Northgate plc

Preliminary Results -Year ended 30 April 2006

4 July 2006

Good morning everyone. Welcome to the presentation of our preliminary results for the year ended 30 April 2006.

Steve Smith

Group Chief Executive

For any of you who have not met us before, my name is Steve Smith and I am CEO of Northgate. With me today are Phil Moorhouse – MD of the UK business – and Ged Murray, the Group Finance Director.

Agenda

- Strategic Plan update — Steve Smith
- Operational review
  - Spanish business — Steve Smith
  - UK business — Phil Moorhouse
- Financial performance — Gerard Murray
- Outlook — Steve Smith

The agenda for today's presentation is as follows. I will give a brief introduction covering our performance both for the current year and also against the targets set out in our 3-year strategic plan, which concluded with this set of results.

I will cover in more detail our operations in Spain and Phil will do the same for our UK business.

Ged will then break down the Group numbers and, in particular, explain the impact our acquisition activity and adopting IFRS have had on our results.

Finally, I will conclude with comments on current trading and on the year ahead.

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2003-2006 Strategic Plan

- Exceeded key targets set in July 2003

Targets	Actual
1. Fleet	
– 60,000 in UK	64,000
– 18,000 in Spain	23,000*
2. Network:	
– 100 locations in UK	88
– 20 locations in Spain	17*
3. 100% ownership of Fualsa	✓
4. Portfolio of non-rental products	✓

** Fualsa only*

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Firstly, a brief reminder of the targets of the 3-year plan to 30 April 2006.

In the UK, which was to remain the backbone of the business, we aimed to extend the network to approximately one hundred locations, grow the fleet from 45,000 to 60,000 and develop a portfolio of non-rental products.

In Spain, we had targeted a fleet size of 18,000 vehicles operating from 20 locations.

Successful implementation of the strategy was expected to generate double-digit earnings per share growth in each year of the plan.

So, how have we done?
In the UK, we have exceeded the fleet target, from a combination of organic growth and the contribution from the Arriva Vehicle Rental ("AVR") acquisition in February this year. Whilst the network of locations is lower than that targeted, this is as a result of our being able to run more vehicles per location than we had anticipated. Through our vehicle solutions business, we have developed a number of ancillary products, such as telematics and discounted vehicle parts, to offer customers.

In Spain, the fleet target was exceeded by over 27% and the network reached 19 locations by January 2006. Following the purchase of Record Rent a Car ('Record"), however, the decision was taken to close two locations and decant the business into existing branches. As a result, we now have 17 locations.

In addition, the year saw us purchase 49% of Record on 5 August 2005, with the remaining 51% being acquired just after the year end, on 11 May 2006. The consequence of this was to effectively double the size of our business in Spain and leave us with a combined fleet of 47,000 vehicles operating from 35 locations.

All in all, we got there, albeit, as with most plans, via a slightly different route.

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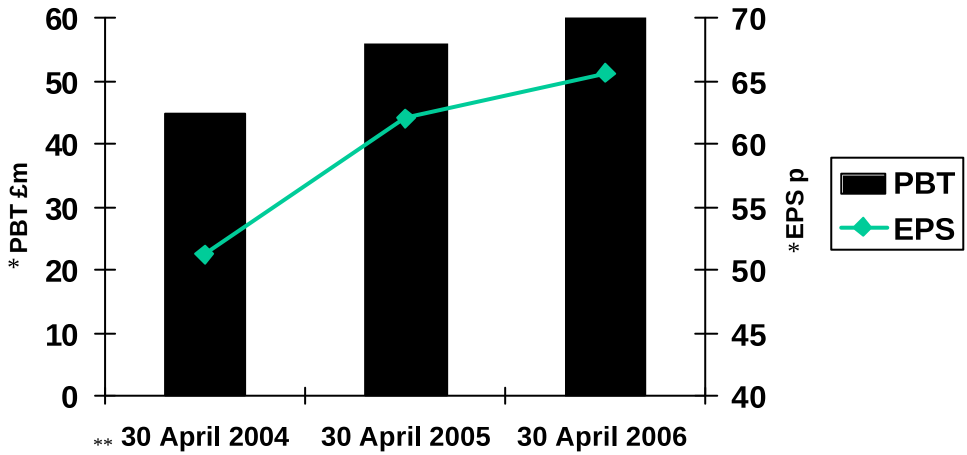
Three year summary



** Profit before taxation and EPS are pre amortisation and pre exceptional charge*

*** UK GAAP basis*

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Most importantly, these achievements led to annualised compound growth in earnings per share of 14% over the three years of the strategic plan.

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Group summary

- Strong H2 performance from UK business, following difficult H1
- Excellent growth in Spain
- Robust performance; PBT* up 7% to £59.9m
- EPS* increase of 6%
- Strategic acquisitions completed, positioning Group for further growth

**Pre exceptional and amortisation charge*

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So, what about the current year? Using a football analogy, it was a game of two halves.

The six months to 31 October was one of the most difficult periods we have experienced in the UK. We had limited fleet growth, competitive pressure forcing down hire rates and a fall in residuals compared to the prior period. Our response to this was to take actions to reduce our cost base and find ways in which to operate more efficiently. The second half has been much better with organic fleet growth at expected levels, hire rates stabilising and residuals continuing to improve, albeit not to the unusually high levels of the prior year.

Both of our companies in Spain continued to grow strongly and we now have a substantial business there. As we purchased only 49% of Record initially, it is treated as an associate in these results and hence we have the benefit of only half the profits for three quarters of the year.

All of these factors combined to produce a respectable Group performance for the year with profit before tax, excluding exceptional charges and amortisation, up 7.3% on the prior year.

The underlying increase is actually higher at 9.8% because the current year profit is stated after charging our £1.4m share of Record's tax – but Ged will explain this in more detail later.

The growth in earnings per share is more modest at 6%, as a result of the share placing in January which was used primarily to fund the AVR acquisition.

Perhaps more important than the results themselves however are the actions we have taken in the current year to position ourselves for growth in the future. The acquisitions of AVR and Fleet Technique Limited ("FTL") in the UK and of Record in Spain will benefit future financial periods far more than the one just ended.

Normally at this stage, I would hand over to Phil for him to cover UK operations but, to reduce disruption to the presentation, as I am covering Spain, I would like to do that next.

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Spanish business

- Fualsa
  - 21% fleet growth
  - Improved revenue per vehicle
  - Reduced operating margin
- Excellent contribution from Record with strong performance in all areas
- Opportunity for further synergies now 100% ownership of Record

The highlights, as shown on the slide, are the continued strong fleet growth, the excellent first time contribution from Record and the opportunity to achieve synergies that exist as we begin to bring the two businesses together. The one negative was a fall in operating margin in Fualsa which I will cover in a few moments.

Spanish business KPIs

	Fualsa	Record
Network	17	18
Fleet size	23,000	24,000
Utilisation	89%	92%
Revenue per vehicle	£3,421	£3,383
Residual profit per vehicle*	£61	-
Operating margin**	20.9%	23.7%

** Analysis based on 2005 accounting calculation and applying UK GAAP*
*** Pre amortisation charge*

As at 30 April 2006, Fualsa operated a fleet of 23,000 vehicles from a depot network of 17 locations, an increase of 4,000 vehicles and two locations over the prior year.

Utilisation rates averaged 89%, the same as the previous year.

Hire rates increased by just under 2% on the prior year, albeit the full benefit of this increase is reduced by an increase in the capital cost of new vehicles and, therefore, does not drop straight to the bottom line.

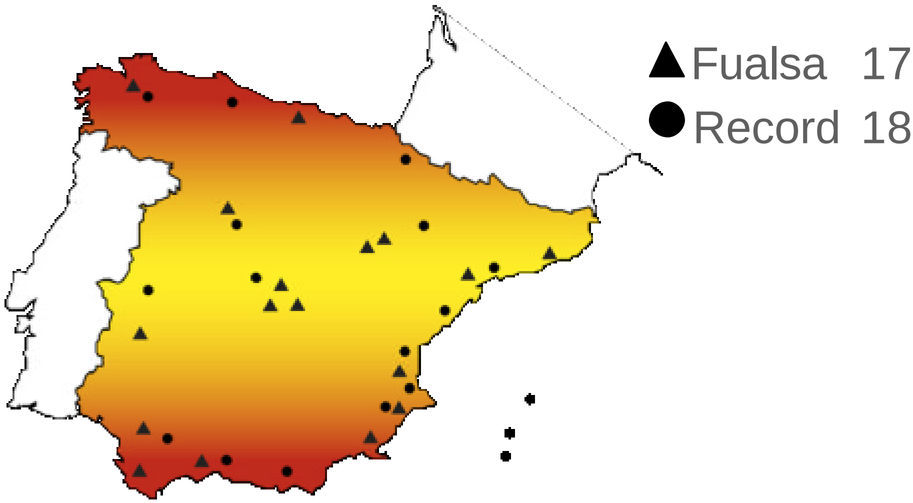
Since our investment on 5 August 2005, the vehicle fleet in Record has grown by 20% producing a closing fleet of 24,000 vehicles.

The utilisation rate averaged 92% in the period, a slight improvement on the level achieved prior to our investment.

The residual market in Spain is slightly weaker than in the prior year as a result of additional supply. Certain markets no longer allow the importation of Spanish used vehicles and other markets reduced their volume of imports from Spain due to price equalisation across EU jurisdictions. This has resulted in the Spanish used market having to absorb additional supply in comparison to earlier years. It is unlikely that this situation will reverse in the medium term.

Fualsa is achieving a slightly better residual profit than Record reflecting the higher proportion of retail vehicles sold by Fualsa. Record's operating margin is higher than Fualsa's as a result of its higher utilisation and lower cost of repairs. Record carried out a higher percentage of its repairs internally and therefore at lower cost.

Spanish network



This slide shows the locations as at 30 April 2006, in total 35 branches. As mentioned earlier, the number of locations was reduced by two following the acquisition of Record. The combined network provides good geographic coverage and certainly gives us representation in all the main commercial centres. Consequently, going forward, we are unlikely to require significantly more locations but will probably need to relocate some branches to larger premises as the fleet size grows.

Fualsa operating margin

- Reduction resulting equally from:
  1. Planned investment e.g. infrastructure, IT
  2. Reduction in residual market values
  3. Operational issue
- Addressed maintenance capacity
- Expecting improvement in current financial year

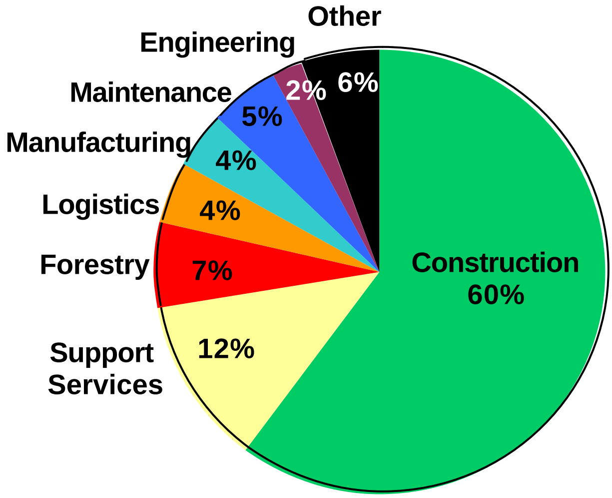
The operating margin for Fualsa at 20.9% was down over 4% on the prior year as a result of three factors:

1. the planned increase in expenditure on management IT and other infrastructure
2. reduced profitability of vehicle disposals
3. and an increase in external maintenance costs.

Maintenance costs increased due to the cumulative fleet growth of the last few years overstretching the management structure combined with a shortage of skilled personnel, leading to an increase in external repairs. Both issues have now been addressed and we are confident of an improvement in the year ahead. These corrective actions, along with the operational gearing benefit we will derive from a larger fleet size, should lead to an improvement of at least 1% in the operating margin this year.

The lower profit on residuals is to a large extent market-driven, but the current level of profitability is closer to that of the UK.

Spanish customers by sector



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During the year, market growth has again been, in part, due to the high level of activity in the construction sector. As can be seen from the slide, which now incorporates Record, construction companies continue to dominate our customer base, albeit the percentage is slightly reduced over the prior year. We remain confident that we can reduce this dependency in the medium term but, in the interim, believe we are right to continue to take advantage of the opportunities that exist.

Current strategic priorities

- Growth in a dynamic market
- Fualsa and Record brands
- Unified management structure
- Synergies
  - purchasing
  - disposals
  - back office
- Sector focus

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We remain well positioned to achieve growth and maintain our aim of 15% organic growth for both businesses, i.e. a combined fleet size of c54,000 vehicles by April 2007.

Whilst we remain of the belief that our customers are best served by retaining the two separate brands in Spain, there are a number of areas where synergies can be achieved by combining certain elements of the two operations.

Firstly, we are creating a unified management structure to run the business. The final role is that of the CEO for which we expect to make an appointment within six months.

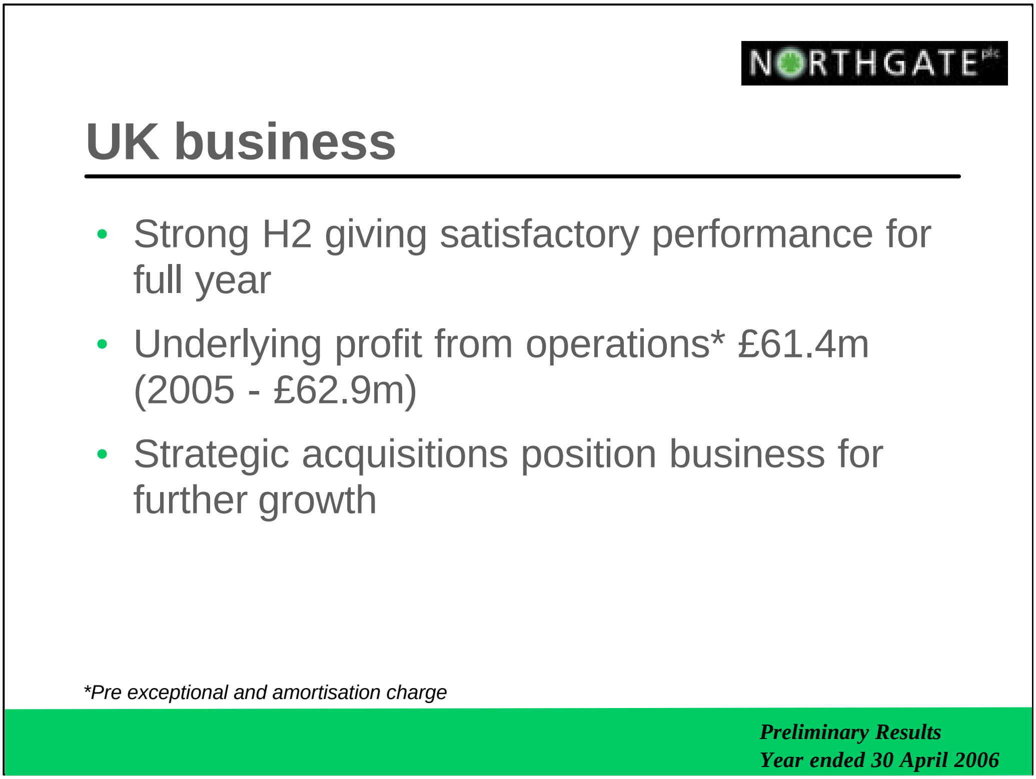
We have already brought together the purchasing activities of the two companies to benefit from the economies of scale from purchasing larger volumes, particularly vehicles. In the year ahead we intend to merge vehicle disposals into one unit. Following the appointment of the CEO for Spain we would look to merge other areas of the business in the second half of the financial year. Thereafter, further integration is to some extent dependent on having a common IT platform, a project currently being developed and expected to conclude in 2007.

In the medium term, we also need to continue the process of diversifying our customer base away from its dependence on the construction sector. We remain comfortable that we have at least a 5-year window to progress this objective as a result of existing commitments on EU funding.

At this point I will hand you over to Phil who will perform a similar review for our UK business.

Phil Moorhouse
UK Managing Director

Good morning everyone.



As Steve said earlier, the year completed in April presented some significant challenges. In the first half, aggressive pricing in the market held back growth in fleet as well as reducing overall hire rates on both new and existing business. Additionally, residual values on long wheel base vehicles in particular, as well as a generally weaker market, were lower than the corresponding period. That was the position we flagged up at the interim results stage. However, the second half of the year has seen hire rates stabilise, some fleet growth and an improving residual position.

This second half trend has helped to produce an underlying profit from operations of £61.4m although still slightly down on the prior year.

As well as these improving trends during the second half, we made two important strategic acquisitions. These were FTL, a fleet management business, and the rental division of Arriva, acquired at roughly the same time, both of which I will cover later in the presentation.

So, on to some of the detail.

UK business KPIs

- Network of 88 locations
- Fleet growth 22% (20% acquired, 2% organic)
- Utilisation maintained at 90%
- Revenue per vehicle down 3%
- Residuals improved in H2

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As at 30 April 2006 we operated from 88 locations, of which 35 were primary and 53 were branches. This represents an increase of 12 locations over the financial year, of which an additional 10 were as a result of the purchase of AVR.

The historic pattern of fleet growth for the UK has been one of a stronger first half than second half of the financial year. This year has seen the opposite pattern with no growth in the first half of the year, followed by an organic increase in the fleet of 2% in the second half.

Utilisation has been maintained at 90%. Revenue per vehicle has fallen by 3% year on year. The main driver of this fall has been the competitive environment on hire rates.

Residual values have recovered in the second half. Calculated on the same basis as last year and using UK GAAP the operating profit on disposal ended the year at £83 per vehicle compared to £205 in 2005.

The aggregation of the above resulted in the vehicle hire operating margin falling from 22.2% to 20.6%.

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UK fleet growth

	Number
April 2005	**52,600**
• Fleet decline	(200)
October 2005	**52,400**
• Organic growth (+2%)	1,100
• AVR acquisition	11,500
• Disposals from AVR fleet	(1,000)
April 2006	**64,000**

As noted in the interim report in January, in the first six months the Group was affected by some weakness in demand from customers operating in the construction, retail and distribution sectors along with a major customer off-hiring a large number of vehicles. From September demand returned to more normal levels and was in line with our expectations for the remainder of the financial year.

In addition, the acquisition of AVR added (net of vehicle disposals in order to improve utilisations) 10,500 vehicles to our fleet in February 2006, and we consequently ended the financial year with a fleet of 64,000 vehicles. Once integrated into our fleet it is impossible to distinguish between our existing fleet and the AVR fleet, particularly for common customers. As a consequence we cannot precisely split growth arising from the AVR acquisition and organic growth for the second half of the year. However, we estimate that, of the increase of 11,600 vehicles between 31 October and 30 April, 10,500 came from the acquisition, once non-utilised AVR vehicles were disposed of, and 1,100 from existing businesses.

Revenue per vehicle

- Revenue per vehicle £5,485 (2005 - £5,668)
- Hire rates affected by strong competitive pressure
- Stabilised from January 2006
- AVR average revenue per vehicle lower
  - Fleet mix
  - Customer base

From the beginning of August 2005 we experienced stronger competition resulting in declining hire rates. This continued to January 2006 and as a result the reduction in hire rates year on year has been around 2.5%. Since then we have not experienced the same level of aggressive activity and as a consequence our hire rates have remained stable, although the introduction of AVR business has lowered our average revenue per vehicle further. This is because the AVR fleet mix has a lower average capital cost per vehicle and a different customer base to the existing Northgate business - therefore lower revenue per vehicle is compensated by an improved residual value on disposal.

Vehicle sales

- Sold over 23,000 vehicles
- Weak market in H1 forced residual values down
- Values recovered from September 2005 due to:
  - improved market
  - reduced stocks
  - development of sales channels

	April 2006	April 2005
Profit from operations* (£m)	1.9	3.6
Units	23,000	17,700
Profit* / unit (£)	83	205

** Analysis based on 2005 accounting calculation and applying UK GAAP*

We sold 23,000 vehicles (2005 – 17,700) during the year, the largest volume we have ever disposed of. In the first half we experienced a weaker market for used vehicles, particularly in the long wheel base van sector. Since October 2005, we have seen an improvement in values as a result of the market improving, a significant reduction in our stock levels and the continued development of our semi-retail and retail channels.

Under IFRS the profit for used vehicle disposals is no longer accounted for separately since depreciation is adjusted in order that vehicles are retired from the fleet at their anticipated market value less any direct costs incurred in their disposal. If the operating profit arising from the used vehicle disposals had been calculated on the same basis as last year, applying UK GAAP, the UK would have recorded an operating profit per vehicle of £83 (2005 – £205). The second half has benefited from improving market conditions and the inclusion of AVR vehicles which have a higher proportion of retail sales.

We continue to seek to increase both the capacity of our used vehicle sales network and our ability to sell more vehicles through the semi-retail and retail channels. To that end we have opened new facilities in Newmains in Scotland during the year, and have retained Colchester and Warrington (former AVR sites). We now have nine outlets, of which six are devoted primarily to retail and semi-retail disposals. In the year under review 12% (2005 – 10%) of our disposals were to semi-retail or retail customers. Part of this increase was generated through our own sales activity and part through sales channels acquired with AVR. We remain on target to achieve 15% through these channels in the medium term.

Strategic acquisitions

- Fleet Technique Limited acquired 23 January 2006
- Arriva Vehicle Rental acquired 3 February 2006

In addition to the ongoing operations, we also made two acquisitions, both of which were in accordance with our strategic plan, announced at the time of the interim results.

Fleet Technique Limited

- Specialist fleet management business
- 15,000 vehicles under management
- Strong strategic fit with core rental business

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On 23 January 2006, the Group acquired the entire issued share capital of FTL for a consideration in cash of £5.7m.

FTL is a specialist fleet management business, based in the north east of England, serving customers across the UK.

Third party fleets under management as at 30 April 2006 totalled 15,000 vehicles of which 11,000 were under full management. In addition, FTL has developed a leading software package for the industry and has a reputation for excellent service to its customers.

FTL provides us with the platform to develop a significant fleet management business through offering customers a full range of vehicle solutions whilst capitalising on our core skills of purchasing, maintaining and disposing of large volumes of vehicles. In addition, it enables us to expand our presence in the owned vehicle parc. We are also able to utilise capacity in our network to provide maintenance to FTL customers.

Arriva Vehicle Rental acquisition

- Strong operational synergies
  - Integrated +10,000 vehicles
  - Added only 10 additional sites and approx. 250 employees
- Integration completed within 3 months
- Very high customer retention levels

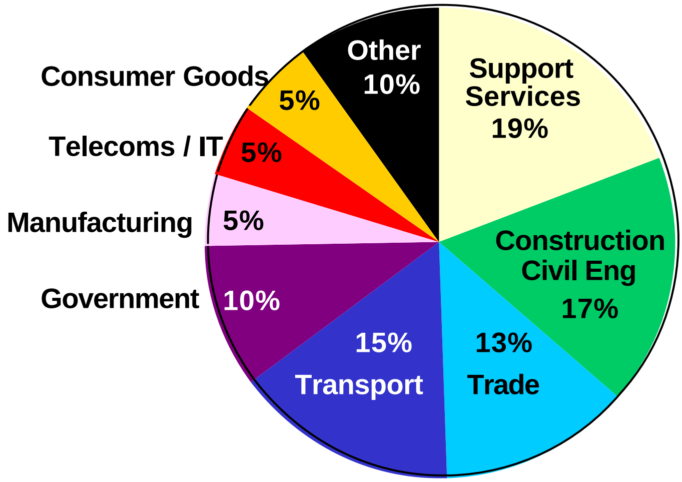
On 31 January 2006 we announced that we had entered into an agreement to acquire the entire issued share capital of AVR.

At the time of acquisition AVR operated a fleet of over 11,000 vehicles through a branch network of 33 locations and employed around 650 people.

Our plan was to fully integrate AVR into our existing operating structure by the end of our financial year and we are pleased to report that this was achieved. Of the 33 branches 10 were retained as new locations for Northgate and another four were used as replacements for existing Northgate sites. We have retained around 250 people in the enlarged structure to service the additional business. Customer retention has to date been excellent. Those vehicles not being utilised have been disposed of profitably.

On 8 March 2006 the Office of Fair Trading announced that it was to examine the transaction. Having considered the evidence the OFT decided on 18 May 2006 not to refer the merger to the Competition Commission. A text of the decision is available on its website at www.oft.gov.uk. Based on our submission and their investigations, we have a market share of around 18%.

UK customers by sector



Moving on, this next slide shows the sector analysis of customers of the enlarged UK business since acquiring AVR. It confirms what we have said in the past – that the customer base continues to remain well spread. The biggest sectors are now construction, support services and transport.

Streamlining of hire companies

- Moving from geographical to functional management structure
- Creating fewer, larger businesses while retaining national network coverage
- Will enable delivery of consistent customer service and improved productivity
- Benefits expected in next financial year

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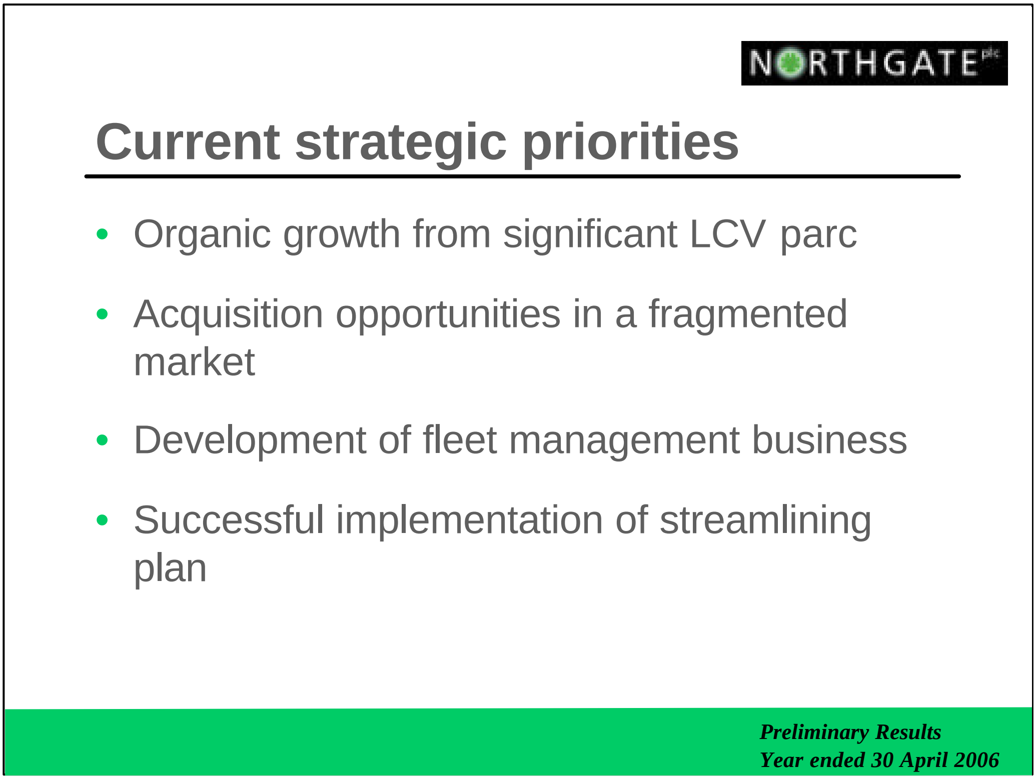
On 20 June 2006 the Group commenced a restructuring plan to create a functional rather than geographic management structure for the UK business. At the same time, we are streamlining the number of hire companies to give fewer, but larger, business units, whilst retaining the existing network of locations.

It is intended that this process, which will take around six to nine months to complete, will leave us better able to deliver consistent customer service throughout the Group and also with improved productivity from increased utilisation of the fleet and reduced costs. Whilst it is likely that the benefits will be negated by the one-off transactional cost of the changes in the current financial year, future periods will benefit as evidenced by an improved operating margin.



So, we have established the base from which to develop our strategic plan.

1. The LCV parc remains substantial at 2.9m vehicles and we are well placed to grow further.

2. The opportunity for further market consolidation by acquisition remains. The acquisition of AVR, for example, will enable us to benefit from operational gearing through exploiting the network coverage we now have. Our aim is to maximise customer retention as well as build upon specific areas of expertise within the AVR business.

3. With the acquisition of FTL, we can extend the range of services we offer customers beyond rental as well as giving access to the wider vehicle parc where, traditionally, vehicles are purchased rather than rented. In addition, we can utilise the capacity in our network to attract additional third party maintenance revenue.

   Finally, streamlining the hire operations will lead to more efficiencies within the network in terms of utilisation and support services, for example, as well as offering a more consistent service level across the Group.

   With c20 major hire companies, many as big as stand-alone competitors, we will still maintain a strong local presence and identity. Retaining autonomy and full service back-up remains a key strength of the business.

   At this point I will hand you over to Ged who will cover some of the detailed financial issues.

Gerard Murray

Group Finance Director

Good morning everybody.

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Financial summary

Pre amortisation and exceptional charges

	2006	2005*	Change
Profit before tax (£m)	59.9	55.8	7%
Profit from operations (£m)			
– UK	61.4	62.9	(2.4%)
– Spain Fualsa	15.0	14.2	5.6%
– Spain (Record associate)	6.5	-	
Dividend per share	23.0p	20.0p	15%
Interest cover**	3.6x	3.6x	
Gearing	204%	198%	

** Restated for IFRS (before exceptionals and amortisation)*
*** Post exceptional and amortisation*

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In the next few slides I will try to highlight the underlying performance of the Group in a year that is slightly complicated because of the first time introduction of IFRS and accounting for the Group's acquisition activity.

We will see later that whilst the Group's PBT (stated before amortisation and exceptional charges) has increased by 7.3% but for an anomaly relating to accounting under IAS 1 for the taxation of our Record associate the underlying increase in PBT is almost 10%.

This increase is entirely from Spain with Fualsa contributing £0.8m of additional profit from operations and the Group's share of Record's profit from operations being £6.4m. As has already been mentioned, the UK experienced a difficult first half of the financial year. The improvement in residuals in the second half and the stabilising of hire rates means that UK profit from operations is marginally down on last year – but next year will receive the full benefits of the AVR acquisition.

The Board is confident that the acquisitions this year position the Group very well for further growth. This confidence is reflected in a 15% increase in the total dividend for the year to 23p.

The Group's interest cover has remained at a healthy 3.6 times reflecting the higher proportion of Euro borrowings and also receiving a full year benefit of its refinancing arrangement put in place in January 2005. Gearing is at a similar level to the prior year at just over 200% but this excludes the acquisition of Record that was concluded just after the year end. If this transaction had been completed on 30 April 2006, the Group's gearing on a pro forma basis would have increased to 314%.

IFRS reporting

- No material impact to financial results
- Noteworthy issues:
  - Revenue (IAS 18)
  - Fixed Assets (IAS 16)
  - Associates (IAS 1)
  - Hedging (IAS 39)
  - Business combinations (IFRS 3)
  - Intangibles (IAS 38)
- Other:
  - Share based payments (IFRS 2)
  - Employee benefits (IAS 19)
  - Dividends (IAS 10)
  - Tax (IAS 12)

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This is the first year that IFRS accounting policies have been applied to the Group's results. There was not a material impact on Group profit before tax.

One of the main impacts of introducing IFRS is that under IAS 18 the Group no longer classifies proceeds from the disposal of vehicles as revenue. This has some impact on interpreting the Group's operating margin that I will explain later.

Another consequence of IFRS is that the Group adopts a depreciation policy under IAS 16 that gives rise to no profit or loss crystallising on the disposal of its vehicles. Depreciation charges are adjusted for any differences that arise between net book values and open market values taking into account the further direct costs to sell the vehicles.

The application of IAS 1 means that the Group's share of profits in its associate, Record, is stated after the share of Record's tax has been charged. This means that the Group's share of Record's tax at £1.4m is shown within the Group's PBT figure. I will review the Group's underlying PBT in a moment so that you can understand the impact of this treatment.

I think that all other IFRS changes are fairly generic across companies and are well understood. In our case the impact of applying these standards has had an immaterial impact on profit before tax.

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Profit before tax and amortisation

	2006 £000	2005 £000	Change
Profit before tax	56,062	54,988	2.0%
Amortisation	1,227	855	
Exceptional	2,607	-	
	59,896	55,843	7.3%
IAS 1 – Record tax	1,422	-	
Underlying PBT	**61,318**	**55,843**	9.8%

As I mentioned a few moment ago, I think it would be worthwhile reviewing the Group's published results against its underlying profits.

The first item to consider is intangible amortisation that is very dependent upon the assumptions used to calculate the value of intangibles and goodwill and also on the amortisation periods selected. The amounts for the Group are £1.2m (2006) and £0.8m (2005).

The second item to mention relates to an exceptional restructuring cost of £2.6m. Following the acquisition of AVR, it was merged with the Group's core business. This has resulted in a reduction of over 400 employees and 23 locations. Consequently this exceptional restructuring cost has been recognised to reflect the cost of redundancies and the onerous contracts relating to the unutilised properties.

Adjusting for both of these items means that the Group's PBT has increased by 7.3%. It should be noted that the 2006 profit before tax under IAS 1 is stated after its share of Record's taxation of £1.4m. Reclassifying this tax charge to the tax line means that the underlying PBT for the Group of £61.3m is 9.8% higher than the prior year.

In the slides that follow I am going to use this underlying PBT value in the segmental analysis so as to avoid having to add any amounts back on each slide.

Profit from operations - Group

Pre amortisation and exceptional charges

	UK £m	Fualsa £m	Record £m	**Total £m**
Profit from operations	61.4	15.0	-	**76.4**
Finance costs (net)	(16.0)	(4.1)	-	**(20.1)**
Share of profit of associate*	-	-	5.0	**5.0**
Underlying PBT	**45.4**	**10.9**	**5.0**	**61.3**

***** *Excludes £1.4m share of tax*

The first segmental analysis is to analyse the generation of the PBT between the UK and Spain. Profit from operations has £61.4m from the UK and £15m from Fualsa in Spain. Record also contributes £5.0m for the nine month period of 49% ownership. This comprises £6.4m of profit from operations and £1.4m of interest charges.

Profit from operations- UK

Pre amortisation and exceptional charges

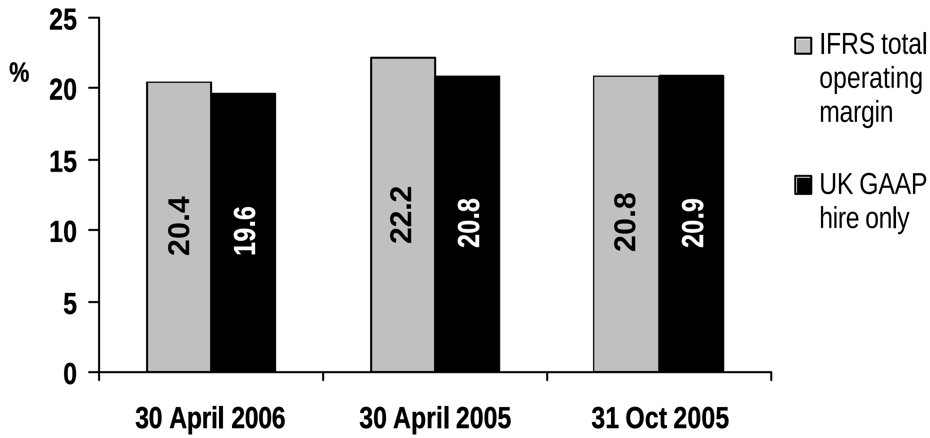
	FTL £m	Vehicle rental £m	**Total £m**
Revenue	3.3	297.5	**300.8**
Profit from operations	0.1	61.3	**61.4**
Operating Margin	3.6%	20.6%	**20.4%**

Looking at the UK in more detail there were two acquisitions during the year being FTL, a fleet management company, at the end of January 2006 and AVR which followed a few days later.

FTL is a lower margin business than the Group's core business of vehicle rental. The margin generated of 3.6% for the three month period has diluted the UK's operating margin slightly.

The last three months of the financial year was a period of much activity concerning the assimilation of the AVR business into the Group's existing UK business. Historically AVR has generated an overall profit from operations of around 18% of vehicle rental turnover. The split between vehicle rental profit and the profit on disposal at the end of the vehicles' life, has been distributed evenly. Consequently when consolidated with Northgate's existing UK business it has the effect of lowering the UK GAAP margins of the enlarged business because profit arising on disposal of vehicles is excluded from this calculation. Furthermore the operating margin in the three months since acquisition is not representative of the benefits that are expected to accrue in the future now that the assimilation process is complete.

UK operating margins*



*** Margins are shown pre amortisation charges and pre exceptional costs**

Preliminary Results
Year ended 30 April 2006

If we look at how this translates into the UK's actual operating margins this slide presents the operating margin for the UK under IFRS and under UK GAAP. You will recall that the latter excludes profits arising from vehicle disposals whereas IFRS treats these profits as an adjustment to depreciation.

The historic UK operating margin under UK GAAP has been between 20.7% to 20.9%. The current year has seen this margin fall to 19.6%. Of the 1.2% reduction, 0.2% relates to the inclusion of FTL. Of the balance, the biggest element of the margin reduction is due to the AVR UK GAAP margin being much lower than the core business because of the reasons I have already explained.

To remove this problem the IFRS margin calculation is perhaps a better measure of the performance of the enlarged business. Under IFRS the overall UK margin is 20.4% - if FTL was excluded the UK Rental margin would be 20.6%. The reduction from 22.2% in April 2005 is as a result of the reduction in residual values, lower hire rates in the core business and the inclusion of AVR at lower margins than the core business. In the current year we expect the operational gearing benefits from the AVR acquisition to offset some of the reduction in the core margin arising from the lower hire rates.

Profit from operations - Spain

Pre amortisation charge

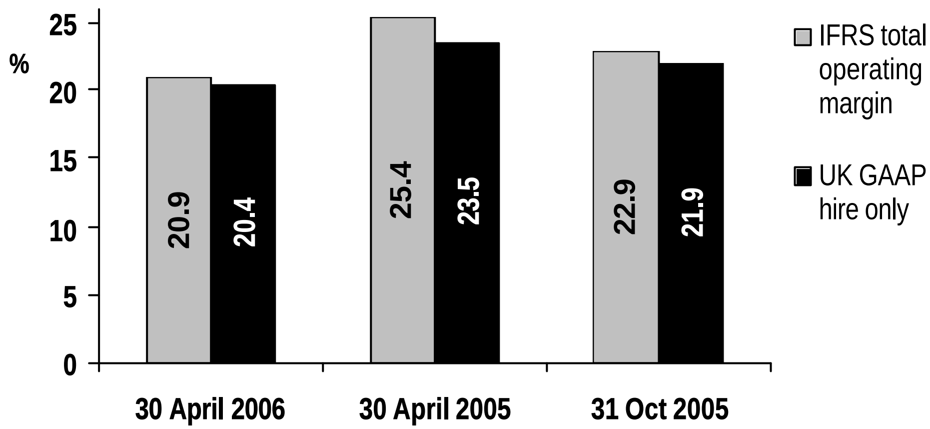
	Fualsa £m	Record* £m	*Record** £m Prorata*
Revenue	71.8	-	*55.8*
Profit from operations	15.0	6.5	*13.2*
Operating margin	20.9%	-	*23.7%*

**** Profit from operations included in 'share of associate'***
***** 100% value of Record during the period***

Turning now to look at Spain on the same basis. In order to compare Fualsa to Record this slide shows the Group's 49% share of Record's profit from operations for the nine month period but also shows Record's performance on a 100% pro forma basis for the same period.

Fualsa's operating margin is lower than Record's because, as has already been explained, Record has a lower repair cost per vehicle as a result of having more internal capacity than Fualsa. Record also has had better utilisations during the period. This repair issue in Fualsa is in the process of being improved in Fualsa.

Fualsa operating margins*



** Margins are shown pre amortisation charges*

Reviewing Fualsa's margins on both IFRS and UK GAAP bases indicates a significant reduction in operating margin. Using IFRS the margin reduction of 4.5% is due to lower residuals of 1.5%, increased repair costs of approximately 1.5% and the balance a planned increase in infrastructure costs. The residual profit reduction is considered to be permanent but the remedies put in place for increasing repair capacity should lead to at least a 1% improvement in margins going forward.

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Group financial issues

- Residual values
- Bad debts
- Treasury – interest costs
- Treasury – financing

As is normal, I will conclude with a review of some financial issues affecting the Group – being residual values, bad debts and treasury.

Residual values

Profit per unit (£)*	April 2006	April 2005*
UK	83	205
Spain		
– Fualsa	61	278
– Record	0	-

** Analysis based on 2005 accounting calculation and applying UK GAAP*

The UK residual values have already been touched upon by Phil but I will show the figures here again. This is the last year that the figures will be produced in this way. In the future the adjustment to depreciation will be disclosed.

Looking at Spain – the prior year was slightly inflated due to still containing a proportion of vehicles that had been depreciated at a higher rate than the main fleet. Upon disposal they naturally generated a higher profit on disposal. The other main factors that have influenced the profit being achieved relates to Spain no longer exporting some of its used product to North Africa (due to government restrictions) and to the rest of Europe (due to price equalisation). The additional supply in the market has seemed to lower residual values. There remains the opportunity to improve Record's profit per unit by starting to develop a retail sales channel that it currently does not have.

Bad debt

- Historically 0.3% to 0.7% of UK GAAP turnover
- Under IFRS basis 0.4% - 1% of Group revenue

Current year under IFRS:

% of Revenue	April 2006	April 2005*
– UK	0.6	0.8
– Spain*	0.5	0.4

**** Fualsa only***

Moving on to bad debts – where there is nothing remarkable to report. We now measure the bad debt experience as a percentage of revenue that excludes proceeds from vehicle disposals.

The historic range of 0.4% - 1.0% of revenue is achieved by both the UK and Spain. There are no particular issues in either jurisdiction.

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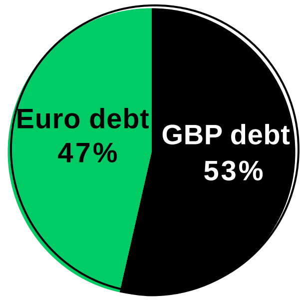
Interest costs

- Interest cover 3.6x (2005 – 3.6x)
- 60% of net debt hedged at various levels
- Fell to 44% upon acquisition of Record in May 2006
- Breakdown of £524m net debt:



Preliminary Results
Year ended 30 April 2006

The Group's interest cover remains at a healthy 3.6 times, the same as last year. This is the first full year that the Group has experienced the benefits of the refinancing carried out in January 2005.

Looking forward, there is an expectation in the market of higher interest rates. At 30 April 2006 the Group had 60% of its net debt hedged through a variety of financial instruments. This coverage reduced to 44% following the acquisition of Record in May 2006 and it is acknowledged that not all of the instruments could be deemed as being effective.

The closing debt at 30 April had 47% of it denominated in Euros and the balance in UK Sterling.

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Interest costs – continued

- LIBOR / EURIBOR rate increases on £524m (£280m, EUR £244m) net debt:

Rate increase	Interest costs £m		
	UK	**Spain**	**Total**
1%	1.8	1.4	3.2
2%	3.2	2.7	5.9
3%	4.3	4.0	8.3

If we consider the closing £524m of debt and apply 1% increases in interest rates but reflecting the benefits of the financial instruments – the following table sets out the additional interest costs to the Group.

So, for example, on closing Sterling debt of £280m a 1% increase in interest rates should give rise to £2.8m additional interest. The actual increase would only be £1.8m.

Similarly, on closing Euro debt of £244m a 1% increase in EURIBOR should result in an additional interest cost of £2.5m per annum. The actual increase would only be £1.4m.

The average duration of the instruments is two years.

Group facilities

	30 April 2006 £m	May 2006 £m
Group	745	745
Fualsa	11	11
Record	-	114
Net debt	(524)	(720)
Capacity	**232**	**150**

Looking at the Group's borrowing facilities both in April and in May to reflect the Record acquisition shows that there remains plenty of capacity for further growth. The facilities will as usual be reviewed at the end of the calendar year.

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Cash flow

Cash flow items	UK		Fualsa		Total	
	No.	£'000	No.	£'000	No.	£'000
Vehicle purchases	22,500	237,676	9,400	68,597	31,900	306,273
Vehicle sales	23,000	129,666	4,900	21,183	27,900	150,849
Fleet depreciation		111,037		22,330		133,367
Other depreciation		2,500		342		2,842

As usual I have provided some cashflow information for those requiring it for further analysis. With that I will hand you back to Steve.

Outlook

- Current trading in line with expectations
- Balance of the year
- Strategy for Growth plan on-track
- Group well-positioned for further growth

Thank you Ged

I'd like to conclude with the outlook for the year.

For the first two months of this financial year, current trading is in line with our expectations.

This year we expect organic growth in the UK and will have the full year's benefit of the AVR acquisition. In addition, we will be developing further the fleet management activities through FTL.

In Spain, we are expecting good organic growth again this year combined with the full year benefit of 100% ownership of Record. As previously mentioned, Fualsa's operating performance will improve and we will benefit from further synergies between Fualsa and Record.

Our new rolling three-year strategy plan for growth is on-track and, following all of the recent strategic acquisitions, we are well-positioned for further growth.

Consequently, we remain confident of good progress in the year.

That concludes the presentation. Thank you for your attention. Ged, Phil and I are happy to take any questions.