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27 June 2005

**Serco Group plc  
Pre-Close Trading Update**

Ahead of its financial half year end on 30 June 2005 and its pre-close meetings with analysts, Serco Group plc ("Serco") today releases the following update on current trading:

During the first six months of the year Serco has achieved significant growth, both organically and from recent acquisitions. As a result, Serco continues to trade in line with expectations.

The phase-in of Northern Rail is proceeding well, with strong operational performance in the first half. In addition, as previously announced, Serco has signed or been appointed preferred bidder for a number of significant contracts. These include the Defence Academy Campus Integrator, the Leicester University Hospitals Pathway PFI and a contract to operate and maintain a rapid rail transit line in Vancouver, Canada.

ITNET, which has been rebranded Serco Solutions, has performed in line with our forecasts since the acquisition in February. The integration of the business is going well and is on track to deliver the expected cost synergies. While, as anticipated, Serco Solutions' first half revenue will be below that for the corresponding period last year, we are continuing to receive positive responses from customers and are seeing more organic growth opportunities as a result. Serco Solutions has continued to win new business, including extensions to its contracts with the London Boroughs of Southwark, Enfield and Ealing.

RCI, which we acquired in March, has been rebranded Serco Inc. The business is trading very well and in line with our forecasts. The rate of new business growth is encouraging, with orders for several new contracts and strong organic growth from existing contracts. Serco Inc has also successfully rebid an important programme to help retiring US Army soldiers and officers return to civilian life.

The six months to 30 June will be Serco's first reported period under International Financial Reporting Standards ("IFRS"). An indication of the key areas of impact on Serco's reported results was set out in our announcement of 1 March 2005. The transition work is ongoing as part of the half year review by Serco's auditors, Deloitte & Touche. At this stage, we anticipate that the impact of IFRS on the half year will be materially the same as that indicated at the time of the March announcement.

Overall, market conditions for the Group are favourable. We remain confident of our ability to deliver strong and profitable growth, both this year and for the foreseeable future.

Serco will release its interim results on 31 August 2005.

- Ends -

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For further information, please contact:

**Serco Group plc**

Dominic Cheetham, Corporate Communications Director  
Richard Hollins, Head of Investor Relations

**01256 745900**

**Notes to Editors**

Serco is one of the world's leading service companies operating on an international basis in a wide range of sectors, including transport, defence, health, education, local government, home affairs and science. More information can be found at [www.serco.com](http://www.serco.com).

news release