

### Important note

This summary financial statement is a summary of the information in the 2003 Annual Report and Accounts. It does not contain sufficient information to allow for a full understanding of the results of the Group and state of affairs of the company or the Group. For further information, the full annual accounts, the auditors' report on those accounts and the report of the directors should be consulted. All shareholders receive either the Summary Annual Report or the full Annual Report and Accounts. A copy of the full 2003 Annual Report and Accounts may be obtained, free of charge, from the company's registrar at the address and telephone number shown on page 22. If you wish to receive the full Annual Report and Accounts for all future financial years you should inform Lloyds TSB Registrars in writing, at the same address.

### Principal activity and business review

The Group's principal activity is the provision of public transport services in the UK and overseas.

A review of the Group's business performance, developments during the year, its position at the year end and likely future prospects is contained on pages 2 to 17.

### Directors

The names, responsibilities and biographical details of the directors appear on page 18.

Following Keith Cochrane's resignation as Group Chief Executive on 21 July 2002, the Board subsequently appointed Brian Souter as Group Chief Executive, and Robert Speirs as Non-Executive Chairman.

Brian Cox retired as a director on 3 July 2002.

Ann Gloag, Martin Griffiths and Russell Walls retire by rotation at the 2003 Annual General Meeting in accordance with the Articles of Association and being eligible offer themselves for re-election.

### Report of the auditors

The auditors' report on the full accounts for the year ended 30 April 2003 was unqualified, and did not contain any statement under section 237(2) or section 237(3) of the Companies Act 1985.

### Corporate governance – combined code statement

The Group recognises the importance of, and is committed to, high standards of corporate governance. The Stock Exchange published the Combined Code in June 1998, which incorporated the work of the Cadbury, Greenbury and Hampel Committees. The Group has complied with the requirements of the Combined Code throughout the year except that one director who was not independent of management was a member of the Remuneration Committee during the year. The Remuneration Committee now comprises four independent non-executive directors and the director who was not independent is no longer a member.

### 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 was 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.