9 December 2008

NORTHGATE PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2008

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 2008.

Highlights:

- Group revenue up 11% to £309.6m (2007 – £279.0m).
- Profit before tax down 46% to £23.9m (2007 – £43.9m).
- Underlying profit before tax[1] down 40% to £26.5m (2007 – £44.2m).
- Basic earnings per share down 45% to 26.1p (2007 – 47.3p).
- Interim dividend maintained at 11.5p (2007 – 11.5p).
- Fleet size of 69,100 vehicles in the UK (2007 – 65,800) and 64,800 vehicles in Spain (2007 – 59,500).
- Rental operating margin[1] reduced to 15.7% (2007 – 22.6%) in the UK and to 15.5% (2007 – 22.9%) in Spain.
- Utilisation of 88.8% in the UK and 86.5% in Spain.
- Actions in place to realise £8m of annualised staff cost savings.
- Successful renewal of bank facilities in September 2008.
- Net debt[2] of £864m (April 2008 – £903m).

Philip Rogerson, Chairman, commented:

"The deteriorating economic conditions in both the UK and Spain have impacted significantly on the results for the period, particularly in relation to the values achieved in disposing of used vehicles. However, we successfully renewed and re-profiled our banking facilities in September, which removed uncertainty around the financing of the business. We remain

[1] Excluding amortisation of intangible assets and property profits.
[2] After adjusting for the fair value of cross currency derivatives in relation to US dollar senior notes.

focused on efficient fleet management which, when coupled with targeted cost reductions, will reduce the effect of external factors on our profitability and also increase cash generation.”

Full statement and results attached.

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Notes to Editors:

Northgate plc rents light commercial vehicles and sells a range of fleet products to businesses via a network of hire companies. Their NORFLEX product gives businesses access to a flexible method to acquire as many commercial vehicles as they require.

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

http://www.northgateplc.com

Chairman's Statement

The Group's financial results for the six months to 31 October 2008 are summarised as follows:

- underlying profit before tax[3] down by 40% to £26.5m (2007 – £44.2m) mainly as a result of significantly reduced residual values, lower utilisation and increased interest costs;
- basic earnings per share down 45% to 26.1p (2007 – 47.3p).

The deteriorating economic conditions in both the UK and Spain have impacted significantly on the results for the period, particularly in relation to the values achieved in disposing of used vehicles. However, we successfully renewed and re-profiled our banking facilities in September, which removed uncertainty around the financing of the business. We remain focused on efficient fleet management which, when coupled with targeted cost reductions, will reduce the effect of external factors on our profitability and also increase cash generation.

The impact on our business in the UK and Spain has been in two main areas: a sharp decline in vehicle residual values and a reduction in the number of vehicles hired by existing rental customers, the latter impacting our utilisation rate. In both territories our response has been to commence ageing the fleet in order to reduce new vehicle purchases, and to seek to gain additional rental business from both existing and new customers. Average utilisation levels of 88.8% in the UK and 86.5% in Spain are testament to the difficulties we have experienced in the period. However, despite the difficult residual market, we have been able to dispose of 11,700 vehicles in the UK and 5,700 in Spain during the six months, resulting in a reduction of 1,400 vehicles in used vehicle stocks since 1 May 2008.

In September, the Group successfully refinanced its banking facilities which included a significant re-profiling of the debt maturity. The Group now has aggregate committed facilities of £1,050m, compared to net debt at 31 October 2008 of £864m[4], giving headroom of £186m. Of the facilities, £23m mature in 2009, with a further £191m maturing in 2010 (of which £131m matures in December 2010).

[3] Excluding amortisation of intangible assets and property profits.
[4] After adjusting for the fair value of cross currency derivatives in relation to US dollar senior notes.

The successful refinancing has removed uncertainty around the financing of the business. It is, however, unlikely that the difficulties currently faced by the business will disappear in the short term due to the economic environment and we have therefore put in place a number of measures to address them.

These measures include the extension of the vehicle age profile and a consequent reduction in vehicle purchases, development of our vehicle disposal channels in Spain, further rationalisation of our UK structure and the acceleration of the integration process between our two operating companies, Fualsa and Record, in Spain. Across the Group, headcount will have reduced by c.380 by the end of the financial year compared to the start of the year; a reduction of some 11%, mainly through redundancies but also by non-replacement of leavers. The resultant staff cost savings from the rationalisation and integration process are expected to be less than £2.5m in the current financial year, but will amount to c.£8m on an annualised basis. Reorganisation costs amounting to approximately £3m will be charged against profits in the current year. As a result of these actions, and in particular the reduced vehicle purchases, it is expected that net debt will fall by a further c.£50m on a constant currency basis by the end of the financial year.

On 31 October 2008, Paul Tallentire joined the company as Deputy Chief Executive. It is planned that he will take over from Steve Smith as Chief Executive on 1 August 2009 after the publication of the Group's results for the year to 30 April 2009, at which time Steve will take up the role of Deputy Chairman for a further 12 months to the end of July 2010. Paul was previously President of two major operating divisions of Premier Farnell, firstly North America and, more recently, the Farnell Electronics business.

The Board has decided to maintain the interim dividend at 11.5p per share. This dividend, which is covered 2.3 times, is payable on 16 January 2009 to shareholders on the register at the close of business on 19 December 2008.

Current outlook

Trading conditions in the UK and Spain remain difficult and uncertain, particularly in the used vehicle market. We therefore expect to see a further decline in performance in the second half. As a result, underlying profit before tax for the full year is expected to be around half the level reported for the year ended 30 April 2008.

Results

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

	2008 £'000	2007 £'000
Revenue		
UK Rental	175,243	170,170
UK Fleet Management	8,586	7,323
Spain Rental	125,726	101,469
	309,555	**278,962**
Profit from Operations		
UK Rental	27,492	38,435
UK Fleet Management	352	305
Spain Rental	19,521	23,276
Property Profits	-	1,498
Intangible Amortisation	(2,560)	(1,807)
	44,805	**61,707**
Operating Margins **(excluding intangible amortisation and property profits)**		
UK Rental	15.7%	22.6%
UK Fleet Management	4.1%	4.2%
Spain Rental	15.5%	22.9%
Operating Margins **(excluding adjustment to depreciation)**		
UK Rental	16.8%	18.5%
UK Fleet Management	4.1%	4.2%
Spain Rental	21.9%	22.8%

UK

UK rental revenue for the six months to 31 October 2008 was some 3% above the comparable period last year; a higher average fleet size was offset by lower utilisation. Rental operating profits, excluding the adjustment to depreciation in each period, have decreased by £2m.

Spain

Revenue from Spain during the period was some 24% above the comparable period last year; 7% at constant exchange rates. Operating profits benefited by some £2.6m from the strengthening of the Euro compared to the prior year. The average fleet size is ahead of the prior year; however, this has been partly offset by the lower utilisation with hire rates remaining stable. The difficult economic environment for used vehicle disposals has resulted in a significant reduction in realised residual values, particularly in the last three months of the period.

The economic turbulence in both the UK and Spain has led to a significant reduction in residual values within a relatively short period. There are a number of factors which may influence residual values in the second half of the year including:

- demand and supply of new vehicles;
- the effect of our reduced stockholding on prices realised;
- development of improved disposal channels in our Spanish business.

We will continue to monitor the situation over the second half of the year prior to deciding whether to make any adjustment in our depreciation rates.

Group

Group return on capital employed, calculated as Group profit from operations divided by average capital employed (being shareholders' funds plus net debt), is 7% (2007 – 11%).

Group return on equity, calculated as profit after tax divided by average shareholders' funds, is 9% (2007 – 18%).

The Group's net interest costs have increased by £3.1m (17%) to £20.9m (2007 – £17.8m). £1.0m results from an increase in average net debt of 16%, £5.2m from an increase in average borrowing costs of 0.5% and a decrease from a net £3.1m currency adjustment mostly relating to the retranslation of borrowings.

Taxation

The Group's effective tax rate for the financial year is estimated to be 23% and this has been applied to the six month period ended 31 October 2008. This is the same rate that was applied in the prior year.

Treasury

In September 2008 we successfully renewed and re-profiled the majority of our banking facilities. Prior to the renewal, £769m of our facilities matured by January 2010; now £83m of our facilities mature by that date. The Group's aggregate committed facilities total £1,050m, compared to net debt of £864m[5] at 31 October 2008, giving us headroom of £186m.

The Group's committed facilities have the following maturity profile:

	£m
September 2009	23
January 2010	60
December 2010	131
September 2011	256
September – November 2012	216
September – November 2013	253
December 2016 – January 2017	111
	1,050*

* Excludes £10m overdraft facility.

The Group's committed borrowing facilities contain four financial covenants, three of which are measured quarterly based upon the preceding twelve month period. The net assets covenant is measured monthly. The current difficult trading conditions create uncertainty and therefore heighten the risk of non-compliance with these covenants. The covenant which is most affected by a reduction in profitability is the interest cover covenant which is set at 1.75 times and based upon the preceding twelve months. The Group, however, will take action, including cost reduction and cash generation, in order to maintain compliance with these covenants.

[5] After adjusting for the fair value of cross currency derivatives in relation to US dollar senior notes.

During the period the Group has reduced its capital expenditure by ageing its vehicle fleet with a consequential reduction in purchases. These measures will continue throughout the second half of the year. As a result the Group generated cash in the period and, although the interest cover (i.e. operating profit to net interest costs) has reduced to 2.1 times for the six months (2007 – 3.5 times), EBITDA to net interest cost cover remains a healthy 8.7 times (2007 – 9.2 times). For the 12 months to 31 October 2008 (the last time the covenant was tested), interest cover was 2.4 times.

As at 31 October 2008, 69% of net debt[6] was at fixed interest rates (2007 – 66%). Only £79m of the financial instruments utilised to hedge this debt expire before 2012. The total effective interest rate cost of this fixed rate debt was 5.5%. Of our fixed rate debt £374m (63%) is denominated in Euros.

Of the £331m floating rate gross debt, £256m is denominated in Euros and £75m is denominated in Sterling. Taking into account cash balances, a 1% reduction in both EURIBOR and LIBOR would reduce our borrowing costs by £2.7m per annum.

[6] After adjusting for the fair value of cross currency derivatives in relation to US dollar senior notes.

Operational Review

UK

Since the start of the financial year, we have seen a reduction in volume from our existing customers, putting unprecedented pressure on utilisation. As a consequence, we have achieved an average utilisation rate of 88.8% (2007 – 91%) for the six months. This has been the main contributor to the reduction in revenue per vehicle in the period.

This high level of churn has, to some extent, been compensated by winning business from new customers. In the period the vehicle fleet has risen modestly, from 68,600 vehicles at 1 May to 69,100 vehicles at 31 October 2008.

As at 31 October, the Group had 21 hire companies operating through a network of 82 locations. The decrease in locations from 86 at the start of the year is due to the closure of branches in Hunslet, Luton, Nottingham and Rochester.

Hire rates have remained broadly stable throughout the period. We are, however, currently being slightly more aggressive on pricing but only in respect of short-term deals on otherwise unutilised vehicles.

The used vehicle market has seen a marked deterioration since the start of the calendar year. While values obtained on disposals have fallen, we have achieved our targeted volumes. In the six months under review, we disposed of 11,700 vehicles (2007 – 13,800). We have also maintained progress in developing our retail and semi-retail channels to market, with 20% (2007 – 19%) of disposals being through these channels. In accordance with our accounting policies, the lower than expected residual values have been reflected in an increase in the depreciation charge of £2.0m (2007 – reduction of £6.9m).

Fleet Technique Limited (“FTL”), our fleet management subsidiary, continued to make progress, increasing the number of jobs carried out in the period to over 40,000 (2007 – 34,400). FTL now manages the vast majority of external maintenance spend for the UK business, along with managing warranty support when provided for vehicles sold through the Group’s retail channel, thereby helping to control net operating costs. An increase in turnover of 17% produced an operating profit of £0.4m (2007 – £0.3m) and an operating margin of 4.1% (2007 – 4.2%).

Spain

The issues facing the Spanish business are broadly the same as those in the UK, but intensified by a more difficult economic environment.

While the fleet has grown by 3% to 64,800 vehicles since 1 May 2008, utilisation rates have been under pressure averaging 86.5% (2007 – 90%) for the period.

The pressure on utilisation has come from a reduction in volume from existing customers, compounded by a more difficult used vehicle sales market than that of the UK, and has slowed our ability to reduce the fleet and improve utilisation. During the period under review, we sold 5,700 vehicles (2007 – 6,600) at residual values lower than expected which, in accordance with our accounting policies, has been reflected through an increase in the depreciation charge of £8.0m (2007 – reduction of £0.2m). While the proportion of these disposals through retail channels remained low at 5%, we have significantly increased our export capability such that 28% of our total disposals were exports. The network of dedicated used vehicle locations was completed in October with the opening of Barcelona which is now fully operational. This will give us better control of our used vehicle stocks and should enable us to increase retail sales.

Hire rates have remained relatively stable during the period. As in the UK, some modest discounting is currently being applied to try to rent otherwise unutilised stock and to encourage customers to extend hires on vehicles beyond our normal age profile.

We have continued the process of integrating the two businesses to obtain the synergies which are available. Since 1 May we have merged common support services in areas such as IT, HR, purchasing and fleet administration. As part of this process we have recently appointed a new Managing Director of our Spanish operations.

Current initiatives

The successful refinancing of the Group's debt significantly strengthened our balance sheet and competitive position in a market where capital will be scarce over the medium term. We are therefore well placed to take advantage of those opportunities which will arise as companies which previously did not rent look to rental as an option for acquiring their vehicle fleets.

However, we are currently in the initial challenging trading environment of the recession and have therefore put in place detailed actions to improve operational performance.

The most important target is to return to a utilisation rate of 90% as soon as possible. This will be achieved by a combination of measures to increase vehicles on rent, increase disposal volumes in Spain and reduce vehicle purchases. Each 1% improvement in utilisation will increase profits by c.£3.9m in the UK and c.£2.9m in Spain in a full year.

Specific plans to drive an increase in rentals include additional investment into marketing our Sale & Rentback product and modest discounting of hire rates to encourage customers to extend contracts and take existing stock. To date, we have been able to extend the majority of the hire contracts in Spain.

The increase in disposal volumes in Spain will come from utilising the recently completed network of dedicated vehicle sales sites, the continued development of our export capability and internet sales through a website similar to Van Monster in the UK. We are targeting disposals of not less than 8,000 vehicles in the next six months.

The reduction of vehicle purchases, particularly in respect of replacements, will reduce the number of vehicles requiring disposal in order to tighten utilisation.

We also intend to improve our vehicle sales performance. While we have no control over market prices, ageing the fleet, reducing our stock levels in Spain and further developing our channels to market will help mitigate the impact of any further fall in residuals.

Although some progress has already been made in cost reduction, we will introduce further measures to take account of the market deterioration. In particular, we intend to further rationalise our UK structure, accelerate the integration process in Spain and continue to reduce supply costs. The expected impact of these measures will be a reduction in costs of less than £2.5m in the current financial year but will amount to c.£8m on an annualised basis.

All of the above measures will assist in generating cash and reducing debt. In particular, the ageing of the fleet and the consequent reduction in vehicle purchases should ensure we reduce Group debt by c.£50m by the end of the financial year on a constant currency basis.

While implementing these necessary measures, we must however protect the value-creating aspects of the business which have been built over many years. In particular, we need to maintain the core of the business which has brought us our success to date by continuing to invest in people and technology and to continue to improve customer service.

Other territories

In previous statements, we had indicated our intention to expand into a new territory in the current calendar year. Given the significant changes which have taken place within the financial markets and the worsening outlook for the global economy, these plans have been put on hold. We will aim to keep abreast of developments in these markets until such time as it is appropriate to reconsider entering them.

Risks and Uncertainties

The operation of a public company involves a number of risks and uncertainties across a range of commercial, operational and financial areas. The principal risks and uncertainties that have been identified as being capable of impacting the Group's performance over the next six months of this financial year are set out below.

- ***Vehicle Holding Costs***

  We aim to minimise the whole life holding cost of the vehicles in our fleet. An increase in new pricing or a reduction in the disposal values of vehicles being sold would increase our holding cost. Were we not able to recover any such increases from our customers, this would impact on our profitability. We manage the risk on new pricing by using our significant purchasing power to negotiate, before the end of the calendar year, fixed supply terms for the year ahead. As regards disposal values, our business model allows us flexibility over the period we hold a vehicle and therefore, in the event of a decline in residual values, we would mitigate the impact by ageing out our fleet. These actions have been taken and we will continue to monitor the impact of any further deterioration in used vehicle values on our business.

- ***Customers and Reduction in Demand***

  The business offers its customers a flexible rental model which, by its very nature, gives customers the ability to return vehicles in a downturn. The more extreme the reduction in economic activity, the more likely these returns will be significant. Our initial response to such an event would be to seek to place these vehicles with customers in other sectors. Were the downturn to be more widespread, we would look to maintain utilisation at 90% through a combination of a decrease, or cessation, of vehicle purchases and an increase in vehicle disposals which, although affecting short-term profitability, should generate cash and reduce debt levels. Given the high level of returns we have been experiencing since the summer, these actions have been, and continue to be, implemented. While the business is not normally unduly affected by seasonality the current economic uncertainty could adversely affect our ability to put back on hire in January vehicles off-hired during the Christmas period. Should such a situation arise, a further increase in disposals and reduction in vehicle purchases would be necessary.

- ***Hire Rates***

  The business model is operationally geared and any increase or decrease in hire rates will impact profit directly.

  In the UK the business has previously experienced pressure on hire rates, particularly during 2005. Since the beginning of 2006, hire rates in the UK have been stable.

  Spanish hire rates have experienced a moderate increase year on year for the past few years, mainly reflecting the inflationary nature of the Spanish economy and the increase in the capital cost of vehicles.

- ***Access to capital***

  The Group requires capital both to replace vehicles that have reached the end of their estimated useful life and for growth in the size of the existing vehicle fleet, either organically or through acquisition.

If cash generated from operations and/or available under its credit facilities is not sufficient to fund its capital requirements, additional debt and/or equity financing will be required. If such financing were not available then this could potentially adversely affect the prospects of the Group.

The Group has sufficient banking facilities to support its plans. During the year we have been able to successfully renew and re-profile the majority of our banking facilities.

The availability of these facilities is dependent upon ongoing compliance with the financial covenants contained in the main facility agreements. In the event of a potential breach, the company would seek to agree suitable amendments with its lenders.

- ***Information technology systems***

The Group is dependent upon its IT systems for the effective running of its operations. Prior to any material systems changes being implemented, the Board approves a project plan. The project is then led by a member of the executive team with an ongoing implementation review being carried out by internal audit and external consultants where appropriate. The objective is always to minimise the risk that business interruption could occur as a result of the system changes. In Spain we successfully transferred the Fualsa operations onto the Record IT systems in May 2008 without any material business interruption. We also commenced changing the IT systems platform for the UK business and this process will continue until the end of 2009.

Additionally, the Group has appropriate business continuity plans in the event of business interruption arising from an IT systems failure.

Condensed Consolidated Income Statement
for the six months ended 31 October 2008

	Notes	Six months to 31.10.08 (Unaudited) £000	Six months to 31.10.07 (Unaudited) £000	Year to 30.4.08 (Audited) £000
Revenue	2	**309,555**	278,962	578,462
Cost of sales		**(233,227)**	(186,428)	(400,668)
Gross profit		**76,328**	**92,534**	**177,794**
Administrative expenses (excluding amortisation)		**(28,963)**	(29,020)	(54,895)
Amortisation		**(2,560)**	(1,807)	(4,693)
Total administrative expenses		**(31,523)**	(30,827)	(59,588)
Profit from operations	2	**44,805**	**61,707**	**118,206**
Investment income		**2,068**	2,079	3,139
Finance costs		**(22,955)**	(19,923)	(41,853)
Profit before taxation		**23,918**	**43,863**	**79,492**
Taxation	3	**(5,499)**	(10,045)	(18,158)
Profit for the period		**18,419**	**33,818**	**61,334**

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

	Notes	Six months to 31.10.08	Six months to 31.10.07	Year to 30.4.08
Basic earnings per Ordinary share	4	**26.1p**	**47.3p**	**86.7p**
Diluted earnings per Ordinary share	4	**25.7p**	**47.1p**	**85.8p**

Condensed Consolidated Statement of Recognised Income and Expense

for the six months ended 31 October 2008

	Six months to 31.10.08 (Unaudited)	Six months to 31.10.07 (Unaudited)	Year to 30.4.08 (Audited)
	£000	£000	£000
Amounts attributable to equity holders of the parent Company			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings prior to inception of net investment hedging relationship	**(4,954)**	-	-
Foreign exchange differences on retranslation of net assets of subsidiary undertakings after inception of net investment hedging relationship	**4,002**	4,115	29,221
Foreign exchange differences on revaluation reserve	**(4)**	24	164
Net foreign exchange differences on long term borrowings held as hedges	**(2,918)**	(3,985)	(34,349)
Net fair value losses on cash flow hedges	**(11,817)**	(1,001)	(1,721)
Share options fair value amount credited directly to equity	**354**	159	3,340
Actuarial (losses) gains on defined benefit pension scheme	**(449)**	1	(208)
Deferred tax on net investment hedges	**-**	-	11,192
Net deferred tax credit (charge) recognised directly in equity	**3,263**	300	(2,018)
Net (expense) income recognised directly in equity	**(12,523)**	**(387)**	**5,621**
Profit attributable to equity holders	**18,419**	33,818	61,334
Total recognised income and expense for the period	**5,896**	**33,431**	**66,955**

Condensed Consolidated Balance Sheet

31 October 2008

	31.10.08 (Unaudited)	31.10.07 (Unaudited)	30.4.08 (Audited)
	£000	£000	£000
Non-current assets			
Goodwill	**82,957**	76,647	83,152
Other intangible assets	**26,178**	26,361	28,475
Property, plant and equipment: vehicles for hire	**975,841**	903,454	1,006,792
Other property, plant and equipment	**83,588**	70,635	81,960
Total property, plant and equipment	**1,059,429**	974,089	1,088,752
	1,168,564	**1,077,097**	**1,200,379**
Current assets			
Inventories	**11,258**	9,369	12,073
Trade and other receivables	**223,017**	197,723	193,088
Cash and cash equivalents	**60,831**	46,627	48,763
	295,106	**253,719**	**253,924**
Non-current assets classified as held for sale	**33,547**	25,694	30,566
TOTAL ASSETS	**1,497,217**	**1,356,510**	**1,484,869**
Current liabilities			
Trade and other payables	**103,753**	98,217	90,182
Tax liabilities	**16,685**	11,684	15,728
Short term borrowings	**31,091**	45,474	8,414
	151,529	**155,375**	**114,324**
Non-current liabilities			
Long term borrowings	**921,706**	785,679	934,357
Deferred tax liabilities	**33,120**	41,583	37,082
Retirement benefit obligation	**910**	452	553
	955,736	**827,714**	**971,992**
TOTAL LIABILITIES	**1,107,265**	**983,089**	**1,086,316**
NET ASSETS	**389,952**	**373,421**	**398,553**
Equity			
Share capital	**3,527**	3,525	3,527
Share premium account	**67,972**	67,744	67,972
Capital redemption reserve	**40**	40	40
Revaluation reserve	**1,203**	1,067	1,207
Merger reserve	**67,463**	67,463	67,463
Own shares	**(12,070)**	(8,294)	(9,006)
Hedging reserve	**(956)**	4,498	7,110
Translation reserve	**(667)**	2,054	3,817
Retained earnings	**263,440**	235,324	256,423
TOTAL EQUITY	**389,952**	**373,421**	**398,553**

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

Condensed Consolidated Cash Flow Statement

for the six months ended 31 October 2008

	Notes	Six months to 31.10.08 (Unaudited) £000	Six months to 31.10.07 (Unaudited) £000	Year to 30.4.08 (Audited) £000
Net cash from operating activities	**6(a)**	**173,922**	**129,380**	**285,932**
Investing activities				
Interest received		**2,741**	2,112	2,453
Proceeds from disposal of vehicles for hire		**87,478**	100,318	196,113
Purchases of vehicles for hire		**(199,949)**	(221,553)	(469,438)
Proceeds from disposal of other property, plant and equipment		**3,554**	1,865	3,475
Purchases of other property, plant and equipment		**(7,298)**	(4,925)	(13,520)
Purchases of intangible assets		**(314)**	(525)	(260)
Payment of deferred consideration		**(519)**	-	-
Business combinations		**-**	(5,413)	(15,260)
Net cash used in investing activities		**(114,307)**	**(128,121)**	**(296,437)**
Financing activities				
Dividends paid		**(11,246)**	(11,019)	(18,933)
Repayments of obligations under finance leases		**(262)**	(12,456)	(25,082)
Repayments of bank loans and other borrowings		**(23,319)**	-	(30,244)
Increase in bank loans and other borrowings		**-**	45,531	113,210
Proceeds from issue of share capital		**-**	518	749
Proceeds from sale of own shares		**393**	350	981
Payments to acquire own shares for share schemes		**(3,457)**	(4,073)	(5,415)
Payments to acquire own shares for cancellation		**-**	(8,166)	(8,166)
Settlement of financial instruments		**(9,646)**	-	(3,198)
Net cash (used in) from financing activities		**(47,537)**	**10,685**	**23,902**
Net increase in cash and cash equivalents		**12,078**	11,944	13,397
Cash and cash equivalents at the beginning of the period		**48,763**	34,467	34,467
Effect of foreign exchange movements		**(10)**	154	899
Cash and cash equivalents at the end of the period	**6(b)**	**60,831**	**46,565**	**48,763**

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 October 2008

	Six months to 31.10.08 (Unaudited)	Six months to 31.10.07 (Unaudited)	Year to 30.4.08 (Audited)
	£000	£000	£000
Amounts attributable to equity holders of the parent Company			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings prior to inception of net investment hedging relationship	**(4,954)**	**-**	-
Foreign exchange differences on retranslation of net assets of subsidiary undertakings after inception of net investment hedging relationship	**4,002**	4,115	29,221
Foreign exchange differences on revaluation reserve	**(4)**	24	164
Net foreign exchange differences on long term borrowings held as hedges	**(2,918)**	(3,985)	(34,349)
Net fair value losses on cash flow hedges	**(11,817)**	(1,001)	(1,721)
Share options fair value amount credited directly to equity	**354**	159	3,340
Actuarial (losses) gains on defined benefit pension scheme	**(449)**	1	(208)
Deferred tax on net investment hedges	**-**	-	11,192
Net deferred tax credit (charge) recognised directly in equity	**3,263**	300	(2,018)
Net (expense) income recognised directly in equity	**(12,523)**	**(387)**	**5,621**
Profit attributable to equity holders	**18,419**	33,818	61,334
Total recognised income and expense for the period	**5,896**	**33,431**	**66,955**
Dividends paid	**(11,433)**	(11,072)	(18,982)
Issue of Ordinary share capital (net of expenses)	**-**	519	749
Cost of shares purchased for cancellation	**-**	(8,166)	(8,166)
Net increase in own shares held	**(3,064)**	(3,722)	(4,434)
Net changes in total equity	**(8,601)**	**10,990**	**36,122**
Opening total equity	**398,553**	362,431	362,431
Closing total equity	**389,952**	**373,421**	**398,553**

Unaudited Notes

1. Basis of preparation and accounting policies
The interim financial information for the six months ended 31 October 2008, 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 International Financial Reporting Standards ("IFRS"), including IAS 34, as issued by the International Accounting Standards Board and adopted by the European Union.

The condensed financial statements are unaudited and were approved by the Board of Directors on 8 December 2008.

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

The financial figures for the year ended 30 April 2008, as set out in this report, do not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985 but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 30 April 2008 were prepared under IFRS 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.

2. Segmental analysis

Business segments
For management purposes, the Group currently has two material business segments, which are the hire of vehicles and fleet management.

As such, the Directors consider that these are the two business segments 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 31.10.08 (Unaudited)	**Six months to 31.10.07 (Unaudited)**	**Year to 30.4.08 (Audited)**
	£000	**£000**	**£000**
UK Hire of vehicles	**175,243**	170,170	345,227
UK Fleet management	**8,586**	7,323	15,525
UK Revenue	**183,829**	**177,493**	**360,752**
Spain Hire of vehicles	**125,726**	101,469	217,710
Total Revenue	**309,555**	**278,962**	**578,462**
UK Hire of vehicles	**27,492**	38,892	73,627
UK Fleet management	**352**	305	770
UK Amortisation	**(1,542)**	(815)	(2,569)
UK Profit from operations	**26,302**	**38,382**	**71,828**
Spain Hire of vehicles	**19,521**	24,317	48,502
Spain Amortisation	**(1,018)**	(992)	(2,124)
Spain Profit from operations	**18,503**	**23,325**	**46,378**
Total Profit from operations	**44,805**	**61,707**	**118,206**

3. Taxation

The charge for taxation for the six months to 31 October 2008 is based on the estimated effective rate for the year.

4. Earnings per share

	Six months to 31.10.08 (Unaudited)	Six months to 31.10.07 (Unaudited)	Year to 30.4.08 (Audited)
(a) Basic and diluted earnings per share	**£000**	**£000**	**£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 equity holders of the parent	**18,419**	**33,818**	**61,334**
Number of shares	**Number**	**Number**	**Number**
Weighted average number of Ordinary shares for the purposes of basic earnings per share	**70,548,045**	71,442,468	70,756,672
Effect of dilutive potential Ordinary shares:			
- share options	**1,199,899**	396,185	737,756
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	**71,747,944**	**71,838,653**	**71,494,428**
Basic earnings per share	**26.1p**	**47.3p**	**86.7p**
Diluted earnings per share	**25.7p**	**47.1p**	**85.8p**
(b) Earnings per share before amortisation and non-recurring items	**£000**	**£000**	**£000**
Earnings for the purposes of basic and diluted earnings per share (above)	**18,419**	33,818	61,334
Amortisation	**2,560**	1,807	4,693
Non-recurring property profit	**-**	(1,041)	(1,098)
Earnings for the purposes of basic and diluted earnings per share before amortisation and non-recurring items (as restated)	**20,979**	**34,584**	**64,929**
Basic earnings per share before amortisation and non-recurring items (as restated)	**29.7p**	**48.4p**	**91.8p**
Diluted earnings per share before amortisation and non-recurring items (as restated)	**29.2p**	**48.1p**	**90.8p**

5. Dividends

The proposed interim dividend of 11.5p per Ordinary share was approved by the Board of Directors on 8 December 2008 and has not been included as a liability as at 31 October 2008.

6. Notes to the condensed consolidated cash flow statement

(a) Net cash from operating activities

	Six months to 31.10.08 (Unaudited)	Six months to 31.10.07 (Unaudited)	Year to 30.4.08 (Audited)
	£000	£000	£000
Profit from operations	**44,805**	61,707	118,206
Adjustments for:			
Depreciation of property, plant and equipment	**134,881**	101,475	216,736
Exchange differences	**47**	-	(337)
Amortisation of intangible assets	**2,560**	1,807	4,693
Gain on disposal of property, plant and equipment	**(251)**	(1,545)	(1,540)
Defined benefit pension charge	**4**	4	9
Share options fair value amount credited directly to equity	**354**	159	3,340
Operating cash flows before movements in working capital	**182,400**	**163,607**	**341,107**
Decrease (increase) in inventories	**809**	(434)	(2,408)
Decrease (increase) in receivables	**420**	(14,887)	12,078
Increase (decrease) in payables	**20,919**	6,891	(15,478)
Cash generated from operations	**204,548**	**155,177**	**335,299**
Income taxes paid	**(5,189)**	(5,948)	(13,447)
Interest paid	**(25,437)**	(19,849)	(35,920)
Net cash from operating activities	**173,922**	**129,380**	**285,932**

(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:

	31.10.08 (Unaudited)	31.10.07 (Unaudited)	30.4.08 (Audited)
	£000	£000	£000
Cash in hand and at bank	**12,351**	14,817	11,372
Short term investments	**48,480**	31,810	37,391
Gross cash and cash equivalents as reported	**60,831**	46,627	48,763
Bank overdrafts	**-**	(62)	-
Net cash and cash equivalents	**60,831**	**46,565**	**48,763**

7. Analysis of consolidated net debt

	31.10.08 (Unaudited) £000	31.10.07 (Unaudited) £000	30.4.08 (Audited) £000
Cash at bank and in hand	**12,351**	14,817	11,372
Short term investments	**48,480**	31,810	37,391
Bank overdrafts	**-**	(62)	-
	60,831	**46,565**	**48,763**
Bank loans	**(700,495)**	(658,274)	(735,970)
Loan notes	**(237,728)**	(163,975)	(201,142)
Vehicle related finance lease obligations	**(94)**	(3,835)	(356)
Deferred consideration	**-**	(93)	(519)
Cumulative preference shares	**(500)**	(500)	(500)
Property loans and other borrowings	**(13,980)**	(4,414)	(4,284)
	(891,966)	**(784,526)**	**(894,008)**

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 4.2.7R (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 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

S J Smith	R L Contreras
Chief Executive Officer	Finance Director

8 December 2008

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 2008 which comprises the condensed consolidated income statement, the condensed consolidated statement of recognised income and expense, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related Notes 1 to 7. 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 2410 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 2008 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 Registered Auditor
8 December 2008
Leeds, United Kingdom