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22 February 2012

Logica reports full year results in line with 14 December guidance[1,2]

Headlines

- Full year orders up 13% to £4.6 billion, driven by Outsourcing orders up 23% to £2.2 billion
- Full year revenue up 3% to £3.9 billion; adjusted operating profit down significantly on last year at £114 million including the impact of the £132 million of restructuring and contract charges announced on 14 December 2011.
- Underlying revenue was up 4% to £3.9 billion. Underlying performance was:
  - Outsourcing revenue up 9%, with second half revenue up 7%
  - Consulting and Professional Services revenue flat, with second half revenue down 1%
  - Revenue in the commercial sectors was up 7%, offset by a 3% decline in Public Sector
  - Fourth quarter weakness seen particularly in the Benelux and Sweden
- Underlying adjusted operating profit at £247 million was in line with December guidance
- Full year cash conversion of 92% resulted in operating cash inflow of £226 million
- Net debt/EBITDA at 0.9x, with net debt at £295 million at year end (2010: £280 million)
- Full year dividend recommended to be 4.4p, up 5% over 2010

For the year ended 31 December 2011, results were as follows:

	Twelve months to December			Twelve months to December	
£'m	**2011**	**2010 Pro forma**	**Change**	**2010 Actual**	**Change**
Orders	**4,633**	**4,090**	13%	**3,972**	17%
Underlying revenue	**3,950**	**3,806**	4%	**3,697**	7%
Underlying adjusted operating profit	**247**	**278**	(11)%	**272**	(9)%
Underlying adjusted operating margin	**6.2%**	**7.3%**	(110)bps	**7.4%**	(120)bps
Operating cash inflow	**226**	**270**	(16)%	**270**	(16)%
Underlying adjusted basic EPS	**11.3p**	**12.3p**	(8)%	**12.3p**	(8)%
Operating profit	**55**	**211**	(74)%	**211**	(74)%
Operating margin	**1.4%**	**5.7%**	(430)bps	**5.7%**	(430)bps
Basic EPS	**1.7p**	**9.6p**	(82)%	**9.6p**	(82)%

[1] Unless otherwise stated, comparatives in the statement relate to the pro forma numbers. For definition of pro forma, adjusted operating profit, adjusted operating margin and basic adjusted EPS, please see notes on page 15.
[2] Underlying numbers have been included here for ease of comprehension and reflect numbers before the impact of £39 million of contract charges and £93 million of restructuring charges announced on 14 December 2011, please see notes on page 17.

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

"2011 was a more difficult year then we had expected. While our order book at £4.6 billion was strong and revenue was up 3%, restructuring and contract charges resulted in a lower adjusted operating profit.

Building on our successful long-term relationships with clients, we signed significant orders with clients such as Shell and Michelin. We had important wins with new clients such as BAE Systems and the Swedish Pensions Agency.

The revenue outlook remains uncertain but we are on track in implementing the actions we announced in December. As a result, we expect our Benelux business to return to profit in 2012, our Swedish business to deliver an improved margin and our Outsourcing business to be strongly competitive. Even in tough market conditions, we expect our full year operating margin for 2012 to be above 6.5%."

For further information, please contact:

Logica Investor Relations:	Karen Keyes +44 (0) 7801 723682 / Jose Cano +44 (0) 20 7446 1338
Logica Media relations:	Louise Fisk +44 (0) 7798 857770
Brunswick:	Sarah West/Jonathan Glass: +44 (0) 20 7404 5959

Financial overview[1]

Group orders reached £4,633 million for the full year (2010 actual: £3,972 million), with Outsourcing orders up 23% to £2,179 million.

Revenue for the full year was £3,921 million (2010 actual: £3,697 million), up 6%.

Adjusted operating profit was £114 million (2010 actual: £272 million), with margin at 2.9% (2010 actual: 7.4%) including £39 million of contract charges and £93 million of restructuring charges announced on 14 December 2011. Underlying adjusted operating margin was 6.2% (2010 pro forma: 7.3%)

Revenue	**Twelve months to December**
£'m	**2011 Actual**
Revenue	**3,921**
Contract charges	**29**
Underlying revenue	**3,950**
Operating Profit	
Adjusted operating profit	**114**
Adjusted operating margin	*2.9%*
Contract charges	**39**
Restructuring	**93**
Underlying adjusted operating profit	**247**
Underlying adjusted operating margin	*6.2%*
EPS	
Adjusted basic EPS	**4.5p**
Underlying adjusted basic EPS	**11.3p**

[1] Underlying numbers have been included where appropriate for ease of comprehension and reflect numbers before the impact of £39 million of contract charges and £93 million of restructuring charges announced on 14 December 2011. Numbers in the tables are rounded.

In addition to the charges announced in December, the adjusted operating profit also includes the benefit of a £7 million pension curtailment gain in the Benelux and the impact of the previously announced £24 million of additional restructuring charges mainly taken in the first half of the year.

After £59 million of charges, mainly related to amortisation of intangibles and £5 million of exceptional cost related to our Grupo Gesfor acquisition, operating profit was £55 million (2010 actual: £211 million). Operating margin was 1.4% (2010 actual: 5.7%).

Adjusted basic EPS was 4.5p and underlying adjusted basic EPS was 11.3p (2010 actual: 12.3p).

As expected, cash generation in the second half was strong. Full year cash conversion of 92% resulted in a net cash inflow for the year of £226 million. Closing net debt was £295 million (31 December 2010: £280 million). This represented net debt/EBITDA of 0.9x.

Outlook

We finished the year with a strong order performance with a number of significant long term contracts signed both in the first and last quarters of 2011. We have a healthy multi-year order backlog that we will deliver over the next few years. Our Consulting and Professional Services book to bill remained solid through the second half at 112%. This was despite the pockets of weakness we saw at a client level through the second half of 2011, with some clients reducing discretionary spend in the face of an uncertain economic climate.

We continue to be cautious about the economic outlook in our main markets and our guidance for 2012 remains unchanged, with revenue growth expected to be in the range of -2% to +2%.

Our restructuring programme is on track. In the Benelux and Sweden, we expect to see benefits as the bench reduces and utilisation improves with a large number of people leaving the business. Exits and the first phase of rationalisation of facilities in the Benelux will mainly occur through the second and third quarters with £25 to £35 million of savings largely in the second half. This underpins our continued expectation that our Benelux business will return to profit in 2012; our Swedish business will deliver an improved margin and our IM business will be strongly competitive going forward. Overall, these actions lead us to a view that full year 2012 operating margin will be above 6.5% even if difficult market conditions prevail.

Our balance sheet is strong. After the 2012 cash impact of restructuring of between £60 to £70 million, the bulk of which will be in the first half, net debt/EBITDA at the end of 2012 will be around 1.0x.

The Board has confirmed its commitment to a dividend payout of at least 40% of after tax profit in 2012.

Progress with clients

Revenue £'m	Six months to December			Twelve months to December		
	2011	2010	Change	2011	2010	Change
Trade, Transport and Industrial	573	518	11%	1,147	1,056	9%
Public Sector	556	562	(1)%	1,122	1,160	(3)%
Energy and Utilities	361	327	10%	719	652	10%
Financial Services	312	330	(5)%	638	624	2%
Telecoms and Media	155	170	(9)%	324	314	3%
Total	**1,957**	**1,907**	**3%**	**3,950**	**3,806**	**4%**

We continued to improve our position with clients and our investment in sales and marketing resulted in better qualification of our pipeline at the earlier stages.

Revenue from our top 50 clients was up 11% despite a difficult market. Second half growth slowed due to our Public Sector clients and we saw some softness at a client level in other sectors. Overall, revenue from our top 50 clients represented 44% of group revenue, compared to 42% at the end of 2010. Despite a growing concentration of revenue with our largest clients, this remains well spread with no client accounting for more than 3% of revenue.

Progress on labour

Our Group headcount has risen to 41,784 (31 December 2010: 39,284 employees) with around 1,200 Grupo Gesfor employees joining Logica.

About 7,100 or 17% (2010 actual: 15%) of our total headcount was located in our nearshore and offshore centres, compared to 5,800 at the end of 2010. We have opened a second site in Bangalore and at the end of 2011, we are approaching 1,000 employees in the Philippines.

Gross recruitment in the second half was around 2,400 taking the overall number for the year to around 6,500. This was offset by attrition, which remained stable at around 13% and is broadly in line with industry averages.

Wage increases averaged around 3% across the business with a strong emphasis on retaining key skills. We continue to recruit new graduates and increase the use of offshore labour.

Progress on cash

The net cash inflow from trading operations was £226 million (2010 actual: £270 million), leading to a cash conversion ratio of 92% (2010 actual: 99%) on underlying adjusted operating profit of £247 million.

Group net debt at 31 December 2011 was £295 million (2010 actual: £280 million), leading to net debt/EBITDA of 0.9x in line with our guidance. We expect net debt/EBITDA at December 2012 to be around 1.0x including for the £60 to £70 million outflow relating to restructuring activities.

In December 2011 and January 2012, we signed a total of €150 million of new five-year bilateral bank facilities. This continued to diversify our sources and maturity of funding. Debt facilities currently stand at £872 million.

Service line performance

Outsourcing

	Six months to December			Twelve months to December		
£'m	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Backlog at end of period	2,632	2,270	16%	2,632	2,270	16%
Orders	950	817	16%	2,179	1,776	23%
Underlying revenue	879	821	7%	1,757	1,614	9%
Underlying adjusted operating profit	71	66	8%	125	118	6%
Underlying adjusted operating margin %	8.1	8.0	10bps	7.1	7.3	(20)bps
Orders by type						
Applications Management (AM)	531	449	18%	1,062	957	11%
Infrastructure Management (IM)	294	321	(8)%	712	708	1%
Business Process Outsourcing (BPO)	125	47	166%	405	111	265%
Underlying revenue by type						
Applications Management	444	420	6%	909	826	10%
Infrastructure Management	338	325	4%	666	638	4%
Business Process Outsourcing	97	76	28%	182	150	21%

Outsourcing orders were up 23%, driving outsourcing order backlog up 13% to £2.6 billion (end 2010: £2.3 billion). BPO and applications management remained the fastest growing areas. In the second half, we saw good growth particularly in the UK on the back of the BAE Systems HR BPO contract win.

Full year underlying revenue was up 9% to £1,757 million and represented 45% of Group revenue (2010: 43%). Our largest areas, applications and infrastructure management, both grew well. Our BPO revenue was up 21% in the year to 10% of total outsourcing revenue.

Underlying adjusted operating profit was £125 million, reflecting an underlying adjusted operating margin of 7.1%.

Consulting and Professional Services

	Six months to December			Twelve months to December		
£'m	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Book to bill %	113	108	n.a.	112	105	n.a.
Orders	1,212	1,100	10%	2,454	2,314	6%
Underlying revenue	1,078	1,086	(1)%	2,193	2,192	0%
Underlying adjusted operating profit	63	85	(26)%	122	161	(24)%
Underlying adjusted operating margin %	5.8	7.9	(210)bps	5.5	7.3	(180)bps

Consulting and Professional Services achieved a solid book to bill ratio of 112%, with orders up 6% on last year. Revenue for the full year was flat on 2010. In the second half, revenue was down 1% to £1,078 million, reversal of the 1% growth we saw during the first six months of the year. As the result of the weakness in Sweden and the Benelux and the incorporation of restructuring charges during the first half, the underlying adjusted operating profit was £122 million with an underlying adjusted operating margin of 5.5%.

Revenue mix in this part of the business continued to shift in 2011, with Business Consulting revenue up 14%. It now represents 20% of the Consulting and Professional Services total revenue and about 9% of total group headcount, with 3,700 people at the end of 2011. Within Business Consulting, we continue to recruit capability in our Microsoft Cloud, Customer Analytics and Business Intelligence practices, although we are being cautious in light of uncertain demand.

Segmental performance

France

	Six months to December			Twelve months to December		
£'m	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Reported						
Consulting and Professional Services book to bill %	130	117	n.a.	119	111	n.a.
Orders	558	468	19%	1,056	949	11%
Revenue	420	409	3%	875	824	6%
Adjusted operating profit	33	36	(8)%	74	69	7%
Adjusted operating margin %	7.9	8.7	(80)bps	8.5	8.4	10bps
Underlying						
Revenue	423	409	3%	878	824	7%
Adjusted operating profit	36	36	0%	77	69	12%
Adjusted operating margin %	8.5	8.7	(20)bps	8.8	8.4	40bps
Revenue analysis:						
By sector						
Trade, Transport and Industrial	172	154	12%	346	314	10%
Financial Services	113	108	5%	225	211	7%
Other Sectors	138	147	(6)%	307	299	3%
By service line						
Outsourcing	190	182	4%	398	356	12%
Consulting and Professional Services	233	227	3%	480	468	3%

For the first time, orders in France exceeded £1 billion ending at £1,056 million. A strong finish to the year was driven by good orders in both Outsourcing and Consulting and Professional Services, including a seven-year contract for the implementation of the first open data portal launched by the French State. We expect to see some slowing in decision making in Financial Services and in the Public Sector ahead of the election in 2012.

Underlying revenue for the full year was up 7% to £878 million above the market and one of the strongest in the group. In the second half, the level of growth was 3%, lower than during the first six months as a result of the conclusion of several projects in the Energy and Utilities sector. Our largest sector Transport, Trade and Industrial reached double-digit growth for the full year as demand in the retail and transportation arenas continued to be strong during the second half. Underlying adjusted operating margin was 8.8%.

On a reported basis, margin was 8.5%, including £3 million of contract charges taken in December. This was slightly above 2010 as we focused on higher margin services and expanded the use of our blended delivery approach with our clients.

Northern and Central Europe

	Six months to December			Twelve months to December		
£'m	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Reported						
Consulting and Professional Services book to bill %	116	99	n.a.	116	103	n.a.
Orders	436	434	0%	896	921	(3)%
Revenue	426	413	3%	860	805	7%
Adjusted operating profit	35	36	(3)%	65	62	5%
Adjusted operating margin %	8.2	8.8	(60)bps	7.5	7.7	(20)bps
Underlying						
Revenue	426	413	3%	860	805	7%
Adjusted operating profit	37	36	3%	67	62	8%
Adjusted operating margin %	8.7	8.8	(10)bps	7.8	7.7	10bps
Revenue analysis:						
By sector						
Trade, Transport and Industrial	150	119	26%	297	262	13%
Public Sector	124	119	4%	244	238	3%
Other Sectors	152	175	(13)%	319	305	5%
By service line						
Outsourcing	134	127	6%	278	242	15%
Consulting and Professional Services	292	286	2%	582	563	3%

Orders for the full year were down 3% . Outsourcing orders were down 33% against strong comparatives offset by good second half order intake in Consulting and Professional Services. Overall, Consulting and Professional Services finishing the year with a book to bill of 116%, with a number of smaller wins across the cluster. Among the orders recorded during the year were orders with eToll audit in Poland and the National digital library in Czech Republic. Since the end of December, we have signed a seven-year Outsourcing BPO contract for meter-2-cash and customer management services for a Danish utility, Tre-for.

For the full year, underlying revenue was up 7% to £860 million, with growth of 9% in Finland and 8% in Germany. Revenue in Norway was broadly stable.

As expected, we saw a lower level of revenue growth in the second half, up 3% to £426 million. Excellent performance with our Trade, Transport and Industrial clients compensated for the decline in the Telecoms sector. Finland and Germany were up 5% and 3.5% respectively in the second half of the year and Denmark reached a steady state of business entering into the second year of the PostNord contract.

On a reported basis, margin was 7.5%, slightly below 2010 due to a £2 million restructuring charge we took in December relating to the IM business. Underlying operating margin was broadly stable on 2010 at 7.8%.

Utilisation remained strong and we made progress on expanding the use of our blended delivery approach and increased our focus on service delivery.

UK

£'m	Six months to December 2011	2010	Change	Twelve months to December 2011	2010	Change
Reported						
Consulting and Professional Services book to bill %	129	96	n.a.	128	92	n.a.
Orders	498	248	101%	1,179	551	114%
Revenue	364	342	6%	725	709	2%
Adjusted operating profit	2	34	(94)%	16	60	(73)%
Adjusted operating margin %	0.7	10.0	n.a.	2.2	8.5	n.a.
Underlying						
Revenue	381	342	11%	742	709	5%
Adjusted operating profit	33	34	(3)%	47	60	(22)%
Adjusted operating margin %	8.8	10.0	(120)bps	6.3	8.5	(220)bps
Revenue analysis:						
By sector						
Public Sector	210	209	0%	418	439	(5)%
Energy and Utilities	93	50	86%	163	108	51%
Other Sectors	78	83	(6)%	161	162	0%
By service line						
Outsourcing	223	183	22%	425	377	13%
Consulting and Professional Services	158	159	(1)%	317	332	(5)%

The volume of orders signed during 2011 reached £1,179 million, more than double the £551 million of 2010. This was a result of two 10-year contracts booked in the first quarter in 2011 with the Serious Organised Crime Agency and Shell as well as a number of contract extensions with existing clients in the fourth quarter.

Underlying revenue for the full year was up 5% to £742 million, driven by a 20% revenue increase in the commercial sectors. Public sector was flat in the second half of the year. The build phase on a number of contracts saw full year revenue grow more than 15% in Financial Services and Telecoms and a strong performance in Energy and Utilities.

On an underlying basis, excluding restructuring, margin was 6.3% (2010: 8.5%).

On a reported basis, margin was 2.2%. This is after the £10 million restructuring charge we took in the first half of 2011 as well as the £28 million of the contract charges and £3 million of the restructuring charges we announced in December.

Sweden

	Six months to December			Twelve months to December		
£'m	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Reported						
Consulting and Professional Services book to bill %	101	113	n.a.	109	125	n.a.
Orders	300	323	(7)%	628	797	(21)%
Revenue	300	303	(1)%	622	605	3%
Adjusted operating profit	(18)	24	n.a.	(9)	41	n.a.
Adjusted operating margin %	(6.1)	7.9	n.a.	(1.4)	6.7	n.a.
Underlying						
Revenue	300	303	(1)%	622	605	3%
Adjusted operating profit	13	24	(46)%	23	41	(44)%
Adjusted operating margin %	4.4	7.9	n.a.	3.6	6.7	n.a.
Revenue analysis:						
By sector						
Trade, Transport and Industrial	142	136	4%	292	269	9%
Public Sector	81	81	0%	165	164	1%
Other Sectors	77	86	(10)%	165	172	(4)%
By service line						
Outsourcing	189	185	2%	374	360	4%
Consulting and Professional Services	111	118	(6)%	248	245	1%

After four consecutive quarters of orders decline, we saw a positive end to the year. Fourth quarter orders were up 1% on 2010 as we renewed a series of Outsourcing orders with our clients in the Public Sector and Transport, Trade and Industrial. We signed contracts with new clients such as the Swedish Pensions Agency which runs for five years with an opportunity to extend by two years and an estimated value of £13 million.

Underlying revenue for the full year was up 3%. However, the second half was down 1% against tougher comparatives and continuing weakness in most commercial sectors.

The underlying margin was 3.6% (2010: 6.7%). The margin was particularly impacted by the transition of a number of large contracts and the short-term use of extra resources including subcontracting to support these transitions.

On a reported basis, margin for the full year was (1.4)%. In December, we took a restructuring charge of £31 million in order to accelerate the transformation of our IM business and prepare the business to face a more uncertain economic environment. This resulted in a full year loss of £9 million compared to a £41 million profit in 2010.

We expect our Swedish business to deliver an improved margin in 2012 and our IM business to be strongly competitive going forward.

Benelux

£'m	Six months to December 2011	2010	Change	Twelve months to December 2011	2010	Change
Reported						
Consulting and Professional Services book to bill %	113	108	n.a.	106	103	n.a.
Orders	237	257	(8)%	586	525	12%
Revenue	222	240	(8)%	464	490	(5)%
Adjusted operating profit	(73)	2	n.a.	(72)	14	n.a.
Adjusted operating margin %	(33.1)	0.9	n.a.	(15.6)	2.9	n.a.
Underlying						
Revenue	231	240	(4)%	473	490	(4)%
Adjusted operating profit	(8)	2	n.a.	(7)	14	n.a.
Adjusted operating margin %	(3.3)	0.9	n.a.	(1.4)	2.9	n.a.
Revenue analysis:						
By sector						
Financial Services	63	75	(16)%	134	147	(9)%
Public Sector	69	75	(8)%	140	162	(14)%
Trade, Transport and Industrial	49	44	11%	102	87	17%
Other Sectors	50	46	9%	97	94	3%
By service line						
Outsourcing	45	39	15%	85	79	8%
Consulting and Professional Services	186	201	(7)%	388	411	(6)%

Orders for the full year were up 12%. This was due to good Outsourcing wins in the first half with Ahold and a Financial Services client, combined with the highest order intake in Consulting and Professional Services since the end of 2008, finishing the year with a book to bill of 106%.

The underlying revenue fell from £490 million in 2010 to £473 million in 2011 which resulted in a negative underlying adjusted operating margin of (1.4)%.

Since the end of the third quarter, we continued to see further deterioration with our Financial Services clients, ending the fourth quarter 20% below the fourth quarter of 2010. Over the second half, we have seen good momentum in all other commercial sectors up 10% on last year. While the quarterly rate of revenue in the Public Sector was broadly stable through 2011, revenue was down 8% on second half of 2010. Utilisation was in the low to mid seventies through the second half of 2011.

The full year saw a loss of £72 million on a reported basis. This included the accounting for the profit benefit of a curtailment gain of £7 million following the closure of the CMG Netherlands Defined Benefit Pension Scheme to future salary accruals; the cost of restructuring charges taken in the first half and in December totaling £57 million; and finally £9 million of contract charges.

International

	Six months to December			Twelve months to December		
£'m	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Reported						
Consulting and Professional Services book to bill %	48	136	n.a.	70	102	n.a.
Orders	139	183	(24)%	287	352	(18)%
Revenue	196	200	(2)%	375	373	1%
Adjusted operating profit	22	19	16%	40	31	29%
Adjusted operating margin %	11.1	9.5	160bps	10.7	8.4	230bps
Underlying						
Revenue	196	200	(2)%	375	373	1%
Adjusted operating profit	22	19	16%	40	31	29%
Adjusted operating margin %	11.1	9.5	160bps	10.7	8.4	230bps
Revenue analysis:						
By sector						
Energy and Utilities	121	121	0%	244	234	4%
Financial Services	24	28	(14)%	42	40	5%
Other Sectors	51	51	0%	89	99	(10)%
By service line						
Outsourcing	98	105	(7)%	197	200	(2)%
Consulting and Professional Services	98	95	3%	178	173	3%

Orders for the second half were down 24% on 2010, against strong comparatives in 2010 when we renewed a number of major contracts.

Underlying revenue for the International cluster was up 1% at £375 million (2010: £373 million).

Iberia revenue accounted for 33% (2010: 33%) of the total at £122 million and was down 1% in a difficult economic environment. Approximately £28 million of revenue from our acquisition of Grupo Gesfor was consolidated, predominantly in Iberia.

Rest of World revenue was up 1% to £252 million. Australia remains the largest component in the Rest of World cluster. Good growth in the US was offset by weakness in Australia.

Adjusted operating margin was 10.7%, up from last year (2010: 8.4%), where a £5 million charge was taken related to project overruns in the Brazilian business. Margin was underpinned by tight cost management and high utilisation rates in our key geographies.

Financial position

Summary cash flow	**Twelve months to December**	
£'m	**2011**	**2010**
Adjusted operating profit	**114**	272
Depreciation and amortisation of intangibles not recognised on acquisition	65	58
Movement in working capital	(63)	(56)
Other non-cash movements	(22)	(4)
Non-cash movements from restructuring and contract charges	132	0
Net cash inflow from continuing operations	**226**	270
Cash conversion on underlying adjusted operating profit	***92%***	*99%*
Cash flow related to restructuring and other non-operating items	(14)	(45)
Net financing cost paid	(15)	(16)
Income tax paid	(36)	(51)
Capex less disposals of property, plant & equipment and intangible assets	(79)	(74)
Impact of acquisitions and disposals	(27)	(6)
Dividends paid to shareholders	(70)	(67)
Opening net debt	**(280)**	(291)
Closing net debt	**(295)**	(280)

The net cash inflow from trading operations was £226 million (2010 actual: £270 million inflow), driven by lower operating profit offset by non-cash movements related to the charges announced in December. This represented 92% cash conversion, which has been calculated using the underlying adjusted operating profit in order to take into account the non-cash impact of the contract and restructuring charges.

The movement in working capital was an outflow of £63 million which was materially driven by the growth in outsourcing.

Payment in respect of dividends was £70 million (2010: £67 million).

The net debt number includes £27 million related to our acquisition of Grupo Gesfor.

Net debt at 31 December 2011 was £295m with leverage of 0.9, in line with our guidance.

Other information

Profit before tax and earnings per share
Profit before tax was £33 million (2010 actual: £193 million). Basic adjusted earnings per share from continuing operations were 4.5p (2010: 12.3p) on a weighted average number of shares of 1,597 million (2010: 1,589 million). Basic earnings per share from continuing operations were 1.7p (2010: 9.6p). All operations were continuing.

Taxation
The effective tax rate, before exceptional items and amortisation of intangible assets initially recognised on acquisition, was 23% (2010: 23%). The total tax charge for the year ended 31 December 2011 was £5.5 million (2010: £41 million). The overall tax rate for the period was 16.8% (2010: 21%).

The effective tax rate for 2012 is expected to be at around 24%.

Acquisitions
On 24 May 2011, Logica completed the acquisition of Grupo Gesfor, a privately held Spanish consulting and professional services business. Grupo Gesfor has around 1,200 employees and operations in Spain and across Latin America. Approximately £28 million of revenue has been consolidated in the year ended 31 December 2011. Grupo Gesfor had combined revenues of €64 million (£55 million) for the year ended 31 December 2010. The total cost is expected to be up to €31 million (£25 million) of which €24 million (£21 million) was paid in cash upon completion. We had a £17 million cash outflow, net of cash acquired, related to the acquisition in the first half.

Dividend
The Board's policy is to ensure a return to shareholders which flows through our dividend policy, while continuing to provide sufficient funds to invest in the long term sustainability of the business. As a result, the Board has reaffirmed its recommendation for a dividend payout ratio of at least 40%.

The proposed full year dividend of 4.4p (2010: 4.2p) represents a payout of around 39% of underlying adjusted EPS of 11.3p and a 5% increase in the full year dividend over last year. The directors are therefore proposing that the final dividend of 2.3p (2010: 2.3p) be paid on 16 May 2012 to eligible shareholders on the register at the close of business on 13 April 2012.

Next financial calendar dates
Logica's next scheduled communications to the market are:

Friday, 11 May 2012	Q1 2012 Interim Management Statement and AGM
Friday, 3 August 2012	H1 2012 Preliminary results
Wednesday, 31 October 2012	Q3 2012 Interim Management Statement

Notes:

1. Unless otherwise stated, comparatives in the statement relate to the pro forma numbers. For definition of pro forma, adjusted operating profit, adjusted operating margin and basic adjusted EPS, see notes below.
2. Underlying numbers have been included here for ease of comprehension and reflect numbers before the impact of £39 million of contract charges and £93 million of restructuring charges announced on 14 December 2011.
3. 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.
4. Cash conversion represents net cash inflow from trading operations divided by underlying 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.
5. Book to bill percentage is a measure of the level of orders relative to revenue in the period.
6. Unless otherwise stated, the comparatives in this release relate to pro forma results for 2010 which:
    a. reflect average 2011 exchange rates by retranslating prior period actual numbers at average 2011 exchange rates. This increased 2010 revenue by £87 million and adjusted operating profit by £5 million.
    b. are adjusted to include the acquisition and disposals that took place during 2010 and 2011 by adjusting the actual prior period numbers for the relevant period owned. This increased 2010 revenue by £22 million and increased adjusted operating profit by £1 million.
    c. includes a number of changes to the scope of outsourcing activities in some of our geographies
7. 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.

	Six months to December	**Twelve months to December**				
£'m	**2011**	**2011**	**2010 Pro forma**	**2010 Actual**	**Change Pro forma**	**Change Actual**
Operating profit/(loss)	**(28)**	**55**	**-**	**-**	**-**	**(74)%**
Add back impact of:						
Exceptional items	2	5	-	-	-	-
Amortisation of acquisition related	27	54	-	-	-	-
Adjusted operating profit	**1**	**114**	**278**	**272**	**(59)%**	**(58)%**

8. 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 designated as fair value hedges through profit or loss
    d. amortisation of intangible assets initially recognised at fair value in a business combination
    e. tax on the items above

9. Exchange rates used are as follows:

	Six months to June	**Six months to December**	**Twelve months to December**	**Six months to June**	**Six months to December**	**Twelve months to December**
	2011	**2011**	**2011**	**2010**	**2010**	**2010**
£1 / €						
Average	1.15	1.15	1.15	1.15	1.18	1.17
End of period	1.11	1.20	1.20	1.22	1.17	1.17
£1 / SEK						
Average	10.28	10.53	10.41	11. 26	10.99	11.12
End of period	10.13	10.65	10.65	11.64	10.53	10.53

Appendix 1

Geography and sector performance

The following tables show reported revenue and profit at actual exchange rates.

Performance by geography actual 2011 vs actual 2010

	Six months to December			Twelve months to December		
£'m	**2011 Actual**	**2010 Actual**	**Change**	**2011 Actual**	**2010 Actual**	**Change**
France						
Revenue	420	395	6%	875	810	8%
Adj operating profit	33	34	(3)%	74	68	9%
Margin %	7.9	8.7	(80)bps	8.5	8.4	10bps
Northern and Central Europe						
Revenue	426	398	7%	860	788	9%
Adj operating profit	35	35	0%	65	61	7%
Margin %	8.2	8.9	(70)bps	7.5	7.8	30bps
UK						
Revenue	364	342	6%	725	709	2%
Adj operating profit	2	34	(94)%	16	60	(73)%
Margin %	0.7	10.0	n.a.	2.2	8.5	n.a.
Sweden						
Revenue	300	287	5%	622	566	10%
Adj operating profit	(18)	23	n.a.	(9)	38	n.a.
Margin %	(6.1)	7.9	n.a.	(1.4)	6.7	n.a.
Benelux						
Revenue	222	231	(4)%	464	488	(5)%
Adj operating profit	(73)	2	n.a.	(72)	14	n.a.
Margin %	(33.1)	0.9	n.a.	(15.6)	2.9	n.a.
International						
Revenue	196	173	13%	375	336	12%
Adj operating profit	22	19	16%	40	31	29%
Margin %	11.1	10.7	40bps	10.7	9.0	170bps
Total						
Revenue	1,928	1,826	6%	3,921	3,697	6%
Adj operating profit	1	147	(99)%	114	272	(58)%
Margin %	0.1	8.1	n.a.	2.9	7.4	n.a.

Sector performance by geography 2011 vs actual 2010

	Six months to December			Twelve months to December		
£'m	**2011 Actual**	**2010 Actual**	**Change**	**2011 Actual**	**2010 Actual**	**Change**
France						
Trade, Transport and Industrial	171	148	16%	345	308	12%
Financial Services	113	105	8%	225	208	8%
Other sectors	136	142	(4)%	305	294	4%
Northern and Central Europe						
Trade, Transport and Industrial	150	115	30%	297	257	16%
Public Sector	124	115	8%	244	233	5%
Other sectors	152	168	(10)%	319	298	7%
UK						
Public Sector	193	209	(8)%	401	439	(9)%
Energy and Utilities	93	50	86%	163	108	51%
Other sectors	78	83	(6)%	161	162	(1)%
Sweden						
Trade, Transport and Industrial	142	129	10%	292	252	16%
Public Sector	81	77	5%	165	153	8%
Other sectors	77	81	(5)%	165	161	2%
Benelux						
Financial Services	63	73	(14)%	134	146	(8)%
Public Sector	60	72	(17)%	131	161	(19)%
Trade, Transport and Industrial	49	42	17%	102	89	15%
Other sectors	50	44	14%	97	92	5%
International						
Energy and Utilities	121	118	3%	244	228	7%
Financial Services	24	14	71%	42	24	75%
Other sectors	51	41	24%	89	84	6%

Appendix 2

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	Note	**2011 £'m**	2010 £'m
Revenue	2	**3,921.3**	3,696.8
Net operating costs		**(3,866.8)**	(3,486.2)
Operating profit	2,4	**54.5**	210.6
Analysed as:			
Operating profit before exceptional items		**59.3**	212.3
Exceptional items	3	**(4.8)**	(1.7)
Operating profit	2,4	**54.5**	210.6
Finance costs		**(36.1)**	(27.2)
Finance income		**13.3**	8.9
Share of post-tax profits from associates		**1.0**	0.6
Profit before tax		**32.7**	192.9
Taxation	6	**(5.5)**	(40.8)
Net profit for the year		**27.2**	152.1
Other comprehensive income/(expense)			
Actuarial gains/(losses) on retirement benefit schemes		**26.7**	(3.1)
Tax on items taken directly to equity		**(7.3)**	0.6
Cash flow hedges		**(3.2)**	-
Interest rate swaps fair value difference		**0.1**	(0.1)
Exchange differences on translation of foreign operations		**(54.0)**	11.4
Other comprehensive income/(expense) for the year, net of tax		**(37.7)**	8.8
Total comprehensive income/(expense) for the year		**(10.5)**	160.9
Profit attributable to:			
Owners of the parent		**27.2**	152.1
		27.2	152.1
Total comprehensive income/(expense) attributable to:			
Owners of the parent		**(10.5)**	160.9
		(10.5)	160.9
Earnings per share		**p / share**	p / share
- Basic	8	**1.7**	9.6
- Diluted	8	**1.7**	9.4

Consolidated statement of financial position

31 December 2011

	Note	2011 £'m	2010 £'m
Non-current assets			
Goodwill		**1,883.4**	1,906.5
Other intangible assets		**174.0**	200.7
Property, plant and equipment		**139.7**	138.5
Investments in associates		**2.6**	2.7
Financial assets		**41.5**	12.5
Retirement benefit assets		**52.4**	38.7
Deferred tax assets		**84.0**	70.3
		2,377.6	2,369.9
Current assets			
Inventories		**0.8**	1.0
Trade and other receivables		**1,262.0**	1,252.3
Current tax assets		**24.8**	11.4
Cash and cash equivalents	9	**89.6**	56.4
		1,377.2	1,321.1
Current liabilities			
Other borrowings	10	**(35.1)**	(204.3)
Trade and other payables		**(1,061.9)**	(1,062.4)
Current tax liabilities		**(89.3)**	(66.6)
Provisions	11	**(90.0)**	(29.4)
		(1,276.3)	(1,362.7)
Net current assets/(liabilities)		**100.9**	(41.6)
Total assets less current liabilities		**2,478.5**	2,328.3
Non-current liabilities			
Borrowings	10	**(376.1)**	(132.3)
Retirement benefit obligations		**(69.7)**	(95.2)
Deferred tax liabilities		**(46.0)**	(61.1)
Provisions	11	**(47.7)**	(37.1)
Other non-current liabilities		**(5.8)**	(1.4)
		(545.3)	(327.1)
Net assets		**1,933.2**	2,001.2
Equity			
Share capital	12	**161.2**	160.2
Share premium account	13	**1,110.6**	1,107.4
Other reserves		**661.4**	733.5
Total shareholders' equity		**1,933.2**	2,001.1
Non-controlling interests		**-**	0.1
Total equity		**1,933.2**	2,001.2

Consolidated statement of cash flows
For the year ended 31 December 2011

	Note	2011 £'m	2010 £'m
Cash flows from operating activities			
Net cash inflow from trading operations		**226.4**	270.1
Cash outflow related to restructuring and integration activities		**(18.4)**	(36.8)
Cash outflow related to business acquired/ disposed of		**(2.7)**	(4.8)
Cash generated from operations	14	**205.3**	228.5
Finance costs paid		**(21.5)**	(20.1)
Income tax paid		**(36.4)**	(50.9)
Net cash inflow from operating activities		**147.4**	157.5
Cash flows from investing activities			
Finance income received		**6.8**	3.8
Dividends received from associates		**1.0**	0.4
Proceeds on disposal of property, plant and equipment		**0.3**	0.2
Purchases of property, plant and equipment		**(49.7)**	(45.8)
Expenditure on other intangible assets		**(29.2)**	(28.8)
Repurchase of non-controlling interests		**(0.1)**	-
Acquisition of subsidiaries and other businesses, net of cash acquired		**(16.7)**	(8.9)
Proceeds on disposal of subsidiaries and other businesses, net of cash disposed		**-**	3.2
Net cash outflow from investing activities		**(87.6)**	(75.9)
Cash flows from financing activities			
Proceeds from issue of shares allotted under share plans		**3.6**	0.4
Refund of expenses related to shares issued in prior years		**-**	5.6
Proceeds from bank borrowings		**30.0**	230.9
Repayments of bank borrowings		**(179.8)**	(399.8)
Proceeds from private placement debt notes, net of issuance cost		**187.8**	88.9
Repayments of finance leases		**(2.4)**	(3.4)
Repayments of other borrowings		**(1.3)**	(0.7)
Net proceeds from forward contracts		**(0.4)**	(17.7)
Dividends paid to the Company's shareholders		**(70.2)**	(66.8)
Net cash outflow from financing activities		**(32.7)**	(162.6)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**27.1**	(81.0)
Cash, cash equivalents and bank overdrafts at the beginning of the year	9	**30.6**	110.1
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**27.1**	(81.0)
Effect of foreign exchange rates	9	**(1.1)**	1.5
Cash, cash equivalents and bank overdrafts at the end of the year	9	**56.6**	30.6

Consolidated statement of changes in equity

For the year ended 31 December 2011

	Share capital £'m	Share premium £'m	Retained earnings £'m	Other reserves £'m	**Total Shareholder's Equity £'m**	Non-controlling interests £'m	**Total Equity £'m**
At 1 January 2011	**160.2**	**1,107.4**	**(239.1)**	**972.6**	**2,001.1**	**0.1**	**2,001.2**
Net profit for the year	-	-	27.2	-	**27.2**		**27.2**
Other comprehensive income/(expense):							
Actuarial gains on retirement benefit schemes	-	-	26.7	-	**26.7**	-	**26.7**
Tax on items taken to equity	-	-	(7.3)	-	**(7.3)**	-	**(7.3)**
Cash flow hedges				(3.2)	**(3.2)**	-	**(3.2)**
Interest rate swaps fair value difference	-	-	0.1	-	**0.1**	-	**0.1**
Exchange differences	-	-		(54.0)	**(54.0)**	-	**(54.0)**
Total comprehensive income/(expense)	**-**	**-**	**46.7**	**(57.2)**	**(10.5)**	**-**	**(10.5)**
Transactions with owners:							
Dividends paid (Note 7)	-	-	(70.2)	-	**(70.2)**	-	**(70.2)**
Repurchase of non-controlling interests	-	-		-	-	(0.1)	**(0.1)**
Share-based payment	-	-	9.2	-	**9.2**	-	**9.2**
Shares allotted under share plans	1.0	3.2	(0.6)	-	**3.6**	-	**3.6**
Total transactions with owners	**1.0**	**3.2**	**(61.6)**	-	**(57.4)**	**(0.1)**	**(57.5)**
At 31 December 2011	**161.2**	**1,110.6**	**(254.0)**	**915.4**	**1,933.2**	**-**	**1,933.2**
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	-	-	152.1	-	**152.1**	-	152.1
Other comprehensive income/(expense)							
Actuarial losses on retirement benefit schemes	-	-	(3.1)	-	**(3.1)**	-	(3.1)
Tax on items taken to equity	-	-	0.6	-	**0.6**	-	0.6
Interest rate swaps fair value difference	-	-	(0.1)	-	**(0.1)**	-	(0.1)
Exchange differences	-	-	-	11.4	**11.4**	-	11.4
Total comprehensive income	**-**	**-**	**149.5**	**11.4**	**160.9**	**-**	**160.9**
Transactions with owners:							
Dividends paid (Note 7)	-	-	(66.8)	-	(66.8)	-	(66.8)
Share-based payment	-	-	9.4	-	9.4	-	9.4
Shares allotted under share plans	0.2	0.3	(0.1)	-	0.4	-	0.4
Total transactions with owners	**0.2**	**0.3**	**(57.5)**	**-**	**(57.0)**	**-**	**(57.0)**
At 31 December 2010	**160.2**	**1,107.4**	**(239.1)**	**972.6**	**2,001.1**	**0.1**	**2,001.2**
Note	12	13					

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1. General information

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 2011. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), IFRIC interpretations and those parts of the Companies Act 2006 (the Act) that are applicable to companies reporting under IFRSs.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of certain financial instruments, share options and pension scheme assets.

This preliminary announcement was approved by the Board of Directors on 21 February 2012. 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 2011, 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 8 March 2012 and subsequently delivered to the Registrar of Companies after the Annual General Meeting on 11 May 2012. The statutory accounts for the year ended 31 December 2010, 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 498(2) and 498(3) the Act.

Adoption of new and revised International Financial Reporting Standards

Other than restructuring programmes that are not treated as exceptional item, the accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2010, with the exception of the following standards, amendments to and interpretations of published standards adopted during the year:

(a) *New and amended standards adopted by the Group*

There have been only minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 which have been adopted by the Group with no impact on its consolidated results or financial position.

(b) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted*

- IAS 19, 'Employee benefits' was amended in June 2011. The impact on the Group will be: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/ (asset).

- Amendment to IFRS 7 'Financial instruments: Disclosures', effective on or after 1 July 2011, improving transparency in the reporting of transfer transactions and improve user's understanding of the risk exposures relating to transfer of financial assets and its effect on entity's financial position, particularly those involving securitisation of financial assets.

- IFRS 9, 'Financial instruments', effective on or after 1 January 2015, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

- IFRS 10, 'Consolidated financial statements', effective on or after 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance in the determining the control.

- IFRS 12, 'Disclosures of interests in other entities', effective on or after 1 January 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, 'Fair value measurement', effective on or after 1 January 2013, aims to improve consistency and reduce complexity by providing a precise definition of fair value, guidance on its application and a single source of fair value measurement and disclosure requirements for use across IFRSs.

1. General information (continued)

- IFRS 11 'Joint Arrangement', effective on or after 1 January 2013, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is not permitted.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

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.

At 31 December 2011, Logica is organised into six operating segments based on the location of assets. Segment revenue and profit after tax are disclosed below:

	Revenue		Profit/(loss)	
	2011 £'m	2010 £'m	**2011 £'m**	2010 £'m
France	**874.7**	810.0	**61.4**	49.2
Northern and Central Europe	**860.4**	787.8	**46.5**	42.6
United Kingdom	**725.4**	709.4	**15.6**	60.2
Sweden	**622.3**	565.9	**(30.8)**	16.8
Benelux	**463.8**	488.0	**(72.4)**	12.5
International	**374.7**	335.7	**34.2**	29.3
Revenue and operating profit	**3,921.3**	3,696.8	**54.5**	210.6
Finance costs			**(36.1)**	(27.2)
Finance income			**13.3**	8.9
Share of post-tax profits from associates			**1.0**	0.6
Taxation			**(5.5)**	(40.8)
Profit after tax			**27.2**	152.1

The share of post-tax profits from associates in the years ended 31 December 2011 and 2010 was attributable to the Benelux and the Northern and Central Europe segments.

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

	2011			
	Operating Profit/(loss) £'m	**Exceptional items £'m**	**Amortisation of intangibles* £'m**	**Adjusted operating profit/(loss) £'m**
France	**61.4**	**-**	**13.0**	**74.4**
Northern and Central Europe	**46.5**	**-**	**18.3**	**64.8**
United Kingdom	**15.6**	**-**	**-**	**15.6**
Sweden	**(30.8)**	**-**	**22.2**	**(8.6)**
Benelux	**(72.4)**	**-**	**-**	**(72.4)**
International	**34.2**	**4.8**	**1.0**	**40.0**
	54.5	**4.8**	**54.5**	**113.8**

2. Segment information (continued)

	2010			
	Operating Profit £'m	Exceptional items £'m	Amortisation of intangibles* £'m	Adjusted operating profit £'m
France	49.2	-	19.0	68.2
Northern and Central Europe	42.6	-	18.5	61.1
United Kingdom	60.2	-	-	60.2
Sweden	16.8	-	21.1	37.9
Benelux	12.5	1.7	-	14.2
International	29.3	-	1.0	30.3
	210.6	1.7	59.6	271.9

***** Amortisation of intangible assets initially recognised on acquisition.

Other profit and loss disclosures

	2011			
	Depreciation £'m	**Amortisation of other intangibles £'m**	**Contract charges £'m**	**Accelerated restructuring charges £'m**
France	6.4	1.9	2.7	-
Northern and Central Europe	10.9	4.0	-	2.1
United Kingdom	6.4	4.4	28.0	2.9
Sweden	5.8	2.5	-	31.3
Benelux	2.6	0.8	8.7	57.1
International	14.5	4.7	-	-
	46.6	**18.3**	**39.4**	**93.4**

	2010	
	Depreciation £'m	Amortisation of other intangibles £'m
France	5.8	1.5
Northern and Central Europe	9.8	4.9
United Kingdom	5.5	3.0
Sweden	5.3	1.0
Benelux	1.9	0.5
International	14.4	4.5
	42.7	15.3

Analysis of revenue by product and services

	2011 £'m	2010 £'m
Sales of goods	**196.2**	164.9
Revenue from services	**3,725.1**	3,531.9
	3,921.3	3,696.8
Outsourcing	**1,730.6**	1,600.7
Consulting and professional services	**2,190.7**	2,096.1
	3,921.3	3,696.8

Revenue above included £2,315.3 million which related to contracts accounted for under the percentage-of-completion method (2010: £2,151.1 million).

Analysis of revenue by customer

No single customer contributes more than 10% of the Group's revenue.

2. Segment information (continued)

Analysis of total assets

	2011 £'m	2010 £'m
France	**941.3**	941.6
Northern and Central Europe	**749.5**	776.3
United Kingdom	**531.8**	521.9
Sweden	**784.2**	798.9
Benelux	**182.1**	205.8
International	**336.4**	299.7
	3,525.3	3,544.2
Unallocated assets		
Cash and cash equivalents	**89.6**	56.4
Tax assets	**108.8**	81.7
Derivative financial assets	**31.1**	8.7
Total assets	**3,754.8**	3,691.0

Analysis of non-current assets

	2011			
	Goodwill £'m	**Other intangible assets £'m**	**Property, plant and equipment £'m**	**Total £'m**
France	**563.1**	**14.6**	**18.6**	**596.3**
Northern and Central Europe	**474.8**	**35.8**	**28.0**	**538.6**
United Kingdom	**167.6**	**38.5**	**33.7**	**239.8**
Sweden	**506.2**	**63.8**	**14.8**	**584.8**
Benelux	**26.6**	**1.8**	**6.1**	**34.5**
International	**145.1**	**19.5**	**38.5**	**203.1**
	1,883.4	**174.0**	**139.7**	**2,197.1**

	2010			
	Goodwill £'m	Other intangible assets £'m	Property, plant and equipment £'m	Total £'m
France	577.5	27.9	18.1	623.5
Northern and Central Europe	486.8	54.4	23.9	565.1
United Kingdom	167.6	29.0	31.9	228.5
Sweden	511.9	77.6	16.8	606.3
Benelux	27.3	0.5	5.9	33.7
International	135.4	11.3	41.9	188.6
	1,906.5	200.7	138.5	2,245.7

3. Exceptional items

The exceptional items recognised within operating profit were as follows:

	2011 £'m	2010 £'m
Acquisition and integration costs	**(4.4)**	-
Disposal of businesses	**(0.4)**	(1.7)
	(4.8)	(1.7)

A charge of £4.4 million related to the acquisition and integration of Grupo Gesfor business in Spain and Latin America in May 2011 (Note 15).

In 2010, the Group completed the disposal of its HR Payroll business in the Netherlands. The disposal generated a net loss of £1.7 million.

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.

	2011 £'m	2010 £'m
Operating profit	**54.5**	210.6
Exceptional items (Note 3)	**4.8**	1.7
Amortisation of intangible assets initially recognised on acquisition	**54.5**	59.6
Adjusted operating profit	**113.8**	271.9

5. Employee benefit expense

The number of employees (including executive Directors) was:

	Year end		Average	
	2011 Number	2010 Number	**2011 Number**	2010 Number
France	**9,353**	9,215	**9,235**	8,982
Northern and Central Europe	**7,068**	6,997	**7,084**	6,961
United Kingdom	**5,472**	5,448	**5,542**	5,407
Sweden	**5,158**	5,256	**5,240**	5,222
Benelux	**4,770**	4,901	**4,844**	5,200
International	**9,963**	7,467	**8,953**	7,191
	41,784	39,284	**40,898**	38,963

The employee expense for the year amounted to:

	2011 £'m	2010 £'m
Salaries and short-term employee benefits (including bonus)	**1,752.5**	1,617.3
Social security costs	**336.5**	310.7
Pension costs	**139.1**	143.2
Share-based payments	**7.0**	12.1
	2,235.1	2,083.3

6. Taxation

	2011 £'m	2010 £'m
Current tax:		
UK corporation tax	**10.3**	15.7
Overseas tax	**35.7**	34.5
	46.0	50.2
Deferred tax:		
UK corporation tax	**5.4**	(1.2)
Overseas tax	**(45.9)**	(8.2)
	(40.5)	(9.4)
	5.5	40.8

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 23% (2010: 23%), of which a charge of £15.7 million (2010: £14.5 million) related to the United Kingdom.

The effective tax rate on exceptional items was nil% (2010: 23.5%) and the effective tax rate on amortisation of intangible assets initially recognised on acquisition was 28.8% (2010: 28.9%).

6. Taxation (continued)

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.

	2011 £'m	2010 £'m
Profit before tax	**32.7**	192.9
Less: share of post-tax profits from associates	**(1.0)**	(0.6)
Profit before tax excluding share of post-tax profits from associates	**31.7**	192.3
Tax at the UK corporation tax rate of 26.5% (2010: 28.0%)	**8.4**	53.8
Adjustments in respect of previous years	**8.7**	(12.3)
Adjustment in respect of foreign tax rates	**16.9**	11.8
Tax loss utilisation	**(21.5)**	(7.1)
Income not subject to tax	**(9.4)**	(16.5)
Deferred tax assets not recognised	**2.4**	11.1
Tax charge	**5.5**	40.8

The current tax related to exceptional items for the year ended 31 December 2011 was £nil (2010: tax credit £0.4 million).

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

7. Dividends

The Directors are proposing a final dividend in respect of the year ended 31 December 2011 of 2.3 pence per share, which would reduce shareholders' funds by approximately £36.8 million. The proposed dividend is subject to approval at the AGM on 11 May 2012 and has not been recognised as a liability in these financial statements. The final dividend will be paid on 16 May 2012 to shareholders on the share register on 13 April 2012.

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

	2011 p / share	2010 p / share	2011 £'m	2010 £'m
Interim dividend, relating to 2011 / 2010	**2.10**	1.90	**33.6**	30.3
Final dividend, relating to 2010 / 2009	**2.30**	2.30	**36.6**	36.5
	4.40	4.20	**70.2**	66.8

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 from continuing operations	2011 Earnings £'m	Weighted average number of shares million	Earnings per share Pence
Profit for the year from continuing operations	27.2		
Earnings attributable to ordinary shareholders	27.2	1,597.2	1.7
Basic EPS	27.2	1,597.2	1.7
Effect of share options and share awards	-	41.6	-
Diluted EPS	27.2	1,638.8	1.7
Adjusted earnings per share from continuing operations			
Earnings attributable to ordinary shareholders	27.2	1,597.2	1.7
Add back:			
Exceptional items, net of tax	4.8	-	0.2
Fair value adjustment on financial assets/ liabilities, net of tax	1.5	-	0.2
Amortisation of intangible assets initially recognised on acquisition, net of tax	38.9	-	2.4
Basic adjusted EPS	72.4	1,597.2	4.5
Effect of share options and share awards	-	41.6	-
Effect of fair value adjustment on financial assets/liabilities, net of tax	(1.5)	-	(0.2)
Diluted adjusted EPS	70.9	1,638.8	4.3

Earnings per share	2010 Earnings £'m	Weighted average number of shares million	Earnings per Share Pence
Profit for the year	152.1		
Earnings attributable to ordinary shareholders	152.1	1,589.4	9.6
Basic EPS	152.1	1,589.4	9.6
Effect of share options and share awards	-	35.7	(0.2)
Diluted EPS	152.1	1,625.1	9.4
Adjusted earnings per share			
Earnings attributable to ordinary shareholders	152.1	1,589.4	9.6
Add back:			
Exceptional items, net of tax	1.3	-	-
Amortisation of intangible assets initially recognised on acquisition, net of tax	42.4	-	2.7
Basic adjusted EPS	195.8	1,589.4	12.3
Effect of share options and share awards	-	35.7	(0.2)
Diluted adjusted EPS	195.8	1,625.1	12.1

Adjusted earnings per share, both basic and diluted, have been shown as the Directors consider this 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/ liabilities designated as fair value hedges 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.

9. Reconciliation of movements in net debt

The Group defines net debt as borrowings, including related derivatives, less cash:

	At 1 January 2011 £'m	Cash flows £'m	Other non-cash movements £'m	Acquisitions £'m	Exchange differences £'m	**At 31 December 2011 £'m**
Cash and cash equivalents	56.4	51.0	-	(16.7)	(1.1)	**89.6**
Bank overdrafts	(25.8)	(7.2)	-	-	-	**(33.0)**
	30.6	43.8	-	(16.7)	(1.1)	**56.6**
Finance leases	(4.2)	2.4	(0.6)	(0.8)	0.1	**(3.1)**
Bank loans	(216.3)	149.8	(1.7)	(3.6)	(0.2)	**(72.0)**
Private placement debt notes	(88.7)	(187.8)	(17.7)	-	(3.1)	**(297.3)**
Other borrowings	(1.6)	1.3	(0.1)	(5.5)	0.1	**(5.8)**
Derivatives in respect of net debt	-	-	12.2	-	14.4	**26.6**
Net debt	**(280.2)**	**9.5**	**(7.9)**	**(26.6)**	**10.2**	**(295.0)**

10. Borrowings

	2011 £'m	2010 £'m
Current		
Bank overdrafts	**33.0**	25.8
Bank loans	**0.2**	175.2
Finance lease obligations	**1.5**	2.7
Other borrowings	**0.4**	0.6
	35.1	204.3
Presented as:		
Other borrowings	**35.1**	204.3
	35.1	204.3
Non-current		
Bank loans	**71.8**	41.1
Private placement debt notes	**297.3**	88.7
Finance lease obligations	**1.6**	1.5
Other borrowings	**5.4**	1.0
	376.1	132.3

Borrowing facilities

At 31 December 2011, the Group had the following unsecured principal debt facilities:

Bank facilities

- a €307.5 million revolving credit facility maturing on 26 November 2013. At 31 December 2011, €36 million (£30.0 million) was drawn down under the facility (2010: nil). The facility paid interest at an average rate of 2.64% (2010: 2.67%);
- a £100 million receivables facility. The facility matures on 22 July 2015 and was undrawn at both 31 December 2011 and 31 December 2010;
- a €50 million bilateral term loan. The term loan matures on 26 January 2014. The term loan was available from 10th September 2010, and was fully drawn at 31 December 2011;
- a €25 million bilateral revolving credit facility maturing on 21 December 2013. The facility was undrawn at 31 December 2011 and 31 December 2010;
- a €25 million bilateral revolving credit facility. The facility reduces in annual increments from 1 August 2013, with a final maturity on 31 July 2016. The facility was undrawn at 31 December 2011;
- a €25 million bilateral revolving credit facility signed 1 July 2011, maturing on 1 July 2016. The facility was undrawn at 31 December 2011;
- a €25 million bilateral revolving credit facility signed 6 July 2011, maturing on 6 July 2016. The facility was undrawn at 31 December 2011;
- a €30 million bilateral revolving credit facility signed 20 December 2011, maturing on 20 December 2016. The facility was undrawn at 31 December 2011;
- a €40 million bilateral revolving credit facility signed 21 December 2011, maturing on 21 December 2016. The facility was undrawn at 31 December 2011.

Since 1 January 2012, the Group signed the following additional unsecured debt facilities

- a €40 million bilateral revolving credit facility maturing on 6 January 2017; and

10. Borrowings (continued)

- a €40 million bilateral revolving credit facility maturing on 17 January 2017.

Private placement notes
- a €56.2 million (£46.8 million) (2010: £48 million) private placement. Tranche A €18.7 million (£16.0 million) matures on 21 April 2015 and pays interest at 4.5175%, Tranche B €18.7 million (£16.0 million) matures on 21 April 2016 and pays interest at 4.85% and Tranche C €18.7 million (£16.0 million) matures on 21 April 2017 and pays interest at 5.2075%;
- a £40 million private placement. The debt pays interest at 5.26% and matures on 25 November 2020;
- a €20 million (£16.7 million) private placement signed on 7 July 2011, maturing on 7 July 2016 and pays interest at 3.71%;
- a $25 million (£16.1 million) private placement signed on 7 July 2011, maturing on 7 July 2016 and pays interest at 4.27%;
- a £25 million private placement signed on 7 July 2011, maturing on 7 July 2018 and pays interest at 4.39%;
- a $110 million (£71.0 million) private placement signed on 7 July 2011, maturing on 7 July 2018 and pays interest at 4.63%;
- a $100 million (£64.5 million) private placement signed on 7 July 2011, maturing on 7 July 2021 and pays interest at 5.06%.

The obligations of the borrowers listed above are guaranteed by the principal UK subsidiary, Logica UK Limited.

11. Provisions

	Vacant properties £'m	Restructuring £'m	Other £'m	Total £'m
At 1 January 2011	31.9	16.4	18.2	66.5
Charged to the statement of comprehensive income	15.5	96.1	3.4	115.0
Utilised in the year	(8.2)	(28.8)	(3.5)	(40.5)
Unused amounts reversed	(2.7)	-	(1.1)	(3.8)
Unwinding of discount	1.3	-	-	1.3
Exchange differences	-	(0.1)	(0.7)	(0.8)
At 31 December 2011	**37.8**	**83.6**	**16.3**	**137.7**
Analysed as:				
Current liabilities				**90.0**
Non-current liabilities				**47.7**
				137.7

Vacant properties
At 31 December 2011, 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 mainly in the United Kingdom, Netherlands, Sweden, and Australia. At 31 December 2011, non-current vacant property provisions amounted to £25.0 million (2010: £23.4 million) of which £10.2 million was payable between one and two years, £10.9 million between two and five years, and the balance thereafter.

Restructuring
At 31 December 2011, the restructuring provision mainly related to the restructuring of the businesses announced on 14 December 2011. 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 2011, £73.2 million of the restructuring provision was payable within one year, with the remaining balance payable between one and two years.

Other
At 31 December 2011, the other provisions related to the value of legal claims. At 31 December 2011, £4.0 million of the other provision was payable within one year, with the remaining balance payable between two and five years.

12. Share capital

	2011		2010	
Allotted, called-up and fully paid	**Number**	**£'m**	Number	£'m
At 1 January	**1,601,941,495**	**160.2**	1,600,615,806	160.0
Allotted under share plans	**10,032,071**	**1.0**	1,325,689	0.2
At 31 December	**1,611,973,566**	**161.2**	1,601,941,495	160.2

The Company has one class of 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

	2011 £'m	2010 £'m
At 1 January	**1,107.4**	1,107.1
Premium on shares allotted under share plans	**3.2**	0.3
At 31 December	**1,110.6**	1,107.4

14. Reconciliation of operating profit to cash generated from operations

	2011 £'m	2010 £'m
Operating profit from operations	**54.5**	210.6
Adjustments for:		
Share-based payment expense	**7.0**	12.1
Depreciation of property, plant and equipment	**46.6**	42.7
Loss on disposal of non-current assets	**0.8**	2.5
Net movement in provision for impairment of trade receivables	**(0.3)**	-
Loss on sale of subsidiaries and disposed of/held-for-sale businesses	**-**	1.7
Unrealised foreign exchange differences	**(2.8)**	-
Government grant income	**(2.6)**	-
Amortisation of intangible assets	**72.8**	74.9
Non-cash element of expense for defined benefit plans	**(17.6)**	(7.1)
	103.9	126.8
Net movements in provisions	**70.7**	(52.7)
Movements in working capital:		
Financial assets	**-**	(0.1)
Inventories	**0.2**	0.1
Trade and other receivables	**(27.7)**	(116.1)
Trade and other payables	**3.7**	59.9
	(23.8)	(56.2)
Cash generated from operations	**205.3**	228.5
Add back: Cash outflow related to restructuring and integration activities	**18.4**	36.8
Add back: Cash outflow related to business acquired/disposed of	**2.7**	4.8
Net cash inflow from trading operations	**226.4**	270.1

15. Acquisitions

On 24 May 2011 Logica acquired Grupo Gesfor S.A. ("Gesfor"), a privately held Spanish consulting and professional services business. Gesfor has around 1,200 employees and operations in Spain and across Latin America. Gesfor had combined revenues of €64 million for the year ended 31 December 2010. Logica invested €23.4 million (£20.4 million) in cash to acquire these businesses and recognised goodwill of €15.7 million (£13.7 million). A further payment of up to €7.5 million will be payable in 2013 depending on future business performance. If it is payable, it will be part of net operating costs.

Full IFRS 3 "Business combinations" disclosures have not been added on the grounds of materiality.

16. Contingent liabilities

The size, structure and geographic spread of the Group and its activities naturally exposes it to potential scrutiny and possible legal 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. In 2009, the Group 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 to 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 (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 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 (2010: €1.17 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 pound sterling figures to euros at the closing rate of €1.20 to £1 (2010: €1.17 to £1).

Euro translation of consolidated statement of comprehensive income

For the year ended 31 December 2011

	2011 €'m	2010 €'m
Revenue	**4,509.5**	4,325.3
Net operating costs	**(4,446.8)**	(4,078.9)
Operating profit	**62.7**	246.4
Analysed as:		
Operating profit before exceptional items	**68.2**	248.4
Exceptional items	**(5.5)**	(2.0)
Operating profit	**62.7**	246.4
Finance costs	**(41.5)**	(31.8)
Finance income	**15.3**	10.4
Share of post-tax profits from associates	**1.2**	0.7
Profit before tax	**37.7**	225.7
Taxation	**(6.3)**	(47.7)
Net profit for the year	**31.4**	178.0
Other comprehensive income/(expense)		
Actuarial gains/(losses) on defined benefit schemes	**30.7**	(3.6)
Tax on items taken directly to equity	**(8.4)**	0.7
Cash flow hedges	**(3.7)**	-
Interest rate swaps fair value difference	**0.1**	(0.1)
Exchange differences on translation of foreign operations	**(62.1)**	13.3
Other comprehensive income/(expense) for the period, net of tax	**(43.4)**	10.3
Total comprehensive income/(expense) for the period	**(12.0)**	188.3
Profit attributable to:		
Owners of the parent	**31.4**	178.0
	31.4	178.0
Total comprehensive income/(expense) attributable to:		
Owners of the parent	**(12.0)**	188.3
	(12.0)	188.3
Earnings per share	**cents/ share**	cents/ share
- Basic	**2.0**	11.2
- Diluted	**2.0**	11.0

Euro translation of consolidated statement of financial position (unaudited)

31 December 2011

See page 32 for basis of translation.

	2011 €'m	2010 €'m
Non-current assets		
Goodwill	**2,260.1**	2,230.6
Other intangible assets	**208.8**	234.8
Property, plant and equipment	**167.6**	162.0
Investments in associates	**3.2**	3.2
Financial assets	**49.7**	14.6
Retirement benefit assets	**62.9**	45.3
Deferred tax assets	**100.8**	82.3
	2,853.1	2,772.8
Current assets		
Inventories	**1.0**	1.2
Trade and other receivables	**1,514.4**	1,465.2
Current tax assets	**29.8**	13.3
Cash and cash equivalents	**107.4**	66.0
	1,652.6	1,545.7
Current liabilities		
Other borrowings	**(42.0)**	(239.1)
Trade and other payables	**(1,274.2)**	(1,243.0)
Current tax liabilities	**(107.3)**	(77.9)
Provisions	**(108.0)**	(34.4)
	(1531.5)	(1,594.4)
Net current liabilities	**121.1**	(48.7)
Total assets less current liabilities	**2,974.2**	2,724.1
Non-current liabilities		
Borrowings	**(451.3)**	(154.8)
Retirement benefit obligations	**(83.6)**	(111.4)
Deferred tax liabilities	**(55.3)**	(71.5)
Provisions	**(57.2)**	(43.4)
Other non-current liabilities	**(7.0)**	(1.6)
	(654.4)	(382.7)
Net assets	**2,319.8**	2,341.4
Equity		
Share capital	**193.4**	187.4
Share premium account	**1,332.7**	1,295.7
Reserves	**793.7**	858.2
Total shareholders' equity	**2,319.8**	2,341.3
Non-controlling interests	**-**	0.1
Total equity	**2,319.8**	2,341.4

Euro translation of consolidated statement of cash flows (unaudited)

For the year ended 31 December 2011

See page 32 for basis of translation.

	2011 €'m	2010 €'m
Cash flows from operating activities		
Net cash inflow from trading operations	**260.4**	316.0
Cash outflow related to restructuring and integration activities	**(21.1)**	(43.1)
Cash outflow related to business acquired/disposed of	**(3.1)**	(5.6)
Cash generated from operations	**236.2**	267.3
Finance costs paid	**(24.7)**	(23.4)
Income tax paid	**(41.8)**	(59.6)
Net cash inflow from operating activities	**169.7**	184.3
Cash flows from investing activities		
Finance income received	**7.8**	4.4
Dividends received from associates	**1.2**	0.5
Proceeds on disposal of property, plant and equipment	**0.3**	0.2
Purchases of property, plant and equipment	**(57.2)**	(53.5)
Expenditure on intangible assets	**(33.6)**	(33.7)
Purchase of non-controlling interests	**(0.1)**	-
Acquisition of subsidiaries and other businesses, net of cash acquired	**(19.2)**	(10.4)
Proceeds on disposal of subsidiaries and other businesses, net of cash disposed	**-**	3.7
Net cash outflow from investing activities	**(100.8)**	(88.8)
Cash flows from financing activities		
Proceeds from issue of shares allotted under share plans	**4.1**	0.5
Refund of expenses related to shares issued in prior years	**-**	6.6
Proceeds from bank borrowings	**34.5**	270.1
Repayments of bank borrowings	**(206.8)**	(467.8)
Proceeds from private placement debt notes, net of issuance cost	**216.0**	104.0
Repayments of finance leases	**(2.8)**	(4.0)
Repayments of other borrowings	**(1.5)**	(0.8)
Net proceeds from forward contracts	**(0.5)**	(20.7)
Dividends paid to the Company's shareholders	**(80.7)**	(78.2)
Net cash outflow from financing activities	**(37.7)**	(190.3)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**31.2**	(94.8)
Cash, cash equivalents and bank overdrafts at the beginning of the year	**35.8**	124.4
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**31.2**	(94.8)
Effect of foreign exchange rates	**0.9**	6.2
Cash, cash equivalents and bank overdrafts at the end of the year	**67.9**	35.8