

# Stobart Group Limited

## Preliminary Results for the 12 months ended 28 February 2009

***Stobart Group, one of the UK's leading providers of multimodal transport and logistics solutions, today announces its preliminary results for the 12 months ended 28 February 2009.***

### Financial Highlights

- Revenue from continuing operations of £431.1m (2008: £108.8m)
- Earnings after fleet financing costs (underlying EAFFC) of £27.5m (2008: £5.4m)
- Normalised Profit before tax £23.1m from continuing activities (2008: £3.5m)
- Profit before tax £23.9m (2008: £3.5m)
- Earnings per ordinary share (adjusted) 7.7p (2008: 2.1p)
- Final Dividend 3.3p per ordinary share, giving a total dividend for the year of 6.0p which reflects the current banking climate and the Group's ambitions to develop its significant operating assets

### Operational Highlights

- Solid performance despite downturn in the economy
- Acquisition and integration of James Irlam into Eddie Stobart
- Acquisition of WA Developments (now Stobart Rail)
- Acquisition of Innovate Logistics (now Stobart Chilled)
- Acquisition of London Southend Airport
- Fleet utilisation 84% in road transport operations
- Significant contract wins in Warehousing operations
- Strong growth in core operating units of Eddie Stobart Limited and Stobart Rail with steady performance in Stobart Ports and Stobart Air

### Andrew Tinkler, Chief Executive, comments:

"We have achieved a great deal in our first full year as a listed company towards realising our vision of becoming the UK's leading provider of multimodal logistics solutions. In particular, the difficult economic climate has provided us with opportunities to make opportunist and strategic acquisitions that are fully aligned to our strategy.

"Stobart is a strong and instantly recognisable brand and we are well placed to deliver our multimodal strategy. This will be achieved through harnessing the skills of our workforce, investing in our industry-leading management systems and developing our extensive assets in order to provide customers with the most efficient and environmentally-friendly transport and logistics solutions."

***Stobart Group will be holding a presentation for analysts at 09.30hrs today (12 May) at 22 Soho Square, London W1D 4NS. If you would like to attend, please contact Rosie Othen at College Hill on 020 7457 2020 or [rosie.often@collegehill.com](mailto:rosie.often@collegehill.com).***

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**Stobart Group**

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## **CHAIRMAN'S STATEMENT**

### ***Performance***

On behalf of the Board I am pleased to report a solid set of results, with trading in-line with the expectations set a year ago. Despite the major downturn in the economy there are clear signs Stobart Group is delivering its strategy.

In the period ended 28 February 2009, revenue from continuing operations was £431.1m and profit before tax was £23.9m (normalised £23.1m) following strong performance in the Eddie Stobart Road Transport and Stobart Rail Divisions and steady progress in the Ports and Air Divisions.

At the year end, the Group had net debt of £120.7m (2008: £75.2m net debt) representing a gearing of 29.8% (2008:26.7%) excluding fleet assets and fleet finance. This movement principally reflects growth in the vehicle asset backed finance lease debt of £26.1m following the continued growth and modernisation of the fleet, other capex of £20.8m, other asset-backed debt from the acquisitions of £9.9m and other net inflows of £12.0m, including operating cash flows of £47.9m.

### ***Dividend***

The Board considers it best to re-invest some of the cash generated by operations. This is particularly relevant at this time when funding is limited from banks and other institutions. This will enable the Group to develop and exploit its assets in the Ports and Air Divisions for the longer-term benefit of its shareholders.

An interim dividend of 2.7p was paid in November 2008. The Board is proposing a final dividend of 3.3p per ordinary share bringing the total final dividend for the year to 6.0p. The final dividend will be paid to shareholders on 22 June 2009 to shareholders on the register at 22 May 2009. The ex-dividend date is 20 May 2009.

### ***Progress in 2008***

Over the year Stobart Group has made important steps in turning its vision of becoming the UK's leading provider of multimodal transport and logistics solutions into reality. Andrew Tinkler will cover most of this in his update. In parallel, the Board has worked hard to ensure that appropriate risk controls are applied to areas of significant development.

The Group has made a number of strategic bolt-on acquisitions starting with James Irlam & Sons, WA Developments and TDG Ireland in April 2008. These acquisitions gave us greater capacity and brought on board a number of high quality people.

The acquisition of the chilled business of Innovate Logistics, out of administration in July 2008, gave us a chilled service offering, whilst the acquisition of London Southend Airport in December 2008 provided us with air capability and the final component in our multimodal offering. In May 2009, the Board seeks shareholder approval for the acquisition of Carlisle Lake District Airport, enabling consolidation of its operations in Carlisle and longer-term air freight and passenger potential. It is now a priority to bring our brand and systems expertise to these new areas of activity to realise operational synergies and profitability.

### ***People***

Tim Chesney stepped down from the Board at the end of August 2008 and on behalf of the Board I would like to thank Tim for his valuable contribution. Richard Burrell and Nigel Rawlings will both step down from the Board at the Annual General Meeting on 17 June, 2009. Richard and Nigel have helped guide the Group through its transition and the Board thanks them both for their input.

We are now in the process of recruiting two non-executive Directors and hope to be able to announce these appointments at the Annual General Meeting.

Stobart Group is essentially a service business and we owe our success to the commitment and professionalism of our employees. On behalf of the Board I would like to thank all our people for their continued hard work and commitment.

### ***Outlook***

Whilst the broad economic climate going forward looks uncertain, the Board considers that the Stobart Group has the right strategy, systems and people in place not only to show resilience, but to prosper through times of economic hardship.

During the year we have made strategic earnings-enhancing acquisitions. We are now in a period of consolidation, where we will demonstrate value and operational synergies. In this regard the Board is pleased with Stobart Group's performance and is confident that in the coming year we will continue to make further progress.

**RODNEY BAKER-BATES**

**Chairman**

**12 May 2009**

## **CHIEF EXECUTIVE'S REVIEW**

### ***Vision***

Stobart Group has a clear vision; over the medium term it aims to become the UK's leading provider of multimodal logistics solutions. The Group will achieve this through the quality of its people, the satisfaction of its customers and the confidence of its investors.

The Group is a FTSE 250 company and comprises four main Divisions; Road (Eddie Stobart Ltd), Rail, Ports and Air. Road transport remains core. The Rail, Ports and Air Divisions provide growth potential and will require development to realise their full value over the longer- term.

### ***Strategy***

Our strategy is underpinned by our brand, people and systems.

- > Forming partnerships with customers to drive efficiencies.
- > Delivering operational synergies.
- > Developing systems and technologies that protect the business from operational and financial risk.
- > The organic growth of business with both existing and new customers.
- > Developing our extensive assets in the Group's Air and Ports Divisions.
- > Increasing business in the UK, Ireland and Europe.
- > Strategic bolt-on acquisitions.
- > Leveraging the value intrinsic in our brand.

### ***Progress***

The Group has grown a great deal over the last 12 months and has made some real progress in building the foundations of our multimodal strategy. We have increased our rail freight services and added chilled road transport and air freight to our offering. We will continue to invest in our port and air developments and where possible link to our road and rail networks to create multimodal facilities.

Through acquisition and growth we have strengthened our management team and started to deliver operational synergies and cost savings. The foundations we have built will help us move forward and create value in the years ahead.

### ***Highlights***

There were three key highlights, the first was acquiring the chilled business of Innovate Logistics out of administration; we had very little time to secure this deal but it was such a good fit with our business and has given us a strong presence in the chilled goods market. It also brought onboard some new customers and experienced people.

Secondly, the acquisition of London Southend Airport in December 2008 gave us air capability, the final piece in our multimodal offering. The airport has fantastic potential, being well positioned for passenger travel to central London and close to the new DP World Port at Thames Gateway. It also enables the Group to have a southern hub for its vehicle planning activities.

Thirdly, the integration of James Irlam into Eddie Stobart has been handled professionally by our people; there are always cultural differences when two established businesses join together. Thankfully, due to the good relationships we had, and the hard work of the project team, the

integration has gone very well. We expect to see some significant savings from this over the next year.

### **Key Performance Indicators**

Our strategy is supported by the following Key Performance Indicators (KPI's):

<b>Key Performance Indicators</b>	<b>During the period to 28.02.09</b>	<b>During the period to 29.02.08</b>	<b>% change</b>
Business Revenue from continuing operations see note 1	£431.1m	£108.8m	+296.2%
Earnings After Fleet Financing Costs (EAFFC) see note 2	£27.5m	£5.4m	+409.3%
Earnings per Share normalised from continuing operations see note 3	7.7p	2.1p	+266.7%
Fleet Utilisation for Total Fleet	84.1%	82.1%	+2.4%
EURO 4 Compliance For Total Fleet	81.0%	56.0%	+44.6%
Accident/Incident Rate (RIDBOR % national average 1.5%)	1.3%	1.43%	-9.1%

*Note 1 The 2009 figures includes a full year of the Eddie Stobart business, 11 months of the acquired James Irlam and Stobart Rail businesses, eight months of Innovate and three months of London Southend Airport. The 2008 figures include only five months of the acquired Eddie Stobart and OConnor Group businesses.*

*Note 2 Normalised EAFFC comprising the underlying operating profit of £31.4m less fleet financing costs of £3.2m and share based payments of £0.7m.*

*Note 3 Normalised EPS using continuing earnings before the credit for the purchase of London Southend Airport of £3.6m, restructuring costs of £2.7m and allowing for a 28% tax charge.*

### **Economic Climate**

The current economic climate presents businesses with opportunities as well as threats and requires taking a balanced view of the risks; both in the medium and long-term. The acquisitions we have made are fully aligned with our strategy and we are confident that we have the knowledge and systems in place to create value.

The downturn in the economy hasn't affected Stobart in the same way as it has many others. This is due to two key factors; firstly that our 'pay-as-you-go' cost model provides Stobart and its customers with less commercial risk and secondly because of the type of goods we move and store.

For example, 66% of the total goods handled are in the food and drink sector. We have seen a change in the type of products from premium brand to cheaper, own-label, brands but it has not significantly affected volumes. The area where we have been affected is the reduction in the number of Far East imports. We have seen reduced volumes in our inland port operations and have made some changes to de-risk impacts from this.

## **Challenges to the Transport and Logistics Industry**

There are ever-increasing challenges to be more efficient and provide customers with cost effective and environmentally friendly solutions. Customers are not so concerned about the mode of transport used, they need to know you can deliver and provide value. Being able to offer all four modes of transport will enable the Group to give more choice and efficiency savings.

In terms of challenges as a whole, I think that there could be more done to achieve greater collaboration. The road transport industry is highly fragmented: the Department for Transport estimates that 45% are one-vehicle operators and only 0.3% have more than 100 vehicles. With 1,800 vehicles, Eddie Stobart Ltd is in a unique position. The business will continue to collaborate with smaller hauliers where there is a gap in its national network.

Reducing waste and being more efficient is the biggest challenge to the industry, retailers and society as a whole. Retailers need to continue to set a good example for minimising congestion and removing waste (empty miles), but they could do more. In my opinion, this is more important than having their own-liveried fleet. Stobart Group is trying to move this debate on and will continue to work with stakeholders to highlight the cost and environmental benefits of its 'pay-as-you-go' model.

Regrettably, the sharp rise in oil prices last year affected many smaller operators; although Stobart was protected by fuel surcharge escalator mechanisms in customer contracts. However, we should not be complacent about energy consumption and oil prices. Coupled with this, there is an ever-growing need to reduce congestion on UK roads and I'm sure more could be done by both the public and private sectors to utilise some of the country's rail and waterway infrastructure.

### ***Stobart's USP***

Our innovative cost model is really the key to our continued success. In simple terms, the customer only pays for what he needs. If he wants 50 trucks one day then 100 the next we can do this because of our size and national reach. We also pool all our customers together and view them as one large customer. This means our own-branded Eddie Stobart trucks can drive into a customer to drop off and then go to another customer nearby to load up, as shown in the diagram below. The key difference is that our trucks are planned to avoid empty running.

Minimising empty running and maintaining high fleet utilisation enables us to share savings with customers. This model is very different to most hauliers', who operate more traditional Open Book arrangements. Stobart is able to provide a flexible service because of its advanced IT planning systems and its 'Tramper' drivers, who sleep in their cabs; allowing them to travel the UK freely as they follow the collection and delivery details that are uploaded electronically direct to their in-cab displays.

### ***Environmental performance***

Good environmental performance is key to our strategy, I hate waste; it is no good for our customer, the environment or our business. It certainly doesn't make sense for us to run vehicles back empty and this is why fleet utilisation is a key performance indicator for us. We are currently running at 84%, this means that only 16% of our vehicles are running empty. In addition, we are making huge environmental savings from our rail freight services.

***People***

We have been fortunate to retain some high calibre people through the acquisitions we have made. The key challenges are to motivate everyone to work towards the Group's common vision. We have restructured internally to ensure that high level responsibilities and accountabilities are properly defined. We have also recruited people into key positions in the Group centre.

***Brand***

I am always amazed by the power of our brand and by how well it is regarded. We did some work on the brand and its values last year and weren't surprised to find that people associated us with good service, quality and tradition. It is important for us to build on this recognition and to nurture and stretch our brand as we go into the next stage of our multimodal development.

The World Rally Championships are giving us a great deal of exposure in Europe and overseas. It is a testament to the attention to detail William Stobart has given to the brand that we were recently placed 23rd in the UK's Top 500 Business Superbrands.

***Outlook***

Stobart will continue to provide its stakeholders with value. We will grow, but we will also be mindful of risk to ensure the right decisions are made. In terms of growth, the UK still presents us with opportunities, as Eddie Stobart has less than a 2% share of the total road haulage business in the UK, and there are also good opportunities in continental Europe and Ireland.

The Group has extensive assets that have great potential and we will focus on the development of the Rail, Ports and Air Divisions and continue to deliver operational synergies, remove waste and improve efficiency.

We have the right management structure and the people in place to deliver our strategy. I see next year as a period of consolidation, when we will work hard to demonstrate our model to existing and new customers, develop the skills of our people and continue to create value for our shareholders.

**ANDREW TINKLER**  
Chief Executive

**12 May 2009**



## **Financial Review**

### ***Overview***

I am pleased to report a year of strong growth through organic expansion of our existing road, rail and port operations, plus four major strategic acquisitions. Total revenue from continuing activities increased to £431.1m (14 months to 29 February 2008: £108.8m). This includes a full year of the acquired Eddie Stobart business, compared to only five months from acquisition in the prior period. Also included this year are 11 months of the acquired James Irlam and Stobart Rail businesses, eight months of the acquired Innovate chilled business and three months of the London Southend Airport business.

Underlying earnings after fleet financing costs (EAFFC\*) increased to £27.5m from £5.4m. Underlying profit before tax from continuing operations increased to £23.1m from £3.5m. Continuing profit before tax increased to £23.9m from £3.5m.

### ***Earnings per share***

Adjusted earnings per share increased to 7.7p from 2.1p. This excludes the credit for purchase of London Southend Airport of £3.6m and restructuring costs of £2.7m and is normalised for a tax charge of 28%. The weighted average number of shares in the period increased to 215.6m shares from 120.3m shares. Basic earnings per share from continuing operations increased to 9.8p from 2.3p.

\*Underlying EAFFC is calculated as the underlying operating profit of £31.4m less share based payment costs of £0.7m and fleet financing costs of £3.2m.

## **Divisional performance review and acquisitions**

### ***Eddie Stobart***

The Eddie Stobart road transport and warehousing business has contributed revenue of £387.8m and underlying EAFFC of £24.5m. This Division also includes two major acquisitions in the year. James Irlam & Sons Ltd was acquired in April 2008 for £62.4m including costs. This business has contributed revenue of £59.7m and underlying EAFFC of £6.9m in the 11 months from acquisition. The acquisition was funded by a share placing.

The chilled business of Innovate Logistics was acquired in July 2008 for costs of £0.9m. This business has contributed revenue of £53.7m and underlying EAFFC of £1.0m in the eight months from acquisition. The business was acquired from the Administrators at low cost, funded out of working capital. Both of these acquisitions have enabled the Group to achieve integration synergies by rationalising locations, employees and systems. Our leading-edge vehicle resourcing system is now in the Irlam business and will be integrated into the chilled business. The Irlam business was fully integrated into Eddie Stobart during the period ended 28 February 2009, which will have enhanced utilisation rates and provided further synergies by reducing combined overheads.

We have closed three chilled sites to rationalise the operations and continue to monitor the chilled business separately and to review for further operational efficiencies.

The Group acquired the Irish trailer operation of TDG on 1 April 2008 for £0.3m including costs, strengthening our presence overseas.

### ***Stobart Rail***

The Rail Division has performed well since its acquisition in April 2008. WA Developments was acquired for £10.3m including costs. The Division contributed external turnover of £38.2m and underlying EAFFC of £3.5m in the 11 months since acquisition. This follows very strong demand for rail infrastructure engineering work including large projects to repair the Hampstead Heath tunnel and Chorley flying arches. The acquisition was funded out of the proceeds of a share issue. In addition, significant efficiencies have been made by using the engineering and project management skills of this Division to help with major Group developments ongoing for a new £40m Distribution Centre at Widnes, refurbishment of a 600,000 sq.ft warehouse in Leicestershire and a railhead at Inverness. These efficiencies are expected to continue in respect of the major developments in the Ports and Air Divisions.

### ***Stobart Ports***

The Ports Division contributed turnover of £14.6m and underlying EAFFC of £2.6m.

The inland port rail terminal at Widnes started the year with a very strong performance but container throughput volumes were latterly affected by the economic slow-down. The majority of the goods handled through the Ports are Far East imports. The business has reduced its headcount and vehicle fleet size to match this fall but could quickly call upon Group vehicle resources if needed. However, revenues are supplemented by rental income from the inland port site which supports its steady performance. The Mersey Gateway Port at Runcorn continues to be prepared for further development when the customer demand and funding is in place.

### ***Stobart Air***

London Southend Airport was acquired in December 2008 for a total of £21.4m including costs. This consideration includes deferred contingent consideration of £5.0m which depends upon certain planning permissions being granted. The acquisition was funded partly out of cash proceeds from a share issue and partly through issue of £6m vendor loan notes. The Air Division contributed revenue of £1.7m and underlying EAFFC of £0.1m in the three months since acquisition. The Group has plans for significant developments at the airport over the next few years including building a new railway station on-site, giving a direct rail link to central London. This will, along with other developments, facilitate growth of passenger and freight services.

### ***Discontinued Activities***

During the year discontinued activities provided revenue of £0.7m and a loss before tax of £29.9m. Losses primarily result from the write-down of the property stock held for sale following the downturn in the commercial property market. In particular, the value of the units held in One Plantation Place Unit Trust have been written down by £23.3m to nil in the year. The underlying quality of the property, stock, their location and tenants remain strong. Property stock is classified as held for sale and included in discontinued activities as they are part of a co-ordinated disposal plan. The Group continues to look for opportunities to dispose of these assets on reasonable commercial terms.

### ***Taxation***

No UK tax is payable due to the availability of group relief from trading losses within the Group. The deferred tax charge has been affected by a non-cash one-off charge of £4.0m in respect of Industrial Buildings Allowances.

### ***Balance sheet***

We have a very strong balance sheet with net assets of £279.2m, including operational fixed assets of £211.6m.

### ***Funding***

The net debt of the Group has increased to £120.7m from £75.2m principally due to an increase of £26.1m of finance lease liabilities due to the growth in the road transport business and the fleet replacement programme, other capex of £20.8m, other asset backed debt from acquisitions of £9.9m and other net inflows of £12.0m including operating cash in-flows of £47.9m. The total gearing ratio is 43.2% (2008: 36.3%) and more importantly the gearing ratio ignoring fleet assets and fleet financing is 29.8% (2008: 26.7%).

Although none of the Group's banking facilities expire until August 2010, the Group regularly reviews its funding requirements and assesses the possible sources of funding.

Our bankers remain supportive and we have strong interest from other banks, although funding and leverage for infrastructure projects is more difficult than it was 12 months ago due to external market factors.

### ***Cash flow***

Cash generated from operations increased to £47.9m (2008: £12.9m) which reflects the ability of the Group to convert operating profits to cash and benefited from around £8m in respect of improved receipts at year end, compared to the previous period. This cash flow improvement is despite the cash requirement for working capital for the newly acquired chilled business of between £8m and £10m. Operating cash flow after fleet financing repayments (which can be regarded as operating in nature) was £32.2m (2008: outflow £20.8m). Cash outflow on capital expenditure totalled £54.7m reflecting the continued modernisation of the truck fleet including the chilled fleet which is now almost completed and development of a major new chilled distribution centre at our Widnes site. Most of the truck replacements are funded by finance leases, with new finance leases in the period of £33.9m. Repayments of finance lease obligations totalled £15.8m. The Group raised £83.4m(net) through the issue of ordinary shares in the year. £76.5m was spent on acquisitions in the year.

### ***Outlook***

We expect to see further integration and efficiencies in the acquired businesses continue in 2009/10. In particular there is a continuing profit improvement plan for the chilled business. The new chilled distribution centre at Widnes will be completed in late summer, adding 528,000 sq.ft to our large warehousing portfolio. We continue to look at further opportunities to develop the Widnes and Runcorn sites. A 600,000 sq.ft warehouse in Leicestershire will be completely renovated in the new financial year with a major customer already in-situ. Both of the above projects have been completed with significant input from our internal Civil Engineering business saving external construction costs.

We aim to build a new railway station at London Southend Airport which will give a direct 49 minute link to central London. This is expected to be completed by the end of 2009 and will help develop passenger services along with later developments to the terminal and runway. We have also announced our intention to pursue our option to acquire a 460 acre site in Carlisle which contains the operations of Carlisle Airport and to move our various existing operations in the area onto a purpose built site at the location. This will deliver operational savings and provide further opportunity for growth as well as supporting the air operations of the Group. This first full year as a listed company has been a tremendously active one for the Group. We have taken major steps to develop and deliver the multimodal capabilities which our customers are demanding.

We will continue to look for ways to further develop our extensive assets with customer-backed projects.

### ***Dividends***

The Board recognises the need to re-invest some of the cash generated by operations. This is in order to best develop and exploit the assets in the Group especially in the Ports and Air Divisions for the benefit of shareholders. This is particularly relevant at this time when funding availability is limited from banks and other institutions.

A dividend of 3.3p per ordinary share is proposed, bringing the total dividend for the year to 6.0p (2008: 8.0p).

### ***Conclusion***

In another year of significant change and major growth, Stobart has taken further steps towards being the leading light in the multimodal transport and logistics sector, offering a full range of transport, storage and handling services. The core operating businesses have performed strongly during this year of change and the acquisitions we have made should continue to create value over the coming years.

**BEN WHAWELL**  
**Chief Financial Officer**

**12 May 2009**

## Consolidated Income Statement

For the year to 28 February 2009

	Year to 28.02.2009	14 months from 01.01.2007 to 29.02.2008
	£'000	£'000
<b>Revenue</b>	<b>431,062</b>	<b>108,840</b>
Operating expenses – underlying	(399,711)	(102,874)
<b>Underlying operating profit</b>	<b>31,351</b>	<b>5,966</b>
Share based payments	(716)	(49)
Restructuring costs	(2,722)	-
Credit for business purchase	3,609	-
<b>Profit before interest and tax</b>	<b>31,522</b>	<b>5,917</b>
Finance costs	(8,161)	(2,761)
Finance income	581	365
<b>Profit before tax</b>	<b>23,942</b>	<b>3,521</b>
Income tax	(2,797)	(729)
<b>Profit for the period from continuing operations</b>	<b>21,145</b>	<b>2,792</b>
<b>Discontinued operations</b>	<b>(29,916)</b>	<b>(30,375)</b>
<b>Loss for the period attributable to equity holders of the parent</b>	<b>(8,771)</b>	<b>(27,583)</b>
<b>Earnings / (loss) per ordinary share</b>		
From continuing operations		
Basic	9.81p	2.32p
Diluted	9.81p	2.32p
From continuing and discontinued operations		
Basic	(4.07p)	(22.92p)
Diluted	(4.07p)	(22.92p)

## Consolidated Balance Sheet

For the year to 28 February 2009

	28.02.2009	(Restated) 29.02.2008
	£'000	£'000
<b>Non-current Assets</b>		
Property, plant and equipment		
- Land and buildings	131,435	71,890
- Plant and machinery	15,302	9,445
- Fixtures, fittings and equipment	2,922	1,193
- Commercial vehicles	61,901	28,670
	211,560	111,198
Investment property	-	3,803
Intangible assets	223,258	164,540
Investments in joint ventures	-	161
Other investments	22	-
	<b>434,840</b>	<b>279,702</b>
<b>Current Assets</b>		
Inventories	1,700	1,120
Trade and other receivables	72,104	44,691
Cash and cash equivalents	7,251	4,519
	81,055	50,330
Assets of disposal groups classified as held for sale	2,900	25,925
	<b>83,955</b>	<b>76,255</b>
<b>Total Assets</b>	<b>518,795</b>	<b>355,957</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	90,367	56,950
Other liabilities	15,420	8,966
Deferred tax liability	34,269	20,549
	140,056	86,465
<b>Current Liabilities</b>		
Trade and other payables	57,559	34,484
Loans and borrowings	37,775	23,451
Corporation tax liability	178	481
	95,512	58,416
Liabilities directly associated with the assets classified as held for sale	3,997	1,931
	<b>99,509</b>	<b>60,347</b>
<b>Total Liabilities</b>	<b>239,565</b>	<b>146,812</b>
<b>Net Assets</b>	<b>279,230</b>	<b>209,145</b>

	<b>28.02.2009</b>	<b>(Restated) 29.02.2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital and reserves</b>		
Issued share capital	24,175	16,063
Share premium	155,805	70,535
Foreign currency exchange reserve	(468)	(132)
Reserve for own shares held by EBT	(803)	(803)
Revaluation reserve	-	340
Retained earnings	100,521	123,142
<b>Total Equity</b>	<b>279,230</b>	<b>209,145</b>

### Consolidated Statement of Changes in Equity

For the year to 28 February 2009

#### Attributable to equity holders of the parent

	Issued share capital	Share premium	Foreign currency exchange reserve	Reserve for own shares held by EBT	Revaluation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 March 2008	16,063	70,535	(132)	(803)	340	123,142	209,145
Currency translation differences			(336)				(336)
Reversal of revaluation of land and buildings					(340)		(340)
Total income and expense for the period recognised directly in equity			(336)		(340)		(676)
Loss for the year						(8,771)	(8,771)
Total income and expense for the year			(336)		(340)	(8,771)	(9,447)
Proceeds on share issue	8,112	88,366					96,478
Share issue costs		(3,096)					(3,096)
Share based payment credit						765	765
Dividends						(14,615)	(14,615)
<b>Balance at 28 February 2009</b>	<b>24,175</b>	<b>155,805</b>	<b>(468)</b>	<b>(803)</b>		<b>100,521</b>	<b>279,230</b>

For the period to 29 February 2008:

Attributable to equity holders of the parent

	Issued share capital	Share premium	Foreign currency exchange reserve	Reserve for own shares held by EBT	Revaluation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 March 2007	10,049	99,925			340	59,610	169,924
Currency translation differences			(132)				(132)
Total income and expense for the period recognised directly in equity			(132)				(132)
Loss for the year						(27,583)	(27,583)
Total income and expense for the year			(132)			(27,583)	(27,715)
Proceeds on share issue	6,014	70,610					76,624
Share issue costs		(75)					(75)
Treasury Shares				(803)			(803)
Share based payment credit						49	49
Dividends						(8,859)	(8,859)
Transfer		(99,925)				99,925	
<b>Balance at 29 February 2008</b>	<b>16,063</b>	<b>70,535</b>	<b>(132)</b>	<b>(803)</b>	<b>340</b>	<b>123,142</b>	<b>209,145</b>

Following an application to the Royal Court of Guernsey, £99,925,500 was transferred from Share Premium account to Distributable Reserves on 22 June 2007.



## Consolidated Cash Flow Statement

For the year to 28 February 2009

	Year to 28.02.2009 £'000	14 months from 01.01.2007 to 28.02.2008 £'000
<b>Cash generated from operations</b>	<b>47,946</b>	<b>(12,934)</b>
Income taxes paid	(1,183)	(822)
<b>Net cash flow from operating activities</b>	<b>46,763</b>	<b>(13,756)</b>
Acquisition of subsidiaries and other businesses - net cash paid	(76,451)	(69,990)
Purchase of property, plant and equipment	(54,738)	(38,331)
Proceeds from the sale of property, plant and equipment	4,777	6,237
Dividends received from joint ventures	614	1,200
Net loans (advanced to) / repaid by joint ventures	(2,807)	(8,962)
Sales of investment properties		157,883
Interest received	650	2,222
<b>Net cash flow from investing activities</b>	<b>(127,955)</b>	<b>(68,183)</b>
Issue of ordinary shares less costs of issue	83,382	
Dividend paid on ordinary shares	(14,615)	(8,859)
Proceeds from new finance leases	33,860	10,912
Repayment of finance leases	(15,751)	(7,832)
Proceeds from new long-term borrowings	4,581	
Repayment of long-term borrowings	(2,684)	(90,241)
Interest paid	(8,355)	(6,578)
<b>Net cash flow from financing activities</b>	<b>80,418</b>	<b>(102,598)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(774)</b>	<b>(48,171)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(98,340)</b>	<b>39,831</b>
<b>Cash and cash equivalents at end of period</b>	<b>(9,114)</b>	<b>(8,340)</b>
Cash		
- Continuing	7,251	4,519
- Included in disposal group	207	728
Overdraft	(16,572)	(13,587)
<b>Cash and cash equivalents at end of period</b>	<b>(9,114)</b>	<b>(8,340)</b>

**Note 1.**  
**Accounting policies**

**Basis of preparation**

The financial information set out in this preliminary announcement is derived from but does not constitute the Group's statutory accounts for the year ended 28 February 2009 and period ended 29 February 2008, and as such, does not contain all information required to be disclosed in the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial information has been extracted from the Group's audited consolidated statutory accounts upon which the auditors have issued an unqualified opinion. All accounting policies are included in the Appendix this announcement.

**Prior period adjustment**

The prior period balance sheet and certain related notes have been restated for adjustments following completion of the acquisition accounting for the acquisition of Stobart Holdings Limited. This was only provisional in the prior period. The adjustments to the provisional values, on acquisition of Stobart Holdings Limited on 21 September 2007, shown in the prior period published financial statements are additional accruals of £2,827,000, associated deferred tax asset of £792,000 and further costs of acquisition of £147,000. This has been accounted for as a prior period adjustment with the comparative balances restated where appropriate in accordance with IFRS3 Business Combinations. There is no effect on the comparative profit.

**Note 2.**  
**Operating Expenses**

Operating expenses comprise the following:

	<b>28.02.2009</b>	<b>29.02.2008</b>
	<b>£'000</b>	<b>£'000</b>
Employee benefits expenses excluding share based payments	158,029	35,404
Depreciation and amortisation expense	13,430	5,946
Other purchases and external expenses	228,252	61,524
<b>Operating expenses underlying</b>	<b>399,711</b>	<b>102,874</b>
Share based payments	716	49
Restructuring costs	2,722	-
Credit for business purchase	(3,609)	-
<b>Operating expenses</b>	<b>399,540</b>	<b>102,923</b>
Profit before interest and tax This has been arrived at after charging/(crediting):		
Staff costs (see note 4)	158,745	35,453
Depreciation of property, plant and equipment	13,430	5,946
Profit on disposal of property, plant and equipment	(678)	(1,057)
Impairment of investments in joint ventures	-	176
Operating lease expense:		
- Plant and machinery	14,194	4,712
- Property	11,813	4,424
Fees charged to the income statement relating to fees charged by Group auditors		
- Statutory audit fee relating to audit of Stobart Group Limited	58	91
- Statutory audit fee relating to audit of subsidiaries	142	125
- Other taxation services	59	61
- Services relating to corporate finance transactions	43	296
- Other services	28	28
<b>Total</b>	<b>330</b>	<b>601</b>
Restructuring costs		
Reorganisation and integration of James Irlam business	551	-
Reorganisation and integration of chilled business	1,510	-
Reorganisation and integration of the ports business	661	-
	<b>2,722</b>	<b>-</b>

**Note 3.****Business combinations**

Acquisitions in the period from 1 March 2008 to 28 February 2009

**Acquisition of James Irlam & Sons Limited and Irlam Storage LLP**

On 3 April 2008 the Group acquired 100% of the voting rights of James Irlam & Sons Limited and the trade, assets and liabilities of Irlam Storage LLP which together specialise in haulage, distribution, warehousing and process management services in the UK.

The fair value of the identifiable assets and liabilities of James Irlam & Sons Limited and Irlam Storage LLP as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair value recognised on acquisition	Previous carrying value
	£'000	£'000
Property, plant and equipment	23,621	27,953
Investments	22	22
Cash and cash equivalents	678	678
Trade and other receivables	13,199	13,431
Inventories	557	557
	<b>38,077</b>	<b>42,641</b>
Bank loans and overdrafts	(9,369)	(9,369)
Trade payables	(5,831)	(5,822)
Other payables and deferred income	(2,599)	(2,599)
Finance leases	(7,843)	(7,843)
Corporation tax	(1,080)	1
Deferred tax	(1,228)	(1,574)
	<b>(27,950)</b>	<b>(27,206)</b>
Net assets	10,127	15,435
Goodwill arising on acquisition	52,311	
Total consideration	<b>62,438</b>	

The total cost of the combination was £62,438,000 and comprised the following:

	£'000
Cash	50,229
Shares issued	10,000
Costs associated with the acquisition	2,209
Total	<b>62,438</b>

The Group issued 7,692,306 ordinary shares with a fair value of £1.30 each. This price was the market value at the date of the acquisition.

The goodwill of £52,311,000 represents the fair value of the future earning potential of the business and other intangible assets, which cannot be individually separated and reliably measured due to their nature, in excess of the fair value of net assets identified. This has resulted from expected synergies through integration with our existing business, efficient location of properties, customer loyalty and the assembled workforce.

James Irlam & Sons Limited and Irlam LLP contributed revenue of £59.7m in the current period (£65.2m if held from 1 March 2008) and profit before taxation of £6.9m (£7.3m if held from 1 March 2008).

#### **Acquisition of WA Developments Limited (now renamed Stobart Rail Limited)**

On 4 April 2008 the Group acquired 100% of the voting rights of WA Developments Limited (now renamed Stobart Rail Limited) which specialises in transport infrastructure engineering.

The fair value of the identifiable assets and liabilities of WA Developments Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair value recognised on acquisition £'000	Previous carrying value £'000
Property, plant and equipment	3,470	3,470
Investments	18	18
Cash and cash equivalents	-	-
Trade receivables	12,190	12,516
Other receivables	1,501	1,501
Inventories	115	115
	<b>17,294</b>	<b>17,620</b>
Bank loans and overdrafts	(4,601)	(4,601)
Trade payables	(2,192)	(2,192)
Other payables and deferred income	(3,808)	(3,808)
Finance leases	(187)	(187)
Corporation tax	(361)	(417)
Deferred tax	(237)	(228)
	<b>(11,386)</b>	<b>(11,433)</b>
Net assets	5,908	6,187
Goodwill arising on acquisition	4,375	
Total consideration	<b>10,283</b>	

The total cost of the combination was £10,283,000 and comprised the following:

	£'000
Cash	10,000
Costs associated with the acquisition	283
Total	<b>10,283</b>

The goodwill of £4,375,000 represents the fair value of the future earning potential of the business and other intangible assets, which cannot be individually separated and reliably measured due to their nature, in excess of the fair value of net assets identified. This has resulted from expected synergies with our existing business, especially in managing Group engineering projects, customer loyalty and the assembled workforce.

WA Developments Limited contributed revenue of £38.2m in the current period (£41.8m if held from 1 March 2008) and profit before taxation of £3.5m (£3.8m if held from 1 March 2008).

### **Acquisition of certain parts of the chilled and ambient operations of Innovate Logistics Limited**

On 30 June 2008 and 4 July 2008 the Group acquired certain parts of the chilled and ambient operations of Innovate Logistics Limited which specialises in chilled and ambient haulage, distribution, warehousing and process management services in the UK.

The fair value of the identifiable assets and liabilities of the business acquired at the dates of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair value recognised on acquisition £'000	Previous carrying value £'000
Other receivables	633	-
Deferred tax	286	-
	919	-
Other payables and deferred income	(1,656)	-
	(1,656)	-
Net assets	(737)	-
Goodwill arising on acquisition	1,684	-
Total consideration	947	-

The total cost of the combination was £947,000 and comprised the following:

	£'000
Costs associated with the acquisition	947
Total	947

The goodwill of £1,684,000 represents the fair value of the future earning potential of the business and other intangible assets, which cannot be individually separated and reliably measured due to their nature, in excess of the fair value of net assets identified. This includes synergies with our existing business, customer loyalty and the assembled workforce.

The acquired operations of Innovate Logistics contributed revenue of £53.7m and loss before taxation of £1.1m.

It is not practicable to disclose the revenue or profit of acquired business from the beginning of the period as this information is not available for the parts of the business acquired.

### **Acquisition of London Southend Airport Company Limited**

On 5 December 2008 the Group acquired 100% of the voting rights of London Southend Airport Company Limited, which operates and manages a commercial airport.

The fair value of the identifiable assets and liabilities of London Southend Airport Company Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair value recognised on acquisition £'000	Previous carrying value £'000
Property, plant and equipment	36,439	2,484
Cash and cash equivalents	569	569
Trade receivables	753	763
Other receivables	560	560
Inventories	65	65
	<u>38,386</u>	<u>4,441</u>
Bank loans and overdrafts	(113)	(113)
Trade payables	(384)	(384)
Other payables and deferred income	(3,466)	(3,233)
Corporation tax	125	57
Deferred tax	(9,507)	-
	<u>(13,345)</u>	<u>(3,673)</u>
Net assets	25,041	768
Goodwill arising on acquisition	(3,609)	
Total consideration	<u>21,432</u>	

The total cost of the combination was £21,432,000 and comprised the following:

	£'000
Cash	10,020
Deferred contingent cash consideration	5,000
Loan notes issued	6,000
Costs associated with the acquisition	<u>412</u>
Total	<u>21,432</u>

The excess of the fair value of the assets and liabilities acquired over the cost of £3,609,000 represents a bargain purchase and has been recognised in the income statement, shown as credit for business purchase

London Southend Airport Company Limited contributed revenue of £1.7m in the current period (£7.3m if held from 1 March 2008) and profit before taxation and credit for business purchase of £0.1m (loss £0.9m if held from 1 March 2008). The deferred contingent consideration is dependent upon planning permission for an extension to the runway and ancillary facilities.

**Note 4.****Segmental information**

The Group has taken further steps towards its multi-modal strategy during the year with acquisitions of James Irlam, Stobart Rail, the chilled business of Innovate Logistics and London Southend airport.

Following this and in line with the Group's multi-modal strategy, the Group has aligned its segments with the divisional structure within the business. The prior period segmental results have been restated in line with this structure. The Eddie Stobart and Stobart Ports segments were previously disclosed as one segment named Contract Logistics. Stobart Rail and Stobart Air are new segments arising in 2009 due to the acquisition of related businesses during the period.

The business segments within continuing operations are Eddie Stobart, Stobart Rail, Stobart Ports and Stobart Air.

The Eddie Stobart business segment comprises the Eddie Stobart contract logistics business including the acquired James Irlam, Innovate chilled and Irish trailer businesses.

The Stobart Rail business segment comprises the acquired rail infrastructure engineering business and rail freight business.

The Stobart Ports business segment comprises the inland port terminal and related transport at Widnes and the water port at the Port of Weston.

The Stobart Air business segment comprises London Southend airport.

The results relating to the property assets held for sale are included in a separate business segment included in discontinued activities as they are part of a coordinated plan to dispose of these assets. Also included in discontinued activities are the results in respect of discontinued rail services.

The Group's primary reporting format for reporting segments information is business segments. The Group's only geographical segment is the UK. The Group has overseas operations in Europe and Ireland which are not considered material for separate disclosure.



Segmental analysis for the year to 28 February 2009:

	Eddie Stobart	Stobart Rail	Stobart Ports	Stobart Air	Unallocated	Eliminations	Total contd.	Discontd.	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue									
External sales	387,259	27,539	14,574	1,690	-	-	431,062	731	431,793
Inter-segment sales	-	10,690	-	-	-	(10,690)	-	-	-
<b>Total revenue</b>	<b>387,259</b>	<b>38,229</b>	<b>14,574</b>	<b>1,690</b>	<b>-</b>	<b>(10,690)</b>	<b>431,062</b>	<b>731</b>	<b>431,793</b>
All revenue is from provision of services.									
Result									
Underlying operating profit	27,914	3,665	2,680	128	(2,689)	(347)	31,351	(1,203)	30,148
Share based payment	(306)	(128)	(49)	-	(233)	-	(716)	(16)	(732)
Restructuring costs	(2,061)	-	(661)	-	-	-	(2,722)	-	(2,722)
Credit for business purchase	-	-	-	3,609	-	-	3,609	-	3,609
Writedown of associates and joint ventures	-	-	-	-	-	-	-	(26,650)	(26,650)
Impairment of property asset	-	-	-	-	-	-	-	(1,803)	(1,803)
<b>Profit before interest and tax</b>	<b>25,547</b>	<b>3,537</b>	<b>1,970</b>	<b>3,737</b>	<b>(2,922)</b>	<b>(347)</b>	<b>31,522</b>	<b>(29,672)</b>	<b>1,850</b>
Fleet financing costs	(3,137)	(5)	(14)	(1)	-	-	(3,157)	-	(3,157)
Other net finance costs	(2,359)	(148)	(1,717)	1	(200)	-	(4,423)	(244)	(4,667)
<b>Segment result</b>	<b>20,051</b>	<b>3,384</b>	<b>239</b>	<b>3,737</b>	<b>(3,122)</b>	<b>(347)</b>	<b>23,942</b>	<b>(29,916)</b>	<b>(5,974)</b>
Taxation							(2,797)	-	(2,797)
<b>Net profit for the year</b>							<b>21,145</b>	<b>(29,916)</b>	<b>(8,771)</b>
Other information									
Segment assets	414,529	26,728	100,795	37,880	3,495	(67,532)	515,895	2,259	518,154
Investments in associates and joint ventures	-	-	-	-	-	-	-	641	641
<b>Total assets</b>	<b>414,529</b>	<b>26,728</b>	<b>100,795</b>	<b>37,880</b>	<b>3,495</b>	<b>(67,532)</b>	<b>515,895</b>	<b>2,900</b>	<b>518,795</b>
Segment liabilities	(145,187)	(13,294)	(101,919)	(13,616)	(29,084)	67,532	(235,568)	(3,997)	239,565
<b>Net assets</b>	<b>269,342</b>	<b>13,434</b>	<b>(1,124)</b>	<b>24,264</b>	<b>(25,589)</b>	<b>-</b>	<b>280,327</b>	<b>(1,097)</b>	<b>279,230</b>
Capital expenditure	61,809	4,375	14,844	36,557	645	-	118,230	-	118,230
Depreciation	11,959	768	586	41	76	-	13,430	4	13,434

Segmental analysis for the 14 months to 29 February 2008:

	Eddie Stobart £'000	Stobart Rail £'000	Stobart Ports £'000	Stobart Air £'000	Unallocated £'000	Eliminations £'000	Total contd. £'000	Discontd. £'000	Total £'000
Revenue									
External sales	96,994	-	11,846	-	-	-	108,840	8,177	117,017
Inter-segment sales	-	-	-	-	-	-	-	-	-
Total revenue	96,994	-	11,846	-	-	-	108,840	8,177	117,017
Result									
Underlying operating profit	4,820	-	1,672	-	(526)	-	5,966	(9,914)	(3,948)
Share based payment	-	-	-	-	(49)	-	(49)	-	(49)
Restructuring costs	-	-	-	-	-	-	-	-	-
Credit for business purchase	-	-	-	-	-	-	-	-	-
Writedown of associates and joint ventures	-	-	-	-	-	-	-	(18,273)	(18,273)
Profit before interest and tax	4,820	-	1,672	-	(575)	-	5,917	(28,187)	(22,270)
Fleet financing costs	(694)	-	(5)	-	-	-	(699)	-	(699)
Other finance costs	(1,556)	-	(538)	-	397	-	(1,697)	(2,278)	(3,975)
Segment result	2,570	-	1,129	-	(178)	-	3,521	(30,465)	(26,944)
Taxation							(729)	90	(639)
Net profit for the year							2,792	(30,375)	(27,583)
Other information									
Segment assets	243,958	-	82,625	-	1,106	-	327,689	1,699	329,388
Investments in associates and joint ventures	-	-	161	-	-	-	161	24,226	24,387
Total assets	243,958	-	82,786	-	1,106	-	327,850	25,925	353,775
Segment liabilities	(108,036)	-	(28,590)	-	(6,073)	-	(142,699)	(1,931)	144,630
Net assets	135,922	-	54,196	-	(4,967)	-	185,151	23,994	209,145
Capital expenditure	35,847	-	2,401	-	21	-	38,269	62	38,331
Depreciation	5,576	-	370	-	-	-	5,946	17	5,963
Amortisation	-	-	34	-	-	-	34	-	34

**Note 5. Taxation**

Taxation on profit on ordinary activities

**Tax charged in the income statement**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current income tax:</b>		
UK Corporation tax		
- Continuing operations	-	(34)
- Discontinued operations	-	-
	-	(34)
Guernsey tax	-	5
Adjustment in respect of prior years	(399)	
Total current tax	(399)	(29)
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(1,149)	754
Impact of change in deferred tax rate	-	4
Impact of abolition of Industrial Buildings Allowances	3,978	-
Adjustment in respect of prior years	367	-
Total deferred tax charge	3,196	758
<b>Total charge in the income statement</b>	<b>2,797</b>	<b>729</b>

**Note 6.**  
**Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary 10p shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would have been issued on exercise of all the dilutive options into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings per share calculations:

	Continuing Operations	Discontinued Operations	Total	Continued Operations	Discontinuing Operations	Total
	2009	2009	2009	2008	2008	2008
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Numerator</b>						
Profit used for basic earnings	21,145	(29,916)	(8,771)	2,792	(30,375)	(27,583)
Effect on earnings of dilutive potential ordinary shares	-	-	-	-	-	-
<b>Profit used for diluted earnings</b>	<b>21,145</b>	<b>(29,916)</b>	<b>(8,771)</b>	<b>2,792</b>	<b>(30,375)</b>	<b>(27,583)</b>

The adjusted earnings per share is 7.7p (2008: 2.1p). The numerator used in calculating the normalised earnings per share of £16,600,000 (2008: £2,535,000) is the profit before tax from continuing operations of £23,942,000 (2008: £3,521,000) less the credit for business purchase of £3,609,000 (2008: £nil) plus the restructuring costs of £2,722,000 (2008: £nil) and allowing for tax at 28% of £6,455,000 (2008: £986,000).

Denominator	2009 Number	2008 Number
Weighted average number of shares used in basic EPS	215,585,798	120,349,347
Effects of employee share options	-	-
<b>Weighted average number of shares used in diluted EPS</b>	<b>215,585,798</b>	<b>120,349,347</b>

On 21 September 2007 1,504,120 options, with an exercise price of 166.2p, were granted.

These are potentially dilutive instruments but were not included in the calculation of diluted earnings per share because they were anti-dilutive for the year and prior period as the average market price of the shares was lower than the exercise price.

On 10 March 2008 and 3 July 2008 respectively, 2.84m and 2.40m share options were granted to Directors and management under the Stobart Executive Incentive Plan with an exercise price of nil. These are not dilutive instruments as the vesting conditions have not been met unconditionally at the year end date.

**Note 7.  
Dividends**

Dividends Paid on Ordinary Shares	2009		2008	
	Rate p	£	Rate p	£
Final dividend for 2008 paid 23 June 2008	5.3	8,513,146	-	-
Interim dividend paid 28 November 2008	2.7	6,101,808	-	-
Final dividend for 2006 paid 24 January 2007 (declared December 2006)	-	-	1.5	1,507,300
First interim dividend paid 3 May 2007 (declared March 2007)	-	-	1.5	1,507,300
Second interim dividend paid 20 July 2007 (declared June 2007)	-	-	1.5	1,507,300
Third interim dividend paid 26 October 2007 (declared September 2007)	-	-	2.7	4,336,886
<b>Dividends paid</b>	<b>8</b>	<b>14,614,954</b>	<b>7.2</b>	<b>8,858,786</b>

A final dividend of 3.3p per share totalling £7,977,629 was declared on 12 May 2009 and will be paid on 22 June 2009. This is not recognised as a liability as at 28 February 2009.

**Note 8.**  
**Analysis of loans and borrowings**

	<b>Interest Rate</b>	<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>Non-current</b>			
Fixed rate:			
- Income shares	8%	5,240	5,211
- Obligations under finance leases and hire purchase contracts	Various	35,583	19,163
Variable rate:			
- Loan notes	Various	6,000	20,420
- Bank loans	Various	43,544	12,156
		<b>90,367</b>	<b>56,950</b>
Current			
Fixed rate:			
- Other borrowings	7.36%	658	-
- Obligations under finance leases and hire purchase contracts	Various	17,806	8,108
Variable rate			
- Overdrafts	Various	16,572	13,587
- Bank loans	Various	2,739	1,756
		37,775	23,451
Total loans and borrowings		128,142	80,401
Cash		7,458	4,519
<b>Net debt</b>		<b>120,684</b>	<b>75,882</b>

**Note 9.**  
**Issued share capital and reserves**

	2009	2008
	£'000	£'000
<b>Authorised share capital – Ordinary Shares</b>		
Authorised – 300,000,000 (2008: 218,839,381) shares of 10p each	30,000	21,884

	£	£
<b>Authorised share capital – Deferred Shares</b>		
Authorised – 1,000 shares of 0.1p each	1	1

	Number of shares 2009 000	Share capital 2009 £'000	Number of shares 2008 000	Share capital 2008 £'000
Ordinary Shares of 10p each issued and fully paid				
At beginning of period	160,625	16,063	100,487	10,049
Issued during the period	81,121	8,112	60,138	6,014
<b>Total share capital</b>	<b>241,746</b>	<b>24,175</b>	<b>160,625</b>	<b>16,063</b>

On 4 April 2008 a further 65,367,494 ordinary shares were issued in relation to the acquisition of the Irlam businesses and Stobart Rail Limited. Of these, 7,692,306 ordinary shares were issued as considerations to the vendors. The remaining shares were issued for cash.

On 5 December 2008 a further 15,753,525 ordinary shares were issued in relation to the acquisition of London Southend Airport.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

On 21 September 2007 60,138,744 ordinary shares were issued in relation to the acquisition of Stobart Holdings Limited and O'Connor Group Management Limited.

**Note 10.****Notes to the consolidated cash flow statement**

<b>Cash generated from operations</b>	<b>Year to 28.02.2009</b>	<b>14 months from 1.01.2007 to 28.02.2008</b>
	<b>£'000</b>	<b>£'000</b>
Non-current		
Profit before tax on continuing Operations	23,942	3,521
Loss before tax on discontinued Operations	(29,916)	(30,465)
<b>Loss before tax</b>	<b>(5,974)</b>	<b>(26,944)</b>
Adjustments to reconcile (loss) / profit before tax to net cash flows:		
<b>Non-cash:</b>		
Realised (profit) on sale of investment properties	-	(4,418)
Movement in unrealised loss on revaluation of investment properties	1,803	-
Realised profit on sale of property, plant and equipment	(678)	(1,057)
Writedown of associates and joint ventures	26,650	18,449
Depreciation of property, plant and equipment	13,430	5,963
Investment income	(650)	(1,536)
Interest expense	8,475	6,176
Amortisation of income share issue costs	29	34
Amortisation of loan issue costs	-	428
Impairment of intangibles	-	1,035
Credit for business purchase	(3,609)	-
Share option charge	765	49
Performance fee – share based payment	-	9,287
<b>Working capital adjustments:</b>		
Decrease in inventories	157	760
Decrease in trade and other receivables	4,440	5,211
Increase / (decrease) in trade and other payables	3,108	(26,371)
<b>Cash generated from operations</b>	<b>47,946</b>	<b>(12,934)</b>
Issue of ordinary shares	86,478	-
Issue costs paid on issuance of ordinary shares	(3,096)	-
	<b>83,382</b>	<b>-</b>



## Appendix

### Accounting policies of Stobart Group Limited

#### 1. Basis of preparation and statement of compliance

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). The financial statements for the Company are also prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the accounting policies set out below. The financial statements for the Company are presented after the financial statements for the Group.

The financial statements of the Group and Company are also prepared in accordance with the Companies (Guernsey) Law 1994.

Stobart Group Limited is a Guernsey registered company. The Company's ordinary shares are traded on the London Stock Exchange.

#### ***Prior period adjustment***

The prior period balance sheet and certain related notes have been restated for adjustments following completion of the acquisition accounting for the acquisition of Stobart Holdings Limited. This was only provisional in the prior period. This is in accordance with IFRS3 Business Combinations. There is no effect on the comparative profit.

#### ***Changes in accounting policy and disclosures***

The accounting policies adopted are consistent with those of the previous financial period except as follows:

- (a) New standards, amendments to published standards and interpretations to existing standards adopted by the Group:

IFRIC 11 IFRS2 - Group and Treasury Share Transactions. The Group has adopted IFRIC 11 insofar as it applies to consolidated financial statements. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party or the shareholders provide the equity instruments needed. There was no impact on the Group accounts from its adoption.

IFRIC 14 IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction are also mandatory for this period but the Group has no transactions relevant to these interpretations.

- IAS 23 Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009). The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

There was no impact on the Group accounts from its adoption.

- (b) Standards, amendments and interpretations to published standards not yet effective: Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has decided not to adopt early. These are:

- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009). This standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. It replaces IAS 14, Segmental Reporting. As this is a disclosure standard it will not have any impact on the results or net assets of the Group.

IFRIC 12 Service Concession Arrangements has not yet been endorsed by the EU. It is not expected to impact upon the Group's accounts.

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. This is not expected to result in any reclassification of financial instruments in the balance sheet.

IAS 1 Presentation of Financial Statements. Whilst the revised IAS 1 will have no impact on the measurement of the Group's results or net assets, it is likely to result in certain changes in the presentation of the Group's financial statements from 2009 onwards.

IAS 16 Property, Plant and Equipment: Replace the term "net selling price" with "fair value less costs to sell". This is not expected to result in any change in the financial position of the Group.

IAS 28 Investment and Associates: If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment is not expected to impact on the Group as it does not account for its associates at fair value in accordance with IAS 39.

An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance. This amendment is not expected to impact on the Group because this policy already applies.

IAS 31 Interest in Joint Ventures: If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This amendment is not expected to impact on the Group because it does not account for its joint ventures at fair value in accordance with IAS 39.

IAS 36 Impairment of Assets: When disclosed cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment is not expected to impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment is not expected to impact on the Group because this policy already applies.

The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed. This is not expected to impact on the consolidated results of the Group because there are no intangible assets with definite lives.

IFRS 2 Share-based payment (amended): Clarification of the definition of a vesting condition. This amendment is not expected to impact on the Group because there are no relevant vesting conditions.

IFRS 3 Business Combinations (Revised): The Group does not anticipate early adopting the revised IFRS 3 and so will apply it prospectively to all business combinations on or after 1 January 2010. Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

IAS 27 Consolidated and Separate Financial Statements (Amendment) is effective for annual periods beginning on or after 1 July 2009, with earlier application only permitted when the revised IFRS 3 is applied. The revised standard applies retrospectively with some exceptions. IAS 27 revised no longer restricts the allocation to minority interest of losses incurred by a subsidiary to the amount of the non-controlling equity investment in the subsidiary. A partial disposal of equity interest in a subsidiary that does not result in a loss of control will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to any gain or loss. Where there is loss of control of a subsidiary, any retained interest will have to be remeasured to fair value, which will impact the gain or loss recognised on disposal. The Group is currently assessing the impact on its financial statements from adopting IAS 27 revised.

IFRS 1 and IAS 27 Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate (amendment)

IFRS 7 Financial Instruments: Disclosure (amendment)

IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising On Liquidation (amendment)

IAS 39 Eligible hedged items

IFRIC 14 IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

IFRIC 13 Customer loyalty programmes

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 17 Distributions of Non-Cash Assets to Owners

IFRIC 18 Transfers of Assets from Customers

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

### **Summary of significant accounting policies**

#### ***Revenue***

Revenue from the Eddie Stobart, Stobart Ports and Stobart Air business segments is recognised in the income statement as the fair value of consideration receivable on the delivery of services delivered at the balance sheet date net of discounts and VAT.

The accounting treatment for revenue from operating leases on investment properties (prior period only) is set out in 'Investment Properties' below.

Stobart Rail infrastructure engineering contract revenue is recognised to match the sales value of work performed up to the balance sheet date based on stage of completion.

#### ***Functional and presentation currency***

The Company's functional currency is Pounds Sterling (GBP) and it has adopted Pounds Sterling (GBP) as its presentational currency.

#### ***Basis of consolidation***

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of Stobart Group Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

### ***Business combinations***

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

### ***Goodwill***

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement.

### ***Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)***

Impairment tests on goodwill and other intangible assets with indefinite useful lives are undertaken at least annually at the financial year end and also if there are indicators of impairment. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill. Where the initial accounting for a business combination can only be determined provisionally by the first year end following the business combination then the test for impairment will be undertaken when the initial accounting is completed.

Impairment charges are included in the operating expenses line item in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of recognised income and expense. Impairment losses except losses relating to goodwill can be reversed in certain circumstances.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its

recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### ***Cash and Cash Equivalents***

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### ***Foreign Currency***

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date.

Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

The assets and liabilities of foreign operations are translated into Sterling at the rate of exchange prevailing at the balance sheet date. The income statements are translated at the average rate. The exchange differences arising on the translation are taken directly to a separate component of equity.

### ***Financial Assets***

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

### ***Loans and Receivables***

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within operating expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

### ***Financial Liabilities***

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

Loans, borrowings and the Group's income shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### ***Share Capital***

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's income shares include a contractual obligation on the Company to deliver cash in the form of the annual preference dividend and, in the absence of any other terms that would indicate an equity element, have been classified wholly as a financial liability (see 'Income Shares' below). The Group's ordinary shares are classified as equity instruments.

### ***Own shares held by EBT***

Stobart Group shares held by the Company are designated as own shares held, classified in shareholders' equity and recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and original cost taken to retained earnings.

### ***Income Shares***

Income Shares, which exhibit characteristics of liabilities, are recognised as liabilities in the Balance Sheet in accordance with IAS32. Income Shares are initially recognised at fair value less issue costs. After initial recognition, Income Shares are subsequently measured at amortised cost using the effective interest method. The corresponding distributions on these shares are charged as interest expense in the Consolidated Income Statement over the term of these shares.

### ***Retirement Benefits: Defined contribution schemes***

Contributions to defined contribution pension schemes are charged to the consolidated income statement in the year to which they relate.

### ***Share Based payments***

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting Conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. The Group has a share based Long Term Incentive Plan accounted for as set out above. The shares held in trust under the LTIP scheme are denoted as treasury shares.

### ***Leased Assets***

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recorded in the balance sheet as tangible assets, initially at fair value or, if lower, at the present value of the minimum lease payments and depreciated over their estimated useful lives as detailed in the depreciation policy below. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated income statement on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight line basis.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

### ***Restructuring Costs***

Restructuring costs comprise costs of integration plans and other business reorganisation and restructuring undertaken by management including cost rationalisation, brand harmonisation, directly related management time, asset write downs and other related costs. These are principally expected to be one-off in nature.

### ***Investment Properties***

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.



Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case and there is a resulting impairment, the amount is recognised in the income statement.

### ***Joint ventures***

Investments in joint ventures, which are jointly controlled entities, are included in the financial statements using the equity method of accounting unless the investment is classified as held for sale.

Under the equity method, the interest in the joint venture is initially recorded at cost and adjusted thereafter for the post- acquisition change in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not amortised. The income statement reflects the share of the results of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint ventures. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case and there is a resulting impairment, the amount is recognised in the income statement.