**8 December 2009**

**NORTHGATE PLC**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2009**

Northgate plc ("Northgate", the "Company" or the "Group"), the leading light commercial vehicle rental business in the UK and Spain by fleet size, announces its interim results for the half-year ended 31 October 2009.

**Financial highlights**

- Group revenue £375.9m (2008 – £392.1m[1])
- Underlying profit before tax[2] £22.0m (2008 – £26.5m[2])
- Underlying basic earnings per share 21.0p[2, 3] (2008 – 64.7p[2, 3])
- Basic earnings per share 5.1p[3] (2008 – 56.8p[3])
- Cash generated from operations £77.6m (2008 – £61.5m[4])
- Net debt[5] reduced by £180m to £706m (April 2009 – £886m)
- Successful completion of refinancing and equity raising

**Operational highlights**

- Average utilisation in the period of 91.4% in the UK and 87.6% in Spain
- Pricing improvement of 2.3% in the UK since April 2009 and stable prices in Spain
- Improvement in used vehicle market in both the UK and Spain
- Closing fleet of 61,000 in the UK (2008 – 69,100) and 55,200 in Spain (2008 – 64,800)

Philip Rogerson, Chairman, commented:

"The actions taken earlier in the year have had a positive impact on the business and we continue to make progress towards the goals set out in the strategic plan. We have increased utilisation rates in the UK and Spain, achieved improvements in pricing, delivered cost savings and reduced

[1]Restated to include revenue from sale of vehicles in accordance with IAS 16 as amended.
[2] Stated before intangible amortisation of £2.6m (2008 - £2.6m) and exceptional items of £13.6m (2008 - £nil).
[3] Adjusted for the Rights Issue and placing in July 2009.
[4] Restated to include purchases of vehicles for hire and proceeds from the disposal of vehicles for hire in accordance with IAS 16 and IAS 7 as both amended.
[5] After adjusting for the fair value of cross currency derivatives in relation to US dollar senior notes.

indebtedness whilst benefiting from an increase in used vehicle prices.  Given the continued uncertain economic environment, particularly in Spain, our focus remains on hire rate improvement, efficient fleet management, further cost reductions and cash management.  We are pleased with the progress to date against our objectives and look forward with increased confidence."

Full statement and results attached.

For further information, please contact:


| | |
|---|---|
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| | |
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| Anthony Arthur | |


**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

As previously reported, the Group implemented a number of operational measures to improve performance following the sudden and severe economic downturn in the Autumn of 2008. This included the preparation of a three year strategic plan which reflected the weaker economic climate. We are pleased to report our performance in the six months to 31 October 2009 is substantially in line with that strategic plan, the aim of which is to reduce operating costs, grow profitability and position the Group for recovery in its markets.

In addition to the operational actions taken during the period the Group successfully refinanced its debt and completed an equity fund raising, thereby establishing a more resilient capital structure to enable the Group to focus on implementing long term operational improvements. The combination of the equity raising and strong cash generation in the period has reduced net debt to £706m from £886m in April 2009.

The Group's financial results for the six months to 31 October 2009 are summarised as follows:

- underlying profit before tax[6] £22.0m (H1 2008 – £26.5m[6]; H2 2008 – £1.0m[6]);
- underlying earnings per share 21.0p[6, 7] (H1 2008 – 64.7p[6, 7]; H2 2008 – 0.9p loss[6, 7]);
- profit before tax £5.7m (H1 2008 – £23.9m; H2 2008 – £195.6m loss);
- earnings per share 5.1p[7] (H1 2008 – 56.8p[7]; H2 2008 – 629.4p[7] loss).

Our underlying UK rental operating margins increased to 14.9% in the period (2008 – 15.7%) from a low of 6.7% in the second half of 2008 through a combination of improving rental market conditions and the actions we took. We achieved an average fleet utilisation of over 91%, an improvement in hire rates of 2.3% since April 2009 and also benefited from an increase in used vehicle prices. We continue to focus on increasing hire rates as a key element of returning operating margins to more satisfactory levels.

In Spain, average utilisation rates have increased to 87.6% (H1 2008 – 86.5%; H2 2008 – 79.9%) through more effective fleet management and hiring surplus vehicles to other rental companies during the summer vacation period. Underlying hire rates (excluding the vacation rentals) have remained stable and we have achieved a significant improvement in our vehicle sales capability, disposing of 47% more vehicles than in the first half of 2008 against the background of moderately

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[6] Stated before intangible amortisation and exceptional items.
[7] Adjusted for the Rights Issue and placing in July 2009.

improving used vehicle prices. The operational improvements have been partially offset by a higher incidence of bad debt which was some €5.8m compared to €2.5m in the second half of 2008. We continue to focus on this area and we do not expect the bad debt charge to continue at this level in the second half of the financial year. The operating margin in Spain was 14.0% (2008 – 15.5%), compared to 10.0% in the second half of 2008.

The equity fund raising in July 2009 provided net proceeds of £107.7m. In addition, the reduction in size and continued ageing of the vehicle fleet has, as expected, generated further cash. As a result, overall net debt has reduced by £180m from £886m at 30 April 2009 to £706m, a reduction of some 20%. We anticipate further debt reduction in the second half of our financial year.

As we are in the early stages of the Group's recovery the Board has decided not to declare an interim dividend (2008 – 11.5p). The Board will keep the reintroduction of a dividend for the full year under review.

As previously announced, I will be retiring as Chairman of the Board on 31 December 2009 to join the Board of Bunzl plc as Chairman Designate from 1 January 2010. The Board is at an advanced stage in the process of appointing a successor.

**Current trading and outlook**

Given the continued uncertain economic environment, particularly in Spain, our focus remains on hire rate improvement, efficient fleet management, further cost reductions and cash management. We are pleased with the progress to date against our objectives and look forward with increased confidence.

## Financial review

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

| | Six months to Oct 2009 £000 (Unaudited) | Six months to Oct 2008 £000 (Unaudited) |
|---|---|---|
| **Revenue** | | |
| UK Rental | 157,307 | 175,243 |
| UK Fleet Management | 9,587 | 8,586 |
| Spain Rental | 123,327 | 125,726 |
| Revenue excluding used vehicle sales | 290,221 | 309,555 |
| Used vehicle sales | 85,672 | 82,524 |
| | **375,893** | **392,079** |
| **Profit from Operations** | | |
| UK Rental | 24,229 | 28,321 |
| UK Fleet Management | 639 | 352 |
| Spain Rental | 19,171 | 21,161 |
| Used vehicle sales[8] | (2,726) | (2,469) |
| Exceptional items | (1,110) | - |
| Intangible amortisation | (2,648) | (2,560) |
| | **37,555** | **44,805** |
| **Operating Margins (excluding intangible amortisation and exceptional items)** | | |
| UK Rental[9] | 14.9% | 15.7% |
| UK Fleet Management | 6.7% | 4.1% |
| Spain Rental[9] | 14.0% | 15.5% |

[8] The above used vehicle sales loss from operations is only the overheads associated with the segment.
[9] Including operating overheads of the used vehicle sales segment.

Group revenue decreased by 4.1% to £375.9m (2008 – £392.1m) or 8.0% at constant exchange rates. In the UK a 7.4% reduction in the average number of vehicles on hire contributed to a decrease in rental revenue of 10.2% to £157.3m (2008 – £175.2m). In Spain the reduction in average vehicles on hire of 8.1% contributed to a decrease in rental revenue of 1.9% (11.5% at constant exchange rates).

The UK's vehicle rental underlying operating margin was 14.9% (2008 – 15.7%). This compares to an operating margin of 6.7% in the second half of 2008.

Spain's underlying operating margin was 14.0% (2008 – 15.5%). This compares to an operating margin of 10.0% in the second half of 2008.

Profit before tax, amortisation and exceptional items was £22.0m (2008 – £26.5m). Profit after taxation, amortisation and exceptional items was £4.0m (2008 – £18.4m). Basic earnings per share before amortisation and exceptional items were 21.0p[10] (2008 – Restated 64.7p[10]). Basic earnings per share after amortisation and exceptional items were 5.1p[10] (2008 – Restated 56.8p[10]).

**Exceptional items**

Exceptional items in the period comprise:

- £6.4m – unamortised financing fees of £3.8m and £2.6m in respect of deferral of covenants and other fees, all of which relate to the borrowing facilities replaced on 11 September 2009;
- £6.1m – financing fees in relation to the new borrowing facilities comprising "make-whole" notes issued to the private placement noteholders arising from amortisation of the existing notes from the equity raising and in respect of the future scheduled borrowing amortisations;
- £1.1m – restructuring costs of £1.4m, mainly in respect of the UK, and a £0.3m profit on the disposal of a Spanish property.

**Group**

Group return on capital employed, calculated as underlying Group profit from operations divided by average capital employed (being shareholders' funds plus net debt), was 8% (2008 – 7%).

Group return on equity, calculated as underlying profit after tax divided by average shareholders' funds, was 14% (2008 – 9%).

[10] Adjusted for the Rights Issue and placing in July 2009.

The Group's net interest costs excluding exceptional items have decreased by £1.6m (7.6%) to £19.3m (2008 – £20.9m). £1.9m results from a reduction in average net debt of 7%, £0.7m from a reduction in the average cost of borrowing partly offset by a £1.0m increase in non-cash interest.

**Taxation**

The Group's effective tax charge for its UK and overseas operations for the financial year is estimated to be 30% and this has been applied to the six months ended 31 October 2009.

**Treasury**

The new financing arrangements came into effect in September 2009 and comprise committed secured facilities of £891m which, compared to gross debt of £737m at 31 October 2009, gives us headroom of £154m. The new lending facilities have an amortisation of up to £110m by December 2010, the remaining bank facilities then maturing in September 2012. Of the £891m of facilities, £673m are bank facilities, the remainder of £218m are US private placement notes which, subject to the bank facilities being renewed on or before September 2012, mature between November 2012 and December 2016.

The Group's committed borrowing facilities contain four financial covenants comprising interest cover, net debt to EBITDA, minimum tangible net worth and loan to value. As at 31 October 2009, the last time the covenants were tested, we were in compliance, with headroom being broadly unchanged since the covenants were set.

As at 31 October 2009, 62% of the net debt was at fixed interest rates. We have also entered into €100m of forward start interest rate swaps commencing July 2010 that, on a pro forma basis, would increase the level of net debt at fixed interest rates to 74%. Applying our borrowing margin of 3.25% gives a total effective cost of our current fixed rate debt of 7.1%.

The floating rate net debt totalled £278m at 31 October 2009, which falls to £188m on a pro forma basis in July 2010 when the forward start interest rate swaps noted above commence. Based upon market rates at 31 October 2009 and our borrowing margin, the effective cost of the floating rate debt is 3.7%.

The effective cost of our total debt is therefore currently c.5.8%, or approximately 6.0% including non-utilisation fees.

Overall 67% of our net debt at 31 October 2009 is denominated in euros and 33% effectively denominated in sterling.

## Operational review

### UK and Republic of Ireland (UK)

Our main focus continues to be on improving hire rates through a combination of customer specific rate increases and increased pricing for new vehicles. During the period the discounted offers introduced when utilisation levels were under severe pressure in January 2009 came to an end and have not been renewed. As a result of these factors we have increased hire rates by 2.3% since the start of the period; which compares to a 6% fall in the prior year. We continue to focus on increasing hire rates as a key element of returning operating margins to more satisfactory levels.

During the period there has been a stabilisation in market conditions and, in line with our expectations, a 1% reduction in vehicles on hire since 30 April 2009 which compares to a 6% reduction in the second half of 2008.

We disposed of 12,400 vehicles during the period from the fleet and vehicles held for resale (2008 – 11,700) and restricted new purchases to 9,400 (2008 – 11,100). As a result, the UK fleet declined to 61,000 at 31 October 2009 from 62,900 at 30 April 2009 and average utilisation for the period improved to 91.4% (H1 2008 – 88.8%; H2 2008 – 86.8%).

At 31 October 2009 the Group had 20 hire companies operating from 72 locations, down from 80 at the start of the period. We continue to adapt and refine the branch network to ensure we operate from an efficient structure whilst maintaining national coverage.

In 2008 the used vehicle market experienced significant turbulence with the residual prices we achieved declining by c.25%. Since the start of the period under review there has been an improvement in used vehicle prices driven mainly by a shortage of vehicle supply. This has arisen due to a significant reduction in new vehicle registrations over the past year and extended fleet replacement cycles. In accordance with our accounting policies, the higher than expected used vehicle prices have been reflected in a decrease in the depreciation charge of £2.6m (2008 – increase of £2.0m).

Fleet Technique Limited ("FTL"), our fleet management subsidiary, continued to make progress, increasing the number of jobs carried out in the period to over 48,700 (2008 – 40,000). FTL also continues to support the other areas of the business. We have continued and improved the aftercare service to our retail van sales customers with a dedicated customer helpline for after sales service and the management of all intergroup servicing work has been improved. An increase in turnover of 12% produced an operating profit of £0.6m (2008 – £0.4m) and an operating margin of 6.7% (2008 – 4.1%).

A new IT system is being implemented in the UK, covering operations, asset management and finance. The new system will allow streamlining of processes thus providing efficiency benefits and improved customer service. The system has now been implemented in all central functions including vehicle asset management and the roll out across hire companies has commenced. We are on track to have completed the roll out to all hire companies by the end of 2010.

**Spain**

The Spanish business continues to operate against the background of a difficult economic environment. In that climate we have performed well with average utilisation improving to 87.6% from 79.9% in the second half of 2008 and putting us on track to achieve our objective of 90% over the three year period of the strategic plan.

There has been a 5.6% reduction in the number of vehicles on hire (excluding summer vacation rentals) compared to a 9.4% reduction in the second half of 2008. This reduction has been partly mitigated by hiring excess capacity to other rental companies to meet their seasonal demands during this period.

As planned, to address the reduction in on hires, we have disposed of 8,400 vehicles during the period (2008 – 5,700) and restricted purchases to 3,200 (2008 – 6,700), reducing the Spanish fleet to 55,200 at 31 October 2009 from 60,400 vehicles at 30 April 2009.

A key area that we have addressed is our used vehicle sales capability, which impacted our fleet utilisation during the previous financial year, with total disposals up 47% compared to the prior year. Improvements which have contributed to increases in both used vehicle volume and prices include:

- a network of used vehicle locations now totalling eight;
- reducing our dependency on the export market from 28% last year to 9% in this period, by focusing on other higher value disposal channels e.g. trade sales;
- establishing an internet sales capability through a Van Monster brand similar to that operated in the UK.

Used vehicle prices achieved in the period have been broadly in line with our expectations and in accordance with our accounting policies have resulted in an increase in the depreciation charge of £0.8m (2008 – increase of £8.0m).

Underlying hire rates have remained stable during the period, which is pleasing given the economic environment.

The difficult economic conditions in Spain have however contributed to an increase in the bad debt charge to €5.8m, which is €4.6m above the prior year period and €3.3m above the second half of 2008. We expect, with the additional focus we have placed on this area, the bad debt charge to be reduced in the second half of the year.

**Risks and uncertainties**

The Board and the Group's management have a 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 2009 were set out in detail on pages 12 and 13 of the 2009 Annual Report, a copy of which is available at www.northgateplc.com, and were identified as:

- Vehicle holding costs;
- Customers and reduction in demand;
- Hire rates;
- Access to capital;
- IT systems; and
- Going concern.

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.

**Condensed Consolidated Income Statement**

**for the six months ended 31 October 2009**

| | Notes | Six months to 31.10.09 (Unaudited) Underlying | Six months to 31.10.09 (Unaudited) Statutory | Six months to 31.10.08 (Unaudited) (As restated) | Year to 30.4.09 (Audited) (As restated) |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| Revenue: hire of vehicles and fleet management | 2 | 290,221 | 290,221 | 309,555 | 609,645 |
| Revenue: sale of vehicles | 2 | 85,672 | 85,672 | 82,524 | 160,887 |
| **Total revenue** | 2 | 375,893 | 375,893 | **392,079** | **770,532** |
| Cost of sales | | (299,822) | (299,822) | (315,751) | (639,346) |
| **Gross profit** | | 76,071 | 76,071 | **76,328** | **131,186** |
| Administrative expenses (excluding intangible amortisation and exceptional items) | | (34,758) | (34,758) | (28,963) | (59,419) |
| Impairment of assets | 7 | - | - | - | (180,921) |
| Other exceptional items | 7 | - | (1,110) | - | (3,123) |
| Intangible amortisation | | - | (2,648) | (2,560) | (5,254) |
| Total administrative expenses | | (34,758) | (38,516) | **(31,523)** | **(248,717)** |
| **Profit (loss) from operations** | 2 | 41,313 | 37,555 | **44,805** | **(117,531)** |
| Interest income | | 308 | 308 | 2,068 | 6,438 |
| Interest expense | | (19,614) | (19,614) | (22,955) | (50,691) |
| Exceptional interest expense | 7 | - | (12,525) | - | (33,830) |
| **Profit (loss) before taxation** | | 22,007 | 5,724 | **23,918** | **(195,614)** |
| Taxation | 3 | (5,509) | (1,691) | (5,499) | 9,912 |
| **Profit (loss) for the period** | | 16,498 | 4,033 | **18,419** | **(185,702)** |

Profit (loss) for the period is wholly attributable to equity holders of the parent Company.

Underlying results for the six months ended 31 October 2009 are stated before intangible amortisation and exceptional items.

All results arise from continuing operations.

| | | | | | |
|---|---|---|---|---|---|
| Basic earnings (loss) per Ordinary share | 4 | 21.0p | 5.1p | 56.8p | **(572.6)p** |
| Diluted earnings (loss) per Ordinary share | 4 | 20.6p | 5.0p | 55.8p | **(560.0)p** |

**Condensed Consolidated Statement of Comprehensive Income**
**for the six months ended 31 October 2009**

| | Six months to 31.10.09 (Unaudited) | Six months to 31.10.08 (Unaudited) | Year to 30.4.09 (Audited) |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Amounts attributable to equity holders of the parent Company** | | | |
| Profit (loss) for the period | **4,033** | 18,419 | (185,702) |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings prior to inception of net investment hedging relationship | **-** | (4,954) | (4,976) |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after initial inception of net investment hedging relationship | **-** | 4,002 | 51,118 |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after subsequent change in level of net investment hedging relationship | **(2,182)** | - | (18,108) |
| Net foreign exchange differences on long term borrowings held as hedges between initial inception and subsequent change in level of net investment hedging relationship | **-** | (2,918) | (37,556) |
| Net foreign exchange differences on long term borrowings held as hedges after subsequent change in level of net investment hedging relationship | **2,182** | - | 5,299 |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after further subsequent change in level of net investment hedging relationship | **2,514** | - | - |
| Net foreign exchange differences on long term borrowings held as hedges after further subsequent change in level of net investment hedging relationship | **(1,262)** | - | - |
| Foreign exchange differences on revaluation reserve | **1** | (4) | 158 |
| Net fair value losses on cash flow hedges | **(8,749)** | (11,817) | (7,801) |
| Actuarial losses on defined benefit pension scheme | **(397)** | (449) | (109) |
| Net deferred tax credit recognised directly in equity | **2,496** | 3,263 | 870 |
| **Total comprehensive income for the period** | **(1,364)** | **5,542** | **(196,807)** |

**Condensed Consolidated Balance Sheet**

**31 October 2009**

| | 31.10.09 (Unaudited) | 31.10.08 (Unaudited) (As restated) | 30.4.09 (Audited) (As restated) |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Non-current assets** | | | |
| Goodwill | **3,589** | 82,957 | 3,589 |
| Other intangible assets | **21,975** | 26,178 | 23,875 |
| Property, plant and equipment: vehicles for hire | **781,757** | 975,841 | 843,101 |
| Other property, plant and equipment | **89,350** | 83,588 | 89,917 |
| Total property, plant and equipment | **871,107** | 1,059,429 | 933,018 |
| Financial instrument assets | **567** | 42,102 | - |
| Deferred tax assets | **16,813** | - | 17,138 |
| | **914,051** | **1,210,666** | **977,620** |
| **Current assets** | | | |
| Inventories: vehicles held for resale | **16,443** | 33,547 | 19,809 |
| Inventories: other | **9,009** | 11,258 | 10,950 |
| Financial instrument assets | **-** | - | 65,028 |
| Trade and other receivables | **198,178** | 180,915 | 182,975 |
| Current tax asset | **4,074** | - | 4,006 |
| Cash and cash equivalents | **31,819** | 60,831 | 80,036 |
| | **259,523** | **286,551** | **362,804** |
| **TOTAL ASSETS** | **1,173,574** | **1,497,217** | **1,340,424** |
| **Current liabilities** | | | |
| Financial instrument liabilities | **-** | - | 9,904 |
| Trade and other payables | **89,024** | 87,461 | 76,781 |
| Tax liabilities | **2,427** | 16,685 | 5,572 |
| Short term borrowings | **73,184** | 31,091 | 92,621 |
| | **164,635** | **135,237** | **184,878** |
| **Non-current liabilities** | | | |
| Financial instrument liabilities | **6,439** | 16,292 | - |
| Long term borrowings | **664,073** | 921,706 | 922,931 |
| Deferred tax liabilities | **48,044** | 33,120 | 49,391 |
| Retirement benefit obligation | **789** | 910 | 465 |
| | **719,345** | **972,028** | **972,787** |
| **TOTAL LIABILITIES** | **883,980** | **1,107,265** | **1,157,665** |
| **NET ASSETS** | **289,594** | **389,952** | **182,759** |
| **Equity** | | | |
| Share capital | **66,301** | 3,527 | 3,527 |
| Share premium account | **112,890** | 67,972 | 67,972 |
| Capital redemption reserve | **40** | 40 | 40 |
| Revaluation reserve | **1,366** | 1,203 | 1,365 |
| Merger reserve | **67,463** | 67,463 | 67,463 |
| Own shares | **(1,083)** | (12,070) | (2,302) |
| Hedging reserve | **(1,458)** | (956) | 4,851 |
| Translation reserve | **(4,348)** | (667) | (5,656) |
| Retained earnings | **48,423** | 263,440 | 45,499 |
| **TOTAL EQUITY** | **289,594** | **389,952** | **182,759** |

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

**Condensed Consolidated Cash Flow Statement**

**for the six months ended 31 October 2009**

| | Notes | Six months to 31.10.09 (Unaudited) £000 | Six months to 31.10.08 (Unaudited) (As restated) £000 | Year to 30.4.09 (Audited) (As restated) £000 |
|---|---|---|---|---|
| **Cash generated from operations including net capital expenditure on vehicles for hire** | **5(a)** | **77,632** | **61,451** | **173,591** |
| **Investing activities** | | | | |
| Interest received | | **308** | 2,741 | 7,183 |
| Proceeds from disposal of other property, plant and equipment | | **543** | 3,554 | 1,813 |
| Purchases of other property, plant and equipment | | **(2,006)** | (7,298) | (9,234) |
| Purchases of intangible assets | | **(765)** | (314) | (936) |
| Payment of deferred consideration | | **-** | (519) | (519) |
| **Net cash used in investing activities** | | **(1,920)** | **(1,836)** | **(1,693)** |
| **Financing activities** | | | | |
| Dividends paid | | **-** | (11,246) | (19,302) |
| Repayments of obligations under finance leases | | **(12)** | (262) | (331) |
| Repayments of bank loans and other borrowings | | **(200,272)** | (23,319) | (107,174) |
| Increase in bank loans and other borrowings | | **-** | - | 30,873 |
| Debt issue costs paid | | **(31,314)** | - | - |
| Proceeds from issue of share capital | | **107,692** | - | - |
| Proceeds from sale of own shares | | **-** | 393 | 1,373 |
| Payments to acquire own shares for share schemes | | **-** | (3,457) | (4,057) |
| Settlement of financial instruments | | **-** | (9,646) | (9,646) |
| Termination of financial instruments | | **-** | - | (32,666) |
| **Net cash used in financing activities** | | **(123,906)** | **(47,537)** | **(140,930)** |
| **Net (decrease) increase in cash and cash equivalents** | | **(48,194)** | **12,078** | **30,968** |
| Cash and cash equivalents at the beginning of the period | | **80,036** | 48,763 | 48,763 |
| Effect of foreign exchange movements | | **(23)** | (10) | 305 |
| **Cash and cash equivalents at the end of the period** | **5(b)** | **31,819** | **60,831** | **80,036** |

The above cash generated from operations is stated after the following net capital expenditure on vehicles for hire:

| | Six months to 31.10.09 (Unaudited) £000 | Six months to 31.10.08 (Unaudited) £000 | Year to 30.4.09 (Audited) £000 |
|---|---|---|---|
| Purchases of vehicles for hire | **(136,292)** | (199,949) | (315,263) |
| Proceeds from disposal of vehicles for hire | **91,166** | 87,478 | 160,526 |
| | **(45,126)** | **(112,471)** | **(154,737)** |
| **Cash generated from operations excluding net capital expenditure on vehicles for hire** | **122,758** | **173,922** | **328,328** |

## Condensed Consolidated Statement of Changes in Equity
## for the six months ended 31 October 2009

| | Share capital and share premium | Own shares | Hedging reserve | Translation reserve | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Total equity at 1 May 2008** | **71,499** | **(9,006)** | **7,110** | **3,817** | **68,710** | **256,423** | **398,553** |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings prior to inception of net investment hedging relationship | - | - | - | (4,954) | - | - | **(4,954)** |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after initial inception of net investment hedging relationship | - | - | - | 4,002 | - | - | **4,002** |
| Net foreign exchange differences on long term borrowings held as hedges between initial inception and subsequent change in level of net investment hedging relationship | - | - | - | (2,918) | - | - | **(2,918)** |
| Foreign exchange differences on revaluation reserve | - | - | - | - | (4) | - | **(4)** |
| Net fair value losses on cash flow hedges | - | - | (11,817) | - | - | - | **(11,817)** |
| Share options fair value charge | - | - | - | - | - | 354 | **354** |
| Actuarial losses on defined benefit pension scheme | - | - | - | - | - | (449) | **(449)** |
| Net deferred tax credit recognised directly in equity | - | - | 3,137 | - | - | 126 | **3,263** |
| Profit attributable to equity holders | - | - | - | - | - | 18,419 | **18,419** |
| Dividends paid | - | - | - | - | - | (11,433) | **(11,433)** |
| Purchase of own shares | - | (3,457) | - | - | - | - | **(3,457)** |
| Sale of own shares | - | 393 | - | - | - | - | **393** |
| Transfers between equity reserves | - | - | 614 | (614) | - | - | **-** |
| **Total equity at 31 October 2008** | **71,499** | **(12,070)** | **(956)** | **(667)** | **68,706** | **263,440** | **389,952** |

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

**Condensed Consolidated Statement of Changes in Equity**
**for the six months ended 31 October 2009 (continued)**

| | Share capital and share premium | Own shares | Hedging reserve | Translation reserve | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Total equity at 1 November 2008** | **71,499** | **(12,070)** | **(956)** | **(667)** | **68,706** | **263,440** | **389,952** |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after initial inception of net investment hedging relationship | - | - | - | 47,094 | - | - | **47,094** |
| Net foreign exchange differences on long term borrowings held as hedges between initial inception and subsequent change in level of net investment hedging relationship | - | - | - | (34,638) | - | - | **(34,638)** |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after subsequent change in level of net investment hedging relationship | - | - | - | (18,108) | - | - | **(18,108)** |
| Net foreign exchange differences on long term borrowings held as hedges after subsequent change in level of net investment hedging relationship | - | - | - | 5,299 | - | - | **5,299** |
| Net fair value gains on cash flow hedges | - | - | 4,016 | - | - | - | **4,016** |
| Foreign exchange differences on revaluation reserve | - | - | - | - | 162 | - | **162** |
| Share options fair value charge | - | - | - | - | - | 434 | **434** |
| Share options exercised | - | - | - | - | - | (1,600) | **(1,600)** |
| Actuarial gains on defined benefit pension scheme | - | - | - | - | - | 340 | **340** |
| Net deferred tax charge recognised directly in equity | - | - | (2,298) | - | - | (95) | **(2,393)** |
| Loss attributable to equity holders | - | - | - | - | - | (204,121) | **(204,121)** |
| Dividends paid | - | - | - | - | - | (7,926) | **(7,926)** |
| Purchase of own shares | - | (600) | - | - | - | - | **(600)** |
| Sale of own shares | - | 4,848 | - | - | - | - | **4,848** |
| Transfers between equity reserves | - | 5,520 | 4,089 | (4,636) | - | (4,973) | **-** |
| **Total equity at 30 April 2009** | **71,499** | **(2,302)** | **4,851** | **(5,656)** | **68,868** | **45,499** | **182,759** |

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

## Condensed Consolidated Statement of Changes in Equity
## for the six months ended 31 October 2009 (continued)

| | Share capital and share premium | Own shares | Hedging reserve | Translation reserve | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Total equity at 1 May 2009** | **71,499** | **(2,302)** | **4,851** | **(5,656)** | **68,868** | **45,499** | **182,759** |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after subsequent change in level of net investment hedging relationship | - | - | - | (2,182) | - | - | **(2,182)** |
| Net foreign exchange differences on long term borrowings held as hedges after subsequent change in level of net investment hedging relationship | - | - | - | 2,182 | - | - | **2,182** |
| Foreign exchange differences on retranslation of net assets of subsidiary undertakings after further subsequent change in level of net investment hedging relationship | - | - | - | 2,514 | - | - | **2,514** |
| Net foreign exchange differences on long term borrowings held as hedges after further subsequent change in level of net investment hedging relationship | - | - | - | (1,262) | - | - | **(1,262)** |
| Net fair value losses on cash flow hedges | - | - | (8,749) | - | - | - | **(8,749)** |
| Foreign exchange differences on revaluation reserve | - | - | - | - | 1 | - | **1** |
| Share options fair charge | - | - | - | - | - | 404 | **404** |
| Share options exercised | - | 1,116 | - | - | - | (1,116) | **-** |
| Actuarial losses on defined benefit pension scheme | - | - | - | - | - | (397) | **(397)** |
| Net deferred tax credit recognised directly in equity | - | - | 2,496 | - | - | - | **2,496** |
| Profit attributable to equity holders | - | - | - | - | - | 4,033 | **4,033** |
| Issue of share capital | 107,692 | - | - | - | - | - | **107,692** |
| Sale of own shares | - | 103 | - | - | - | - | **103** |
| Transfers between equity reserves | - | - | (56) | 56 | - | - | **-** |
| **Total equity at 31 October 2009** | **179,191** | **(1,083)** | **(1,458)** | **(4,348)** | **68,869** | **48,423** | **289,594** |

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 7 December 2009.

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

The interim financial information for the six months ended 31 October 2009, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts, with the exceptions of the changes in accounting policies upon the adoption of IFRS 8 (Operating Segments) and the adoption of the amendment to IAS 16 (Property, Plant and Equipment) and consequential amendment to IAS 7 (Statement of Cash Flows) and amendments to IAS 1 (Presentation of Financial Statements) referred to below, and in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 (Interim Financial Reporting), as issued by the International Accounting Standards Board and adopted by the European Union.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may subsequently differ from those estimates.

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 2009, with the exception of the following changes in accounting policy:

(a) Adoption of IFRS 8 (Operating Segments)

IFRS 8 has become effective for the Group for the first time in the current period. The Group has determined operating segments in accordance with this standard for the first time and these are as shown in Note 2.

(b) Amendment to IAS 16 (Property, Plant and Equipment) and consequential amendment to IAS 7 (Statement of Cash Flows)

In accordance with amendments made to IAS 16 by the International Accounting Standards Board, used vehicles are now required to be shown within inventories rather than non-current assets held for sale, as previously required. The impact of this classification can be seen in the consolidated balance sheet.

The sales proceeds obtained for those assets is now required to be recognised within revenue, the impact of which can been seen in Note 2, and, in accordance with IAS 7, the associated cash flows are now recognised within operating cash flows in the consolidated cash flow statement rather than investing cash flows, as previously required.

(c) Amendments to IAS 1 (Presentation of Financial Statements)

The Group is now required to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. This replaces the statement of recognised income and expense.

There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Group has elected to present comprehensive income in two statements.

The amendments to IAS 1 also require that derivative financial instruments with maturity dates greater than twelve months from the balance sheet date be classified as non-current assets and non-current liabilities rather than current assets and current liabilities. This is with the exception of those derivatives with maturity dates greater than twelve months from the balance sheet date which are expected to be settled within twelve months, which are stated as current assets and liabilities, as appropriate.

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), prior period comparatives have been restated accordingly, as a result of the above changes in accounting policy.

Deferred tax assets have been reclassified as non-current assets in accordance with IAS 1.

**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, show that the Group should be able to operate within the level of its current lending facilities.

Consequently, after making enquires, 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 2009 Annual Report**

The financial figures for the year ended 30 April 2009, 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 2009 were prepared under IFRS and have been delivered to the Registrar of Companies. The auditors reported on those accounts. Their 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**

As explained in Note 1, the Group adopted IFRS 8 during the period. This accounting standard requires the segmental disclosure presented in the financial statements to reflect those segments that are reviewed by the "Chief Operating Decision Maker" in making strategic decisions.

For the purposes of IFRS 8, the Chief Operating Decision Maker of the Group is determined to be the group of Executive Directors of Northgate plc. Based upon internal reporting that is reviewed by that group for the purposes of making operational decisions, the segments of the Group are determined to be those shown in the table below:

| | **Six months to 31.10.09 (Unaudited) Underlying** | **Six months to 31.10.09 (Unaudited) Statutory** | **Six months to 31.10.08 (Unaudited) (As restated)** | **Year to 30.4.09 (Audited) (As restated)** |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| UK hire of vehicles | **157,307** | **157,307** | 175,243 | 334,685 |
| UK fleet management | **9,587** | **9,587** | 8,586 | 17,993 |
| UK sale of vehicles | **56,423** | **56,423** | 61,563 | 115,883 |
| **UK Revenue** | **223,317** | **223,317** | **245,392** | **468,561** |
| Spain hire of vehicles | **123,327** | **123,327** | 125,726 | 256,967 |
| Spain sale of vehicles | **29,249** | **29,249** | 20,961 | 45,004 |
| **Spain Revenue** | **152,576** | **152,576** | **146,687** | **301,971** |
| **Total Revenue** | **375,893** | **375,893** | **392,079** | **770,532** |
| UK hire of vehicles | **24,229** | **24,229** | 28,321 | 39,822 |
| UK fleet management | **639** | **639** | 352 | 931 |
| UK sale of vehicles | **(862)** | **(862)** | (829) | (1,591) |
| Exceptional items | **-** | **(1,122)** | - | (62,333) |
| Intangible amortisation | **-** | **(1,495)** | (1,542) | (3,112) |
| **UK Profit (loss) from operations** | **24,006** | **21,389** | **26,302** | **(26,283)** |
| Spain hire of vehicles | **19,171** | **19,171** | 21,161 | 36,016 |
| Spain sale of vehicles | **(1,864)** | **(1,864)** | (1,640) | (3,411) |
| Exceptional items | **-** | **12** | - | (121,711) |
| Intangible amortisation | **-** | **(1,153)** | (1,018) | (2,142) |
| **Spain Profit (loss) from operations** | **17,307** | **16,166** | **18,503** | **(91,248)** |
| **Total Profit (loss) from operations** | **41,313** | **37,555** | **44,805** | **(117,531)** |

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

**3. Taxation**

The charge for taxation for the six months to 31 October 2009 is based on the estimated effective rate for the year.

**4. Earnings per share**

| | Six months to 31.10.09 (Unaudited) | Six months to 31.10.08 (Unaudited) (As restated) | Year to 30.4.09 (Audited) (As restated) |
|---|---|---|---|
| **(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 (loss) attributable to equity holders of the parent | **4,033** | **18,419** | **(185,702)** |
| **Number of shares** | **Number** | **Number (As Restated)** | **Number (As Restated)** |
| Weighted average number of Ordinary shares for the purposes of basic earnings per share* | **78,400,710** | 32,428,634 | 32,428,634 |
| Effect of dilutive potential Ordinary shares: | | | |
| - share options* | **1,640,429** | 551,554 | 734,523 |
| Weighted average number of Ordinary shares for the purposes of diluted earnings per share* | **80,041,139** | **32,980,188** | **33,163,157** |
| Basic earnings per share (as restated)* | **5.1p** | **56.8p** | **(572.6)p** |
| Diluted earnings per share (as restated)* | **5.0p** | **55.8p** | **(560.0)p** |
| **(b) Earnings per share before intangible amortisation and exceptional items** | **£000** | **£000** | **£000** |
| Earnings for the purposes of basic and diluted earnings per share (above) | **4,033** | 18,419 | (185,702) |
| Intangible amortisation | **2,648** | 2,560 | 5,254 |
| Exceptional items (net of taxation) | **9,817** | - | 201,149 |
| Earnings for the purposes of basic and diluted earnings per share before intangible amortisation and exceptional items (as restated) | **16,498** | **20,979** | **20,701** |
| Basic earnings per share before intangible amortisation and exceptional items (as restated)* | **21.0p** | **64.7p** | **63.8p** |
| Diluted earnings per share before intangible amortisation and exceptional items (as restated)* | **20.6p** | **63.6p** | **62.4p** |

*31 October 2008 and 30 April 2009 adjusted for the bonus element of the ten for one Rights Issue at 7 pence per Ordinary share effective 12 August 2009 and the one for ten consolidation effective 23 September 2009 (Note 8). Prior period numbers of shares have been restated accordingly.

### 5. Notes to the condensed consolidated cash flow statement

As explained in Note 1, in accordance with the amendments to IAS 16 and IAS 7 published by the International Accounting Standards Board, cash flows relating to the purchases and sales of vehicles for hire are now required to be presented as part of the operating cash flows of the Group.

**(a) Cash generated from operations including net capital expenditure on vehicles for hire**

| | Six months to 31.10.09 (Unaudited) | Six months to 31.10.08 (Unaudited) (As restated) | Year to 30.4.09 (Audited) (As restated) |
|---|---|---|---|
| | £000 | £000 | £000 |
| Profit (loss) from operations | 37,555 | 44,805 | (117,531) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 119,523 | 134,881 | 278,205 |
| Impairment of assets | - | - | 180,921 |
| Exchange differences | 30 | 47 | 28 |
| Amortisation of intangible assets | 2,648 | 2,560 | 5,254 |
| Gain on disposal of property, plant and equipment | (272) | (251) | (82) |
| Defined benefit pension charge | - | 4 | - |
| Share options fair value charge | 404 | 354 | 788 |
| **Operating cash flows before movements in working capital and net capital expenditure on vehicles for hire** | **159,888** | **182,400** | **347,583** |
| Decrease in other inventories | 1,938 | 809 | 1,320 |
| (Increase) decrease in receivables | (20,919) | 420 | 18,293 |
| Increase in payables | 8,326 | 20,919 | 22,871 |
| **Cash generated from operations before net capital expenditure on vehicles for hire** | **149,233** | **204,548** | **390,067** |
| Income taxes paid | (3,367) | (5,189) | (10,698) |
| Interest paid | (23,108) | (25,437) | (51,041) |
| **Net cash from operating activities before net capital expenditure on vehicles for hire** | **122,758** | **173,922** | **328,328** |
| Purchases of vehicles for hire | (136,292) | (199,949) | (315,263) |
| Proceeds from disposal of vehicles for hire | 91,166 | 87,478 | 160,526 |
| **Cash generated from operations including net capital expenditure on vehicles for hire** | **77,632** | **61,451** | **173,591** |

**(b) Cash and cash equivalents**

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

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

| | 31.10.09 (Unaudited) | 31.10.08 (Unaudited) | 30.4.09 (Audited) |
|---|---|---|---|
| | £000 | £000 | £000 |
| Cash in hand and at bank | 31,819 | 12,351 | 27,757 |
| Short term investments | - | 48,480 | 52,279 |
| **Net cash and cash equivalents** | **31,819** | **60,831** | **80,036** |

**6. Analysis of consolidated net debt**

| | 31.10.09 (Unaudited) £000 | 31.10.08 (Unaudited) £000 | 30.4.09 (Audited) £000 |
|---|---|---|---|
| Cash at bank and in hand | **31,819** | 12,351 | 27,757 |
| Short term investments | **-** | 48,480 | 52,279 |
| | **31,819** | **60,831** | **80,036** |
| Bank loans | **(522,650)** | (700,495) | (736,584) |
| Loan notes | **(210,008)** | (237,728) | (263,560) |
| Cumulative preference shares | **(500)** | (500) | (500) |
| Property loans and other borrowings | **(4,099)** | (14,074) | (14,908) |
| | **(705,438)** | **(891,966)** | **(935,516)** |

Net borrowings at 31 October 2009, taking into account the fixed swapped exchange rates for the US loan notes, are £705,687,000 (31 October 2008 - £843,089,000; 30 April 2009 - £886,446,000).

**7. Exceptional items**

The Group has recognised pre-tax exceptional items in the income statement as follows:

| | Six months to 31.10.09 (Unaudited) £000 | Six months to 31.10.08 (Unaudited) £000 | Six months to 30.4.09 (Audited) £000 |
|---|---|---|---|
| Restructuring costs | **1,382** | - | 3,123 |
| Net property profit | **(272)** | - | - |
| Impairment of assets | **-** | - | 180,921 |
| **Exceptional administrative expenses** | **1,110** | **-** | **184,044** |
| Covenant deferral fees | **2,199** | - | 1,164 |
| Make-whole fees on US loan notes | **6,151** | - | - |
| Write off of unamortised fees relating to old debt facilities | **3,751** | - | - |
| Other financing fees | **424** | - | - |
| Termination of interest rate swaps | **-** | - | 32,666 |
| **Exceptional interest expense** | **12,525** | **-** | **33,830** |

**8. Ordinary share capital**

As a result of the Placing and Rights Issue in the period, the number of Ordinary shares in issue is set out below:

| | Number |
|---|---|
| **Number of Ordinary shares 1 May 2009** | **70,548,045** |
| Placing of Ordinary shares at 60 pence per share | **50,000,000** |
| | **120,548,045** |
| Ten for one rights issue at 7 pence per share | **1,205,480,450** |
| | **1,326,028,495** |
| One for ten consolidation | **(1,193,425,646)** |
| **Number of Ordinary shares 31 October 2009** | **132,602,849** |

There was no change in the number of Ordinary shares in issue between 1 May 2008 and 30 April 2009.

**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 |
| 7 December 2009 | |

## 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 2009 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related Notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

**Directors' responsibilities**

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

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

**Our responsibility**

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

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

**Deloitte LLP**
Chartered Accountants and Statutory Auditors
Leeds, United Kingdom
7 December 2009