For the year ended 31 December 2007, results were as follows:

Continuing operations	2007	2006 restated	Growth	
			Restated	Pro forma
Revenue	£3,073.2m	£2,420.7m	27%	3%
Adjusted operating profit	£207.6m	£203.4m	2%	(18%)
Adjusted operating margin	6.8%	8.4%		
Adjusted basic EPS	10.2p	10.4p	(2%)	
Dividend per share	5.8p	5.6p	4%	
Statutory results				
Operating profit	£109.7m	£141.9m	(23%)	
Profit before tax	£84.1m	£116.6m	(28%)	
Basic EPS	5.4p	6.4p	(16%)	

Financial overview

Group revenue was £3,073.2 million, up 27% on a reported basis (2006 restated: £2,420.7 million). This represented pro forma growth of just over 3%, in line with our most recent guidance. Group adjusted operating profit was £207.6 million (2006 restated: £203.4 million), representing an adjusted operating margin of 6.8%. This was below the 8.4% restated level achieved in 2006. The weaker 2007 operating performance was somewhat offset by a lower tax rate, giving adjusted EPS from continuing operations of 10.2p, a 2% reduction over 2006. Cash flow was strong in the second half, with full year cash conversion of 126%. The proposed final dividend is 3.5p, representing a 4% increase in the total dividend for the year to 5.8p. Closing net debt was £483.2 million, with adequate headroom in our current bank facilities even after we redeem the €303 million convertible bonds maturing in September 2008.

Review of the business

Andy Green joined the business as CEO in January and has been spending time with customers, employees and other stakeholders. We will communicate the conclusions from our review of the business by the beginning of May.

Priority areas are increasing customer focus, accelerating integration across the group, building on the current global delivery capability and establishing a more competitive cost structure. Focus in all these areas will be particularly important in the UK where the progress we have made to date has not been sufficient to return the commercial sectors to revenue growth in line with the market or to a sufficient level of profitability.

Rebranding to Logica

The Logica brand is being adopted across the company from today and will replace all existing brands. The move to one Logica is an important step in the integration of the group. As previously communicated, we will incur an incremental cost of around £5 million in 2008 to implement this.

Outlook

Our outlook for 2008 is set against an uncertain market environment. Although we have seen a few incidences of slower spending, market activity levels generally appear resilient.

We remain alert to changes in customer sentiment and are carefully monitoring utilisation levels and recruitment. We are planning more flexible resourcing through the use of subcontractors and our blended delivery capability.

We expect the recently-announced Outsourcing Services division to lead to further growth in revenue from outsourcing and in the percentage of work delivered from offshore locations.

Based upon our order backlog and the pipeline of opportunities in our major markets, we currently expect 2008 constant currency revenue growth will be around a similar level to 2007.

Recent contract wins

Order momentum improved over the last few months of 2007 and into the first months of 2008.

Outsourcing wins in the UK include a new applications management contract with airport authority BAA and an IT outsourcing contract win with the UK housing division of Taylor Wimpey. In the Netherlands, we have signed a €40m deal with KPN to outsource its "best in class" HR shared service centre and we are developing an integrated back office solution for travel and toll services provider Movenience. In France, we have signed a €15 million applications management outsourcing contract with a major French bank.

Order momentum has been particularly strong in the Nordics, where we have signed our first major cross-selling project involving a significant offshore component with Swedbank. We have seen a number of new wins in the Public Sector, which include IT outsourcing contracts with the Norwegian Department of Labour, the Oslo Department of Education, the Finnish pensions agency and several Finnish government agencies in the transport sector. We have also signed a €10m IT cooperation agreement with Bankgirocentralen, Sweden's clearing services provider, and an applications management contract with the City of Gothenburg.

We continue to consolidate current partnerships and develop new ones. Ford of Europe has selected Logica in the UK as a preferred supplier for IT resources, extending the relationship into its 25th year. In the Netherlands, DSM has extended its 2005 manufacturing IT contract and we continue to build on the work we are doing with EDF in France. We have also put a €10m framework agreement in place with the European Patent Office.

Operating performance - continuing operations

REVENUE BY GEOGRAPHY

	FY'07 £'m	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %
Nordics	836.9	790.1	190.5	5.9	339.3
UK	662.5	718.4	718.4	(7.8)	(7.8)
France	588.2	530.5	560.0	10.9	5.0
Netherlands	484.7	449.2	447.6	7.9	8.3
Germany	179.6	164.4	168.6	9.2	6.5
International	321.3	328.1	335.6	(2.1)	(4.3)
Total continuing	3,073.2	2,980.7	2,420.7	3.1	27.0

Our major continental European geographies performed well through the year, with growth above the market in France, Germany, the Netherlands and the

Nordics. The UK Public Sector, which continued to account for over half of UK revenue, delivered growth well above the market, up 14% in the second half. However, weakness in our UK commercial sectors continued to have a dampening effect on overall group performance. The Energy and Utilities business in the UK returned to growth, with second half revenue up 8%. In the International business, revenue was down 2% as a result of contractual price reductions in the Edinfor business and the completion of a major telecoms contract in Asia in early 2007. Excluding the UK commercial business, revenue growth for the group was ahead of the market at 7%.

Our top 10 customers accounted for 15% of group revenue in 2007 (2006, excluding WM-data: 21%).

ADJUSTED OPERATING PROFIT BY GEOGRAPHY

	FY'07 £'m	FY'07 Margin %	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %
Nordics	76.7	9.2	68.0	16.9	12.8	353.8
UK	30.5	4.6	77.8	77.8	(60.8)	(60.8)
France	40.8	6.9	46.2	46.8	(11.7)	(12.8)
Netherlands	42.9	8.9	44.4	44.2	(3.4)	(2.9)
Germany	8.1	4.5	(1.4)	(1.4)	n/a	n/a
International	8.6	2.7	19.5	19.1	(55.9)	(55.0)
Total continuing	207.6	6.8	254.5	203.4	(18.4)	2.1

Adjusted operating margin for the year of 6.8% was disappointing compared to the pro forma 8.5% achieved in 2006, with second half adjusted operating margin at 7.6% (2006: 9.8%). The most significant impact on group margin was in the UK business, reflecting charges in respect of a project cost overrun and weaker performance in the commercial sectors. The cost of management changes affected the margin in France despite a strong operational performance. The impact of price reductions coupled with the timing of cost savings in the Edinfor business in Portugal reduced margins in the International segment. More positively, margins in the Nordics increased from 8.6% to 9.2% as acquisition cost savings of £5 million were achieved. The business in Germany was profitable through the year, building on a well executed integration programme in 2006.

Additionally, as we closed 2007, we have taken a more conservative near-term view of a number of programmes across the group and have resolved a longstanding UK customer dispute. As a result of these actions, 2007 operating profit was lower than our previous expectations in the UK and the Netherlands. At a group level, the combined one-off impact for the year of these provisions and charges was a reduction of around 0.8 per cent of margin.

Review of continuing operations by geography

Nordics

Revenue by market sector	FY'07 £'m	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %

Public Sector	252.3	246.7	55.8	2.3	352.2
Industry, Distribution and Transport	382.4	335.5	81.9	14.0	366.9
Energy and Utilities	50.1	50.5	13.0	(0.8)	285.4
Financial Services	86.8	76.4	20.2	13.6	329.7
Telecoms and Media	65.3	81.0	19.6	(19.4)	233.2
Total	836.9	790.1	190.5	5.9	339.3
Outsourcing (%)	33	-	31		
Adjusted operating profit (£'m)	76.7	68.0	16.9		
Adjusted operating margin (%)	9.2	8.6	8.9		

Revenue was up 6% on a pro forma basis to £836.9 million, with fourth quarter growth of 5% on a pro forma basis when compared to a strong quarter in 2006. Adjusted operating profit was up 13% on a pro forma basis to £76.7 million (2006: £68.0 million), giving an adjusted operating margin of 9.2%.

IDT grew well ahead of the market, with good growth at customers such as Volvo and Schenker where we secured contract renewals in 2007. The Public Sector business grew in line with the market, with work in the defence sector continuing to be an important contributor. In Financial Services, growth was driven by good customer demand and higher volumes of work with both existing and new customers as we began to leverage the skills of the wider group into the Nordics. E&U was broadly stable while lower revenue in the Telecoms and Media business was the result of anticipated lower license sales within billing solutions.

Utilisation remained good across the Nordics and subcontracting levels remain stable. We continue to see good demand for ERP, especially SAP. Appetite for global delivery is on the increase. Initial internal product development work has been transferred to India and use of offshore delivery on customer contracts has increased through the year in both Finland and Sweden.

Through a year of integration, we saw almost no attrition at senior levels. The improvement in adjusted operating profit was largely due to anticipated integration cost savings of £5 million as we transitioned some product development work offshore, closed the Logica office in the Nordics and reduced some central overheads. We continue to expect an incremental £8 million of cost savings in 2008, with annualised cost savings of £15 million by 2009.

Excluding the impact of integration cost savings, margin was broadly unchanged. Although improved utilisation and increasing use of offshore resource has had a positive impact on margin, managing higher wage inflation in the context of tough recruitment markets remains the key challenge to increasing margin further in the region.

UK

Revenue by market sector	FY'07 £'m	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %

Public Sector	372.0	337.1	337.1	10.4	10.4
Industry, Distribution and Transport	89.3	136.7	136.7	(34.7)	(34.7)
Energy and Utilities	104.7	104.7	104.7	-	-
Financial Services	60.6	85.7	85.7	(29.3)	(29.3)
Telecoms and Media	35.9	54.2	54.2	(33.8)	(33.8)
Total	662.5	718.4	718.4	(7.8)	(7.8)
Outsourcing (%)	39	40	40		
Adjusted operating profit (£'m)	30.5	77.8	77.8		
Adjusted operating margin (%)	4.6	10.8	10.8		

Revenue was down 8% on a pro forma basis to £662.5 million. The fourth quarter decline of 7% was similar to that experienced in the third quarter. Adjusted operating profit for the year was £30.5 million, compared to a £77.8 million adjusted operating profit in 2006.

The largest contributor to the decrease in adjusted operating profit was the previously disclosed provision on a long-term contract taken in the first half. We have also resolved a longstanding UK customer dispute. These costs, added to a more conservative view taken on elements of some UK contracts, resulted in a £20 million impact on adjusted operating profit for the year. Absent these charges, adjusted operating margin for the year would have been 7.6%.

Public Sector revenue was up 10% and represented 56% of UK revenue in 2007. Second half revenue growth was particularly strong at 14%, as we delivered under contracts with the Crown Prosecution Service, the Ministry of Justice, and to the NHS Connecting for Health Programme through arrangements with BT. Space and Defence continued to account for around a third of UK Public Sector revenue. In 2007, we delivered further software for the UK's next generation military satellite communications system, Skynet 5, and continued to deliver under Ministry of Defence contracts such as the Defence Information Infrastructure (DII) programme.

Outside the Public Sector, Energy and Utilities revenue was stable year on year. We made significant improvements in this business through the year, resulting in revenue up 8% in the second half. The IDT sector continued to be affected through the year by the conclusion of a major transport contract in 2006. However, our new contract with BAA and the win with Taylor Wimpey booked at the end of 2007 have contributed to a strengthening order backlog. Across the commercial sectors, our exposure to a smaller number of clients has contributed to weakness through the year, with M&A activity in Financial Services having an impact on consulting revenue in 2007. Our focus will remain on reinvigorating the sales capability across the UK business through 2008.

Book to bill for the year was 0.97:1. While we enter 2008 with a good pipeline in Energy and Utilities and a good order backlog in the Public Sector, we expect slower growth in the Public Sector than in 2007. This should be offset by improvements in parts of the commercial sector with a gradual return to a modest level of growth as we go through 2008.

With the majority of the £20 million of costs incurred in the first half, margin improved to 8.0% (2006: 12.6%) in the second half. Margins also benefited from some cost savings achieved as a result of overhead reductions in the first half. Utilisation was lower throughout the year as a result of reduced volume of business in the commercial sectors. We took action to reduce the level of subcontractors through the year although they continue to be deployed in specialist roles where required.

France

Revenue by market sector	FY'07 £'m	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %
Public Sector	64.1	61.2	60.8	4.7	5.4
Industry, Distribution and Transport	221.4	206.6	238.2	7.2	(7.1)
Energy and Utilities	86.2	66.8	66.4	29.0	29.8
Financial Services	161.3	146.0	145.0	10.5	11.2
Telecoms and Media	55.2	49.9	49.6	10.6	11.3
Total	588.2	530.5	560.0	10.9	5.0
Outsourcing (%)	32	30	30		
Adjusted operating profit (£'m)	40.8	46.2	46.8		
Adjusted operating margin (%)	6.9	8.7	8.4		

Revenue was up 11% on a pro forma basis to £588.2 million, with strong fourth quarter growth. Adjusted operating profit was £40.8 million (after one-off costs related to management changes), compared to £46.2 million on a pro forma basis in 2006.

Revenue grew across all market sectors, with Public Sector growth at 5% in line with the market and growth in all other sectors above 7%. The fastest growing sector through 2007 continued to be E&U, as we deployed a major programme for EDF. Financial Services was also up on the back of the cross-selling contract signed in 2006. We expect slower growth in Energy and Utilities and Financial Services to be balanced against stronger public sector growth in the absence of election activity in 2008.

Half of our major accounts posted growth of more than 10%, with EDF, a number of financial services institutions and our project with the Ministry of Defence driving growth. Roll-out of our contract for Carrefour was also a contributor.

Management changes made in mid 2007 did not hamper recruitment efforts. We recruited successfully in the French market, exceeding internal targets.

Excluding the one-off costs related to management changes, adjusted operating margin was 7.8% (2006 pro forma: 8.7%) with some second half dilution compared to 2006 as a result of higher use of subcontractors and a more conservative view on costs related to some contracts where we intend to accelerate the offshore transition. Doubling of our Moroccan headcount through 2007 reflects an increased demand for a blended delivery model among French clients, which we expect to be a positive contributor to margin in 2008.

Netherlands

Revenue by market sector	FY'07 £'m	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %
Public Sector	145.3	122.4	121.9	18.7	19.2
Industry, Distribution and Transport	105.7	102.7	103.0	2.9	2.6
Energy and Utilities	50.9	49.7	49.4	2.4	3.0
Financial Services	155.8	148.2	147.3	5.1	5.8
Telecoms and Media	27.0	26.2	26.0	3.1	3.8
Total	484.7	449.2	447.6	7.9	8.3
Outsourcing (%)	18	13	13		
Adjusted operating profit (£'m)	42.9	44.4	44.2		
Adjusted operating margin (%)	8.9	9.9	9.9		

Revenue was up 8% to £484.7 million, marking growth ahead of the market for the third consecutive year. Growth slowed in the fourth quarter in line with our expectations. Book to bill for the year was 1.04:1. Adjusted operating profit was £42.9 million, giving an adjusted operating margin of 8.9%.

For the year, revenue growth was driven by a strong Public Sector, with revenue up 19%. Financial Services revenue was broadly stable in the second half when compared to last year, leading to full year revenue growth of 5%, while Energy and Utilities saw stronger revenue growth in the second half. In IDT, revenue was stable.

In the Financial Services and IDT areas, customers are adopting higher levels of offshore resource to ensure they remain cost competitive globally which has driven a doubling of the use of our blended delivery model in 2007. While we expect a continued increase in volumes of work, this is likely to contribute to lower revenue growth rates in the Dutch market in 2008.

Although we continued to recruit successfully in the Netherlands, the labour market remained very competitive. Higher prices than in 2006 combined with increased use of subcontractors were contributors to increased costs through the year. We also recognised a level of increased cost relative to one long term contract but continue to see opportunities in our Dutch contracts to transition more work offshore in 2008. The combined impact of these factors was a reduction in operating margin when compared to 2006.

Germany

Revenue by market sector	FY'07 £'m	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %
Public Sector	6.1	12.2	12.1	(50.0)	(49.6)

Industry, Distribution and Transport	72.3	68.8	67.5	5.1	7.1
Energy and Utilities	25.6	25.1	24.9	2.0	2.8
Financial Services	53.5	33.6	39.5	59.2	35.4
Telecoms and Media	22.1	24.7	24.6	(10.5)	(10.2)
Total	179.6	164.4	168.6	9.2	6.5
Outsourcing (%)	16	20	20		
Adjusted operating profit (£'m)	8.1	(1.4)	(1.4)		
Adjusted operating margin (%)	4.5	(0.9)	(0.8)		

Revenue was up 9 % at £179.6 million, driven by particularly strong fourth quarter growth at 13%. Adjusted operating profit was £8.1 million, resulting in an adjusted operating margin of 4.5%. This compares to a loss of £1.4 million in 2006.

Revenue growth was driven by a strong performance in the Financial Services sector as we deployed a program for a major international bank and risk management solutions for a number of customers in the sector. IDT was up 5% as a result of consulting and services projects undertaken for InBev as well as clients in the automotive sector.

The business in Germany achieved profitability through the year, building on a well executed integration programme in 2006 and driven by revenue growth in the business in 2007.

International

Revenue by market sector	FY'07 £'m	FY'06 Pro forma £'m	FY'06 Restated £'m	Growth FY'07 on FY'06 Pro forma %	Growth FY'07 on FY'06 Restated %
Public Sector	33.2	31.1	31.6	6.8	5.1
Industry, Distribution and Transport	50.1	35.5	36.6	41.1	36.9
Energy and Utilities	164.7	166.2	169.1	(0.9)	(2.6)
Financial Services	46.7	45.8	47.3	2.0	(1.3)
Telecoms and Media	26.6	49.5	51.0	(46.3)	(47.8)
Total	321.3	328.1	335.6	(2.1)	(4.3)
Outsourcing (%)	37	34	33		
Adjusted operating profit (£'m)	8.6	19.5	19.1		
Adjusted operating margin (%)	2.7	5.9	5.7		

Revenue for the year was down 2% to £321.3 million. The fourth quarter decline of 5% was largely attributable to a major Telecoms and Media contract with Natrindo in Asia which completed last year. Book to bill for the year was 0.90:1.

Adjusted operating profit was £8.6 million, giving an adjusted operating margin of 2.7%. The lower operating profit was largely due to costs related to improving the efficiency of our business in Portugal, with headcount reduced by around 10% over the course of 2007. The phasing of the cost reduction coupled with planned price reductions reduced margins in the International segment despite improvements in profitability in the US and Australian businesses.

Edinfor revenue continued to account for around a third of International revenue. It also remained the largest contributor to Energy and Utilities revenue in the region. While EDP remains Edinfor's major client, customers in the Portuguese water utilities market continued to represent around a fifth of revenue. We also continue to see good opportunities in Brazil where our revenue was up in 2007, mainly under our contract with natural gas distribution company Comgás.

Growth in the IDT business continued to be driven by roll-out of the InBev contract while Australia and the Middle East continued to see good Public Sector demand.

Creation of new Outsourcing Services division

In 2007, revenue from outsourcing was £959 million (2006: £708 million), representing 31% of group revenue.

We have recently established Outsourcing Services as a new division, which develops our existing outsourcing model, and have been working internally to ensure the right organisation is in place to take this business forward. The new model will become operational in key European geographies from Q1 2008 and will be in place across the whole organisation by 2009.

European customers are increasingly demanding a blended delivery model. The new division will take end-to-end responsibility for outsourcing services, ensuring that customers have access to the most efficient and cost effective blend of onshore, nearshore and offshore support. It will provide outsourcing sales and design specialists to all Logica's customers via our local organisations. It will accelerate the standardisation of tools and processes and drive efficiencies across the organisation.

The division will incorporate around 9,000 Logica employees working today in our onshore, nearshore and offshore centres. This includes around 2,000 employees in our infrastructure management centres in Sweden.

We expect our largest offshore centres in India and the Philippines to continue to grow within this division. They are already an important element of delivering outsourcing services to customers. In conjunction with our plan to continue to strengthen our Indian presence, we are appointing a new CEO for our business in India.

We also expect growth in our onshore centres as well as in nearshore centres like Morocco and the Czech and Slovak Republics, which allows us to meet the varying language and cultural needs of our customers.

We expect to report performance metrics for this new division from the second half of 2008.

Employees

At the end of 2007, we had 38,740 employees (2006, restated for the disposal of Telecoms Products: 38,789). Over the course of the year, we recruited over 8,500 new employees. We met or exceeded internal recruitment targets in most of our markets.

Employee churn through annualised voluntary attrition was broadly stable on last year at around 16% and was in line with the market. The other significant movement in 2007 was the exit of approximately 1,100 employees as part of the disposal of the Caran business in the Nordics at the beginning of June.

While selective price increases remained possible through the year, wage inflation in our major geographies continued to impact our ability to improve margins further. While UK utilisation has been impacted by weakness in the commercial sectors, utilisation in our other major geographies remains good.

Financial items

Amortisation of intangible assets from acquisitions was £74.7 million (2006: £ 37.6 million), with the increase being mainly attributable to intangible assets acquired as part of the WM-data acquisition.

The net exceptional items of £23.2 million (2006: £23.9 million) include a loss of £9.7 million related to non-core disposals completed during the year (excluding the Telecoms Products disposal which is reported as a discontinued operation). The £9.7 million loss includes a £2.6 million impairment loss on buildings in Portugal (occupied by the Copidata activity prior to its disposal). Also included are £13.5 million of restructuring costs associated with offshoring activities and IT infrastructure as part of the WM-data integration. A further £8.3 million of costs are expected to be incurred in 2008 in respect of the WM-data integration.

Finance costs were broadly unchanged in 2007. Higher amortisation of intangibles compared to 2006 and lower adjusted operating profit resulted in a profit before tax of £84.1 million (2006: £116.6 million).

Adjusted basic earnings per share from continuing operations were 10.2p (2006: 10.4p) on a weighted average number of shares of 1,494.6 million. Basic earnings per share from continuing operations, which included higher amortisation of acquisition-related intangibles than last year, were 5.4p (2006: 6.4p).

The fourth quarter showed good operational management of working capital across the group. Cash generated from continuing operations was £232.4 million (2006: £209.5 million). The net cash inflow from trading operations was £261.0 million, giving a cash conversion of 126% (2006: 119%).

Profit from discontinued operations for the year was £89.4 million (2006: £3.7 million), as a result of the disposal of the Telecoms Products business. This resulted in a net profit for the group of £168.1 million (2006: £89.1 million).

Group net debt at 31 December 2007 was £483.2 million, compared to £399.1 million at 30 June 2007. This increase is largely attributable to a net outflow from the £130 million share buyback completed in November 2007.

Taxation

Based on the progress of the legal structure integration following the acquisitions in recent years, we have been able to accelerate the benefit of historic tax losses in 2007. The effective tax rate on continuing operations for the year, before share of post-tax profits from associates, exceptional items and amortisation of intangible assets initially recognised on acquisition, was 17.6% (2006: 25.4%). The effective tax rate for 2008 is expected to be around 23%.

The total tax charge for the year ended 31 December 2007 was £5.4 million (2006: £31.2 million) of which a tax credit of £26.4 million (2006: £14.0 million credit) relates to exceptional items and amortisation of intangible assets initially recognised on acquisition. The remaining decrease is mainly due to the use of previously unrecognised tax losses brought forward.

Minority interests

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

Acquisitions and disposals

In addition to the acquisition of Siemens Business Systems AS in Norway in the first half of the year, the group made the following small acquisitions during 2007:

the remaining 63.7% of Medici Data Oy, a Finnish company specialising in patient care applications and information management services for the health care sector

the remaining 55% interest in Internet Telecom Payment Solutions AB, a Swedish company providing billing solutions and services for the telecoms sector

Karttakone Oy, a Finnish company providing digital and paper-based mapping products.

The provisional fair value of the identifiable assets and liabilities acquired in all acquisitions in the year was £15.1 million. Total cash due on these acquisitions was £23.6 million.

In addition to the disposals of the Telecoms Products and Caran businesses disclosed in the first half of 2007, the group completed the sale of the following non-core businesses during 2007:

an element of the payroll business in the Netherlands which provided solutions for the SME and local government market;

the Copidata integrated graphic services business in Portugal;

the business providing staff augmentation and hosting services to the automotive industry in the United States;

the former WM-data subsidiary operating in Germany, WM-data Deutschland GmbH;

the subsidiary operating the group's IT services business in Austria, LogicaCMG GmbH;

small finance BPO businesses in Norway and Sweden; and

a part of the IT services business in Denmark, providing services and products to tax authorities around the world.

The aggregate net assets of these businesses, which are not individually significant, at their date of disposal was £17.7 million. The loss on disposal was £9.9 million. Net cash inflow arising on disposal was £12.8 million.

The total consideration for the sale of non-core businesses (excluding Telecoms Products and Caran) was £15.6 million, of which £15.2 million was received in cash during the year and £0.4 million is receivable during first half of 2008.

Since the end of 2007, Logica has also acquired a small BPO business in Sweden and has disposed of its print and mail operations in Bridgend, Wales.

Balance sheet items

The group's policy is to maintain adequate headroom to meet its foreseeable financing requirements. With our €303 million convertible bonds due to be redeemed in September 2008, we have ensured that we have sufficient capacity to repay this at the redemption date. In November 2007, we extended the £150 million tranche of our existing bank facilities (which was due to mature in August 2008). This amendment to the loan grants the option to extend until November 2010. The other commercial terms of the loan, which is provided by a group of eight of the company's relationship banks, remain unchanged.

Logica's other principal bank facilities are a €348 million term loan and a £ 330 million multi-currency revolving credit facility, which is largely undrawn. Both of these fully committed facilities mature in September 2010.

These facilities provide us with adequate headroom to repay our convertible debt at the redemption date, while remaining well within our banking covenants.

Events after the balance sheet date

At the time of the announcement of the Telecoms Products disposal in early 2007, we earmarked a portion of the proceeds to be used to buy out remaining minority interests in Edinfor and WM-data. EDP has a put option in respect of its remaining 40% interest in Edinfor. This became exercisable on 21 April 2007. On 19 February 2008, we received formal notification that EDP intended to exercise this option and we expect to complete the payment for the remaining 40% of the business in March 2008.

Dividend

The directors have proposed a final dividend of 3.5 pence to be paid on 15 May 2008 to eligible shareholders on the register at the close of business on 18 April 2008. This year's proposed total dividend of 5.8 pence represents a 4% increase on last year.

Next financial calendar dates

Logica's next scheduled communications to the market are:

Wednesday 14 May 2008 Q1 Interim Management Statement and AGM

Thursday 14 August 2008 2008 Interim results

Wednesday 5 November 2008 Q3 Interim Management Statement

Consolidated income statement
For the year ended 31 December 2007

			Restated*
		2007	2006
	Note	£'m	£'m
Continuing operations:			
Revenue	2	3,073.2	2,420.7
Net operating costs		(2,963.5)	(2,278.8)
Operating profit		109.7	141.9
Analysed as:			
Operating profit before exceptional items		132.9	165.8
Exceptional items	3	(23.2)	(23.9)
Operating profit	2	109.7	141.9
Finance costs		(37.8)	(34.3)
Finance income		11.0	8.7
Share of post-tax profits from associates		1.2	0.3
Profit before tax		84.1	116.6

Taxation	6	(5.4)	(31.2)
Profit for the year from continuing operations		78.7	85.4
Discontinued operation:			
Profit from discontinued operation	7	89.4	3.7
Net profit for the year		168.1	89.1
Attributable to:			
Equity holders of the parent		169.9	82.0
Minority interests		(1.8)	7.1
		168.1	89.1
Earnings per share from continuing operations		p / share	p / share
- Basic	9	5.4	6.4
- Diluted	9	5.3	6.3
Earnings per share from total operations			
- Basic	9	11.4	6.7
- Diluted	9	11.2	6.6

* Restated as described further in note 7.

Consolidated statement of recognised income and expense
For the year ended 31 December 2007

	2007	2006
	£'m	£'m
Exchange differences on translation of foreign operations	97.4	(4.1)
Exchange differences recycled on disposal of foreign operations	5.1	-
Cash flow hedges transferred to income statement on settlement	-	(2.0)
Actuarial gains on defined benefit plans	3.6	17.5
Tax on items taken directly to equity	-	(3.9)
Net income recognised directly in equity	106.1	7.5
Profit for the year	168.1	89.1
Total recognised income and expense for the year	274.2	96.6
Attributable to:		
Equity holders of the parent	274.0	89.4
Minority interests	0.2	7.2
	274.2	96.6

Details of dividends paid and proposed are provided in note 8.

Consolidated balance sheet
31 December 2007

	2007	2006

	Note	£'m	£'m
Non-current assets			
Goodwill		1,604.0	1,552.1
Other intangible assets		358.0	415.1
Property, plant and equipment		132.1	136.6
Investments in associates		2.4	6.0
Financial assets		11.0	10.1
Retirement benefit assets		12.0	18.7
Deferred tax assets		54.5	50.6
		2,174.0	2,189.2
Current assets			
Inventories		1.4	2.9
Trade and other receivables		1,021.2	1,070.2
Current tax assets		40.5	31.2
Cash and cash equivalents		108.7	177.3
		1,171.8	1,281.6
Current liabilities			
Convertible debt		(220.0)	(202.4)
Other borrowings		(97.2)	(33.1)
Trade and other payables		(868.2)	(886.4)
Current tax liabilities		(56.1)	(32.3)
Provisions		(9.1)	(20.8)
		(1,250.6)	(1,175.0)
Net current (liabilities)/assets		(78.8)	106.6
Total assets less current liabilities		2,095.2	2,295.8
Non-current liabilities			
Borrowings		(274.7)	(498.9)
Retirement benefit obligations		(50.6)	(64.1)
Deferred tax liabilities		(125.0)	(164.4)
Provisions		(18.9)	(13.2)
Other non-current liabilities		(0.7)	(0.8)
		(469.9)	(741.4)
Net assets		1,625.3	1,554.4
Equity			
Share capital	10	145.8	153.6
Share premium account	11	1,098.9	1,097.0
Other reserves		352.3	274.4
Total shareholders' equity		1,597.0	1,525.0
Minority interests		28.3	29.4
Total equity		1,625.3	1,554.4

Consolidated cash flow statement
For the year ended 31 December 2007

	Note	2007 £'m	Restated* 2006 £'m
Cash flows from continuing operating activities			
Net cash inflow from trading operations		261.0	242.5
Cash outflow related to restructuring and integration activities		(28.6)	(33.0)
Cash generated from continuing operations	12	232.4	209.5
Finance costs paid		(40.2)	(26.3)
Income tax paid		(45.8)	(31.5)
Net cash inflow from continuing operating activities		146.4	151.7
Net cash inflow/(outflow) from discontinued operating activities		7.0	(1.3)
Cash flows from continuing investing activities			
Finance income received		7.0	5.1
Dividends received from associates		1.0	-
Proceeds on disposal of property, plant and equipment		2.2	2.2
Purchases of property, plant and equipment		(35.3)	(28.2)
Expenditure on intangible assets		(13.0)	(17.1)
Purchase of minority interests		(2.2)	-
Deferred consideration and acquisition of subsidiaries, net of cash acquired		(34.2)	(398.3)
Disposal of subsidiaries and other businesses, net of cash disposed		42.0	1.9
Disposal of discontinued operation, net of cash disposed		213.2	-
Net cash inflow/(outflow) from continuing investing activities		180.7	(434.4)
Net cash outflow from discontinued investing activities		-	(5.5)
Cash flows from continuing financing activities			
Proceeds from issue of equity shares		2.5	3.4
Payment for share issue costs		-	(5.4)
Purchase of own shares		(130.8)	-
Proceeds from transfer of shares by ESOP trust		0.8	-
Proceeds from bank borrowings		34.5	480.6
Repayments of bank borrowings		(204.2)	(208.0)
Repayments of finance lease principal		(4.7)	(2.1)
Repayments of borrowings assumed in acquisitions		-	(3.8)
Proceeds from other borrowings		-	0.4
Repayments of other borrowings		-	(0.4)

Payments on forward contracts designated as a net investment hedge		(6.3)	-
Dividends paid to the company's shareholders		(85.9)	(61.1)
Dividends paid to minority interests		(0.4)	(1.8)
Net cash (outflow)/inflow from continuing financing activities		(394.5)	201.8
Net decrease in cash, cash equivalents and bank overdrafts		(60.4)	(87.7)
Cash, cash equivalents and bank overdrafts at the beginning of the year	13	150.9	245.3
Net decrease in cash, cash equivalents and bank overdrafts	13	(60.4)	(87.7)
Effect of foreign exchange rates	13	9.1	(6.7)
Cash, cash equivalents and bank overdrafts at the end of the year		99.6	150.9

* Restated as described further in note 12.

Accounting policies and basis of preparation

Basis of preparation

The financial information in this preliminary announcement has been extracted from the group's consolidated financial statements for the year ended 31 December 2007. The group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and those parts of the Companies Act 1985 ('the Act') that remain applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value.

This preliminary announcement was approved by the Board of directors on 26 February 2008. The financial information in this preliminary announcement does not constitute the statutory accounts of LogicaCMG plc ('the company') within the meaning of section 240 of the Act.

The statutory accounts of the company for the year ended 31 December 2007, 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 20 March 2008 and subsequently delivered to the Registrar of Companies after the Annual General Meeting on 14 May 2008. The statutory accounts for the year ended 31 December 2006, which were prepared under IFRS, have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) and 237(3) of the Act.

Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2006, except that the following standards, amendments to and interpretations of published standards were adopted during the year:

IFRIC 7, 'Applying the restatement approach under IAS 29'.

IFRIC 8, 'Scope of IFRS 2'.

IFRIC 9, 'Reassessment of Embedded Derivatives'.

IFRIC 10, 'Interim Financial Reporting and Impairment'.

IFRS 7, 'Financial Instruments: Disclosures' and IAS 1, 'Amendments to capital disclosures'. The full IFRS 7 disclosures, including the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1, are given in the annual financial statements. IAS 1 (revised) is still subject to endorsement by the European Union.

IFRS 4, 'Insurance contracts'. This interpretation was not relevant to the group.

Except for the additional disclosure under IFRS 7, the above standards, amendments to and interpretation of published standards had no material impact on the consolidated financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

IFRIC 11, 'IFRS 2 - Group and treasury share transactions', effective for annual periods beginning on or after 1 March 2007. Management do not expect this interpretation to have a significant impact on the consolidated financial statements.

IFRIC 12, 'Service concession arrangements', effective for annual periods beginning on or after 1 January 2008. Management do not expect this interpretation to be relevant for the group. The amendment to the standard is still subject to endorsement by the European Union.

IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. Management do not expect this interpretation to be relevant to the group. The amendment to the standard is still subject to endorsement by the European Union.

IFRIC 14,'IAS 19 - The limit of a defined benefit asset, minimum funding requirements and their interaction', effective for annual periods beginning on or after 1 January 2009. Management do not expect the interpretation to have a significant impact on the consolidated financial statements. The amendment to the standard is still subject to endorsement by the European Union.

IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. No significant impact on the consolidated financial statements is expected, except for additional disclosure.

IAS 23 (Amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. Management do not expect the interpretation to have a significant impact on the consolidated financial statements. The amendment to the standard is still subject to endorsement by the European Union.

IAS 27 (Revised), 'Consolidated and Separate Financial Statements', must be applied prospectively by the group from 1 January 2010. The revised standard requires that acquisitions and disposals that do not result in a change of control are accounted for within equity. Any difference between the change in the minority interest and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. The revised standard is still subject to endorsement by the European Union.

IFRS 2 (Amendment), 'Share-based payment', effective for annual period beginning on or after 1 January 2009. The amendment to the standard limits vesting conditions to service conditions and performance conditions. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment, i.e. acceleration of the expense based on the grant date fair value. No significant impact on the consolidated financial statements is expected. The amendment to the standard is still subject to endorsement by the European Union.

IFRS 3 (Revised), 'Business combinations', must be applied prospectively by the group from 1 January 2010. The revised standard requires that all acquisition-related costs are to be expensed to the income statement in the period incurred. Furthermore, purchase accounting only applies at the point when control is achieved. This has a number of implications:

where the acquirer has a pre-existing equity interest in the entity acquired and increases its equity interest such that it achieves control, it must re-measure its previously-held equity interest to fair value as at the date of obtaining control and recognise any resulting gain or loss in the income statement.

once control is achieved all other increases and decreases in ownership interest are treated as transactions among equity holders and reported directly within equity. Goodwill is not re-measured or adjusted.

The revised standard is still subject to endorsement by the European Union.

IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. The main impact would be that operating segments would be identified, and segment information provided, on the same basis as is used internally for evaluating segment performance and allocating resources. Reconciliations would be provided of total segment revenues, profit, assets, liabilities and other amounts to the corresponding amounts in the consolidated financial statements, together with an explanation of any differences in measurement basis.

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

Except as discussed above, the directors anticipate that the future adoption of those standards, interpretations and amendments listed above that have not been adopted early will not have a material impact on the consolidated financial statements.

Foreign currencies

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

	2007		2006	
	Average	Closing	Average	Closing
£1 = €	1.46	1.36	1.47	1.48
£1 = SEK	13.51	12.87	13.57	13.39

Segment information

Logica was organised into six geographical segments based on the location of assets. These segments are the group's primary reporting format for segment information as they represent the dominant source and the nature of the group's risks and returns following the disposal of the Telecoms Products business. Segment revenue and profit after tax under the primary reporting format are disclosed in the table below.

	Revenue		Profit	
	2007	2006	2007	Restated 2006
	£'m	£'m	£'m	£'m
Nordics	836.9	190.5	13.4	4.8
United Kingdom	662.5	718.4	30.5	86.8
France	588.2	560.0	20.2	13.0
Netherlands	484.7	447.6	47.3	44.2
Germany	179.6	168.6	5.4	(19.5)
International	321.3	335.6	(7.1)	12.6
Revenue and operating profit	3,073.2	2,420.7	109.7	141.9
Finance costs			(37.8)	(34.3)
Finance income			11.0	8.7
Share of post-tax profits from associates			1.2	0.3

Taxation	(5.4)	(31.2)
Profit after tax from continued operations	78.7	85.4
Discontinued operation	89.4	3.7
Profit after tax	168.1	89.1

The share of post-tax profits from associates in the years ended 31 December 2007 and 2006 was attributable to the Nordics geographical segment. Inter-segment revenue for the International category was £40.4 million (2006: £ 30.7 million). Inter-segment revenue for the other categories was not material.

Exceptional items

The exceptional items recognised within operating profit were as follows:

	2007	2006
	£'m	£'m
Restructuring and integration costs	(13.5)	(32.9)
Disposal of businesses	(9.7)	-
Reduction in retirement benefit obligation due to harmonisation of plan rules	-	9.0
	(23.2)	(23.9)

The group incurred a charge of £13.5 million relating to the restructuring of the business in the Nordics following the acquisition of WM-data AB. The restructuring comprised costs associated with offshoring activities and IT infrastructure.

During 2007, the group incurred a loss on the disposal of several businesses of £9.7 million. An impairment loss of £2.6 million was included in the loss on the disposal of businesses. The impairment loss related to buildings previously occupied by the graphic services business in Portugal prior to the disposal of this business. The disposals are described further in note 14.

In 2006, the group incurred a charge of £32.9 million mainly relating to the restructuring of the businesses in France and Germany following the acquisition of Unilog and the closure of a building in the United States of America. The restructuring comprised a reduction in headcount, vacated property and other measures to reduce the cost base. The group also harmonised the cash commutation rates used in the CMG UK pension scheme across the entire plan membership. The effect of applying the new cash commutation rates was a reduction in the defined benefit liability of £9.0 million, which was recognised in full as an exceptional item.

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 IFRSs 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, IFRSs measures of profit.

		Restated
	2007	2006

	£'m	£'m
Operating profit	109.7	141.9
Exceptional items	23.2	23.9
Amortisation of intangible assets initially recognised on acquisition	74.7	37.6
Adjusted operating profit	207.6	203.4

Adjusted operating profit analysis per geographical segment was as follows:

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

* Amortisation of intangible assets initially recognised on acquisition.

	2006			
	Operating profit	Exceptionall items	Amortisation of intangibles*	Adjusted operating profit
	£'m	£'m	£'m	£'m
Nordics	4.8	1.1	11.0	16.9
United Kingdom	86.8	(9.0)	-	77.8
France	13.0	11.2	22.6	46.8
Netherlands	44.2	-	-	44.2
Germany	(19.5)	15.5	2.6	(1.4)
International	12.6	5.1	1.4	19.1
	141.9	23.9	37.6	203.4

* Amortisation of intangible assets initially recognised on acquisition.

Employees

	Year end		Average	
	2007	2006	2007	2006
	Number	Number	Number	Number
Nordics	9,420	10,076	9,837	2,567
United Kingdom	5,655	6,073	5,797	6,083
France	9,057	8,563	8,725	8,301

Netherlands	6,035	5,829	6,136	5,784
Germany	2,081	2,059	2,097	2,168
International	6,492	6,189	6,443	5,848
Continuing operations	38,740	38,789	39,035	30,751
Discontinued operation	-	1,694	781	1,674
	38,740	40,483	39,816	32,425

The employee benefits expense for the year amounted to:

		Restated
	2007	2006
	£'m	£'m
Salaries and short-term employee benefits	1,320.7	1,009.0
Social security costs	267.2	198.3
Pension costs	109.1	70.1
Share-based payments	8.5	9.3
	1,705.5	1,286.7

Employee benefit expense of £4.3 million (2006: £19.8 million) has not been included in the table above but was included within the £13.5 million (2006: £ 32.9 million) charge for restructuring and integration costs in note 3 above. The £9.0 million gain reported in exceptional items in 2006 relating to the retirement benefit obligation (see note 3), was not included in the £70.1 million of pension costs in 2006 in the table above.

Taxation

		Restated
	2007	2006
	£'m	£'m
Current tax:		
UK corporation tax	(3.8)	17.2
Overseas tax	50.5	28.4
	46.7	45.6
Deferred tax:		
UK corporation tax	1.8	2.4
Overseas tax	(43.1)	(16.8)
	(41.3)	(14.4)
Tax charge from continuing operations	5.4	31.2

The effective tax rate on continuing 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 17.6% (2006: 25.4%), of which a credit of £0.4 million (2006: charge of £19.6 million) related to the United Kingdom. The effective tax rate for 2007 was lower than 2006 due to the use of unrecognised losses brought forward.

The effective tax rate on exceptional items was 9.5% (2006: 7.1%) and the effective tax rate on amortisation of intangible assets initially recognised on acquisition was 32.4% (2006: 32.7%).

6. Taxation (continued)

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

	2007	Restated 2006
	£'m	£'m
Profit before tax	84.1	116.6
Less: share of post-tax profits from associates	(1.2)	(0.3)
Profit before tax excluding share of post-tax profits from associates	82.9	116.3
Tax at the UK corporation tax rate of 30% (2006: 30%)	24.9	34.9
Adjustments in respect of previous years	(7.7)	(7.0)
Adjustment for foreign tax rates	2.9	2.0
Tax loss utilisation	(9.9)	(5.5)
Income not taxable	(7.6)	(3.2)
Deferred tax assets not recognised	2.8	10.0
Tax charge from continuing operations	5.4	31.2

In addition to the amounts charged to the income statement, a deferred tax charge of £nil (2006: £4.5 million) relating to retirement benefit schemes, a deferred tax credit relating to items transferred to the income statement on settlement of £0.6 million in 2006 and a deferred tax charge of £0.1 million (2006: £0.4 million) relating to share-based payment arrangements were recognised directly in equity. In the prior year a deferred tax credit of £0.6 million relating to items transferred to the income statement was also recognised in equity.

The current tax related to exceptional items for the year ended 31 December 2007 was a tax credit of £2.2 million (2006: £1.7 million).

The reduction in the statutory corporation tax rate in the UK from 30% to 28% from 1 April 2008 was reflected in calculating the UK deferred tax assets and liabilities. The effect on the results for the year ended 31 December 2007 was an additional tax charge of £0.7 million.

Discontinued operation

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

Analysis of profit from discontinued operation

	2007	2006
	£'m	£'m
Revenue	86.6	244.5
Net operating costs	(109.2)	(230.6)
Operating (loss)/profit	(22.6)	13.9
Finance costs (net)	-	(1.1)
Taxation	2.3	(9.1)
(Loss)/profit for the year from Telecoms Products	(20.3)	3.7
Gain recognised on disposal of Telecoms Products business	119.5	-
Taxation	(9.8)	-
Profit from discontinued operation	89.4	3.7

The consolidated income statement for the year ended 31 December 2006, was restated to show the Telecoms Products business as a discontinued operation to allow a more meaningful comparison with the current period, as required by IFRS 5 'Non-current assets held for sale and discontinued operations'.

7. Discontinued operation (continued)

The net assets of the Telecoms Products business on the date of disposal were as follows:

	£'m
Goodwill	32.0
Other intangible assets	4.1
Property, plant and equipment	5.8
Trade and other receivables	101.4
Cash and cash equivalents	38.0
Current tax	0.5
Trade and other payables	(91.2)
Deferred tax	(3.5)
Provisions	(1.4)
Net assets disposed of	85.7
Total consideration	265.0
Foreign exchange differences recycled from equity	(4.1)
Disposal costs	(55.7)
Profit on disposal	119.5
Cash consideration received	264.8
Cash and cash equivalents disposed of	(38.0)
Net cash inflow arising on disposal	226.8

The total consideration of £265.0 million comprised cash of £264.8 million and other assets of £0.2 million. Disposal costs mainly included expenses related to employee redundancies, vacant property provisions, legal and advisory fees and provisions against trade and other receivables.

Dividends

The directors are proposing a final dividend in respect of the year ended 31 December 2007 of 3.50 pence per share, which would reduce shareholders' funds by approximately £50.5 million. The proposed dividend is subject to approval at the annual general meeting on 14 May 2008 and has not been recognised as a liability in these financial statements. The final dividend will be paid on 15 May 2008 to shareholders listed on the share register on 18 April 2008.

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

	2007	2006	2007	2006
	p / share	p / share	£'m	£'m
Interim dividend, relating to 2007 / 2006	2.30	2.20	34.0	24.9
Final dividend, relating to 2006 / 2005	3.40	3.20	51.9	36.2
	5.70	5.40	85.9	61.1

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

Earnings per share

		2007	
	Earnings	Weighted average number of shares	Earnings per share
Earnings per share from continuing operations	£'m	million	pence
Profit for the year from continuing operations	78.7		
Minority interests	1.8		
Earnings attributable to ordinary shareholders	80.5	1,494.6	5.4
Basic EPS	80.5	1,494.6	5.4
Effect of share options and share awards	-	20.1	(0.1)
Diluted EPS	80.5	1,514.7	5.3
Adjusted earnings per share from continuing operations			
Earnings attributable to ordinary shareholders	80.5	1,494.6	5.4
Add back/(deduct):			

Exceptional items, net of tax	21.0	-	1.4
Mark-to-market gain on convertible bonds designated at fair value through profit or loss, net of tax	(0.2)	-	-
Amortisation of intangible assets initially recognised on acquisition, net of tax	50.5	-	3.4
Basic adjusted EPS	151.8	1,494.6	10.2
Effect of share options and share awards	-	20.1	(0.2)
Effect of convertible bonds, excluding mark-to-market gain, net of tax	4.2	64.6	(0.1)
Diluted adjusted EPS	156.0	1,579.3	9.9

	2007		
	Earnings	Weighted average number of shares	Earnings per share
Earnings per share from discontinued operation	£'m	million	pence
Earnings attributable to ordinary shareholders	89.4	1,494.6	6.0
Basic EPS	89.4	1,494.6	6.0
Effect of share options and share awards	-	20.1	(0.1)
Diluted EPS	89.4	1,514.7	5.9

	2007		
	Earnings	Weighted average number of shares	Earnings per share
Earnings per share from total operations	£'m	million	pence
Earnings attributable to ordinary shareholders	169.9	1,494.6	11.4
Basic EPS	169.9	1,494.6	11.4
Effect of share options and share awards	-	20.1	(0.2)
Diluted EPS	169.9	1,514.7	11.2

Earnings per share (continued)

	Restated 2006		
	Earnings	Weighted average number	Earnings per

		of shares	share
Earnings per share from continuing operations	£'m	million	pence
Profit for the year from continuing operations	85.4		
Minority interests	(7.1)		
Earnings attributable to ordinary shareholders	78.3	1,215.6	6.4
Basic EPS	78.3	1,215.6	6.4
Effect of share options and share awards	-	18.6	(0.1)
Diluted EPS	78.3	1,234.2	6.3
Adjusted earnings per share from continuing operations			
Earnings attributable to ordinary shareholders	78.3	1,215.6	6.4
Add back:			
Exceptional items, net of tax	22.2	-	1.9
Mark-to-market loss on convertible bonds designated at fair value through profit or loss, net of tax	0.1	-	-
Amortisation of intangible assets initially recognised on acquisition, net of tax	25.3	-	2.1
Basic adjusted EPS	125.9	1,215.6	10.4
Effect of share options and share awards	-	18.6	(0.2)
Effect of convertible bonds, excluding mark-to-market loss, net of tax	4.2	64.6	(0.2)
Diluted adjusted EPS	130.1	1,298.8	10.0

Restated 2006

	Earnings	Weighted average number of shares	Earnings per share
Earnings per share from discontinued operation	£'m	million	pence
Earnings attributable to ordinary shareholders	3.7	1,215.6	0.3
Basic EPS	3.7	1,215.6	0.3
Effect of share options and share awards	-	18.6	-
Diluted EPS	3.7	1,234.2	0.3

Restated 2006

	Earnings	Weighted average number of shares	Earnings per share
Earnings per share from total operations	£'m	million	pence

Earnings attributable to ordinary shareholders	82.0	1,215.6	6.7
Basic EPS	82.0	1,215.6	6.7
Effect of share options and share awards	-	18.6	(0.1)
Diluted EPS	82.0	1,234.2	6.6

During the period 25 June 2007 to 2 November 2007, the company purchased and subsequently cancelled 83.6 million ordinary shares at an average price of £ 1.55, with a nominal value of £8.4 million, for consideration of £130.8 million. Consideration included stamp duty and commission of £0.8 million.

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.

Earnings per share (continued)

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

The convertible bonds were not included in the calculation of diluted earnings per share from continuing operations for the year ended 31 December 2007 and 31 December 2006 as they were anti-dilutive; however, the convertible bonds were dilutive for the purposes of calculating adjusted diluted earnings per share from continuing operations for the year ended 31 December 2007 and 31 December 2006.

The impact of the charge for share-based payments was to reduce adjusted basic earnings per share for the year ended 31 December 2007 by 0.6 pence per share (2006: 0.8 pence per share).

10. Share capital

	2007	2006
Authorised	£'m	£'m
2,250,000,000 (2006: 2,250,000,000) ordinary shares of 10 pence each	225.0	225.0

	2007		2006	
Allotted, called-up and fully paid	Number	£'m	Number	£'m
At 1 January	1,535,698,482	153.6	1,146,238,652	114.6
Allotted under share plans	5,538,792	0.6	2,595,389	0.3
Shares purchased and cancelled	(83,591,195)	(8.4)	-	-
Allotted to acquire WM-data shares	-	-	377,848,632	37.8

Allotted to acquire WM-data convertible debentures	-	-	9,015,809	0.9
At 31 December	1,457,646,079	145.8	1,535,698,482	153.6

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

During the period 25 June 2007 to 2 November 2007, the company purchased and subsequently cancelled 83.6 million ordinary shares at an average price of £ 1.55, with a nominal value of £8.4 million, for consideration of £130.8 million. Consideration included stamp duty and commission of £0.8 million.

11. Share premium

	2007	2006
	£'m	£'m
At 1 January	1,097.0	1,084.8
Premium on shares allotted under share plans	1.9	3.1
Premium on shares allotted to acquire WM-data convertible debentures, net of expenses	-	9.1
At 31 December	1,098.9	1,097.0

During the year ended 31 December 2007, the share premium account was reduced by £nil of expenses related to the issuance of new ordinary shares (2006: £5.6 million).

Reconciliation of operating profit to cash generated from continuing operations

		Restated
	2007	2006
	£'m	£'m
Operating profit from continuing operations	109.7	141.9
Adjustments for:		
Share-based payment expense	8.5	9.3
Depreciation of property, plant and equipment	38.7	29.2
Loss on disposal of non-current assets and subsidiaries	2.1	1.0
Loss on disposal of businesses	9.7	-
Amortisation of intangible assets	84.0	44.1
Impairment of financial assets	1.8	-
Derivative financial instruments	(1.0)	0.6
Defined benefit plans	(4.2)	(13.4)
	139.6	70.8
Net movements in provisions	(18.1)	3.6

Movements in working capital:

Inventories	0.6	(0.2)
Trade and other receivables	33.3	(51.3)
Trade and other payables	(32.7)	44.7
	1.2	(6.8)
Cash generated from continuing operations	232.4	209.5
Add back: Cash outflow related to restructuring and integration activities	28.6	33.0
Net cash inflow from trading operations	261.0	242.5

The consolidated cash flow statement for the year ended 31 December 2006 was restated to show the Telecoms Products business as a discontinued operation to allow a more meaningful comparison with the current period.

Reconciliation of movements in net debt

	At 1 January 2007	Cash flows	Acquisitions and disposals*	Other non-cash movements	Exchange differences	At 31 December 2007
	£'m	£'m	£'m	£'m	£'m	£'m
Cash and cash equivalents	177.3	(78.2)	-	-	9.6	108.7
Bank overdrafts	(26.4)	17.8	-	-	(0.5)	(9.1)
	150.9	(60.4)	-	-	9.1	99.6
Finance leases	(6.5)	4.7	0.1	(4.7)	(0.8)	(7.2)
Bank loans	(498.0)	169.5	-	(1.9)	(24.3)	(354.7)
Other loans	(1.1)	0.2	-	-	-	(0.9)
Convertible bonds	(202.4)	-	-	0.2	(17.8)	(220.0)
Net debt	(557.1)	114.0	0.1	(6.4)	(33.8)	(483.2)

* Excludes cash and cash equivalents assumed on acquisition of businesses, amounting to £5.6 million and cash and cash equivalents disposed of £41.4 million and bank overdrafts disposed of £1.3 million.

Disposals

Telecoms Products

The Telecoms Products business was disposed of on 18 June 2007 and has been presented as a discontinued operation. The associated disclosures are given in note 7.

Caran

The group completed the disposal of its industrial design and product development business Caran to Swedish conglomerate JCE Group on 4 June 2007 for £24.1 million. The disposal process for Caran included a rationalisation of its previous business ventures with Saab. These latter transactions, which completed on 1 April 2007, included: the sale of a 50% interest in Caran Saab Engineering AB; the purchase of a 40% interest in A2 Acoustics AB and the acquisition of Saab's Combitech operations. The entire share capital of A2 Acoustics AB and the Combitech operations were subsequently disposed of on 4 June 2007.

The net assets of the Caran business that was sold to JCE Group on 4 June 2007 were as follows:

	£'m
Goodwill	16.3
Other intangible assets	8.4
Property, plant and equipment	1.3
Trade and other receivables	18.6
Cash and cash equivalents	1.0
Borrowings	(1.3)
Trade and other payables	(15.1)
Current tax	(0.5)
Deferred tax	(2.5)
Net assets disposed of	26.2
Total consideration	24.1
Foreign exchange gains recycled from equity	0.2
Disposal costs	(0.9)
Loss on disposal	(2.8)
Cash consideration received	24.1
Cash and cash equivalents disposed of	(1.0)
Net cash inflow arising on disposal	23.1

The sale of the group's 50% associate interest in Caran Saab Engineering AB on 1 April 2007 generated a profit of £3.0 million from cash consideration received of £4.4 million. Together with the £2.8 million loss on disposal of the Caran business sold to JCE Group on 4 June 2007, the group's combined profit from the disposal of all Caran-related business activities was £0.2 million.

Other business disposals

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

	£'m
Goodwill	11.3
Other intangible assets	1.4
Property, plant and equipment	1.1
Other non-current assets	0.2
Inventories	1.2
Trade and other receivables	4.1

Cash and cash equivalents	2.4
Trade and other payables	(2.8)
Retirement benefit obligations	(1.2)
Net assets disposed of	17.7
Total consideration	15.6
Foreign exchange losses recycled from equity	(1.2)
Disposal costs	(6.6)
Loss on disposal	(9.9)
Cash consideration received	15.2
Cash and cash equivalents disposed of	(2.4)
Net cash inflow arising on disposal	12.8

Disposals (continued)

The total consideration for the sale of other non-core businesses was £15.6 million, of which £15.2 million was received in cash during the year and £0.4 million is receivable during the first half of 2008. Included in the £6.6 million disposal costs was a £2.6 million impairment loss relating to buildings previously occupied by the graphic services business in Portugal prior to the disposal of this business.

The other non-core businesses disposed of during the year comprised the following:

an element of the payroll business in the Netherlands which provided solutions for the SME and local government market;

the Copidata integrated graphic services business in Portugal;

the business providing staff augmentation and hosting services to the automotive industry in the United States;

the former WM-data subsidiary operating in Germany, WM-data Deutschland GmbH;

the subsidiary operating the group's IT services business in Austria, LogicaCMG GmbH;

small finance BPO businesses in Norway and Sweden; and

a part of the IT services business in Denmark, providing services and products to tax authorities around the world.

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

Acquisitions

During the year, the group made a small number of acquisitions in the Nordic region, as described below.

Siemens Business Systems

On 31 March 2007, the group acquired the outsourcing, IT infrastructure and systems integration business of Siemens Business Systems AS in Norway. The acquisition comprised the purchase of the business assets and liabilities, together with the transfer of approximately 250 employees.

Medici Data Oy

On 29 November 2007, the group acquired a 63.66% interest in Medici Data Oy, resulting in full ownership of this company. The 36.34% associate interest held previously was acquired with the WM-data group in October 2006. Medici Data Oy is a Finnish company specialising in developing and building applications for planning, controlling and documenting patient care processes and providing information management services to the health care sector.

Karttakone Oy

On 31 October 2007, the group acquired a 100% interest in Karttakone Oy, a company providing digital and paper-based mapping products covering the whole of Finland and other parts of Europe.

Internet Telecom Payment Solutions AB

On 31 August 2007, the group acquired a 55% interest in Internet Telecom Payment Solutions AB, resulting in full ownership of this company. The 45% associate interest held previously was acquired with the WM-data group. The company provides solutions and services relating to billing for the telecoms sector in Sweden.

Saab Combitech

On 1 April 2007, the group acquired Saab's Combitech operations and subsequently disposed of the operations as part of the rationalisation of business ventures with Saab referred to in note 14.

15. Acquisitions (continued)

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

	Carrying amount pre-acquisition	Fair value
	£'m	£'m
Intangible assets	-	1.9
Property, plant and equipment	3.9	3.9
Inventories	0.1	0.1
Trade and other receivables	8.8	8.8
Current tax	0.2	0.2
Cash and cash equivalents	5.6	5.6
Trade and other payables	(4.6)	(4.6)
Deferred tax	-	(0.6)
Retirement benefit obligations	(0.2)	(0.2)
Net assets acquired	13.8	15.1
Profit recognised as associates		(0.1)
		15.0
Goodwill		10.9

Total consideration	25.9

Total consideration comprised:	
Cash	22.9
Deferred consideration	0.7
Fair value of associate interest when acquired	2.0
Directly attributable costs	0.3
	25.9

Factors that contributed to the recognition of goodwill of £10.9 million on acquisitions during the year were: anticipated revenue and cost synergies with existing operations in Norway and Finland; the value of the workforce in place and the anticipated profits from winning business in the future from new rather than existing customers.

The fair values for the acquisitions were final, except for the fair values of Medici Data Oy included in the table above. Due to the short time period between the acquisition of a controlling interest in Medici Data Oy and the date of approval of the consolidated financial statements, the fair values above contain some provisional amounts which will be finalised during the 2008 financial year.

Contingent liabilities

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

17. Events after the balance sheet date

On 15 February 2008, Energias de Portugal S.A. (EDP) notified the group of its exercise of the EDP Put Option, under the terms of the shareholders agreement entered into between EDP and Logica on 20 April 2005. Accordingly, EDP gave notice that it will sell to Logica the remaining 40% interest in the equity shares of Edinfor - Sistemas Informáticos S.A. and the outstanding shareholder loans. On completion of this transaction Logica will own a 100% equity interest in Edinfor.