6 August 2010

Logica results show improving trends

Headlines[1]

- Orders up 2% to £2,142 million with continued strength in outsourcing orders, driving Group book to bill of 114%
- Revenue down 1%
  - Outsourcing Services revenue up 9%
  - return to growth in Financial Services and IDT
  - improving trends through the first half in France, Northern & Central Europe and Sweden
  - second quarter revenue unchanged on last year, underpinning confidence in return to modest growth in the second half
- Adjusted operating margin in line with last year at 6.7%
- Operating profit up significantly by £54 million due to reduction in amortisation and no exceptional charges
- Expected strong second half cash conversion to lead to net debt/EBITDA comfortably below 1.0x at year end
- Interim dividend to rise to 1.9p, up from 1.0p in 2009, with the dividend payout ratio steadily increasing to at least 40% by 2012

For the six months ended 30 June 2010, results were as follows:

CONTINUING OPERATIONS	H1 2010 ACTUAL	H1 2009 ACTUAL	GROWTH/(DECLINE)	
			ACTUAL	PRO FORMA
Book to Bill	114%	111%		
Revenue	£1,871m	£1,876m	-	(1%)
Adjusted operating profit	£125m	£127m	(2%)	(2%)
Adjusted operating margin	6.7%	6.8%	(0.1pt)	
Basic adjusted EPS	5.7p	5.5p	+0.2p	
Dividend per share	1.9p	1.0p	+0.9p	

Statutory results:			
Operating profit	£93m	£39m	+£54m
Profit before tax	£86m	£24m	+£62m
Basic EPS	4.3p	1.3p	+3.0p

For definition of pro forma, adjusted operating profit, adjusted operating margin and basic adjusted EPS, please see note on page 18.

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

"This is a good set of results in challenging economic conditions. The balance of our business across geographies and sectors helped us to meet expectations and outperform the market.

"The guidance we set out in February remains unchanged. Gradually improving market trends underpin our view that revenues and adjusted operating margin for the full year will be at a similar level to 2009. We are pleased to be increasing returns to shareholders, with the interim dividend rising to 1.9p."

For further information, please contact:
Logica Investor relations: Karen Keyes/Jose Cano +44 (0) 20 7446 1338/+44 (0) 7801 723682
Logica Media relations: Carolyn Esser/Louise Fisk +44 (0) 7841 602391/+44 (0) 7798 857770
Brunswick: Sarah West/Giles Croot +44 (0) 20 7404 5959

[1] All headline numbers relate to pro forma numbers as defined on page 18.

Financial overview - continuing operations

Group revenue was at £1,871 million (2009 actual: £1,876 million). This represented a pro forma decline of 1%, in line with guidance. Our top 50 clients accounted for 40% of revenue (2009 actual: 38%).

Adjusted operating profit was £125 million (2009 actual: £127 million), representing an adjusted operating margin of 6.7%. This compared to a 2009 margin of 6.8% on both an actual and pro forma basis. Net operating profit was £93 million, compared to £39 million on an actual basis for 2009.

Basic adjusted EPS was 5.7p (2009 actual: 5.5p).

Net cash inflow from trading operations was £31 million in the first half (2009 actual: £93 million). Closing net debt was £383 million (31 December 2009: £291 million) and represented net debt/EBITDA of 1.1x. We expect net debt/EBITDA to be comfortably below 1.0x at year end.

Key orders and wins

New orders totalled £2,142 million in the first half. Book to bill was 114% (2009 actual: 111%), reflecting the strength in our outsourcing business.

In the first half, we had signed more mid-sized deals than at the same time last year. We signed 7 contracts greater than £20 million in the first half (compared to 4 in the first half of 2009), with all but one in the Applications Management space. In addition, we had 12 deals greater than £10 million, which compared very favourably to the 3 signed at that level in 2009. By geography, these orders were stronger in Sweden and Northern & Central Europe. Of the 19 major deals signed, more than half were with IDT or Financial Services clients with key wins including Posten Norden, AMF and Lantmännen and Scan.

Market overview

Across the industry, outsourcing continues to be the longer term driver of growth across both public and commercial sectors. Clients are looking for ways to manage their IT applications more efficiently and they are favouring a competitive blended delivery approach. This is driving order growth in applications management, giving us visibility of almost 90% of our expected 2010 revenue. This gives us confidence that we will continue to experience good levels of growth in Outsourcing Services in the second half of 2010. Consistent growth in mid-sized outsourcing opportunities for energy and utilities, transport and logistics and the public sector means we have a good pipeline for 2011 and beyond.

We are also seeing the expected stabilisation in the c. 60% of our business in Consulting and Professional Services. In the Benelux and Sweden, the impact of 2009 pricing pressure has decreased as we have come through 2010, and our other geographies have experienced only modest levels of decline. Indicators such as book to bill at 110%, the increase in utilisation to around 80% and the rise in Group attrition to 10% reinforce our view that Consulting and Professional Services will decline more moderately in the second half of 2010.

Across our business, demand from Financial Services and IDT clients has picked up through the first half. We remain positive about the prospects for our Public Sector business across Europe over the medium term. Demographic changes and the transformation of government to deliver front line public services more efficiently will continue to drive opportunities for shared service, automation and further outsourcing. Elections in a number of geographies have slowed public sector growth in 2010 but we have continued to win new long term work with particularly good order intake in the public sector in France. Decision making on new projects will continue to be slower in the UK through the second half of 2010. Alongside other suppliers, we are working closely with the new government to help determine the contribution we can make to short term savings in elements of our UK public sector business which account for less than 10% of overall Group revenue. We will be looking at solutions that reduce cost while changing the mix of how these front line services and back office savings can be delivered.

Outlook
The balance of our business continues to underpin our expectation of full year revenue and adjusted operating margin at a similar level to 2009 on a pro forma constant currency basis. Our 2009 pro forma revenue was £3,642 million (2009 reported: £3,702 million), based on current exchange rates.

As we indicated at the 2009 results, we do not anticipate any restructuring charges in 2010. We expect the plans that we have been implementing since 2008 to allow us to outperform the market and improve margins towards 10% over the medium term.

Employees
At 30 June 2010, we had 39,074 employees (31 December 2009: 38,780).

Our ambition to have the right resources with the right skills in the right places continues to guide our behaviour. We had a total of 5,650 (2009: 5,100) in our nearshore and offshore centres at the end of July despite attrition in those centres. Headcount in our nearshore and offshore centres is expected to be around 6,000 at year end, with increased net recruitment of trainees through the second half.

For the Group, attrition was up slightly in the quarter to 10%. It is now up 3% against our 3-year low of 7% at the end of December 2009. Where we have seen increased attrition and good demand, we have been actively recruiting onshore. We recruited around 2,900 people across the Group through the first half. France remains the most active in this regard, with gross recruitment of 560 in the first half, the majority of which were graduates, and a similar number expected to join the business in the second half.

With the majority of our salary reviews completed in July, we expect modest to low single digit wage inflation in 2010 with higher rates in our nearshore and offshore centres.

Operating performance – continuing operations

The basis on which we are reporting revenue and operating profit was changed at the beginning of 2010 to reflect the management structure announced at the end of 2009 and put in place from the beginning of 2010 and the prior year comparatives have been restated below. Sweden and Northern & Central Europe have been introduced as new segments. More detail on the countries in each segment was provided at our analyst day in March 2010. Outsourcing Services has been reported as a separate division from the beginning of 2009. Operating profit numbers for France in the first half of 2010 have improved in part due to a change in tax legislation which is not applied to 2009 numbers.

Revenue by geography

	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
France	415	391	401	6	3
Northern & Central Europe	390	373	378	5	3
UK	367	379	379	(3)	(3)
Sweden	279	277	258	1	8
Benelux	257	301	309	(15)	(17)
International	163	162	151	1	8
Total	**1,871**	**1,883**	**1,876**	**(1)**	**-**

We saw a modest decline in the first half in line with our guidance. France remained our strongest market, with revenue up 6%. The Benelux experienced the most significant decline but the level of decline stabilised as we had expected.

In the second quarter, revenue at £940 million was unchanged on last year, which marked an improvement on the average decline of 3% for the previous three quarters. France, Northern & Central Europe and Sweden all grew above 4% in the second quarter.

Revenue by sector

	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Public Sector	590	602	608	(2)	(3)
Industry, Distribution and Transport	529	515	506	3	5
Energy and Utilities	320	332	324	(4)	(1)
Financial Services	290	280	283	4	2
Telecoms and Media	142	154	155	(8)	(8)
Total	**1,871**	**1,883**	**1,876**	**(1)**	**-**

The modest decline overall reflected the balance of our business, with growth against weaker 2009 comparatives in Financial Services and IDT but some slowing in other sectors. Financial Services showed a strong return to growth, up 4% in the first half compared to a 20% decline in full year 2009. IDT also performed well, up 3% in the first half compared to a 9% decline in full year 2009. The expected decline in the Public Sector reflected slower decision making and a lower volume of short term orders around elections, particularly in the UK and the Benelux, which was partially offset by good growth in France and the International business. Energy and Utilities and Telecoms and Media both showed declines against a strong 2009 comparative.

Adjusted operating profit by geography

	H1'10 £'m	H1'10 Margin %	H1'09 Pro forma £'m	H1'09 Pro forma Margin %	H1'09 Actual £'m
France	34	8.1	26	6.8	27
Northern & Central Europe	26	6.6	25	6.6	25
UK	26	7.1	29	7.6	29
Sweden	15	5.5	19	6.7	18
Benelux	12	4.7	15	5.1	16
International	12	7.2	13	8.3	12
Total	**125**	**6.7**	**127**	**6.8**	**127**

Adjusted operating profit before exceptional items and amortisation of intangibles initially recognised on acquisition was £125 million.

Adjusted operating margin was 6.7%, broadly in line with the first half of last year. As expected, the impact of volume and pricing reductions agreed during the first half of 2009 had an impact on the first half margins, which was offset by cost reductions from actions taken in 2009 and an improvement in the French operating margin, due in part to a change of tax legislation in France.

Operating profit by geography

	H1'10 Adjusted operating profit £'m	H1'10 Amortisation of intangibles £'m	H1'10 Exceptional items £'m	H1'10 Operating profit £'m	H1'10 Operating Margin %
France	34	(11)	-	23	5.5
Northern & Central Europe	26	(10)	-	16	4.1
UK	26	-	-	26	7.1
Sweden	15	(10)	-	5	1.8
Benelux	12	-	-	12	4.7
International	12	(1)	-	11	6.7
Total	**125**	**(32)**	**-**	**93**	**5.0**

	H1'09 Adjusted operating profit £'m	H1'09 Amortisation of intangibles £'m	H1'09 Exceptional items £'m	H1'09 Operating profit/(loss) £'m	H1'09 Operating Margin %
France	27	(14)	(5)	8	2.0
Northern & Central Europe	25	(13)	-	12	3.2
UK	29	-	(14)	15	4.0
Sweden	18	(17)	(7)	(6)	(2.2)
Benelux	16	-	(17)	(1)	(0.3)
International	12	-	(1)	11	6.8
Total	**127**	**(44)**	**(44)**	**39**	**2.1**

Lower amortisation and no exceptional charges led to a significant increase in our operating profit to £93 million (2009 actual: £39 million).

Brand names in most territories have now been fully amortised, resulting in a reduction of our amortisation expense to £32 million (2009 actual: £44 million).

In line with our guidance, we did not incur any exceptional charges in 2010, while in 2009 we incurred £44 million mainly related to our 2008 Programme for Growth.

As a result, our net operating margin was 5.0%, compared to 2.1% in 2009.

Group revenue by service line

	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Outsourcing Services	792	728	681	9	16
Consulting and Professional Services	1,079	1,155	1,195	(7)	(10)
Total	**1,871**	**1,883**	**1,876**	**(1)**	**-**

Outsourcing Services revenue was up 9% on a pro forma basis to £792 million. It represented 42% of Group revenue in the first half (2009: 39%), with strong growth continuing to compensate for lower revenue in the 58% of the Group revenue of Consulting and Professional Services. There was some slowing in the revenue decline in the Consulting and Professional Services business. Revenue was down 7% in the first half but reflected a lower level of decline in the second quarter, down 5%.

We are establishing Business Consulting as a service line within the Consulting and Professional Services part of our business. At the end of the first half, we had around 3,300 employees within the Business Consulting organisation, with France, Sweden and Finland our largest consulting businesses. Although we did see some improvement in underlying utilisation trends reflecting an improving economy, we see room for further improvement in utilisation as we convert more of our recent recruits to billable activity. In the wider Consulting and Professional business, utilisation was around 80%.

Outsourcing Services

Outsourcing Services orders and revenue by type

	H1'10 Orders £'m	H1'09 Orders Pro forma £'m	Growth H1'10 on H1'09 Pro forma %
Applications Management (AM)	507	401	26
Infrastructure Management (IM)	385	355	8
Business Process Outsourcing (BPO)	66	81	(19)
Total Outsourcing Services	**958**	**837**	**14**

Book to bill (%)	121	115

	H1'10 Revenue £'m	H1'09 Revenue Pro forma £'m	Growth H1'10 on H1'09 Pro forma %
Applications Management (AM)	401	350	15
Infrastructure Management (IM)	313	309	1
Business Process Outsourcing (BPO)	78	69	13
Total Outsourcing Services	**792**	**728**	**9**

Within Outsourcing Services, AM continued to be the largest component of revenue and was the fastest growing, up 15% in the first half. BPO also grew significantly, up 13%. We have refocused our HR offering to BPO with the disposal of the lower margin payroll business in the Netherlands, with this business held for disposal since the end of 2009 and the disposal completed in July 2010. IM was broadly stable, accounting for 40% of outsourcing revenue.

AM also accounted for the majority of our new orders in the first half, with orders in this part of Outsourcing Services up 26%. We continually work to maintain our market leading share of the European applications management market and have identified a number of areas which we expect to drive further demand in this market, such as security management of applications placed on the cloud, mobile application management and globally blended shared services combining skills from both onshore and offshore regions.

Book to bill for the first half remained strong at 121% (2009:115%). Across our geographies, demand for Outsourcing Services remained robust and our orders performance continues to reflect our increased sales and marketing investments in this area since 2008. Overall orders were up 14% in the period. Sweden delivered the largest share of orders in the first half, while France, Finland and the Benelux delivered the strongest growth.

Outsourcing Services revenue by geography

	H1'10 Revenue from outsourcing £'m	H1'09 Pro forma Revenue from outsourcing £'m	H1'09 Actual Revenue from outsourcing £'m	Growth H1'10 on H1'09 Pro forma %	Share of total Revenue from outsourcing %
France	174	145	149	20	22
Northern & Central Europe	124	105	86	18	16
UK	194	199	186	(3)	24
Sweden	162	143	127	13	21
Benelux	47	48	64	(2)	6
International	91	88	69	3	11
Total Outsourcing Services	**792**	**728**	**681**	**9**	**100**

Amongst our largest geographies, France, Northern & Central Europe and Sweden delivered the strongest growth with the UK slowing against a very strong comparative in 2009.

Outsourcing Services adjusted operating profit

	H1'10	H1'09 Pro forma
Adjusted operating profit £'m	**51**	**46**
Adjusted operating margin %	**6.5**	**6.4**

Adjusted operating profit was £51 million, resulting in an adjusted operating margin of 6.5% as we continue to focus on moving activities offshore and higher efficiency through more industrialised processes and tools.

Review of continuing operations by geography

France

Revenue by market sector	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Industry, Distribution and Transport	160	145	143	10	12
Financial Services	103	98	101	5	2
Other sectors	152	148	157	3	(3)
Total	**415**	**391**	**401**	**6**	**3**

Book to bill (%)	116	124

Outsourcing (%)	42	37

Adjusted operating profit (£'m)	34	26
Adjusted operating margin (%)	8.1	6.8

Revenue was up 6% on a pro forma basis to £415 million. This was the third consecutive quarter of growth in the French business, with revenue up 10% in the second quarter. The fastest growth was in Public Sector revenue due to the initial deployment of contracts awarded in 2009. Our visibility of outsourcing revenue remains very high and we continue to recruit to meet good client demand in the rest of the business.

Adjusted operating profit was £34 million. Cost base reductions undertaken in 2009, such as property rationalisation and reduction of non-billable headcount, and strong utilisation contributed to an adjusted operating margin of 8.1%. It also benefited in part from a change in tax legislation in France which benefited operating profit by around £4 million.

Book to bill in the first half remained good at 116% (2009: 124%). Orders signed in the first half include a 3-year contract with La Banque Postale to manage part of the activities of their service centre. In addition, we are taking on the implementation and operational maintenance of mobile operator Orange's billing systems under a 5-year contract which will see us become their strategic partner for the order-to-bill process for the mobile mass market. In partnership with Detica, we also signed a contract with the French police force to deliver a global web solution for criminal analysis.

Northern & Central Europe

Revenue by market sector	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Industry, Distribution and Transport	142	133	135	7	5
Public Sector	118	114	116	4	2
Other sectors	130	126	127	3	2
Total	**390**	**373**	**378**	**5**	**3**

Outsourcing (%)	32	28

Book to bill (%)	124	114

Adjusted operating profit (£'m)	26	25
Adjusted operating margin (%)	6.6	6.6

Revenue was up 5% on a pro forma basis to £390 million. Finland was the best performing geography, up 9% in the first half with our other large geographies (Germany, Denmark) also growing in the first half.

Adjusted operating profit was £26 million. We maintained adjusted operating margin at 6.6% despite some wage inflation as markets improved. Improving utilisation, continued efficiency in our infrastructure management delivery and good demand in Germany should contribute to better margins going forward.

Book to bill for the period was 124% (2009: 114%). Orders growth of 14% in the first half resulted mainly from strong growth in Denmark, helped by the Posten Norden win, together with some growth in Finland, Germany and CEE. We signed a new contract with the Slovakia Ministry of Finance to design and implement software solutions to enable electronic processing of administrative files and general practices.

UK

Revenue by market sector	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Public Sector	230	233	233	(1)	(1)
Energy and Utilities	58	55	55	5	5
Other sectors	79	91	91	(13)	(13)
Total	**367**	**379**	**379**	**(3)**	**(3)**

Outsourcing (%)	53	53

Book to bill (%)	83	97

Adjusted operating profit (£'m)	26	29
Adjusted operating margin (%)	7.1	7.6

Revenue in the UK business was down 3% on a pro forma basis to £367 million, compared to a strong first half in 2009. Public Sector revenue in the first half was down 1% as a result of expected weakness in the wake of the election. Although there was good growth in Energy and Utilities and Financial Services, overall revenue in the commercial sectors declined, mainly due to weakness in Telecoms against a strong 2009 comparative, when the sector was up 75%. Based on current visibility, we expect second half revenue for the UK to be at a similar level to that of the first half.

Adjusted operating profit was £26 million (2009: £29 million), resulting in an adjusted operating margin of 7.1% as we increased investment in bidding and sales.

Book to bill was 83% for the first half (2009: 97%). We continue to expect it to improve to 100% for the full year. Our confidence is based on an increase in the absolute volume of opportunities we are bidding in the commercial and public sectors, with particular growth in energy and utilities in light of regulatory changes as well as in the public sector where we are involved in delivering services to 55 departments and agencies and are participating in discussions across those departments to help understand their priorities and to bring ideas on how to address the challenges they face. We are also seeing growth in the pipeline in financial services.

Orders signed in the first half include incremental orders with BT as well as new public sector work under the DII framework for the Ministry of Defence and extensions of our work with the European Space Agency. Since the end of the first half, we have signed a 4-year contract with Ofcom.

Sweden

Revenue by market sector	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Industry, Distribution and Transport	123	125	116	(2)	6
Public Sector	76	82	77	(7)	(1)
Other sectors	80	70	65	14	23
Total	**279**	**277**	**258**	**1**	**8**

Outsourcing (%)	58	52

Book to bill (%)	157	143

Adjusted operating profit (£'m)	15	19
Adjusted operating margin (%)	5.5	6.7

Revenue was up 1% on a pro forma basis to £279 million. We saw a modest decline in IDT and lower volumes in the Public Sector. Across our other sectors, lower license revenue in Energy and Utilities was more than offset by strong growth with new orders in Telecoms and Financial Services.

Adjusted operating profit was £15 million. The decline in adjusted operating margin to 5.5% was partly attributable to volume and pricing reductions agreed in 2009. Managing our cost base in Sweden continues to be a high priority as does margin management under existing contracts. Higher attrition is being partially offset by employee transfers into the business under existing outsourcing contracts which is helping to renew our skills mix.

We have been very successful in winning new business in a competitive market. Book to bill for the period was 157% (2009: 143%). In addition to previously disclosed wins with Posten Norden and Lantmännen and Scan in the first quarter we had additional first half wins in the Financial Services sector with Skandia and Landshypotek. We also signed a major outsourcing contract renewal with pension administration company AMF. The 5-year contract is an extension of the original service contract signed in 2005 involving application, server operation, communication and service desk. The new agreement involves a decrease in the number of dedicated servers with a goal of achieving 70% virtualisation.

Given the weight of outsourcing in Sweden, our backlog and visibility for the second half is higher than any other region, with good visibility of 2011 revenue.

Benelux

Revenue by market sector	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Public Sector	89	108	111	(18)	(20)
Industry, Distribution and Transport	47	57	58	(18)	(19)
Financial Services	73	74	76	(1)	(4)
Other sectors	48	62	64	(23)	(25)
Total	**257**	**301**	**309**	**(15)**	**(17)**

Outsourcing (%)	18	16
Book to bill (%)	107	87
Adjusted operating profit (£'m)	12	15
Adjusted operating margin (%)	4.7	5.1

Revenue was down 15% on a pro forma basis to £257 million. The revenue decline reflected stable pricing levels, lower than those prevailing in the first half of 2009, following pricing reductions agreed through the first few months of 2009. With pricing stabilisation through the end of 2009 and into 2010, we expect a lesser impact in the second half. The most notable positive trend was in Financial Services, where revenue was down 1% versus 32% in 2009. This helped counter the unexpected impact of slower decision making in our Public Sector business as a result of the elections. We expect an improvement in the second half. The combination of these two factors gives us increased confidence that the rate of revenue decline will slow as we come through 2010.

Adjusted operating profit for the first half was £12 million (2009: £15 million). Adjusted operating margin was 4.7% (2009: 5.1%). We were able to deploy more people onto work in the second quarter, resulting in utilisation at around 75% compared to low 70s at the end of 2009. As previously disclosed, we completed the disposal of our Dutch payroll business post the first half.

The most significant indication of the improving market in the Benelux was a book to bill of 107% (2009: 87%). Orders in the second quarter were stable or up on the first quarter across all sectors. Public Sector remained our largest sector and was stable from an orders and revenue perspective. Wins in the first half included a 2.5-year contract with DHL to take over part of their IT management, supporting 26 business critical sorting and planning applications involving the transfer of 10 DHL employees. We also signed a 7-year, €18 million contract with social security agency UWV to manage the Dutch public sector's largest case management systems.

International

Revenue by area	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Iberia	50	52	53	(4)	(6)
Rest of World	113	110	98	3	15
Total	**163**	**162**	**151**	**1**	**8**

Revenue by market sector	H1'10 £'m	H1'09 Pro forma £'m	H1'09 Actual £'m	Growth H1'10 on H1'09 Pro forma %	Growth H1'10 on H1'09 Actual %
Industry, Distribution and Transport	14	11	10	27	40
Energy and Utilities	110	116	107	(5)	3
Financial Services	10	12	12	(17)	(17)
Other sectors	29	23	22	26	32
Total	**163**	**162**	**151**	**1**	**8**

Outsourcing (%)	56	54
Book to bill (%)	98	102
Adjusted operating profit (£'m)	12	13
Adjusted operating margin (%)	7.2	8.3

Revenue was up 1% on a pro forma basis to £163 million, with Iberian revenue accounting for 31% of the total (2009: 32%).

Iberian revenue was down 4% to £50 million against a strong 2009 comparative and some slowing of discretionary work in a difficult economic environment in Portugal in the first half.

In the Rest of World (Australia, Brazil, USA, Middle East, Asia Pacific) revenue was up 3% to £113 million. Australia is the largest component in the Rest of World cluster and was also the strongest performer, building on strong client relationships as we renewed and extended contracts with major clients such as Integral Energy. The US and the Middle East were also up, while revenue in Brazil was down following a good performance in 2009.

Adjusted operating profit was £12 million, resulting in an adjusted operating margin of 7.2%. The decline in adjusted operating margin was due to phasing of more discretionary work, mainly in the Energy and Utilities sector and some project overruns in the Brazilian business. In the second quarter, all geographies in the International cluster had stable or improving utilisation contributing to strong utilisation overall.

Book to bill at 98% (2009: 102%) was lower than expected due to decision making on some deals moving into the second half.

Financial position

Summary cash flow	H1'10 £'m	H1'09 £'m
Adjusted operating profit	**125**	127
Depreciation and amortisation of intangibles not recognised on acquisition	**27**	28
Movement in working capital	**(124)**	(63)
Other non-cash movements	**3**	1
Net cash inflow from continuing operations	**31**	93
Cash conversion	***25%***	*73%*
Cash outflow related to restructuring under the Programme for Growth	**(25)**	(31)
Net financing cost paid	**(6)**	(18)
Income tax paid	**(24)**	(26)
Capex less disposals of property, plant & equipment and intangible assets	**(30)**	(28)
Impact of acquisitions and disposals	**(9)**	(47)
Dividends paid to shareholders	**(37)**	(9)
Exchange differences and other	**8**	47
Opening net debt	**(291)**	(438)
Closing net debt	**(383)**	(457)

The net cash inflow from trading operations was £31 million (2009 actual: £93 million), leading to a cash conversion ratio of 25% (2009 actual: 73%), driven by a £124 million outflow in working capital following a very strong cash performance at the end of 2009. In addition to the normal first half seasonality, there was also an impact from the build and transformation phases on a number of new contracts.

One off items included exceptionals cash outflow of £25 million (2009 actual: £31 million), associated with the Programme for Growth costs expensed in prior years.

Net finance cost paid was £6 million (2009 actual: £18 million). We now expect full year finance costs to be around £17 million, reflecting the continued low interest rate environment.

Payment in respect of the second half of 2009 dividend was £37 million (2009 actual: £9 million).

Group net debt at 30 June 2010 was £383 million (2009 actual: £457 million), leading to net debt/EBITDA of 1.1x. We expect strong second half cash conversion to contribute to a reduction in the full year level of net debt and net debt/EBITDA to be comfortably below 1.0x at the end of 2010.

We have extended the maturity of our £100 million receivables-backed facility to July 2015 (from July 2011). Our facilities extending beyond 2011 are £460 million.

Profit before tax and earnings per share

Profit before tax was £86 million (2009 actual: £24 million). Basic adjusted earnings per share from continuing operations were 5.7p (2009: 5.5p) on a weighted average number of shares of 1,589 million (2009: 1,585 million). Basic earnings per share from continuing operations were 4.3p (2009: 1.3p).

Taxation

The effective tax rate, before exceptional items and amortisation of intangible assets initially recognised on acquisition, was 23% (2009: 23%). The total tax charge for the first half was £18 million (2009: £3 million). The effective tax rate for 2010 is expected to remain at around 23%. The overall tax rate for the period was 21% (2009: 12%) due to the absence of restructuring charges in the first half of 2010.

Disposals

Since the end of the first half, we completed the disposal of our lower margin Dutch payroll processing business. The sale consideration is contingent on the revenue performance of the business.

Dividend

The Board intends to ensure that the progress we have made in improving the performance of the business delivers a real return to shareholders through our dividend policy, while continuing to provide sufficient funds to invest in future growth. We are today announcing our intention to steadily move the dividend payout ratio from 2009 levels of 28% to at least 40% by 2012. Based on first half basic adjusted EPS of 5.7p in 2010, the directors are proposing an interim dividend of 1.9p to be paid on 15 October 2010 to eligible shareholders on the register at the close of business on 17 September 2010. We would expect the full year 2010 dividend to be at a similar payout ratio of approximately a third of adjusted EPS.

Next financial calendar dates

Logica's next scheduled communications to the market are:

Wednesday, 3 November 2010	Q3 2010 Interim Management Statement
Wednesday, 23 February 2011	FY 2010 Preliminary results

Risks and uncertainties

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has an established, structured approach to risk management, which includes continuously assessing and monitoring the key risks and uncertainties of the business. The key risks have been identified as the following:

- Major contract related risks
- Business continuity risks associated with operational failure, information systems and data security
- Business continuity risks associated with a pandemic, terrorist incident or other external event, including exposure to geopolitical, economic and social disruption, particularly in parts of Europe and in India
- Achieving the objectives set for the Programme for Growth
- Dependence on recruitment and retention of suitably qualified personnel
- Achieving operational process excellence in our global blended delivery model
- Regulatory compliance risks
- Major client dependencies and regional market sector risks
- Macro economic and industry level trends and changes affecting the global competitive landscape
- Loss of authorisation or accreditation from vendors or disruption of key supplier relationships

A description of these risks and the actions taken by the Group to mitigate them are set out on pages 70 and 71 of the 2009 Annual Report, a copy of which is available on the Group's website www.logica.com. Despite the current uncertainty in the global economy, our key risks, uncertainties and mitigating factors have not significantly changed in the period since the Annual Report was published, nor are they expected to change materially in the remainder of the year.

Directors' responsibility

The Directors confirm that this set of consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the 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 and any material changes in the related-party transactions described in the last annual report.

The Directors of Logica at 31 December 2009 are listed in the Group's 2009 Annual Report. A current list of directors is also maintained on the Group's website: www.logica.com

By order of the Board

Andy Green	Seamus Keating
Chief Executive Officer	Chief Financial and Operations Officer
5 August 2010	

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 for the first half of 2009 which:
    a. reflect average 2010 exchange rates by retranslating prior period actual numbers at average 2010 exchange rates. This increased H1'09 revenue by £10 million and had no impact on adjusted operating profit.
    b. are adjusted to include the disposals that took place during 2009 by adjusting the actual prior period numbers for the relevant period owned. This decreased H1'09 revenue by £3 million and had no impact on adjusted operating profit.
    c. includes a number of changes to the scope of outsourcing activities in some of our geographies

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 '10 £'m	H1 '09 Pro forma £'m	H1 '09 Actual £'m	Pro forma growth %	Actual growth %
Operating profit	**93**		**39**		**138%**
Add back impact of:					
Exceptional items	-		44		
Amortisation of acquisition related intangibles	32		44		
Adjusted operating profit	**125**	**127**	**127**	**(2%)**	**(2%)**

6. Adjusted earnings per share is based on net profit attributable to ordinary shareholders, excluding the following items, whenever such items occur:
    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:

	H1 '10	H1 '09	H2 '09	FY '09
£1 / €				
Average	1.15	1.12	1.12	1.12
End of period	1.22	1.17	1.13	1.13
£1 / SEK				
Average	11.26	12.16	11.66	11.91
End of period	11.64	12.76	11.53	11.53

Consolidated statement of comprehensive income (unaudited)

	Note	**Six months ended 30 June 2010 £'m**	Six months ended 30 June 2009 £'m
Revenue	3	**1,871.1**	1,876.1
Net operating costs		**(1,778.0)**	(1,837.5)
Operating profit	3,5	**93.1**	38.6
Analysed as:			
Operating profit before exceptional items		**93.1**	82.6
Exceptional items	4	**-**	(44.0)
Operating profit	3,5	**93.1**	38.6
Finance costs		**(12.3)**	(19.1)
Finance income		**5.0**	4.3
Share of post-tax profits from associates		**0.2**	0.4
Profit before tax		**86.0**	24.2
Taxation	7	**(18.3)**	(3.0)
Net profit for the period		**67.7**	21.2
Other comprehensive (expense)/income			
Exchange differences on translation of foreign operations		**(98.6)**	(196.7)
Interest rate swaps fair value difference		**(0.3)**	-
Actuarial losses on defined benefit plans		**(6.9)**	(67.6)
Tax on items taken directly to equity		**1.9**	17.8
Other comprehensive expense for the period, net of tax		**(103.9)**	(246.5)
Total comprehensive expense for the period		**(36.2)**	(225.3)
Profit attributable to:			
Owners of the parent		**67.7**	21.2
		67.7	21.2
Total comprehensive expense attributable to:			
Owners of the parent		**(36.2)**	(224.2)
Non-controlling interests		**-**	(1.1)
		(36.2)	(225.3)
Earnings per share		**p / share**	p / share
- Basic	8	**4.3**	1.3
- Diluted	8	**4.2**	1.3

Dividends recognised in the period amounted to £36.5 million (six months ended 30 June 2009: £9.5 million), or 2.3p per share (six months ended 30 June 2009: 0.60p per share). The interim dividend declared but not recognised in these interim financial statements is 1.9p per share (six months ended 30 June 2009: 1.0p per share) or approximately £30.2 million (six months ended 30 June 2009: £15.9 million).

The notes on pages 23 to 30 form an integral part of this interim financial information.

Consolidated statement of financial position (unaudited)

	Note	**30 June 2010 £'m**	31 December 2009 £'m	Restated* 30 June 2009 £'m
Non-current assets				
Goodwill		**1,801.6**	1,883.6	1,786.9
Other intangible assets		**208.9**	243.4	277.1
Property, plant and equipment	10	**127.2**	132.8	131.8
Investments in associates		**2.6**	2.6	2.4
Financial assets		**12.6**	12.4	12.1
Retirement benefit assets		**32.4**	27.4	19.6
Deferred tax assets		**69.8**	74.8	63.4
Total non-current assets		**2,255.1**	2,377.0	2,293.3
Current assets				
Inventories		**1.4**	1.1	0.7
Trade and other receivables		**1,203.0**	1,130.1	1,172.2
Current tax assets		**2.1**	3.1	14.4
Assets classified as held-for-sale	15	**1.4**	1.5	-
Cash and cash equivalents	9	**48.1**	139.3	61.2
Total current assets		**1,256.0**	1,275.1	1,248.5
Current liabilities				
Other borrowings	9	**(36.7)**	(247.9)	(17.9)
Trade and other payables		**(952.2)**	(992.7)	(935.4)
Current tax liabilities		**(54.9)**	(58.5)	(47.1)
Provisions	11	**(43.0)**	(68.3)	(48.9)
Total current liabilities		**(1,086.8)**	(1,367.4)	(1,049.3)
Net current assets / (liabilities)		**169.2**	(92.3)	199.2
Total assets less current liabilities		**2,424.3**	2,284.7	2,492.5
Non-current liabilities				
Borrowings	9	**(394.6)**	(182.0)	(500.7)
Retirement benefit obligations		**(94.6)**	(83.6)	(87.9)
Deferred tax liabilities		**(65.1)**	(75.3)	(84.7)
Provisions	11	**(39.3)**	(45.3)	(42.1)
Other non-current liabilities		**(1.2)**	(1.2)	(1.0)
Total non-current liabilities		**(594.8)**	(387.4)	(716.4)
Net assets		**1,829.5**	1,897.3	1,776.1
Equity				
Share capital	12	**160.2**	160.0	160.0
Share premium account	13	**1,107.4**	1,107.1	1,101.5
Reserves		**561.8**	630.1	514.5
Total shareholders' equity		**1,829.4**	1,897.2	1,776.0
Non-controlling interests		**0.1**	0.1	0.1
Total equity		**1,829.5**	1,897.3	1,776.1

* Restated as described in Note 2

The notes on pages 23 to 30 form an integral part of this interim financial information.

Consolidated statement of cash flows (unaudited)

	Note	Six months ended 30 June 2010 £'m	Six months ended 30 June 2009 £'m
Cash flows from operating activities			
Net cash inflow from trading operations		**31.3**	93.1
Cash outflow related to restructuring and integration activities		**(25.3)**	(31.5)
Cash outflow related to business held-for-disposal		**(3.3)**	-
Cash generated from operations	14	**2.7**	61.6
Finance costs paid		**(8.0)**	(19.2)
Income tax paid		**(23.9)**	(26.0)
Net cash (outflow)/inflow from operating activities		**(29.2)**	16.4
Cash flows from investing activities			
Finance income received		**2.3**	1.7
Dividends received from associates		**-**	0.7
Proceeds on disposal of property, plant and equipment		**0.1**	0.1
Purchases of property, plant and equipment		**(18.4)**	(17.6)
Expenditure on intangible assets		**(11.8)**	(10.5)
Purchase of non-controlling interests		**-**	(47.8)
Acquisition of subsidiaries and other businesses, net of cash acquired		**(8.9)**	-
Disposal of subsidiaries and other businesses, net of cash disposed		**-**	0.5
Net cash outflow from investing activities		**(36.7)**	(72.9)
Cash flows from financing activities			
Proceeds from issue of new shares		**0.4**	-
Refund of expenses related to shares issued in prior years		**5.6**	-
Proceeds from bank borrowings		**189.8**	18.4
Repayments of bank borrowings		**(209.6)**	(0.5)
Repayments of finance lease principal		**(1.3)**	(2.2)
Proceeds from other borrowings		**48.9**	-
Repayments of other borrowings		**(0.3)**	(0.8)
Payments on forward contracts		**(16.4)**	(12.3)
Dividends paid to the Company's shareholders		**(36.5)**	(9.5)
Net cash outflow from financing activities		**(19.4)**	(6.9)
Net decrease in cash, cash equivalents and bank overdrafts		**(85.3)**	(63.4)
Cash, cash equivalents and bank overdrafts at the beginning of the period	9	**110.1**	121.5
Net decrease in cash, cash equivalents and bank overdrafts	9	**(85.3)**	(63.4)
Effect of foreign exchange rates	9	**0.5**	(5.9)
Cash, cash equivalents and bank overdrafts at the end of the period		**25.3**	52.2

The notes on pages 23 to 30 form an integral part of this interim financial information.

Consolidated statement of changes in equity (unaudited)

	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 2010		160.0	1,107.1	(331.1)	961.2	**1,897.2**	0.1	**1,897.3**
Net profit for the year		-	-	67.7	-	**67.7**	-	**67.7**
Other comprehensive income/(expense):								
Actuarial losses		-	-	(6.9)	-	**(6.9)**	-	**(6.9)**
Tax on items taken to equity		-	-	1.9	-	**1.9**	-	**1.9**
Interest rate swaps fair value difference		-	-	(0.3)	-	**(0.3)**	-	**(0.3)**
Exchange differences		-	-	-	(98.6)	**(98.6)**	-	**(98.6)**
Total comprehensive income/(expense)		-	-	62.4	(98.6)	**(36.2)**	-	**(36.2)**
Transactions with owners:								
Dividends paid		-	-	(36.5)	-	**(36.5)**	-	**(36.5)**
Share-based payment		-	-	4.6	-	**4.6**	-	**4.6**
Allotted under share plans		0.2	0.3	(0.1)	-	**0.4**	-	**0.4**
Other		-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Total transactions with owners		0.2	0.3	(32.1)	-	**(31.6)**	-	**(31.6)**
At 30 June 2010		**160.2**	**1,107.4**	**(300.8)**	**862.6**	**1,829.4**	**0.1**	**1,829.5**
								Restated*
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		-	-	21.2	-	21.2	-	21.2
Other comprehensive income/(expense):								
Actuarial losses		-	-	(67.6)	-	(67.6)	-	(67.6)
Tax on items taken to equity		-	-	17.8	-	17.8	-	17.8
Transfer of realised reserve		-	-	75.9	(75.9)	-	-	-
Exchange differences		-	-	-	(195.6)	(195.6)	(1.1)	(196.7)
Total comprehensive income/(expense)		-	-	47.3	(271.5)	(224.2)	(1.1)	(225.3)
Transactions with owners:								
Dividends paid		-	-	(9.5)	-	(9.5)	-	(9.5)
Share-based payment		-	-	4.6	-	4.6	-	4.6
Allotted under share plans		0.2	-	(0.2)	-	-	-	-
Non-controlling interest repurchases	2	-	-	(36.2)	-	(36.2)	(12.0)	(48.2)
Disposal of subsidiaries		-	-	-	-	-	(0.2)	(0.2)
Other		-	-	(0.2)	-	(0.2)	-	(0.2)
Total transactions with owners		0.2	-	(41.5)	-	(41.3)	(12.2)	(53.5)
At 30 June 2009		160.0	1,101.5	(343.4)	857.9	1,776.0	0.1	1,776.1
Note		12	13					

* Restated as described in Note 2

The notes on pages 23 to 30 form an integral part of this interim financial information.

Selected notes to the consolidated interim financial information

1. Accounting policies and basis of preparation

The consolidated interim financial information for the six months ended 30 June 2010 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 2009, which have been prepared in accordance with IFRSs as adopted by the European Union. The consolidated interim financial information should be read in conjunction with the annual financial statements.

The Directors, having made enquiries and reviewed information, consider that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore it is appropriate to maintain the going concern basis in preparing the financial statements.

(a) The following standards, interpretations, and amendments to standards were effective during the six months ended 30 June 2010, but had no material impact on the Group:

- Amendments issued as part of annual improvements to IFRSs (April 2009);
- Amendments to IFRS 2 'Group cash-settled share based payment transactions', effective on or after 1 January 2010;
- IFRIC 16, 'Hedges of a net investment in a foreign operation';
- IFRIC 18, 'Transfers of Assets from Customers';
- IFRIC 17 'Distributions of non-cash assets to owners', effective for periods beginning on or after 1 July 2009, clarifies the accounting where assets other than cash are distributed to shareholders;
- 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;
- 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 use 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;
- Amendments to IFRS 1 'Additional Exemptions for First-time Adopters', effective on or after 1 January 2010.

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

- 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;
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement', effective on or after 1 January 2011;
- Amendment to IFRS 1 'Limited exemptions from Comparative IFRS 7 Disclosures for First-time Adopters', effective on or after 1 July 2010;
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments', effective on or after 1 July 2010.

(c) 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:

- Improvements to IFRSs issued as part of annual improvements to IFRSs (May 2010);
- IFRS 9 'Financial Instruments', effective on or after 1 January 2013.

This interim report does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009, 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 498 of the Companies Act 2006.

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 2010		30 June 2009	
	Average	**Closing**	Average	Closing
£1 = €	**1.15**	**1.22**	1.12	1.17
£1 = SEK	**11.26**	**11.64**	12.16	12.76

Selected notes to the consolidated interim financial information (continued)

2. Restatement of consolidated statement of financial position at 30 June 2009

In the second half of 2009, the Group early adopted IFRS 3 R, 'Business combinations' and consequentially also IAS 27 R, 'Consolidated and Separate Financial Statements' from 1 January 2009. The revised standards require 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.

During February and March 2009 the Group made payments to acquire the non-controlling interest in Logica Aktiebolag, a Group company, and redeemed the remaining shares and convertibles issued by the Swedish subsidiary, which was part of the WM-data Group acquisition in 2006. Consequently, the excess of £36.2 million previously recorded as goodwill, has been restated and recorded as a movement in equity. As a result of this, £1,812.3 million total equity as at 30 June 2009 reported last year changed to £1,776.1 million.

3. 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 5. Operating segments are reported in a manner which is consistent with the operating segments produced for internal management reporting.

During the current period there has been a change in how the operating segments are organised and in the internal management reporting that the Executive Committee uses to review the performance of the Group. During the current period the Swedish business is reported as a separate operating segment, which has resulted in reclassification of £257.8 million of revenue, £6.0 million of operating loss and £17.4 million of adjusted operating profit (Note 5) relating to six months ended 30 June 2009 from the Nordics segment to the Sweden segment. Also, the German, Switzerland, and the Central and Eastern Europe businesses were consolidated in a newly created Northern and Central Europe segment along with rest of the Nordics segment, which has resulted in reclassification of £117.1 million of revenue, £0.4 million of operating profit and £3.0 million of adjusted operating profit (Note 5) relating to six months ended 30 June 2009 from the International segment to the Northern and Central Europe segment.

At 30 June 2010, Logica is organised into six operating segments based on the location of assets. Segment revenue and profit after tax are disclosed below:

	Revenue		Operating profit/ (loss)	
	Six months ended 30 June 2010 £'m	Six months ended 30 June 2009 £'m	**Six months ended 30 June 2010 £'m**	Six months ended 30 June 2009 £'m
France	**414.8**	401.5	**22.7**	8.3
Northern and Central Europe	**389.9**	377.8	**16.1**	11.7
United Kingdom	**367.0**	379.1	**25.9**	14.9
Sweden	**279.4**	257.8	**4.8**	(6.0)
Benelux	**256.6**	308.8	**12.2**	(1.4)
International	**163.4**	151.1	**11.4**	11.1
Revenue and operating profit	**1,871.1**	1,876.1	**93.1**	38.6
Finance costs			**(12.3)**	(19.1)
Finance income			**5.0**	4.3
Share of post-tax profits from associates			**0.2**	0.4
Taxation			**(18.3)**	(3.0)
Profit after tax			**67.7**	21.2

Selected notes to the consolidated interim financial information (continued)

4. Exceptional items

The exceptional items recognised within operating profit were as follows:

	Six months ended 30 June 2010 £'m	Six months ended 30 June 2009 £'m
Restructuring costs	-	(44.6)
Profit on disposal of business	-	0.6
	-	(44.0)

During the six months ended 30 June 2010, the Group incurred no expenses relating to the restructuring of the business (six months ended 30 June 2009: £44.6 million). The restructuring cost in prior year comprised costs associated with the closure of offices in the UK and France, and redundancy of staff across the Group, primarily in the Netherlands.

5. 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.

	Six months ended 30 June 2010 £'m	Six months ended 30 June 2009 £'m
Operating profit	**93.1**	38.6
Exceptional items	**-**	44.0
Amortisation of intangible assets initially recognised on acquisition	**31.6**	44.1
Adjusted operating profit	**124.7**	126.7

Adjusted operating profit analysis per operating segment was as follows:

	Six months ended 30 June 2010			
	Operating profit £'m	**Exceptional items £'m**	**Amortisation of intangibles* £'m**	**Adjusted operating profit £'m**
France	**22.7**	**-**	**11.1**	**33.8**
Northern and Central Europe	**16.1**	**-**	**9.6**	**25.7**
United Kingdom	**25.9**	**-**	**-**	**25.9**
Sweden	**4.8**	**-**	**10.5**	**15.3**
Benelux	**12.2**	**-**	**-**	**12.2**
International	**11.4**	**-**	**0.4**	**11.8**
	93.1	**-**	**31.6**	**124.7**

* Amortisation of intangible assets initially recognised on acquisition.

Selected notes to the consolidated interim financial information (continued)

5. Adjusted operating profit (continued)

	Six months ended 30 June 2009			
	Operating profit/ (loss) £'m	Exceptional items £'m	Amortisation of intangibles* £'m	Adjusted operating profit £'m
France	8.3	4.7	14.4	27.4
Northern and Central Europe	11.7	0.7	12.6	25.0
United Kingdom	14.9	13.9	-	28.8
Sweden	(6.0)	6.7	16.7	17.4
Benelux	(1.4)	17.4	-	16.0
International	11.1	0.6	0.4	12.1
	38.6	44.0	44.1	126.7

* Amortisation of intangible assets initially recognised on acquisition.

6. Employees

The average number of employees during the period was:	**Six months ended 30 June 2010 Number**	Six months ended 30 June 2009 Number
France	**8,915**	9,041
Northern and Central Europe	**6,916**	6,981
United Kingdom	**5,381**	5,400
Sweden	**5,174**	5,295
Benelux	**5,351**	6,060
International	**7,067**	7,053
	38,804	39,830

The number of employees at the end of the period was:	**Six months ended 30 June 2010 Number**	Six months ended 30 June 2009 Number
France	**9,001**	8,920
Northern and Central Europe	**6,999**	6,932
United Kingdom	**5,454**	5,385
Sweden	**5,363**	5,292
Benelux	**5,180**	5,870
International	**7,077**	7,126
	39,074	39,525

7. Taxation

The tax charge for the six months ended 30 June 2010, before share of post-tax profits from associates and exceptional items is £18.3 million (21.3% effective tax rate) (six months ended 30 June 2009: £13.2 million (19.4% 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 for the six months ended 30 June 2010, before exceptional items and amortisation of intangible assets initially recognised on acquisition, is 23.0% (30 June 2009: 22.8%).

The total tax charge for the six months ended 30 June 2010 is £18.3 million (six months ended 30 June 2009: £3.0 million) of which a tax credit of £8.8 million (six months ended 30 June 2009: tax credit of £22.6 million) relates to exceptional items and amortisation of intangible assets initially recognised on acquisition.

The tax charge includes an overseas charge of £11.9 million (six months ended 30 June 2009: £1.8 million).

The reduction in the statutory corporate tax rate in the UK from 28% to 27% has not been substantially enacted at 30 June 2010 and has therefore not been reflected in the tax charge for the six months ended 30 June 2010. The effect on the results for the year ended 31 December 2010 of this change is expected to be an additional charge of £1.0 million as a result of reduction in deferred tax assets recognised.

Selected notes to the consolidated interim financial information (continued)

8. Earnings per share

	Six months ended 30 June 2010		
Earnings per share	**Earnings £'m**	**Weighted average number of shares Million**	**Earnings per share Pence**
Earnings attributable to ordinary shareholders	**67.7**	**1,588.7**	**4.3**
Basic EPS	**67.7**	**1,588.7**	**4.3**
Effect of share options and share awards	**-**	**33.7**	**(0.1)**
Diluted EPS	**67.7**	**1,622.4**	**4.2**
Adjusted earnings per share			
Earnings attributable to ordinary shareholders	**67.7**	**1,588.7**	**4.3**
Add back:			
Amortisation of intangible assets initially recognised on acquisition, net of tax	**22.8**		**1.4**
Basic adjusted EPS	**90.5**	**1,588.7**	**5.7**
Effect of share options and share awards	**-**	**33.7**	**(0.1)**
Diluted adjusted EPS	**90.5**	**1,622.4**	**5.6**

	Six months ended 30 June 2009		
Earnings per share	**Earnings £'m**	**Weighted average number of shares Million**	**Earnings per share Pence**
Earnings attributable to ordinary shareholders	21.2	1,585.1	1.3
Basic EPS	21.2	1,585.1	1.3
Effect of share options and share awards	-	24.3	-
Diluted EPS	21.2	1,609.4	1.3
Adjusted earnings per share			
Earnings attributable to ordinary shareholders	21.2	1,585.1	1.3
Add back:			
Exceptional items, net of tax	33.8		2.2
Amortisation of intangible assets initially recognised on acquisition, net of tax	31.7		2.0
Basic adjusted EPS	86.7	1,585.1	5.5
Effect of share options and share awards	-	24.3	(0.1)
Diluted adjusted EPS	86.7	1,609.4	5.4

Selected notes to the consolidated interim financial information (continued)

8. Earnings per share (continued)

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.

Continuing and total operations were equal for the six months ended 30 June 2010 and 30 June 2009.

9. Reconciliation of movements in net debt

	At 1 January 2010 £'m	Cash flows £'m	Other non-cash movements £'m	Exchange differences £'m	**At 30 June 2010 £'m**
Cash and cash equivalents	139.3	(90.8)	-	(0.4)	**48.1**
Bank overdrafts	(29.2)	5.5	-	0.9	**(22.8)**
	110.1	(85.3)	-	0.5	**25.3**
Finance leases	(6.2)	1.6	(0.3)	-	**(4.9)**
Bank loans	(392.2)	19.8	(1.1)	18.4	**(355.1)**
Other loans	(2.3)	(48.6)	(0.5)	2.9	**(48.5)**
Net debt	(290.6)	(112.5)	(1.9)	21.8	**(383.2)**

10. Capital expenditure

Additions to property, plant and equipment during the six months ended 30 June 2010 amounted to £18.4 million (six months ended 30 June 2009: £18.4 million). The net book value of property, plant and equipment disposed during the six months ended 30 June 2010 amounted to £1.5 million (six months ended 30 June 2009: £0.9 million).

11. Provisions

	Vacant properties £'m	Restructuring £'m	Other £'m	Total £'m
At 1 January 2010	46.8	45.7	21.1	113.6
Charged in the period	0.3	-	0.1	0.4
Utilised in the period	(7.6)	(19.0)	(3.6)	(30.2)
Unused amounts reversed in the period	(0.5)	-	-	(0.5)
Unwinding of discount	0.9	-	-	0.9
Exchange differences	(0.6)	(0.5)	(0.8)	(1.9)
At 30 June 2010	**39.3**	**26.2**	**16.8**	**82.3**

Analysed as:	
Current liabilities	**43.0**
Non-current liabilities	**39.3**
	82.3

Selected notes to the consolidated interim financial information (continued)

12. Share capital

Authorised	30 June 2010 £'m	30 June 2009 £'m
2,250,000,000 (30 June 2009: 2,250,000,000) ordinary shares of 10p each	**225.0**	225.0

Allotted, called-up and fully paid	2010 Number	2010 £'m	2009 Number	2009 £'m
At 1 January	**1,600,615,806**	**160.0**	1,598,359,521	159.8
Allotted under share plans	**1,274,083**	**0.2**	1,825,183	0.2
At 30 June	**1,601,889,889**	**160.2**	1,600,184,704	160.0

13. Share premium

	2010 £'m	2009 £'m
At 1 January	**1,107.1**	1,101.5
Premium on shares allotted under share plans	**0.3**	-
At 30 June	**1,107.4**	1,101.5

14. Reconciliation of operating profit to cash generated from operations

	Six months ended 30 June 2010 £'m	Six months ended 30 June 2009 £'m
Operating profit from operations	**93.1**	38.6
Adjustments for:		
Share-based payments	**5.6**	4.8
Depreciation of property, plant and equipment	**21.0**	22.4
Loss on disposal of non-current assets	**1.9**	0.4
Profit on sale of subsidiaries and other businesses	**-**	(0.6)
Amortisation of intangible assets	**37.4**	49.5
Non-cash element of expense for defined benefit plans	**(1.8)**	(2.3)
	64.1	74.2
Net movements in provisions	**(30.3)**	11.4
Movements in working capital:		
Financial assets	**(0.5)**	0.5
Inventories	**(0.5)**	(0.1)
Trade and other receivables	**(116.9)**	51.7
Trade and other payables	**(6.3)**	(114.7)
	(124.2)	(62.6)
Cash generated from operations	**2.7**	61.6
Add back: Cash outflow related to restructuring and integration activities	**25.3**	31.5
Add back Cash outflow related to business held-for-disposal	**3.3**	-
Net cash inflow from trading operations	**31.3**	93.1

Selected notes to the consolidated interim financial information (continued)

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 in 2009, the Group decided to sell the business. The sale of the business completed on 16 July 2010, the sales consideration is contingent on revenue of the business, but is expected to be at least £1.4 million.

16. Acquisitions

During the period the Group has completed two minor acquisitions of businesses in Sweden and Denmark. These acquisitions have been in connection with outsourcing contract wins and have involved taking over people and in some cases certain fixed assets. The Group has invested £9.1 million (including £0.2 million deferred consideration) to acquire these businesses and recognised goodwill of £6.7 million. The calculation of goodwill is provisional pending the completion of intangible asset valuations.

17. Pensions

On 30 April 2010 the Group closed the largest defined benefit scheme in the UK to future salary accrual. The closure of the CMG UK Pension Scheme to accrual has lead to a curtailment loss of £0.1 million being recognised during the period. Following the closure the Group has less than 100 active members of its UK defined benefit pension schemes.

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 had, in 2009, received a €46 million, 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.

19. Interim report

The interim report was approved by the board of directors on 5 August 2010 and copies are available from the registered office, Logica plc, 250 Brook Drive, Green Park, Reading RG2 6UA, UK and Logica, Prof. W.H. Keesomlaan 14, 1183 DJ Amstelveen, the Netherlands. The Company has its primary listing on the London Stock Exchange.

Euro translation of selected financial information (unaudited)

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 interim 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 €1.15 to £1 (six months ended 30 June 2009: €1.12 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 €1.22 to £1 (31 December 2009: €1.13 to £1, 30 June 2009: €1.17 to £1).

Euro translation of consolidated statement of comprehensive income

	Six months ended 30 June 2010 €'m	Six months ended 30 June 2009 €'m
Revenue	**2,151.8**	2,101.2
Net operating costs	**(2,044.7)**	(2,058.0)
Operating profit	**107.1**	43.2
Analysed as:		
Operating profit before exceptional items	**107.1**	92.5
Exceptional items	**-**	(49.3)
Operating profit	**107.1**	43.2
Finance costs	**(14.1)**	(21.4)
Finance income	**5.7**	4.8
Share of post-tax profits from associates	**0.2**	0.5
Profit before tax	**98.9**	27.1
Taxation	**(21.0)**	(3.4)
Net profit for the period	**77.9**	23.7
Other comprehensive (expense)/income		
Exchange differences on translation of foreign operations	**(113.4)**	(220.3)
Interest rate swaps fair value difference	**(0.4)**	-
Actuarial losses on defined benefit plans	**(7.9)**	(75.7)
Tax on items taken directly to equity	**2.2**	20.0
Other comprehensive expense for the period, net of tax	**(119.5)**	(276.0)
Total comprehensive expense for the period	**(41.6)**	(252.3)
Profit attributable to:		
Owners of the parent	**77.9**	23.7
	77.9	23.7
Total comprehensive expense attributable to:		
Owners of the parent	**(41.6)**	(251.1)
Non-controlling interests	**-**	(1.2)
	(41.6)	(252.3)
Earnings per share	**cents / share**	cents / share
- Basic	**4.9**	1.5
- Diluted	**4.8**	1.5

Euro translation of consolidated statement of financial position

See page 31 for basis of translation.

	30 June 2010 €'m	31 December 2009 €'m	Restated* 30 June 2009 €'m
Non-current assets			
Goodwill	**2,197.9**	2,128.5	2,090.7
Other intangible assets	**254.8**	275.0	324.2
Property, plant and equipment	**155.2**	150.1	154.2
Investments in associates	**3.2**	2.9	2.8
Financial assets	**15.4**	14.0	14.2
Retirement benefit assets	**39.5**	31.0	22.9
Deferred tax assets	**85.2**	84.5	74.2
Total non-current assets	**2,751.2**	2,686.0	2,683.2
Current assets			
Inventories	**1.7**	1.2	0.8
Trade and other receivables	**1,467.7**	1,277.1	1,371.4
Current tax assets	**2.5**	3.5	16.9
Assets classified as held-for-sale	**1.7**	1.7	-
Cash and cash equivalents	**58.7**	157.4	71.6
Total current assets	**1,532.3**	1,440.9	1,460.7
Current liabilities			
Other borrowings	**(44.8)**	(280.1)	(20.9)
Trade and other payables	**(1,161.6)**	(1,121.7)	(1,094.4)
Current tax liabilities	**(67.0)**	(66.1)	(55.1)
Provisions	**(52.5)**	(77.2)	(57.2)
Total current liabilities	**(1,325.9)**	(1,545.1)	(1,227.6)
Net current assets / (liabilities)	**206.4**	(104.2)	233.1
Total assets less current liabilities	**2,957.6**	2,581.8	2,916.3
Non-current liabilities			
Borrowings	**(481.4)**	(205.7)	(585.8)
Retirement benefit obligations	**(115.4)**	(94.5)	(102.8)
Deferred tax liabilities	**(79.4)**	(85.1)	(99.1)
Provisions	**(47.9)**	(51.2)	(49.3)
Other non-current liabilities	**(1.5)**	(1.4)	(1.2)
Total non-current liabilities	**(725.6)**	(437.9)	(838.2)
Net assets	**2,232.0**	2,143.9	2,078.1
Equity			
Share capital	**195.5**	180.8	187.2
Share premium account	**1,351.0**	1,251.0	1,288.8
Reserves	**685.4**	712.0	602.0
Total shareholders' equity	**2,231.9**	2,143.8	2,078.0
Non-controlling interests	**0.1**	0.1	0.1
Total equity	**2,232.0**	2,143.9	2,078.1

* Restated as described in Note 2

Euro translation of consolidated statement of cash flows

See page 31 for basis of translation.

	Six months ended 30 June 2010 €'m	Six months ended 30 June 2009 €'m
Cash flows from operating activities		
Net cash inflow from trading operations	**36.0**	104.3
Cash outflow related to restructuring and integration activities	**(29.1)**	(35.3)
Cash outflow related to business held-for-disposal	**(3.8)**	-
Cash generated from operations	**3.1**	69.0
Finance costs paid	**(9.2)**	(21.5)
Income tax paid	**(27.5)**	(29.1)
Net cash (outflow)/inflow from operating activities	**(33.6)**	18.4
Cash flows from investing activities		
Finance income received	**2.6**	1.9
Dividends received from associates	**-**	0.8
Proceeds on disposal of property, plant and equipment	**0.1**	0.1
Purchases of property, plant and equipment	**(21.1)**	(19.7)
Expenditure on intangible assets	**(13.6)**	(11.8)
Purchase of non-controlling interests	**-**	(53.5)
Acquisition of subsidiaries and other businesses, net of cash acquired	**(10.2)**	-
Disposal of subsidiaries and other businesses, net of cash disposed	**-**	0.6
Net cash outflow from investing activities	**(42.2)**	(81.6)
Cash flows from financing activities		
Proceeds from issue of new shares	**0.5**	-
Refund of expenses related to shares issued in prior years	**6.4**	-
Proceeds from bank borrowings	**218.2**	20.6
Repayments of bank borrowings	**(241.0)**	(0.6)
Repayments of finance lease principal	**(1.5)**	(2.5)
Proceeds from other borrowings	**56.2**	-
Repayments of other borrowings	**(0.3)**	(0.9)
Payments on forward contracts	**(18.8)**	(13.8)
Dividends paid to the Company's shareholders	**(42.0)**	(10.6)
Net cash outflow from financing activities	**(22.3)**	(7.8)
Net decrease in cash, cash equivalents and bank overdrafts	**(98.1)**	(71.0)
Cash, cash equivalents and bank overdrafts at the beginning of the period	**124.4**	125.1
Net decrease in cash, cash equivalents and bank overdrafts	**(98.1)**	(71.0)
Effect of foreign exchange rates	**4.5**	7.0
Cash, cash equivalents and bank overdrafts at the end of the period	**30.8**	61.1

Independent review report to Logica plc

Introduction

We have been engaged by the Company to review the consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2010, which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2010 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
5 August 2010

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.