6 December 2011

NORTHGATE PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

Northgate plc ("Northgate", the "Company" or the "Group"), the UK and Spain's leading specialist in light commercial vehicle hire, announces its interim results for the half-year ended 31 October 2011.

Underlying Financial Highlights

- Operating profit(1) increased by 5% to £56.0m (2010 – £53.5m);
- Profit before tax(1) increased by 19% to £32.3m (2010 – £27.2m);
- Basic earnings per share(2) increased by 13% to 17.4p (2010 – 15.3p);
- Net debt(3) reduced by £48.3m to £481.6m (April 2011 – £529.9m);
- Gearing(4) improved to 144% (April 2011 – 163%) and interest cover(5) strengthened to 2.2x (April 2011 – 2.1x);
- Return on capital employed(6) improved to 12.5% (April 2011 – 11.9%).

Operational Highlights

- Average utilisation over the period of 90% in the UK (2010 – 90%(7)) and 91% in Spain (2010 – 90%);
- Underlying pricing improvement of over 2% in the UK and a 1% reduction in Spain since April 2011;
- Restructuring of UK business progressing to plan and implementation of new IT system completed in May 2011;
- Strong used vehicle markets in both the UK and Spain;
- Closing fleet of 56,900 in the UK (April 2011 – 61,200) and 42,900 in Spain (April 2011 – 43,500).

Statutory Financial Highlights

- Operating profit increased by 35% to £50.6m (2010 – £37.5m);
- Profit before taxation increased by 140% to £26.9m (2010 – £11.2m);
- Profit for the period increased by 37% to £19.2m (2010 – £14.0m);
- Basic earnings per share increased by 37% to 14.4p (2010 – 10.5p);
- Net debt reduced by £40.7m to £488.4m (April 2011 – £529.1m).

Bob Mackenzie, Chairman, commented:

"Current trading is in line with the Board's expectations although tough economic conditions continue to affect both the UK and Spanish markets. Effective fleet management has contributed to ongoing reductions in net debt and fleet size, and in turn a strengthening of the Group's capital structure.

Our focus remains on improving returns and further progress is targeted for the second six months through hire rate improvement, efficient fleet management, further cost reductions and cash generation. The uncertain economic outlook makes it more difficult to forecast trading in the medium term. However, we have always been clear that we will reduce the fleet size if necessary to reflect market demand in order to maintain our high utilisation levels and returns."

Full statement and results attached.

(1) *Stated before intangible amortisation of £1.9m (2010 – £2.4m), impairment of intangible assets of £Nil (2010 – £5.9m) and exceptional administrative expenses of £3.5m (2010 – £7.7m).*

(2) *Stated before intangible amortisation of £1.9m (2010 – £2.4m), impairment of intangible assets of £Nil (2010 – £5.9m), exceptional administrative expenses of £3.5m (2010 – £7.7m) and tax on intangible amortisation, exceptional items and exceptional tax credit of £1.5m (2010 – £9.6m).*

(3) *Net debt taking into account swapped exchange rates for US loan notes and proportion of other loan swapped into Euro being retranslated to Sterling at closing exchange rates.*

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

(5) *Calculated in accordance with covenant requirements of the Group's financing arrangements.*

(6) *Calculated as rolling 12 month operating profit (excluding intangible amortisation, impairment of intangible assets and exceptional administrative expenses) divided by average capital employed, being shareholders' funds plus net debt[3].*

(7) *Utilisation rate and vehicles on hire for 2010 restated, removing free of charge customer loans.*

There will be a presentation to analysts at 9.30am today at RBS Offices, 250 Bishopsgate, London EC2.

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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 product gives businesses access to a flexible method of obtaining commercial vehicles to meet their business requirements.

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

www.northgateplc.com

Chairman's Statement

In the summer of 2010 the Group commenced a restructuring of both its UK and Spanish operations, and I am pleased to report that progress continues in line with our plans.

Increasing return on capital employed (ROCE), maintaining utilisation in excess of 90% and improving operating efficiency, continue to be the main focus of the Group. Improvements have been achieved in all of these areas in the past six months.

The Group's financial results for the six months to 31 October 2011 are summarised as follows:

- Underlying profit before tax[(1)] increased by 18.7% to £32.3m (2010 – £27.2m);
- Underlying basic earnings per share[(2)] of 17.4p (2010 – 15.3p);
- Net debt[(3)] reduced by £48.3m since April 2011 to £481.6m;
- ROCE[(6)] 12.5% (April 2011 – 11.9%); and
- Statutory profit before tax increased to £26.9m (2010 – £11.2m).

UK

Our underlying operating margin[(10)] increased to 24.0% in the period, compared to 23.2% in 2010 and utilisation rates were maintained at 90% (2010 – 90%[(7)]). The increase in operating margin has been achieved through the actions taken to improve operating efficiency and increase hire rates, alongside the continued strength in the residual prices for used vehicles.

In response to the challenging market conditions, the business reacted by reducing the fleet size to maintain high utilisation and focusing on cash generation.

Vehicles on hire fell from 53,800 vehicles at 30 April 2011 to 51,600 at 31 October 2011 (31 October 2010 – 54,400[(7)]). During the period, the business saw a reduction in the level of our customers' business activities as a direct consequence of the economic conditions. This has led to some customers switching to contract hire to reduce costs, ignoring the reduced flexibility. We believe that Northgate's flexible model and service is better suited to the depressed economic environment and our sales force is focused on demonstrating this to customers.

In May 2011 the UK business outlined the next stage in its restructuring programme. The main elements included:

- Further consolidation of the 12 UK business areas to seven regions in May 2011;
- Improving the operational efficiency and productivity of our internal workshops;
- Improved driver logistics management; and
- Simplifying and reducing the costs of internal administration and finance through centralisation.

As previously announced, the above initiatives will result in improved customer service and annualised cost savings of £5m from April 2012. We are on target to deliver the cost savings with £3m of these annualised savings already achieved in the six months to October 2011.

The implementation of the new IT system is providing enhanced information about the profitability of our activities, processes and services. As a result we now have a single national view of the fleet and this has enabled us to increase utilisation by removing aged vehicles that had passed their useful rental life. This has led to increased vehicle disposal numbers in the period and contributed to reduced vehicle holding costs.

Spain

Our Spanish business continues to operate in an extremely difficult and uncertain environment. This is particularly the case for our customer base in the construction sector. However, we have continued to diversify our customer base and our exposure to this sector, which was 55% in April 2010, and fell to 37% in April 2011, and to 35% in October 2011.

Despite the economic conditions, we have been successful in increasing our underlying operating margin[(11)] to 18.7% in the period (2010 – 16.4%). Operating margins in Spain continue to be significantly lower than in the UK, mainly driven by higher vehicle operating costs (repairs and vehicle insurance costs) which are not reflected in higher charges to the customer. In the longer term, hire rates or recharges will need to increase to recover these costs.

As reported in the September 2011 Interim Management Statement, vehicles on hire in Spain had increased by 400 in the four months to 31 August 2011. At 31 October 2011, vehicles on hire in Spain totalled 38,600, a fall of 800 vehicles since 30 April 2011. Although disappointing given the start to the year, the reduction noted at the half-year is in line with the Board’s expectations.

With the uncertain market conditions, strong fleet management is imperative. Utilisation was maintained at over 91% for the period (2010 – 90%). Used vehicles values have remained strong with 8,300 (2010 – 9,500) vehicles being sold at increasing residual values. This is partly due to the improved maintenance regime implemented over the past year and continued investment in the vehicle sales network.

Balance sheet

In the first half of the year we generated net cash[(9)] of £44m and net debt[(3)] (after non-cash items and exchange differences) reduced by £48m to £482m. Total committed facilities of the Group at 31 October 2011 were £757m providing headroom[(8)] of £253m at that date.

Net debt to EBITDA[(5)] was 1.6x (April 2011 – 1.7x) and all other covenant measures improved over the period.

Dividend

The Board has again carefully considered if it is appropriate to reintroduce a dividend following the strong cash generation of the Group. However, given continuing uncertain economic conditions both in the UK and the Eurozone, the Board has decided that it is not yet prudent to implement at this stage, but will continue to review this policy going forward.

Current trading and outlook

Current trading is in line with the Board's expectations, although tough economic conditions continue to affect both the UK and Spanish markets. Effective fleet management has contributed to ongoing reductions in net debt and fleet size, and in turn a strengthening of the Group's capital structure.

Our focus remains on improving returns and further progress is targeted for the second six months through hire rate improvement, efficient fleet management, further cost reductions and cash generation. The uncertain economic outlook makes it more difficult to forecast trading in the medium term. However, we have always been clear that we will reduce the fleet size if necessary to reflect market demand in order to maintain our high utilisation levels and returns.

Operational Review

Group

The comprehensive restructuring programme announced by the Group in 2010 to improve both customer service and operating efficiency remains on track. We are moving towards becoming a business that does the simple things well and has optimal operating efficiency.

The Group continues to focus on improving returns on capital employed and strengthening the balance sheet.

The following areas are critical in both the UK and Spain:

- Increasing the number of vehicles on hire;
- Improved fleet management;
- Pricing increases;
- Cost reduction; and
- Improvement in vehicle disposal capabilities.

Substantially all of our original targets have been met in the period, resulting in an improved ROCE(6) of 12.5% (April 2011 – 11.9%).

UK

Improvements achieved in pricing, operational efficiencies and used vehicle resale values, coupled with continued improved fleet management have led to an increase in operating margin(10) from 23.2% to 24.0%.

Vehicle fleet and utilisation

The UK fleet size reduced to 56,900 vehicles (April 2011 – 61,200 vehicles). Vehicle utilisation for the period averaged 90% (2010 – 90%(7)). The new IT system allows us to measure utilisation daily, rather than weekly, as was the case previously. This increased visibility enabled utilisation to be increased from 89% in April 2011 to 91% in October 2011. Going forward, the UK will target utilisation above 91% for the full year.

During the period we purchased 10,100 vehicles (2010 – 10,500). The average age of the fleet has reduced to 20.8 months (April 2011 – 22.1 months).

Hire rates and vehicles on hire

Average hire revenue per vehicle has increased by over 1% since April 2011. This continues to be impacted by consumer demand moving towards smaller vehicles to reduce their operational costs. Adjusting for this mix impact, the underlying hire rate was over 2% higher than that achieved in April 2011.

Vehicles on hire have fallen by 2,200 since 30 April 2011 and are now 2,800 lower than at 31 October 2010[(7)]. This fall is mainly due to a reduction in the level of our customers' business activities due to the economic conditions and their desire to reduce costs in the short term by switching to contract hire.

However, we remain confident that in an uncertain economy, our flexible renting product is presenting new opportunities to increase rentals with other customers.

Restructuring and operational improvement

The restructuring programme remains on track with the following initiatives implemented since April 2011:

- Reduction from 12 operating areas to seven regions in May 2011;
- Improved workshop systems, which allows greater visibility and planning, leading to increased efficiency, utilisation and customer service;
- Implementation of driver logistic planning systems, which provides the UK with opportunities for increasing delivery efficiency, reducing costs and improving customer service; and
- Implementation of a UK-wide Enterprise Resource Planning (ERP) system.

Other initiatives are planned for the second six months of the year including:

- Centralisation and reduction of the costs of both the UK finance and administration function; and
- Improved sales and operational planning, which will reduce vehicle holding costs and increase vehicle availability for our customers.

As previously announced, the above operational improvements are targeted to achieve ongoing full year equivalent cost savings of £5m by 30 April 2012, with implementation costs of c.£3m. By October 2011, the annualised savings achieved from the above programmes to date was £3m, with £1.3m reflected in the period, so we are on track to achieve the full £5m benefit by 30 April 2012.

Used vehicle sales

The strong resale values for used vehicles observed in the last financial year continued in the six month period to 31 October 2011.

To maintain targeted utilisation levels, 14,500 vehicles were sold in the six months to 31 October 2011, 3,800 more than the comparable period last year. Higher margin retail and semi-retail channels accounted for 22% of these disposals (2010 – 21%).

The continued strong resale values coupled with increased numbers of vehicles sold has led to a decrease of £11.4m (2010 – £8.4m) in the depreciation charge.

Depot network

We reduced the network of hire locations from 62 at 30 April 2011 to 60 at 31 October 2011. The UK continues to move towards a structure of larger hubs with a smaller number of satellite locations. One new larger location has been opened in the period with a further location planned to open in early December, which together have allowed for the consolidation of four smaller locations. The new facilities and their location will allow increased planning, efficiency and utilisation of the network and improved customer service.

During the six months to 31 October 2011 the UK commenced its programme of investment into certain existing locations. This refurbishment is primarily focused in the workshop, with improvement in customer service areas and staff working environments also being targeted. By 31 October 2011 one site had been completed and is the blueprint for a further seven sites which will be completed by April 2012. Following this initial phase, further sites will be identified for refurbishment in the year ending 30 April 2013.

IT

The UK wide roll-out of the ERP system was completed by May 2011. The ERP system covers operations, asset management and finance and will enable improved customer service and a reduction in costs through further operational efficiencies.

Spain

Given the ongoing difficult trading conditions, the ability of our Spanish business to consistently operate above 91% utilisation and improve used vehicle disposal capability has been key to offsetting the impact of the reduction in vehicles on hire noted in the year ended 30 April 2011.

This improvement in operational efficiency has also led to an operating margin(11) of 18.7% compared to 16.4% in the comparable period.

Vehicle fleet and utilisation

In line with our expectations the fleet size has reduced, from 43,500 vehicles at 30 April 2011 to 42,900 at 31 October 2011. The average utilisation for the period was 91% (2010 – 90%).

In the period we purchased 8,000 vehicles (2010 – 7,400) and the average age of the fleet reduced from 25.0 months at 30 April 2011 to 23.1 months at 31 October 2011.

Hire rates and vehicles on hire

As with the UK, the mix of vehicles on hire in Spain is being influenced by customer demand moving towards smaller vehicles. Adjusting for this lighter fleet mix, average hire revenue per rented vehicle has decreased by 1% since April 2011.

In line with expectations, vehicles on hire fell 800 in the period, from 39,400 vehicles at 30 April 2011. The increased disposal capability and strong operational controls allowed Spain to reduce the fleet whilst maintaining strong vehicle utilisations.

Restructuring

Following on from the merger of the Spanish businesses in January 2011, we are now focusing on improving our customer service offering and increasing market awareness of both the Northgate brand and our flexible rental product.

Depot network

The hire network in Spain remains at 25 sites. During the period one of the existing operations was moved to a new site to improve efficiency and customer service. We will continue to look for opportunities for new sites where there is an economic reason to do so. However, the number and geographical coverage of existing locations is appropriate for the current business.

Sector focus

Historically, a high proportion of our Spanish customer base operated in the construction industry, with this sector accounting for 55% of our total business at 30 April 2010. Following the re-organisation of the commercial sales operation, new sectors have been targeted resulting in a reduced reliance on the construction sector of 35% at 31 October 2011 with our customer base now spread over a broader range of sectors.

Used vehicle sales

Investment in retail sites and sales resource has improved our Spanish disposal network. In the six months to 31 October 2011 8,300 vehicles were sold (2010 – 9,500), with a reducing reliance on lower margin export and trade sales.

An improvement in resale values has resulted in a decrease of €1.1m in the depreciation charge compared to a €0.5m increase in the prior period.

As our customer base diversifies away from the construction sector, the condition of vehicles available for sale will also improve over the medium term, which should result in higher resale values on those vehicles.

Bad debts

Debtor management continues to be an area of focus given the economic backdrop in Spain. Although the bad debt charge in the period of €2.7m was €0.3m higher than the same period last year, the bad debt charge over the 12 month period to 31 October 2011 was €2.2m lower than in the preceding year.

Financial Review

Group

A summary of the Group's underlying financial performance for the six months to 31 October 2011 with a comparison to the prior year comparative period, is shown below:

	2011 £m	2010 £m
Revenue	375.7	367.9
Operating profit(1)	56.0	53.5
Net interest expense	(23.7)	(26.3)
Profit before tax(1)	32.3	27.2
Profit after tax(2)	23.2	20.4
Basic earnings per share(2)	17.4p	15.3p
Return on capital employed(6)	12.5%	10.0%

Group revenue in the six months to 31 October 2011 increased by 2% to £375.7m (2010 – £367.9m) or 1% at constant exchange rates.

Net underlying cash generation(9) was £43.7m (2010 – £27.4m) after net capital expenditure of £96.6m (2010 – £107.1m) resulting in closing net debt(3) of £481.6m (April 2011 – £529.9m).

On a statutory basis, operating profit, stated after intangible amortisation and exceptional items, has increased to £50.6m (2010 – £37.5m) with profit before tax increasing to £26.9m (2010 – £11.2m). Basic earnings per share increased to 14.4p (2010 – 10.5p). Net cash from operations, including net capital expenditure on vehicles for hire, increased by £17.7m to £45.9m (2010 – £28.2m), with net debt falling by £40.7m from £529.1m at 30 April 2011 to £488.4m at 31 October 2011. Gearing improved to 146% (April 2011 – 163%).

UK

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

	2011 £m	2010 £m
Revenue		
Vehicle hire	165.5	166.2
Vehicle sales	76.3	60.0
	241.8	226.2
Operating profit[(12)]	39.7	38.5

Hire revenue decreased by 0.4% to £165.5m (2010 – £166.2m) driven by a reduction in the average number of vehicles on hire of 2.9%, being partially offset by an increase in hire rates of 2.5%.

An increase in the volume of used vehicle sales, coupled with stable residual values, resulted in a £11.4m reduction in the depreciation charge (2010 – £8.4m).

The UK operating margin was as follows:

	2011	2010
Operating margin[(10)]	24.0%	23.2%

The UK operating profit margin[(10)] has increased to 24.0% (2010 – 23.2%). This is due to an improvement in hire rates and an increased volume of used vehicle sales as mentioned above, alongside cost savings targeted through the on-going restructuring of the UK business.

Spain

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

	2011 £m	2010 £m
Revenue		
Vehicle hire	99.3	104.4
Vehicle sales	34.6	37.3
	133.9	141.7
Operating profit[13]	18.6	17.1

The reduction in average vehicles on hire of 8% contributed to a decrease in hire revenue of 5% (9% at constant exchange rates). A 1% reduction in average revenue per rented vehicle was attributable to the change in fleet mix towards smaller vehicles.

An improvement in used vehicle residual values resulted in a reduction of £1.0m to the depreciation charge (2010 – £(0.4)m increase) with 8,300 vehicles sold (2010 – 9,500).

The Spanish operating margin was as follows:

	2011	2010
Operating margin[11]	18.7%	16.4%

Vehicle hire revenue and profit from operations in 2011, expressed at constant exchange rates, would have been lower than reported by £4m and £1m respectively.

Excluding the impact of a lightening of the fleet mix, revenue per rented vehicle was constant over the six month period to 31 October 2011.

Corporate

Corporate costs[14] were £2.3m in the six months to 31 October 2011 compared to £2.1m in the prior period.

Return on capital employed

Group return on capital employed[6] was 12.5% compared to 10.0% in the equivalent six months last year and 11.9% in the year ended 30 April 2011. This underlines the Group's on-going success in applying its strategy of maximising returns through more efficient fleet management and improved hire rates.

Group return on equity, calculated as profit after tax (excluding intangible amortisation, impairment of intangible assets and exceptional administrative expenses) divided by average shareholders' funds, was 12% (April 2011 – 12%).

Exceptional items

During the period £4.1m of restructuring costs were incurred, of which £3.5m related to the UK and £0.6m related to Spain. Net property losses of £0.2m were incurred and corporate costs included an exceptional credit of £0.8m relating to the partial recovery of the cost of a previous acquisition.

Interest

Net finance charges for the six months to 31 October 2011 were £23.7m (2010 – £26.3m).

The charge includes £3.1m of non-cash interest, primarily from borrowing fees amortised in the year (2010 – £4.6m).

Net cash interest has decreased by £1.1m to £20.6m, which comprises a £3.6m reduction as a result of lower average net debt, being partially offset by a £2.0m increase in borrowing rates and a £0.5m impact of exchange differences.

Taxation

The Group's underlying effective tax charge for its UK and overseas operations is 28% (2010 – 25%). This is higher than the previous period, which included a £1.2m tax credit in respect of prior years.

The underlying tax charge excludes the tax on intangible amortisation and exceptional items of £1.5m (2010 – £4.7m) and in the prior period included a credit of £4.9m for the recognition of previously unrecognised deferred tax assets.

Including these items, the Group's statutory effective tax charge is 29% (2010 – (25)%).

Earnings per share

Basic earnings per share (EPS)(2), were 13% higher than the previous year at 17.4p (2010 – 15.3p). Basic statutory earnings per share were 14.4p (2010 – 10.5p).

Underlying earnings for the purposes of EPS(2) of £23.2m were 13% higher than the previous year (2010 – £20.4m). The weighted average number of shares for the purposes of EPS was 133m (2010 – 133m).

Dividend

The Directors do not recommend the payment of a dividend in relation to the Ordinary shares for the six months ended 31 October 2011 (2010 – £Nil).

Balance sheet

Net tangible assets at 31 October 2011 were £334.3m (April 2011 – £324.4m), equivalent to a tangible net asset value of 250.9p per share (April 2011 – 243.5p per share).

Gearing(4) at 31 October 2011 was 144% (April 2011 – 163%) reflecting a £48m reduction in net debt.

Risks and uncertainties

The Board and the Group's management have clearly defined responsibility for identifying the major business risks facing the Group and for developing systems to mitigate and manage those risks.

The principal risks and uncertainties facing the Group at 30 April 2011 were set out in detail on pages 18 and 19 of the 2011 Annual Report, a copy of which is available at www.northgateplc.com, and were identified as:

- Economic environment;
- Vehicle holding costs;
- Competition and hire rates;
- Access to capital;
- IT systems; and
- Change management.

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.

[1] Stated before intangible amortisation of £1.9m (2010 – £2.4m), impairment of intangible assets of £Nil (2010 – £5.9m) and exceptional administrative expenses of £3.5m (2010 – £7.7m).

[2] Stated before intangible amortisation of £1.9m (2010 – £2.4m), impairment of intangible assets of £Nil (2010 – £5.9m), exceptional administrative expenses of £3.5m (2010 – £7.7m) and tax on intangible amortisation, exceptional items and exceptional tax credit of £1.5m (2010 – £9.6m).

[3] Net debt taking into account swapped exchange rates for US loan notes and proportion of other loan swapped into Euro being retranslated to Sterling at closing exchange rates.

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

[5] Calculated in accordance with covenant requirements of the Group's financing arrangements.

[6] Calculated as rolling 12 month operating profit (excluding intangible amortisation, impairment of intangible assets and exceptional administrative expenses) divided by average capital employed, being shareholders' funds plus net debt[3].

[7] Utilisation rate and vehicles on hire for 2010 restated, removing free of charge customer loans.

[8] Headroom calculated as facilities of £757m less net borrowings of £504m. Facilities and net borrowings stated taking into account the fixed swapped exchange rates for US loan notes and proportion of other loan swapped into Euro being retranslated to Sterling at closing exchange rates. Net borrowings represent net debt of £482m gross of £22m of unamortised arrangement fees and are stated after the deduction of £16m of cash balances which are available to offset against borrowings.

[9] Net increase in cash and cash equivalents before financing activities.

[10] Calculated as operating profit[12] divided by revenue of £165.5m (2010 – £166.2m), excluding vehicle sales.

[11] Calculated as operating profit[13] divided by revenue of £99.3m (2010 – £104.4m), excluding vehicle sales.

[12] Excluding intangible amortisation of £1.5m (2010 – £1.4m) and exceptional administrative expenses of £3.7m (2010 – £1.5m).

[13] Excluding intangible amortisation of £0.4m (2010 – £1.0m), impairment of intangible assets of £Nil (2010 – £5.9m) and exceptional administrative expenses of £0.6m (2010 – £5.7m).

[14] Excluding exceptional administrative (credit)/expenses of £(0.8)m (2010 – £0.5m).

Condensed consolidated income statement

for the six months ended 31 October 2011

	Notes	Six months to 31.10.11 (Unaudited) Underlying	Six months to 31.10.11 (Unaudited) Statutory	Six months to 31.10.10 (Unaudited) Underlying	Six months to 31.10.10 (Unaudited) Statutory	Year to 30.4.11 (Audited) Underlying	Year to 30.4.11 (Audited) Statutory
		£000	£000	£000	£000	£000	£000
Revenue: hire of vehicles	2	264,873	264,873	270,623	270,623	537,285	537,285
Revenue: sale of vehicles	2	110,831	110,831	97,246	97,246	178,217	178,217
Total revenue	2	375,704	375,704	367,869	367,869	715,502	715,502
Cost of sales		(287,825)	(287,825)	(285,407)	(285,407)	(553,083)	(553,083)
Gross profit		87,879	87,879	82,462	82,462	162,419	162,419
Administrative expenses (excluding exceptional items, impairment of intangible assets and intangible amortisation)		(31,866)	(31,866)	(28,947)	(28,947)	(56,772)	(56,772)
Exceptional administrative expenses	7	-	(3,527)	-	(7,690)	-	(12,499)
Impairment of intangible assets	7	-	-	-	(5,892)	-	(5,892)
Intangible amortisation		-	(1,900)	-	(2,420)	-	(4,681)
Total administrative expenses		(31,866)	(37,293)	(28,947)	(44,949)	(56,772)	(79,844)
Operating profit	2	56,013	50,586	53,515	37,513	105,647	82,575
Interest income		62	62	377	377	848	848
Finance costs (excluding exceptional items)		(23,779)	(23,779)	(26,691)	(26,691)	(52,649)	(52,649)
Exceptional finance costs	7	-	-	-	-	-	(4,234)
Total finance costs		(23,779)	(23,779)	(26,691)	(26,691)	(52,649)	(56,883)
Profit before taxation		32,296	26,869	27,201	11,199	53,846	26,540
Taxation	3	(9,143)	(7,692)	(6,793)	2,818	(15,305)	2,853
Profit for the period		23,153	19,177	20,408	14,017	38,541	29,393

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							
Basic	4	17.4p	14.4p	15.3p	10.5p	29.0p	22.1p
Diluted	4	17.0p	14.1p	15.1p	10.3p	28.5p	21.7p

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2011

	Six months to 31.10.11 (Unaudited)	Six months to 31.10.10 (Unaudited)	Year to 30.4.11 (Audited)
	£000	**£000**	**£000**
Amounts attributable to equity holders of the Parent Company			
Profit attributable to the owners	**19,177**	14,017	29,393
Other comprehensive income			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	**(3,793)**	(136)	4,645
Net foreign exchange differences on long term borrowings and derivatives held as hedges	**3,548**	136	(3,727)
Foreign exchange differences on revaluation reserve	**(29)**	(3)	33
Net fair value (losses) gains on cash flow hedges	**(15,301)**	6,867	5,386
Deferred tax credit (charge) recognised directly in equity relating to cash flow hedges	**3,978**	(1,846)	(1,559)
Actuarial losses on defined benefit pension scheme	**-**	(274)	(169)
Deferred tax credit recognised directly in equity relating to defined benefit pension scheme	**-**	77	50
Total other comprehensive income	**(11,597)**	**4,821**	**4,659**
Total comprehensive income for the period	**7,580**	**18,838**	**34,052**

Condensed consolidated balance sheet

31 October 2011

	31.10.11 (Unaudited)	31.10.10 (Unaudited)	30.4.11 (Audited)
	£000	£000	£000
Non-current assets			
Goodwill	**3,589**	3,589	3,589
Other intangible assets	**10,655**	12,689	11,809
Property, plant and equipment: vehicles for hire	**701,606**	734,982	714,042
Other property, plant and equipment	**76,232**	82,959	77,308
Total property, plant and equipment	**777,838**	817,941	791,350
Derivative financial instrument assets	**4,512**	10,202	2,155
Deferred tax assets	**10,374**	9,050	10,179
Total non-current assets	**806,968**	**853,471**	**819,082**
Current assets			
Inventories	**22,182**	26,454	21,371
Trade and other receivables	**123,200**	139,028	124,623
Cash and cash equivalents	**16,035**	24,123	96,885
Total current assets	**161,417**	**189,605**	**242,879**
TOTAL ASSETS	**968,385**	**1,043,076**	**1,061,961**
Current liabilities			
Trade and other payables	**75,195**	79,422	67,419
Current tax liabilities	**18,781**	19,071	16,712
Short term borrowings	**7,120**	50,983	13,578
Total current liabilities	**101,096**	**149,476**	**97,709**
Net current assets	**60,321**	**40,129**	**145,170**
Non-current liabilities			
Derivative financial instrument liabilities	**17,387**	6,270	7,684
Long term borrowings	**497,291**	559,656	612,434
Deferred tax liabilities	**4,075**	2,498	4,233
Retirement benefit obligation	**-**	466	142
Total non-current liabilities	**518,753**	**568,890**	**624,493**
TOTAL LIABILITIES	**619,849**	**718,366**	**722,202**
NET ASSETS	**348,536**	**324,710**	**339,759**
Equity			
Share capital	**66,616**	66,475	66,616
Share premium account	**113,508**	113,269	113,508
Revaluation reserve	**1,334**	1,327	1,363
Own shares	**(1,005)**	(513)	(1,630)
Merger reserve	**67,463**	67,463	67,463
Hedging reserve	**(13,216)**	(698)	(1,893)
Translation reserve	**(4,983)**	(5,656)	(4,738)
Capital redemption reserve	**40**	40	40
Retained earnings	**118,779**	83,003	99,030
TOTAL EQUITY	**348,536**	**324,710**	**339,759**

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

Condensed consolidated cash flow statement

for the six months ended 31 October 2011

	Notes	**Six months to 31.10.11 (Unaudited) £000**	**Six months to 31.10.10 (Unaudited) £000**	**Year to 30.4.11 (Audited) £000**
Net cash generated from operations	5(a)	**45,897**	**28,162**	**102,260**
Investing activities				
Interest received		**62**	377	848
Proceeds from disposal of other property, plant and equipment		**831**	1,386	3,295
Purchases of other property, plant and equipment		**(2,810)**	(1,763)	(4,972)
Purchases of intangible assets		**(1,006)**	(787)	(2,027)
Recovery of acquisition cost of subsidiary undertaking		**775**	-	-
Net cash used in investing activities		**(2,148)**	**(787)**	**(2,856)**
Financing activities				
Repayments of bank loans and other borrowings		**(124,467)**	(88,476)	(175,464)
Debt issue costs paid		**(86)**	-	(10,309)
Receipt of other loan		**-**	-	100,000
Proceeds from issue of share capital		**-**	-	380
Payments to acquire own shares for share schemes		**-**	(93)	(1,676)
Termination of financial instruments		**-**	-	(896)
Net cash used in financing activities		**(124,553)**	**(88,569)**	**(87,965)**
Net (decrease) increase in cash and cash equivalents		**(80,804)**	**(61,194)**	**11,439**
Cash and cash equivalents at the beginning of the period		**96,885**	85,343	85,343
Effect of foreign exchange movements		**(46)**	(26)	103
Cash and cash equivalents at the end of the period	5(b)	**16,035**	**24,123**	**96,885**

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2011

	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 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 of the Parent Company	-	-	-	-	-	14,017	**14,017**
Purchase of own shares	-	(93)	-	-	-	-	**(93)**
Transfer of shares on vesting of share options	-	471	-	-	-	-	**471**
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**
Share options fair value charge	-	-	-	-	-	1,038	**1,038**
Share options exercised	-	-	-	-	-	(466)	**(466)**
Issue of ordinary share capital	380	-	-	-	-	-	**380**
Profit attributable to equity holders of the Parent Company	-	-	-	-	-	15,376	**15,376**
Purchase of own shares	-	(1,583)	-	-	-	-	**(1,583)**
Transfer of shares on vesting of share options	-	466	-	-	-	-	**466**
Other comprehensive income	-	-	(2,661)	2,384	36	79	**(162)**
Transfers between equity reserves	-	-	1,466	(1,466)	-	-	**-**
Total equity at 30 April 2011	**180,124**	**(1,630)**	**(1,893)**	**(4,738)**	**68,866**	**99,030**	**339,759**
Share options fair value charge	-	-	-	-	-	1,197	**1,197**
Share options exercised	-	-	-	-	-	(625)	**(625)**
Profit attributable to equity holders of the Parent Company	-	-	-	-	-	19,177	**19,177**
Transfer of shares on vesting of share options	-	625	-	-	-	-	**625**
Other comprehensive income	-	-	(8,975)	(2,593)	(29)	-	**(11,597)**
Transfers between equity reserves	-	-	(2,348)	2,348	-	-	**-**
Total equity at 31 October 2011	**180,124**	**(1,005)**	**(13,216)**	**(4,983)**	**68,837**	**118,779**	**348,536**

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 5 December 2011.

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 2011, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts, and in accordance with IAS 34 (*Interim Financial Reporting*), as issued by the International Accounting Standards Board and adopted by the European Union.

In 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 2011.

Going concern assumption

The Group manages its cash requirements through a combination of operating cash flows and long term borrowings.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance including the uncertainty in the economic environment in the UK and Spain, show that the Group should be able to operate within the level of its current lending facilities.

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

Information extracted from 2011 Annual Report

The financial figures for the year ended 30 April 2011, 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 2011 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 segments based upon the information provided to the executive Board of Directors which is considered to be the chief operating decision maker. The Group is managed, and reports internally, on a basis consistent with its two main operating divisions, UK and Spain. The UK division includes operations in the Republic of Ireland. The principal activities of these divisions are set out in the Operational Review and Financial Review.

	UK	**Spain**	**Corporate**	**Total**
	Six months to 31.10.11 (Unaudited)	**Six months to 31.10.11 (Unaudited)**	**Six months to 31.10.11 (Unaudited)**	**Six months to 31.10.11 (Unaudited)**
	£000	**£000**	**£000**	**£000**
Revenue: hire of vehicles	165,540	99,333	-	**264,873**
Revenue: sale of vehicles	76,269	34,562	-	**110,831**
Total revenue	**241,809**	**133,895**	**-**	**375,704**
Underlying operating profit (loss)*	**39,709**	**18,558**	**(2,254)**	**56,013**
Exceptional administrative (expenses) credit	(3,688)	(614)	775	**(3,527)**
Intangible amortisation	(1,519)	(381)	-	**(1,900)**
Operating profit (loss)	**34,502**	**17,563**	**(1,479)**	**50,586**
Interest income				**62**
Finance costs				**(23,779)**
Profit before taxation				**26,869**

	UK	**Spain**	**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)**
	£000	**£000**	**£000**	**£000**
Revenue: hire of vehicles	166,180	104,443	-	**270,623**
Revenue: sale of vehicles	59,984	37,262	-	**97,246**
Total revenue	**226,164**	**141,705**	**-**	**367,869**
Underlying operating profit (loss)*	**38,514**	**17,082**	**(2,081)**	**53,515**
Exceptional administrative expenses	(1,466)	(5,688)	(536)	**(7,690)**
Impairment of intangible assets	-	(5,892)	-	**(5,892)**
Intangible amortisation	(1,433)	(987)	-	**(2,420)**
Operating profit (loss)	**35,615**	**4,515**	**(2,617)**	**37,513**
Interest income				**377**
Finance costs				**(26,691)**
Profit before taxation				**11,199**

2. Segmental analysis (continued)

	UK	Spain	Corporate	Total
	Year to 30.4.11 (Audited)	**Year to 30.4.11 (Audited)**	**Year to 30.4.11 (Audited)**	**Year to 30.4.11 (Audited)**
	£000	**£000**	**£000**	**£000**
Revenue: hire of vehicles	333,935	203,350	-	**537,285**
Revenue: sale of vehicles	102,964	75,253	-	**178,217**
Total revenue	**436,899**	**278,603**	**-**	**715,502**
Underlying operating profit (loss)*	**73,617**	**36,649**	**(4,619)**	**105,647**
Exceptional administrative expenses	(2,433)	(9,434)	(632)	**(12,499)**
Impairment of intangible assets	-	(5,892)	-	**(5,892)**
Intangible amortisation	(3,234)	(1,447)	-	**(4,681)**
Operating profit (loss)	**67,950**	**19,876**	**(5,251)**	**82,575**
Interest income				**848**
Finance costs (excluding exceptional items)				**(52,649)**
Exceptional finance costs				**(4,234)**
Profit before taxation				**26,540**

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

3. Taxation

The charge for taxation for the six months to 31 October 2011 is based on the estimated effective rate for the year ending 30 April 2012.

The current tax creditor of £18,781,000 at 31 October 2011 (30 April 2011 - £16,712,000) includes a total amount of £17,392,000 (30 April 2011 - £13,997,000) 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 2011 is therefore £1,389,000.

4. Earnings per share

	Six months to 31.10.11 (Unaudited) Underlying	Six months to 31.10.11 (Unaudited) Statutory	Six months to 31.10.10 (Unaudited) Underlying	Six months to 31.10.10 (Unaudited) Statutory	Year to 30.4.11 (Audited) Underlying	Year to 30.4.11 (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 Company	**23,153**	**19,177**	**20,408**	**14,017**	**38,541**	**29,393**
	Number	Number	Number	Number	Number	Number
Number of shares						
Weighted average number of Ordinary shares for the purposes of basic earnings per share	**133,232,518**	**133,232,518**	132,949,433	132,949,433	133,029,317	133,029,317
Effect of dilutive potential Ordinary shares:						
- share options	**2,940,375**	**2,940,375**	2,496,063	2,496,063	2,306,309	2,306,309
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	**136,172,893**	**136,172,893**	135,445,496	135,445,496	135,335,626	135,335,626
Basic earnings per share	**17.4p**	**14.4p**	**15.3p**	**10.5p**	**29.0p**	**22.1p**
Diluted earnings per share	**17.0p**	**14.1p**	**15.1p**	**10.3p**	**28.5p**	**21.7p**

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 31.10.11 (Unaudited)	Six months to 31.10.10 (Unaudited)	Year to 30.4.11 (Audited)
	£000	**£000**	**£000**
Profit from operations	**50,586**	37,513	82,575
Adjustments for:			
Depreciation of property, plant and equipment	**101,156**	107,349	215,867
Impairment of intangible assets	**-**	5,892	5,892
Impairment of other property, plant and equipment	**-**	1,755	6,868
Exchange differences	**(2)**	-	69
Amortisation of intangible assets	**1,900**	2,420	4,681
Loss (gain) on disposal of other property, plant and equipment	**225**	(231)	48
Recovery of acquisition cost of subsidiary undertaking	**(775)**	-	-
Share options fair value charge	**1,197**	859	1,897
Operating cash flows before movements in working capital	**154,287**	**155,557**	**317,897**
Decrease (increase) in other inventories	**383**	5	(619)
Decrease in receivables	**4,006**	3,169	18,836
Increase (decrease) in payables	**2,423**	(775)	(4,729)
Cash generated from operations	**161,099**	**157,956**	**331,385**
Income taxes paid	**(2,044)**	(1,855)	(3,292)
Interest paid	**(19,593)**	(21,999)	(43,445)
Net cash generated from operations	**139,462**	**134,102**	**284,648**
Purchases of vehicles	**(191,936)**	(194,813)	(343,620)
Proceeds from disposal of vehicles	**98,371**	88,873	161,232
Net cash from operations	**45,897**	**28,162**	**102,260**

(b) Cash and cash equivalents

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

6. Analysis of consolidated net debt

	31.10.11 (Unaudited) £000	31.10.10 (Unaudited) £000	30.4.11 (Audited) £000
Cash at bank and in hand	**16,035**	24,123	96,885
Bank loans	**(230,565)**	(414,991)	(360,974)
Loan notes	**(168,051)**	(192,639)	(161,718)
Other loan	**(97,627)**	-	(97,506)
Cumulative preference shares	**(500)**	(500)	(500)
Property loans and other borrowings	**(7,668)**	(2,509)	(5,314)
	(488,376)	**(586,516)**	**(529,127)**

Net borrowings, taking into account swapped exchange rates for the US loan notes and the proportion of the other loan swapped into Euro being retranslated to Sterling at closing exchange rates, are as follows:

	31.10.11 (Unaudited) £000	31.10.10 (Unaudited) £000	30.4.11 (Audited) £000
Cash at bank and in hand	**16,035**	24,123	96,885
Bank loans	**(230,565)**	(414,991)	(360,974)
Loan notes	**(162,391)**	(185,753)	(161,738)
Other loan	**(96,502)**	-	(98,213)
Cumulative preference shares	**(500)**	(500)	(500)
Property loans and other borrowings	**(7,668)**	(2,509)	(5,314)
	(481,591)	**(579,630)**	**(529,854)**

7. Exceptional items

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

	Six months to 31.10.11 (Unaudited) £000	Six months to 31.10.10 (Unaudited) £000	Year to to 30.4.11 (Audited) £000
Restructuring costs	**4,077**	6,166	5,583
Net property loss (profit)	**225**	(231)	48
Recovery of acquisition cost of subsidiary undertaking	**(775)**	-	-
Impairment of Spanish property assets	**-**	1,755	6,868
Exceptional administrative expenses	**3,527**	**7,690**	**12,499**
Impairment of Spanish intangible assets	**-**	5,892	5,892
Exceptional impairment of intangible assets	**-**	**5,892**	**5,892**
Financing fees written off on extinguishment of debt	**-**	-	2,728
De-designation of Sterling interest rate swaps	**-**	-	610
Termination of Euro interest rate swaps	**-**	-	473
Termination of cross-currency swaps	**-**	-	423
Exceptional finance costs	**-**	**-**	**4,234**

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

C J R Muir
Group Finance Director
5 December 2011

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 2011 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 2011 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
5 December 2011