Northgate plc

Preliminary Results – Year ended 30 April 2007

3 July 2007

Good morning everyone. Welcome to the presentation of our results for the financial year ended 30 April 2007.

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.

The agenda for today's presentation is as follows. I will give a brief introduction covering our performance both for the year and also against the targets set out in our Strategic Plan.

I will then 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 look at the funding of the Group following our recent treasury activity.

Finally, I will conclude with comments on current trading, the outlook for the next financial year and specifically our opportunities for growth in the UK, Spain and a new jurisdiction.

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Group summary

- Successful integration of AVR acquisition and restructuring of UK business
- Excellent contribution from Record acquisition in Spain and continued growth from Spanish market
- Positioned for expansion into next jurisdiction
- Strategy has delivered underlying PBT* up 29% to £79.3m
- Adjusted basic EPS increase of 24%
- Total dividend up 11% to 25.5p (2006 – 23p)

** Pre amortisation, non recurring charges and share of associate tax charge*

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In the year to 30 April 2007, we continued to execute the key elements of our three year Strategic Plan, announced with our results in January 2006, and aimed at maintaining annual double-digit earnings growth.

In the UK, the Plan was focused on utilising the capacity in the Group's network to increase the fleet by both selective acquisitions, in what is still a fragmented market, and through organic growth, the latter expected to be around 5%. At the same time the introduction of fleet management products was aimed at enhancing returns, both from the fleet management activity itself and from an increased usage of our extensive network of workshops and service facilities.

The acquisition of Arriva Vehicle Rental ("AVR") in February 2006 was very much in line with this objective. The integration of AVR was complete by the beginning of this financial year enabling us to commence a restructuring of the UK business, the second element of our Strategic Plan. This restructuring which is now complete has created a functional, rather than geographic, management structure for the business, albeit retaining significant autonomy within the 20 remaining hire companies. As well as improving productivity, as evidenced by the improvement in utilisation in the period, it leaves us better able to deliver consistent customer service.

In May 2006 we successfully concluded the purchase of the remaining 51% of Record Rent a Car, strengthening our leading position in the growing Spanish vehicle rental market. Demand for our product in Spain continues to be strong and we exceeded our objective of 15% annual fleet growth targeted in our Strategic Plan. Having now appointed a single management team we are making further progress in bringing together the operations of our two Spanish businesses.

Following a period of intense activity both in the UK and Spain where major acquisitions have been made and more importantly absorbed, we are now in a more stable environment in which to consider expanding our business into another jurisdiction. Much work has been performed in this area and I will update you on our progress later in the presentation.

In terms of financial results, we have achieved an increase in underlying profit before tax of 29% along with an increase in adjusted earnings per share of 24%. We have therefore declared an 11% increase in the final dividend to 15.5p per share to reflect these results, thus making a total dividend of 25.5p for the year.

Spanish business

- Management structure established for Spanish business
- Purchasing synergies in place with further synergies expected from common IT platform
- Fleet growth ahead of plan at 17%
- Construction sector exposure has reduced
- Existing construction sector is infrastructure based with good visibility

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Moving on to Spain. We acquired the remaining 51% of the share capital of Record in May 2006. This acquisition significantly strengthened our position as the leader in the growing Spanish vehicle rental market and gave us a combined fleet size of Fualsa and Record of 47,000 vehicles at that time.

Following the acquisition of Record, we appointed Fernando Pemartin, formerly Managing Director of Record, as CEO for Spain. Subsequent to his appointment he has created a unified management structure to take the business forward. Given the strength of the existing management this team has been largely established internally. Certain vehicle and non-vehicle purchasing synergies are currently being achieved. Some more efficiencies will only be realised when Fualsa and Record operate on common IT platforms. We have now chosen the IT system currently used by Record for the combined entity and expect to complete the rollout into Fualsa by the end of this financial year.

As I mentioned earlier we have exceeded our growth target in Spain, achieving an increase in fleet size of 8,000 vehicles over the year.

We have also begun the process to reduce our dependency on the Spanish construction sector, which I will explain in more detail in a few minutes time.

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Spanish business KPIs

	2007	2006
Network	35	17
Fleet size	55,000	23,000
Utilisation	90%	89%
Revenue per vehicle p.a.	£3,438	£3,421
IAS adjustment to depreciation for disposals	£1.9m	£2.0m
Operating margin*	22.4%	20.9%

** Pre amortisation charge*

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As we explained at our interim results in January 2007, we are now reporting our Spanish operations, Fualsa and Record, as one enlarged business. Hence, all the numbers for the current year on this slide are for the combined entity, whereas the prior year represents Fualsa only.

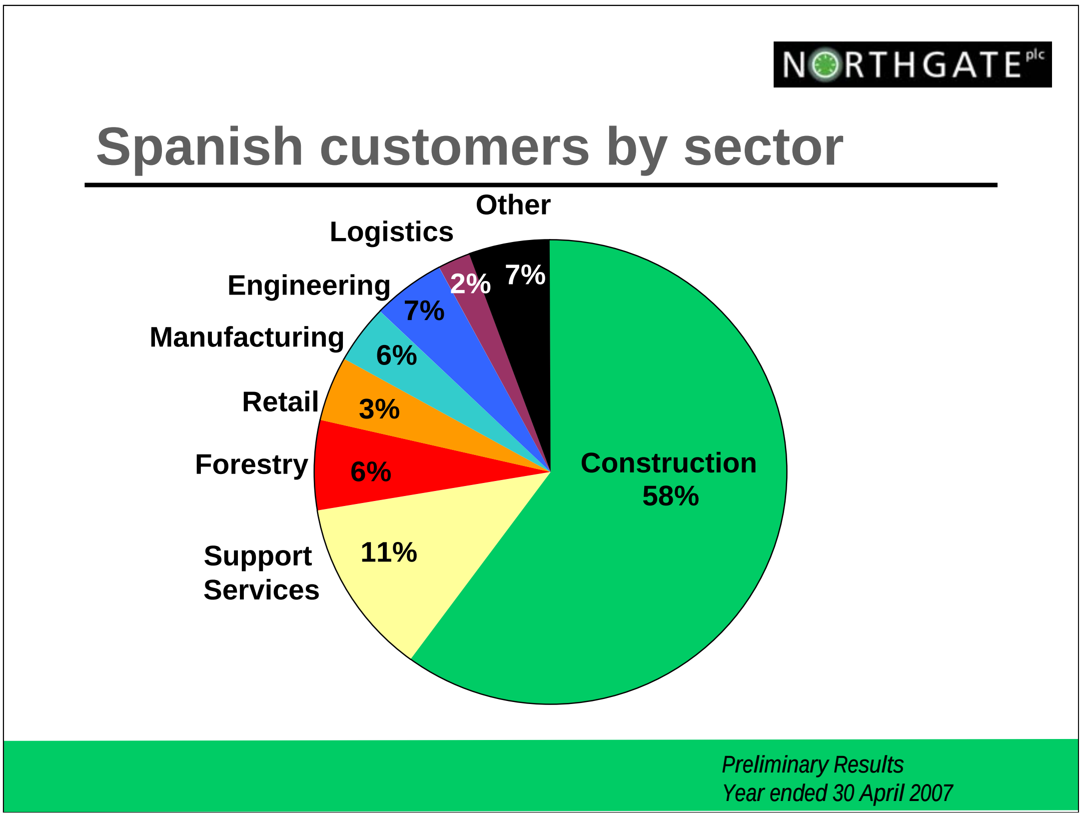
There has been no change to the depot network since 1 May. We have, however, relocated our branches in Cadiz, Malaga, Murcia, Almeria and Barcelona to larger premises to accommodate future growth. Going forward, whilst it is unlikely that we will need to significantly extend the depot network beyond its current 35 locations, further relocations are already planned.

Since May 2006, the fleet size has increased by 17% to 55,000 vehicles, ahead of the targeted 15% growth rate contained in our Strategic Plan. At the same time, fleet utilisation has averaged over 90%, an improvement of 1% over the prior year, partly as a result of Record being included this year but also due to Fualsa's utilisation improving.

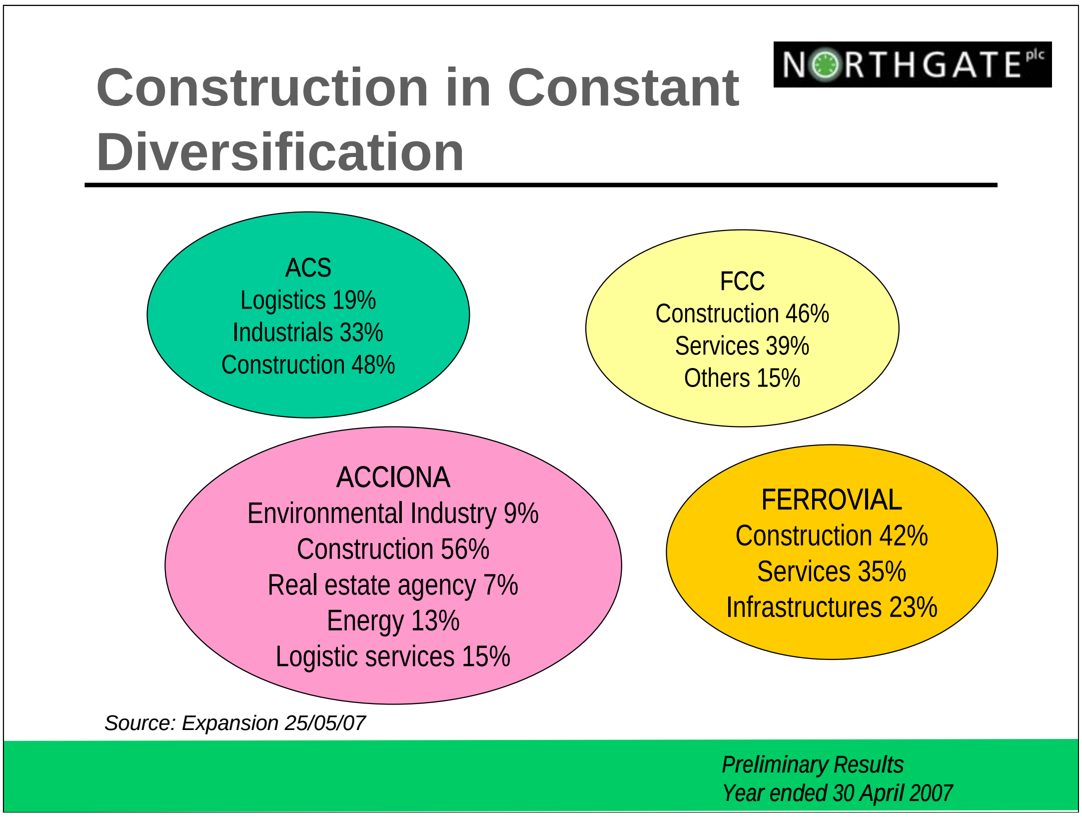
Hire rates are not experiencing the same competitive pressures as the UK since the market in Spain is growing at a much faster rate. This benefit is, to some extent, offset by an increase in the acquisition cost of new vehicles and consequent increase in our vehicle holding costs. Comparisons with 2006 are again difficult because that number related only to Fualsa which, in general, achieves a higher average revenue per vehicle, whereas 2007 is the average for the combined business. However in both businesses we have seen hire rates increase.

The residual value market remains steady and in line with the levels experienced at the end of the last financial year. The disposal proceeds for the 12,200 vehicles sold were therefore in line with our expectations and gave rise to a reduction of £2m in the Spanish depreciation charge in accordance with our accounting policies under IAS 16.

Ged will explain in detail the movement in the operating margin later in the presentation.



This slide combines the customers of both Record and Fualsa to illustrate the breakdown by sector of our business in Spain. If you recall when we first entered the Spanish market our construction sector customers represented up to 65% of our fleet. The inclusion of Record did not significantly alter the profile, with the construction sector remaining dominant at around 60%. This has now reduced to 58% indicating that other sectors are growing at a faster rate than construction.



As with many construction enterprises in the UK the activities of Spanish construction companies now encompass services as well as project based business. Analysis of four major companies in the construction sector by the financial publication, Expansion, in May 2007 shows the diversity of their current activities. If this is replicated across our other construction customers our involvement in this sector is well below the 58% we are quoting. Going forward their continued diversification will clearly assist us with our own target.

Further analysis of our own construction customer activity supports this, indicating approximately 11% of the 58% allocated to construction is actually related to service provision such as facilities management.

Finally, of the activity which is properly classified as construction it is important to remember that much of the work involves projects that are in the main infrastructure, many of which are funded from central government or the EU structural fund and are therefore not dependent on the fortunes of the real estate market.

Strategic objectives achieved to date

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- Retained Fualsa and Record brands
- Established unified management structure
- Vehicle and non vehicle purchasing synergies obtained
- Diversifying customer base away from construction has commenced

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Since the conclusion of the Record transaction in May, we have examined our business in Spain and concluded that the present dual brand structure is the most appropriate manner in which to serve the market. Our primary concern of moving to a single brand is the elimination of what is perceived as a choice between two independent suppliers for many of our customers and thereby the creation of a vacuum for competitors. We will therefore retain both brands, at least for the medium term.

As mentioned earlier, we now have a unified management team under the direction of the newly appointed CEO to take the integration process forward. They have formulated a plan which is scheduled to have the process materially complete by the end of this financial year.

In the interim, we are obtaining synergies from purchasing as a combined entity. In particular, we have seen improved terms from vehicle manufacturers, from parts suppliers and from our insurers.

This has all taken place in a year when our planned growth has been exceeded and we have achieved a modest reduction in our exposure to the construction sector.

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Future strategic objectives

- Continued growth in a dynamic market
- Implement a common IT platform
- Obtain back office and further purchasing synergies
- Continued sector diversification

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For the current financial year, the main objectives are:

• continued organic fleet growth in line with our plan

• the smooth transition to a common IT platform

• the delivery of the back office synergies which should be achievable once we have that common IT platform

• and, finally, the continued diversification of our customer base away from its current construction sector bias

On that note, I would like to pass you over to Phil who is going to review the performance of our business in the UK.

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Phil Moorhouse
UK Managing Director

Thanks, Steve. Good morning, everyone.

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UK business

- Benefits from synergies of AVR integration and efficiencies from network restructuring
- Profit from operations* up to £71.7m (2006 - £58.8m)
- Stable hire rate environment
- Residual market stronger than the prior year
- Positioned for further growth

** Pre amortisation*

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As Steve said in his introduction, the calendar year 2006 was a very busy year for the UK business, with our largest acquisition to date, AVR, being immediately followed by a major restructuring of our hire operations. The successful integration of the AVR business, and particularly the retention of almost 100% of the customer base, coupled with targeted growth in our existing business, contributed to an increase in profit from operations of 22%.

Whilst the rental market remains competitive, we have not seen the level of pricing pressure we experienced in the prior year, with hire rates remaining stable since February 2006.

The residual market for our used vehicles has been buoyant throughout the year, in part due to the shortage of product in certain sectors. This shortage was created by manufacturers delaying the introduction of new models in order to incorporate Euro IV compliant engines into the new vehicles. This resulted in fleet operators delaying replacements which, in turn, produced the shortage of used vehicles in the market. We had expectations that the new vehicle supply would improve in the second half of our financial year. This has not happened and as a consequence the residual market has remained strong. At present we do not anticipate any meaningful change to new vehicle supply until the end of the calendar year 2007.

Having absorbed AVR and restructured the UK network we believe we have created a more efficient business that is well positioned for growth either organically or through acquisition.

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Streamlining of hire companies

- Moved from geographical to functional management structure
- Created fewer, larger businesses while retaining national network coverage
- Estimated restructuring costs during the period £0.8m
- Benefits expected in future periods but 1% utilisation improvement evidence of benefits

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In June 2006, we announced a restructuring of the UK business. This restructuring has streamlined the number of hire companies from 35 to 20 to give fewer, but larger, business units, whilst retaining the existing geographic network of locations. The vast majority of hire companies now operate fleets of between 3,000 and 5,000 vehicles.

The restructuring was complete by the end of the calendar year 2006, with the costs associated with the streamlining changes totalling £0.8m. We expect a number of efficiencies to accrue in future periods as a result of this restructuring, the most important being an overall improvement in fleet utilisation. The current year saw some improvement with an average fleet utilisation in the UK of 91%, up 1% on the prior year.

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UK business KPIs

- Network of 82 locations
- Fleet growth 2%
- Vehicles on hire increased by 3%
- Utilisation improved to 91% (2006 – 90%)
- Revenue per vehicle reduced as expected
- Residuals improved in a strong market

Preliminary Results
Year ended 30 April 2007

This slide sets out the key performance indicators for the Group, each of which I will cover in more detail in the next few minutes.

As at 30 April, we operated from 82 locations, six less than the number at the start of the year since a number of smaller branches have been re-evaluated in light of the new structure. Following completion of the streamlining process, the split between hire companies and branches is now 20:62 respectively. It is not planned that the number of locations will grow significantly in the medium term but there will be an ongoing programme of relocations to accommodate further growth when hire companies become constrained by the physical size of their premises.

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Revenue per vehicle

- Revenue per vehicle p.a. £5,218
  (2006 - £5,424)
- Hire rates stable during period
- Reduction in hire rate against prior period is as expected due to:
  - Integration of AVR with different fleet and customer mix
  - Prior year rate reductions feeding into current period average

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Whilst the fleet grew by 2%, vehicles on hire grew by 3% because of the improvement in utilisation over the year. The fleet closed the period at 65,300 vehicles. The year has been one of considerable change for the business, which, when combined with our determination to protect hire rates may have adversely impacted our growth in the short term. Given the opportunities that we continue to be involved in, we still believe that 5% growth per annum going forward is achievable.

Whilst hire rates have remained stable since February, revenue per vehicle has fallen, as we expected, compared to the prior year. This is as a result of (i) the rate reductions which took place between August 2005 and February 2006, feeding through into the current year; and (ii) the integration of the Arriva fleet which achieved a lower average hire rate because of their fleet and customer mix – typically customers operating vehicles with lower mileages and less damage and also more small vans in their fleet. As we said at the time of the acquisition, this is generally compensated by a better residual value on disposal – and we can see this effect feeding through in the next slide.

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Vehicle sales

- Sold 24,700 vehicles
- Increased retail proportion to 16% (2006 – 12%)
- Market strong due to short supply of new Euro IV models
- IAS 16 adjustment to depreciation arising from profit on disposals

	2007	2006
Depreciation reduction	£8.5m	£2.2m
Units	24,700	23,000

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The acquired AVR business has a higher proportion of its profit from operations being generated when the vehicle is disposed at the end of its life. This is due to the customer and vehicle mix that I just mentioned but we have been able to capitalise on this by channelling the AVR vehicles through our retail and semi-retail disposal channels.

At the same time, the used vehicle market has been strong due to lower volumes on the supply side, caused by delayed replacements. This can be seen in our disposal numbers which, at 24,700 vehicle sales, are only 7% ahead of the prior year's 23,000 disposals, despite our average fleet being almost 20% higher than in the prior year.

The buoyant market, when coupled with a significant increase in the number of vehicles we have been able to sell through our retail channels (partly as a result of the AVR acquisition), has enabled us to achieve a profit of £8.5m against the vehicles book value which under our accounting policies has been credited against depreciation.

Fleet Technique Limited

- Specialist fleet management business
- Relocation of business in August 2006
- Contribution of £0.6m in line with expectations
- Cross selling benefits to accrue in the future

Preliminary Results
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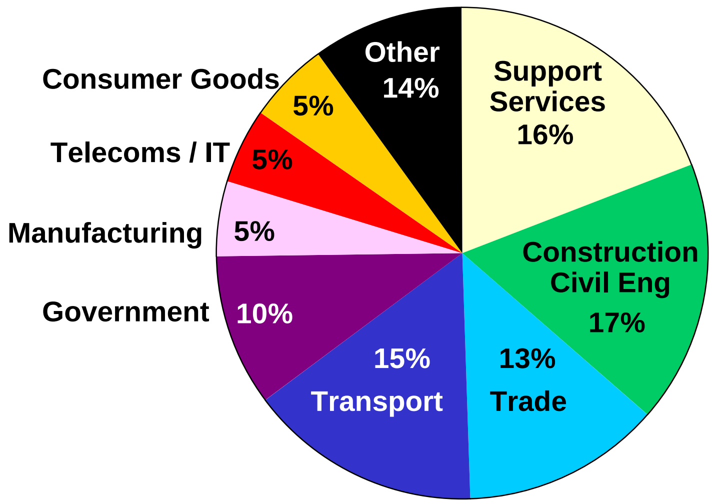
As previously reported, the acquisition of Fleet Technique was completed in February 2006. Our priority has been to relocate the operation into larger premises and to develop a sales team within the business. Both are now complete. The business was relocated in August and we have recruited a senior person from within the industry to head up sales.

In its own right, the business has generated a small profit and we have begun to make Northgate's workshop network available to FTL's customer base. We have also begun to introduce our ability to manage all fleets to our sales and tendering process. Whilst tangible results are small in this period, we remain optimistic about the opportunities for this addition to our product offering.

UK customers by sector



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Nothing very specific to report on customer mix in that it is not materially different to July 2006. As we show here, a wide spread across a number of industry sectors. Construction and support services are the biggest sectors, with distribution the third, and together accounting for 48% of the customer base.

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Current strategic priorities

- Maximise benefits of restructuring
- Development of fleet management business
- Further acquisition opportunities in a fragmented market

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We are in a good position now. The last business to be restructured was completed before Christmas so our 20 operating hire companies are in place. As a result, they have had time to settle down and we can focus on realising the benefits.

One area already apparent is better utilisation as the average fleet in each business is now greater than before.

Improvements in efficiency and productivity will be driven through as well as a more consistent service offering across the Group to the larger clients.

Progress in Fleet Technique, although modest, has been made. There are two main lines of attack. Firstly, we can use the Northgate workshop network (now over 60 in the UK) to offer maintenance facilities to FTL's existing customer base. Secondly, it gives our sales team more opportunity to access the owned fleet market to increase, over the longer term, our penetration of Norflex. At the same time, we will continue to develop FTL's own customer base to increase vehicles under management.

We can have a more detailed look at how we are viewing growth opportunities in the UK.

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Future growth - organic

- Sale and Rentback relaunched
- New Marketing Director
- Cross selling via FTL introductions

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Firstly organic growth. It is still the case that 90% of the commercial vehicle parc in the UK is owned, which means the single biggest opportunity for organic growth is to convert fleets that are owned to rental. In order to achieve this objective we have relaunched our 'Sale and Rentback' product which enables prospects to switch to rental producing an immediate cash injection to their business and subsequently receiving the benefits of a more modern and flexible fleet.

We have recently appointed a Marketing Director for the UK business. This is a new position that will initially aim to gain market intelligence on the 90% of the vehicle parc that does not rent. This process will be assisted by knowledge gained from the activities of FTL which operates in this part of the market. Armed with that information we believe a more focused marketing strategy will produce the opportunities we need to grow our business in line with our targets.

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Future growth - acquisitions

UK leading providers	Fleet Size
Northgate	65,300
TLS	16,000
Leaseway	14,000
Sixt Kenning	12,000

Source: Company estimates of LCV content

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The second opportunity for growth is through acquisition. Through the AVR acquisition we have demonstrated that a substantial acquisition can be integrated into the core business quickly and efficiently such that the benefits of the acquisition can be realised. In our sector, as this slide demonstrates, there are not many competitors of a similar size to AVR so any acquisition activity should not present a challenge to management that has not been dealt with previously. This list of competitors does not represent acquisition targets – it merely illustrates the largest players in the sector.

I will now hand you over to Ged to take you through the financials in a bit more detail.

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Gerard Murray

Group Finance Director

Good morning everybody.

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Financial summary

Pre amortisation

	2007	2006	Change
Profit before tax (£m)*	79.3	61.3	29%
Profit from operations (£m)			
– UK	71.7	58.8	22%
– Spain	39.3	15.0	162%
– Spain (Record associate)	-	6.5	-
Interest cover	3.4x	3.6x	
Gearing	290%	204%	
Dividend per share	25.5p	23.0p	11%

** Pre non recurring charges of £2.6m and share of associate tax £1.4m in 2006*

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In the next few slides I will try to highlight the underlying performance of the Group for the year ended 30 April 2007. The main impacts during this year being the consolidation of the AVR acquisition in the UK and the Record acquisition in Spain.

The Group's profit before tax and amortisation has increased by 29%. The distribution of this increase is shown in the profit from operations whereby the UK has improved by 22% and Spain by 162%. Clearly the two acquisitions have driven much of this growth.

The leverage of the Group increased following the acquisition of Record in May 2006. This was forecast to be the case this time last year when gearing was predicted to be between 300% and 335% post the purchase of Record. Whilst the Group's absolute net debt has continued to increase to fund the growth in the Group's fleet, particularly in Spain, the level of gearing has reduced from the peak of 306% immediately following the Record acquisition to 290% at 30 April 2007.

The Directors are pleased with progress this year and have therefore recommended an 11% increase in the final dividend to 15.5p per share.

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Profit before tax and amortisation

	2007 £000	2006 £000	Change
Profit before tax	75,368	56,062	34%
Amortisation	3,922	1,227	
Exceptional	-	2,607	
	79,290	59,896	32%
IAS 1 – Record tax	-	1,422	
Underlying PBT	**79,290**	**61,318**	**29%**

Preliminary Results
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As we normally do, we have set out in the next few slides a review of the Group's published results against its underlying profits.

The first item to consider is the intangible amortisation change that is very dependent upon the assumptions used to calculate the value of intangibles and goodwill and also on the amortisation periods selected. The amount charged against profit for the Group for the financial year to 30 April 2007 is £3.9m compared to £1.2m in 2006.

The prior year also included a non-recurring restructuring charge of £2.6m relating to the acquisition of AVR.

Adjusting for both of these items means that the Group's PBT has increased by 32% but 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 for 2006 means that the underlying PBT for the Group in 2006 was £61.3m and hence the current year underlying PBT increase over the prior year is 29%.

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.

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Profit from operations - Group

Pre amortisation

	UK £m	Spain £m	Total £m
Profit from operations	71.7	39.3	111.0
Finance costs (net)	(18.8)	(12.9)	(31.7)
Underlying PBT	**52.9**	**26.4**	**79.3**

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The first segmental analysis is the generation of the PBT between the UK and Spain. Profit from operations was £71.7m from the UK and £39.3m from Spain giving a Group profit from operations of £111m. Thus the UK is generating 65% of the Group's profit from operations and Spain 35%.

Profit from operations- UK

Pre amortisation

	FTL £m	Vehicle Rental £m	Total £m
Revenue	13.7	337.4	351.1
Profit from operations	0.6	71.1	71.7
Operating margin	4.2%	21.1%	20.4%

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Looking at the UK in more detail there were two acquisitions towards the end of the last financial year being FTL, a fleet management company, at the end of January 2006 and AVR on 3 February 2006.

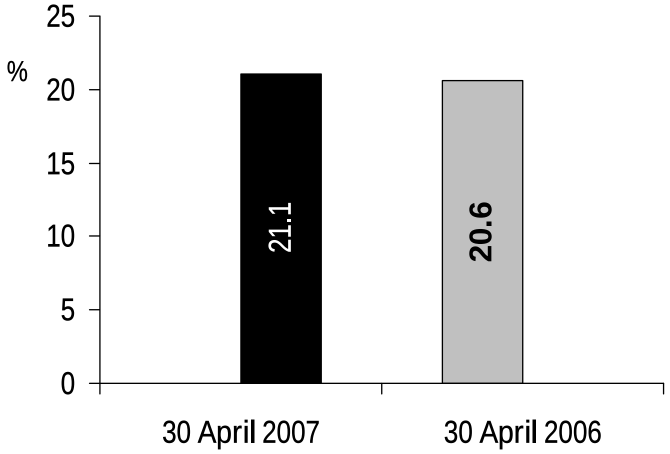
FTL is a lower margin business than the Group's core business of vehicle rental. The margin generated of 4.2% and excluding any cross selling benefits is within the range that we expect FTL to operate within going forward and is slightly ahead of the 3.6% margin achieved during its first three months of ownership. As has already been mentioned, progress in obtaining the expected benefits of this acquisition during this year have been modest but we are confident of progress in the future. That being said the revenue from the FTL business increased by 6% compared to the previous 12 months although the Group did not have ownership of FTL for the whole of the prior year.

This lower margin from FTL does dilute the overall operating margin of the UK. Consequently we have segmented the revenue and profit from operations that the UK Rental business generates from the revenues and profits generated by fleet management.

This shows that whilst the UK has a blended margin of 20.4% the UK Rental margin is 21.1%.

UK Rental operating margins

Pre amortisation and non recurring charges



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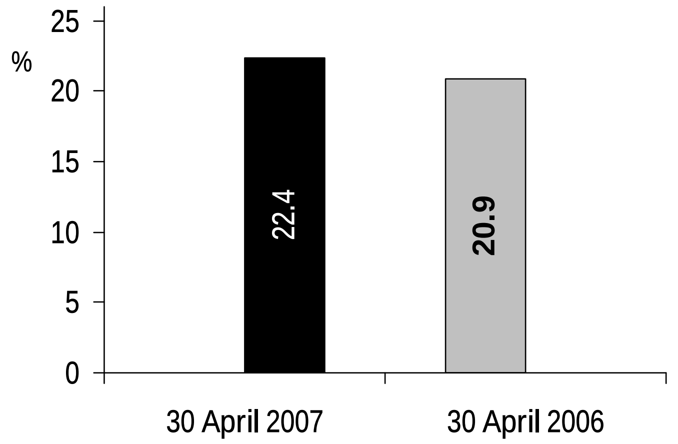
The UK Rental margin of 21.1% shows an improvement of 0.5% over the prior year. This margin improvement has been achieved despite a lower average hire rate compared to the prior year and is derived from the operational gearing benefits from the AVR acquisition, efficiencies from the UK restructuring and the improvement in the residual vehicle market. The margin is stated after incurring c£0.8m of transactional costs associated with the UK restructuring.

Spain operating margins

Pre amortisation charge



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Turning now to look at Spain on the same basis. The difficulty in making a meaningful comparison is that the current year represents the enlarged business but the prior year is Fualsa only.

As expected, the overall operating margin for the Spanish business has improved since the end of the last financial year both because of the inclusion of Record who achieve a slightly higher margin than Fualsa and because of the achieved operating efficiencies. The margin of 22.4% for the current year represents excellent progress within the Spanish business as a whole. Operational gearing benefits are being achieved; with fleet growth of 17% per annum, purchasing synergies are starting to work their way through into the financial results and improvements in maintenance costs all having contributed to the 1.5% improvement in operating margin. The next meaningful opportunity to improve margins will occur after the operating companies are on common IT platforms so that back office synergies can be obtained. This is scheduled for the second half of the current financial year.

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Treasury Management

- Refinancing Record acquired debt
- Treasury facilities and term
- Treasury – interest cost management

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I will conclude with a review of some of the issues affecting the Group's treasury operations and in particular the actions taken to refinance the debt acquired with Record, a review of the Group's existing facilities and the management of its interest rate exposure.

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US Private Placing

- £169m of unsecured guaranteed loan notes
- Issued December 2006 and January 2007
- Term 7 – 10 years
- Fixed coupon of 5.78%
- Pricing comparable to an A- rating

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The acquisition of Record in May 2006 resulted in £146m of existing Record debt being consolidated into the Group's balance sheet. This debt comprised short-term leasing and loan facilities. Considering this short term refinancing requirement against the Group's long term treasury objectives of reducing its refinancing risk at any point in time and diversifying its source of finance we concluded that the US Private Placement market not only offered diversity in our source of funding, it also enabled us to introduce some longer term debt than the bilateral arrangements offer so that we now have 7 and 10 year terms on the loan notes that were issued.

The loan notes issued through this Private Placement totalled $335m, which is equivalent to £169m at the exchange rates prevailing at 30 April 2007. We had the option to swap the US dollars back to either Euros or UK Sterling. The final objective of this refinancing exercise was to take advantage of the longer term funding in order to increase the level of effective interest rate hedging within the Group. Given the shape of the respective Euro and UK Sterling long-term interest rate curves at the time we elected to swap the whole of the proceeds raised into UK Sterling raising £169m of additional funding which was immediately fixed at 5.78%. The vast majority of the funding was received in December with the final $50m loan note issued in January 2007. The US coupon that was agreed with investors was comparable to a public bond issued by Ryder, with a credit rating of A- in October 2006.

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Group facilities

Including loan notes

	£m	%
Loan notes	169	17
Bank loan facilities	755	78
Residual facilities from acquisitions	53	5
	977	**100**
Net debt at 30 April 2007	755	

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Having completed the exercise we can look at the Group's overall facilities against the net debt at 30 April 2007 on a pro forma basis. The loan notes with terms of between 7 and 10 years make up 17% of the Group's facilities, the bilateral facilities that mature in January 2010 represent 78%. The final 5% comprises residual funding lines provided to the Spanish business through local banks. It is expected that the vast majority of these will be discontinued within the next 12 months.

Thus the Group has funding capacity of over £220m as at 30 April 2007. The recent US Private Placement has introduced the Company to a new source of funding which it may choose to utilise again as part of its long term funding strategy.

Interest rate hedging

Pro forma 30 April 2007

	%	£m	Avg Rate %
Loan notes fixed rate debt		169	5.78
Sterling fixed rate debt		75	5.70
Euro fixed rate debt		154	2.80
Total fixed rate debt	53	398	-
Floating debt	47	357	-
Total debt	**100**	**755**	

Other derivatives to a value of £105m (14% of net debt) are in place

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Looking now at the Group's interest rate management we can see that the Group has 53% of its net debt at fixed rates with maturities extending to between 7 and 10 years. The distribution of the hedging instruments is very much weighted towards the Group sterling debt and it is our intention to increase the proportion of fixed rate Euro debt. This excludes existing sterling collars covering £105m of debt, which we do not hedge account. Since the end of the financial year we have increased the proportion of net debt that is at a fixed rate to 57%.

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Cash flow

Cash flow items	UK No.	UK £000	Spain No.	Spain £000	Total No.	Total £000
Vehicle purchases	26,000	261,171	20,200	176,776	46,200	437,947
Vehicle sales	24,700	139,723	12,200	48,789	36,900	188,512
Fleet depreciation		124,239		65,856		190,095
Other depreciation		2,791		999		3,790

Preliminary Results
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The final slide relates to the cash flow of the Group. As usual I have set out the vehicle purchases, disposals and depreciation charges associated with the UK and Spain to assist you with your models.

Outlook

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

Preliminary Results
Year ended 30 April 2007

Thank you Ged

So, in conclusion, we are on track to achieve the key targets set out in our Strategic Plan.

For the year ahead, our priorities in the UK are to achieve the savings we expect from the recent streamlining process, to grow the business organically, and by acquisition, if appropriate opportunities present themselves, and to develop our fleet management business. In Spain, we need to successfully merge the two businesses whilst continuing to grow organically at the planned level of 15%.

The recent debt restructuring through the Private Placing leaves us well positioned for future growth along with reducing our exposure to any further increases in UK interest rates.

Our final objective for the year ahead is to source an acquisition in a new territory. Our search for another jurisdiction has been stepped up a gear and we are now actively examining a number of markets for potential targets. As we have previously indicated, our success in Spain came as much from identifying the right company to acquire as it did from entering the right market.

Whilst our initial research suggests that there are no rental businesses of the size of Fualsa when we acquired it, we are confident that our flexible rental product will create demand once offered and that we will be able to grow quickly, even if it is from a lower base. In line with the timetable in our strategy for growth, we would expect to move forward with an acquisition during this financial year.

Thank you for your attention. We would now be pleased to take any questions you may have.

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Preliminary Results – Year ended 30 April 2007

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