For immediate release 23 May 2011

Stobart Group Limited

Preliminary results for the 12 months ended 28 February 2011

Stobart Group, one of the UK's leading multi-modal logistics businesses, today announces its preliminary results for the 12 months ended 28 February 2011.

Financial highlights
- Revenue from continuing operations of £500.4m (2010: £447.7m).
- Underlying EBITDA* of £57.2m (2010: £57.4m).
- Underlying profit before tax** of £34.5m (2010: £36.0m).
- Underlying profit before tax and before separately disclosed gains on property assets up 16.9%.
- Profit before tax of £29.5m (2010: £33.3m).
- Adjusted earnings per share*** of 9.7p (2010: 10.8p).
- Basic earnings per share of 9.0p (2010: 11.7p).
- Net debt increased to £156.1m from £96.8m at 28 February 2010 (and decreased from £162.0m at the interim position at 31 August 2009).
- Final dividend 4.0p per ordinary share payable on 7 July 2011 bringing the total for the year to 6.0p per share.

*Normalised EBITDA is calculated as the underlying operating profit of £37.5m (2010: £34.2m) adding back depreciation of £18.1m (2010: £15.7m) and the separately disclosed gain on property assets of £2.0m (2010: £8.2m) and less share based payments of £0.4m (2010: £ 0.7m).
** Normalised PBT comprising the normalised EBTDA of £57.2m (2010: £57.4m) less depreciation of £18.1 (2010: £15.7) less finance costs of £5.5m (2010: 6.6m) plus finance income of £0.9m (2010: 0.9m).
***EPS based on normalised PBT and allowing for a 28% tax charge.

Operational highlights

- Significant new contract wins including AG Barr and Britvic
- Initial phase of development at the Mersey Multi-Modal Gateway complete and major contract for Tesco commenced
- Substantial developments at Southend Airport: new control tower and rail station complete; Work progressing on critical path for terminal and runway extension; Aer Arann passenger flights began March 2011
- Successfully raised £115m in additional funding to invest in new divisions and expected to generate a significant return
    - Ambitious plans for future asset development
    - Acquisition of remaining 50% of Biomass joint venture
    - New group structure established
- Successful award of £4.5m grant under the RGF scheme which will be used towards the phases 2 and 3 of the Widnes development.
- Award of €2.7m Marco Polo grant as support for the movement of rail freight service from Spain to the UK.
- New £90m 12 year contract signed with Iggesund to supply biomass to their Lillyhall plant from early 2013.

Board Changes

Three new Non-Executive Directors join the Group Board with immediate effect: David Beever, Alan Kelsey and Paul Orchard-Lisle. Alan Kelsey is also appointed as Senior Independent Director.

Andrew Tinkler, Chief Executive Officer, said:

“We are pleased to deliver solid results this year in line with our expectations despite the economic challenges and tough operating environment. These results are largely due to the ongoing strength of our transport and distribution business, significant new business wins and tight cost control.

“We are entering an exciting phase of Stobart’s development. We have spent the last three years building a strong and diversified business. With the additional £115m of funding we now look forward to delivering the inherent value in our business. We are pleased to be able to mark the start of this phase with a significant new 12 year contract for our Biomass division, worth in excess of £90m in revenue, which we have just signed with Iggesund.”

Stobart Group will be holding a presentation for analysts at 9.30am today (23 May 2011) at the London Stock Exchange, 10 Paternoster Square, London EC2M 7LS. If you would like to attend, please contact Sara Batchelor (07904 680 547) or Katie Bell (07887 822 221) at Halkin Communications.

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Non Executive Chairman's statement

This has been a year of further consolidation and solid performance for the Group despite difficult economic conditions combined with extreme winter weather. Changing trends in consumer demand and the retailers' response to that, coupled with heavy snow forcing extensive road and rail closures, presented tough challenges to the whole logistics industry. What set the Stobart Group apart was our ability to meet these challenges and to continue to provide service when others simply could not deliver.

Performance

The Group has taken on a significant amount of new business in the past year so we have paid particular attention to integrating these contracts without diluting our margins. We have increased our ability to use freelance staff at times of peak demand, temporarily expanding the fleet by as much as 10% on any given day in response to customer requests. Whilst fleet utilisation has been broadly flat year on year, it continues to be amongst the highest in the industry. We have been largely unaffected by the fuel price increases due to fuel price escalators in over 90% of our work.

2010 was our 40th anniversary year and it was marked by some exciting developments in the Group's newest business areas, Air and Biomass. It was also recorded and brought to a wide audience of almost 2 million people through the "Trucks and Trailers" TV Series, which successfully portrayed a dynamic company and unexpectedly boosted our customers' understanding and appreciation of our services.

Dividend

The Group maintains a stable dividend policy, which takes into account both the underlying growth in Group earnings and the need for investment. An interim dividend of 2p was paid in December 2010. The Board is proposing a final dividend of 4p per ordinary share, bringing the total dividend for the year to 6p (2010: 6p). The final dividend will be paid to shareholders on 7 July 2011.

People

At the start of the current financial year, following an operational review, William Stobart and David Irlam stepped down from the Group Board to allow them to focus full time their experience and leadership on the core transport and logistics divisions. They remain Directors of the key operating subsidiaries, with William as Chief Operating Officer (COO) and David with responsibility for business development. At the same time, Nick Watts and Daniel Dayan stepped down from their roles as Non-Executive Directors.

Today, following a successful capital raising and the Group's increasing focus on its Estates and Transport divisions, we are pleased to welcome Paul Orchard-Lisle, Alan Kelsey and David Beever to the Board as Non-Executive Directors. Paul has many years of experience in the property industry, Alan was a leading equities analyst covering the transport sector, whilst David brings his considerable corporate finance experience. Alan is also taking on the role of Senior Independent Director.

Outlook

Having secured funding for the proposed investment in both new and existing business areas, the Group is entering an exciting phase. We will be developing the substantial property assets held by the Group by building them out and then leasing them advantageously. We will also continue to invest in our transport and distribution business, as well as in air and biomass.

A key to the success of the Group's plans is that we bring the most experienced management as close as possible to the business. William Stobart's role as head of the transport business allows him to optimise fleet operations and increase focus on customers. Andrew Tinkler's expertise and entrepreneurial strengths are best placed to focus on the strategic development of the whole Group.

As well as our employees and customers, the Group's greatest strength is the management team. The Board has every confidence in, and support for, the management team and their ability to generate value and strong returns for shareholders.

Rodney Baker-Bates
Group Non-Executive Chairman
May 2011

Chief Executive Officer's Review

I am pleased to report that the Group continues to trade well with new business wins and profitability growing in line with management expectations for the current year and beyond, despite the economic challenges and tough operating environment. The full year's figures show an increase in turnover, up 11.8%. These results are largely due to the ongoing strength of our transport and distribution business, with Eddie Stobart Limited (ESL) winning significant new contracts such as AG Barr, Tesco and Britvic.

The Group has been under pressure from all sides including both cost inflation and the customer, who in turn has born additional costs as fuel prices continue to rise. However, our customers have realised how well our business model is suited to them as we work together to focus on reducing waste in the system, to mutual benefit.
At the start of the financial year in March 2010, as well as winning new contracts, we began our joint venture in biomass with AW Jenkinson.

Twelve months later, at the start of the new financial year, we have successfully integrated the new business and have acquired the remaining stake in the biomass venture. We have also secured funding for significant investment in our estates and airports businesses.

Challenges
One benefit of the recession has been that it has prevented us from becoming complacent and forced us to concentrate on where we can reduce costs. This year we have taken significant steps to tighten up on our cost base, pass cost savings on to our customers and by working with them to reduce the waste in the industry.

The recession has also brought with it increased instability in volumes in consumer buying, with marked peaks and troughs putting pressure on our logistics systems. This has gone some way to drive our decision to divide our operating divisions into smaller units, allowing us to manage each one more closely and in greater alignment with the customer. Again, this is allowing us to align our services with customers' forecasts, improving utilisation and reducing waste.

Successes
We have completed the initial phase of development at the Mersey Multi-Modal Gateway. Our aspiration is to make the site carbon neutral by the middle of the decade, through Stobart's new biomass venture with AW Jenkinson, waste recycling at the site and by facilitating more collaborations between retailers and manufacturers using the facility. This will help significantly reduce UK road distribution miles.

We have had a strong year in the development of our business in Ireland. Having recognised that customers wanted a logistics solution in Ireland, we bought a trailer business from TDG three years ago for £0.25m. The Irish business is now one of the country's leading transport operations with turnover in the year of £25m.

Developments at London Southend Airport have been substantial and we consider it a considerable achievement to have brought the project on as far as we have in the time available. A large part of the building works, including the new control tower and the rail station, have been completed and approval of plans to extend the runway was granted in April 2010. Completion of the runway extension, and the airport's congestion-free location outside the London air traffic control area, make it an ideal location to meet the demand for European business and leisure travel. The runway extension will also allow London Southend Airport to play a major role in handling visitors to the 2012 Olympic Games.

The Group continues to benefit from the strength of its brand and we are fully conscious of the commercial value inherent in maintaining our brand values across the Group, particularly good service, efficiency and attention to detail. Our brand reassures clients that we will deliver their goods at the right cost, putting us in a strong position with both clients and suppliers. The 'Eddie Stobart' brand in particular has had a strong year with the success of the Channel 5 TV series, Eddie Stobart: Trucks & Trailers. It has helped to showcase the business to a whole new audience and our promotional department has seen associated benefits with sales of merchandise reaching record levels.

Outlook
The Group is now entering an exciting phase of delivering the full value potential in the various business streams. We have spent the past three years in a build phase, so we are looking at the next three to four years in terms of delivery.

In Transport, we will aim to achieve a better margin than the industry has traditionally managed because of our differentiated business model. The model emphasises controlled growth, cost reductions, improved utilisation and increased margins, with additional contributions to the bottom line being generated by new revenue from airports and biomass. To support the model we have put more framework around management and developed control mechanisms to deliver it. In addition, we are giving much greater focus to our Management Development Programme, bringing existing employees up through the ranks to support the running of the business.

New Structure
Although Eddie Stobart currently represents around 85% of the Group's turnover, the Group has diversified in recent years through the acquisition of further transport businesses, airports, an interest in biomass and other properties. Following an operational review, we remain committed to the Eddie Stobart business, but we are also forming new divisions with their own management teams. The new divisions are Transport & Distribution, Estates, Air, Biomass and Infrastructure & Civil Engineering.

The new structure will clarify and sharpen the focus, strategic aims and value of each part of the business. We will be centralising certain functions such as business/IT systems, finance/analysis, corporate purchasing, business services (legal, HR, insurance etc) to take the burden off the divisions, freeing up each business leader's time to focus on developing opportunities and performance delivery.

Having raised approximately £115m in additional funding, we will be investing in the new divisions and expect to generate a significant return. In particular, we have identified value enhancing projects relating to properties in the Air division and a Biomass related facility in Widnes that will form part of the Estates division. We also hope that the investment and the divisional realignment will help investors develop a better understanding of the value of the Group's assets.

Delivering Value
We are confident that restructuring the company and investing in our Estates and Air divisions, where there is significant untapped potential, will create the greatest value.

Our Transport and Distribution division, including Eddie Stobart Limited (ESL), will remain at the heart of the Group. ESL is a market leading transport business with the best fleet in the industry. It will continue to be the Group's cornerstone. This division will include all of the forms of transport, storage and handling services provided by the Group, encompassing all of the multimodal services currently provided through road, rail and ports. It has achieved a profit growth rate of approximately 15% year on year and whilst we will continue to focus on adding contracts it does not require any significant further investment.

The Estates division will be responsible for the management, development and realisation of all Group land and building assets. The division will hold around 20 properties spread throughout England. These include a number of sites that are already in use as part of our multimodal platform, but which have considerable potential to develop both physically and in terms of their operational value. For example, we are looking at building biomass plants on some of the sites which will enhance both the property value and contribute to revenue generation in terms of both biomass and transport contracts.

Our Airport operations – London Southend Airport and Carlisle Lake District Airport – offer significant growth potential. Our target is to achieve in excess of two million passengers annually at Southend and to develop our distribution and freight operations at Carlisle to enhance our customer proposition. Both airports have the potential to deliver impressive yields.

The Biomass division currently sources sustainable biomass, primarily life-expired timber and low grade softwood, for the new generation of minimum-carbon power plants utilised both in large-scale electricity generation and smaller on-site industrial power plants. The strategy is to build the Biomass division up to between three and four million tonnes per year over the next few years, all on long term contracts and all using Eddie Stobart for transport.

The Infrastructure and Civil Engineering division is split into two main sub-groups: Rail and Civil Engineering. Rail is one of the UK's leading names in rail network maintenance, repair and improvement. Civil Engineering is responsible for the development and improvement of the Group's property holdings, concentrating on the regeneration of brownfield sites into valuable business assets, and recycling often contaminated land back into use. This division will further develop its external offering to increase its client base through improving value to customers and generating growth.

In conclusion, we have set out an ambitious and exciting strategy to take each part of the Stobart Group to the next level and make sure each division meets its targets. We see nothing in the plan that cannot be achieved and look forward to demonstrating value creation in the near term.

Andrew Tinkler
Chief Executive Officer

Business Performance Review

Results

I am pleased to report another year of strong improvement in revenue and further investment in new territories, assets, contracts and businesses.

Total revenue increased by 11.8% to £500.4m (2010: £447.7m).

Underlying EBITDA was £57.2m (2010: 57.4m) and underlying profit before tax was £34.5m (2010: £36.0m). Last year there was a final gain of £8.2m on disposal of certain Widnes assets and this year there is an increase in value of an investment property interest in held-for-sale assets of £2.1m. We will continue to show value improvements on properties in the future at underlying level.

Profit before tax decreased to £29.5m (2010: £33.3m). The Group has recognised Stobart Properties as a continuing new segment due to the focus on this area under its new three year strategy and has therefore reclassified the 2010 figures accordingly.

*Underlying EBITDA is calculated as the underlying operating profit of £37.5m (2010: £34.2m) adding back depreciation and amortisation of £18.1m (2010: £15.7m) and separately disclosed gains on property assets of £2.0m (2010: £8.2m) and less share based payments of £0.4m (2010: £ 0.7m).

**Normalised PBT comprising the underlying EBITDA of £57.2m (2010: £57.4m) less depreciation of £18.1m (2010: £15.7m) less finance costs of £5.5m (2010: 6.6m) plus finance income of £0.9m (2010: 0.9m).

Earnings per share

Adjusted earnings per share was 9.7p (2010: 10.8p). This is calculated based on underlying profitability and normalised for a tax charge of 28%. The weighted average number of shares in the period increased to 257.3m shares from 240.5m shares.

Basic earnings per share decreased to 9.0p from 11.7p.

Divisional performance review

Eddie Stobart

The Eddie Stobart road transport and warehousing business has contributed revenue of £449.9m (2010: £381.5m) and underlying profit before tax of £33.6m (2010: £25.6m).

This growth has resulted from the development of new business and contracts in the year. In the UK we secured major new chilled business with Tesco at Widnes (as a result of the development of the 500,000 sq. ft. chilled facility for them), a new contract with A G Barr and enhanced business with Britvic whilst volume continued to grow with Unilever.

Our Irish business has grown rapidly to including a major contract with Tesco and we have established our Spanish rail and road service which has led to good opportunities in the UK. We have written off exceptional costs of £2.7m of investment in establishing our operations in these new territories.

The division suffered disruption caused by the extreme weather conditions in the UK in November and December 2010. Additional costs to the business of £1.8m are disclosed as an exceptional item. Our customers have expressed their huge appreciation for our determined efforts in continuing to work though this period in the run-up to Christmas.

In March 2010 we secured a 50% investment in newly set up Stobart Biomass Products Limited for £30m, half in shares and half in cash. This joint venture in conjunction with A.W. Jenkinson has been formed to distribute biomass products to the fast-growing UK renewable energy market. Our share of the profits of this business are included in the Eddie Stobart division in the year.

Stobart Rail

The Rail division includes two operations: infrastructure engineering and rail freight transportation. The division contributed revenue of £53.0m (2010: £64.8m) and underlying profit before tax of £3.7m (2010: £5.0m).

The rail infrastructure engineering business was depressed due to the cutbacks in expenditure by Network Rail and other major customers. Strict cost control measures have been implemented and we believe that the market will recover but the timescale is difficult to predict.

The rail freight transport business remains strong and profitable with demand driven by commercial factors and environmental impact reduction. We have secured a €2.7m Marco Polo grant for the Valencia rail service.

£23.3m (2010: £19.1m) of revenue and £1.1m (2010: £1.0m) of profit was earned on Group development projects including the major developments of the control tower and railway station at London Southend Airport. This valued engineering enhances the value of our assets and reduces costs and disruption through knowledgable tendering and effectively working around our existing operations. Revenue and profit is eliminated on consolidation and this value will not be realised until sale of the assets.

Stobart Ports

The Ports division has contributed revenue of £13.7m (2010: £13.9m) and underlying profit before tax of £2.0m (2010: £3.2m before profit on disposal of Widnes assets of £8.2m). The current year results include the terminal site rental costs following the sale and leaseback of the site at the end of the previous year but this cost is partly offset by the interest savings after the related development loan was fully repaid on disposal of the property. If the loan had been refinanced the interest costs would have risen significantly.

The site is well positioned to gain from further development of business in the immediately surrounding areas including our adjacent development land. The terminal is capable of operating at much higher volumes with relatively low incremental costs. A £4.5m Regional Growth Fund was approved in April 2011 for the development of the Stobart site in Widnes.

The Port of Weston at Runcorn is being fully used for outside storage in the year.

Stobart Air

The Air division contributed revenue of £6.8m (2010: £6.6m) and underlying profit before tax of £0.2m (2010: £0.2m).

The development of London Southend Airport is progressing well, the new control tower and on-site railway station are completed and development of the new terminal and runway are underway and are expected to be completed in Autumn. We have secured funding for the capital expenditure required to fully develop the airport.

In November 2010 we took a 5% interest in Aer Arann and in March 2011 Aer Arann flights commenced from London Southend Airport to Waterford and Galway.

At Carlisle Airport, a revised planning application has been submitted and we await the decision in Summer 2011.

Stobart Properties

Certain associate and joint venture property related assets were reclassified to continuing operations from discontinued operations in the year due to the focus on property development and ownership after the recent restructuring. Following this reclassification the results of these assets have been included in the Stobart Properties business segment.

Stobart Properties contributed revenue of £0.3m (2010: £0.2m) and underlying profit before tax of £2.9m including an increase in carrying value of units in One Plantation Place of £2.0m. The prior year underlying profit before tax of £7.4m includes net profit on disposal of Widnes assets of £8.2m which had been included in the Ports divisional profit in the prior year but has been included in the Properties division this year for better comparison of property asset related profits.

There are no discontinued activities in the current year.

Taxation

The tax charge of £6.2m (2010: £5.1m) is at an effective rate of 21.1% (2010: 15.2%). The effective rate has been reduced from the standard rate by adjustments in respect of prior years of £1.4m being mainly additional capital allowances and land remediation relief on the Widnes assets and by £1.5m for the reduction in rate applied to deferred tax from 28% to 27%.

Statement of Financial Position

We have a strong balance sheet with net assets of £331.7m (2010: £305.4m) including operational fixed assets of £237.7m (2010: £210.9m). The increase in fixed assets is principally due to the capital developments at London Southend Airport and the investment in the truck fleet in the year. Freehold property includes five operational road transport sites, land at the Mersey Multimodal Gateway (3MG) in Widnes, the Port of Weston at Runcorn, London Southend Airport, Carlisle Lake District Airport and an investment property at Debden, Essex.

Associates and joint ventures includes the investments in Stobart Biomass Products, Aer Arann Group and certain property related assets which were previously classified as held for sale.

There has been no change in the accounting carrying value of intangible brand assets in the year though we believe that the profile of our brand continues to grow.

Funding

The net debt of the Group has increased to £156.1m from £96.8m at 28 February 2010 (and decreased from £162.0m at the interim position at 31 August 2010). This is principally due to the capital expenditure at London Southend Airport, the investment in the fleet and the cash investment in Stobart Biomass Products of £15m.

During the year, the Group refinanced its borrowings. The loan notes, bank loans and Income Shares were repaid and the Group entered in to a new 10 year, £100m development facility with M&G UK Companies Financing Fund. Of this £100m facility, there remains £30m undrawn.

The finance lease liabilities have decreased to £45.0m from £50.4m. The nature of the guaranteed buyback arrangements, which reduces our residual risk, has led to some vehicles added to the fleet in the year being classified as operating leases rather than finance leases.

The gearing ratio* is 47.1% (2010: 31.7%) and the gearing ratio ignoring fleet financing* is 33.5% (2010: 15.2%).

There is £64.3m of net debt due within one year at the balance sheet date. Of this, £54.3m was working capital and finance lease debt which revolves on normal cycles. The remaining £10m is a term loan from BLME which is repayable by 3 August 2011. The Eddie Stobart working capital facility limit was increased in April 2011 to £65m.

*The gearing ratio is calculated as a percentage of net debt to net assets. The gearing ratio ignoring fleet financing is a percentage of net debt (excluding obligations under finance leases and hire purchase contracts) to net debt.

Cashflow

Cash generated from operations was £27.7m (2010: £39.8m). The reduction is due to the increase in working capital due to volume growth, increase in new customers' credit terms and timing of payments as well as £3.3m operating lease rental charges for trucks on leases classified as operating leases due to the fixed nature of the buyback arrangements.

Cash outflow for capital expenditure in the year totalled £55.4m (2010: £63.3m) including assets backed by finance leases of £18.3m (2010: £17.7m). The principal expenditure was for development of the railway station, control tower and terminal at London Southend Airport funded by a new loan facility.

Cash received from disposal of property, plant and equipment was £10.5m (2010: £72.8m including £61m from disposal of the Widnes assets). Of the remaining amount, £5.8m (2010: £5.1m) related to the buyback and resulting repayment of finance lease balloon payments on vehicles.

The increase in net borrowings (excluding finance lease liabilities) was £64.7m (2010: £29.6m).

Dividends paid totalled £15.9m (2010: £13.0m) reflecting an increased number of shares but the same annual dividend rate of 6p (2010: 6p).

Outlook, recent transaction and new structure

We look forward to a period of continued profitability and growth from our core businesses and realising further profitability and value from the assets held and investments that we have made in the past years including Stobart Biomass Products and at London Southend Airport as well as our property assets.

In the new financial year we have reorganised our business divisions to better align them with the value drivers in the businesses. Our new business divisions are Transport & Distribution, Estates, Air, Biomass, and Infrastructure & Civil Engineering. We will present our segmental results on this basis going forward.

In May 2011 the Group completed a transaction issuing 77.3m new Ordinary Shares at 155 pence raising net cash of £114.9m. At the same time the Group acquired the remaining 50% of Stobart Biomass Products Limited for £20m comprising £11m of loan notes and 5.8m shares at 155 pence per share. The Group was also granted an option giving the right to purchase Westbury Properties Limited before mid August 2011 for a consideration based on an independent valuation. The funds will be used to invest in assets which are expected to enhance the performance of the Group's business divisions, in particular development of the Group's property assets. The Group also implemented a senior executive incentive plan which covers up to 38million Ordinary Shares which aligns the interests of management with those of shareholders.

Within the Transport & Distribution division, there will be a full year of the new contracts with Tesco chilled, Britvic, AG Barr and Tesco Ballymun.

Demand is strong at Stobart Biomass with ongoing wood waste product growth.

Aer Arann flights started in March 2011 and we hope to build these to over 100,000 passengers in the year ahead. Talks are ongoing with other interested airlines at London Southend Airport. In addition, revenue from the railway station should start in the first half of the year.

Our Estates division will seek to add value to our property portfolio and we have a number of opportunities at an early stage of planning or development.

The Group has a new clear three to four year strategy which, if achieved, should deliver significant returns to shareholders.

Dividends

As indicated at the interims, the Board proposes a final dividend of 4p (2010: 4p) reflecting the normal one third/two thirds split bringing the total dividend for the year to 6p (2010: 6p).

Conclusion

We look forward to a further exciting period of realising the potential of our multi-modal strategy based on a strong core business and adding some significant value enhancing operations.

Ben Whawell
Chief Financial officer

Consolidated Income Statement

For the year to 28 February 2011

	Year to 28.02.2011 £'000	*Restated* Year to 28.02.2010 £'000
Revenue	500,395	447,661
Operating expenses – underlying	(463,484)	(413,281)
Share of post tax profits / (losses) of associates and joint ventures accounted for using the equity method	624	(131)
Underlying operating profit	**37,535**	**34,249**
Share based payments	(467)	(2,504)
Less: share based payments associated with the disposal of Widnes assets	-	1,758
Share based payments on underlying profit	(467)	(746)
Costs due to extreme weather	(1,830)	-
New territory business set up costs	(2,654)	-
Transaction costs written off	(59)	-
Restructuring costs	(479)	(2,746)
Gain in value of property asset held for sale	2,050	-
Net profit on disposal of Widnes assets (after costs)	-	8,258
Profit before interest and tax	**34,096**	39,015
Finance costs	(5,553)	(6,650)
Finance income	924	928
Profit before tax	**29,467**	33,293
Income tax	(6,229)	(5,071)
Profit for the year	23,238	28,222
Profit for the year attributable to equity holders of the parent	23,238	28,222

Earnings per ordinary share		
Basic	9.03p	11.74p
Diluted	9.02p	11.58p

Consolidated Statement of Comprehensive Income

For the year to 28 February 2011

	Year to 28.02.2011 £'000	Year to 28.02.2010 £'000
Profit for the year	**23,238**	**28,222**
Exchange differences on translation of foreign operations	(10)	-
Cash flow hedge	107	(1,608)
Tax on items relating to components of other comprehensive income	(30)	450
Other comprehensive income / (loss) for the year, net of tax	**67**	**(1,158)**
Total comprehensive income for the year attributable to equity shareholders of the parent	**23,305**	**27,064**

Consolidated Statement of Financial Position
As at 28 February 2011

	28.02.2011 £'000	28.02.2010 £'000
Non-current Assets		
Property, plant and equipment		
- Land and buildings	168,798	139,705
- Plant and machinery	15,099	15,835
- Fixtures, fittings and equipment	4,582	4,131
- Commercial vehicles	49,206	51,234
	237,685	210,905
Investment in associates and joint ventures	30,780	-
Investment property	2,000	2,000
Intangible assets	231,286	231,286
Other investments	10	10
Other receivables	2,186	-
	503,947	444,201
Current Assets		
Inventories	2,357	1,559
Trade and other receivables	108,716	84,411
Cash and cash equivalents	3,937	13,134
	115,010	99,104
Assets of disposal groups classified as held for sale	2,050	241
	117,060	99,345
Total Assets	621,007	543,546
Non-current Liabilities		
Loans and borrowings	91,762	42,876
Other liabilities	14,479	10,941
Corporation tax	-	4,807
Deferred tax	39,880	34,243
	146,121	92,867
Current Liabilities		
Trade and other payables	72,312	74,204
Loans and borrowings	68,285	67,196
Corporation tax	2,580	-
	143,177	141,400
Liabilities directly associated with the assets classified as held for sale	-	3,923
	143,177	145,323
Total Liabilities	289,298	238,190
Net Assets	331,709	305,356

Consolidated Statement of Financial Position, Continued

As at 28 February 2011

	28.02.2011 £'000	28.02.2010 £'000
Capital and reserves		
Issued share capital	26,517	25,079
Share premium	181,168	164,255
Foreign currency exchange reserve	(478)	(468)
Reserve for own shares held by EBT	(663)	(803)
Hedge reserve	(1,081)	(1,158)
Retained earnings	126,246	118,451
Total Equity	**331,709**	**305,356**

Consolidated Statement of Changes in Equity
For the year to 28 February 2011

Attributable to equity holders of the parent

	Issued Share capital £'000	Share premium £'000	Foreign Currency Exchange Reserve £'000	Reserve for Own Shares held by EBT £'000	Hedge reserv e £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2010	25,079	164,255	(468)	(803)	(1,158)	118,451	305,356
Profit for the year	-	-	-	-	-	23,238	23,238
Other comprehensive income (expense) for the year	-	-	(10)	-	77	-	67
Total comprehensive income/expense for the year	-	-	(10)	-	77	23,238	23,305
Proceeds on share issues	1,438	17,190	-	-	-	-	18,628
Share issue costs	-	(277)	-	-	-	-	(277)
EBT shares vested	-	-	-	140	-	-	140
Share based payment credit	-	-	-	-	-	467	467
Dividends	-	-	-	-	-	(15,910)	(15,910)
Balance at 28 February 2011	26,517	181,168	(478)	(663)	(1,081)	126,246	331,709

For the year to 28 February 2010

Attributable to equity holders of the parent

	Issued Share capital £'000	Share premium £'000	Foreign Currency Exchange Reserve £'000	Reserve for Own Shares held by EBT £'000	Hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2009	24,175	155,805	(468)	(803)	-	100,521	279,230
Profit for the year	-	-	-	-	-	28,222	28,222
Other comprehensive expense for the year	-	-	-	-	(1,158)	-	(1,158)
Total comprehensive expense for the year	-	-	-	-	(1,158)	28,222	27,064
Proceeds on share issue	904	8,703	-	-	-	-	9,607
Share issue costs	-	(253)	-	-	-	-	(253)
Share based payment credit	-	-	-	-	-	2,701	2,701
Dividends	-	-	-	-	-	(12,993)	(12,993)
Balance at 28 February 2010	**25,079**	**164,255**	**(468)**	**(803)**	**(1,158)**	**118,451**	**305,356**

Consolidated Cash Flow Statement

For the year to 28 February 2011

	Year to 28.02.2011 £'000	Year to 28.02.2010 £'000
Cash generated from operations	**27,671**	**39,823**
Income taxes paid	(2,341)	(2,384)
Net cash flow from operating activities	**25,330**	**37,439**
Acquisition of subsidiaries and other businesses – net cash paid	-	(240)
Purchase of property, plant and equipment	(55,419)	(63,250)
Proceeds from the sale of property, plant and equipment	10,540	72,807
Investment in joint venture	(15,156)	-
VAT outflow in relation to disposal of Widnes assets	(4,200)	-
Dividends received from joint ventures	-	256
Net loans (advanced to) / repaid by associates and joint ventures	(3,119)	545
Interest received	859	928
Net cash flow from investing activities	**(66,495)**	**11,046**
Share issue costs	(277)	(253)
Dividend paid on ordinary shares	(15,910)	(12,993)
Proceeds from new finance leases	18,275	17,683
Repayment of capital element of finance leases	(23,630)	(20,672)
Proceeds from new borrowings	90,000	34,000
Repayment of borrowings	(40,489)	(63,574)
Interest paid	(5,627)	(6,685)
Net cash flow from financing activities	**22,342**	**(52,494)**
Decrease in cash and cash equivalents	(18,823)	(4,009)
Cash and cash equivalents at beginning of year	(13,123)	(9,114)
Cash and cash equivalents at end of year	**(31,946)**	**(13,123)**
Cash		
- Continuing	3,937	13,134
- Included in disposal group	-	179
Overdraft	(35,883)	(26,436)
Cash and cash equivalents at end of year	**(31,946)**	**(13,123)**

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 2011 and year ended 29 February 2010 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 to this announcement.

Operating Expenses and Other Operating Income

Operating expenses are after charging / (crediting) the following:

	2011 £'000	Restated 2010 £'000
Employee benefits expenses excluding share based payments	167,123	149,092
Depreciation	18,064	15,668
Other purchases and external expenses	278,297	248,521
Operating expenses underlying	**463,484**	**413,281**
Profit before interest and tax		
Depreciation of property, plant and equipment	18,064	15,668
Profit on disposal of property, plant and equipment	(1,243)	(8,910)
Release of government grants	(123)	(302)
Operating lease expense		
- Plant and machinery	16,556	15,037
- Property	15,668	14,823
Fees charged to the income statement relating for services by Group auditors		
- Statutory audit fee relating to audit of Stobart Group Limited	75	50
- Statutory audit fee relating to audit of subsidiaries	135	125
- Other taxation services	27	28
- Services relating to corporate finance transactions	-	89
- Other services	27	27
	264	**319**

Costs due to extreme weather

Costs due to extreme weather includes incremental vehicle damages and running costs caused by weather that results in a substantial part of our fleet being adversely affected for a prolonged period. Incremental costs include vehicle damages, drivers working unproductively and fuel inefficiency costs. The current year exceptional costs were caused by the extreme weather in November and December 2010 in the busy run up to Christmas.

New territory business set up costs

New territory business set up costs comprise costs of investing in new major territories to commence or accelerate development of our business presence. These costs include establishment costs, legal and professional fees, losses and certain staff costs. The current year exceptional costs were in relation to the development of businesses in Ireland and in Spain.

Transaction costs written off

Transaction costs comprise costs of making investments or costs of financing transactions that are not permitted to be debited to the cost of investment or as issue costs. These costs include costs on any aborted transactions.

Restructuring costs

Restructuring costs comprise costs of major integration plans and other business reorganisation and restructuring undertaken by management. Costs include cost rationalisation, brand harmonisation, site closure costs, certain short term duplicated costs, directly related management time, asset write downs and other costs related to the reorganisation and integration of acquired and new businesses. These are principally expected to be one-off in nature.

Reorganisation and integration of James Irlam business	-	1,288
Reorganisation and integration of Chilled business	319	1,090
Reorganisation and integration of the International business	-	177
Other	160	191
	479	**2,746**

Net profit on disposal of Widnes assets (after costs)

In the year ended 28 February 2010, profit on disposal of property, plant and equipment includes a net profit on disposal of the chilled distribution site and terminal at Widnes of £8,258,000 as set out below:

	2011 **£'000**	**2010** **£'000**
Profit on disposal of Widnes assets (after direct costs but before directly associated costs)	-	11,190
Share based payment directly associated with the disposal	-	(1,758)
Other costs directly associated with the disposal	-	(1,174)
Net Profit on disposal of Widnes assets (after costs)	**-**	

Segmental information

The operating segments within continuing operations are Eddie Stobart, Stobart Rail, Stobart Ports, Stobart Air including Air Freight, and Stobart Properties.

The Eddie Stobart segment specialises in haulage, distribution, warehousing, property and process management services and merchandising.

The Stobart Rail segment specialises in infrastructure engineering and rail freight services.

The Stobart Ports segment specialises in inland port and waterport services, warehousing and distribution.

The Stobart Air segment specialises in operation of commercial airports including air freight.

The Stobart Properties segment specialises in the rental of investment properties.

The Board of Directors is regarded as the Chief Operating Decision Maker (CODM). The Board monitors the results of its operating segments separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, which in certain respects, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. The main segmental profit measures are earnings before interest, tax, depreciation and amortisation and also profit before tax both shown before separately disclosed items.

During the year, certain property related assets have been reclassified in to continuing operations and accordingly the prior year segmental information is restated. These assets are included in the Stobart Properties segment.

Income taxes and certain central costs are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Period ended 28 February 2011	Eddie Stobart £'000	Stobart Rail £'000	Stobart Ports £'000	Stobart Air £'000	Stobart Properties £'000	Adjustments and eliminations £'000	Group £'000
Revenue							
External	449,860	29,766	13,682	6,836	251	-	500,395
Internal	-	23,282	-	-	-	(23,282)	-
Total revenue	**449,860**	**53,048**	**13,682**	**6,836**	**251**	**(23,282)**	**500,395**
Depreciation and amortisation	(14,960)	(1,933)	(537)	(355)	-	(279)	(18,064)
Share of profit of associates and joint ventures	80	-	-	-	200	(156)	124
Reversal of write downs of assets	-	-	-	-	500	-	500
Share based payment	(242)	(66)	(57)	(8)	(10)	(84)	(467)
Segment EBITDA	**51,248**	**6,007**	**2,704**	**548**	**671**	**(6,046)**	**55,132**
Segment PBT	**33,598**	**3,733**	**1,982**	**167**	**899**	**(7,940)**	**32,439**
Costs due to extreme weather							(1,830)
New territory business set-up costs							(2,654)
Transaction costs written off							(59)
Restructuring costs							(479)
Gain on property asset held for sale							2,050
Profit before tax							**29,467**
Assets							
Equity accounted investments	30,080	-	-	-	700	-	30,780
Additions to property, plant and equipment	22,451	354	1,988	28,636	-	712	54,141
Operating assets	397,223	18,852	14,133	54,787	8,355	127,657	621,007
Operating liabilities	(159,276)	(12,576)	(3,494)	(22,647)	(61)	(91,244)	(289,298)
Net assets	**237,947**	**6,276**	**10,639**	**32,140**	**8,294**	**36,413**	**331,709**

Inter-segment revenues are eliminated on consolidation.

Included in adjustments and eliminations are central costs of £6,872,000 (2010: £5,019,000) and intra-group profit of £1,068,000 (2010: £314,000).

Also included in adjustments and eliminations are central assets and liabilities, inter company balances, and held for sale assets and liabilities.

Period ended 28 February 2010	Eddie Stobart £'000	Stobart Rail £'000	Stobart Ports £'000	Stobart Air £'000	Restated Stobart Properties £'000	Restated Adjustments and eliminations £'000	Restated Group £'000
Revenue							
External	381,389	45,636	13,919	6,567	150	-	447,661
Internal	-	19,115	-	-		(19,115)	-
Total revenue	**381,339**	**64,751**	**13,919**	**6,567**	**150**	**(19,115)**	**447,661**
Depreciation and amortisation	(13,446)	(1,327)	(563)	(220)	-	(112)	(15,668)
Share based payments	(294)	(197)	(1,811)	(10)	-	(192)	(2,504)
Less: share based payments associated with the disposal of Widnes assets	-	-	1,758	-	-	-	1,758
Share based payment on underlying operating profits	(294)	(197)	(53)	(10)	-	(192)	(746)
Segment EBITDA	**43,065**	**6,524**	**4,782**	**401**	**(770)**	**(4,831)**	**49,171**
Segment PBT	**25,561**	**4,972**	**3,182**	**169**	**(770)**	**(5,333)**	**27,781**
Net profit on disposal of Widnes assets (net of associated costs)							8,258
Restructuring costs							(2,746)
Profit before tax							**33,293**
Assets							
Additions to property, plant and equipment	19,635	602	33,100	23,066	-	1,000	77,403
Operating assets	358,526	24,643	87,571	68,784	3,463	559	543,546
Operating liabilities	(141,464)	(12,234)	(71,628)	(37,287)	(203)	24,626	(238,190)
Net assets	**217,062**	**12,409**	**15,943**	**31,497**	**3,260**	**25,185**	**305,356**

Taxation

Tax charged in the income statement

	2011 £'000	*Restated* 2010 £'000
Current income tax:		
UK Corporation tax		
- Continuing operations	1,683	6,197
Overseas tax	138	-
Adjustment in respect of prior years	(1,423)	103
Total current tax	398	6,300
Deferred tax:		
Origination and reversal of temporary differences	7,155	1,198
Impact of change in rate	(1,351)	-
Adjustment in respect of prior years	27	(2,396)
Total deferred tax	**5,831**	**(1,198)**
Total charge in the income statement	**6,229**	**5,102**

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:

	2011	***Restated*** **2010**
Numerator	**£'000**	**£'000**
Continuing operations		
Profit used for basic earnings	23,238	28,222
Effect on earnings of dilutive potential ordinary shares	27	304
Diluted earnings	**23,265**	**28,526**
Denominator	**Number**	**Number**
Weighted average number of shares used in basic EPS	257,330,462	240,479,372
Effects of convertible Income Shares	339,555	4,502,013
Effects of employee share options	253,479	1,420,000
Weighted average number of shares used in diluted EPS	**257,923,496**	**246,401,385**

The adjusted earnings per share is 9.7p (2010: 10.8p restated). The numerator used in calculating the normalised earnings per share of £24,832,000 (2010: £25,948,000 restated) is the underlying operating profit of £37,535,000 (2010: £34,249,000 restated) plus the gains on separately disclosed property assets of £2,050,000 (2010: £8,258,000) less share based payments of £467,000 (2010: £746,000), less finance costs of £5,553,000 (2010: £6,650,000) plus the finance income of £924,000 (2010: 928,000) and allowing for a 28% tax charge of £9,657,000 (2010 £10,091,000 restated).

The adjusted earnings per share are shown to give a comparable measure of the underlying earnings per share.

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.

The Income Shareholders had an option to convert their Income Shares into Ordinary shares at a rate of 0.854 Ordinary shares for each Income Share around 31 March 2010. These are therefore dilutive instruments at 28 February 2011. On 9 April, 3,628,158 Income Shares were converted into 3,098,440 Ordinary shares.

On 10 March 2008, 3 July 2008 and 20 August 2009 respectively, 2.79m, 2.25m and 2.4m share options were granted to Directors and management under the Stobart Executive Incentive Plan with an exercise price of £nil. 1,395,000 of these share options vested on 31 March 2010 are included as dilutive instruments. The remaining share options are not dilutive instruments as the vesting conditions have not been met unconditionally at the year end date.

Own shares held in an employee benefit trust are excluded from the weighted average number of shares.

Dividends

Dividends Paid on Ordinary Shares

	2011 Rate p	2011 £	2010 Rate p	2010 £
Final dividend for 2010 paid 18 June 2010	4.0	10,606,596	-	-
Interim dividend paid 8 December 2010	2.0	5,303,298	-	-
Final dividend for 2009 paid 22 June 2009	-	-	3.3	7,977,629
Interim dividend paid 10 December 2009	-	-	2.0	5,015,766
Dividends paid	**6.0**	**15,909,894**	**5.3**	**12,993,395**

A final dividend of 4.0p per share totaling £10,606,596 was declared on 23 May 2011 and will be paid on 7 July 2011. This is not recognised as a liability as at 28 February 2011.

Financial assets and liabilities

Loans and borrowings	2011 £'000	2010 £'000
Non-current		
Fixed rate		
- Obligations under finance leases and hire purchase contracts	22,643	31,509
Variable rate:		
- Bank loans	69,119	11,367
	91,762	**42,876**
Current		
Fixed rate		
- Income shares	-	5,269
- Obligations under finance leases and hire purchase contracts	22,402	18,891
Variable rate:		
- Loan notes	-	6,000
- Overdrafts	35,883	26,436
- Bank loans	10,000	10,600
	68,285	**67,196**
Total loans and borrowings	160,047	110,072
Cash	3,937	13,313
Net Debt	**156,110**	**96,759**

Issued share capital and reserves

	2011 £'000	2010 £'000
Authorised share capital – Ordinary Shares		
Authorised – 300,000,000 (2010: 300,000,000) shares of 10p each	30,000	30,000
	£	£
Authorised share capital – Deferred Shares		
Authorised – 1,000 shares of 0.1p each	1	1

	Number of shares 2011 000	Share Capital 2011 £'000	Number of shares 2010 000	Share Capital 2010 £'000
Ordinary Shares of 10p each issued and fully paid				
At beginning of period	250,788	25,079	241,746	24,175
Issued during the period	14,377	1,438	9,042	904
Total share capital	**265,165**	**26,517**	**250,788**	**25,079**

On 23 March 2010 11,278,195 ordinary shares were issued upon the investment in Stobart Biomass Products Limited. These shares had a fair value of 133p.

On 14 April 2010 a further 3,098,440 Ordinary shares were issued on conversion of 3,628,158 Income Shares. The share price at the date of conversion was 117p.

Notes to the consolidated cash flow statement

Cash generated from operations	Year to 28.02.2011 £'000	*Restated* Year to 28.02.2010 £'000
Profit before tax on continuing operations	29,467	33,293
Profit before tax	**29,467**	**33,293**
Adjustments to reconcile profit before tax to net cash flows		
Non-cash:		
Realised profit on sale of property, plant and equipment	(1,243)	(8,910)
Share of post tax profits of associates & joint ventures accounted for using the equity method	(124)	131
Reversal of writedown in held for sale assets	(2,050)	-
Reversal of writedown of loan to joint venture	(500)	-
Depreciation of property, plant and equipment	18,064	15,668
Investment income	(924)	(928)
Interest expense	5,553	6,621
Amortisation of income share issue costs	-	29
Foreign exchange movements	(10)	-
Share option charge – excluding amounts included above within Realised profit on sale of property, plant and equipment	467	755
Working capital adjustments:		
(Increase) / decrease in inventories	(798)	188
(Increase) / decrease in trade and other receivables	(22,212)	(11,574)
Increase in trade and other payables	1,981	4,550
Cash generated from operations	**27,671**	**39,823**
Issue of ordinary shares	-	-
Issue costs paid on issuance of ordinary shares	(277)	(253)
	(277)	**(253)**

Appendix

Accounting policies of Stobart Group Limited

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) as adopted by the European Union ("adopted IFRSs"). The financial statements for the Company are presented after the financial statements for the Group.

The financial statements of the Group are also prepared in accordance with the Companies (Guernsey) Law 2008.

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

Restatement of prior year financial statements

The prior year financial statements have been restated following the reclassification of our property business operations to continuing operations. These were classified in discontinued operations in the prior year. The resulting impact is to reduce the prior year continuing profit before tax by £770,000 being losses made in the property related companies.

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 existing standards and interpretations to existing standards adopted by the Group:

Amendment to IFRS2 Group Cash-settled Share-based Payment Arrangements. The amendment clarifies the accounting for group cash-settled share-based payment transactions, where a subsidiary receives goods or services from employees but the parent or another entity in the group pays for those goods or services. This amendment did not have any impact on the financial position or performance of the Group.

IFRS3 (revised) Business Combinations. The revised standard increases the number of transactions to which it must be applied including business combinations of mutual entities and combinations without consideration. IFRS3 (revised) introduces significant changes in the accounting for business combinations such as the valuation of non-controlling interests, business combinations achieved in stages, the initial recognition and subsequent measurement of a contingent consideration and the accounting for transaction costs. These changes could have a significant impact on profit or loss reported in the period of an acquisition, the amount of goodwill recognised in a business combination and profit or loss reported in future periods.

IAS27 (amended) Consolidated and Separate Financial Statements. The amended standard requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and these transactions will no longer give rise to goodwill or gains and losses. The standard also specifies the accounting when control is lost and any retained interest is remeasured to fair value with gains or losses recognised in profit or loss. This amendment does not have any impact on the current year financial statements.

IAS32 Financial Instruments : Presentation – Classification of Rights Issues (amendment). This amendment to IAS32 amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment does not have any impact on the current year financial statements.

Amendment to IAS39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes of cash flow variability of a financial instruments as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment did not have any impact on the financial position or performance of the Group.

IFRIC17 Distribution of Non-cash Assets to Owners. The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The adoption of this interpretation did not have an impact on the Group.

Improvements to IFRSs (issued 2009). In May 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each amendment. The adoption of the amendments has resulted in some changes to accounting policies but did not have any impact on the financial position or performance of the Group.

b) New standards and interpretations not applied
The following standards and interpretations have an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRSs)		**Effective date***
IFRS 1	Amendments to IFRS 1 – Limited Exemption from Comparative IFRS 7 disclosures	1 July 2010
IFRS7	Financial Instruments: Disclosure (amendment)	1 July 2011
IFRS 9	Financial Instruments: Classification & Measurement	1 January 2013
IAS12	Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets	1 January 2012
IAS 24	Related Party Disclosures (revised)	1 January 2011
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 14	Amendment: Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Improvements to IFRS (issued May 2010)		Various dates

*The effective dates stated above are those given in the original IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to them having been endorsed for use in the EU via the EU Endorsement Mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.

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

Summary of significant accounting policies

Revenue

Revenue from the Eddie Stobart, Stobart Ports and Stobart Air business segments and the rail freight revenue in the Stobart Rail segment is recognised in the income statement as the fair value of consideration receivable on the delivery of services delivered at the statement of financial position date net of discounts and VAT.

Stobart Rail infrastructure engineering contract revenue is recognised to match the sales value of work performed up to the statement of financial position date based on stage of completion. Stage completion is determined by internal quantity surveyors.

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

Business combinations from 1 March 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs are expensed.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition-date fair value can be measured reliably.

If the aggregate of the acquisition-date fair value of the consideration transferred is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in profit and loss.

Business combinations prior to 1 March 2010

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The minority interest is accounted for using the parent-entity extension method, whereby the difference between the consideration paid and the book value of the share in net assets acquired is recognised as goodwill.

Goodwill is initially measured at cost being the excess of the cost of business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of investment, the difference is recognised in profit and loss.

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 incurred 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 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.

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 other comprehensive income. 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.

Financial Instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its cash flow risks associated with interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swaps are determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in cash flows and are assessed at the end of each reporting period to determine that they are actually effective throughout the reporting period for which they were designated.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the net unrealised gains reserve, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects the current period income statement.

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 statement of financial position 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 statement of financial position 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 Consolidated Statement of Financial Position.

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 Group 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 Consolidated Statement of Financial Position 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. These income shares were all redeemed or converted in the year.

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 statement of financial position 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.

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity.

The Group has a share based Long Term Incentive Plan accounted for as set out above.

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 statement of financial position 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.

Separately disclosed items

The Group presents separately on the face of the income statement material items of income and expense, which because of their nature, infrequency or occurrence, or the events giving rise to them, merit separate presentation to allow shareholders to better understand the financial performance of the year.

Externally acquired intangible assets (excluding goodwill)

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful lives. The amortisation expense is included within the operating expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to significant accounting estimates, judgments and assumptions below).

The significant intangibles recognised by the Group and their useful economic lives are as follows:

Intangible asset	Useful life
Brands	Indefinite

Where there is no foreseeable limit to the period over which a brand is expected to generate cash flows for the Group it will be considered to have an indefinite life.

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is credited to deferred income and released to the income statement to match the depreciation on the related asset. Where the related asset is sold, the remaining grant balance is taken in to account in determining the carrying amount of the asset.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Dividends on the Income Shares, which are classified as financial liabilities, are treated as finance costs and are recognised using the effective rate method when there is a liability to pay at the statement of financial position date.

Property, Plant and Equipment

Freehold land and buildings and plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred if the recognition criteria are met.

Depreciation is provided on items of property, plant and equipment, other than land and assets under construction, to write off to their residual value the carrying value of items over their expected useful lives. Useful lives and residual values are reconsidered on an annual basis. Depreciation is applied at the following rates:

Buildings	-	2% per annum straight line
Modular buildings	-	7% per annum straight line
Long life plant and machinery	-	5% per annum reducing balance
Other plant and machinery	-	10-14% per annum straight line
Vehicles and trailers	-	14-33% per annum straight line
Fixtures, fittings and equipment	-	20% per annum straight line

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Borrowing costs attributable to qualifying assets are capitalised.

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 the 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 statement of financial position 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.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the period of retirement or disposal.

Rental income arising from operating leases on investment properties is spread on a straight line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

Inventories

Inventories are measured on a first in first out basis and are stated at the lower of cost and net realisable value.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification (or an extended period if the delay is caused by circumstances beyond the entity's control but the Group remains committed to the plan to sell the asset).

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- Fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in the consolidated income statement up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented on the income statement (including the comparative period) as a single line which comprises the post tax profit or loss of the discontinued operation and the post tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

Associates

The Group's investments in its associates are accounted for using the equity method of accounting unless the investment is classified as held for sale.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the Consolidated Statement of Financial Position 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 but the loss is limited to the equity investment made. 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 and the statement of other comprehensive income. 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 statement of financial position 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 and the statement of other comprehensive income. 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 statement of financial position 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.