

STAGECOACH GROUP PLC Preliminary results for the year ended 30 April 2003

Financial highlights

- Turnover £2,077m (2002- £2,111m)
- Total operating profit* £146m (2002 - £167m)
- Profit before tax* £113m (2002 - £107m)
- £575m of exceptional write-downs from Coach USA review resulting in a statutory loss before tax of £500m (2002 – profit of £42m)
- Earnings per share* 6.4p; up from 6.3p
- Free cash flow up 18% to £218m
- Net debt down £215m to £560m
- Full year dividend of 2.6p (2002 – 2.6p)

* excluding goodwill amortisation and exceptional items

Business highlights

- Continued profitability in all four key operating divisions
- Good progress in restructuring Coach USA
- c. £300m of disposals announced post year-end
- Terms of new franchise at South West Trains finalised
- Improved operational performance benefiting Rail Division
- Margin improvement at UK Bus
- Strong revenue and volume growth in New Zealand

Stagecoach Chief Executive Brian Souter said: “We have a clear strategy for the Group and are on schedule with our sales programme and restructuring at Coach USA. The Group is in a strong financial position as a result of our decisive action to de-risk our portfolio and we continue to reduce net debt.

“We will focus on maximising shareholder value from our existing portfolio, which will be dominated by our strong UK bus and rail businesses, and we see further potential for organic growth across our UK, US and New Zealand operations.”

ENDS

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Note to Editors:

High resolution photographs are available to the media free of charge at www.newscast.co.uk (telephone +44 (0) 207 608 1000).

CHAIRMAN'S STATEMENT

Stagecoach Group has made positive progress this year towards achieving its key strategic objectives despite challenging issues within the transport sector and a difficult economic environment.

Across the Group, we are seeing strong cash generation from each of our four key operating divisions and all are trading profitably. In the UK, our bus division has had a successful year and is delivering increased operating margins with solid revenue and passenger volume growth. We have agreed terms with the Strategic Rail Authority ("SRA") for a new three-year franchise at South West Trains, which is one of the UK's largest rail franchises. We are awaiting final approval of this new franchise agreement from the Government. Restructuring of our Coach USA division is progressing well. Earlier this month, we completed the disposal of our Citybus business in Hong Kong, while our New Zealand bus business continues to deliver strong growth.

The Group's strong cash flow generation, coupled with the favourable movement in exchange rates, has allowed us to reduce debt for the long-term benefit of the business. Net debt reduced by £214.6m in the year ended 30 April 2003, from £774.6m to £560.0m. Subsequent to the year-end we have announced disposals with a gross consideration of approximately £300m. Of these proceeds, approximately £20m relates to deferred consideration and the remainder will initially be used to reduce Group debt.

Turnover for the year ended 30 April 2003 was £2,076.6m (2002 - £2,111.4m). Total operating profit before goodwill amortisation and exceptional items was £146.4m (2002 - £166.6m). Earnings per share on an equivalent basis were up at 6.4p (2002 - 6.3p).

The Board of Directors is recommending that the total dividend for the year is 2.6p per share (2002 - 2.6p). This comprises the interim dividend of 0.8p (2002 - 1.3p) and a proposed final dividend of 1.8p per share (2002 - 1.3p). The Board has firm confidence in the future prospects for the Group and, based on continued strong and stable cash flows and profits within the business, we will look to increase the dividend each year.

Our two key priorities in recent months have been the restructuring of our Coach USA operations following a comprehensive business review and finalising the new South West Trains franchise. Focused management action on both of these issues will deliver greater stability and certainty.

At Coach USA we remain on course to deliver on our key restructuring objectives within the 12 to 18 month timetable we set out in December 2002 and this will produce a smaller but nevertheless substantial and more robust business.

We believe the financial and commercial terms we have agreed with the SRA for the new franchise at South West Trains will deliver a good and predictable return for our shareholders.

Virgin Rail Group (in which we have a 49% interest) is continuing to work with the SRA with a view to negotiating new long-term commercial arrangements for both the West Coast and CrossCountry franchises. Both franchises are presently receiving SRA funding on the basis of a one year budget set by the SRA for the period to February 2004. We remain confident that new franchise terms can be agreed that will secure shareholder value for Stagecoach.

Our UK Bus operations are producing revenue and passenger volume growth, most notably where we work closely with forward-looking local authorities. We have been particularly successful in the London market. We are also pleased that the Government has taken forward our "Kick Start" proposals for targeted funding to support the introduction of new services and help reinvigorate the UK Bus network.

In the Overseas Bus division, performance at our New Zealand businesses, where we are seeing strong growth, continues to be very satisfactory. Citybus, our Hong Kong bus operation, has been an excellent investment for the Group since 1999. However, the Board received an approach for the business and felt it was appropriate to review the strategic options for Stagecoach Group in the region. In view of the limited opportunities to develop significantly elsewhere in other Pacific Rim countries and the long-term prospects for the business in Hong Kong, we believe the offer was a good one and that selling the business at this time was in the best interests of shareholders.

We have a clear strategy for the Group and are on schedule with our sales programme and restructuring at Coach USA. The sale of Citybus has put the Group in a strong financial position, further de-risking the Group's portfolio and will allow management to focus on developing our UK bus and rail businesses, a smaller but more robust North American business and our successful New Zealand operations. The Group continues to be a leading international transport company with a strong portfolio of cash generative businesses.

Following the business review in North America, I was delighted to announce six months ago that Brian Souter had taken up the position of Chief Executive on a permanent basis. His energy and entrepreneurial vision have been the driving force behind the Group and the considerable work he has done in restructuring our US operations is laying firm foundations for a stronger North American business.

I was happy to accept the invitation, in December 2002, to continue as Chairman of the Board. We have been working closely to refocus the company and I am confident Stagecoach Group has a dedicated senior management team and a committed Board that will ensure the Group continues to thrive and deliver shareholder value.

Robert Speirs
Chairman

CHIEF EXECUTIVE'S OPERATING AND FINANCIAL REVIEW

Management has been clearly focused on the twin priorities of restructuring Coach USA and securing the new franchise at South West Trains. I have been particularly pleased at the progress we have made and this will give greater certainty to shareholders.

We are seeing steady performance benefits across the Group as a result of our concentration on operationally led management. I believe this has reinvigorated the entrepreneurial approach of management and we are well placed to deliver growth in our operations, despite the worldwide economic slowdown.

Overall financial results

The financial results for the year ended 30 April 2003 reflect the strong underlying cash flow generation of the Group and the continued trading profitability of our four key operating divisions. Turnover for the year was £2,076.6m (2002 - £2,111.4m). Total operating profit before goodwill amortisation and exceptional items was £146.4m (2002 - £166.6m). Adjusted earnings per share (before goodwill amortisation and exceptional items) increased from 6.3 pence to 6.4 pence.

The turnover and operating loss is further analysed as follows:

	Turnover		Operating profit/(loss)	
	2003 £m	2002 £m	2003 £m	2002 £m
UK Bus	598.4	567.9	67.0	62.7
Overseas Bus	183.7	194.7	30.3	33.4
Coach USA	603.0	682.3	14.0	38.4
Rail	413.6	402.8	38.2	31.0
Virgin Rail Group	276.1	261.2	7.2	10.8
thetrainline.com	11.0	11.7	(4.3)	(4.4)
Virgin Rail Group/trainline eliminations	(9.2)	(9.2)	-	-
Group overheads	-	-	(9.4)	(10.8)
Restructuring costs	-	-	(6.3)	(6.6)
Road King	-	-	10.5	12.9
Other joint ventures and associates	-	-	(0.8)	(0.8)
Total before goodwill amortisation and exceptional items	2,076.6	2,111.4	146.4	166.6
Goodwill amortisation	-	-	(37.6)	(50.5)
Coach USA exceptional items	-	-	(575.0)	(19.6)
	2,076.6	2,111.4	(466.2)	96.5

Coach USA

I am pleased to report that we remain on course to restructure our Coach USA division and to meet our strategic aims for the business within the 12 to 18 month timetable we outlined in December 2002. We have already announced the disposals of Coach USA's Transit division, New England, West, and South Central regions and a number of its taxi businesses. Together, the gross consideration for these amounts to over US\$220m.

We intend to retain the North East and North Central regions, which together accounted for around one-third of Coach USA's turnover in the year ended 30 April 2003. We are developing the businesses within the Coach USA portfolio that perform well and have predictable revenue streams, as well as reducing our exposure to charter and leisure-related businesses. In addition, we have successfully retained key management and further reduced our corporate and regional overhead base. Trading at Coach USA, as we predicted, remains challenging and we have not seen any major improvement in the trading environment. Nevertheless, Coach USA remains cash generative and profitable. We have many strong performing businesses in the residual Coach USA portfolio and we are continuing to redeploy existing assets to maximise asset utilisation and to eliminate unnecessary capital expenditure.

Coach USA's turnover for the year was £603.0m, compared to £682.3m in the previous year. Operating profit was £14.0m, compared to £38.4m in 2002, representing a reduction in operating margin from 5.6% to 2.3%. The reduction in operating margin reflects a fall of 0.4% in like for like revenues in our coach and bus operations, increased insurance costs and a significant fall in taxicab utilisation and sales. Action is continuing to maintain strict controls on our cost base and improve operating efficiency.

Rail

We have now agreed financial and commercial terms with the SRA for a new three-year franchise at South West Trains. The deal, which has been recommended to the Department for Transport and the Treasury by the SRA Board, is currently awaiting final approval. Together with the current one-year extension this would result in a franchise for the period until February 2007. This will cement our leading position within the UK rail market and combines the right balance of risk and return for our shareholders.

Our Rail division has delivered a strong operating profit for the year. At South West Trains, our concentration on driving up operational performance has resulted in significant improvements and we are progressing well with the planned introduction of our new £1bn Desiro train fleet. At Virgin Rail Group, the business is benefiting from the focus on service delivery and significant investment in new trains. The replacement of the entire CrossCountry fleet has been completed with the introduction of new Virgin Voyagers, while the first of the new state-of-the-art Pendolino trains are also in service.

Network infrastructure difficulties remain a concern, however, and we have implemented a range of measures to mitigate the effects on our operation as well as working closely with Network Rail and the Strategic Rail Authority.

Turnover for our wholly-owned rail subsidiaries in the year was up 2.7% at £413.6m (2002: £402.8m). Operating profit was £38.2m (2002: £31.0m), representing an operating margin of 9.2% (2002: 7.7%). This includes liquidated damages of £8.5m in relation to late delivery and reliability of new Class 458 trains. Rail profits are stated after the costs of bidding for new franchises.

Passenger volumes at South West Trains increased by 2.1%, or 0.9% after excluding the periods affected by industrial action in the prior year.

Our share of Virgin Rail Group's turnover for the year amounted to £276.1m (2002 - £261.2m) and our share of operating profits before exceptional items was £7.2m (2002 - £10.8m). Passenger volumes for the year are 4.7% above the prior year.

* References to the operating profit of a particular business unit refer to operating profit before restructuring costs, goodwill amortisation and exceptional items.

UK Bus

Our UK Bus division, the traditional core of the Group, is performing well. We are benefiting from revenue and passenger growth in provincial towns where we are working in partnership with forward-looking local authorities. We have been particularly successful in the London market, where we have retained and won a number of tenders. New tenders and the operation of additional vehicles on behalf of Transport for London have added £14.6m in revenue in the year ended 30 April 2003. Passenger volumes in London are up 8.8% and we see further opportunities for growth following the introduction of congestion charging earlier this year.

We are taking an industry lead in generating new ideas and believe our "Kick Start" proposal, which is now being taken forward by the UK Government, can benefit communities across the country. The proposal is that the Government sets aside funds, which are used to give short-term impetus for the introduction of new services with the aim that such services would become commercially viable within three years from their commencement. It can deliver more comprehensive bus services, reduced road congestion, better value for the taxpayer, with important environmental and social inclusion benefits. As well as bidding for Government funding in this area, we will continue with our own "Kick Start" programme of investment in buses for routes identified as having organic growth potential and we are also looking at the development of a number of new products and ideas targeted for growth in the next twelve months.

Turnover in our UK Bus division has increased by 5.4% to £598.4m (2002: £567.9m). Operating profit was £67.0m, compared to £62.7m in the previous year, and this is after taking account of increases in insurance costs and labour costs, including an increase in pension costs. The operating profit figure is stated after the financing element of vehicle operating leases, which amounted to £0.5m. This represents an operating margin of 11.2% (2002: 11.0%) and reflects the benefits from a wide range of local initiatives to grow revenue, despite a continuing fall in the cost of car ownership. Across the UK, we have invested in new buses with a total capital value of £40.7m during the year to develop our on-the-road product. Total passenger volumes across our UK Bus business have increased by 3.2%.

Overseas Bus

In New Zealand, where we are the biggest bus operator, our operations have delivered further strong growth. We continue to work in close partnership with national and local government to improve bus services, investing heavily in our operation. "Kick Start" pump-priming funding has helped enhance services on key corridors and bus passenger growth in Auckland has continued to be strong. In addition, we remain actively interested in running the suburban rail networks in both Wellington and Auckland.

Under our ownership since 1999, our Hong Kong Citybus operation has produced strong organic growth in passenger volumes and a significant reduction in operating costs. Following an approach for the business, we reviewed the strategic options for Stagecoach Group in the region. It was our view that there were limited opportunities to develop significantly elsewhere in other Pacific Rim countries and the long-term prospects for the business in Hong Kong were uncertain. A number of factors were assessed in coming to a decision, including the future economic climate in Hong Kong, the growing levels of regulation and the inability to grow profit without very significant investment or critical mass synergies. While the outbreak of Severe Acute Respiratory Syndrome ("SARS") earlier this year continues to impact the profitability of the Hong Kong business, our assessment of the sale was based on a long-term view of the profitability and capital requirements of the business and not the immediate trading conditions. The market for franchised bus operations is competitive and the purchaser already had an interest in a significant

franchised bus operation. The proposed combination will benefit from synergies and economies of scale and this will give a solid platform for the further investment that is required in the Hong Kong franchised bus market. On that basis, we believe the sale of Citybus was in the best interests of the business and Stagecoach shareholders, and it will allow Stagecoach management to continue to deliver our strategy as a leading international transport provider.

Turnover for the year in Overseas Bus was £183.7m, compared to £194.7m in the previous year. Operating profit was £30.3m, compared to £33.4m in the previous year. This represents an operating margin of 16.5% (2002 – 17.2%). The reduction in operating profit reflects the disposals of operations in Australia and Portugal, movements in foreign exchange rates applied in translating overseas profits to sterling and the impact of SARS and a sluggish economy on our Hong Kong operations.

The results for Overseas Bus include turnover in respect of Citybus of £132.3m (2002: £148.6m) and operating profit of £19.1m (2002: £25.2m).

Joint ventures and associates

Our share of joint ventures' and associates' operating profits (before goodwill amortisation and exceptional items) was £12.6m compared to £18.5m in the prior year. The reduction reflects reduced profitability at Virgin Rail Group, a reduction in certain minimum income undertakings from joint ventures at Road King and movements in foreign exchange rates applied in translating overseas profits to sterling. In addition to Virgin Rail Group (profit £7.2m; 2002 - £10.8m), the results include our share of thetrainline.com's operating losses which was £4.3m (2002 - £4.4m), our share of profits in Road King of £10.5m (2002 - £12.9m) and our share of operating losses of £0.8m (2002 - £0.8m) from our other joint ventures and associates.

Restructuring costs

Restructuring costs of £6.3m (2002 - £6.6m) have been charged against operating profits, of which £3.0m relates to the restructuring at Coach USA, £1.8m relates to UK Bus and £1.5m relates to redundancy costs incurred in our other divisions.

Depreciation and amortisation

Total depreciation decreased from £112.7m to £105.3m, reflecting the impairment of Coach USA's tangible fixed assets recorded as at 31 October 2002, the effect of foreign exchange movements on the translation of US\$ and HK\$ charges and a reduction in capital expenditure. The annual goodwill amortisation charge was £37.6m compared to £50.5m in 2002, reflecting the fact that we have recorded a goodwill impairment loss of £386.8m in the year.

Exceptional items

Net exceptional charges before tax of £575.5m (2002- £14.3m) were reported. These include charges of £575.0m associated with the impairment review of Coach USA which comprised an impairment of goodwill totalling £386.8m, an impairment of tangible fixed assets of £162.7m, a write-down of current assets to net realisable value totalling £17.8m and a provision for losses on operations to be closed or sold of £7.7m. The results also include a net loss on the sale of properties of £0.5m.

Finance charges

Net interest and financing charges decreased from £59.8m to £33.5m as a result of the favourable interest rate environment and gains of £15.1m on the repurchase of bonds. EBITDA before exceptional items to interest cover was 7.5 times compared to 4.7 times in 2002. This is based on EBITDA before exceptional items of £251.7m (2002 - £279.3m).

Acquisitions and disposals

We have not completed any significant acquisitions or disposals in the 12 months ended 30 April 2003. Details of material disposals announced since 30 April 2003 are given in note 9 to the preliminary financial statements.

Taxation

Before taking account of the exceptional write-offs in Coach USA of £575.0m, profit before tax for the year was £74.8m. The tax charge of £25.0m represents an effective rate of 33.4% on this profit (2002 – 35.7%).

The decrease in the effective tax rate this year is principally due to changes in the mix of profits from the various parts of the business.

Cash flows

Cash generation across the Group remained strong with free cash flows amounting to £217.8m. This compares to £184.3m last year. Free cash flow per share increased from 14.1 pence to 16.6 pence.

At 30 April 2003 net cash balances were £164.7m, an increase of £14.7m from 30 April 2002. The Group remains in a net borrowing position and surplus cash balances are used to repay debt where possible.

Capital Expenditure

Additions to tangible fixed assets during the year were as follows:

	2003 £m	2002 £m
UK Bus	34.4	50.5
Coach USA	21.5	40.1
Overseas Bus	13.3	9.2
Rail	1.9	3.5
Total	71.1	103.3

In addition, new operating leases were entered into during the year by the UK Bus division for vehicles with a capital value of £19.6m.

Balance sheet

Net assets have decreased by 65.1% from £909.1m to £317.1m principally due to the exceptional write-offs of £575.0m at Coach USA. Net debt at 30 April 2003 decreased by 27.7% to £560.0m compared to £774.6m as at 30 April 2002. Based on net assets of £317.1m and net debt of £560.0m, book gearing is 176.6% in comparison to last year's level

of 85.2%. After taking account of proceeds in relation to disposals announced post year-end, pro-forma net debt would reduce to £268.4m. The disposals have a minimal impact on net assets, and therefore would result in pro-forma gearing of 84.6%.

Pensions

The Group continues to account for pensions on the basis of SSAP 24, "Accounting for pension costs". Under SSAP 24, total pension costs in the year ended 30 April 2003 were £31.2m (2002 - £18.0m). The increase in costs principally relates to the rail division.

The Group will provide in its Annual Report the transitional disclosures required under FRS 17, "Retirement Benefits". Under FRS 17, the defined benefit pension schemes in respect of the Group's UK Bus and head office employees showed a net liability at 30 April 2003 of £156.2m after taking account of deferred tax. In addition, the defined benefit pension schemes in respect of the Group's UK Rail employees showed a net liability of £24.3m, after deferred tax. We believe that the Rail deficit needs to be considered separately as the franchise payments under the new South West Trains franchise take account of increased contribution levels to fund the deficit and we understand that the Group has no liability beyond the end of the franchise.

The defined benefit pension schemes are already benefiting from increased contributions from the Group and from the employees. In the year ended 30 April 2003, the cash contributions from the Group to the various pension schemes increased by £7.4m, of which £5.5m relates to the rail division. We have already planned for increased cash contributions for the year ending 30 April 2004. We remain committed to retaining defined benefit pension arrangements in the UK and continue to have constructive discussions regarding future contribution rates and other aspects of the defined benefit pension schemes.

Current trading

While still early in the new financial year, the Group has started the year well and is trading in line with our expectations.

Our People

I am delighted with the contribution our people across the globe have made in meeting the challenges of the past year and I would like to thank them and our customers for their continued support. I am certain we can deliver better services, more value to shareholders, and continued security for our employees.

Brian Souter
Chief Executive

Consolidated Profit and Loss Account

	Audited Year ended 30 April 2003			Audited Year ended 30 April 2002			
	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year	
Notes	£m	£m	£m	£m	£m	£m	
Turnover: Group and share of joint ventures	1	2,076.6	Nil	2,076.6	2,111.4	Nil	2,111.4
Less: Share of joint ventures' turnover		(277.9)	Nil	(277.9)	(263.7)	Nil	(263.7)
Group turnover	1	1,798.7	Nil	1,798.7	1,847.7	Nil	1,847.7
Operating costs (including asset impairment)		(1,752.6)	(603.6)	(2,356.2)	(1,753.8)	(61.3)	(1,815.1)
Other operating income	2	87.7	Nil	87.7	54.2	Nil	54.2
Operating (loss)/profit of Group companies	1	133.8	(603.6)	(469.8)	148.1	(61.3)	86.8
Share of operating loss of joint ventures		2.6	(8.7)	(6.1)	6.1	(8.4)	(2.3)
Share of operating profit from interest in associates		10.0	(0.3)	9.7	12.4	(0.4)	12.0
Total operating (loss)/profit: Group and share of joint ventures and associates	1	146.4	(612.6)	(466.2)	166.6	(70.1)	96.5
(Loss)/profit on sale of properties		Nil	(0.5)	(0.5)	Nil	0.5	0.5
Profit on disposal of overseas operations		Nil	Nil	Nil	Nil	4.8	4.8
(Loss)/profit on ordinary activities before interest and taxation		146.4	(613.1)	(466.7)	166.6	(64.8)	101.8
Finance charges (net)		(33.5)	Nil	(33.5)	(59.8)	Nil	(59.8)
(Loss)/profit on ordinary activities before taxation		112.9	(613.1)	(500.2)	106.8	(64.8)	42.0
Taxation on (loss)/profit on ordinary activities	5	(28.8)	3.8	(25.0)	(24.2)	9.2	(15.0)
(Loss)/profit on ordinary activities after taxation		84.1	(609.3)	(525.2)	82.6	(55.6)	27.0
Dividends	8	(34.3)	Nil	(34.3)	(34.1)	Nil	(34.1)
Retained loss for the year		49.8	(609.3)	(559.5)	48.5	(55.6)	(7.1)
(Loss)/earnings per share:							
- Adjusted/Basic	3	6.4p		(40.0)p	6.3p		2.1p
- Diluted	3	6.4p		(40.0)p	6.3p		2.1p

The accompanying notes form an integral part of this consolidated profit and loss account.

All operations in the years ended 30 April 2003 and 30 April 2002 are classed as continuing.

Consolidated Balance Sheet

Notes	Audited As at 30 April 2003 £m	Audited As at 30 April 2002 £m
Fixed Assets		
Intangible assets	206.9	665.4
Tangible assets	851.6	1,108.9
Investments		
- Investment in joint ventures		
Goodwill	72.7	81.4
Share of gross assets	167.5	136.7
Share of gross liabilities	(122.0)	(97.4)
Shareholder loan notes	10.4	10.0
	128.6	130.7
- Investment in associates	70.0	72.8
- Other investments	2.7	3.2
	1,259.8	1,981.0
Current Assets		
Stocks	38.1	50.9
Debtors and prepaid charges	192.3	228.5
-due within one year	59.9	54.2
-due after more than one year	164.7	150.0
Cash at bank and in hand	455.0	483.6
	(504.2)	(524.0)
Creditors: Amounts falling due within one year	(504.2)	(524.0)
	(49.2)	(40.4)
Net current liabilities	(49.2)	(40.4)
	1,210.6	1,940.6
Total assets less current liabilities	1,210.6	1,940.6
Creditors: Amounts falling due after more than one year	(640.7)	(808.1)
Provisions for liabilities and charges		
- Joint venture – thetrainline.com		
Share of gross assets	5.3	5.1
Share of gross liabilities	(27.9)	(21.8)
- Other provisions	(230.2)	(206.7)
	317.1	909.1
Net Assets	317.1	909.1
Capital and reserves		
Equity share capital	6.6	6.6
Share premium account	386.1	384.4
Profit and loss account	(77.3)*	514.8
ESOP distribution reserve	Nil	1.6
Capital redemption reserve	1.7	1.7
Shareholders' Funds – Equity	317.1	909.1

The accompanying notes form an integral part of this consolidated balance sheet.

* The profit and loss reserve deficit of £77.3m is the consolidated position after taking account of cumulative goodwill of £113.8m that was written off against reserves in periods prior to the adoption of FRS 10, "Goodwill and Intangible Assets". The holding company's distributable reserves as at 30 April 2003 were £57.5m (2002 - £670.1m).

Consolidated Cash Flow Statement

		Audited Year ended 30 April 2003	Audited Year ended 30 April 2002
	Notes	£m	£m
Net cash inflow from operating activities	7	272.2	256.9
Dividends from joint ventures and associates		5.3	5.0
Returns on investments and servicing of finance			
Interest paid		(52.6)	(61.7)
Interest element of hire purchase and lease finance		(4.7)	(7.6)
Interest received		5.4	8.4
Net cash outflow from returns on investments and servicing of finance		(51.9)	(60.9)
Taxation		(7.8)	(16.7)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(52.9)	(82.4)
Sale of tangible fixed assets		20.1	5.4
Net cash outflow from capital expenditure and financial investment		(32.8)	(77.0)
Acquisitions and disposals			
Acquisition of subsidiaries	7	(10.1)	(25.2)
Net cash acquired with subsidiaries		Nil	0.3
Purchase of goodwill		(0.8)	(0.1)
Purchase of investments in joint ventures and associates		(0.9)	(1.5)
Purchase of other investments		Nil	(0.3)
Cash of disposed subsidiaries	7	Nil	(0.8)
Disposal of subsidiaries and other businesses	7	7.0	16.1
Disposal of other investments		Nil	2.0
Net cash outflow from acquisitions and disposals		(4.8)	(9.5)
Equity dividends paid		(27.6)	(49.8)
Net cash inflow before financing		152.6	48.0
Financing			
Sale of tokens		12.9	14.8
Redemption of tokens		(10.8)	(13.4)
Issue of share capital for cash		Nil	1.3
(Increase)/decrease in collateral balances		(32.1)	38.2
Decrease in borrowings		(90.9)	(12.2)
Repayments of hire purchase and lease finance		(44.4)	(48.2)
Net cash outflow from financing		(165.3)	(19.5)
(Decrease)/increase in cash during the year	7	(12.7)	28.5
Free cash flow		217.8	184.3
Free cash flow per share		16.6p	14.1p

Free cash flow comprises net cash inflow from operating activities, dividends from joint ventures and associates, net cash outflow from returns on investments and servicing of finance, and taxation.

The accompanying notes form an integral part of this consolidated cash flow statement.

Consolidated Statement of Total Recognised Gains and Losses

	Audited Year ended 30 April 2003 £m	Audited Year ended 30 April 2002 £m
(Loss)/profit for the financial year	(525.2)	27.0
Translation differences on foreign currency net investments	(26.6)	(5.5)
UK tax effect of translation differences on foreign currency net investments	(6.4)	(4.8)
Share of other recognised gains and losses of associates	(0.1)	(0.2)
Total recognised gains and losses relating to the year	<u>(558.3)</u>	<u>16.5</u>

There are no recognised gains and losses of joint ventures other than the Group's share of their profits or losses for each financial year.

Notes to the Preliminary Statement

1 Segmental Analysis

(a) Turnover

	Audited Year ended 30 April 2003	Audited Year ended 30 April 2002
	£m	£m
Continuing operations		
UK Bus	598.4	567.9
Overseas Bus	183.7	194.7
Coach USA	603.0	682.3
Total bus continuing operations	1,385.1	1,444.9
Rail	413.6	402.8
Group turnover – continuing operations	1,798.7	1,847.7
Share of joint ventures' turnover		
- Train operating companies	276.1	261.2
- thetrainline.com	11.0	11.7
- Elimination of inter-segment turnover	(9.2)	(9.2)
Group turnover and share of joint ventures' turnover	2,076.6	2,111.4

Turnover of £183.7m (2002 - £194.7m) for the continuing Overseas Bus segment includes amounts of £132.3m (2002 - £148.6m) in relation to Citybus, which was disposed of after 30 April 2003

Due to the nature of the Group's business, the origin and destination of turnover is the same in all cases.

1 Segmental Analysis (continued)

(b) (i) Operating (loss)/profit

	Audited Year ended 30 April 2003			Audited Year ended 30 April 2002 Restated (see below)		
	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year
	£m	£m	£m	£m	£m	£m
Continuing operations						
UK Bus	67.0	Nil	67.0	62.7	Nil	62.7
Overseas Bus	30.3	Nil	30.3	33.4	Nil	33.4
Coach USA	14.0	(575.0)	(561.0)	38.4	(19.6)	18.8
Total bus continuing operations	111.3	(575.0)	(463.7)	134.5	(19.6)	114.9
Rail	38.2	Nil	38.2	31.0	Nil	31.0
Total continuing operations	149.5	(575.0)	(425.5)	165.5	(19.6)	145.9
Group overheads	(9.4)	Nil	(9.4)	(10.8)	Nil	(10.8)
Annual goodwill amortisation	Nil	(28.6)	(28.6)	Nil	(41.7)	(41.7)
Redundancy/restructuring costs						
- Continuing operations	(6.3)	Nil	(6.3)	(6.6)	Nil	(6.6)
Total operating (loss)/profit of Group companies	133.8	(603.6)	(469.8)	148.1	(61.3)	86.8
Share of operating profit/(loss) of joint ventures						
- Train operating companies	7.2	Nil	7.2	10.8	Nil	10.8
- thetrainline.com	(4.3)	Nil	(4.3)	(4.4)	Nil	(4.4)
- Other	(0.3)	Nil	(0.3)	(0.3)	Nil	(0.3)
Goodwill amortised on investment in joint ventures	Nil	(8.7)	(8.7)	Nil	(8.4)	(8.4)
Share of operating profit/(loss) of associates						
- Road King	10.5	Nil	10.5	12.9	Nil	12.9
- Other	(0.5)	Nil	(0.5)	(0.5)	Nil	(0.5)
Goodwill amortised on investment in associates	Nil	(0.3)	(0.3)	Nil	(0.4)	(0.4)
Total operating (loss)/profit: Group, joint ventures and associates	146.4	(612.6)	(466.2)	166.6	(70.1)	96.5

Operating profit of £30.3m (2002 - £33.4m) for the continuing Overseas Bus segment includes amounts of £19.1m (2002 - £25.2m) in relation to Citybus, which was disposed of after 30 April 2003.

Goodwill amortisation of £28.6m (2002: £41.7m) is analysed as UK Bus £0.8m (2002: £0.7m), Overseas Bus £8.6m (2002: £9.2m) and Coach USA £19.2m (2002: £31.8m).

Restructuring costs of £6.3m (2002 - £6.6m) are analysed as UK Bus £1.8m (2002 - £1.5m), Overseas Bus £0.1m (2002 - £Nil), Coach USA £3.0m (2002 - £4.9m), Rail £0.6m (2002 - £Nil) and costs incurred centrally £0.8m (2002 - £0.2m).

The above segmental analysis of operating profit has been restated by applying certain costs that were previously classified within "Group overheads" against the operating profits of particular operating divisions. This has been done to align the segmental analysis with the way management now monitors the business and to achieve greater comparability with other companies.

For completeness, we have also presented operating profit segmented using the previous basis on the next page.

1 Segmental Analysis (continued)

(b) (ii) Operating (loss)/profit

	Audited Year ended 30 April 2003			Audited Year ended 30 April 2002		
	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year
	£m	£m	£m	£m	£m	£m
Continuing operations						
UK Bus	76.0	Nil	76.0	71.1	Nil	71.1
Overseas Bus	30.3	Nil	30.3	34.1	Nil	34.1
Coach USA	16.6	(575.0)	(558.4)	41.2	(19.6)	21.6
Total bus continuing operations	122.9	(575.0)	(452.1)	146.4	(19.6)	126.8
Rail	38.2	Nil	38.2	31.3	Nil	31.3
Total continuing operations	161.1	(575.0)	(413.9)	177.7	(19.6)	158.1
Group overheads	(21.0)	Nil	(21.0)	(23.0)	Nil	(23.0)
Annual goodwill amortisation	Nil	(28.6)	(28.6)	Nil	(41.7)	(41.7)
Redundancy/restructuring costs						
- Continuing operations	(6.3)	Nil	(6.3)	(6.6)	Nil	(6.6)
Total operating (loss)/profit of Group companies	133.8	(603.6)	(469.8)	148.1	(61.3)	86.8
Share of operating profit/(loss) of joint ventures						
- Train operating companies	7.2	Nil	7.2	10.8	Nil	10.8
- thetrainline.com	(4.3)	Nil	(4.3)	(4.4)	Nil	(4.4)
- Other	(0.3)	Nil	(0.3)	(0.3)	Nil	(0.3)
Goodwill amortised on investment in joint ventures	Nil	(8.7)	(8.7)	Nil	(8.4)	(8.4)
Share of operating profit/(loss) of associates						
- Road King	10.5	Nil	10.5	12.9	Nil	12.9
- Other	(0.5)	Nil	(0.5)	(0.5)	Nil	(0.5)
Goodwill amortised on investment in associates	Nil	(0.3)	(0.3)	Nil	(0.4)	(0.4)
Total operating (loss)/profit: Group, joint ventures and associates	146.4	(612.6)	(466.2)	166.6	(70.1)	96.5

2 Other Operating Income

	Audited Year ended 30 April 2003	Audited Year ended 30 April 2002
	£m	£m
Miscellaneous revenue	47.9	47.5
Liquidated damages received	8.5	Nil
Losses on disposal of assets, other than properties	(2.7)	(0.1)
Rail franchise support	34.0	6.8
	<u>87.7</u>	<u>54.2</u>

Miscellaneous revenue comprises revenue incidental to the Group's principal activity. It includes advertising income, maintenance income and property income.

The liquidated damages received of £8.5m (2002 - £Nil) relate to 24 new class 458 trains, which are now in service at South West Trains, a subsidiary of the Group. A number of problems were experienced with the late delivery and reliability of the new trains and the liquidated damages were received in respect of these issues.

Rail franchise support totalled £34.0m (2002 - £6.8m). The increase mainly reflects the deed of amendment agreed with the UK's Strategic Rail Authority in respect of South West Trains and is offset by increased operating costs.

3 (Loss)/earnings per share

(Loss)/earnings per share have been calculated in accordance with FRS 14 "Earnings per Share" by calculating Group (loss)/profit on ordinary activities after tax, divided by the weighted average number of shares in issue during the year based on the following:

	Audited Year ended 30 April 2003			Audited Year ended 30 April 2002		
	(Loss)/ earnings	Weighted average number of shares	(Loss)/ earnings per share	(Loss)/ earnings	Weighted average number of shares	(Loss)/ earnings per share
	£m	Million	pence	£m	Million	pence
Basic	(525.2)	1,314.4	(40.0)	27.0	1,309.9	2.1
Adjusted (pre goodwill and exceptional items)	84.1	1,314.4	6.4	82.6	1,309.9	6.3
Dilutive shares - Executive Share Option Scheme	-	2.3	Nil	-	0.1	Nil
- Employee SAYE Scheme	-	Nil	Nil	-	0.2	Nil
Diluted excluding goodwill and exceptional items	84.1	1,316.7	6.4	82.6	1,310.2	6.3
Include goodwill and exceptional items				(55.6)	-	(4.2)
Diluted				<u>27.0</u>	<u>1,310.2</u>	<u>2.1</u>

(Loss)/earnings per share before goodwill and exceptional items is calculated after adding back goodwill amortisation and exceptional items after taking account of taxation, as shown on the consolidated profit and loss account. This has been presented to allow shareholders to gain a clearer understanding of the underlying performance.

In accordance with FRS 14, share options are only treated as dilutive in the calculation of diluted earnings per share if their exercise would result in the issue of ordinary shares at less than fair value. Potential ordinary shares are only treated as dilutive where the effect is to reduce earnings per share or increase loss per share. Accordingly, the basic loss per share for 2003 has not been adjusted for the dilutive shares as the effect would be to reduce the loss per share.

4 Exceptional items

The following items have been treated as exceptional:

	Audited Year ended 30 April 2003 £m	Audited Year ended 30 April 2002 £m
Provision for losses on operations to be terminated or sold at Coach USA	(7.7)	(9.9)
Impairment of tangible fixed assets at Coach USA	(162.7)	(9.7)
Write-down of current assets to net realisable value at Coach USA	(17.8)	Nil
Impairment of goodwill at Coach USA	(386.8)	Nil
Profit on disposal of overseas operations	Nil	4.8
(Loss)/profit on sale of properties	(0.5)	0.5
	<hr/>	<hr/>
	(575.5)	(14.3)
Tax effect of exceptional items	Nil	5.6
	<hr/>	<hr/>
	(575.5)	(8.7)

As at 30 April 2002, the Group undertook an impairment review of Coach USA. The Directors concluded that at that time, no impairment write-down was required but announced that a review of Coach USA's business would be undertaken. The recovery in revenues for the six months ended 31 October 2002 was less than expected and trading conditions in North America continued to be difficult. As a result of the change in strategy for Coach USA and the absence of a significant recovery in revenues, the Group undertook a further review of the carrying value of Coach USA's assets as at 31 October 2002. The commercial assumptions used in reviewing the carrying value of Coach USA at that time are consistent with the current strategic plans for that business.

The carrying values of current assets within Coach USA were also reviewed to ensure those were properly valued. Appropriate write-downs were recorded in the six months ended 31 October 2002. These write-downs included adjustments to the carrying value of taxicab inventory and receivables, where the realisable value had fallen reflecting market conditions at that time.

The remaining goodwill and tangible fixed assets of Coach USA were reviewed for impairment. In accordance with FRS 11, "Impairment of fixed assets and goodwill", Coach USA was divided into appropriate "Income Generating Units" or "IGUs". The carrying value of each IGU as at 31 October 2002 was compared to its estimated recoverable amount, being the higher of its value in use and net realisable value to the Group. The value in use of each IGU was derived from discounted cash flow projections that covered the period to 30 April 2007. After 30 April 2007, the projections used a long-term growth rate compatible with projections for the US economy. The average discount rate used to arrive at the value in use was 13.0% on a pre-tax basis. The remaining tangible fixed assets and goodwill of each IGU are being amortised over their estimated useful economic lives, which in the case of goodwill is 16.25 years from 30 April 2003.

The Group closed a number of businesses in the USA as a consequence of the review. Specific provision has been made for losses associated with the closure of these businesses over and above the write-down of asset values described above. These additional losses include employee redundancy payments, operating lease termination payments and professional fees directly attributable to the closures.

To the extent the written-down values as at 31 October 2002 were based on projected cash flows, the actual cash flows for the six months ended 30 April 2003 have been compared to the projections. Actual cash flows were not significantly different to those projected.

4 Exceptional items (continued)

The aggregate exceptional charges across all of the IGUs were as follows:

	Year ended 30 April 2003
	£m
Provision for losses on operations to be terminated	(7.7)
Write-downs of current assets to net realisable value	(17.8)
Impairment of tangible fixed assets	(162.7)
Impairment of goodwill	(386.8)
	(575.0)

The residual written down values of Coach USA's net assets as at 30 April 2003 were as follows:

	As at 30 April 2003
	£m
Goodwill	108.0
Tangible fixed assets	231.0
Net current liabilities	(8.5)
Net assets before debt and tax balances	330.5

5 Taxation on (loss)/profit on ordinary activities

	Audited Year ended 30 April 2003			Audited Year ended 30 April 2002		
	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year	Performance pre goodwill and exceptionals	Goodwill and exceptional items	Results for the year
	£m	£m	£m	£m	£m	£m
Current tax:						
UK Corporation tax at 30% (2002: 30%)	24.7	Nil	24.7	12.6	Nil	12.6
Share of joint ventures' current tax	2.4	Nil	2.4	0.2	Nil	0.2
Share of associates' current tax	0.3	Nil	0.3	3.1	Nil	3.1
Foreign tax (current year)	3.2	Nil	3.2	2.8	Nil	2.8
Foreign tax (adjustments in respect of prior periods)	(3.6)	Nil	(3.6)	(0.3)	Nil	(0.3)
Total current tax	27.0	Nil	27.0	18.4	Nil	18.4
Deferred tax:						
Origination and reversal of timing differences	(0.2)	(3.8)	(4.0)	7.4	(9.2)	(1.8)
Adjustments in respect of prior periods	2.0	Nil	2.0	(1.6)	Nil	(1.6)
Total deferred tax	1.8	(3.8)	(2.0)	5.8	(9.2)	(3.4)
Tax on (loss)/profit on ordinary activities	28.8	(3.8)	25.0	24.2	(9.2)	15.0

6 Reconciliation of Movements in Consolidated Shareholders' Funds

	Audited Year ended 30 April 2003 £m	Audited Year ended 30 April 2002 £m
(Loss)/profit for the financial year	(525.2)	27.0
Dividends	(34.3)	(34.1)
	(559.5)	(7.1)
Goodwill sold, previously written off to reserves	0.5	3.7
Other recognised gains and losses relating to the year	(33.1)	(10.5)
Share capital issued less costs	1.7	2.9
ESOP distribution reserve decrease	(1.6)	(0.2)
Net reduction in shareholders' funds	(592.0)	(11.2)
Opening shareholders' funds	909.1	920.3
Closing shareholders' funds	317.1	909.1

7 Consolidated cash flows

(a) Reconciliation of operating (loss)/profit to net cash flow from operating activities

	Audited Year ended 30 April 2003 £m	Audited Year ended 30 April 2002 £m
Operating (loss)/profit of Group companies	(469.8)	86.8
Depreciation	105.3	112.7
Impairment of tangible fixed assets at Coach USA	162.7	9.7
Impairment of goodwill at Coach USA	386.8	Nil
Loss on sale of tangible fixed assets, other than properties	2.7	0.1
Goodwill amortisation	28.6	41.7
Provision for losses on operations to be terminated or sold	7.7	9.9
Decrease/(increase) in stocks	11.7	(3.1)
Decrease/(increase) in debtors	13.6	(6.6)
ESOP provided for	0.2	1.8
Decrease in creditors	(1.7)	(4.1)
Increase in provisions	24.4	8.0
Net cash inflow from operating activities	272.2	256.9

7 Consolidated cash flows (continued)

(b) Reconciliation of net cash flow to movement in net debt

	Audited Year ended 30 April 2003	Audited Year ended 30 April 2002
	£m	£m
(Decrease)/increase in cash	(12.7)	28.5
Bond repayments	40.0	77.7
Cash flow from decrease/(increase) in debt and lease financing	95.3	(17.3)
	122.6	88.9
Loans and finance leases of acquired/disposed subsidiaries	Nil	0.5
Other movements	59.9	(40.1)
Movement in cash collateral	32.1	(38.2)
Decrease in net debt	214.6	11.1
Opening net debt	(774.6)	(785.7)
Closing net debt	(560.0)	(774.6)

(c) Analysis of net debt

	Opening £m	Cash flows £m	Cash collateral £m	Other Movements £m	Closing £m
Cash	107.5	(12.7)	Nil	(4.7)	90.1
Cash collateral	42.5	38.9	(6.8)	Nil	74.6
HP and lease obligations	(106.5)	44.4	Nil	(18.5)	(80.6)
Bank loans and loan stock	(314.0)	44.1	6.8	23.1	(240.0)
Bonds	(504.1)	40.0	Nil	60.0	(404.1)
Totals	(774.6)	154.7	Nil	59.9	(560.0)

The net total of cash and cash collateral of £164.7m (2002 - £150.0m) is classified in the balance sheet as £164.7m (2002 - £150.0m) in cash at bank and in hand.

(d) Restricted cash

The cash collateral balance as at 30 April 2003 of £74.6m (2002 - £42.5m) comprises balances held in trust in respect of loan notes of £34.3m (2002 - £41.1m) and Coach USA letter of credit cash and insurance collateral cash of £40.3m (2002 - £1.4m). In addition, cash includes train operating company cash of £42.9m (2002 - £56.4m). Under the terms of the franchise agreements, train operating companies can only distribute cash out of retained profits.

7 Consolidated cash flows (continued)

(e) Purchase of subsidiary undertakings

	Coach USA £m	UK £m	Total £m
Net assets acquired at fair value	1.3	2.3	3.6
Goodwill	1.5	Nil	1.5
	<u>2.8</u>	<u>2.3</u>	<u>5.1</u>

Consideration

Cash and acquisition expenses paid in year	2.8	Nil	2.8
Deferred consideration	Nil	2.3	2.3
	<u>2.8</u>	<u>2.3</u>	<u>5.1</u>

The cash paid during the year in respect of the purchase of subsidiary undertakings was as follows:	£m
Cash paid in respect of acquisitions in year (see above)	2.8
Deferred consideration in respect of Coach USA acquisitions	7.3
	<u>10.1</u>

Companies acquired in the year did not have a material impact on cash flows.

(f) Disposal of subsidiaries and other businesses

	Coach USA £m	Other Overseas £m	Total £m
Net assets disposed	4.3	1.6	5.9
Provisions for losses on operations to be sold or terminated	(7.7)	Nil	(7.7)
Unutilised provision as at 30 April 2003	4.6	Nil	4.6
Closure costs	4.1	Nil	4.1
Goodwill previously written off to reserves	Nil	0.5	0.5
Proceeds on disposal	<u>5.3</u>	<u>2.1</u>	<u>7.4</u>
Satisfied by:			
Cash	4.9	2.1	7.0
Deferred consideration	0.4	Nil	0.4

Net cash inflows in respect of the disposals comprised:

Cash consideration	4.9	2.1	7.0
Cash at bank and in hand on disposal	Nil	Nil	Nil
	<u>4.9</u>	<u>2.1</u>	<u>7.0</u>

8 Dividend

Subject to shareholder approval, a final dividend of 1.8p per ordinary share is proposed (2002 – 1.3p). This dividend will be paid on 8 October 2003 to all those shareholders on the register at 5 September 2003. The total dividend for the year including the proposed final dividend is 2.6p per ordinary share (2002 – 2.6p).

9 Post balance sheet events

(i) Disposal of Citybus

On 9 June 2003, the Group announced the disposal of Citybus to Delta Pearl Limited, a 100% indirect subsidiary of Chow Tai Fook Enterprises Limited, the privately owned company of the Cheng Yu Tung family and the major shareholder in New World Development Company Limited which in turn has an interest in New World First Bus Services Limited, one of Hong Kong's major bus operators. The sale was completed on 23 June 2003.

The gross consideration for the disposal is HK\$2,200m. The net cash amount received was HK\$1,646m, which represented the gross consideration less the amount of net third party debt as at 30 April 2003, being HK\$554m. The purchaser assumed all of the net third party debt of Citybus.

The purchaser also assumed capital commitments of approximately HK\$239m relating mainly to the completion of a new depot for Citybus at Chaiwan in Hong Kong.

Further details on the disposal were given in the Group's announcement on 9 June 2003.

(ii) Disposal of businesses at Coach USA

Since 30 April 2003, the Group has announced the disposals of a number of parts of Coach USA in line with the restructuring plan for Coach USA announced in December 2002. The disposals announced were as follows:

- On 6 June 2003, the Group announced that it had agreed terms for the sale of the South Central and West Regions of Coach USA to a newly formed affiliate of Kohlberg & Co., LLC. Completion of the transaction is subject to regulatory approval, final confirmation of financing and normal closing conditions. The gross consideration for the sale is US\$155m, to be satisfied by cash of US\$128.5m and an interest-bearing loan note receivable of US\$26.5m repayable no later than 63 months from date of close.
- On 2 June 2003, the Group announced that it had completed the sale to Peter Pan Bus Lines of the business and assets of the New England Region of Coach USA. The business has been sold for a consideration of US\$40m, satisfied by cash of US\$33m and loan notes receivable of US\$5m and US\$2m repayable after three years and four years respectively, both interest bearing.
- On 22 May 2003, the Group announced that it had agreed terms for the sale to First Transit, a US subsidiary of First Group plc, of the business and assets of the Transit Division of Coach USA. The transaction is subject to normal commercial closing conditions, including approval from affected public authorities, with completion anticipated before 30 June 2003. The consideration for the transaction is US\$22.5m, satisfied by cash.

These transactions will not result in a material gain or loss on disposal in the consolidated accounts of Stagecoach Group plc. Further details on the disposals were given in the Group's announcements of each disposal.

10 Statutory Accounts

The financial information set out in the preliminary announcement does not constitute the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985 and has been extracted from the full accounts for the years ended 30 April 2003 and 30 April 2002 respectively.

Statutory accounts for 2002, which received an unqualified audit report have been delivered to the Registrar of Companies.

The report of the auditors on the accounts for the year ended 30 April 2003 is unqualified and does not contain a statement under either section 237(2) or section 237(3) of the Companies Act 1985. The accounts for the year ended 30 April 2003 will be delivered to the Registrar of Companies and forwarded to all shareholders in due course. These accounts will also be available on the Group's website and from the registered office of the company, 10 Dunkeld Road, Perth PH1 5TW.

The Board of Directors approved this preliminary announcement on 25 June 2003.