Half Year Report
for the six months ended 2 January 2010

Go-Ahead

On track

Go-Ahead is a leading UK public transport group, operating primarily in the UK bus and rail sectors.

Group overview

Bus

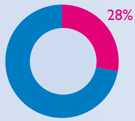
(100% owned)

Go-Ahead is one of the UK's largest bus operators. With a fleet of over 3,500 buses, we carry, on average, around 1.6 million passengers every day. We have a strong presence in London, with around 21% market share, and also operate in the North East, Oxford, the South East and Southern England.

Revenue (£m)

£314.3m

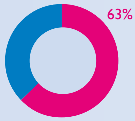
H1'09: **£291.9m** H1'08: **£277.0m**



Operating profit (£m)*

£34.3m

H1'09: **£31.4m** H1'08: **£33.7m**



Rail

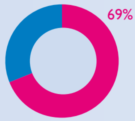
(65% owned)

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.

Revenue (£m)

£754.1m

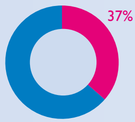
H1'09: **£818.0m** H1'08: **£616.5m**



Operating profit (£m)*

£19.9m

H1'09: **£34.9m** H1'08: **£31.4m**



Aviation Services

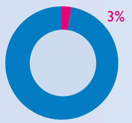
(100% owned)

In order for Go-Ahead to focus on its core bus and rail operations, the Group recently disposed of the majority of its aviation ground and cargo handling operations. The Group continues to provide car parking services through Meteor Parking, and operates limited ground handling contracts at Heathrow Terminal 1.

Revenue (£m)

£28.6m

H1'09: **£38.8m†** H1'08: **£134.4m**



Operating profit (£m)*

£0.0m

H1'09: **£(0.7)m†** H1'08: **(0.6)**

Operational highlights

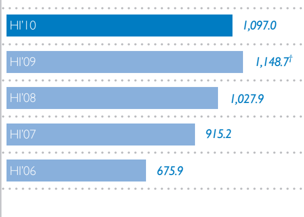
- *Retention of the Southern rail franchise*
- *Successful launch of the UK's first domestic high speed rail service*
- *Investment of £29m in three UK bus acquisitions*
- *Establishment of a Yellow School Bus joint venture in North America*
- *Disposal of the majority of our loss-making aviation ground handling and cargo operations*

Financial summary

Financial summary	Six months to 2 Jan 10	Six months to 27 Dec 08 restated	Increase/ (decrease)	Increase/ (decrease) (%)
Revenue (£m)	**1,097.0**	1,148.7	(51.7)	(4.5)
Operating profit (£m)*	**54.2**	65.6	(11.4)	(17.4)
Profit before tax (£m)*	**50.0**	59.9	(9.9)	(16.5)
Profit before tax (£m)	**12.0**	40.3	(28.3)	(70.2)
Cashflow generated from operations (£m)	**105.9**	79.9	26.0	32.5
Basic earnings per share (p)	**(1.6)**	(42.9)	41.3	96.3
Adjusted earnings per share (p)*	**72.2**	80.6	(8.4)	(10.4)
Dividend proposed per share (p)	**51.0**	25.5	25.5	100.0
Net debt (£m)	**87.0**	182.5	(95.5)	(52.3)

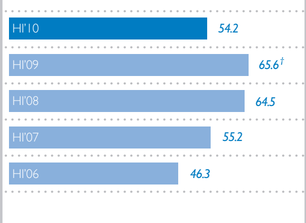
Revenue (£m)

£1,097.0m



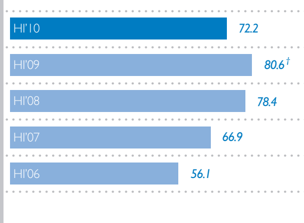
Operating profit (£m)*

£54.2m



Adjusted earnings per share (p)*

72.2p



* Before amortisation of £6.1m and exceptional items of £31.9m.
** Keolis is a French-based operator of passenger transport services which is majority-owned by the French national railway SNCF.
† Restated to exclude the majority of our ground handling and all of our cargo operations sold at the end of January 2010.

On track

Sir Patrick Brown, *Chairman*

The first half of this financial year marked significant progress in delivering our strategy for the Group, namely:

- Retention of the Southern rail franchise
- Successful launch of the UK's first domestic high speed rail service
- Investment of £29m in three UK bus acquisitions
- Establishment of a Yellow School Bus joint venture in North America
- Disposal of the majority of our loss-making aviation ground handling and cargo operations

We are also pleased with the operational and financial achievements in the period, despite the difficult economic environment, and we remain confident in our expectations for the full year results.

*Financial summary***

Revenue for the period was £1,097.0m (H1'09: £1,148.7m) and operating profit* was slightly ahead of our expectations at £54.2m (H1'09: £65.6m).

The decrease in revenue of £51.7m, or 4.5%, was due to a profit neutral change across the rail industry in the way that network rail access charges are paid, amounting to a reduction of £117.5m in subsidy revenue with a corresponding reduction in costs. Excluding this change, revenue increased by £65.8m, or 5.7%, primarily due to continued growth in passenger revenue of 7.7% in bus and of 7.6% in rail.

Operating profit* for the period was around £3m ahead of expectations, of which £1m was due to better than expected quality incentive payments in our regulated bus operations and £2m was a timing benefit arising from cost savings secured a little earlier than expected in rail. The decrease of £11.4m, or 17.4%, against the first half of last year consisted of an increase in our bus division of £2.9m, a reduction in rail of £15.0m and an increase of £0.7m in our retained aviation services division operations (primarily ground handling activities at Heathrow Terminal 1 and our Meteor parking operations).

Profit before tax* was £50.0m (H1'09: £59.9m) and adjusted earnings per share* were 72.2p, 10.4% below last year (H1'09: 80.6p). Total exceptional items in the period totalled £38.0m before tax, slightly better than our previous estimate of £41m. Most of the items related to the aviation services division and £33.8m were non-cash items. Net profit after tax for the period (including exceptional items and discontinued operations) was £3.1m (H1'09: loss £10.6m) and total loss per share was 1.6p (H1'09: loss 42.9p).

Cash generation remained strong, with cashflow generated from total operations of £105.9m compared to total EBITDA of £85.1m (including £3.9m for discontinued operations), and net debt reduced from £91.0m at the end of June 2009 to £87.0m at the period end, significantly below the Dec 08 balance of £182.5m.

Dividends

The Board has decided to make a one-off increase in the proportion of the total dividend for the year paid as an interim dividend (prior to the end of the current income tax year), with a corresponding reduction in the proportion paid as a final dividend. Accordingly, the interim payment will increase by 25.5p to 51.0p (H1'09: 25.5p), payable on 1 April 2010 to shareholders on the register at the close of business on 19 March 2010.

This timing change results in a payment of around £11.0m approximately six months earlier than usual, has a relatively small impact on our overall earnings and cashflows and the Board believes is in the best interests of our shareholders. The Board has not changed its overall dividend policy and expects to return to its traditional dividend distribution weighting of approximately one third at the interim stage and two thirds as a final dividend in the next financial year.

Outlook

At this stage of the year, we have not changed our expectations for the full year results.

We remain cautious on the outlook for the UK economy and will continue to take management action accordingly.

Second half results for our bus division are expected to remain robust, albeit at levels below the record first half of this year. This primarily reflects an expected reduction in London operating profit* due to both lower expected QIC revenue and the natural expiry of a number of contracts with relatively high operating margins which have been renewed at more normal margins. The following financial year is expected to benefit from a full year of contributions from acquisitions and a fully hedged fuel benefit of around £6m.

The outlook for rail continues to be difficult to predict, although we believe that we have a good portfolio of three, carefully selected commuter franchises. The Southern franchise was secured on current and prudent economic assumptions; we are making good progress with our bid initiatives and continue to target passenger revenue increase of around 5% for the full year in line with our bid. In Southeastern, it remains too early to assess the impact of the new timetable, including high speed, but trends to date are broadly in line with expectations. We continue to target mid single digit percentage increases in passenger revenue for the full year in this franchise and expect to receive revenue support in Southeastern from 1 April 2010. Improvements in our smaller London Midland franchise are ongoing.

Overall, recent strategic progress means we are now well placed to focus on our bus and rail operations. Our devolved management structure supports strong local attention to organic growth and makes us a potentially attractive acquirer of locally branded UK bus operations. We will seek to replicate a similar structure as we carefully build our Yellow School bus operations with our joint venture partner in North America. We believe that UK rail remains a fundamentally attractive market and will continue to work closely with stakeholders to deliver high quality services.

Our cashflow and balance sheet remain strong and supportive of our dividend policy, and our financing is secure through to 2012. We will continue with our focus on service quality, cost savings and financial discipline and remain confident in the underlying strengths of our business.

Sir Patrick Brown,
Chairman
24 February 2010

* *Before amortisation and exceptional items*

** *The results for the current and comparative periods have been restated to exclude the majority of our ground handling and all of our cargo operations sold at the end of January 2010 (discontinued operations) unless otherwise stated. This half year period consisted of 27 weeks compared to 26 weeks in the first half of last year. The additional week, ended 2 January 2010, had limited impact on the results given the poor weather and holidays during that time.*

Strategy drives growth

Keith Ludeman, Group Chief Executive

Overview of operating performance

We are pleased with the way the Group has responded to the current economic challenges and we have made good operational and strategic progress.

Bus

Our bus operations remained strong, delivering revenue growth of 7.7% and an operating profit* of £34.3m which was £2.9m, or 9.2% ahead of last year. This was achieved through a combination of high quality services, cost control and investment in existing and new operations.

Our operational quality remained high. We operated over 99.6% (before losses due to congestion) of our target mileage in London and earned record quality incentive revenue. In our deregulated operations, overall punctuality was nearly 90% and passenger journeys increased by 4.7%.

We made further progress with cost control, delivering estimated savings of £4.7m in the period, including improvements in fuel consumption.

Net investment in our current operations included £25.2m of capital expenditure. In addition, we invested £29.0m in three UK acquisitions in the period, and formed a new joint venture to pursue potential opportunities for yellow school bus contracts in North America.

Rail

To date, overall trends in rail have been broadly in line with our expectations, with continued passenger revenue growth and cost saving initiatives partly offsetting underlying reductions in subsidy in each franchise.

Total passenger revenue increased by 7.6% across the three franchises and operating profit* was £19.9m compared to £34.9m in the first half of last year, slightly higher than expected due to the favourable timing of cost savings.

Revenue and operating profit by division*

	H1'10 (£m)	H1'09 (£m) restated	Increase/ (decrease) (£m)	Increase/ (decrease) (%)
Revenue				
Bus	**314.3**	291.9	22.4	7.7
Rail	**754.1**	818.0	(63.9)	(7.8)
Aviation Services	**28.6**	38.8	(10.2)	(26.3)
Total	**1,097.0**	1,148.7	(51.7)	(4.5)
*Operating profit/(loss)**				
Bus	**34.3**	31.4	2.9	9.2
Rail	**19.9**	34.9	(15.0)	(43.0)
Aviation Services	**0.0**	(0.7)	0.7	n/a
Total	**54.2**	65.6	(11.4)	(17.4)

Operational performance remained good despite the poor weather at the end of the period. Our recently retained Southern franchise is trading in line with bid assumptions. In Southeastern, early indications from the December 2009 introduction of the new timetable and high speed services are broadly in line with expectations and we expect downside protection in this franchise through revenue support from 1 April 2010. In London Midland, we have made significant operational improvement and are targeting further cost savings.

Aviation services

We completed the sale of the majority of our aviation services at the end of January 2010 and are reviewing options for our remaining aviation ground handling operations at Heathrow Terminal 1. Our Meteor parking business performed as expected.

Keith Ludeman,
Group Chief Executive
24 February 2010

* *Before amortisation and exceptional items.*

Financially strong

Nick Swift, *Group Finance Director*

Discontinued operations

Following the disposal of the majority of our aviation ground handling and cargo operations, the income statements for both the current period and comparative periods are analysed between those operations which remain (continued) and those which were sold (discontinued), with the net profit or loss from the latter then 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 £54.2m (H1'09: £65.6m), depreciation charges on continued operations amounted to £27.0m (H1'09: £23.4m) giving EBITDA of £81.2m (H1'09: £89.0m).

Pensions+

Operating profit*+ includes the net cost of the Group's defined benefit pension plans for the period of £18.1m (H1'09: £18.4m) consisting of a service cost of £22.1m (H1'09: £24.1m) less a net financing benefit of £4.0m (H1'09: £5.7m). Company contributions to the schemes totalled £20.2m (H1'09: £19.2m).

The net deficit before taxation on the non rail defined benefit schemes was £90.6m (27 June 2009: deficit £76.0m), equivalent to £65.2m after tax (27 June 09: £54.7m). The increase in deficit was primarily due to a reduction in the discount rate from 6.3% to 5.7%, reflecting the reduction in corporate bond yields. The pre-tax deficit consisted of estimated liabilities of £501.3m (27 June 2009: £428.7m) less assets of £410.7m (27 June 2009: £352.7m). The net deficit on the rail schemes was £nil (27 June 2009: £7.5m).

Summary income statement

	HI'10 (£m)	HI'09 restated (£m)	Increase/ (decrease) (%)	Increase/ (decrease) (%)
Operating profit*+	**54.2**	65.6	(11.4)	(17.4)
Net finance costs+	**(4.2)**	(5.7)	1.5	26.3
Profit before tax*+	**50.0**	59.9	(9.9)	(16.5)
Amortisation+	**(6.1)**	(5.9)	(0.2)	(3.4)
Exceptional items+	**(31.9)**	(13.7)	(18.2)	(132.8)
Profit before tax+	**12.0**	40.3	(28.3)	(70.2)
Tax+	**(7.7)**	(11.0)	3.3	30.0
Exceptional tax+	**–**	(8.6)	8.6	n/a
Profit/(loss) for the period from continuing operations	**4.3**	20.7	(16.4)	(79.2)
Loss from discontinued operations	**(1.2)**	(31.3)	30.1	n/a
Profit/(loss) for the period	**3.1**	(10.6)	13.7	n/a
Minority interest	**(3.8)**	(7.8)	4.0	51.3
Loss attributable to members	**(0.7)**	(18.4)	17.7	n/a
Consisting of:				
Adjusted profit attributable to members*+	**31.0**	34.6	(3.6)	(10.4)
Weighted average number of shares (m)	**42.9**	42.9	–	–
Adjusted earnings per share (p)	**72.2**	80.6	(8.4)	(10.4)
Proposed dividend per share (p)	**51.0**	25.5	–	–

Net finance costs+
The net finance costs+ for the period reduced to £4.2m (H1'09: £5.7m), primarily due to a reduction in the average net interest rates to 1.8% (H1'09: 5.6%). At December 2009, approximately 50% of gross debt was held under fixed interest rate agreements.

Goodwill and intangible amortisation+
The charge for the period of £6.1m (H1'09: £5.9m) represents the non cash cost of amortising goodwill and intangibles including assets associated with pension accounting for the rail franchises and computer costs.

* Before amortisation and exceptional items.
\+ Excluding discontinued operations.

Exceptional items+

Exceptional items+ (relating to continuing operations) for the period were £31.9m (H1'09: £13.7m), of which £30.3m were non-cash items in the period.

A total provision of £13.5m was made for the residual ground handling operations at Heathrow Terminal 1, primarily to cover estimated losses from October 2009 to the end of the remaining life of the contracts in 2011. The equivalent period last year included £4.8m of exceptional reorganisation costs associated with this part of the business.

During the six months ended 2 January 2010, an impairment review of the Meteor Parking business was undertaken, resulting in a goodwill impairment charge of £16.2m.

Bus and rail related exceptional items totalled a cost of £2.2m, consisting of £1.5m of rail restructuring costs and £0.7m of accelerated depreciation in respect of the articulated London buses which are being phased out over the next two years and are expected to incur a further exceptional depreciation charge of around £2.5m over that period. Last year included a charge of £8.9m relating to fuel hedge accounting.

Taxation

The effective rate of taxation for the period was 27.7% (H1'09: 27.5%) before exceptional items.

Tax on exceptional items reflects the tax credits available for those elements of the exceptional items that are deductible for tax purposes. Last year included an exceptional tax charge of £8.6m due to a change in legislation.

Minority interest

The minority interest in the income statement of £3.8m (H1'09: £7.8m) 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

The net loss from discontinued operations was £1.2m (H1'09: £31.3m), consisting of an operating profit of £3.4m (H1'09: loss £1.0m), an exceptional charge of £6.1m (H1'09: charge £36.1m) and taxation benefit of £1.5m (H1'09: benefit £5.9m).

The discontinued operating profit of £3.4m represents the underlying earnings of the operations sold in the period compared to a loss of £1.0m in the previous year, in part reflecting the cost saving progress made in the past twelve months.

The discontinued exceptional charge of £6.1m consists of a net loss on sale of £3.5m and pre-sale reorganisation costs of £2.6m. The loss on sale represents sale proceeds of £15.0m, less net book value of assets sold of £8.1m and provisions of £10.4m.

The discontinued exceptional cost of £36.1m for the first half of last year consisted of £2.1m of reorganisation costs and £34.0m of impairment cost attributed to these operations.

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) and total earnings per share (including discontinued operations). The latter two measures are significantly influenced by exceptional items, and hence the adjusted eps 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 £31.0m, slightly below the £34.6m achieved in the first of last year resulting in a 10.4% reduction in adjusted eps from 80.6p to 72.2p.

The weighted average number of shares remained at 42.9 million (H1'09: 42.9 million), as did the closing number of shares in issue, net of treasury shares.

Dividends

The Board has decided to make a one-off increase in the proportion of the total dividend for the year paid as an interim dividend (prior to the end of the current income tax year), with a corresponding reduction in the proportion paid as a final dividend. Accordingly, the interim payment will increase by 25.5p to 51.0p (H1'09: 25.5p), payable on 1 April 2010 to shareholders on the register at the close of business on 19 March 2010.

This timing change results in a payment of around £11.0m approximately six months earlier than usual, has a relatively small impact on our overall earnings and cashflows and the Board believes is in the best interests of our shareholders. The Board has not changed its overall dividend policy and expects to return to its traditional dividend distribution weighting of approximately one third at the interim stage and two thirds as a final dividend in the next financial year.

Summary cashflow

	H1'10 (£m)	H1'09 (£m)	Increase (£m)
EBITDA*	85.1	90.1	(5.0)
Working capital/other	20.8	(10.2)	31.0
Cash flow generated from operations	105.9	79.9	26.0
Tax paid	(8.8)	(0.3)	(8.5)
Net interest paid	(4.2)	(5.9)	1.7
Net capital investment	(35.5)	(25.8)	(9.7)
Free cash flow	57.4	47.9	9.5
Net acquisitions (including acquired debt) less disposals**	(29.6)	–	(29.6)
Dividends paid	(23.8)	(33.2)	9.4
Share issues less share buybacks	–	0.6	(0.6)
Decrease in net debt	4.0	(15.3)	
Opening net debt	(91.0)	(197.8)	
Closing net debt	(87.0)	(182.5)	

* Before amortisation and exceptional items (including discontinued operations).
** Includes cash and finance lease acquired.

Capital structure

	Jan 10 (£m)	*Dec 08 (£m)*
Five year syndicated facility 2012	***340.0***	*340.0*
Amount drawn down	***230.0***	*221.0*
Balance available	***110.0***	*119.0*
Restricted cash	***179.1***	*106.3*
Net debt	***87.0***	*182.5*
Adjusted net debt	***266.1***	*288.8*
*EBITDA**	***85.1***	*90.1*
Adjusted net debt/EBITDA (twelve month rolling basis)*	***1.58x***	*1.48x*

Cashflow

Cash generated from operations before taxation was £105.9m, an increase of £26.0m compared with the same period last year (H1'09: £79.9m). This consisted of EBITDA of £85.1m (H1'09: £90.1m), plus a net decrease in working capital and other items of £20.8m (H1'09: £10.2m increase), primarily due to the repayment of a rolling stock deposit of £20m.

Tax paid of £8.8m (H1'09: £0.3m) was the final instalment of the 2008/09 tax year and the first instalment of the 2009/10 tax year. The increase compared with the same period last year was caused largely by a £5.2m refund in the same period last year relating to prior years' tax. Net interest paid of £4.2m (H1'09: £5.9m) reflects the charge for the period of £4.2m (H1'09: £5.7m). Capital expenditure, net of sale proceeds, totalled £35.5m (H1'09: £25.8m), equivalent to 129% of depreciation (H1'09: 101%).

Dividends paid to parent company shareholders amounted to £23.8m (H1'09: £23.8m) and dividends paid to minority interests were £Nil (H1'09: £9.4m).

Balance sheet

Net debt at 2 January 2010 was £87.0m (December 2008: £182.5m). This consisted of loans under the five year syndicated facility of £230.0m (December 2008: £221.0m), other bank loans notes of £74.2m (December 2008: £41.1m), hire purchase and lease agreements of £14.8m (December 2008: £25.7m), less cash and short term deposits of £232.0m (December 2008: £105.3m).

The core medium term financing for the Group is provided by the £340m five year syndicated loan facility, of which £110m was available at December 2009 (June 2009: £101m; December 2008: £119m). This facility is available until December 2012.

During the period the Group entered into three new term loan arrangements providing £50m additional medium term financing until 2012.

Adjusted net debt, consisting of net debt plus restricted cash in our rail division of £179.1m (December 2008: £106.3m), was £266.1m (December 2008: £288.8m), equivalent to 1.58x EBITDA* (June 2009: 1.57x; December 2008: 1.48x)

Total equity was £(27.5)m at the end of the period compared to £(9.5)m at 27 June 2009. The reduction of £18.0m consisted of the profit for the period, after exceptional items, of £3.1m; actuarial losses on the defined benefit pension plans of £9.1m and unrealised gains on financial instruments of £12.4m; tax liabilities recognised in equity of £1.0m and other items of £0.4m; less dividends paid by the parent of £23.8m.

Risk management

The risks and uncertainties described in the Group's annual financial statements for the year ended 27 June 2009 remain the principal risks and uncertainties for the Group, with the exception of the loss of key aviation services contracts which is no longer a significant risk to the Group.

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; earnings volatility in Rail; new Southeastern timetable not meeting bid expectations; profit improvement plans in Southern franchise bid not delivered.

More details can be found on pages 19-20 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
24 February 2010

* *Before amortisation and exceptional items (including discontinued operations).*

Bus

Highlights

	H1'10	H1'09	FY'09
Revenue (£m)	**314.3**	291.9	584.7
Operating profit (£m)*	**34.3**	31.4	66.6
Margin	**10.9%**	10.8%	11.4%
Revenue growth			
Regulated	**7.9%**	8.5%	6.1%
Deregulated	**6.2%**	6.6%	6.4%
Volume growth			
Regulated – miles operated	**5.2%**	6.4%	1.8%
Deregulated – passenger journeys	**4.7%**	3.6%	2.9%

Our bus operations performed well in the period, combining a strong like-for-like performance with contributions from acquisitions.

Revenue increased by 7.7%, or £22.4m, to £314.3m (H1'09: £291.9m), consisting of £7.7m or 2.6% from acquisitions and like for like growth of £14.7m or 5.0%.

Operating profit was £34.3m, some £2.9m or 9.2% ahead of the same period last year (H1'09: £31.4m), of which £0.7m was from acquisitions and £2.2m, or 7.0%, was from like for like growth.

Operating profit* margin increased slightly to 10.9%, 0.1 ppts above last year (H1'09: 10.8%).

Acquisitions

We are pleased with the overall performance to date from our three bus acquisitions, bought during the period for a total cash investment of £29.0m. East Thames Buses, a regulated bus business in East London, was acquired from Transport for London by Go-Ahead London for a cash consideration of £5.0m on 3 October 2009 and is being integrated into our existing depots in that area. Our Metrobus subsidiary acquired Arriva's Horsham bus operations, which runs both regulated and deregulated routes, also on 3 October 2009 for a cash consideration of £5.0m and these activities have now been combined into our Crawley depot. We completed the acquisition of Plymouth City Bus on 1 December 2009 for a cash consideration of £19.0m. This is a high quality, urban operation with a large centrally located depot and a strong local reputation which we intend to maintain. We are pleased with the integration process to date which is expected to result in a minimal contribution to operating profit in this financial year.

Like-for-like performance

The underlying performance of our bus division remained strong, with revenue growth achieved in all of our operations supported by tight cost control initiatives which are estimated to have saved nearly £5m in the period.

Our first half fuel costs were fully hedged at 47p per litre (ppl) (H1'09: 43ppl), resulting in a first half like-for-like increase in cost of £2.2m which was largely recovered through a combination of fare increases and fuel consumption improvement. The cost of providing for accident claims was £1m less in the period, offsetting a similar increase in pension costs.

Total depreciation for the division was £17.7m (H1'09: £15.3m) and net cash outflow from capital expenditure was £25.2m (H1'09: £14.1m), including £23.9m on 144 new buses, of which approximately half were for use in London. We remain ahead of schedule to meet the requirements of the Disability Discrimination Act by 2012 and continue to own one of the youngest fleets in the sector.

Regulated bus operations

Our regulated bus operations in London enjoyed a strong first half.

Total revenue increased by £14.7m, or 8.7% (including contributions from acquisitions of £6.0m, or 3.6%) and contracted mileage increased by 5.2% (of which 3.4% was due to acquisitions). During the period we won new contracts worth 36 peak vehicle requirements (PVR), retained 188 PVR and lost 50 PVR.

Payments under the quality incentive contracts (QIC) were up by 10.4% at £7.4m (H1'09: £6.7m) and included £2.5m for incentives relating to bus cleanliness and driver performance (QIC2). As previously indicated, the half of the QIC2 scheme which related to drivers was withdrawn at the end of September 2009 and the remaining half relating to vehicle cleanliness will finish at the end of March 2010. We continue to perform well in the TfL quality league tables and operated in excess of 99.6% of our target mileage before traffic congestion losses.

Deregulated bus operations

Growth continued in our deregulated bus operations, with revenue increasing by 6.2% (including 1.3% from acquisitions). The number of passenger journeys was 4.7% above the same period last year (including 1.6% from acquisitions), of which 2.0% was due to an increase in concessionary passenger numbers and 2.7% to an increase in fare paying passengers.

Despite the poor weather at the end of the period, trends remained strong with revenue and passenger numbers increasing in all of our operating companies compared to the same period last year with the exception of a slight reduction in passenger numbers in Go North East.

North American Yellow School Bus

We recently announced that we have agreed a 50:50 joint venture company with Cook-Illinois Corporation to pursue potential opportunities in the Yellow School Bus market in North America. Cook-Illinois is a long established and highly regarded operator near Chicago. To date, the joint venture has secured two three year contracts in St Louis, Missouri (around five hours South West of Chicago) to operate just over 100 school buses for a total joint venture investment of around $6m, scheduled to start in Autumn 2010.

Outlook

Second half results for our bus division are expected to remain robust, albeit at levels below the record first half of this year. This primarily reflects an expected reduction in London operating profit* due to both lower expected QIC revenue and the natural expiry of a number of contracts with relatively high operating margins which have been renewed at more normal margins. The following financial year is expected to benefit from a full year of contributions from acquisitions and a fully hedged fuel benefit of around £6m.

* *Before amortisation and exceptional items.*

Rail

Highlights	**H1'10**	*H1'09*	*FY'09*
Revenue (£m)	**754.1**	818.0	1,522.0
Operating profit(£m)*	**19.9**	34.9	61.5
Margin	**2.6%**	4.3%	4.0%
Passenger revenue growth			
*Southern***	**10.0%**	11.1%	7.9%
Southeastern	**3.9%**	8.9%	5.5%
London Midland	**11.0%**	n/a	9.1%
Volume growth			
*Southern***	**4.1%**	6.7%	4.4%
Southeastern	**(2.0)%**	4.3%	1.0%
London Midland	**6.4%**	n/a	3.6%

We are pleased with the results of our rail division, owned 65% through our rail joint venture Govia.

Highlights of the period include the transition to the new Southern franchise, the launch of the high speed service in Southeastern and a significant improvement in customer satisfaction ratings in London Midland.

Total revenue decreased by 7.8% or £63.9m, to £754.1m (H1'09: £818.0m), consisting of a like-for-like increase in passenger revenue of £42.7m, or 7.6%, an increase in other revenue of £6.4m, or 9.9% and a reduction in subsidy from the Department for Transport of £113.0m, or 59.2%. The reduction in subsidy included £117.5m due to a change in the track access regime from 1 April 2009 which decreased both subsidy income and track access costs and hence had no net impact on operating profit* in the period. The balance of the subsidy increase of £4.5m reflects an increase of approximately £31m to offset additional high speed costs in Southeastern in the period less an underlying reduction of approximately £26.5m, both of which were agreed through the bidding process and were in line with our expectations.

Operating profit* was slightly ahead of our expectations at £19.9m due to an additional £2m of cost savings in Southeastern which were secured a little earlier than expected. The decrease of £15m against the strong first half of last year (H1'09: £34.9m) was due to the reduction in underlying subsidy of approximately £26.5m which was not fully offset by growth in passenger revenue or cost saving initiatives. Operating profit* margin reduced by 1.7 ppts from 4.3% to 2.6%.

Ongoing cost initiatives resulted in an estimated first half saving of £10m compared to the same period last year, and incurred £1.5m of restructuring cash costs which are included within exceptional items. Additional costs associated with the high speed train service were approximately £31m in the period, being primarily scheduled rolling stock lease payments in advance of the launch on 13th December 2009.

Total depreciation for the rail division was £8.3m (H1'09: £6.6m). Net capital expenditure was £6.9m (H1'09: £5.3m), of which £4.3m related to London Midland.

Southern

First half results for the Southern franchise consisted of the period to 20 September 2009 for the previous franchise and the balance of the period for the new franchise.

The previous franchise ended without any operational issues and the financial results were in line with our expectations. This franchise was subject to a profit share regime where the DfT was paid 60% of any profit above a certain limit.

The new franchise has started well, also in line with our expectations. The timing of this franchise means that current macro-economic forecasts remain similar to those used in the bid in early 2009 and the highly capable management team are making good progress in delivering the bid initiatives.

Overall, first half passenger revenue was up 10.0% to £266.3m (H1'09: £242.0m), underpinned by passenger growth of 4.1%. As expected, approximately 2.0% of this growth was transferred from Southeastern due to network remapping at the beginning of 2009.

Our operational performance in Southern also remained strong. Our public performance measure (PPM) showing that 91% (2008/9: 90%) of our trains arrived on time and our customer satisfaction rating remained at 82% (2008/9: 82%).

Southeastern

Passenger revenue continued to grow, increasing by 3.9% to £244.4m (H1'09: £235.3m). As expected, passenger numbers reduced by 2.0% reflecting the transfer to Southern from the network remapping. Excluding this transfer, passenger numbers were similar to the same period last year.

Our operating performance remained at record levels, with customer satisfaction at 80% (2008/09: 80%) and PPM for on time arrivals at 91% (2008/09: 91%) despite the severe weather disruption to the network at the end of the period.

The period included three weeks of the new timetable introduced on 13th December 2009. This represented a significant change to the network and included the full launch of the UK's first domestic high speed service. Following extensive preparation and a very successful high speed preview service, the new timetable was introduced without any significant operational disruption which was a significant achievement.

London Midland

The new management team at London Midland have made a significant difference to the operational performance of this franchise. Our customer satisfaction increased from 80% to 87%, making it the UK's most improved franchise in the period. PPM was 90% (2008/09: 88%).

Revenue performance remained good in the period, with passenger revenue increasing by 11.0% to £94.8m (H1'09: £85.4m), supported by increased passenger volumes of 6.4%. Both figures include around 4.0% due to the introduction of additional services as part of a new timetable in December 2008.

Cost control is progressing in the franchise and further improvement is being targeted. Overall, we are pleased with progress in this franchise.

Outlook

The outlook for rail continues to be difficult to predict, although we believe that we have a good portfolio of three, carefully selected commuter franchises. The Southern franchise was secured on current and prudent economic assumptions; we are making good progress with our bid initiatives and continue to target passenger revenue increase of around 5% for the full year in line with our bid. In Southeastern, it remains too early to assess the impact of the new timetable, including high speed, but trends to date are broadly in line with expectations. We continue to target mid single digit percentage increases in passenger revenue for the full year in this franchise and expect to receive revenue support in Southeastern from 1 April 2010. Improvements in our smaller London Midland franchise are ongoing.

** Before amortisation and exceptional items.*
*** 2009 includes Gatwick Express (became part of Southern on 22 June 2008).*

Aviation Services

Highlights	HI'10	HI'09 restated
Total revenue excluding discontinued operations (£m)	**28.6**	38.8
Operating profit/(loss) excluding discontinued operations (£m)*	**0.0**	(0.7)
Margin excluding discontinued operations	**0.0%**	(1.8)%
Revenue decline		
Meteor	**(40.9)%**	(20.3)%
Volume decline		
Meteor – parking transactions	**(5.7)%**	(8.2)%

The above results exclude the majority of our ground handling operations and all of our cargo operations which were sold at the end of January 2010. These operations are shown as discontinued and are described in the financial review section of the report.

The above results primarily consist of a limited number of ground handling operations at Heathrow Terminal 1 and our Meteor parking operations. The expected losses from retained ground handling contracts have been fully provided for in the exceptional items.

Total revenue (excluding discontinued operations) was £28.6m (H1'09: £38.8m), of which £15.6m was attributable to Meteor (H1'09: £26.4m). The reduction in Meteor's revenue was largely due to the expiry of the Heathrow parking contract in September 2009.

Operating profit (excluding discontinued operations) was £Nil (H1'09: loss of £0.7m), consisting of profits from Meteor of £0.8m (H1'09: £0.9m), less losses associated with residual ground handling operations at Heathrow.

Outlook

We expect the operating profit* from this division to be broadly breakeven going forward.

* *Before amortisation and exceptional items.*

Responsibility and cautionary statements

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
24 February 2010

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 2 January 2010 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 2 January 2010

	Notes	**Six months to 2 Jan 10 £m Unaudited**	Restated Six months to 27 Dec 08 £m Unaudited	Restated Year to 27 Jun 09 £m Audited
Group revenue	4	**1,097.0**	1,148.7	2,204.3
Operating costs (excluding amortisation and exceptional items)		**(1,042.8)**	(1,083.1)	(2,078.3)
Group operating profit (before amortisation and exceptional items)	4	**54.2**	65.6	126.0
Goodwill and intangible amortisation		**(6.1)**	(5.9)	(12.0)
Exceptional items (before taxation)	5	**(31.9)**	(13.7)	(18.7)
Group operating profit (after amortisation and exceptional items)		**16.2**	46.0	95.3
Finance revenue		**0.9**	4.8	6.1
Finance costs		**(5.1)**	(10.5)	(17.6)
Profit from continuing operations before taxation		**12.0**	40.3	83.8
Analysed as:				
Before amortisation and exceptional items		**50.0**	59.9	114.5
Amortisation and exceptional items		**(38.0)**	(19.6)	(30.7)
Tax expense	6	**(7.7)**	(19.6)	(30.9)
Analysed as:				
Tax charges		**(12.1)**	(14.8)	(27.5)
Exceptional tax – changes in tax laws		**–**	(8.6)	(8.6)
Tax on exceptional items		**4.4**	3.8	5.2
Profit for the period from continuing operations		**4.3**	20.7	52.9
Discontinued operations				
Loss for the period from discontinued operations	8	**(1.2)**	(31.3)	(34.6)
Profit/(loss) for the period		**3.1**	(10.6)	18.3
Attributable to:				
Equity holders of the parent		**(0.7)**	(18.4)	6.3
Minority interest		**3.8**	7.8	12.0
		3.1	(10.6)	18.3
Earnings per share from continuing operations				
– basic and diluted	7	**1.2p**	30.0p	95.3p
– adjusted	7	**72.2p**	80.6p	156.1p
(Loss)/earnings per share from total operations				
– basic and diluted	7	**(1.6p)**	(42.9p)	14.7p
– adjusted		**78.0p**	78.7p	152.3p
Dividend paid (pence per share)	11	**55.5p**	55.5p	81.0p
Dividend proposed (pence per share)	11	**51.0p**	25.5p	55.5p

Interim consolidated statement of comprehensive income

for the six months ended 2 January 2010

	Six months to 2 Jan 10 £m Unaudited	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Profit/(loss) for the period	**3.1**	(10.6)	18.3
Income and expense recognised directly in equity			
Actuarial (losses)/gains on defined benefit pension plans	**(9.1)**	29.3	(26.9)
Unrealised gains/(losses) on cashflow hedges	**3.9**	(51.4)	(54.2)
Losses on cashflow hedges taken to income statement – operating costs	**8.5**	0.6	12.6
Tax recognised directly in equity	**(1.0)**	8.6	19.2
Net expense recognised directly in equity	**2.3**	(12.9)	(49.3)
Total recognised income and expense for the period	**5.4**	(23.5)	(31.0)
Attributable to:			
Equity holders of the parent	**(0.3)**	(28.5)	(39.6)
Minority interest	**5.7**	5.0	8.6
	5.4	(23.5)	(31.0)

Interim consolidated statement of changes in equity

For the six months ended 2 January 2010

	Share capital	Reserve for own shares	Hedging reserve	Other reserve	Capital redemption reserve	Retained earnings	Total equity	Minority interest	Total
At 29 June 2008	71.3	(68.8)	17.5	1.6	0.7	31.9	54.2	13.3	67.5
Total recognised income and expense	–	–	(28.0)	–	–	(11.6)	(39.6)	8.6	(31.0)
Share based payment charge	–	–	–	–	–	0.7	0.7	–	0.7
Dividends	–	–	–	–	–	(34.8)	(34.8)	(12.3)	(47.1)
Acquisition of own shares	–	(0.2)	–	–	–	–	(0.2)	–	(0.2)
Arising on shares issued for share options	0.6	–	–	–	–	–	0.6	–	0.6
Reserve transfer	–	0.2	–	–	–	(0.2)	–	–	–
At 27 June 2009	71.9	(68.8)	(10.5)	1.6	0.7	(14.0)	(19.1)	9.6	(9.5)
Total recognised income and expense	–	–	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)

	Share capital	Reserve for own shares	Hedging reserves	Other reserve	Capital redemption reserve	Retained earnings	Total equity	Minority interest	Total
At 29 June 2008	71.3	(68.8)	17.5	1.6	0.7	31.9	54.2	13.3	67.5
Total recognised income and expense	–	–	(32.1)	–	–	3.6	(28.5)	5.0	(23.5)
Share based payment charge	–	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	(23.8)	(23.8)	(9.4)	(33.2)
Arising on shares issued for share options	0.6	–	–	–	–	–	0.6	–	0.6
At 27 December 2008	71.9	(68.8)	(14.6)	1.6	0.7	11.7	2.5	8.9	11.4

Interim consolidated balance sheet

as at 2 January 2010

	Notes	2 Jan 10 £m Unaudited	27 Dec 08 £m Unaudited	27 Jun 09 £m Audited
Assets				
Non-current assets				
Property, plant and equipment		**422.8**	404.9	409.9
Intangible assets		**107.1**	115.0	110.3
Trade and other receivables		**2.4**	0.9	3.1
Other financial assets		**4.2**	–	3.1
Deferred tax assets		**23.0**	17.5	23.4
		559.5	538.3	549.8
Current assets				
Inventories		**13.8**	12.4	13.1
Trade and other receivables		**200.8**	248.8	199.2
Cash and short term deposits		**235.4**	108.5	207.1
Other financial assets		**2.2**	–	0.6
		452.2	369.7	420.0
Assets classified as held for sale		**59.8**	2.7	9.7
Assets held in disposal groups held for sale	8	**30.8**	–	–
		90.6	2.7	9.7
Total assets		**1,102.3**	910.7	979.5
Liabilities				
Current liabilities				
Trade and other payables		**(560.3)**	(451.1)	(485.7)
Other financial liabilities		**(10.7)**	(16.8)	(16.4)
Interest-bearing loans and borrowings		**(25.6)**	(31.6)	(30.4)
Current tax liabilities		**(18.2)**	(18.4)	(14.9)
Provisions		**(11.8)**	–	–
		(626.6)	(517.9)	(547.4)
Non-current liabilities				
Interest-bearing loans and borrowings		**(295.2)**	(258.0)	(266.5)
Retirement benefit obligations	9	**(90.6)**	(29.2)	(83.5)
Other financial liabilities		**(4.6)**	(15.6)	(8.5)
Deferred tax liabilities		**(66.0)**	(70.6)	(68.4)
Other liabilities		**(9.3)**	(7.1)	(8.9)
Provisions		**(8.4)**	(0.9)	(5.8)
		(474.1)	(381.4)	(441.6)
Liabilities held in disposal groups held for sale	8	**(29.1)**	–	–
Total liabilities		**(1,129.8)**	(899.3)	(989.0)
Net (liabilities)/assets		**(27.5)**	11.4	(9.5)
Capital & reserves				
Share capital		**72.1**	71.9	71.9
Reserve for own shares		**(69.0)**	(68.8)	(68.8)
Hedging reserve		**(1.9)**	(14.6)	(10.5)
Other reserves		**1.6**	1.6	1.6
Capital redemption reserve		**0.7**	0.7	0.7
Retained earnings		**(46.3)**	11.7	(14.0)
Total shareholders' equity		**(42.8)**	2.5	(19.1)
Minority interest		**15.3**	8.9	9.6
Total equity		**(27.5)**	11.4	(9.5)

Interim consolidated cashflow statement

for the six months ended 2 January 2010

	Notes	**Six months to 2 Jan 10 £m Unaudited**	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Profit after tax from continuing operations		**4.3**	20.7	52.9
Loss after tax from discontinued operations		**(1.2)**	(31.3)	(34.6)
Profit/(loss) after tax for the period		**3.1**	(10.6)	18.3
Net finance costs		**4.2**	5.7	11.5
Tax expense	6	**6.2**	13.7	23.7
Depreciation of property, plant and equipment		**27.5**	25.5	49.7
Exceptional depreciation		**0.7**	–	0.8
Amortisation of goodwill and intangible assets		**6.1**	6.0	12.4
Other non cash exceptional items		**33.1**	47.3	46.8
Profit on sale of property, plant and equipment		**(1.0)**	(0.3)	(0.3)
Share based payments		**0.4**	–	0.7
Difference between pension contributions paid and amounts recognised in the income statement		**(2.1)**	(0.9)	(2.8)
Movement in provisions		**2.6**	–	3.4
Purchase of assets held for disposal		**(57.6)**	–	(7.5)
Sale of assets held for disposal		**7.5**	–	–
Increase in inventories		**(0.7)**	(0.4)	(1.1)
(Increase)/decrease in trade and other receivables		**(21.0)**	(10.5)	36.1
Increase in trade and other payables		**96.9**	4.4	41.7
Cashflow generated from operations		**105.9**	79.9	233.4
Taxation paid		**(8.8)**	(0.3)	(11.4)
Net cashflows from operating activities		**97.1**	79.6	222.0
Interest received		**0.9**	4.4	6.6
Proceeds from sale of property, plant and equipment		**4.2**	2.2	4.3
Purchase of property, plant and equipment		**(38.0)**	(27.2)	(57.7)
Purchase of intangible assets		**(1.7)**	(0.8)	(2.8)
Purchase of subsidiaries	13	**(29.0)**	–	–
Cash acquired with subsidiaries	13	**1.1**	–	–
Other investing activities		–	–	(0.4)
Net cashflows used in investing activities		**(62.5)**	(21.4)	(50.0)
Interest paid		**(5.1)**	(10.3)	(18.5)
Dividends paid to members of the parent	11	**(23.8)**	(23.8)	(34.8)
Dividends paid to minority interests		–	(9.4)	(12.3)
Proceeds from issue of shares		**0.2**	0.6	0.6
Payment to acquire own shares		**(0.2)**	–	(0.2)
Repayment of borrowings		**(20.8)**	(52.7)	(39.8)
Proceeds from borrowings		**50.0**	–	–
Proceeds from finance lease and hire purchase		**–**	0.1	–
Payment of finance lease and hire purchase liabilities		**(5.0)**	(8.7)	(16.2)
Net cash outflows on financing activities		**(4.7)**	(104.2)	(121.2)
Net increase/(decrease) in cash and cash equivalents		**29.9**	(46.0)	50.8
Cash and cash equivalents at start of period	10	**202.1**	151.3	151.3
Cash and cash equivalents at end of period	10	**232.0**	105.3	202.1

Notes to the interim consolidated financial statements

for the six months ended 2 January 2010

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 2 January 2010 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 2009 Annual Report as described on pages 68 to 73 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 3 July 2010:

- IFRS8 'Operating segments'
- IAS23 'Borrowing costs (revised)'
- IFRS2 'Share-based payments – vesting conditions and cancellations'
- IAS1 'Presentation of financial statements (revised)'
- Amendment to IAS32 and IAS 31 'Puttable financial instruments and obligations arising on liquidations'
- Amendments to IFRS1 and IAS27 'Amendments for determining the cost of an investment in separate financial statements'
- Amendment to IAS39 'Eligible hedged items'
- Amendment to IFRS7 'Improving disclosures'
- Improvement to IFRSs (May 2008)
- IFRIC13 'Customer loyalty programmes'
- IFRIC15 'Agreements for the construction of real estate'
- IFRIC16 'Hedges of a net investment in a foreign operation'

The adoption of IAS1 'Presentation of Financial Statements (revised)' has required the 'Statement of changes in equity', previously described in note 12 to the half year report for the six months ended 27 December 2008, to be presented as a primary statement entitled 'Condensed consolidated statement of changes in equity'. In addition, the 'Condensed consolidated statement of recognised income and expense' has been replaced with the 'Condensed consolidated statement of comprehensive income'.

In adopting IFRS8 'Operating segments', the Group concluded that the operating segments were the same as the business segments determined in accordance with IAS14 'Segment reporting', more details are provided in note 4.

2. Basis of preparation continued
Adoption of the remaining new standards and interpretations 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 ground handling and cargo 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 which completed on 30 January 2010 of the majority of the Group's ground handling and cargo operations at Heathrow to Dnata and the majority of the Group's ground handling operations outside Heathrow to Servisair UK Limited.

The financial information for the six months ended 2 January 2010 and the comparative financial information for the six months ended 27 December 2008 has not been audited, but has been reviewed by the auditors. The comparative financial information for the year ended 27 June 2009 has been extracted from the 2009 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 27 June 2009, which were approved by the Board of Directors on 2 September 2009, 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.

The Board of Directors approved this report including the condensed financial statements on 24 February 2010.

3. Risks and uncertainties
The risks and uncertainties described in the Operating and Financial Review for the year ended 27 June 2009 remain the principal risks affecting the Group's business for the second six months of the financial year ended 3 July 2010, 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

IFRS8 Operating segments will be applied for the first time by the Group in its financial statements for the year ending 3 July 2010. For management purposes, the Group is organised into three divisions, Bus, Rail and Aviation services, which form the basis of the Group's reportable operating segments (as they did previously under IAS14). Operating segments within those divisions are combined on the basis of their similar long economic characteristics and similar nature of their products and services, as follows;

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

The Rail operation, Govia, is 65% owned by Go-Ahead and 35% by Keolis and comprises 3 rail franchises: Southern, Southeastern and London Midland.

As disclosed in note 8, the majority of the Group's ground handling and cargo operations were sold on 30 January 2010 and are therefore classified as discontinued operations. Amounts included in continuing operations for the aviation services division comprises Meteor and the activities retained to support remaining ground handling contracts at Heathrow Terminal 1 until they expire in 2011.

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 2 January 2010, the six months ended 27 December 2008 and the year ended 27 June 2009. Information relating to prior periods has been restated to reflect those elements of the Aviation services division that are classified as discontinued operations.

Six months ended 2 January 2010 (unaudited)

	Bus £m	Rail £m	Aviation services £m	Total Continuing operations £m	Total Discontinued operations (Note 8) £m	Total operations £m
Segment revenue	**324.8**	**760.1**	**30.4**	**1,115.3**	**69.6**	**1,184.9**
Inter-segment revenue	(10.5)	(6.0)	(1.8)	(18.3)	–	(18.3)
Group revenue	**314.3**	**754.1**	**28.6**	**1,097.0**	**69.6**	**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)	(0.1)	(6.1)	–	(6.1)
Exceptional items	(0.7)	(1.5)	(29.7)	(31.9)	(6.1)	(38.0)
Group operating profit/(loss) (after amortisation and exceptional items)	**32.6**	**13.4**	**(29.8)**	**16.2**	**(2.7)**	**13.5**
Net finance costs				(4.2)	–	(4.2)
Profit/(loss) before tax and minority interest				**12.0**	**(2.7)**	**9.3**
Tax (expense)/credit				(7.7)	1.5	(6.2)
Profit/(loss) for the period				**4.3**	**(1.2)**	**3.1**

4. Segmental analysis *continued*

Six months ended 27 December 2008 (unaudited)

	Bus £m	Rail £m	Aviation services £m	Total continuing operations £m	Total discontinued operations (Note 8) £m	Total operations £m
Segment revenue	296.3	819.3	41.2	1,156.8	75.2	1,232.0
Inter-segment revenue	(4.4)	(1.3)	(2.4)	(8.1)	–	(8.1)
Group revenue	291.9	818.0	38.8	1,148.7	75.2	1,223.9
Segment profit/(loss) – Group operating profit/(loss) (before amortisation and exceptional items)	31.4	34.9	(0.7)	65.6	(1.0)	64.6
Goodwill and intangible amortisation	(0.9)	(4.9)	(0.1)	(5.9)	(0.1)	(6.0)
Exceptional items	(9.0)	–	(4.7)	(13.7)	(36.1)	(49.8)
Group operating profit/(loss) (after amortisation and exceptional items)	21.5	30.0	(5.5)	46.0	(37.2)	8.8
Net finance costs				(5.7)	–	(5.7)
Profit/(loss) before tax and minority interest				40.3	(37.2)	3.1
Tax (expense)/credit				(19.6)	5.9	(13.7)
Profit/(loss) for the period				20.7	(31.3)	(10.6)

Year ended 28 June 2009 (audited)

	Bus £m	Rail £m	Aviation services £m	Total continuing operations £m	Total discontinued operations (Note 8) £m	Total operations £m
Segment revenue	606.7	1,557.5	71.9	2,236.1	141.8	2,377.9
Inter-segment revenue	(22.0)	(5.5)	(4.3)	(31.8)	–	(31.8)
Group revenue	584.7	1,552.0	67.6	2,204.3	141.8	2,346.1
Segment profit/(loss) – Group operating profit/(loss) (before amortisation and exceptional items)	66.6	61.5	(2.1)	126.0	(2.4)	123.6
Goodwill and intangible amortisation	(1.9)	(10.0)	(0.1)	(12.0)	(0.4)	(12.4)
Exceptional items	(7.8)	(4.7)	(6.2)	(18.7)	(39.0)	(57.7)
Group operating profit/(loss) (after amortisation and exceptional items)	56.9	46.8	(8.4)	95.3	(41.8)	53.5
Net finance costs				(11.5)	–	(11.5)
Profit/(loss) before tax and minority interest				83.8	(41.8)	42.0
Tax (expense)/credit				(30.9)	7.2	(23.7)
Profit/(loss) for the year				52.9	(34.6)	18.3

4. Segmental analysis continued

Total segment assets

The following table presents segment assets as at 2 January 2010 and as at 27 June 2009.

	2 Jan 10 £m Unaudited	27 Jun 09 £m Audited
Bus	**518.8**	480.1
Rail	**493.0**	394.6
Aviation services (including discontinued operations)	**67.5**	70.6
Total segment assets	**1,079.3**	945.3
Cash and short term deposits	**–**	10.8
Deferred tax	**23.0**	23.4
Total consolidated assets	**1,102.3**	979.5

During the six months to 2 January 2010 the Group incurred capital expenditure of £36.1m (2008: £28.3m) on tangible fixed assets.

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 2 Jan 10 £m Unaudited	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Continuing operations			
Residual ground handling operations:			
Onerous contracts #	**(11.8)**	–	–
Pre-sale reorganisation costs	**(0.1)**	(0.4)	(0.4)
Impairments #	**(1.6)**	(4.4)	(4.4)
	(13.5)	(4.8)	(4.8)
Meteor Parking:			
Impairment provision #	**(16.2)**	–	–
Onerous contracts #	**–**	–	(1.5)
	(16.2)	–	(1.5)
Bus and rail related items:			
Rail reorganisation costs	**(1.5)**	–	(4.7)
London bus accelerated depreciation #	**(0.7)**	–	(0.8)
Fuel hedging #	**–**	(8.9)	(6.9)
	(2.2)	(8.9)	(12.4)
Total exceptional items on continuing operations	**(31.9)**	(13.7)	(18.7)
Discontinued operations			
Loss on sale:			
Agreed proceeds #	**15.0**	–	–
Less net assets sold #	**(8.1)**	–	–
Less sale provision #	**(10.4)**	–	–
Net loss on sale	**(3.5)**	–	–
Pre-sale reorganisation costs	**(2.6)**	(2.1)	(5.0)
Pre-sale impairments #	**–**	(34.0)	(34.0)
Total exceptional items on discontinued operations	**(6.1)**	(36.1)	(39.0)
Total exceptional items	**(38.0)**	(49.8)	(57.7)
Consisting of:			
Non-cash items in the period (marked #)	**(33.8)**	(47.3)	(47.6)
Cash items in the period	**(4.2)**	(2.5)	(10.1)
Total	**(38.0)**	(49.8)	(57.7)

Exceptional items on continued operations for the period were £31.9m (2008: £13.7m).

A total provision of £13.5m was made for the residual ground handling operations at Heathrow Terminal 1, primarily to cover estimated losses from October 2009 to the end of the remaining life of the contracts in 2011. The equivalent period last year included £4.8m of exceptional reorganisation costs associated with this part of the business.

As a result of poorer profits than budgeted during the six months ended 2 January 2010, an impairment review of the Meteor Parking business was undertaken, resulting in a goodwill impairment charge of £16.2m.

5. Exceptional items *continued*

Bus and rail related exceptional costs totalled £2.2m, consisting of £1.5m of rail restructuring costs, and £0.7m of accelerated depreciation in respect of the articulated London buses which are being phased out over the next two years and are expected to incur a further exceptional depreciation charge of around £2.5m over that period. The equivalent period last year included a charge of £8.9m relating to fuel hedge accounting.

The discontinued exceptional items of £6.1m consist of a net loss on sale of £3.5m and pre-sale reorganisation costs which related to operations subsequently sold of £2.6m. The loss on sale represents sales proceeds of £15.0m, less net book value of assets sold of £8.1m and provisions of £10.4m.

The discontinued exceptional cost of £36.1m for the first half of last year consist of £2.1m of reorganisation costs and £34.0m of impairment costs attributed to these operations.

6. Taxation

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

	Six months to 2 Jan 10 £m Unaudited	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Current tax charge	**8.0**	12.7	24.2
Adjustments in respect of current tax of previous years	**0.1**	–	0.1
	8.1	12.7	24.3
Deferred tax relating to origination and reversal of temporary differences	**(1.9)**	(7.6)	(8.7)
Previously unrecognised deferred tax of a prior period	**–**	–	(0.5)
Total tax including discontinued operations (before exceptional tax – changes in tax laws)	**6.2**	5.1	15.1
Previously unrecognised deferred tax of a prior period (exceptional tax – changes in tax laws)	**–**	8.6	8.6
Total tax including discontinued operations (after exceptional tax – changes in tax laws)	**6.2**	13.7	23.7
Tax on discontinued operations	**(1.5)**	(5.9)	(7.2)
Tax on continued operations	**7.7**	19.6	30.9

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 2 Jan 10 £m Unaudited	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Tax charges	**13.0**	14.5	26.6
Exceptional items – changes in tax laws	**–**	8.6	8.6
Tax on exceptional items	**(6.8)**	(9.4)	(11.5)
	6.2	13.7	23.7

In the 2007 budget the UK government announced its intention to abolish industrial buildings allowances. This change was substantially enacted in July 2008. The impact of this change was classed as an exceptional tax charge of £8.6m in the year to 27 June 2009 and the six months ended 27 December 2008.

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 2 Jan 10 Unaudited	Six months to 27 Dec 08 Unaudited	Year to 27 Jun 09 Audited
Net (loss)/profit on total operations attributable to equity holders of the parent (£m)	**(0.7)**	(18.4)	6.3
Consisting of:			
Adjusted earnings on continuing operations attributable to equity holders of the parent (£m)	**31.0**	34.6	67.0
Exceptional items after taxation and minority interest (£m)	**(27.1)**	(18.5)	(19.5)
Amortisation after taxation and minority interest (£m)	**(3.4)**	(3.2)	(6.6)
Basic and diluted earnings on continuing operations attributable to equity holders of the parent (£m)	**0.5**	12.9	40.9
Loss on discontinued operations attributable to equity holders of the parent (£m)	**(1.2)**	(31.3)	(34.6)
Basic and diluted (loss)/earnings on total operations attributable to equity holders of the parent (£m)	**(0.7)**	(18.4)	6.3
Weighted average shares in issue ('000)	**42,940**	42,936	42,934
Earnings per share:			
Adjusted earnings per share from continuing operations (pence per share)	**72.2**	80.6	156.1
Basic and diluted earnings per share from continuing operations (pence per share)	**1.2**	30.0	95.3
Basic and diluted (loss)/earnings per share from total operations (pence per share)	**(1.6)**	(42.9)	14.7

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 2 January 2010 to 24 February 2010.

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 minority interest on exceptional items and amortisation is shown below for each of the periods.

Notes to the interim consolidated financial statements

for the six months ended 2 January 2010

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 year £m Unaudited	**Exceptional items £m Unaudited**	Amortisation £m Unaudited	**Six months to 2 Jan 10 Total £m Unaudited**
Profit before taxation from continuing operations	**12.0**	**31.9**	**6.1**	**50.0**
Less: Taxation	**(7.7)**	**(4.4)**	**(1.4)**	**(13.5)**
Less: Minority Interest	**(3.8)**	**(0.4)**	**(1.3)**	**(5.5)**
Adjusted profit from continuing operations attributable to equity holders of the parent	**0.5**	**27.1**	**3.4**	**31.0**
Adjusted earnings per share from continuing operations (pence per share)				**72.2**

	Profit for the year £m Unaudited	Exceptional items £m Unaudited	Amortisation £m Unaudited	Six months to 27 Dec 08 Total £m Unaudited
Profit before taxation from continuing operations	40.3	13.7	5.9	59.9
Less: Taxation	(19.6)	4.8	(1.3)	(16.1)
Less: Minority Interest	(7.8)	–	(1.4)	(9.2)
Adjusted profit from continuing operations attributable to equity holders of the parent	12.9	18.5	3.2	34.6
Adjusted earnings per share from continuing operations (pence per share)				80.6

	Profit for the year £m Audited	Exceptional items £m Audited	Amortisation £m Audited	Year to 27 Jun 09 Total £m Audited
Profit before taxation from continuing operations	83.8	18.7	12.0	114.5
Less: Taxation	(30.9)	3.4	(2.7)	(30.2)
Less: Minority Interest	(12.0)	(2.6)	(2.7)	(17.3)
Adjusted profit from continuing operations attributable to equity holders of the parent	40.9	19.5	6.6	67.0
Adjusted earnings per share from continuing operations (pence per share)				156.1

Notes to the interim consolidated financial statements

for the six months ended 2 January 2010

8. Discontinued operations

On 3 December 2009, The Go-Ahead Group plc announced that it had exchanged contracts to sell the majority of its aviation ground handling and cargo operations under two separate agreements. On 30 January 2010, most of the Group's ground handling and cargo operations at Heathrow were sold to Dnata for £15m consideration, and most of the Group's ground handling operations outside Heathrow were sold to Servisair UK Limited for a nominal consideration.

	Six months to 2 Jan 10 £m Unaudited	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Revenue	**69.6**	75.2	141.8
Operating costs (excluding amortisation and exceptional items)	**(66.2)**	(76.2)	(144.2)
Operating profit/(loss) (before amortisation and exceptional items)	**3.4**	(1.0)	(2.4)
Goodwill and intangible amortisation	**–**	(0.1)	(0.4)
Exceptional items	**(2.6)**	(36.1)	(39.0)
Operating loss (after amortisation and exceptional items)	**0.8**	(37.2)	(41.8)
Net finance costs	**–**	–	–
Loss from discontinued operations before taxation	**0.8**	(37.2)	(41.8)
Loss on disposal of discontinued operations	**(3.5)**	–	–
Taxation	**1.5**	5.9	7.2
Loss for the period from discontinued operations	**(1.2)**	(31.3)	(34.6)
Loss per share from discontinued operations – basic and diluted	**(2.8p)**	(72.9p)	(80.6p)

8. Discontinued operations *continued*

	2 Jan 10 £m Unaudited
Assets	
Non-current assets	
Property, plant and equipment	5.4
Deferred tax asset	2.3
	7.7
Current assets	
Inventories	0.4
Trade and other receivables	22.3
Taxation asset	0.4
	23.1
Total assets	30.8
Liabilities	
Trade and other payables	(28.9)
Interest-bearing loans and borrowings	(0.2)
Total liabilities	(29.1)
Net assets	1.7

9. Pensions

The net deficit before taxation on the non rail defined benefit scheme was £90.6m (27 June 2009: £76.0m), consisting of estimated liabilities of £501.3m (27 June 2009: £428.7m) less assets of £410.7m (27 June 2009: £352.7m).

The net deficit on the rail schemes was £nil (27 June 2009: £7.5m). The nature of these schemes means that we only recognise the share of surplus or deficit expected to be benefited from or to be funded during the franchise period.

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

	Six months to 2 Jan 10 % Unaudited	Year to 27 Jun 09 % Audited
Price inflation	**3.5**	3.4
Discount rate	**5.7**	6.3
Rate of increase in salaries	**4.5**	4.4
Rate of increase of pensions in payment and deferred pension*	**3.5**	3.4

*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.

		Rail		Non rail
	2 Jan10 Years	27 June 09 Years	**2 Jan 10 Years**	27 June 09 Years
Pensioner	**20**	20	**19**	19
Non Pensioner	**22**	22	**20**	20

Notes to the interim consolidated financial statements

for the six months ended 2 January 2010

9. Pensions *continued*

Sensitivity analysis

The following is an approximate sensitivity analysis of the impact of the change in the key assumptions calculated as at 27 June 2009. In isolation the following adjustments would adjust the pension deficit and cost as shown.

	Pension deficit £m	Non rail 2010 Pension cost £m
Discount Factor – increase of 0.1%	(7.6)	(0.2)
Price Inflation – increase of 0.1%	6.8	0.7
Rate of increase in salaries – increase of 0.1%	1.6	0.2
Rate of increase of pension in payment – increase of 0.1%	4.3	0.3
Increase in life expectancy of pensioners or non pensioners by 1 year	13.4	1.2

10. Notes to the cashflow statement

Analysis of Group net debt (unaudited)

	Cash and cash equivalents £m	**Syndicated loan facility £m**	**Term loans £m**	**Hire purchase / finance leases £m**	**Total £m**
27 June 2009	**202.1**	**(239.0)**	**(36.0)**	**(18.1)**	**(91.0)**
Cashflow	**29.9**	**9.0**	**(38.2)**	**3.3**	**4.0**
2 January 2010	**232.0**	**(230.0)**	**(74.2)**	**(14.8)**	**(87.0)**

Cash and cash equivalents includes overdrafts amounting to £3.4m (27 June 2009: £5.0m) and amounts held by rail companies which can be distributed subject to DfT dispensation, up to the value of revenue reserves. As at 2 January 2010, balances amounting to £179.1m (27 June 2009: £181.3m) were restricted.

11. Dividends paid and proposed

	Six months to 2 Jan 10 £m Unaudited	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Declared and paid during the period			
Equity dividends on ordinary shares:			
Final dividend for 2009: 55.5p per share (2008 : 55.5p)	**23.8**	23.8	23.8
Interim dividend for 2009: 25.5p per share	**–**	–	11.0
	23.8	23.8	34.8

	Six months to 2 Jan 10 £m Unaudited	Six months to 27 Dec 08 £m Unaudited	Year to 27 Jun 09 £m Audited
Dividend proposed (not recognised as a liability)			
Equity dividends on ordinary shares:			
Interim dividend for 2010: 51.0p per share (2009 : 25.5p)	**21.9**	10.9	23.9

12. Changes in commitments and contingencies
Capital commitments
Capital commitments contracted but not provided at 2 January 2010 were £21.6m (27 June 2009: £42.4m).

Performance bonds
The Group has provided bank guaranteed performance bonds of £111.7m (27 June 2009: £131.7m), and season ticket bonds of £114.6m (27 June 2009: £110.2m) to the DfT in support of the Group's rail franchise operations.

13. Acquisitions
On 3 October 2009, London General Transport Services Limited, a wholly owned subsidiary of the Group, acquired the assets of East Thames Buses from Transport for London ('TfL') for a total cash consideration of £5m. East Thames Buses operated a fleet of 113 vehicles over 9 TfL contracted routes.

On 3 October 2009, Metrobus Limited, a wholly owned subsidiary of the Group, acquired the assets of Arriva's bus interest in Horsham for a total cash consideration of £5m. The interests include a fleet of 19 vehicles and 59 employees, and will operate as part of Metrobus Limited which provides bus services in Sussex, Surrey and Kent including regulated services for TfL.

On 1 December 2009, Go-Ahead Holding Limited, a wholly owned subsidiary of the Group, acquired 100% of the share capital of Plymouth Citybus Limited from Plymouth City Council for a cash consideration of £19m. Plymouth Citybus operates a fleet of 184 vehicles and employs approximately 460 employees in the Plymouth area.

Net asset at date of acquisition:

	Book value £m	Fair value to Group £m
Intangible assets	0.2	0.2
Tangible fixed assets	13.6	13.6
Inventories	0.5	0.4
Receivables	0.5	0.5
Cash at bank	1.1	1.1
Payables falling due within one year	(3.6)	(3.6)
Deferred taxation	(0.3)	(0.3)
	12.0	11.9
Goodwill capitalised		17.1
Cash		29.0

The directors believe that the goodwill represents future growth opportunities and created value to the Group in respect of customer loyalty and an assembled workforce, for which the recognition of a discrete intangible asset is not permitted.

The above acquisitions have been accounted for as acquisitions in accordance with IFRS3. The acquisition balance sheets have been adjusted to reflect fair values.

Intangibles assets acquired represent customer contracts of £0.2m.

The acquired businesses contributed £7.7m to the Group's revenue and £0.7m to the Group's operating profit during the first six months to 2 January 2010. Had the acquisitions been completed on the first day of the financial year, the impact on the Group's revenues for the six months would have been £20.3m and the impact on operating profit would have been £1.1m.

14. Statement of changes in equity

The reserve for own shares is in respect of 3,968,245 (27 June 2009: 3,954,897) ordinary shares (8.5% of share capital), of which 66,015 (27 June 2009: 52,667) 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 2 January 2010 the company has repurchased 18,667 shares for a consideration of £0.2m (year ended 27 June 2009: 13,615 shares repurchased for a consideration of £0.2m). No shares were cancelled in the period (year ended 27 June 2009: no shares cancelled).

At 2 January 2010 there were 46,906,000 ordinary shares in issue (27 June 2009: 46,892,000).

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.

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
Rupert Pennant-Rea	Non Executive Director / Senior Independent Director

Company Secretary

Carolyn Sephton	Group 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 2 January 2010 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 ISRE 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 condensed 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 2 January 2010 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.

Ernst & Young LLP
Newcastle upon Tyne
24 February 2010

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