CAPITA

25 July 2013

Half year results for the 6 months to 30 June 2013

Record sales growth and good financial performance

Financial highlights	**Half year 2013**	Half year 2012	**Change**
Revenue	**£1,819m**	£1,607m	**+ 13%**
Underlying operating profit[1]	**£226.8m**	£214.1m	**+ 6%**
Underlying profit before tax[1]	**£205.2m**	£186.4m	**+ 10%**
Underlying earnings per share[1]	**25.8p**	23.7p	**+ 9%**
Interim dividend per share	**8.7p**	7.9p	**+ 10%**

[1]Adjusted for new pension standard, IAS19 (R). Excludes non-underlying items being: intangible amortisation and acquisition expenses of £62m (H1 2012: £47.4m), the non-cash impact of mark to market movement on financial instruments of £14.3m credit (H1 2012: £0.5m credit). After these non-underlying items: reported operating profit is £164.8m (H1 2012: £166.7m), reported profit before tax is £157.5m (H1 2012: £139.5m) and reported earnings per share is 20.05p (H1 2012: 18.17p).

Key points

Delivering long term growth

- A record £2.0bn of major contract wins secured in H1 2013 (H1 2012: £1.1bn)[2] including:
  - Telefónica UK (O2), Capita's largest ever contract win by annual value
  - Cabinet Office, Best Practice IP joint venture
  - Carphone Warehouse, customer management contract
  - London Borough of Barnet, property services contract
- Contract win rate of higher than 1 in 2 (by value)
- Organic growth of 3%; full year organic growth expectation now at least 8%
- Significant level of sales activity; pipeline steadily replenishing, now £4.2bn (Feb 2013: £5.2bn)
- Selective acquisitions supporting organic growth; £198m invested to date in 2013

Good financial performance

- Revenue up 13% to £1.8bn (H1 2012: £1.6bn)
- Underlying profit before tax[1] up 10% to £205.2m (H1 2012: £186.4m)
- Underlying operating margin[1] of 12.5% (H1 2012: 13.3%)
- Operating cash flow up 20% to £242m (H1 2012: £201m) and 107% cash conversion (H1 2012: 94%)
- Gearing remains at 2.2 times net debt to EBITDA

Paul Pindar, Chief Executive of Capita plc, commented:

"Our strong sales performance over the last 12 months and contributions from 2012 and 2013 acquisitions provide us with excellent revenue visibility for the full year 2013 and already deliver significant incremental revenue growth in 2014. The return of strong organic growth, improved cash conversion, a replenished bid pipeline and a good pipeline of potential acquisitions, underpin our confidence in full year performance and provide a strong platform for further progress in 2014 and beyond.

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[1] Adjusted for new pension standard, IAS19 (R). Excludes non-underlying items being: intangible amortisation and acquisition expenses of £62m (H1 2012: £47.4m), the non-cash impact of mark to market movement on financial instruments of £14.3m credit (H1 2012: £0.5m credit). After these non-underlying items: reported operating profit is £164.8m (H1 2012: £166.7m), reported profit before tax is £157.5m (H1 2012: £139.5m) and reported earnings per share is 20.05p (H1 2012: 18.17p).

[2] As a result of the adjustment we made to the criteria of our pipeline effective from 1 January 2013, we now report all bids and major sales wins worth £25m or above (previously £10m or above). The major sales wins figure for H1 2012, which was reported at £1.3bn in July 2012, has therefore been restated to £1.1bn to reflect this change. Under the previous criteria, today's reported H1 2013 major contract wins of £2.0bn would have been approximately £2.1bn.

"We have reported another period of very strong sales growth in the first 6 months of 2013, with over £2.0bn of wins secured with clients including Carphone Warehouse, the Cabinet Office and Telefónica UK (O2). This follows a record year of sales wins in 2012 and we are therefore implementing a high number of major new contracts throughout 2013, including the two largest new contracts in Capita's history.

"Our sales performance has been achieved due to the unrivalled breadth of our service offering which has been built up through both internal development and a series of small to medium sized acquisitions over the past 25 years. We have continued to enhance our client propositions through further acquisitions this year, spending £198m on 9 businesses, and we have further attractive potential opportunities in our acquisition pipeline."

Analyst presentation

Paul Pindar, Chief Executive of Capita plc, will host an analyst presentation and conference call in London at 8.30am UK time today.

There will be a conference call and live webcast of the full event. Details can be found at www.capita.co.uk/investors

(**Please dial into the call in time to allow for registration)**

8.30am conference call details below:

Dial-in number: + 44 20 3059 8125

Replay: A replay of the conference call will be available for 7 days by dialling + 44 121 260 4861 (access code is 5238533#).

For further information:

Capita plc **Paul Pindar, Chief Executive** **Shona Nichols, Corporate Communications Director**	**Tel: 020 7799 1525**
Capita Press Office	**Tel: 020 7654 2152 or** **020 7654 2399 out of hours**
FTI Consulting **Andrew Lorenz**	**Tel: 020 7269 7291**

Capita plc is the UK's leading provider of business process management (BPM) and integrated professional support services. With 52,500 people at more than 350 sites, including 70 business centres across the UK, Europe, India and South Africa, the Group uses its expertise, infrastructure and scale benefits to transform its clients' services, driving down costs and adding value. Capita is quoted on the London Stock Exchange (CPI.L), and is a constituent of the FTSE 100 with 2012 revenue of £3.4 billion. Further information on Capita plc can be found at: www.capita.co.uk.

CAPITA

Capita plc

Results for the 6 months to 30 June 2013

Overview

Capita has delivered strong operational and financial performance for the first half of 2013 and achieved another highly successful sales period, securing £2.0bn (H1 2012: £1.1bn) of major contract wins to date in 2013.

Capita is today reporting robust financial results for the first 6 months of the year with revenue increasing by 13% to £1,819m (H1 2012: £1,607m), underlying operating profit[3] up 6% to £226.8m (H1 2012: £214.1m) and underlying profit before taxation[3] increasing by 10% to £205.2m (H1 2012: £186.4m). Underlying earnings per share[3] grew by 9% to 25.8p (H1 2012: 23.7p) and we have increased our dividend for the half year by 10% to 8.7p per share (H1 2012: 7.9p).

The current outsourcing market is active and we are seeing a high level of bidding activity across both the UK public and private sectors, reflected in our major sales wins and steadily replenishing bid pipeline. As the UK's leading provider of customer and business process management (BPM) services, we continue to develop our propositions in our established markets, notably central and local government and education and also to build our offering in our newer market areas, including justice and emergency services, health and the private sector, particularly telecoms, retail and utilities.

As a result of the strong sales performance reported over the previous 12 months and following the recent contract win with Telefónica UK (O2), our largest ever contract win by annual value, we raised our organic growth expectations for the full year from 6% to at least 8% and we remain confident of achieving this target.

We continue to secure small to medium sized acquisitions which directly support our sales offering by enabling us to enter new markets and evolve and enhance our sales propositions. To date in 2013, we have invested £198m in acquiring 9 companies across a number of areas including customer and debt management, justice and emergency services, education and workplace services.

The majority of our underlying businesses are trading well, in particular the Customer Management & International, Workplace Services and Investor and Banking Services divisions. The trading activities of 2 of our divisions, Property Services and parts of our IT business, continue to be affected by challenging economic conditions. We have therefore taken steps to strengthen the management and operational teams which will support the long term performance of these businesses. As our General Insurance operations continue to face challenges in some of their more competitive market segments, we are undertaking a review to determine the future positioning of operations in these areas.

Financial update

Revenue – In the half year 2013, revenue increased by 13% to £1,819m (H1 2012: £1,607m). This comprised 3% organic growth and 10% from acquisitions completed in 2012 (6%) and to date in 2013 (4%).

Operating profit & margin – In H1 2013, the Group's underlying operating margin was 80bp lower at 12.5% (H1 2012: 13.3%)[3].

Following a successful sales period over the last 9 months, we are undertaking a record volume of new contract implementations in 2013 with their associated start up costs. In the first half, large scale implementations included the Staffordshire County Council joint venture, the 2 Personal Independence Payment assessments contracts (Central England & Wales and Northern Ireland), Fire Service College and Carphone Warehouse.

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[3] *See footnote 1.*

We are also integrating a number of larger acquisitions including Reliance which we purchased in August 2012 (Justice & Secure Services) and Northgate Managed Services (IT Services) which we acquired in March 2013. The challenges faced by some of our General Insurance operations, mentioned above, have also impacted margins.

In H2 2013, we will have further implementation costs due to, in particular, the start of our O2 strategic partnership (1 July 2013), the Best Practice IP JV with the Cabinet Office (1 July 2013) and some initial work for the London Borough of Barnet. Based on current circumstances, we expect to achieve full year margins in the range of 12.5% to 13.5% for the foreseeable future.

Dividend – The Board has declared an interim dividend of 8.7p per ordinary share (H1 2012: 7.9p) representing an increase of 10%. The interim dividend will be payable on 7 October 2013 to shareholders on the register at the close of business on 23 August 2013.

Cash flow – In H1 2013, £242m (H1 2012: £201m) was generated by operations representing an operating profit to cash conversion ratio[4] of 107% (H1 2012: 94%). Based on current circumstances, we are comfortable that we can continue to achieve a medium to long term annual cash conversion ratio at or around 100%.

Free cash flow, defined as operating cash flow, less capital expenditure, interest and taxation for the half year was £164m (H1 2012: £95m).

Capital expenditure – We aim to contain capital expenditure at or below 4% of revenue. In H1 2013, we met this objective, with net capex at 2.6% of annual revenue (H1 2012: 3.4%). There are currently no indications of significant capex increases in our business forecasts or bid pipeline.

Return on capital employed – We focus on driving a healthy return on capital. Over the last 12 months to 30 June 2013, our post-tax return on average capital employed was 15.1% (12 months to 30 June 2012: 16.1%). This compares to our estimated post-tax WACC which is 7.2%.

Debt profile – As at 30 June 2013, we have £1,117m of private placement bond debt of which only £66m 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 £126m of net cash and an undrawn £425m revolving credit facility.

We aim 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 30 June 2013, our annualised net debt to EBITDA ratio was 2.2 (H1 2012: 2.2)[5] with annualised interest cover at 11 times (H1 2012: 9 times).

Developing our propositions and market reach

We generate profitable growth by winning business from new and existing clients supported by an effective acquisition strategy which enhances our propositions and provides entry into new market areas where we have identified growth potential.

Major contract wins

We have made a strong start to 2013, securing 6 major contracts with a total value of £2.0bn in the first 6 months (H1 2012: 11 contracts totalling £1.1bn)[6], comprised of 80% new business and 20% extensions. The last 12 months have been a highly successful sales period for Capita where we have delivered a win rate (by value) of higher than 1 in 2.

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[4] *Defined as cash generated from operations divided by underlying operating profit for the year.*
[5] *See footnote 1.*
[6] *See footnote 2.*

Major contract wins in 2013 to date include:

- **Telefónica UK (O2)** – a 10 year strategic partnership to deliver customer management services. Building on our existing long term partnership with O2, we will manage O2's customer service centres and support O2 as it enhances and expands its digital service offering to customers. This new 10 year relationship is worth approximately £1.2bn and commenced on 1 July 2013.

- **Cabinet Office** – selected to form a joint venture (JV) with the Cabinet Office to deliver and commercialise the Government's proprietary portfolio of leading and globally renowned project and IT management training tools, including PRINCE2® and ITIL®. The JV, in which Capita holds 51%, owns in perpetuity the intellectual property of the portfolio and manages the accredited service organisations through which revenue is generated. It is anticipated that the JV will triple the current revenues of approximately £40m per annum by year 10, through further commercialising and developing the product portfolio in existing and new markets in the UK and internationally. The JV assumed management of current contracts on 1 July 2013 with full operational delivery from 1 January 2014.

- **Carphone Warehouse** – contract to provide all Carphone Warehouse's 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 commenced on 1 April 2013.

- **London Borough of Barnet** – selected as preferred bidder to deliver development and regulatory services including highways management, planning and development, regeneration and environmental health and trading standards services. The contract, which will be delivered by our property and infrastructure business, is expected to be worth approximately £154m over 10 years and is scheduled to commence on 1 October 2013.

- **Civil Service Learning agreement** – extension to existing contract with the Cabinet Office, worth at least £60m over 2 years to end March 2016.

- **University of Strathclyde** – selected as strategic technology partner to support the delivery of significant communications and technology improvements in a contract estimated to be worth up to £40m over 5 years. Capita will work with the University of Strathclyde to design and deliver a long term ICT strategy to integrate and rationalise ICT processes and resources to better support the University.

Bid pipeline & market update

Bid pipeline: Our bid pipeline contains all bids worth £25m or above, capped at £1bn and where we have been shortlisted to the last 4 or fewer. We announce the value of the pipeline three times a year and it is therefore a snapshot at a specific point in time.

The pipeline is replenishing steadily following this unprecedented period of sales wins and now stands at £4.2bn, (February 2013: £5.2bn), including 97% new business and 3% extensions. The current pipeline comprises 32 bids, with an average contract length of 8 years. The most active markets are local government, the private sector, particularly retail, telecoms and utilities, and central government. We are also seeing a high level of activity in our prospect and suspect lists which contain bid opportunities which are yet to reach shortlist stage. This provides us with a high level of confidence for our medium to long term organic growth prospects.

Contract rebids: Over the next 6 years to 31 December 2019, we have only 1 material contract coming up for renewal which is the Phoenix contract in 2019.

Active market: As demonstrated by our strong recent sales performance and the steady replenishment of our bid pipeline, we are continuing to experience buoyant activity across the business process management market in both public and private sectors.

The rapidly evolving digital landscape is transforming at a rapid pace the way in which private and public organisations interact with customers and citizens. This is creating significant demand for third party expertise and infrastructure to transform existing services and to support and deliver future innovation. We are increasingly harnessing advances in behavioural insight and analytics to inform the adaption and transformation of processes across multi-channel customer interactions. To address increased market demand, we have developed our propositions and expertise in this area and are well placed to support existing and new clients in adapting to changing customer engagement.

Ongoing financial pressure also continues to create an environment where clients are seeking alternative operating models to drive down costs without adversely impacting service quality. The Government's recent Comprehensive Spending Review detailed a further £11.5bn of savings including a 10% budget cut for local government and reduced budgets for a number of key departments. In the private sector, organisations across a range of industries continue to face challenging trading conditions and we are working with them to develop service solutions that support their financial and operational goals, in particular assisting them to increase sales and improve debt management.

Acquisitions

We acquire organisations which enable us to enter and build capability in new market areas and enhance our service offering therefore supporting our future sales opportunities. This is evidenced by the acquisitions we have made in the last 3 years which are already generating positive investment returns through delivering significant organic growth. Combined with our existing customer management expertise, the acquisitions in 2011 of Ventura and Vertex (private sector), which cost £105m in aggregate, have resulted in Capita securing 5 new contracts in the last 18 months, including the £1.2bn contract with O2. Our £150m investment in 8 acquisitions in the justice and secure services area has created a business with FY 2012 annual revenue of some £200m, servicing 46 police forces in the UK and Ireland and 31 UK fire and rescue services.

To date in 2013, we have invested a total of £198m in acquiring 9 businesses which have further strengthened our offering in a number of key areas:

Customer Management & International – we have established an end to end debt management offering and strengthened our analytics expertise which is an essential component of both debt management and our overall customer management offering by acquiring:

- **iQor UK** – provider of outsourced debt collection services to both the public and private sectors in the UK. iQor UK helps companies and organisations to manage high risk customers and ensure revenue collection, an area where we are seeing strong potential for growth. Acquired for an enterprise value of £42m.

- **Euristix** – is a small boutique data analytics and risk management business which provides portfolio management, value realisation, diagnostics and due diligence services to debt and financial services clients, together with debt purchasers. Key customers include UKAR, Apollo, Brighthouse, Lowell, Capquest and First Credit.

Justice & Secure Services – continued enhancement of our offering to this market and the ability to cross sell into other market sectors, acquiring:

- **G2G3** – provider of immersion and simulation-based training for corporations in the UK and overseas. The application of game dynamics and game thinking to non-game activities is a rapidly growing method for training employees. The company will continue to develop simulations for global corporations as well as for existing and new clients in Capita's key target sectors: police, emergency services, justice, security, nuclear and oil and gas industries.

- **STL Technologies** – provider of software and ICT to the criminal justice system, including courts and the police, and to asylum and immigration tribunals. STL specialises in case management applications for organisations including Her Majesty's Courts Service, the Ministry of Justice, the Scottish Court Service and case preparation and custody applications for West Midlands Police.

IT Services – expanded its managed IT services resources and geographic reach by acquiring:

- **Northgate Managed Services (NMS)** – based in Northern Ireland, a provider of cloud-based, infrastructure solutions and specialist managed services to public, private and third sector organisations, acquired for an enterprise value of £65m.

Workplace Services – enhanced our ability to deliver a wide range of learning and development services in the most cost effective manner across all delivery channels, acquiring:

- **Blue Sky Performance Improvement** – a UK based learning and development business that specialises in behaviour change and improved employee productivity. Blue Sky provides bespoke, high quality solutions for executive level employees, through to field based and frontline employees for private and public sector clients, including 20% of the FTSE 100 such as British Gas, BT, Barclays, RBS and RSA.

- **Creating Careers** – a provider of accredited e-learning to further and secondary education students via distance learning. The company is focused on providing those who have been disengaged from traditional education techniques with a route to accredited, nationally recognised qualifications.

- **KnowledgePool Group** – provider of learning managed services, including its three core service components of supplier management, training administration and learning consultancy. The company manages all learning activity and operations through a single channel that maximises return on training investment for its clients.

Professional Services – enhanced our offering to the education and local authority markets by acquiring:

- **MLS** – a provider of library and resource management systems.

Future prospects

Our strong sales performance over the last 12 months and contributions from 2012 and 2013 acquisitions provide us with excellent revenue visibility for the full year 2013 and already deliver significant incremental revenue growth in 2014. The return of strong organic growth, improved cash conversion, a replenished bid pipeline with opportunities broadly spread across both private and public sectors and a good pipeline of potential acquisitions, underpin our confidence in full year performance and provide a strong platform for further progress in 2014 and beyond.

-Ends-

Half year condensed consolidated income statement

for the 6 months ended 30 June 2013

		30 June 2013			30 June 2012 (restated)		
	Notes	**Underlying £m**	**Non-underlying £m**	**Total £m**	Underlying £m	Non-underlying £m	Total £m
Continuing operations:							
Revenue	3	**1,818.8**	**–**	**1,818.8**	1,607.3	–	1,607.3
Cost of sales		**(1,307.4)**	**–**	**(1,307.4)**	(1,140.6)	–	(1,140.6)
Gross profit		**511.4**	**–**	**511.4**	466.7	–	466.7
Administrative expenses		**(284.6)**	**(62.0)**	**(346.6)**	(252.6)	(47.4)	(300.0)
Operating profit	3	**226.8**	**(62.0)**	**164.8**	214.1	(47.4)	166.7
Net finance costs	3	**(21.6)**	**14.3**	**(7.3)**	(27.7)	0.5	(27.2)
Profit before tax	3	**205.2**	**(47.7)**	**157.5**	186.4	(46.9)	139.5
Income tax expense		**(39.0)**	**9.9**	**(29.1)**	(39.0)	12.7	(26.3)
Profit for the period		**166.2**	**(37.8)**	**128.4**	147.4	(34.2)	113.2
Attributable to:							
Owners of the parent		**167.9**	**(37.5)**	**130.4**	147.4	(34.2)	113.2
Non-controlling interests		**(1.7)**	**(0.3)**	**(2.0)**	–	–	–
		166.2	**(37.8)**	**128.4**	147.4	(34.2)	113.2
Earnings per share	4						
– basic		**25.82p**	**(5.77)p**	**20.05p**	23.66p	(5.49)p	18.17p
– diluted		**25.56p**	**(5.71)p**	**19.85p**	23.55p	(5.47)p	18.08p

Half year condensed consolidated statement of comprehensive income

for the 6 months ended 30 June 2013

	£m	**30 June 2013 £m**	£m	30 June 2012 (restated) £m
Profit for the period		**128.4**		113.2
Other comprehensive income/(expense)				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain/(loss) on defined benefit pension schemes	**1.7**		(36.8)	
Deferred tax effect	**(0.4)**		8.0	
		1.3		(28.8)
		1.3		(28.8)
Items that will or may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		**1.7**		(2.2)
Losses on cash flow hedges	**(0.3)**		(11.0)	
Reclassification adjustments for gains/(losses) included in the income statement	**1.2**		(0.7)	
Income tax effect	**(0.2)**		2.7	
		0.7		(9.0)
		2.4		(11.2)
Other comprehensive income/(expense) for the period net of tax		**3.7**		(40.0)
Total comprehensive income for the period net of tax		**132.1**		73.2
Attributable to:				
Owners of the parent		**134.1**		73.2
Non-controlling interests		**(2.0)**		–
		132.1		73.2

Half year condensed consolidated balance sheet

at 30 June 2013

	30 June 2013 £m	31 December 2012 (restated) £m
Non-current assets		
Property, plant and equipment	**384.6**	358.3
Intangible assets	**2,189.6**	1,919.9
Financial assets	**264.5**	236.2
Deferred taxation	**–**	1.3
Trade and other receivables	**58.1**	72.7
	2,896.8	2,588.4
Current assets		
Financial assets	**3.4**	8.0
Funds receivables	**182.7**	108.0
Trade and other receivables	**985.0**	839.1
Cash	**559.7**	737.9
	1,730.8	1,693.0
Total assets	**4,627.6**	4,281.4
Current liabilities		
Trade and other payables	**1,083.4**	971.1
Financial liabilities	**529.9**	539.5
Funds payables	**198.3**	121.2
Provisions	**26.7**	23.6
Income tax payable	**61.8**	46.7
	1,900.1	1,702.1
Non-current liabilities		
Trade and other payables	**33.5**	12.5
Financial liabilities	**1,568.1**	1,539.7
Deferred tax liability	**1.9**	–
Provisions	**41.2**	40.9
Employee benefits	**122.4**	108.1
	1,767.1	1,701.2
Total liabilities	**3,667.2**	3,403.3
Net assets	**960.4**	878.1
Capital and reserves		
Issued share capital	**13.9**	13.8
Share premium	**481.8**	470.4
Employee benefit trust and treasury shares	**(0.4)**	(0.4)
Capital redemption reserve	**1.8**	1.8
Foreign currency translation reserve	**3.4**	1.7
Net unrealised gains reserve	**(16.6)**	(17.3)
Retained earnings	**448.3**	408.1
Equity attributable to owners of the parent	**932.2**	878.1
Non-controlling interests	**28.2**	–
Total equity	**960.4**	878.1

Included in aggregate financial liabilities is an amount of £1,362.3m (31 December 2012: £1,370.1m) 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 £245.3m (31 December 2012: £222.4m) included in financial assets and £nil (31 December 2012: £0.3m) included in financial liabilities. Consequently, this gives an effective liability of £1,117.0m (31 December 2012: £1,148.0m). Cash and overdrafts (included within financial liabilities) are shown gross therefore the Group's net cash position is the cash shown above net of overdrafts of £433.5m (31 December 2012: £418.0m), giving an effective cash balance of £126.2m (31 December 2012: £319.9m).

Half year condensed consolidated statement of changes in equity

for the 6 months ended 30 June 2013

	Share capital £m	Share premium £m	Employee benefit trust £m	Capital redemption reserve £m	Retained earnings £m	Foreign currency translation reserve £m	Net unrealised gains reserve £m	Total shareholders' equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2012	13.0	459.4	(0.4)	1.8	50.3	7.5	(7.5)	524.1	–	524.1
Profit for the period - restated	–	–	–	–	113.2	–	–	113.2	–	113.2
Other comprehensive income/(expense) - restated	–	–	–	–	(28.8)	(2.2)	(9.0)	(40.0)	–	(40.0)
Total comprehensive income/(expense) for the period	–	–	–	–	84.4	(2.2)	(9.0)	73.2	–	73.2
Share based payment	–	–	–	–	4.8	–	–	4.8	–	4.8
Income tax deduction on exercise of share options	–	–	–	–	0.5	–	–	0.5	–	0.5
Deferred income tax relating to share based payments	–	–	–	–	2.8	–	–	2.8	–	2.8
Shares issued	0.8	2.6	–	–	270.6	–	–	274.0	–	274.0
Equity dividends paid	–	–	–	–	(86.7)	–	–	(86.7)	–	(86.7)
At 30 June 2012	13.8	462.0	(0.4)	1.8	326.7	5.3	(16.5)	792.7	–	792.7
At 1 January 2013	13.8	470.4	(0.4)	1.8	408.1	1.7	(17.3)	878.1	–	878.1
Profit for the period	**–**	**–**	**–**	**–**	**130.4**	**–**	**–**	**130.4**	**(2.0)**	**128.4**
Other comprehensive income/(expense)	**–**	**–**	**–**	**–**	**1.3**	**1.7**	**0.7**	**3.7**	**–**	**3.7**
Total comprehensive income/(expense) for the period	**–**	**–**	**–**	**–**	**131.7**	**1.7**	**0.7**	**134.1**	**(2.0)**	**132.1**
Share based payment	**–**	**–**	**–**	**–**	**5.0**	**–**	**–**	**5.0**	**–**	**5.0**
Income tax deduction on exercise of share options	**–**	**–**	**–**	**–**	**0.9**	**–**	**–**	**0.9**	**–**	**0.9**
Deferred income tax relating to share based payments	**–**	**–**	**–**	**–**	**4.7**	**–**	**–**	**4.7**	**–**	**4.7**
Investment by non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30.2**	**30.2**
Shares issued	**0.1**	**11.4**	**–**	**–**	**–**	**–**	**–**	**11.5**	**–**	**11.5**
Equity dividends paid	**–**	**–**	**–**	**–**	**(102.1)**	**–**	**–**	**(102.1)**	**–**	**(102.1)**
At 30 June 2013	**13.9**	**481.8**	**(0.4)**	**1.8**	**448.3**	**3.4**	**(16.6)**	**932.2**	**28.2**	**960.4**

Half year condensed consolidated cash flow statement

for the 6 months ended 30 June 2013

	Notes	**30 June 2013 £m**	30 June 2012 (restated) £m
Cash flows from operating activities			
Operating profit on continuing activities before interest and taxation		**164.8**	166.7
Depreciation		**38.5**	38.5
Amortisation of intangible assets		**54.2**	41.2
Share based payment expense		**5.0**	4.8
Pensions		**1.7**	(3.0)
Movement in provisions		**(0.9)**	(0.4)
Loss on disposal of property, plant and equipment		**0.1**	–
Movement in receivables and payables		**(21.8)**	(46.5)
Cash generated from operations		**241.6**	201.3
Income tax paid		**(11.8)**	(29.5)
Net interest paid		**(19.2)**	(22.8)
Net cash inflow from operating activities		**210.6**	149.0
Cash flows from investing activities			
Purchase of property, plant and equipment		**(46.9)**	(55.0)
Proceeds from sale of property, plant and equipment		–	1.0
Purchase of financial assets		**(0.7)**	–
Acquisition of subsidiary undertakings and businesses		**(204.1)**	(106.2)
Debt repaid on acquisition of subsidiary undertakings		**(1.6)**	(42.2)
Cash acquired with subsidiary undertakings		**10.2**	0.2
Acquisition of public sector subsidiary arrangements		**(24.9)**	–
Debt repaid on acquisition of public sector subsidiary arrangements		**(9.2)**	–
Net cash outflow from investing activities		**(277.2)**	(202.2)
Cash flows from financing activities			
Issue of ordinary share capital		**11.5**	276.6
Share transaction costs		**–**	(2.6)
Dividends paid	5	**(102.1)**	(86.7)
Capital element of finance lease rental payments	8	**(4.2)**	(1.1)
Proceeds on issue of debt	8	–	185.0
Revolving credit facility	8	**–**	(178.0)
Financing arrangement costs		**–**	(1.1)
Repayment of bonds and long term debt	8	**(32.3)**	(24.7)
Net cash (outflow)/inflow from financing activities		**(127.1)**	167.4
Net (decrease)/ increase in cash and cash equivalents		**(193.7)**	114.2
Cash and cash equivalents at the beginning of the period		**319.9**	71.5
Cash and cash equivalents at 30 June		**126.2**	185.7
Cash and cash equivalents comprise:			
Cash at bank and in hand		**559.7**	481.9
Overdraft		**(433.5)**	(296.2)
Total	8	**126.2**	185.7

Notes to the half year condensed consolidated financial statements

for the 6 months ended 30 June 2013

1 Corporate information

Capita plc is a public limited company incorporated in England and Wales whose shares are publicly traded. The half year condensed consolidated financial statements of the Company and its subsidiaries ('the Group') for the 6 months ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 24 July 2013.

2 Basis of preparation, judgements and estimates, accounting policies, principal risks and uncertainties and going concern

(a) Basis of preparation

The half year condensed consolidated financial statements for the 6 months ended 30 June 2013 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting.

The half year 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 2012, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2012 were approved by the Board of Directors on 27 February 2013 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The half year condensed consolidated financial statements for the 6 months ended 30 June 2013 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

(b) Judgements and estimates

In preparing these half year condensed consolidated financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at the year ended 31 December 2012.

(c) Significant accounting policies

The accounting policies adopted in preparation of the half year 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 2012, except for the adoption of the following new standards and amendments with an initial date of application of 1 January 2013.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

As a result of the amendments to IAS 1, the Group has modified the presentation of items in its condensed consolidated statement of other comprehensive income to present separately items that would be classified to profit or loss in the future from those that would never be. Comparative information has also been re-presented. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised 2011) – IAS 19R

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss (this had no impact on the Group as it had never adopted the 'corridor' approach); expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

In the case of the Group, the transition to IAS 19R has had an impact on both the condensed consolidated income statement and the condensed consolidated statement of other comprehensive income due to the difference in accounting for interest on plan assets. The effect of the adoption of IAS 19R is to reduce profit before tax by £5.0m (2012: £4.3m) and reduce the tax on profit charge by £1.2m (2012: £1.0m), a net impact on profit for the period of £3.8m (2012: £3.3m). There was an equal and opposite effect on the total of other comprehensive income for the period such that there has been no overall change to total comprehensive income for the period nor any change in equity. In addition, the Group has reclassified the interest cost element of the pension charge to finance costs from administrative expenses. The impact of this has been to reclassify as finance costs £2.4m (2012: £1.8m). Comparatives have been restated accordingly.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendment to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (eg, collateral agreements). The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. The amendment has had no impact on the Group's financial position or performance. The Group has grossed up its cash at bank and overdraft positions.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements for the period. The Group provides these disclosures in Note 9. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures.

(c) Significant accounting policies (continued)

Improvements to IFRSs - 2009 – 2011 Cycle issued in May 2012

The International Accounting Standards Board issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

(d) Principal risks and uncertainties and going concern

The Directors have considered the principal risks and uncertainties affecting the Group's financial position and prospects in 2013. As described on pages 36 to 39 of the Group's Annual Report for 2012, the Group continues to be exposed to a number of risks and has well established systems and procedures in place to identify, assess and mitigate those risks. The risks faced by the Group have not changed significantly over the first 6 months of 2013 and are not expected to change materially in the remaining 6 months.

The principal risks include those arising from: failure to meet service level agreements, possible loss of contracts and damage to brand reputation; counterparty failure including disruption to supply chains or service interruption; failure to achieve planned synergies in acquisitions; weaker economic conditions are a key driver for outsourcing but extreme economic uncertainty may result in delays in purchasing decisions and reduced discretionary spend in some market segments; regulatory changes in different jurisdictions may impact businesses in those locations; failure to attract and maintain key staff; failure to secure sensitive or confidential data; and failure to comply with complex laws and regulations.

The Directors have considered the issues raised in the FRC's "Update for directors of listed companies: Responding to heightened country and currency risk in interim financial reports" and can report that, although the Group is not directly exposed to significant overseas sovereign and currency risks, it is exposed indirectly to increased counterparty risk. The Group attempts to mitigate this risk by counterparty monitoring and the avoidance of concentrations of counterparty risk.

The Group has considerable financial resources together with long term contracts with a wide range of public and private sector clients and suppliers. As a consequence, the Directors believe the Group is well placed to manage its business risks successfully.

After making enquiries and in accordance with the FRC's "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009", the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half year condensed consolidated financial statements.

3 Segmental information

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2013 and 2012 respectively. The comparative figures have been restated due to a reorganisation of the Group's business segments and a consequent change in the way in which the results of the business are reported to the Group Board.

6 months ended 30 June	2013			2012		
	Total revenue	**Inter-segment revenue**	**External revenue**	Total revenue	Inter-segment revenue	External revenue
Analysis of segment revenue	**£m**	**£m**	**£m**	£m	£m	£m
Health & Wellbeing	**106.7**	**(10.8)**	**95.9**	93.3	(9.3)	84.0
IT Services	**283.0**	**(53.6)**	**229.4**	279.8	(45.8)	234.0
Professional Services	**250.7**	**(52.4)**	**198.3**	214.6	(44.8)	169.8
Justice & Secure Services	**164.4**	**(17.2)**	**147.2**	93.0	(14.7)	78.3
Property Services	**140.7**	**(15.3)**	**125.4**	133.1	(13.1)	120.0
Workplace Services	**250.7**	**(14.3)**	**236.4**	170.4	(12.3)	158.1
Customer Management & International	**147.8**	**(6.9)**	**140.9**	126.5	(5.9)	120.6
Investor & Banking Services	**121.2**	**(10.5)**	**110.7**	119.1	(9.0)	110.1
Integrated Services	**188.2**	**(12.4)**	**175.8**	173.8	(10.6)	163.2
Insurance & Benefits Services	**395.5**	**(36.7)**	**358.8**	400.6	(31.4)	369.2
Total segments	**2,048.9**	**(230.1)**	**1,818.8**	1,804.2	(196.9)	1,607.3

Analysis of segment profit	**6 months to 30 June 2013 £m**	6 months to 30 June 2012 £m
Health & Wellbeing	**15.4**	16.4
IT Services	**10.0**	7.7
Professional Services	**48.4**	41.1
Justice & Secure Services	**19.7**	15.2
Property Services	**6.9**	8.1
Workplace Services	**29.4**	18.6
Customer Management & International	**18.6**	13.6
Investor & Banking Services	**27.6**	27.1
Integrated Services	**29.0**	29.3
Insurance & Benefits Services	**21.8**	37.0
Total underlying segment profit	**226.8**	214.1
Net underlying finance costs	**(21.6)**	(27.7)
Underlying profit before tax	**205.2**	186.4
Intangible amortisation	**(52.9)**	(41.2)
Acquisition costs	**(7.5)**	(6.2)
Contingent consideration movement	**(1.6)**	–
Financial instruments – mark to market	**14.3**	0.5
Profit before tax	**157.5**	139.5

4 Earnings per share

The average number of shares in issue during the period was 650.2m (30 June 2012: 622.9m). The diluted earnings per share have been calculated on the profit for the period of £130.4m (30 June 2012: £113.2m) and an average diluted number of shares of 657.0m (30 June 2012: 625.8m). As at 24 July 2013, there were 655.2 m shares in issue.

5 Dividends

The interim dividend of 8.7p (2012: 7.9p) per share (not recognised as a liability at 30 June 2013) will be payable on 7 October 2013 to ordinary shareholders on the register at the close of business on 23 August 2013. The dividend disclosed in the cash flow statement represents the final ordinary dividend of 15.6p (2012: 14.2p) per share as proposed in the 31 December 2012 financial statements and approved at the Group's AGM (not recognised as a liability at 31 December 2012).

6 Business combinations

The Group has made a number of acquisitions in the period which are shown in aggregate below:

	Provisional fair value to Group £m
Property, plant and equipment	**23.0**
Intangible assets	**94.6**
Debtors - gross	**68.2**
Provision for doubtful debts	**(1.7)**
Income tax	**2.1**
Cash and cash equivalents	**10.2**
Creditors	**(104.7)**
Provisions	**(4.3)**
Deferred tax	**(10.6)**
Employee benefits liability	**(11.9)**
Finance lease	**(25.4)**
Long term debt	**(10.8)**
Net assets	**28.7**
Goodwill arising on acquisition	**223.4**
	252.1
Discharged by:	
Cash consideration paid	**207.5**
Non-controlling interest investment	**30.2**
Contingent consideration accrued	**14.4**
	252.1

The full exercise to determine the fair value of intangible assets acquired is still to be completed, thus the above numbers are provisional. Further cash consideration was paid in respect of previous acquisitions of £14.0m.

7 Provisions

	Insurance captive provision £m	Property provision £m	Other £m	Total £m
At 1 January 2013	16.0	39.4	9.1	64.5
Utilisation	**(6.4)**	**(2.5)**	**(2.7)**	**(11.6)**
Additional provisions in the period	**9.7**	**0.2**	**0.8**	**10.7**
Provisions acquired	–	**4.3**	**–**	**4.3**
At 30 June 2013	**19.3**	**41.4**	**7.2**	**67.9**

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.

The property provision includes a discounted provision for the difference between the market value of the property leases acquired in 2011 with Ventura and Vertex 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. These are likely to unwind over a period of 1 to 3 years.

8 Movement in net debt

	Net debt at 1 January 2013 £m	Acquisitions in 2013 £m	Cash flow movements £m	Non-cash flow movements £m	Net debt at 30 June 2013 £m
Cash+	**319.9**	**10.2**	**(203.9)**	**–**	**126.2**
Unsecured loan notes	**(0.5)**	**–**	**–**	–	**(0.5)**
Bonds*	**(1,370.1)**	**–**	**32.3**	**(24.5)**	**(1,362.3)**
Term loan	**(185.0)**	**–**	–	**–**	**(185.0)**
Currency swaps in relation to US $ denominated bonds*	**206.2**	**–**	**–**	**27.8**	**234.0**
Interest rate swaps in relation to GBP denominated bonds*	**15.9**	**–**	**–**	**(4.6)**	**11.3**
Long term debt	**–**	**(10.8)**	**10.8**	**–**	**–**
Obligations under finance leases	**(2.7)**	**(25.4)**	**4.2**	**0.5**	**(23.4)**
Underlying net debt	**(1,016.3)**	**(26.0)**	**(156.6)**	**(0.8)**	**(1,199.7)**
Fixed rate interest rate swaps	**(52.9)**	**–**	**–**	**15.9**	**(37.0)**
	(1,069.2)	**(26.0)**	**(156.6)**	**15.1**	**(1,236.7)**

+ Cash comprises cash, cash equivalents and overdrafts.

* The aggregate bond fair value above of £1,362.3m (30 June 2012: £1,415.4m) includes the GBP value of the US$ denominated bonds. 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 swaps are being used to hedge the exposure to changes in the fair value of GBP denominated bonds. The sum of these items held at fair value equates to the underlying value of the Group's bond debt of £1,117.0m (30 June 2012: £1,151.0m).

	Net debt at 1 January 2012 £m	Acquisitions in 2012 £m	Cash flow movements £m	Non-cash flow movements £m	Net debt at 30 June 2012 £m
Cash+	71.5	0.2	114.0	–	185.7
Unsecured loan notes	(2.3)	–	–	(0.6)	(2.9)
Bonds*	(1,432.2)	–	24.7	(7.9)	(1,415.4)
Term loan	–	–	(185.0)	–	(185.0)
Revolving credit facility	(176.1)	–	178.0	(1.9)	–
Currency swaps in relation to US $ denominated bonds*	242.4	–	–	7.5	249.9
Interest rate swaps in relation to GBP denominated bonds*	13.5	–	–	1.0	14.5
Long term debt	–	(42.2)	42.2	–	–
Obligations under finance leases	(3.1)	–	1.1	–	(2.0)
Underlying net debt	(1,286.3)	(42.0)	175.0	(1.9)	(1,155.2)
Fixed rate interest rate swaps	(44.7)	–	–	(0.6)	(45.3)
	(1,331.0)	(42.0)	175.0	(2.5)	(1,200.5)

9 Financial instruments

Carrying values and fair values of financial instruments

The following table analyses by classification and category the Group's financial instruments (excluding short term debtors, creditors, fund payables/receivables and cash in hand) that are carried in the financial statements. The values below represent the carrying amounts. The fair values are the same as the carrying values other than a £50.0m fixed rate bond, included below in the bond value of £1,362.3m, with a carrying value of £50.0m and a fair value of £53.4m.

	Available-for-sale £m	At fair value through the income statement £m	Loans and receivables £m	Derivatives used for hedging £m	Other financial liabilities £m	Total £m
Financial assets						
Unlisted equity securities	1.8	–	–	–	–	1.8
Investment loan	–	–	20.8	–	–	20.8
Interest rate swaps in relation to GBP denominated bonds	–	–	–	11.3	–	11.3
Currency swaps in relation to US$ denominated bonds	–	–	–	234.0	–	234.0
	1.8	–	20.8	245.3	–	267.9
Financial liabilities						
Overdrafts	–	–	–	–	433.5	433.5
Unsecured loan notes	–	–	–	–	0.5	0.5
Bonds	–	–	–	–	1,362.3	1,362.3
Term loan	–	–	–	–	185.0	185.0
Cash flow hedges	–	–	–	21.6	–	21.6
Non-designated foreign exchange forward contracts	–	0.9	–	–	–	0.9
Contingent consideration	–	–	–	–	33.8	33.8
Obligations under finance leases	–	–	–	–	23.4	23.4
Fixed rate interest rate swaps	–	37.0	–	–	–	37.0
	–	37.9	–	21.6	2,038.5	2,098.0

The fair value of financial instruments has been calculated by discounting the expected future cash flows at prevailing interest rates, except for unlisted equity securities and investment loans. The valuation models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves. Unlisted equity securities and investment loans are held at amortised cost. The Group enters into derivative financial instruments with multiple counterparties, all of which are financial institutions with investment grade credit ratings.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

9 Financial instruments (continued)

As at 30 June 2013, the Group held the following financial instruments measured at fair value:

	£m
Assets measured at fair value	
Interest rate swaps in relation to GBP denominated bonds	**11.3**
Currency swaps in relation to US$ denominated bonds	**234.0**
	245.3
Liabilities measured at fair value	
Bonds	**1,312.3**
Term loan	**185.0**
Unsecured loan notes	**0.5**
Cash flow hedges	**21.6**
Non-designated foreign exchange forward contracts	**0.9**
Fixed rate interest rate swaps	**37.0**
Contingent consideration	**33.8**
	1,591.1

During both periods the Group only had Level 2 assets or liabilities measured at fair value apart from contingent consideration which is a Level 3 liability. It is the Group's policy to recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer occurred. During the period ended 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

Contingent consideration, the only level 3 item, arises in business acquisitions where 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 Group makes provision for such contingent consideration based on an assessment of its fair value at the acquisition date. 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 weighting the probability of a range of payments to give an estimate of the final obligation. A change in the weighting given to the range of payments of +5%/-5% has an impact of +ve£3.6m and –ve£1.2m to the value carried as contingent consideration.

A reconciliation of the movements in the contingent consideration provision in the period is set out below:

	£m
At 1 January 2013	**26.8**
Arising from business combinations in the period	**14.4**
Profit and loss movement – administrative expenses	**1.6**
Reclassified from current liabilities	**5.0**
Utilised	**(14.0)**
At 30 June 2013	**33.8**

10 Capital commitments

At 30 June 2013, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £0.1m (30 June 2012: £1.0m).

11 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

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), had a holding of 144,177,938 shares in the Company at 24 July 2013.

Compensation of key management personnel (including Directors of parent company)

	6 months 30 June 2013 £m	6 months 30 June 2012 £m
Short term employment benefits	**2.8**	2.1
Post employment benefits	**0.1**	0.1
Share based payments	**2.0**	1.0
	4.9	3.2

Gains on share options exercised in the period by key management personnel totalled £7.4m (30 June 2012: £4.9m).

12 Contingent liabilities

The Group has provided, through the normal course of its business, performance bonds and bank guarantees of £68.0m (31 December 2012: £58.2m).

Further consideration may be due, dependent on certain performance criteria, on acquisitions completed by the Group since 2010 up to a maximum of £55.9m of which £33.8m has been provided. The Group expects that these payments, if ultimately due, will be satisfied by the end of 2016.

Statement of Directors' responsibilities

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the Half Year Management Report includes a fair review of the information required by Rules 4.2.4, 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority.

The names and functions of the Directors of Capita plc are as listed in the Group's Annual Report for 2012. A list of current Directors is maintained on the Group website: www.capita.co.uk.

By order of the Board

P R M Pindar	G M Hurst
Chief Executive	Group Finance Director
24 July 2013	