Half Year Report
for the six months ended 1 January 2011

Go-Ahead

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Go-Ahead is one of the UK's leading providers of bus and rail services. Our strategy is to deliver high quality services in dense urban markets.

GROUP HIGHLIGHTS

HIGHLIGHTS

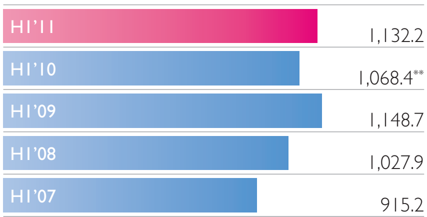
- Financial results ahead of expectations
- Record half-year bus operating profit
- Record number of passengers carried in the year
- Lowest level of debt for five years

Summary income statement

	H1'11 £m	H1'10 Restated** £m	Increase/ (Decrease) £m	Increase/ (Decrease) %
Revenue	1,132.2	1,068.4	63.8	6.0
Operating profit*	59.0	54.2	4.8	8.9
Profit before tax*	50.7	50.0	0.7	1.4
Profit before tax	45.0	41.8	3.2	7.7
Profit for the period	36.5	3.1	33.4	1,077.4
Cashflow generated from operations	68.4	105.9	(37.5)	(35.4)
Basic earnings per share (p)	69.9	61.7	8.2	13.3
Adjusted earnings per share (p)*	77.1	72.2	4.9	6.8
Underlying dividend proposed per share (p)	25.5	25.5	–	–
One-off, additional dividend proposed per share (p)	–	25.5	(25.5)	(100.0)
Net debt	71.6	87.0	(15.4)	(17.7)

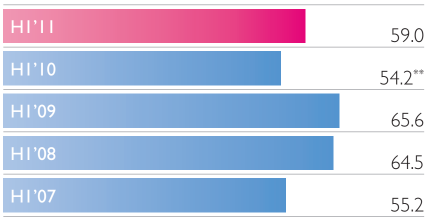
Revenue (£m)

£1,132.2m



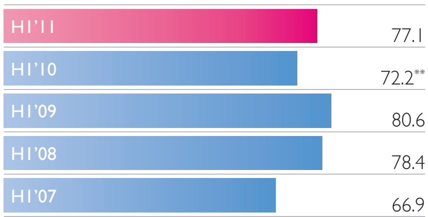
Operating profit (£m)*

£59.0m



Adjusted earnings per share (p)*

77.1p



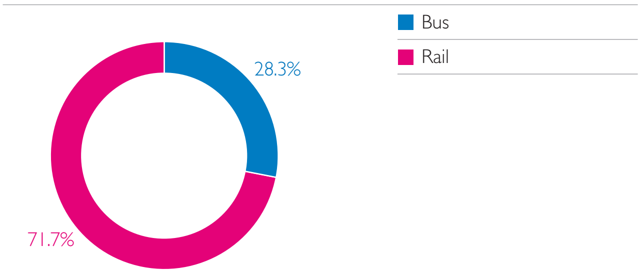
* Before amortisation and exceptional items
** The results for the current and comparative periods have been restated to exclude all of our ground handling and all of our cargo operations (discontinued operations) unless otherwise stated. This half year period consisted of 26 weeks compared to 27 weeks in the first half of last year

GROUP OVERVIEW

Our bus and rail companies significantly contribute to the UK's public transport infrastructure, providing high quality locally focused services to the dense, urban markets that we serve.

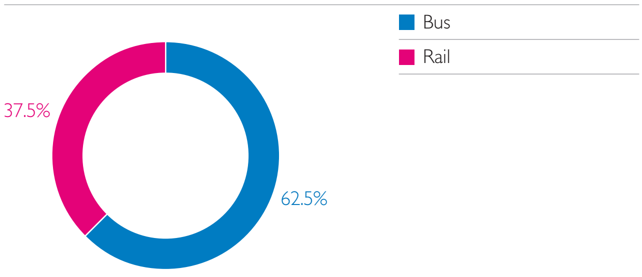
Group revenue

£1,132.2m



Group operating profit*

£59.0m

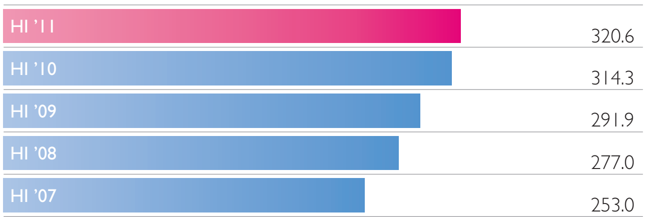


BUS *(100% owned)*

Go-Ahead is one of the UK's largest bus operators. With a fleet of around 3,800 buses, we carry, on average, around 1.7 million passengers every day. We have a strong presence in London, with around 21% market share, and also operate in Oxford, East Anglia, the South East, Southern and North East England. We also have a small yellow school bus joint venture in North America.

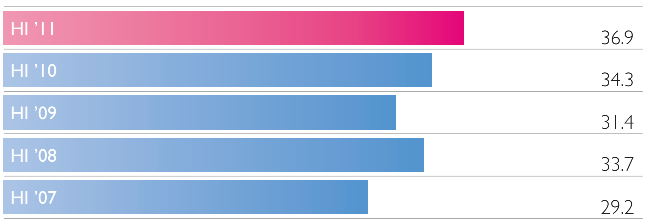
Bus revenue (£m)

£320.6m



Bus operating profit (£m)*

£36.9m

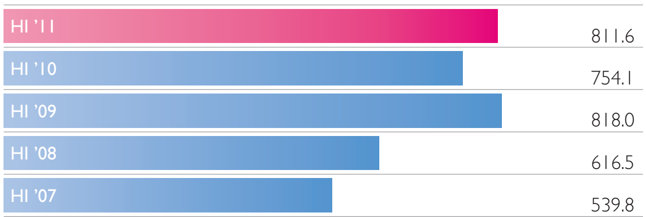


RAIL *(65% owned)*

The rail operation, Govia, is 65% owned by Go-Ahead and 35% by Keolis+. It is the busiest rail operation in the UK, responsible for nearly 30% of UK passenger rail journeys through its three rail franchises: Southern, Southeastern and London Midland.

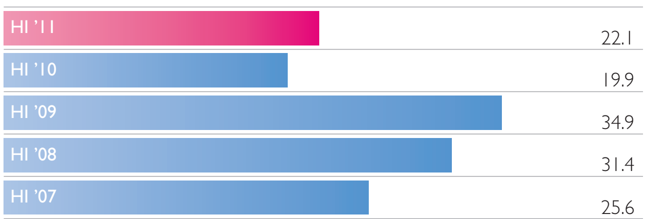
Rail revenue (£m)

£811.6m



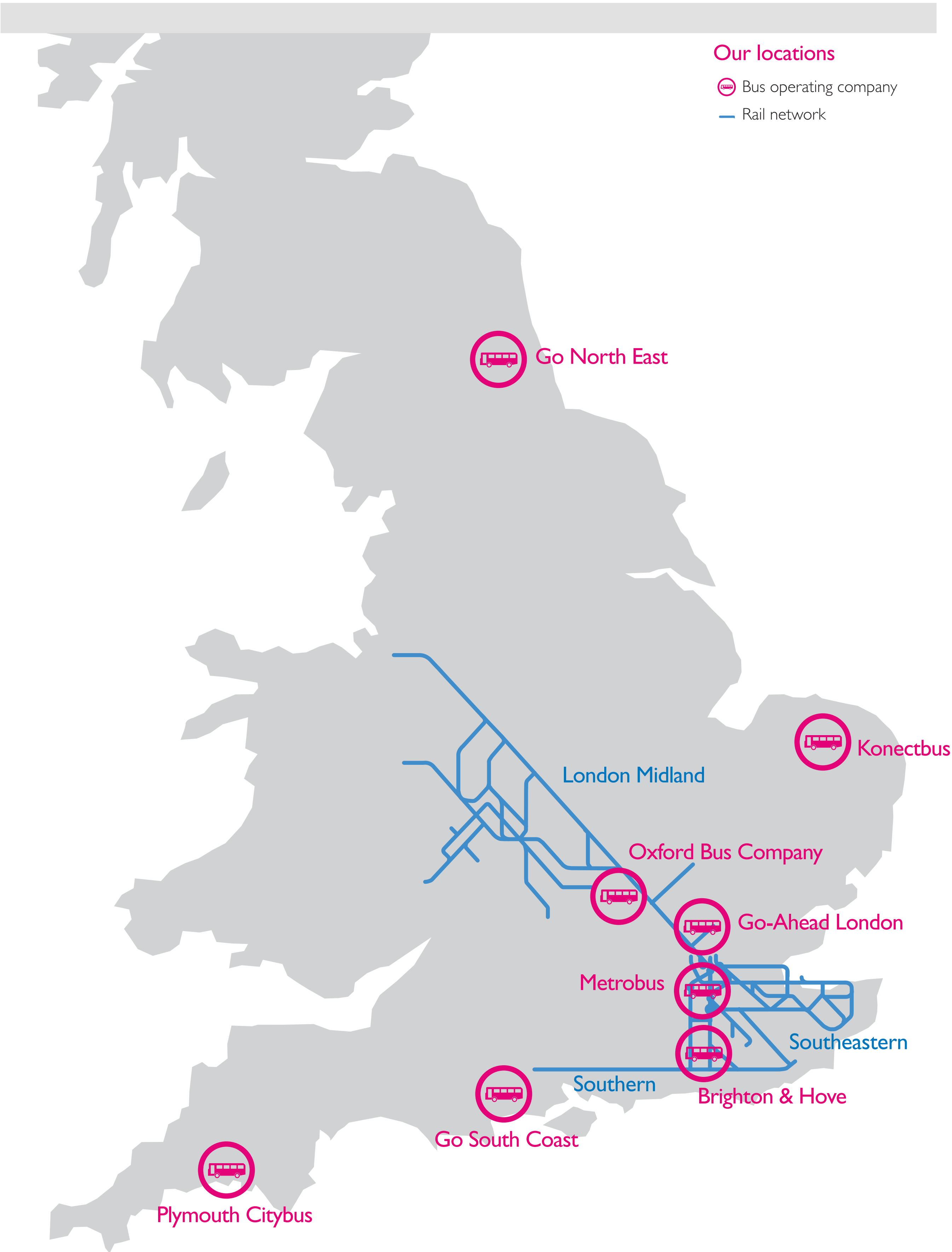
Rail operating profit (£m)*

£22.1m



* Before amortisation and exceptional items

+ Keolis is a French-based operator of passenger transport services which is majority owned by French national railway SNCF


Our locations
Bus operating company
Rail network
Go North East
Konectbus
London Midland
Oxford Bus Company
Go-Ahead London
Metrobus
Southeastern
Southern
Brighton & Hove
Go South Coast
Plymouth Citybus

CHAIRMAN'S STATEMENT

I am pleased with the performance of the Group during this period. We have delivered a strong financial performance, with operating profit slightly ahead of last year and ahead of our expectations.

Sir Patrick Brown, Chairman

Overview and Outlook

I am pleased with the performance of the Group during this period. We have worked hard to focus on our core activities and on providing a high quality, value for money service to our customers. The snow before Christmas made access to both rail and road difficult at times and our service suffered in some areas despite the best efforts of our employees. Notwithstanding this challenge and the wider economic backdrop, our overall operational performance was good and like-for-like passenger numbers increased by 1.7% to well over one billion per annum. We have delivered a strong financial performance, with operating profit* slightly ahead of last year and ahead of our expectations, particularly in rail, where contract management benefits were around £3m higher than anticipated. Strong cash management resulted in the lowest level of net debt for five years, supporting our ability to invest in our business and maintain our dividend. Whilst rail remains difficult to predict, we now expect our full year operating profit across our rail and bus businesses to be higher than we previously anticipated and around the same as achieved last year (FY'10: £101.0m).

Financial Highlights**

Revenue increased by £63.8m, or 6.0%, to £1,132.2m (H1'10: £1,068.4m), primarily due to like-for-like passenger revenue growth of 7.0% in bus and 9.1% in rail.

Operating profit* was up 8.9% to £59.0m (H1'10: £54.2m), with a £2.6m increase in our bus division and an increase in rail of £2.2m. The rail operating profit* included £12m of contract management benefit, which was around £3m better than anticipated and included approximately £9m which is not expected to be repeated in the second half of the financial year. As anticipated, interest costs increased to £8.3m (H1'10: £4.2m) following the issue of our £200m sterling bond in March 2010. Profit before tax increased by 7.7% to £45.0m (H1'10: £41.8m) and adjusted earnings per share* were up 6.8% at 77.1p (H1'10: 72.2p).

Exceptional items were £0.6m before tax (H1'10: £2.2m). Net profit after tax for the period (including exceptional items and discontinued operations) was £36.5m (H1'10: £3.1m) and total earnings per share was 72.7p (H1'10: Loss 1.6p).

Cash generation remained strong and net debt was reduced from £88.3m at 3 July 2010 to £71.6m at the period end. On 3 February 2011 the Group signed a new revolving credit facility to refinance the previous £280m facility, expiring in November 2012, with a £275m five year facility, expiring in February 2016.

Dividends

The Board has maintained the underlying interim dividend at 25.5p, payable on 8 April 2011 to shareholders on the register at the close of business on 25 March 2011. Last year's interim dividend consisted of an underlying dividend of 25.5p plus an additional, one-off 25.5p paid with the interim rather than with the final dividend in advance of the 1 April 2010 change to taxation.

Governance

On 26 October 2010, it was announced that Keith Ludeman, Chief Executive, would retire on 4 July 2011 and would be replaced by David Brown, who joins the Group on 1 April 2011. On 22 November 2010, it was announced that Nick Swift, Group Finance Director, would be leaving the Group on 4 March 2011 to join British Airways. He will be replaced by Keith Down, who will start on 7 March 2011.

Sir Patrick Brown,
Chairman
17 February 2011

* Before amortisation and exceptional items
** The results for the current and comparative periods have been restated to exclude all of our ground handling and all of our cargo operations (discontinued operations) unless otherwise stated. This half year period consisted of 26 weeks compared to 27 weeks in the first half of last year

GROUP CHIEF EXECUTIVE'S REVIEW

This is a good set of results. We have grown our passenger numbers and maintained financial discipline, despite the challenges of the economy.

Keith Ludeman, Group Chief Executive

Our overall passenger numbers increased by 1.7% to well over a billion per annum. We believe that this is due to the quality and value for money our services offer and we are increasing our emphasis on customers and top-line growth in response to the weaker economic backdrop. Our aim is to maintain and enhance the quality of our services while demonstrating that public transport offers excellent value for money, particularly compared to the car where cost pressures for motorists continue to rise.

We are increasing our marketing efforts across the business, in particular highlighting the range of competitive deals and our market leading innovation and value. For example, in rail there is considerable potential to grow in the off-peak sector and we are offering a wide range of web-based promotions. In deregulated bus we are simplifying travel by rolling out smartcards on all our bus operations by the end of the financial year – a first for any UK operator. We have two main aims: to make travel easier and to offer a price promise on fares booked online.

As always, we have maintained our financial discipline throughout the period to ensure that the Group has a strong financial foundation for customers, employees and shareholders. In London bus, we have remained disciplined in our contract bidding to ensure that we earn an appropriate level of return on capital.

In deregulated bus we have worked closely with the Government to preserve a reasonable level of bus service operators' grant to rebate fuel duty. This will allow us to continue to invest in our operations and run comprehensive, high quality and cost effective networks. Rail remains challenging, and despite significant top line growth and good cost control, margins of 2-3%, which are not untypical for the sector, are not at the commercial level the industry needs in the long term. The franchise reform programme started by the Government should help deliver a combination of better services for customers and a more sustainable return for operators.

I am particularly pleased that we have delivered a year-on-year improvement in operating profit*, despite this period being one week shorter, and strong cash management has led to a further reduction in net debt to a five year low.

The period finished with the coldest December for 100 years, disrupting travel across Europe. Thanks to our employees, we managed to run almost all of our bus services and a large proportion of our rail operations. The main exception being three or four days of heavy snow when a significant part of our Southern and Southeastern franchises suffered from four main factors: ground based, third-rail electricity infrastructure which proved less resilient than overhead electricity supply used in other franchises; Network Rail's limited ability to provide track access in such extreme conditions; trains not designed for such low temperatures and hence failing; old, complex and inflexible industry communication systems which were inadequate to cope with such high levels of disruption. All these factors are under review by the industry and there are undoubtedly lessons to learn. For my part, I regret the inconvenience this caused our passengers.

Looking ahead, I believe that I will be leaving the Group in good shape and in good hands. The political and economic fundamentals of public transport remain strong. We are now firmly focused on bus and rail, with a strong cash position to support organic and acquisitive growth in the UK and North America while maintaining our dividend. We have an excellent team of managers and employees, sharply focused on providing outstanding local transport. I wish them well.

Keith Ludeman, Group Chief Executive
17 February 2011

FINANCIAL REVIEW

The period has seen us further develop a strong financial platform to support the dividend and investment in operations.

Nick Swift, Group Finance Director

Discontinued operations

Following the disposal of the remainder of our aviation services division during the period, the income statements for both the current period and comparative periods have been re-analysed between those operations which remain (continuing) and those which were sold (discontinued), with the net profit or loss from the latter shown as a one line item at the end of the income statement.

The narrative refers to continuing operations, therefore excluding discontinued operations, throughout this report unless otherwise stated. A full explanation of discontinued items is provided below.

EBITDA

Operating profit* was £59.0m (H1'10: £54.2m) and depreciation charges amounted to £23.9m (H1'10: £26.0m) giving an EBITDA of £82.9m (H1'10: £80.2m).

Pensions

Operating profit* includes the net cost of the Group's defined benefit pension plans for the period of £19.6m (H1'10: £18.1m) consisting of a service cost of £26.0m (H1'10: £22.1m) less a net financing benefit of £6.4m (H1'10: £4.0m). Company contributions to the schemes totalled £21.9m (H1'10: £20.2m).

The net deficit before taxation on the non-rail defined benefit schemes was £70.6m (3 July 2010: deficit £96.9m), equivalent to £51.6m after tax (3 July 2010: £69.8m). The decrease in deficit was primarily due to asset values outperforming in the period. The pre-tax deficit consisted of estimated liabilities of £530.3m (3 July 2010: £516.9m) less assets of £459.7m (3 July 2010: £420.0m). The percentage of assets held in higher risk, return seeking assets was de-risked in the period to 52% and further de-risked after the period to 47% (3 July 2010: 57%). The liability does not assume any change in future benefit indexation from RPI to CPI which is currently under review.

Rail Pensions

The rail pension schemes follow the Government's change from RPI to CPI, although the nature of these schemes means that we only recognise the share of surplus or deficit expected to be realised over the life of each franchise.

The change from RPI to CPI is expected to reduce the income statement charge from the start of the next financial year. The changes in other assumptions in the period have also been favourable, and would reduce next financial year's income statement charge to give a total benefit of around £5m per annum in the income statement over the remaining lives of the franchises.

Revenue and operating profit* by division

	H1'11 £m	H1'10 Restated £m	Increase/ (Decrease) £m	Increase/ (Decrease) %
Revenue				
Bus	320.6	314.3	6.3	2.0
Rail	811.6	754.1	57.5	7.6
Total	**1,132.2**	**1,068.4**	**63.8**	**6.0**
Operating profit*				
Bus	36.9	34.3	2.6	7.6
Rail	22.1	19.9	2.2	11.1
Total	**59.0**	**54.2**	**4.8**	**8.9**

* Before amortisation and exceptional items

Summary income statement

	H1'11 £m	H1'10 Restated £m	Increase/ (Decrease) £m	Increase/ (Decrease) %
Operating profit*	59.0	54.2	4.8	8.9
Net finance costs	(8.3)	(4.2)	(4.1)	(97.6)
Profit before tax*	50.7	50.0	0.7	1.4
Amortisation	(5.1)	(6.0)	0.9	15.0
Exceptional items	(0.6)	(2.2)	1.6	72.7
Profit before tax	45.0	41.8	3.2	7.7
Tax	(9.7)	(11.5)	1.8	15.7
Profit/(loss) for the period from continuing operations	35.3	30.3	5.0	16.5
Profit/(loss) from discontinued operations	1.2	(27.2)	28.4	n/a
Profit/(loss) for the period	36.5	3.1	33.4	n/a
Minority interest	5.3	3.8	1.5	39.5
Profit/(loss) attributable to members	31.2	(0.7)	31.9	n/a
Consisting of:				
Adjusted profit attributable to members*	33.1	31.0	2.1	6.8
Weighted average number of shares (m)	42.9	42.9	–	–
Adjusted earnings per share (p)	77.1	72.2	4.9	6.8
Proposed dividend per share (p)	25.5	51.0	(25.5)	(50.0)

* Before amortisation and exceptional items

At this stage, we have not assumed any corresponding reduction in cash contributions until agreed with trustees as part of the December 2010 triennial valuation discussions. On this basis, we have recorded a liability of £25.1m (3 July 2010: £nil), representing the discounted value of the additional cash contributions of around £5m per annum over the remaining lives of the franchises.

If the future cash contributions were to be agreed in line with the income statement charge, this liability would no longer be required and both the income statement charge and the cash contributions would reduce over the remaining lives of the franchises.

Net Finance Costs

The net finance costs for the period increased to £8.3m (H1'10: £4.2m), primarily due to interest on the sterling bond carrying a higher effective interest rate compared to those under the revolving credit facility during the previous period. The average net interest rate was 5.1% (H1'10: 1.8%) for the period. At 1 January 2011 the committed, undrawn facility totalled £222.0m and approximately 100% of gross debt was held under fixed interest rate facilities or agreements. On 3 February 2011 we refinanced our £280m revolving credit facility, due to expire in November 2012, with a £275m revolving credit facility expiring in February 2016. This new facility, together with our £200m bond expiring in September 2017, secures us significant medium term finance.

Goodwill and Intangible Amortisation

The charge for the period of £5.1m (H1'10: £6.0m) represents the non-cash cost of amortising goodwill and intangibles including assets associated with pension accounting for the rail franchises and computer costs.

Exceptional Items

Exceptional items for the period were £0.6m (H1'10: £2.2m), all of which (H1'10: £0.7m) related to additional ongoing depreciation on articulated buses which are being decommissioned early. There were no rail reorganisation costs in the period compared with £1.5m in the same period last year.

Taxation

The effective rate of taxation for the period was in line with medium term expectations at 26.6% (H1'10: 27.7%).

Minority Interest

The minority interest in the income statement of £5.3m (H1'10: £3.8m) arises from our 65% holding in Govia Limited which owns 100% of the rail operations and therefore represents 35% of the profit after taxation of these operations.

Discontinued Operations

As all of our aviation services division has now been discontinued there is no profit or loss from this division shown in continuing operations or exceptional charges in H1'11 or H1'10.

In the current period discontinued operations are minimal and have reported a net profit of £1.2m.

The discontinued exceptional cost of £35.8m for the first half of last year consists of a £3.5m net loss on the sale of the majority of the ground handling operations and pre-sale reorganisation costs of £32.3m which related to operations subsequently sold.

Earnings Per Share

The earnings per share analysis provides three measures: adjusted earnings per share (profit after tax, before amortisation and exceptional items and excluding discontinued items), continuing earnings per share (after amortisation and exceptional items) and total earnings per share (including discontinued operations). The latter two measures are significantly influenced by discontinued items in the prior period, and hence the adjusted earnings per share is provided to give a more "normalised" measure.

Adjusted earnings (net profit after tax on continuing operations attributable to members before amortisation and exceptional items) was £33.1m, ahead of the £31.0m achieved in the first half of last year, resulting in a 6.8% increase in adjusted earnings per share from 72.2p to 77.1p.

The weighted average number of shares remained at 42.9 million (H1'10: 42.9 million), as did the closing number of shares in issue, net of treasury shares.

Dividends

The Board has maintained the underlying interim dividend at 25.5p, payable on 8 April 2011 to shareholders on the register at the close of business on 25 March 2011. Last year's interim dividend consisted of an underlying 25.5p dividend plus an additional, one-off 25.5p paid with the interim rather than with the final dividend in advance of the 1 April 2010 change to taxation.

Dividends paid in the period represent the payment of last year's final dividend of 30.0p (H1'10: 55.5p), giving a total dividend in respect of the full year ended 3 July 2010 of 81.0p.

Cashflow

Cash generated from operations before taxation was £68.4m, a decrease of £37.5m compared with the same period last year (H1'10: £105.9m). This consisted of EBITDA of £82.9m (H1'10: £80.2m), less a net increase in working capital of £16.9m due to payments made just before the end of the period less other items of £2.4m totalling £14.5m (H1'10: £25.7m decrease).

Summary cashflow

	H1'11 £m	H1'10 £m	Increase/ (Decrease) £m
EBITDA*	82.9	80.2	2.7
Working capital/other	(14.5)	25.7	(40.2)
Cashflow generated from operations	68.4	105.9	(37.5)
Tax paid	(11.5)	(8.8)	(2.7)
Net interest paid	(7.0)	(4.2)	(2.8)
Net capital investment	(23.6)	(35.5)	11.9
Free cashflow	26.3	57.4	(31.1)
Investment in subsidiaries and JV's	(3.5)	(29.6)**	26.1
Sale of subsidiaries	10.9	–	10.9
Dividends paid	(16.6)	(23.8)	7.2
Share issues less share buybacks	(0.1)	–	(0.1)
Reclassification of cash held in disposal groups	(0.3)	–	(0.3)
Decrease in net debt	16.7	4.0	12.7
Opening net debt	(88.3)	(91.0)	
Closing net debt	(71.6)	(87.0)	

* Before amortisation and exceptional items (excluding discontinued operations)
** Includes cash and finance leases acquired

Tax paid of £11.5m (H1'10: £8.8m) was the final instalment of the 2009/10 tax year and the first instalment of the 2010/11 tax year. Net interest paid of £7.0m (H1'10: £4.2m) reflects the charge for the period of £8.3m (H1'10: £4.2m) adjusted for accrued amounts in respect of interest on the sterling bond. Capital expenditure, net of sale proceeds, totalled £23.6m (H1'10: £35.5m), equivalent to 99% of depreciation (H1'10: 129%).

Dividends paid to parent company shareholders amounted to £12.9m (H1'10: £23.8m) and dividends paid to minority interests were £3.7m (H1'10: £nil).

Capital structure

	H1'11 £m	H1'10 £m	H2'10 £m
Five year syndicated facility 2012	280.0	340.0	280.0
5.375% sterling bond 2017	200.0	0.0	200.0
Total available	480.0	340.0	480.0
Amount drawn down	258.0	230.0	303.0
Balance available	222.0	110.0	177.0
Restricted cash	191.9	179.1	204.0
Net debt	71.6	87.0	88.3
Adjusted net debt	263.5	266.1	292.3
EBITDA*	82.9	80.2	153.1
Adjusted net debt/EBITDA* (twelve month rolling basis)	1.69x	1.58x	1.91x

* Before amortisation and exceptional items (excluding discontinued operations)

Balance Sheet

Net debt at 1 January 2011 was £71.6m (2 January 2010: £87.0m). This consisted of £200m of 5.375% sterling bond due 2017 (H1'10: £nil), loans under the five year syndicated facility of £58.0m (H1'10: £230.0m), other bank loans of £4.0m (H1'10: £74.2m), hire purchase and lease agreements of £8.1m (H1'10: £14.8m), less cash and short term deposits of £198.5m (H1'10: £232.0m).

The core medium term financing for the Group is provided from two sources. Firstly, the Group issued its debut corporate bond in March 2010 to provide a £200m fully drawn sterling facility available until September 2017, which has fixed interest of 5.375% per annum. Secondly, the Group had a £280m five year syndicated loan facility, of which £222m was available at 1 January 2011 (3 July 2010: £177m; 2 January 2010: £110m). This facility was available until November 2012 and, subsequent to the period end, has been refinanced with a £275m syndicated facility available until 3 February 2016.

Adjusted net debt, consisting of net debt plus restricted cash in our rail division of £191.9m (H1'10: £179.1m), was £263.5m (H1'10: £266.1m), equivalent to 1.69x EBITDA* on a twelve month rolling basis (3 July 2010: 1.91x; H1'10: 1.58x).

Total equity was £(14.2)m at the end of the period compared to £(41.3)m at 3 July 2010. The increase of £27.1m consisted of the profit for the period, after exceptional items, taxation and minority interests of £36.5m; actuarial losses on the defined benefit pension plans of £1.4m and unrealised gains on financial instruments of £12.8m; tax liabilities recognised in equity of £4.3m plus other items of £0.1m; less dividends paid by the parent of £16.6m.

Risk Management

The risks and uncertainties described in the Group's annual financial statements for the year ended 3 July 2010 remain the principal risks and uncertainties for the Group, with the exception of risks related to the aviation services division which has now been sold.

The key risks and uncertainties can be summarised as major accident or incident; inappropriate strategy or investment; financial market instability, reduction in earnings due to excessive wage settlements, political or budgetary changes, increased pension scheme contributions required; bus fuel price increases; concessionary bus fare scheme agreements; economic downturn affects demand for our services; London bus contracts not renewed; and earnings volatility in Rail.

More details can be found on pages 23-25 of the "Directors' Report: Business Review" section of the Group Annual Report and Accounts, available on our website at www.go-ahead.com.

Nick Swift, Group Finance Director
17 February 2011

BUS

Our bus operations performed slightly ahead of expectations in the period, with an increase in both revenue and operating profit* compared to last year.

2010 BUS HIGHLIGHTS

	H1'11**	H1'11	H1'10
Revenue (£m)		320.6	314.3
Operating profit*(£m)		36.9	34.3
Margin		11.5%	10.9%
Revenue growth			
Deregulated	5.2%	8.9%	6.2%
Regulated	(4.9)%	(2.6)%	7.9%
Volume growth			
Deregulated – passenger journeys	1.8%	5.9%	4.7%
Regulated – miles operated	0.4%	(0.2)%	5.2%

* Before amortisation and exceptional items
** On a like-for-like basis, i.e. adjusting to 26 weeks in H1'10 and excluding acquisitions

Revenue increased by 2.0%, or £6.3m, to £320.6m (H1'10: £314.3m), including an increase of £16.6m, or 5.3%, from acquisitions and a decrease of £7.3m, or 2.3%, due to this period being one week shorter than the comparator period. Like-for-like revenue reduced by £3.0m, with the previously reported decline in London partly offset by continued growth in our deregulated operations.

Operating profit was £36.9m, up £2.6m or 7.6% (H1'10: £34.3m). This included an increase of £2.3m, or 6.7%, from acquisitions and a decrease of approximately £1.3m, or 3.8%, due to the shorter period. Like-for-like operating profit* increased by £1.6m or 4.7% with lower earnings in London offset by good performance outside London.

Overall operating profit* margin increased to 11.5%, 0.6 ppts above last year (H1'10: 10.9%).

Our operational quality remained high. We operated 97% of our target mileage in London and earned quality incentive bonuses of £4.4m, down on record levels last year (H1'10: £7.4m) but slightly ahead of expectations given the more challenging incentive regime. In our deregulated operations, overall punctuality was nearly 89% despite the poor weather conditions at the end of the period. Passenger journeys increased by 5.9%, or 1.8% on a like-for-like basis.

Our ongoing procurement, productivity and energy initiatives offset an increase in accident claims of £3m. First half fuel costs were fully hedged at 41p per litre (ppl) (H1'10: 47ppl), resulting in a first half like-for-like decrease in fuel cost of £3.5m before changes in duty and rebate.

Total depreciation for the division was £18.2m (H1'10: £17.7m) and net cash outflow from capital expenditure was £12.0m (H1'10: £28.8m). This capital expenditure included £9.2m on 57 new buses, with around 65% of these for use in London. We continue to prioritise investment in our bus operations, remain ahead of schedule to meet the requirements of the Disability Discrimination Act by 2012 and operate one of the youngest fleets in the sector.

Deregulated Bus Revenue

Good growth continued in our deregulated bus operations, with like-for-like increases in passenger numbers of 1.8% and in revenue of 5.2%. This was despite the challenging weather conditions at the end of the period, which reduced concessionary passenger numbers and increased full fare revenue as car users chose to travel by bus. We believe that underlying trends remain similar to the 3-4% per annum growth rates in passenger numbers and revenue experienced in the last two years. These trends were achieved across all eight of our markets, resulting in revenue and passenger numbers increasing in all of our operating companies compared to the same period last year.

Total passenger numbers increased by 5.9%, consisting of an increase of 7.9% due to acquisitions, a decrease of 3.8% due to the shorter period and a like-for-like increase of 1.8%. Total deregulated revenue increased by 8.9%, including 7.5% from acquisitions, a decrease of 3.8% due to the shorter period and a like-for-like increase of 5.2%. Almost all of the growth in passenger numbers was from fare paying customers.

Regulated Bus Revenue

Our regulated operations performed as expected, with first half mileage at similar levels to last year and revenue below last year due to the previously reported reduction in contract prices and quality incentive payments on renewed contracts which started in January 2010.

Total mileage was 0.2% less than last year, with acquisitions broadly offsetting the impact of the shorter period. Total regulated revenue was down £4.8m, or 2.6%, consisting of an increase of 3.6% due to acquisitions, a decrease of 1.3% due to the shorter period and a like-for-like decrease of 4.9%. Payments under the quality incentive contracts (QIC) were slightly better than expected, albeit down by £3.0m at £4.4m (H1'10: £7.4m), due to Transport for London's (TfL) removal of the QIC2 incentives for bus cleanliness and driving quality (which generated £2.5m last year), and more demanding targets for QIC bonuses in new contracts. We continue to perform well in the TfL quality league tables and operated above our 99% target mileage level before traffic congestion losses. Contract renewals were relatively stable during the period, reflecting our disciplined approach to contract bidding: we won new contracts worth 24 peak vehicle requirements (PVR), retained 358 PVR and lost 58 PVR.

North American Yellow School Bus

Our 50:50 joint venture company with Cook-Illinois, formed to pursue potential opportunities in the yellow school bus market in North America, began operating its first two contracts in St Louis, Missouri in August 2010. To date the contracts are performing in line with expectations, although the financial results from these operations are not yet significant and hence appear as break-even in the financial statements.

Cook-Illinois is a long established and highly regarded operator based near Chicago and careful, cautious expansion opportunities are being sought by the joint venture. We are well placed to exploit growth opportunities in this significant market.

Outlook

We are pleased with the first half performance and expect our bus operations to remain robust.

We will continue to offer fares at levels that represent good value for our customers in order to increase commercial passenger numbers and further promote the value for money of our bus operations. We want to improve awareness through marketing campaigns, increase use of websites to guarantee lowest fares and make travel easier by rolling out smartcards to all of our bus operations by the end of the year.

Changes to concessionary reimbursement rates from April 2011 present some limited risk to our deregulated operations. We are working closely with the Government to avoid any reductions which might lead to fare increases or network reductions. In addition, the Competition Commission continues its study of the local deregulated bus market and is expected to report its preliminary findings before the end of our financial year.

We expect our second half London bus performance to be similar to the second half of last year as we pass the anniversary of the lower margin London bus contracts which started in early 2010.

We will continue with our strong cost control. Our fuel requirements are fully hedged for the second half at 41ppl, fully hedged for FY'12 at 41ppl and 25% hedged for the following year to June 2013 at 42ppl. We will also continue to invest in our bus operations with a total capex spend of around £40m expected for the full year.

RAIL

Our rail division, owned 65% through our rail joint venture Govia, has outperformed our expectations with operating profit of £22.1m (H1'10: £19.9m).

2010 RAIL HIGHLIGHTS

	H1'11**	H1'11	H1'10
Revenue (£m)		811.6	754.1
Operating profit*(£m)		22.1	19.9
Margin		2.7%	2.6%
Passenger revenue growth			
Southern	7.1%	2.9%	10.0%
Southeastern	12.0%	7.3%	3.9%
London Midland	7.1%	3.7%	11.0%
Volume growth			
Southern	3.4%	0.2%	4.1%
Southeastern	5.6%	1.3%	(2.0)%
London Midland	4.3%	0.9%	6.4%

* Before amortisation and exceptional items
** On a like-for-like basis, i.e. adjusting to 26 weeks in H1'10 and excluding acquisitions

Total revenue increased by 7.6%, or £57.5m, to £811.6m (H1'10: £754.1m), consisting of an increase in passenger revenue of £29.1m, or 4.8%, a decrease in other revenue of £6.6m, or 9.3%, and an increase in subsidy from the Department for Transport (DfT) of £35.0m, less premium paid to the DfT by Southern of £20.1m to give a net increase of £14.9m. This consisted of an additional £42.4m to partly offset the additional cost of High Speed 1 (HS1) and an underlying reduction in net subsidy of £27.5m.

The underlying increase in passenger revenue, when adjusting for the shorter period, was £52.7m, or 9.1%, with passenger volumes up 4.4%.

Operating profit* was slightly ahead of our expectations at £22.1m, and ahead of the first half of last year (H1'10: £19.9m).

Ongoing contract management resulted in an estimated first half saving of £12m, around £3m higher than anticipated, of which approximately £9m is not expected to repeat in the second half of the financial year.

Operating profit* margin increased to 2.7% (H1'10: 2.6%).

Total depreciation for the rail division was £5.7m (H1'10: £8.3m) and net capital expenditure was £10.2m (H1'10: £6.9m), of which £6.4m related to London Midland, £3.0m to Southern and £0.8m to Southeastern. Full year capital expenditure is expected to be around £20m.

Southern

Overall, first half passenger revenue was up 2.9% to £274.0m (H1'10: £266.3m), underpinned by passenger growth of 0.2%. Adjusting this for the shorter period gives a like-for-like increase in passenger revenue of 7.1% and passenger journey growth of 3.4%, with some reduction on the Gatwick Express more than offset by a good performance on the core Southern network.

Our public performance measure (PPM) was affected by the adverse weather disruption to the network at the end of the period, but overall our PPM showed that 88% (H1'10: 91%) of our trains arrived on time and our customer satisfaction rating remained at 82% (H1'10: 82%). We continue to make good progress with our committed obligations, capital investment and other franchise bid initiatives. To date, operating profit* has been slightly ahead of bid levels.

Southeastern

Passenger revenue continued to grow, partly aided by additional capacity of around 5%, including the full HS1 service throughout the period, compared to only one month of the full service last year. Passenger revenue increased by 7.3% to £262.1m (H1'10: £244.4m) and passenger numbers increased by 1.3%. Adjusting for the shorter period gives a like-for-like increase in passenger revenue of 12.0% and passenger journey growth of 5.6%. The franchise has been in 80% revenue support with the Government since 1 April 2010 and is assumed to remain in revenue support until the franchise ends in March 2014.

Southeastern's PPM was 88% (H1'10: 91%) for on time arrivals and a customer satisfaction rating of 80% (H1'10: 80%) for the period

We have made good progress with contract management in this franchise, which has resulted in a modest operating profit* in Southeastern, ahead of our expectations.

London Midland

Revenue performance remained good in the period, with passenger revenue increasing by 3.7% to £98.2m (H1'10: £94.8m), underpinned by increased passenger volumes of 0.9%. Adjusting this for the shorter period gives a like-for-like increase in passenger revenue of 7.1% and passenger journey growth of 4.3%.

PPM was 88% (H1'10: 90%) and our customer satisfaction reduced slightly from last year's record performance of 87% to 86% in the period.

Cost control remains a key requirement to break-even in this franchise and initiatives continue towards delivering this objective.

Outlook

While we have performed well in the first half of the year, the outlook for rail is difficult to predict given the economic uncertainty and the rigidity and complexity of the franchise model.

We expect the first half revenue growth trends to continue in the second half, although we are assuming that the mix will change to a more modest rise in passenger numbers and a greater revenue yield following the January fare increase. We do not benefit from these fare increases as they are effectively passed on to the Government through a reduction in subsidy.

We will continue with our management action and investment programmes and will also further increase our marketing campaigns such as Loco Toledo in Southern. We have also fixed around 50% of the electricity for traction (EC4T) costs to March 2013 and 25% for the year to March 2014, at prices around 3% below current market levels.

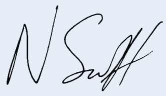
We will also continue to work closely with the Government on franchise reform, Network Rail restructuring and value for money initiatives, with a view to delivering a combination of better services for customers and a more sustainable return to operators.

Responsibility statements

We confirm that to the best of our knowledge:

- the interim financial statements have been prepared in accordance with IAS34 'Interim Financial Reporting';
- the interim management report includes a fair review of the information required by the Financial Services Authority's Disclosure and Transparency Rules ('DTR') 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board



Nick Swift, Group Finance Director
17 February 2011

Cautionary statement

This report is addressed to shareholders of The Go-Ahead Group plc and has been prepared solely to provide information to them.

This half yearly report is intended to inform the shareholders of the Group's performance during the six months to 1 January 2011 and this report and the announcement under which it was released do not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Go-Ahead Group shares or other securities. This report contains forward looking statements based on knowledge and information available to the Directors at the date the report was prepared. These statements should be treated with caution due to the inherent uncertainties underlying any such forward looking information and any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

INTERIM CONSOLIDATED INCOME STATEMENT

for the six months ended 1 January 2011

	Notes	**Six months to 1 Jan 11 £m Unaudited**	Restated Six months to 2 Jan 10 £m Unaudited	Restated Year to 3 Jul 10 £m Audited
Group revenue	4	**1,132.2**	1,068.4	2,167.3
Operating costs (excluding amortisation and exceptional items)		**(1,073.2)**	(1,014.2)	(2,066.3)
Group operating profit (before amortisation and exceptional items)	4	**59.0**	54.2	101.0
Goodwill and intangible amortisation		**(5.1)**	(6.0)	(10.9)
Exceptional items (before taxation)	5	**(0.6)**	(2.2)	(11.0)
Group operating profit (after amortisation and exceptional items)		**53.3**	46.0	79.1
Finance revenue		**0.7**	0.9	1.6
Finance costs		**(9.0)**	(5.1)	(14.9)
Profit from continuing operations before taxation		**45.0**	41.8	65.8
Tax expense	6	**(9.7)**	(11.5)	(14.5)
Profit for the period from continuing operations		**35.3**	30.3	51.3
Discontinued operations				
Profit/(loss) for the period from discontinued operations	8	**1.2**	(27.2)	(27.8)
Profit for the period		**36.5**	3.1	23.5
Attributable to:				
Equity holders of the parent		**31.2**	(0.7)	17.2
Non-controlling interests		**5.3**	3.8	6.3
		36.5	3.1	23.5
Earnings per share from continuing operations				
– basic and diluted	7	**69.9p**	61.7p	104.8p
– adjusted	7	**77.1p**	72.2p	126.9p
Earnings/(loss) per share from total operations				
– basic and diluted	7	**72.7p**	(1.6p)	40.1p
– adjusted		**79.2p**	78.0p	135.1p
Dividend paid (pence per share)	11	**30.0p**	55.5p	106.5p
Dividend proposed (pence per share)	11	**25.5p**	51.0p	30.0p

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 1 January 2011

	Six months to 1 Jan 11 £m Unaudited	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Profit for the period	**36.5**	3.1	23.5
Other comprehensive income			
Actuarial losses on defined benefit pension plans	**(1.4)**	(9.1)	(22.5)
Unrealised gains on cashflow hedges	**11.8**	3.9	1.8
Losses on cashflow hedges taken to income statement – operating costs	**1.0**	8.5	16.3
Tax recognised in other comprehensive income	**(3.3)**	(1.0)	0.8
Effect of changes in tax rates and laws	**(1.0)**	–	–
Other comprehensive income for the period, net of tax	**7.1**	2.3	(3.6)
Total comprehensive income for the period	**43.6**	5.4	19.9
Attributable to:			
Equity holders of the parent	**44.2**	(0.3)	11.9
Non-controlling interests	**(0.6)**	5.7	8.0
	43.6	5.4	19.9

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 1 January 2011

	Share capital	Reserve for own shares	Hedging reserve	Other reserve	Capital redemption reserve	Retained earnings	Total equity	Non-controlling interests	Total
At 27 June 2009	71.9	(68.8)	(10.5)	1.6	0.7	(14.0)	(19.1)	9.6	(9.5)
Total comprehensive income	–	–	12.5	–	–	(0.6)	11.9	8.0	19.9
Share based payment charge	–	–	–	–	–	0.7	0.7	–	0.7
Dividends	–	–	–	–	–	(45.7)	(45.7)	(6.6)	(52.3)
Acquisition of own shares	–	(0.3)	–	–	–	–	(0.3)	–	(0.3)
Arising on shares issued for share options	0.2	–	–	–	–	–	0.2	–	0.2
Reserve transfer	–	0.1	–	–	–	(0.1)	–	–	–
At 3 July 2010	72.1	(69.0)	2.0	1.6	0.7	(59.7)	(52.3)	11.0	(41.3)
Total comprehensive income	–	–	8.8	–	–	35.4	44.2	(0.6)	43.6
Share based payment charge	–	–	–	–	–	0.2	0.2	–	0.2
Dividends	–	–	–	–	–	(12.9)	(12.9)	(3.7)	(16.6)
Acquisition of own shares	–	(0.1)	–	–	–	–	(0.1)	–	(0.1)
At 1 January 2011	72.1	(69.1)	10.8	1.6	0.7	(37.0)	(20.9)	6.7	(14.2)

	Share capital	Reserve for own shares	Hedging reserve	Other reserve	Capital redemption reserve	Retained earnings	Total equity	Non-controlling interests	Total
At 27 June 2009	71.9	(68.8)	(10.5)	1.6	0.7	(14.0)	(19.1)	9.6	(9.5)
Total comprehensive income	–	–	8.6	–	–	(8.9)	(0.3)	5.7	5.4
Share based payment charge	–	–	–	–	–	0.4	0.4	–	0.4
Dividends	–	–	–	–	–	(23.8)	(23.8)	–	(23.8)
Acquisition of own shares	–	(0.2)	–	–	–	–	(0.2)	–	(0.2)
Arising on shares issued for share options	0.2	–	–	–	–	–	0.2	–	0.2
At 2 January 2010	72.1	(69.0)	(1.9)	1.6	0.7	(46.3)	(42.8)	15.3	(27.5)

INTERIM CONSOLIDATED BALANCE SHEET
as at 1 January 2011

	Notes	1 Jan 11 £m Unaudited	2 Jan 10 £m Unaudited	3 Jul 10 £m Audited
Assets				
Non-current assets				
Property, plant and equipment		**410.6**	422.8	415.9
Intangible assets		**102.7**	107.1	108.6
Trade and other receivables		**1.9**	2.4	1.8
Investment in joint venture		**4.2**	–	0.7
Other financial assets		**5.7**	4.2	4.3
Deferred tax assets		**25.8**	23.0	27.1
		550.9	559.5	558.4
Current assets				
Inventories		**15.0**	13.8	12.9
Trade and other receivables		**195.5**	200.8	188.8
Cash and short term deposits		**199.1**	235.4	235.8
Other financial assets		**9.2**	2.2	3.0
		418.8	452.2	440.5
Assets classified as held for sale		**3.9**	59.8	1.7
Assets held in disposal groups held for sale	8	**4.1**	30.8	10.2
		8.0	90.6	11.9
Total assets		**977.7**	1,102.3	1,010.8
Liabilities				
Current liabilities				
Trade and other payables		**(490.4)**	(560.3)	(493.7)
Other financial liabilities		**(3.8)**	(10.7)	(7.9)
Interest-bearing loans and borrowings		**(8.5)**	(25.6)	(17.1)
Current tax liabilities		**(20.6)**	(18.2)	(20.4)
Provisions	12	**(14.1)**	(11.8)	(12.0)
		(537.4)	(626.6)	(551.1)
Non-current liabilities				
Interest-bearing loans and borrowings		**(259.7)**	(295.2)	(303.9)
Retirement benefit obligations	9	**(95.7)**	(90.6)	(96.9)
Other financial liabilities		**(1.2)**	(4.6)	(3.3)
Deferred tax liabilities		**(63.5)**	(66.0)	(65.6)
Other liabilities		**(10.9)**	(9.3)	(5.3)
Provisions	12	**(14.0)**	(8.4)	(8.1)
		(445.0)	(474.1)	(483.1)
Liabilities held in disposal groups held for sale	8	**(9.5)**	(29.1)	(17.9)
Total liabilities		**(991.9)**	(1,129.8)	(1,052.1)
Net liabilities		**(14.2)**	(27.5)	(41.3)
Capital & reserves				
Share capital		**72.1**	72.1	72.1
Reserve for own shares		**(69.1)**	(69.0)	(69.0)
Hedging reserve		**10.8**	(1.9)	2.0
Other reserves		**1.6**	1.6	1.6
Capital redemption reserve		**0.7**	0.7	0.7
Retained earnings		**(37.0)**	(46.3)	(59.7)
Total shareholders' equity		**(20.9)**	(42.8)	(52.3)
Non-controlling interests		**6.7**	15.3	11.0
Total equity		**(14.2)**	(27.5)	(41.3)

INTERIM CONSOLIDATED CASHFLOW STATEMENT

for the six months ended 1 January 2011

	Notes	**Six months to 1 Jan 11 £m Unaudited**	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Profit after tax from continuing operations		**35.3**	30.3	51.3
Profit/(loss) after tax from discontinued operations		**1.2**	(27.2)	(27.8)
Profit after tax for the period		**36.5**	3.1	23.5
Net finance costs		**8.3**	4.2	13.3
Tax expense	6	**9.3**	6.2	10.8
Depreciation of property, plant and equipment		**23.9**	27.5	52.1
Amortisation of goodwill and intangible assets		**5.1**	6.1	10.9
Other non-cash exceptional items		**(0.2)**	33.8	35.8
Ineffective interest swap hedge		**(0.4)**	–	0.8
Fuel hedge operating costs – non-cash		**(0.8)**		
Profit on sale of property, plant and equipment		**(0.6)**	(1.0)	(0.2)
Share based payments		**0.2**	0.4	0.7
Difference between pension contributions paid and amounts recognised in the income statement		**(2.3)**	(2.1)	(6.9)
Movement in provisions		**8.5**	2.6	14.3
Purchase of assets held for disposal		**(2.3)**	(57.6)	–
Sale of assets held for disposal		**0.1**	7.5	8.1
(Increase)/decrease in inventories		**(2.0)**	(0.7)	0.2
Increase in trade and other receivables		**(7.7)**	(21.0)	(10.6)
(Decrease)/increase in trade and other payables		**(7.2)**	96.9	7.8
Cashflow generated from operations		**68.4**	105.9	160.6
Taxation paid		**(11.5)**	(8.8)	(18.8)
Net cashflows from operating activities		**56.9**	97.1	141.8
Interest received		**0.6**	0.9	1.6
Proceeds from sale of property, plant and equipment		**0.9**	4.2	5.7
Purchase of property, plant and equipment		**(23.0)**	(38.0)	(58.1)
Purchase of intangible assets		**(1.5)**	(1.7)	(2.3)
Investment in subsidiaries		**–**	(29.0)	(35.2)
Proceeds from sale of subsidiaries		**11.2**	–	14.8
Investment in joint venture		**(3.5)**	–	(0.7)
Cash acquired with subsidiaries		**–**	1.1	2.0
Cash associated with disposal		**(0.3)**	–	(0.1)
Net cashflows used in investing activities		**(15.6)**	(62.5)	(72.3)
Interest paid		**(7.6)**	(5.1)	(12.3)
Dividends paid to members of the parent	11	**(12.9)**	(23.8)	(45.7)
Dividends paid to minority interests		**(3.7)**	–	(6.6)
Proceeds from issue of shares		**–**	0.2	0.2
Payment to acquire own shares		**(0.1)**	(0.2)	(0.3)
Repayment of borrowings		**(46.6)**	(20.8)	(216.4)
Proceeds from borrowings		**–**	50.0	50.0
Proceeds from bond financing		**–**	–	200.0
Payment of finance lease and hire purchase liabilities		**(1.9)**	(5.0)	(10.5)
Net cash outflows on financing activities		**(72.8)**	(4.7)	(41.6)
Net (decrease)/increase in cash and cash equivalents		**(31.5)**	29.9	27.9
Cash and cash equivalents at start of period	10	**230.0**	202.1	202.1
Cash and cash equivalents at end of period	10	**198.5**	232.0	230.0

1. Corporate information

The Go-Ahead Group plc is a public limited company that is incorporated, domiciled and has its registered office in England. Its ordinary shares are publicly traded and it is not under the control of any single shareholder.

2. Basis of preparation

The condensed financial statements for the six months ended 1 January 2011 have been prepared in accordance with the DTR of the Financial Services Authority and IAS 34, 'Interim Financial Reporting', as adopted by the European Union. The condensed financial information has been prepared using the same accounting policies and methods of computation used to prepare the Group's 2010 Annual Report as described on pages 83 to 88 of that report which can be found on the Group's website at www.go-ahead.com, except for the adoption of new standards and interpretations, noted below. The annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union.

The following new standards or interpretations are mandatory for the first time for the financial year ending 2 July 2011:

- IFRS3 'Business combinations (revised)'
- IAS27 'Consolidated and separate financial statements (amendment)'
- IAS32 'Financial Instruments: Classification of rights issues (amendment)'
- IAS39 'Financial Instruments: Recognition and measurement – eligible hedge items (amendment)'
- IFRIC17 'Distribution of non-cash assets to owners'
- IFRIC18 'Transfers of assets from customers'
- IFRIC19 'Extinguishing financial liabilities with equity instruments'
- Improvements to IFRS 2009

The adoption of IAS27 'Consolidated and separate financial statements (amendment)' has required the reclassification of minority interests as non-controlling interests. Also, any transactions with non-controlling interests that do not result in gaining or losing control will be accounted for as equity transactions.

The adoption of the other standards and interpretations listed above did not have a material impact on the financial performance or position of the Group.

In accordance with IFRS5 'Non-current assets held for sale and discontinued operations', the Group has classified the results of the residual ground handling activities at Heathrow Terminal 1 and Meteor parking operations as discontinued and accordingly the comparatives in the income statement and related notes have been restated. The above treatment is a result of the sale during the period of the above operations.

The financial information for the six months ended 1 January 2011 and the comparative financial information for the six months ended 2 January 2010 has not been audited, but has been reviewed by the auditors. The comparative financial information for the year ended 3 July 2010 has been extracted from the 2010 Annual Report and Accounts. The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006 and does not reflect all of the information contained in the Group's Annual Report and financial statements. The annual financial statements for the year ended 3 July 2010, which were approved by the Board of Directors on 1 September 2010, received an unqualified audit report, did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

3. Risks and uncertainties

The Board of Directors approved this report including the condensed financial statements on 17 February 2011. The risks and uncertainties described in the Operating and Financial Review for the year ended 3 July 2010 remain the principal risks affecting the Group's business for the second six months of the financial year ended 2 July 2011, with the exception of the loss of key aviation services contracts which is no longer a significant risk to the Group.

The preparation of the financial statements requires the use of estimates and assumptions. Although these estimates are based on management's best knowledge, actual results ultimately may differ from these estimates. The key sources of estimation uncertainty are consistent with those disclosed in the Group's Annual Report.

The Group's operations do not suffer from significant seasonal demand fluctuations.

4. Segmental analysis

For management purposes, the Group is now organised into two divisions, Bus and Rail, which form the basis of the Group's reportable operating segments. Operating segments within those divisions are combined on the basis of their similar long term characteristics and similar nature of their products, services and end users, as follows;

The Bus division comprises regulated bus operations in London and deregulated operations in the north east, Oxford, the south east, the south west, Norfolk and southern England.

The Rail operation, Govia, is 65% owned by Go-Ahead and 35% by Keolis and comprises three rail franchises: Southern, Southeastern and London Midland.

The Group also has a 50% investment in a US school bus operation valued at £4.2m, which began trading in August 2010.

Management monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. The operating segments disclosed in the interim financial statements are the same as reported to the Chief Operating Decision Maker. Segment performance is evaluated based on operating profit or loss excluding amortisation of goodwill and intangible assets and exceptional items.

The following tables present revenue and profit information regarding the Group's reportable segments for the six months ended 1 January 2011, the six months ended 2 January 2010 and the year ended 3 July 2010. Information relating to prior periods has been restated to reflect the disposal of the Aviation services division that is now classified as discontinued operations.

4. Segmental analysis continued

Six months ended 1 January 2011 (unaudited)

	Bus £m	Rail £m	Total continuing operations £m	Total discontinued operations (Note 8) £m	Total operations £m
Segment revenue	332.0	813.6	1,145.6	7.1	1,152.7
Inter-segment revenue	(11.4)	(2.0)	(13.4)	–	(13.4)
Group revenue	320.6	811.6	1,132.2	7.1	1,139.3
Segment profit – Group operating profit (before amortisation and exceptional items)	36.9	22.1	59.0	–	59.0
Goodwill and intangible amortisation	(1.3)	(3.8)	(5.1)	–	(5.1)
Exceptional items	(0.6)	–	(0.6)	0.8	0.2
Group operating profit (after amortisation and exceptional items)	35.0	18.3	53.3	0.8	54.1
Net finance costs			(8.3)	–	(8.3)
Profit before tax and non-controlling interests			45.0	0.8	45.8
Tax (expense)/credit			(9.7)	0.4	(9.3)
Profit for the period			35.3	1.2	36.5

Six months ended 2 January 2010 (unaudited)

	Bus £m	Rail £m	Total continuing operations £m	Total discontinued operations (Note 8) £m	Total operations £m
Segment revenue	324.8	760.1	1,084.9	100.0	1,184.9
Inter-segment revenue	(10.5)	(6.0)	(16.5)	(1.8)	(18.3)
Group revenue	314.3	754.1	1,068.4	98.2	1,166.6
Segment profit – Group operating profit (before amortisation and exceptional items)	34.3	19.9	54.2	3.4	57.6
Goodwill and intangible amortisation	(1.0)	(5.0)	(6.0)	(0.1)	(6.1)
Exceptional items	(0.7)	(1.5)	(2.2)	(35.8)	(38.0)
Group operating profit/(loss) (after amortisation and exceptional items)	32.6	13.4	46.0	(32.5)	13.5
Net finance costs			(4.2)	–	(4.2)
Profit/(loss) before tax and non-controlling interests			41.8	(32.5)	9.3
Tax (expense)/credit			(11.5)	5.3	(6.2)
Profit/(loss) for the period			30.3	(27.2)	3.1

Year ended 3 July 2010 (audited)

	Bus £m	Rail £m	Total continuing operations £m	Total discontinued operations (Note 8) £m	Total operations £m
Segment revenue	650.9	1,546.0	2,196.9	136.2	2,333.1
Inter-segment revenue	(21.4)	(8.2)	(29.6)	(3.4)	(33.0)
Group revenue	629.5	1,537.8	2,167.3	132.8	2,300.1
Segment profit – Group operating profit (before amortisation and exceptional items)	63.7	37.3	101.0	4.5	105.5
Goodwill and intangible amortisation	(2.3)	(8.6)	(10.9)	(0.1)	(11.0)
Exceptional items	(4.3)	(6.7)	(11.0)	(35.8)	(46.8)
Group operating profit/(loss) (after amortisation and exceptional items)	57.1	22.0	79.1	(31.4)	47.7
Net finance costs			(13.3)	(0.1)	(13.4)
Profit/(loss) before tax and non-controlling interests			65.8	(31.5)	34.3
Tax (expense)/credit			(14.5)	3.7	(10.8)
Profit/(loss) for the year			51.3	(27.8)	23.5

4. Segmental analysis continued
Total segment assets

The following table presents segment assets as at 1 January 2011 and as at 3 July 2010.

	1 Jan 11 £m Unaudited	3 Jul 10 £m Audited
Bus	**518.3**	511.6
Rail	**429.2**	450.4
Discontinued operations	**4.1**	21.7
Total segment assets	**951.6**	983.7
Cash and short term deposits	**0.3**	–
Deferred tax	**25.8**	27.1
Total consolidated assets	**977.7**	1,010.8

At 1 January 2011, there were non-current assets of £4.2m relating to US operations, made up entirely of equity accounted investments in Go-Ahead North America, a 50:50 joint venture with Cook-Illinois which commenced trading in August 2010. For the half year, trading results for this venture are currently at break even levels.

During the six months to 1 January 2011 the Group incurred capital expenditure of £22.2m (H1'10: £36.1m) on tangible fixed assets of which £12.0m (H1'10: £28.8m) related to the bus division, £10.2m (H1'10: £6.9m) related to rail division, and a further £0.4m related to discontinued operations in the comparative period.

During the six months to 1 January 2011 the depreciation charge for the Group was £23.9m (H1'10: £27.6m) of which £18.2m (H1'10: £17.7m) related to the bus division and £5.7m (H1'10: £8.3m) related to the rail division and a further £1.6m related to discontinued operations in the comparative period.

5. Exceptional items

Exceptional items are significant items of income and expense which are shown separately due to their nature or expected frequency. The following costs have been included within exceptional costs due to their relative size and management's anticipation of their non-recurring nature.

	Six months to 1 Jan 11 £m Unaudited	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Continuing operations			
Bus and rail related items:			
Rail reorganisation costs	**–**	(1.5)	(6.7)
London bus accelerated depreciation	**(0.6)**	(0.7)	(2.6)
Bus reorganisation costs	**–**	–	(0.8)
Onerous bus leases	**–**	–	(0.9)
Total exceptional items on continuing operations	**(0.6)**	(2.2)	(11.0)
Discontinued operations			
Loss on sale:			
Agreed proceeds	**11.2**	15.0	14.8
Less net assets sold	**(5.2)**	(8.1)	(17.8)
Less sale provision	**(5.7)**	(10.4)	(10.1)
Net profit/(loss) on sale	**0.3**	(3.5)	(13.1)
Pre-sale reorganisation costs	**0.5**	(2.7)	(2.6)
Onerous contracts	**–**	(11.8)	(6.1)
Pension scheme curtailment gain	**–**	–	2.2
Pre-sale impairments	**–**	(17.8)	(16.2)
Total exceptional items on discontinued operations	**0.8**	(35.8)	(35.8)
Total exceptional items	**0.2**	(38.0)	(46.8)
Consisting of:			
Non-cash items in the period	**(11.0)**	(33.8)	(50.6)
Cash proceeds	**11.2**	–	14.8
	0.2	(33.8)	(35.8)
Cash items in the period	**–**	(4.2)	(11.0)
Total	**0.2**	(38.0)	(46.8)

5. Exceptional items continued

Exceptional items on continuing operations for the period were £0.6m (H1'10: £2.2m) consisting of accelerated depreciation in respect of articulated London buses (H1'10: £0.7m) which are being phased out over the next year. In the prior period rail restructuring costs of £1.5m were also incurred.

The discontinued exceptional income of £0.8m (H1'10 expense: £35.8m) consists of net profit on the sale of residual elements of the ground handling operations and Meteor parking operations and adjustments to the provisions in respect of the pre-sale reorganisation costs which related to operations sold in the prior period. The discontinued exceptional cost of £35.8m for the first half of last year consists of a £3.5m net loss on the sale of the majority of the ground handling operations and pre-sale reorganisation costs of £32.3m which relates to operations subsequently sold.

6. Taxation

The total taxation charge including discontinued operations is made up as follows:

	Six months to 1 Jan 11 £m Unaudited	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Current tax charge	**12.2**	8.0	16.1
Adjustments in respect of current tax of previous years	**(0.2)**	0.1	0.2
	12.0	8.1	16.3
Deferred tax relating to origination and reversal of temporary differences in the year at 27% (2010: 28%)	**(0.5)**	(1.9)	(5.5)
Impact of opening deferred tax rate reduction	**(2.2)**	–	–
Total tax including discontinued operations	**9.3**	6.2	10.8
Tax on discontinued operations	**(0.4)**	(5.3)	(3.7)
Tax on continuing operations	**9.7**	11.5	14.5

The taxation charge has been calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period after adjusting for exceptional items.

	Six months to 1 Jan 11 £m Unaudited	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Tax charges	**11.8**	13.0	21.2
Impact of opening deferred tax rate reduction	**(2.2)**	–	–
Tax on exceptional items	**(0.3)**	(6.8)	(10.4)
	9.3	6.2	10.8

A reduction in the UK corporation tax rate from 28% to 27% with effect from 1 April 2011 was enacted during the period. The Government has announced its intention to further reduce the UK corporation tax rate to 24% by 2014. If this reduction had been enacted by 1 January 2011 the Group's deferred tax liability would have been reduced by a further £3.8m to £30.6m.

The Group's future tax charges will also be affected by the Government's intention to reduce the main rates of capital allowances from 20% to 18% and from 10% to 8% with effect from April 2012.

Tax on exceptional items represents the tax credits relating to the exceptional items in the income statement.

7. Earnings per share
Basic and diluted earnings/(loss) per share

	Six months to 1 Jan 11 Unaudited	Six months to 2 Jan 10 Unaudited	Year to 3 Jul 10 Audited
Net profit/(loss) on total operations attributable to equity holders of the parent (£m)	**31.2**	(0.7)	17.2
Consisting of:			
Adjusted earnings on continuing operations attributable to equity holders of the parent (£m)	**33.1**	31.0	54.5
Exceptional items after taxation and non-controlling interests (£m)	**(0.4)**	(1.2)	(3.6)
Amortisation after taxation and non-controlling interests (£m)	**(2.7)**	(3.3)	(5.9)
Basic and diluted earnings on continuing operations attributable to equity holders of the parent (£m)	**30.0**	26.5	45.0
Profit/(loss) on discontinued operations attributable to equity holders of the parent (£m)	**1.2**	(27.2)	(27.8)
Basic and diluted earnings/(loss) on total operations attributable to equity holders of the parent (£m)	**31.2**	(0.7)	17.2
Weighted average shares in issue ('000)	**42,925**	42,940	42,938
Earnings per share:			
Adjusted earnings per share from continuing operations (pence per share)	**77.1**	72.2	126.9
Basic and diluted earnings per share from continuing operations (pence per share)	**69.9**	61.7	104.8
Basic and diluted earnings/(loss) per share from total operations (pence per share)	**72.7**	(1.6)	40.1

The weighted average number of shares in issue excludes treasury shares held by the company, and shares held in trust for the Directors' Long Term Incentive Plan.

No shares were bought back and cancelled by the Group in the period from 1 January 2011 to 17 February 2011.

The effect of potentially issuable shares is anti-dilutive in all periods presented and as such basic and diluted (loss)/earnings per share are the same in each period.

The effect of taxation and non-controlling interests on exceptional items and amortisation is shown on the next page for each of the periods.

7. Earnings per share continued

Adjusted earnings per share

Adjusted earnings per share is presented to eliminate the impact of goodwill and intangible amortisation and non-recurring exceptional items to show a 'normalised' earnings per share. For continuing operations, this is analysed as follows:

	Profit for the period £m Unaudited	**Exceptional items £m Unaudited**	Amortisation £m Unaudited	**Six months to 1 Jan 11 Total £m Unaudited**
Profit before taxation from continuing operations	**45.0**	**0.6**	**5.1**	**50.7**
Less: Taxation	**(9.7)**	**(0.2)**	**(1.4)**	**(11.3)**
Less: Non-controlling interests	**(5.3)**	**–**	**(1.0)**	**(6.3)**
Adjusted profit from continuing operations attributable to equity holders of the parent	**30.0**	**0.4**	**2.7**	**33.1**
Adjusted earnings per share from continuing operations (pence per share)				**77.1**

	Profit for the period £m Unaudited	Exceptional items £m Unaudited	Amortisation £m Unaudited	Six months to 2 Jan 10 Total £m Unaudited
Profit before taxation from continuing operations	41.8	2.2	6.0	50.0
Less: Taxation	(11.5)	(0.6)	(1.4)	(13.5)
Less: Non-controlling interests	(3.8)	(0.4)	(1.3)	(5.5)
Adjusted profit from continuing operations attributable to equity holders of the parent	26.5	1.2	3.3	31.0
Adjusted earnings per share from continuing operations (pence per share)				72.2

	Profit for the year £m Audited	Exceptional items £m Audited	Amortisation £m Audited	Year to 3 Jul 10 Total £m Audited
Profit before taxation from continuing operations	65.8	11.0	10.9	87.7
Less: Taxation	(14.5)	(5.7)	(2.7)	(22.9)
Less: Non-controlling interests	(6.3)	(1.7)	(2.3)	(10.3)
Adjusted profit from continuing operations attributable to equity holders of the parent	45.0	3.6	5.9	54.5
Adjusted earnings per share from continuing operations (pence per share)				126.9

8. Discontinued operations

The disposal of our aviation services division was completed during the period with the sale of our Meteor parking operations and the agreed sale of the residual ground handling activities at Heathrow Terminal 1 for a combined consideration of £11.2m. All of our aviation services division has been reclassified as discontinued.

In the prior year, the majority of the Group's ground handling and cargo operations were sold for £14.8m consideration.

	Six months to 1 Jan 11 £m Unaudited	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Revenue	**7.1**	98.2	132.8
Operating costs (excluding amortisation and exceptional items)	**(7.1)**	(94.8)	(128.3)
Operating profit (before amortisation and exceptional items)	**–**	3.4	4.5
Goodwill and intangible amortisation	**–**	(0.1)	(0.1)
Exceptional items	**0.5**	(32.3)	(22.7)
Operating profit/(loss) (after amortisation and exceptional items)	**0.5**	(29.0)	(18.3)
Net finance costs	**–**	–	(0.1)
Profit/(loss) from discontinued operations before taxation	**0.5**	(29.0)	(18.4)
Profit/(loss) on disposal of discontinued operations	**0.3**	(3.5)	(13.1)
Taxation	**0.4**	5.3	3.7
Profit/(loss) for the period from discontinued operations	**1.2**	(27.2)	(27.8)
Profit/(loss) per share from discontinued operations			
– basic and diluted	**2.8p**	(63.3p)	(64.7p)

	1 Jan 11 £m Unaudited
Assets	
Non-current assets	
Deferred tax asset	**3.3**
	3.3
Current assets	
Inventories	**0.1**
Trade and other receivables	**0.7**
	0.8
Total assets	**4.1**
Liabilities	
Current liabilities	
Trade and other payables	**(9.5)**
Total liabilities	**(9.5)**
Net liabilities	**(5.4)**

9. Pensions

Retirement benefit obligations consist of the following:

	Non-rail £m Unaudited	Rail £m Unaudited	1 Jan 2011 Total £m Unaudited	Non-rail £m Audited	Rail £m Audited	3 Jul 2011 Total £m Audited
Pre-tax pension liabilities	**(70.6)**	**(25.1)**	**(95.7)**	**(96.9)**	–	**(96.9)**
Deferred tax asset	**19.0**	**6.8**	**25.8**	**27.1**	–	**27.1**
Post-tax pension scheme liabilities	**(51.6)**	**(18.3)**	**(69.9)**	**(69.8)**	–	**(69.8)**

The net deficit before taxation on the non-rail defined benefit scheme was £70.6m (3 July 2010: £96.9m), consisting of estimated liabilities of £530.3m (3 July 2010: £516.9m) less assets of £459.7m (3 July 2010: £420.0m).

The rail pension schemes follow the Government's change from RPI to CPI, although the nature of these schemes means that we only recognise the share of surplus or deficit expected to be realised over the life of each franchise.

The change from RPI to CPI is expected to reduce the income statement charge from the start of the next financial year. The changes in other assumptions in the period have also been favourable, and would reduce next financial year's income statement charge, to give a total benefit of around £5m per annum in the income statement over the remaining lives of the franchises.

At this stage, we have not assumed any corresponding reduction in cash contributions until agreed with trustees as part of the December 2010 triennial valuation discussions. On this basis, we have recorded a liability of £25.1m (3 July 2010:£nil), representing the discounted value of the additional cash contribution of around £5m per annum over the remaining lives of the franchises. If the future cash contributions were to be agreed in line with the income statement charge, this liability would no longer be required and both the income statement charge and the cash contributions would reduce over the remaining lives of the franchises.

The net deficit on the pension schemes was calculated based on the following assumptions.

	Six months to 1 Jan 11 % Unaudited	Year to 3 Jul 10 % Audited
Retail price index inflation	**3.6**	3.3
Consumer price index inflation	**2.8**	–
Discount rate	**5.5**	5.3
Rate of increase in salaries	**4.6**	4.3
Rate of increase of pensions in payment and deferred pension* linked to RPI	**3.4**	3.3
Rate of increase of pensions in payment and deferred pension* linked to CPI	**2.8**	–

*in excess of any Guaranteed Minimum Pension (GMP) element

The most significant non-financial assumption is the assumed rate of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of a male member of each pension scheme at age 65.

	1 Jan 11 Years Unaudited	Rail 3 Jul 10 Years Audited	1 Jan 11 Years Unaudited	Non-rail 3 Jul 10 Years Audited
Pensioner	**20**	20	**19**	19
Non Pensioner	**22**	22	**20**	20

Sensitivity analysis

The following is an approximate sensitivity analysis of the impact of the change in the key assumptions calculated as at 3 July 2010. In isolation the following adjustments would adjust the pension deficit and cost as shown.

	Non-rail 2010 Pension deficit £m	Non-rail 2010 Pension cost £m
Discount factor – increase of 0.1%	(9.2)	(0.2)
Price inflation – increase of 0.1%	8.0	0.6
Rate of increase in salaries – increase of 0.1%	1.8	0.1
Rate of increase of pension in payment – increase of 0.1%	4.9	0.4
Increase in life expectancy of pensioners or non pensioners by 1 year	18.2	1.7

10. Notes to the cashflow statement
Analysis of Group net debt (unaudited)

	Cash and cash equivalents £m Unaudited	Syndicated loan facility £m Unaudited	Term loans £m Unaudited	Hire purchase / finance leases £m Unaudited	£200m Sterling Bond £m Unaudited	Total £m Unaudited
3 July 2010	230.3	(103.0)	(5.6)	(10.0)	(200.0)	(88.3)
Cashflow	(31.8)	45.0	1.6	1.9	–	16.7
1 January 2011	198.5	(58.0)	(4.0)	(8.1)	(200.0)	(71.6)

Cash and cash equivalents includes overdrafts amounting to £0.6m (3 July 2010: £5.8m) and amounts held by rail companies which can be distributed subject to DfT dispensation, up to the value of distributable reserves. As at 1 January 2011, balances amounting to £191.9m (3 July 2010: £204.0m) were restricted.

Deferred income for season tickets sold in advance was £97.0m (3 July 2010: £95.5m).

On 3 February 2011 the Group entered into a new £275.0m five year syndicated loan facility. The debt is unsecured and interest is charged at LIBOR + Margin, where the margin is dependant upon the gearing of the Group and the intended use of the borrowings.

11. Dividends paid and proposed

	Six months to 1 Jan 11 £m Unaudited	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Declared and paid during the period			
Equity dividends on ordinary shares:			
Final dividend for 2010: 30.0p per share (2009: 55.5p)	12.9	23.8	23.8
Interim dividend for 2010: 51.0p per share	–	–	21.9
	12.9	23.8	45.7

	Six months to 1 Jan 11 £m Unaudited	Six months to 2 Jan 10 £m Unaudited	Year to 3 Jul 10 £m Audited
Dividend proposed (not recognised as a liability)			
Equity dividends on ordinary shares:			
Interim dividend for 2011: 25.5p per share (2010: 51.0p)	11.0	21.9	12.9

12. Provisions

	Depots £m Unaudited	Onerous Contracts £m Unaudited	Franchise Commitments £m Unaudited	Total £m Unaudited
At 3 July 2010	7.3	1.6	11.2	20.1
Provided	–	–	8.7	8.7
Utilised	–	(0.1)	–	(0.1)
Disposals (aviation services)	–	(0.6)	–	(0.6)
At 1 Jan 2011	7.3	0.9	19.9	28.1

	1 Jan 11 £m Unaudited	3 Jul 10 £m Audited
Current	14.1	12.0
Non current	14.0	8.1
	28.1	20.1

The onerous contracts provision was created in the bus division to cover the costs of operating lease commitments on routes served by articulated buses which are being phased out.

Franchise commitments comprise contractual obligations arising in connection with franchise delivery where the amounts payable are subject to ongoing disputes.

The depot provisions represent ongoing legal actions relating to planning consent issues and are expected to be incurred within five years. Onerous contracts provisions are expected to be incurred within three years. Franchise commitment provisions are expected to be incurred within three years.

13. Changes in commitments and contingencies

Capital commitments

Capital commitments contracted but not provided at 1 January 2011 were £46.0m (3 July 2010: £10.4m).

Performance bonds

The Group has provided bank guaranteed performance bonds of £89.0m (3 July 2010: £111.0m), and season ticket bonds of £122.6m (3 July 2010: £116.7m) to the DfT in support of the Group's rail franchise operations.

14. Statement of changes in equity

The reserve for own shares is in respect of 3,984,401 (3 July 2010: 3,976,025) ordinary shares (8.5% of share capital), of which 82,171 (3 July 2010: 73,795) are held for Directors' bonus plans. The remaining shares were purchased in order to enhance shareholders' returns and are being held as treasury shares for future issue in appropriate circumstances.

During the six months ended 1 January 2011 the company has repurchased 8,376 shares for a consideration of £0.1m (year ended 3 July 2010: 26,447 shares repurchased for a consideration of £0.3m). No shares were cancelled in the period (year ended 3 July 2010: no shares cancelled).

At 1 January 2011 there were 46,906,000 ordinary shares in issue (3 July 2010: 46,906,000).

15. Related party transactions

There are no related party transactions or changes since the last year end that could have a material effect on the Group's financial position or performance for the period.

The Group has a 50% interest in Go-Ahead North America LLC (3 July 2010: 50%). Other than an additional investment of £3.5m, giving an interest at the period end of £4.2m (3 July 2010: £0.7m), there were no transactions between the Group and Go-Ahead North America LLC during the first half of the financial year.

DIRECTORS AND ADVISORS

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Sir Patrick Brown	Chairman (Non-Executive)
Keith Ludeman	Group Chief Executive
Nick Swift	Group Finance Director
Andrew Allner	Non-Executive Director
Katherine Innes Ker	Non-Executive Director
Rupert Pennant-Rea	Non-Executive Director / Senior Independent Director

Company Secretary

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INDEPENDENT REVIEW REPORT TO THE GO-AHEAD GROUP PLC

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 1 January 2011 which comprises the Interim Consolidated Income Statement, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Statement of Changes in Equity, Interim Consolidated Balance Sheet, Interim Consolidated Cashflow Statement, and the related notes 1 to 15. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' 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 half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 1 January 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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London
17 February 2011

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