

Northgate Information Solutions - 6 months trading update May-October 2008

I am pleased to report that, in the face of increasingly difficult world market conditions, the Northgate Information Solutions group of businesses has performed well in the first six months of the current financial year.

In line with the announcement made in December 2007, we completed our planned delisting from the London Stock Exchange in March 2008. The period under review is therefore the first for Northgate as a private company. We are very grateful to KKR, our major shareholder, for the support they have given us during this period which has allowed us to continue to grow every one of our businesses.

NorthgateArinso, our global HR systems and services business, continued its journey towards market leadership. Customers continue to choose our unique portfolio of consulting services, software applications and outsourcing services to help them deliver better HR services. The investments that we continue to make in our application portfolio and in building a low cost, high quality global delivery network are delivering benefits to clients and helping us to gain market share.

Northgate Public Services, the UK market leader in the local authority and public safety software markets, has enjoyed a record period of sales and profits. With the support of further funding from KKR and our loan funding partners we were able to complete the acquisition of Anite Public Services in October 2008. This acquisition further strengthens our leadership in this market.

Northgate Managed Services has enjoyed a period of strong revenue growth as our education business started to see the benefits of customers going live from our successful contract wins in the large BSF programme in England. We have also benefited from significant investment in an innovative portfolio of solutions and services that address our customer real issues ranging from a "Green computing" agenda to reducing the total cost of technology ownership.

Clearly, the market conditions in which we are operating are more difficult than they have recently been. However, the products and services that we offer our clients, from payroll management to council tax administration, emergency call handling to running ICT infrastructure for schools, and from administering benefits payments to processing penalty notices, tend to be fairly resilient. We help our clients with essential, mission critical activities. We are therefore confident that we are well placed to deal with the difficult times ahead.

I would like to take this opportunity to thank all of our employees for their continued dedication and outstanding work, but above all I would like to thank our clients for continuing to trust us with such important work on their behalf.

Chris Stone
Group Chief Executive