



Interim
Report & Accounts
2006

Introduction

I am pleased to announce good half year results which are my last as Chairman of the Company. Northgate's high quality IT systems and services for the human resources and public services markets continue to be in strong demand from our clients. We have an excellent position in these two key markets and a significant opportunity to continue our expansion through organic growth, new business wins and further relevant acquisitions. I would like to thank the Board and staff for the valuable contribution they have made this and every year during my time at Northgate, and wish them well in the future.

Financial

During the last six months we have made good progress with a strong rise of 38% in profit before tax to £13.9 million and revenue reaching £165.2 million. Adjusted basic earnings per share¹ increased by 31% to 2.96p. Operating margin before amortisation of capitalised customer relationships and option costs has risen to 15.5% (2005: 14.3%).

During the half year the Group also made a number of smaller acquisitions to enhance its suite of products and client reach, worth a total of £20.8 million. Since the period end the Group has also acquired Link HR for a further £12.0 million.

Cash flow in the half year was very strong, with adjusted operating cash flow after capital expenditure and significant items growing 11% to £20.1 million, driven by underlying growth. After paying interest and tax, free cash flow² in the Group rose 35% in the half year to £10.7 million. Following further investment in bolt-on acquisitions and the payment of the dividend from the previous financial year, net debt at the half year was flat against the prior year at £171.6 million. The Group remains comfortably within its banking covenants, and has headroom under existing borrowing facilities of approximately £90 million to finance further business development opportunities.

¹Adjusted basic EPS is stated after removing the effects of amortisation of capitalised customer relationships, option costs and deferred tax movements

²Free cash flow is cash generated from operations before financing activities and acquisitions

Dividend

The Board has recommended the payment of a dividend of 0.24p on 15 January 2007 to shareholders on the register as at 22 December 2006. This is the first interim dividend payable by Northgate in its current form and demonstrates the Board's continuing confidence in the future of the Group. On the basis of the 0.6p paid as a dividend last year and the broad seasonality of trading resulting in the majority of profit being generated in the second half of the financial year, this interim dividend represents a pro-forma increase of 20%.

Board Changes

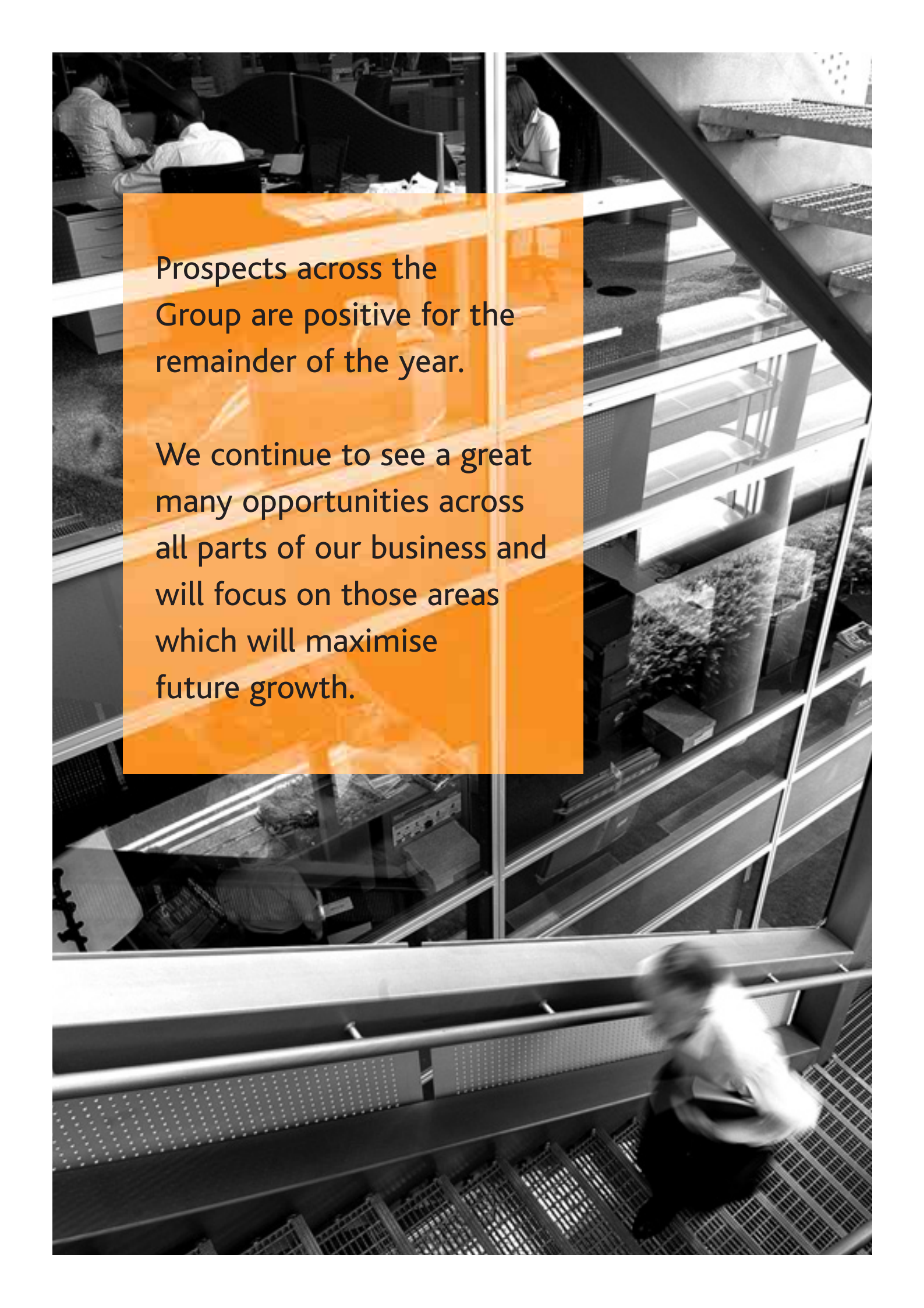
As previously announced, I will be stepping down as Chairman at the end of this calendar year, when I will be succeeded by current Non-Executive Chairman designate, Ron Mackintosh. I have been with the Company for seven years and the significant progress we have made during this time is a testament to the excellence of Chris Stone and his executive colleagues. Northgate has developed into a world-class business in its areas of operation and I am confident it has a very bright future. I wish Ron every success as Chairman and I am delighted to be able to leave the Company in the hands of such a strong management team.

Conclusion

The Board would like to thank management and staff throughout the Group for their continued hard work and commitment during the period. We would also like to thank our clients for their continued support. We remain committed to delivering value for our customers and shareholders.



Nick Irens
Chairman
11 December 2006



Prospects across the Group are positive for the remainder of the year.

We continue to see a great many opportunities across all parts of our business and will focus on those areas which will maximise future growth.

Overview

Northgate Information Solutions had a successful six months to 31 October 2006. Operating profit before amortisation of customer relationships and option costs rose 10% to £25.6 million, while profit before tax rose 38% to £13.9 million and adjusted EPS rose 31% to 2.96p. Group revenue rose by 2% to £165.2 million and the Group operating margin increased by 1.2 percentage points to 15.5%.

Northgate's human resources division, Northgate HR, delivered excellent organic growth during the half year through a number of notable contract wins, and profits in our managed services division rose sharply thanks to an increased focus on higher margin opportunities. While our public services division had a quieter half year due to structural changes in the principal markets that it serves, we are currently in negotiations on a number of significant contracts in this area that gives us confidence for the full year.

During the half year Northgate made three bolt-on acquisitions in the human resources division to expand the range of its services and client base. BIM, a payroll processing business for SMEs, was purchased for £2.5 million and has been integrated within our SME division. Engage, which develops time and attendance software, was bought for £0.8 million and its products and services will be integrated within Northgate's ResourceLink.

The largest acquisition in the half year was Edis, which produces pensions administration software and services and cost £10.3 million. Edis provides Northgate HR with a significant extension to its products and services in this area.

In addition, during the half year Northgate increased its investment in Rave Technologies, to strengthen its offshore software development operations. The Group now owns a 90% interest in Rave, which has built an extensive software development capability in India since its creation in 1987.

Since the period end Northgate has also acquired Link HR for £12.0 million. Link HR products assess equal pay and job evaluation criteria and the business has a list of blue chip clients that includes the NHS. This is a fast-growing area within the HR sector and Link HR provides the division with a significant additional dimension to its suite of products and services.

Northgate aims to ensure that all its bolt-on acquisitions are earnings enhancing from the date of completion and expand its existing businesses by either extending its client base or adding to the Group's products and services. In this way these bolt-on transactions help to enhance organic growth going forwards.

The Group's balance sheet and cash flow remain strong and put Northgate in an excellent position to execute further acquisitions as the opportunity arises.

Chief Executive's Review

(continued)

Northgate HR

Northgate HR had an excellent half year. Revenue rose to £60.5 million, buoyed by a number of significant contract wins. Alliance Boots was the most significant of these when it became a client in early 2006. Roll-out of services to Alliance Boots is continuing throughout the period. During the six months Northgate HR won further keynote clients, including Business Post, Rentokil Initial, Kuehne & Nagel, Darlington Borough Council and Stoke on Trent City Council.

As Northgate HR grows and develops it is increasingly asked by its clients to deliver a full package of HR, payroll and pension services and support as well as the systems they are based on. This offers the business a significant opportunity to broaden its relationships with major clients as well as win new all-encompassing outsourcing contracts. This in turn provides a significant opportunity for additional organic growth.

As a result of this expansion and the strong new business pipeline overall, Northgate HR's order book grew by 19% to £125.7 million compared with October 2005.

Northgate Public Services

Northgate Public Services had a quieter half year. The planned reorganisation of the criminal justice market, including changes to the funding of the Police Information Technology Organisation, and longer lead times in securing a number of local government contracts led to small falls in revenue and divisional operating profit³ to £47.5 million and £7.7 million respectively.

While these two market segments were quieter than normal the division still picked up a number of important new contracts. These included a contract extension with the Medical Research Council for the New Born Baby Hearing Programme and a substantial housing systems contract with Durham City Council. The division also signed a significant revenue and benefits system with Ynys Mon/Isle of Anglesey County Council, new eBenefits contracts with Renfrewshire Council and six Welsh councils, large Front Office contracts with Allerdale Borough Council and Cumbria County Council plus first successes in Scotland and Wales with Aberdeenshire Council and Caerphilly County Borough Council. In criminal justice, Northgate further extended its work in national enforcement systems, with 34 police forces re-signing for the penalty notice for disorder solution and three forces contracting for the speed awareness system. The Company also continued to support the Home Office and criminal justice system in the improved management of information.

As in human resources, Northgate Public Services is witnessing a trend among its clients to tender for full outsourcing contracts for its services in the place of contracts to supply and support technology systems. Again this offers the Group significant opportunities going forward to win larger and longer-term partnership contracts with key clients. The division is currently negotiating a number of significant contracts for software and also services which the Board hopes will come to fruition in the second half of the year and beyond.

³ Divisional operating profit is stated before amortisation of capitalised customer relationships, option costs and unallocated central cost.

Northgate Managed Services

The managed services division enjoyed strong profit growth during the half year, with divisional operating profit increasing 65% to £4.3 million even though revenue was flat at £57.2 million. The division has been moving away from lower margin areas and focussing on value added services and support, which has contributed in large part to this increase in operating margins.

The division's greatest achievements in recent months have been winning two ground-breaking contracts in the field of education. The first is to supply Information and Communication Technology (ICT) services to Bristol City Council, one of the first contracts to be awarded under the Government's Building Schools for the Future (BSF) programme. Under the terms of the arrangement, a new Local Education Partnership – consisting of Skanska, Partnerships for Schools and Bristol City Council will procure the ICT services of Northgate. The contract will ultimately deliver state of the art managed learning services to 6,500 children in the city and the first sites will go live in September next year. The contract is worth around £9.0 million over the initial five year term.

The division's second major education contract was signed after the period-end. The contract, known as Lot 6, is to provide ICT services to 883 primary schools and is the sixth phase of the Classroom 2000 (C2k) initiative, the largest ICT education managed service contract in Europe in terms of schools involved. The five year contract involves supplying managed learning services and technology to around 150,000 pupils and teachers in every one of Northern Ireland's primary schools. The initial contract will be worth a total of £31.4 million. A further two year extension is available to the client along with the ability to purchase other ICT services for Northern Ireland schools.

Northgate believes it has further significant opportunities to deliver services and applications to the education sector under the BSF initiative and it is currently in negotiations over other equally significant contracts. Its success in securing this early contract with BSF in Bristol and the C2K contract in Northern Ireland has provided the Group with the platform to demonstrate what its systems and services can provide to enhance education at all levels.

Outlook

Prospects across the Group are positive for the remainder of the year. The recent Lot 6 contract win, one of the largest in Northgate's history, together with a number of other recent successes, means the Group's current order book remains healthy. The pipeline, in terms of further contracts under negotiation, is also strong. We continue to see a great many opportunities across all parts of our business and will focus on those areas which will maximise future growth for our shareholders. I am sure that all shareholders would join me in thanking Nick Irens for his contribution to the Group over the past seven years. We have made great progress since January 2000 and we look ahead to 2007 with confidence.



Chris Stone
Chief Executive
11 December 2006

Consolidated income statement (unaudited) for the six months ended 31 October 2006

	Notes	Before one-off incident 2006 £'000	One-off incident £'000	After one-off incident 2006 £'000	2005 £'000
Revenue	2	165,180	-	165,180	162,664
Operating costs		(144,735)	(3,049)	(147,784)	(144,637)
Operating income		-	3,018	3,018	-
Group operating profit	2	20,445	(31)	20,414	18,027
Operating profit before amortisation of capitalised customer relationships and option costs		25,640	(31)	25,609	23,265
Amortisation of capitalised customer relationships		(3,767)	-	(3,767)	(3,640)
Option costs		(1,428)	-	(1,428)	(1,598)
Group operating profit		20,445	(31)	20,414	18,027
Financial income				279	287
Financial expenses				(6,877)	(8,481)
Net financing costs				(6,598)	(8,194)
Share of profit of associate				38	170
Profit before tax				13,854	10,003
Tax expense	5			(3,681)	(3,443)
Profit for the period				10,173	6,560
Attributable to:					
Equity holders of the parent				10,159	6,560
Minority interest				14	-
				10,173	6,560
EARNINGS PER ORDINARY SHARE				2006	2005
Basic	6			1.91p	1.22p
Diluted	6			1.83p	1.18p

Consolidated statement of recognised income and expense (unaudited) for the six months ended 31 October 2006

	2006 £'000	2005 £'000
Foreign exchange translation differences	(275)	133
Net (loss)/gain on actuarial valuation of pension liability	(4,386)	4,882
Net (expense)/income recognised directly in equity	(4,661)	5,015
Profit for the period	10,173	6,560
Total recognised income and expense for the period	5,512	11,575
Attributable to:		
Equity holders of the parent	5,498	11,575
Minority interest	14	-
	5,512	11,575

Consolidated balance sheet (unaudited) as at 31 October 2006

	Notes	31 October 2006 £'000	30 April 2006 £'000	31 October 2005 £'000
Non-current assets				
Goodwill		365,131	348,168	347,792
Other intangible assets		84,001	77,492	79,518
Total intangible assets		449,132	425,660	427,310
Property, plant and equipment		34,254	32,576	55,763
Investment in associate		-	1,641	1,457
Other receivables		14,928	14,720	10,514
Deferred tax asset		5,100	5,751	3,043
Total non-current assets		503,414	480,348	498,087
Current assets				
Inventories - goods for resale		2,440	2,195	2,669
Trade and other receivables		92,992	111,369	76,517
Financial assets		696	510	311
Cash and cash equivalents		27,242	31,808	25,532
Total current assets		123,370	145,882	105,029
Total assets		626,784	626,230	603,116
Non-current liabilities				
Interest-bearing loans and borrowings		103,341	113,303	120,797
Employee benefits		57,844	54,504	53,043
Provisions		4,192	4,541	2,748
Total non-current liabilities		165,377	172,348	176,588
Current liabilities				
Interest-bearing loans and borrowings		95,506	77,379	76,079
Provisions		7,910	10,296	7,302
Taxation		6,533	3,770	3,749
Trade and other payables		146,118	161,484	152,714
Financial liabilities		83	182	610
Total current liabilities		256,150	253,111	240,454
Total liabilities		421,527	425,459	417,042
Net assets		205,257	200,771	186,074
Equity				
Issued share capital	8	53,586	53,507	53,434
Share premium	8	93,642	93,085	92,560
Merger reserve	8	68,401	68,401	68,401
Translation reserve	8	(212)	63	360
Retained earnings	8	(10,250)	(14,285)	(28,681)
Equity shareholders' funds		205,167	200,771	186,074
Minority interest		90	-	-
Total equity		205,257	200,771	186,074

Approved by the Board of Directors on 11 December 2006 and signed on its behalf by

C M R Stone
Director

J R Stier
Director

Consolidated cash flow statement (unaudited) for the six months ended 31 October 2006

	2006 £'000	2005 £'000
Cash flows from operating activities		
Profit for the period	10,173	6,560
<i>Adjustments for:</i>		
Amortisation of capitalised customer relationships	3,767	3,640
Amortisation of other intangibles	2,823	1,833
Depreciation	7,568	8,111
(Profit)/loss on sale of fixtures and fittings, property, equipment and intangibles	(1)	44
Share based payment expense	1,428	1,598
Financial income	(279)	(287)
Financial expenses	6,877	8,481
Share of profit of associate	(38)	(170)
Dividend from associate	521	-
Tax expense	3,681	3,443
Operating profit before changes in working capital and provisions	36,520	33,253
Decrease in trade and other receivables	20,314	7,693
(Increase)/decrease in inventories	(241)	292
Decrease in trade and other payables	(18,522)	(8,774)
Decrease in provisions and employee benefits	(6,232)	(5,951)
Cash generated from operations	31,839	26,513
Cash flows from investing activities		
Proceeds from sale of property, fixtures and fittings, equipment and intangibles	9	-
Acquisition of subsidiaries, net of cash acquired	(19,527)	(5,155)
Acquisition of intangible assets	(6,516)	(4,415)
Acquisition of property, plant and equipment	(8,537)	(5,126)
Net cash from investing activities	(34,571)	(14,696)
Cash (absorbed)/generated from operations after investing activities	(2,732)	11,817
Net cash from operations after capital activities and significant items	20,077	18,022
Acquisition of subsidiaries, net of cash acquired	(19,527)	(5,155)
Pension deficit contributions	(3,282)	(1,050)
Net cash from operations after investing activities	(2,732)	11,817
Interest received	93	287
Interest paid	(5,995)	(6,609)
Taxes paid	(193)	(2,730)
Cash (absorbed)/generated from operations before financing activities	(8,827)	2,765
Cash flows from financing activities		
Increase/(decrease) in borrowings	7,500	(5,918)
Equity dividends paid	(3,204)	-
Payment of finance lease liabilities	(35)	(73)
Disposal of investment in own shares	-	19
Net cash from financing activities	4,261	(5,972)
Net decrease in cash and cash equivalents	(4,566)	(3,207)
Cash and cash equivalents at 1 May	31,808	28,739
Cash and cash equivalents at 31 October	27,242	25,532

Non-cash movements of financing and investing transactions are disclosed in note 7 to the interim statements.

Notes to the report

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Northgate Information Solutions plc (the 'Company') is a company incorporated in the United Kingdom. The consolidated accounts of the Company for the six months ended 31 October 2006 comprise the Company and its subsidiaries (together referred to as the 'Group').

The interim consolidated financial statements for the six months ended 31 October 2006 have been prepared on the basis of the accounting policies set out in the Group's latest annual financial statements for the year ended 30 April 2006. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the EU ('adopted IFRS's') with the exception of IAS 34 Interim Financial Reporting, which has not been applied in these interim consolidated financial statements.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 April 2006.

The interim financial statements were authorised for issue by the Directors on 11 December 2006.

Significant accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 April 2006.

2. SEGMENT INFORMATION

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

All business segments are continuing operations.

Six months ended 31 October 2006

	Human Resources £'000	Public Services £'000	Managed Services £'000	Central/ Eliminations £'000	Total £'000
Total revenue	60,483	47,451	57,246	-	165,180
Divisional operating profit	16,196	7,656	4,330	(2,573)	25,609
Amortisation of customer relationships	(129)	(1,427)	(2,211)	-	(3,767)
Share option costs	(483)	(567)	(164)	(214)	(1,428)
Group operating profit	15,584	5,662	1,955	(2,787)	20,414

Six months ended 31 October 2005

	Human Resources £'000	Public Services £'000	Managed Services £'000	Central/ Eliminations £'000	Total £'000
Total revenue	56,118	48,514	58,032	-	162,664
Divisional operating profit	14,163	8,030	2,603	(1,531)	23,265
Amortisation of customer relationships	-	(1,685)	(1,955)	-	(3,640)
Share option costs	(507)	(441)	(313)	(337)	(1,598)
Group operating profit	13,656	5,904	335	(1,868)	18,027

Notes to the report

(continued)

3. DIVIDENDS PAID AND PROPOSED

The interim dividend of 0.24p (2005: nil) per share (not recognised as a liability at 31 October 2006) will be payable on 15 January 2007 to ordinary shareholders on the register at the close of business on 22 December 2006. The dividend disclosed in the cash flow represents the ordinary dividend of 0.6p (2005: nil) per share proposed in the 30 April 2006 financial statements and approved at the Group's Annual General Meeting (not recognised as a liability at 30 April 2006). This represented a full dividend for the 2005/2006 financial year.

4. ACQUISITION OF SUBSIDIARIES

During the period the Group has made a number of acquisitions which are shown in aggregate. The book and provisional fair values of the assets acquired are disclosed in the table below.

Acquiree's net assets at the acquisition date

	<i>Book value £'000</i>	<i>Provisional fair value £'000</i>
Intangible fixed assets	63	6,581
Property, plant and equipment	601	601
Inventories	26	4
Trade and other receivables	2,519	2,446
Cash and cash equivalents	3,180	3,180
Interest-bearing loans and borrowings	(464)	(464)
Deferred tax liabilities	(314)	(2,288)
Trade and other payables	(3,272)	(3,296)
Provisions	-	(216)
Net identifiable assets and liabilities	2,339	6,548
Goodwill on acquisition		16,965
Consideration paid, satisfied in cash		23,513
Cash (net of overdraft acquired)		(2,716)
Net cash outflow		20,797

Notes to the report

(continued)

5. TAX EXPENSE

The tax charge for the six months ended 31 October 2006 has been based on the estimated effective tax rate for the full year of 27% (six months ended 31 October 2005: 34%).

6. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares at the end of the period, 532,242,949 (2005: 531,431,291) and the weighted average number of ordinary shares (diluted) at the end of the period, 556,779,079 (2005: 553,809,886) 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 period. The calculations for basic, diluted, adjusted basic and adjusted diluted earnings per share at the end of the period are presented below.

	2006 £'000	<i>2005</i> <i>£'000</i>
Profit for the period	10,173	6,560
Amortisation of capitalised customer relationships	3,767	3,640
Option costs	1,428	1,598
Deferred tax	371	204
Adjusted profit for the period	15,739	12,002
Basic earnings per share (pence)	1.91p	1.23p
Diluted earnings per share (pence)	1.83p	1.18p
Adjusted basic earnings per share (pence)	2.96p	2.26p
Adjusted diluted earnings per share (pence)	2.83p	2.17p

Notes to the report

(continued)

7. RECONCILIATION TO MOVEMENT IN NET DEBT

Net debt includes cash and cash equivalents, secured bank loans and loan notes and finance liabilities.

	1 May 2006 £'000	Cash Flow £'000	Acquisitions £'000	Other non-cash changes £'000	31 October 2006 £'000
Cash and cash equivalents	31,808	(7,746)	3,180	-	27,242
Secured bank loans and loan notes					
- current	(66,178)	(7,500)	-	(21,160)	(94,838)
- non-current	(123,829)	-	-	20,534	(103,295)
Other loans	-	464	(464)	-	-
Finance lease liabilities					
- current	(41)	7	-	(634)	(668)
- non-current	(634)	-	(46)	634	(46)
	(158,874)	(14,775)	2,670	(626)	(171,605)

8. STATEMENT OF TOTAL EQUITY

Reconciliation of movement in total equity

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2006	53,507	93,085	68,401	63	(14,285)	200,771
Profit for the year	-	-	-	-	10,159	10,159
Dividends	-	-	-	-	(3,204)	(3,204)
Foreign exchange translation differences	-	-	-	(275)	-	(275)
Net loss on actuarial valuation of pension liability	-	-	-	-	(4,386)	(4,386)
Arising on issue of shares	79	557	-	-	-	636
Credit in respect of share related awards	-	-	-	-	2,102	2,102
Share options issued in the year	-	-	-	-	(636)	(636)
Balance at 31 October 2006	53,586	93,642	68,401	(212)	(10,250)	205,167

Merger Reserve

The merger reserve results from historic share-for-share purchases of companies whereby the share premium arising from the transactions is taken to the merger reserve as required under S131 of the Companies Act 1985.

Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the accounts of foreign operations.

Notes to the report

(continued)

9. 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 an amount of £44.4 million recognised as compensation following the Buncefield explosion. This is a provisional amount based on what is reliably measurable at 31 October 2006 for the recoverability of impaired assets and costs incurred to date. At 31 October 2006 £30.0 million of insurance proceeds had been received. The net balance of £14.4 million is shown in other receivables.

Land and buildings at our head office next to Buncefield have been impaired in full in a previous period to reflect the reduction in market value following the incident. An insurance receipt equivalent to this impairment has been recognised for re-instating the building to the extent that it is reliably measurable under the Group's policy.

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.

10. SECTION 240 STATEMENT

The comparative figures for the financial year ended 30 April 2006 are not the Company's statutory accounts for that financial year. Those accounts, which were prepared under International Financial Reporting Standards, have been reported on by the Company's Auditors and delivered to the Registrar of Companies. The report of the Auditors was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

Although the interim accounts are unaudited, the Auditors have carried out a review and their report to the Group is set out on page 15 to this statement.

Independent Review Report to Northgate Information Solutions plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 October 2006 which comprises the Consolidated income statement, the Consolidated balance sheet, the Consolidated statement of recognised income and expense, the Consolidated cash flow statement and the related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: *Review of interim financial information* issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2006.

KPMG Audit Plc
Chartered Accountants
London

11 December 2006

Directors and Advisers

DIRECTORS

Nicholas J Irens * (Chairman)
Ron Mackintosh * (Chairman designate)
(appointed 1 September 2006)

Christopher M R Stone (Chief Executive)
John R Stier (Finance Director)
Malcolm S Aldis
David J Meaden

Jack R Fryer *
Sir Stephen J Lander *
J Nicholas Starritt *
David Hodgson *

* *Non-Executive*

SECRETARY

John D Richardson

REGISTERED OFFICE

Peoplebuilding 2
Peoplebuilding Estate
Maylands Avenue
Hemel Hempstead
Hertfordshire HP2 4NW

REGISTERED NUMBER

2762332

AUDITORS

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

STOCKBROKERS

Hoare Govett Limited
250 Bishopsgate
London EC2M 4AA

Evolution Securities Limited
100 Wood Street
London EC2V 7AN

BANKERS

Barclays Bank Plc
28 George Street
Luton LU1 2AE

FINANCIAL ADVISERS

N.M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London EC4P 4DU

SOLICITORS

Linklaters
One Silk Street
London EC2Y 8HQ

REGISTRARS AND TRANSFER OFFICE

Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol BS99 7NH

