CAPITA

24 July 2007

THE CAPITA GROUP PLC

Interim results for the 6 months to 30 June 2007

STRONG PERFORMANCE

Financial Highlights

	Interim 2007	Interim 2006	**Change**
Turnover	£985m	£845m	**+17%**
Operating profit	£118.9m	£99.1m	**+20%**
Profit before tax	£103.8m	£88.3m	**+18%**
Earnings per share	12.13p	9.96p	**+22%**
Interim dividend per share	4.0p	2.7p	**+48%**

Key points

- Excellent organic growth: £1.15bn major contracts in the first 6 months of 2007 (first 6 months of 2006: £655m)
- Strong bid pipeline of £3bn (Feb 2007: £2.6bn)
- Continued margin progression: increased to 12.1% (interim 2006: 11.7%)
- Strong free cash flow – up by 43% to £83m (interim 2006: £58m)
- 48% increase in interim dividend to 4.0p per share
- Returning £155m to shareholders through a special dividend of 25p per share
- Markets remain highly active

Paul Pindar, Chief Executive of The Capita Group Plc, commented:

"2007 is progressing strongly. Our businesses across the Group have performed well and we have secured a record level of new major contracts in the first 6 months of the year.

We remain very positive about future growth. Our markets continue to generate opportunity, our sales prospects are exciting and our operational performance is consistently strong. Our successes in 2006 and progress in the first half of 2007 mean that the ingredients for a successful year and beyond are already in place."

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CAPITA

The Capita Group Plc

Interim results for the 6 months to 30 June 2007

2007 is progressing strongly. Our businesses across the Group have performed well and we have secured a record level of new major contracts worth £1.15bn in the first 6 months of the year.

In the period ended 30 June 2007, turnover increased by 17% to £985m (6 months to 30 June 2006: £845m). Operating profit before amortisation rose by 20% to £118.9m (2006: £99.1m) and profit before taxation and amortisation increased by 18% to £103.8m (2006: £88.3m). Earnings per share before amortisation grew by 22% to 12.13p (2006: 9.96p).

Operating cash flow rose by 19% to £145m (2006: £122m). We have increased our interim dividend by 48% and we propose to pay a special dividend of 25p per share accompanied by a share consolidation. We have also returned a further £29m to shareholders through purchasing our own shares.

Building value for shareholders

To ensure we build value for shareholders on a consistent basis over the long term, we focus on a number of key financial measures:

- **Margins** - We have continued our long term trend of improving operating margins (before amortisation) which have increased during the period to 12.1% (2006: 11.7%). This is due to several factors including operational leverage, continued focus on seeking efficiencies in service delivery and increased use of our offshore facilities.

- **Cash flow** - The strength of our business model is reflected in our excellent underlying cash flow, with £145m (2006: £122m) generated by operations in the period, representing an operating profit to cash conversion rate of 122% (2006: 118%). Our free cash flow increased by 43% to £83m (2006: £58m).

We use surplus cash to add value in 3 main ways – through acquisitions, share buybacks and dividends:

  - **Acquisitions** – Acquisitions help us to enter new markets where we can grow organically, strengthen existing market positions and build economies of scale, or access a new customer base. To date in 2007, we have spent a total of £63m on 7 acquisitions. We will continue with our strategy of acquiring small to medium-sized businesses which are priced at a level which adds value for our shareholders.

  - **Share buybacks** – Opportunistic share buybacks help us to maintain an efficient capital structure and minimise our long term cost of capital. In the period to 30 June 2007, the Group has bought back 4.5m shares (representing 0.7% of the issued share capital) at an average price of 644p. Following these buybacks, there are 620m shares in issue. Shareholders renewed the Group's authority to purchase up to 10% of issued share capital at our AGM in May.

- **Interim dividend** – The Board has declared an interim dividend of 4.0p per ordinary share (2006: 2.7p), representing an increase of 48%. The dividend will be payable on 19 October 2007 to shareholders on the register at the close of business on 14 September 2007.

- **Special dividend** – As the Group has continued to grow, its cash flow has become increasingly substantial and predictable. Consequently, we have reviewed the Group's capital requirements, including acquisitions, and have concluded that there is a modest cash surplus which currently is best returned directly to shareholders. Accordingly, in addition to the interim dividend, we propose to return £155m to shareholders through a special dividend of 25p per share. We expect to pay this dividend alongside the interim dividend on 19 October 2007 to shareholders on the register at the close of business on 14 September 2007. Following the payment of the interim and special dividends, Group interest cover will be comfortably above 7 times.

  We will also be undertaking a share consolidation of 30 new shares for 31 old shares. The share consolidation is subject to approval by shareholders at an EGM to be held in early September.

- **Capital expenditure** – We aim to contain capital expenditure at or below 4% of revenue. During the period, we met this objective with net capital expenditure at 3.2% (2006: 3.9%) of revenue.

- **Return on capital employed** – We focus on driving a steadily increasing return on capital. Over the last 12 months, the post tax return on average capital employed (including debt) has improved to 18.6% (12 months to 30 June 2006: 17.8%). This compares to our estimated weighted average cost of capital which is 8.1%.

Our marketplace

The market for Business Process Outsourcing (BPO) in the UK and Ireland continues to provide strong growth opportunities. Industry analysts estimate the total potential market at £94.8bn per annum with only 5% of this market outsourced in 2006 (£4.6bn).*

We are well positioned to exploit this market potential. Our increasing scale and capability provide us with a strong competitive edge across our markets and enable us to present compelling propositions to clients. With our recent strong performance in securing new business, we have extended the leading positions we hold in the majority of our markets, particularly local government and life and pensions. We remain the clear market leader in the overall UK BPO market.

Generating profitable growth

We generate profitable growth by winning business from new and existing customers in the UK and Ireland and supplement this by acquiring businesses that broaden our skill base and extend our market reach.

* source: Ovum 2006

Organic growth

Each of our businesses employs sales teams focused upon securing growth from both existing and new customers. Performance has been strong in the first half of the year, particularly in our HR and resourcing businesses, local government services, education software, trust administration and in Capita Symonds, our property consultancy.

Our centrally managed Major Sales Team pursues complex, long term contracts worth over £10m which require a wide range of the Group's skills and generate high quality, recurring revenues. Securing and renewing major contracts is an important component of our growth.

Our sales performance to date in 2007 has been excellent. In the first 6 months, we have secured 6 major contracts with a total value of £1.15bn (6 months to 2006: £655m):

- **Countrywide Assured** – to provide administrative services for 80,000 life and pensions policies in a deal worth £19m over 15 years.

- **Swindon Borough Council** – to deliver a wide range of local government services in a partnership worth £243m over 15 years (this contract had previously been estimated to be worth £140m over 10 years when we were selected as preferred supplier in October 2006). The contract commenced on 1 February and the transition is complete. We have successfully transferred approximately 370 staff to Capita and we are currently implementing a transformation programme to improve the way in which customer services are delivered to the citizens of Swindon.

- **Southampton City Council** – selected as preferred bidder to develop a 10 year strategic partnership valued at approximately £290m. Final negotiations are currently in progress. The contract is expected to commence on 1 October 2007.

- **Official Solicitor and Public Trustee ('OSPT')** – Capita Trust has been chosen to act as the new Trustee of an initial group of 471 private trusts managed by the OSPT in a contract worth £12m over 10 years.

- **Service Birmingham** – In December 2005, Birmingham City Council chose Capita as its 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. In May 2007, the Council approved the business case for the second of these programmes, to transform Customer Services, with a budget of £142m over 10 years. (The first was approved in July 2006 and related to Corporate Services).

- **Resolution plc** – selected as strategic partner to deliver customer services, IT services, policy servicing, claims and new business processing for 4.5 million policyholders and future new business in the Phoenix Life Assurance (formerly Abbey National Life), Scottish Mutual, Scottish Provident and Phoenix Life (formerly Britannic Assurance, Britannic Unit Linked Assurance, Britannic Retirement Solutions and Alba Life) funds. The contract is worth £580 million over 12 years and involves both closed and open book policies. Service transition commences on 1 August 2007 and involves transferring around 2000 Resolution staff to Capita.

Despite record contract wins in the first 6 months, our bid pipeline has been replenished swiftly and reflects the quality of business opportunities across our markets. The pipeline currently stands at £3bn (February 2007: £2.6bn) and only includes bid situations in which Capita is shortlisted as one of 4 or fewer competitors and caps the largest bids at £500m. Behind this is an active prospect list of opportunities which are yet to reach a shortlist stage.

We are now in the position where we have no material contracts (defined as having annual revenue in excess of 1% of 2006 turnover) due for renewal in 2007 and 2008 and only two in 2009.

Stimulating growth through acquisition

A key element of our growth is the acquisition of small to medium sized companies which extend our presence in existing marketplaces or provide a footprint in a new market. We have substantial experience of integrating acquired businesses and achieving synergies with our existing operations. To date in 2007, we have completed 7 acquisitions including:

- **Harry Weeks**, a business travel software company specialising in online rail ticketing solutions for corporates and travel intermediaries, was acquired in February for £21m. The acquisition further extends our business travel administration offering, following our entry into this marketplace in November 2005 with the acquisition of Lonsdale Travel. Travel administration is an area of major spend across the public and private sectors and there is a growing demand for outsourced support.

- **CMGL,** acquired for £32m in March 2007, expands our offering and client base in the outsourced claims and insurance management services arena, particularly within the General Insurer and Corporate markets. Clients include FTSE quoted corporations, general insurers, Lloyd's underwriters and London Market companies.

- **Global Fund Administration Limited (GFA),** a leading provider of fund administration to the hedge fund industry, has been fully integrated with our existing business. GFA expands our jurisdictional coverage, adding Gibraltar to our fund administration capability which already includes Dublin and the Channel Islands. As a result of this acquisition and wider business development, Capita Financial Group now administers over 20% of all open ended authorised funds in the UK market, representing an increase of 11% in the first 6 months of the year.

- **CPFR Solutions Limited**, a leading supplier of recording and assessment solutions to children's centres in more than 70 local authorities, enhances our existing offering. The integration of CPFR's eStart technology with Capita's existing ONE technology (currently used by 126 local authorities to manage children's data) is progressing well and generating new opportunities for the business. The additional capability brought by CPFR will support the development of an integrated database which will enable local authorities to support children as they move from birth to adulthood via a single record.

Realising the benefits of scale and operational excellence

Through contract wins and acquisitions we have developed the scale which today enables us to produce compelling propositions for clients in terms of cost efficiency and specialist skills. Another key strength of the Group is our record of transitional and operational excellence. This supports high client retention and also creates a pool of positive referees providing vital support to new sales initiatives.

As a result of our scale and broad capability, we are increasingly winning major integrated service transformations across the public and private sectors.

- We are working with a growing number of **local authorities** to help them deliver extensive transformation programmes across the entire back office and customer service infrastructure, including recent clients Birmingham City Council and Swindon Borough Council.

- Since our entry into the **life and pensions market** in 2002, we have created a business employing 7000 people administering over 15 million policies, with our group pensions business administering a further 3.5m policies. Over the past 18 months, we have accelerated our growth in this area, securing a number of large contracts with clients including Zurich, Prudential (Belfast) and Resolution.

- We entered the **HR market** in 1996 and have expanded our service offering mainly through acquisitions. The scale and breadth of the business now positions us well to provide clients with extensive outsourced and managed services solutions. An example of this is our integrated HR services contract with the BBC.

Development of our blended onshore/offshore delivery model provides further flexibility and benefits to our clients and the Group. Our offshore operation in India continues to develop strongly both in scale and scope of services. We now have 1000 staff working across our 2 sites in Mumbai and we are securing a 3rd site in Chennai, chosen for its excellent infrastructure and large supply of highly skilled, experienced BPO staff.

By the end of 2007, we anticipate employing around 1500 staff in India with the figure rising to 3000 by 2009. We are steadily moving our own backoffice functions offshore and successfully running blended onshore/offshore models of service delivery for existing and new clients. The recent new business wins, with clients such as Resolution, will add further scale to our offshore operations and provide us with the opportunity to leverage this for the benefit of the Group and our clients.

Valuing our people

Our people are the engine room driving our achievements. Their enthusiasm, hard work and commitment to service delivery are vital to meeting client expectations and supporting our growth. The culture that we have created across the Group is a key differentiator from our competitors and our people are valuable ambassadors. We also offer a warm welcome to the employees that have joined us since the beginning of 2007 through direct recruitment, contracts and acquisitions. The Board would like to thank everyone across the Group for the role they play in Capita’s success.

Future prospects

We remain very positive about future growth. Our markets continue to generate opportunities, our sales prospects are exciting and our operational performance is consistently strong.

Our successes in 2006 and progress in the first half of 2007 mean that the ingredients for a successful year and beyond are already in place.

-Ends-

The Capita Group Plc is the UK's leading provider of integrated professional support service solutions. The Group's service capabilities encompass business process outsourcing (BPO), customer services, administration and support, human resources, ICT, property consultancy, finance & treasury and consultancy delivered to both public sector and private organisations. With 27,800 employees at more than 250 offices across the UK, Channel Islands, Ireland and India, Capita is quoted on the London Stock Exchange (CPI.L), and is a constituent of the FTSE100 with revenues for 2006 of £1,739 million.

Further information on The Capita Group Plc can be found at: www.capita.co.uk

The Capita Group Plc

Interim results for the 6 months to 30 June 2007

Interim condensed consolidated income statement

for the 6 months to 30 June 2007

				30 June 2007			30 June 2006
	Notes	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Continuing operations:							
Revenue	3	**985.0**	**-**	**985.0**	845.0	-	845.0
Operating profit	3	**118.9**	**(4.1)**	**114.8**	99.1	(3.2)	95.9
Finance costs		**(15.1)**	**-**	**(15.1)**	(10.8)	-	(10.8)
Profit from continuing operations before taxation		**103.8**	**(4.1)**	**99.7**	88.3	(3.2)	85.1
Income tax expense		**(28.8)**	**1.7**	**(27.1)**	(24.8)	0.9	(23.9)
Profit for the period		**75.0**	**(2.4)**	**72.6**	63.5	(2.3)	61.2
Attributable to:							
Equity holders of the parent		**75.0**	**(2.4)**	**72.6**	63.6	(2.3)	61.3
Minority interest		**-**	**-**	**-**	(0.1)	-	(0.1)
		75.0	**(2.4)**	**72.6**	63.5	(2.3)	61.2
Earnings per share (EPS) - Basic	4	**12.13p**	**(0.38)p**	**11.75p**	9.96p	(0.36)p	9.60p
- Diluted	4	**11.85p**	**(0.37)p**	**11.48p**	9.78p	(0.35)p	9.43p

Interim condensed consolidated statement of recognised income and expense

for the 6 months to 30 June 2007

	30 June 2007 £m	30 June 2006 £m
Actuarial gain on defined benefit pension schemes	**34.9**	19.7
Exchange differences on translation of foreign operations	**(0.1)**	(0.3)
Gain on available for sale investments	**1.5**	-
Tax on items taken directly to equity	**(9.2)**	(5.5)
Net income recognised directly in equity	**27.1**	13.9
Profit for the period	**72.6**	61.2
Total income and expense for the period	**99.7**	75.1
Attributable to:		
Equity holders of the parent	**99.7**	75.2
Minority interest	**-**	(0.1)
	99.7	75.1

Interim condensed consolidated balance sheet

at 30 June 2007

	Notes	30 June 2007 £m	30 June 2006 £m
Non-current assets			
Property, plant and equipment		**183.4**	163.3
Intangible assets		**699.1**	605.0
Financial assets		**38.7**	17.3
Deferred taxation		**7.8**	15.0
Employee benefits		**11.0**	-
		940.0	800.6
Current assets			
Trade and other receivables		**496.7**	435.9
Total assets		**1,436.7**	1,236.5
Current liabilities			
Trade and other payables		**554.1**	451.3
Financial liabilities		**66.9**	128.9
Income tax payable		**42.4**	34.4
		663.4	614.6
Non-current liabilities			
Financial liabilities		**384.3**	354.8
Provisions		**1.4**	4.0
Employee benefits		**-**	22.0
		385.7	380.8
Total liabilities		**1,049.1**	995.4
Net assets		**387.6**	241.1
Capital and reserves			
Issued capital	8	**12.5**	12.6
Share premium	8	**334.5**	269.2
Treasury shares	8	**-**	(0.4)
Capital redemption reserve	8	**1.8**	1.1
Foreign currency translation	8	**(0.5)**	-
Retained earnings	8	**39.2**	(41.5)
Equity shareholders' funds		**387.5**	241.0
Minority interest	8	**0.1**	0.1
Total equity		**387.6**	241.1

Interim condensed consolidated cash flow statement
for the 6 months to 30 June 2007

	Notes	30 June 2007 £m	30 June 2006 £m
Cash flows from operating activities			
Operating profit on continuing activities before interest and taxation		**114.8**	95.9
Depreciation		**21.5**	21.2
Amortisation of intangible assets		**4.1**	3.2
Share based payment expense		**4.1**	4.1
Pension charge		**7.3**	7.7
Pension contributions		**(10.3)**	(8.9)
Movement in provisions		**(0.6)**	0.7
Movement in debtors and creditors		**4.4**	(2.4)
Cash generated from operations		**145.3**	121.5
Income tax paid		**(15.2)**	(20.0)
Net interest paid		**(15.1)**	(10.8)
Net cash generated from operating activities		**115.0**	90.7
Net cash used in investing activities			
Purchase of property, plant and equipment		**(31.7)**	(31.9)
Purchase of intangible fixed assets		**-**	(1.4)
Acquisition of subsidiary undertakings and businesses		**(54.0)**	(14.6)
Investment		**-**	(12.5)
Cash acquired with subsidiary undertakings		**2.4**	(0.3)
Purchase of trade investments in insurance captives		**(4.6)**	(5.2)
		(87.9)	(65.9)
Net cash used in financing activities			
Issue of ordinary share capital	8	**26.7**	11.2
Share buybacks	8	**(29.4)**	(214.5)
Share transaction costs	8	**(0.1)**	(0.8)
Dividends	5	**(39.2)**	(31.7)
Capital element of finance lease rental payments	7	**(0.2)**	(0.1)
Asset based securitised financing	7	**8.3**	3.9
Repayment of loan notes and long term loans	7	**(33.2)**	(3.2)
Proceeds on issue of bonds	7	**-**	102.8
		(67.1)	(132.4)
Net decrease in cash and cash equivalents		**(40.0)**	(107.6)
Cash and cash equivalents at the beginning of the period		**9.2**	(19.3)
Cash and cash equivalents at 30 June		**(30.8)**	(126.9)
Cash and cash equivalents comprise:			
Overdraft	7	**(30.8)**	(126.9)
Total		**(30.8)**	(126.9)

Notes to the interim condensed consolidated financial statements

at 30 June 2007

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 23 July 2007.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the 6 months to 30 June 2007 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 2006. 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 2006.

The interim condensed consolidated financial statements for the 6 months to 30 June 2007 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

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 2006, except for the adoption of new standards and interpretations, noted below. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- IFRS 7 *Financial Instruments: Disclosures*

In the current financial year, the Group will adopt this standard for the first time. This standard requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. As IFRS 7 is a disclosure standard, there is no impact of that change in accounting policy on the interim condensed consolidated financial statements. Full details of the change will be disclosed in our annual report for the year ended 31 December 2007.

- IFRIC 9 Reassessment of Embedded Derivatives

The Group adopted this interpretation as of 1 January 2007, which states that the date to assess the existence of an embedded derivative is the date that an entity first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

- IFRIC 10 Interim Financial Reporting and Impairment

The Group adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group has also early adopted the following Interpretation.

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

The Group has elected to adopt IFRIC Interpretation 11 as of 1 January 2007. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

3 Segmental reporting

Analysis of segment revenue:

	Six months to 30 June 2007	Restated Six months to 30 June 2006
Continuing	**£m**	£m
HR solutions	**123.3**	101.2
Property consultancy	**112.3**	101.1
Insurance and specialist services	**149.3**	139.9
Financial services	**74.8**	60.5
Integrated services	**152.4**	151.2
ICT and advisory services	**142.9**	102.9
Life & pensions	**102.0**	91.8
Professional services	**128.0**	96.4
	985.0	845.0

Analysis of segment result:

Continuing		
HR solutions	**12.0**	8.8
Property consultancy	**8.9**	4.7
Insurance and specialist services	**13.6**	12.6
Financial services	**16.5**	14.6
Integrated services	**20.7**	21.8
ICT and advisory services	**15.7**	10.5
Life & pensions	**11.2**	10.4
Professional services	**20.3**	15.7
	118.9	99.1

The comparative figures have been restated due to a reorganisation of the Group's business divisions during the period. The directors decided this was necessary to best manage the growth in the business and to enhance service provision across the Group.

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 618.1m (30 June 2006: 638.6m). The diluted earnings per share have been calculated on the diluted profit for the period of £72.6m (30 June 2006: £61.3m) and an average diluted number of shares of 632.7m (30 June 2006: 649.9m). As at 23 July 2007, there were 620.1m shares in issue.

5 Dividends paid and proposed

The interim dividend of 4.00p (2006: 2.70p) per share (not recognised as a liability at 30 June 2007) will be payable on 19 October 2007 to ordinary shareholders on the register at the close of business on 14 September 2007. The dividend disclosed in the cash flow statement represents the final ordinary dividend of 6.3p (2006: 4.9p) per share as proposed in the 31 December 2006 financial statements and approved at the Group's AGM (not recognised as a liability at 31 December 2006).

In addition to the interim dividend, it is proposed to return £155m to shareholders through a special dividend of 25p per share. It is expected that this dividend will be paid alongside the interim dividend on 19 October 2007 to shareholders on the register at the close of business on 14 September 2007.

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	-	11.9
Property, plant and equipment	1.7	1.5
Deferred tax	1.9	1.9
Debtors	2.9	2.5
Cash and short term deposits	2.4	2.4
Creditors	(11.2)	(11.4)
Corporation tax	(0.1)	(0.1)
Long term loans	(11.0)	(11.0)
Net assets	(13.4)	(2.3)
Goodwill arising on acquisition		56.2
		53.9
Discharged by:		
Cash		48.0
Loan notes		5.9
		53.9

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 previous acquisitions of £6.0m, including deferred consideration, of which £4.0m had been accrued in the previous year. The net impact was an increase in goodwill of £2.0m. 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 £3.8m and to increase goodwill by the same amount.

7 Movement in net debt

	Debt at 1 January 2007	Acquisitions in period	Other cash flow movements	Non cash movements	Debt at 30 June 2007
	£m	£m	£m	£m	£m
Cash and cash equivalents	9.7	-	(9.7)	-	**-**
Overdrafts	(0.5)	2.4	(32.7)	-	**(30.8)**
Cash	9.2	2.4	(42.4)	-	**(30.8)**
Loan notes	(22.2)	-	22.2	(5.9)	**(5.9)**
Long term debt	-	(11.0)	11.0	-	**-**
Bonds	(372.0)	-	-	29.3	**(342.7)**
Currency swaps	(6.4)	-	-	(28.5)	**(34.9)**
Interest rate swaps	-	-	-	(0.8)	**(0.8)**
Finance leases	(0.5)	-	0.2	-	**(0.3)**
Sub-total net debt	(391.9)	(8.6)	(9.0)	(5.9)	**(415.4)**
Asset based securitised financing	(27.5)	-	(8.3)	-	**(35.8)**
	(419.4)	(8.6)	(17.3)	(5.9)	**(451.2)**

	Debt at 1 January 2006	Acquisitions in period	Other cash flow movements	Non cash movements	Debt at 30 June 2006
	£m	£m	£m	£m	£m
Overdrafts	(19.3)	(0.3)	(107.3)	-	**(126.9)**
Cash	(19.3)	(0.3)	(107.3)	-	**(126.9)**
Loan notes	(22.7)	-	0.2	-	**(22.5)**
Long term debt	-	(2.9)	2.9	-	**-**
Bonds	(197.6)	-	(102.8)	2.0	**(298.4)**
Currency swaps	(2.6)	-	-	(1.9)	**(4.5)**
Interest rate swaps	1.6	-	-	(0.8)	**0.8**
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)**

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 2006	13.4	(0.4)	258.1	0.2	0.3	125.8	397.4	0.2	397.6
Total recognised income and expense for the period	-	-	-	-	(0.3)	75.5	75.2	(0.1)	75.1
Dividends	-	-	-	-	-	(31.7)	(31.7)	-	(31.7)
Share buybacks	(0.9)	-	-	0.9	-	(215.3)	(215.3)	-	(215.3)
Issue of share capital	0.1	-	11.1	-	-	-	11.2	-	11.2
Share based payment	-	-	-	-	-	4.2	4.2	-	4.2
At 30 June 2006	12.6	(0.4)	269.2	1.1	-	(41.5)	241.0	0.1	241.1
At 1 January 2007	12.3	-	308.1	1.7	(0.4)	4.0	325.7	0.1	325.8
Total recognised income and expense for the period	**-**	**-**	**-**	**-**	**(0.1)**	**99.8**	**99.7**	**-**	**99.7**
Dividends	**-**	**-**	**-**	**-**	**-**	**(39.2)**	**(39.2)**	**-**	**(39.2)**
Share buybacks	**(0.1)**	**-**	**-**	**0.1**	**-**	**(29.5)**	**(29.5)**	**-**	**(29.5)**
Issue of share capital	**0.3**	**-**	**26.4**	**-**	**-**	**-**	**26.7**	**-**	**26.7**
Share based payment	**-**	**-**	**-**	**-**	**-**	**4.1**	**4.1**	**-**	**4.1**
At 30 June 2007	**12.5**	**-**	**334.5**	**1.8**	**(0.5)**	**39.2**	**387.5**	**0.1**	**387.6**