INTERIM REPORT

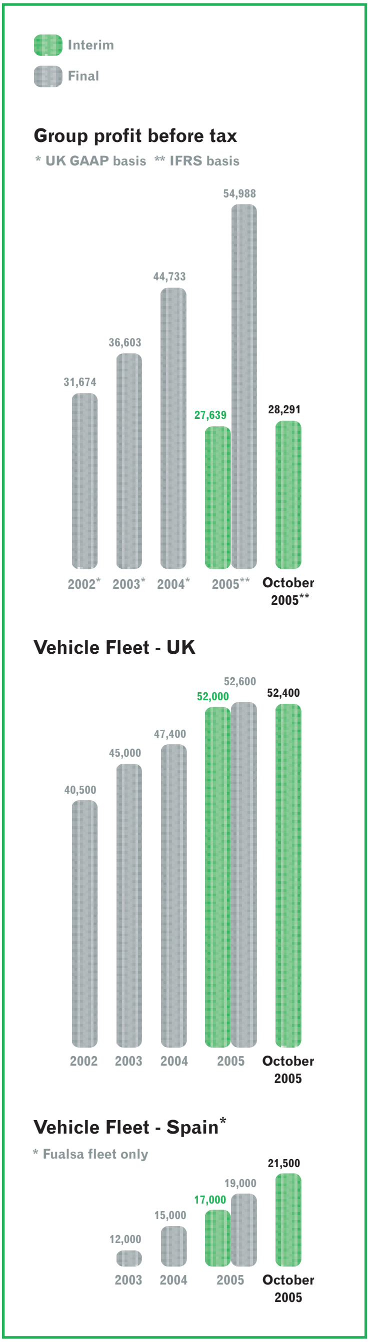
SIX MONTHS ENDED 31 OCTOBER 2005

OFFERING FLEXIBLE VEHICLE
SOLUTIONS FOR 25 YEARS

NORTHGATE plc

HIGHLIGHTS

	2005	2004
Vehicle fleet – UK	**52,400**	52,000
– Spain	**21,500**	17,000
Group profit from operations	**£37.2m**	£37.7m
Profit before tax	**£28.3m**	£27.6m
Earnings per share	**30.7p**	29.7p
Dividend per share	**9p**	8p
Net assets per Ordinary share	**372p**	328p



> Revenue for the period increased by 5.9% to £177m

> Group profit from operations £37.2m

> Net assets per Ordinary share 372p

DIRECTORS

Martin Ballinger	Non-executive Chairman
Stephen Smith ACA	Chief Executive Officer
Jan Astrand	Non-executive
Tom Brown	Non-executive
Phil Moorhouse FCCA	Managing Director UK Rental
Gerard Murray ACA	Finance Director
Alan Noble	Executive Director
Philip Rogerson	Non-executive

SECRETARY AND REGISTERED OFFICE

David Henderson, FCIS
Norflex House
Allington Way
Darlington
DL1 4DY
Tel: 01325 467558

REGISTRARS

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0870 1623100

CHAIRMAN'S STATEMENT

IN THE SIX MONTHS TO 31 OCTOBER 2005, THE GROUP HAS CONTINUED TO TAKE ADVANTAGE OF THE UNDOUBTED OPPORTUNITIES THAT EXIST WITHIN ITS MAIN MARKETS OF THE UK AND SPAIN.

As described in my statement to the AGM in September, conditions in the UK have become more competitive. Management has responded positively to these conditions by taking specific actions to mitigate the impact of a market characterised by weaker residuals and lower hire rates.

In August 2005 the Group successfully concluded the initial purchase of 49% of Record Rent a Car S.A. ("Record" or "Record Rent") strengthening its position as a leading player in the growing Spanish vehicle rental market. The remaining 51% of Record's equity is scheduled to be acquired in April or May 2006.

Group vehicle rental and associated revenue in the six months to 31 October 2005 is up 5.9%, profit before tax is up 2.4% and earnings per share up 3.4%. The impact of International Financial Reporting Standards ("IFRS") on these results is such that the Group's profit before tax under UK GAAP would have shown an increase of 5.6% but this is reduced to 2.4% under IFRS.

The Board has declared a 12.5% increase in the interim dividend to 9p per share (2004 – 8p) indicating its confidence in the Group's future prospects. This dividend is payable on 9 February 2006 to shareholders on the register at the close of business on 20 January 2006.

Results

The six month trading period to 31 October 2005 is the first accounting period that the Group has prepared its results under IFRS. The Group released an announcement on 21 December 2005 detailing the impact of IFRS on the comparative accounting period including the six months to 31 October 2004. The full announcement is available on the Group's website www.northgateplc.com.

The main presentational change to the Group's financial results arises from proceeds received from the disposal of used vehicles no longer being classified as revenue. This change in policy has had the effect of reducing Group revenue as previously defined under UK GAAP. Group revenue now comprises the hire of vehicles and the supply of related goods and services in the normal course of business.

The impact of IFRS on profit before tax for the six months to 31 October 2004 was limited, with the primary difference arising from the treatment of goodwill amortisation (IFRS 3) and intangible amortisation (IAS 38). In the IFRS announcement the Board detailed a number of elections that it had made under IFRS 1 regarding the first time implementation of IFRS. One of these elections concerned financial instruments (IAS 32 & IAS 39) whereby the Board elected to implement the provisions of the standard with effect from 1 May 2005.

The period to 31 October 2004 does not show any effect of IAS 39 because it had not been implemented. At 1 May 2005, and subsequently in June 2005 in relation to new derivative contracts, the Group designated the majority of its financial instruments as hedges against specific variable rate borrowings. These hedged instruments had a net fair value gain of £1m in the six month period which has been credited directly to equity. The remaining instruments, being interest rate collars matched against £115m of debt were not accounted for as hedges and gave rise to a £0.4m additional non-cash finance cost in the income statement for the six months to 31 October 2005.

In August 2005 the Group's purchase of 49% of the equity in Record Rent, a leading Spanish rental operator became unconditional. In accordance with IAS 1 the Group's share of Record's after tax contribution has been shown as part of the Group's profit before tax.

UK revenue increased by 1.4% reflecting the limited increase in the UK fleet size to 52,400 vehicles (2004 – 52,000). Margins have slightly decreased partly as a consequence of lower values being obtained for vehicles sold at the end of their life and partly as a result of lower hire rates being obtained in a more competitive market.

The revenue and profit from operations that are shown as arising in Spain in the table below are wholly attributable to Fualsa. The Group's share of profits after tax generated from its investment in Record is shown in the consolidated income statement as 'Share of profit of associate'.

Fualsa's revenue has increased by 30.8% as a result of the fleet size increasing to 21,500 vehicles (2004 – 17,000). The operating margin for Fualsa has decreased by 1.2% in line with our expectations, as the cost base increased to accommodate the expanded network, changes in regional and senior management required for future growth, an upgrade to the IT system and the introduction of credit insurance. Values obtained for used vehicle disposals have been in line with our expectations.

A reconciliation between profit before intangible amortisation and tax under UK GAAP and IFRS is set out below:

	2005 £000	2004 £000
Profit before intangible amortisation and tax		
UK GAAP	29,380	27,774
IAS 1 – tax on profit of associates	(511)	–
IAS 39 – unhedged financial instruments	(422)	–
Other differences	218	274
IFRS	**28,665**	**28,048**

The composition of Group revenue and profit from operations is set out below:

	2005 £000	2004 £000
Revenue		
UK	143,218	141,254
Spain	33,772	25,828
	176,990	**167,082**
Profit from operations		
UK	29,850	31,859
Spain	7,723	6,234
Intangible amortisation	(374)	(409)
	37,199	**37,684**
Operating margins (excluding intangible amortisation)		
UK	20.8%	22.6%
Spain	22.9%	24.1%

Operational Review

United Kingdom and Republic of Ireland

In the six months to 31 October 2005 the Group was affected by some weakness in demand from those UK customers operating in the construction, retail and distribution sectors. To ensure we continued to achieve our utilisation target of 90%, it was necessary to reduce the fleet from 52,600 vehicles at 30 April 2005 to 51,400 vehicles at the end of August, the low point in the period. Since the start of September demand has returned to more normal levels and, as a consequence, fleet growth resumed such that the fleet had reached 52,400 vehicles at 31 October 2005. This growth has continued in line with our expectations throughout November and December.

As a consequence of the fleet movement described above we have taken action on the cost base including a decision to defer the opening of some new sites. This has resulted in our network of hire locations only increasing to 79 from the 76 that existed at 30 April 2005, with the majority of the new locations being opened early in the financial year. Whilst the 79 locations that we operate from provide full national coverage, there still exists the opportunity for infill sites, in particular smaller branches, over the coming years.

Competitive pressures have always existed in the market place but became particularly evident from the beginning of August 2005, when as a result of specific competitor activity we experienced lower hire rates. The reduction in hire rates in the period was over 1% and we expect a further reduction in the second half of the financial year.

The impact of lower fleet growth in the summer and weaker hire rates has been balanced by our continued tight grip on utilisation and a focus on reducing central and administrative costs.

We sold 11,300 vehicles (2004 – 7,800) in the six months under review. As highlighted in our preliminary results announcement in July 2005, we have experienced a weaker market for used vehicle values. The effect of this has reduced operating profits by £2.4m in the period. This was particularly noticeable in the early part of the period when our vehicle stock was at its peak and the fall in residual values of long wheel base product was largest. Under IFRS the operating profit for used vehicle disposals is no longer accounted for separately. Depreciation is adjusted in order that vehicles are retired from the fleet at their anticipated market value less any direct costs incurred in their disposal. If this operating profit arising from the used vehicle disposals had been calculated on the same basis as last year, applying UK GAAP, the UK would have recorded an operating loss per vehicle on disposal of £24 (2004 – £276 profit).

The overall result is a decline in the UK operating margin (excluding intangible amortisation) to 20.8% (2004 – 22.6%). Eliminating the effect of the reduction in residual values shows that the underlying rental activities produce an operating margin of just under 21%, consistent with the prior period.

Continental Europe

Fualsa, our first business in Spain, continued to grow strongly. The fleet increased from 19,000 vehicles at 1 May 2005 to 21,500 at 31 October 2005, an increase of 13%. When compared to the fleet at 31 October 2004, the annual growth rate remains in line with previous years at an excellent 26%.

New locations have been opened in Leon, Cordoba, Pamplona and Madrid during the period and the company now has a network of 19 locations offering good national coverage.

Utilisation has averaged 88% (2004 – 89%) which is close to our target of 90% but is still influenced by the number of new locations opened during the last two years. Hire rates are not experiencing the same competitive pressures as the UK since the market in Spain is growing at a much faster rate. The residual value market is steady and the disposal proceeds that we have achieved are in line with our expectations. Having recognised the increasing number of disposals that Fualsa will have to undertake in the future as its fleet growth continues, we have invested in the infrastructure of the disposal process. Consequently, calculating operating profit from used vehicle disposals on the same basis as last year (applying UK GAAP), Fualsa would have recorded such an operating profit per vehicle of £92 (2004 – £219).

On 5 July 2005 we announced the purchase of 49% of Record Rent, which similar to Fualsa, is one of Spain's leading vehicle rental companies. The acquisition was conditional on the approval of the Spanish competition authorities, which was received on 5 August 2005.

We have been delighted with the performance of this business since our investment. The fleet has grown to over 20,000 vehicles at 31 October 2005 from 18,000 at 5 July 2005 and utilisations have been maintained at over 90%. Two new locations are planned to open during the second half of the financial year. The combination of all these factors has produced a share of profit before taxation for the Group of £1.7m and a share of taxation of £0.5m. The Group's share of after tax profits is, therefore, £1.2m for the three month period since our investment was made.

The remaining 51% of the share capital of Record Rent will be purchased following the completion of the audited accounts for the year ended 31 December 2005, scheduled for April or May 2006.

Strategic Plan

In November 2005 the Board approved a new Strategic Plan. Rather than the fixed five and three year periods that have been the basis of planning since 1999, we are moving to a three year rolling business plan which will be updated each year.

The Group Strategic Plan builds on the key issues identified in our last published plan and aims to maintain double digit earnings growth across the Group. Our first venture into Spain has worked well and we are now able to develop this fast-growing market with our subsequent acquisition of Record, whilst planning to continue moving forward in the UK, albeit at more modest levels of growth.

In the UK, a more mature market than Spain, there remain opportunities to increase market penetration, which is still relatively low at around 10% of the total commercial vehicle parc. There is capacity in the Group's UK network to increase the fleet by both acquisition, in what is still a fragmented market, and through organic growth whilst at the same time enhancing returns through the introduction of related fleet management products. The provision of fleet management to those customers who both own and rent their fleets will allow us to capitalise on our key skills of buying, selling and maintaining large volumes of commercial vehicles whilst providing the opportunity to generate additional rental business from fleet customers. This will further strengthen our position as the market leader in the delivery of flexible vehicle solutions to businesses on both a local and national level. The result of these actions will also be a more cost-effective structure capable of responding to a wider range of customer needs.

In Spain we consider there is potential for organic fleet growth at the rate of approximately 15% per annum over the next three years. The most important issues to deal with in Spain, therefore, focus on the integration of Fualsa and Record and ensuring we obtain the maximum benefit from the size of the combined entity in terms of purchasing power, revenue growth and efficiency of operation. We are very pleased with the capability of the management we have in both businesses and feel that we have in place the right people to create a team capable of delivering the plan.

Our success in Spain gives us confidence that our model can transfer to another jurisdiction at an appropriate time, although we recognise that the management focus required for our plans in the UK and Spain make it likely that this will be deferred until the later stages of the plan.

Current Trading and Outlook

The Board believes that the more competitive conditions in the UK vehicle rental market are being matched by continuing management actions to reduce costs and improve vehicle utilisation and efficiencies. In Spain, both Fualsa and Record continue to trade well and are taking advantage of an expanding market.

The Board remains confident of a satisfactory outcome for the full financial year and further believes that its strategy will enable Northgate to retain its leading positions in commercial vehicle rental in both the UK and Spain and as a result continue to generate a growing return for shareholders.

Martin Ballinger
Chairman
9 January 2006

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2005

	Notes	Six months to 31.10.05 (Unaudited) £000	Six months to 31.10.04 (Unaudited) £000	Year to 30.4.05 (Audited) £000
Revenue	2	176,990	167,082	339,382
Cost of sales		(116,326)	(102,499)	(215,097)
Gross profit		**60,664**	**64,583**	**124,285**
Administrative expenses (excluding amortisation)		(23,091)	(26,490)	(47,193)
Amortisation		(374)	(409)	(855)
Total administrative expenses		(23,465)	(26,899)	(48,048)
Profit from operations	2	**37,199**	**37,684**	**76,237**
Investment income		1,009	871	1,814
Finance costs		(11,108)	(10,916)	(23,063)
Share of profit before taxation of associate		1,702	–	–
Share of taxation of associate		(511)	–	–
Share of profit of associate		1,191	–	–
Profit before taxation		**28,291**	**27,639**	**54,988**
Taxation	3	(8,345)	(8,449)	(15,757)
Profit for the period		**19,946**	**19,190**	**39,231**

Profit for the period is wholly attributable to equity holders of the parent Company.
All results arise from continuing operations.

	Notes	Six months to 31.10.05	Six months to 31.10.04	Year to 30.4.05
Basic earnings per Ordinary share	4	**30.7p**	**29.7p**	**60.7p**
Diluted earnings per Ordinary share	4	**30.5p**	**29.5p**	**60.3p**

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE SIX MONTHS ENDED 31 OCTOBER 2005

	Six months to 31.10.05 (Unaudited) £000	Six months to 31.10.04 (Unaudited) £000	Year to 30.4.05 (Audited) £000
Gains on revaluation of land and properties	–	579	1,031
Foreign exchange differences on retranslation of net assets of subsidiaries	365	944	(153)
Foreign exchange differences on retranslation of interest in associate	(237)	–	–
Net foreign exchange differences on long term borrowings held as hedges	(91)	–	1,635
Net fair value gains on cash flow hedges	1,027	–	–
Adjustment for share options granted	63	(19)	88
Net deferred tax credit recognised directly in equity	807	1,508	1,084
Net income recognised directly in equity	**1,934**	**3,012**	**3,685**
Profit attributable to equity holders	19,946	19,190	39,231
Total recognised income and expense for the period	**21,880**	**22,202**	**42,916**

CONSOLIDATED BALANCE SHEET

31 OCTOBER 2005

	Notes	31.10.05 (Unaudited) £000	31.10.04 (Unaudited) £000	30.4.05 (Audited) £000
Non-current assets				
Goodwill		12,599	13,427	12,448
Other intangible assets		4,533	5,302	4,866
Property, plant and equipment: vehicles for hire		545,517	516,697	531,843
Other property, plant and equipment		40,080	33,417	37,851
Total property, plant and equipment		585,597	550,114	569,694
Interest in associate	7	38,915	–	–
		641,644	**568,843**	**587,008**
Current assets				
Inventories		8,443	6,121	6,696
Trade and other receivables		99,728	87,257	92,841
Cash and cash equivalents		7,288	22,570	41,375
		115,459	**115,948**	**140,912**
Non-current assets held for sale		10,588	12,652	11,464
TOTAL ASSETS		**767,691**	**697,443**	**739,384**
Total current liabilities		77,023	196,386	100,410
Non-current liabilities				
Borrowings		441,716	281,249	403,819
Deferred tax liabilities		9,270	9,745	10,124
		450,986	**290,994**	**413,943**
TOTAL LIABILITIES		**528,009**	**487,380**	**514,353**
NET ASSETS		**239,682**	**210,063**	**225,031**
Equity				
Share capital		3,223	3,206	3,209
Share premium account		63,980	62,201	62,544
Revaluation reserve		1,054	602	1,054
Merger reserve		4,721	4,721	4,721
Own shares reserve		(2,582)	(1,515)	(2,471)
Hedging reserve		1,027	–	–
Translation reserve		1,519	944	1,482
Retained earnings		166,740	139,904	154,492
TOTAL EQUITY		**239,682**	**210,063**	**225,031**

Total equity is wholly attributable to equity holders of the parent Company.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2005

	Notes	Six months to 31.10.05 (Unaudited) £000	Six months to 31.10.04 (Unaudited) £000	Year to 30.4.05 (Audited) £000
Net cash from operating activities	6(a)	**72,250**	**73,766**	**150,457**
Investing activities				
Interest received		1,046	265	1,957
Proceeds of disposal of vehicles for hire		69,795	50,039	116,895
Purchases of vehicles for hire		(151,023)	(134,107)	(274,517)
Proceeds of disposal of other property, plant and equipment		218	221	378
Purchases of other property, plant and equipment		(3,804)	(2,350)	(7,613)
Purchases of intangible assets		(41)	(11)	(19)
Acquisition of subsidaries		–	(19,360)	(19,353)
Purchase of interest in associate	7	(37,961)	–	–
Net cash used in investing activities		**(121,770)**	**(105,303)**	**(182,272)**
Financing activities				
Dividends paid		(7,665)	(6,764)	(11,874)
Repayments of obligations under finance leases		(21,260)	(124,030)	(279,243)
New finance lease agreements entered into		–	78,680	93,663
Repayments of bank loans and other borrowings		(48,660)	–	–
Increase in bank loans and other borrowings		94,258	47,136	221,166
Proceeds from issue of share capital		1,450	376	722
Payments to acquire own shares		(111)	–	(1,141)
Net cash from (used in) financing activities		**18,012**	**(4,602)**	**23,293**
Net decrease in cash and cash equivalents		**(31,508)**	**(36,139)**	**(8,522)**
Cash and cash equivalents at the beginning of the period		34,057	42,675	42,675
Effect of foreign exchange movements		46	58	(96)
Cash and cash equivalents at the end of the period	6(b)	**2,595**	**6,594**	**34,057**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 OCTOBER 2005

	Notes	Six months to 31.10.05 (Unaudited) £000	Six months to 31.10.04 (Unaudited) £000	Year to 30.4.05 (Audited) £000
Amounts attributable to equity holders of the parent Company				
Gains on revaluation of land and properties		–	579	1,031
Foreign exchange differences on retranslation of net assets of subsidiaries		365	944	(153)
Foreign exchange differences on retranslation of interest in associate		(237)	–	–
Net foreign exchange differences on long term borrowings held as hedges		(91)	–	1,635
Net fair value gains on cash flow hedges		1,027	–	–
Adjustment for share options granted		63	(19)	88
Net deferred tax credit recognised directly in equity		807	1,508	1,084
Net income recognised directly in equity		**1,934**	**3,012**	**3,685**
Profit attributable to equity holders		19,946	19,190	39,231
Total recognised income and expense for the period		**21,880**	**22,202**	**42,916**
Dividends		(7,645)	(6,780)	(11,916)
Issue of Ordinary share capital (net of expenses)		1,450	376	722
Net increase in own shares held		(111)	(185)	(1,141)
Net changes in total equity		**15,574**	**15,613**	**30,581**
Opening total equity		225,031	194,450	194,450
Transitional adjustment on adoption of IAS 32 & IAS 39	8	(923)	–	–
Opening total equity after adoption of IAS 32 & IAS 39		**224,108**	**194,450**	**194,450**
Closing total equity		**239,682**	**210,063**	**225,031**

In accordance with the transitional provisions of IFRS 1, the date of transition of the Group to IFRS for the purposes of IAS 32 and IAS 39 only is 1 May 2005. See Note 8 for further details.

UNAUDITED NOTES

1. Basis of preparation and accounting policies

The interim financial information for the six months ended 31 October 2005, including comparative financial information, has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, that are endorsed, or are expected to be endorsed, by the European Commission.

Northgate plc ("the Group") has adopted all IFRS in issue, with the exception of IAS 34 (Interim Financial Reporting) which is not mandatory for UK groups.

The Group previously prepared its annual and interim consolidated accounts under UK GAAP. The date of transition of the Group to IFRS is 1 May 2004, with the exception of IAS 32 and IAS 39. The date of transition of the Group for IAS 32 and IAS 39 only is 1 May 2005 (see Note 8). As part of the transition to IFRS, on 21 December 2005 the Group published the restatement of certain comparative financial information under IFRS for the year ended 30 April 2005 and for the six months ended 31 October 2004. This information is available from the Group's website at www.northgateplc.com.

IFRS 1 (First-time Adoption of IFRS) contains several transitional exemptions from the full requirements of IFRS for those companies adopting IFRS for the first time. The details of the IFRS 1 transitional exemptions that the Group has taken advantage of, along with all of the accounting policies adopted by the Group, are detailed within the restatement of comparative information under IFRS published on 21 December 2005, as referred to above.

The accounts for the year ended 30 April 2005 were prepared under UK GAAP and have been filed with the Registrar of Companies. They contained an unqualified audit report and did not include a statement under Section 237 (2) or (3) of the Companies Act 1985. The restatement of certain information for the year ended 30 April 2005 published on 21 December 2005, which does not constitute statutory accounts, also contained an unqualified audit report.

UNAUDITED NOTES

2. Segmental analysis

Business segments

For management purposes, the Group currently has one material business segment, which is the hire of vehicles.

As such, the Directors consider that this is the only business segment on which the Group should report.

Geographical segments

The Group's operations are located in the United Kingdom, Republic of Ireland and Spain.

The Directors consider the United Kingdom and Republic of Ireland to be a single geographical segment on the grounds that the results and net assets of operations in the Republic of Ireland are immaterial to the Group as a whole.

	Six months to 31.10.05 (Unaudited) £000	Six months to 31.10.04 (Unaudited) £000	Year to 30.4.05 (Audited) £000
United Kingdom and Republic of Ireland	143,218	141,254	283,414
Spain	33,772	25,828	55,968
Total revenue	**176,990**	**167,082**	**339,382**
United Kingdom and Republic of Ireland	29,744	31,718	62,542
Spain	7,455	5,966	13,695
Total profit from operations	**37,199**	**37,684**	**76,237**

3. Taxation

The charge for taxation for the six months to 31 October 2005 is based on the estimated effective rate for the year.

4. Earnings per share

	Six months to 31.10.05 (Unaudited)	Six months to 31.10.04 (Unaudited)	Year to 30.4.05 (Audited)
The calculation of basic and diluted earnings per share is based on the following data:			
Earnings	£000	£000	£000
Earnings for the purposes of basic and diluted earnings per share, being net profit attributable to equity holders of the parent Company	19,946	19,190	39,231
Number of shares	Number	Number	Number
Weighted average number of Ordinary shares for the purposes of basic earnings per share	64,981,565	64,600,406	64,598,909
Effect of dilutive potential Ordinary shares: – share options	489,231	382,037	465,690
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	65,470,796	64,982,443	65,064,599

5. Dividends

The proposed interim dividend of 9p per Ordinary share was approved by the Board of Directors on 9 January 2006 and has not been included as a liability as at 31 October 2005.

UNAUDITED NOTES

6. Notes to the consolidated cash flow statement

(a) Net cash from operating activities

	Six months to 31.10.05 (Unaudited) £000	Six months to 31.10.04 (Unaudited) £000	Year to 30.4.05 (Audited) £000
Profit from operations	37,199	37,684	76,237
Adjustments for:			
Depreciation of property, plant and equipment	65,674	59,149	120,831
Amortisation of intangible assets	374	409	855
(Gain) loss on disposal of property, plant and equipment	(2)	19	39
Share options fair value amount credited (charged) directly to equity	63	(19)	88
Operating cash flows before movements in working capital	**103,308**	**97,242**	**198,050**
(Increase) decrease in inventories	(1,725)	2,313	1,665
Increase in receivables	(6,195)	(703)	(7,735)
Decrease in payables	(3,948)	(7,689)	(3,634)
Cash generated by operations	**91,440**	**91,163**	**188,346**
Income taxes paid	(8,658)	(7,775)	(15,241)
Interest paid	(10,532)	(9,622)	(22,648)
Net cash from operating activities	**72,250**	**73,766**	**150,457**

6. Notes to the consolidated cash flow statement (continued)

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank, investments in money market instruments and bank overdrafts.

Bank overdrafts are included within cash equivalents on the grounds that they are repayable on demand and form an integral part of the Group's cash management.

Cash and cash equivalents, as described above, included in the cash flow statement comprise the following balance sheet amounts:

	31.10.05 (Unaudited) £000	31.10.04 (Unaudited) £000	30.4.05 (Audited) £000
Cash in hand and at bank	5,500	20,817	39,601
Short term investments	1,788	1,753	1,774
Gross cash and cash equivalents as reported	7,288	22,570	41,375
Bank overdrafts	(4,693)	(15,976)	(7,318)
Net cash and cash equivalents	**2,595**	**6,594**	**34,057**

7. Interest in associate

On 5 August 2005, the Group acquired a 49% share in Record Rent a Car S.A. ("Record"), a company registered in Spain, for a cash consideration, payable to the vendors, of €54,800,000. In accordance with IAS 28, this investment, including associated costs, has been accounted as an associate.

The book value of the 49% share of the net assets of Record, that was acquired on 5 August 2005, was €38,124,000.

UNAUDITED NOTES

8. Financial instruments: transitional adoption of IAS 32 and IAS 39

Under the transitional provisions of IFRS 1, the date of transition of the Group for IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) is 1 May 2005. The Group has not applied IAS 32 or IAS 39 retrospectively from this date, with the exception of preference shares. A reconciliation of equity, in respect of IAS 32 and IAS 39 only, at 1 May 2005 is provided below:

	30.4.05 Prior to adoption of IAS 32 & IAS 39 (Audited) £000	Adjustments on adoption of IAS 32 & IAS 39 (Unaudited) £000	1.5.05 After adoption of IAS 32 & IAS 39 (Unaudited) £000
TOTAL ASSETS	**739,384**	**–**	**739,384**
Total current liabilities	100,410	923	101,333
Total non-current liabilities	413,943	–	413,943
TOTAL LIABILITIES	**514,353**	**923**	**515,276**
NET ASSETS	**225,031**	**(923)**	**224,108**
Share capital	3,209	–	3,209
Share premium account	62,544	–	62,544
Revaluation reserve	1,054	–	1,054
Merger reserve	4,721	–	4,721
Own shares reserve	(2,471)	–	(2,471)
Translation reserve	1,482	–	1,482
Retained earnings	154,492	(923)	153,569
TOTAL EQUITY	**225,031**	**(923)**	**224,108**

As explained in Note 1, all other reconciliations relating to the transition of the Group to IFRS were published on 21 December 2005 and are available on the Group's website www.northgateplc.com.

INDEPENDENT REVIEW REPORT TO NORTHGATE PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 October 2005, which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related Notes 1 to 8. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

As disclosed in Note 1, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2005.

Deloitte & Touche LLP
Chartered Accountants
Leeds
9 January 2006

NOTES

Designed by The Roundhouse 0191 222 1144

Norflex House Allington Way Darlington DL1 4DY
Telephone: 01325 467558 Fax: 01325 363204
www.northgateplc.com