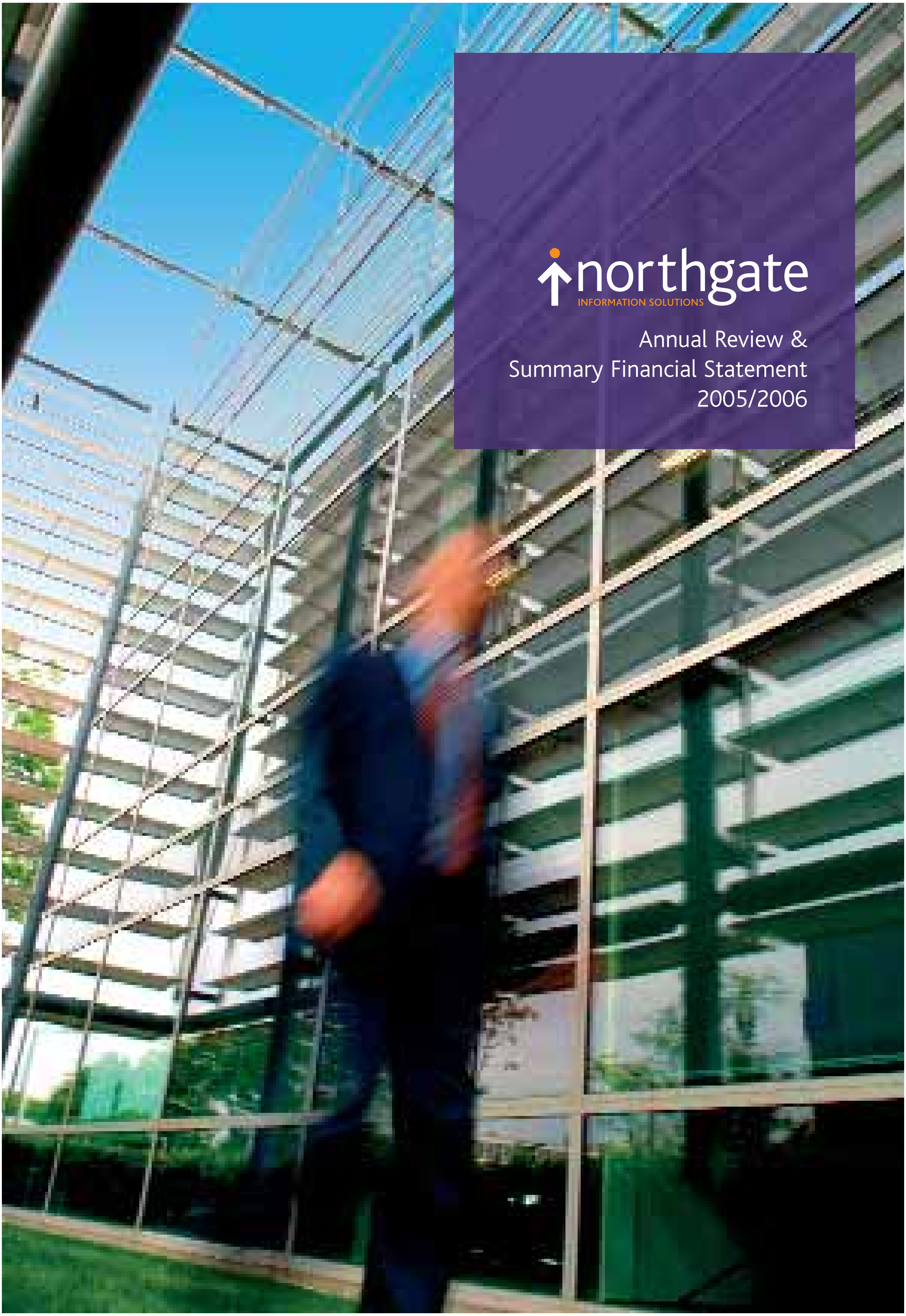


northgate
INFORMATION SOLUTIONS

Annual Review & Summary Financial Statement 2005/2006

About Northgate Information Solutions

Northgate is one of the UK's leading suppliers of specialist software and information technology (IT) services for the human resources, managed services education and public services markets. Northgate has three major divisions focused on the Group's core business areas. These are Northgate HR, Northgate Public Services and Northgate Managed Services. Headquartered in Hemel Hempstead, Hertfordshire, the Company employs approximately 3,200 staff and has in excess of 2,700 large/medium customers and more than 7,000 small/medium customers across the UK and Ireland. The original Company was founded in 1969. Consequently, Northgate has more than 30 years' experience in the IT market. Today, the Company works closely with many corporate organisations, in addition to all of the UK's regional police forces, approximately 90% of UK local authorities and more than 50% of FTSE 100 companies.

Contents

Financial Highlights

	Year ended 30 April 2006	Year ended 30 April 2005
Revenue	**£332.7m**	£205.7m
Adjusted operating profit	**£55.0m**	£33.7m
Significant restructuring and property provisions, amortisation of capitalised customer relationships and option costs	**£(10.3)m**	£(10.8)m
Group operating profit	**£44.7m**	£22.9m
Adjusted basic earnings per share:	**6.10p**	4.73p
Basic earnings per share:	**4.01p**	3.02p

Adjusted basic earnings per share **up 29%**

Continued improvement of the business mix:

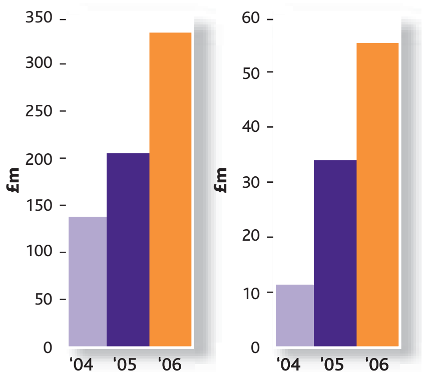
- Public Services turnover **up 84%**
- Public Services profit* **up 195%**
- Human Resources turnover **up 3%**
- Human Resources profit* **up 11%**
- Managed Services turnover **up 198%**
- Managed Services profit* **up 186%**
- Dividend recommended of 0.6p per share (2005: nil)
- Strong cash generation**: £48.8m cash generated from £55.0m EBITA†

*Divisional operating profit is stated before central costs, option costs, amortisation of customer relationships and one-off items
**Net cash from operations after capital items but before acquisitions and restructuring payments
† EBITA is earnings before interest, tax, option costs, one-off items and amortisation of customer relationships

Northgate at a Glance

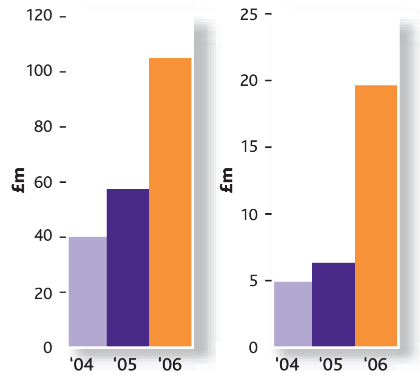
Group

Revenue | Operating Profit



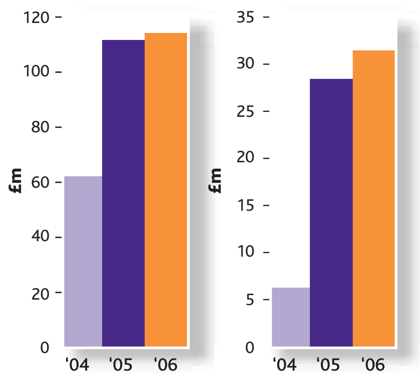
Public Services

Revenue | Operating Profit



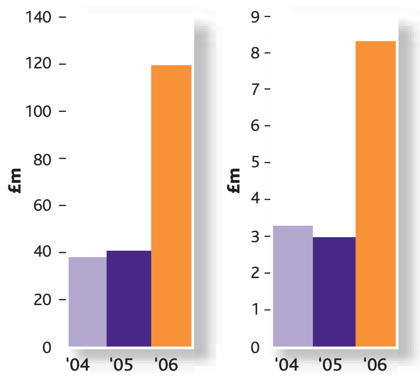
Human Resources

Revenue | Operating Profit

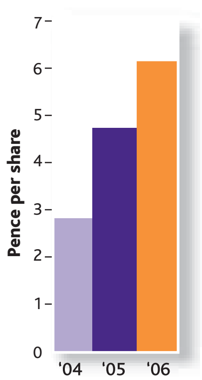


Managed Services

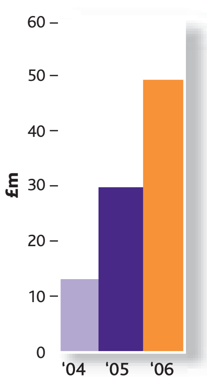
Revenue | Operating Profit



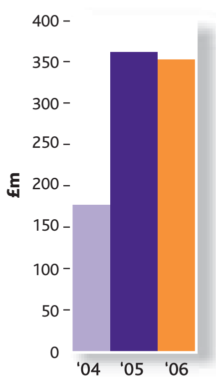
Adjusted Basic EPS



Operating Cash Flow



Order Book



Chairman's Statement

INTRODUCTION

I am delighted to present Northgate Information Solutions' annual report for 2005/6. This has been a challenging but highly successful year for the Group, in which we achieved significant growth across our operations despite the explosion at the Buncefield oil depot, which destroyed our head office and temporarily disabled many of our critical systems.

As a result of the tremendous effort from all our management and employees, Northgate has emerged from the Buncefield incident stronger than ever, with an enhanced reputation for the integrity of its systems and its ability to manage in adverse circumstances. While we are pleased to put the incident behind us, we will not forget the valuable lessons it has taught us.

About Northgate Information Solutions

Northgate Information Solutions is the UK's leading supplier of specialist software and IT services for the human resources, education and public services markets.

Our services touch the lives of almost everyone in Britain. Our systems pay one in three of the population. Last year our systems sent out 8.7m council tax bills and 3.0m speeding and parking tickets. Our customers include all of the UK's police forces and more than seven out of every eight local authorities.

Our task is to enable our customers to deliver complex, administrative services so effortlessly and seamlessly that their recipients take them for granted. Large organisations, such as local authorities or major retailers, have a thousand issues to deal with every day. Our mission is to ensure that the services we provide are never among them.

The Group consists of three substantial businesses – Northgate HR, Northgate Public Services and Northgate Managed Services. Each is a leader in its own market, and each has attractive growth prospects as their markets grow and consolidate. We have numerous opportunities to win new additional contracts and to make suitable acquisitions as they present themselves.

Northgate has clearly demonstrated its growth potential; in the past five years, Group revenues have increased by 293% whilst earnings (measured using adjusted basic EPS) have grown at a compound annual rate of over 40%.

Financial Results

Revenue increased by 62% during the year from £205.7m to £332.7m due to continued organic growth and inclusion of acquisitions across the Group.

Operating profit before one-off provisions, amortisation of capitalised customer relationships and option costs was £55.0m, an increase of 63% from the £33.7m in the previous year. Profit before tax rose 95% from £15.7m to £30.6m, whilst adjusted earnings per share grew by 29% to 6.10p.

Northgate continues to enjoy a strong cash flow. Adjusted operating cash inflow* for the year was £48.8m, an increase of 64% over the £29.8m reported last year. As a consequence net debt reduced from £173.5m to £158.9m.

I am delighted to announce that, in the light of the strength of the cash flow and the overall continuing growth of the business, the Board has decided to recommend the payment of a dividend of 0.6p a share. This dividend, Northgate's first in its current form, will be proposed to shareholders at the Annual General Meeting to be held on 28 September 2006.

*Adjusted operating cash inflow is after capital items but before acquisitions and restructuring payments

Northgate has emerged from the Buncefield incident stronger than ever, with an enhanced reputation for the integrity of its systems and its ability to manage in adverse circumstances

Buncefield

I could not make a full report to shareholders without referring to the events surrounding the Buncefield incident on 11 December last year. The explosion of the nearby fuel depot destroyed our head office and temporarily disabled all 212 client systems that were located there.

Although this was a disaster on a scale that had not been predicted by even the gloomiest disaster recovery specialists, in many respects we were fortunate. The explosion occurred early on Sunday morning and crucially we suffered no serious injury or loss of life among our staff.

In addition to the destruction of client systems, Northgate's communications hub was also critically damaged. Nevertheless both management and staff responded magnificently to the challenging circumstances. Our technicians started work on rebuilding client systems in a remote location that afternoon, and many of them continued working round the clock until the job was done. Our clients showed remarkable calmness and forbearance when we explained what had happened, and gave us the time to put things right.

I would like to thank everyone who played their part in the recovery effort, not only our staff and management but also our clients, SunGard (our disaster recovery supplier) and our insurers, who have worked tirelessly with us to put the pieces back together.

Our response to Buncefield demonstrates the quality of Northgate Information Solutions as an organisation. I am convinced there are very few systems companies in the world that could have responded so effectively and efficiently to a blow of this magnitude. Our ability to respond and recover in adversity has not been overlooked by the outside world and I am confident it will benefit us in our new business effort going forwards.

Board and Management

No changes to the PLC Board occurred during the year.

At the end of this calendar year I will have been Chairman of Northgate Information Solutions for seven very rewarding years. During that time, the talented management team led by Chris Stone has transformed the business and turned it into a world-class systems and outsourcing group.

I have now decided it is time to move on, and the Board has accordingly commenced a full search process to identify my successor. I will step down once he or she joins and is fully conversant with the role, which is likely to be early in the New Year. We will of course update you as soon as we have more to say. I will leave knowing the business is in very safe hands.

On behalf of all the Board I would like to thank the management and the staff for their enormous contribution to the Group's success, in this year of all years.

Outlook

The Company has never been in better shape. Over the past five years it has built leading positions in key markets due to strong organic growth and has demonstrated the ability to make sizeable acquisitions and extract value from them. Our current year has started with an order book of £366.0m and strong order intake.

Looking forwards, there are a number of opportunities the Group intends to pursue. The provision of education information technology (IT) is a fast growing sector and our recent success in winning preferred bidder for the contract from C2K to provide IT services to all primary schools in Northern Ireland is extremely encouraging in this regard.

In addition, our Human Resources business is now the third largest of its kind in the world and we are increasingly looking to expand its operations outside the UK, particularly into Continental Europe. We believe that Northgate Information Solutions is well placed for future success.

Nick Irens
Chairman
5 July 2006

The Company has never been in better shape. Over the past five years it has built leading positions in key markets due to strong organic growth and has demonstrated the ability to make sizeable acquisitions and extract value from them

Chief Executive's Review

OVERVIEW

This has been another significant year in Northgate's development. The business is robust and has taken leading positions across our key markets. The Group has delivered a strong performance for the full year driven by organic growth from Northgate's core businesses and the first full year of Service and Systems Solutions Ltd being consolidated in to our results.

Following the damage caused to the Group's headquarters by the Buncefield explosion in December 2005, management is pleased with the resilience and robustness the business showed in the second half. The Group relocated its headquarters back to Hemel Hempstead at the end of May and is currently building a new data centre in Basildon.

The good set of results marks a long-term period of growth and delivery for Northgate under the new management team. Following a return to profitability in 2001 and into the FTSE 250 index in 2004, Northgate has continued to grow via organic growth and inclusion of acquisitions to become market leader in its key markets - Human Resources, Public Services and Managed Services. Northgate has gained extensive integration experience following a series of acquisitions since 2002 culminating in April 2005 with the acquisition of Sx3, which consolidated Northgate's position within the UK local government software market and provided scale to its managed service operations.

As part of the next phase of growth Northgate is now looking to overseas markets where it can expand its core products through contracts and bolt on acquisitions.

Divisional Review

As part of the integration of Service and Systems Solutions (Sx3), Northgate re-organised certain of its activities to create three focused divisions. The trading results by division for 2005 have been restated where appropriate in order to provide an accurate comparative.

Northgate HR

	2006	*2005*	*% Change*
Turnover	**£113.8m**	£110.9m	3
Divisional Operating Profit	**£31.2m**	£28.1m	11
Divisional Operating Margins	**27%**	25%	8

Northgate HR, the leading supplier of HR, Payroll and Pensions software solutions and services, reported revenues up £2.9m from £110.9m in 2005.

Underlying organic growth was 4.1% (2005: 4.9%). This was driven by ongoing demand for ResourceLink and payroll and HR outsourcing. Divisional operating profit grew by £3.1m to £31.2m (2005: £28.1m) and generated an operating margin of 27% (2005: 25%). The strong margin improvement arose from an increasing proportion of revenue being generated from licence income.

The order book grew by 27% to £128.0m (2005: £101.0m). There were 73 new name client wins in the period including Morrisons, MFI and RyanAir. The division also signed a seven-year payroll and HR outsourcing contract with Boots Group plc. This contract, worth in excess of £16.0m, covers the outsourcing of payroll services and core HR systems for Boots 65,000 employees.

Chief Executive's Review
(continued)

Northgate HR *(continued)*
In the period, Northgate HR migrated some of its processing capability offshore, allowing cost effective solutions to be offered to clients. This will grow over the coming years allowing us to maintain our market competitiveness for outsourcing services.

Northgate HR now has over 2,000 customers including 50% of FTSE 100 companies.

Moorepay, Northgate's small and medium enterprise (SME) business, which specialises in HR and payroll outsourcing, grew 7% in the year, double the market growth rate, driven by market leading products and innovative solutions. It has seen improvements in customer win rates with customer retention remaining high at 92%. Overall, the SME business won 1,223 new payrolls in the period, taking the total to over 7,000.

Public Services

	2006	2005	% Change
Turnover	**£102.1m**	£55.6m	84
Divisional Operating Profit	**£19.5m**	£6.6m	195
Divisional Operating Margins	**19%**	12%	58

Public Services works with clients to deliver social, economic and environmental improvements in local government & social housing, land & property and criminal justice & public safety. It reported revenues of £102.1m up £46.5m from £55.6m in 2005 through organic growth of 2.6% (2005: 8.9%) and the full year impact of acquisitions being recognised. Second half growth was impacted by the loss of our office in Hemel Hempstead, where our emergency services business operated from, and some short-term buying inertia in the UK police market which is undergoing reform.

Going forwards growth opportunities remain good with substantial investment being made in to UK emergency services and local government. Divisional operating margins increased from 12% to 19% and divisional operating profit was £19.5m compared to £6.6m in the same period last year through increasing revenue and synergies being realised as Sx3 was integrated in to the Group.

The order book declined to £84.3m (2005: £90.0m) as the roll out of the NMIS application to the UK police forces and a number of large housing implementations were completed. Underlying order generation remains strong.

In the year Public Services won revenues and benefit system contracts with Croydon, Southend and Northampton Borough Councils. It signed 21 online planning & licensing applications, 16 new Front Office clients and 17 new Assert clients.

The division has seen an increase in demand for mobile applications of its software and systems with 51 local councils now using mobile benefits systems and 11 using mobile systems for planning and licensing solutions. It has also signed a £1.0m contract with the British Transport Police to provide a complete mobile solution for on the spot fine notices.

Northgate supplies every police force in the UK and over half of the UK fire and ambulance services.

Managed Services

	2006	2005	% Change
Turnover	**£116.8m**	£39.2m	198
Divisional Operating Profit	**£8.3m**	£2.9m	186
Divisional Operating Margins	**7%**	7%	-

Managed Services, a leading specialist in outsourcing and managed services, reported revenues up £77.6m to £116.8m through organic growth and the integration of Sx3. Organic growth excluding third party product sales was a healthy 6.0%. Divisional operating profit grew by £5.4m to £8.3m, an increase of 186%. This was driven by a full year of Sx3 trading being recorded, growth and acquisition synergies being realised. Divisional operating margins remained flat however at 7% due to a higher proportion of revenue being third party hardware following the acquisition of Sx3. Margins are expected to strengthen going forwards as third party product sales become a lower proportion of the business' revenue.

The order book declined 14% to £153.1m (2005: £179.0m) with no major contracts reaching a renewal point. There were 230 new name client wins in the year. These included providing housing benefits processing for Birmingham and Walsall City Councils, a managed service for National Trust Scotland and an IT upgrade and replacement system for The Belfast Harbour Commission.

Post year end significant orders were signed with British Telecom and Bristol City Council, as part of the Building Schools for the Future programme, growing the order book. We expect to conclude negotiations on the C2K Lot6 Programme in Northern Ireland in the near future, which will further boost the order book.

The signing of the Bristol contract for the Building Schools for the Future programme is further evidence of Managed Services growing its leading position in the education sector. The Government has earmarked an estimated spend of £2.1bn for ICT services as part of its £45.0bn Building Schools for the Future programme. This will provide Northgate with further opportunities in the year ahead.

In the utilities market, Northgate has continued to grow its order book and win new work with existing clients as well as signing its first substantial utilities contract in Britain to provide IT managed services for CCW, the Consumer Council for Water.

2006/07 Outlook

Northgate is in a strong position in its key growth markets. The Group believes there are further opportunities for organic growth and by acquisition in its home markets as they consolidate and the public and private sectors look increasingly to a single source of supply. It also sees opportunities in overseas territories to expand its core business.

Looking to the 2006/07 financial year, management expects organic growth to accelerate. The Board remains confident about the outlook for the Group.

Chris Stone
Chief Executive
5 July 2006


Looking to the
2006/07 financial
year, management
expects organic
growth to accelerate

Group Finance Director's Review

OVERVIEW

The year to 30 April 2006 showed strong progress in the Group, with adjusted earnings per share increasing by 29% to 6.10p per share (2005: 4.73p per share). In the first half of the year we completed the integration of Sx3 in to Northgate. In the second half of the year, revenue growth was impacted by the explosion at the Buncefield oil storage depot which destroyed the Group's headquarters and its principal data centre. Our recovery programme worked well with no critical systems either internally or for clients being lost for any length of time. This did however consume considerable staff and management time, which would have otherwise been focused on increasing revenue. As we look forwards our recovery programme is largely complete, allowing management to concentrate again on growth.

Cash flow has been strong, with the Group generating £48.8m of cash from an operating profit before one-off items, amortisation of capitalised customer relationships and option costs of £55.0m. This has demonstrated our continuing ability to generate substantial amounts of cash from the Group, which will help fund further growth. Net cash flow before financing and acquisitions was £24.2m (£19.1m).

Work carried out under long-term contracts continues to underpin our business. The order book at 30 April 2006 was broadly flat at £366.0m (2005: £370.0m). The loss of our head office and data centre impacted on the amount of revenue taken in the second half of the year, but overall order intake remained strong. Post year end order intake has continued to be good, with a number of large contracts signed. The most notable of these was a contract with Bristol "Building Schools for the Future" for £9.0m, which has boosted our order book.

50% (£183.0m) of the order book will unwind 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 this is added to our year end order book, it provides management with high levels of revenue visibility. Before we start a financial year, this plus the contracted order book amounts to around 85% of the following year's revenue. This helps to support Northgate's earnings stability and allows the Group to plan with confidence.

Operating Results

Group revenue of £332.7m was derived from continuing activities (2005: £205.7m) and increased by £127.0m through organic growth and the full year impact of prior year acquisitions. The most notable of these was Sx3, which was acquired in April 2005.

Revenue from core markets grew by 4.1% in the period (2005: 6.5%). Ongoing demand for the business' software and services remains strong. During the second half of the year however due to the Buncefield oil depot explosion, over 100 staff had to devote their time to our disaster recovery plans. Most of these people have now returned to their normal roles, but during the year we estimate that this, together with delays in starting new hosted services in our data centre, reduced organic revenue growth in 2005/06 by more than 2%.

Group operating profit before one-off items, amortisation of capitalised customer relationships and options costs of £55.0m grew by 63% (2005: £33.7m). This was driven by increasing revenue and synergies being realised as we integrated acquisitions into the Group. This improved our adjusted operating margin from 16.4% to 16.5%. After one-off restructuring and property provisions of £nil (2005: £8.1m), amortisation of capitalised customer relationships of £7.3m (2005: £0.6m), and options costs of £3.0m (2005: £2.1m), the Group recorded an operating profit of £44.7m (2005: £22.9m). Net financing costs increased by £7.2m to £14.5m as the Group recorded the full year costs of debt secured to fund the acquisition of Sx3. Profit on ordinary activities before tax was £30.6m (2005: £15.7m).

Northgate is now looking to overseas markets where it can expand its core products through contracts and bolt-on acquisitions

One-off items

Other than the Buncefield incident, no one-off costs were recorded in the period (2005: £8.1m). In December, as noted the Buncefield oil depot explosion destroyed the Group's principal data centre and head office. The Group immediately put in to place its disaster recovery plans, allowing internal and client systems to be recovered in a short period of time through a third party data centre. During the first half of the current financial year a new data centre will be built in Basildon, allowing affected systems to be again supported from a Northgate facility. Staff were relocated to a new head office in Hemel Hempstead in May 2006, secured through a short term lease. In the first half of this financial year we will complete the demolition of our old head office in Hemel Hempstead, after which we will confirm our long term office accommodation plans for the area. The costs of this incident are expected to be largely recovered from our insurers under business continuity insurance. It is thus envisaged that no material costs will be recognised from the Buncefield incident going forwards.

Cash and Financing

During the year the Group experienced strong cash flow from operations, generating £48.8m of cash from an adjusted operating profit before one-off items, amortisation of capitalised customer relationships and option costs of £55.0m (2005 £33.7m). After interest, tax, capital expenditure and provision movements, net cash flow was £24.2m (2005: £19.1m). £7.4m was spent in acquisition activities, of which £5.5m relates to professional fees incurred during the Sx3 transaction. This left the Group with £158.9m of net debt at 30 April 2006 (2005: £173.5m), and headroom of £108.6m under its working capital facilities.

Going forwards interest cover is targeted to be more than four times and the Group has put in place interest hedging instruments to manage the exposure to movements in interest rates to 50% of its facility over the coming year, amortising in line with scheduled debt repayments.

Accounting Policies

Northgate has adopted International Financial Reporting Standards (IFRS), as adopted by the EU, with effect from 1 May 2004. The implementation of IFRS was a major change process, to which Northgate devoted considerable resources during the year to ensure that the IFRS transition was successful. On 7 November 2005, Northgate announced the impact of IFRS on its results for the year-ended 30 April 2005.

Taxation

The Group has £18.6m of UK trading and £46.2m of UK non-trading losses at 30 April 2006. 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 the previous financial period and are not expected to be used in the short term.

A deferred tax asset of £5.8m (2005: £7.9m) 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 their tri-annual valuation during the year, which showed an aggregate liability of £52.0m. The Group is contributing £6.5m per annum to reduce this deficit going forwards. This has no impact on future profitability however with the liability being recorded in full. Previously the business was contributing £2.1m per annum towards pension deficits. The increased contributions arose from the rising cost of pensions and Northgate's desire to prudently manage down its pension liability in this increasingly regulated area. It is our intention to remove the deficit over a ten-year period.

Contributions for future service in these two schemes is £3.1m (2005: £3.4m) per annum, which is in addition to the contributions noted above. As part of the tri-annual pension review, the Group decided to reduce future scheme benefits to 1/80th of salary per year of service, to increase member contributions to 8% of salary and to cap growth in pensionable salary to changes in RPI. These changes are being discussed with staff to ensure that we have a cost effective staff benefit package going forwards. The planned changes will take effect from May 2007.

The Northgate pension scheme showed an IAS 19 deficit of £36.0m at the balance sheet date (2005: £40.1m), and the Rebus HR scheme had an IAS 19 deficit of £18.5m at the same date (2005: £20.4m).

Group Finance Director's Review
(continued)

Over the year scheme assets have performed strongly; the Northgate assets have grown by 26.9% to £138.7m (2005: £109.3m), and the Rebus HR assets grown by 29.6% to £53.0m (2005: £40.9m). This has been partially offset however by the ongoing low returns from medium term gilts, impacting on the present value of scheme liabilities.

Corporate Governance and Risk Management
During the year to 30 April 2006, 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. Nevertheless the Board remains entirely satisfied with the Chairman's actual independence and his valuable contribution to that committee.

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 6.10p, up 29% on the prior year (2005: 4.73p).

Basic earnings per share, which includes one-off items, amortisation of capitalised customer relationships, option costs and deferred tax, was 4.01p, up 32.8% on the prior year (2005: 3.02p).

Dividend Policy
The Board has reviewed its dividend policy, and feels that Northgate's development over recent years allows it to introduce the payment of a dividend, whilst still ensuring that significant funds are available for further growth.

Accordingly, a dividend of 0.6p per share (equating to a total dividend payment of £3.2m) will be proposed at the Annual General Meeting. This represents a full year dividend, and it is expected that future dividend payments will be split between interim and final payments to better reflect the seasonal trading patterns of the Group. It is anticipated that dividends will be increased progressively over time.

Total Equity
Total equity at 30 April 2006 of £200.8m increased by £27.6m in the period (2005: £173.2m). This was driven by a period of strong trading.

John Stier
Group Finance Director
5 July 2006

Overview

Northgate is one of the UK's leading suppliers of specialist software and information technology (IT) services for the human resources, managed services education and public services markets. Northgate has three major divisions focused on the Group's core business areas. These are Northgate HR, Northgate Public Services and Northgate Managed Services. Headquartered in Hemel Hempstead, Hertfordshire, the Company employs approximately 3,200 staff and has in excess of 2,700 large/medium customers and more than 7,000 small/medium customers across the UK and Ireland. The original Company was founded in 1969. Consequently, Northgate has more than 30 years' experience in the IT market. Today, the Company works closely with many corporate organisations, in addition to all of the UK's regional police forces, approximately 90% of UK local authorities and more than 50% of FTSE 100 companies.

Northgate's customer centric approach is based on fully understanding application-specific business processes. This enables organisations in both the public and private sectors to increase their business process efficiency when deploying Northgate applications and their associated services or when utilising the Company's wide range of high quality IT services. Furthermore, Northgate manages many customers' key systems, providing a broad range of flexible and cost effective outsourced solutions available either at client sites or our BS7799 accredited hosting facilities.

Following a change in the Group's reporting structure, Northgate now has three major divisions focused on the Company's core business areas. These are Northgate HR, Northgate Public Services and Northgate Managed Services (which includes the former 'Corporate Services' division, parts of the Sx3 business and some Managed Services that were previously reported in Public Services).

Northgate HR is Northgate's specialist HR division and the leading UK supplier of HR, payroll and pensions solutions. Working with organisations of any size from every industry sector, Northgate HR offers an integrated and highly scalable and flexible suite of in-house, managed and fully outsourced solutions, that have been designed to meet the evolving market's needs. Consequently, Northgate HR is able to satisfy any HR or payroll requirement.

Northgate HR has developed and implemented the products and services which organisations need to achieve the best return on their HR and payroll investment. From recruitment and induction to integrated HR and payroll, to self-service and intelligence gathering and pensions administration, Northgate HR has a range of fully integrated solutions for organisations from small/medium enterprises to large corporates.

Northgate Public Services division is a technology provider with a difference. We are committed to high quality public services and we understand the needs of the public sector. This knowledge is core to our public services business.

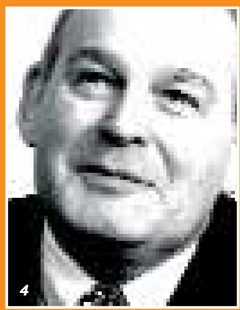
We believe passionately in public services and are committed to community well-being which places the citizen at its heart. We believe that knowing the problem is halfway to solving it. It's our business to understand the demands made of public services; from actively promoting social inclusion to building stronger, safer and more secure communities and celebrating diversity.

We work in partnership to create innovative solutions using our software, support and services expertise to promote economic efficiency and social justice in a rapidly changing world.

Northgate Managed Services supports customers from 25 of our offices throughout the UK. Our goal is to help our customers in local government, utilities, educational institutions and the corporate sector to improve their organisational performance through effective Information Communication Technology (ICT) solutions. In choosing Northgate, all clients have selected a partner which is flexible, responsive and committed to the delivery of quality solutions to support their business. Today, Northgate:

- works with approximately 90% of local authorities in the UK;
- is the 2nd largest supplier of managed services in education in the UK;
- supports 8 of the 10 largest water companies;
- administers more than £17.0 billion of revenues and benefits; and
- is highly specialised in telecommunications, retail, finance, manufacturing, construction, pharmaceutical and membership organisations.

Directors



***1. Nick Irens**, aged 59,*
***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 Evolution plc, Non-Executive Chairman of Esporta Group Ltd and a Director of a number of other unlisted companies.

***2. Chris Stone**, aged 43,*
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.

***3. John Stier**, aged 40,*
Group Finance Director
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.

***4. Malcolm Aldis**, aged 52,*
Divisional Managing Director, Northgate HR
Mr Aldis was promoted to the Board on 27 May 2004. He has been Managing Director of Northgate HR since 1998, and has overseen the rapid growth of this division and the integration of Rebus HR into the Group.

***5. David Meaden**, aged 44,*
Divisional Managing Director, Northgate Public Services
Mr Meaden was promoted to the Board on 27 May 2004. He has been Managing Director of Northgate's Public Services division since May 2001, with overall responsibility for Northgate's development in the local government and criminal justice markets.

***6. Jack Fryer**, aged 67,*
Senior Independent Director and 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 Holdings plc.

***7. David Hodgson**, aged 49,*
Non-Executive Director
Mr Hodgson was appointed a Non-Executive Director on 27 May 2004. He is a Managing Director at General Atlantic, the IT investment firm, which has an approximately 13% stake in Northgate. He serves as a Director of a number of public and private information technology companies.

***8. Sir Stephen Lander**, aged 58,*
Non-Executive Director* **
Sir Stephen was appointed a Non-Executive Director on 29 January 2004. He was previously Director General of the Security Service (MI5) 1996-2002. He is a Non-Executive Director of Streamshield Ltd. He also sat as a Non-Executive Director on the Board of HM Customs & Excise 2002-2005, and is the Chair of the Serious Organised Crime Agency.

***9. Nick Starritt**, aged 52,*
Non-Executive Director* *
Mr Starritt was appointed a Non-Executive Director on 27 May 2004. His experience includes four years as the Group Vice-President of Human Resources for BP plc; he was also a Non-Executive Director of Rebus HR before its acquisition by Northgate. He is European Managing Director of Sirota Consulting Ltd.

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

Report of the Directors

Report of the Directors to the members for the year ended 30 April 2006.

Principal Activity and Review of Business Developments

The principal activity of the Group is the development and supply of software and related services. This comprises applications software including hardware and associated installation, maintenance services, facilities management and software support together with the development and supply of applications development tools. The Group specialises in the provision of these services in the following markets:-

- Human Resources and Payroll,
- Local Government,
- Criminal Justice & Public Safety (including the emergency services), and
- Education

A general review of the operations of the Group and its future prospects is included in the Chairman's Statement, Chief Executive's Review and Group Finance Director's Review on pages 3 to 14.

Directors

The Directors of the Company at the date of this report are shown on page 16.

Mr Jack R Fryer continues to act as the Senior Independent Director.

Auditors

KPMG Audit Plc has confirmed its willingness to continue in office as the auditors of the Company and in accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint it will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at 11.00 am on 28 September 2006 at ABN AMRO, 250 Bishopsgate, London EC2M 4AA. Formal notice and details of the meeting will be set out in the Notice of Annual General Meeting.

Financial Performance and Development

The Group's profit before taxation was £30.6m (2005: £15.7m). The profit after taxation was £21.3m (2005: £14.9m). Full results for the year are shown in the summary consolidated income statement on page 23.

Donations

During the year, the Group made no charitable donations (2005: £nil). The Group made no political donations (2005: £nil).

Payments to Suppliers

It is the Group's practice to agree credit terms with suppliers in advance and to pay invoices in line with these agreed terms. The Group's number of days purchases included in trade creditors at the balance sheet date was 63 days (2005: 61 days). The main UK trading subsidiary companies' details are disclosed in their accounts.

Important Events Since the Year End

There have been no important events affecting the Company or any of its subsidiary undertakings since the end of the financial year.

This report of the Directors was approved by the Board of Directors on 5 July 2006.

By order of the Board

J D Richardson
Secretary
5 July 2006

Summary Directors' Remuneration Report

Introduction

This 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, and in accordance with Schedule 7(A) of the Companies Act 1985 as amended by the Directors' Remuneration Report Regulations 2002. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the Financial Statements will be laid before the members.

The first part of the report provides details of Northgate's remuneration policy. The second part provides details of the remuneration and share interests of the Directors for the year ended 30 April 2006.

The Remuneration Committee comprises Mr Jack R Fryer (Chairman), Mr Nick Starritt and Sir Stephen J Lander, who are all independent Non-Executive Directors. To ensure compliance with the Code provisions on independence, Mr Nicholas J Irens, the Chairman stepped down from the Remuneration Committee during the course of the year.

The Committee 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 incentive plans, for the Chairman and the Executive Directors. Mrs D Knight, Human Resources Director, provides advice and information to the Committee when required. In addition, the law firm Pinsent Masons were appointed by the Board to advise on the introduction of the new Northgate 2006 Performance Share Plan and The Northgate 2006 Approved Executive Share Option Plan in particular on the performance criteria for awards under both schemes (each of these is discussed in more detail below) and service contract terms. Pinsent Masons have also provided human resource and commercial advice to the Group. Throughout the year the Committee also received advice from Kepler Associates, remuneration consultants to the Board, and Hoare Govett on these new share incentive plans.

The remuneration of Non-Executive Directors is fixed by the Board. Directors do not participate in decisions regarding their own remuneration. The Remuneration Committee met six times during the year.

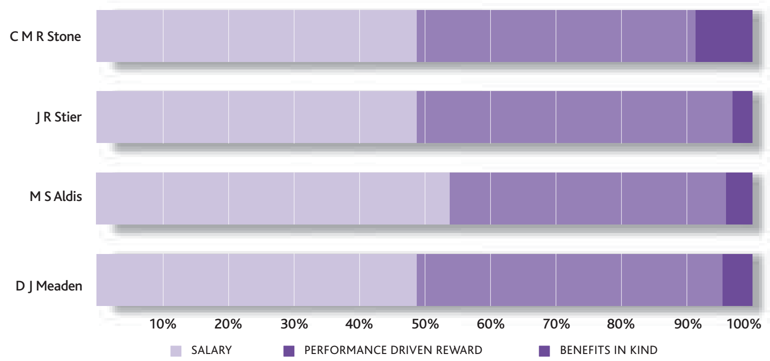
Remuneration Policy

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 be a combination of performance driven cash and equity-based rewards in addition to base salary and benefits; and
- 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 graph below shows as a percentage the components of Directors' remuneration for the year ended 30 April 2006.



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 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, the successful completion of specific corporate objectives and the attainment of a number of personal "stretch" targets. 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 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 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 Incentives
At the Company's Extraordinary General Meeting on 12 January 2006, shareholders approved the establishment of two new share plans. These are:-

- The Northgate 2006 Performance Share Plan (the "Performance Share Plan") which replaces the Northgate 1999 Executive Share Option Scheme; and
- The Northgate 2006 Approved Executive Share Option Plan (the "Approved Plan") that allows tax-approved options to be granted up to the statutory limit (currently £30,000).

Under the Performance Share Plan, an individual will be granted a right to receive shares for no cost, which will normally vest after three years subject to continued employment and the achievement of stretching performance targets. The Approved Plan is a standard HMRC approved share option plan.

The new plans were introduced following an extensive review of the Company's share plans by the Remuneration Committee. This review focused on the need to manage dilution from share plans and on the performance targets for future share awards. Kepler Associates were engaged to carry out a benchmarking exercise and formulate proposals for a new share incentive scheme. In conjunction with Hoare Govett consultative meetings were held with ABI and RREV on the proposed new plans to ensure that these reflected recommended market practice. Following these meetings the Company discussed its draft proposals with its leading institutional investors and changes were introduced to accommodate specific comments. The final plans were submitted to the Board by the Remuneration Committee before being recommended to shareholders for approval at the Extraordinary General Meeting on 12 January 2006.

All of the Company's share plans operate within a 15% "dilution limit". This limit was introduced when the 1999 Executive Share Option Scheme was introduced. At that time the Group was in serious financial difficulties and needed to attract high quality management. With the approval of shareholders at the time, the Group secured the services of Mr Christopher R Stone, the current Chief Executive. Mr Stone was awarded approximately 17.0m options. This issue in turn led the Company to acquire shareholder approval to issue options up to 15% of its share capital, thereby permitting a number of other senior managers to be incentivised over the medium term. This is seen as being integral to the substantial growth in profitability and share price since 1999.

The Company's continued use of the 15% dilution limit was endorsed by shareholders at the 2005 Annual General Meeting, when technical changes were made to the limit so that the limit reflected a percentage, rather than a fixed number of shares that required frequent adjustment.

The Remuneration Committee believes that the Performance Share Plan will be more efficient in share usage than the current 1999 Executive Share Option Scheme that it is replacing, as in order to generate an equivalent level of value, awards may be made over a smaller number of shares.

The new plans will continue to operate within the 15% dilution limit. The Company will manage its remaining capacity within this limit carefully and will use both new issue shares and shares purchased in the market to satisfy awards. The Company is committed to working towards the more usual 10% dilution limit for share plans over time and the introduction of the new Performance Share Plan will help facilitate this.

The Performance Targets applied to initial awards made under the Performance Share Plan are a mix of challenging Earnings per Share ("EPS") growth targets for half of the award and a relative Total Shareholder Return ("TSR") target for the other half of the award. These Performance Targets will apply separately to the shares to which they relate. The Performance Targets are considered by the Committee to be demanding and have been chosen to reward executives for increasing shareholder return and improving financial performance.

Summary Directors' Remuneration Report
(continued)

The Performance Periods will be three years from the award date for the TSR performance target and three financial years for the EPS performance target, beginning with the financial year in which the award is granted.

Awards will vest on the following basis, with no subsequent retesting after the end of the respective performance periods:-

Performance level	EPS Target (50% of award)	TSR Target (50% of award)	Potential reward
Relative Benchmark	Compound Annual Growth Rate of Northgate EPS in excess of inflation over 3 years	TSR performance of a Northgate share compared to TSR performance of the FTSE techMARK 100 Index over 3 years	Percentage of total award that will vest on achievement of the EPS Target or the TSR Target
Upper Quartile	12% pa or more	Index performance plus 11% pa compound or more	50%
Between Median and Upper Quartile	Between 3% pa and 12% pa	Between Index performance and Index performance plus 11% pa compound	Between 12.5%* and 50% on a straight line basis
Median	3% pa	At Index performance	12.5%*
Below Median	Less than 3% pa	Less than Index performance	Nil

* In the event that a participant receives an award over shares worth more than 100% of basic salary in any financial year, the proportion of that award that will vest at the median performance level will be 10%.

For the purposes of the performance targets, EPS will be adjusted basic EPS as reported in the Group's statutory accounts.

The Company's TSR will be compared to the TSR performance of the FTSE techMARK 100 Index. TSR will be averaged over the 3 months prior to the beginning and end of the performance period.

The Committee will review the continuing appropriateness of these Performance Targets in future years. The Committee will endeavour to set the EPS and TSR targets at the relative benchmark performance levels shown in the above table with Upper Quartile performance being required over a three year period for all awards to vest.

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 Directors 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.

A summary of the service contract details relating to each Executive Director who served during the year is as follows:

	Date of contract/ letter of employment	*Unexpired term*	*Notice period by Company*	*Provision for compensation*
C M R Stone	29 October 1999	Rolling contract	12 months	Refer to note (a) below
J R Stier	12 May 2003	Rolling contract	12 months	Refer to note (a) below
M S Aldis	21 January 1982	Rolling contract	6 months	Refer to note (b) below
D J Meaden	1 March 1994	Rolling contract	6 months	Refer to note (b) below

NOTES:

(a) The service contracts of CMR Stone and JR Stier continue until terminated by the Company giving not less than twelve months, or the Executive Director giving not less than six months' notice in writing. In the event of early termination by the Company, an Executive Director is entitled to receive his basic salary, benefits and any bonus that may be accrued during the notice period.

(b) The service contracts of DJ Meaden and MS Aldis continue until terminated by the Company giving not less than six months, or the Executive Director giving not less than three months' notice in writing. In the event of early termination by the Company, an Executive Director is entitled to receive his basic salary, benefits and any bonus that may be accrued during the notice period.

A summary of the letters of appointment relating to each Non-Executive Director who served during the year is as follows:

	Date of letter of appointment	*Unexpired period of current three year appointment*	*Notice period*	*Provision for compensation*
N J Irens	21 December 1999 (note (b))	2 years 5 months	6 months	Refer to note (a) below
J R Fryer	23 November 1999	2 years 5 months	6 months	Refer to note (a) below
Sir Stephen J Lander	27 November 2003 (note (b))	8 months	6 months	Refer to note (a) below
N Starritt	27 May 2004	1 year, 1 month	6 months	Refer to note (a) below
D C Hodgson	27 May 2004	1 year, 1 month	6 months	Refer to note (a) below

NOTES:

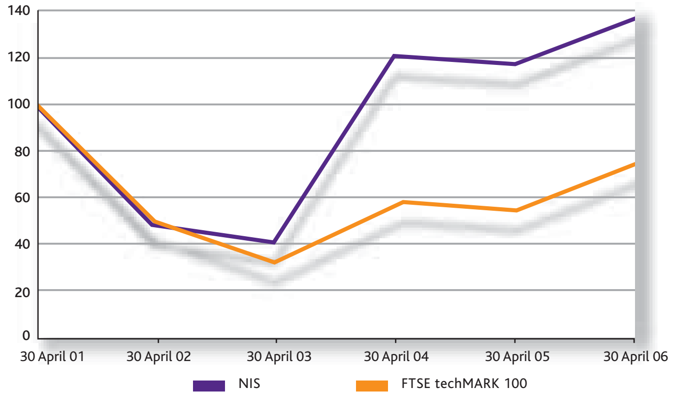
(a) The letters of appointment for the Non-Executive Directors do not have notice periods exceeding six months by either party. They are normally for an initial term of three years, and are renewable for three year periods thereafter. The letters of appointment do not contain provisions in relation to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

(b) Effective start date of Mr N J Irens was 7 January 2000; that of Sir Stephen J Lander was 29 January 2004.

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 techMARK 100 index. TSR performance is being measured against the FTSE techMARK 100 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.



J D Richardson
Secretary
5 July 2006

Report of the Independent Auditors to the Members of Northgate Information Solutions plc

We have examined the summary accounts set out on pages 23 to 27.

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 accounts within the Annual Review and Summary Financial Statement with the full annual accounts and the Directors' Remuneration Report and information derived from the Directors' Report and the financial performance and development section of the Directors' 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 accounts.

Basis of Opinion

We conducted our work in accordance with Bulletin 1999/06 'The auditor's 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 accounts are consistent with the full annual accounts and the directors' remuneration report and the directors' report and financial performance and development section of the directors' report of Northgate Information Solutions plc for the year ended 30 April 2006 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
London
5 July 2006

Summary Consolidated Income Statement

for the year ended 30 April 2006

	Notes	Before one-off incident 2006 £'000	One-off incident £'000	After one-off incident 2006 £'000	Year ended 30 April 2005 £'000
Revenue	1	**332,738**	-	**332,738**	205,692
Operating costs		**(288,025)**	(24,465)	**(312,490)**	(182,814)
Operating income		**-**	24,488	**24,488**	-
Group operating profit	1	**44,713**	23	**44,736**	22,878
Operating profit before significant restructuring and property provisions, amortisation of capitalised customer relationships and option costs		**54,954**	23	**54,977**	33,668
Significant restructuring and property provisions			-	**-**	(8,116)
Amortisation of capitalised customer relationships		**(7,275)**	-	**(7,275)**	(606)
Option costs		**(2,966)**	-	**(2,966)**	(2,068)
Group operating profit		**44,713**	23	**44,736**	22,878
Financial income		**773**	-	**773**	91
Financial expenses		**(15,262)**	-	**(15,262)**	(7,395)
Net financing costs		**(14,489)**	-	**(14,489)**	(7,304)
Share of profit of associate		**347**	-	**347**	151
Profit before tax		**30,571**	23	**30,594**	15,725
Tax expense		**(9,265)**	-	**(9,265)**	(782)
Profit for the year		**21,306**	23	**21,329**	14,943

All profit is attributable to the equity holders of the parent. The remuneration of the Directors was £2,209,259 (2005: £2,055,974).

EARNINGS PER ORDINARY SHARE		2006	2005
Basic	2	**4.01p**	3.02p
Diluted	2	**3.83p**	2.90p

The summary accounts on pages 23 to 27 and the summary Directors' report on page 17 are a summary of the information in the annual report and accounts for the year ended 30 April 2006. This summary financial statement does not contain sufficient information to allow for a full understanding of the results of the Group and the state of affairs of the Group.

The Directors' report, the accounts and the Auditors report on those accounts, which is unqualified, are contained in a separate publication entitled the annual report and accounts for the year ended 30 April 2006. Copies may be obtained free of charge by writing to: The Company Secretary, Northgate Information Solutions plc, Peoplebuilding 2, Peoplebuilding Estate, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW. Shareholders wishing to receive the annual report and accounts in future years as well as the annual review and summary financial statement in future years should write to this address.

Summary Consolidated Balance Sheet
as at 30 April 2006

	2006 £'000	*2005 £'000*
Non-current assets		
Goodwill	**348,168**	345,996
Other intangible assets	**77,492**	80,595
Total intangible assets	**425,660**	426,591
Property, plant and equipment	**32,576**	57,024
Investment in associate	**1,641**	1,294
Other receivables	**14,720**	10,358
Deferred tax asset	**5,751**	7,934
Total non-current assets	**480,348**	503,201
Current assets		
Inventories - goods for resale	**2,195**	4,702
Trade and other receivables	**111,369**	84,306
Financial assets	**510**	-
Cash and cash equivalents	**31,808**	28,739
Total current assets	**145,882**	117,747
Total assets	**626,230**	620,948
Non-current liabilities		
Interest-bearing loans and borrowings	**113,303**	132,048
Employee benefits	**54,504**	60,466
Provisions	**4,541**	4,276
Total non-current liabilities	**172,348**	196,790
Current liabilities		
Interest-bearing loans and borrowings	**77,379**	70,193
Provisions	**10,296**	15,945
Taxation	**3,770**	3,896
Trade and other payables	**161,484**	160,900
Financial liabilities	**182**	-
Total current liabilities	**253,111**	250,934
Total liabilities	**425,459**	447,724
Net assets	**200,771**	173,224
Equity		
Issued share capital	**53,507**	53,277
Share premium	**93,085**	91,494
Merger reserve	**68,401**	68,401
Translation reserve	**63**	227
Cash flow hedge reserve	**(5)**	-
Retained earnings	**(14,280)**	(40,175)
Total equity	**200,771**	173,224

The equity is attributable to the equity holders of the parent.
Approved by the Board of Directors on 5 July 2006 and signed on its behalf by

C M R Stone
Director

J R Stier
Director

1. SEGMENT INFORMATION

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

Reportable business segments have changed from those reported previously. Segmental information now reflects the change in the Group's reporting structure announced last year, giving the three major divisions focused on the Company's core business areas. These are Public Services, Human Resources and Managed Services (which include part of the former 'Corporate Services' division and some Managed Services that were previously reported in Public Services). Comparative information for the year ended 30 April 2005 has been restated accordingly.

All business segments are continuing operations.

Year ended 30 April 2006

	Public Services £'000	*Human Resources £'000*	*Managed Services £'000*	*Central/ Eliminations £'000*	***Total £'000***
Total revenue from external customers	102,077	113,817	116,844	-	**332,738**
Inter-segment revenue	-	-	-	-	-
Total revenue	102,077	113,817	116,844	-	**332,738**
Divisional operating profit	19,514	31,249	8,319	(4,105)	**54,977**
Significant restructuring and 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					**57,452**
Total assets					**626,230**
Segment liabilities	59,568	84,868	67,852	-	**212,288**
Unallocated liabilities					**213,171**
Total liabilities					**425,459**

Depreciation and amortisation	7,604	8,478	8,707	878	**25,667**
Capital expenditure	4,662	5,199	5,339	2,224	**17,424**

Notes to the Summary Consolidated Accounts
(continued)

1. SEGMENT INFORMATION *(continued)*

Year ended 30 April 2005 (as restated)

	Public Services £'000	*Human Resources £'000*	*Managed Services £'000*	*Central/ Eliminations £'000*	***Total £'000***
Total revenue from external customers	55,640	110,859	39,193	-	**205,692**
Inter-segment revenue	785	-	-	(785)	**-**
Total revenue	56,425	110,859	39,193	(785)	**205,692**
Divisional operating profit	6,616	28,100	2,938	(3,986)	**33,668**
Significant restructuring and property provisions, amortisation of capitalised customer relationships and option costs	(3,201)	(656)	(5,556)	(1,377)	**(10,790)**
Group operating profit	3,415	27,444	(2,618)	(5,363)	**22,878**
Net financing costs					**(7,304)**
Share of profit of associate					**151**
Tax expense					**(782)**
Profit for the period					**14,943**
Segment assets	175,519	252,889	134,405	2,737	**565,550**
Investment in associate					**1,294**
Unallocated assets					**54,104**
Total assets					**620,948**
Segment liabilities	60,468	92,711	59,873	-	**213,052**
Unallocated liabilities					**234,672**
Total liabilities					**447,724**
Depreciation and amortisation	2,044	2,188	1,820	388	**6,440**
Capital expenditure	1,850	2,485	2,475	2,028	**8,838**

2. 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 on the following page.

2. EARNINGS PER ORDINARY SHARE *(continued)*

	2006 £'000	2005 £'000
Profit for the period	**21,329**	14,943
Significant restructuring and property provisions, net of attributable tax	**-**	6,793
Amortisation of capitalised customer relationships	**7,275**	606
Option costs	**2,966**	2,068
Deferred tax	**902**	(1,011)
Adjusted profit for the period	**32,472**	23,399
Basic earnings per share (pence)	**4.01**	3.02
Diluted earnings per share (pence)	**3.83**	2.90
Adjusted basic earnings per share (pence)	**6.10**	4.73
Adjusted diluted earnings per share (pence)	**5.83**	4.55

Weighted average number of ordinary shares

In thousands of shares	**2006 number**	2005 number
Issued ordinary shares at 1 May	**532,767**	495,074
Effect of own shares held	**(1,704)**	(2,355)
Effect of shares issued during the year	**1,180**	2,650
Weighted average number of ordinary shares at 30 April	**532,243**	495,369
Effect of share options on issue	**24,187**	19,345
Weighted average number of ordinary shares (diluted) at 30 April	**556,430**	514,714

3. 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 £34.6m recognised as compensation following the Buncefield explosion. This is a provisional amount based on what is reliably measurable at 30 April 2006 for the recoverability of impaired assets and costs incurred to date. At 30 April 2006 £20.0m of insurance proceeds had been received. The net balance of £14.6m is shown in other receivables.

Land and buildings at our head office next to Buncefield have been impaired in full 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 and is recognised as other operating income. As part of this, land valued at £6.5m has been written down to nil with no expected receipts recorded.

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.

Directors and Advisers

DIRECTORS
Nicholas J Irens* (Chairman)
Christopher M R Stone (Chief Executive)
John R Stier (Finance Director)
Malcolm S Aldis
David J Meaden

Jack R Fryer *
Sir Stephen J Lander *
Nick Starritt *
David C Hodgson *

** Non-Executive*

SECRETARY
John D Richardson

REGISTERED OFFICE
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Peoplebuilding Estate
Maylands Avenue
Hemel Hempstead
Hertfordshire HP2 4NW

REGISTERED NUMBER
2762332

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8 Salisbury Square
London EC4Y 8BB

STOCKBROKERS
Hoare Govett Limited
250 Bishopsgate
London EC2M 4AA

Evolution Services 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

Financial Calendar

26 September 2006	Latest date for receipt of proxy instructions in respect of the 2006 Annual General Meeting
28 September 2006	Annual General Meeting
31 October 2006	Half year end
December 2006	Half year results announced
30 April 2007	Financial year end

Investor Information

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:

- 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.

ON-LINE FACILITIES FOR SHAREHOLDERS

The Company's Annual and Interim Reports and copies of recent shareholder communications can be accessed on-line at www.northgate-is.com.

Shareholders who have registered for on-line access with Computershare Investor Services plc can make on-line enquiries about their shareholdings, submit forms of proxy for shareholder meetings and advise the Company of changes in personal details via the Electronic Communications link on our website or by visiting the Computershare website on www.computershare.com.

Shareholders can also elect to receive communications such as the Report and Accounts in electronic rather than paper form. There are a number of advantages in opting to receive shareholder information in this format, including: speedier delivery of documents; documents can be read and downloaded at shareholder's convenience; confirmation of transmission of proxy forms; improved security procedures for verifying proxy forms; potential cost savings for the Company and saving of environmental resources.

NORTHGATE AND "CREST"

Northgate's listed securities can be held in "CREST" accounts, which do not require share certificates. This may make it quicker and easier for some shareholders to settle stock market transactions. Shareholders who deal infrequently may, however, prefer to continue to hold their shares in certificated form and the Company will continue to offer this facility for the time being.

NORTHGATE'S SHARE PRICE

The Company's share price is available on the Company's website: www.northgate-is.com in our investors section.

COMPARATIVE STATEMENTS

In this report, the Company makes certain statements with respect to its market position, or its products or brands market position. These statements are based on independent sources. These statements are accurate to the best of the knowledge and belief of the Company.

Designed and produced by Design Plus Management Limited

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