

Nord Anglia Education plc

Preliminary Results for the year ended 31 August 2007

Nord Anglia Education is a leading provider of education and training with two operating divisions – International Schools and Learning Services.

Highlights

- Strong performance of continuing Group with operating profits (before exceptional items) of £8.7m, an increase of 20%
- Profit before tax on continuing operations (before exceptional items) of £6.3m represents an increase of 66% (2006 : £3.8m)
- EPS from continuing operations (before exceptional items) up by 25% to 9.38p (2006: 7.50p)
- Net consolidated loss of £54.0m (2006: £3.9m) following the discontinuance of the Nurseries Division and exceptional items
- Further strong growth in International Schools with operating profits increased by 49% to £7.0m
- Pupil numbers within International Schools increased by 30% to 3,140
- Sound performance in Learning Services delivering operating profit of £7.1m
- Disposal of Nurseries Division allows a clear focus on the development of the higher margin remaining businesses
- Net cash position following Nurseries disposal and rebanking to fund growth

Alan Kelsey, Chairman of Nord Anglia comments:

The year under review has been particularly busy and challenging with a substantial disposal, strongly improved underlying profits, a transformed balance sheet, a major rebanking, a rejected bid approach and a number of Board changes. The Group is now stronger, more focused, with improving profitability and higher visibility. Given that considerable new capacity continues to be added in the International Schools business, we remain confident of another year of progress and that there are very substantial long-term prospects for the business.

14 NOVEMBER 2007

ENQUIRIES:

Nord Anglia Education plc
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Chairman's Statement 2006/2007

The year under review has seen considerable activity and change.

It became increasingly clear that we would be unlikely to earn the necessary returns from our Nursery Division in the foreseeable future despite our slight improvement in occupancy rates during the past year. The UK nursery sector continued to prove a very difficult and, possibly, worsening market. Accordingly, the business was sold on 19 September 2007, after our year end, to ABC Learning which is the world's largest nursery operator and which should be an excellent home for the Nursery Division; we wish ABC and all our former nursery colleagues well for the future. The cash proceeds were used to reduce substantially the company's borrowings. The Nursery Division has been classified as a discontinued operations in the 2006/7 accounts.

In the latter part of 2006 we received an unsolicited approach for the Company from our largest shareholder, Principle Capital Partners, which we rejected as substantially failing to reflect the value of the Company, something that has been subsequently borne out in the share price which continued to strengthen throughout last year.

We made a small treasury issue in January generating gross funds of £4.8m and later completed a major rebanking exercise on improved terms. The Group now has net cash and sufficient facilities from its bankers, AIB and LloydsTSB, to meet our current aspirations for growth.

We have appointed two new non-executive directors, Alasdair Marnoch in June 2006 and Stephen Henwood in January 2007. Alasdair and Stephen replace Sir David Trippier who left at the end of 2006 and Felicity Goodey who retires in December this year. We are grateful to David and Felicity for their contributions during what has been a very demanding period of the Company's progress.

In September this year we were pleased to welcome David Smith as our new finance director.

Financial results

The Group's continuing operations achieved a record operating profit (before exceptional items) of £8.7m (2006: £7.3m), an increase of 20%. Profit before taxation on continuing operations (before exceptional items) rose by 66% to £6.3m (2006: £3.8m) which is after charging interest of £2.4m in 2006/7 against an interest charge of £3.5m in 2005/6. Total continuing revenue was £66.8m (2005/6: £51.5m). Earnings per share from continuing operations (before exceptional items) rose by 25% to 9.38p (2006: 7.50p).

The Nursery Division was classified as held for sale at the year end with its assets and liabilities impaired to the net disposal consideration receivable. This resulted in exceptional charges to the income statement of £54.3m.

The tax charge for continuing activities before exceptional items in 2006/7 was £2.3m representing an effective rate of 37% compared with a rate of 16% for the prior year. The principal reason for the increased tax rate was the utilisation of UK tax losses to help minimise the cash tax payment to £1.0m for the year. During the year the Company repatriated all earnings from the Chinese schools business from the start of trading in September 2002 to December 2006. Additional UK corporation tax would normally be payable on this dividend at a rate of 17%. The Group utilised its deferred tax asset to shelter this UK corporation tax liability. The deferred tax asset was in respect of losses suffering a 30% tax rate and therefore has been released at the same rate. The Company decided that the cash benefit in reducing its tax payment outweighed the benefit of carrying the deferred tax asset forward.

The Group overhead charge for 2006/7 was £5.5m compared to £4.2m in the previous year. This was, inter alia, caused by the cost of the newly established LTIP and increased central costs associated with the larger group and business development.

Chairman's Statement (continued)

The Future

The Group's management has been refocused and strengthened and no longer has the distraction of the Nursery Division.

We believe that the two divisions which now comprise the Company, International Schools and Learning Services, possess considerable synergy and have strong development potential and an excellent business model; each is a leader in its field. In particular the International Schools have continued to fill quickly while Learning Services has retained a number of existing contracts when they came up for renewal and also won attractive significant new business both in the UK and overseas.

Our business continues to grow its international profile and Learning Services now has more than 200 people working in the Middle East. New capacity has been and continues to be added to our International Schools in Europe and the Far East. A school has opened in a new country, Korea, while further schools are planned to open in China and Singapore.

We remain excited about the potential for the growth of International Schools in particular. It should be recognised, however, that as the speed of international development increases so will the impact of opening costs and trading losses from new schools as they build up their pupil base before becoming profitable. We believe we have the correct balance between investing for rapid future growth whilst meeting by the need to deliver profits growth in the shorter term.

Our most important assets are our people and I would like to thank all our staff for their hard and successful work through a very demanding year. We continue to invest in our people and the number of high quality employees in the Company continues to increase in the UK and internationally thus helping ensure our competitive advantage.

Outlook

The year under review has been particularly busy and challenging with a substantial disposal, strongly improved underlying profits, a transformed balance sheet, a major rebanking, a rejected bid approach and a number of Board changes. The Group is now stronger, more focused, with improving profitability and higher visibility. Given that considerable new capacity continues to be added in the International Schools business, we remain confident of another year of progress and that there are very substantial long-term prospects for the business.

2007 Chief Executive's Review

Substantial progress during 2006/7

The last year has seen a major change in the balance of Nord Anglia's business with the disposal of the Nursery Division. The decision to sell this business was taken against a background of challenging nursery market conditions and continued uncertainty over the Government's attitude to the future role of the private sector in childcare. The disposal of the nursery business, which had failed to earn adequate returns, was achieved whilst the International Schools and Learning Services Divisions continued to prosper. We believe that there will be considerable benefits to the International Schools and Learning Services Divisions now that the Company is able to focus its resources exclusively on the profitable growth opportunities these businesses provide.

During the year our International Schools business experienced a significant uplift in pupil numbers as the average number of full time equivalent students grew 30% from 2,418 in 2005/6 to 3,140 in 2006/7. Whilst increasing the student roll there was also a significant amount of construction and addition of new

capacity to secure the future growth of the business. Learning Services had its most productive year ever in terms of new business wins and secured a number of profitable contracts in the UK and Middle East.

International Schools 2006/7

The International Schools business produced another excellent result with financial performance well ahead of the previous period. Revenue in 2006/7 was £27.5m which was 35% ahead of last years figure of £20.3m. Operating profit also grew sharply by 49% from £4.7m in 2005/6 to £7m in 2006/7 despite year one losses for our new Korean school.

The performance of the six established schools in Shanghai and Central Europe during the year demonstrates the strength of demand for high quality international education in those cities. Across these six established schools an increase of 30% in pupils produced an uplift in operating profits before Divisional overheads to £8.9m (2006: £5.4m) an increase of 65%

The Shanghai schools in Puxi and Pudong achieved continued excellent growth in pupil numbers which were over 500 ahead of the previous year. This flowed through to a significant increase in profits.

Profits were also improved at our Central European schools in Warsaw, Budapest and Bratislava where pupil registrations increased in aggregate by 170 over the previous year. Our school in Prague achieved lower profits in 2006/7 as a consequence of adding temporary facilities to the school to ensure that we retained students ahead of the opening of the new campus in September 2007.

In March 2007, we opened our first school in Seoul, Korea, which was also Nord Anglia Education's first school focused exclusively on the education of local students. Operating losses of £0.8m were sustained in Seoul through a combination of start-up costs and trading losses while pupil numbers build up. The build up of pupil numbers has been slower than we originally envisaged due to a number of issues connected with entering a market with a new business model in a new country.

New capacity

The continued growth in profitability of the International Schools business relies on the company's ability to expand capacity within its existing schools and to open new schools whilst ensuring that this extra capacity is filled. Student capacity was increased to 3,770 places for the start of the 2006/7 financial year compared to the 2005/6 capacity of 3,200. By the end of the 2006/7 academic year in June our established schools had achieved attendance of 3,195 pupils meaning that occupancy was at 85%.

This capacity growth came from the expansion of our Shanghai schools in Puxi and Pudong by 330 places and the expansion of our central European schools by 240 places. In addition to established school capacity the number of places offered increased by a further 240 with the opening of the Korean school in March 2007.

In order to ensure that the growth of the International Schools business is built on solid foundations a number of new management appointments were made within the Division. These included the creation of additional roles responsible for the identification and roll out of new school capacity and resulted in an increase in Divisional overheads of £0.3m in 2006/7.

Learning Services 2006/7

The Learning Services division delivered a sound performance in 2006/7 with a combination of earnings growth and a record year for new contract wins. Revenue increased by 26% over the prior year to £39.4m and operating profit increased by 6% to £7.1m. The smaller increase in operating profits was affected by the exceptional curtailment of pension liabilities in the prior year and reduced margins in the renewed Connexions contracts. The division is a contracts based business where the balance of growth and retention affects immediate results. Over recent years we have built a reputation for consistent delivery of high quality services.

During 2006/7 our school inspections contract with Ofsted performed well and delivered an excellent set of results on behalf of the client. During the year we effectively implemented phase one of our new contract with the Abu Dhabi Education Council under which we delivered leadership and teaching support to six schools in the Emirate. The high level of quality delivered by our team in the Middle East has set a solid foundation through which to deliver the significant growth potential of the contract.

New Business Wins

The Division continues to focus on the generation of new opportunities overseas, particularly in the Middle East region. The success of the Public-Private Partnership (PPP) contract, awarded by the Abu Dhabi Education Council (ADEC) in April 2006 to manage six schools in the Al Ain district of Abu Dhabi, was followed by a further award in July 2007. This second larger contract from ADEC, worth £18m turnover over three years started in September 2007, to manage six new high schools and a further primary school and a kindergarten.

In March 2007, we were awarded a contract to set up a pilot inspections framework and train inspectors for private schools in Saudi Arabia. Following a sound initial phase of performance, this contract will be developed to extend the training further for the benefit of teachers, principals and schools. Opportunities remain to increase significantly the volume of business following the initial pilot programme.

Two influential consultancy contracts, worth £2m in revenues over a period of two years, have been awarded in Bahrain. The first, awarded by the Bahrain Economic Development Board in March 2007, was to establish the School Inspections Unit of the Quality Assurance Authority and the second, awarded in May 2007, was to set up a vocational inspection unit for local staff to deliver inspections services including the training of Bahraini staff.

These contracts have created a platform for Nord Anglia to drive growth in its Middle East operations where further opportunities are appearing. It is expected that the Division will be able to capitalise on its strong British education reputation internationally over the next year.

In the UK, we have won two significant contracts at the heart of the British Government's quality improvement programme for lifelong learning. Nord Anglia Education will deliver two national programmes on behalf of the Quality Improvement Agency (QIA). The first is a two-year contract worth £8.4m in revenues, to deliver the support programme for the new Specialised Diplomas qualification programme aimed at 14-19 year olds, where we will develop materials for teachers and other practitioners and run a Continuous Personal Development programme to prepare staff for these new innovative qualifications. This programme is one of the most significant changes in UK education policy undertaken in the last 25 years. Nord Anglia Education's role in the Specialised Diploma programme includes the delivery of a Virtual Learning environment, which has been created by the Division's e-learning team. Work on this contract commenced in November 2006.

The second QIA contract, awarded to Nord Anglia Education in February 2007 and worth £1m turnover per annum over three years, is to administer the QIA's "Beacon and STAR" awards, which recognise and reward the work of individuals, teams and organisations that make an outstanding contribution to the quality of teaching and learning. These two projects have allowed the Learning Services division to enhance further its reputation and competence base within the UK and to endorse its overseas initiatives.

On 17 January 2007, the Metrix Consortium, of which Nord Anglia's Learning Services division is a member, was awarded preferred bidder status for the Package One contract, and provisional preferred bidder for the Package Two contract, under the Government's Defence Training Review rationalisation programme. This contract is likely to reach financial close at the end of 2008 from which point Nord Anglia Education will begin earning revenues through its prominent role in delivering curriculum design and other services over 25 years. The DTR contract will be subject to market testing review after 10 years.

Elsewhere within the UK, Nord Anglia's e-learning business has embarked on a partnership with Edexcel and Pearsons Education to deliver online maths support and mentoring.

Retention of UK contracts

The majority of the Connexions contracts, under which the Company provides careers advice and guidance for the 14 to 19 age group, have been extended. Of the five Connexions contracts operated by the Company, three have been extended to September 2009, one to September 2008 and one will not be renewed beyond March 2008. Nord Anglia Education's continued presence in the Connexions market will be helpful as the Company seeks to play a role in delivering the UK Government's Children's Services agenda. Our Connexions contracts provide an important relationship with central and local government in helping deliver services to the 14 to 19 age group and this aligned with the highly professional staff employed in the business is vital to securing further children's services contracts.

Nord Anglia Education has operated its contract at the Army Foundation College for the past seven years. The contract which generates £4m per annum of gross revenue is currently subject to a scheduled market test which has involved a re-tendering exercise. We expect the process to be completed by the end of December 2007, with the new contract to be let from March 2008 for a period of 4 years.

Quality and People

Nord Anglia places the quality of educational delivery at the forefront of everything it does and the key success criterion remains the quality of our people. We recognise the importance of attracting, recruiting and retaining high calibre individuals in order to compete for and deliver our UK and international contracts and to sustain the growth of the business and to prosper in a competitive market place where reliable, quality performance is required.

During the year in review we have launched thorough and detailed management training, coaching and mentoring programmes to retain and develop our existing employees. Our programmes help employees to develop and achieve their full potential and facilitates succession planning. Nord Anglia Education's experienced team of education professionals are amongst the best in the industry and this, aligned with our career paths and growing business helps the company attract talented people.

In September 2007 we launched Nord Anglia Education's first graduate development programme, which is viewed as an integral part of the Company's strategic plans, attracting, recruiting, and developing the future leaders of the business. This programme adheres to our vision and values, (Quality; Commitment; Attitude; Responsibility; Enthusiasm) which promote the culture of the company, and set out how we work and behave as a responsible employer and service provider.

One of the key measures of quality in our schools is the academic achievement of our students and we are pleased to report excellent progress in our International GCSE and International Baccalaureate results during 2006/7.

We are proud to be recognised as providing a highly effective service in the inspections contracts with Ofsted, where Nord Anglia Education is rated as the best performing of its inspection partners. In each of our different client contracts our performance is evaluated against key performance indicators and we use these to ensure consistent delivery and quality of service for all our clients. Our excellent track record sets the conditions for further contract growth and retention.

GROUP OUTLOOK

Overall pupil registrations at the start of the 2007/8 financial year are at 3,719 which is ahead of last year by 778 pupils, an increase of 26%. All established schools have seen an increase in pupil numbers with the Shanghai schools and the new Prague campus experiencing the strongest growth.

The increased contract win rate in Learning Services has helped build momentum and we are currently tendering for a number of exciting opportunities in the UK and the Middle East. Our investment in business development has proven timely as the Learning Services Division continues to rely more on its new revenue streams and less on historical contracts such as Connexions.

Update on new school openings

Substantial progress was made during the 2006/7 year in securing additional capacity for the International Schools division for the 2007/8 academic year and beyond. By September 2007 the capacity of the schools had grown to 6,800 places and this will be increased to 7,300 places, in January 2008, when we open the extension to our Puxi campus.

Prague – new campus

In September 2007 we opened a new purpose built campus, replacing the outdated facilities of our previous school site, increasing our capacity from 310 to 550 places. Since the opening we have seen a considerable uplift in pupil registrations which now stand at over 300 compared to 195 at the end of the previous academic year.

Shanghai – expansion of existing schools and new Nan Xiang campus

Our Shanghai schools continue to experience strong levels of growth with combined pupil numbers reaching 1,720 in our Puxi and Pudong campuses during the first term of 2007/8 compared to 1,255 pupils last year. In order to accommodate the continued demand in Shanghai we opened 600 places of additional capacity at our Pudong campus in September 2007 and will open 500 additional places at Puxi in January 2008.

The new 1,200 place Nan Xiang campus opened four months ahead of schedule in September 2007 and we are working hard to establish this new site over a short time span. There was considerable uncertainty over the timing of the receipt of the necessary educational licence for Nan Xiang and this prevented any pre-marketing of the school. As a consequence initial registrations are low but we are beginning to see an increase in the level of enquiries as the school's location and outstanding education facilities become better known.

Ningbo

In September 2007 we opened our first pre school for Chinese nationals in Ningbo City which is located approximately five hours drive from Shanghai and is an important manufacturing centre and port with a fast increasing number of wealthy families. Ningbo is Nord Anglia Education's only school that is able to accept local Chinese nationals and admits children up to the age of six. Foreign owned schools are not permitted to educate Chinese children over the age of six. The early years english curriculum has been especially adapted for Chinese children, and will provide a foundation for all pupils in the english language.

The school is located within a major new housing development which is opening a year later than planned in April 2008. As a consequence the 400 place school as yet has only 15 pupils and management attention is focused on ensuring that the capacity is filled. The school was built by Gemdale a listed Chinese property group and a partner with whom we have worked before. Our rental agreement with Gemdale is based on a profit share arrangement and our financial exposure is therefore limited whilst the school builds its pupil register.

Future school capacity growth

Nord Anglia is growing its school capacity organically which creates pre-opening costs and trading losses in the early stages as pupil numbers build up. The time taken to reach profitability varies from project to project as can be seen from the opening of Puxi in September 2005 which was profitable in its first year and Seoul which we currently expect to reach profitability in its third year of trading in 2008/9.

Nord Anglia has invested in further management support for the identification of new projects and the successful opening of new schools. For the new school in Beijing we anticipate to incur costs of £0.4m in pre-marketing and other project costs, the majority of which we will expense in the first year of trading. The company has an increasingly sophisticated understanding of the optimum way to identify, pre plan and open new schools. We will build on our recent experiences of opening schools to ensure all new schools get off to the best possible start in terms of pupil registrations. We have invested in greater

market research and in pre-opening teams to identify and successfully deliver the new capacity needed to reach the company's ambitious growth targets.

The pre-schools for the local market opened in Seoul and Ningbo are the first of their type and the model will only be extended once the returns have been fully understood.

The Board of Nord Anglia has set a target for capacity within our International Schools of 15,000 to 20,000 places by 2011 and we expect to meet this objective.

NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007

CONSOLIDATED INCOME STATEMENT (unaudited)

	Year ended 31 August 2007 £000	Restated Year ended 31 August 2006 £000
Revenue	66,837	51,482
Cost of sales	(26,135)	(20,670)
Gross profit	40,702	30,812
Administrative expenses	(32,794)	(24,016)
Exceptional administrative expenses	(2,191)	(1,755)
Impairment of goodwill	-	(392)
Total administrative expenses	(34,985)	(26,163)
Operating profit from continuing operations	5,717	4,649
Share of operating profit in continuing joint venture	758	455
Total operating profit: Group and share of joint venture	6,475	5,104
Exceptional loss on disposal of property	-	(1,246)
Exceptional profit on disposal of Ukraine school	-	751
Exceptional restructuring costs	(3,108)	-
Profit on ordinary activities before interest	3,367	4,609
Investment income	365	149
Interest payable and similar charges	(2,742)	(3,614)
Profit on ordinary activities before taxation	990	1,144
Income tax expense	(984)	(203)
Profit on ordinary activities after taxation	6	941
Post tax loss from discontinued operations	(53,996)	(4,811)
Loss for the year	(53,990)	(3,870)
Attributable to:		
Shareholders of the Company	(54,310)	(4,199)
Minority interests	320	329
	(53,990)	(3,870)
Loss per ordinary share - basic and diluted (pence)	(138.91)	(11.11)
(Loss) / profit per ordinary share from continuing operations after tax and exceptional items - basic and diluted (pence)	(0.80)	1.62

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
CONSOLIDATED STATEMENT OF RECOGNISED INCOME & EXPENSE (unaudited)**

	Year ended 31 August 2007 £000	Year ended 31 August 2006 £000
Loss for the year	(53,990)	(3,870)
Exchange differences on translation of foreign operations	87	108
Actuarial gain on defined benefit pension schemes	3,282	755
Tax on items taken directly to equity	(985)	(227)
Net gain not recognised in income statement	2,384	636
Total recognised income and expense for the year	(51,606)	(3,234)
Attributable to:		
Shareholders of the Company	(51,926)	(3,563)
Minority interests	320	329
	(51,606)	(3,234)

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
CONSOLIDATED BALANCE SHEET (unaudited)**

	31 August 2007 £000	31 August 2006 £000
Assets		
Non-current assets:		
Intangible assets	2,082	21,685
Property, plant and equipment	12,569	69,102
Investment in joint venture	(231)	(989)
Deferred income tax assets	3,640	6,809
	18,060	96,607
Current assets:		
Derivative financial instruments	240	63
Trade and other receivables	3,877	7,319
Other current assets	7,133	8,713
Current tax assets	971	144
Cash and cash equivalents	19,284	11,728
	31,505	27,967
Assets held for sale:	38,966	-
Total assets	88,531	124,574

Liabilities**Current liabilities:**

Financial liabilities - borrowings	(481)	(3,674)
Trade and other payables	(36,081)	(34,143)
	(36,562)	(37,817)

Liabilities directly associated with assets classified as held for sale: (9,616) -

Non-current liabilities:

Financial liabilities - borrowings	(36,085)	(29,670)
Trade and other payables	-	(241)
Retirement benefit obligations	(2,762)	(5,939)
	(38,847)	(35,850)

Total liabilities (85,025) (73,667)

Net assets 3,506 50,907

Equity

Called up share capital - equity	1,994	1,890
Share premium account	51,033	46,111
Revaluation reserve	-	746
Retained earnings	(50,573)	1,116

Shareholders' funds 2,454 49,863

Minority interests 1,052 1,044

Total equity 3,506 50,907

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
CONSOLIDATED CASH FLOW STATEMENT (unaudited)**

Year ended	Year ended
31 August	31 August
2007	2006
£000	£000

Cash flows from operating activities

Loss on ordinary activities after taxation	(53,990)	(3,870)
Tax charge (including tax credit on discontinued activities)	(262)	192
Net interest expense (including discontinued activities)	2,551	3,618
Exceptional profit on disposal of Ukraine school	-	(751)
Exceptional loss on disposal of property	-	2,279
Exceptional restructuring costs	3,108	-
Closure and disposal of nurseries	6,897	-
Share of joint venture	(758)	(455)
Impairment of assets held for sale	48,633	-
Amortisation and depreciation		

	3,369	2,948
Loss / (gain) on sale of property, plant and equipment	39	(216)
Other non-cash movements	1,530	4,026
Net increase in restructuring accruals	(4,740)	-
Net decrease in working capital	5,658	5,547
Cash generated from operations	12,035	13,318
Net interest paid	(2,787)	(3,215)
Taxation paid	(975)	(538)
Dividend paid to minority interests	(158)	(168)
Net cash generated from operating activities	8,115	9,397
Cash flows from investing activities		
Acquisitions and disposals of subsidiaries	-	1,355
Acquisitions and disposals of minority interest	(252)	-
Proceeds from sale of property, plant and equipment	2,004	17,440
Purchase of property, plant and equipment	(6,268)	(4,786)
Purchase of intangible assets	(270)	(233)
Net cash (used by) / generated from investing activities	(4,786)	13,776
Cash flows from financing activities		
Repayment of loans	(33,772)	(16,966)
New loans entered into	35,511	-
Repayment of principal under finance lease agreements	(120)	(115)
Proceeds from equity shares issued	5,026	-
Net cash inflow / (outflow) from financing activities	6,645	(17,081)
Net increase in cash and cash equivalents	9,974	6,092
Cash and cash equivalents at start of period	11,728	5,629
Effect of exchange rates	19	7
Cash and cash equivalents at end of period	21,721	11,728

NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
ANALYSIS OF NET DEBT (unaudited)

	At 1 September 2006 £000	Cash flows £000	Non cash movement £000	At 31 August 2007 £000
Cash in hand and at bank	11,728	7,537	19	19,284
Cash classified as held for sale	-	2,437	-	2,437
Cash and cash equivalents	11,728	9,974	19	21,721
Debt due within 1 year	(3,587)	3,202	-	(385)
Debt due after 1 year	(29,444)	(4,941)	(1,525)	(35,910)
Finance leases	(313)	120	(78)	(271)
Borrowings	(33,344)	(1,619)	(1,603)	(36,566)
Net debt	(21,616)	8,355	(1,584)	(14,845)

NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
CHANGES IN SHAREHOLDER'S EQUITY (unaudited)

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Shareholders' equity £000	Minority interests £000	Total equity £000
At 1 September 2006	1,890	46,111	746	1,116	49,863	1,044	50,907
(Loss) / profit for the year	-	-	-	(54,310)	(54,310)	320	(53,990)
Purchase of minority interest	-	-	-	-	-	(154)	(154)
Minority interests dividend paid	-	-	-	-	-	(158)	(158)
New shares issued	104	4,922	-	-	5,026	-	5,026
Share based payments	-	-	-	237	237	-	237
Impairment of discontinued revaluation reserve ¹	-	-	(746)	-	(746)	-	(746)
Currency translation adjustments	-	-	-	87	87	-	87
Actuarial gains on retirement benefit obligations	-	-	-	3,282	3,282	-	3,282
Tax on items taken directly to equity	-	-	-	(985)	(985)	-	(985)
At 31 August 2007	1,994	51,033	-	(50,573)	2,454	1,052	3,506

**YEAR ENDED 31
AUGUST 2006**

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Shareholders' equity £000	Minority interests £000	Total equity £000
At 1 September 2005	1,890	46,111	1,680	3,611	53,292	882	54,174
(Loss) / profit for the year	-	-	-	(4,199)	(4,199)	329	(3,870)
Minority interests dividend paid	-	-	-	-	-	(167)	(167)
Share based payments	-	-	-	134	134	-	134
Transfer to retained earnings from revaluation reserve	-	-	(934)	934	-	-	-
Currency translation adjustments	-	-	-	108	108	-	108
Actuarial gains on retirement benefit obligations	-	-	-	755	755	-	755
Tax on items taken directly to equity	-	-	-	(227)	(227)	-	(227)
At 31 August 2006	1,890	46,111	746	1,116	49,863	1,044	50,907

¹ As part of the impairment and reclassification of the nursery trading division as an asset for sale

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
RECONCILIATION OF PROFIT BEFORE EXCEPTIONAL AND IMPAIRMENT COSTS (unaudited)**

	Year ended 31 August 2007 £000	Year ended 31 August 2006 £000
Operating profit from continuing operations	5,717	4,649
Add back exceptional administrative expenses	2,191	1,755
Add back impairment of goodwill	-	392
	7,908	6,796
Share of operating profit in continuing joint venture	758	455
Total operating profit before exceptional and impairment costs	8,666	7,251
Net interest from continuing operations	(2,377)	(3,465)
Profit on continuing activities before exceptional and impairment costs and tax	6,289	3,786
Income tax expense	(984)	(203)
Tax credit on exceptionals	(1,319)	(420)
Income tax attributable to continuing activities	(2,303)	(623)
Profit on ordinary activities before exceptional and impairment costs and after tax	3,986	3,163
Less: Minority interest	(320)	(329)
Profit on ordinary activities before exceptional and impairment costs and after tax attributable to shareholders of the Company	3,666	2,834
Earnings per share (pence) before exceptional and impairment costs	9.38	7.50

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
EXCEPTIONAL AND DISCONTINUED ITEMS (unaudited)**

		Year ended 31 August 2007		Restated Year ended 31 August 2006	
		Earnings / (loss) £000	Profit / (loss) per share pence	Earnings / (loss) £000	Profit / (loss) per share pence
Loss attributable to shareholders					
		(54,310)	(138.91)	(4,199)	(11.11)
Exceptional administrative expenses					
Amortisation of banking fees	1	1,397	3.57	-	-
Amortisation of Prague school non-current assets	2	150	0.38	-	-
Costs for potential bid	3	253	0.65	-	-
Corporate restructure	4	391	1.00	853	2.26
Head office relocation	5	-	-	547	1.45
Moscow school negotiation costs	6	-	-	355	0.94
		2,191	5.60	1,755	4.65
Impairment of goodwill		-	-	392	1.04
Other exceptional items					
Exceptional restructuring costs	7	3,108	7.95	-	-
Loss on disposal of property	8	-	-	1,246	3.30
Profit on disposal of Ukraine school	9	-	-	(751)	(1.99)
Exceptional items and impairment of goodwill					
		5,299	13.55	2,642	7.00
Tax effect of exceptional costs	10	(1,319)	(3.37)	(420)	(1.12)
Exceptional items and impairment of goodwill after taxation					
		3,980	10.18	2,222	5.88
Loss before exceptional costs and impairment of goodwill					
		(50,330)	(128.73)	(1,977)	(5.23)
Discontinued items *					
Discontinued nursery operating profits		(462)	(1.18)	(2,195)	(5.81)
Discontinued nursery interest payable		174	0.45	153	0.41
Closure and disposal of nurseries		6,897	17.64	4,396	11.63

Group impairment of assets reclassified as held for sale	48,633	124.39	-	-
Impairment of goodwill	-	-	1,109	2.93
Discontinued NATDS division loss	-	-	1,353	3.58
Tax credit on discontinued items	(1,246)	(3.19)	(5)	(0.01)
	53,996	138.11	4,811	12.73
Earnings before exceptional and discontinued costs	3,666	9.38	2,834	7.50

1. During the year the Group secured a new £55m multi-currency borrowings facility comprising a £20m term loan facility and £35m revolving credit line. On completion of this new loan facility the Group wrote off the carrying values of £0.9m in relation to the superceded previous bank facility. Subsequently, as part of the impairment of the Nursery division for resale, the Group amortised a further £0.5m of the new facility in the current year reflecting the subsequent repayment of the £20m term loan facility on completion of the Nursery sale post year end.
2. In August 2007 the Group moved its school facilities in Prague to a new campus in Prague. Accordingly the Group wrote off the remaining carrying value of property, plant and equipment assets at the old campus of £0.2m.
3. During late 2006 the Company received a potential bid approach from a shareholder. Professional fees of £0.3m were incurred during this period in relation to this activity.
4. Corporate restructuring costs relate to changes in the Central management structure during the year focusing on the ongoing two operating divisions in co-ordination with the reclassification of the Nursery division as an asset for resale. Prior year restructuring related mainly to projects undertaken concerning reviews of the future structure and management of the Group and its divisions and costs associated with the debt repayments made on the Group's existing loan facilities during the year. The costs of £0.9m include the relevant legal, professional, compensation and termination, and advisory fees associated with these projects.
5. Head office relocation expenses related to the cost of moving and merging the group's head office central facilities from Cheadle to Burton-upon-Trent during the prior year.
6. Moscow negotiation costs of £0.4m related to legal fees incurred in ownership disputes with the local partner in the prior year.
7. Exceptional restructuring costs charged during the current year relate to amounts for the proposed exit and relocation of premises and associated costs in respect of the impending disposal of the Nursery division.
8. During the prior year the Group disposed of surplus properties with a net book value of £4.7m for net proceeds of £3.5m, generating a loss on disposal of £1.2m.
9. In November 2005 the Group completed the disposal of its effective 75% interest in its Ukraine based International Schools for cash consideration of £1.3m, generating a profit to the Group of £0.8m.
10. Taxation relating to the exceptional costs and profits has been shown above where it is considered to be taxable or tax deductible. The current year tax credit of £1.3m relates to the exceptional items above excluding the amortisation of the Prague non-current assets and disallowable elements of the restructuring costs.

*Discontinued items in the current year relate to the Nursery division. This division was disposed of on 19th September 2007 and the associated assets and liabilities were classified as held for sale at the year end. In addition, in the prior year discontinued items also included the closure of the Nord Anglia Training and Development Services Limited ("NATDS").

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
EARNINGS PER SHARE (unaudited)**

Earnings per share are calculated on 39,097,821 ordinary shares in issue for the year to 31 August 2007 being the weighted average number of ordinary shares in issue (2006: 37,794,657).

Details of the adjusted earnings per share are set out below:

		Year ended 31 August 2007		Restated Year ended 31 August 2006	
		Earnings / (loss) £000	Profit / (loss) per share pence	Earnings / (loss) £000	Profit / (loss) per share pence
Basic and diluted (loss) / profit per share from continuing operations	1	(314)	(0.80)	612	1.62
Basic and diluted loss per share from discontinued operations	1	(53,996)	(138.11)	(4,811)	(12.73)
Basic and diluted loss per share		(54,310)	(138.91)	(4,199)	(11.11)
Earnings before exceptional costs		3,666	9.38	2,834	7.50
Adjusted attributable earnings / earnings per share - basic		3,666	9.38	2,834	7.50
Adjusted attributable earnings / earnings per share - diluted			9.24		7.49
Adjusted attributable earnings / earnings per share - basic		3,666	9.38	2,834	7.50
Add back tax on continuing operations (excluding exceptional tax credit)		2,303	5.89	623	1.64
Adjusted attributable earnings before tax / earnings per share before tax - basic		5,969	15.27	3,457	9.14
Adjusted attributable earnings before tax / earnings per share before tax - diluted			15.04		9.14

¹ A dilution cannot reduce a loss and hence the basic and diluted loss per share above are equal.

Diluted earnings per share assume conversion of all dilutive potential ordinary shares which arise from share options granted to employees where the exercise price is less than the average market price of the Company's ordinary share capital during the period. The effect of this dilution is to increase the weighted average number of ordinary shares to 39,683,682 (2006: 37,829,597).

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
DISCONTINUED OPERATIONS (unaudited)**

Income statement of discontinued operations	Year ended 31 August 2007			Year ended 31 August 2006
	Nurseries £000	Nurseries £000	NATDS £000	Total £000
Revenue	47,163	47,061	957	48,018
Expenses	(46,701)	(44,866)	(1,201)	(46,067)
Exceptional administration costs	-	(3,363)	(1,109)	(4,472)
Impairment of goodwill	-	(1,109)	-	(1,109)
Operating profit / (loss) before interest and taxation	462	(2,277)	(1,353)	(3,630)

Net interest expense	(174)	(153)	-	(153)
Operating profit / (loss) before taxation	288	(2,430)	(1,353)	(3,783)
Closure and disposal of nurseries	(6,897)	(1,033)	-	(1,033)
Impairment loss on reclassification of division for sale	(48,633)	-	-	-
Loss before taxation	(55,242)	(3,463)	(1,353)	(4,816)
Taxation	1,246	(401)	406	5
Post tax loss from discontinued operations	(53,996)	(3,864)	(947)	(4,811)
Loss per share from discontinued operations	(138.11)	(10.22)	(2.51)	(12.73)

**NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
ASSET HELD FOR SALE (unaudited)**

	Year ended 31 August 2007 £000	Impairment of assets held for sale £000	Asset for sale £000
Assets			
Non-current assets:			
Intangible assets	19,560	(19,560)	-
Deferred tax assets	3,527	-	3,527
Property, plant and equipment	58,303	(29,819)	28,484
	81,390	(49,379)	32,011
Current assets:			
Trade and other receivables	2,954	-	2,954
Other current assets	1,564	-	1,564
Cash and cash equivalents	2,437	-	2,437
	6,955	-	6,955
Total assets	88,345	(49,379)	38,966
Liabilities			
Current liabilities:			
Trade and other payables	(9,616)	-	(9,616)
Total liabilities	(9,616)	-	(9,616)
Net assets	78,729	(49,379)	29,350
Consideration receivable			31,200
Fees for resale			(1,850)
Group net assets held for resale			29,350

The impairment of assets held for sale included amortisation of the revaluation reserve of £746,000 and a write off to the income statement of £48,633,000.

NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
SEGMENTAL ANALYSIS (unaudited)

The Group is organised primarily by class of business with central overheads identified separately:

By class of business

Income statement information	Continuing operations			Year ended 31 August 2007
	International schools	Learning services	Head Office	Group
	£000	£000	£000	£000
Revenue	27,474	39,363	-	66,837
Depreciation and amortisation	(1,154)	(82)	(327)	(1,563)
Operating profit from continuing operations ¹	7,029	6,348	(5,469)	7,908
Share of operating profit in joint ventures	-	758	-	758
	7,029	7,106	(5,469)	8,666
Exceptional items:				
Exceptional administrative expenses	(150)	-	(2,041)	(2,191)
Exceptional restructuring provisions following nursery reclassification as an asset for resale	-	-	(3,108)	(3,108)
	(150)	-	(5,149)	(5,299)
Investment income	167	-	198	365
Interest payable and similar charges	(106)	(36)	(2,600)	(2,742)
Profit / (loss) for the year before taxation - continuing operations	6,940	7,070	(13,020)	990

Balance sheet information					Year ended 31 August 2007
	Assets held for sale ²	International schools	Learning services	Head Office	Group
	£000	£000	£000	£000	£000
Capital expenditure	2,470	3,580	289	279	6,618
Segment assets at net carrying amount	38,966	33,854	7,205	8,737	88,762
- investments in joint ventures	-	-	(231)	-	(231)
Segment liabilities	(9,616)	(22,490)	(6,855)	(46,064)	(85,025)
Net assets	29,350	11,364	119	(37,327)	3,506

Assets held for sale relate to the Nursery division investment held by the parent company (Head Office).

By class of business

	Continuing operations			Year ended 31 August 2006
	International schools	Learning services	Head Office	Group
Income statement information	£000	£000	£000	£000
Revenue	20,347	31,135	-	51,482
Depreciation and amortisation	(905)	(167)	(316)	(1,388)
Operating profit from continuing operations ¹	4,704	6,272	(4,180)	6,796
Share of operating profit in joint ventures	-	455	-	455
	4,704	6,727	(4,180)	7,251
Impairment of goodwill	-	(392)	-	(392)
	4,704	6,335	(4,180)	6,859
Exceptional items:				
Exceptional administrative expenses	(355)	-	(1,400)	(1,755)
Exceptional loss on disposal of property	-	(130)	(1,116)	(1,246)
Exceptional profit on disposal of Ukraine school	751	-	-	751
	396	(130)	(2,516)	(2,250)
Investment income	63	-	86	149
Interest payable and similar charges	(121)	-	(3,493)	(3,614)
Profit / (loss) for the year before taxation - continuing operations	5,042	6,205	(10,103)	1,144

	Year ended 31 August 2006				
	Nurseries ³	International schools	Learning services	Head Office	Group
Balance sheet information	£000	£000	£000	£000	£000
Capital expenditure	2,213	1,843	53	1,205	5,314
Segment assets at net carrying amount	78,622	30,801	15,362	778	125,563
- investments in joint ventures	-	-	(989)	-	(989)
Segment liabilities	(33,679)	(19,655)	(9,493)	(10,840)	(73,667)
Net assets	44,943	11,146	4,880	(10,062)	50,907

1. Operating profit is before exceptional items and impairment and before recharge of attributable Head Office central costs
2. Following the discontinuation of the Nursery division items that were, in substance, allocated to this division have been reallocated in accordance with the underlying legal structure of the continuing Group.

3. The Nursery division was reclassified as an asset for resale in the current year prior to the completion of the disposal in September 2007. The current year net assets are therefore shown as the fair value of assets and liabilities held for resale. In the comparative analysis of net assets for the prior year the substance of the underlying assets was used to allocate them to the appropriate business units. As a result the major element of the underlying bank financing of the Group was reallocated to appropriate business units. In the current year analysis the revised banking facilities are attributed to the Head Office unit reflecting the legal form of the agreement and the classification of the Nursery division as an asset for resale.

NORD ANGLIA EDUCATION PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST AUGUST 2007
SEGMENTAL ANALYSIS (unaudited)
By geographical area

				Year ended 31 August 2007				Year ended 31 August 2006
	United Kingdom	Europe	Asia & Middle East	Total	United Kingdom	Europe	Asia & Middle East	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	36,351	13,457	17,029	66,837	30,236	11,563	9,683	51,482
Net assets	(8,331)	6,230	5,607	3,506	41,555	6,374	2,978	50,907
Capital expenditure	2,953	1,176	2,489	6,618	3,471	1,240	603	5,314

The segmental analysis for the United Kingdom above includes the net assets and capital expenditure amounts for the discontinued Nursery division reclassified as an asset for sale.

The preliminary announcement does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for the year ending 31 August 2007 will be filed with the Registrar of Companies in due course together with the auditors' report thereon. The information for the year ended 31 August 2006 is derived from the statutory accounts to that date, which have been filed with the Registrar of Companies. Those accounts included an audit report which was unqualified and which did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.