

# Logica

## Interim report

# 2008

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# Highlights

Revenue\*

**+6%**

(2008: £1,769m)

Adjusted operating profit\*

**+16%**

(2008: 118m)

Adjusted operating margin

**6.7%**

Cash conversion

**86%**

Adjusted earnings per share

**+35%**

(2008: 5.4p)

Interim dividend

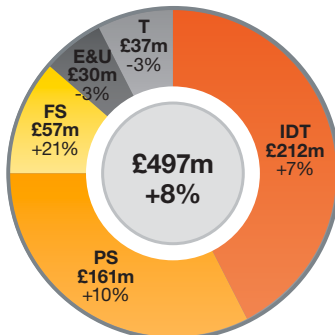
**+4%**

(2008: 2.4p)

\* Growth based on pro forma

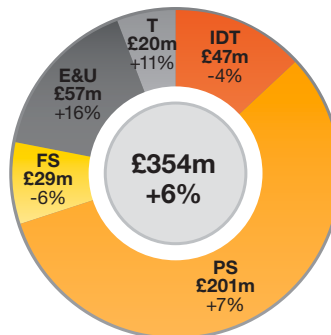
Revenue and market trends by geography

## Nordics



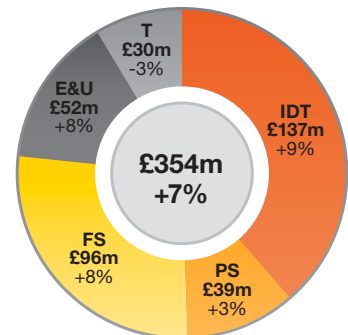
Adjusted operating margin: 8.4%  
(H1 2007 Pro forma: 8.8%)

## UK



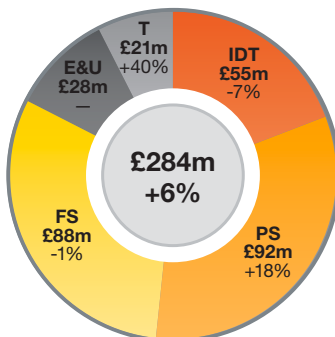
Adjusted operating margin: 6.3%  
(H1 2007 Pro forma: 1.3%)

## France



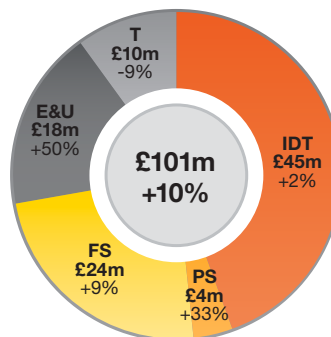
Adjusted operating margin: 7.3%  
(H1 2007 Pro forma: 7.7%)

## Netherlands



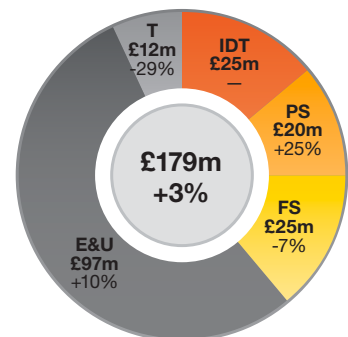
Adjusted operating margin: 7.5%  
(H1 2007 Pro forma: 8.4%)

## Germany



Adjusted operating margin: 3.6%  
(H1 2007 Pro forma: 3.6%)

## International



Adjusted operating margin: 2.0%  
(H1 2007 Pro forma: 3.1%)

£'m Revenue  
+% Revenue change  
IDT Industry, Distribution and Transport  
PS Public Sector

FS Financial Services  
E&U Energy and Utilities  
T Telecoms and Media

# Introduction

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Dear Shareholder,

We had a good first half. Growing momentum with customers led to revenue growth above the market in all our major geographies. Across the Group, we are seeing the early benefits of our common brand, values and culture, and a real sharing of expertise.

We are on track in executing our plan. Over the last four months, we brought in experienced new management talent, won a number of significant long-term contracts, transitioned work offshore, began to put the right organisation and incentives in place and initiated the cost savings required to fund our investments.

Given the market environment, we remain alert to changes in customer sentiment but our first half performance gives us increased confidence that 2008 pro forma revenue growth will be closer to 4%, compared to our previous guidance of around 3%.



**Andy J Green**  
CEO

# Business review

## Financial overview - continuing operations

Group revenue was £1,769 million, up 16% on a reported basis (2007 actual: £1,525 million). This represented pro forma growth of 6%. Book to bill was 105% (2007: 100%). Adjusted operating profit was £118 million (2007 actual: £90 million), representing an adjusted operating margin of 6.7% (2007 actual: 5.9%). Basic adjusted earnings per share (EPS) was 5.4p (2007 actual: 4.0p). Operating profit of £29 million (2007 actual: £44 million) reflected higher exceptional items (mainly associated with the plan to revitalise Logica) at £46 million. Net cash inflow from trading operations was £101 million in the first half, leading an improvement in cash conversion to 86%. Closing net debt was £565 million. The interim dividend is 2.4p, representing a 4% increase in line with our progressive dividend policy.

## Outlook

In the second quarter, we announced and initiated our plan to revitalise Logica and are on track with our progress to date. Our priorities for the second half will be improving our operational performance, building our management and sales capability, bringing further propositions to market in our high growth areas, increasing the strength of our Outsourcing Services business, targeting new outsourcing deals and continuing to drive cost reduction and blended delivery. We remain confident that the implementation of the plan will allow us to deliver on the long-term targets we set out in April.

Our outlook for 2008 continues to be set against an uncertain economic environment. While we have seen incidences of slower spending in financial services and with some consumer-driven customers, our markets have generally remained positive in the first half. This has been reflected in revenue growth above the market in all our major countries and our four largest market sectors at Group level. Energy and Utilities and Public Sector spending in most of our geographies continues to be robust. In other sectors, a good pipeline is reflective of a slightly different mix, with some shift of customer spending to delivery of cost savings and projects driven by regulatory requirements.

Based upon a good first half performance and a solid order backlog and pipeline of opportunities, we currently expect 2008 constant currency revenue growth to be closer to 4% than to our previous guidance of around 3%. Margin guidance remains unchanged at around the level of the 2007 underlying<sup>1</sup> margin of 7.6%.

We remain alert to changes in customer sentiment and are monitoring recruitment closely. Our most significant short-term lever remains flexible resourcing through the use of subcontractors and our blended delivery capability.

Improved first half cash flow contributed to a net debt/ EBITDA ratio at the lower end of our guidance for 2008. Our convertible bonds will be redeemed from our existing banking facilities in September 2008 and we continue to expect our net debt/EBITDA at the end of 2008 to be in the 1.9x to 2.1x range.

## Programme for Growth: Progress on plan to revitalise Logica

Since announcing our plan in April, we have made good early progress in each of the components of our four-point plan and are on track to achieve our long-term targets.

## Focus for Growth

Winning new business is a crucial component of the Programme for Growth. We have begun to redirect resource towards

improving our sales and marketing capability. In the first half, we committed to investments of £8 million in the focus for growth areas and made important strides in three areas:

- recruiting the right people to deliver growth;
- winning new orders; and
- outsourcing.

We have appointed leaders in the focus for growth areas and defined the requirements for recruitment in consulting and account management. At the end of July, we announced leaders for our high growth and consulting practices who are actively building teams to support them. We have also launched our consulting recruitment campaign, based on initially attracting senior business developers with the skill sets identified in April. We expect to increase the number of new joiners in a controlled manner as we go through 2008 and into 2009.

We have identified the key accounts that we intend to target, with account managers in place or identified for most of these accounts, and recruitment is underway for a further 14 roles. The strengthening of our account management and sales capability is aimed at improving our penetration of major clients. Our top 10 customers accounted for 15% of Group revenue in the first half of 2008 (2007: 16%) – with our largest single client accounting for around 2%.

We are continuing to build our Outsourcing Services organisation. In addition to appointing a new Chief Executive for this activity, we have strengthened our outsourcing sales capability in the UK and Netherlands and added a number of large deal specialists. This will allow us to be better placed for larger prospects such as the system support component of the €2.1 billion European Space Agency (Galileo) procurement, for which we announced our intention to bid in late July.

All major countries saw success in winning long-term orders in the areas which are the focus of our growth ambition, leading to improved order momentum in the first half of 2008. Book to bill for the Group was 105% in the first half with a good order performance in all our major geographies. This represented a strengthening over last year (2007: 100%). Wins included a significant extension of work with a major French financial services provider, a five-year contract with KPN for maintenance of their network systems, a seven-year £12 million contract with Wiltshire County Council for transformation of the organisation's support services, and a new five-year £40 million contract with Elexon for electricity balancing and settlement systems. In the Nordics, a string of outsourcing wins contributed to a stronger book to bill.

In the first half of 2008, revenue from outsourcing was 31% (2007: 31%). While it is too early to have generated significant order momentum, we have seen early signs that the introduction of an Outsourcing Services sales team is giving greater clarity of engagement with customers. As we strengthen the Outsourcing Services business, we expect to improve the book to bill for outsourcing from its first half level of 102% and to increase the percentage of revenue delivered from long-term outsourcing. In addition to Michelin's selection of Logica as its leading provider of applications services (announced at the beginning of the third quarter) other wins have included an application outsourcing contract with the Dutch Department of Immigration and Nationalisation (IND) and a four-year development programme with the Finnish State Treasury.

1. Adjusted operating margin of 6.8% excluding one-off costs of £27 million in 2007 related to management changes and one-off contract provisions.

### Revenue by geography

	H1'08	H1'07	H1'07	Growth	Growth
	£'m	Pro forma £'m	Actual £'m	H1'08 on H1'07 Pro forma %	H1'08 on H1'07 Actual %
Nordics	497	462	424	8	17
UK	354	334	334	6	6
France	354	332	290	7	22
Netherlands	284	269	237	6	20
Germany	101	92	81	10	25
International	179	173	159	3	13
<b>Total</b>	<b>1,769</b>	<b>1,662</b>	<b>1,525</b>	<b>6</b>	<b>16</b>

First half revenue performance was on track, with all markets delivering pro forma constant currency revenue growth. We returned to growth in the UK in the first half of 2008, with revenue up 6%. Growth in the UK Public Sector (which continued to account for over half of UK revenue), was 7%. Our major continental European geographies also performed well, with growth above the market in France, Germany, the Netherlands and the Nordics.

### Accelerate Blended Delivery

Headcount in our nearshore and offshore centres increased from 3,450 at the end of 2007 to over 3,900 at the end of June, with the largest increase (a net addition of almost 400) occurring in our centres in India. We are also continuing to grow our Moroccan capability and leverage this into French accounts.

We are seeing increased appetite for offshore in our Nordic and French markets. Increased numbers of larger bids now include an embedded offshore component. We had almost 1,300 offshore resources deployed on UK business at the end of the first half, compared to around 1,100 at the same time last year.

In the first half, we reviewed major bids to ensure we are maximising the use of offshore delivery. We have also identified around 500 jobs in existing programmes in areas (such as software development and application maintenance) which we will transition offshore over the coming months. Offshore targets are in place in all our major geographies and will be an important metric in our revised incentive plans.

The strength of our brand is key in attracting the right talent. The number of new joiners in India has increased by around 90% when compared to the second half of last year. Our second Indian centre in Chennai will be officially opened on 18 September, with around 100 employees already in place.

We expect to invest around £8 million in this area in 2008.

### One Logica

Having the right team with the right incentives to deliver the plan is crucial. We have strengthened the existing senior team, with three additions to the Executive Committee since the beginning of 2008. Craig Boundy has joined as Chief Executive, Global Operations. Jean-Marc Lazzari will assume the role of Chief

Executive, Outsourcing Services, taking over from Jim McKenna who leaves the Company on 30 September. João Baptista will start as Chief Executive, International, taking over from John Coleman who will move to strengthen the UK management team in the role of Chief Operating Officer. We have appointed new CEOs in our Indian and Portuguese businesses. Another ten senior level joiners have also been recruited in the first half of 2008 in areas such as outsourcing sales, operations, HR and Finance.

In the second half, our incentive plan (the Partnership Plan) aimed at up to 250 top managers in the business will be rolled out through the Group, along with a global reward and recognition programme for all employees.

We have initiated a review of our tools, processes and systems and are on track or ahead on progress in all the programmes we set out in April. By the end of 2008, we expect to have standardised and improved processes in place around bid and risk management, applications management and development and systems integration. A common process will also be in place across the Group for access to all nearshore and offshore resources.

Having common back office functions shared across the Group will reduce costs and improve efficiency. The restructuring of our HR and Finance functions is underway to standardise processes and tools and to move to a shared services environment by the end of 2009.

Finally, the existing Logica University has been extended to include a Group-wide International Leadership Programme for account managers, practice leaders and senior sales leadership. This was launched in the second quarter. Currently planned 2008 initiatives are expected to cost around £2 million.

### Adjusted operating profit by geography

	H1'08	H1'08	H1'07	H1'07	H1'07
	£'m	Margin %	Pro forma £'m	Pro forma Margin %	Actual £'m
Nordics	42	8.4	42	8.8	38
UK	22	6.3	4	1.3	4
France	26	7.3	25	7.7	22
Netherlands	21	7.5	23	8.4	20
Germany	4	3.6	3	3.6	3
International	3	2.0	5	3.1	3
<b>Total</b>	<b>118</b>	<b>6.7</b>	<b>102</b>	<b>6.1</b>	<b>90</b>

Adjusted operating profit before exceptional items (mainly associated with the Programme for Growth) and amortisation of intangibles initially recognised on acquisition was £118 million. An £18 million increase in adjusted operating profit in the UK more than offset a net decrease of £2 million in other geographies.

Adjusted operating margin was 6.7%, with UK improvements the largest contributor to a year-on-year increase. Individual country margins reflected higher levels of subcontracting to give greater cost structure flexibility and the rebranding costs of £5 million which were distributed among the geographies. As expected, profit and margin did not benefit from the plan's initial cost savings, with the cost savings being fully reinvested into sales and blended delivery.

### Operating profit by geography

	H1'07	H1'08	Amortisation	H1'08	
	Operating	Operating	of	Adjusted	
	profit	profit	Exceptional	operating	
	£'m	£'m	items	profit	
			intangibles	£'m	
			£'m		
Nordics	4	8	6	28	42
UK	4	(7)	29	–	22
France	11	12	2	12	26
Netherlands	20	20	1	–	21
Germany	2	(2)	4	2	4
International	3	(2)	4	1	3
<b>Total</b>	<b>44</b>	<b>29</b>	<b>46</b>	<b>43</b>	<b>118</b>

Operating profit was £29 million (2007: £44 million) mainly as a result of increased exceptional items associated with the plan to revitalise Logica.

Net exceptional items were £46 million (2007: £8 million). The largest component of this was £41 million of restructuring charges incurred for employee redundancies and exiting property leases, particularly in the UK where we initiated our restructuring earliest. The remaining £5 million relates to the WM-data integration.

Amortisation of intangible assets from acquisitions was £43 million (2007: £38 million). The higher charge was mainly a result of movements in exchange rates.

### Competitive costs

Cost savings of £5 million were delivered in the first half, mainly in relation to headcount reduction. The first half cost savings have been reinvested across the three areas previously outlined (Focus for Growth, Accelerate Blended Delivery and One Logica). For the full year, cost savings will be in line with our April guidance of £15 to £20 million, with expected investments of £15 to £20 million.

The progress on shared service centres in the One Logica section will deliver back office cost savings. The programme for rationalising and offshoring back office systems is underway and the first migration activities are scheduled to commence during 2008.

Changes in the UK business represent the largest component of the cost savings plan. In the first half of the year, we initiated the rationalisation of our UK property usage. A number of UK offices have already closed or will close over the coming months as a result of these actions, with much of the business moving towards “smart working” and our corporate headquarters relocating to Reading. We have begun consultations with employees affected by the property consolidation. We currently expect an initial round of these consultations to be completed by the end of the third quarter.

Across the Group, we have identified areas where we will target additional benefits from Group-wide procurement and have begun discussions with suppliers. Our IT rationalisation has involved identifying a standard set of systems to be used throughout the Group. This will reduce external spend as a result of consolidated procurement, achieve efficiencies due to reduced training and ease of working and reduce external and internal support costs. Our initial achievements have been focused on infrastructure and application rationalisation.

We expect to incur one-off restructuring costs of £110 million over 2008 and 2009 to implement the plan. We have incurred £41 million in the first half of the year, of which approximately £6 million was a first half cash outflow. The first half costs reflect the early action taken to streamline organisational structures and consolidate real estate. These costs are expected to deliver approximately 40% of the targeted 2010 annualised cost savings of £80 million.

We continue to expect the 2008 charge to be in the order of £70 million. The cash impact is still expected to be around £40 to £45 million in 2008.

## Nordics

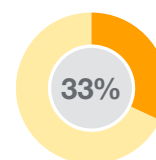
### Revenue by market sector

	H1'07		H1'07 Actual £'m	Growth H1'08 on H1'07	
	H1'08 £'m	Pro forma £'m		Pro forma %	H1'08 on H1'07 Actual %
Public Sector	161	147	122	10	32
Industry, Distribution and Transport	212	199	200	7	6
Energy and Utilities	30	31	26	(3)	15
Financial Services	57	47	42	21	36
Telecoms and Media	37	38	34	(3)	9
<b>Total</b>	<b>497</b>	<b>462</b>	<b>424</b>	<b>8</b>	<b>17</b>
Outsourcing (%)	33	36			
Adjusted operating profit (£'m)	42	42			
Adjusted operating margin (%)	8.4	8.8			

### Adjusted operating margin

# 8.4%

### Revenue from outsourcing



### Pro forma revenue growth

# 8%

### Review of continuing operations by geography

#### Nordics

Revenue was up 8% on a pro forma basis to £497 million, with second quarter growth of 13%. Adjusted operating profit was £42 million. Incremental integration cost savings of £4 million were offset against lower profits on Swedish licence sales and the effect of slightly lower margins, which drove market share gains, in Finland. This resulted in an adjusted operating margin of 8.4%.

There was good revenue growth across all of the Nordics, even in a more challenging Danish market. Sweden continued to be the largest market (representing 56% of Nordics revenue in the first half).

Our three largest sectors all grew above the market in the first half. In IDT, we saw good growth driven by increased business with 20 of our key Swedish accounts. Public Sector was up 10%, with increased sales to municipal and healthcare customers in Finland and the rollout of previously awarded Swedish contracts. In Financial Services, growth of 21% was driven by growing business with existing customers such as Swedbank and new wins such as that announced with Bankgirocentralen, a Swedish provider of payment and information services. Energy and Utilities was down slightly on a strong first half in 2007 while revenue was down in Telecoms and Media due to declining licence sales.

Book to bill for the period was 115% (2007: 101%). Order intake was healthy with double digit growth in orders in all countries. We signed a number of important outsourcing contracts in Sweden with several new customers covering systems and applications management. Since the end of the first half, we have also been awarded a contract with the Finnish State Treasury and the provision of a national healthcare web portal in Sweden. The pipeline for 2008 remains solid.

Leaders from within the Nordics business are leveraging their knowledge and capability to shape our Infrastructure Management offering within Outsourcing Services. Since April, the Nordics has recruited a number of senior account managers and has identified work to be transitioned offshore from within their existing programmes. Collaboration across the Group on Microsoft Dynamics has led to an important first win in the Middle East (as described in the International Section).

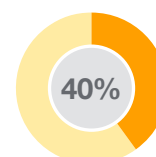
**UK****Revenue by market sector**

	H1'08	H1'07	H1'07	Growth	Growth
	£'m	Pro forma	Actual	H1'08 on	H1'08 on
		£'m	£'m	H1'07	H1'07
				Pro forma	Actual
				%	%
Public Sector	201	187	187	7	7
Industry, Distribution and Transport	47	49	49	(4)	(4)
Energy and Utilities	57	49	49	16	16
Financial Services	29	31	31	(6)	(6)
Telecoms and Media	20	18	18	11	11
<b>Total</b>	<b>354</b>	<b>334</b>	<b>334</b>	<b>6</b>	<b>6</b>
Outsourcing (%)	40	41			
Adjusted operating profit (£'m)	22	4			
Adjusted operating margin (%)	6.3	1.3			

**Adjusted operating margin**

# 6.3%

Revenue from outsourcing



Pro forma revenue growth

# 6%

**UK**

The UK business grew in the first half of 2008, with revenue up 6% on a pro forma basis to £354 million. Second quarter growth of 12% was a result of continuing Public Sector strength and improvements in the commercial sectors. Adjusted operating profit was £22 million, compared to £4 million in 2007. There were no significant one-off contract related costs incurred in the UK business in the first half. This provided a favourable comparison with the first half of 2007, when we incurred provisions in relation to cost overruns on a UK contract.

Adjusted operating margin improved to 6.3% in the first half (2007: 1.3%). This was partly a result of improved utilisation driven by higher volumes in the commercial sectors as well as the absence of one-off costs. Initial benefits from 2007 overhead reductions are offsetting investments in growing the UK business, including higher levels of bidding costs and increased sales recruitment.

Public Sector revenue was up 7% and represented 57% of UK revenue in the first half. The Public Sector benefited from a strong performance in the Space and Defence business on the back of higher than expected revenue in our longer-term contracts and more business in security areas.

Growth in Energy and Utilities at 16% was an important contributor to UK growth as well as to strong Group growth in Energy and Utilities for the first half. In the commercial sectors, Financial Services and IDT continue to be challenging. Some slower spending impacted Financial Services. In IDT, we saw some initial revenue ramp up of our contract with BAA and continued spending in the transport sector.

We are seeing a good pipeline of opportunities in the Energy and Utilities and Telecoms and Media business, with good demand for professional services and strong regulatory drivers in Energy and Utilities. We continue to expect slower growth in the Public Sector combined with improvement in commercial sectors in 2008.

Book to bill was 98% (2007: 104%). Across the commercial sectors, we have taken steps to diversify our customer base and to increase the scope of work with existing clients, winning new contracts with BAA, Elexon, BT and Royal Mail.

Our focus remains on reinvigorating the sales capability of the UK business through 2008. Over 20 new sales and account management employees and over 30 consultants were recruited in the UK in the first half. We are also undertaking a proactive exercise to identify new demand for offshore delivery.

Restructuring and property rationalisation in the UK are expected to be the main drivers of 2008 cost savings. We have already achieved some headcount reduction and an initial property closure.



## France

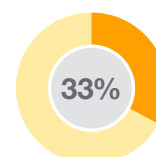
### Revenue by market sector

	H1'07		Growth H1'08 on H1'07		Growth H1'08 on H1'07	
	H1'08	Pro forma	H1'07	Pro forma	H1'07	Actual
	£'m	£'m	£'m	%	%	%
Public Sector	39	38	33	3	18	
Industry, Distribution and Transport	137	126	109	9	26	
Energy and Utilities	52	48	43	8	21	
Financial Services	96	89	78	8	23	
Telecoms and Media	30	31	27	(3)	11	
<b>Total</b>	<b>354</b>	<b>332</b>	<b>290</b>	<b>7</b>	<b>22</b>	
Outsourcing (%)	33	32				
Adjusted operating profit (£'m)	26	25				
Adjusted operating margin (%)	7.3	7.7				

### Adjusted operating margin

# 7.3%

Revenue from outsourcing



Pro forma revenue growth

# 7%

## France

Revenue was up 7% on a pro forma basis to £354 million, with consistent revenue growth through the first and second quarters. Adjusted operating profit was £26 million (2007: £25 million). Adjusted operating margin was down slightly to 7.3% (2007: 7.7%) as we continued to employ a level of subcontracting to ensure greater flexibility in light of market uncertainty.

Overall, the French market remained robust. Revenue growth remained strongest in our largest market sectors in France, with a small improvement in Public Sector growth. IDT and Energy and Utilities remained strong against tough comparatives, with contract rollouts in the utilities and transport segments. Financial Services saw continued progress as we deployed solutions to allow customers to comply with regulatory requirements.

In the first half of 2008, our top 20 French accounts posted growth of 13%. Strong account management and a better ability to sell larger outsourcing deals contributed to an improvement in the book to bill in the first half at 106% (2007: 94%). This reflects new orders from an existing Financial Services customer booked in the second quarter but excludes a new contract award from Michelin at the beginning of the third quarter.

In the first half, we saw increased demand for our offshore capability, with over half of our larger newly signed contracts involving at least some offshore deployment. We increased the nearshore and offshore billable headcount being supplied into French customers (mainly with transition of work to Morocco). As a result, we slowed onshore recruitment somewhat in the first half.

Around a quarter of the key accounts that the Group will be targeting going forward will be French-based customers. High growth areas such as Service Orientated Architecture (SOA), Oracle and Business Intelligence (BI) are being developed partly out of capability in our French business.

## Netherlands

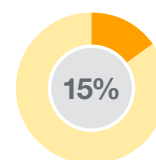
### Revenue by market sector

	H1'07		Growth H1'08 on H1'07		Growth H1'08 on H1'07	
	H1'08	Pro forma	H1'07	Actual	Pro forma	Actual
	£'m	£'m	£'m	%	%	%
Public Sector	92	78	69	18		33
Industry, Distribution and Transport	55	59	53	(7)		4
Energy and Utilities	28	28	25	-		12
Financial Services	88	89	77	(1)		14
Telecoms and Media	21	15	13	40		62
<b>Total</b>	<b>284</b>	<b>269</b>	<b>237</b>	<b>6</b>		<b>20</b>
Outsourcing (%)	15	14				
Adjusted operating profit (£'m)	21	23				
Adjusted operating margin (%)	7.5	8.4				

### Adjusted operating margin

# 7.5%

Revenue from outsourcing



Pro forma revenue growth

# 6%

### Netherlands

Revenue was up 6% to £284 million, despite headcount in the Netherlands being 4% below last year. Adjusted operating profit was £21 million (2007: £23 million), giving an adjusted operating margin of 7.5%.

Increased use of subcontractors and a €2 million investment in a new HR service platform contributed to increased costs compared to last year. Our continued focus to improve retention (which had some impact in the second quarter) and increasing use of offshore resources will make it easier to offset the effect of subcontracting in the second half.

The Public Sector and Telecoms and Media drove first half growth. The 18% increase in Public Sector revenue is mainly attributable to an increased volume of work with the Dutch Ministry of Social Affairs as we finished the project with UWV booked in 2007. A growing relationship with KPN (as demonstrated by contract awards for network information systems and HR Business Process Outsourcing (BPO)) was key to increased strength in Telecoms. However lower headcount, due to a tight labour market, combined with weaker utilisation due to timing of projects, constrained our ability to drive revenue growth in Financial Services and IDT. IDT was down 7% as a result of these factors. In Financial Services, continued deployment of our ING contract and work in the insurance sector compensated for slower growth elsewhere. Revenue was stable in Energy and Utilities when compared to strong growth in our business with a major client in the oil and gas sector last year.

Book to bill was 100% (2007: 106%), with outsourcing book to bill at 103% as we won more outsourcing business in the Netherlands. In addition to our wins at KPN and extensions to our work at ING, we were also awarded a Finance and Accounting BPO contract for cross-border mail provider Spring Global Mail (a joint venture between TNT, Royal Mail Group and Singapore Post) which will draw on local capability in the Netherlands and Germany.

Outsourcing sales teams have been strengthened in the Netherlands. In addition, a number of high growth area leaders have been appointed from the Netherlands.

## Germany

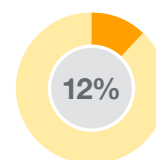
### Revenue by market sector

	H1'07		Growth H1'08 on H1'07		Growth H1'08 on H1'07	
	H1'08	Pro forma	H1'07	Pro forma	H1'07	Actual
	£'m	£'m	Actual	Pro forma	Actual	Pro forma
Public Sector	4	3	3	33	33	33
Industry, Distribution and Transport	45	44	39	2	15	15
Energy and Utilities	18	12	10	50	80	80
Financial Services	24	22	19	9	26	26
Telecoms and Media	10	11	10	(9)	-	-
<b>Total</b>	<b>101</b>	<b>92</b>	<b>81</b>	<b>10</b>	<b>25</b>	<b>25</b>
Outsourcing (%)	12	16				
Adjusted operating profit (£'m)	4	3				
Adjusted operating margin (%)	3.6	3.6				

### Adjusted operating margin

# 3.6%

### Revenue from outsourcing



### Pro forma revenue growth

# 10%

## Germany

Revenue was up 10% on a pro forma basis to £101 million. Adjusted operating profit was £4 million, giving an adjusted operating margin of 3.6% (2007: 3.6%).

A strong labour market has resulted in lower recruitment and has left our headcount broadly unchanged from last year. This will make it more difficult to grow professional services revenue as we work to increase skill levels among our existing billable staff.

Three of our sectors grew above the market in the first half. Energy and Utilities revenue was up 50% due to growth with existing clients and was a contributor to strong Group revenue growth in Energy and Utilities for the first half. Public Sector continued to be a contributor to growth, with revenue up 33%. Financial Services revenue was up 9% on the back of our deployment of a contract for a major German financial services institution.

Book to bill was 110% (2007: 93%). In the Financial Services and IDT areas, we are winning business as customers adopt higher levels of offshore resource to ensure they remain cost competitive globally.

## International

### Revenue by area

	H1'08	H1'07	H1'07	Growth	Growth
	£'m	Pro forma	Actual	H1'08 on	H1'08 on
		£'m	£'m	H1'07	H1'07
				Pro forma	Actual
				%	%
Rest of Europe	92	97	87	(5)	6
Rest of World	87	76	72	14	21
<b>Total</b>	<b>179</b>	<b>173</b>	<b>159</b>	<b>3</b>	<b>13</b>

### Revenue by market sector

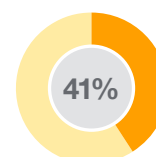
	H1'08	H1'07	H1'07	Growth	Growth
	£'m	Pro forma	Actual	H1'08 on	H1'08 on
		£'m	£'m	H1'07	H1'07
				Pro forma	Actual
				%	%
Public Sector	20	16	14	25	43
Industry, Distribution and Transport	25	25	24	–	4
Energy and Utilities	97	88	81	10	20
Financial Services	25	27	25	(7)	–
Telecoms and Media	12	17	15	(29)	(20)
<b>Total</b>	<b>179</b>	<b>173</b>	<b>159</b>	<b>3</b>	<b>13</b>

Outsourcing (%)	41	38
Adjusted operating profit (£'m)	3	5
Adjusted operating margin (%)	2.0	3.1

### Adjusted operating margin

# 2.0%

### Revenue from outsourcing



### Pro forma revenue growth

# 3%

## International

Revenue for the six months was up 3% to £179 million, with European revenue accounting for 51% of the total. Adjusted operating profit was £3 million, giving an adjusted operating margin of 2.0%.

Restructuring in our Portuguese business (which has resulted in a headcount decrease to around 1,000 employees), a reduction in subcontractors and improved utilisation in a number of geographies, were positive contributors to margin. However, improvements were offset by investments to support new business with European clients in North America and rebranding costs, resulting in an adjusted operating margin of 2.0%.

Portugal accounted for approximately a quarter of International revenue, with Portuguese customers remaining the largest contributor to Energy and Utilities revenue. Energy and Utilities revenue growth reflected continued strength in the Brazilian market and increased work for European-based customers on international projects. IDT revenue was up slightly as North American revenue from multi-country projects with European customers offset a lower runrate under our contract signed in 2007 with brewing company InBev. Public Sector revenue was up 25%, as we deployed projects for the European Commission and in the Middle East. Telecoms and Media revenue decreased as a result of structural changes within a customer in Portugal and lower revenue in Asia. Financial Services was lower following completion of a project in Asia.

Book to bill was 103% (2007: 94%). Wins in the period included a \$4 million order from Dubai RTA (Road & Traffic Authority) for a customer relationship management (CRM) project which leverages our existing Microsoft Dynamics expertise and a five-year applications management contract with semiconductor company NXP to deliver into Europe and Asia.

### Employees

At 30 June 2008, we had 39,201 employees (31 December 2007: 38,740). In the first half, we recruited over 4,000 new employees. Employee churn, through annualised voluntary attrition, remained stable at 16% for the Group. Attrition increased in Germany and slowed in the Netherlands in the second quarter.

Wage inflation was broadly in line with wider inflation in our major geographies. Utilisation in our major geographies is good, with a return to more normal levels in the UK business following weaker utilisation in 2007.

### Financial items

Net finance costs were £17 million. We continue to expect full year finance costs to be around £38 million, which assumes increased second half interest charges following the redemption of our convertible bond. Profit before tax was £13 million (2007: £29 million).

Basic adjusted EPS from continuing operations were 5.4p (2007: 4.0p) on a weighted average number of shares of 1,446 million. Basic earnings per share from continuing operations were 0.4p (2007: 1.8p), reflecting lower operating profit due to £46 million of exceptional items mainly associated with the plan to revitalise Logica and higher tax and interest charges in 2008.

The first half showed good operational management of working capital across the Group. Cash generated from continuing operations was £87 million (2007: £21 million). The net cash inflow from trading operations was £101 million, giving improved cash conversion at 86% (2007: 41%).

### Taxation

The effective tax rate, before share of post-tax profits from associates, exceptional items and amortisation of intangible assets initially recognised on acquisition, was 23% (2007: 18%). The effective tax rate for 2008 is expected to remain at around 23%.

The total tax charge for the first half was £7 million (2007: £1 million).

### Minority interests

At the time of the announcement of the Telecoms Products disposal in early 2007, we earmarked a portion of the proceeds to be used to buy out remaining minority interests in Edinfor and WM-data. We completed the acquisition of the minority stake in Edinfor for £42 million (€55 million) on 7 March 2008.

At the time of the WM-data transaction, Logica acquired 95.33% of the company's issued share capital. The compulsory redemption process to acquire the remaining 4.67% from WM-data minority shareholders is progressing. We currently expect the redemption process to be completed by the end of the fourth quarter of 2008.

### Acquisitions

In addition to the buy-out of the EDP minority interest in Edinfor, the Group made a small number of acquisitions in the Nordic region in the first half:

- The acquisition of the ERP consultancy business of Explit in Sweden, paying cash of SEK 1 million
- The acquisition of the service desk operations of Synergi in the oil and gas sector for £2 million (NOK 24 million), adding to the existing services in this sector in Norway. This acquisition resulted in goodwill of £2 million (NOK 18 million), attributable to anticipated synergies and the value of the workforce
- The acquisition of business handling services from Sampo bank in Finland for a consideration of £1 million (€1 million)

The operations and financial reporting of these businesses have been integrated with the Group's pre-existing Nordics business and were immaterial to the Group's revenue and net profit as reported in the income statement.

### Balance sheet items

Group net debt at 30 June 2008 was £565 million, compared to £483 million at the end of 2007. The net debt/EBITDA ratio for the 12 months to the end of June 2008 was 1.9x.

Our €303 million convertible bonds will be redeemed in September 2008, out of existing banking facilities mainly maturing in 2010. Logica's principal bank facilities are a €348 million term loan and a £330 million multi-currency revolving credit facility, which had previously been largely undrawn, as well as two smaller facilities (£150 million and £100 million).

### Dividend

Logica's Board continues to believe that the dividend is an important element of shareholder return. The Company's progressive dividend policy, which ensures that shareholders benefit from the growth of the business, remains unchanged.

The directors have declared an interim dividend of 2.4 pence to be paid on 17 October 2008 to eligible shareholders on the register at the close of business on 19 September 2008. The interim dividend represents a 4% increase on last year.

### Trading of shares in Sweden

On 28 May, we announced that trading in Logica shares on the Xternal list of the OMX Nordic Exchange in Stockholm would cease during the summer of 2008. Effective 30 June, the shares were deregistered from the VPC system. Logica shares now trade only on the London Stock Exchange and Euronext Amsterdam.

### Board changes

Jim McKenna, an Executive Director, has advised the Company of his intention to stand down from the Board on 30 September 2008. Jim has been an Executive Director of the Company for 10 years.

**Notes:**

1. With the exception of adjusted operating margin percentages, all numbers in this report 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 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 report relate to pro forma results for the first half of 2007 which:
  - a. reflect average 2008 exchange rates
  - b. exclude businesses (including Caran) disposed of in 2007
  - c. are adjusted to include the acquired Siemens Business Services (acquired in March 2007) for all of 2007
  - d. are adjusted to include the acquisitions and disposals that took place during 2008.
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.

	H1'08	H1'07	H1'07	Pro forma	Actual
	£'m	Pro forma	Actual	growth	growth
	£'m	£'m	£'m	%	%
<b>Operating profit</b>	<b>29</b>		<b>44</b>		<b>(34)</b>
ADD BACK IMPACT OF:					
Exceptional items	46		8		
Amortisation of acquisition related intangibles	43		38		
<b>Adjusted operating profit</b>	<b>118</b>	<b>102</b>	<b>90</b>	<b>16</b>	<b>31</b>

6. Adjusted earnings per share is based on net profit attributable to ordinary shareholders, excluding the following items:
  - a. discontinued operations
  - b. exceptional items
  - c. mark-to-market gains or losses on financial assets and financial liabilities designated at fair value through profit or loss
  - d. amortisation of intangible assets initially recognised at fair value in a business combination
  - e. tax on the items above, where applicable

7. Exchange rates used are as follows:

	H1'08	FY'07	H2'07	H1'07
£1 / €				
Average	1.29	1.46	1.44	1.48
End of period	1.26	1.36	1.36	1.49
£1 / SEK				
Average	12.11	13.51	13.35	13.67
End of period	11.97	12.87	12.87	13.76

# Directors' responsibility statement

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The Directors are responsible for preparing the interim report for the six month period ended 30 June 2008 in accordance with applicable law, regulations and accounting standards. In preparing the condensed consolidated interim financial statements the Directors are responsible for ensuring that they give a true and fair view of the state of affairs of the Group at the end of the period and the profit or loss of the Group for that period.

The Directors confirm that the condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union and that the interim report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

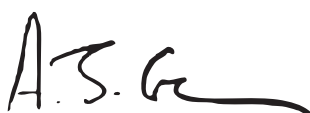
- An indication of the important events that have occurred during the first six months and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months of the year and any material changes in the related party transactions described in the last Annual Report.

The risks and uncertainties facing the business remain unchanged and are disclosed in the governance section of the Group's 2007 Annual Report and Accounts.

The Directors of Logica plc are listed in the Group's 2007 Annual Report and Accounts, with the exception of the following changes:

- Angela Knight, Non-Executive Director, retired from the Logica Board at the 2008 Annual General Meeting.

By order of the Board



**Andy J Green**  
Chief Executive Officer



**Seamus Keating**  
Chief Financial Officer

## ► Condensed consolidated income statement (unaudited)

For the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 £'m	Six months ended 30 June 2007 £'m
CONTINUING OPERATIONS:			
<b>Revenue</b>	2	<b>1,769.4</b>	1,525.3
Net operating costs		<b>(1,740.4)</b>	(1,481.4)
<b>Operating profit</b>	2, 4	<b>29.0</b>	43.9
ANALYSED AS:			
Operating profit before exceptional items		<b>74.6</b>	51.5
Exceptional items	3	<b>(45.6)</b>	(7.6)
Operating profit		<b>29.0</b>	43.9
Finance costs		<b>(22.3)</b>	(19.8)
Finance income		<b>5.5</b>	4.3
Share of post-tax profits from associates		<b>0.4</b>	0.8
<b>Profit before tax</b>		<b>12.6</b>	29.2
Taxation	6	<b>(6.5)</b>	(1.8)
<b>Profit for the period from continuing operations</b>		<b>6.1</b>	27.4
DISCONTINUED OPERATION:			
Profit from discontinued operation	7	<b>-</b>	122.0
<b>Net profit for the period</b>		<b>6.1</b>	149.4
ATTRIBUTABLE TO:			
Equity holders of the parent		<b>5.2</b>	149.7
Minority interests		<b>0.9</b>	(0.3)
		<b>6.1</b>	149.4
<b>Earnings per share from continuing operations</b>		<b>p / share</b>	p / share
- Basic	8	<b>0.4</b>	1.8
- Diluted	8	<b>0.4</b>	1.8
<b>Earnings per share from total operations</b>			
- Basic	8	<b>0.4</b>	9.8
- Diluted	8	<b>0.4</b>	9.7

Dividends recognised in the period amounted to £50.5 million (six months ended 30 June 2007: £51.9 million), or 3.5p per share (six months ended 30 June 2007: 3.4p per share). The interim dividend declared but not recognised in these interim financial statements is 2.4p per share (six months ended 30 June 2007: 2.3p per share) or approximately £34.8 million (six months ended 30 June 2007: £33.7 million).

The notes on pages 19 to 29 form an integral part of this condensed interim financial information.



► **Condensed consolidated statement of recognised income and expense (unaudited)**

For the six months ended 30 June 2008

	<b>Six months ended 30 June 2008 £'m</b>	Six months ended 30 June 2007 £'m
Exchange differences on translation of foreign operations	109.9	(14.6)
Actuarial (losses) / gains on defined benefit plans	(3.2)	7.1
Tax on items taken directly to equity	1.7	(1.9)
<b>Net income / (expense) recognised directly in equity</b>	<b>108.4</b>	<b>(9.4)</b>
Profit for the period	6.1	149.4
<b>Total recognised income and expense for the period</b>	<b>114.5</b>	<b>140.0</b>
ATTRIBUTABLE TO:		
Equity holders of the parent	111.8	140.3
Minority interest	2.7	(0.3)
	<b>114.5</b>	<b>140.0</b>

The notes on pages 19 to 29 form an integral part of this condensed interim financial information.

## ► Condensed consolidated balance sheet (unaudited)

30 June 2008

	Note	30 June 2008 £'m	31 December 2007 £'m	30 June 2007 £'m
<b>Non-current assets</b>				
Goodwill		1,735.4	1,604.0	1,494.8
Other intangible assets		352.9	358.0	359.5
Property, plant and equipment	9	130.2	132.1	131.4
Investments in associates		2.2	2.4	4.0
Financial assets		12.0	11.0	24.6
Retirement benefit assets		20.9	12.0	4.1
Deferred tax assets		47.8	54.5	50.6
<b>Total non-current assets</b>		<b>2,301.4</b>	<b>2,174.0</b>	<b>2,069.0</b>
<b>Current assets</b>				
Inventories		1.8	1.4	3.5
Trade and other receivables		1,180.4	1,021.2	997.1
Current tax assets		8.0	40.5	20.4
Cash and cash equivalents		88.2	108.7	228.8
<b>Total current assets</b>		<b>1,278.4</b>	<b>1,171.8</b>	<b>1,249.8</b>
<b>Current liabilities</b>				
Convertible debt		(242.1)	(220.0)	(203.2)
Other borrowings		(113.3)	(97.2)	(26.2)
Trade and other payables		(966.7)	(868.2)	(868.4)
Current tax liabilities		(51.3)	(56.1)	(37.0)
Provisions	10	(26.1)	(9.1)	(18.1)
<b>Total current liabilities</b>		<b>(1,399.5)</b>	<b>(1,250.6)</b>	<b>(1,152.9)</b>
<b>Net current (liabilities) / assets</b>		<b>(121.1)</b>	<b>(78.8)</b>	<b>96.9</b>
<b>Total assets less current liabilities</b>		<b>2,180.3</b>	<b>2,095.2</b>	<b>2,165.9</b>
<b>Non-current liabilities</b>				
Borrowings		(297.4)	(274.7)	(398.5)
Retirement benefit obligations		(63.3)	(50.6)	(40.2)
Deferred tax liabilities		(115.4)	(125.0)	(136.0)
Provisions	10	(26.3)	(18.9)	(20.3)
Other non-current liabilities		(0.9)	(0.7)	(0.6)
<b>Total non-current liabilities</b>		<b>(503.3)</b>	<b>(469.9)</b>	<b>(595.6)</b>
<b>Net assets</b>		<b>1,677.0</b>	<b>1,625.3</b>	<b>1,570.3</b>
<b>Equity</b>				
Share capital	11	146.2	145.8	154.0
Share premium account	12	1,100.4	1,098.9	1,097.9
Other reserves	13	417.9	352.3	289.9
<b>Total shareholders' equity</b>		<b>1,664.5</b>	<b>1,597.0</b>	<b>1,541.8</b>
Minority interests		12.5	28.3	28.5
<b>Total equity</b>		<b>1,677.0</b>	<b>1,625.3</b>	<b>1,570.3</b>

The notes on pages 19 to 29 form an integral part of this condensed interim financial information.

## ► Condensed consolidated cash flow statement (unaudited)

For the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 £'m	Six months ended 30 June 2007 £'m
<b>Cash flows from continuing operating activities</b>			
Net cash inflow from trading operations	14	101.3	37.3
Cash outflow related to restructuring and integration activities	14	(13.8)	(16.1)
<b>Cash generated from continuing operations</b>	14	<b>87.5</b>	21.2
Finance costs paid		(14.6)	(20.4)
Income tax received / (paid)		13.1	(23.4)
<b>Net cash inflow / (outflow) from continuing operating activities</b>		<b>86.0</b>	(22.6)
<b>Net cash inflow from discontinued operating activities</b>		<b>-</b>	8.6
<b>Cash flows from continuing investing activities</b>			
Finance income received		4.0	2.1
Dividends received from associates		0.7	0.9
Proceeds on disposal of property, plant and equipment		0.1	0.5
Purchases of property, plant and equipment		(18.4)	(19.4)
Expenditure on intangible assets		(12.3)	(4.4)
Purchase of minority interests		(42.1)	-
Acquisition of subsidiaries and other businesses, net of cash acquired		(2.0)	(13.6)
Disposal costs of prior year disposals		(7.4)	-
Disposal of subsidiaries and other businesses, net of cash disposed		2.3	28.9
Disposal of discontinued operation, net of cash disposed		-	222.0
<b>Net cash (outflow) / inflow from continuing investing activities</b>		<b>(75.1)</b>	217.0
<b>Cash flows from continuing financing activities</b>			
Proceeds from issue of new shares		1.9	1.1
Purchase of own shares		-	(2.7)
Proceeds from bank borrowings		51.7	-
Repayments of bank borrowings		(34.4)	(93.7)
Repayments of finance lease principal		(2.1)	(2.0)
Repayments of other borrowings		-	(0.1)
Proceeds from forward contracts		4.2	2.5
Dividends paid to the Company's shareholders		(50.5)	(51.9)
Dividends paid to minority interests		-	(0.4)
<b>Net cash outflow from continuing financing activities</b>		<b>(29.2)</b>	(147.2)
<b>Net (decrease) / increase in cash, cash equivalents and bank overdrafts</b>		<b>(18.3)</b>	55.8
Cash, cash equivalents and bank overdrafts at the beginning of the period	15	99.6	150.9
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	15	(18.3)	55.8
Effect of foreign exchange rates	15	5.8	0.7
<b>Cash, cash equivalents and bank overdrafts at the end of the period</b>	15	<b>87.1</b>	207.4

The notes on pages 19 to 29 form an integral part of this condensed interim financial information.

## Selected notes to the condensed consolidated interim financial information

### ► Note 1 Accounting policies and basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. Other than as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRSs as adopted by the European Union, and the condensed consolidated interim financial information should be read in conjunction with the annual financial statements.

The following standards, amendments to and interpretations of published standards are mandatory if endorsed by the European Union 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 12, 'Service concession arrangements'. The amendment to the standard is still subject to endorsement by the European Union.
- IFRIC 14, 'IAS 19 – The limit of a defined benefit asset, minimum funding requirements and their interaction'. The amendment to the standard is still subject to endorsement by the European Union.

The following standards, amendments to and interpretations of published standards have been issued but are not effective for 2008 and have not been early adopted:

- IFRS 8, 'Operating segments', effective for annual 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.
- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. Management does not expect this interpretation to be relevant to the Group. The amendment to the standard is still subject to endorsement by the European Union.
- IAS 1 (Amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. No significant impact on the consolidated financial statements is expected, except for additional disclosure. The amendment to the standard is still subject to endorsement by the European Union.
- IAS 23 (Amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. Management does not expect the interpretation to have a significant impact on the consolidated financial statements. The amendment to the standard is still subject to endorsement by the European Union.
- IAS 27 (Revised), 'Consolidated and Separate Financial Statements', effective for annual 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. The revised standard is still subject to endorsement by the European Union.
- IFRS 2 (Amendment), 'Share-based payment', effective for annual 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. No significant impact on the consolidated financial statements is expected. The amendment to the standard is still subject to endorsement by the European Union.
- IFRS 3 (Revised), 'Business combinations' and consequential amendments to IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', must be applied prospectively for business combinations after 1 July 2009. 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.

The revised standard is still subject to endorsement by the European Union.
- IAS 32 (Amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. No significant impact on the consolidated financial statements is expected. The amendment to the standard is still subject to endorsement by the European Union.

All the IFRSs, IFRIC interpretations and amendments to existing standards had been adopted by the EU at the date of approval of these condensed consolidated interim financial statements, unless otherwise indicated.

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 1 Accounting policies and basis of preparation (continued)

This interim report does not constitute statutory accounts of the Group within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2007, which were prepared under International Financial Reporting Standards, 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 Companies Act 1985.

The most important foreign currencies for the Group are the euro and the Swedish krona. The relevant exchange rates to pounds sterling were:

	30 June 2008		30 June 2007	
	Average	Closing	Average	Closing
£1 = €	1.29	1.26	1.48	1.49
£1 = SEK	12.11	11.97	13.67	13.76

### ► Note 2 Segment information – primary basis

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

	Revenue		Profit after tax	
	Six months ended 30 June 2008 £'m	Six months ended 30 June 2007 £'m	Six months ended 30 June 2008 £'m	Six months ended 30 June 2007 £'m
Nordics	496.9	424.0	7.7	4.2
United Kingdom	353.4	334.2	(7.1)	4.4
France	354.3	289.4	11.9	10.9
Netherlands	284.1	237.2	20.0	20.1
Germany	101.4	81.1	(2.1)	1.6
International	179.3	159.4	(1.4)	2.7
Revenue and operating profit	1,769.4	1,525.3	29.0	43.9
Finance costs			(22.3)	(19.8)
Finance income			5.5	4.3
Share of post-tax profits from associates			0.4	0.8
Taxation			(6.5)	(1.8)
<b>Profit from continued operations</b>			6.1	27.4
Discontinued operation			–	122.0
<b>Net profit</b>			6.1	149.4

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 3 Exceptional items

The exceptional items recognised within operating profit were as follows:

	<b>Six months ended 30 June 2008</b>	Six months ended 30 June 2007
	<b>£'m</b>	£'m
Restructuring costs	<b>(41.0)</b>	–
Integration costs	<b>(4.9)</b>	(7.6)
Profit on disposal of business	<b>0.3</b>	–
	<b>(45.6)</b>	(7.6)

During the six months ended 30 June 2008, the Group incurred a charge of £41.0 million relating to the restructuring of the business following the Group's business review. The restructuring comprised costs associated with the closure of offices in the UK and redundancy of staff across the Group. A further £4.9 million (2007: £7.6 million) relates to the integration of the business in the Nordics, following the acquisition of WM-data AB. This integration comprised costs associated with offshoring activities and IT infrastructure integration.

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. This disposal does not match the criteria detailed in IFRS 5 'Non-current assets held for sale and discontinued operations'. It was therefore not treated as a discontinued operation.

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 4 Adjusted operating profit

Adjusted operating profit excludes: the results of discontinued operations, 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.

	<b>Six months ended 30 June 2008</b>	Six months ended 30 June 2007
	£'m	£'m
<b>Operating profit</b>	<b>29.0</b>	43.9
Exceptional items	45.6	7.6
Amortisation of intangible assets initially recognised on acquisition	43.5	38.2
<b>Adjusted operating profit</b>	<b>118.1</b>	89.7

Adjusted operating profit analysis per geographical segment was as follows:

	<b>Six months ended 30 June 2008</b>			
	<b>Operating profit £'m</b>	<b>Exceptional items £'m</b>	<b>Amortisation of intangibles* £'m</b>	<b>Adjusted operating profit £'m</b>
Nordics	7.7	5.8	28.4	41.9
United Kingdom	(7.1)	29.2	–	22.1
France	11.9	1.2	12.6	25.7
Netherlands	20.0	1.3	–	21.3
Germany	(2.1)	4.0	1.7	3.6
International	(1.4)	4.1	0.8	3.5
	<b>29.0</b>	<b>45.6</b>	<b>43.5</b>	<b>118.1</b>

\* Amortisation of intangible assets initially recognised on acquisition.

	<b>Six months ended 30 June 2007</b>			
	<b>Operating profit £'m</b>	<b>Exceptional items £'m</b>	<b>Amortisation of intangibles* £'m</b>	<b>Adjusted operating profit £'m</b>
Nordics	4.2	7.6	25.0	36.8
United Kingdom	4.4	–	–	4.4
France	10.9	–	11.2	22.1
Netherlands	20.1	–	–	20.1
Germany	1.6	–	1.3	2.9
International	2.7	–	0.7	3.4
	<b>43.9</b>	<b>7.6</b>	<b>38.2</b>	<b>89.7</b>

\* Amortisation of intangible assets initially recognised on acquisition.

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 5 Employees

	Six months ended 30 June 2008	Six months ended 30 June 2007
	Number	Number
The average number of employees during the period was:		
Nordics	9,697	10,193
United Kingdom	5,589	5,898
France	9,058	8,672
Netherlands	6,015	6,136
Germany	2,084	2,085
International	6,615	6,242
Continuing operations	39,058	39,226
Discontinued operation	–	1,450
	<b>39,058</b>	<b>40,676</b>

	Six months ended 30 June 2008	Six months ended 30 June 2007
	Number	Number
The number of employees at the end of the period was:		
Nordics	9,795	9,379
United Kingdom	5,536	5,781
France	8,979	8,775
Netherlands	5,967	6,190
Germany	2,050	2,091
International	6,874	6,280
	<b>39,201</b>	<b>38,496</b>

### ► Note 6 Taxation

The tax charge on continuing operations after amortisation of intangible assets initially recognised on acquisition, for the six months ended 30 June 2008, before share of post-tax profits from associates and exceptional items was £11.1 million (19.2% effective tax rate) (six months ended 30 June 2007: £3.9 million (10.8% effective tax rate)) and has been based on an estimated effective tax rate for the full year excluding the impact of any share of post-tax profit from associates and exceptional items.

The effective tax rate on continuing operations for the six months ended 30 June 2008, before share of post-tax profits from associates, exceptional items and amortisation of intangible assets initially recognised on acquisition, was 23.0% (six months ended 30 June 2007: 18.0%). The increase is mainly due to the use of unrecognised losses brought forward in 2007.

The total tax charge for the six months ended 30 June 2008 is £6.5 million (six months ended 30 June 2007: £1.8 million) of which a tax credit of £16.8 million (six months ended 30 June 2007: £11.6 million) relates to exceptional items and amortisation of intangible assets initially recognised on acquisition.

The tax charge includes an overseas charge of £8.5 million (six months ended 30 June 2007: £3.3 million).

### ► Note 7 Discontinued operation

The Group completed its disposal of the Telecoms Products business to an investment consortium led by Atlantic Bridge Ventures on 18 June 2007 for £265.0 million. The transaction reflects the Group's strategic focus on developing as a major international IT and business services company.



## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 8 Earnings per share

	Six months ended 30 June 2008		
	Earnings £'m	Weighted average number of shares Million	Earnings per share Pence
<b>Earnings per share from continuing and total operations</b>			
Profit for the period from all operations	6.1		
Minority interests	(0.9)		
Earnings attributable to ordinary shareholders	5.2	1,445.5	0.4
<b>Basic EPS</b>	<b>5.2</b>	<b>1,445.5</b>	<b>0.4</b>
Effect of share options and share awards	–	14.7	–
<b>Diluted EPS</b>	<b>5.2</b>	<b>1,460.2</b>	<b>0.4</b>
<b>Adjusted earnings per share from continuing and total operations</b>			
Earnings attributable to ordinary shareholders	5.2	1,445.5	0.4
ADD BACK:			
Exceptional items, net of tax	41.0	–	2.8
Mark-to-market loss on convertible bonds designated at fair value through profit or loss, net of tax	0.9	–	0.1
Amortisation of intangible assets initially recognised on acquisition, net of tax	31.3	–	2.1
<b>Basic adjusted EPS</b>	<b>78.4</b>	<b>1,445.5</b>	<b>5.4</b>
Effect of share options and share awards	–	14.7	–
Effect of convertible bonds, excluding mark-to-market loss, net of tax	2.4	64.6	(0.1)
<b>Diluted adjusted EPS</b>	<b>80.8</b>	<b>1,524.8</b>	<b>5.3</b>
<b>Six months ended 30 June 2007</b>			
	Earnings £'m	Weighted average number of shares Million	Earnings per share Pence
<b>Earnings per share from continuing operations</b>			
Profit for the period from continuing operations	27.4		
Minority interests	0.3		
Earnings attributable to ordinary shareholders	27.7	1,521.7	1.8
<b>Basic EPS</b>	<b>27.7</b>	<b>1,521.7</b>	<b>1.8</b>
Effect of share options and share awards	–	20.9	–
<b>Diluted EPS</b>	<b>27.7</b>	<b>1,542.6</b>	<b>1.8</b>
<b>Adjusted earnings per share from continuing operations</b>			
Earnings attributable to ordinary shareholders	27.7	1,521.7	1.8
ADD BACK / (DEDUCT):			
Exceptional items, net of tax	5.5	–	0.3
Mark-to-market gain on convertible bonds designated at fair value through profit or loss, net of tax	(0.6)	–	–
Amortisation of intangible assets initially recognised on acquisition, net of tax	28.7	–	1.9
<b>Basic adjusted EPS</b>	<b>61.3</b>	<b>1,521.7</b>	<b>4.0</b>
Effect of share options and share awards	–	20.9	–
Effect of convertible bonds, excluding mark-to-market gain, net of tax	2.1	64.6	(0.1)
<b>Diluted adjusted EPS</b>	<b>63.4</b>	<b>1,607.2</b>	<b>3.9</b>

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 8 Earnings per share (continued)

	Six months ended 30 June 2007		
	Earnings £'m	Weighted average number of shares Million	Earnings per share Pence
<b>Earnings per share from discontinued operations</b>			
Earnings attributable to ordinary shareholders	122.0	1,521.7	8.0
<b>Basic EPS</b>	122.0	1,521.7	8.0
Effect of share options and share awards	–	20.9	(0.1)
<b>Diluted EPS</b>	122.0	1,542.6	7.9

	Six months ended 30 June 2007		
	Earnings £'m	Weighted average number of shares Million	Earnings per share Pence
<b>Earnings per share from total operations</b>			
Earnings attributable to ordinary shareholders	149.7	1,521.7	9.8
<b>Basic EPS</b>	149.7	1,521.7	9.8
Effect of share options and share awards	–	20.9	(0.1)
<b>Diluted EPS</b>	149.7	1,542.6	9.7

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 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 six months ended 30 June 2008 and 2007 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 six months ended 30 June 2008 and 2007. Continuing and total operations were equal for the six months ended 30 June 2008.

### ► Note 9 Capital expenditure

Additions to property, plant and equipment during the six months ended 30 June 2008 amounted to £20.2 million (six months ended 30 June 2007: £24.4 million). The net book value of property, plant and equipment disposed during the six months ended 30 June 2008 amounted to £0.8 million (six months ended 30 June 2007: £8.7 million (including the disposals of Telecoms Products and Caran)).

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 10 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 period	19.2	14.4	5.8	39.4
Utilised in the period	(3.2)	(6.8)	(5.1)	(15.1)
Unused amounts reversed in the period	(0.6)	(0.3)	(0.8)	(1.7)
Unwinding of discount	0.5	–	–	0.5
Exchange differences	0.5	0.3	0.5	1.3
At 30 June 2008	<b>35.0</b>	<b>10.8</b>	<b>6.6</b>	<b>52.4</b>
ANALYSED AS:				
Current liabilities				<b>26.1</b>
Non-current liabilities				<b>26.3</b>
				<b>52.4</b>

### ► Note 11 Share capital of Logica plc

	30 June 2008 £'m		30 June 2007 £'m	
<b>Authorised</b>				
2,250,000,000 (30 June 2007: 2,250,000,000) ordinary shares of 10p each	<b>225.0</b>		225.0	
	2008		2007	
<b>Allotted, called-up and fully paid</b>	<b>Number</b>	<b>£'m</b>	<b>Number</b>	<b>£'m</b>
At 1 January	<b>1,457,646,079</b>	<b>145.8</b>	1,535,698,482	153.6
Allotted under share option schemes	<b>4,350,931</b>	<b>0.4</b>	4,037,763	0.4
At 30 June	<b>1,461,997,010</b>	<b>146.2</b>	1,539,736,245	154.0

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 12 Share premium

	2008 £'m	2007 £'m
At 1 January	1,098.9	1,097.0
Premium on shares allotted under share option schemes	1.5	0.9
At 30 June	1,100.4	1,097.9

### ► Note 13 Other reserves

	Retained earnings £'m	Treasury shares £'m	Translation reserve £'m	Capital redemption reserve £'m	Merger reserve £'m	Other £'m	Total £'m
At 1 January 2008	(336.2)	(35.1)	93.9	8.4	619.0	2.3	352.3
Net profit for the year	5.2	–	–	–	–	–	5.2
Dividends paid	(50.5)	–	–	–	–	–	(50.5)
Share-based payment, net of tax	5.0	–	–	–	–	–	5.0
Actuarial losses, net of tax	(1.5)	–	–	–	–	–	(1.5)
Other	(2.1)	–	–	–	1.4	–	(0.7)
Exchange differences	–	–	107.9	–	–	0.2	108.1
At 30 June 2008	(380.1)	(35.1)	201.8	8.4	620.4	2.5	417.9
At 1 January 2007	(302.5)	(35.9)	(6.2)	–	617.1	1.9	274.4
Net profit for the year	149.7	–	–	–	–	–	149.7
Dividends paid	(51.9)	–	–	–	–	–	(51.9)
Share-based payment, net of tax	5.8	–	–	–	–	–	5.8
Shares purchased and cancelled	(72.4)	(8.2)	–	–	–	–	(80.6)
Actuarial gains, net of tax	5.2	–	–	–	–	–	5.2
Other	–	–	–	–	1.9	–	1.9
Exchange differences	–	–	(14.6)	–	–	–	(14.6)
At 30 June 2007	(266.1)	(44.1)	(20.8)	–	619.0	1.9	289.9

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Note 14 Reconciliation of operating profit to cash generated from continuing operations

	Six months ended 30 June 2008 £'m	Six months ended 30 June 2007 £'m
OPERATING PROFIT:		
Continuing operations	29.0	43.9
ADJUSTMENTS FOR:		
Share-based payments	5.2	5.3
Depreciation of property, plant and equipment	19.8	19.1
Loss on disposal of non-current assets	0.5	0.6
Profit on sale of subsidiaries and other businesses	(0.3)	(0.2)
Amortisation of intangible assets	49.5	42.3
Impairment of property, plant and equipment included in restructuring costs	9.1	–
Derivative financial instruments	3.5	1.1
Non-cash element of expense for defined benefit plans	(1.9)	(2.0)
	85.4	66.2
Net movements in provisions	24.1	(4.3)
MOVEMENTS IN WORKING CAPITAL:		
Inventories	(0.3)	(0.5)
Trade and other receivables	(102.2)	(43.3)
Trade and other payables	51.5	(40.8)
	(51.0)	(84.6)
<b>Cash generated from continuing operations</b>	<b>87.5</b>	<b>21.2</b>
ADD BACK: Cash outflow related to restructuring and integration activities	13.8	16.1
<b>Net cash inflow from trading operations</b>	<b>101.3</b>	<b>37.3</b>

### ► Note 15 Reconciliation of movements in net debt

	At 1 January 2008 £'m	Cash flows £'m	Other non-cash movements £'m	Exchange differences £'m	At 30 June 2008 £'m
Cash and cash equivalents	108.7	(26.8)	–	6.3	88.2
Bank overdrafts	(9.1)	8.5	–	(0.5)	(1.1)
	99.6	(18.3)	–	5.8	87.1
Finance leases	(7.2)	2.1	(1.8)	(0.7)	(7.6)
Bank loans	(354.7)	(17.3)	(1.0)	(28.0)	(401.0)
Other loans	(0.9)	–	–	(0.1)	(1.0)
Convertible bonds	(220.0)	–	(4.5)	(17.6)	(242.1)
<b>Net debt</b>	<b>(483.2)</b>	<b>(33.5)</b>	<b>(7.3)</b>	<b>(40.6)</b>	<b>(564.6)</b>

## Selected notes to the condensed consolidated interim financial information (continued)

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### ► Note 16 Acquisitions

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. Accordingly, EDP gave notice that it will sell to Logica the remaining 40% interest in the equity shares of Edinfor – Sistemas Informáticos S.A. On 7 March 2008, the transaction completed with the Group paying consideration of £42.1 million, resulting in additional goodwill of £21.7 million.

In addition the Group made a small number of acquisitions during the period, in the Nordic region, comprising the purchase of businesses and transfer of employees as described below.

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).

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.

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

It is impracticable for the Group to disclose separately the revenue and net profit of the acquired businesses, as the operations and financial reporting have been integrated with the Group's pre-existing Nordics business. Had these acquisitions occurred at the beginning of the financial period, the Group's revenue and net profit would not be materially different from that reported in the condensed consolidated income statement.

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### ► Note 17 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.

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### ► Note 18 Interim report

The interim report was approved by the Board of Directors on 13 August 2008 and copies are available from Logica plc, Stephenson House, 75 Hampstead Road, London NW1 2PL and Logica, Prof. W.H. Keesomlaan 14, 1183 DJ Amstelveen, the Netherlands.

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Euro translation of selected financial information (unaudited)

The Group has presented a translation of the consolidated income statement, balance sheet and cash flow statement into euros to assist users of the interim financial statements more familiar with that currency. The income statement and cash flow statement in euros have been calculated by converting the sterling figures to euros at an average rate of €1.29 to £1 (six months ended 30 June 2007: €1.48 to £1). The balance sheet has been calculated by converting the sterling figures to euros at the closing rate of €1.26 to £1 (31 December 2007: €1.36 to £1, 30 June 2007: €1.49 to £1).

### ► Euro translation of condensed consolidated income statement

For the six months ended 30 June 2008

	Six months ended 30 June 2008 €'m	Six months ended 30 June 2007 €'m
CONTINUING OPERATIONS:		
<b>Revenue</b>	<b>2,282.5</b>	2,257.5
Net operating costs	<b>(2,245.1)</b>	(2,192.5)
<b>Operating profit</b>	<b>37.4</b>	65.0
ANALYSED AS:		
Operating profit before exceptional items	96.2	76.2
Exceptional items	(58.8)	(11.2)
Operating profit	37.4	65.0
Finance costs	(28.7)	(29.4)
Finance income	7.1	6.4
Share of post-tax profits from associates	0.5	1.2
<b>Profit before tax</b>	<b>16.3</b>	43.2
Taxation	(8.4)	(2.7)
<b>Profit for the period from continuing operations</b>	<b>7.9</b>	40.5
DISCONTINUED OPERATION:		
Profit from discontinued operation	–	180.6
<b>Net profit for the period</b>	<b>7.9</b>	221.1
ATTRIBUTABLE TO:		
Equity holders of the parent	6.7	221.5
Minority interests	1.2	(0.4)
	<b>7.9</b>	221.1
<b>Earnings per share from continuing operations</b>	cents / share	cents / share
– Basic	0.5	2.7
– Diluted	0.5	2.7
<b>Earnings per share from total operations</b>		
– Basic	0.5	14.5
– Diluted	0.5	14.4

## Selected notes to the condensed consolidated interim financial information (continued)

### ► Euro translation of condensed consolidated balance sheet

30 June 2008

See page 30 for basis of translation.

	30 June 2008 €'m	31 December 2007 €'m	30 June 2007 €'m
<b>Non-current assets</b>			
Goodwill	2,186.6	2,181.4	2,227.2
Other intangible assets	444.7	486.9	535.7
Property, plant and equipment	164.1	179.7	195.8
Investments in associates	2.8	3.3	6.0
Financial assets	15.1	15.0	36.6
Retirement benefit assets	26.3	16.3	6.1
Deferred tax assets	60.2	74.1	75.4
Total non-current assets	2,899.8	2,956.7	3,082.8
<b>Current assets</b>			
Inventories	2.3	1.9	5.2
Trade and other receivables	1,487.3	1,388.8	1,485.7
Current tax assets	10.1	55.1	30.4
Cash and cash equivalents	111.1	147.8	340.9
Total current assets	1,610.8	1,593.6	1,862.2
<b>Current liabilities</b>			
Convertible debt	(305.0)	(299.1)	(302.8)
Other borrowings	(142.8)	(132.2)	(39.0)
Trade and other payables	(1,218.1)	(1,180.8)	(1,293.9)
Current tax liabilities	(64.6)	(76.3)	(55.1)
Provisions	(32.9)	(12.4)	(27.0)
Total current liabilities	(1,763.4)	(1,700.8)	(1,717.8)
<b>Net current (liabilities) / assets</b>	(152.6)	(107.2)	144.4
<b>Total assets less current liabilities</b>	2,747.2	2,849.5	3,227.2
<b>Non-current liabilities</b>			
Borrowings	(374.7)	(373.6)	(593.8)
Retirement benefit obligations	(79.8)	(68.8)	(59.9)
Deferred tax liabilities	(145.4)	(170.0)	(202.7)
Provisions	(33.2)	(25.7)	(30.2)
Other non-current liabilities	(1.1)	(1.0)	(0.9)
Total non-current liabilities	(634.2)	(639.1)	(887.5)
Net assets	2,113.0	2,210.4	2,339.7
<b>Equity</b>			
Share capital	184.2	198.3	229.5
Share premium account	1,386.5	1,494.5	1,635.9
Other reserves	526.5	479.1	431.9
<b>Total shareholders' equity</b>	2,097.2	2,171.9	2,297.3
Minority interests	15.8	38.5	42.4
<b>Total equity</b>	2,113.0	2,210.4	2,339.7



## Selected notes to the condensed consolidated interim financial information (continued)

### ► Euro translation of condensed consolidated cash flow statement

For the six months ended 30 June 2008

See page 30 for basis of translation.

	Six months ended 30 June 2008 €'m	Six months ended 30 June 2007 €'m
<b>Cash flows from continuing operating activities</b>		
Net cash inflow from trading operations	130.7	55.2
Cash outflow related to restructuring and integration activities	(17.8)	(23.8)
<b>Cash generated from continuing operations</b>	112.9	31.4
Finance costs paid	(18.8)	(30.2)
Income tax received / (paid)	16.9	(34.6)
<b>Net cash inflow / (outflow) from continuing operating activities</b>	111.0	(33.4)
<b>Net cash inflow from discontinued operating activities</b>	–	12.7
<b>Cash flows from continuing investing activities</b>		
Finance income received	5.2	3.1
Dividends received from associates	0.9	1.3
Proceeds on disposal of property, plant and equipment	0.1	0.7
Purchases of property, plant and equipment	(23.7)	(28.7)
Expenditure on intangible assets	(15.9)	(6.5)
Purchase of minority interests	(55.0)	–
Acquisition of subsidiaries and other businesses, net of cash acquired	(2.6)	(20.1)
Disposal costs of prior year disposals	(9.5)	–
Disposal of subsidiaries and other businesses, net of cash disposed	3.0	42.8
Disposal of discontinued operation, net of cash disposed	–	328.6
<b>Net cash (outflow) / inflow from continuing investing activities</b>	(97.5)	321.2
<b>Cash flows from continuing financing activities</b>		
Proceeds from issue of new shares	2.5	1.6
Purchase of own shares	–	(4.0)
Proceeds from bank borrowings	66.7	–
Repayments of bank borrowings	(44.4)	(138.7)
Repayments of finance lease principal	(2.7)	(3.0)
Repayments of other borrowings	–	(0.1)
Proceeds from forward contracts	5.4	3.7
Dividends paid to the Company's shareholders	(65.1)	(76.8)
Dividends paid to minority interests	–	(0.6)
<b>Net cash outflow from continuing financing activities</b>	(37.6)	(217.9)
<b>Net (decrease) / increase in cash, cash equivalents and bank overdrafts</b>	(24.1)	82.6
Cash, cash equivalents and bank overdrafts at the beginning of the period	145.4	223.3
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	(24.1)	82.6
Effect of foreign exchange rates	(11.6)	3.1
<b>Cash, cash equivalents and bank overdrafts at the end of the period</b>	109.7	309.0

# Auditors' report

## ► Independent review report to Logica plc

### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008, which comprises the income statement, balance sheet, statement of recognised income and expense, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.



### PricewaterhouseCoopers LLP

Chartered Accountants

London

14 August 2008

### Notes:

(a) The maintenance and integrity of the Logica plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Shareholder information

## Upcoming financial calendar dates

### 2008

#### 14 November

Trading update

### 2009

#### 25 February

Preliminary results announced

#### 30 March

Annual report and AGM notice published

#### 8 April

Ex-dividend date

#### 14 April

Record date

#### 30 April

Annual General Meeting and Q1 interim management statement

#### 1 May

Final dividend paid to shareholders

## Investor enquiries

Enquiries can be directed via our website or by contacting our Investor Relations Department.

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Registered in England. No. 1631639.

## Shareholder information online

Logica's registrars are able to notify shareholders by e-mail rather than by post, when statutory publications or communications are published on the Company's website. Whenever new shareholder information becomes available, such as Logica's interim and full-year results, Capita Registrars will notify you by e-mail and you will be able to access, read and print documents at your own convenience.

To register your interest, please go to [www.logica-shares.com](http://www.logica-shares.com), select 'Register New User', and follow the on-screen prompts. You will be asked to enter your unique 'Investor Code', which you will find on your dividend tax voucher, share certificate, or from Capita Registrars at the address below.

Should you change your mind at a later date, you may cancel your request to receive electronic notifications by contacting Capita Registrars by post or through the above mentioned website.

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### Information for investors

Information for investors is provided on the Group's website and can be found at: [www.logica.com/investors](http://www.logica.com/investors)



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