logica
be brilliant together

24 February 2010

Logica delivers solid results in line with guidance

Headlines[1]

- Performance in line with guidance
  - Full year revenue down 3% on a pro forma basis, up 3% on an actual basis; strong revenue growth in UK offset by Benelux decline
  - Outsourcing revenue up 9% offset by decline of 10% in consulting and professional services
  - Adjusted operating margin broadly maintained at 7.4%
- Strong operating cash conversion at 130%; net debt/EBITDA at 0.9x, with net debt of £291 million
- Proposed full year dividend of 3.3p, representing a 10% increase
- Good orders growth and healthy pipeline as we exit 2009
  - Group orders up 4%, with Outsourcing orders up 21%
  - Book to bill of 114% reflects stronger second half momentum in France and the Nordics
- Continued focus on sustainable growth and margin improvement over the longer term
  - Programme for Growth cost savings of £75 million delivered in 2009, with reinvestments of £30 million in future growth
  - Exceptional restructuring costs up £11 million to £95 million in 2009
  - Increased savings of £130 million in 2010, with annualised savings of £145 million from 2011
  - No further restructuring costs expected in 2010

For the year ended 31 December 2009, unaudited results were as follows:

CONTINUING OPERATIONS	2009	2008 PRO FORMA	2008 ACTUAL	GROWTH	
				PRO FORMA	ACTUAL
Revenue (£'m)	3,702	3,834	3,588	(3%)	3%
Adjusted operating profit (£'m)	272	289	267	(6%)	2%
Adjusted operating margin	7.4%	7.5%	7.5%		
Adjusted basic EPS (p)	12.5		12.3		2%
Dividend per share (p)	3.3		3.0		10%

STATUTORY RESULTS:	2009		2008 ACTUAL
Operating profit (£'m)	66		86
Profit before tax (£'m)	43		44
Basic EPS (p)	2.5		2.7

For definition of pro forma, adjusted operating profit, adjusted operating margin, adjusted basic EPS and cash conversion, see notes on page 16.

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

"In 2009, we grew orders, protected margin and converted profits to cash by executing on our plan in a tough market.

"As we enter 2010, Logica is a more integrated, confident company with a clear focus on delivering value. Building on our strengths in our key markets, our deep long lasting client relationships and our European roots, we are positioned to deliver sustainable results for our clients, people and shareholders."

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[1] Unless otherwise stated, all headline numbers relate to pro forma numbers as defined on page 16.

Financial overview - continuing operations

On a reported basis, Group revenue was up 3% to £3,702 million (2008 actual: £3,588 million) representing a pro forma decline of 3%, in line with our guidance. Orders for the year were 4% ahead of 2008 on a pro forma basis, resulting in a book to bill of 114% (2008: 106%). Adjusted operating profit was £272 million (2008 actual: £267 million), representing an adjusted operating margin of 7.4% (2008 actual: 7.5%). The decrease in operating profit to £66 million (2008 actual: £86 million) was the result of higher exceptional items associated with our Programme for Growth of £95 million (2008: £84 million) and an increase in other exceptional costs to £22 million (2008: £8 million), of which the main element was a charge of £19 million in relation to the planned disposal of a business in the Benelux region. Basic adjusted EPS was 12.5p (2008 actual: 12.3p). Basic EPS was 2.5p (2008 actual: 2.7p). Net cash inflow from trading operations was £354 million, leading to cash conversion of 130%. Closing net debt was £291 million (£438 million at 31 December 2008), with net debt/EBITDA at the end of 2009 of 0.9x. The proposed final dividend is 2.3p (2008: 0.6p), which will result in a 10% increase in the full year dividend compared to 2008.

Market overview

While clients' discretionary spend continues to be constrained, we have seen some stabilisation in the volume of opportunities and pricing levels in consulting and professional services in the second half of 2009.

We continue to see an increase of outsourcing opportunities in our commercial sectors. In the Public Sector, we continue to see a good pipeline of opportunities across Europe, despite the fact that we expect UK public sector decision-making to slow as we come through 2010. Despite the pressures on European governments to reduce spending, there continue to be opportunities to deliver cost reductions through outsourcing over the medium term. The outsourcing market remains competitive, with margins mainly driven by execution excellence.

Overall, our pipeline remains healthy as we bid more opportunities due to our continued investments in sales and marketing.

Outlook

Our backlog will drive continued growth in Outsourcing throughout the year and we expect a gradual stabilisation in consulting and professional services.

We expect Group revenue to decline modestly in the first half, with full year revenue expected to be at a similar level to 2009, on a constant currency basis. The effect of our continued cost reduction programme should offset the full year impact of volume and pricing reductions agreed during 2009, maintaining margins in a stable revenue environment in 2010.

The solid base we have put in place through our Programme for Growth should allow us to outperform the market and improve margins over the medium term.

Programme for Growth

The Programme for Growth has been the core of our strategy since we launched it in April 2008 and it has helped us to manage our way through the uncertain economic environment we experienced in 2008 and 2009. The cost actions we undertook enabled us to deliver a margin broadly in line with 2008 despite the difficult market conditions.

We have made good progress on all aspects of the Programme for Growth, with performance in line with or above expectations in three of the four areas.

Under our competitive costs area, actions are now in place to deliver £130 million of annualised cost savings in 2010 (against our 2007 cost base and compared to an original target of £80 million), with £75 million of those cost savings delivered in 2009. Streamlining the organisation and reducing non-billable overheads has been the largest contributor, delivering around 60% of cost savings in 2009, with additional headcount reductions and property exits continuing through the fourth quarter. This brings total redundancies since the beginning of 2008 to around 2,500 as a result of the programme. We have taken additional action as we have come through the second half to improve our competitiveness in the Benelux. Additional savings will be realised, taking total annualised savings from the Programme for Growth to £145 million from 2011 at a total cost of £179 million. Cash outflows were £66 million in 2009 and are expected to be £58 million in 2010. We do not expect any further restructuring costs in 2010.

Our overall investments in the Programme in 2009 were £30 million and we continued to prioritise the investments in client-facing activities. Our progress in the **Focus for Growth** and **One Logica** areas has resulted in a more client-focused company. Around half of our investments were in the Focus for Growth area to build stronger account management, Outsourcing sales and consulting. This resulted in a strong order performance. In addition to a 21% increase in Outsourcing orders, orders in our High Growth Areas have doubled. The size of deals won has also increased. We won 13 orders over £20 million and an additional six deals greater than £15 million. Our pipeline continues to be healthy.

Our approach to clients has improved with new incentives for our employees as well as common tools and processes funded through the One Logica investments. Since the October 2009 launch of a new all-employee recognition programme to encourage company cross-working, 1,400 employees in 24 countries have received awards. Our new process and tools for managing the evaluation of bids, pricing, and the assessment of risk has now been adopted globally for all but small bids. Industrialisation of blended delivery is now in its first phase, with initial releases of standardised tools aimed at productivity improvements and group-wide licenses achieving cost savings.

Given the challenging market conditions, we did not achieve our headcount target under the **Accelerate Blended Delivery** (ABD) programme but we continued to invest in quality and efficiency to give us a strong base entering 2010. Our headcount in our offshore and nearshore centres was stable on 2008 at 5,100 and up 48% compared to 3,450 when we launched the Programme for Growth. Efficiency and utilisation improved in 2009, with the bench at the end of 2009 down 60% over 2008. More complex work is being done in our offshore and nearshore centres as we have strengthened our capabilities through recruitment and training. We have opened a new centre in Rabat, Morocco to meet the increased demand we are seeing from our French clients and we have the facilities, capability and processes in place to rapidly scale the number of people in our operations to meet client demand as the economy recovers. Employees from our offshore and nearshore centres deployed on to UK contracts exceeded the 25% target set for 2009. In Sweden and Norway, this is now above 10% while our other major geographies are above 5%. We expect to see an increase in blended delivery over the longer term. At the end of 2009, 45% of large deals in the pipeline had an element of blended delivery, compared to 30% a year ago.

Updating the Programme for Growth

We are updating the Programme for Growth. Our revised plan starts from a more integrated Logica and is centred around our clients. It has four parts: client engagement, client value, client-focused people and delivering value for money. It continues to be based on a discipline of cost improvement to fund reinvestment in long term growth and competitiveness. This should deliver revenue growth above the market and improve margins over the medium term as the market recovers. We do not expect to incur any restructuring costs beyond 2009 in conjunction with the plan, which should also result in an improvement in our net operating margin.

Client engagement: Our work on client engagement includes the relaunch of our brand, our collaborative innovation programme, our ongoing investment in stronger account management and the introduction of a Business Consulting service line to complement our existing Outsourcing Services business line.

Client value: This builds on the work we have done in the High Growth Areas under the Programme for Growth. We will maintain our investments in sector thought leadership in areas such as utilities around the deployment of smart meters and Intelligent Transport but are more focused on where we are investing in each sector. The work we have done around Enterprise Content Management, Service Oriented Architecture and Business Intelligence as well as the development of our ecosystem of partners (including Microsoft, SAP and Oracle) will also continue to be a priority for investment. We will also focus on three key cross-sector themes that we believe are crucial to our clients over the longer term: Sustainability, Cloud and Security.

Client-focused people: Our plan to become more client-focused covers four areas: helping our people live the refreshed brand, investing in both people development and skills, and ensuring our incentives are structured to enable excellent performance.

Delivering value for money: Reducing the average cost of delivery in a competitive world will be a function of our costs coming down. We will have the right balance of people onshore, nearshore and offshore, and will optimise utilisation levels. We will have global standardised tooling for blended delivery and service management which should lead to improved productivity. A common procurement process will result in better buying. We will also reduce our overheads, carrying on the Finance and HR transformation we have already started.

Operating performance – continuing operations

Unless otherwise stated, all comparatives are on a pro forma basis (see note on page 16). As previously disclosed, the basis on which we are reporting revenue and profit changed at the beginning of 2009 to reflect the management structure in place through the year. The prior year comparatives have been restated below.

Revenue by geography

	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	Growth H2'09 on H2'08 Pro forma %	% of total
Nordics	1,032	513	1,058	1,000	(2)	(4)	28
France	791	390	804	721	(2)	(2)	21
UK	750	371	710	710	6	4	20
Benelux	574	265	700	627	(18)	(23)	16
International	555	287	562	530	(1)	-	15
Total	**3,702**	**1,826**	**3,834**	**3,588**	**(3)**	**(5)**	**100**

Full year revenue performance was up 3% on a reported basis. On a pro forma basis, this represented a 3% decline, in line with our guidance. Strong growth in the UK was offset by declines in other geographies. As expected, the Benelux remained our most difficult market. In the Nordics, strong growth in Finland was offset by the weakness in Sweden. The second half in France saw a similar year on year decline to the first half, while the International business was stable on last year in the second half. Both France and the International business showed modest growth in the fourth quarter.

Revenue by sector

	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	Growth H2'09 on H2'08 Pro forma %	% of total
Public Sector	1,180	572	1,131	1,073	4	(2)	32
Industry, Distribution and Transport	1,005	499	1,100	1,032	(9)	(7)	27
Energy and Utilities	650	326	632	587	3	-	18
Financial Services	553	270	688	633	(20)	(19)	15
Telecoms and Media	314	159	283	263	11	14	8
Total	**3,702**	**1,826**	**3,834**	**3,588**	**(3)**	**(5)**	**100**

At a Group level, growth in Energy and Utilities, Public Sector and Telecoms and Media was offset by the decline in Financial Services and IDT. Telecoms and Media was the best performing sector, with exceptionally strong growth in the second half in the Nordics and the UK. The Financial Services sector remained the weakest sector, although there were signs of stabilisation in the second half. Public Sector and Energy and Utilities benefited from a strong first half, with the second half being broadly stable against a strong 2008 comparative.

Adjusted operating profit by geography

	FY'09 Actual £'m	H2'09 Actual £'m	FY'09 Actual Margin %	H2'09 Actual Margin %	FY'08 Pro forma £'m	FY'08 Pro forma Margin %	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %
Nordics	84	44	8.2	8.7	93	8.8	88	(10)
France	60	33	7.5	8.2	61	7.6	55	(2)
UK	64	35	8.5	9.5	55	7.8	55	16
Benelux	24	8	4.2	3.1	49	6.9	43	(51)
International	40	25	7.3	8.8	31	5.5	26	29
Total	**272**	**145**	**7.4**	**8.0**	**289**	**7.5**	**267**	**(6)**

Adjusted operating profit (before exceptional items and amortisation of intangibles initially recognised on acquisition) of £272 million (2008: £289 million) was lower than last year, mainly as a result of the revenue decline experienced in the year.

Lower margin in the non-outsourcing business as a result of reduced utilisation was the main contributor to margin declining in a number of geographies. This particularly impacted the Benelux. Improvements in the UK and International broadly offset the declines elsewhere, resulting in an adjusted operating margin of 7.4% (2008: 7.5%).

Operating profit by geography

	FY'09 Operating profit £'m	Exceptional items £'m	Amortisation of intangibles £'m	FY'09 Adjusted operating profit £'m
Nordics	-	29	55	84
France	19	12	29	60
UK	43	21	-	64
Benelux	(23)	47	-	24
International	27	8	5	40
Total	**66**	**117**	**89**	**272**

	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
Benelux	35	8	-	43
International	8	13	5	26
Total	**86**	**92**	**89**	**267**

Operating profit was £66 million (2008: £86 million) mainly as a result of higher exceptional items of £117 million (2008: £92 million). An £11 million increase in exceptional restructuring costs was due to the continuing implementation of our Programme for Growth (2008: £84 million). Exceptional costs on disposals of £22 million were also higher (2008: £8 million). Following the decision to exit the lower margin payroll processing business in the Benelux region, the results of this business and the revaluation of the related assets to fair value less disposal costs have been classified as exceptional As a result of this, we have incurred a £19 million charge on the planned disposal.

Amortisation of intangible assets from acquisitions was £89 million (2008: £89 million).

Outsourcing Services

Group revenue by service line

	FY'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	% of total Group revenue
Outsourcing Services	**1,380**	**1,264**	**1,161**	**9**	**37**
Consulting and professional services	2,322	2,570	2,427	(10)	63
Total Group revenue	3,702	3,834	3,588	(3)	100

Outsourcing Services adjusted operating profit

	FY'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m
Adjusted operating profit (£m)	**96**	84	77
Adjusted operating margin (%)	**6.9**	6.7	6.6

Outsourcing Services revenue by geography

	FY'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	FY'09 Outsourcing % of total country revenue
Nordics	383	359	344	37
France	307	259	232	39
UK	367	353	322	49
Benelux	118	127	113	21
International	205	166	150	37
Total Outsourcing Services	**1,380**	**1,264**	**1,161**	

Outsourcing Services revenue by type

	FY'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	FY'09 % of total revenue by type
Applications Management (AM)	652	594	548	48
Infrastructure Management (IM)	599	594	545	43
Business Process Outsourcing (BPO)	129	76	68	9
Total Outsourcing Services revenue	**1,380**	**1,264**	**1,161**	**100**

Book to bill (%)	**124**	**112**

As expected, strong growth in Outsourcing Services continued to compensate for the lower revenue in consulting and professional services. Outsourcing revenue was up 9% to £1,380 million and represented

37% of Group revenue, well ahead of the Group target of 35%. Outsourcing revenue accounted for more than 20% of revenue in all geographies in 2009, with the UK continuing to be the geography with the highest percentage of revenue from Outsourcing.

Our strongest growth was in AM and BPO, up 10% and 70% respectively on the back of good wins in 2008. BPO accounted for 9% of total Outsourcing revenue, up from 6% in 2008.

Adjusted operating profit was £96 million (2008: £84 million), giving an adjusted operating margin of 6.9% (2008: 6.7%). The increase in adjusted operating margin was due to tight control of the cost base, increased efficiency and further transition of activities offshore.

Book to bill for the period was 124% (2008: 112%). Continued investments in sales and marketing resulted in an increased order backlog, up 16%. In the Nordics, orders were up 8%, with our first half win at TeliaSonera being the most significant contributor to 2009 growth. Major wins with the Police National Database in the first half and with the Crown Prosecution Service in the second half contributed to order growth of 16% in the UK in 2009. France had the strongest performance on orders in the second half, with Q3 wins at the French Ministry of Finance (ONP - build and run of payroll services) and the European Parliament. Other new orders signed in the second half of the year included a BPO win with Nordic pensions manager SPP as well as extensions of AM work with a number of existing clients. We also recorded a €29 million, 13-year BPO win with the Slovakia National Railways Authority for performance evaluation and auditing of a new national road pricing system, building on our Intelligent Transport Systems expertise.

Since the end of 2009, we have signed a five year deal to be a strategic outsourcing partner to communications and logistics provider Posten Norden (formed through the merger of Post Danmark A/S and Posten AB). We will be providing application management and development for SAP and other applications for 47,500 users in the Posten Norden group. Under the terms of the contract, around 280 of Posten Norden employees in Sweden and Denmark will transfer to Logica. Logica will also take over the responsibility for subcontractors equal to about 150 full time consultants.

Review of continuing operations by geography

Nordics

Revenue by market sector	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	% of total
Industry, Distribution and Transport	404	194	424	404	(5)	39
Public Sector	366	184	366	344	-	36
Other sectors	262	135	268	252	(2)	25
Total	**1,032**	**513**	**1,058**	**1,000**	**(2)**	**100**
Book to bill (%)	120			112		
Adjusted operating profit (£'m)	84	44	93	88		
Adjusted operating margin (%)	8.2	8.7	8.8	8.8		

Revenue was down 2% on a pro forma basis to £1,032 million. Sweden represented 49% of Nordic revenue in 2009 (2008: 54%). Adjusted operating profit was £84 million, giving an adjusted operating margin of 8.2%.

The Finnish business delivered another strong performance on revenue, with revenue up 3% outperforming a weak GDP. This was offset by the continued weakness in Sweden where continued pricing pressure and reduced investments by clients in consulting and professional services projects resulted in an overall revenue decline of 6%. The TeliaSonera win recorded in the first half contributed to strong growth in the Telecoms and Media sector.

The percentage of revenue from Outsourcing increased across all geographies in the Nordics.

Despite a difficult Swedish market, cost control on discretionary spend and headcount reductions contributed to improvements in Swedish margin in the second half. A good performance in Finland and Denmark contributed to the margin in the Nordics continuing to be over 8%.

Book to bill for the period was 120% (2008: 112%). Orders were up 4%, with the strongest order growth in Sweden. In addition to several new wins in the Telecoms sector, we were also selected by SPP, one of the leading companies in the occupational pensions market in Sweden to introduce a new pension management system for Swedish municipalities combined with a 10-year BPO contract. Despite a tough comparative, the backlog in Finland continues to be healthy with good wins across a number of sectors in 2009. In Norway, we announced a win for a clinical portal for four Oslo hospitals with South-Eastern Norwegian Regional Health Authority (Helse SørØst). We have seen growth in the pipeline in all countries in the Nordics.

France

Revenue by market sector	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	% of total
Industry, Distribution and Transport	300	157	314	281	(4)	38
Financial Services	200	99	211	188	(5)	25
Other sectors	291	134	279	252	4	37
Total	**791**	**390**	**804**	**721**	**(2)**	**100**
Book to bill (%)	140			104		
Adjusted operating profit (£'m)	60	33	61	55		
Adjusted operating margin (%)	7.5	8.2	7.6	7.6		

Revenue was down 2% on a pro forma basis to £791 million. Adjusted operating profit was £60 million, resulting in an adjusted operating margin of 7.5%.

The French business continued to deliver strong growth in Outsourcing, with Outsourcing revenue up 19% over 2008. This has offset weakness in consulting as clients postponed discretionary projects.

The revenue decrease in Financial Services and IDT was partially offset by 4% growth in our other sectors, driven by good demand in Energy and Utilities as well as the Public Sector. Public Sector wins with the European Parliament and ONP contributed to particularly good fourth quarter growth.

The actions taken in the first half to improve utilisation, focus on cost management and reduce the level of subcontractors led to a stabilisation in the adjusted operating margin for the year.

Book to bill for the period was 140% (2008: 104%). Order intake was strong, up 32% over 2008, with new orders signed with two of our key accounts in the fourth quarter. We began to see an increase in opportunities in the Industry sector in the second half. We won an outsourcing project for an SAP transformation at a luxury retailer and extensions of work with existing clients.

We increased our recruiting efforts through the fourth quarter to meet an increased backlog coming into 2010.

UK

Revenue by market sector	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	% of total
Public Sector	467	234	412	412	13	62
Energy and Utilities	104	49	108	108	(4)	14
Other sectors	179	88	190	190	(6)	24
Total	**750**	**371**	**710**	**710**	**6**	**100**
Book to bill (%)	100			99		
Adjusted operating profit (£'m)	64	35	55	55		
Adjusted operating margin (%)	8.5	9.5	7.8	7.8		

The UK business had the strongest revenue growth of all our businesses in 2009, with revenue up 6% on a pro forma basis to £750 million. Adjusted operating profit for the year was £64 million, resulting in a significant improvement in adjusted operating margin to 8.5%.

Revenue from Outsourcing continues to grow as a proportion of the UK business, and accounts for just under half of total UK revenue. The Public Sector was up 13% and accounted for 62% of UK revenue in 2009. Energy and Utilities was down in the second half following a strong first half and a tough 2008 comparative. Revenue in the commercial sectors overall declined as a result of continued pressure on mid-sized project and consulting work, despite a significant increase in Telecoms and Media.

The strong improvement in adjusted operating margin was due to the annualised savings delivered from the Programme for Growth, continued tight control on discretionary spend as well as direct costs, including a reduction in the number of subcontractors.

Book to bill for the period was 100% (2008: 99%). Order intake has increased by 6%, with particularly strong Outsourcing order growth in the Public Sector. We have increased the volume of work with existing clients such as Polaris in the commercial sector and clients such as the Crown Prosecution Service in the Public Sector. We also secured an important transport win in the third quarter to design, build and support major components of Transport for London's cycle hire scheme (in conjunction with Serco).

The pipeline at the beginning of 2010 is up 20% on the beginning of 2009, with significant increases in the pipeline of opportunities in transport as well as utilities. New capital spending programmes at utilities are expected to drive opportunities through the second half of 2010.

Benelux

Revenue by market sector	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	% of total
Public Sector	200	89	217	195	(8)	35
Financial Services	145	69	211	189	(31)	25
Industry, Distribution and Transport	107	49	140	126	(24)	19
Other sectors	122	58	132	117	(8)	21
Total	**574**	**265**	**700**	**627**	**(18)**	**100**
Book to bill (%)	93			109		
Adjusted operating profit (£'m)	24	8	49	43		
Adjusted operating margin (%)	4.2	3.1	6.9	6.9		

Revenue was down 18% on a pro forma basis to £574 million. Adjusted operating profit was £24 million, resulting in an adjusted operating margin of 4.2%.

2009 was a very disappointing year for our Benelux business. This market is heavily weighted towards short term consulting and professional services assignments which were affected by the economic downturn. We saw a revenue decline across all sectors, with Financial Services and IDT the weakest performers on the back of volume and price reductions agreed in the first half.

We have taken further action to scale back our direct costs in order to create a stronger organisation and to align with lower demand. We have also commenced the process of divesting of part of our Dutch payroll processing business which had been incurring losses. We enter 2010 with a significantly lower cost base, as a result of a reduction in overall headcount (down by 15% over 2008) as well as in the level of subcontractors. We have also started to see modest improvements in the utilisation levels.

Book to bill was 93% (2008: 109%).

International

Revenue by area	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	% of total
Rest of Europe	345	174	363	353	(5)	62
Rest of World	210	113	199	177	6	38
Total	**555**	**287**	**562**	**530**	**(1)**	**100**

Revenue by market sector	FY'09 Actual £'m	H2'09 Actual £'m	FY'08 Pro forma £'m	FY'08 Actual £'m	Growth FY'09 on FY'08 Pro forma %	% of total
Energy and Utilities	273	144	256	235	7	49
Industry, Distribution and Transport	103	52	127	126	(19)	19
Financial Services	76	40	87	84	(13)	14
Other sectors	103	51	92	85	12	18
Total	**555**	**287**	**562**	**530**	**(1)**	**100**

	FY'09	H2'09	FY'08 Pro forma	FY'08 Actual
Book to bill (%)	107			102
Adjusted operating profit (£'m)	40	25	31	26
Adjusted operating margin (%)	7.3	8.8	5.5	5.0

Revenue was down 1% to £555 million, with European revenue accounting for 62% of the total (2008: 65%). Across both areas of the International business, our largest sector (Energy and Utilities) was the strongest performer, with additional strength outside Europe coming from the Public Sector. Adjusted operating profit was £40 million, giving an adjusted operating margin of 7.3%.

European revenue was down to £345 million. Germany (55% of Rest of Europe revenue) declined 8%, reflecting our exposure to Financial Services and IDT. Revenue in Portugal (31% of Rest of Europe revenue) was stable.

In the Rest of World, Australia was the strongest performer. Market deregulation and compliance programmes around advanced metering contributed to growth in the Energy and Utilities sector while our win with Australian Government criminal justice agency, CrimTrac, to deliver, operate and manage the organisation's ICT infrastructure contributed to growth in the Public Sector.

The strong improvement in adjusted operating margin was due to the continued actions to reduce costs including the use of short term working.

Book to bill for the period was 107% (2008: 102%), with the larger countries within the International cluster all having delivered book to bill above 100%. Orders were up significantly in the fourth quarter and the pipeline outside Europe remains particularly strong.

Employees

At 31 December 2009, we had 38,780 employees (31 December 2008: 39,937). The decline is mainly a result of action we have taken to reduce non-billable headcount.

A slowing of attrition through the year reflected the uncertain economic environment. At the end of December, attrition was at 7% for the Group (31 December 2008: 13%).

With the exception of the Nordics, we ended the year with our billable resources stable or down in all of our major geographies, with utilisation stable or improving through the fourth quarter. We will continue monitoring utilisation across the Group carefully to ensure we can meet demand should the market recover and currently intend to recruit at modest levels. Through 2010, we will continue to focus on performance and bench management, both to maintain our utilisation levels in areas of weakness and to retain the right people if attrition rises.

Retaining the right people with the right skills in the right places will mean balancing modest onshore recruitment of graduates to refresh our talent for the longer term with an increase in the percentage of our employees in offshore and nearshore locations. From a relatively low starting point, we expect to double graduate recruitment across the Group in 2010, subject to market conditions and attrition. At the end of 2009 we had 5,100 employees in our offshore and nearshore locations (December 2008: 5,000), accounting for approximately 13% of total workforce.

Taxation

The effective tax rate, before exceptional items and amortisation of intangible assets initially recognised on acquisition, was 20% (2008: 23%). The decreased tax rate is due to the satisfactory closure of a number of outstanding prior year claims. We expect the effective tax rate for 2010 to return to around 23%. The total tax charge for the year was £3 million (2008: £5 million).

Acquisitions and disposals

We have commenced the process of disposing of part of our Dutch payroll processing business which had been incurring losses. We expect this transaction to complete in the first half of 2010. We will continue to retain and develop our significant HR Business Process Outsourcing and Payroll business across all of our territories.

Financial position

Summary cash flow	**FY'09 £'m**	**FY'08 £'m**
Adjusted operating profit	**272**	267
Depreciation and amortisation other than intangibles not recognised on acquisition	**56**	58
Movement in working capital	**26**	52
Other non-cash movements	**-**	19
Net cash inflow from continuing operations	**354**	**396**
Cash conversion	**130%**	**148%**
Cash outflow related to restructuring:		
- Programme for growth	**(66)**	**(34)**
- Integration, prior years restructuring & disposal costs	**(7)**	**(7)**
Net financing cost paid	**(27)**	(32)
Income tax paid	**(19)**	(15)
Capex less disposals of property, plant & equipment and intangible assets	**(57)**	(63)
Impact of acquisitions and disposals	**(47)**	(56)
Dividends paid to shareholders	**(26)**	(85)
Proceeds from equity placing	**-**	91
Exchange differences	**42**	(114)
Other	**-**	(36)

Opening net debt	**(438)**	(483)
Closing net debt	**(291)**	**(438)**

The net cash inflow from trading operations was £354 million (2008: £396 million), leading to cash conversion of 130% (2008 148%).

Cash outflow related to restructuring from the Programme for Growth was £66 million (2008: £34 million).

As a result of lower interest rates and a good cash inflow as we came through the second half of 2009, net finance cost paid was lower than last year at £27 million (2008: £32 million). While there remains uncertainty around interest rates, we currently expect 2010 finance costs to be at a similar level to 2009.

Payment in respect of dividends was £26 million (2008: £85 million), reflecting a lower 2008 final dividend and a lower 2009 interim dividend following our announcement of a dividend rebasing in late 2008.

Group net debt at 31 December 2009 was £291 million (2008: £438 million). As a result of positive performance on cash conversion, our net debt/EBITDA of 0.9x was below our previous guidance.

Following the signing of a new €25 million bilateral facility in December 2009, total facilities available at 31 December 2009 were £770 million. The Group has repaid €128 million of the €348 million term loan maturing in September 2010. The remainder will be repaid during 2010 from available facilities and cash flow.

Dividend

The Board has proposed a final dividend of 2.3p to be paid on 6 May 2010 to eligible shareholders on the register at the close of business on 9 April 2010. This would bring the total dividend for 2009 to 3.3p (2008: 3.0p), reflecting a 10% increase in the proposed dividend. As the economy recovers, we would expect smooth and progressive increases in our dividend towards a higher payout ratio. This would allow shareholders to benefit directly from the growth resulting from our recent investments in the business, while continuing to provide sufficient funds to invest in future growth.

Board changes

As previously announced, Jan Babiak joined the Board on 1 January 2010 as Non-Executive Director. Jan will become Chairman of the Audit Committee on the retirement of Roger Payne at the conclusion of our AGM on 5 May 2010.

Reporting basis

From January 2010, we will realign our external basis to align with our new management structure and will make the following changes:-

- Results for Sweden will be reported as a separate business along with results for our other major geographies (France, UK, Benelux)
- Results for a newly created Northern and Central Europe business will include the rest of the Nordics along with Germany, Switzerland and Central and Eastern Europe
- The International business will include the results for all other geographies not mentioned above.

Pro forma revenue and adjusted operating profit numbers in line with this new reporting structure will be included in the presentation to analysts to be delivered later today and will be available at www.logica.com/Investors.

Next financial calendar dates

Logica's next scheduled communications to the market are:

5 May 2010 Q1 2010 Interim Management Statement

6 August 2010 H1 2010 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 2009 exchange rates by retranslating prior period actual numbers at average 2009 exchange rates. This increased 2008 revenue by £276 million and adjusted operating profit by £22 million
    b. are adjusted to include the acquisitions and exclude disposals that took place during 2009 by adjusting the actual prior period numbers for the relevant period owned. This decreased 2009 revenue by £30 million and had no impact on adjusted operating profit.
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 '09 £'m	FY '08 Pro forma £'m	FY '08 Actual £'m	Pro forma growth %	Actual growth %
Operating profit	**66**		**86**		**(23)**
Add back impact of:					
Exceptional items	117		92		
Amortisation of acquisition related intangibles	89		89		
Adjusted operating profit	**272**	**289**	**267**	**(6)**	**2**

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

7. Exchange rates used are as follows:

	FY 09	H2 '09	H1 '09	FY '08	H2 '08	H1 '08
£1 / €						
Average	1.12	1.12	1.12	1.25	1.21	1.29
End of period	1.13	1.13	1.17	1.03	1.03	1.26
£1 / SEK						
Average	11.91	11.66	12.16	12.08	12.05	12.11
End of period	11.53	11.53	12.76	11.37	11.37	11.97

Consolidated statement of comprehensive income

For the year ended 31 December 2009

	Note	**2009 £'m**	2008 £'m
Revenue	2	**3,701.6**	3,588.0
Net operating costs		**(3,635.3)**	(3,501.6)
Operating profit		**66.3**	86.4
Analysed as:			
Operating profit before exceptional items		**183.8**	178.7
Exceptional items	3	**(117.5)**	(92.3)
Operating profit	2,4	**66.3**	86.4
Finance costs		**(35.8)**	(53.3)
Finance income		**11.6**	10.0
Share of post-tax profits from associates		**0.5**	0.7
Profit before tax		**42.6**	43.8
Taxation	6	**(2.5)**	(4.9)
Net profit for the year		**40.1**	38.9
Other comprehensive (expense)/income			
Exchange differences on translation of foreign operations		**(93.4)**	366.4
Interest rate swaps fair value difference		**(0.2)**	-
Actuarial (losses)/gains on defined benefit plans		**(58.9)**	33.4
Tax on items taken directly to equity		**15.8**	(7.2)
Other comprehensive (expense)/income for the period, net of tax		**(136.7)**	392.6
Total comprehensive (expense)/income for the period		**(96.6)**	431.5
Profit attributable to:			
Owners of the parent		**40.1**	38.7
Non-controlling interests		**-**	0.2
		40.1	38.9
Total comprehensive (expense)/income attributable to:			
Owners of the parent		**(95.5)**	428.2
Non-controlling interests		**(1.1)**	3.3
		(96.6)	431.5
Earnings per share		**p / share**	p / share
- Basic	8	**2.5**	2.7
- Diluted	8	**2.5**	2.6

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

Consolidated statement of financial position

31 December 2009

	Note	2009 £'m	2008 £'m
Non-current assets			
Goodwill		**1,883.6**	1,994.2
Other intangible assets		**243.4**	354.4
Property, plant and equipment		**132.8**	149.0
Investments in associates		**2.6**	3.0
Financial assets		**12.4**	13.8
Retirement benefit assets		**27.4**	62.1
Deferred tax assets		**74.8**	59.1
		2,377.0	2,635.6
Current assets			
Inventories		**1.1**	0.7
Trade and other receivables		**1,130.1**	1,365.7
Current tax assets		**3.1**	16.7
Assets classified as held-for-sale	15	**1.5**	-
Cash and cash equivalents		**139.3**	126.9
		1,275.1	1,510.0
Current liabilities			
Other borrowings	10	**(247.9)**	(10.7)
Trade and other payables		**(992.7)**	(1,196.6)
Current tax liabilities		**(58.5)**	(62.1)
Provisions	11	**(68.3)**	(36.4)
		(1,367.4)	(1,305.8)
Net current (liabilities)/assets		**(92.3)**	204.2
Total assets less current liabilities		**2,284.7**	2,839.8
Non-current liabilities			
Borrowings	10	**(182.0)**	(554.3)
Retirement benefit obligations		**(83.6)**	(63.2)
Deferred tax liabilities		**(75.3)**	(119.3)
Provisions	11	**(45.3)**	(47.1)
Other non-current liabilities		**(1.2)**	(1.0)
		(387.4)	(784.9)
Net assets		**1,897.3**	2,054.9
Equity			
Share capital	12	**160.0**	159.8
Share premium account	13	**1,107.1**	1,101.5
Reserves		**630.1**	780.2
Total shareholders' equity		**1,897.2**	2,041.5
Non-controlling interests		**0.1**	13.4
Total equity		**1,897.3**	2,054.9

Consolidated statement of cash flows

For the year ended 31 December 2009

	Note	**2009 £'m**	2008 £'m
Cash flows from operating activities			
Net cash inflow from trading operations		**353.5**	396.3
Cash outflow related to restructuring and integration activities		**(67.4)**	(41.8)
Cash outflow related to business held for disposal		**(5.9)**	-
Cash generated from operations	14	**280.2**	354.5
Finance costs paid		**(33.5)**	(39.4)
Income tax paid		**(19.4)**	(15.3)
Net cash inflow from operating activities		**227.3**	299.8
Cash flows from investing activities			
Finance income received		**6.2**	7.2
Dividends received from associates		**0.7**	0.7
Proceeds on disposal of property, plant and equipment		**3.0**	0.6
Purchases of property, plant and equipment		**(34.4)**	(44.8)
Expenditure on intangible assets		**(24.8)**	(19.2)
Purchase of non-controlling interests		**(47.8)**	(42.1)
Acquisition of subsidiaries and other businesses, net of cash acquired		**-**	(2.9)
Costs related to prior year disposals		**-**	(11.4)
Disposal of subsidiaries and other businesses, net of cash disposed		**0.7**	0.8
Net cash outflow from investing activities		**(96.4)**	(111.1)
Cash flows from financing activities			
Proceeds from issue of new shares		**-**	92.5
Proceeds from bank borrowings		**20.3**	166.2
Repayments of bank borrowings		**(134.0)**	(96.6)
Repayments of finance lease principal		**(3.1)**	(3.2)
Proceeds of other borrowings		**-**	2.5
Repayments of other borrowings		**(1.6)**	(241.2)
Proceeds from forward contracts		**6.2**	(27.1)
Dividends paid to the Company's shareholders		**(26.0)**	(85.3)
Net cash outflow from financing activities		**(138.2)**	(192.2)
Net decrease in cash, cash equivalents and bank overdrafts		**(7.3)**	(3.5)
Cash, cash equivalents and bank overdrafts at the beginning of the year	9	**121.5**	99.6
Net decrease in cash, cash equivalents and bank overdrafts	9	**(7.3)**	(3.5)
Effect of foreign exchange rates	9	**(4.1)**	25.4
Cash, cash equivalents and bank overdrafts at the end of the year		**110.1**	121.5

Consolidated statement of changes in equity

For the year ended 31 December 2009

	Note	Share capital £'m	Share premium £'m	Retained earnings £'m	Other reserves £'m	**Total Shareholder's Equity £'m**	Non-controlling interest £'m	**Total Equity £'m**
At 1 January 2009		159.8	1,101.5	(349.2)	1,129.4	**2,041.5**	13.4	**2,054.9**
Net profit for the year		-	-	40.1	-	**40.1**	**-**	**40.1**
Other comprehensive income/(expense):								
Actuarial losses		-	-	(58.9)	-	**(58.9)**	**-**	**(58.9)**
Tax on items taken to equity	6	-	-	15.8	-	**15.8**	**-**	**15.8**
Transfer of realised reserve				75.9	(75.9)	**-**	**-**	**-**
Interest rate swaps fair value difference		-	-	(0.2)	-	**(0.2)**	**-**	**(0.2)**
Exchange differences		-	-	-	(92.3)	**(92.3)**	(1.1)	**(93.4)**
Total comprehensive income/(expense)		-	-	72.7	(168.2)	**(95.5)**	(1.1)	**(96.6)**
Transactions with owners:								
Dividends paid	7	-	-	(26.0)	-	**(26.0)**	-	**(26.0)**
Share-based payment		-	-	7.8	-	**7.8**	-	**7.8**
Allotted under share plans		0.2	-	(0.2)	-	**-**	-	**-**
Non-controlling interest repurchases	17	-	-	(36.2)	-	**(36.2)**	(12.0)	**(48.2)**
Disposal of subsidiaries		-	-	-	-	**-**	(0.2)	**(0.2)**
Stamp duty refund		-	5.6	-	-	**5.6**	-	**5.6**
Total transactions with owners		0.2	5.6	(54.6)	-	**(48.8)**	(12.2)	**(61.0)**
At 31 December 2009		**160.0**	**1,107.1**	**(331.1)**	**961.2**	**1,897.2**	**0.1**	**1,897.3**
At 1 January 2008		145.8	1,098.9	(336.2)	688.5	1,597.0	28.3	1,625.3
Net profit for the year		-	-	38.7	-	38.7	0.2	38.9
Other comprehensive income/(expense):								
Actuarial gains		-	-	33.4	-	33.4	-	33.4
Tax on items taken to equity	6	-	-	(7.2)	-	(7.2)	-	(7.2)
Exchange differences		-	-	-	363.3	363.3	3.1	366.4
Total comprehensive income/(expense)		-	-	64.9	363.3	428.2	3.3	431.5
Transactions with owners:								
Dividends paid	7	-	-	(85.3)	-	(85.3)	3.1	(82.2)
Share-based payment		-	-	10.3	-	10.3	-	10.3
Allotted under share plans		0.5	2.6	-		3.1		3.1
Shares issued, net of expenses		13.5	-	-	75.9	89.4	-	89.4
Non-controlling interest repurchases		-	-	-	-	-	(21.3)	(21.3)
Other		-	-	(2.9)	1.7	(1.2)	-	(1.2)
Total transactions with owners		14.0	2.6	(77.9)	77.6	16.3	(18.2)	(1.9)
At 31 December 2008		159.8	1,101.5	(349.2)	1,129.4	2,041.5	13.4	2,054.9
	Note	12	13					

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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 2009. 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 2006 ('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 which are measured at fair value.

This preliminary announcement was approved by the Board of Directors on 23 February 2010. The financial information in this preliminary announcement does not constitute the statutory accounts of Logica plc ('the Company') within the meaning of section 435 of the Act.

The statutory accounts of the Company for the year ended 31 December 2009, 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 5 March 2010 and subsequently delivered to the Registrar of Companies after the Annual General Meeting on 5 May April 2010. The statutory accounts for the year ended 31 December 2008, 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 Companies Act 1985.

Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2008, with the exception of the following standards, amendments to and interpretations of published standards adopted during the year:

(a) The following standards, interpretations, and amendments to standards were effective during the year 2009 and have been adopted by the Group:

- IFRS 8 'Operating Segments' - The standard replaced IAS 14 'Segment Reporting', and aligns operating segments reported to those segments reported internally to senior management. The basis for the segments under IFRS 8 is set out in note 2 below. The standard does not change the recognition, measurement, or disclosure of transactions in the consolidated financial statements.
- IAS 1 R 'Presentation of financial statements' – The amendment requires "non-owner" and "owner" changes in equity to be presented separately. It also requires that where a statement of financial position is restated that the opening statement of financial position is also disclosed. This will mean that where restatement occurs that three columns rather than two will be reported. Entities can also choose whether to present one or two performance statements. The Group has chosen to present one performance statement. A further impact of the amendment is that the primary statements have been renamed.

(b) The following standards, interpretations, and amendments to standards were effective during the year 2009, but had no material impact on the Group:

- Amendments issued as part of annual improvements to IFRSs (May 2008).
- Amendments to IFRS 7 Improving Disclosures about Financial Instruments.
- Amendments to IFRIC 9 and IAS 39 'Embedded derivatives '.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15 'Agreements for the construction of real estates'.
- IAS 23 R 'Borrowing costs' – the amendment requires that borrowing costs incurred in the construction and production of qualifying assets commenced after 1 January 2009 are capitalised.
- 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.

(c) The following standards , interpretations and amendments have been early adopted by the Group:

- IFRS 3 R, 'Business combinations'- The revised standard requires that all acquisition-related costs are to be expensed in the period incurred rather than added to the cost of the investment, that changes to contingent consideration following a business combination are shown in the statement of comprehensive income rather than changing goodwill, and that changes to deferred tax assets relating to business combinations are only reflected within goodwill if they occur within the measurement period. Furthermore, purchase accounting only applies at the point when control is achieved. The Group has applied IFRS 3 R prospectively to all business combinations from 1 January 2009. Where a business combination and the related assets and liabilities arising were acquired before 1 January 2009 they are not adjusted by IFRS 3 R and as a result comparatives for 2008 have not been restated.

- IAS 27 R, 'Consolidated and Separate Financial Statements', where IFRS 3 R is applied prior to 1 July 2009 IAS 27 R must also be applied from the same date. The revised standard 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 non-controlling interest and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent and does not generate goodwill.

(d) The following standards, interpretations, and amendments to existing standards are not yet effective and have not been early adopted by the Group:

- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IFRIC 18, 'Transfers of Assets from Customers'.
- IAS 28 'Investments in Associates', effective on or after 1 July 2009, amended to reflect changes to IFRS 3.
- IAS 31 'Interests in Joint Ventures', effective on or after 1 July 2009, amended to reflect changes to IFRS 3.
- IFRIC 17 'Distributions of non-cash assets to owners'. Applies for periods beginning on or after 1 July 2009; clarifies the accounting where assets other than cash are distributed to shareholders.
- IAS 39 'Financial Instruments: Recognition and Measurement, effective on or after 1 July 2009, amended to clarify how existing principles should be applied in respect of 'a one sided risk in a hedged item' and 'inflation in a financial hedged item'. Inflation risk can only be hedged if contractually specified and it is possible to used purchased options as a hedging instrument.
- IAS 39 'Financial Instruments: Recognition and Measurement', effective on or after 30 June 2009, amended to clarify the treatment of embedded derivatives where transactions are reclassified from Fair Value Through Profit or Loss (FVTPL). Where transactions are reclassified embedded derivatives may need to be separated from the host and continue to be treated as FVTPL.

(e) The following standards, interpretations, and amendments to existing standards are not yet effective, have not yet been endorsed by the EU and have not been early adopted by the Group:

- Amendments issued as part of annual improvements to IFRSs (April 2009);
- IFRS 9 'Financial Instruments', effective on or after 1 January 2013;
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement'. effective on or after 1 January 2011;
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments', effective on or after 1 July 2010;
- Amendments to IFRS 2 'Group cash-settled share based payment transactions', effective on or after 1 January 2010;
- Amendments to IFRS 1 'Additional Exemptions for First-time Adopters', effective on or after 1 January 2010;
- Amendment to IAS 32 'Classification of Rights Issues', effective on or after 1 February 2010;
- IAS 24 R 'Related Party Disclosures', effective on or after 1 January 2011.

2. Segment information

In accordance with IFRS 8 ‘Operating Segments’ Logica has derived the information for its operating segments using the information used by the Chief Operating Decision Maker. The Group has identified the Executive Committee as the Chief Operating Decision Maker as it is responsible for the allocation of resources to operating segments and assessing their performance. The profit measure used by the Executive Committee is the adjusted operating profit, as described in Note 4. Operating segments are reported in a manner which is consistent with the operating segments produced for internal management reporting. The operating segments have not changed as a result of implementing IFRS 8. However, during the current period Logica has consolidated the German business into the International segment, which has resulted in reclassification of £214.2 million of revenue, £2.9 million of operating profit and £11.9 million of adjusted operating profit (Note 4) relating to financial year ended 31 December 2008 from Germany to the International segment. Also, the Netherlands and Belgium businesses were consolidated into a newly created Benelux segment, which has resulted in a reclassification of £54.3 million of revenue, £0.2 million of operating loss and £0.2 million of adjusted operating profit (Note 4) relating to financial year ended 31 December 2008 from the International segment to the Benelux segment.

Logica is organised into five operating segments based on the location of assets. Segment revenue and profit after tax are disclosed below:

	Revenue		Profit	
	2009 £'m	2008 £'m	**2009 £'m**	2008 £'m
Nordics	**1,032.0**	999.6	**0.7**	13.7
France	**790.8**	720.6	**18.5**	17.9
United Kingdom	**750.4**	709.7	**42.6**	11.3
Benelux	**573.5**	627.5	**(22.9)**	34.7
International	**554.9**	530.6	**27.4**	8.8
Revenue and operating profit	**3,701.6**	3,588.0	**66.3**	86.4
Finance costs			**(35.8)**	(53.3)
Finance income			**11.6**	10.0
Share of post-tax profits from associates			**0.5**	0.7
Taxation			**(2.5)**	(4.9)
Profit after tax			**40.1**	38.9

The share of post-tax profits from associates in the years ended 31 December 2009 and 2008 was attributable to the Nordics segment.

3. Exceptional items

The exceptional items recognised within operating profit were as follows:

	2009 £'m	2008 £'m
Restructuring costs	**(95.1)**	(84.3)
Business held for disposal	**(18.9)**	-
Disposal of businesses	**(3.5)**	-
Integration costs	-	(8.0)
	(117.5)	(92.3)

During the year ended 31 December 2009, the Group incurred a charge of £95.1million (2008: £84.3 million) relating to the restructuring of the business following the 2008 Business review. The restructuring comprised costs associated with the closure of offices predominantly in the UK and France, and redundancy of staff across the Group.

Exceptional costs relating to a business held for disposal amounted to £18.9 million, and relates to the Netherlands. This includes £7.7 million of impairment of intangible assets (Note 15).

This year, the Group completed the disposals of its two non-core businesses, ‘Integrata AG’ and ‘Cocq Datendienste GmbH’ in Germany. Two other non-core divisions were also disposed of in the Nordic region. Disposals generated a net loss of £3.5 million (Note 16).

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.

	2009 £'m	2008 £'m
Operating profit	**66.3**	86.4
Exceptional items (Note 3)	**117.5**	92.3
Amortisation of intangible assets initially recognised on acquisition	**88.5**	88.7
Adjusted operating profit	**272.3**	267.4

Adjusted operating profit/(loss) analysis per geographical segment was as follows:

	2009			
	Operating Profit/(loss) £'m	**Exceptional items £'m**	**Amortisation of intangibles* £'m**	**Adjusted operating profit £'m**
Nordics	**0.7**	**28.5**	**55.1**	**84.3**
France	**18.5**	**12.1**	**28.9**	**59.5**
United Kingdom	**42.6**	**21.5**	**-**	**64.1**
Benelux	**(22.9)**	**47.0**	**-**	**24.1**
International	**27.4**	**8.4**	**4.5**	**40.3**
	66.3	**117.5**	**88.5**	**272.3**

	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
Benelux	34.7	8.5	-	43.2
International	8.8	12.7	5.1	26.6
	86.4	92.3	88.7	267.4

* Amortisation of intangible assets initially recognised on acquisition.

5. Employees

	Year end		**Average**	
	2009 Number	2008 Number	**2009 Number**	2008 Number
Nordics	**9,622**	9,767	**9,730**	9,742
France	**8,882**	9,144	**8,964**	9,059
United Kingdom	**5,365**	5,424	**5,388**	5,525
Benelux	**5,490**	6,192	**5,872**	6,414
International	**9,421**	9,410	**9,547**	8,514
	38,780	39,937	**39,501**	39,254

The employee benefit expense for the year amounted to:

	2009 £'m	2008 £'m
Salaries and short-term employee benefits	**1,638.2**	1,514.8
Social security costs	**313.5**	305.6
Pension costs	**135.5**	122.8
Share-based payments	**9.5**	10.9
	2,096.7	1,954.1

Employee benefit expense of £73.5 million (2008: £42.4 million) has not been included in the table above but is included within the £95.1 million (2008: £92.3 million) charge for restructuring and integration costs in Note 3 above.

6. Taxation

	2009 £'m	2008 £'m
Current tax:		
UK corporation tax	**15.7**	(1.2)
Overseas tax	**25.5**	39.1
	41.2	37.9
Deferred tax:		
UK corporation tax	**(1.4)**	(5.6)
Overseas tax	**(37.3)**	(27.4)
	(38.7)	(33.0)
	2.5	4.9

The effective tax rate on operations for the year, before the share of post-tax profits from associates, exceptional items and amortisation of intangible assets initially recognised on acquisition, was 20.0% (2008: 22.5%), of which a charge of £20.6 million (2008: £2.2 million) related to the United Kingdom. The effective tax rate for 2009 was lower than 2008 due to the satisfactory closure of a number of outstanding prior year claims.

The effective tax rate on exceptional items was 18.3% (2008: 19.0%) and the effective tax rate on amortisation of intangible assets initially recognised on acquisition was 28.9% (2008: 31.5%).

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

	2009 £'m	2008 £'m
Profit before tax	**42.6**	43.8
Less: share of post-tax profits from associates	**(0.5)**	(0.7)
Profit before tax excluding share of post-tax profits from associates	**42.1**	43.1
Tax at the UK corporation tax rate of 28% (2008: 28.5%)	**11.8**	12.3
Adjustments in respect of previous years	**0.2**	(5.8)
Adjustment for foreign tax rates	**5.6**	4.0
Tax loss utilisation	**(10.0)**	(9.2)
Income not taxable	**(13.1)**	(1.5)
Deferred tax assets not recognised	**8.0**	5.1
Tax charge	**2.5**	4.9

In addition to the amounts charged to the statement of comprehensive income, a deferred tax credit of £15.8 million (2008: charge of £7.2 million) relating to retirement benefit schemes was recognised directly in equity.

The current tax related to exceptional items for the year ended 31 December 2009 was a tax credit of £21.5 million (2008: £17.5 million).

7. Dividends

The Directors are proposing a final dividend in respect of the year ended 31 December 2009 of 2.3p per share, which would reduce shareholders' funds by approximately £36.5 million. The proposed dividend is subject to approval at the AGM on 5 May 2010 and has not been recognised as a liability in these financial statements. The final dividend will be paid on 6 May 2010 to shareholders listed on the share register on 9 April 2010.

The amounts recognised as distributions to owners were as follows:

	2009 p / share	2008 p / share	**2009 £'m**	2008 £'m
Interim dividend, relating to 2009 / 2008	**1.00**	2.40	**16.5**	34.8
Final dividend, relating to 2008 / 2007	**0.60**	3.50	**9.5**	50.5
	1.60	5.90	**26.0**	85.3

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

8. Earnings per share

Earnings per share	2009 Earnings £'m	2009 Weighted average number of shares million	2009 Earnings per Share pence
Profit for the year	**40.1**		
Earnings attributable to ordinary shareholders	**40.1**	**1,586.2**	**2.5**
Basic EPS	**40.1**	**1,586.2**	**2.5**
Effect of share options and share awards	**-**	**23.4**	**-**
Diluted EPS	**40.1**	**1,609.6**	**2.5**
Adjusted earnings per share			
Earnings attributable to ordinary shareholders	**40.1**	**1,586.2**	**2.5**
Add back:			
Exceptional items, net of tax	**96.0**	**-**	**6.0**
Amortisation of intangible assets initially recognised on acquisition, net of tax	**62.9**	**-**	**4.0**
Basic adjusted EPS	**199.0**	**1,586.2**	**12.5**
Effect of share options and share awards	**-**	**23.4**	**(0.1)**
Diluted adjusted EPS	**199.0**	**1,609.6**	**12.4**

Earnings per share	2008 Earnings £'m	2008 Weighted average number of shares million	2008 Earnings per share pence
Profit for the year	38.9		
Non-controlling interests	(0.2)		
Earnings attributable to ordinary shareholders	38.7	1,453.4	2.7
Basic EPS	38.7	1,453.4	2.7
Effect of share options and share awards	-	24.5	(0.1)
Diluted EPS	38.7	1,477.9	2.6
Adjusted earnings per share			
Earnings attributable to ordinary shareholders	38.7	1,453.4	2.7
Add back:			
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
Basic adjusted EPS	178.1	1,453.4	12.3
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)
Diluted adjusted EPS	181.6	1,526.4	11.9

All operations as at 31 December 2009 and 2008 were continuing.

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 for the year ended 31 December 2008 as they were anti-dilutive; however, the convertible bonds were dilutive for the purposes of calculating diluted adjusted earnings per share for the year ended 31 December 2008.

9. Reconciliation of movements in net debt

	At 1 January 2009 £'m	Cash flows £'m	Other non-cash movements £'m	Exchange differences £'m	**At 31 December 2009 £'m**
Cash and cash equivalents	126.9	16.9	-	(4.5)	**139.3**
Bank overdrafts	(5.4)	(24.2)	-	0.4	**(29.2)**
	121.5	(7.3)	-	(4.1)	**110.1**
Finance leases	(7.5)	3.1	(1.6)	(0.2)	**(6.2)**
Bank loans	(548.5)	113.7	(3.5)	46.1	**(392.2)**
Other loans	(3.6)	1.6	-	(0.3)	**(2.3)**
Net debt	(438.1)	111.1	(5.1)	41.5	**(290.6)**

10. Borrowings

	2009 £'m	2008 £'m
Current		
Bank overdrafts	**29.2**	5.4
Bank loans	**215.0**	-
Finance lease obligations	**3.0**	3.9
Other borrowings	**0.7**	1.4
	247.9	10.7
Presented as:		
Other borrowings	**247.9**	10.7
	247.9	10.7
Non-current		
Bank loans	**177.2**	548.5
Finance lease obligations	**3.2**	3.6
Other borrowings	**1.6**	2.2
	182.0	554.3

Bank loans

At 31 December 2009, the Group had the following unsecured principal bank facilities:

- a €512.5 million syndicated multi-currency bank facility. The facility consists of a €205 million term loan maturing 26 November 2011 and a €307.5 million revolving credit facility maturing on 26 November 2013. The facility was increased by €12.5 million on 30 June 2009. At 31 December 2009, €205 million (£181.4 million) was drawn down under the facility (2008: £194.2 million) and paid interest at an average rate of 4.65% (2008: 6.74%).
- a €219.2 million (£194.0 million) (2008: €348 million (£337.9 million)) term loan maturing on 19 September 2010. The company repaid and cancelled €128.8 million (£114.0 million) of the term loan in December 2009. At 31 December 2009 and 31 December 2008, the term loan was drawn down in full and paid interest at an average rate of 2.70% (2008: 5.60%).
- a £100 million receivables facility was signed on 22 July 2009. The facility matures on 22 July 2011 and was undrawn at 31 December 2009.
- a €50 million forward starting bilateral term loan was signed on 31 July 2009. The term loan will be available from 19 September 2010 for 30 months maturing 19 March 2013.
- a €25 million bilateral revolving credit facility was signed on 21 December 2009. The facility matures on 21 December 2013. The facility was undrawn at 31 December 2009.

The obligations of the borrowers under the €512.5 million facility and the €219.2million bank loan are guaranteed by the principal UK and Dutch trading subsidiaries, Logica UK Limited and Logica Nederland B.V.

11. Provisions

	Vacant properties £'m	Restructuring £'m	Other £'m	Total £'m
At 1 January 2009	43.9	24.3	15.3	83.5
Charged in the year	19.1	71.6	12.1	102.8
Utilised in the year	(17.6)	(49.0)	(6.1)	(72.7)
Unused amounts reversed	-	(0.1)	-	(0.1)
Unwinding of discount	2.0	-	-	2.0
Exchange differences	(0.6)	(1.1)	(0.2)	(1.9)
At 31 December 2009	**46.8**	**45.7**	**21.1**	**113.6**

Analysed as:	
Current liabilities	**68.3**
Non-current liabilities	**45.3**
	113.6

Vacant properties
At 31 December 2009, 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. At 31 December 2009, non-current vacant property provisions amounted to £30.8 million (2008: £31.7 million) of which £22.9 million (2008: £29.5 million) was payable within five years and the balance thereafter.

Restructuring
At 31 December 2009, 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 2009, £42.9 million of the restructuring provision was payable within one year, with the remaining balance payable between two and five years.

Other
At 31 December 2009, the other provisions related to the value of legal claims and business disposal provisions. At 31 December 2009, £9.4 million of the other provision was payable within one year, with the remaining balance payable between two and five years.

12. Share capital

Authorised	**2009 £'m**	2008 £'m
2,250,000,000 (2008: 2,250,000,000) ordinary shares of 10 pence each	**225.0**	225.0

	2009		2008	
Allotted, called-up and fully paid	**Number**	**£'m**	Number	£'m
At 1 January	**1,598,359,521**	**159.8**	1,457,646,079	145.8
Allotted under share plans	**2,256,285**	**0.2**	5,713,442	0.5
Shares issued	**-**	**-**	135,000,000	13.5
At 31 December	**1,600,615,806**	**160.0**	1,598,359,521	159.8

The Company has one class of authorised and issued share capital, comprising ordinary shares of 10p 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.

13. Share premium

	2009 £'m	2008 £'m
At 1 January	**1,101.5**	1,098.9
Premium on shares allotted under share plans	**-**	2.6
Stamp duty refund	**5.6**	-
At 31 December	**1,107.1**	1,101.5

During the year ended 31 December 2009, the share premium account was increased by £5.6 million due to the refund of stamp duty related to the issuance of ordinary shares to acquire a 95.33% equity interest in WM-data in 2006.

14. Reconciliation of operating profit to cash generated from operations

	2009 £'m	2008 £'m
Operating profit from operations	**66.3**	86.4
Adjustments for:		
Share-based payment expense	**9.5**	10.8
Depreciation of property, plant and equipment	**43.7**	42.7
Loss on disposal of non-current assets	**0.3**	1.9
Loss on sale of subsidiaries and held-for-sale businesses	**16.7**	-
Amortisation of intangible assets	**101.2**	103.7
Impairment of property, plant and equipment included in restructuring costs	**-**	6.7
Non-cash element of expense for defined benefit plans	**(8.2)**	(3.9)
	163.2	161.9
Net movements in provisions	**25.4**	54.1
Movements in working capital:		
Financial assets	**0.9**	-
Inventories	**(0.3)**	0.9
Trade and other receivables	**143.5**	(46.4)
Trade and other payables	**(118.8)**	97.6
	25.3	52.1
Cash generated from operations	**280.2**	354.5
Add back: Cash outflow related to restructuring and integration activities	**67.4**	41.8
Add back: Cash outflow related to business held for disposal	**5.9**	
Net cash inflow from trading operations	**353.5**	396.3

15. Assets classified as held-for-sale

The assets classified as held for sale relate to intangible assets held by the Group's payroll processing division in the Netherlands. Following a decision by the Board of Directors the Group has decided to sell the business. The sale of the business is expected to be completed during the first half of 2010.

16. Disposals

During the year the Group disposed of two non-core businesses in Germany.

On 1 January 2009 the Group sold 'Cocq Datendienste GmbH' for consideration of €1. The company operates a scanning centre. The Group recorded an impairment loss of £0.3 million in the year ended 31 December 2008 on its investment and no further profit or loss was recorded on the disposal. The company contributed £1.9 million in revenue during the financial year 2008.

On 27 January 2009 the Group sold its 91% interest in 'Integrata AG', a German training business. The business was sold for consideration of €5.0 million, leading to a profit of £0.6 million on disposal. The company contributed revenue of £26.4 million during the financial year 2008.

The group has also disposed of two non-core divisions in the Nordics which generated combined losses on disposal of £4.1 million. The divisions contributed £5.0 million to group revenue in 2009 (2008: £2.0 million).

17. Acquisitions

During February and March 2009 the Group made payments to acquire the non controlling interest in Logica Aktiebolag, a Group company, and redeem the remaining shares in and convertibles issued by the Swedish subsidiary, which was part of the WM-data Group acquisition in 2006. A total of £48.6 million was paid. This included £0.8 million to redeem convertible debentures. The non controlling interest was held at £12.0 million at the date of acquisition. Under IFRS 3 R which the Group has early adopted from 1 January 2009, the £36.2 million (excluding a foreign exchange gain of £0.4 million included in translation reserves) is recorded as a movement in equity.

18. Contingent liabilities

The size, structure and geographic spread of the Group and its activities naturally exposes it to potential scrutiny and possible claims including tax and other regulatory authorities in the normal course of operations. The results of tax audits and other similar enquiries are normally reflected in the accounts on an accruals basis where a recovery or liability can be predicted with reasonable certainty. Occasionally claims may be levied against the Group by such authorities, the outcomes of which cannot be predicted with reasonable certainty. While Logica strongly believes it complies with all relevant laws and regulations, and would vigorously defend itself against any such claims, if it was unsuccessful the enforcement of such claims could from time to time have a potentially material impact on the Group's results and financial position. As part of those enquiries, the Group has, in 2009, received a €46million, which is net of €13 million tax, VAT claim from the French tax authorities. The claim relates to the VAT treatment of goods exported from France during the years 2004-2006. The Group has carefully analysed these claims and obtained external experts' advice, as a result of which it considers that they are without merit. The Group is robustly contesting these claims through the appropriate channels albeit this is expected to be a protracted process.

Euro translation of selected financial information

The Group has presented a translation of the consolidated statement of comprehensive income, statement of financial position and statement of cash flows into euros to assist users of the financial statements more familiar with that currency. The statement of comprehensive income and statement of cash flows in euros have been calculated by converting the consolidated sterling figures to euros at an average rate of €1.12 to £1 (2008: €1.25 to £1) except the opening and closing net cash balance in the statement of cash flow, which uses the same rates as used in the statement of financial position as mentioned below. The statement of financial position has been calculated by converting the sterling figures to euros at the closing rate of €1.13 to £1 (2008: €1.03 to £1).

Euro translation of consolidated statement of comprehensive income

For the year ended 31 December 2009

	2009 **€'m**	2008 €'m
Revenue	**4,145.8**	4,485.0
Net operating costs	**(4,071.5)**	(4,377.0)
Operating profit	**74.3**	108.0
Analysed as:		
Operating profit before exceptional items	**205.9**	223.4
Exceptional items	**(131.6)**	(115.4)
Operating profit	**74.3**	108.0
Finance costs	**(40.1)**	(66.6)
Finance income	**12.9**	12.5
Share of post-tax profits from associates	**0.6**	0.9
Profit before tax	**47.7**	54.8
Taxation	**(2.8)**	(6.2)
Net profit for the year	**44.9**	48.6
Other comprehensive (expense)/income		
Exchange differences on translation of foreign operations	**(104.6)**	458.0
Interest rate swaps fair value difference	**(0.2)**	-
Actuarial (losses)/gains on defined benefit plans	**(66.0)**	41.8
Tax on items taken directly to equity	**17.7**	(9.0)
Other comprehensive (expense)/income for the period, net of tax	**(153.1)**	490.8
Total comprehensive (expense)/income for the period	**(108.2)**	539.4
Profit attributable to:		
Owners of the parent	**44.9**	48.3
Non-controlling interests	**-**	0.3
	44.9	48.6
Total comprehensive (expense)/income attributable to:		
Owners of the parent	**(107.0)**	535.3
Non-controlling interests	**(1.2)**	4.1
	(108.2)	539.4
Earnings per share	**cents/ share**	cents/ share
- Basic	**2.8**	3.3
- Diluted	**2.8**	3.2

Euro translation of consolidated statement of financial position

31 December 2009

See page 31 for basis of translation.

	2009 €'m	2008 €'m
Non-current assets		
Goodwill	**2,128.5**	2,054.0
Other intangible assets	**275.0**	365.0
Property, plant and equipment	**150.1**	153.5
Investments in associates	**2.9**	3.1
Financial assets	**14.0**	14.2
Retirement benefit assets	**31.0**	64.0
Deferred tax assets	**84.5**	60.9
	2,686.0	2,714.7
Current assets		
Inventories	**1.2**	0.7
Trade and other receivables	**1,277.1**	1,406.7
Current tax assets	**3.5**	17.2
Assets classified as held-for-sale	**1.7**	-
Cash and cash equivalents	**157.4**	130.7
	1,440.9	1,555.3
Current liabilities		
Other borrowings	**(280.1)**	(11.0)
Trade and other payables	**(1,121.7)**	(1,232.5)
Current tax liabilities	**(66.1)**	(64.0)
Provisions	**(77.2)**	(37.5)
	(1,545.1)	(1,345.0)
Net current (liabilities)/assets	**(104.2)**	210.3
Total assets less current liabilities	**2,581.8**	2,925.0
Non-current liabilities		
Borrowings	**(205.7)**	(571.0)
Retirement benefit obligations	**(94.5)**	(65.1)
Deferred tax liabilities	**(85.1)**	(122.9)
Provisions	**(51.2)**	(48.5)
Other non-current liabilities	**(1.4)**	(1.0)
	(437.9)	(808.5)
Net assets	**2,143.9**	2,116.5
Equity		
Share capital	**180.8**	164.6
Share premium account	**1,251.0**	1,134.5
Reserves	**712.0**	803.6
Total shareholders' equity	**2,143.8**	2,102.7
Non-controlling interests	**0.1**	13.8
Total equity	**2,143.9**	2,116.5

Euro translation of consolidated statement of cash flow

For the year ended 31 December 2009

See page 31 for basis of translation.

	2009 €'m	2008 €'m
Cash flows from operating activities		
Net cash inflow from trading operations	**395.9**	495.4
Cash outflow related to restructuring and integration activities	**(75.5)**	(52.3)
Cash outflow related to business held for disposal	**(6.6)**	-
Cash generated from operations	**313.8**	443.1
Finance costs paid	**(37.6)**	(49.2)
Income tax paid	**(21.7)**	(19.1)
Net cash inflow from operating activities	**254.5**	374.8
Cash flows from investing activities		
Finance income received	**6.9**	9.0
Dividends received from associates	**0.8**	0.9
Proceeds on disposal of property, plant and equipment	**3.4**	0.7
Purchases of property, plant and equipment	**(38.5)**	(56.0)
Expenditure on intangible assets	**(27.8)**	(24.0)
Purchase of non-controlling interests	**(53.5)**	(52.6)
Acquisition of subsidiaries and other businesses, net of cash acquired	**-**	(3.6)
Disposal costs of prior year disposals	**-**	(14.3)
Disposal of subsidiaries and other businesses, net of cash disposed	**0.8**	1.0
Net cash outflow from investing activities	**(107.9)**	(138.9)
Cash flows from financing activities		
Proceeds from issue of new shares	**-**	115.6
Proceeds from bank borrowings	**22.7**	207.8
Repayments of bank borrowings	**(150.1)**	(120.8)
Repayments of finance lease principal	**(3.5)**	(4.0)
Proceeds from other borrowings	**-**	3.1
Repayments of other borrowings	**(1.8)**	(301.5)
Proceeds from forward contracts	**7.0**	(33.9)
Dividends paid to the Company's shareholders	**(29.1)**	(106.6)
Net cash outflow from financing activities	**(154.8)**	(240.3)
Net decrease in cash, cash equivalents and bank overdrafts	**(8.2)**	(4.4)
Cash, cash equivalents and bank overdrafts at the beginning of the year	**125.1**	135.4
Net decrease in cash, cash equivalents and bank overdrafts	**(8.2)**	(4.4)
Effect of foreign exchange rates	**7.5**	(5.9)
Cash, cash equivalents and bank overdrafts at the end of the year	**124.4**	125.1