4 December 2012

NORTHGATE PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2012

Northgate plc ("Northgate", the "Company" or the "Group"), the UK and Spain's leading specialist in light commercial vehicle hire, announces its interim results for the half-year ended 31 October 2012.

Financial Highlights

- Underlying profit before tax[(1)] £28.1m (2011 – £32.3m);
- Profit before tax £24.6m (2011 – £26.9m);
- Return on capital employed[(2)] 12.5% (2011 – 12.5%);
- Underlying basic earnings per share[(3)] 15.1p (2011 – 17.4p);
- Basic earnings per share 13.1p (2011 – 14.4p);
- Net debt[(4)] reduced by £28.1m to £343.2m (April 2012 – £371.3m):
    - Gearing[(5)] improved to 94% (April 2012 – 105%)
- Interim dividend of 1.3p per share (2011 – nil).

Operational Highlights

- Continued implementation of UK commercial improvement programmes to drive growth;
- Opening of four new sites in the UK on track for completion before the end of the financial year;
- Underlying pricing stability in the UK with a 1% reduction in Spain since 30 April 2012;
- Ongoing focus in Spain on actions to improve return on capital employed;
- Average utilisation over the period of 89% in the UK (2011 – 90%) and 90% in Spain (2011 – 91%);
- Closing fleet of 51,000 in the UK (April 2012 – 52,900) and 37,700 in Spain (April 2012 – 38,400).

Bob Mackenzie, Chairman, commented:

"Current trading is broadly in line with the Board's expectations. The Group's market leading position, more efficient business model, strengthened balance sheet and ongoing investment in both our people and systems provides the Board with confidence that the Group continues to be well placed to deliver significant returns to shareholders."

Full statement and results attached.

There will be a presentation to analysts at 9.30am today at Jefferies, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ.

For further information, please contact:

Northgate plc	**01325 467558**
Bob Contreras, Chief Executive	
Chris Muir, Group Finance Director	
MHP Communications	**020 3128 8753**
Andrew Jaques	
Barnaby Fry	
Simon Hockridge	
Rosa Smith	

Notes to Editors:

Northgate plc rents light commercial vehicles and sells a range of fleet products to businesses via a network of locations in the UK, Republic of Ireland and Spain. Their product gives businesses access to a flexible method to obtain as many commercial vehicles as they require.

Further information regarding Northgate plc can be found on the Company's website:

www.northgateplc.com

Business Review

Overview

Decisive actions taken since the summer of 2010 have enabled the Group to meet its targets of increasing operational efficiency, improving customer service levels, strengthening the Group's balance sheet and increasing return on capital employed.

Whilst progress to date against these targets has been pleasing, trading conditions remain challenging in the markets in which we operate, leading to Group underlying results for the six months to 31 October 2012 as follows:

- Operating profit(1) of £47.6m (2011 - £56.0m);
- Profit before tax(1) of £28.1m (2011 - £32.3m);
- Basic earnings per share(3) of 15.1p (2011 - 17.4p);
- Return on capital employed(2) of 12.5% (2011 – 12.5%).

Over the period the Group's net debt(4) position has improved, falling from £371.3m at 30 April 2012 to £343.2m at 31 October 2012. Gearing(5) has reduced further to 94% (105% at 30 April 2012).

Looking forward, the Board continues to seek ways to drive growth where an appropriate level of return exists, as this is key to delivering significant returns to shareholders. Both businesses in the UK and Spain have therefore continued to implement a number of commercial improvement programmes and further actions are being implemented in Spain with the aim of increasing return on capital employed in the medium term.

Following the re-introduction of a 3.0p full year dividend for the year ended 30 April 2012, the Board has decided to pay a 1.3p interim dividend in recognition of the strong cash generation and our confidence in the long term prospects of the Group.

As previously proposed we would expect to pay approximately one-third of the total dividend at the interim stage and two-thirds as a final dividend.

UK

Against the backdrop of a fragile economy, trading in the UK remains challenging. Despite this, our underlying operating margin(6) increased to 24.4%, compared to 24.0% in 2011, with a reduction in operating costs being managed against a reduced number of vehicles on hire.

Hire rates and vehicles on hire

Average hire revenue per rented vehicle has remained stable since the beginning of the financial year.

Vehicles on hire reduced by 1,400 in the period compared to a decline of 2,200 in the same period last year and 5,200 in the second half of the last financial year.

As previously outlined, we are implementing a number of improvement programmes in the commercial area of the business with the main focus being on increasing the skills, resource and support within the sales team. Progress has been made in all of these areas, and we expect that the full benefit of this will be reflected in the next financial year.

The initial focus of these programmes has been within our regional business, which represents two-thirds of our vehicles on hire. We will continue to invest here to generate further growth and the sales resource will have increased by over 50% since 1 May 2012 by the end of this calendar year. Despite the majority of this recruitment being in the final quarter, we are pleased to see that these actions have stabilised this area of the business, with vehicles on hire growing by 200 in the six months to 31 October 2012.

Our improvement programmes are not as advanced in our national business, which manages customers renting a larger number of vehicles. This area of the business has seen a reduction of 1,600 vehicles on hire, with five customers accounting for 1,100 of this fall. Within these customers there was a continuation of the reduction experienced last year. These customers have mostly moved to contract hire, which in the short term provides a cheaper headline rental without the flexibility and high service levels of our product. However, we have already identified opportunities with potential new national customers to grow this business.

Network

Our branch network exists primarily to service local businesses and provides national coverage for our larger customers. Our analysis shows that a branch needs to be approximately 20 minutes from local businesses to meet their requirements. Analysing the UK population and GDP has identified gaps in our network where we do not currently address many potential customers' needs, which are met by small local or regional rental operators.

Our strategy going forward will address this opportunity by expanding our network and we are on schedule to open four new sites before the end of the financial year. The success of these new sites will allow the Group to validate its current expansion plans and accelerate them where appropriate.

Additionally, market penetration in our existing network indicates that we have a growth opportunity within our 62 branches which will be targeted through the investment we have made in the commercial team.

Asset Management

In response to the fall in vehicles on hire the UK fleet size was managed down from 52,900 at 30 April 2012 to 51,000 at 31 October 2012. This enabled our industry leading utilisation levels to be sustained with utilisation for the period of 89%, consistent with the year ended 30 April 2012. Vehicle purchases in the six months to 31 October 2012 totalled 9,600 (2011 – 10,100). The average age of the rental fleet reduced to 20.4 months at 31 October 2012 compared to 21.4 months at 30 April 2012.

The used vehicle market remained strong. A total of 12,000 units were sold (2011 – 14,500) with residual values in line with those experienced in the year ended 30 April 2012. Sales via our more profitable retail sales operation were 19% (2011 – 22%).

Spain

Spain continues to be a very difficult market in which to operate. Underlying operating margin(7) fell to 16.8% in the period (2011 – 18.7%). The reduction in vehicles on hire over the past 18 months has led to this decrease.

Underlying cash generation(8) in Spain was €22m in the six months to 31 October 2012 compared to €8m in the same period last year.

Spain has paid €23m of intra-group dividends to the UK in the six months to 31 October 2012.

Hire rates and vehicles on hire

Vehicles on hire have fallen by 1,300 vehicles in the period compared to a decline of 800 in the same period last year and 4,600 in the second half of the last financial year. 900 of this fall came from one customer operating in the holiday rental sector and was expected.

Continued efforts and additional resource deployment in the commercial area of the business have enabled the number of new customers to increase compared to the same period last year, especially amongst small enterprises. Offsetting this has been a decline in the existing customer base.

Average hire revenue per rented vehicle has decreased by 1% since the beginning of the financial year.

Return on capital employed improvement programme

The Group recognises that lower returns are achieved in Spain than in the UK. We are implementing actions in the following areas with the aim of increasing returns over the medium term:

Pricing increases: pricing increases will be sought. This will not exclusively be in the form of headline rental rate increases, but through actions such as reinforcing procedures for the recharge of damage which is in excess of fair usage.

Vehicle ageing: an improved maintenance regime, coupled with the customer usage profile allows the Group to reduce the capital investment in the Spanish fleet. This results in lower vehicle purchases and an ageing of the vehicle fleet, leading to a reduction in the capital employed and strong cash generation. We do not anticipate any impact on customer service as we will still be running a young fleet in comparison to the rest of the market.

Operational efficiency: similar to the initiative implemented in the UK over the past 18 months, we are implementing a workshop efficiency programme in Spain, which will enable improved management and reporting of our internal workshops leading to reduced operating costs.

Asset Management

Utilisation for the period was 90% (2011 – 91%). The fleet size in our Spanish operation reduced from 38,400 at 30 April 2012 to 37,700 at 31 October 2012. In the six months to October 2012, 4,500 vehicles have been purchased compared to 8,000 in the same period last year. The rental fleet aged slightly to an average of 22.0 months (30 April 2012 - 21.8 months).

The used vehicle market remained strong. A total of 5,600 units were sold (2011 – 8,300) with residual values in line with those experienced in the second half of the year ended 30 April 2012. Good progress has been made in the past 12 months in embedding and expanding our used vehicle retail sales network. In the six months to October 2012, 8% of vehicles sold have been via our retail channel, compared to 4% in the same period last year.

Current trading and outlook

Current trading is broadly in line with the Board’s expectations. The Group’s market leading position, more efficient business model, strengthened balance sheet and ongoing investment in both our people and systems provides the Board with confidence that the Group continues to be well placed to deliver significant returns to shareholders.

Financial Review

Group

A summary of the Group's underlying financial performance for the six months to 31 October 2012 with a comparison to the prior year period is shown below:

	6 months to 31 Oct 2012 £m	6 months to 31 Oct 2011 £m
Revenue	314.5	375.7
Operating profit(1)	47.6	56.0
Net interest expense	(19.5)	(23.7)
Profit before tax(1)	28.1	32.3
Profit after tax(3)	20.1	23.2
Basic earnings per share(3)	15.1p	17.4p
Return on capital employed(2)	12.5%	12.5%
Net underlying cash generation(8)	33.0	43.7

Group revenue in the six months to 31 October 2012 decreased by 16.3% to £314.5m (2011 – £375.7m) or 13.6% at constant exchange rates.

Net underlying cash generation(8) was £33.0m (2011 – £43.7m) after net capital expenditure of £73.8m (2011 – £96.6m) resulting in closing net debt(4) of £343.2m (April 2012 – £371.3m).

On a statutory basis, operating profit, stated after intangible amortisation and exceptional items, has decreased to £44.1m (2011 – £50.6m) with profit before tax decreasing to £24.6m (2011 – £26.9m). Basic earnings per share decreased to 13.1p (2011 – 14.4p). Net cash from operations, including net capital expenditure on vehicles for hire, decreased by £8.8m to £37.1m (2011 – £45.9m), with net debt falling by £25.1m from £385.3m at 30 April 2012 to £360.2m at 31 October 2012.

UK

	6 months to 31 Oct 2012 £m	6 months to 31 Oct 2011 £m
Revenue		
Vehicle hire	149.1	165.5
Vehicle sales	69.3	76.3
	218.4	241.8
Operating profit[9]	36.4	39.7
Operating margin[6]	24.4%	24.0%

Hire revenue decreased by 9.9% to £149.1m (2011 – £165.5m) mainly driven by a reduction in the average number of vehicles on hire of 12.9%, being partially offset by a 3.0% increase in revenue per vehicle.

The continuation of strong resale values has led to a £11.4m reduction in the depreciation charge (2011 – £11.4m).

The bad debt charge for the period was £0.7m lower than the same period last year with days sales outstanding of 38 days at 31 October 2012 compared to 42 days at 30 April 2012.

Spain

	6 months to 31 Oct 2012 £m	6 months to 31 Oct 2011 £m
Revenue		
Vehicle hire	75.9	99.3
Vehicle sales	20.3	34.6
	96.1	133.9
Operating profit[10]	12.7	18.6
Operating margin[7]	16.8%	18.7%

A decrease in hire revenue of 23.6% (15.9% at constant exchange rates) was due to a 14.5% reduction in average vehicles on hire and a 1.4% reduction in average revenue per vehicle.

Vehicle hire revenue and profit from operations in 2012, expressed at constant exchange rates, would have been higher than reported by £7.7m and £1.3m respectively.

An improvement in used vehicle residual values resulted in a reduction of £2.1m to the depreciation charge (2011 – £1.0m).

Debtor management continues to be an area of focus given the economic backdrop in Spain. Continued improvements in processes, coupled with recovery of previously provided aged debt, has led to a bad debt charge in the period of €0.2m, compared to a charge of €2.7m in the same period last year.

Days sales outstanding also continue to reduce due to improvements in customer profiling, controls and processes, falling from 71 days at 30 April 2012 to 66 days at 31 October 2012.

Corporate

Corporate costs(11) were £1.6m in the six months to 31 October 2012 compared to £2.3m in the same period last year.

Exceptional items

During the period £1.5m of restructuring costs were incurred, of which £0.8m related to the UK and £0.7m related to Spain.

Interest

Net finance charges for the six months to 31 October 2012 were £19.5m (2011 – £23.7m).

The charge includes £3.2m of non-cash interest, primarily from borrowing fees amortised in the year (2011 – £3.1m).

Net cash interest has decreased by £4.3m to £16.3m, which comprises a £3.1m reduction as a result of lower average net debt, a £0.2m decrease in borrowing rates and a £1.0m impact of exchange differences.

Taxation

The Group's underlying effective tax charge for its UK and overseas operations is 29% (2011 – 28%).

The underlying tax charge excludes the tax on intangible amortisation and exceptional items of £0.9m (2011 – £1.5m).

Including these items, the Group's statutory effective tax charge is 29% (2011 – 29%).

Earnings per share

Basic earnings per share (EPS)[(3)], were 13.3% lower than the previous period at 15.1p (2011 – 17.4p). Basic statutory earnings per share were 13.1p (2011 – 14.4p).

Underlying earnings for the purposes of EPS[(3)] of £20.1m were 13.3% lower than the previous period (2011 – £23.2m). The weighted average number of shares for the purposes of EPS was 133m (2011 – 133m).

Dividend

The Directors have decided to pay an interim dividend of 1.3p per share in relation to the Ordinary shares for the six months ended 31 October 2012 (2011 – nil). This represents a cash outflow to the Group of £1.7m. The interim dividend will be paid on 11 January 2013 to shareholders on the register at the close of business on 14 December 2012.

Cash flow and net debt

Net underlying cash generation[(8)] was £33.0m (2011 – £43.7m) after net capital expenditure of £73.8m (2011 – £96.6m) resulting in closing net debt[(4)] of £343.2m (April 2012 – £371.3m).

Net capital expenditure included purchases of vehicles of £149.3m (2011 - £191.9m) and proceeds from sales of vehicles of £79.8m (2011 - £98.4m).

At 31 October 2012 there was headroom[(12)] of £302.9m against committed facilities of £663.5m. Scheduled repayments of £110m were subsequently made on 20 November 2012, reducing facilities and headroom by the same amount.

Balance sheet

Net tangible assets at 31 October 2012 were £364.5m (April 2012 – £353.0m), equivalent to a tangible net asset value of 273.6p per share (April 2012 – 264.9p per share).

Gearing[(5)] at 31 October 2012 was 94% (April 2012 – 105%) reflecting a £28.1m reduction in net debt.

Return on capital employed

Group return on capital employed[(2)] was 12.5% compared to 12.5% in the equivalent six months last year and 13.1% in the year ended 30 April 2012.

Group return on equity, calculated as profit after tax (excluding intangible amortisation, exceptional administrative expenses and taxation thereon) divided by average shareholders' funds, was 10.7% (April 2012 – 11.9%).

Risks and uncertainties

The Board and the Group's management have clearly defined responsibility for identifying the major business risks facing the Group and for developing systems to mitigate and manage those risks.

The principal risks and uncertainties facing the Group at 30 April 2012 were set out in detail on pages 20 and 21 of the 2012 Annual Report, a copy of which is available at www.northgateplc.com, and were identified as:

- Economic environment;
- Eurozone;
- Vehicle holding costs;
- Competition and hire rates;
- Access to capital;
- IT systems; and
- Change management.

These principal risks have not changed since the last Annual Report and continue to be those that could impact the Group during the second half of the current financial year.

In addition to the risks outlined above, the going concern assumption is considered in note 1 to the condensed financial statements for the six months ended 31 October 2012.

(1) *Stated before intangible amortisation of £2.0m (2011 – £1.9m) and exceptional administrative expenses of £1.5m (2011 – £3.5m).*

(2) *Calculated as rolling 12 month operating profit (excluding intangible amortisation and exceptional administrative expenses) divided by average capital employed, being shareholders' funds plus net debt(4).*

(3) *Stated before intangible amortisation of £2.0m (2011 – £1.9m), exceptional administrative expenses of £1.5m (2011 – £3.5m) and tax on intangible amortisation and exceptional items of £0.9m (2011 – £1.5m).*

(4) *Net debt taking into account swapped exchange rates for US loan notes and other loan swapped into Euro being retranslated to Sterling at closing exchange rates.*

(5) *Calculated as net debt(4) divided by tangible net assets, with tangible net assets being net assets less goodwill and other intangible assets.*

(6) *Calculated as operating profit(9) divided by revenue of £149.1m (2011 – £165.5m), excluding vehicle sales.*

(7) *Calculated as operating profit(10) divided by revenue of £75.9m (2011 – £99.3m), excluding vehicle sales.*

(8) *Net increase in cash and cash equivalents before financing activities.*

(9) *Excluding intangible amortisation of £1.7m (2011 – £1.5m) and exceptional administrative expenses of £0.8m (2011– £3.7m).*

(10) *Excluding intangible amortisation of £0.3m (2011 – £0.4m) and exceptional administrative expenses of £0.7m (2011 – £0.6m).*

(11) *Excluding exceptional administrative (credit) of £Nil (2011 – £(0.8)m).*

(12) *Headroom calculated as facilities of £663.5m less net borrowings of £360.6m. Facilities and net borrowings stated taking into account the fixed swapped exchange rates for US loan notes and other loan swapped into Euro being retranslated to Sterling at closing exchange rates. Net borrowings represent net debt of £343.2m gross of £17.4m of unamortised arrangement fees and are stated after the deduction of £39.3m of cash balances which are available to offset against borrowings.*

Condensed consolidated income statement

for the six months ended 31 October 2012

	Note	**Six months to 31.10.12 (Unaudited) Underlying £000**	**Six months to 31.10.12 (Unaudited) Statutory £000**	**Six months to 31.10.11 (Unaudited) Underlying £000**	**Six months to 31.10.11 (Unaudited) Statutory £000**	**Year to 30.04.12 (Audited) Underlying £000**	**Year to 30.04.12 (Audited) Statutory £000**
Revenue: hire of vehicles	2	224,981	224,981	264,873	264,873	503,659	503,659
Revenue: sale of vehicles	2	89,562	89,562	110,831	110,831	203,039	203,039
Total revenue	2	**314,543**	**314,543**	**375,704**	**375,704**	**706,698**	**706,698**
Cost of sales		(238,597)	(238,597)	(287,825)	(287,825)	(540,915)	(540,915)
Gross profit		**75,946**	**75,946**	**87,879**	**87,879**	**165,783**	**165,783**
Administrative expenses (excluding exceptional items, and intangible amortisation)		(28,384)	(28,384)	(31,866)	(31,866)	(60,607)	(60,607)
Exceptional administrative expenses	8	–	(1,486)	–	(3,527)	–	(6,702)
Intangible amortisation		–	(2,014)	–	(1,900)	–	(3,996)
Total administrative expenses		(28,384)	(31,884)	(31,866)	(37,293)	(60,607)	(71,305)
Operating profit	2	**47,562**	**44,062**	**56,013**	**50,586**	**105,176**	**94,478**
Interest income		93	93	62	62	165	165
Finance costs (excluding exceptional items)		(19,593)	(19,593)	(23,779)	(23,779)	(45,610)	(45,610)
Exceptional finance costs	8	–	–	–	–	–	(3,046)
Total finance costs		(19,593)	(19,593)	(23,779)	(23,779)	(45,610)	(48,656)
Profit before taxation		**28,062**	**24,562**	**32,296**	**26,869**	**59,731**	**45,987**
Taxation	3	(7,998)	(7,094)	(9,143)	(7,692)	(17,803)	(5,519)
Profit for the year		**20,064**	**17,468**	**23,153**	**19,177**	**41,928**	**40,468**

Profit for the year is wholly attributable to owners of the Parent Company. All results arise from continuing operations.

Underlying profit excludes exceptional items as set out in Note 8, as well as intangible amortisation and the taxation thereon, in order to provide a better indication of the Group's underlying business performance.

Earnings per share							
Basic	4	15.1p	13.1p	17.4p	14.4p	31.5p	30.4p
Diluted	4	14.6p	12.8p	17.0p	14.1p	30.8p	29.7p

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2012

	Six months to 31.10.12 (Unaudited) £000	Six months to 31.10.11 (Unaudited) £000	Year to 30.04.12 (Audited) £000
Amounts attributable to owners of the Parent Company			
Profit attributable to owners	17,468	19,177	40,468
Other comprehensive income			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	(1,658)	(3,793)	(16,711)
Net foreign exchange differences on long term borrowings held as hedges	1,122	3,548	13,486
Deferred taxation on disposal of revalued property	–	–	5
Foreign exchange difference on revaluation reserve	(10)	(29)	(120)
Net fair value losses on cash flow hedges	(3,199)	(15,301)	(16,188)
Deferred tax credit recognised directly in equity relating to cash flow hedges	767	3,978	3,834
Actuarial gain (losses) on defined benefit pension scheme	71	–	(227)
Deferred tax (charge) credit recognised directly in equity relating to defined benefit pension scheme	(17)	–	60
Total other comprehensive income for the period	**(2,924)**	**(11,597)**	**(15,861)**
Total comprehensive income for the period	**14,544**	**7,580**	**24,607**

Condensed consolidated balance sheet

31 October 2012

	31.10.12 (Unaudited) £000	31.10.11 (Unaudited) £000	30.04.12 (Audited) £000
Non-current assets			
Goodwill	3,589	3,589	3,589
Other intangible assets	8,478	10,655	9,591
Property, plant and equipment: vehicles for hire	617,147	701,606	623,103
Other property, plant and equipment	74,962	76,232	74,452
Total property, plant and equipment	692,109	777,838	697,555
Derivative financial instrument assets	11,230	4,512	11,249
Deferred tax assets	3,099	10,374	1,691
Total non-current assets	**718,505**	**806,968**	**723,675**
Current assets			
Inventories	21,275	22,182	22,213
Trade and other receivables	87,052	123,200	97,278
Derivative financial instrument assets	3,528	–	–
Cash and cash equivalents	39,298	16,035	9,707
Total current assets	**151,153**	**161,417**	**129,198**
Total assets	**869,658**	**968,385**	**852,873**
Current liabilities			
Trade and other payables	57,672	75,195	63,188
Derivative financial instrument liabilities	416	–	1,046
Current tax liabilities	12,939	18,781	4,150
Short term borrowings	108,649	7,120	135,558
Total current liabilities	**179,676**	**101,096**	**203,942**
Net current (liabilities) assets	**(28,523)**	**60,321**	**(74,744)**
Non-current liabilities			
Derivative financial instrument liabilities	19,634	17,387	15,951
Long term borrowings	290,856	497,291	259,487
Deferred tax liabilities	2,922	4,075	7,357
Total non-current liabilities	**313,412**	**518,753**	**282,795**
Total liabilities	**493,088**	**619,849**	**486,737**
NET ASSETS	**376,570**	**348,536**	**366,136**
Equity			
Share capital	66,616	66,616	66,616
Share premium account	113,508	113,508	113,508
Revaluation reserve	1,179	1,334	1,189
Own shares	(289)	(1,005)	(685)
Merger reserve	67,463	67,463	67,463
Hedging reserve	(16,679)	(13,216)	(14,247)
Translation reserve	(8,499)	(4,983)	(7,963)
Capital redemption reserve	40	40	40
Retained earnings	153,231	118,779	140,215
TOTAL EQUITY	**376,570**	**348,536**	**366,136**

Total equity is wholly attributable to owners of the Parent Company.

Condensed consolidated cash flow statement

for the six months ended 31 October 2012

	Note	Six months to 31.10.12 (Unaudited) £000	Six months to 31.10.11 (Unaudited) £000	Year to 30.04.12 (Audited) £000
Net cash from operations	6	**37,122**	**45,897**	**145,826**
Investing activities				
Interest received		93	62	165
Partial recovery of acquisition cost of subsidiary undertaking		–	775	775
Proceeds from disposal of other property, plant and equipment		827	831	1,876
Purchases of other property, plant and equipment		(4,179)	(2,810)	(7,705)
Purchases of intangible assets		(909)	(1,006)	(1,982)
Net cash used in investing activities		**(4,168)**	**(2,148)**	**(6,871)**
Financing activities				
Receipts (repayments) of bank loans and other borrowings		1,640	(124,467)	(222,592)
Debt issue costs paid		–	(86)	(86)
Dividend paid		(3,984)	–	–
Payments to acquire own shares for share schemes		(1,018)	–	(293)
Termination of financial instruments		–	–	(3,046)
Net cash used in financing activities		**(3,362)**	**(124,553)**	**(226,017)**
Net increase (decrease) in cash and cash equivalents		**29,592**	**(80,804)**	**(87,062)**
Cash and cash equivalents at beginning of the period		9,707	96,885	96,885
Effect of foreign exchange movements		(1)	(46)	(116)
Cash and cash equivalents at the end of the period		**39,298**	**16,035**	**9,707**

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2012

	Share capital and share premium £000	Own shares £000	Hedging reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
Total equity at 1 May 2011	**180,124**	**(1,630)**	**(1,893)**	**(4,738)**	**68,866**	**99,030**	**339,759**
Share options fair value charge	–	–	–	–	–	1,197	**1,197**
Share options exercised	–	–	–	–	–	(625)	**(625)**
Profit attributable to owners of the Parent Company	–	–	–	–	–	19,177	**19,177**
Transfer of shares on vesting of share options	–	625	–	–	–	–	**625**
Other comprehensive income	–	–	(8,975)	(2,593)	(29)	–	**(11,597)**
Transfers between equity reserves	–	–	(2,348)	2,348	–	–	**–**
Total equity at 1 November 2011	**180,124**	**(1,005)**	**(13,216)**	**(4,983)**	**68,837**	**118,779**	**348,536**
Share options fair value charge	–	–	–	–	–	866	**866**
Share options exercised	–	–	–	–	–	(613)	**(613)**
Transfer on disposal of revalued property	–	–	–	–	(54)	54	–
Profit attributable to owners of the Parent Company	–	–	–	–	–	21,291	**21,291**
Purchase of own shares	–	(293)	–	–	–	–	**(293)**
Transfer of shares on vesting of share options	–	613	–	–	–	–	**613**
Other comprehensive income	–	–	7,497	(11,508)	(91)	(162)	**(4,264)**
Transfers between equity reserves	–	–	(8,528)	8,528	–	–	**–**
Total equity at 1 May 2012	**180,124**	**(685)**	**(14,247)**	**(7,963)**	**68,692**	**140,215**	**366,136**
Share options fair value charge	–	–	–	–	–	896	**896**
Share options exercised	–	–	–	–	–	(1,414)	**(1,414)**
Profit attributable to owners of the Parent Company	–	–	–	–	–	17,468	**17,468**
Dividend paid	–	–	–	–	–	(3,988)	**(3,988)**
Purchase of own shares	–	(1,018)	–	–	–	–	**(1,018)**
Transfer of shares on vesting of share options	–	1,414	–	–	–	–	**1,414**
Other comprehensive income	–	–	(1,510)	(1,458)	(10)	54	**(2,924)**
Transfers between equity reserves	–	–	(922)	922	–	–	**–**
Total equity at 31 October 2012	**180,124**	**(289)**	**(16,679)**	**(8,499)**	**68,682**	**153,231**	**376,570**

Other reserves comprise the capital redemption reserve, revaluation reserve and merger reserve.

Unaudited Notes

1. Basis of preparation and accounting policies

Northgate plc is a Company incorporated in England and Wales under the Companies Act 2006.

The condensed financial statements are unaudited and were approved by the Board of Directors on 3 December 2012.

The condensed financial statements have been reviewed by the auditor and the independent review report is set out in this document.

The interim financial information for the six months ended 31 October 2012, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts, and in accordance with IAS 34 (*Interim Financial Reporting*), as issued by the International Accounting Standards Board and adopted by the European Union.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 30 April 2012.

Going concern assumption

The Group manages its cash requirements through a combination of operating cash flows and long term borrowings.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance including the uncertainty in the economic environment in the UK and Spain, show that the Group should be able to operate within the level of its current lending facilities.

Consequently, after making enquiries, 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 of accounting in preparing the interim financial statements.

Information extracted from 2012 Annual Report

The financial figures for the year ended 30 April 2012, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 30 April 2012 were prepared under IFRS and have been delivered to the Registrar of Companies. The auditor reported on those accounts. The report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Segmental analysis

Management has determined the operating segments based upon the information provided to the executive Board of Directors which is considered to be the chief operating decision maker. The Group is managed, and reports internally, on a basis consistent with its two main operating divisions, UK and Spain. The UK division includes operations in the Republic of Ireland. The principal activities of these divisions are set out in the Business Review and Financial Review.

	UK Six months to 31.10.12 (Unaudited) £000	**Spain Six months to 31.10.12 (Unaudited) £000**	**Corporate Six months to 31.10.12 (Unaudited) £000**	**Total Six months to 31.10.12 (Unaudited) £000**
Revenue: hire of vehicles	149,109	75,872	–	224,981
Revenue: sale of vehicles	69,294	20,268	–	89,562
Total revenue	**218,403**	**96,140**	–	**314,543**
Underlying operating profit (loss) *	**36,435**	**12,714**	**(1,587)**	**47,562**
Exceptional administrative expenses	(753)	(733)	–	(1,486)
Intangible amortisation	(1,678)	(336)	–	(2,014)
Operating profit (loss)	**34,004**	**11,645**	**(1,587)**	**44,062**
Interest income				**93**
Finance costs				**(19,593)**
Profit before taxation				**24,562**

	UK Six months to 31.10.11 (Unaudited) £000	**Spain Six months to 31.10.11 (Unaudited) £000**	**Corporate Six months to 31.10.11 (Unaudited) £000**	**Total Six months to 31.10.11 (Unaudited) £000**
Revenue: hire of vehicles	165,540	99,333	–	264,873
Revenue: sale of vehicles	76,269	34,562	–	110,831
Total revenue	**241,809**	**133,895**	–	**375,704**
Underlying operating profit (loss) *	**39,709**	**18,558**	**(2,254)**	**56,013**
Exceptional administrative expenses	(3,688)	(614)	775	(3,527)
Intangible amortisation	(1,519)	(381)	–	(1,900)
Operating profit (loss)	**34,502**	**17,563**	**(1,479)**	**50,586**
Interest income				**62**
Finance costs				**(23,779)**
Profit before taxation				**26,869**

2. Segmental analysis (continued)

	UK Year to 30.04.12 (Audited) £000	Spain Year to 30.04.12 (Audited) £000	Corporate Year to 30.04.12 (Audited) £000	Total Year to 30.04.12 (Audited) £000
Revenue: hire of vehicles	320,772	182,887	–	503,659
Revenue: sale of vehicles	136,312	66,727	–	203,039
Total revenue	**457,084**	**249,614**	**–**	**706,698**
Underlying operating profit (loss) *	**74,402**	**34,989**	**(4,215)**	**105,176**
Exceptional administrative expenses	(5,670)	(1,724)	692	(6,702)
Intangible amortisation	(3,135)	(861)	–	(3,996)
Operating profit (loss)	**65,597**	**32,404**	**(3,523)**	**94,478**
Interest income				**165**
Finance costs (excluding exceptional items)				**(45,610)**
Exceptional finance costs				**(3,046)**
Profit before taxation				**45,987**

* Underlying operating profit (loss) stated before amortisation and exceptional items is the measure used by the executive Board of Directors to assess segment performance.

3. Taxation

The charge for taxation for the six months to 31 October 2012 is based on the estimated effective rate for the year ending 30 April 2013.

4. Earnings per share

Basic and diluted earnings per share	Six months to 31.10.12 (Unaudited) Underlying £000	Six months to 31.10.12 (Unaudited) Statutory £000	Six months to 31.10.11 (Unaudited) Underlying £000	Six months to 30.10.11 (Unaudited) Statutory £000	Year to 30.04.12 (Audited) Underlying £000	Year to 30.04.12 (Audited) Statutory £000
The calculation of basic and diluted earnings per share is based on the following data:						
Earnings						
Earnings for the purposes of basic and diluted earnings per share, being net profit attributable to owners of the Parent Company	20,064	17,468	23,153	19,177	41,928	40,468
Number of shares	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Weighted average number of Ordinary shares for the purposes of basic earnings per share	133,232,518	133,232,518	133,232,518	133,232,518	133,232,518	133,232,518
Effect of dilutive potential Ordinary shares:						
– share options	3,739,353	3,739,353	2,940,375	2,940,375	3,074,242	3,074,242
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	136,971,871	136,971,871	136,172,893	136,172,893	136,306,760	136,306,760
Basic earnings per share	**15.1p**	**13.1p**	**17.4p**	**14.4p**	**31.5p**	**30.4p**
Diluted earnings per share	**14.6p**	**12.8p**	**17.0p**	**14.1p**	**30.8p**	**29.7p**

5. Dividends

A dividend of £3,988,000 was paid in the year (2011 - £Nil). The Directors have declared a dividend of 1.3p per share for the six months ended 31 October 2012 (2011 - £Nil).

6. Notes to the cash flow statement

Net cash from operations	Six months to 31.10.12 (Unaudited) £000	Six months to 31.10.11 (Unaudited) £000	Year to 30.04.12 (Audited) £000
Operating profit	**44,062**	**50,586**	**94,478**
Adjustments for:			
Depreciation of property, plant and equipment	80,984	101,156	192,729
Exchange differences	(4)	(2)	25
Amortisation of intangible assets	2,014	1,900	3,996
Loss on disposal of property, plant and equipment	354	225	443
Share options fair value charge	896	1,197	2,063
Operating cash flows before movements in working capital	**128,306**	**155,062**	**293,734**
Decrease in non-vehicle inventories	152	383	229
Decrease in receivables	10,090	4,006	22,456
(Decrease) increase in payables	(12,096)	1,648	(3,538)
Cash generated from operations	**126,452**	**161,099**	**312,881**
Income taxes paid	(3,376)	(2,044)	(2,582)
Interest paid	(16,458)	(19,593)	(38,487)
Net cash generated from operations	**106,618**	**139,462**	**271,812**
Purchases of vehicles	(149,284)	(191,936)	(306,311)
Proceeds from disposal of vehicles	79,788	98,371	180,325
Net cash from operations	**37,122**	**45,897**	**145,826**

7. Analysis of consolidated net debt

	31.10.12 (Unaudited) £000	31.10.11 (Unaudited) £000	30.04.12 (Audited) £000
Cash at bank and in hand	(39,298)	(16,035)	(9,707)
Bank loans	132,139	230,565	129,282
Loan notes	164,553	168,051	161,002
Other loan	97,878	97,627	97,752
Cumulative preference shares	500	500	500
Property loans and other borrowings	4,435	7,668	6,509
	360,207	**488,376**	**385,338**

Net borrowings at 31 October 2012, taking into account the fixed swapped exchange rates for the loan notes and the other loan swapped into Euro being retranslated to Sterling at closing exchange rates, are as follows:

	31.10.12 (Unaudited) £000	31.10.11 (Unaudited) £000	30.04.12 (Audited) £000
Cash at bank and in hand	(39,298)	(16,035)	(9,707)
Bank loans	132,139	230,565	129,282
Loan notes	156,224	162,391	154,902
Other loan	89,204	96,502	89,815
Cumulative preference shares	500	500	500
Property loans and other borrowings	4,435	7,668	6,509
	343,204	**481,591**	**371,301**

8. Exceptional items

During the period, the Group recognised exceptional items in the income statement made up as follows:

	Six months to 31.10.12 (Unaudited) £000	Six months to 31.10.11 (Unaudited) £000	Year to 30.04.12 (Audited) £000
Restructuring costs	1,132	4,077	7,034
Partial recovery of acquisition cost of subsidiary undertaking	–	(775)	(775)
Net property losses	354	225	443
Exceptional administrative expenses	**1,486**	**3,527**	**6,702**
Termination of Euro interest rate swaps	–	–	3,046
Exceptional finance costs	**–**	**–**	**3,046**
Total pre-tax exceptional items	**1,486**	**3,527**	**9,748**
Tax credit on exceptional items	(415)	(1,451)	(2,591)
Exceptional tax credit relating to prior year items	–	–	(11,505)
Exceptional tax charge to recognise change in UK tax rate	–	–	2,880
Exceptional tax credit	**(415)**	**(1,451)**	**(11,216)**

Interim announcement – Statement of the Directors

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34;
- the interim management report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8 (disclosure of related party transactions and changes therein).

By order of the Board

C J R Muir

Group Finance Director

3 December 2012

Independent review report to Northgate plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2012 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related Notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
3 December 2012