CAPITA

28 February 2013

CAPITA PLC
Full year results for the year ended 31 December 2012

Good sales, operational and financial performance

Financial highlights	**Underlying***	**Underlying* Year on year change**	**Reported**
Revenue	**£3,352m**	**+14%**	**£3,352m**
Operating profit	**£471.7m**	**+10%**	**£340.9m**
Profit before tax	**£425.6m**	**+10%**	**£290.0m**
Earnings per share	**53.16p**	**+10%**	**37.08p**
Total dividend per share	**23.5p**	**+10%**	**23.5p**
Free cash flow	**£316m**	**+101%**	**£316m**

**Underlying figures exclude: non-underlying non-cash items of intangible amortisation, net contingent consideration movements and impairments of £120.5m (2011: £56.5m); non-underlying acquisition costs of £10.3m (2011: £15.4m); and non-cash mark to market finance costs of £4.8m (2011 £10.4m).*

Highlights

Return to organic growth
- Record sales year, £4.0bn of contract wins (2011: £2.0bn), 90% new/10% extensions
- Win rate of better than 1 in 2
- Largest ever contract win, Staffordshire County Council, £1.7bn over 20 years
- Organic growth of 3% (2011: -7%)

Extending our capability and reach
- Broadened our operational capability and market reach: £178m spent on 14 acquisitions in 2012
- New service delivery operation established in South Africa

Return to excellent cash generation
- Operating cash flow before settlements of £519m (2011: £364m)
- Operating profit to operating cash conversion rate sharply improved to 110% (2011: 85%)
- Free cash flow more than doubled to £316m

Delivering strong returns
- Underlying earnings per share up 10% to 53.16p
- Total dividend up 10% to 23.5p

Strong start to 2013
- Secured £160m contract with Carphone Warehouse
- Announced today, 2 year extension of Civil Service Learning agreement
- £5.2bn current pipeline (Nov 2012: £4.8bn)[1]

Paul Pindar, Chief Executive of Capita plc, commented:

"2012 was a year of strong sales and operational performance. We maintained good profit performance, returned to organic growth and delivered improved cash generation. This has positioned us well for 2013.

Our major contract sales success in 2012 gives us excellent revenue visibility for 2013. The continued buoyant sales environment, as evidenced by the rapid replenishment of our bid pipeline, provides the ingredients for further growth in 2013 and underpins our confidence in the Group's long term performance prospects."

[1] *We have adjusted the criteria of our bid pipeline from 1 January 2013 to reflect the greater size of the Group and the opportunities we are addressing. We now report all bids worth £25m or above (previously £10m or above), now capped at £1bn (previously £500m). Under the previous criteria the bid pipeline today would have stood at £4.8bn (Nov 2012: £4.0bn).*

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CAPITA

Capita plc full year results for the year ended 31 December 2012

Strongly positioned for growth across multiple markets

Overview

2012 was an excellent year for Capita. We achieved record sales, securing £4.0bn (2011: £2.0bn) of contract wins, comprising 90% new business and 10% extensions. This reflects the health of the UK business process management (BPM) and customer management market and the strength of our many service propositions. We have achieved particular sales success across the central and local government markets and in health, justice and emergency services, defence and the private sector.

We have delivered against the three key objectives that we set for the year:

- maintaining good profit performance
- securing organic growth of 3% for the full year
- delivering improved conversion of operating profit to operating cash compared to 2011.

In the full year 2012, revenue increased by 14% to £3,352m (2011: £2,930m). Underlying operating profit[2] rose by 10% to £471.7m (2011: £427.4m) and underlying profit before taxation[2] increased by 10% to £425.6m (2011: £385.2m). Underlying earnings per share[2] grew by 10% to 53.16p (2011: 48.49p). We have increased our total dividend for the full year 2012 by 10% to 23.5p per share (2011: 21.4p).

The majority of our divisions traded well in 2012, with particularly strong performance across our Customer Management & International, Justice & Secure Services, Workplace Services and Investor & Banking divisions. The trading activities of 2 of our divisions, Property Services and parts of our IT business, continue to be adversely affected by challenging economic conditions but are well positioned to benefit as the economy recovers. Our General Insurance division had a poor year with lower revenues and profits and we have therefore strengthened both the leadership and sales teams to reinvigorate these operations.

We completed a range of acquisitions in 2012 which have strengthened our position in our target markets and played a key role in enhancing our client propositions, contributing to our contract wins and fuelling further organic growth.

Good financial performance

- **Revenue** – In the full year 2012, revenue increased by 14% to £3,352m (2011: £2,930m). This comprised 3% organic growth (5% major contracts, 1% other business growth, offset by 3% attrition) and 11% from acquisitions, completed in 2011 (6%) and 2012 (5%).

- **Operating profit & margin** – Underlying operating profit rose by 10% in 2012 to £471.7m (2011: £427.4m). The competitive landscape of the BPM market remains consistent allowing the Group to generate stable underlying operating margins. However, the nature of our business means there will be new contracts, acquisitions and investments which will, at times, have an initial adverse impact on Group margins in a particular year.

  In 2012, the Group's underlying operating margin[2] was 14.07% (2011: 14.59%). Our margins were slightly lower than the previous period (52 bpts) due to: the initial implementation costs of major new contracts; the set up costs of expanding our international service delivery network in Poland and South Africa; and the underperformance of our General Insurance and Property Services divisions and 2 contracts - the courts' interpretation services contract and the DVLA Vehicle Excise Duty service contract.

[2] *Excludes non-underlying items detailed in note 2 administrative expenses, in the notes to the preliminary statement.*

2012 was preceded by 2 years of higher operating margins in 2010 and 2011, which in part was a consequence of a period of lower levels of new contract implementations. Following our sales successes in 2012, we will be implementing a significant number of new contracts in 2013. Consequently, due to the increased level of start up costs, we expect operating margins in 2013 to revert to the levels prevailing just prior to 2010 and 2011.

Our underlying figures exclude: non-cash items of intangible amortisation, net contingent consideration movements and impairments of £120.5m (2011: £56.5m); acquisition costs of £10.3m (2011: £15.4m); and non-cash mark to market finance costs of £4.8m (2011: £10.4m). After these non-underlying items, reported operating profit for 2012 is £340.9m (2011: £355.5m), reported profit before tax is £290.0m (2011: £302.9m) and reported earnings per share is 37.08p (2011: 39.16p). These figures were impacted by higher amortisation of goodwill arising from increased levels of acquisitions and impairments of goodwill relating to our acquisition of Applied Language Solutions and of our investment loan in Optima Legal Services (see note 2 administrative expenses in the notes to the preliminary statement).

- **Cash flow** – During 2012, we identified a number of measures to drive strong cash flow across our business units and to ensure that cash management is a priority for both our finance and operational management teams. We have introduced new incentives and penalties at business unit level to drive behavioural change to improve the use of working capital.

  In 2012, cash flow generated by operations increased 43% to £519m (2011: £364m) representing an operating profit to operating cash conversion rate (defined as cash generated from operations before settlements divided by underlying operating profit for the year) of 110% (2011: 85%). This improvement in cash conversion in 2012 was a result of the internal measures detailed above. We expect our operating profit to operating cash conversion rate to continue to be at or around 100% going forward.

- **Free cash flow** – (defined as operating cash flow before settlements, less capital expenditure, interest and taxation for the year) increased to £316m (2011: £157m). This was mainly due to the working capital improvement described above.

- **Regular dividends** – The Board is recommending a final dividend of 15.6p per ordinary share (2011: 14.2p), making a total of 23.5p for the year (2011: 21.4p) representing an increase for the year of 10%. The final dividend will be payable on 28 May 2013 to shareholders on the register at the close of business on 19 April 2013. Including the proposed final dividend, Capita's total dividend will have grown at a compound annual rate of 14% over the 5 years to 31 December 2012. Dividend cover is 2.26 times for 2012.

- **Capital expenditure** – We aim to contain capital expenditure at or below 4% of revenue. In 2012, we met this objective, with net capex at 2.9% of annual revenue (2011: 3.5%). There are currently no indications of significant capex requirements in our business forecasts or bid pipeline.

- **Return on capital employed** – We focus on driving a healthy return on capital. During 2012, our post-tax return on average capital employed was 16.0% (2011: 16.5%). This compares to our estimated post-tax WACC which is 7.0%. We expect return on capital employed to improve as organic growth returns and recent acquisitions deliver their full profit potential.

- **Debt profile** – As at 31 December 2012, we have £1,148m of private placement bond debt of which only £99m matures before August 2015 with the remainder gradually maturing to 2021. In addition, we have £185m of bank debt under a 2 year term loan facility maturing in February 2014, offset by £320m of cash held on deposit.

  Our aim continues to be to keep the ratio of net debt to EBITDA in the range of 2 to 2.5 over the long term and we would be unlikely to incur borrowings which would reduce interest cover below 7 times. At 31 December 2012, our annualised net debt to EBITDA ratio was 1.99 (2011: 2.48) with annualised interest cover at 10.2 times (2011: 10.2 times).

- **Total shareholder returns** – Over the 10 year period to 31 December 2012, Capita has delivered £1.2bn (net of £274m equity raising in April 2012) to shareholders through dividends, share buybacks and a special dividend. Capita's total shareholder return over the same period is 265% compared to 113% for the FTSE 100.

Returning to profitable organic growth

We generate profitable growth by winning business from new and existing customers and through acquiring businesses that enhance our propositions and broaden our capability and market reach. We are strongly positioned across our target markets. 2012 was an excellent sales year and positions us well for renewed strong organic growth. 2013 has started well with a major contract win and 1 extension to date.

Major contracts – 2013 to date

- **Carphone Warehouse** – contract to provide all non-store customer contact in a number of different areas across the business and support all aspects of customer service strategy. The contract is worth around £160m over 10 years and is expected to commence on 1 April 2013.

- **Announced today**, an extension to our Civil Service Learning agreement, worth at least £60m over 2 years to end March 2016.

Major contract wins – 2012

2012 was another record sales year for Capita securing 35 new and extended major contracts with a total value of £4.0bn, double the value secured in the previous year (2011: 26 contracts totalling £2bn) representing a higher than 1 in 2 win rate. This includes:

Major contracts worth over £50m include:

- **Recruiting Partnering Project (RPP)** – partnering with the Ministry of Defence to deliver RPP for the Army, and the enabling ICT for the Royal Navy and the Royal Air Force, in a contract valued at approximately £50m per annum over 10 years. Service delivery is progressing and the first new television recruitment advertisement campaign for the TA has recently been aired, incorporating live broadcast streams from Afghanistan.

- **Civil Service Learning agreement** – selected by the Cabinet Office in February 2012 to manage exclusively the provision of training across the Civil Service in a 2 year contract. As stated above this contract has now been extended for a further 2 years to 2016.

- **West Sussex County Council Support Services partnership** – selected to deliver a range of services including HR and payroll, finance, office services, online service delivery, procurement and pensions administration in a 10 year relationship expected to generate revenues of approximately £154m. Our existing IT Services contract that commenced in 2010 was also extended concurrent with the new contract bringing additional revenues of £18m over an additional 2 years to 2022.

- **North Tyneside Council** – selected to provide property, highways and maintenance services in a partnership designed to deliver both cost savings and improved services to citizens, in a contract expected to be worth approximately £152m over 15 years, with significant opportunities for growth.

- **Personal Independence Payment (PIP) assessments, Central England & Wales and Northern Ireland** – awarded two of the regional contracts to deliver PIP assessments. Awarded the contract to deliver the PIP assessments for Central England and Wales by the Department for Work and Pensions, anticipated to be worth around £140m over five years. Awarded the contract to deliver PIP assessments in Northern Ireland by The Northern Ireland Social Security Agency, worth approximately £65m over five years.

- **London Borough of Barnet** – selected as preferred bidder to deliver the London Borough of Barnet's new support and customer service organisation (NSCSO). The contract award is subject to a potential judicial review which may delay the expected service commencement date.

- **Staffordshire County Council** – creation of an innovative, new educational support services joint venture (JV), in which Capita holds a majority stake, which will initially deliver a range of educational support services for schools and academies in the Staffordshire region. These services are expected to generate revenues of approximately £85m per annum over 20 years.

  The JV will additionally focus on achieving significant growth through securing new local authority, school, academy and further and higher education clients across the UK. With the UK schools education support services market currently estimated to be worth around £16bn per year, the JV is targeting total revenue of at least £2bn over the first 10 years.

- **Fire Service College (FSC)** – selected by the Department for Communities and Local Government to run the FSC, the largest single provider of specialist operational fire and rescue training in the UK. Our aim is to develop the College into a leading edge training facility and to expand both the range of training available to the fire service, other emergency services and into related markets, such as defence, oil and gas. Over the next 10 years we anticipate growing the FSC, which currently generates annual revenues of approximately £15m, to an organisation capable of generating total revenues in excess of £200m in that period. FSC occupies a 365 acre site in Moreton-in-Marsh, Gloucestershire.

- **3 major private sector contracts** – our expanded customer management offering has secured 3 major contracts to date in 2012, worth in aggregate £161m over 3 to 5 years, including a full customer management service for Debenhams plc, another major UK retailer and Scottish Power.

Major contracts worth between £10-50m **include:**

- **8 customer management contracts** in the motor, retail and utilities markets worth in aggregate £124m over 2 to 5 years.

- **Oxfordshire County Council** – Capita Symonds, our property consultancy, selected to support Carillion's partnership with the Council in a contract worth approximately £42m over 10 years.

- **UK Border Agency** – selected to deliver contact management services, worth up to £30m over 4 years, to support the management of the 'overstayer' backlog.

- **London Fire and Emergency Planning Authority** – selected to provide control room services and mobilisation and communications technologies in a contract worth approximately £20m over 10 years.

- **Southwark Council –** awarded a 4 year contract for an IT managed service designed to help transform the council and deliver benefits for both customers and the workforce.

- **Ministry of Justice –** Capita's secure information solutions business has been awarded a contract worth around £21m over 3 years for the application management and hosting of the Criminal Justice System Exchange (CJSE).

Buoyant sales outlook for 2013

Our bid pipeline: Despite an extremely active few months in terms of client decisions, the pipeline has been rapidly replenished and now stands at £5.2bn (November 2012: £4.8bn) and comprises 27 bid situations across our target markets, with the highest value of bids being in central government, followed by local government, private sector and defence. Behind this is an active prospect list of opportunities, including a number of bids which are expected to reach shortlist stage shortly.

We have adjusted the criteria of our bid pipeline from 1 January 2013 to reflect the greater size of the Group and the opportunities we are addressing. Our bid pipeline now contains all bids worth £25m or above, with bids capped at £1bn (previously £10m or above, capped at £500m) and where we have been shortlisted to the last 4 or fewer. Under the previous criteria the bid pipeline today would have stood at £4.8bn (Nov 2012: £4.0bn).

We announce the value of the pipeline three times a year and it is therefore a snapshot at a specific point in time.

Contract rebids: Over the next 5 years, there are no material contracts due for rebid (defined as having forecast annual revenue in excess of 1% of 2012 revenue). The next major contract up for renewal will be the Phoenix contract in 2019.

Market update: Independent industry analyst, IDC, estimates that the total market for customer management and BPM[3] in the UK in 2012 was £10.3bn (2011: £9.9bn) against market potential of £117bn[4] a year. The capacity for long term growth is therefore substantial. By moving from in house service provision to a specialist third party provider, government and commercial entities can benefit from specialist support, economies of scale and flexible delivery options.

We remain the clear leader in the overall UK customer management and BPM market holding 22.2% market share (2011: 19.8%) with our nearest competitor reported to have 4.4% market share (2011: 3.8%). From our initial entry into the one market of local government in 1984, we now work across 10 private and public markets, applying the same principles and benefits of scale. In 2012 our revenues were split 53% private/47% public (H1 2012: 54%/46%).

Public sector: The ongoing pressure to reduce budgets whilst maintaining frontline services is creating a strong pipeline of opportunities in the public sector, where we are seeing renewed vigour and innovation in terms of how the private sector can support central and local government objectives. For example, our groundbreaking education support services contract with Staffordshire County Council, where we are delivering services back to the Council and at the same time growing the JV into a commercial operation, is positioned well to meet the requirements of the rapidly changing education market in the UK. In 2012, we increased our presence in our newer market sectors of defence, health, justice and emergency services and we are seeing significant potential for further growth in our more established market sectors.

Private sector: Commercial organisations are facing continued pressure to maintain their competitive position by driving down operational costs and introducing new products to market faster, whilst maintaining high levels of customer acquisition and service. The acquisitions of Ventura and Vertex Private Sector in 2011, which have been fully integrated into Capita in 2012, have significantly enhanced our customer management capabilities. Today, we have a strong pipeline of opportunities and we are securing relationships that would not have been possible as three separate entities. Our application of customer insight, behavioural analytics, multiple channel integration and intelligent, responsive digital services enables us to deliver real value to the business models of our commercial clients. These capabilities are equally key to designing and delivering more effective and efficient responsive public services. Across the banking and financial services sectors, our administration services are experiencing high demand and we are developing new propositions that build upon and extend our existing ones.

Enhancing capabilities, increasing our resources and expanding our infrastructure

The strength of our offering is a result of our proactive development of the Group's capability and infrastructure, both internally and through selective acquisition, ensuring that we have the right resources in place to deliver tailored service solutions for our clients. In 2012, we acquired a number of organisations that extended our market reach and international delivery network and added complementary skills and capabilities, enhancing our propositions and strengthening our ability to secure further growth.

Acquisitions: In 2012, we purchased 14 companies for a total cash consideration of £178m with a particular focus on enhancing our proposition in our newer markets, notably, emergency services and health, as well as adding capability to our more established operations including pensions administration, business travel and financial services.

[3] *IDC 2012: BPM market including customer management services. BPM market excluding customer management services 2012: £8.5bn (2011: £8.1bn).*
[4] *IDC 2010*

We further extended the capability of our corporate pensions and actuarial business, through the acquisition of Bluefin Corporate Consulting, provider of employee benefits consultancy to medium and large corporations, for £50m. The acquisition has been integrated with Capita Hartshead and rebranded Capita Employee Benefits. In the travel administration market, we acquired Expotel Group, a UK hotel, business travel and conference booking agent, for £16m. The acquisition brings considerable experience in venue and event management, which, alongside our existing business, creates a proposition of genuine scale and depth in this fast growing area of the market.

In the health arena, the acquisitions of Medicare First, Clinical Solutions and Medicals Direct, have significantly developed our offering to clients in this continually evolving marketplace. For example, the home-based medical screening services of Medicals Direct, combined with the delivery infrastructure and transformation capabilities of the Group, not only helped us to win but are also playing a key role in delivering our new DWP PIP contracts.

In the justice and secure services market, we have invested £24m on 2 acquisitions in 2012 (Reliance Secure Task Management and Fortek) and this, together with the acquisitions we completed in 2010 and 2011, has helped us to create an unparalleled offering and to win new contracts across our police client base and with the UKBA and Ministry of Justice.

Our focus is now on achieving the successful integration of these businesses and realising synergies. Alongside the significant recovery in organic growth, we continue to see many attractive opportunities for bolt on acquisitions and we therefore expect our acquisition activity in 2013 to be at similar levels to 2012. In early February 2013, we purchased Northgate Managed Services Limited (NMS) for an enterprise value of £65m. NMS complements our existing IT Services business, providing cloud-based infrastructure solutions and specialist managed services.

International delivery network: Our delivery network now includes 70 centres in the UK, the Channel Islands and Europe and offshore in India and South Africa. By offering onshore, nearshore, offshore or blended service delivery options in a time zone that suits our clients, we can provide maximum flexibility, quality and cost savings in our sales propositions. In July 2012, we enhanced our delivery offering through the acquisition of a leading contact centre solutions business based in South Africa, Full Circle, and we now have approximately 200 employees in Cape Town. We have already started to provide new customer management services for an existing client.

We have continued to invest in our Central European business centre which we set up in Krakow, Poland in 2011. This is now fully operational and servicing a number of existing Capita clients in English and other core European languages. The 550 seat capacity centre in Krakow is located close to the city centre and the university with access to a skilled, multi-lingual workforce. We are continuing to broaden the services we deliver from the centre. For example, we now employ 8 veterinary technicians to support pet insurance claims and 80 legal professionals who deliver legal research and administration services.

Our people and organisational structure

Our people: The Board would like to take this opportunity to thank all our people for their continued hard work and dedication which underpins Capita's performance. Our employees join us through direct recruitment, contracts or acquisitions and their commitment and enthusiasm play a vital role in helping us to meet client expectations and sustain our growth.

Operational structure and leadership: During the year, we further strengthened our management teams to prepare us for our next stage of growth, ensuring we have the strongest operational team in place to maintain our track record of quality service delivery and sustained, disciplined growth.
To further support our clients and the markets in which we operate, we have made some further minor changes to our operational structure for 2013. With effect from 1 January 2013, we now operate in 10 market facing or service specific divisions.

Group Board: Senior Independent Director, Nigel Wilson, who joined Capita in May 2010, stepped down from the Board with effect from 31 December 2012. Gillian Sheldon joined the Board on 1 September 2012 as Non-Executive Director. Gillian, a Senior Banker at Credit Suisse, brings substantial experience of advising boards across a wide range of complex situations and transactions. She is a member of the nomination, audit and remuneration committees and, with effect from 1 January 2013, Senior Independent Director.

Future prospects

2012 was a year of strong sales and operational performance. We maintained good profit performance, returned to organic growth and delivered improved cash generation. This has positioned us well for 2013.

Our major contract sales success in 2012 gives us excellent revenue visibility for 2013. The continued buoyant sales environment, as evidenced by our bid pipeline, provides the ingredients for further growth in 2013 and underpins our confidence in the Group's long term performance prospects.

-Ends-

Preliminary Statement

Consolidated income statement

for the year ended 31 December 2012

		2012			2011		
	Notes	Underlying £m	Non-underlying £m	Total £m	Underlying £m	Non-underlying £m	Total £m
Continuing operations:							
Revenue	1	**3,351.8**	**-**	**3,351.8**	2,930.2	-	2,930.2
Cost of sales		**2,411.0**	**-**	**2,411.0**	2,094.7	-	2,094.7
Gross profit		**940.8**	**-**	**940.8**	835.5	-	835.5
Administrative expenses	2	**469.1**	**130.8**	**599.9**	408.1	71.9	480.0
Operating profit	1	**471.7**	**(130.8)**	**340.9**	427.4	(71.9)	355.5
Net finance costs	3	**(46.0)**	**(4.8)**	**(50.8)**	(42.0)	(10.4)	(52.4)
Investment expense		**(0.1)**	**-**	**(0.1)**	(0.2)	-	(0.2)
Profit before tax		**425.6**	**(135.6)**	**290.0**	385.2	(82.3)	302.9
Income tax expense		**(87.3)**	**33.3**	**(54.0)**	(90.5)	25.6	(64.9)
Profit for the year		**338.3**	**(102.3)**	**236.0**	294.7	(56.7)	238.0
Attributable to:							
Equity holders of the parent		**338.3**	**(102.3)**	**236.0**	294.7	(56.7)	238.0
Earnings per share	4						
- basic		**53.16p**	**(16.08)p**	**37.08p**	48.49p	(9.33)p	39.16p
- diluted		**52.58p**	**(15.90)p**	**36.68p**	48.38p	(9.31)p	39.07p

Preliminary Statement

Consolidated statement of comprehensive income

for the year ended 31 December 2012

	2012	2012	2011	2011
	£m	£m	£m	£m
Profit for the year		**236.0**		238.0
Other comprehensive income/(expense):				
Actuarial losses on defined benefit pension schemes	**(28.4)**		(104.4)	
Income tax effect	**2.6**		24.1	
		(25.8)		(80.3)
Exchange differences on translation of foreign operations		**(5.8)**		2.1
Losses on cash flow hedges arising during the year	**(11.3)**		(16.5)	
Reclassification adjustments for gains included in the income statement	**(1.2)**		(5.0)	
Income tax effect	**2.7**		5.6	
		(9.8)		(15.9)
Other comprehensive expense for the year net of tax		**(41.4)**		(94.1)
Total comprehensive income for the year net of tax		**194.6**		143.9
Attributable to:				
Equity holders of the parent		**194.6**		143.9

Preliminary Statement

Consolidated balance sheet
at 31 December 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Property, plant and equipment		**358.3**	330.2
Intangible assets		**1,919.9**	1,828.9
Financial assets		**236.2**	293.8
Deferred taxation		**1.3**	-
Trade and other receivables		**72.7**	65.8
		2,588.4	2,518.7
Current assets			
Financial assets		**8.0**	3.0
Funds receivables		**108.0**	98.0
Trade and other receivables		**839.1**	846.3
Cash		**319.9**	71.5
		1,275.0	1,018.8
Total assets		**3,863.4**	3,537.5
Current liabilities			
Trade and other payables		**971.1**	936.5
Financial liabilities		**121.5**	36.5
Funds payables		**121.2**	107.1
Provisions	7	**23.6**	17.0
Income tax payable		**46.7**	47.0
		1,284.1	1,144.1
Non-current liabilities			
Trade and other payables		**12.5**	20.0
Financial liabilities		**1,539.7**	1,695.9
Deferred taxation		**-**	21.0
Provisions	7	**40.9**	46.7
Employee benefits		**108.1**	85.7
		1,701.2	1,869.3
Total liabilities		**2,985.3**	3,013.4
Net assets		**878.1**	524.1
Capital and reserves			
Issued share capital		**13.8**	13.0
Share premium		**470.4**	459.4
Employee benefit trust & treasury shares		**(0.4)**	(0.4)
Capital redemption reserve		**1.8**	1.8
Foreign currency translation reserve		**1.7**	7.5
Net unrealised losses reserve		**(17.3)**	(7.5)
Retained earnings		**408.1**	50.3
Equity shareholders' funds		**878.1**	524.1

Included in aggregate financial liabilities is an amount of £1,370.1m (2011: £1,432.2m) which represents the fair value of the Group's bonds which should be considered in conjunction with the aggregate value of currency and interest rate swaps of £222.4m included in financial assets and £0.3m included in financial liabilities (2011: £256.8m included in financial assets and £0.9m included in financial liabilities). Consequently, this gives an effective liability of £1,148.0m (2011: £1,176.3m).

Preliminary Statement

Consolidated statement of changes in equity

for the year ended 31 December 2012

	Share capital	Share premium	Employee benefit trust & treasury shares	Capital redemption reserve	Retained earnings	Foreign currency translation reserve	Net unrealised losses reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2011	13.0	454.9	(0.5)	1.8	12.5	5.4	8.4	495.5
Profit for the year	-	-	-	-	238.0	-	-	238.0
Other comprehensive expense	-	-	-	-	(80.3)	2.1	(15.9)	(94.1)
Total comprehensive income for the year	-	-	-	-	157.7	2.1	(15.9)	143.9
Share based payment	-	-	-	-	8.3	-	-	8.3
Income tax deduction on exercise of stock options	-	-	-	-	(3.8)	-	-	(3.8)
Deferred income tax relating to share based payments	-	-	-	-	0.7	-	-	0.7
Shares issued	-	4.5	0.1	-	(0.1)	-	-	4.5
Equity dividends paid	-	-	-	-	(125.0)	-	-	(125.0)
At 1 January 2012	13.0	459.4	(0.4)	1.8	50.3	7.5	(7.5)	524.1
Profit for the year	**-**	**-**	**-**	**-**	**236.0**	**-**	**-**	**236.0**
Other comprehensive expense	**-**	**-**	**-**	**-**	**(25.8)**	**(5.8)**	**(9.8)**	**(41.4)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**210.2**	**(5.8)**	**(9.8)**	**194.6**
Share based payment	**-**	**-**	**-**	**-**	**9.1**	**-**	**-**	**9.1**
Deferred income tax relating to share based payments	**-**	**-**	**-**	**-**	**6.2**	**-**	**-**	**6.2**
Shares issued	**0.8**	**11.0**	**-**	**-**	**270.4**	**-**	**-**	**282.2**
Equity dividends paid	**-**	**-**	**-**	**-**	**(138.1)**	**-**	**-**	**(138.1)**
At 31 December 2012	**13.8**	**470.4**	**(0.4)**	**1.8**	**408.1**	**1.7**	**(17.3)**	**878.1**

Preliminary Statement
Consolidated cash flow statement
for the year ended 31 December 2012

	2012 £m	2011 £m
Cash flows from operating activities		
Operating profit on continuing activities before interest and taxation	**340.9**	355.5
Depreciation	**71.7**	70.2
Amortisation of intangible assets (treated as depreciation)	**1.2**	0.2
Amortisation of intangible assets recognised on acquisition	**95.3**	67.7
Share based payment expense	**9.1**	8.3
Pensions	**(6.9)**	(33.3)
Adjustment for non-cash items: contingent consideration releases, impairments of goodwill and investment loan	**25.2**	(11.2)
(Profit)/loss on sale of property, plant and equipment	**(0.1)**	0.7
Movement in provisions	**(18.2)**	(9.2)
Net movement in payables and receivables	**1.0**	(84.9)
Cash generated from operations before settlements	**519.2**	364.0
Settlement of Arch cru	**-**	(17.9)
Settlement of Cumbria County Council pension deficit	**0.8**	(10.0)
Cash generated from operations	**520.0**	336.1
Income tax paid	**(62.3)**	(62.6)
Net interest paid	**(46.0)**	(42.0)
Net cash inflow from operating activities	**411.7**	231.5
Cash flows from investing activities		
Purchase of property, plant and equipment	**(95.5)**	(102.3)
Purchase of intangible assets	**(5.8)**	(8.0)
Proceeds from sale of property, plant and equipment	**1.4**	0.1
Acquisition of subsidiary undertakings and businesses	**(144.4)**	(352.2)
Debt repaid on the acquisition of subsidiaries	**(57.1)**	(22.3)
Cash/(overdraft) acquired with subsidiary undertakings	**17.6**	(9.6)
Purchase of financial assets	**-**	(0.2)
Investment loan	**0.3**	-
Return on investment in joint venture	**-**	0.3
Net cash outflow from investing activities	**(283.5)**	(494.2)
Cash flows from financing activities		
Issue of ordinary share capital	**284.9**	4.5
Share transaction costs	**(2.7)**	-
Dividends paid	**(138.1)**	(125.0)
Capital element of finance lease rental payments	**(1.7)**	(1.0)
Instalment debtor movement	**-**	14.2
Asset based securitised financing	**-**	(11.7)
Repayment of loan notes	**(2.3)**	-
Proceeds on issue of term debt and bonds	**160.3**	339.8
Revolving credit facility	**(178.0)**	178.0
Financing arrangement costs	**(1.5)**	(3.2)
Net cash inflow from financing activities	**120.9**	395.6
Increase in cash and cash equivalents	**249.1**	132.9
Cash and cash equivalents at the beginning of the period	**71.5**	(60.3)
Impact of movement in exchange rates	**(0.7)**	(1.1)
Cash and cash equivalents at 31 December	**319.9**	71.5
Cash and cash equivalents comprise:		
Cash at bank and in hand	**319.9**	71.5
Total	**319.9**	71.5

Preliminary Statement

Notes to the preliminary statement
for the year ended 31 December 2012

1 Segmental information
The Group's operations are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit offering a different package of related services across the Group's markets. No operating segments have been aggregated to form the reportable operating segments below. The information disclosed below represents the way in which the results of the businesses are reported to the Group Board. The comparative figures have been restated due to a reorganisation of the Group's business segments during the year and a consequent change in the way in which the results of the businesses are reported to the Group Board. Before eliminating sales between business units on consolidation, the Group accounts for sales between business units as if they were to a third party at market rates.

The tables below present revenue, result and certain asset and liability information for the Group's business segments for the years 2012 and 2011. All operations are continuing.

Year ended 31 December 2012

Underlying segment revenue	**Health & Wellbeing £m**	**IT Services & Consulting £m**	**Justice & Secure Services £m**	**Professional Services £m**	**Property Services £m**	**Workplace Services £m**	**Integrated Services £m**	**Customer Management & International £m**	**General Insurance £m**	**Investor & Banking Services £m**	**Life & Pensions £m**	**Total £m**
Total segment revenue	**201.7**	**633.4**	**198.3**	**485.3**	**273.4**	**383.9**	**285.6**	**230.1**	**148.6**	**250.3**	**659.0**	**3,749.6**
Inter-segment revenue	**(25.5)**	**(131.1)**	**–**	**(101.3)**	**(17.6)**	**(24.8)**	**(5.0)**	**–**	**–**	**(9.4)**	**(83.1)**	**(397.8)**
Third party revenue	**176.2**	**502.3**	**198.3**	**384.0**	**255.8**	**359.1**	**280.6**	**230.1**	**148.6**	**240.9**	**575.9**	**3,351.8**
Underlying segment result												
Result after depreciation	**34.1**	**40.6**	**23.9**	**96.4**	**7.5**	**48.2**	**65.4**	**24.4**	**18.5**	**63.8**	**58.0**	**480.8**
Share based payment	**(0.4)**	**(0.4)**	**(0.1)**	**(1.7)**	**(0.6)**	**(1.1)**	**(2.2)**	**(0.1)**	**(0.8)**	**(0.6)**	**(1.1)**	**(9.1)**
	33.7	**40.2**	**23.8**	**94.7**	**6.9**	**47.1**	**63.2**	**24.3**	**17.7**	**63.2**	**56.9**	**471.7**
Non-underlying												
Intangible amortisation												**(95.3)**
Acquisition costs												**(10.3)**
Loan impairment												**(15.0)**
Goodwill impairment net of contingent consideration movements												**(10.2)**
												340.9
Net underlying finance costs												**(46.0)**
Financial instruments – mark to market												**(8.7)**
Investment expense												**(0.1)**
Currency swaps' counterparty risk – mark to market												**3.9**
Profit before tax												**290.0**
Income tax expense												**(54.0)**
Profit for the year												**236.0**

Year ended 31 December 2011

Underlying segment revenue	Health & Wellbeing £m	IT Services & Consulting £m	Justice & Secure Services £m	Professional Services £m	Property Services £m	Workplace Services £m	Integrated Services £m	Customer Management & International £m	General Insurance £m	Investor & Banking Services £m	Life & Pensions £m	Total £m
Total segment revenue	162.0	637.7	111.5	503.8	275.9	310.9	232.0	101.4	183.5	223.5	639.1	3,381.3
Inter-segment revenue	(29.0)	(126.6)	(22.1)	(114.9)	(20.0)	(28.1)	(4.0)	(1.8)	–	(10.6)	(94.0)	(451.1)
Third party revenue	133.0	511.1	89.4	388.9	255.9	282.8	228.0	99.6	183.5	212.9	545.1	2,930.2
Underlying segment result												
Result after depreciation	26.2	40.1	15.9	97.3	13.4	38.2	59.0	4.2	29.0	55.5	56.9	435.7
Share based payment	(0.3)	(0.3)	(0.1)	(1.6)	(0.6)	(1.0)	(2.0)	(0.1)	(0.7)	(0.6)	(1.0)	(8.3)
	25.9	39.8	15.8	95.7	12.8	37.2	57.0	4.1	28.3	54.9	55.9	427.4
Non-underlying												
Intangible amortisation												(67.7)
Acquisition costs												(15.4)
Contingent consideration movement												11.2
												355.5
Net underlying finance costs												(42.0)
Financial instruments – mark to market												(7.1)
Investment expense												(0.2)
Currency swaps' counterparty risk – mark to market												(3.3)
Profit before tax												302.9
Income tax expense												(64.9)
Profit for the year												238.0

2 Administrative expenses

Included within administrative expenses are:

	2012 £m	2011 £m
Non-underlying, non-cash items:		
Intangible amortisation	**95.3**	67.7
Goodwill impairment net of contingent consideration movements	**10.2**	(11.2)
Impairment of Optima investment loan	**15.0**	-
	120.5	56.5
Non-underlying, cash items:		
Professional fees re acquisitions	**9.6**	13.3
Stamp duty paid on acquisitions	**0.7**	2.1
	10.3	15.4
Total	**130.8**	71.9

Applied Language Solutions (ALS) was acquired in December 2011 and due to uncertainties in the newly won courts' interpretation contract, consideration for the acquisition was structured with a high proportion of contingent consideration relative to the initial consideration of £7.5m. Due to the performance of this contract no contingent consideration is now likely to be payable and the related goodwill has also been reassessed to £nil. This has resulted in an impairment of goodwill net of the contingent consideration release of £10.6m. There is no cash impact as no contingent consideration has been paid. In 2012, there was other contingent consideration release of £0.4m (2011 £11.2m).

The investment loan with Optima Legal Services Ltd has been reduced by £15.0m to £20.7m reflecting a fall in the fair value of the loan as the Optima business has been adversely affected by the downturn in the mortgage administration market.

3 Net finance costs

	2012 £m	2011 £m
Bank interest receivable	**(0.3)**	(0.1)
Other interest receivable	**(0.2)**	(0.3)
Interest receivable	**(0.5)**	(0.4)
Bonds	**29.5**	26.3
Fixed rate interest rate swaps – realised	**9.1**	11.5
Bank loans and overdrafts	**7.9**	4.6
Interest payable	**46.5**	42.4
Underlying net finance costs	**46.0**	42.0
Fixed rate interest rate swaps – mark to market	**8.2**	7.2
Non-designated foreign exchange forward contracts – mark to market	**0.5**	(0.1)
Currency swaps' counterparty risk adjustment – mark to market[1]	**(3.9)**	3.3
Non-underlying net finance costs	**4.8**	10.4
Total net finance costs	**50.8**	52.4

1 The mark to market movement on currency swaps represents the extent to which the fair value of these instruments has been affected by the perceived change in the creditworthiness of the counterparties to those instruments. The Group is comfortable that the risk attached to those counterparties is not significant and believes that the currency swaps continue to act as an effective hedge against the movements in the fair value of the Group's issued US$ denominated bonds.

4 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2012 £m	2011 £m
Net profit attributable to ordinary equity holders of the parent from operations	**236.0**	238.0

	2012 Number million	2011 Number million
Weighted average number of ordinary shares (excluding trust and treasury shares) for basic earnings per share	**636.4**	607.7
Dilutive potential ordinary shares: Employee share options	**7.0**	1.4
Weighted average number of ordinary shares (excluding trust and treasury shares) adjusted for the effect of dilution	**643.4**	609.1

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

The following additional earnings per share figures are calculated based on underlying earnings attributable to ordinary equity holders of the parent of £338.3m (2011: £294.7m) and, after non-underlying costs, earnings of £236.0m (2011: £238.0m). They are included as they provide a better understanding of the underlying trading performance of the Group.

		2012 p	2011 p
Basic earnings per share	– underlying	**53.16**	48.49
	– after non-underlying	**37.08**	39.16

Diluted earnings per share	– underlying	**52.58**	48.38
	– after non-underlying	**36.68**	39.07

5 Dividends paid and proposed

	2012 £m	2011 £m
Declared and paid during the year		
Ordinary shares (equity):		
Final for 2011 paid: 14.2p per share (2010: 13.4p per share)	**86.7**	81.2
Interim for 2012 paid: 7.9p per share (2011: 7.2p per share)	**51.4**	43.8
	138.1	125.0
Proposed for approval at AGM (not recognised as a liability at 31 December)		
Ordinary shares (equity):		
Final for 2012: 15.6p per share (2011: 14.2p per share)	**101.3**	86.4

6 Business combinations

The Group made a number of acquisitions in 2012 which are shown in aggregate. The fair values of the identifiable assets and liabilities acquired are disclosed in the table below:

	Fair value to Group recognised on acquisition £m
Intangible assets	**81.3**
Property, plant and equipment	**4.8**
Deferred tax	**(3.0)**
Bank loans and overdrafts	**17.6**
Trade receivables - gross	**64.2**
Impairment of trade receivables	**(5.2)**
Payables	**(56.2)**
Accruals	**(44.4)**
Long term debt	**(57.1)**
Provisions	**(19.0)**
Corporation tax	**5.1**
Net assets	**(11.9)**
Goodwill arising on acquisition	**146.9**
	135.0
Discharged by:	
Cash	**126.6**
Contingent consideration accrued	**8.4**
	135.0

In all cases 100% of the ordinary share capital was acquired and the consideration satisfied in cash. The companies acquired have been mainly in the areas of pensions and employee benefits, security, health and travel and complement or extend the Group's existing skill sets and provide opportunities for growth into these markets. In addition during the year the Group settled contingent consideration payments with regard to previous acquisitions amounting to £12.0m, all of which had been accrued.

Goodwill has arisen on the acquisitions because the fair value of the acquired assets was lower than the consideration paid; the goodwill represents the value to the Group that can be driven from these underlying assets over the life of the acquired businesses. The total amount of goodwill recognised in the period that is expected to be deductible for tax purposes is £3.3m (2011: £83.7m).

Contingent consideration

In respect of the acquisitions made in 2012, the Group has agreed to pay the vendors additional consideration dependent on the achievement of performance targets in the periods post acquisition. These performance periods are of up to 3 years in duration and will be settled in cash and loan notes on their payment date on achieving the relevant target. The range of the possible additional consideration payments is estimated to be between £5m and £10m. The Group has included £8.4m as contingent consideration. Contingent consideration has been calculated based on the Group's expectation of what it will pay in relation to the post-acquisition performance of the acquired entities by weighing the probability of a range of payments to give an estimate of the final obligation.

The fair value exercise has been completed on a provisional basis for acquisitions made in 2012. The Group will complete this review in 2013 though any adjustment to the carrying value is likely to be insignificant to the individual acquisition.

Acquisition related costs

The Group incurred acquisition related costs of £10.3m related to professional fees paid for due diligence, general professional fees and legal advice. These costs have been included in administrative expenses in the Group's consolidated income statement.

7 Provisions

	Insurance captive provision £m	Property provision £m	Arch cru £m	Other £m	Total £m
At 1 January 2012	20.3	40.4	0.6	2.4	63.7
Utilisation	**(14.2)**	**(5.6)**	**–**	**(9.0)**	**(28.8)**
Created/(released) in the year	**9.9**	**(0.1)**	**(0.6)**	**1.4**	**10.6**
Provisions acquired	**–**	**4.7**	**–**	**14.3**	**19.0**
At 31 December 2012	**16.0**	**39.4**	**–**	**9.1**	**64.5**

The provisions made above have been shown as current or non-current on the balance sheet to indicate the Group's expected timing of the matters reaching conclusion.

The insurance provision is made in relation to the Group's professional indemnity, motor and employee liability exposures. The Group uses a captive insurer to reduce the cost of providing this cover for its operations; claims that are in excess of the Captive's liability are reinsured with a number of large insurance underwriters. The Group makes provision when a claim has been made where it is more probable than not that an insured loss will occur. These provisions are reassessed regularly to ensure that the level of provisioning is consistent with the claims that have been reported. In the year the Group has settled a number of insurance liabilities which it had provided for in previous years. Additionally it has made provision for new claims and increased or decreased existing provisions where more information on the progress of the claim has become available.

Within the property provisions there is included a discounted provision for the difference between the market value of the property leases acquired in 2011 with Ventura and Vertex Private Sector and the lease obligations committed to at the date the leases were signed by the previous owners. This is in accordance with IFRS 3 (revised) which requires the use of fair value measurement. The remaining property provision is made on a discounted basis for the future rent expense and related cost of leasehold property (net of estimated sub-lease income) where the space is vacant or currently not planned to be used for ongoing operations. The expectation is that this expenditure will be incurred over the remaining periods of the leases which range from 1 to 15 years.

Other relates to provisions in respect of potential claims arising due to the nature of some of the operations that the Group provides and provision for an onerous contract in relation to the ALS courts' interpretation contract. These are likely to unwind over a period of 1 to 3 years.

8 Additional cash flow information

Reconciliation of net cash flow to movement in net funds/(debt)

	Net debt at 1 January 2012 £m	**Acquisitions in 2012 (exc. cash) £m**	**Cash flow movements £m**	**Non-cash flow movements £m**	**Net debt at 31 December 2012 £m**
Cash and cash equivalents	71.5	**–**	**249.1**	**(0.7)**	**319.9**
Cash	71.5	**–**	**249.1**	**(0.7)**	**319.9**
Loan notes	(2.3)	**–**	**2.3**	**(0.5)**	**(0.5)**
Bonds[1]	(1,432.2)	**–**	**24.7**	**37.4**	**(1,370.1)**
Revolving credit facility	(176.1)	**–**	**178.0**	**(1.9)**	**–**
Currency swaps in relation to US$ denominated bonds[1]	242.4	**–**	**–**	**(36.2)**	**206.2**
Interest rate swaps in relation to GBP denominated bonds[1]	13.5	**–**	**–**	**2.4**	**15.9**
Long term debt	–	**(57.1)**	**57.1**	**–**	**–**
Term loan	–	**–**	**(185.0)**	**–**	**(185.0)**
Finance leases	(3.1)	**–**	**1.7**	**(1.3)**	**(2.7)**
Underlying net debt	(1,286.3)	**(57.1)**	**327.9**	**(0.8)**	**(1,016.3)**
Fixed rate interest rate swaps	(44.7)	**–**	**–**	**(8.2)**	**(52.9)**
	(1,331.0)	**(57.1)**	**327.9**	**(9.0)**	**(1,069.2)**

The aggregate bond fair value above of £1,370.1m (2011: £1,432.2m) includes the GBP value of the US$ denominated bonds at 31 December 2012. To remove the Group's exposure to currency fluctuations it has entered into currency swaps which effectively hedge the movement in the underlying bond fair value. The interest rate swap is being used to hedge the exposure to changes in the fair value of GBP denominated bonds. The combined fair value of the interest and currency swaps is £222.1m (2011: £255.9m).

	Net debt at 1 January 2011 £m	Acquisitions in 2011 (exc. cash) £m	Cash flow movements £m	Non-cash flow movements £m	Net debt at 31 December 2011 £m
Cash and cash equivalents	38.5	–	34.1	(1.1)	71.5
Overdraft and bank loans	(98.8)	–	98.8	–	–
Cash	(60.3)	–	132.9	(1.1)	71.5
Loan notes	(2.3)	–	–	–	(2.3)
Bonds[1]	(1,016.4)	–	(339.2)	(76.6)	(1,432.2)
Revolving credit facility	–	–	(175.4)	(0.7)	(176.1)
Currency swaps in relation to US$ denominated bonds[1]	178.5	–	–	63.9	242.4
Interest rate swaps in relation to GBP denominated bonds[1]	4.4	–	–	9.1	13.5
Long term debt	–	(22.3)	22.3	–	–
Finance leases	(2.4)	–	1.0	(1.7)	(3.1)
Underlying net debt	(898.5)	(22.3)	(358.4)	(7.1)	(1,286.3)
Asset based securitised finance	(11.7)	–	11.7	–	–
Fixed rate interest rate swaps	(37.5)	–	–	(7.2)	(44.7)
	(947.7)	(22.3)	(346.7)	(14.3)	(1,331.0)

[1] The sum of these items held at fair value equates to the underlying value of the Group's bond debt of £1,148.0m (2011: £1,176.3m).

9 Pensions (amendment to IAS 19)

The amended IAS 19 standard changes the method of calculating the net interest related to the defined benefit pension schemes from one which uses the expected return on scheme assets to one based on the discount rate. It is estimated that this change will lead to a reduction in profit before tax of approximately £10.0m in 2013. In 2013, the prior year comparative for 2012 will be restated for this change, reducing profit before tax by £8.6m. From 2013, we will split out the financing element of the pension charge from operating costs. This is estimated to be approximately £4.0m (2012: £3.6m) of the circa £10.0m reduction in profit (2012: £8.6m).

10 Related party transactions

Pursuant to the Company's share placing which completed on 24 April 2012, funds managed by Invesco Limited, a substantial shareholder in the Company and therefore a related party of the Company (in each case, for the purposes of the Listing Rules of the UK Listing Authority), subscribed, pro rata to their previously existing holdings, for an additional 8,000,000 shares in the Company at the placing price of 685p representing an aggregate further investment of £54.8 million. In addition, Invesco acquired a further 16,459,384 shares during the year at market value.

Nigel Wilson, who was Senior Independent Director until his resignation from the board on 31 December 2012, was Group Chief Financial Officer of Legal & General Group Plc until June 2012 when he was appointed as Chief Executive Officer of that group. The Legal & General Group Plc had an interest in 23,279,554 shares in Capita plc as at 20 February 2013 and has a contractual relationship with the Group. Nigel Wilson did not participate in any Legal & General board discussions or decisions in respect of that company's dealings with Capita plc which are conducted on an arm's length basis.

11 Preliminary announcement

The preliminary announcement is prepared in accordance with International Financial Reporting Standards as adopted by the European Union. A duly appointed and authorised committee of the Board of Directors approved the preliminary announcement on 27th February 2013. The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2012 or 2011 but is derived from those accounts. Statutory accounts for 2011 have been delivered to the registrar of companies, and those for 2012 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Copies of the announcement can be obtained from the Company's registered office at 71 Victoria Street, Westminster, London SW1H 0XA, or on the Company's corporate website www.capita.co.uk/investors/Pages/Investors.aspx.

It is intended that the Annual Report and Accounts will be posted to shareholders in April 2013. It will be available to members of the public at the registered office and on the Company's Corporate website www.capita.co.uk/investors/Pages/Investors.aspx from that date.

12 Statement of Directors responsibilities

The Directors confirm that, to the best of their knowledge the extracts from the consolidated financial statements included in this report, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, fairly presents the assets, liabilities, financial position and profit of the Group taken as a whole and that the management report contained in this report includes a fair review of the development and performance of the business.

By order of the Board

P R M Pindar	G M Hurst
Chief Executive	Group Finance Director
27 February 2013	