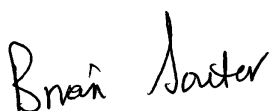


# Summary consolidated balance sheet

As at 30 April 2006

	2006	2005
	£m	£m
<b>Non-current assets</b>	<b>893.4</b>	866.7
<b>Current assets</b>	<b>395.3</b>	321.7
<b>Total assets</b>	<b>1,288.7</b>	1,188.4
<b>Current liabilities</b>	<b>502.6</b>	573.0
<b>Non-current liabilities</b>	<b>574.5</b>	500.0
<b>Total liabilities</b>	<b>1,077.1</b>	1,073.0
<b>Net assets</b>	<b>211.6</b>	115.4
<b>EQUITY</b>		
Ordinary share capital	6.9	6.8
Redeemable 'B' preference shares	n/a	13.9
Share premium account	174.8	163.4
Retained earnings	(212.1)	(294.4)
Capital redemption reserve	243.0	229.1
Own shares	(6.1)	(6.8)
Translation reserve	4.0	3.4
Available for sale reserve	1.9	Nil
Cash flow hedging reserve	(0.8)	Nil
<b>Total equity</b>	<b>211.6</b>	115.4

These financial statements have been approved for issue by the Board of Directors on 28 June 2006.



Brian Souter  
Chief Executive



Martin A Griffiths  
Finance Director

# Summary consolidated cash flow statement

For the year ended 30 April 2006

	2006	2005
	£m	£m
<b>Net cash from operating activities ("free cash flow")</b>	<b>175.5</b>	173.6
<b>Net cash used in investing activities</b>	<b>(9.9)</b>	(50.8)
<b>Net cash used in financing activities</b>	<b>(106.3)</b>	(458.4)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>59.3</b>	(335.6)
Cash and cash equivalents at the beginning of the year	138.5	476.5
Exchange rate effects	0.5	(2.4)
<b>Cash and cash equivalents at the end of year</b>	<b>198.3</b>	138.5

## Note 1 Dividends

2006	2005
£m	£m

### Amounts recognised as distributions in the year

#### Dividends on ordinary shares

Final dividend paid of 2.0p per share for the year ended 30 April 2004	–	26.5
Interim dividend paid of 1.0p per share for the year ended 30 April 2005	–	10.7
Final dividend paid of 2.3p per share for the year ended 30 April 2005	24.6	–
Interim dividend paid of 1.1p per share for the year ended 30 April 2006	12.0	–

#### Amounts recognised as distributions to equity holders in the year

#### Dividends on redeemable 'B' preference shares

Accrued for the period	n/a	0.4
	36.6	37.6

### Dividends proposed but neither paid nor included as liabilities in the financial statements

#### Dividends on ordinary shares

Final dividend paid of 2.3p per share for the year ended 30 April 2005	–	24.4
Final dividend proposed of 2.6p per share for the year ended 30 April 2006	28.4	–
	28.4	24.4

The proposed final dividend in respect of the year ended 30 April 2006 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. If approved, the final dividend will be payable on 4 October 2006 to shareholders on the register at close of business on 1 September 2006.

The dividends proposed and the actual dividends recognised as distributions differ slightly due to the number of shares at the balance sheet date being different to that at the record date.

The redeemable 'B' preference shares attracted a non-cumulative preferential dividend set at 70% of 6 months' LIBOR. The dividend was payable on the nominal amount of 18 pence per 'B' share and was paid twice yearly in arrears on 31 March and 30 September. On adoption of IAS 32 and IAS 39 on 1 May 2005, the preference shares are reclassified as debt rather than equity and subsequently any dividends accrued since that date are classified as finance costs.

## Note 2 Reconciliation of net assets and profit under UK GAAP to IFRS

Stagecoach Group plc ("the Group") previously prepared its consolidated financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") for periods up to and including 30 April 2005. From 1 May 2005 onwards, the Group is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee interpretations as endorsed by the European Union ("EU"). The results for the year ended 30 April 2006 represent the Group's first financial statements prepared in accordance with accounting policies based on IFRS and accordingly the comparative figures for the year ended 30 April 2005 have been restated in accordance with IFRS. Detailed transitional UK GAAP to IFRS reconciliations for the comparatives were issued on 29 September 2005 and can be found on the Group's website at: <http://www.stagecoachgroup.com/scg/ir/finanalysis/reports>.

In the announcement of 29 September 2005, we noted that the financial information presented may subsequently be impacted by changes in the business or to IFRS or the interpretation thereof. The comparative information reported in these results differs from that previously reported as a result of such changes.

The following changes have been made to the comparatives since the reconciliations published on 29 September 2005:

	Year ended 30 April 2005
	£m

### Income statement

Increase in Group operating costs	(3.0)
Increase in Group other operating income	3.0
Increase in operating profit from joint ventures	1.0
	1.0

	As at 30 April 2005
	£m

### Balance sheet

Increase in provisions within current liabilities	(55.6)
Decrease in provisions within non-current liabilities	55.6
Decrease in interests in joint ventures	(6.0)
Decrease in net assets and equity	(6.0)

A loss on sale of plant and equipment of £3.0m has been reclassified from Group other operating income to Group operating costs.

Provisions totalling £55.6m previously classified as non-current liabilities have been reclassified to current liabilities.

An intangible asset had been previously recognised in relation to VRG in our prior IFRS restatement which represented the right to operate both the West Coast and CrossCountry franchises. This has been removed which results in an increase in profit for the year ended 30 April 2005 of £1.0m and a decrease in net assets of £6.0m at that date. This change results from further analysis undertaken by VRG and its auditors with respect to the application of IFRS to the contractual arrangements in respect of VRG's franchises.

The transitional balance sheet shown at 1 May 2005 to comply with IAS 32 and IAS 39 in the restatement has changed with net assets at 1 May 2005 decreasing by a further £0.5m. This reflects the discounting of our North American receivables in respect of disposals in prior years.

The year ended 30 April 2005 comparatives have also been updated to reflect the disposal of our New Zealand operations, with all income and expenses relating to the New Zealand division being reclassified to profit for the year from discontinued operations.

# Reconciliation of Profit

For the year ended  
30 April 2005

	Previously reported under UK GAAP	Employee Benefits	Goodwill and intangibles	Share Based Payments	Joint ventures & associates net liabilities	Assets held for sale	First time adoption	Joint ventures	Other	Total effect of transition to IFRS	Restated under IFRS	Impact of discontinued operations	As reported under IFRS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	<b>1,479.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,479.5</b>	<b>(59.0)</b>	<b>1,420.5</b>
Operating costs	(1,517.1)	2.8	6.8	(1.4)	–	0.1	0.3	–	(3.0)	5.6	(1,511.5)	52.2	(1,459.3)
Other operating income (net)	173.3	1.7	–	–	–	–	–	–	3.0	4.7	178.0	(1.9)	176.1
<b>Operating profit of Group companies</b>	<b>135.7</b>	<b>4.5</b>	<b>6.8</b>	<b>(1.4)</b>	<b>–</b>	<b>0.1</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>10.3</b>	<b>146.0</b>	<b>(8.7)</b>	<b>137.3</b>
Share of operating loss of joint ventures (IFRS – after finance income and taxation)	(2.2)	1.6	0.1	–	–	–	–	(3.5)	–	(1.8)	(4.0)	–	(4.0)
Share of operating loss from interest in associates (IFRS – after finance charges and taxation)	(0.7)	–	0.3	–	–	–	–	–	–	0.3	(0.4)	–	(0.4)
<b>Total operating profit: Group and share of joint ventures and associates</b>	<b>132.8</b>	<b>6.1</b>	<b>7.2</b>	<b>(1.4)</b>	<b>–</b>	<b>0.1</b>	<b>0.3</b>	<b>(3.5)</b>	<b>–</b>	<b>8.8</b>	<b>141.6</b>	<b>(8.7)</b>	<b>132.9</b>
Gain on sale of properties	1.3	–	–	–	–	–	–	–	–	–	1.3	–	1.3
Loss on disposed operations	(5.9)	–	(0.4)	–	(1.0)	(0.1)	–	–	–	(1.5)	(7.4)	–	(7.4)
<b>Profit before interest and taxation</b>	<b>128.2</b>	<b>6.1</b>	<b>6.8</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>–</b>	<b>0.3</b>	<b>(3.5)</b>	<b>–</b>	<b>7.3</b>	<b>135.5</b>	<b>(8.7)</b>	<b>126.8</b>
Finance costs (net)	(19.9)	–	–	–	–	–	–	(1.7)	–	(1.7)	(21.6)	(0.3)	(21.9)
<b>Profit before taxation</b>	<b>108.3</b>	<b>6.1</b>	<b>6.8</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>–</b>	<b>0.3</b>	<b>(5.2)</b>	<b>–</b>	<b>5.6</b>	<b>113.9</b>	<b>(9.0)</b>	<b>104.9</b>
Taxation	(29.5)	(1.8)	(0.9)	–	–	–	–	5.2	–	2.5	(27.0)	1.7	(25.3)
<b>Profit for the year from continuing operations</b>	<b>78.8</b>	<b>4.3</b>	<b>5.9</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>–</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>8.1</b>	<b>86.9</b>	<b>(7.3)</b>	<b>79.6</b>
<b>Profit for the year from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7.3</b>	<b>7.3</b>
<b>Profit for the year</b>	<b>78.8</b>	<b>4.3</b>	<b>5.9</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>–</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>8.1</b>	<b>86.9</b>	<b>–</b>	<b>86.9</b>
<b>Profit attributable to equity shareholders of the parent</b>	<b>78.8</b>	<b>4.3</b>	<b>5.9</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>–</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>8.1</b>	<b>86.9</b>	<b>–</b>	<b>86.9</b>
<b>Earnings per share</b>													
– Basic	6.8p	0.4p	0.5p	(0.1)p	(0.1)p	–	–	–	–	0.7p	7.5p	–	7.5p
– Adjusted	9.0p	0.6p	–	(0.1)p	–	–	–	–	–	0.5p	9.5p	–	9.5p

# Reconciliation of Equity

As at 30 April 2005

	Previously reported under UK GAAP	Opening balance sheet adjustment*	Employee Benefits	Goodwill and intangibles	Proposed dividends	joint ventures and associates net liabilities	Assets held for sale	First time adoption	Other	Total effect of transition to IFRS	Restated under IFRS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>ASSETS</b>											
<b>Non-current assets</b>											
Goodwill	89.5	(4.1)	–	4.6	–	–	3.6	–	–	4.1	93.6
Other intangible assets	–	10.1	(2.9)	2.0	–	–	–	–	–	9.2	9.2
Property, plant and equipment	640.2	53.1	–	(0.2)	–	–	0.8	0.3	–	54.0	694.2
Interests in joint ventures	–	(9.9)	(5.1)	(0.1)	–	–	–	–	–	(15.1)	56.1
Interests in associates	0.7	–	–	0.3	–	–	–	–	–	0.3	1.0
Financial assets: Available for sale and other investments	1.7	–	–	0.1	–	–	–	–	–	0.1	1.8
Deferred tax asset	4.1	–	–	–	–	–	–	–	–	–	4.1
Other receivables	44.6	(40.8)	2.9	–	–	–	–	–	–	(37.9)	6.7
	852.0	8.4	(5.1)	6.7	–	–	4.4	0.3	–	14.7	866.7
<b>Current assets</b>											
Inventories	12.5	(1.6)	–	–	–	–	1.6	–	–	–	12.5
Trade and other receivables	174.1	11.2	(0.6)	0.1	–	–	2.1	–	(17.7)	(4.9)	169.2
Cash and cash equivalents	140.0	–	–	–	–	–	–	–	–	–	140.0
	326.6	9.6	(0.6)	0.1	–	–	3.7	–	(17.7)	(4.9)	321.7
<b>Assets held for sale</b>	–	8.1	–	–	–	–	(8.1)	–	–	–	–
<b>Total assets</b>	1,178.6	26.1	(5.7)	6.8	–	–	–	0.3	(17.7)	9.8	1,188.4
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Trade and other payables	357.6	(0.7)	–	–	–	–	0.7	–	–	–	357.6
Current tax liabilities	33.3	–	–	–	–	–	–	–	–	–	33.3
Financial liabilities: Borrowings	126.5	17.7	–	–	–	–	–	–	(17.7)	–	126.5
Dividends payable	24.4	(26.5)	–	–	2.1	–	–	–	–	(24.4)	–
Provisions	–	69.9	–	–	–	–	–	–	(14.3)	55.6	55.6
	541.8	60.4	–	–	2.1	–	0.7	–	(32.0)	31.2	573.0
<b>Non-current liabilities</b>											
Other payables	8.1	–	–	–	–	–	–	–	–	–	8.1
Financial liabilities: Borrowings	228.1	–	–	–	–	–	–	–	–	–	228.1
Deferred tax liabilities	78.7	(60.3)	(14.0)	1.1	–	–	–	–	–	(73.2)	5.5
Provisions	–	(1.0)	–	–	–	1.0	–	–	–	–	–
– joint ventures	–	(80.0)	0.1	–	–	–	0.1	–	14.3	(65.5)	37.4
– others	102.9	175.0	45.9	–	–	–	–	–	–	220.9	220.9
Retirement benefit obligations (IAS 19 deficit)	–	–	–	–	–	–	–	–	–	–	–
	417.8	33.7	32.0	1.1	–	1.0	0.1	–	14.3	82.2	500.0
<b>Liabilities associated with assets held for sale</b>	–	0.8	–	–	–	–	(0.8)	–	–	–	–
<b>Total liabilities</b>	959.6	94.9	32.0	1.1	2.1	1.0	–	–	(17.7)	113.4	1,073.0
<b>Net assets</b>	219.0	(68.8)	(37.7)	5.7	(2.1)	(1.0)	–	0.3	–	(103.6)	115.4
<b>EQUITY</b>											
Ordinary share capital	6.8	–	–	–	–	–	–	–	–	–	6.8
Redeemable 'B' preference shares	13.9	–	–	–	–	–	–	–	–	–	13.9
Share premium account	163.4	–	–	–	–	–	–	–	–	–	163.4
Retained earnings	(187.4)	(68.8)	(37.7)	5.7	(2.1)	(1.0)	–	0.3	(3.4)	(107.0)	(294.4)
Capital redemption reserve	229.1	–	–	–	–	–	–	–	–	–	229.1
Own shares	–	–	–	–	–	–	–	–	–	–	(6.8)
Translation reserve	(6.8)	–	–	–	–	–	–	–	3.4	3.4	–
	219.0	(68.8)	(37.7)	5.7	(2.1)	(1.0)	–	0.3	–	(103.6)	115.4

\* See reconciliation of equity as at 1 May 2004 on page 19.

# Reconciliation of Equity

As at 1 May 2004

	Previously reported under UK GAAP	Employee Benefits	Goodwill and intangibles	Proposed dividends	Joint ventures and associates net liabilities	Assets held for sale	First time adoption	Other	Total effect of transition to IFRS	Restated under IFRS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>ASSETS</b>										
<b>Non-current assets</b>										
Goodwill	103.5	-	(0.5)	-	-	(3.6)	-	-	(4.1)	99.4
Other intangible assets	-	8.1	2.0	-	-	(0.8)	-	-	10.1	10.1
Property, plant and equipment	618.0	-	-	-	-	-	53.9	-	53.1	671.1
Interest in joint ventures	106.5	(10.9)	1.0	-	-	-	-	-	(9.9)	96.6
Interest in associates	1.4	-	-	-	-	-	-	-	-	1.4
Financial assets: Available for sale and other investments	2.3	-	-	-	-	-	-	-	2.3	2.3
Other receivables	58.0	(41.6)	0.8	-	-	-	-	-	(40.8)	17.2
	889.7	(44.4)	3.3	-	-	(4.4)	53.9	-	8.4	898.1
<b>Current assets</b>										
Inventories	13.4	-	-	-	-	(1.6)	-	-	(1.6)	11.8
Trade and other receivables	169.2	(1.9)	(2.5)	-	-	(2.1)	-	-	17.7	180.4
Cash and cash equivalents	476.5	-	-	-	-	-	-	-	-	476.5
	659.1	(1.9)	(2.5)	-	-	(3.7)	-	17.7	9.6	668.7
<b>Assets held for sale</b>	-	-	-	-	-	8.1	-	-	8.1	8.1
<b>Total assets</b>	1,548.8	(46.3)	0.8	-	-	-	53.9	17.7	26.1	1,574.9
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Trade and other payables	356.2	-	-	-	-	(0.7)	-	-	(0.7)	355.5
Current tax liabilities	34.0	-	-	-	-	-	-	-	-	34.0
Financial liabilities: Borrowings	257.9	-	-	(26.5)	-	-	-	17.7	17.7	275.6
Dividends payable	26.5	-	-	-	-	-	-	69.9	(69.9)	-
Provisions	-	-	-	-	-	-	-	-	69.9	69.9
	674.6	-	-	(26.5)	-	(0.7)	-	87.6	60.4	735.0
<b>Non-current liabilities</b>										
Other payables	6.0	-	-	-	-	-	-	-	-	6.0
Financial liabilities: Borrowings	286.2	-	-	-	-	-	-	-	-	286.2
Deferred tax liabilities	76.2	(60.3)	-	-	-	-	-	-	(60.3)	15.9
Provisions	1.0	-	-	-	(1.0)	-	-	-	(1.0)	-
- joint ventures	114.8	(10.0)	-	-	-	(0.1)	-	(69.9)	(80.0)	34.8
- others	-	175.0	-	-	-	-	-	-	175.0	175.0
Retirement benefit obligations	-	-	-	-	(1.0)	(0.1)	-	(69.9)	33.7	51.79
	484.2	104.7	-	-	(1.0)	(0.1)	-	(69.9)	33.7	517.9
<b>Liabilities associated with assets held for sale</b>										
	-	-	-	-	-	0.8	-	-	0.8	0.8
<b>Total liabilities</b>	1,158.8	104.7	-	(26.5)	(1.0)	-	-	17.7	94.9	1,253.7
<b>Net assets</b>	390.0	(151.0)	0.8	26.5	1.0	-	53.9	-	(68.8)	321.2
<b>EQUITY</b>										
Ordinary share capital	6.7	-	-	-	-	-	-	-	-	6.7
Share premium account	392.4	-	-	-	-	-	-	-	-	392.4
Retained earnings	(6.9)	(151.0)	0.8	26.5	1.0	-	53.9	-	(68.8)	(75.7)
Capital redemption reserve	1.7	-	-	-	-	-	-	-	-	1.7
Own shares	(3.9)	-	-	-	-	-	-	-	-	(3.9)
<b>Total equity</b>	390.0	(151.0)	0.8	26.5	1.0	-	53.9	-	(68.8)	321.2