3 December 2013

NORTHGATE PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2013

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 2013.

Financial Highlights

- 14% increase in underlying profit before tax[(1)] to £32.0m (2012 – £28.1m);
- 12% increase in profit before tax to £27.4m (2012 – £24.6m);
- Underlying basic earnings per share[(2)] 18.3p (2012 – 15.1p);
- Basic earnings per share 15.7p (2012 – 13.1p);
- Net debt increased by 2% to £370.4m (April 2013 – £362.7m):
    - Gearing[(3)] reduced to 100% (April 2013 – 102%)
- Return on capital employed[(4)] 10.5% (April 2013 – 11.8%);
- Increase in interim dividend to 3.2p per share (2012 – 1.3p).

Operational Highlights

- Vehicles on hire growth of 2,800 in the UK, including 900 from new sites opened since February 2013 (2012 – reduction of 1,400);
- Vehicles on hire growth of 1,200 in Spain (2012 – reduction of 1,300);
- Two new sites opened in the UK since 30 April 2013 with three more planned by 30 April 2014;
- Average utilisation over the period of 88% in the UK (2012 – 89%) and 93% in Spain (2012 – 90%);
- Closing fleet of 52,800 in the UK (April 2013 – 49,900) and 36,500 in Spain (April 2013 – 35,100).

Bob Mackenzie, Chairman, commented:

"We are pleased to see the growth achieved in the first six months of the year, following the investment that has been made in our people, systems and network. The Board remains confident that we will continue to build on this platform for growth. The Group continues to trade in line with our expectations."

Full statement and results attached.

There will be a presentation to analysts at 9.30am today at Numis, 5th floor, London Stock Exchange building, 10 Paternoster Square, London EC4M 7LT.

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Notes to Editors:

Northgate plc is the leading light commercial vehicle hire business in the UK, Ireland and Spain by fleet size and has been operating in the sector since 1981.

Northgate's core business is the hire of light commercial vehicles to businesses on a flexible basis, giving customers the ability to manage their vehicle fleet requirements in a way which can adapt to changing business needs without the requirement to enter into a long term commitment.

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

www.northgateplc.com

Business Review

Overview

The first half has been a successful one for the Group, with progress made against our strategy, which is as follows:

- In the UK, the primary focus is on growing the business through our existing network and by adding new sites; and
- In Spain, we continue to target improved returns.

Whilst trading conditions in both economies remain challenging, we are encouraged by the underlying results for the Group:

- Operating profit[1] of £38.1m (2012 – £47.6m);
- Profit before tax[1] of £32.0m (2012 – £28.1m);
- Basic earnings per share[2] of 18.3p (2012 – 15.1p);
- Return on capital employed[4] of 10.5% (April 2013 – 11.8%).

Due to the growth achieved in both countries over the first six months of the current financial year, Group net debt increased by 2% to £370.4m. Gearing[3] has reduced to 100% (102% at 30 April 2013).

Operating profit[1] has fallen compared to the same period last year, due to a 3% reduction in the average number of vehicles on hire, a 36% reduction in the number of vehicles sold and the investment made in the people and network of the UK business. Profit before tax[1] has benefitted from a £13.4m reduction in interest following the Group's refinancing in April 2013.

Following the 7.3p dividend for the year ended 30 April 2013, the Board has decided to pay a 3.2p (2012 – 1.3p) interim dividend in recognition of 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.

The Board remains committed to seek ways to drive growth where an appropriate level of return exists, as we believe this is key to delivering significant returns to shareholders.

UK

We are pleased to report that vehicles on hire increased by 2,800 (6.5%) in the six months to 31 October 2013. Our operating margin[5] reduced to 18.7% (2012 – 24.4%) and return on capital employed[4] to 12.5% (April 2013 – 14.8%).

Return on capital employed and operating margin have reduced as planned due to lower volumes of vehicles being sold in response to improved rental demand, coupled with upfront investment relating to the start-up of our new sites and the strengthening of our commercial and operational teams. Progress to date supports these investment decisions.

Hire rates and vehicles on hire

The increase in vehicles on hire of 2,800 compares to a decline of 1,400 in the same period last year and comprises:

- Growth from existing sites with regional customers, 1,900;
- Growth from new sites opened since February 2013, 900; and
- Stabilisation of the number of vehicles on hire to national customers.

As previously outlined, a number of improvement programmes in the commercial area of the business were implemented in the prior year, focusing on increasing the skills, resource and support within the sales team. The initial focus of these programmes was within our regional business, which represents two-thirds of our vehicles on hire, followed by our national business.

It is pleasing to see that this investment is generating returns through growth in vehicles on hire and it is also encouraging that customer numbers have increased by 11% since 30 April 2013.

After adjusting for fleet mix, average hire revenue per rented vehicle has increased by 1% compared to the same period last year.

Network

In the previous year we identified large areas of the country where significant numbers of potential customers were not effectively serviced by an accessible Northgate site. In the final three months of the year ended 30 April 2013, we commenced our expansion plans with three sites opening, increasing our branch network to 65. Two more sites have been opened in the six months to 31 October 2013 (Slough and Basildon), one in November (Charlton) and two further planned to open before 30 April 2014 within the London area.

The initial signs are encouraging with the level of growth from these new sites exceeding our initial plans. The five sites opened since February 2013 now have 1,100 vehicles on hire, of which 900 have been generated in the six months ended 31 October 2013.

Early indications are that these sites are on track to break even in year one and will exceed 16% return on capital employed by year three as the sites mature.

We will continue to pursue this strategy and have identified opportunities to open at least 20 sites over the three year period to April 2016.

It is also pleasing to see vehicles on hire growth from the existing network, confirming our view that there is further opportunity for growth within these branches.

Asset management

Growth in the number of vehicles on hire has led to an increase in the UK fleet size from 49,900 at 30 April 2013 to 52,800 at 31 October 2013. Vehicle utilisation for the period was 88%, consistent with the year ended 30 April 2013. Whilst utilisation remains a priority, the UK also remains focused on ensuring that each branch has the right range of vehicles available for customers at all times to support the growth opportunities available.

Strong asset management has allowed the UK to restrict purchases to 9,400 in the six months to 31 October 2013 compared to 9,600 in the same period last year. The average age of the rental fleet is 21.4 months at 31 October 2013, in line with 30 April 2013.

In response to the 2,800 vehicles on hire growth, a total of 7,600 units were sold compared to 12,000 in the six months to 31 October 2012.

The used vehicle market remained strong, with sales via our more profitable retail sales operation increasing to 24% (2012 – 19%), contributing to increased residual values in comparison to those attained in the year ended 30 April 2013.

Spain

Trading conditions in Spain remain difficult. Despite this, our operating margin(6) decreased only slightly to 16.6% in the period (2012 – 16.8%).

Hire rates and vehicles on hire

Vehicles on hire have increased by 1,200 in the six months to 31 October 2013 compared to a decline of 1,300 in the same period last year. Whilst the majority of this increase was driven by seasonal demand, it is encouraging to see growth in the underlying business.

It is pleasing to see that the continued efforts in the commercial area of the business have led to the stabilisation of the number of vehicles on hire after five years of decline. It is also encouraging to see that customer numbers have increased by 9% since 30 April 2013.

After adjusting for fleet mix, average hire revenue per rented vehicle has fallen by 1% compared to the same period last year. This reduction has been mitigated by an increasing proportion of customers operating our fleet in such a way that running costs are reduced and residual values are improved.

Return on capital employed

Return on capital employed(4) at 31 October 2013 was 8.6% compared to 8.4% for the year ended 30 April 2013. Progress in targeting increased returns has been made in the following areas:

Pricing increases and customer profiling: Whilst headline rental rate increases will be sought, we will continue to work with new and existing customers who meet our required rate of return, with the aim of increasing our return on capital employed over the medium term.

Vehicle utilisation: changes in customer mix coupled with other improvements made over the past 12 months, will allow the Spanish business to run at utilisation levels in excess of 90%. The period to 31 October 2013 saw utilisation at 93%. Whilst this will be impacted by seasonal returns over the next three months we would still expect to exceed the 90% level achieved in the year ended 30 April 2013.

Vehicle ageing: the changing customer profile and improved maintenance regime implemented over the past two years is allowing the Group to age the Spanish fleet whilst minimising the capital investment required. This results in a reduction in capital employed per vehicle operating in Spain. The average age of the fleet has increased from 22.9 months at 30 April 2013 to 23.7 months at 31 October 2013. We do not anticipate any impact on customer service as we continue to run a young fleet in comparison to the rest of the market.

Operational efficiency: the implementation of our workshop efficiency programme, coupled with improved management and reporting of our internal workshops has led to a reduction in workshop costs per vehicle, with total workshop costs falling 10% compared to a 5% fall in the average fleet size.

Asset management

Utilisation for the period was 93% (2012 – 90%). The fleet size in our Spanish operation increased from 35,100 at 30 April 2013 to 36,500 at 31 October 2013. In the six months to 31 October 2013, 5,100 vehicles have been purchased compared to 4,500 in the same period last year.

A total of 3,700 units were sold (2012 – 5,600), with the reduction being driven by the increased vehicles on hire achieved in the six months to 31 October 2013.

The used vehicle market remains strong, with continued progress in establishing and expanding sales via our more profitable retail sales operation, which increased to 17% (2012 – 8%), contributing to increased residual values in comparison to those achieved in the year ended 30 April 2013.

Current trading and outlook

We are pleased to see the growth achieved in the first six months of the year, following the investment that has been made in our people, systems and infrastructure. The Board remains confident that we will continue to build on this platform for growth. The Group continues to trade in line with our expectations.

Financial Review

Group

A summary of the Group's underlying financial performance for the six months to 31 October 2013 with a comparison to the prior year period is shown below:

	6 months to 31 Oct 2013 £m	**6 months to 31 Oct 2012 £m**
Revenue	288.8	314.5
Operating profit(1)	38.1	47.6
Net interest expense	(6.1)	(19.5)
Profit before tax(1)	32.0	28.1
Profit after tax(2)	24.4	20.1
Basic earnings per share(2)	18.3p	15.1p
Return on capital employed(4)	10.5%	12.5%
Net cash generation(7)	3.9	33.0

Group revenue in the six months to 31 October 2013 decreased by 8.2% to £288.8m (2012 – £314.5m) or 10.3% at constant exchange rates.

Due to the growth in fleet since 30 April 2013, net cash generation(7) reduced to £3.9m (2012 – £33.0m) after net capital expenditure of £102.4m (2012 – £73.8m) resulting in closing net debt of £370.4m (April 2013 – £362.7m).

On a statutory basis, operating profit, stated after intangible amortisation and exceptional items, has decreased to £33.5m (2012 – £44.1m) with profit before tax increasing to £27.4m (2012 – £24.6m). Basic earnings per share increased to 15.7p (2012 – 13.1p). Net cash from operations, including net capital expenditure on vehicles for hire, decreased to £6.8m (2012 – £37.1m).

UK

	6 months to 31 Oct 2013 £m	6 months to 31 Oct 2012 £m
Revenue		
Vehicle hire	145.1	149.1
Vehicle sales	48.6	69.3
	193.7	218.4
Operating profit(8)	27.2	36.4
Operating margin(5)	18.7%	24.4%

Hire revenue decreased by 2.7% to £145.1m (2012 – £149.1m) mainly driven by a reduction in the average number of vehicles on hire of 3.3%, being partially offset by a 0.6% increase in revenue per vehicle.

The continuation of strong resale values partially offset the decrease in volume of vehicles sold leading to a £10.2m reduction in the depreciation charge (2012 – £11.4m).

The bad debt charge for the period was £0.4m higher than the same period last year with days sales outstanding of 38 days at 31 October 2013, in line with 30 April 2013. As a percentage of revenue the bad debt charge for the period was 0.7%.

Spain

	6 months to 31 Oct 2013 £m	6 months to 31 Oct 2012 £m
Revenue		
Vehicle hire	76.9	75.9
Vehicle sales	18.2	20.3
	95.1	96.1
Operating profit(9)	12.8	12.7
Operating margin(6)	16.6%	16.8%

An increase in hire revenue of 1.3% (5.3% decrease at constant exchange rates) was due to a 2.7% reduction in average vehicles on hire and a 2.6% reduction in average revenue per vehicle.

Vehicle hire revenue and profit from operations in 2013 have benefitted from a movement in exchange rates compared to the same period last year, by £5.0m and £0.8m respectively.

An improvement in used vehicle residual values offset the reduced number of vehicles sold resulting in a decrease of £2.4m to the depreciation charge (2012 – £2.1m).

The bad debt charge in the period was €0.7m, compared to a charge of €0.2m in the same period last year. The collection of previously provided debt has again impacted on the charge, but not to the same extent as in the prior year.

Days sales outstanding continue to reduce, falling from 64 days at 30 April 2013 to 59 days at 31 October 2013.

Corporate

Corporate costs were £1.8m in the six months to 31 October 2013 compared to £1.6m in the same period last year.

Exceptional items

During the period £3.1m of restructuring costs were incurred, of which £2.9m related to the UK and £0.2m related to Spain. Of the UK exceptional items, £2.3m related to a settlement payment in respect of the defined benefit pension scheme.

Interest

Net finance charges for the six months to 31 October 2013 were £6.1m (2012 – £19.5m).

The reduction of £13.4m comprises a £9.1m decrease as a result of lower borrowing rates, a £3.2m reduction in non-cash interest, a £1.2m reduction in non-utilisation charges, a £0.1m reduction as a result of lower average net debt and a £0.2m increase due to exchange differences. The reduction in borrowing rates, non-utilisation charges and non-cash interest are as a result of the refinancing completed in April 2013.

Taxation

The Group's underlying effective tax charge for its UK and overseas operations is 24% (2012 – 29%).

The underlying tax charge excludes the tax on intangible amortisation and exceptional items of £1.1m (2012 – £0.9m).

Including these items, the Group's statutory effective tax charge is 24% (2012 – 29%).

Earnings per share

Basic earnings per share (EPS)[(2)], were 21.4% higher than the previous period at 18.3p (2012 – 15.1p). Basic statutory earnings per share were 15.7p (2012 – 13.1p).

The weighted average number of shares for the purposes of EPS was 133m (2012 – 133m).

Dividend

The Directors have decided to pay an interim dividend of 3.2p per share in relation to the Ordinary shares for the six months ended 31 October 2013 (2012 – 1.3p). This represents a cash outflow to the Group of £4.3m. The interim dividend will be paid on 10 January 2014 to shareholders on the register at the close of business on 13 December 2013.

Cash flow and net debt

Net cash generation[(7)] was £3.9m (2012 – £33.0m) after net capital expenditure of £102.4m (2012 – £73.8m) resulting in closing net debt of £370.4m (April 2013 – £362.7m).

Net capital expenditure included purchases of vehicles of £158.1m (2012 – £149.3m) and proceeds from sales of vehicles of £58.6m (2012 – £79.8m).

At 31 October 2013 there was headroom[(10)] of £74.5m against committed facilities of £444.9m.

Balance sheet

Net tangible assets at 31 October 2013 were £368.8m (April 2013 – £355.6m), equivalent to a tangible net asset value of 276.8p per share (April 2013 – 266.9p per share).

Gearing[(3)] at 31 October 2013 was 100% (April 2013 – 102%).

Return on capital employed

Group return on capital employed[(4)] was 10.5% compared to 12.5% in the equivalent six months last year and 11.8% in the year ended 30 April 2013.

Group return on equity, calculated as profit after tax (excluding intangible amortisation, exceptional administrative expenses and taxation thereon) divided by average shareholders' funds, was 11.4% (April 2013 – 10.6%).

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 2013 were set out in detail on pages 22 and 23 of the 2013 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; and
- IT systems.

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 2013.

[(1)] *Stated before intangible amortisation of £1.5m (2012 – £2.0m) and exceptional administrative expenses of £3.1m (2012 – £1.5m).*

[(2)] *Stated before intangible amortisation of £1.5m (2012 – £2.0m), exceptional administrative expenses of £3.1m (2012 – £1.5m) and tax credit on intangible amortisation and exceptional items of £1.1m (2012 – £0.9m).*

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

[(4)] *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.*

[(5)] *Calculated as operating profit[(8)] divided by revenue of £145.1m (2012 – £149.1m), excluding vehicle sales.*

[(6)] *Calculated as operating profit[(9)] divided by revenue of £76.9m (2012 – £75.9m), excluding vehicle sales.*

[(7)] *Net increase in cash and cash equivalents before financing activities.*

[(8)] *Excluding intangible amortisation of £1.2m (2012 – £1.7m) and exceptional administrative expenses of £2.9m (2012 – £0.8m).*

[(9)] *Excluding intangible amortisation of £0.3m (2012 – £0.3m) and exceptional administrative expenses of £0.2m (2012 – £0.7m).*

[(10)] *Headroom calculated as facilities of £444.9m less net debt of £370.4m. Net debt is stated after the deduction of £7.2m of cash balances which are available to offset against borrowings.*

Condensed consolidated income statement

for the six months ended 31 October 2013

	Note	Six months to 31.10.13 (Unaudited) Underlying £000	Six months to 31.10.13 (Unaudited) Statutory £000	Six months to 31.10.12 (Unaudited) Underlying £000	Six months to 31.10.12 (Unaudited) Statutory £000	Year to 30.04.13 (Audited) Underlying £000	Year to 30.04.13 (Audited) Statutory £000
Revenue: hire of vehicles	2	221,979	221,979	224,981	224,981	441,944	441,944
Revenue: sale of vehicles	2	66,801	66,801	89,562	89,562	167,936	167,936
Total revenue	2	**288,780**	**288,780**	**314,543**	**314,543**	**609,880**	**609,880**
Cost of sales		(219,107)	(219,107)	(238,597)	(238,597)	(466,405)	(466,405)
Gross profit		**69,673**	**69,673**	**75,946**	**75,946**	**143,475**	**143,475**
Administrative expenses (excluding exceptional items and intangible amortisation)		(31,570)	(31,570)	(28,384)	(28,384)	(57,071)	(57,071)
Exceptional administrative expenses	8	–	(3,097)	–	(1,486)	–	(3,337)
Intangible amortisation		–	(1,492)	–	(2,014)	–	(3,589)
Total administrative expenses		(31,570)	(36,159)	(28,384)	(31,884)	(57,071)	(63,997)
Operating profit	2	**38,103**	**33,514**	**47,562**	**44,062**	**86,404**	**79,478**
Interest income		1	1	93	93	123	123
Finance costs (excluding exceptional items)		(6,074)	(6,074)	(19,593)	(19,593)	(37,029)	(37,029)
Exceptional finance costs	8	–	–	–	–	–	(53,954)
Total finance costs		(6,074)	(6,074)	(19,593)	(19,593)	(37,029)	(90,983)
Profit before taxation		**32,030**	**27,441**	**28,062**	**24,562**	**49,498**	**(11,382)**
Taxation	3	(7,667)	(6,584)	(7,998)	(7,094)	(10,657)	4,025
Profit for the period		**24,363**	**20,857**	**20,064**	**17,468**	**38,841**	**(7,357)**

Profit for the period 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	18.3p	15.7p	15.1p	13.1p	29.2p	(5.5)p
Diluted	4	18.0p	15.4p	14.6p	12.8p	28.3p	(5.5)p

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2013

	Six months to 31.10.13 (Unaudited) £000	Six months to 31.10.12 (Unaudited) £000	Year to 30.04.13 (Audited) £000
Amounts attributable to owners of the Parent Company			
Profit (loss) attributable to owners	20,857	17,468	(7,357)
Other comprehensive income			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	1,168	(1,658)	6,725
Net foreign exchange differences on long term borrowings held as hedges	(818)	1,122	(4,132)
Foreign exchange difference on revaluation reserve	8	(10)	46
Net fair value gains (losses) on cash flow hedges	481	(3,199)	16,115
Deferred tax (charge) credit recognised directly in equity relating to cash flow hedges	(110)	767	(4,301)
Actuarial (losses/derecognition of assets) gain on defined benefit pension scheme *	(161)	71	(490)
Deferred tax credit (charge) recognised directly in equity relating to defined benefit pension scheme*	37	(17)	115
Total other comprehensive income for the period	**605**	**(2,924)**	**14,078**
Total comprehensive income for the period	**21,462**	**14,544**	**6,721**

* These items will not be reclassified subsequently to the consolidated income statement

Condensed consolidated balance sheet

31 October 2013

	31.10.13 (Unaudited) £000	31.10.12 (Unaudited) £000	30.04.13 (Audited) £000
Non-current assets			
Goodwill	3,589	3,589	3,589
Other intangible assets	6,315	8,478	7,431
Property, plant and equipment: vehicles for hire	617,834	617,147	589,161
Other property, plant and equipment	78,256	74,962	78,321
Total property, plant and equipment	696,090	692,109	667,482
Derivative financial instrument assets	547	11,230	–
Deferred tax assets	6,879	3,099	4,688
Total non-current assets	**713,420**	**718,505**	**683,190**
Current assets			
Inventories	15,000	21,275	19,192
Trade and other receivables	82,933	87,052	77,417
Derivative financial instrument assets	–	3,528	–
Current tax assets	–	–	5,862
Cash and cash equivalents	7,155	39,298	14,962
Total current assets	**105,088**	**151,153**	**117,433**
Total assets	**818,508**	**869,658**	**800,623**
Current liabilities			
Trade and other payables	51,067	57,672	52,592
Derivative financial instrument liabilities	–	416	–
Current tax liabilities	9,573	12,939	1,090
Short term borrowings	6,252	108,649	7,314
Total current liabilities	**66,892**	**179,676**	**60,996**
Net current assets (liabilities)	**38,196**	**(28,523)**	**56,437**
Non-current liabilities			
Derivative financial instrument liabilities	66	19,634	–
Long term borrowings	371,309	290,856	370,371
Deferred tax liabilities	1,551	2,922	2,604
Total non-current liabilities	**372,926**	**313,412**	**372,975**
Total liabilities	**439,818**	**493,088**	**433,971**
NET ASSETS	**378,690**	**376,570**	**366,652**
Equity			
Share capital	66,616	66,616	66,616
Share premium account	113,508	113,508	113,508
Revaluation reserve	1,243	1,179	1,235
Own shares	(462)	(289)	(303)
Merger reserve	67,463	67,463	67,463
Hedging reserve	(278)	(16,679)	(649)
Translation reserve	(5,020)	(8,499)	(5,370)
Capital redemption reserve	40	40	40
Retained earnings	135,580	153,231	124,112
TOTAL EQUITY	**378,690**	**376,570**	**366,652**

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

Condensed consolidated cash flow statement

for the six months ended 31 October 2013

	Note	Six months to 31.10.13 (Unaudited) £000	Six months to 31.10.12 (Unaudited) £000	Year to 30.04.13 (Audited) £000
Net cash from operations	6	**6,807**	**37,122**	**100,850**
Investing activities				
Interest received		1	93	123
Proceeds from disposal of other property, plant and equipment		–	827	1,760
Purchases of other property, plant and equipment		(2,522)	(4,179)	(8,744)
Purchases of intangible assets		(382)	(909)	(1,396)
Net cash used in investing activities		**(2,903)**	**(4,168)**	**(8,257)**
Financing activities				
Receipt of bank loans		–	–	369,871
(Repayments) receipt of bank loans and other borrowings		(1,642)	1,640	(410,140)
Debt issue costs paid relating to previous facilities		–	–	(3,354)
Costs paid for extinguishment of previous facilities		–	–	(23,202)
Dividend paid		(7,977)	(3,984)	(5,719)
Payments to acquire own shares for share schemes		(2,096)	(1,018)	(1,988)
Termination of financial instruments		–	–	(12,830)
Net cash used in financing activities		**(11,715)**	**(3,362)**	**(87,362)**
Net (decrease) increase in cash and cash equivalents		**(7,811)**	**29,592**	**5,231**
Cash and cash equivalents at beginning of the period		14,962	9,707	9,707
Effect of foreign exchange movements		4	(1)	24
Cash and cash equivalents at the end of the period		**7,155**	**39,298**	**14,962**

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2013

	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 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 1 November 2012	**180,124**	**(289)**	**(16,679)**	**(8,499)**	**68,682**	**153,231**	**376,570**
Share options fair value charge	–	–	–	–	–	606	**606**
Share options exercised	–	–	–	–	–	(956)	**(956)**
Profit attributable to owners of the Parent Company	–	–	–	–	–	(24,825)	**(24,825)**
Dividend paid	–	–	–	–	–	(1,731)	**(1,731)**
Purchase of own shares	–	(970)	–	–	–	–	**(970)**
Transfer of shares on vesting of share options	–	956	–	–	–	–	**956**
Other comprehensive income	–	–	9,805	7,570	56	(429)	**17,002**
Transfers between equity reserves	–	–	6,225	(4,441)	–	(1,784)	**–**
Total equity at 1 May 2013	**180,124**	**(303)**	**(649)**	**(5,370)**	**68,738**	**124,112**	**366,652**
Share options fair value charge	–	–	–	–	–	649	**649**
Share options exercised	–	–	–	–	–	(1,937)	**(1,937)**
Profit attributable to owners of the Parent Company	–	–	–	–	–	20,857	**20,857**
Dividend paid	–	–	–	–	–	(7,977)	**(7,977)**
Purchase of own shares	–	(2,096)	–	–	–	–	**(2,096)**
Transfer of shares on vesting of share options	–	1,937	–	–	–	–	**1,937**
Other comprehensive income	–	–	371	350	8	(124)	**605**
Total equity at 31 October 2013	**180,124**	**(462)**	**(278)**	**(5,020)**	**68,746**	**135,580**	**378,690**

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 2 December 2013.

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 2013, 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 the current financial period, the Group has adopted the amendments to IAS 1 "Presentation of Financial Statements", IAS 19 (revised 2011) "Employee Benefits" and IFRS 13 "Fair Value Measurement".

The amendments to IAS 1 have increased the disclosure in the consolidated statement of comprehensive income by highlighting items that will not be reclassified subsequently to the consolidated income statement. The amendments affect presentation only.

IFRS 13 has introduced new disclosure requirements as set out in Note 9. However there has been no impact on the measurement of fair value for the Group.

The adoption of IAS 19 (revised 2011) has not had a material impact on the condensed financial statements of the Group.

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 2013.

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 2013 Annual Report

The financial figures for the year ended 30 April 2013, 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 2013 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 31.10.13 (Unaudited) £000	Spain Six months to 31.10.13 (Unaudited) £000	Corporate Six months to 31.10.13 (Unaudited) £000	Total Six months to 31.10.13 (Unaudited) £000
Revenue: hire of vehicles	145,122	76,857	–	221,979
Revenue: sale of vehicles	48,600	18,201	–	66,801
Total revenue	**193,722**	**95,058**	**–**	**288,780**
Underlying operating profit (loss) *	**27,170**	**12,782**	**(1,849)**	**38,103**
Exceptional administrative expenses	(2,942)	(155)	–	(3,097)
Intangible amortisation	(1,182)	(295)	(15)	(1,492)
Operating profit (loss)	**23,046**	**12,332**	**(1,864)**	**33,514**
Interest income				**1**
Finance costs				**(6,074)**
Profit before taxation				**27,441**

	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**

2. Segmental analysis (continued)

	UK Year to 30.04.13 (Audited) £000	Spain Year to 30.04.13 (Audited) £000	Corporate Year to 30.04.13 (Audited) £000	Total Year to 30.04.13 (Audited) £000
Revenue: hire of vehicles	291,104	150,840	–	441,944
Revenue: sale of vehicles	124,583	43,353	–	167,936
Total revenue	**415,687**	**194,193**	–	**609,880**
Underlying operating profit (loss) *	**64,241**	**25,189**	**(3,026)**	**86,404**
Exceptional administrative expenses	(2,051)	(1,286)	–	(3,337)
Intangible amortisation	(2,886)	(690)	(13)	(3,589)
Operating profit (loss)	**59,304**	**23,213**	**(3,039)**	**79,478**
Interest income				**123**
Finance costs (excluding exceptional items)				**(37,029)**
Exceptional finance costs				**(53,954)**
Loss before taxation				**(11,382)**

* 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 2013 is based on the estimated effective rate for the year ending 30 April 2014.

4. Earnings per share

Basic and diluted earnings per share	Six months to 31.10.13 (Unaudited) Underlying £000	Six months to 31.10.13 (Unaudited) Statutory £000	Six months to 31.10.12 (Unaudited) Underlying £000	Six months to 31.10.12 (Unaudited) Statutory £000	Year to 30.04.13 (Audited) Underlying £000	Year to 30.04.13 (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	24,363	20,857	20,064	17,468	38,841	(7,357)
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	2,421,510	2,421,510	3,739,353	3,739,353	4,223,706	–
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	135,654,028	135,654,028	136,971,871	136,971,871	137,456,224	133,232,518
Basic earnings per share	**18.3p**	**15.7p**	**15.1p**	**13.1p**	**29.2p**	**(5.5)p**
Diluted earnings per share	**18.0p**	**15.4p**	**14.6p**	**12.8p**	**28.3p**	**(5.5)p**

A total of 4,223,706 potential Ordinary shares have not been included within the calculation of diluted statutory earnings per share for the year ended 30 April 2013 as they are anti-dilutive. However, these potential Ordinary shares could dilute earnings per share in the future.

5. Dividends

In the six months to 31 October 2013, a dividend of £7,977,000 was paid (2012 - £3,988,000). The Directors have declared a dividend of 3.2p per share for the six months ended 31 October 2013 (2012 - 1.3p).

6. Notes to the cash flow statement

Net cash from operations	Six months to 31.10.13 (Unaudited) £000	Six months to 31.10.12 (Unaudited) £000	Year to 30.04.13 (Audited) £000
Operating profit	**33,514**	**44,062**	**79,478**
Adjustments for:			
Depreciation of property, plant and equipment	81,243	80,984	163,313
Exchange differences	(1)	(4)	(5)
Amortisation of intangible assets	1,495	2,014	3,589
Loss on disposal of property, plant and equipment	–	354	445
Share options fair value charge	649	896	1,502
Operating cash flows before movements in working capital	**116,900**	**128,306**	**248,322**
(Increase) decrease in non-vehicle inventories	(516)	152	(166)
(Increase) decrease in receivables	(4,120)	10,090	20,185
Decrease in payables	(5,496)	(12,096)	(9,911)
Cash generated from operations	**106,768**	**126,452**	**258,430**
Income taxes refunded (paid), net	4,437	(3,376)	(16,828)
Interest paid	(4,946)	(16,458)	(31,448)
Net cash generated from operations	**106,259**	**106,618**	**210,154**
Purchases of vehicles	(158,096)	(149,284)	(255,193)
Proceeds from disposal of vehicles	58,644	79,788	145,889
Net cash from operations	**6,807**	**37,122**	**100,850**

7. Analysis of consolidated net debt

	31.10.13 (Unaudited) £000	31.10.12 (Unaudited) £000	30.04.13 (Audited) £000
Cash at bank and in hand	(7,155)	(39,298)	(14,962)
Bank loans	375,692	132,139	375,549
Loan notes	–	164,553	–
Other loan	–	97,878	–
Cumulative preference shares	500	500	500
Property loans and other borrowings	1,369	4,435	1,636
	370,406	**360,207**	**362,723**

Net borrowings at 31 October 2013, 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:

	31.10.13 (Unaudited) £000	31.10.12 (Unaudited) £000	30.04.13 (Audited) £000
Cash at bank and in hand	(7,155)	(39,298)	(14,962)
Bank loans	375,692	132,139	375,549
Loan notes	–	156,224	–
Other loan	–	89,204	–
Cumulative preference shares	500	500	500
Property loans and other borrowings	1,369	4,435	1,636
	370,406	**343,204**	**362,723**

8. Exceptional items

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

	Six months to 31.10.13 (Unaudited) £000	Six months to 31.10.12 (Unaudited) £000	Year to 30.04.13 (Audited) £000
Restructuring costs	841	1,132	2,892
Defined benefit pension scheme settlement payment	2,256	–	–
Net property losses	–	354	445
Exceptional administrative expenses	**3,097**	**1,486**	**3,337**
Costs associated with April 2013 refinancing	–	–	53,954
Exceptional finance costs	–	–	**53,954**
Total pre-tax exceptional items	**3,097**	**1,486**	**57,291**
Tax credit on exceptional items	**(722)**	**(415)**	**(13,783)**

9. Derivative financial instruments

At the balance sheet date, the Group held the following financial instruments at fair value:

	31.10.13 (Unaudited) £000	31.10.12 (Unaudited) £000	30.04.13 (Audited) £000
Non-current derivative financial instrument assets	547	11,230	–
Current derivative financial instrument assets	–	3,528	–
Non-current derivative financial instrument liabilities	(66)	(19,634)	–
Current derivative financial instrument liabilities	–	(416)	–
	481	**(5,292)**	**–**

The derivative financial instruments above all have fair values which are calculated by reference to observable inputs (i.e. classified as level 2 in the fair value hierarchy). They are valued using the discounted cash flow technique with an appropriate adjustment for counterparty credit risk. The valuations incorporate the following inputs:

- interest rates and yield curves observable at commonly quoted intervals;
- commonly quoted spot and forward foreign exchange rates; and
- observable credit spreads.

The carrying value of financial assets and liabilities recorded at amortised cost in the financial statements are approximately equal to their fair value.

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
2 December 2013

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 2013 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 9. 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 Conduct 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 2013 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
2 December 2013