusted operating margin (%)	7.6	7.9		6.9	6.9

Revenue was up 5% on a pro forma basis to £721 million. Adjusted operating profit was £55 million, resulting in an adjusted operating margin of 7.6%.

Despite a weakening in the economic environment and our significant exposure to IDT customers, our French business showed good growth in the second half. IDT revenue was up 8% in 2008, with growth in outsourcing revenue from a significant contract signed with Michelin in the first half of the year.

In Financial Services, revenue was stable with ongoing outsourcing work focused on cost reduction protecting us somewhat from the impact of lower spending among customers.

Revenue in other sectors was up 5% overall, with revenue from utilities customers within the Energy and Utilities sector remaining particularly strong. Public Sector revenue was also up, with strong growth in the second half of the year. Our French consulting headcount continues to represent the largest component of our overall consulting capability. While we saw some slowing in the number of opportunities in this area, consulting growth continued to be in line with overall French revenue growth in 2008.

The improvement in adjusted operating margin was a result of increased productivity levels and cost control in business units and central functions, and compared well against last year when we had a significant one-off cost related to management changes. Our overall cost base benefited from slower onshore recruitment, as we further increased our offshore and nearshore support into our French client base from Morocco and India.

Book to bill was 104%. New consulting wins in the second half with EADS and La Francaise des Jeux contributed to good order intake.

## UK

Revenue by market sector	FY'08 £'m	H2'08 Actual £'m	H2'08 Pro forma £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	% of total
Public Sector	412	211	211	372	372	11	58
Energy and Utilities	108	51	51	104	104	4	15
Other sectors	190	94	94	186	186	2	27
<b>Total</b>	<b>710</b>	<b>356</b>	<b>356</b>	<b>662</b>	<b>662</b>	<b>7</b>	<b>100</b>

Book to bill	99%				97%
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Adjusted operating profit (£'m)	55	33		30	30
Adjusted operating margin (%)	7.8	9.3		4.6	4.6

The UK business has shown strong growth over 2007, with revenue up 7% on a pro forma basis to £710 million. Adjusted operating profit for the year was £55 million, resulting in a significant improvement in adjusted operating margin to 7.8%.

The Public Sector, which represented 58% of revenue in 2008, was up 11% in 2008. Phasing of contracts and a weak 2007 comparative resulted in second half revenue up 14% in the Public Sector.

Energy and Utilities continued to be our second largest sector and was up 4% for the year, with second half growth slowing following a very strong first half.

Across the other commercial sectors, steps taken earlier in the year to diversify our customer base resulted in overall revenue growth of 2%. Financial Services, down 13%, continues to be our most challenging sector, reflecting a reduction in the volume of time and materials work.

The UK business continued to deliver increased volumes of work, employing resources from our nearshore and offshore centres. More than 25% of resources being deployed onto UK contracts are expected to come from these centres in 2009.

The strong improvement in adjusted operating margin mainly reflected a favourable comparison with 2007 when we incurred provisions relating to cost overruns on a UK contract. There was also some benefit from a return to stability in the commercial sectors and the Programme for Growth activities in the second half of the year. The reduction in office space and targeted redundancies will deliver substantial savings to overhead costs, with a headcount reduction of approximately 200 employees and 9 buildings exited through 2008.

Book to bill for the year was 99%. The improvements we have made in our sales and marketing capability have meant that we had good order intake across all sectors in 2008, including a £43 million, 4 year contract with the Home Office for the new Independent Safeguarding Authority Scheme and the Criminal Records Bureau and our win with BT earlier in the year. We enter 2009 with a significantly stronger pipeline than a year ago.

## Netherlands

Revenue by market sector	FY'08 £'m	H2'08 Actual £'m	H2'08 Pro forma £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	% of total
Public Sector	187	95	92	168	145	11	33
Financial Services	173	85	82	182	156	(5)	30
Industry, Distribution and Transport	110	55	53	119	106	(8)	19
Other sectors	103	54	53	91	78	13	18
<b>Total</b>	<b>573</b>	<b>289</b>	<b>280</b>	<b>560</b>	<b>485</b>	<b>2</b>	<b>100</b>

Book to bill	109%				104%
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Adjusted operating profit (£'m)	43	22		49	43
Adjusted operating margin (%)	7.5	7.5		8.8	8.9

Revenue was up 2% on a pro forma basis to £573 million. Adjusted operating profit was £43m, resulting in an adjusted operating margin of 7.5%.

As expected, a weaker economy and significant upheaval in the Financial Services sector in the Netherlands were contributors to lower customer spending, contributing to revenue declines in both the IDT and Financial Services sectors in 2008. These trends are expected to continue into 2009. Our Public Sector, Energy and Utilities and Telecoms sectors, which accounted for approximately 51% of revenue in 2008, grew 12%. Public Sector showed continued strength, signing contracts with the Ministry of Home Affairs and the Ministry of Defence. Telecoms was also an important driver of growth, following a number of wins with KPN through the year.

We expect the business in the Netherlands to see particular benefit as we implement a consistent operational model across the Group. Lower overheads, greater centralisation of billable resources and increased use of our blended delivery model are expected to address some of the labour market issues and use of subcontracting which affected margin in 2008. Our success in positioning higher levels of offshore and nearshore resource with these clients to respond to customer cost reduction targets will be particularly important in 2009.

Book to bill of 109% reflected good order intake in Energy and Utilities and Public Sector. We continue to expect to win more outsourcing business as customers continue to reduce their cost base.

## Germany

Revenue by market sector	FY'08 £'m	H2'08 Actual £'m	H2'08 Pro forma £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	% of total
Industry, Distribution and Transport	89	44	42	83	72	7	42
Financial Services	50	26	25	62	54	(19)	23
Other sectors	75	43	42	64	54	17	35
<b>Total</b>	<b>214</b>	<b>113</b>	<b>109</b>	<b>209</b>	<b>180</b>	<b>2</b>	<b>100</b>

Book to bill	98%				98%
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Adjusted operating profit (£'m)	12	8		9	8
Adjusted operating margin (%)	5.6	7.4		4.5	4.5

Revenue was up 2% on a pro forma basis to £214 million. Revenue declined 4% in the second half, mainly driven by the exit of a team of employees towards the end of the first quarter of 2008. Adjusted operating profit was £12m, resulting in an adjusted operating margin of 5.6%.

The German business improved margins for a second consecutive year, with strong growth in Energy and Utilities, IDT and Public Sector. Financial Services revenue decreased following the implementation of a major payments infrastructure project in 2007.

Book to bill was 98%. Significant wins in 2008 included larger orders than previously achieved, particularly in the Application Management and Managed Testing areas.

## International

Revenue by area	FY'08 £'m	H2'08 Actual £'m	H2'08 Pro forma £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	% of total
Rest of Europe	193	100	97	196	171	(2)	52
Rest of world	177	91	90	160	150	11	48
<b>Total</b>	<b>370</b>	<b>191</b>	<b>187</b>	<b>356</b>	<b>321</b>	<b>4</b>	<b>100</b>

Revenue by market sector	FY'08 £'m	H2'08 Actual £'m	H2'08 Pro forma £'m	FY'07 Pro forma £'m	FY'07 Actual £'m	Growth FY'08 on FY'07 Pro forma %	% of total
Energy and Utilities	203	106	104	181	165	12	55
Industry, Distribution and Transport	53	28	27	54	50	(2)	14
Financial Services	50	25	24	52	46	(4)	14
Other sectors	64	32	32	69	60	(7)	17
<b>Total</b>	<b>370</b>	<b>191</b>	<b>187</b>	<b>356</b>	<b>321</b>	<b>4</b>	<b>100</b>

Book to bill	101%				90%
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Adjusted operating profit (£'m)	14	11		12	9
Adjusted operating margin (%)	4.0	6.0		3.3	2.7

Revenue was up 4% to £370 million, with European revenue accounting for 52% of the total. Adjusted operating profit was £14 million, giving an adjusted operating margin of 4%.

Portugal accounted for approximately 26% of International revenue, with Portuguese customers remaining the largest contributor to Energy and Utilities revenue. Australia continued to be an important contributor to International revenue, alongside Belgium and Brazil.

Brazilian growth contributed to stronger Energy and Utilities revenue over last year. Financial Services was lower than 2007 following completion of a project in Asia.

Restructuring in our Portuguese business, a reduction in subcontractors and improved utilisation in a number of geographies, were positive contributors to margin. However, improvements were partially offset by investments to support new business with European clients in North America and Asia.

Book to bill was 101% (2007: 90%).

## Employees

At 31 December 2008, we had 39,937 employees (31 December 2007: 38,740). The net addition of just under 1,200 employees reflected the net effect of recruiting over 8,500 new employees, offset against employee churn through annualised voluntary attrition and actions taken to reduce non-billable headcount. A slowing of attrition through the second half reflected an uncertain economic environment. At the end of December, attrition was at 13% for the Group (31 December 2007:16%).

In 2008 we decreased our number of onshore employees whilst increasing the number of offshore employees. We expect this trend to continue in 2009 towards our goal of 8,000 people deployed in our nearshore and offshore locations by the end of 2009.

## Taxation

The effective tax rate, before share of post-tax profits from associates, exceptional items, mark-to-market loss on convertible bonds, and amortisation of intangible assets initially recognised on acquisition, was 23% (2007: 18%). The effective tax rate for 2009 is expected to remain at around 23%.

The total tax charge for the year was £5 million (2007: £5 million).

## Acquisitions

In addition to the buy-out of the EDP minority interest in Edinfor for £42 million, the Group made a small number of acquisitions in the Nordic region throughout the year. The operations and financial reporting of these businesses have been integrated with the Group's pre-existing Nordics businesses and are detailed in the notes to the accounts.

## Share issue

On 11 December 2008, Logica plc issued 135,000,000 ordinary shares of 10p each. These shares were placed with investors at a price of 67 pence per share and represented, in aggregate, approximately 9.2% of the current issued ordinary share capital. Based on the placing price, the gross proceeds amounted to £90.5 million. The proceeds from the equity placing were used to reduce debt.

## Cash flow and balance sheet

Net cash inflow from trading operations was £396 million. This is equivalent to cash conversion of 148%. This much improved cash flow arose from better cash management within the business.

Closing net debt was £438 million, including a £114 million increase due to changes in exchange rates (£483 million at 31 December 2007), with net debt/EBITDA at the end of 2008 of 1.3x. We currently expect net debt/EBITDA to be around 1.2x at the end of 2009.

## Post balance sheet items

On 21 August 2006, Logica announced a public offer to acquire the entire share capital of WM-data. At the time of the completion of the WM-data transaction, Logica had acquired 95.33% of the company's issued share capital.

The provisional amount to be paid for each share and convertible bond to acquire the remaining 4.67% minority interest is SEK 26.70 plus statutory interest (2% plus the Swedish Central Bank's reference rate). The total redemption price plus interest (accrued from 25 October 2006) for the shares is expected to amount to £48.4 million (SEK 602 million) and this will be paid to minority shareholders in a series of payments beginning on 23 February 2009 and is expected to complete no later than 10 March 2009.

On 2 February 2009, Logica also announced the sale of its training subsidiary Integrata to the German buy-in managers Ingmar J. Rath, Dr. Andreas Dahmen and Gerhard Wächter, together with the Private Equity company Cornerstone Capital.

## **Facilities**

In November 2008, Logica signed new long term banking facilities of €500 million with maturity in 2011 and 2013, replacing around half of the Group's existing facilities. The new floating rate, multi currency facilities are provided by a group of 11 of Logica's European relationship banks. The new facilities comprise a €200 million, 3-year facility, which will mature in November 2011, and a €300 million, 5-year revolving facility, which will mature in November 2013. These facilities replaced Logica's existing £330 million facility (due to mature in September 2010) and its £150 million facility (due to mature in November 2010). The Group's other medium term facilities are unchanged, being a €348 million term loan (due to mature in September 2010) and a £25 million facility (due to expire in April 2010). The covenants remain the same as under the Group's previous facilities. The facilities now in place amount to £848 million.

## **Dividend**

The Board has reviewed Logica's dividend policy, as announced in December 2008. The Board is proposing a final dividend of 0.6p making a 2008 full year dividend of around 3p per share, compared to a full year dividend of 5.8p for 2007. It is expected that the 2009 dividend will be maintained at a level of around 3p, with progressive increases in the dividend thereafter.

## **Board changes**

As previously announced, Sergio Giacoletto and Frédéric Rose are joining the Board as non-executive directors in 2009. The new appointments deepen Logica's existing focus on our European geographies, customers and partners. Each new director brings significant strategic and commercial experience to the Logica Board, based on many years of experience in innovative services businesses.

Sergio Giacoletto, who was previously Executive Vice-President, EMEA, at Oracle Corporation, joined the Board on 24 February 2009. Frédéric Rose, who is CEO of Thomson SA, will become a director at the Annual General Meeting on 30 April 2009.

These appointments follow the planned retirement of non-executive directors Wim Dik and Gérard Philippot at the AGM on 30 April 2009. Mr. Dik joined the Board as a non-executive director in December 2002, having been a non-executive director of CMG since 2001. Mr. Philippot was appointed a non-executive director of the Board in October 2005, following the acquisition of Unilog where he was President for thirteen years.

## **Next financial calendar dates**

Logica's next scheduled communications to the market are:

30 April 2009	Q1 2009 Interim Management Statement
7 August 2009	H1 2009 Interim Results

Notes:

1. With the exception of adjusted operating margin percentages, all numbers in this release have been rounded. Adjusted operating margin reflects the adjusted operating margin reported in the consolidated financial statements.
2. Cash conversion represents net cash inflow from trading operations divided by adjusted operating profit. Net cash inflow from trading operations is cash generated from operations before cash flows from proceeds on forward contracts, the purchase of property, plant, equipment, intangibles and restructuring and integration activities.
3. Book to bill percentage is a measure of the level of orders relative to revenue in the period.
4. Unless otherwise stated, the comparatives in this release relate to pro forma results which:
  - a. reflect average 2008 exchange rates by retranslating prior period actual numbers at average 2008 exchange rates. This increased 2007 revenue by £371 million and adjusted operating profit by £27 million
  - b. exclude businesses (including Caran) disposed of in 2007 by removing the related revenue and operating profit
  - c. are adjusted to include the acquired Siemens Business Services (acquired in March 2007) for all of 2007 by including the actual results of these businesses as if they had been owned for the whole period
  - d. are adjusted to include the acquisitions and exclude disposals that took place during 2008 by adjusting the actual prior period numbers for the relevant period owned
5. Adjusted operating profit and margin are from continuing operations and before exceptional items and amortisation of intangible assets initially recognised at fair value in a business combination.

	FY '08 £'m	FY '07 Pro forma £'m	FY '07 Actual £'m	Pro forma growth %	Actual growth %
<b>Operating profit</b>	<b>86</b>		<b>110</b>		<b>(22)</b>
<i>Add back impact of:</i>					
Exceptional items	92		23		
Amortisation of acquisition related intangibles	89		75		
<b>Adjusted operating profit</b>	<b>267</b>	<b>235</b>	<b>208</b>	<b>14</b>	<b>28</b>

6. Adjusted earnings per share is based on net profit attributable to ordinary shareholders, excluding the following items:
  - a. items adjusted within adjusted operating profit as per note 5 above
  - b. mark-to-market gains or losses on convertible bonds designated at fair value through profit or loss
  - c. tax on the items above, where applicable
7. Exchange rates used are as follows:

	FY '08	H2 '08	H1 '08	FY '07	H2 '07	H1 '07
<b>£1 / €</b>						
Average	1.25	1.21	1.29	1.46	1.44	1.48
End of period	1.03	1.03	1.26	1.36	1.36	1.49
<b>£1 / SEK</b>						
Average	12.08	12.05	12.11	13.51	13.35	13.67
End of period	11.37	11.37	11.97	12.87	12.87	13.76

## Consolidated income statement

For the year ended 31 December 2008

	Note	2008 £'m	2007 £'m
<i>Continuing operations:</i>			
<b>Revenue</b>	2	<b>3,588.0</b>	3,073.2
Net operating costs		(3,501.6)	(2,963.5)
<b>Operating profit</b>		<b>86.4</b>	109.7
<i>Analysed as:</i>			
Operating profit before exceptional items		178.7	132.9
Exceptional items	3	(92.3)	(23.2)
Operating profit	2	86.4	109.7
Finance costs		(53.3)	(37.8)
Finance income		10.0	11.0
Share of post-tax profits from associates		0.7	1.2
<b>Profit before tax</b>		<b>43.8</b>	84.1
Taxation	6	(4.9)	(5.4)
<b>Profit for the year from continuing operations</b>		<b>38.9</b>	78.7
<i>Discontinued operation:</i>			
Profit from discontinued operation		-	89.4
<b>Net profit for the year</b>		<b>38.9</b>	168.1
<i>Attributable to:</i>			
Equity holders of the parent		38.7	169.9
Minority interests		0.2	(1.8)
		<b>38.9</b>	168.1
<b>Earnings per share from continuing operations</b>		p / share	p / share
- Basic	8	2.7	5.4
- Diluted	8	2.6	5.3
<b>Earnings per share from total operations</b>			
- Basic	8	2.7	11.4
- Diluted	8	2.6	11.2

## Consolidated statement of recognised income and expense

For the year ended 31 December 2008

	2008 £'m	2007 £'m
Exchange differences on translation of foreign operations	366.4	97.4
Exchange differences recycled on disposal of foreign operations	-	5.1
Actuarial gains on defined benefit plans	33.4	3.6
Tax on items taken directly to equity	(7.2)	-
<b>Net income recognised directly in equity</b>	<b>392.6</b>	106.1
Profit for the year	38.9	168.1
<b>Total recognised income and expense for the year</b>	<b>431.5</b>	274.2
<i>Attributable to:</i>		
Equity holders of the parent	428.2	274.0
Minority interests	3.3	0.2
	<b>431.5</b>	274.2

Details of dividends paid and proposed are provided in Note 7.

## Consolidated balance sheet

31 December 2008

	Note	2008 £'m	Restated 2007 £'m
<b>Non-current assets</b>			
Goodwill		1,994.2	1,600.4
Other intangible assets		354.4	362.8
Property, plant and equipment		149.0	132.1
Investments in associates		3.0	2.4
Financial assets		13.8	11.0
Retirement benefit assets		62.1	12.0
Deferred tax assets		59.1	54.5
		<b>2,635.6</b>	<b>2,175.2</b>
<b>Current assets</b>			
Inventories		0.7	1.4
Trade and other receivables		1,365.7	1,021.2
Current tax assets		16.7	40.5
Cash and cash equivalents		126.9	108.7
		<b>1,510.0</b>	<b>1,171.8</b>
<b>Current liabilities</b>			
Convertible debt		-	(220.0)
Other borrowings		(10.7)	(97.2)
Trade and other payables		(1,196.6)	(868.2)
Current tax liabilities		(62.1)	(56.1)
Provisions	9	(36.4)	(9.1)
		<b>(1,305.8)</b>	<b>(1,250.6)</b>
<b>Net current assets/(liabilities)</b>		<b>204.2</b>	<b>(78.8)</b>
<b>Total assets less current liabilities</b>		<b>2,839.8</b>	<b>2,096.4</b>
<b>Non-current liabilities</b>			
Borrowings		(554.3)	(274.7)
Retirement benefit obligations		(63.2)	(50.6)
Deferred tax liabilities		(119.3)	(126.2)
Provisions	9	(47.1)	(18.9)
Other non-current liabilities		(1.0)	(0.7)
		<b>(784.9)</b>	<b>(471.1)</b>
<b>Net assets</b>		<b>2,054.9</b>	<b>1,625.3</b>
<b>Equity</b>			
Share capital	10	159.8	145.8
Share premium account	11	1,101.5	1,098.9
Other reserves		780.2	352.3
<b>Total shareholders' equity</b>		<b>2,041.5</b>	<b>1,597.0</b>
Minority interests		13.4	28.3
<b>Total equity</b>		<b>2,054.9</b>	<b>1,625.3</b>

## Consolidated cash flow statement

For the year ended 31 December 2008

	Note	2008 £'m	2007 £'m
<b>Cash flows from continuing operating activities</b>			
Net cash inflow from trading operations		396.3	262.0
Cash outflow related to restructuring and integration activities		(41.8)	(28.6)
<b>Cash generated from continuing operations</b>	12	<b>354.5</b>	233.4
Finance costs paid		(39.4)	(40.2)
Income tax paid		(15.3)	(45.8)
<b>Net cash inflow from continuing operating activities</b>		<b>299.8</b>	147.4
<b>Net cash inflow from discontinued operating activities</b>		-	7.0
<b>Cash flows from continuing investing activities</b>			
Finance income received		7.2	7.0
Dividends received from associates		0.7	1.0
Proceeds on disposal of property, plant and equipment		0.6	2.2
Purchases of property, plant and equipment		(44.8)	(35.3)
Expenditure on intangible assets		(19.2)	(13.0)
Purchase of minority interests		(42.1)	(2.2)
Acquisition of subsidiaries and other businesses, net of cash acquired		(2.9)	(34.2)
Disposal costs of prior year disposals		(11.4)	-
Disposal of subsidiaries and other businesses, net of cash disposed		0.8	42.0
Disposal of discontinued operation, net of cash disposed		-	213.2
<b>Net cash (outflow)/inflow from continuing investing activities</b>		<b>(111.1)</b>	180.7
<b>Cash flows from continuing financing activities</b>			
Proceeds from issue of new shares		92.5	2.5
Purchase of own shares		-	(130.8)
Proceeds from transfer of shares by ESOP trust		-	0.8
Proceeds from bank borrowings		166.2	34.5
Repayments of bank borrowings		(96.6)	(204.2)
Repayments of finance lease principal		(3.2)	(4.7)
Proceeds from other borrowings		2.5	-
Repayments of other borrowings		(241.2)	-
Proceeds from forward contracts		(27.1)	(7.3)
Dividends paid to the Company's shareholders		(85.3)	(85.9)
Dividends paid to minority interests		-	(0.4)
<b>Net cash (outflow) from continuing financing activities</b>		<b>(192.2)</b>	(395.5)
<b>Net decrease in cash, cash equivalents and bank overdrafts</b>			
		<b>(3.5)</b>	(60.4)
Cash, cash equivalents and bank overdrafts at the beginning of the year	13	99.6	150.9
Net decrease in cash, cash equivalents and bank overdrafts	13	(3.5)	(60.4)
Effect of foreign exchange rates	13	25.4	9.1
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>		<b>121.5</b>	99.6

## 1. Accounting policies and basis of preparation

### Basis of preparation

The financial information in this preliminary announcement has been extracted from the Group's consolidated financial statements for the year ended 31 December 2008. The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and those parts of the Companies Act 1985 ('the Act') that remain applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention with the exception of forward contracts and the convertible bond which are measured at fair value.

This preliminary announcement was approved by the Board of Directors on 24 February 2009. The financial information in this preliminary announcement does not constitute the statutory accounts of Logica plc ('the Company') within the meaning of section 240 of the Act.

The statutory accounts of the Company for the year ended 31 December 2008, which include the Group's consolidated financial statements for that year, were unaudited at the date of this announcement. The auditors' report on those accounts is expected to be signed following approval by the Board of Directors on 3 March 2009 and subsequently delivered to the Registrar of Companies after the Annual General Meeting on 30 April 2008. The statutory accounts for the year ended 31 December 2007, which were prepared under IFRS, have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) and 237(3) of the Act.

### New and revised International Financial Reporting Standards

The following interpretations of published standards are mandatory for accounting periods beginning on or after 1 January 2008, but had no material impact on the consolidated financial statements.

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'.
- IFRIC 14, 'IAS 19 – The limit of a defined benefit asset, minimum funding requirements and their interaction'.

The following interpretation is effective for accounting periods beginning on or after 1 January 2008, but is yet to be endorsed by the European Union.

- IFRIC 12, 'Service concession arrangements'.

The following new standards, amendments to and interpretations have been issued but are not effective for 2008 and have not been early adopted. No significant impact on the consolidated financial statements is expected.

- IAS 1 (Amendment), 'Presentation of financial statements', effective for accounting periods beginning on or after 1 January 2009. The amendment may result in additional disclosure.
- IAS 23 (Amendment), 'Borrowing costs', effective for accounting periods beginning on or after 1 January 2009.
- IFRS 8, 'Operating segments', effective for accounting periods beginning on or after 1 January 2009. The main impact would be that operating segments would be identified, and segment information provided, on the same basis as is used internally for evaluating segment performance and allocating resources. Reconciliations would be provided of total segment revenues, profit, assets, liabilities and other amounts to the corresponding amounts in the consolidated financial statements, together with an explanation of any differences in measurement basis. The Group's operating segments are expected to remain unchanged on adoption of the interpretation.
- IFRIC 13, 'Customer loyalty programmes', effective for accounting periods beginning on or after 1 July 2008. Management does not expect this interpretation to be relevant to the Group.
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance', effective for accounting periods beginning on or after 1 January 2009.
- IAS 16 (Amendment), 'Property, plant and equipment', effective for accounting periods beginning on or after 1 January 2009.

The following new revisions and amendments to standards, and interpretations have been issued but are not effective for 2008, have yet to be endorsed by the European Union and have not been early adopted. No significant impact on the consolidated financial statements is expected.

- IAS 32 (Amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for accounting periods beginning on or after 1 January 2009.
- IAS 1 (Revised), 'Presentation of financial statements' effective for accounting periods beginning on or after 1 January 2009.
- IFRS 2 (Amendment), 'Share-based payment', effective for accounting periods beginning on or after 1 January 2009. The amendment to the standard limits vesting conditions to service conditions and performance conditions. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment, i.e. acceleration of the expense based on the grant date fair value.
- IAS 28 (Amendment), 'Investments in associates', effective for accounting periods beginning on or after 1 January 2009. The amendment to the standard requires that an investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment is not allocated to specific assets included within the investment, and reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases.
- IAS 36 (Amendment), 'Impairment of assets', effective for accounting periods beginning on or after 1 January 2009. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.
- IAS 38 (Amendment), 'Intangible assets', effective for accounting periods beginning on or after 1 January 2009.
- IAS 19 (Amendment), 'Employee benefits', effective for accounting periods beginning on or after 1 January 2009.

- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement', effective for accounting periods beginning on or after 1 January 2009.
- IFRIC 16, 'Hedges of a net investment in a foreign operation', effective for accounting periods beginning on or after 1 October 2008. The interpretation clarifies the accounting treatment in respect of net investment hedging, including the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', apply to the hedged item.

The following new revisions and amendments to standards have been issued but are not effective for 2008, have yet to be endorsed by the European Union and have not been early adopted.

- IAS 27 (Revised), 'Consolidated and Separate Financial Statements', effective for accounting periods beginning on or after 1 July 2009. The revised standard must be applied prospectively and requires that acquisitions and disposals that do not result in a change of control are accounted for within equity. Any difference between the change in the minority interest and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.
- IFRS 3 (Revised), 'Business combinations', must be applied prospectively by the Group from 1 January 2010. The revised standard requires that all acquisition-related costs are to be expensed to the income statement in the period incurred. Furthermore, purchase accounting only applies at the point when control is achieved. This has a number of implications:
  - where the acquirer has a pre-existing equity interest in the entity acquired and increases its equity interest such that it achieves control, it must re-measure its previously-held equity interest to fair value as at the date of obtaining control and recognise any resulting gain or loss in the income statement.
  - once control is achieved all other increases and decreases in ownership interest are treated as transactions among equity holders and reported directly within equity. Goodwill is not re-measured or adjusted.
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations', effective for accounting periods beginning on or after 1 July 2009. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

## 2. Segment information

At 31 December 2008, Logica was organised into six geographical segments based on the location of assets. These segments are the Group's primary reporting format for segment information as they represent the dominant source and the nature of the Group's risks and returns.

### Primary basis – geographical segments

Segment revenue and profit after tax under the primary reporting format are disclosed in the table below.

	Revenue		Profit	
	2008 £'m	2007 £'m	2008 £'m	2007 £'m
Nordics	999.6	836.9	13.7	13.4
France	720.6	588.2	17.9	20.2
United Kingdom	709.7	662.5	11.3	30.5
Netherlands	573.2	484.7	34.9	47.3
Germany	214.2	179.6	2.9	5.4
International	370.7	321.3	5.7	(7.1)
Revenue and operating profit	3,588.0	3,073.2	86.4	109.7
Finance costs			(53.3)	(37.8)
Finance income			10.0	11.0
Share of post-tax profits from associates			0.7	1.2
Taxation			(4.9)	(5.4)
<b>Profit after tax from continued operations</b>			<b>38.9</b>	<b>78.7</b>
Discontinued operation			-	89.4
<b>Profit after tax</b>			<b>38.9</b>	<b>168.1</b>

The share of post-tax profits from associates in the years ended 31 December 2008 and 2007 was attributable to the Nordics geographical segment. Inter-segment revenue for the International category was £57.6 million (2007: £40.4 million). Inter-segment revenue for the other categories was not material.

## 3. Exceptional items

The exceptional items recognised within operating profit were as follows:

	2008 £'m	2007 £'m
Restructuring costs	(84.3)	-
Integration costs	(8.0)	(13.5)
Disposal of businesses	-	(9.7)
	<b>(92.3)</b>	<b>(23.2)</b>

During the year ended 31 December 2008, the Group incurred a charge of £84.3 million relating to the restructuring of the business following the 2008 Business review announced 22 April 2008. The restructuring comprised costs associated with the closure of offices predominantly in the UK and redundancy of staff across the Group.

A further charge of £8.0 million relates to the integration of the business in the Nordics, following the acquisition of WM-data AB (2007: £13.5 million). The restructuring comprised costs associated with off-shoring activities and IT infrastructure.

The Group disposed of its UK Print and Mail operation on 15 January 2008 for cash consideration of £0.8 million generating a profit of £0.3 million. In the year the Group also provided for a loss of £0.3 million on the disposal of its German "Cocq Datendienste" operation, which took place on 1 January 2009.

The disposals in the year are described further in Note 14.

#### 4. Adjusted operating profit

Adjusted operating profit excludes, exceptional items and amortisation of intangible assets initially recognised at fair value in a business combination, whenever such items occur. Adjusted operating profit is not defined under IFRS and has been shown as the Directors consider this to be helpful for a better understanding of the performance of the Group's underlying business. It may not be comparable with similarly titled profit measurements reported by other companies and is not intended to be a substitute for, or superior to, IFRS measures of profit.

	2008 £'m	2007 £'m
<b>Operating profit</b>	<b>86.4</b>	109.7
Exceptional items	<b>92.3</b>	23.2
Amortisation of intangible assets initially recognised on acquisition	<b>88.7</b>	74.7
<b>Adjusted operating profit</b>	<b>267.4</b>	207.6

Adjusted operating profit analysis per geographical segment was as follows:

	2008			
	Operating profit £'m	Exceptional items £'m	Amortisation of intangibles* £'m	Adjusted operating profit £'m
Nordics	13.7	16.4	57.7	87.8
France	17.9	10.7	25.9	54.5
United Kingdom	11.3	44.0	-	55.3
Netherlands	34.9	8.1	-	43.0
Germany	2.9	5.5	3.5	11.9
International	5.7	7.6	1.6	14.9
	<b>86.4</b>	<b>92.3</b>	<b>88.7</b>	<b>267.4</b>

\* Amortisation of intangible assets initially recognised on acquisition.

	2007			
	Operating Profit £'m	Exceptional items £'m	Amortisation of intangibles* £'m	Adjusted operating profit £'m
Nordics	13.4	13.2	50.1	76.7
France	20.2	-	20.6	40.8
United Kingdom	30.5	-	-	30.5
Netherlands	47.3	(4.4)	-	42.9
Germany	5.4	0.1	2.6	8.1
International	(7.1)	14.3	1.4	8.6
	109.7	23.2	74.7	207.6

\* Amortisation of intangible assets initially recognised on acquisition.

#### 5. Employees

	Year end		Average	
	2008 Number	2007 Number	2008 Number	2007 Number
Nordics	9,767	9,420	9,742	9,837
France	9,144	9,057	9,059	8,725
United Kingdom	5,424	5,655	5,525	5,797
Netherlands	5,734	6,035	5,942	6,136
Germany	2,167	2,081	2,103	2,097
International	7,701	6,492	6,883	6,443
Continuing operations	39,937	38,740	39,254	39,035
Discontinued operation	-	-	-	781
	<b>39,937</b>	38,740	<b>39,254</b>	39,816

## 5. Employees (continued)

The employee benefit expense for the year amounted to:

	2008 £'m	2007 £'m
Salaries and short-term employee benefits	1,514.8	1,320.7
Social security costs	305.6	267.2
Pension costs	122.8	109.1
Share-based payments	10.9	8.5
<b>Continuing operations</b>	<b>1,954.1</b>	<b>1,705.5</b>
Discontinued operation	-	40.0
	<b>1,954.1</b>	<b>1,745.5</b>

Employee benefit expense of £42.4 million (2007: £4.3 million) has not been included in the table above but was included within the £92.3 million (2007: £13.5 million) charge for restructuring and integration costs in Note 3 above.

## 6. Taxation

	2008 £'m	2007 £'m
<i>Current tax:</i>		
UK corporation tax	(1.2)	(3.8)
Overseas tax	39.1	50.5
	37.9	46.7
<i>Deferred tax:</i>		
UK corporation tax	(5.6)	1.8
Overseas tax	(27.4)	(43.1)
	(33.0)	(41.3)
<b>Tax charge from continuing operations</b>	<b>4.9</b>	<b>5.4</b>

The effective tax rate on continuing operations for the year, before the share of post-tax profits from associates, exceptional items, mark-to-market loss on convertible bonds, and amortisation of intangible assets initially recognised on acquisition, was 22.5% (2007: 17.6%), of which £2.2 million charge (2007: £0.4 million credit) related to the United Kingdom. The effective tax rate for 2008 is higher than 2007 due to the use of unrecognised losses brought forward in 2007.

The effective tax rate on exceptional items was 19.0% (2007: 9.5%) and the effective tax rate on amortisation of intangible assets initially recognised on acquisition was 31.5% (2007: 32.4%).

The tax charge from continuing operations is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below.

	2008 £'m	2007 £'m
Profit before tax	43.8	84.1
Less: share of post-tax profits from associates	(0.7)	(1.2)
Profit before tax excluding share of post-tax profits from associates	43.1	82.9
Tax at the UK corporation tax rate of 28.5% (2007: 30.0%)	12.3	24.9
Adjustments in respect of previous years	(5.8)	(7.7)
Adjustment for foreign tax rates	4.0	2.9
Tax loss utilisation	(9.2)	(9.9)
Income not taxable	(1.5)	(7.6)
Deferred tax assets not recognised	5.1	2.8
<b>Tax charge from continuing operations</b>	<b>4.9</b>	<b>5.4</b>

In addition to the amounts charged to the income statement, a deferred tax charge of £7.2 million (2007: £nil) relating to retirement benefit schemes, and a deferred tax charge of £nil (2007: charge of £0.1 million) relating to share-based payment arrangements were recognised in equity.

The current tax related to exceptional items for the year ended 31 December 2008 was a tax credit of £17.5 million (2007: £2.2 million).

## 7. Dividends

The directors are proposing a final dividend in respect of the year ended 31 December 2008 of 0.60 pence per share, which would reduce shareholders' funds by approximately £9.5 million. The proposed dividend is subject to approval at the annual general meeting on 30 April 2009 and has not been recognised as a liability in these financial statements. The final dividend will be paid on 1 May 2009 to shareholders listed on the share register on 14 April 2009.

The amounts recognised as distributions to equity holders were as follows:

	2008 p / share	2007 p / share	2008 £'m	2007 £'m
Interim dividend, relating to 2008 / 2007	2.40	2.30	34.8	34.0
Final dividend, relating to 2007 / 2006	3.50	3.40	50.5	51.9
	<b>5.90</b>	<b>5.70</b>	<b>85.3</b>	<b>85.9</b>

Dividends payable to employee share ownership trusts are excluded from the amounts recognised as distributions in the table above.

## 8. Earnings per share

	Earnings £'m	2008 Weighted average number of shares million	Earnings per Share Pence
<b>Earnings per share from total operations</b>			
Profit for the year from total operations	38.9		
Minority interests	(0.2)		
Earnings attributable to ordinary shareholders	38.7	1,453.4	2.7
<b>Basic EPS</b>	<b>38.7</b>	<b>1,453.4</b>	<b>2.7</b>
Effect of share options and share awards	-	24.5	(0.1)
<b>Diluted EPS</b>	<b>38.7</b>	<b>1,477.9</b>	<b>2.6</b>
<b>Adjusted earnings per share from total operations</b>			
Earnings attributable to ordinary shareholders	38.7	1,453.4	2.7
<i>Add back/(deduct):</i>			
Exceptional items, net of tax	74.8	-	5.1
Mark-to-market loss on convertible bonds designated at fair value through profit or loss, net of tax	3.8	-	0.3
Amortisation of intangible assets initially recognised on acquisition, net of tax	60.8	-	4.2
<b>Basic adjusted EPS</b>	<b>178.1</b>	<b>1,453.4</b>	<b>12.3</b>
Effect of share options and share awards	-	24.5	(0.1)
Effect of convertible bonds, excluding mark-to-market gain, net of tax	3.5	48.5	(0.3)
<b>Diluted adjusted EPS</b>	<b>181.6</b>	<b>1,526.4</b>	<b>11.9</b>

All operations as at 31 December 2008 were continuing.

## 8. Earnings per share (continued)

	2007		
	Earnings £'m	Weighted average number of shares million	Earnings per Share Pence
<b>Earnings per share from continuing operations</b>			
Profit for the year from continuing operations	78.7		
Minority interests	1.8		
Earnings attributable to ordinary shareholders	80.5	1,494.6	5.4
<b>Basic EPS</b>	80.5	1,494.6	5.4
Effect of share options and share awards	-	20.1	(0.1)
<b>Diluted EPS</b>	80.5	1,514.7	5.3
<b>Adjusted earnings per share from continuing operations</b>			
Earnings attributable to ordinary shareholders	80.5	1,494.6	5.4
<i>Add back/(deduct):</i>			
Exceptional items, net of tax	21.0	-	1.4
Mark-to-market gain on convertible bonds designated at fair value through profit or loss, net of tax	(0.2)	-	-
Amortisation of intangible assets initially recognised on acquisition, net of tax	50.5	-	3.4
<b>Basic adjusted EPS</b>	151.8	1,494.6	10.2
Effect of share options and share awards	-	20.1	(0.2)
Effect of convertible bonds, excluding mark-to-market gain, net of tax	4.2	64.6	(0.1)
<b>Diluted adjusted EPS</b>	156.0	1,579.3	9.9
<b>Earnings per share from discontinued operation</b>			
Earnings attributable to ordinary shareholders	89.4	1,494.6	6.0
<b>Basic EPS</b>	89.4	1,494.6	6.0
Effect of share options and share awards	-	20.1	(0.1)
<b>Diluted EPS</b>	89.4	1,514.7	5.9
<b>Earnings per share from total operations</b>			
Earnings attributable to ordinary shareholders	169.9	1,494.6	11.4
<b>Basic EPS</b>	169.9	1,494.6	11.4
Effect of share options and share awards	-	20.1	(0.2)
<b>Diluted EPS</b>	169.9	1,514.7	11.2

Adjusted earnings per share, both basic and diluted, have been shown as the directors consider this to be helpful for a better understanding of the performance of the Group's underlying business. The earnings measure used in adjusted earnings per share excludes, whenever such items occur: the results of discontinued operations; exceptional items; mark-to-market gains or losses on financial assets and financial liabilities designated at fair value through profit or loss; and amortisation of intangible assets initially recognised at fair value in a business combination. All items adjusted are net of tax where applicable.

The weighted average number of shares excludes the shares held by employee share ownership plan ('ESOP') trusts, which are treated as cancelled.

The convertible bonds were not included in the calculation of diluted earnings per share from continuing operations for the year ended 31 December 2007 and 31 December 2008 as they were anti-dilutive; however, the convertible bonds were dilutive for the purposes of calculating adjusted diluted earnings per share from continuing operations for the year ended 31 December 2007 and 31 December 2008.

The impact of the charge for share-based payments was to reduce adjusted basic earnings per share for the year ended 31 December 2008 by 0.7 pence per share (2007: 0.6 pence per share).

## 9. Provisions

	Vacant properties £'m	Restructuring £'m	Other £'m	Total £'m
At 1 January 2008	18.6	3.2	6.2	28.0
Charged in the year	37.6	51.2	14.2	103.0
Utilised in the year	(14.6)	(33.1)	(5.0)	(52.7)
Unused amounts reversed	(0.9)	-	(2.8)	(3.7)
Unwinding of discount	1.3	-	-	1.3
Exchange differences	1.9	3.0	2.7	7.6
At 31 December 2008	<b>43.9</b>	<b>24.3</b>	<b>15.3</b>	<b>83.5</b>

Analysed as:

Current liabilities	<b>36.4</b>
Non-current liabilities	<b>47.1</b>
	<b>83.5</b>

### Vacant properties

At 31 December 2008, provisions for vacant properties represented residual lease commitments, together with associated outgoings, for the remaining period on certain property leases, after taking into account sub-tenant arrangements. The property costs provided for are mainly related to properties located in the United Kingdom and Sweden. At 31 December 2008, non-current vacant property provisions amounted to £31.7 million of which £29.5 million was payable within five years and the balance thereafter.

### Restructuring

At 31 December 2008, the restructuring provision mainly related to the restructuring of the businesses following the outcome of the Group's business review announced 22 April 2008. The restructuring programme comprised property rationalisation, a reduction in headcount and other measures to reduce the cost base. Where appropriate, provisions arising from the property rationalisation are categorised as vacant property. At 31 December 2008, £21.0 million of the restructuring provision was payable within one year, £3.3 million between one and two years.

### Other

At 31 December 2008, the other provisions related to the value of legal claims brought by ex-employees and to other ongoing legal matters. At 31 December 2008, £3.2 million of the other provision was payable within one year, with the remaining balance payable between two and five years.

## 10. Share capital

Authorised	2008 £'m	2007 £'m
2,250,000,000 (2007: 2,250,000,000) ordinary shares of 10 pence each	<b>225.0</b>	225.0

Allotted, called-up and fully paid	2008		2007	
	Number	£'m	Number	£'m
At 1 January	<b>1,457,646,079</b>	<b>145.8</b>	1,535,698,482	153.6
Allotted under share plans	<b>5,713,442</b>	<b>0.5</b>	5,538,792	0.6
Shares purchased and cancelled	-	-	(83,591,195)	(8.4)
Shares issued	<b>135,000,000</b>	<b>13.5</b>	-	-
At 31 December	<b>1,598,359,521</b>	<b>159.8</b>	1,457,646,079	145.8

On 16 December 2008 the Company issued 135,000,000 ordinary shares at a price of 67 pence with a nominal value of £13.5 million, for gross consideration of £90.5 million. No share premium was recognised as the Company has taken advantage of section 131 of the Companies Act 1985 regarding merger relief.

The company has one class of authorised and issued share capital, comprising ordinary shares of 10 pence each. Subject to the Company's Articles of Association and applicable law, the Company's ordinary shares confer on the holder: the right to receive notice of and vote at general meetings of the company; the right to receive any surplus assets on a winding-up of the company; and an entitlement to receive any dividend declared on ordinary shares.

## 11. Share premium

	2008 £'m	2007 £'m
At 1 January	1,098.9	1,097.0
Premium on shares allotted under share plans	2.6	1.9
At 31 December	1,101.5	1,098.9

## 12. Reconciliation of operating profit to cash generated from continuing operations

	2008 £'m	2007 £'m
<b>Operating profit from continuing operations</b>	<b>86.4</b>	109.7
<i>Adjustments for:</i>		
Share-based payments	10.8	8.5
Depreciation of property, plant and equipment	42.7	38.7
Loss on disposal of non-current assets	1.9	2.1
Profit on sale of subsidiaries and other businesses	-	9.7
Amortisation of intangible assets	103.7	84.0
Impairment of property, plant and equipment included in restructuring costs	6.7	-
Impairment of financial assets	-	1.8
Non-cash element of expense for defined benefit plans	(3.9)	(4.2)
	<b>161.9</b>	140.6
Net movements in provisions	54.1	(18.1)
<i>Movements in working capital:</i>		
Inventories	0.9	0.6
Trade and other receivables	(46.4)	33.3
Trade and other payables	97.6	(32.7)
	<b>52.1</b>	1.2
<b>Cash generated from continuing operations</b>	<b>354.5</b>	233.4
Add back: Cash outflow related to restructuring and integration activities	41.8	28.6
<b>Net cash inflow from trading operations</b>	<b>396.3</b>	262.0

## 13. Reconciliation of movements in net debt

	At 1 January 2008 £'m	Cash flows £'m	Other non-cash movements £'m	Exchange differences £'m	At 31 December 2008 £'m
Cash and cash equivalents	108.7	(8.8)	-	27.0	126.9
Bank overdrafts	(9.1)	5.3	-	(1.6)	(5.4)
	99.6	(3.5)	-	25.4	121.5
Finance leases	(7.2)	3.2	(2.3)	(1.2)	(7.5)
Bank loans	(354.7)	(69.6)	(2.3)	(121.9)	(548.5)
Other loans	(0.9)	(2.5)	-	(0.2)	(3.6)
Convertible bonds	(220.0)	241.2	(5.3)	(15.9)	-
<b>Net debt</b>	<b>(483.2)</b>	<b>168.8</b>	<b>(9.9)</b>	<b>(113.8)</b>	<b>(438.1)</b>

## 14. Disposals

The group completed the sale of certain non-core businesses during the year, as described below. The aggregate net assets of these businesses, which are not individually significant, at their date of disposal are analysed below:

	£'m
Property, plant and equipment	0.4
<b>Net assets disposed of</b>	<b>0.4</b>
Total consideration	0.8
Disposal costs	(0.1)
<b>Profit on disposal</b>	<b>0.3</b>
Cash consideration received	0.8
Cash and cash equivalents disposed of	-
<b>Net cash inflow arising on disposal</b>	<b>0.8</b>

The disposals do not match the criteria of IFRS 5 'Non-current assets held-for-sale and discontinued operations' as none of the disposals represents a separate major line of business or geographical area of operations and hence were not treated as a discontinued operation.

## 15. Acquisitions

During the year, the group made a number of acquisitions, as described below.

### **Energias de Portugal S.A.**

On 15 February 2008, Energias de Portugal S.A. (EDP) notified the Group of its exercise of the EDP Put Option, under the terms of the shareholders agreement entered into between EDP and Logica on 20 April 2005. On 7 March 2008 the Group acquired the remaining 40% interest in the equity shares of Edinfor-Sistemas Informaticos S.A. paying consideration of £42.1 million, which resulted in additional goodwill of £23.8 million.

### **Explit**

On 15 April 2008 the Group acquired the ERP consultancy business of Explit in Sweden, paying cash of £0.1 million (SEK 1.3 million).

### **Synergi**

On 1 May 2008 the Group acquired the service desk operations of Synergi in the oil and gas sector for £2.4 million (NOK 23.9 million), adding to the existing services in this sector in Norway. This acquisition resulted in goodwill of £1.8 million, attributable to anticipated synergies and the value of the workforce.

### **Sampo**

On 1 June 2008 the Group acquired business handling services from Sampo bank in Finland for consideration of £0.8 million (€1.0 million).

### **Aureus Data AS**

On the 1 October 2008 the Group acquired this IT services company in Norway for consideration of £2.1 million (NOK 23.5 million). This resulted in goodwill of £0.3 million (NOK 3.3 million) being recognised.

## 15. Acquisitions (continued)

The fair values of the identifiable assets and liabilities acquired in all acquisitions were as follows:

	Carrying amount pre-acquisition £'m	Fair value £'m
Intangible assets	4.9	8.0
Property, plant and equipment	8.4	8.4
Inventories	0.3	0.3
Trade and other receivables	13.8	13.8
Current tax	0.1	0.1
Cash and cash equivalents	7.0	7.0
Trade and other payables	(6.8)	(9.0)
Borrowings	(5.5)	(5.5)
Deferred tax	0.5	-
Retirement benefit obligations	(1.5)	(1.5)
<b>Net assets acquired</b>	21.2	21.6
Goodwill		25.9
<b>Total consideration</b>		47.5
<i>Total consideration comprised:</i>		
Cash		44.0
Deferred consideration		3.4
Directly attributable costs		0.1
		47.5

Factors that contributed to the recognition of goodwill of £25.9 million on acquisitions during the year were: anticipated revenue and cost synergies with existing operations in Norway, Finland and Portugal; the value of the workforce in place and the anticipated profits from winning business in the future from new rather than existing customers.

The fair values included in respect of the assets and liabilities acquired in the year to 31 December 2007 included provisional values. During the current year the valuations have been finalised which has resulted in the following adjustment:

	Fair value as previously reported £'m	Adjustment £'m	Fair value £'m
Intangible assets	1.9	4.8	6.7
Property, plant and equipment	3.9		3.9
Inventories	0.1		0.1
Trade and other receivables	8.8		8.8
Cash and cash equivalents	5.6		5.6
Trade and other payables	(4.6)		(4.6)
Current tax	0.2		0.2
Deferred tax	(0.6)	(1.2)	(1.8)
Retirement benefit obligations	(0.2)		(0.2)
<b>Net assets acquired</b>	15.1	3.6	18.7
Profit recognised as associates	(0.1)		(0.1)
			18.6
Goodwill	10.9	(3.6)	7.3
<b>Total consideration</b>			25.9
<i>Total consideration comprised:</i>			
Cash			22.9
Deferred consideration			0.7
Fair value of associate interest when acquired			2.0
Directly attributable costs			0.3
			25.9

## **16. Contingent liabilities**

The Group's subsidiaries and the Company are currently, and may be from time to time, involved in a number of legal proceedings including inquiries from or discussions with governmental and taxation authorities. Whilst the outcome of current outstanding actions and claims remains uncertain, it is expected that they will be resolved without a material impact on the group's financial position.

## **17. Events after the balance sheet date**

On 27 January 2009 the Group completed the disposal of its 91% interest in Integrata AG a German training business for €5.0 million. The business contributed £26.4 million to group revenue in 2008.

On 23 February 2009 the first of a series of payments was made to the minority interest holders of Logica Aktiebolag, a Group company, to redeem the remaining shares in and convertibles issued by the Swedish subsidiary. A subsequent payment was made on 24 February 2009 and further payments are expected to be made on the 2 March 2009 and 10 March 2009. The total consideration paid will be £48.4 million.

On 1 January 2009 the Group completed the disposal of its German subsidiary 'Cocq Datendienste' operation for €1. Provision for a loss of £0.3 million was made in 2008. The business contributed £2.1 million to group revenue in 2008.