CAPITA

20 July 2006

THE CAPITA GROUP PLC

Interim Results for the 6 months to 30 June 2006

CONSIDERABLE PROGRESS IN FIRST 6 MONTHS

Financial Highlights

	6 months to 30 June 2006	6 months to 30 June 2005	**Change**
Turnover	£845.0m	£687.3m	**+23%**
Operating profit*	£103.2m	£81.0m	**+27%**
Profit before tax*	£92.4m	£74.5m	**+24%**
Earnings per share*	10.47p	8.06p	**+30%**
Interim dividend per share	2.7p	2.1p	**+29%**

Key points

- Operating margins* increased to 12.2% (2005: 11.8%)
- Operating cash flow of £121.5m (2005: £95.4m)
- £806m major contract wins and renewals in first 7 months of 2006
- Replenished bid pipeline of £2.8bn
- Active public and private sector markets
- Share buybacks of 7.2% of issued share capital returns £214m to shareholders

** before share based payment charge of £4.1m and amortisation of separately identifiable intangible assets of £3.2m*

Rod Aldridge, Non-Executive Chairman of The Capita Group Plc, commented:

"Capita has made considerable progress in the first 6 months of the year, reflected in another period of excellent financial results. There is good visibility of Capita's financial performance for 2006 and the Board believes shareholders will be very pleased with the results for the year as a whole.

"Our businesses are in superb shape to deliver incremental growth and the market for BPO opportunities continues to be extremely active. The Board therefore anticipates delivering strong growth in 2007."

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THE CAPITA GROUP PLC

Interim Results for the 6 months to 30 June 2006

Chairman's Statement

Results

Capita has made considerable progress during the 6 months to 30 June 2006. We have secured a significant volume of new business, thereby strengthening our position as the UK's market leader in providing business process outsourcing (BPO) services to the public and private sectors.

During the period, turnover increased by 23% to £845.0m (6 months to 30 June 2005: £687.3m). Operating profits before the share based payment charge and amortisation of separately identifiable intangible assets rose by 27% to £103.2m (2005: £81.0m) and net profits before taxation, share based payment charge and intangible amortisation grew by 24% to £92.4m (2005: £74.5m). Earnings per share before share based payment charge and intangible amortisation grew by 30% to 10.47p (2005: 8.06p).

We remain very excited by the continued opportunities to develop the Group and we will continue to build long term, sustainable value for our shareholders, customers and our employees.

Creating value for shareholders

To ensure we are creating value for shareholders, we focus on a number of key measures. We believe that the disciplines set out below collectively form an integral part of building value for our shareholders on a consistent basis over the long term.

- We have continued our long term trend of improving operating margins, which have again increased during the period to 12.2% (2005: 11.8%). This is a pleasing performance given the higher than usual level of implementation costs associated with the start up of a record number of new contracts. The improving margin reflects the continued increase in economies of scale in the business.

- The strength of Capita and its business model is reflected in our excellent underlying cash flow, with £121.5m (2005: £95.4m) generated by operations, representing an operating profits to operating cash conversion rate of 118% (2005: 118%).

- We aim to contain capital expenditure at or below 4% of revenue, although there may be rare occasions when we exceed this where our financial strength can be used to our competitive advantage. During the period, we met this objective with net capital expenditure being 3.9% (2005: 4.1%) of revenue.

- We focus on driving a steadily increasing return on capital, which in turn should exceed our cost of capital. Over the last 12 months, our post tax return on average capital employed (including debt) has improved to 18.7% (12 months to 30 June 2005: 17.2%). This compares to our weighted average cost of capital which is currently estimated at 7.8%.

- A key element in the creation of shareholder value is a progressive dividend policy. The Board has declared an interim dividend of 2.7p net per ordinary share (2005: 2.1p), a 29% increase. The dividend will be payable on 6 October 2006 to shareholders on the register at the close of business on 1 September 2006.

- There may be circumstances in which market conditions allow us to add further value for shareholders through share buybacks, thus ensuring we have an efficient capital structure which will minimise our long term cost of capital. At our Annual General Meeting in April, shareholders renewed our authority to re-purchase up to 10% of our issued share capital. To date this year, the Group has bought back 47m shares (representing 7.2% of the issued share capital) at an average price of £4.53. Through this means, £214m has been returned to shareholders over the last 5 months.

- We continue to see a very healthy flow of acquisition opportunities. Our focus remains firmly on small to medium sized transactions, priced at a level which adds value for shareholders. During the period, we undertook 7 transactions, investing a total of £36.2m (net of cash acquired). Our pipeline of potential acquisitions is very encouraging and it is likely there will be further small acquisitions in the second half of the year.

Creating organic growth & developing through acquisitions

Of the 23% increase in turnover in the first 6 months of 2006, 17% was achieved through organic growth and the remaining 6% was derived from acquisitions.

We have two complementary approaches to creating organic growth. First, our centrally managed Major Sales Team seeks to secure contracts typically with a value of £10m or above. These contracts are complex, integrated projects that require a wide range of the Group's skills and which generate high quality, recurring revenues.

Secondly, each of our businesses employs sales teams focused upon securing growth from both existing and new customers. Customers range across our 8 chosen markets (local government, central government, education, transport, health, life & pensions, insurance and other private sector organisations) and our retention rate is exemplary.

Additionally, we achieve growth through acquiring businesses which enable us to build on our existing capabilities or establish a presence in a new market area.

- **Securing major contracts**

Securing and renewing major contracts is an important component of our growth. This year, we have announced £655m of major contract wins and renewals, including a 10 year contract worth £132m with the BBC, a 3 year contract worth £120m with the DTI, a 7 year contract worth £120m with DSG international plc and a 15 year contract worth £100m with Fujitsu, as part of a consortium providing services to the Northern Ireland Civil Service.

We are continuing to enjoy a buoyant period of activity and I am pleased to report today that we have signed a number of new contracts with new and existing clients:

- Rossendale Borough Council – we have been selected as preferred supplier to provide revenues and benefits administration and customer services to the Council in a contract worth £12.6m over 10 years.

- Westminster City Council – our revenues and benefits administration contract has been re-awarded for an additional 7 years to 2015 in a contract worth £50m to the Group.

- In December 2005, Birmingham City Council chose Capita as their strategic partner to support business transformation and ICT within the Council. A special purpose vehicle, Service Birmingham, was set up by Capita and a 10 year, £475m contract to deliver ICT transformation was signed in April 2006. Governance arrangements were also put in place for additional business transformation programmes to be proposed and implemented. The business case for the first of these programmes, to transform corporate services, was approved this week. This programme is additional to the initial ICT contract and has been allocated a budget of £88m over 3 years. Delivery of the corporate services transformation programme will be supported by Service Birmingham and its sub-contractor Axon.

As a consequence of this activity, the total value of major contracts won and extended in the first 7 months of 2006 totals £806m (2005: £240m), representing £624m in new business and £182m in contract extensions and re-awards.

In the 4.5 years to 31 December 2010, we have only 4 material contracts (defined as generating annual revenue in excess of 1% of 2005 turnover) due for renewal. The first of these falls due in 2007 and we are currently involved in a bid to extend this.

Over the last 8 months, there has been a significant volume of contract decisions and Capita has been successful in the majority of these. As a consequence, a key focus in recent months has been to replenish the bid pipeline, which we have done successfully. We are currently working on live major bids with a total value of £2.8bn across the public and private sectors. This total only includes bid situations in which Capita is shortlisted as one of 4 or fewer competitors and caps our largest bids at £500m.

Very strong revenue growth for 2006 is already underpinned. We are now focused on securing further strong growth for 2007.

- **Major contract update**

In the first half of the year, we have successfully transferred a number of complex services. These include:

- Our contract with Zurich's UK Life business, which commenced in February of this year, is progressing well. The 2 stage transition programme was delivered smoothly, an excellent achievement given the scale of the operation. In the first 5 months of the contract, we have delivered improvements in service and quality.

- The BBC HR contract, supporting certain recruitment, payroll and HR administration and occupational health services, commenced in April. The creation of a centralised HR services centre in Belfast is on schedule to go live from September. The focus of the contract is to re-engineer processes and introduce systems which will support the BBC's e-enablement of HR services and its drive for cost efficiencies.

- Our additional contract with DSG international plc to run their technical support centre in Nottingham commenced in March. All staff have been transferred and the initial transformation plan is on schedule to complete at the end of July. In the first 4 months under our management, we are already meeting or exceeding all service performance targets and have introduced a number of technology and quality initiatives to improve the customer experience.

- **Development across our businesses**

Our major businesses across the Group have maintained or grown market share in the first half through securing new business and developing existing relationships. In the financial services, insurance, property and software services markets, we have also expanded through acquisition. Some business highlights from the first half are detailed below.

We have performed strongly across the local government and education markets. In particular, Capita Local Government Services has enjoyed an exceptionally buoyant period, achieving a strong run of contract wins and extensions including council tax and benefits administration contracts with Havant Borough Council and business rates collection for the Royal Borough of Kensington & Chelsea.

Capita Hartshead, our occupational pensions administration business, has made good progress, securing £14m of new business and contract renewals in the first half of the year. New contracts include pensions administration for Bombardier Transportation UK Ltd, TDG plc and Delta Pensions Nominees Limited with a combined membership in excess of 42,000 people. We have also signed a contract with the Pension Protection Fund ("PPF") to provide compensation administration and payment services. The PPF was established by the Government to pay compensation to members of eligible defined benefit pension schemes, where there is a qualifying insolvency event in relation to the employer.

Wherever possible, we draw together services from across our businesses to add further value for clients. For example, our 'Enabler' programme which draws on the capabilities of our life & pensions, SIPP, unit trust and general insurance administration services and recently acquired software firms, Quay Software and Webline, will deliver electronic trading for providers and advisers, improving control, cutting costs and enhancing service.

Also in the financial services arena, we recently acquired the investment fund administration businesses of Sinclair Henderson from iimia Investment Group Plc. The acquisition adds significantly to Capita's current fund administration capabilities, with the enlarged business having combined assets under administration of some £25 billion. As a result, Capita Financial Group will administer approximately 20 per cent of the authorised open ended funds in the UK and will be positioned in second place in the investment trust administration market.

Capita Symonds is now the 5th largest multidisciplinary property and infrastructure consultancy in the UK. The business has grown well over the first 6 months of the year, securing a number of new contracts. In March, Capita Symonds was named as preferred bidder for Lancashire County Council's flagship Building Schools for the Future programme as part of the Catalyst Education consortium. We will provide partnering and education services as lead consultant for the design team. In May, the BBC selected Capita Symonds to supply project management and planning supervision services for a wide range of small to medium-sized construction projects across its UK property portfolio. For a combination of reasons, we took the decision to withdraw from our Dubai Rapid Link contract and we have provided in full for the costs of our early exit. Consequently, margins for Capita Symonds are lower than last year, but are anticipated to recover in the second half of the year.

Board changes

This will be the 35th and final time that I have presented results to shareholders as I intend to retire from the Group on 31 July 2006. Under my chairmanship, Capita has grown from a start up in 1984 to a FTSE 100 company today and has shaped the BPO marketplace in the UK.

During Capita's 17 years as a public company, shareholders have enjoyed a total shareholder return of 165 times, equating to a 35% per annum compound return. Our employee numbers have grown from 98 to 26,000 and it has been my privilege to work with some exceptionally talented and committed people. Our client base has grown from a handful to over 25,000 organisations across the UK and these relationships are hugely valued and enduring.

On 1 August, Eric Walters will take over the reins as Non-Executive Chairman. Eric has been a Director of Capita for over 5 years and has a deep understanding of our business and our culture. I wish Eric well in his new role and I hand over in confidence, with the knowledge that the company is in the best health and the best position it has enjoyed in its history.

The value that we have created for our shareholders and other stakeholders in Capita is a direct result of the competence and commitment that our staff give to the company. The culture within Capita and its people is a key differentiator from our competition. We have a stable and consistent management team, a remarkably low turnover of senior people and an excellent spirit throughout the company.

I would like to thank everyone for the vital role they play in Capita's success and to wish them all well for the future.

Future prospects

There is good visibility of Capita's financial performance for 2006 and the Board believes shareholders will be very pleased with the results for the year as a whole.

Our businesses are in superb shape to deliver incremental growth and the market for BPO opportunities continues to be extremely active. The Board therefore anticipates delivering strong growth in 2007.

Rodney M Aldridge OBE
Non-Executive Chairman

Interim condensed consolidated income statement
for the 6 months to 30 June 2006

			2006			2005	
		Before amortisation and share based payment	Amortisation and share based payment	Total	Before amortisation and share based payment	Amortisation and share based payment	Total
	Notes	£m	£m	£m	£m	£m	£m
Continuing operations:							
Revenue	**3**	**845.0**	**-**	**845.0**	687.3	-	687.3
Operating profit	**3**	**103.2**	**(7.3)**	**95.9**	81.0	(4.4)	76.6
Finance costs		**(10.8)**	**-**	**(10.8)**	(6.5)	-	(6.5)
Profit from continuing operations before taxation		**92.4**	**(7.3)**	**85.1**	74.5	(4.4)	70.1
Income tax expense		**(25.6)**	**1.7**	**(23.9)**	(20.9)	1.3	(19.6)
Profit for the period		**66.8**	**(5.6)**	**61.2**	53.6	(3.1)	50.5
Attributable to:							
Equity holders of the parent		**66.9**	**(5.6)**	**61.3**	53.4	(3.1)	50.3
Minority interest		**(0.1)**	**-**	**(0.1)**	0.2	-	0.2
		66.8	**(5.6)**	**61.2**	53.6	(3.1)	50.5
Earnings per share (EPS) - Basic	**4**	**10.47p**	**(0.87)p**	**9.60p**	8.06p	(0.47)p	7.59p
- Diluted	**4**	**10.29p**	**(0.86)p**	**9.43p**	7.92p	(0.46)p	7.46p

Interim condensed consolidated statement of recognised income and expense
for the 6 months to 30 June 2006

	2006 £m	2005 £m
Actuarial gain/(loss) on defined benefit pension schemes	**19.7**	(13.7)
Exchange differences on translation of foreign operations	**(0.3)**	(0.2)
Tax on items taken directly to equity	**(5.5)**	4.1
Net income/(expense) recognised directly in equity	**13.9**	(9.8)
Profit for the period	**61.2**	50.5
Total income and expense for the period	**75.1**	40.7
Attributable to:		
Equity holders of the parent	**65.5**	40.5
Minority interest	**(0.1)**	0.2
	65.4	40.7

Interim condensed consolidated balance sheet

at 30 June 2006

	Notes	30 June 2006 £m	30 June 2005 (restated) £m
Non-current assets			
Property, plant and equipment		**163.3**	138.3
Intangible assets		**605.0**	516.4
Financial assets		**17.3**	0.2
Deferred taxation		**15.0**	36.6
		800.6	691.5
Current assets			
Trade and other receivables		**435.9**	323.3
Total assets		**1,236.5**	1,014.8
Current liabilities			
Trade and other payables		**451.3**	352.4
Financial liabilities		**128.9**	60.9
Income tax payable		**34.4**	24.6
		614.6	437.9
Non-current liabilities			
Financial liabilities		**354.8**	145.2
Provisions		**4.0**	4.8
Employee benefits		**22.0**	54.6
		380.8	204.6
Total liabilities		**995.4**	642.5
Net assets		**241.1**	372.3
Capital and reserves			
Issued capital	**8**	**12.6**	13.5
Share premium	**8**	**269.2**	251.5
Treasury shares	**8**	**(0.4)**	(0.2)
Capital redemption reserve	**8**	**1.1**	0.1
Foreign currency translation	**8**	**-**	(0.1)
Retained earnings	**8**	**(41.5)**	106.9
Equity shareholders' funds		**241.0**	371.7
Minority interest	**8**	**0.1**	0.6
Total equity		**241.1**	372.3

Interim condensed consolidated cash flow statement

for the 6 months to 30 June 2006

	Notes	2006 £m	2005 (restated) £m
Cash flows from operating activities			
Operating profit on continuing activities before interest and taxation		**95.9**	76.6
Depreciation		**21.2**	16.5
Amortisation of intangible assets		**3.2**	1.2
Share based payment expense		**4.1**	3.2
Pension charge		**7.7**	5.3
Pension contributions		**(8.9)**	(8.4)
Movement in provisions		**0.7**	(0.6)
Movement in debtors and creditors		**(2.4)**	1.6
Cash generated from operations		**121.5**	95.4
Income tax paid		**(20.0)**	(22.4)
Net interest paid		**(10.8)**	(6.5)
Net cash generated from operating activities		**90.7**	66.5
Net cash used in investing activities			
Purchase of property, plant and equipment		**(31.9)**	(24.1)
Purchase of intangible fixed assets		**(1.4)**	(4.0)
Acquisition of subsidiary undertakings and businesses		**(14.6)**	(23.0)
Investment		**(12.5)**	-
Cash acquired with subsidiary undertakings		**(0.3)**	0.9
Purchase of trade investments in insurance captives		**(5.2)**	-
		(65.9)	(50.2)
Net cash used in financing activities			
Issue of ordinary share capital	**8**	**11.2**	3.5
Share buybacks	**8**	**(214.5)**	(13.1)
Share transaction costs	**8**	**(0.8)**	-
Dividends	**5**	**(31.7)**	(23.8)
Capital element of finance lease rental payments	**7**	**(0.1)**	-
Asset based securitised financing	**7**	**3.9**	-
Repayment of loan notes and long term loans	**7**	**(3.2)**	(4.5)
Proceeds on issue of bonds	**7**	**102.8**	-
		(132.4)	(37.9)
Net decrease in cash and cash equivalents		**(107.6)**	(21.6)
Cash and cash equivalents at the beginning of the period		**(19.3)**	(26.1)
Cash and cash equivalents at 30 June		**(126.9)**	(47.7)
Cash and cash equivalents comprise:			
Overdraft	**7**	**(126.9)**	(47.7)
Total		**(126.9)**	(47.7)

Notes to the interim condensed consolidated financial statements
at 30 June 2006

1. Corporate information
The Capita Group Plc is a public limited company incorporated and domiciled in England whose shares are publicly traded. The interim condensed consolidated financial statements of the company and its subsidiaries ('the group') were authorised for issue in accordance with a resolution of the directors on 19 July 2006.

2. Basis of preparation and accounting policies

Basis of preparation
The interim condensed consolidated financial statements for the 6 months to 30 June 2006 have been prepared on the basis of the accounting policies set out in the group's latest annual financial statements for the year ended 31 December 2005. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board with the exception of IAS 34 *Interim Financial Reporting* which has not been applied in these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 31 December 2005.

Significant accounting policies
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2005, except for the adoption of the following amendments mandatory for annual periods beginning on or after 1 January 2006:

- IAS 39 – *Financial Instruments: Recognition and Measurement* ('IAS 39') – *Amendment for financial guarantee contracts* – which amended the scope of IAS 39 to include financial guarantee contracts issued. The amendment addresses the treatment of financial guarantee contracts by the issuer. Under IAS 39, as amended, financial guarantee contracts are recognised initially at fair value and generally remeasured at the higher of the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*;
- IAS 39 – *Amendment for hedges of forecast intragroup transactions* – which amended IAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the financial statements;
- IAS 39 – *Amendment for the fair value option* – which restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss.

The adoption of these amendments did not affect the group results of operations or financial position.

3. Segmental reporting
Analysis of segment revenue

	Resourcing Services	Commercial Services	Corporate Services	Integrated Services	Professional Services	Property Services	Total
2006	£m	£m	£m	£m	£m	£m	£m
Continuing	**101.2**	**141.2**	**146.5**	**214.7**	**140.3**	**101.1**	**845.0**
2005							
Continuing	105.0	119.5	96.3	177.5	100.9	88.1	687.3

Notes to the interim condensed consolidated financial statements
at 30 June 2006

3. Segmental reporting (continued)

Analysis of segment result

	Resourcing Services	Commercial Services	Corporate Services	Integrated Services	Professional Services	Property Services	Total
2006	£m	£m	£m	£m	£m	£m	£m
Continuing	**9.8**	**14.3**	**25.6**	**30.6**	**17.7**	**5.2**	**103.2**
2005							
Continuing	8.5	10.2	17.0	25.2	12.6	7.5	81.0

During the year the group transferred its human resource and payroll business from the Corporate Services to the Resourcing Services division. The impact of this change on the comparatives was to increase revenue in Resourcing Services by £14.6m and the segment result by £2.3m and to reduce the equivalent items in Corporate Services by the same amount.

4. Earnings per share
Earnings per share have been calculated in accordance with IAS 33 *Earnings per share*. The average number of shares in issue during the period was 638.6m (30 June 2005: 662.8m). The diluted earnings per share have been calculated on the diluted profit for the period of £61.3m (30 June 2005 – £50.3m) and an average diluted number of shares of 649.9m (30 June 2005 – £674.6m). As at 19 July, there were 611.1m shares in issue.

5. Dividends paid and proposed
The interim dividend of 2.70p (2005: 2.10p) per share (not recognised as a liability at 30 June 2006) will be payable on 6 October 2006 to ordinary shareholders on the register at the close of business on 1 September 2006. The dividend disclosed in the cash flow represents the final ordinary dividend of 4.90p (2005: 3.60p) per share as proposed in the 31 December 2005 financial statements and approved at the group's AGM (not recognised as a liability at 31 December 2005).

6. Business combinations
The group has made a number of acquisitions in the period which are shown in aggregate. The book and fair values of the assets acquired are disclosed in the table below.

	Book values £m	Fair value to Group £m
Intangible assets	-	9.1
Property, plant and equipment	2.6	1.8
Deferred tax	0.1	0.1
Debtors	5.4	5.2
Cash and short term deposits	(0.3)	(0.3)
Creditors	(8.0)	(8.2)
Corporation tax	(0.1)	(0.1)
Long term loans	(2.9)	(2.9)
Net assets	(3.2)	4.7
Goodwill arising on acquisition		6.8
		11.5
Discharged by:		
Cash		11.5
		11.5

The full exercise to determine the intangible assets acquired is still to be completed, thus the above numbers are provisional; this exercise will be finalised for the full year financial statements. Further cash consideration was paid in respect of deferred consideration accrued on previous acquisitions of £3.0m, there was no impact on goodwill. As required by IAS 12, deferred taxation has been calculated on intangible assets provisionally recognised. The impact of this is to create a deferred tax liability of £2.7m and to increase goodwill by the same amount.

Notes to the interim condensed consolidated financial statements
at 30 June 2006

7. Movement in net debt

	Debt at 1 January 2006 £m	Acquisitions in period £m	Other cash flow movements £m	Non cash movements £m	30 June 2006 Total £m
Overdrafts	(19.3)	(0.3)	(107.3)	-	**(126.9)**
Cash and cash equivalents	(19.3)	(0.3)	(107.3)	-	**(126.9)**
Loan notes	(22.7)	-	0.2	-	**(22.5)**
Bonds	(198.6)	-	(102.8)	(0.7)	**(302.1)**
Long term loans	-	(2.9)	2.9	-	**-**
Finance leases	(0.2)	-	0.1	-	**(0.1)**
Sub-total net debt	(240.8)	(3.2)	(206.9)	(0.7)	**(451.6)**
Asset based securitised financing	(28.2)	-	(3.9)	-	**(32.1)**
	(269.0)	(3.2)	(210.8)	(0.7)	**(483.7)**

In the period the group issued $190,000,000 of fixed rate bonds. The group entered into cross currency swaps to convert these dollar issues into sterling equivalents paying variable rate interest.

	Debt at 1 January 2005 £m	Other cash flow movements £m	Non cash movements £m	30 June 2005 Total £m
Overdrafts	(26.1)	(21.6)	-	(47.7)
Cash and cash equivalents	(26.1)	(21.6)	-	(47.7)
Loan notes	(27.1)	4.4	-	(22.7)
Bonds	(123.0)	-	-	(123.0)
Finance leases	(0.2)	0.1	-	(0.1)
	(176.4)	(17.1)	-	(193.5)

8. Capital and reserves – reconciliation of movements in equity

	Share capital £m	**Treasury shares £m**	**Share premium £m**	**Capital redemption reserve £m**	**Foreign currency reserve £m**	**Profit and loss reserve £m**	**Total £m**	**Minority interest £m**	**Total equity £m**
At 1 January 2005	13.4	(0.2)	248.1	0.1	0.1	98.4	359.9	0.4	360.3
Profit for the period	-	-	-	-	-	50.3	50.3	0.2	50.5
Dividends	-	-	-	-	-	(23.8)	(23.8)	-	(23.8)
Exchange differences	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Share buybacks	-	-	-	-	-	(13.1)	(13.1)	-	(13.1)
Issue of share capital	0.1	-	3.4	-	-	-	3.5	-	3.5
Actuarial losses on defined benefit schemes	-	-	-	-	-	(13.7)	(13.7)	-	(13.7)
Share based payment	-	-	-	-	-	3.2	3.2	-	3.2
Tax taken to equity	-	-	-	-	-	5.6	5.6	-	5.6
At 30 June 2005	13.5	(0.2)	251.5	0.1	(0.1)	106.9	371.7	0.6	372.3
At 1 January 2006	13.4	(0.4)	258.1	0.2	0.3	125.8	397.4	0.2	397.6
Profit for the period	**-**	**-**	**-**	**-**	**-**	**61.3**	**61.3**	**(0.1)**	**61.2**
Dividends	**-**	**-**	**-**	**-**	**-**	**(31.7)**	**(31.7)**	**-**	**(31.7)**
Exchange differences	**-**	**-**	**-**	**-**	**(0.3)**	**-**	**(0.3)**	**-**	**(0.3)**
Share buybacks	**(0.9)**	**-**	**-**	**0.9**	**-**	**(215.3)**	**(215.3)**	**-**	**(215.3)**
Issue of share capital	**0.1**	**-**	**11.1**	**-**	**-**	**-**	**11.2**	**-**	**11.2**
Actuarial gains on defined benefit schemes	**-**	**-**	**-**	**-**	**-**	**19.7**	**19.7**	**-**	**19.7**
Share based payment	**-**	**-**	**-**	**-**	**-**	**4.2**	**4.2**	**-**	**4.2**
Tax taken to equity	**-**	**-**	**-**	**-**	**-**	**(5.5)**	**(5.5)**	**-**	**(5.5)**
At 30 June 2006	**12.6**	**(0.4)**	**269.2**	**1.1**	**-**	**(41.5)**	**241.0**	**0.1**	**241.1**

9. The 2005 comparatives have been restated. This is to reflect the treatment of the activities of Capita Financial Managers Limited who act as an authorised trust manager.