

04 July 2007

Preliminary Results for 12 Months to 30 April 2007

Northgate Information Solutions plc (“the Group” and “Northgate”), the UK’s leading supplier of specialist software and IT services for the Human Resources, Education and Public Services markets, today announces its preliminary results for 12 months to 30 April 2007.

Highlights:

- Turnover up 6% to £351.7m (2006: £332.7m)
- Underlying organic growth accelerated from 1.7% in H1 to 7.7% in H2
- Operating profit¹ up 9% to £60.1m (2006: £55.0m)
- Profit before tax up 4% to £31.9m (2006: £30.6m)
- Adjusted basic EPS² up 13.1% to 6.90p (2006: 6.10p)
- Operating cash flow³ grew 21.5% to £75.6m (2006: £62.2m)
- Order book grew 6.5% to £389.8m (2006: £366.0m)
- Preferred bidder status achieved for the BSF contract in Leicester worth £27m over the contract term and a £15m extension to the Lot 6 contract in Northern Ireland
- Dividend per share increased 20% to 0.72p (2006: 0.60p)
- The acquisition of ARINSO, announced after the period end, will transform Northgate into a global provider of HR systems and services

Ron Mackintosh, Chairman:

“This has been a highly significant year in the development of the Group. We made a number of earnings enhancing acquisitions to develop our position and broaden our range of products and services in the Human Resources (HR) and Public Sector markets. The acquisition of ARINSO will represent a step change in Northgate’s development transforming our successful Human Resources division into a truly global business.”

¹ Operating profit is stated before significant restructuring, one-off incident, property provisions, amortisation of capitalised customer relationships and option costs. The Directors consider that the adjustments better demonstrate the performance of the Group.

² Adjusted basic EPS is stated after removing the effects of significant restructuring, one-off incident, property provisions, amortisation of capitalised customer relationships, option costs and deferred tax movements.

³ Operating cash flow is net cash from operating activities stated before pension deficit contributions.

GROUP OVERVIEW

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Group Turnover	£351.7m	£332.7m	6%
Operating Profit	£60.1m	£55.0m	9%
Operating Profit %	17.1%	16.5%	3.6%
Basic EPS	4.69p	4.01p	17.0%
Adjusted Basic EPS	6.90p	6.10p	13.1%

The Group has delivered a strong performance for the full year. Revenues for the year rose 6% to £351.7 million. Operating profit grew 9% to £60.1m, driven by revenue growth and continued progress with the Group's revenue mix and operating efficiency. Over a number of years we have focused on the areas of our business where we can leverage our IPR and differentiate ourselves in the market place, leading to margin expansion. Profit before tax increased by 4% to £31.9 million leading to a rise in adjusted basic earnings per share of 13.1% to 6.90p. Following from our return to the dividend list last year the Board have recommended the payment of a final dividend of 0.48p making 0.72p for the year. Year on year dividends have grown 20%.

Organic revenue growth accelerated in all parts of the Group in the second half of the year as we continued our investment in sales and marketing. Underlying growth improved from 1.7% in the first half of the year to 7.7% in the second half giving organic growth of 4.8% for the year (2006: 4.1%). Public Services and Managed Services showed particular half on half progress.

In addition to driving our organic growth, we have made a number of important acquisitions to build our presence and skills within our Human Resources and Public Services markets. These have culminated, since the period-end, in the acquisition of a controlling stake in ARINSO, the international HR services group based in Belgium and making an offer for the remaining shares. This acquisition has transformed Northgate into a global provider of Human Resources systems and services and marks a step change in the development of the Group. We believe that in the past 12 months we have laid the foundations for the group to develop in the years to come.

In these accounts we have taken an exceptional reorganisation provision of £6.3 million partly offset by net one-off property gains of £3.0 million. This provision is intended to fund the full integration of acquisitions completed in the 2007 financial year into the main group and ensure that our delivery and support functions are the right scale for the market conditions they currently address.

DIVISIONAL REVIEW

Human Resources

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Turnover	£126.1m	£113.8m	11%
Divisional Operating Profit	£35.3m	£31.2m	13%
Divisional Operating Margins	28%	27%	4%

Northgate HR has seen continued growth throughout the year with organic revenue growth increasing by 6.2% for the full year (2006: 4.0%). We signed a record number of new client contracts and extended our relationship with many others. Significantly there has been a sharp rise in the size of contracts we have secured worth more than £1 million, as our clients increasingly sign up for large outsourcing contracts over longer periods of time instead of smaller systems or services contracts. We signed 6 contracts worth more than £1 million in the period.

Some of the new contracts signed in the period included:

- A five-year pensions administration contract with Alliance Boots plc, expanding the existing HR and payroll services provided by Northgate;
- Providing an outsourced shared service for Payroll & HR to Thistle Hotels for its 5,000 employees throughout the UK;
- A five-year contract with the University of Southampton to provide a payroll and pensions solution to more than 5,000 staff; and
- Deacons, one of Hong Kong's leading law firms, has signed a contract for the use of ResourceLink for HR and Payroll. This deployment will include the translation of the system into Chinese utilising Unicode for use in Deacons' mainland China offices, which are located in Beijing, Shanghai and Guangzhou.

During the year we also extended our range of products and services in HR with a number of key acquisitions. These included:

- Link Group Consultants for £11.3 million⁴, the UK leading reward systems specialist which develops solutions to evaluate equal pay and conditions;
- Edis for £10.3 million⁴, a pension's administration outsourcing provider; and
- Engage, which develops scheduling, time and attendance recording software.

All these smaller acquisitions are earnings enhancing and build the group's portfolio of products and services.

⁴ Net cash outflow, excluding cash and loans acquired

Human Resources (continued)

Moorepay, Northgate HR's business aimed at Small and Medium Enterprises (SME), saw its total number of clients grow by 4.9% during the year. Customer retention rates remain high at 94%. Moorepay remains a leader in providing vital HR services and support to SMEs and the group's offering to SME's was further enhanced after the year end by the acquisition of First Business Support with a turnover of £8.5 million.

Public Services

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Turnover	£103.4m	£102.1m	1%
Divisional Operating Profit	£20.0m	£19.5m	3%
Divisional Operating Margins	19.5%	19.0%	3%

Northgate Public Services returned to growth in the second half of the year, driven by strong demand for software and services from Local Government clients (H1 -2.2%: H2 4.5%). This allowed the division to show overall growth of 1.3% for the full year (2006: 2.6%).

Local Government, which accounts for approximately 60% of the division, enjoyed a busy and active second half year, with a number of notable contract wins including a 5 year partnership with the London Borough of Croydon to deliver a multi-application managed service solution; the delivery of a customer relationship management system for Warrington Borough Council in support of its customer contact strategy; and Brent Council becoming the first local authority to benefit from a new identity management system offered by Northgate. The Initiate Identity Hub™ enables local authorities and other public sector bodies to combine customer and business data held across disparate corporate and departmental IT systems into centralised master records. In addition, Northgate has been responsible for 82 new postal vote identification systems for local authority clients committed to eliminating fraud in Postal Voting and to modernising their electoral systems.

Northgate's housing sector has performed well, and Northgate has been particularly focused on helping our clients to save money in the administration of housing portfolios in front, middle and back office. Northgate completed the roll out of a single financial and housing management system for Midland Heart, one of the top ten housing and regeneration businesses in the UK.

In the second half of the year our Local Government business also completed the acquisition of Kendric Ash, a leading transformation partner to the public sector, which has since its creation delivered more than £100 million in financial benefits to public sector clients. The acquisition will help Northgate widen its service proposition in this fast growing part of the market.

The Criminal Justice market has however remained challenging with a number of projects being deferred and cancelled due to the changing structure of the Home Office and the recent creation of the Ministry of Justice. Northgate has built a strong and trusted brand in this market and we remain dedicated to continuing our sales effort. We are confident that the market will recover when the new structure of the justice system becomes established. In spite of this difficult market background, the team did well with wins including a management information solution for the Office for Criminal Justice Reform in partnership with LogicaCMG; 42 police forces signing up for a two-year extension to the national enforcement solution for Penalty Notices for Disorder; and working with Safety Camera Partnerships, including Hertfordshire, Wiltshire and Northumbria, to provide drivers with direct access to evidence from safety cameras through Northgate's "Public Access" service.

Northgate Information Solutions plc

Managed Services

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Turnover	£122.2m	£116.8m	5%
Divisional Operating Profit	£10.0m	£8.3m	20%
Divisional Operating Margins	8%	7%	14%

Northgate Managed Services has also seen good progress this year. Our services revenue has seen strong growth in the second half of the year (H1 0.6%: H2 12.6%) as the effect of contracts won in our education business shows through. This allowed services revenue to grow by 6.7% for the full year (2006: 6.0%). Third party product sales continued to decline, from £22.2m to £18.0m as the business focuses on growing its service based income.

In the education sector, Northgate has enjoyed tremendous progress. Work commenced in the second half on two significant contracts as one of the first providers of Information and Communication Technology (ICT) managed services and support to the education sector in Bristol and Northern Ireland. The Bristol contract worth £8.9m was the first of its kind to be signed in the Government's Building Schools for the Future (BSF) programme and has firmly established Northgate as a major player in the BSF market. We now provide managed ICT services to more than 1100 schools in the UK and have completed the development of Northgate's Managed Learning Environment (MLE) which is a key component of Northgate's offering to the BSF market.

We have developed a healthy pipeline within the BSF programme and have recently announced a contract extension worth in excess of £15m for work under our Lot 6 contract in Northern Ireland.

We are currently shortlisted on a further 7 opportunities, including holding the preferred bidder status for the Leicester City Council BSF contract worth £27m. This is expected to go to contract in the first half of the current financial year.

The Lot 6 contract in Northern Ireland, worth more than £46m and the largest ever won by the Group, will ultimately provide ICT solutions and ongoing support to 300,000 teachers and schoolchildren throughout the Province. In addition we are pleased to have established a partnership with Fronter as its preferred Virtual Learning Environment (VLE) supplier.

Other notable new contract wins in this division were a major email systems project for North Tyneside and Newcastle City Council, a five-year IT outsource with Sandwell Metropolitan Borough Council, the launch of an internet booking service and a further 2 year extension to the existing managed services contract with DVA in Northern Ireland, an IT support contract with Solihull Metropolitan Borough Council and new infrastructure support contracts with Waterways Ireland, Scottish Criminal Records, Strathclyde Police, and Seagate Technologies. These major wins provide a firm base upon which to achieve the significant growth that is available in the sector.

ARINSO

Since the period end we have also announced the acquisition of ARINSO, a leading independent global provider of SAP-based HR services and solutions. On 2 May 2007 Northgate announced that it had entered into an agreement with the majority shareholder to acquire, subject to shareholder approval, a 60.43% interest in ARINSO for €18.75 in cash and 5 new Northgate shares for each ARINSO share. At an EGM held on 15 June 2007 shareholders formally approved the acquisition, which enabled Northgate to take a controlling interest and then subsequently launch a mandatory public offer to acquire the remaining shares in ARINSO. This offer process is expected to close by September 2007.

ARINSO is a global HR servicing and outsourcing provider with over 2,600 employees operating in 27 countries across 5 continents. It has experienced compound growth over the last five years of 16% per annum and continues to operate in high growth markets. In the quarter to 31 March 2007 the business grew revenue by 20.0% to €56.7 million and operating profit by 25.4% to €5.2 million. ARINSO holds highly valuable intellectual property in the form of deep seated knowledge of human resource management, as well as an outstanding relationship with SAP and understanding of how SAP software can be used to support client services and systems. ARINSO provides services in the areas of HR Business Consulting, Technology Integration, and HR Outsourcing. It has provided services to 100 of the global Fortune 500 companies.

The combination of ARINSO with Northgate's existing HR division will create a world-leading HR software and business process outsourcing operation, which will be well positioned to address the \$15 billion worldwide HR business process outsourcing market. This combination will provide a substantial global platform from which Northgate can grow the enlarged business by using ARINSO's development, sales and support network to adapt and market ResourceLink to new international customers.

Northgate will also continue to promote ARINSO's euHReka global platform based on SAP, allowing Northgate to service clients wanting to adopt a global ERP software solution. Our recent experience of international sales has proved that there is an enormous potential market for clients wanting to adopt a best of breed HR software strategy, as well as those adopting an ERP strategy.

The Board expects the acquisition to be earnings enhancing (before amortisation of intangibles, options costs and one-off items) in the financial year 2008/9, which will be the first full financial year following its completion.

BOARD

This year has seen a number of changes to the Northgate board. In September 2006, Ron Mackintosh joined as Non-Executive Director and Chairman designate, and replaced Nick Irens as Chairman in the New Year. In addition, Andrew Robb joined as a Non-Executive Director and a member of our Audit Committee in February 2007.

Following the completion of the Share Purchase Agreement with ARINSO, their Chief Executive, Jos Sluys, has been invited to join the Board of Northgate and will take a leading role in the development of strategic client accounts.

OUTLOOK

The 2007/08 financial year has started well. The momentum we saw build up in the second half of last year has continued into the beginning of this year. We have invested in growth businesses such as Link HR Systems and Kendric Ash. Looking to the 2007/08 financial year, we are confident that this momentum will continue to grow.

Northgate is continuing on the journey we started 7 years ago that has involved 5 disposals/business closures, 20 acquisitions and organic growth which has transformed the Company's weak position in January 2000 with negligible market shares in 8 different market sectors to a focused business with market leading positions in each of its three businesses. The next stage for Northgate is to move from being a domestic UK company to a global force operating in much higher growth markets.

The announcement of the acquisition of ARINSO, which completed in the first half of the 2007/08 financial year, signifies a new era for Northgate as it is a unique opportunity to secure a global position for Northgate's HR business. For the next phase of growth Northgate will focus on completing the successful integration of ARINSO and continuing to pursue our stated strategy to become a leading player in providing software, outsourcing and IT services to the human resources, local government and public safety markets.

2007/08 promises to be a successful year for Northgate staff, the Board, our shareholders, and our customers. The Board remains confident about the outlook for the Group, which will be enhanced by the strong growth prospects of ARINSO.

FINANCIAL OVERVIEW

Overview

The year to 30 April 2007 demonstrated Northgate's continuing progress, with adjusted basic earnings per share increasing by 13.1% to 6.90p per share (2006: 6.10p per share). In the first half of the year trading was impacted by changes to the buying patterns of clients in our Public Sector business, the timing of winning work in the growing IT education market and the completion of work caused by the loss of our head office due to the Buncefield explosion in December 2005. Driving organic growth remains the principal focus of management and it is pleasing to report that in the second half of the year all divisions have shown growth.

Cash flow has once again been strong, with the Group generating net cash from operating activities before pension deficit contributions of £75.6m. This has grown 21.5% in the last year (2006: £62.2m). This has demonstrated our continuing ability to generate substantial amounts of cash from the Group, which will help fund further growth and reduce debt over time. Net cash flow before acquisitions and after net interest was £20.1m⁵ (2006: £24.2m). This declined year on year with the Group investing £7.6m in the year to support growth in our education business, driven by securing the Lot 6 and Bristol contracts in 2006 as well as continuing investment in fixed assets.

Work carried out under long-term contracts continues to underpin our business. The order book at 30 April 2007 showed a 6.5% increase to £389.8m (2006: £366.0m). Public sector and Northgate HR saw good growth in order book whilst Managed Services order book was relatively flat due to the timing of major contract wins. This is expected to rise substantially however in the first half of the year with Northgate becoming preferred bidder at a Building Schools for the Future ("BSF") opportunity in Leicester and securing additional work in Northern Ireland through its education business. These two opportunities are expected to add over £40m to the order book.

53% (£206.9m) of the order book will be booked as revenue in the current financial year. Northgate's client retention rate remains at over 98.5% leading to a substantial amount of contract renewal activity during the year. When added to the contracted order book, this contract renewal activity gives management visibility of over 85% of the following year's revenue, helping to support Northgate's earnings stability and allowing the Group to plan with confidence.

Operating Results

Group revenue of £351.7m was derived from continuing activities (2006: £332.7m). This was delivered through a combination of organic growth and a number of bolt-on acquisitions, which contributed revenue of £10.4m.

Revenue from core markets grew by 5.7% in the period to £351.7m (2006: 4.1%), with overall demand for the business's software and services remaining strong.

⁵ Net cash from operations after investing activities and before financing activities of £(6.1)m adjusted for acquisitions of £39m and after net interest of £(12.8)m

Operating Results (continued)

Revenue grew organically over the year by 3.3% (2006: 0.4%). Excluding the sale of third party hardware, core revenue grew organically by 4.8% (2006: 4.1%). Growth in Northgate HR has remained robust throughout the year at over 6%, accelerating from 4.0% in 2006. In Public Services revenue contracted in the first half by (2.2)% as spending patterns in Local Government adjusted to being driven by the Government's efficiency agenda and structural changes in the Emergency Services market impacted on investment in software and related services. In the second half of the year the Emergency Service market has remained challenging, however the Local Government market has returned to growth allowing the Public Services division to grow by 4.5%. This has allowed the overall division to grow for the full year by 1.3% (2006: 2.6%). In Managed Services growth accelerated from 0.6% in the first half of the year to 12.6% in the second half of the year as work secured by our Education business was delivered. Over the year Managed Services revenue excluding 3PP grew by 6.7%, up from 6.0% in 2006.

Group operating profit before one-off items, amortisation of capitalised customer relationships and option costs of £60.1m grew by 9% (2006: £55.0m). This was driven by organic revenue growth, Northgate continuing to improve its operating efficiency and the contribution of a number of small bolt on acquisitions. This allowed operating margin to grow from 16.5% to 17.1%. After one-off restructuring costs and the impact of our Buncefield insurance claim being recorded (£3.3m) (2006: £nil), amortisation of capitalised customer relationships of £8.1m (2006: £7.3m), and option costs of £2.9m (2006: £3.0m), the Group recorded an operating profit of £45.8m (2006: £44.7m). Net financing costs showed a slight reduction to £13.9m (2006: £14.5m). Profit on ordinary activities before tax was £31.9m (2006: £30.6m).

Acquisitions

During the year the Group acquired six companies for a net cash outflow of £31.8m. These businesses are all profitable and will widen the Group's product offering to help drive future growth. Since the year end, Northgate has acquired two further companies for £11.8m, and taken control of ARINSO, a HR software and services company listed on Euronext.

The ARINSO acquisition will cost approximately £250m. On 2 May 2007, Northgate announced that it had entered into an agreement to acquire the shareholding of the Chief Executive of ARINSO, representing 60.43% of the total share capital. The total consideration for this purchase was €223.2m (£150.9m), comprising of €170.1m (£115.0m) in cash with the remainder in Northgate shares. On 15 June 2007, shareholder approval for this transaction was granted. Coupled with further off-market share purchases, this gave Northgate a total of 81.35% of ARINSO shares. An all-cash mandatory offer has been made to all remaining ARINSO shareholders which is expected to close by September 2007. Integration costs of around £4m will be written off as a one off charge in the 2007/8 financial year together with the amortisation of the bank facility arrangement fees.

One-off items

During the year the Group recorded a one off cost of £3.3m (2006: £nil). A charge of £6.3m was recorded as the cost of restructuring Northgate's Emergency Services business to right size this for current market conditions and to integrate a number of bolt on acquisitions in to the Group. This was offset by a credit of £3.0m, being the net position recorded for the Group's ongoing insurance claim following the loss of its head office in December 2005.

Cash and Financing

During the year the Group experienced strong cash flow from operations, generating £75.6m (2006: £62.2m) of net cash from operating activities before pension deficit payments. After interest, tax, capital expenditure and provision movements, net cash flow before acquisitions and after net interest was £20.1m (2006: £24.2m). Net cash flow declined modestly due to £7.6m being invested in the business' education operations to support new contracts won in the period and an ongoing investment in fixed assets. £39.0m was spent on acquisition activities (2006: £7.4m), as the Group strengthened its product offering in a number of areas to support further growth. This left the Group with £184.0m of net debt at 30 April 2007 (2006: £158.9m), and headroom of £67.7m under its transitional working capital facilities at 30 April 2007.

Following the successful completion of the acquisition of an 81.35% holding in ARINSO in June 2007, a new £500m bank facility was secured, providing the Group with approximately £100m of head room going forwards. As part of drawing down this facility the Group has put in place interest hedging instruments to manage exposure to movements in interest rates over the next three years. Over the next year this covers over 80% of the available facility.

Investment in the business

Northgate continues to invest in its infrastructure and product offering. Over the year £18.2m was invested in product development (2006: £16.9m) as the Group continues to develop its product set. Following the Buncefield explosion, we continue to explore plans to build a new head office. This will be finalised once we have concluded matters with our insurers to fund this work, which we are hopeful of doing over the coming months.

Accounting Policies

Northgate continues to account under International Financial Reporting Standards (IFRS) as adopted by the EU. During the year IFRIC4 was introduced (lease accounting) which does not have a material impact on reported results. Other new accounting standards or guidelines issued by the International Financial Reporting Standards Board which needed adopting did not have a material impact on the accounts.

Taxation

The Group has £13.3m of UK trading and £38.4m of UK non-trading losses at 30 April 2007. The UK trading losses are expected to be largely utilised over the next two years. The non-trading tax losses arose from the acquisition of Rebus HR in a previous financial period and are not expected to be used in the short term.

A deferred tax asset of £0.6m (2006: £6.0m (restated)) has been recognised.

Pensions

The Group has two defined benefit pension schemes, one of which originates from the Rebus HR acquisition in January 2004. Both were closed to new members in 2001. All staff joining the Group since 2001 have been offered a money purchase pension plan as part of their benefits.

Both schemes underwent a triennial valuation in 2005, which showed an aggregate liability of £52.0m. The Group is contributing £6.6m per annum to reduce this deficit. This has no impact on future profitability however with the liability being recorded in full. It remains Northgate's intention to remove the deficit over a ten-year period.

Pensions (continued)

Contributions for future service in these two schemes was £3.1m in 2006/7 (2006: £3.1m), which is in addition to the deficit contributions noted above. Following the triennial pension review, the Group determined to reduce future scheme benefits to 1/80th of salary per year of service going forwards, to increase member contributions to 8% of salary and to cap growth in pensionable salary to changes in RPI. These changes were introduced during the year.

The Northgate pension scheme showed an IAS19 deficit of £31.4m at the balance sheet date (2006: £36.0m), and the Rebus scheme had an IAS19 deficit of £18.0m at the same date (2006: £18.5m). This represents a 9% decline in the Group's over all pension deficit to £49.4m at 30 April 2007.

Over the year scheme assets have performed well; the Northgate assets have grown by 9.1% to £151.2m (2006: £138.7m), and the Rebus assets grown by 6.0% to £56.2m (2006: £53.0m).

Northgate is actively involved with its Scheme Trustees to diversify investments, and improve the certainty of investment returns. This programme of change will see a shift from 70% of assets being invested in equities to 25% of assets being invested in equities and will complete in the first half of the year.

As announced with the ARINSO acquisition, we are also discussing with Scheme Trustees a one off contribution to our defined benefit pension schemes of up to £15m in the current financial year, allowing our pension liabilities to make a step reduction over the coming year.

Corporate Governance and Risk Management

During the year to 30 April 2007, the Group has complied with the provisions of the Combined Code on Corporate Governance, as incorporated within the Listing Rules with the specific exception of the Chairman's membership of the Audit Committee. The Board took steps to address this in the first part of the year with the appointment of additional non-executive directors to the Board. In particular the membership of the Audit Committee increased with the appointment of Andrew Robb on 23 March 2007, who brings to that committee the benefits of his extensive financial and international business experience. In view of Mr Andrew Robb's appointment and to ensure that the company remained fully compliant with the Combined Code, the Chairman resigned from the Audit Committee on 23 March 2007. Mr Ron Mackintosh attends the Audit Committee by invitation only.

We have continued to identify and evaluate operational and other risks faced by the Group, implementing changes where required to reduce risk to manageable levels. We believe that this, together with our strong culture of financial control, underpins the quality of earnings in the Group.

Earnings per Share

Adjusted basic earnings per share, which is calculated on the profit for the period before one-off items, amortisation of capitalised customer relationships, option costs and deferred tax, was 6.90p, up 13.1% on the prior year (2006: 6.10p).

Basic earnings per share, which includes one-off items, amortisation of capitalised customer relationships, option costs and deferred tax, was 4.69p, up 17.0% on the prior year (2006: 4.01p).

Dividend Policy

The Board believes that Northgate's development over recent years allows it to adopt a progressive dividend policy, whilst retaining significant funds for further growth.

Accordingly, a final dividend of 0.48p per share will be proposed at the Annual General Meeting for the 2007 financial year. Taken together with the interim dividend of 0.24p per share, this represents growth of 20% year on year in our dividend payment (2006: 0.6p). Total dividend payments for the 2007 financial year will amount to £4.1 m (2006:£ 3.2m).

Total Equity

Total equity at 30 April 2007 of £223.8m increased by £23.0m in the period (2006: £200.8m). This was driven by a further period of strong trading.

Northgate Information Solutions plc

Consolidated income statement for the year ended 30 April 2007

		Before one-off incident 2007	<i>One-off Incident</i>	After one-off incident 2007	<i>Before one-off incident 2006</i>	<i>One-off Incident</i>	<i>After one-off incident 2006</i>
	<i>Notes</i>	£'000	£'000	£'000	£'000	£'000	£'000
<i>Continuing operations</i>							
Revenue	1	351,665	-	351,665	332,738	-	332,738
Operating costs		(308,864)	(12,287)	(321,151)	(288,025)	(24,465)	(312,490)
Operating income		-	15,330	15,330	-	24,488	24,488
Group operating profit	1	42,801	3,043	45,844	44,713	23	44,736
Operating profit before significant restructuring, property provisions, amortisation of capitalised customer relationships and option costs							
	1	60,110	-	60,110	54,954	-	54,954
Significant restructuring and property provisions	2	(6,387)	3,043	(3,344)	-	23	23
Amortisation of capitalised customer relationships		(8,056)	-	(8,056)	(7,275)	-	(7,275)
Option costs		(2,866)	-	(2,866)	(2,966)	-	(2,966)
Group operating profit	1	42,801	3,043	45,844	44,713	23	44,736
Financial income		1,165	-	1,165	773	-	773
Financial expenses		(15,119)	-	(15,119)	(15,262)	-	(15,262)
Net financing costs		(13,954)	-	(13,954)	(14,489)	-	(14,489)
Share of profit of associate		50	-	50	347	-	347
Profit before tax		28,897	3,043	31,940	30,571	23	30,594
Tax expense		(8,634)	1,787	(6,847)	(9,265)	-	(9,265)
Profit for the year		20,263	4,830	25,093	21,306	23	21,329
Attributable to:							
Equity holders of the parent	5	20,245	4,830	25,075	21,306	23	21,329
Minority interest	5	18	-	18	-	-	-
		20,263	4,830	25,093	21,306	23	21,329
Earnings per ordinary share				2007			
Basic	3			4.69p			4.01p
Diluted	3			4.47p			3.83p

Northgate Information Solutions plc

Consolidated statement of recognised income and expense for the year ended 30 April 2007

	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>
Foreign exchange translation differences	(275)	(164)
Effective portion of changes in fair value on cash-flow hedges	5	18
Actuarial gains and losses on defined benefit pension schemes	(827)	4,622
Deferred tax on actuarial gains and losses on defined benefit pension schemes	248	(1,386)
Net (expense)/income recognised directly in equity	(849)	3,090
Profit for the year	25,093	21,329
Total recognised income and expense for the period	24,244	24,419
Attributable to:		
Equity holders of the parent	24,226	24,419
Minority interest	18	-
	24,244	24,419

Northgate Information Solutions plc

Consolidated balance sheet as at 30 April 2007

	<i>Notes</i>	2007	<i>2006</i>
		£'000	<i>Restated</i> £'000
Non-current assets			
Goodwill		389,542	347,562
Other intangible assets		95,297	76,594
Total intangible assets		484,839	424,156
Property, plant and equipment		37,549	32,576
Investment in associate		-	1,641
Other receivables		16,500	14,720
Deferred tax asset		619	6,020
Total non-current assets		539,507	479,113
Current assets			
Inventories - goods for resale		3,586	2,195
Trade and other receivables		111,645	111,369
Financial assets		1,221	510
Cash and cash equivalents		42,145	31,808
Total current assets		158,597	145,882
Total assets		698,104	624,995
Non-current liabilities			
Interest-bearing loans and borrowings		89,914	113,303
Employee benefits		49,411	54,504
Provisions		7,141	4,541
Total non-current liabilities		146,466	172,348
Current liabilities			
Interest-bearing loans and borrowings		136,234	77,379
Provisions		7,954	10,296
Taxation		2,644	440
Trade and other payables		181,006	163,579
Financial liabilities		18	182
Total current liabilities		327,856	251,876
Total liabilities		474,322	424,224
Net assets		223,782	200,771
Equity			
Issued share capital	5	53,675	53,507
Share premium	5	94,306	93,085
Merger reserve	5	68,401	68,401
Translation reserve	5	(212)	63
Retained earnings	5	7,518	(14,285)
Equity shareholders' funds	5	223,688	200,771
Minority interest	5	94	-
Total equity	5	223,782	200,771

Approved by the Board of Directors on 4 July 2007 and signed on its behalf by

C M R Stone
Director

J R Stier
Director

Northgate Information Solutions plc

Consolidated cash flow statement for the year ended 30 April 2007

	2007	2006
	£'000	£'000
Cash flows from operating activities		
Profit for the year	25,093	21,329
<i>Adjustments for:</i>		
Amortisation of capitalised customer relationships	8,056	7,275
Amortisation of other intangibles	6,130	4,303
(Revaluation)/Impairment - land and buildings	(3,000)	16,278
Impairment - other assets	1,613	3,720
Depreciation	13,024	14,089
Loss on sale of fixtures and fittings, property, equipment and intangibles	17	2
Equity settled share based payment expense	2,680	2,626
Net financing costs	13,954	14,489
Share of profit of associate	(50)	(347)
Dividend received from associate	521	-
Tax expense	6,847	9,265
Net cash from operating activities before changes in working capital and provisions	74,885	93,029
Change in trade and other receivables	1,697	(31,160)
Change in inventories	(1,387)	2,507
Change in trade and other payables	1,010	4,182
Change in provisions and employee benefits	(591)	(6,348)
Additional pension deficit contributions	(6,564)	(2,100)
Net cash from operating activities before taxes paid	69,050	60,110
Cash flows from investing activities		
Proceeds from sale of property, fixtures and fittings, equipment and intangibles	63	650
Acquisition of subsidiary, net of cash acquired	(38,987)	(7,444)
Acquisition of intangible assets	(16,135)	(7,506)
Acquisition of property, plant and equipment	(16,410)	(8,655)
Net cash used in investing activities	(71,469)	(22,955)
Net cash from operations after investing activities	(2,419)	37,155
Taxes paid	(3,685)	(8,958)
Net cash from operations after investing activities and before financing activities	(6,104)	28,197
Cash flows from financing activities		
Interest received	454	278
Interest paid	(13,290)	(11,716)
Dividends	(4,487)	-
Increase in borrowings	52,028	13,673
Repayment of borrowings	(18,293)	(27,278)
Payment of finance lease liabilities	(41)	(118)
Disposal of investment in own shares	40	22
Net cash from financing activities	16,411	(25,139)
Net increase in cash and cash equivalents	10,307	3,058
Cash and cash equivalents at 1 May	31,808	28,739
Effect of foreign exchange rate movements on cash held	30	11
Cash and cash equivalents at 30 April	42,145	31,808

Northgate Information Solutions plc

Notes to the consolidated accounts

1. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

All business segments are continuing operations. Within information by geographical segment, revenue from external customers is analysed by geographic destination. This is not materially different from that analysed by geographic origin.

By business segment

Year ended 30 April 2007

	<i>Public Services</i>	<i>Human Resources</i>	<i>Managed Services</i>	<i>Central/ Eliminations</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Total revenue from external customers	103,434	126,068	122,163	-	351,665
Divisional operating profit	19,992	35,257	10,040	(5,179)	60,110
Significant restructuring, one-off incident, property provisions, amortisation of capitalised customer relationships and option costs	(5,311)	(3,531)	(6,467)	1,043	(14,266)
Group operating profit	14,681	31,726	3,573	(4,136)	45,844
Net financing costs					(13,954)
Share of profit of associate					50
Tax expense					(6,847)
Profit for the period					25,093
Segment assets	218,461	300,030	111,922	1,641	632,054
Unallocated assets					66,050
Total assets					698,104
Segment liabilities	80,990	59,771	81,383	5,675	227,819
Unallocated liabilities					246,503
Total liabilities					474,322
	<i>Public Services</i>	<i>Human Resources</i>	<i>Managed Services</i>	<i>Central</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Impairment losses	-	-	1,613	-	1,613
Depreciation and amortisation	8,300	4,106	14,490	314	27,210
Capital expenditure	16,994	5,021	9,873	657	32,545

Northgate Information Solutions plc

Notes to the consolidated accounts

1. SEGMENT INFORMATION (continued)

Year ended 30 April 2006

	<i>Public Services</i>	<i>Human Resources</i>	<i>Managed Services</i>	<i>Central/ Eliminations</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Total revenue from external customers	102,077	113,817	116,844	-	332,738
Divisional operating profit	19,514	31,249	8,319	(4,105)	54,977
Significant restructuring, one-off incident property provisions, amortisation of capitalised customer relationships and option costs	(4,031)	(1,002)	(4,761)	(447)	(10,241)
Group operating profit	15,483	30,247	3,558	(4,552)	44,736
Net financing costs					(14,489)
Share of profit of associate					347
Tax expense					(9,265)
Profit for the period					21,329
Segment assets	176,270	264,236	125,230	1,401	567,137
Investment in associate					1,641
Unallocated assets					56,217
Total assets					624,995
Segment liabilities	59,568	84,868	67,852	-	212,288
Unallocated liabilities					211,936
Total liabilities					424,224
	<i>Public Services</i>	<i>Human Resources</i>	<i>Managed Services</i>	<i>Central</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Impairment losses	3,613	107	-	16,278	19,998
Depreciation and amortisation	7,604	8,478	8,707	878	25,667
Capital expenditure	4,662	5,199	5,339	2,224	17,424

2. ONE OFF ITEMS

During the year the Group recorded a one off cost of £3.3m (2006: £nil). A charge of £6.3m was recorded as the cost of restructuring Northgate's Emergency Services business to right size this for current market conditions and to integrate a number of bolt on acquisitions in to the Group. This was offset by a credit of £3.0m, being the net position recorded for the Group's ongoing insurance claim following the loss of its head office in December 2005.

Northgate Information Solutions plc

Notes to the consolidated accounts

3. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares at the end of the year and the weighted average number of ordinary shares (diluted) at the end of the year, respectively. In order to better demonstrate the performance of the Group, an adjusted earnings per share calculation has been presented which adds back items typically adjusted for by users of the accounts, using adjusted profit for the year. The calculations for basic, diluted, adjusted basic and adjusted diluted earnings per share, as well as the weighted average number of ordinary shares at the end of the year are presented below.

	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>
Profit for the period	25,075	21,329
Significant restructuring, one-off incident and property provisions, net of attributable tax	(359)	16
Amortisation of capitalised customer relationships	8,056	7,275
Option costs	2,866	2,966
Deferred tax	1,220	902
Adjusted profit for the period	36,858	32,488
Basic earnings per share (pence)	4.69	4.01
Diluted earnings per share (pence)	4.47	3.83
Adjusted basic earnings per share (pence)	6.90	6.10
Adjusted diluted earnings per share (pence)	6.57	5.83

Weighted average number of ordinary shares

	<i>2007</i>	<i>2006</i>
<i>In thousands of shares</i>	<i>Number</i>	<i>Number</i>
Issued ordinary shares at 1 May	535,065	532,767
Effect of own shares held	(1,668)	(1,704)
Effect of shares issued during the year	828	1,180
Weighted average number of ordinary shares at 30 April	534,225	532,243
Effect of share options in issue	26,350	24,187
Weighted average number of ordinary shares (diluted) at 30 April	560,575	556,430

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The following sets out the key assumptions concerning the future and key sources of estimation and uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Insurance proceeds

The accounts include a cumulative amount of £59.0m (2006: £34.6m) recognised as compensation following the Buncefield explosion. This is a provisional amount based on what is reliably measurable at 30 April 2007 for the recoverability of impaired assets and costs incurred to date. At 30 April 2007 £40.0m (2006; £20.0m) of insurance proceeds had been received. The net balance of £19.0m (2006; £14.6m) is shown in other receivables.

In the previous year, land and buildings at our head office next to Buncefield were impaired in full to reflect the reduction in market value following the incident. A further insurance receipt of £13.8m (2006; £16.3m) has been recognised for re-instating the building to the extent that it is reliably measurable under the Group's policy and is recognised as other operating income. As part of this, land valued at £6.5m has been written down in the previous year to nil, with a revaluation upwards of £3.0m (2006; £nil) recorded in the current year.

Other assets destroyed in the incident have been impaired in full. Insurance proceeds have been recognised to the extent they can be reliably measured and are recognised as other operating income.

Where customers' business was interrupted full provision for service credits and compensation has been made. Insurance proceeds have been recognised where such payments are virtually certain to be recovered under the insurance policy and are shown as other operating income.

Discussions are still taking place with the insurers concerning the actual compensation due.

Northgate Information Solutions plc

Notes to the consolidated accounts

5. STATEMENT OF TOTAL EQUITY

Reconciliation of movement in total equity

	Share		Merger	Translation	Retained	Equity		Total
	Share premium	capital account				reserve	reserve	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2005	53,277	91,494	68,401	227	(40,198)	173,201	-	173,201
Profit for the year	-	-	-	-	21,329	21,329	-	21,329
Effective portion of changes in fair value on cash hedges	-	-	-	-	18	18	-	18
Foreign exchange translation differences	-	-	-	(164)	-	(164)	-	(164)
Net gain on actuarial valuation of pension liability	-	-	-	-	3,236	3,236	-	3,236
Disposal of own shares	-	-	-	-	22	22	-	22
Arising on issue of shares	230	1,591	-	-	-	1,821	-	1,821
Credit in respect of share related awards	-	-	-	-	3,129	3,129	-	3,129
Share options issued in the year	-	-	-	-	(1,821)	(1,821)	-	(1,821)
Balance at 30 April 2006	53,507	93,085	68,401	63	(14,285)	200,771	-	200,771
Balance at 1 May 2006	53,507	93,085	68,401	63	(14,285)	200,771	-	200,771
Profit for the year	-	-	-	-	25,075	25,075	18	25,093
Dividends	-	-	-	-	(4,487)	(4,487)	-	(4,487)
Effective portion of changes in fair value on cash hedges	-	-	-	-	5	5	-	5
Foreign exchange translation differences	-	-	-	(275)	-	(275)	-	(275)
Net (loss) on actuarial valuation of pension liability	-	-	-	-	(579)	(579)	-	(579)
Disposal of own shares	-	-	-	-	40	40	-	40
Arising on issue of shares	168	1,221	-	-	-	1,389	-	1,389
Credit in respect of share related awards	-	-	-	-	3,138	3,138	-	3,138
Share options issued in the year	-	-	-	-	(1,389)	(1,389)	-	(1,389)
Minority Interest share of acquisition	-	-	-	-	-	-	76	76
Balance at 30 April 2007	53,675	94,306	68,401	(212)	7,518	223,688	94	223,782

Notes to the consolidated accounts

6. POST BALANCE SHEET EVENT

Since the period end we have announced the acquisition of ARINSO, a leading independent global provider of SAP-based HR services and solutions. On 2 May 2007 Northgate announced that it had entered into an agreement with the majority shareholder to acquire, subject to shareholder approval, a 60.43% interest in ARINSO for €18.75 in cash and 5 new Northgate shares for each ARINSO share. At an EGM held on 15 June 2007 shareholders formally approved the acquisition, which enabled Northgate to take a controlling interest and then subsequently launch a mandatory public offer to acquire the remaining shares in ARINSO. This offer process is expected to close by September 2007.

In June 2007, a new £500m bank facility was secured, providing the Group with approximately £100m of head room going forwards. As part of drawing down this facility the Group has put in place interest hedging instruments to manage exposure to movements in interest rates over the next three years. Over the next year this covers over 80% of the available facility.

7. SECTION 240 STATEMENT

The financial information in this announcement was approved by the Board of Directors and does not constitute the Company's statutory accounts for the years ended 30 April 2006 or 2007 but is derived from those accounts. The 2006 balance sheet has been adjusted for a previous acquisition. Statutory accounts for 2006 have been delivered to the Registrar of Companies and those for 2007 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 237(2) of the Companies Act 1985.

This preliminary announcement has been prepared in accordance with the accounting policies adopted under IFRSs, as adopted by the EU.