7 December 2010

NORTHGATE PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

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 2010.

Underlying Financial Highlights

- Group operating profit[1] increased by 30% to £53.5m (2009 – £41.3m);
- Profit before tax[2] increased by 24% to £27.2m (2009 – £22.0m);
- Basic earnings per share[3] 15.3p (2009 – 20.1p), based on shares of 133 million (2009 – 78 million);
- Net debt[4] reduced by £18.7m to £579.6m (April 2010 – £598.3m); and
- Return on capital employed[1] [4] improved to 10.0% (April 2010 – 8.4%).

Operational Highlights

- Average utilisation over the period of 92% in the UK (2009 – 91%) and 90% in Spain (2009 – 88%);
- Pricing improvement of 2% in the UK since April 2010, and 1% underlying improvement in Spain;
- Continued strength of the used vehicle markets in both the UK and Spain;
- Closing fleet of 60,700 in the UK (April 2010 – 60,900) and 45,900 in Spain (April 2010 – 48,900), in line with stated strategy; and
- Reorganisation of both the UK and Spanish businesses on track.

(1)Stated before intangible amortisation of £2.4m (2009 - £2.6m), exceptional administrative expenses of £7.7m (2009 - £1.1m), and exceptional write down of intangible assets of £5.9m (2009 - £Nil).
(2)Stated before intangible amortisation of £2.4m (2009 - £2.6m), exceptional administrative expenses of £7.7m (2009 - £1.1m), exceptional write down of intangible assets of £5.9m (2009 - £Nil) and exceptional finance costs of £Nil (2009 - £12.5m).
(3)Stated before intangible amortisation of £2.4m (2009 - £2.6m), exceptional administrative expenses of £7.7m (2009 - £1.1m), exceptional write down of intangible assets of £5.9m (2009 - £Nil), exceptional finance costs of £Nil (2009 - £12.5m) and taxation thereon.
(4) Net debt taking into account the fixed swapped exchange rates for US loan notes.

Statutory Financial Highlights

- Profit from operations of £37.5m after exceptional items of £13.6m, of which £7.6m are non-cash items (2009 – £37.6m after exceptional items of £1.1m);
- Profit before taxation increased to £11.2m (2009 – £5.7m); and
- Basic earnings per share increased to 10.5p (2009 – 5.1p).

Bob Mackenzie, Chairman, commented:

"Results for the first half of the year are in line with our expectations and we are making good progress with the reorganisation of both the UK and Spanish businesses. Our focus remains on improving returns and we expect to make further progress as planned in the second half of the year, through hire rate improvement, efficient fleet management, further cost reductions and cash generation."

Full statement and results attached.

There will be a presentation to analysts at 9.30am today at MHP Communications, 60 Great Portland Street, London W1W 7RT.

For further information, please contact:

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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 in the UK, Republic of Ireland and Spain. Their NORFLEX product gives businesses access to a flexible method to obtain as many commercial vehicles as they require.

Further information regarding Northgate plc can be found on the Company's website: www.northgateplc.com

Chairman's Statement

As previously reported, the focus of the Group will be to maintain utilisation in excess of 90%, improve operating efficiency to reduce costs and concentrate on increasing the Return on Capital Employed ("ROCE") above levels previously achieved.

Our performance in the six months to 31 October 2010 is in line with these objectives and we have made progress.

The Group's financial results for the six months to 31 October 2010 are summarised as follows:

- Underlying profit before tax[2] increased by 24% to £27.2m (2009 – £22.0m);
- Underlying basic earnings per share[3] of 15.3p (2009 – 20.1p), based on shares of 133 million (2009 – 78 million);
- ROCE[1] [4] 10.0% (April 2010 – 8.4%); and
- Statutory profit before tax increased to £11.2m (2009 – £5.7m).

UK

Our underlying rental operating margin[5] increased to 23.9% in the period (2009 – 16.5%) and utilisation rates have improved to 92% (2009 – 91%). The increase in operating margin has been achieved through our actions aimed at improving operating efficiency and increasing rates and the continued strength in the residual prices for used vehicles.

We have progressed the restructuring of the UK business. The model of 20 separate companies with their own brands has been replaced with 12 business areas operating under one Northgate Vehicle Hire brand.

The new IT system has been successfully implemented in five of the business areas and the roll-out is planned to be complete by May 2011.

Alongside these actions there are a number of significant initiatives which include:

- Improving the operational efficiency and productivity of our 53 workshops;
- Driver logistics management – planning and control of the collection and delivery of vehicles for customers;
- Simplifying and reducing the costs of internal administration and finance;
- Restructuring our commercial sales organisation to improve both our national and SME sales; and
- Increasing staff training and development across the whole organisation.

This fundamental reorganisation of the UK business will provide significant operating efficiencies which, together with the enhanced information about our activities, will allow us to improve our offering to customers and increase our operating margin.

As stated in July 2010, the actions taken to date will result in annualised cost savings of over £10m from April 2011. A number of the initiatives noted above should allow us to achieve further cost savings through the next financial year.

Spain

Against a continuing difficult economic environment, our underlying rental operating margin[(6)] increased to 16.4% in the period (2009 – 14.0%). We have maintained our focus on effective fleet management, with average utilisation rates increasing to 90% for the period (2009 – 88%). The investment made in our used vehicle disposal capability meant we were able to dispose of 9,500 vehicles at increasing residual values.

Given the economic situation, debtor management continues to be an area of focus. In the six month period the bad debt charge was €2.4m, in line with our internal plans, compared to €5.8m in the same period in 2009, and €10.3m for the 12 months ended 30 April 2010.

As previously announced we are currently implementing a merger of the two trading brands, Fualsa and Record, which will result in our business trading under the Northgate brand from 1 January 2011. This will strengthen our position with customers and provide annualised cost savings of approximately €4m on an ongoing basis from that date. One-off cash costs associated with this merger totalling €4m, to be incurred in the second half of the year, have all been provided for at the balance sheet date. Further non-cash write downs of non-current assets of €9m have also been recognised in the current period. These comprise €7m write down of certain intangible assets created on acquisition and €2m of property write downs.

Balance sheet

In the first half of the year we generated net cash of £27m and net debt reduced by £18.7m to £579.6m. ROCE improved to 10.0% from 8.4% at 30 April 2010.

At 31 October 2010 we had £171m headroom on our committed debt facilities of £773m. Net debt to EBITDA was 2.0 (2009 – 2.2) and all covenant measures improved over the period.

Our committed facilities expire in September 2012 and we are reviewing these facilities ahead of their maturity date.

[(5)] Calculated as operating profit before intangible amortisation of £1.1m (2009 - £1.1m) and exceptional administrative expenses of £1.5m (2009 - £1.1m), divided by revenue of £158.1m (2009 - £157.3m), excluding vehicle sales.
[(6)] Calculated as operating profit before intangible amortisation of £1.0m (2009 - £1.2m), exceptional administrative expenses of £5.7m (2009 - £Nil) and exceptional write down of intangible assets of £5.9m (2009 - £Nil), divided by revenue of £104.4m (2009 - £123.3m), excluding vehicle sales.

Dividend

The Board has concluded it is still too early to reinstate a dividend. Economic conditions remain uncertain in our operating territories and it is unclear what the impact of government spending cutbacks will be on our business. Given this backdrop we continue to focus on conserving cash and repaying debt whilst increasing return on capital.

Current trading and outlook

Results for the first half of the year are in line with our expectations and we are making good progress with the reorganisation of both the UK and Spanish businesses. Our focus remains on improving returns and we expect to make further progress as planned in the second half of the year through hire rate improvement, efficient fleet management, further cost reductions and cash generation.

Operational Review

United Kingdom

Continued effective management of the fleet ensured that average utilisation of 92% was achieved in the period. Combined with improvements achieved in pricing, operational efficiencies and increases in used vehicle residual values, this has led to an increase in operating margin(5) from 16.5% to 23.9%

Vehicle fleet

The UK fleet size was stable at 60,700 vehicles (April 2010 – 60,900 vehicles) with vehicles on hire broadly at prior year levels.

During the period we purchased 10,500 vehicles and the average age of our fleet has remained at 20.8 months (April 2010 – 20.8 months).

Hire rates

Average hire revenue per vehicle in the period was 2% higher than in the prior year period. Hire rate improvement continues to be a focus with strict controls over new business pricing and actions to improve customer profitability. We anticipate improved progress in this area in the second half of the year.

Restructuring

As mentioned earlier, the first half of the year has seen the transition to a single brand, Northgate Vehicle Hire, operating as 12 business areas with 62 depots, as opposed to 20 separately branded operating companies.

We will have achieved ongoing full year equivalent cost savings of some £10m by April 2011 with total remaining implementation costs of c.£2m.

Of the £10m full year equivalent cost savings by April 2011, £7m have been achieved to date, which will be included in the full year results for the year ending 30 April 2011. Of this £7m saving, £2m is included in the first half of the financial year.

Used vehicle sales

Improvements in the resale values achieved for used vehicles in the last financial year have been maintained into the first half of this financial year. During the period a total of 10,700 vehicles (2009 – 12,400 vehicles) were sold with the higher margin retail and semi-retail channels accounting for 21% (2009 – 18%) of those disposals.

The improvement in the values achieved for the vehicles disposed, above our expectations, has resulted in a decrease of £8.4m (2009 – £0.6m increase) in the depreciation charge.

IT

The UK will complete the roll-out of the Group-wide Enterprise Resource Planning ("ERP") system by May 2011 as part of the restructuring of that business. The ERP system covers operations, asset management and finance and will be used as a basis to improve customer service and reduce costs through further operational efficiencies.

Fleet Technique

Fleet Technique manages fleets on behalf of our non-rental customers (some 12,000 vehicles) and some of our customers that own their own vehicles. In the period it increased its level of operating profit to £0.7m (2009 – £0.6m). The Fleet Technique business continues to add value to the Group as a whole as we leverage its systems capability to coordinate the management of our rental fleet.

Going forward we plan to expand Fleet Technique's external business as we believe that the combination of its fleet management experience and the Northgate rental and workshop capability will be an attractive proposition for customers.

Spain

Improved fleet management, together with significant improvements in our used vehicle disposal capability, has led to current fleet utilisation in excess of 90% and better residual values achieved for used vehicles when sold. Alongside this, ongoing operational efficiency and hire rate improvements, as well as a reduced incidence of bad debts, have offset the reduction in vehicles on hire to increase the operating margin(6) to 16.4% (2009 – 14.0%).

Vehicle fleet and utilisation

In line with our expectations, the fleet size reduced from 48,900 vehicles at 30 April 2010 to 45,900 at 31 October 2010 and vehicles on hire reduced by a similar number. Utilisation rates at the end of the prior financial year exceeded 90% and we have maintained an average utilisation rate for the period of 90% (2009 – 88%), which has continued into November.

During the period we purchased 7,400 vehicles (2009 – 3,200) and the average age of the fleet reduced from 27.2 months at 30 April 2010 to 26.2 months at 31 October 2010.

Hire rates

Average hire revenue per rented vehicle in the period was 3% higher than the prior year period. This was mostly due to a reduction in the number of vehicles rented to the holiday rental companies (down from 3,100, in the prior year period, to 800) and the increased rental rates obtained from these customers. Additionally, rate increases of c.1% have been achieved on the rest of the fleet since April 2010.

Restructuring

As mentioned earlier, from January 2011 we will trade in Spain under the Northgate brand, removing the two current brands of Fualsa and Record. Operating under one brand should strengthen our position with customers and provide annualised savings of c.€4m from that date.

Used vehicle sales

There have continued to be improvements in the resale values achieved for used vehicles. During the period a total of 9,500 vehicles (2009 – 8,400 vehicles) were sold. The improvement in resale values achieved has resulted in an increase in the depreciation charge of €0.5m compared to €3.9m in the prior year period.

Bad debts

The bad debt charge was €2.4m in the period compared to €5.8m in the prior year period and €4.5m in the six months to 30 April 2010. Debtor days at 31 October 2010 were 108 compared to 109 at 30 April 2010.

Financial Review

Financial reporting

Group

A summary of the Group's underlying financial performance for the six months to 31 October 2010, with a comparison to the prior year comparative period, is shown below:

	2010 £m	2009 £m
Revenue	367.9	374.3
Profit from operations[1]	53.5	41.3
Net interest expense[7]	(26.3)	(19.3)
Profit before tax[2]	27.2	22.0
Profit after tax[3]	20.4	15.7
Basic earnings per share[3]	15.3p	20.1p

Group revenue in the six months to 31 October 2010 decreased by 1.7% to £367.9m, (2009 – £374.3m) or 0.1% at constant exchange rates.

Net underlying cash generation[8] was £27.4m (2009 – £75.7m) after net capital expenditure of £107.1m (2009 – £55.2m), resulting in closing net debt (with fixed swapped exchange rates for US loan notes) of £579.6m (April 2010 – £598.3m).

On a statutory basis, profit from operations has marginally decreased to £37.5m (2009 – £37.6m) with profit before tax increasing to £11.2m (2009 – £5.7m). Basic earnings per share increased to 10.5p (2009 –5.1p). Net cash from operations, including net capital expenditure on vehicles for hire, decreased by £49.4m to £28.2m (2009 – £77.6m), with net debt falling by £28.6m from £615.1m at 30 April 2010 to £586.5m at 31 October 2010.

[7] *Stated before exceptional items of £Nil (2009 - £12.5m).*
[8] *Net increase in cash and cash equivalents before financing activities.*

UK

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

	2010 £m	2009 £m
Revenue		
Vehicle rental	158.1	157.3
Fleet Technique	8.1	8.0
Vehicle sales	60.0	56.4
	226.2	221.7
Profit from operations[9]		
Vehicle rental	37.8	26.0
Fleet Technique	0.7	0.6
	38.5	26.6

[9] *Excluding amortisation of intangible assets of £1.4m (2009 - £1.5m) and exceptional administrative expenses of £1.5m (2009 - £1.1m).*

Rental revenue has increased by 0.5% to £158.1m (2009 – £157.3m) despite a 0.9% fall in the average number of vehicles on hire.

The revenue impact of the decrease in vehicles on hire was more than offset by a 2% improvement in hire rates, reflecting a more focused strategy on removing low margin business.

The recovery in residual values of used vehicles contributed £8.4m of the profit from operations which is reflected as a reduction in the depreciation charge for the period (2009 – £0.6m increase in depreciation charge).

Operating margins (excluding intangible amortisation and exceptional items, and vehicle sales revenue) were as follows:

	2010	2009
UK overall	23.2%	16.1%
Vehicle rental	23.9%	16.5%
Fleet Technique	8.9%	8.0%

The UK vehicle rental operating profit margin[5] has increased to 23.9% (2009 – 16.5%). This is due to increased utilisation achieved through more efficient fleet management, improved hire rates as mentioned above, targeted cost savings and increases in used vehicle residual values.

Spain

The revenue and profit from operations generated by our Spanish operations are set out below:

	2010 £m	2009 £m
Revenue		
Vehicle rental	104.4	123.3
Vehicle sales	37.3	29.3
	141.7	152.6
Profit from operations[10]		
Vehicle rental	17.1	17.3

[10] *Excluding amortisation of intangible assets of £1.0m (2009 - £1.2m), exceptional administrative expenses of £5.7m (2009 - £Nil) and exceptional write down of intangible assets of £5.9m (2009 - £Nil) .*

The reduction in average vehicles on hire of 14% contributed to a decrease in rental revenue of 15% (12% at constant exchange rates).

Residual value improvement and an improved used vehicle sales capability with 9,500 vehicles sold (2009 – 8,400), resulted in an increased depreciation charge of £0.4m compared to £3.4m in the prior year period.

The Spanish operating margin (excluding intangible amortisation, exceptional items and vehicle sales revenue) was as follows:

	2010	2009
Operating margin	16.4%	14.0%

Vehicle rental revenue and profit from operations in 2010, expressed at constant exchange rates, would have been higher than reported by £4.4m and £0.7m respectively.

Vehicle hire rates were higher in the period, primarily due to a reduction in the number of vehicles rented to holiday rental companies at lower than average rates.

The incidence of bad debts in Spain had an adverse impact on operating margins with a charge of €2.4m (2009 – €5.8m), equivalent to 1.9% of operating margin (2009 – 4.1%). This represents an improving trend compared to both the comparative prior year period and the six months ended 30 April 2010.

Return on capital employed

Group return on capital employed, calculated as Group profit from operations (excluding intangible amortisation and exceptional items) divided by average capital employed (being shareholders' funds plus net debt[4]) was 10.0% (April 2010 – 8.4%). This represents an improvement on the prior year, and underlines the Group's continuing success in applying its current strategy of maximising returns in the medium term through more efficient fleet management and improving hire rates.

Group return on equity, calculated as profit after tax (excluding intangible amortisation and exceptional items) divided by average shareholders' funds, was 10.7% (2009 – 6.5%).

Exceptional items

Exceptional items in the period amounted to £13.6m. This comprised £2.0m in the UK and Group Head Office, covering both the restructuring of the organisation and rebranding exercise, and £11.6m in Spain. The Spanish costs primarily related to the merger of Fualsa and Record under the Northgate brand, including £7.6m non-cash write downs of certain intangible assets and property.

Interest

Net finance charges[7] for the six months to 31 October 2010 were £26.3m (2009 – £19.3m), a significant increase compared to the prior year period as a result of the Group refinancing in September 2009.

The charge includes £4.6m of non-cash interest from borrowing fees amortised in the period (2009 – £1.4m).

Net cash interest increased by £3.8m to £21.7m compared to the prior year period, mainly as a result of the increase in borrowing costs, partially offset by the reduction in average net debt.

Taxation

The Group's effective tax charge for its UK and overseas operations was (25)% (2009 – 30%), including the impact of exceptional items referred to above, and the recognition of £4.9m previously unrecognised deferred tax assets (2009 – £Nil).

Excluding the impact of exceptional items, deferred tax asset re-recognition and intangible amortisation, the Group effective tax rate was 25% (2009 – 29%). This was lower than the prior year, primarily as a result of a £1.2m tax credit in respect of prior years. Excluding this impact the underlying Group effective tax rate was 30% (2009 – 28%).

Earnings per share

Basic earnings per share, before amortisation and exceptional items, were 15.3p (2009 – 20.1p). Basic statutory earnings per share were 10.5p (2009 – 5.1p).

The weighted average number of Ordinary shares for the purposes of basic earnings per share was 133.0 million (2009 – 78.4 million).

Dividend

The Directors are not recommending the payment of a dividend in relation to the Ordinary shares for the six months ended 31 October 2010 (2009 – Nil).

Balance sheet

Net tangible assets at 31 October 2010 were £308.4m (2009 – £264.0m), equivalent to a tangible net asset value of 232.0p per share (2009 – 199.1p per share).

Gearing at 31 October 2010 was 188% (30 April 2010 – 213%), which demonstrates that the capital structure is in a position to be able to meet the Group's medium term goals.

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 2010 were set out in detail on pages 16 and 17 of the 2010 Annual Report, a copy of which is available at www.northgateplc.com, and were identified as:

- Customers and reduction in demand;
- Vehicle holding costs;
- Competition and hire rates;
- Access to capital;
- IT systems.

Going concern is considered separately on page 15 of the 2010 Annual Report.

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 2010

	Notes	Six months to 31.10.10 (Unaudited) Underlying	Six months to 31.10.10 (Unaudited) Statutory	Six months to 31.10.09 (Unaudited) Underlying (As restated)	Six months to 31.10.09 (Unaudited) Statutory (As restated)	Year to 30.4.10 (Audited) Statutory
		£000	£000	£000	£000	£000
Revenue: hire of vehicles and fleet management	2	270,623	270,623	288,605	288,605	563,698
Revenue: sale of vehicles	2	97,246	97,246	85,672	85,672	185,875
Total revenue	2	367,869	367,869	374,277	374,277	749,573
Cost of sales		(285,407)	(285,407)	(300,094)	(300,094)	(599,045)
Gross profit		82,462	82,462	74,183	74,183	150,528
Administrative expenses (excluding intangible amortisation and exceptional items)		(28,947)	(28,947)	(32,870)	(32,870)	(67,709)
Exceptional administrative expenses	7	-	(7,690)	-	(1,110)	(6,720)
Intangible amortisation		-	(2,420)	-	(2,648)	(4,990)
Exceptional write down of intangible assets	7	-	(5,892)	-	-	-
Total administrative expenses		(28,947)	(44,949)	(32,870)	(36,628)	(79,419)
Profit from operations	2	53,515	37,513	41,313	37,555	71,109
Interest income		377	377	308	308	770
Finance costs		(26,691)	(26,691)	(19,614)	(19,614)	(47,048)
Exceptional finance costs	7	-	-	-	(12,525)	(15,216)
Total finance costs		(26,691)	(26,691)	(19,614)	(32,139)	(62,264)
Profit before taxation		27,201	11,199	22,007	5,724	9,615
Taxation	3	(6,793)	2,818	(6,273)	(1,691)	14,741
Profit for the period		20,408	14,017	15,734	4,033	24,356

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

Underlying profit excludes exceptional items and impairment of assets as set out in Note 7 as well as intangible amortisation and the taxation thereon in order to provide a better indication of the Group's underlying business performance.

Earnings per share

	Notes	Six months to 31.10.10 Underlying	Six months to 31.10.10 Statutory	Six months to 31.10.09 Underlying	Six months to 31.10.09 Statutory	Year to 30.4.10 Statutory
Basic	4	15.3p	10.5p	20.1p	5.1p	23.1p
Diluted	4	15.1p	10.3p	19.7p	5.0p	22.8p

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 October 2010

	Six months to 31.10.10 (Unaudited)	Six months to 31.10.09 (Unaudited)	Year to 30.4.10 (Audited)
	£000	£000	£000
Amounts attributable to equity holders of the Parent Company			
Profit attributable to equity holders	**14,017**	4,033	24,356
Other comprehensive income			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings prior to change in level of net investment hedging relationship	**-**	(2,182)	-
Net foreign exchange differences on long term borrowings held as hedges prior to change in level of net investment hedging relationship	**-**	2,182	-
Foreign exchange differences on retranslation of net assets of subsidiary undertakings after subsequent change in level of net investment hedging relationship	**(136)**	2,514	(3,929)
Net foreign exchange differences on long term borrowings held as hedges after subsequent change in level of net investment hedging relationship	**136**	(1,262)	3,929
Foreign exchange differences on revaluation reserve	**(3)**	1	(35)
Net fair value gains (losses) on cash flow hedges	**6,867**	(8,749)	(14,681)
Actuarial losses on defined benefit pension scheme	**(274)**	(397)	(221)
Net deferred tax (charge) credit recognised directly in equity	**(1,769)**	2,496	4,102
Total other comprehensive income	**4,821**	**(5,397)**	**(10,835)**
Total comprehensive income for the period	**18,838**	**(1,364)**	**13,521**

Condensed Consolidated Balance Sheet

31 October 2010

	31.10.10 (Unaudited)	31.10.09 (Unaudited) (As restated)	30.4.10 (Audited) (As restated)
	£000	£000	£000
Non-current assets			
Goodwill	**3,589**	3,589	3,589
Other intangible assets	**12,689**	21,975	20,449
Property, plant and equipment: vehicles for hire	**734,982**	786,769	741,543
Other property, plant and equipment	**82,959**	89,350	86,512
Total property, plant and equipment	**817,941**	876,119	828,055
Financial instrument assets	**10,202**	567	14,622
Deferred tax assets	**9,050**	1,426	7,749
	853,471	**903,676**	**874,464**
Current assets			
Inventories: vehicles held for resale	**21,844**	16,443	18,406
Inventories: other	**4,610**	3,997	4,527
Trade and other receivables	**139,028**	198,178	142,175
Current tax asset	**-**	4,074	-
Cash and cash equivalents	**24,123**	31,819	85,343
	189,605	**254,511**	**250,451**
TOTAL ASSETS	**1,043,076**	**1,158,187**	**1,124,915**
Current liabilities			
Trade and other payables	**79,422**	89,024	86,687
Current tax liabilities	**19,071**	2,427	16,439
Short term borrowings	**50,983**	73,184	153,349
	149,476	**164,635**	**256,475**
Non-current liabilities			
Financial instrument liabilities	**6,270**	6,439	8,794
Long term borrowings	**559,656**	664,073	547,061
Deferred tax liabilities	**2,498**	32,657	6,940
Retirement benefit obligation	**466**	789	539
	568,890	**703,958**	**563,334**
TOTAL LIABILITIES	**718,366**	**868,593**	**819,809**
NET ASSETS	**324,710**	**289,594**	**305,106**
Equity			
Share capital	**66,475**	66,301	66,475
Share premium account	**113,269**	112,890	113,269
Capital redemption reserve	**40**	40	40
Revaluation reserve	**1,327**	1,366	1,330
Merger reserve	**67,463**	67,463	67,463
Own shares	**(513)**	(1,083)	(891)
Hedging reserve	**(698)**	(1,458)	(5,720)
Translation reserve	**(5,656)**	(4,348)	(5,656)
Retained earnings	**83,003**	48,423	68,796
TOTAL EQUITY	**324,710**	**289,594**	**305,106**

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

Condensed Consolidated Cash Flow Statement

for the six months ended 31 October 2010

	Notes	Six months to 31.10.10 (Unaudited) £000	Six months to 31.10.09 (Unaudited) (As restated) £000	Year to 30.4.10 (Audited) £000
Cash generated from operations including net capital expenditure on vehicles for hire	5(a)	**28,162**	**77,632**	**188,525**
Investing activities				
Interest received		**377**	308	770
Proceeds from disposal of other property, plant and equipment		**1,386**	543	1,805
Purchases of other property, plant and equipment		**(1,763)**	(2,006)	(4,617)
Purchases of intangible assets		**(787)**	(765)	(1,849)
Net cash used in investing activities		**(787)**	**(1,920)**	**(3,891)**
Financing activities				
Repayments of obligations under finance leases		**-**	(12)	(37)
Repayments of bank loans and other borrowings		**(88,476)**	(200,272)	(255,422)
Debt issue costs paid		**-**	(31,314)	(31,358)
Proceeds from issue of share capital		**-**	107,692	108,245
Payments to acquire own shares for share schemes		**(93)**	-	(674)
Net cash used in financing activities		**(88,569)**	**(123,906)**	**(179,246)**
Net (decrease) increase in cash and cash equivalents		**(61,194)**	**(48,194)**	**5,388**
Cash and cash equivalents at the beginning of the period		**85,343**	80,036	80,036
Effect of foreign exchange movements		**(26)**	(23)	(81)
Cash and cash equivalents at the end of the period	5(b)	**24,123**	**31,819**	**85,343**

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

	Six months to 31.10.10 (Unaudited) £000	Six months to 31.10.09 (Unaudited) (As restated) £000	Year to 30.4.10 (Audited) £000
Purchases of vehicles	**(194,813)**	(138,287)	(299,144)
Proceeds from disposal of vehicles	**88,873**	85,363	189,409
	(105,940)	**(52,924)**	**(109,735)**
Cash generated from operations excluding net capital expenditure on vehicles for hire	**134,102**	**130,556**	**298,260**

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 October 2010

	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**
Share options fair value charge	-	-	-	-	-	404	**404**
Share options exercised	-	1,116	-	-	-	(1,116)	**-**
Issue of ordinary share capital (net of expenses)	107,692	-	-	-	-	-	**107,692**
Profit attributable to equity holders	-	-	-	-	-	4,033	**4,033**
Sale of own shares	-	103	-	-	-	-	**103**
Other comprehensive income	-	-	(6,253)	1,252	1	(397)	**(5,397)**
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**
Share options fair value charge	-	-	-	-	-	750	**750**
Share options exercised	-	(1,116)	-	-	-	(868)	**(1,984)**
Issue of ordinary share capital (net of expenses)	553	-	-	-	-	-	**553**
Profit attributable to equity holders	-	-	-	-	-	20,323	**20,323**
Purchase of own shares	-	(674)	-	-	-	-	**(674)**
Sale of own shares	-	1,982	-	-	-	-	**1,982**
Other comprehensive income	-	-	(3,349)	(2,221)	(36)	168	**(5,438)**
Transfers between equity reserves	-	-	(913)	913	-	-	**-**
Total equity at 30 April 2010	**179,744**	**(891)**	**(5,720)**	**(5,656)**	**68,833**	**68,796**	**305,106**
Share options fair value charge	-	-	-	-	-	859	**859**
Share options exercised	-	471	-	-	-	(471)	**-**
Profit attributable to equity holders	-	-	-	-	-	14,017	**14,017**
Purchase of own shares	-	(93)	-	-	-	-	**(93)**
Other comprehensive income	-	-	5,277	(255)	(3)	(198)	**4,821**
Transfers between equity reserves	-	-	(255)	255	-	-	**-**
Total equity at 31 October 2010	**179,744**	**(513)**	**(698)**	**(5,656)**	**68,830**	**83,003**	**324,710**

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 6 December 2010.

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 2010, 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 (*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 2010.

In accordance with IAS 12 (*Income Taxes*), certain deferred tax amounts have been reclassified. As a result, deferred tax assets are reduced by £10,660,000 as at 30 April 2010 and by £15,387,000 as at 31 October 2009, and deferred tax liabilities have reduced by the same amounts.

The results of the Group for the year ended 30 April 2010 included certain changes in accounting policy as explained on page 41 of the 2010 Annual Report. To the extent that those changes were not already reflected in the results of the Group for the six months ended 31 October 2009, those results have been restated.

As a result of these changes, property plant and equipment is increased and inventories are reduced by £5,012,000, as at 31 October 2009. All other changes are considered immaterial to the Group results.

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 enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Information extracted from 2010 Annual Report

The financial figures for the year ended 30 April 2010, 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 2010 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

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

	UK Hire	**Spain Hire**	**Fleet Technique**	**Corporate**	**Total**
	Six months to 31.10.10 (Unaudited)	**Six months to 31.10.10 (Unaudited)**	**Six months to 31.10.10 (Unaudited)**	**Six months to 31.10.10 (Unaudited)**	**Six months to 31.10.10 (Unaudited)**
	£000	**£000**	**£000**	**£000**	**£000**
Revenue: hire of vehicles and fleet management	158,078	104,443	10,425	-	**272,946**
Revenue: sale of vehicles	59,984	37,262	-	-	**97,246**
Total Revenue	218,062	141,705	10,425	-	**370,192**
Intersegment revenue	-	-	(2,323)	-	**(2,323)**
Revenue from external customers	**218,062**	**141,705**	**8,102**	**-**	**367,869**
Operating profit (loss)*	**37,791**	**17,082**	**723**	**(2,081)**	**53,515**
Exceptional administrative expenses	(1,466)	(5,688)	-	(536)	**(7,690)**
Intangible amortisation	(1,081)	(987)	(352)	-	**(2,420)**
Exceptional write down of intangible assets	-	(5,892)	-	-	**(5,892)**
Profit (loss) from operations	**35,244**	**4,515**	**371**	**(2,617)**	**37,513**
Interest income					**377**
Finance costs					**(26,691)**
Profit before taxation					**11,199**

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

2. Segmental analysis (continued)

	UK Hire	Spain Hire	Fleet Technique	Corporate	Total
	Six months to 31.10.09 (Unaudited)	**Six months to 31.10.09 (Unaudited)**	**Six months to 31.10.09 (Unaudited)**	**Six months to 31.10.09 (Unaudited)**	**Six months to 31.10.09 (Unaudited)**
	£000	**£000**	**£000**	**£000**	**£000**
Revenue: hire of vehicles and fleet management	157,307	123,327	9,587	-	**290,221**
Revenue: sale of vehicles	56,423	29,249	-	-	**85,672**
Total Revenue	213,730	152,576	9,587	-	**375,893**
Intersegment revenue	-	-	(1,616)	-	**(1,616)**
Revenue from external customers	**213,730**	**152,576**	**7,971**	**-**	**374,277**
Operating profit (loss)*	**26,019**	**17,307**	**639**	**(2,652)**	**41,313**
Exceptional items	(1,122)	12	-	-	**(1,110)**
Intangible amortisation	(1,143)	(1,153)	(352)	-	**(2,648)**
Profit (loss) from operations	**23,754**	**16,166**	**287**	**(2,652)**	**37,555**
Interest income					**308**
Finance costs (excluding exceptional items)					**(19,614)**
Exceptional finance costs					**(12,525)**
Profit before taxation					**5,724**

	UK Hire	Spain Hire	Fleet Technique	Corporate	Total
	Year to to 30.4.10 (Audited)	**Year to to 30.4.10 (Audited)**	**Year to to 30.4.10 (Audited)**	**Year to to 30.4.10 (Audited)**	**Year to to 30.4.10 (Audited)**
	£000	**£000**	**£000**	**£000**	**£000**
Revenue: hire of vehicles and fleet management	311,992	235,500	19,625	-	**567,117**
Revenue: sale of vehicles	114,321	71,554	-	-	**185,875**
Total Revenue	426,313	307,054	19,625	-	**752,992**
Intersegment revenue	-	-	(3,419)	-	**(3,419)**
Revenue from external customers	**426,313**	**307,054**	**16,206**	**-**	**749,573**
Operating profit (loss)*	**57,704**	**29,983**	**1,266**	**(6,134)**	**82,819**
Exceptional items	(5,779)	127	-	(1,068)	**(6,720)**
Intangible amortisation	(2,272)	(2,013)	(705)	-	**(4,990)**
Profit (loss) from operations	**49,653**	**28,097**	**561**	**(7,202)**	**71,109**
Interest income					**770**
Finance costs (excluding exceptional items)					**(47,048)**
Exceptional finance costs					**(15,216)**
Profit before taxation					**9,615**

3. Taxation

The charge for taxation for the six months to 31 October 2010 is based on the estimated effective rate for the year.

The current tax creditor of £19,071,000 at 31 October 2010 (30 April 2010 - £16,439,000) includes a total amount of £17,529,000 (30 April 2010 - £13,422,000) that is considered unlikely to give rise to a cash outflow within 12 months of the balance sheet date but is shown in the balance sheet as a current liability in order to satisfy the requirements of IAS 1 (*Presentation of Financial Statements*).

The expected cash outflow in respect of corporate tax in the 12 months following 31 October 2010 is therefore £1,542,000.

4. Earnings per share

	Six months to 31.10.10 (Unaudited) Underlying	Six months to 31.10.10 (Unaudited) Statutory	Six months to 31.10.09 (Unaudited) Underlying (As restated)	Six months to 31.10.09 (Unaudited) Statutory	Year to 30.4.10 (Audited) Underlying	Year to 30.4.10 (Audited) Statutory
	£000	£000	£000	£000	£000	£000
Earnings for the purposes of basic and diluted earnings per share, being net profit attributable to equity holders of the parent	20,408	14,017	15,734	4,033	28,246	24,356
	Number	Number	Number	Number	Number	Number
Number of shares						
Weighted average number of Ordinary shares for the purposes of basic earnings per share	132,949,433	132,949,433	78,400,710	78,400,710	105,374,935	105,374,935
Effect of dilutive potential Ordinary shares:						
- share options	2,496,063	2,496,063	1,640,429	1,640,429	1,605,626	1,605,626
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	135,445,496	135,445,496	80,041,139	80,041,139	106,980,561	106,980,561
Basic earnings per share	15.3p	10.5p	20.1p	5.1p	26.8p	23.1p
Diluted earnings per share	15.1p	10.3p	19.7p	5.0p	26.4p	22.8p

5. Notes to the condensed consolidated cash flow statement

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

	Six months to 31.10.10 (Unaudited)	Six months to 31.10.09 (Unaudited) (As restated)	Year to 30.4.10 (Audited)
	£000	£000	£000
Profit from operations	**37,513**	**37,555**	71,109
Adjustments for:			
Depreciation of property, plant and equipment	**109,104**	127,862	229,752
Exchange differences	**-**	30	58
Amortisation of intangible assets	**2,420**	2,648	4,990
Exceptional write down of intangible assets	**5,892**	-	-
Gain on disposal of property, plant and equipment	**(231)**	(272)	(491)
Share options fair value charge	**859**	404	1,154
Operating cash flows before movements in working capital and net capital expenditure on vehicles for hire	**155,557**	**168,227**	**306,572**
Decrease in other inventories	**5**	1,397	832
Decrease (increase) in receivables	**3,169**	(20,919)	31,826
(Decrease) increase in payables	**(775)**	8,326	6,511
Cash generated from operations before net capital expenditure on vehicles for hire	**157,956**	**157,031**	**345,741**
Income taxes paid	**(1,855)**	(3,367)	835
Interest paid	**(21,999)**	(23,108)	(48,316)
Net cash from operating activities before net capital expenditure on vehicles for hire	**134,102**	**130,556**	**298,260**
Purchases of vehicles	**(194,813)**	(138,287)	(299,144)
Proceeds from disposal of vehicles	**88,873**	85,363	189,409
Cash generated from operations including net capital expenditure on vehicles for hire	**28,162**	**77,632**	**188,525**

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank.

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

	31.10.10 (Unaudited)	31.10.09 (Unaudited)	30.4.10 (Audited)
	£000	£000	£000
Cash in hand and at bank	**24,123**	31,819	85,343
Net cash and cash equivalents	**24,123**	**31,819**	**85,343**

6. Analysis of consolidated net debt

	31.10.10 (Unaudited) £000	31.10.09 (Unaudited) £000	30.4.10 (Audited) £000
Cash at bank and in hand	**24,123**	31,819	85,343
Bank loans	**(414,991)**	(522,650)	(473,367)
Loan notes	**(192,639)**	(210,008)	(223,324)
Cumulative preference shares	**(500)**	(500)	(500)
Property loans and other borrowings	**(2,509)**	(4,099)	(3,219)
	(586,516)	**(705,438)**	**(615,067)**

Net borrowings at 31 October 2010, taking into account the fixed swapped exchange rates for the US loan notes, are £579,630,000 (31 October 2009 - £705,687,000; 30 April 2010 - £598,291,000).

7. Exceptional items

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

	Six months to 31.10.10 (Unaudited) £000	Six months to 31.10.09 (Unaudited) £000	Year to to 30.4.10 (Audited) £000
Restructuring costs	**6,166**	1,382	6,324
Write down of Spanish property assets to recoverable amount	**1,755**	-	-
Net property (profit) loss	**(231)**	(272)	396
Exceptional administrative expenses	**7,690**	**1,110**	**6,720**
Write down of Spanish intangible assets to recoverable amount	**5,892**	-	-
Exceptional write down of intangible assets	**5,892**	**-**	**-**
Covenant deferral fees	**-**	2,199	2,199
Make-whole premium on US loan notes	**-**	6,151	8,842
Write off of unamortised fees relating to bilateral debt facilities	**-**	3,751	3,751
Other financing fees	**-**	424	424
Exceptional finance costs	**-**	**12,525**	**15,216**

Interim announcement – Statement of the Directors

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34;
- the interim management report includes a fair review of the information required by DTR 4.2.7R (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

R L Contreras
Chief Executive Officer
6 December 2010

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 2010 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 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 (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 2010 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
6 December 2010