

A woman with long, wavy blonde hair is seen from the side, looking out of a train window. She is wearing a striped, short-sleeved top. The background outside the window is blurred, suggesting the train is in motion. The overall tone is bright and airy.

The Go-Ahead Group plc

Interim Report 31 December 2005

**UK travel solutions for today
and tomorrow**

Go-Ahead

What we do and who we are

Go-Ahead is one of the UK's leading transport companies in bus, rail and aviation services. Employing over 20,000 staff across the country, around 700 million passenger journeys are taken on its services each year. In addition to the travelling public, customers include Transport for London, BAA, major airlines, local authorities and the Department for Transport.

Vision and strategy

The group seeks to add value for shareholders through a transparent and clearly focused strategy within the UK. In addition to adding value through organic development, the group actively seeks earnings enhancing acquisitions in the three divisions in which it operates. Strong cash flow provides the basis for a progressive dividend and share buy-back policy to provide growing returns to shareholders.

Contents

- 1 Operational and financial highlights
- 2 Chairman's statement
- 6 Consolidated income statement
- 7 Consolidated balance sheet
- 8 Consolidated cash flow statement
- 9 Consolidated statement of recognised income and expense
- 10 Notes to the interim report
- 15 Independent review report by the auditors
- 16 Directors and advisors

Operational highlights

- Integrated Kent franchise win
- Continued rail passenger volume growth
- Southern operating performance continues to improve
- Acquisition of Birmingham Coach Company
- Brighton bus absorbs Lewes network
- Increased bus fuel costs of £4.7 million
- Initiatives to reduce labour and fuel costs in bus operations
- Depot building programme running to plan
- London bus contract wins
- Further restructuring at aviance

Financial highlights

The figures below are stated before exceptional items, goodwill and intangible asset amortisation and after absorbing all central costs:

	Six months to 31 Dec 05			Six months to 1 Jan 05*			Year to 2 July 05*		
	Revenue £m	Operating profit £m	Margin %	Revenue £m	Operating profit £m	Margin %	Revenue £m	Operating profit £m	Margin %
Bus	224	23.0	10.3	206	28.8	14.0	413	51.6	12.5
Rail	315	19.6	6.2	294	18.4	6.3	618	40.3	6.5
Aviation services	137	3.7	2.7	134	3.7	2.8	271	5.8	2.1
	676	46.3	6.8	634	50.9	8.0	1,302	97.7	7.5

* Results are restated for the impact of transition to International Financial Reporting Standards (IFRS). See note 1.

Chairman's statement

The group continues to trade in line with the board's expectations. With the benefit of management actions and successes in the first half, the board remains confident that the group's performance will improve during the second half.

Review of the six months

The group's results for the six months to 31 December 2005 have been influenced both by the July terrorist bombings in London and by significant increases in the price of fuel. Our London based bus and rail staff responded magnificently to the events of 7 and 21 July. They deserve great credit for continuing to operate in difficult conditions at the time, and for the subsequent recovery in passenger numbers.

Although the bombings have had a short-term impact on profitability, the group has continued to move forward. It was particularly pleasing that our Govia partnership won the competition for the new 'Integrated Kent' rail franchise. This confirms our position as a key operator of London and South East commuter services, with the combined Southern and South Eastern networks accounting for over 30% of London commuter traffic and 15% of total UK rail passengers.

Group profit and dividend

For the six months to 31 December 2005, pre-tax profits, before goodwill and intangible asset amortisation ('amortisation') and exceptional items, amounted to £43.6 million (2004 restated – £49.1 million) on turnover of £675.9 million (2004 – £634.4 million). Operating profit, before amortisation and exceptional items, amounted to £46.3 million (2004 restated – £50.9 million). Adjusted earnings per share, excluding the effects of exceptional items and amortisation, are calculated at 55.9p (2004 – 61.3p). In line with its continuing policy of reducing dividend cover to 2.0 times adjusted earnings by the year ending June 2007 the board is declaring an interim dividend of 18.0p per share (2004 – 15.0p), an increase of 20%. This dividend will be payable on 18 April 2006 to shareholders on the register at close of business on 17 March 2006.

This report is the first set of financial statements to be prepared under International Financial Reporting Standards, the impact of which is outlined below.

Operating report

Bus

The group's businesses in London and the

south have continued to grow and to deliver consistently good service. London Central and London General have maintained their position at the top of Transport for London's service quality league tables, generating significant performance bonus payments. New contracts won during the half year will enable the two companies to regain all volume lost during the last 12 months and, indeed, increase their market share.

Further investment in depot capacity at Orpington and Croydon means the Metrobus company will continue to increase its market share around the southern fringes of London. Further development of its Crawley site is also producing more growth in that area, in part through the successful Gatwick Fastway network.

The group has continued to seek opportunities for growth in its bus business, and towards the end of the half-year completed the acquisition of the Birmingham Coach Company for £2 million. This business operates coaches on behalf of National Express, together with local bus services in Birmingham and the Black Country. Bringing these operations into line with group standards will involve some short-term costs but the group now has a platform to develop in the UK's second-biggest city. In September, the group was also pleased to absorb the former Stagecoach bus network in the Lewes area into its Brighton & Hove business.

The effect of increasing fuel costs in recent months has been well documented. On a like for like basis, compared to the first half of last year, the increased cost to the division during the period was £4.7 million. The group's management teams have been working hard to redress the impact on bus margins. As well as reviewing pricing policies, initiatives have commenced to improve labour and fuel efficiency as well as a variety of structural changes to the businesses to meet this challenge.

Rail

The group's two rail businesses, Southern and Thameslink, have improved their operating performance. The introduction of new rolling stock on Southern was completed in late November with the withdrawal from service

of the last 'slam door' trains. Recent passenger surveys have confirmed a substantial improvement in customer satisfaction.

Both businesses suffered revenue loss during the weeks immediately following the London bombings but passenger growth has since picked up. Southern, in particular, was able to promote travel to other destinations along the south coast to compensate. Thameslink suffered more but recovered its position by the end of the half-year.

As the group hands over Thameslink to a new merged franchise at the start of April, it takes over the much larger South Eastern Trains operation. This franchise includes responsibility for the introduction of the high-speed domestic Channel Tunnel Rail Link service from St Pancras and the proposed 'Olympic Javelin' service between Central London and the Olympic developments in East London. The group's Govia partnership with Keolis and, through them, SNCF provides access to high-speed rail expertise.

Having won the IKF competition, the group withdrew from the contest for a new South West Trains franchise so as to concentrate on Integrated Kent and to avoid any possible concerns about market share.

Aviation Services

The restructuring and cost reduction programme at Aviance has provided the basis for profit recovery. Together with the Plane Handling cargo operation, the business has built a strong position at Heathrow as the largest independent ground service operator, maintaining its reputation for service quality. The company is reducing its dependence on charter carriers and shifting towards scheduled airlines which has contributed to this improving trend. £1 million was spent on exceptional restructuring costs in the half-year.

Meteor has performed well in its core airport parking operations, although the changing basis of its contracts with BAA will require new strategies in this field. The company provides security and revenue protection services as well as car park management for the group's rail businesses; and for the group's bus operations, has used its technical expertise to develop new technology for on-board closed circuit video security systems.

International financial reporting standards (IFRS)

This report is the first set of financial statements for the group to be prepared under IFRS. The new accounting policies adopted, and the detail of the impact of moving to IFRS, are set out in the group's IFRS transition report, available on the group's website at www.go-ahead.com.

The group's net assets at the date of transition, 3 July 2004, reduced by £2.1 million, being the net impact of recognition of IAS19 pension obligations, reversal of accrued dividends, and the revaluation of property.

The material changes affecting the group's profit are detailed below:

	Six months to 31 Dec 05 £m	Six months to 1 Jan 05 £m	Year to 2 July 05 £m
UK GAAP profit before tax	43.3	52.9	97.3
Pension accounting under IAS19	(2.1)	(1.3)	(1.5)
Joint venture tax reclassification	–	(0.2)	(0.3)
Accounting for share based payments under IFRS2	(0.3)	–	(0.1)
Accounting for fuel derivatives under IAS39	(0.1)	–	–
Decrease in depreciation as a result of change in residual values and review of asset lives	0.2	0.2	0.3
Property impairment following year end valuation	–	–	(1.4)
IFRS profit before tax	41.0	51.6	94.3

The largest impact on the result is pensions:

	Six months to 31 Dec 05 £m	Six months to 1 Jan 05 £m	Year to 2 July 05 £m
UK GAAP			
Cash contributions	5.8	6.1	13.3
SSAP 24 charge	0.7	0.6	1.1
	6.5	6.7	14.4
IFRS			
Service cost	10.2	8.2	16.0
Return on assets/cost of liabilities	(2.0)	(0.6)	(0.9)
Intangible asset amortisation (Rail Pension Schemes)	0.4	0.4	0.8
	8.6	8.0	15.9
Increase in pension costs under IFRS	2.1	1.3	1.5

Group cash flow and net debt

The group's cash flow from operating activities for the half-year amounted to £64.6 million (2004 restated – £49.6 million) reflecting lower tax and pension payments and favourable working capital movements. During this period the group bought back 1,227,500 shares at a total cost of £17.1 million and average price per share of £13.82.

The group's balance sheet remains strong with net debt of £71.9 million (including £94 million of restricted cash and excluding bonding). The share buy back programme will continue until the current authority limit has been reached.

Prospects

The next six months will see a significant effort preparing for, and taking over, the operation of the South Eastern Trains business. Within the Govia joint venture with Keolis, we have retained a bidding team to prepare for the forthcoming competitions for both the newly defined West Midlands and East Midlands franchises and for the expected Transport for London contest to replace the current Silverlink Metro franchise.

There are few significant acquisition opportunities left in the bus business but the group will seek incremental acquisitions where they strengthen one of our existing businesses. At the same time, we will develop our properties to provide for growth in our markets in the south of England as well as good modern facilities for vehicle maintenance.

In aviation, passenger numbers and cargo tonnage going through UK airports remain on the increase, so we will continue to develop aviance, Plane Handling and Meteor, building on the particular strengths of the business at Heathrow.

The group continues to trade in line with the board's expectations. With the benefit of management actions and successes in the first half, the board remains confident that the group's performance will improve during the second half.



Sir Patrick Brown
Chairman

16 February 2006

Consolidated income statement

for the six months ended 31 December 2005

	Notes	Six months to 31 Dec 05 £m Unaudited	(Restated) Six months to 1 Jan 05 £m Unaudited	(Restated) Year to 2 July 05 £m Audited
Group revenue	2	675.9	634.4	1,302.5
Operating costs (excluding amortisation and exceptional items)		(629.6)	(583.9)	(1,205.1)
Goodwill charges and intangible asset amortisation		(2.3)	(2.0)	(4.0)
Exceptional costs	3	(1.0)	-	-
		(632.9)	(585.9)	(1,209.1)
Group operating profit		43.0	48.5	93.4
Share of post tax results of joint venture		-	0.4	0.3
Total operating profit	2	43.0	48.9	93.7
Analysed as:				
Before amortisation and exceptional items		46.3	50.9	97.7
Amortisation and exceptional items		(3.3)	(2.0)	(4.0)
Profit on disposal of properties		0.7	4.5	2.4
Profit on ordinary activities before finance revenue and costs		43.7	53.4	96.1
Finance revenue		2.2	1.7	4.3
Finance costs		(4.9)	(3.5)	(6.1)
		(2.7)	(1.8)	(1.8)
Profit on ordinary activities before taxation		41.0	51.6	94.3
Analysed as:				
Before amortisation and exceptional items		43.6	49.1	95.9
Amortisation and exceptional items		(2.6)	2.5	(1.6)
Taxation	4	(10.7)	(14.3)	(26.8)
Net profit for the period		30.3	37.3	67.5
Attributable to:				
Equity holders of the parent		25.5	32.3	57.1
Minority interest		4.8	5.0	10.4
		30.3	37.3	67.5
Earnings per share				
– basic	5	50.9p	63.6p	112.2p
– diluted	5	50.2p	62.2p	110.0p
– adjusted	5	55.9p	61.3p	116.7p
Dividend paid and proposed		18.0p	15.0p	48.0p

Consolidated balance sheet

as at 31 December 2005

	31 Dec 05 £m Unaudited	(Restated) 1 Jan 05 £m Unaudited	(Restated) 2 July 05 £m Audited
Assets			
Non-current assets			
Property, plant and equipment	363.8	321.5	350.1
Intangible assets	79.8	65.8	76.5
Trade and other receivables	4.1	3.8	4.2
Deferred tax assets	35.2	38.8	49.3
	482.9	429.9	480.1
Current assets			
Inventories	6.7	6.0	6.3
Trade and other receivables	134.1	142.5	137.0
Other financial assets	0.3	–	–
Cash and short-term deposits	111.0	75.8	98.7
Taxation assets	1.9	0.4	4.7
	254.0	224.7	246.7
Assets held for sale	2.2	2.0	2.3
Total assets	739.1	656.6	729.1
Equity and liabilities			
Current liabilities			
Trade and other payables	(276.0)	(253.8)	(273.8)
Interest-bearing loans and borrowings	(109.6)	(54.7)	(108.2)
Government grants	(0.8)	(0.3)	(0.7)
Taxation liabilities	(14.4)	(17.5)	(13.1)
	(400.8)	(326.3)	(395.8)
Non-current liabilities			
Interest-bearing loans and borrowings	(73.0)	(60.8)	(53.9)
Retirement benefit obligations	(113.4)	(82.7)	(100.2)
Government grants	(3.0)	(1.4)	(3.5)
Deferred tax liabilities	(47.3)	(56.7)	(62.9)
	(236.7)	(201.6)	(220.5)
Liabilities directly associated with assets held for sale	(0.2)	(0.1)	–
Total liabilities	(637.7)	(528.0)	(616.3)
Net assets	101.4	128.6	112.8
Capital and reserves			
Called up share capital	5.2	5.1	5.2
Share premium	57.1	51.6	56.1
Reserve for own shares	(31.6)	–	(14.5)
Hedging reserve	0.2	–	–
Other reserves	0.6	0.6	0.6
Revenue reserves	58.9	60.2	56.5
Equity shareholders funds	90.4	117.5	103.9
Equity minority interest	11.0	11.1	8.9
Total equity	101.4	128.6	112.8

Consolidated cash flow statement

for the six months ended 31 December 2005

	Notes	Six months to 31 Dec 05 £m Unaudited	(Restated) Six months to 1 Jan 05 £m Unaudited	(Restated) Year to 2 July 05 £m Audited
Group operating profit		43.0	48.5	93.4
Depreciation of property, plant and equipment		18.1	16.7	34.9
Amortisation of goodwill and intangible assets		2.2	2.0	4.0
Profit on sale of property, plant and equipment		(0.3)	(1.0)	(0.9)
Share based payments		0.3	–	–
Difference between pensions paid and recognised in income statement		2.4	1.5	1.9
Increase in inventories		(0.3)	(0.4)	(0.3)
Decrease/(increase) in debtors		11.8	(20.3)	(43.4)
(Decrease)/increase in creditors		(7.6)	18.7	42.1
Taxation paid		(5.0)	(16.1)	(28.0)
Net cash flows from operating activities		64.6	49.6	103.7
Cash flows from investing activities				
Interest received		2.0	1.5	4.0
Proceeds from sale of property, plant and equipment		2.9	13.2	15.3
Purchase of property, plant and equipment		(29.5)	(32.8)	(72.3)
Acquisition of intangible assets		(0.8)	–	–
Purchase of businesses	7	(2.9)	(20.1)	(34.2)
Cash acquired with subsidiaries		(0.1)	1.6	5.6
Net cash flows used in investing activities		(28.4)	(36.6)	(81.6)
Cash flows from financing activities				
Interest paid		(4.9)	(2.4)	(6.8)
Dividends paid to members of the parent		(16.4)	(13.7)	(21.4)
Dividends paid to minority interests		(2.5)	(3.5)	(10.2)
Proceeds from issue of shares		0.1	0.4	5.0
Payment to acquire own shares		(17.1)	–	(14.1)
Receipts from hedging activities		0.3	–	–
Receipt of minority interest loan		(1.8)	(8.4)	–
Repayment of borrowings		(1.9)	(0.9)	(22.0)
Proceeds from borrowings		34.1	56.7	102.8
Proceeds from finance lease and hire purchase		9.3	28.7	31.2
Payment of finance lease and hire purchase liabilities		(14.7)	(70.0)	(73.1)
Net cash outflows on financing activities		(15.5)	(13.1)	(8.6)
Net increase/(decrease) in cash and cash equivalents		20.7	(0.1)	13.5
Cash and cash equivalents at 2 July 2005		86.3	72.8	72.8
Cash and cash equivalents at 31 December 2005	6	107.0	72.7	86.3

Consolidated statement of recognised income and expense

for the six months ended 31 December 2005

	Six months to 31 Dec 05 £m Unaudited	(Restated) Six months to 1 Jan 05 £m Unaudited	(Restated) Year to 2 July 05 £m Audited
Income and expense recognised directly in equity			
Balances recognised on adoption of IAS39, net of tax	0.2	—	—
Deferred tax on share based payments	0.6	0.5	1.6
Actuarial losses on defined benefit pension plans	(10.8)	(4.9)	(39.5)
Tax on actuarial losses	3.2	1.5	11.9
Net income recognised directly in equity	(6.8)	(2.9)	(26.0)
Profit for the period	30.3	37.3	67.5
Total recognised income and expense for the period	23.5	34.4	41.5
Attributable to:			
Equity holders of the parent	18.5	28.4	30.4
Minority interest	5.0	6.0	11.1
	23.5	34.4	41.5

Notes to the interim report

for six months ended 31 December 2005

I Summary of significant accounting policies

The group is required to adopt International Financial Reporting Standards (IFRS) with effect from 3 July 2005. The results for the six months ended 31 December 2005 represent the group's first interim financial statements prepared in accordance with IFRS. The group's first IFRS Annual Report and Financial Statements will be for the year ending 1 July 2006.

Previously, the group reported under UK GAAP. The accounting policies used in this statement are consistent with those to be used in the July 2006 annual report. Detailed reconciliations, showing the impact of the transition to IFRS, are reported in a separate document, which is available on our website www.go-ahead.com

This interim report has been prepared using those standards that the group expects to be endorsed and applicable when the IFRS financial statements are prepared for the year ending 1 July 2006. These standards are subject to ongoing review and endorsement by the European Union or possible amendment by interpretive guidance from the International Accounting Standards Board and the International Financial Reporting Interpretations Committee and are, therefore, still subject to change.

In order to achieve a fair presentation of the group's obligations regarding its rail pension schemes, the group has used the provisions of IAS 1 and departed from the requirements of IAS 19 'Employee Benefits'. Details of the reason for and the impact of the departure are set out in note 2 of the IFRS transition document.

2 Segmental analysis

Business segments

The following table presents revenue and profit information regarding the group's business segments for the periods stated.

	Six months to 31 Dec 05		(Restated) Six months to 1 Jan 05		(Restated) Year to 2 July 05	
	£m	£m	£m	£m	£m	£m
	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit
Bus	224.6	23.0	207.3	28.8	415.4	51.6
Rail	315.3	19.6	293.7	18.4	618.3	40.3
Aviation services	138.7	3.7	135.6	3.7	273.1	5.8
Intersegment sales	(2.7)	–	(2.2)	–	(4.3)	–
	675.9	46.3	634.4	50.9	1,302.5	97.7
Goodwill and intangible asset amortisation		(2.3)		(2.0)		(4.0)
Exceptional items		(1.0)		–		–
Total operating profit		43.0		48.9		93.7
Profit on disposal of properties		0.7		4.5		2.4
Profit on ordinary activities before interest		43.7		53.4		96.1
Net finance costs		(2.7)		(1.8)		(1.8)
Profit on ordinary activities before taxation		41.0		51.6		94.3
Taxation		(10.7)		(15.3)		(26.8)
Net profit for the period		30.3		36.3		67.5

3 Exceptional costs

	Six months to 31 Dec 05 £m Unaudited	(Restated) Six months to 1 Jan 05 £m Unaudited	(Restated) Year to 2 July 05 £m Audited
Reorganisation and redundancy costs at aviance	1.0	—	—
	1.0	—	—

Exceptional items are material items of revenue or costs that the group believes should be separately disclosed to allow better understanding of financial performance.

4 Taxation

Income statement

	Six months to 31 Dec 05 £m Unaudited	(Restated) Six months to 1 Jan 05 £m Unaudited	(Restated) Year to 2 July 05 £m Audited
Current tax charge	10.5	15.7	23.0
Adjustment in respect of current tax of previous years	—	(0.5)	(2.1)
Deferred tax relating to origination and temporary differences	0.2	(0.9)	5.9
Tax reported in consolidated income statement	10.7	14.3	26.8

5 Earnings per share

Basic earnings per share

	Six months to 31 Dec 05 Unaudited	(Restated) Six months to 1 Jan 05 Unaudited	(Restated) Year to 2 July 05 Audited
Net profit attributable to shareholders (£million)	25.4	32.3	57.1
Weighted average number of shares in issue (thousands)	49,921	50,771	50,901
Basic earnings per share (pence per share)	50.9	63.6	112.2

The weighted average number of shares in issue excludes treasury shares held by the company, and shares held in trust for the directors' share bonus scheme.

5 Earnings per share continued

Diluted earnings per share

	Six months to 31 Dec 05 Unaudited	(Restated) Six months to 1 Jan 05 Unaudited	(Restated) Year to 2 July 05 Audited
Net profit attributable to shareholders (£million)	25.4	32.3	57.1
Weighted average number of shares in issue (thousands)	49,921	50,771	50,901
Effect of dilution:			
Dilutive potential ordinary shares under share option schemes	639	1,139	1,018
Adjusted weighted average number of shares	50,560	51,910	51,919
Diluted earnings per share (pence per share)	50.2	62.2	110.0

The dilution calculation assumes conversion of all potentially dilutive ordinary shares. There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date or before the completion of these financial statements.

Adjusted earnings per share

Adjusted earnings per share is also presented to eliminate the impact of non-recurring costs and revenues. This is analysed as follows:

	Six months to 31 Dec 05 Pence per share Unaudited	(Restated) Six months to 1 Jan 05 Pence per share Unaudited	(Restated) Year to 2 July 05 Pence per share Audited
Basic earnings per share	50.9	63.6	112.2
Exceptional items	0.7	(8.9)	(4.8)
Goodwill charges and intangible amortisation	4.5	3.9	7.9
Taxation on exceptional items	(0.2)	2.7	1.4
Adjusted earnings per share	55.9	61.3	116.7

6 Net debt

Reconciliation of net cash flow to movement in net debt

	Six months to 31 Dec 05 £m Unaudited	(Restated) Six months to 1 Jan 05 £m Unaudited	(Restated) Year to 2 July 2005 £m Audited
Increase/(decrease) in cash	11.9	9.2	(1.8)
Cash outflow from movement in debt and lease financing	(26.9)	(6.2)	(38.9)
Increase/(decrease) in cash on deposit	8.7	(9.3)	11.3
Change in net debt resulting from cash flows	(6.3)	(6.3)	(29.4)
Change in net debt resulting from acquisitions and disposals	(2.2)	(1.9)	(2.5)
Movement in net debt	(8.5)	(8.2)	(31.9)
Opening net debt	(63.4)	(31.5)	(31.5)
Net debt	(71.9)	(39.7)	(63.4)
Due within one year			
Bank debt	(92.7)	(37.5)	(80.8)
Loan notes	(0.6)	(0.7)	(0.6)
Finance lease obligations and hire purchase	(12.6)	(13.5)	(15.0)
	(105.9)	(51.7)	(96.4)
Due in more than one year			
Bank debt	(44.3)	(31.9)	(23.2)
Finance lease obligations and hire purchase	(28.7)	(28.8)	(30.1)
	(73.0)	(60.7)	(53.3)
Total borrowings	(178.9)	(112.4)	(149.7)
Cash and cash equivalents*	107.0	72.7	86.3
Net borrowings	(71.9)	(39.7)	(63.4)
* Includes restricted cash	94.0	64.2	83.1

7 Acquisitions and disposals

Acquisition of Birmingham Passenger Transport Services Limited

On 2 December 2005, the group acquired 100% of the share capital of Birmingham Passenger Transport Services Limited, the holding company of Birmingham Coach Company, for a total consideration of £2.2m including expenses. Birmingham Coach Company is a company incorporated within the United Kingdom and its principal activity is bus passenger transport. This has been accounted for as an acquisition in accordance with IFRS3. The acquisition balance sheet has been adjusted to reflect fair values.

The contribution of the acquired business to the group's revenue and profit for the six months has been immaterial.

8 Publication of non-statutory financial statements

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The results are unaudited but have been reviewed by the auditors. The financial information for the year to 2 July 2005 and the six months ended 1 January 2005 has been extracted from the group's IFRS transitional document, which were based on the group's 2005 Annual Review and the 2004 interim report. The 2005 Annual Review has been filed with the Registrar of Companies. The audit report on the Annual Review 2005 was unqualified and did not contain a statement under Section 237 (2) or (3), of the Companies Act 1985.

This interim statement is being sent to all shareholders and is also available upon request from the Company Secretary, The Go-Ahead Group plc, 3rd Floor, 41–51 Grey Street, Newcastle upon Tyne, NE1 6EE or viewed at www.go-ahead.com. The IFRS transitional document is available on the website at www.go-ahead.com.

Independent review report to The Go-Ahead Group plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 December 2005 which comprises the Consolidated Income Statement for the six months ended 31 December 2005, the Consolidated Balance Sheet as at 31 December 2005, the Consolidated Cash Flow Statement for the six months ended 31 December 2005, the Consolidated Statement of Recognised Income and Expense for the six months ended 31 December 2005, and the related notes 1 to 8. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with those IFRSs adopted for use by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union.

Review work performed

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

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2005.

Ernst & Young LLP
Newcastle upon Tyne

16 February 2006

Directors and advisors

Directors

Sir Patrick Brown
Chairman (Non-executive)

Christopher Moyes
Group Chief Executive

Ian Butcher
Group Finance Director and
Company Secretary

Keith Ludeman
Chief Executive – Rail

Christopher Collins
Non-executive Director

Rupert Pennant-Rea
Non-executive Director

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