



Annual Review
& Summary Financial Statement
2002/2003



Financial Highlights

	Year ended 30 April 2003	Year ended 30 April 2002
Operating profit:		
From continuing operations, before exceptional items and goodwill amortisation	£4.5m	£4.5m
Discontinued operations, exceptional items and goodwill amortisation	£(5.7m)	£3.9m
Group operating (loss)/profit	£(1.2m)	£8.4m
Operating margins:		
From continuing operations, before exceptional items and goodwill amortisation	5.4%	5.3%
Group operating margin	(1.5)%	9.1%
Profit before taxation:	£28.1m	£8.7m
Adjusted basic earnings per share:	1.83p	1.60p**
Basic earnings per share:	10.45p	3.00p
Cash in bank:	£39.4m	£11.9m

Adjusted basic earnings per share up 14.4%
 Acquisitions successfully integrated
 Significant cash at year end
 Continued improvement of the business mix:
 - Public Sector turnover* up 23.9%
 - Public Sector profit* up 11.1%
 - Human Resources Systems turnover* up 17.8%
 - Human Resources Systems profit* up 11.4%

* for continuing operations before exceptional items and goodwill amortisation
 ** restated to reflect discontinued activities and amortisation of goodwill

'Northgate is a leading supplier of software applications and outsourcing solutions to the public sector, human resources and corporate markets'

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Important Note:

This Annual Review & Summary Financial Statement does not contain sufficient information to allow as full an understanding of the results of the Group and state of affairs of the Company or the Group and of their policies and arrangements concerning Directors' remuneration as would be provided by the full Annual Report & Accounts. Members requiring more detailed information have the right to obtain, free of charge, a copy of the Company's last full Annual Report & Accounts.

Members who wish to receive, free of charge, a copy of the full Annual Report & Accounts for the year ended 30 April 2003 or who wish to receive the full Annual Report & Accounts in place of the Annual Review & Summary Financial Statement for all future years should write to the Company's registrars at the address shown on page 17, stating their requirements.



Strong Financial Performance

'I am pleased to report that the Group has achieved a good result this year, despite the difficult market climate.'

Profit before tax stands at £28.1 million (2002: £8.7 million) primarily as a result of the sale of Northgate's health business, with operating profit from continuing operations unchanged at £4.5 million. Particularly pleasing is the double-digit growth yielded by the HR and public sector businesses which are starting to deliver on their strong growth potential.

Turnover on continuing operations of £83.3 million (2002: £84.5 million) continued to reduce following our decision to reduce exposure to the low margin reselling of third party products. Consequently, coupled with the continuing control on costs, operating margins across the Group before exceptional items and goodwill amortisation have improved from 5.3% to 5.4%, and adjusted basic earnings per share increased by 14.4% to 1.83p.

Exceptional items include provisions in respect of surplus properties, the costs of restructuring undertaken and abortive deal costs associated with the Group's business process outsourcing (BPO) offer to Dacorum Borough Council.

Significant Strategic Progress

It has been a year of strategic progress for the Group. We achieved an excellent price for the health business at the start of the year which released significant funds to invest further in the remaining businesses. Since this disposal, the Group has been pursuing acquisition opportunities that will deliver substantial value to shareholders. The first of these acquisitions, Prolog Business Solutions Limited ('Prolog'), has been integrated successfully into our existing HR business and has delivered results in line with our expectations.

Furthermore, since the year-end, the Group has announced the acquisition of Cara Payroll Group Limited ("Carapeople") for 18.7 million Euros (£13.4 million) calculated on a debt-free, cash-free basis. Carapeople is a significant supplier of payroll processing solutions in the UK and has been the leading payroll services provider in Ireland since 1968.

The acquisition of Carapeople enables the Group to strengthen its position in the growing HR and payroll process outsourcing market, and complements the Group's earlier acquisition of Prolog. It is also expected to bring significant synergies, as the enlarged Group shares expertise and broadens its client base.

The Group continues to seek further strategic acquisitions and maintains a strong balance sheet to fund such value-enhancing opportunities.

Employees

These results are a reflection of the hard work and commitment of our employees. In particular, Northgate acknowledges the contribution made by Geoff Bicknell who has recently stepped down from the Board after a period of three years as Group Finance Director. He has made an invaluable contribution to the Group during that time and I would like to thank him for his support. John Stier joins the Board as the new Group Finance Director, having been with Northgate since January 2001 as Group Chief Accountant and then UK Finance Director. In addition, I would like to thank Duncan Hine who intends to step down from the Board at the AGM. He has served as Non-Executive Director since 1996 and his contribution has been much appreciated.

Northgate's Future

We finished the year with cash of £39.4 million (2002: £11.9 million). This positions us well for the future. Following the acquisition of Carapeople, we still have substantial cash resources to fund further strategic acquisitions where we find appropriate opportunities that are reasonably priced and fit well with the Group's strategy.

Your Board is confident that there are significant growth opportunities, both organic and through acquisition, available to the Company in its chosen markets. The utilisation of our cash resources in the implementation of this growth strategy will, we believe, deliver substantial shareholder value. Accordingly, the Directors have decided that the payment of a dividend is not appropriate at this time.

Nick Irens
Chairman
26 June 2003



connecting people



The year to 30 April 2003 has been a year of transition as we made steps to accelerate our strategic development. The most important of these was the sale of our health business for £31.4 million (net of expenses) in July 2002. Whilst the health market provided some opportunities for growth, the Board decided that the Group should focus on its other divisions where it believed (and continues to believe) there are better growth prospects for the Group.

The Board was clear that the Group could make better progress in these other markets if we had funds to support an aggressive development programme and we took the opportunity to realise an excellent price for the health business, allowing us to build up a significant cash balance. We went on to make our first significant acquisition in the HR market, Prolog Business Solutions Limited ('Prolog'), for £4.6 million in November 2002.

In generally difficult markets, our continuing businesses showed a small increase in profit to £4.5 million, mainly through tight cost control. However, primarily as a result of the health business disposal, revenues and operating profit, before exceptional items and amortisation of goodwill, were down compared to last year, at £85.2 million (2002: £92.6 million) and £5.1 million (2002: £6.5 million) respectively.

The overall performance of the Group is the result of:

- continued progress in implementing a clear and consistent strategy
- strong growth in our focus activity of software applications
- good growth in the HR business process outsourcing market
- strong operational management
- excellent people

DIVISIONAL ACTIVITIES:

Public Sector

For the full year, public sector revenues in our continuing business, following the sale of the health business, grew by 23.9%, and profits grew by 11.1%.

The rate at which some public sector clients have been able to finalise contracts caused some slowdown in our ability to take revenue as budgeted. We were also disappointed that our first attempt to win a large-scale business process outsourcing (BPO) deal through a partnership with Dacorum Borough Council was unsuccessful. We invested significant time and effort in constructing this opportunity but, ultimately, we decided that the balance of risk and reward was not right for us to proceed. While we remain committed to pursuing BPO partnerships, all possible deals must first and foremost deliver value for our shareholders and our experience with Dacorum has helped us to refine our approach to that market.

We have chosen to focus on the local government and criminal justice markets and the excellent performance of our public sector division reflects the continuing prospects for these markets. The division's results were driven by winning seven new customers in local government combined with our 100% customer retention rate in criminal justice. This customer loyalty is testament to the ability of our employees to deliver real value to our customers over both the short and the long term. We believe that new customers have been drawn to us because of our ability to demonstrate clear best practice in each of our chosen markets.

Looking forward, our pipeline of opportunities is very strong across the public sector division and, while the flow of business has been somewhat slower to filter through than we had originally anticipated, we have confidence in its continued success.

Local Government

In the local government market, we are one of the market leaders in implementing electronic government. Two of our customers, Halton Borough Council and Swale Borough Council, have won e-government awards. In the second half of the year, we signed four new customers for our Front Office solution, giving us encouragement for this market in the future.

We also launched our new 'Assert' product, a decision support tool for the administration of means-tested benefits. This is an extremely complex area of local administration, and we have great hopes for the future success of this innovative, rules-based product. Our first paying customer was signed just after the year-end.

We believe that the combination of these exciting new products, together with our strength in managed services, positions us well for helping our clients in this market to realise best value from all of their IT investments.

Criminal Justice

In the criminal justice market, we made major progress with our applications portfolio, with the successful launch of our first product in traffic congestion management. The high profile success of this congestion charging scheme in London opens up a new and potentially very large market for us. We were also chosen as the software partner for the Penalty Notice for Disorder initiative which the Government expects to roll out this coming year.

In our traditional applications business, we saw a further implementation of our 'single-view policing' solution which combines traditional and new software technology to create an integrated, joined-up view for front and back office functions. In managed services, we retained all of our existing clients and commenced some substantial new projects.

Human Resources Systems

Our HRS division had another year of excellent progress, growing revenues by 17.8% and operating profit by 11.4%, including the impact of Prolog. This represents a second continuous year of growing revenues in excess of 17% per annum. Our core product, ResourceLink, consolidated its position as a leading payroll, personnel and pensions administration software product in the UK. It includes business intelligence and

workflow functions that are designed to increase administration efficiencies, improve management information and reduce the total operating costs in our clients' Human Resources departments.

In November 2002, we acquired Prolog to accelerate our development of applications and outsourced service offerings in all areas of HR management. The integration of this acquisition has gone well, meeting all of our internal goals. Since the year end, we have announced the acquisition of Cara Payroll Group Limited ('Carapeople') which operates in the same market as Prolog and further develops the Group's HR offering. Following these transactions, the Group is an increasingly significant player in the HR and payroll processing market.

During the year we won 16 new clients in HR applications, plus our largest ever application licence agreement, Northern Ireland Education and Library Boards. We also won a further 11 new clients in outsourcing, including our largest outsourcing contract, the London Borough of Sutton. These wins, combined with the customers acquired through the acquisition of Prolog and Carapeople, bring our number of installed clients to over 800.

Looking forward, there should be further opportunities to grow application revenues and to grow our BPO business, as an increasing number of corporate and public sector organisations move to an outsourced solution for their HR needs.

Corporate Sector

This year we combined our PROIV and Reality software businesses with our Corporate Managed Services business in a new Corporate Sector division. This combination of software and services is the same as we have in the Public Sector and HRS divisions, which helps us to standardise our management processes and improve the levels of overall company efficiency.

PROIV, our software development tool, had a good year with new versions of this long established product finding good market acceptance. In addition we established an agency relationship for our Reality product to support the further development of the Reality business in the USA. Early indications from this relationship are promising. We also won some new name customers, including an important new contract with Cromwell Business Systems for the roll out and support of a nationwide retail point of sale product.

Chief Executive's Review

(continued)



The corporate market for new IT projects continued to be very weak by comparison to the volumes seen in 2000/2001. Consequently, and in line with our previously announced decision to exit the volume hardware reselling business, we undertook some further restructuring which included 24 further redundancies.

In line with most of our competitors, our Corporate Sector division had a quiet year, with revenues remaining broadly level. However, there were some strong areas within the overall division, with our high availability support services business having a good year, with revenues growing by 7.3%. We won new name business with Fujitsu, Minolta QMS and NTL, and we have established strong new relationships with HP and IBM during this year. The market outlook in corporate continues to be uncertain but we will continue to manage the business with a view to achieving a profitable result.

STRATEGIC UPDATE:

In line with our strategy, we continue to build a strong business based on the Group's applications and managed services in the local government, criminal justice, human resources and corporate markets. The business has been operating for 33 years, and continues to benefit from the strength of our experience and contacts in each market.

We measure our success in delivering this strategy through growth, and our forward order book. During the year:

- growth – our revenues from continuing operations in areas of strategic focus (Public Sector and HRS) grew by 21.9%.
- forward orders – our committed revenues (excluding the health business) grew by 4.2% to £101.5 million.

The Group's applications are designed to enable our customers to transact their businesses more efficiently, both in the public sector and corporate market. This means providing products that deliver functionality to the front office, which joins up seamlessly with the back office.

Our managed services offerings are designed to reduce the cost of IT ownership for our clients, whilst assuring them of known service levels. They also generate valuable recurring revenues for the Group, often over five years or more.

In line with our strategy, the Board identified the BPO market as one that would particularly benefit from these two competencies. As a result the Group has substantial prospects for delivering further value to its shareholders through targeting selected contracts in this area. 2002/2003 saw continued progression by the Group in this market with further wins in HR process outsourcing, and our first steps into local government process outsourcing. After a disappointing experience with large scale Public Private Partnerships with Dacorum Borough Council, we have focused our approach in the BPO market to concentrate on areas where we have strong applications that allow us to deliver service underpinned by the high levels of functionality within our own products. We believe that this will attract new customers and allow us to realise a fair share of the value that our products and services can create.

With the funds realised from our health business disposal, we are now in a position to accelerate our strategic development through acquisition. We are working diligently to identify opportunities that will build our strategic position and deliver additional volume to drive margin improvement.

Outlook

I would like to thank our customers and shareholders for their support over the past twelve months. I would also like to thank my colleagues who have demonstrated great commitment over the past year. We have a dedicated and highly-skilled workforce and these good results are a credit to their commitment to the business.

We anticipate good levels of organic and acquisitive growth to drive value for our shareholders in the coming months and we expect to increase our market shares in each of our divisions. Against the background of generally difficult market conditions, we have made significant progress in our chosen markets, generating good improvement in contribution margins, and I have every confidence in the Group's medium and long-term growth prospects.

Chris Stone
Chief Executive
26 June 2003

empowering people



Overview

Group trading for the year ended 30 April 2003 shows strong progress in our core markets of local government, criminal justice and human resources. This has been offset in part by a difficult corporate market place where costs have been tightly controlled.

Cash flow has remained strong throughout the year. We have continued to increase the amount of work carried out on long-term contracts helping to underpin future earnings.

During the year we disposed of our health business for £31.4 million (net of expenses). This has allowed the Group to focus on markets where it can attain a leading position. In support of this, the Group acquired Prolog Business Solutions Limited ('Prolog') in November 2002 and Cara Payroll Group Limited ('Carapeople') in June 2003.

Operating Results

Group turnover of £85.2 million (2002: £92.6 million) declined by £7.4 million. This was primarily due to the sale of our health business in July 2002. Turnover from continuing operations of £83.3 million was broadly flat (2002: £84.5 million). This year saw the final effects of our withdrawal from the hardware resale market. Excluding third party product resale activity, revenue from continuing operations increased by 7.2%.

Group operating profit of £5.1 million, before exceptional items and goodwill amortisation, declined 22.0% (2002: £6.5 million), again mainly due to the sale of our health business. More significantly, continuing operations generated £4.5 million (2002: £4.5 million) of operating profit before exceptional items and goodwill amortisation. Group total operating profit reduced from £8.4 million to a loss of £1.2 million, mainly as a result of exceptional items and the sale of our health business.

The 2002/2003 financial year saw our order book grow (excluding Northgate's health business) by over 4% to £101.5 million. This reflects the growing importance of our managed service and outsourcing work that will help to support future earnings.

Results by market sector were:

- Public Sector turnover of £40.8 million (2002: £32.9 million) grew 23.9%, with an accompanying operating profit increase of £0.3 million to £3.4 million (2002: £3.1 million). This was primarily driven by our successful partnership with Capita on the London Congestion Charging Scheme and a number of successful installations of our Front Office software in the local government market.
- The HR business also achieved higher profitability on increased turnover. Turnover of £18.9 million increased 17.8% (2002: £16.0 million) whilst profit grew 11% to £2.6 million (2002: £2.3 million). The improved performance was supported by our acquisition of Prolog, strong licence sales and the business continuing to penetrate the payroll outsourcing market.
- Corporate Sector sales of £24.3 million declined £12.1 million (2002: £36.4 million). £9.8 million of the reduction was due to our withdrawal from the hardware resale market, with the balance being attributable to weak demand for consultancy services. To counteract this, the business was restructured resulting in a number of redundancies. This allowed net margins to be maintained at 5% and limited the fall in profitability to £0.5 million. For the year to 30 April 2003, the division generated a profit of £1.2 million (2002: £1.7 million).

Exceptional Items

A net exceptional charge of £6.0 million (2002: a credit of £2.1 million) includes £4.4 million of property costs, £1.2 million of redundancy costs mainly incurred in the corporate business, and £0.4 million of abortive deal costs associated with our business process outsourcing (BPO) offer to Dacorum Borough Council. The exceptional charge for property costs reflects the fact that the Group has a number of properties that are surplus to its needs. With the current depressed state of the property market, the Board felt it was prudent to recognise a vacant space provision for this property.

6 Group Finance Director's Review (continued)

Discontinued Operations

In July 2002 we sold the health business for £31.4 million (net of expenses), generating a £28.5 million profit. Whilst reducing short-term earnings, this provided substantial cash reserves to invest in the business. As noted below, we have since completed two acquisitions that we believe will strengthen our position in our chosen markets.

Cash and Financing

The net cash position at 30 April 2003 was £39.3 million (2002: £11.4 million), an increase of £27.9 million. Of this increase, £31.4 million (after expenses) was generated from the sale of the health business and £5.4 million was expended on acquisitions in the period.

During 2002/2003 we acquired the Prolog business and the Service On Site contract. Prolog was acquired in November 2002 to extend our HR outsourcing offer. The Service On Site contract complements our corporate managed service offering. These acquisitions have been successfully integrated into the Group and they continue to trade in line with expectations. In June 2003 we announced the acquisition of Carapeople for 18.7 million Euros (£13.4 million).

Underpinning the year has been tight control over working capital while we have continued to invest in the business. Capital expenditure in 2002/2003 was £2.8 million (2001/2002: £3.3 million). This included investment in Assert, our new decision support tool for Local Government, and investment in our network capabilities to support our outsourced solutions.

Accounting Policies

The Group has applied accounting principles in the year to 30 April 2003 consistent with last year. No new accounting standards have been adopted.

Taxation (FRS19)

The Group has significant tax trading losses of £26.3 million, which will be utilised in the coming years. A deferred tax asset of £4.7 million (2002: £nil) has thus been recognised in line with FRS19.

Pensions

During the year, the Group saw the funding of its defined benefit pension scheme weaken in line with world stock markets and declining interest rates. In line with SSAP24, a full funding review was completed at 31 March 2002 that showed a deficit of £3.2 million. With stock markets continuing to decline thereafter, the Board decided to increase its annual pension contributions by approximately 12% to £2.2 million. This will allow £1.4 million per annum to be paid against the scheme's funding deficit.

The scheme is now closed to new members. It has also had future benefits reduced from 1/60th of final salary for each year of service to 1/70th. Employee contributions have also increased from 5% of salary to 8%.

Applying FRS17 rules shows a funding deficit of £34.1 million (after tax) at 30 April 2003 on the Group's defined benefit pension scheme. Notwithstanding this, the scheme is fully funded on a Minimum Funding Requirement basis.

Corporate Governance and Risk Management

During the year to 30 April 2003, the Group has complied with all the provisions of the Combined Code on Corporate Governance, as incorporated within the Listing Rules. Significantly, 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 culture of financial control, underpins the quality of earnings.

During the year we benchmarked the capabilities of our current auditor to ensure that the highest standards of effectiveness, independence and objectivity are maintained. Through this process it is recommended that KPMG is reappointed at the forthcoming AGM.

Earnings per Share

Adjusted basic earnings per share, which is calculated on profit before exceptional items and discontinued activities, is 1.83p, up 14.4% on the prior year (2002: 1.60p after restatement for discontinued activities and amortisation of goodwill). Basic earnings per share, which includes the profit on disposal of our Health business, increased from 3.00p to 10.45p.

Dividend Policy

The Board has reviewed its dividend policy. The Board does not feel that a dividend would be appropriate at this time.

Shareholders' Funds

Shareholders' Funds, at 30 April 2003, of £46.1 million has increased significantly over the prior year from £16.4 million at 30 April 2002, driven by the sale of the health business and strong underlying performance.

John Stier
Group Finance Director
26 June 2003

Overview

Northgate Information Solutions is a leading supplier of software applications and outsourcing solutions to the public sector, human resources and corporate markets. Headquartered in Hemel Hempstead, Northgate employs more than 1,000 staff across the UK.

Northgate focuses on understanding application specific processes, enabling organisations to increase their business process efficiency. We manage customers' key systems, providing a broad range of outsourced solutions available at client sites or hosted at our own secure data centre.

Our application and IT outsourcing solutions have attracted a wide and established client base. With over 1,200 customers, we work closely with many corporate organisations, as well as approximately 30% of the UK's local authorities and 90% of its police forces.

Northgate's philosophy is built around fully understanding our clients' organisational objectives, the challenges they face and the expectations of their customers and users. Only then can we design and implement a technology solution that truly delivers value-added benefits.

Market Leading Applications

All of our applications are designed and built to deliver functionality that enables our customers to manage their businesses more efficiently:

- Building on our strong record of delivery, we are continuing to develop applications that help the criminal justice community change the way it solves crimes, enforces speed limits and tackles anti-social behaviour.
- We are helping local government transform public services and improve their value to the citizen. Assert, our benefit assessment application, is unique in the UK while Front Office, our market leading e-government application, has won two industry awards.
- ResourceLink, our market leading HR and payroll application, is fully web-enabled for easy access, simple to operate and secure, providing users with unrivalled functionality.
- Our PROIV and Reality software helps organisations rapidly develop robust, future-proof and cost-effective business applications.

Flexible and Cost-effective Outsourcing

Using a wide range of IT skills, Northgate can create a flexible offering that enables companies to benefit from performance improvements whilst still maintaining stable running costs. Northgate is a long-standing supplier of outsourced IT solutions enabling organisations to hand over confidently all or part of their IT requirement to Northgate.

Over time, we have worked with many major corporations and public organisations to change fundamentally their use of IT and enhance business performance.

Focused Business Process Outsourcing

Because Northgate designs, builds and installs applications, we have the skills and the experience to help our customers benefit from business process outsourcing. Our focus is on adding value to IT-intensive processes supported by Northgate's own software. Northgate's ability to adapt our software where we see the opportunity to make a process more efficient differentiates us from other outsourcers.

Northgate's outsourcing services cover everything from single functions such as payroll, recruitment or local government services, to the outsourcing of complete business processes.

Future Development

We expect strong organic growth from our software portfolio where our products are in high growth markets. In local government, the e-government agenda will drive demand for Front Office, Assert and congestion charging. In criminal justice, the Government's focus on anti-social behaviour will drive sales of our Penalty Notice for Disorder product.

In the outsourcing markets, we anticipate increasing demand for HR BPO services, building on our ResourceLink product, our strong position in payroll outsourcing and on our HR administration skills. In the local government and criminal justice markets, we expect that we will increasingly supply outcome-based services running on our own software.

In addition to this organic growth, we will continue to pursue growth by acquisition in our chosen markets.

**Nick Irens**

aged 56, Non-Executive Chairman *

Mr Irens joined the Board as Non-Executive Chairman on 7 January 2000. He was previously Chairman of Cannons Group plc. He is a Non-Executive Director of Urbium plc and a Director of a number of other unlisted companies.

Jack Fryer

aged 64, Non-Executive Director *

Mr Fryer was appointed a Non-Executive Director on 15 December 1999. He was previously with Marconi, Lucas Industries, Rank Xerox and Rolls Royce. He is also Chairman of Celoxica Limited.

Chris Stone

aged 40, Chief Executive

Mr Stone was appointed a Director and Chief Executive on 31 October 1999. He was formerly with Accenture where he was an associate partner. He previously held senior management positions with Digital Equipment Corporation UK and EDS.

Dr Duncan Hine

aged 48, Senior Non-Executive Director *

Dr Hine was appointed a Non-Executive Director on 1 September 1996. He was formerly Chief Executive of The Generics Group AG and Director of Technology and Information Systems for the Post Office Group. He is a Visiting Professor in Computer Science at York University.

John Stier

aged 37, Group Finance Director and Company Secretary

Mr Stier was promoted to Group Finance Director on 15 May 2003. Prior to joining Northgate, he held senior financial positions with Thames Water plc and Shanks plc.

* Member of the Audit Committee, Remuneration Committee and Nomination Committee

Statement of the Independent Auditors to the members of Northgate Information Solutions plc

pursuant to section 251 of the Companies Act 1985

We have examined the Summary Financial Statement set out on pages 9 to 13.

This statement is made solely to the company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in such a statement 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 and the company's members as a body, for our work, for this statement, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review and Summary Financial Statement with the full annual accounts and Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review and Summary Financial Statement and consider the implications for our report if we

become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Basis of Opinion

We conducted our work in accordance with Bulletin 1999/6 'The Auditors' Statement on the Summary Financial Statement' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's full annual accounts describes the basis of our audit opinion on those accounts.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual accounts, the Directors' Report and the Directors' Remuneration Report of Northgate Information Solutions plc for the year ended 30 April 2003 and complies with the applicable requirements of Section 251 of the Companies Act 1985, and the regulations made thereunder.

We have not considered the effect of any events between the date on which we signed our report on the full annual accounts (26 June 2003) and the date of this statement.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
23 July 2003

Summary Group Profit and Loss Account

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	Notes	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
Turnover	1		
Continuing operations		83,297	84,515
Discontinued operations		1,918	8,049
Group turnover		85,215	92,564
Group operating (loss)/profit		(1,241)	8,447
Continuing operations:			
Operating profit before exceptional items and amortisation of goodwill	1	4,525	4,485
Exceptional items	2	(5,995)	2,057
Amortisation of goodwill		(313)	(102)
Operating (loss)/profit from continuing operations		(1,783)	6,440
Discontinued operations:			
Operating profit	1	542	2,007
Group operating (loss)/profit		(1,241)	8,447
Profit on sale or termination of operations – Discontinued		28,451	-
Profit on ordinary activities before interest		27,210	8,447
Net Interest receivable		899	211
Profit on ordinary activities before taxation		28,109	8,658
Taxation credit/(charge) on profit on ordinary activities		1,637	(146)
Retained profit for the financial year		29,746	8,512

Directors' total emoluments for the year ended 30 April 2003 were £905,000 (2002: £711,000).

EARNINGS PER ORDINARY SHARE

Basic	10.45p	3.00p
Diluted	10.33p	2.91p
Adjusted basic	1.83p	1.60p
Adjusted diluted	1.81p	1.56p

The comparative figures for adjusted basic and adjusted diluted earnings per share have been restated to reflect discontinued activities and amortisation of goodwill.

10 Summary Group Balance Sheet

	<i>Note</i>	<i>Group</i> 30 April 2003 £'000	<i>Group</i> 30 April 2002 £'000
Fixed assets			
Intangible assets		6,788	2,395
Tangible assets		5,032	4,161
Investments		1,098	1,156
		12,918	7,712
Current assets			
Stocks – goods for resale		424	755
Debtors		34,092	33,953
Cash at bank and in hand		39,377	11,887
		73,893	46,595
Creditors: amounts falling due within one year		(33,699)	(33,443)
Net current assets		40,194	13,152
Total assets less current liabilities		53,112	20,864
Creditors: amounts due after more than one year		(244)	(690)
Provisions for liabilities and charges	3	(6,792)	(3,822)
Net assets		46,076	16,352
Shareholders' funds – equity		46,076	16,352

The Auditors' report on the Annual Report & Accounts was unqualified and did not contain any statement under s237(2) or s237(3) of the Companies Act 1985.

Approved by the Board of Directors on 26 June 2003 and signed on its behalf by

C M R Stone
Director

J R Stier
Director

Notes to the Summary Financial Statement 11

1. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services to third party customers stated net of value added tax, and includes amounts for interest arising on sales-type leases.

Turnover and operating profit

By market sector:	Year ended 30 April 2003		Year ended 30 April 2002	
	Turnover £'000	Operating profit/(loss)* £'000	Turnover £'000	Operating profit/(loss)* £'000
Public Sector	40,816	3,445	32,930	3,100
Human Resources Systems	18,889	2,597	16,032	2,331
Corporate Sector	24,310	1,170	36,367	1,710
Less: intersegment turnover	(718)	-	(814)	-
Administration costs	-	(2,687)	-	(2,656)
Continuing operations	83,297	4,525	84,515	4,485
Discontinued operations	1,918	542	8,049	2,007
	85,215	5,067	92,564	6,492

* Operating profit/(loss) is stated before exceptional items and goodwill amortisation. The businesses acquired during the year contributed £1.9 million to turnover and £0.3 million to operating profit before goodwill amortisation.

In the above analysis, all overhead costs have been allocated to continuing operations. This resulted in overhead costs being reallocated from discontinued operations in the prior period comparatives. In addition, certain administration costs relating to the Group's central activities have been separated, and the basis of allocating other overhead costs has been revised, so as to better reflect the underlying business' operations. The prior period comparatives have been revised accordingly.

		Year ended 30 April 2003 Profit/(loss) £'000	Year ended 30 April 2002 Profit/(loss) £'000
Amortisation of goodwill			
Continuing operations	Human Resources Systems	(296)	(102)
	Corporate Sector	(17)	-
		(313)	(102)
Operating exceptional items			
Continuing operations	Administration	(5,180)	3,497
	Public Sector	(29)	(243)
	Human Resources Systems	(188)	-
	Corporate Sector	(598)	(1,197)
		(5,995)	2,057
Profit on sale or termination of operations			
Discontinued operations	Sale of health business	28,451	-

Notes to the Summary Financial Statement *(continued)*

1. TURNOVER AND SEGMENTAL ANALYSIS *(continued)*

By geographic origin:

		Year ended 30 April 2003		Year ended 30 April 2002	
		Turnover £'000	Operating profit/(loss)* £'000	Turnover £'000	Operating profit/(loss)* £'000
Continuing operations	United Kingdom	80,153	3,687	80,970	4,204
	North America	3,144	838	3,545	281
		83,297	4,525	84,515	4,485
Discontinued operations	United Kingdom	1,918	542	8,049	2,060
	Rest of the world	-	-	-	(53)
		85,215	5,067	92,564	6,492

* The geographic analysis of operating profit/(loss) is shown before exceptional items and goodwill amortisation. Turnover analysed by geographic destination is not materially different from that analysed by geographic origin.

		Year ended 30 April 2003 Profit/(loss) £'000	Year ended 30 April 2002 Profit/(loss) £'000
Amortisation of goodwill			
Continuing operations	United Kingdom	(313)	(102)
Operating exceptional items			
Continuing operations	United Kingdom	(5,976)	2,467
	North America	(19)	(410)
		(5,995)	2,057
Profit on sale or termination of operations			
Discontinued operations	United Kingdom	28,451	-

Notes to the Summary Financial Statement *(continued)*

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2. EXCEPTIONAL ITEMS

Exceptional income/(charges) recognised in operating costs comprise the following:

	<i>Year ended</i> 30 April 2003 £'000	<i>Year ended</i> 30 April 2002 £'000
Continuing operations:		
Other operating charges		
– reorganisation costs	(1,181)	(1,440)
– abortive bid costs	(450)	-
– property and other provisions	(4,610)	-
Wages and salaries		
– provision for NI contribution on unapproved share option scheme	34	808
– UITF17 provision for discount on share options	212	2,689
	(5,995)	2,057

During the year, the Group granted a number of share options under the Executive Share Option Scheme 1999 to certain employees at the market value of the Company's shares at the date of grant. These shares are exercisable between three and ten years from the date of the grant. Exercise of a proportion of these shares is subject to share price performance criteria.

Discounts on options granted under the Group's Savings Related Share Option Scheme do not attract a profit and loss charge as permitted by UITF17. The Group has provided for the expected National Insurance liability arising on its unapproved 1999 Scheme. It is estimated that if the share price were to increase by 10%, this would lead to a £20,000 increase, being £3,000 in relation to the increase in share price and £17,000 due to additional share options becoming eligible for exercise. Similarly, if the share price were to decrease by 10% this would lead to a £19,000 reduction in the provision, being £Nil in relation to the decrease in the share price and £19,000 due to share options becoming no longer eligible for exercise.

3. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Pensions and similar obligations</i> £'000	<i>Property provisions</i> £'000	<i>Restructuring provisions</i> £'000	<i>Provisions on share schemes</i> £'000	<i>Other provisions</i> £'000	<i>Total</i> £'000
Group						
At 1 May 2002	427	2,624	246	53	472	3,822
Profit and loss account	1,801	4,361	1,181	(31)	(233)	7,079
Utilised in period	(2,228)	(414)	(1,225)	(3)	(239)	(4,109)
At 30 April 2003	-	6,571	202	19	-	6,792

The Group has recognised a property provision of £4,361,000 during the year ended 30 April 2003, primarily in relation to net lease payments that the Group is committed to make over remaining lease terms in relation to certain properties no longer fully occupied by the Group.

Introduction

This summary report is made by the Board on the recommendation of the Remuneration Committee, to whom the Board has formally delegated its authority to establish policy in respect of all terms of employment for the Executive Directors.

The Remuneration Committee, which is chaired by J R Fryer, comprises J R Fryer, N J Irens and Dr D Hine. It is responsible on behalf of the Board as a whole for determining the contract terms, remuneration and other benefits, including performance-related bonus schemes and share option schemes, for the Chairman and the Executive Directors. D Knight, Human Resources Director, provides advice and information to the Committee when required. The remuneration of Non-Executive Directors, other than the Chairman, is fixed by the Board. Directors do not participate in decisions regarding their own remuneration.

The Remuneration Committee is consulted in accordance with Section B2 of the Combined Code published by the Hampel Committee. The Remuneration Committee met three times during the year.

Remuneration Policy*Objectives*

The objectives of the remuneration policy for Executive Directors are:

- the total remuneration package should be competitive to attract, motivate and retain Directors of a high calibre;
- remuneration should use a combination of performance driven cash and equity based rewards in addition to base salary and benefits; and
- the performance-driven rewards should potentially form a significant portion of total rewards, to motivate the highest performance and align the interests of the Executives with those of the shareholders.

The remuneration of Executive Directors is set by reference to the market after giving full consideration to Section B of the Combined Code. The overall remuneration package can consist of a base salary, annual bonus, pension rights, share options, and car, medical and life assurance benefits. It is the policy of the Committee to review the remuneration package offered to the Directors on an ongoing basis and make recommendations for changes where it is considered appropriate. Performance-related pay represents a significant proportion of the total remuneration package. The fees of the Non-Executive Directors are set in line with market rates.

Base Salary

In setting the base salary for the Executive Directors, the Remuneration Committee reviews relevant market data and considers the Director's experience, performance and responsibilities both internally and in comparison to similar companies in the IT sector. Each of the Director's base salary is generally reviewed on an annual basis or following a significant change in responsibilities.

Annual Bonus

Bonuses are determined by reference to base salary, the achievement of the annual operating plan agreed by the full Board each year, and the successful completion of specific corporate objectives. Provided that a minimum threshold determined by the Committee is achieved, bonuses can range up to 50% of base salary. It is the policy of the Committee to keep under review the objectives set and the proportions of base salary payable.

Bonuses are not pensionable. The Chief Executive and the Non-Executive Directors are not entitled to a cash bonus.

Pension and Other Benefits

The Executive Directors of Northgate Information Solutions plc are entitled to become members of the Group's pension scheme, or to have comparable pension contributions made to a personal pension scheme on their behalf. No pension contributions are made on behalf of the Non-Executive Directors. Other benefits provided consist of a car or an allowance towards vehicle running costs, and medical/life assurance benefits. Pension and other benefits provided are subject to regular review by the Company to ensure that they remain attractive and competitive.

Share Options

Share options are granted on the recommendation of the Committee, and are ratified by the Board, on a discretionary basis. Under the terms of the 1999 Executive Share Option Scheme, options are awarded to Executive Directors, based on the market price at the time of grant. These options can normally be exercised between the third and tenth anniversaries of the date of grant, subject to the achievement of certain performance conditions.

It is the policy of the Remuneration Committee to consider and approve performance conditions for each eligible employee on an individual basis, taking into account the employee's specific job responsibilities and objectives, together with market and other conditions at the time the award is made. Consistent with Shareholder Approval given on 23 November 1999, exercise of a proportion of the options awarded to eligible employees is not necessarily subject to share price performance conditions. Exercise of the remaining proportion of the options is generally subject to stepped performance conditions, increasing potential reward in line with performance.

The Scheme rules allow for the dilutive effect of issuing shares on exercise of options to be reduced by means of an arrangement to issue a lesser number of shares (to the face value of the net gain arising on exercise), rather than issuing the total number of shares subject to the options. The total number of shares over which options can be granted is limited to 15% of the issued share capital, approximately 43 million shares.

It is not currently intended that the Chief Executive will be awarded any share options during 2003/04. 500,000 share options are scheduled to be granted, after the announcement of the annual results, to the Group Finance Director following his appointment on 15 May 2003. In the normal course of events, share options are granted twice a year after the announcement of the final and interim results.

All of the Executive Directors participate in the Savings Related Share Option Scheme. This scheme is an all-employee scheme, for which performance conditions do not apply.

Service Contracts

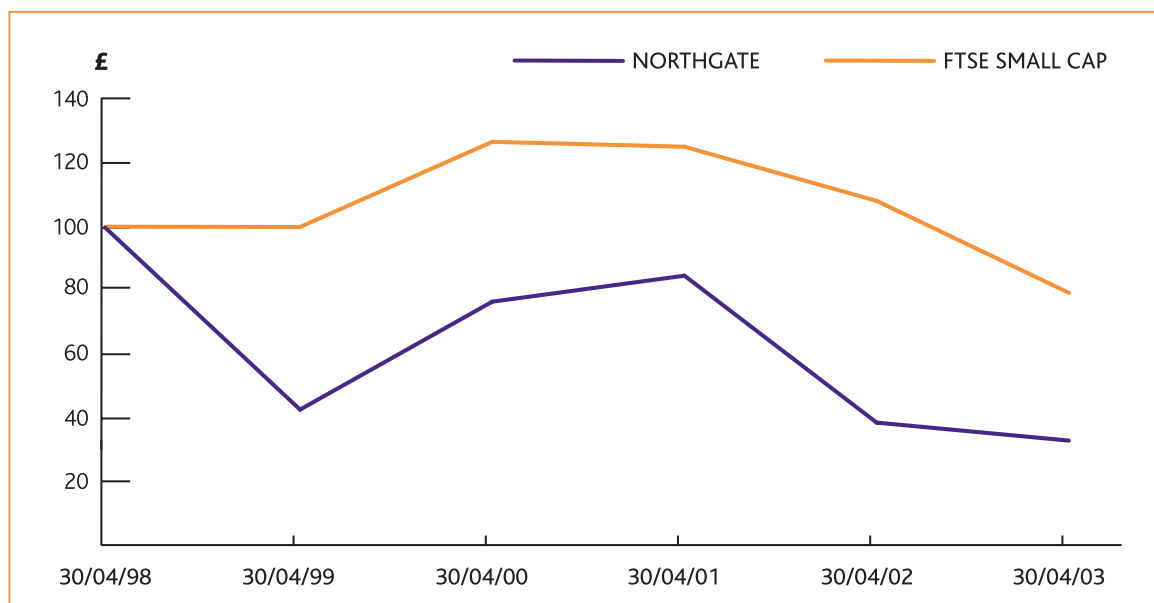
For Executive Directors, it is the policy of the Company that service contracts do not have notice periods by the Company in excess of one year, and by the Executive Director in excess of six months. The contracts are ongoing with no fixed termination date. On early termination, the Company is entitled to make payments to the Executive Director of sums equal to the value of his salary and other benefits in lieu of the required period of notice.

The letters of appointment for the Non-Executive Directors do not have notice periods exceeding six months by either party. They are normally for an initial term of three years, and are renewable for three year periods thereafter. The letters of appointment do not contain provisions in relation to payments on early termination.

All Directors are subject to re-election every three years.

Total Shareholder Return

This graph demonstrates Northgate's Total Shareholder Return ('TSR') in relation to the FTSE Small Cap index. TSR performance is being measured against the FTSE Small Cap index as the Company considers that this group represents the most appropriate peer group against which to measure the Company's performance. The appropriateness of this comparison will be reviewed on a regular basis.



Summary Directors' Report

The Directors submit their Summary Directors' Report and Summary Financial Statement of Northgate Information Solutions plc for the year ended 30 April 2003.

Results and Dividends

Results for the period are shown in the Group Finance Director's review on page 5 and 6.

No interim dividend (2002: £nil) was paid during the year. The Directors do not recommend the payment of a final dividend (2002: £nil).

Principal Activity and Review of Business Developments

The principal activity of the Group is the development and supply of computer equipment, software and related services. This comprises application software including hardware and associated installation and maintenance services, facilities management and software support, together with the development and supply of applications development tools.

A review of the operations of the Group is included in the Chairman's Statement, Chief Executive's Review and Group Finance Director's Review on pages 1 to 6.

Directors

The Directors of the Company at the date of this report are those listed on page 8.

G J Bicknell resigned as a Director on 15 May 2003. J R Stier was appointed as a Director on 15 May 2003.

J R Stier
Secretary
26 June 2003

Financial Calendar

25 September 2003	Annual General Meeting
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31 October 2003	Half year end
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December 2003	Half year results announced
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30 April 2004	Financial year end
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REGISTRAR

Enquiries about the following administrative matters relating to the holding of Northgate Information Solutions plc shares should be addressed to the Company's registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 7NH, telephone 0870 702 0000:

- dividend payment enquiries
- loss of share certificates/dividend warrants/tax vouchers
- notification of change of address
- transfer of shares to another person

AMALGAMATION OF ACCOUNTS

Shareholders who receive duplicate sets of Company mailings as a result of having more than one shareholder account in their name should write to Computershare Investor Services PLC at the above address to have their accounts amalgamated.

ANNUAL REPORT ON THE INTERNET

The 2002/2003 financial results are available at www.northgate-is.com

SHAREHOLDER INFORMATION ON THE INTERNET

Computershare Investor Services PLC, the Company's registrars, has introduced a facility where shareholders are able to access details of their shareholding over the internet subject to passing an identity check.

You can access this service by selecting the investor relations page on our website at www.northgate-is.com

The site also includes information on electronic proxy voting and recent trends in the Company's share price.



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