

# Stobart Group Limited

("Stobart" or "the Group")

## Results for the year ended 28 February 2013

***Stobart Group (Stobart), a leading provider of multi-modal Transport and Distribution, Estates, Air and Biomass services, and Infrastructure and Civil Engineering, today announces its results for the year ended 28 February 2013.***

### Group Overview

- After a pivotal year, the Group is on track with its four year strategy (2011-15) to create shareholder value
- Investment programme nearly complete
- Group is moving into optimisation phase - focus is turning to selective realisations and cash generation
- Objectives include improved communication with shareholders and other key stakeholders

### Financial Highlights

- Group revenue from continuing operations was £572.4m (2012: £491.7m)
- Underlying operating profit\* was £44.9m (2012: £40.1m)
- Underlying profit before tax\*\* was £32.5m (2012: £35.4m)
- Final dividend of 4.0p (2012: 4.0p) per share payable on 5 July 2013, making a total for the year of 6.0p (2012: 6.0p)
- Profit before tax and discontinued operations increased to £36.0m (2012: £29.2m)
- Earnings per share from continuing operations of 9.0p (2012: 8.5p)
- Loss on discontinued operation of £13.4m (2012: £0.3m)
- Net cash generated from continuing operations £41.4m (2012: £59.0m)
- Group property assets at £347.2m (2012: £327.0m)
- Net Debt is £216.4m (2012: £166.0m)

### Divisional underlying profit summary

	2013		2012	
	£m	£m	£m	£m
Underlying operating profit*		44.9		40.1
Finance costs, finance income and share based payments		(12.4)		(4.7)
<b>Operation based divisions</b>				
Transport & Distribution	29.7		27.7	
Biomass	4.0		1.2	
Infrastructure & Civil Engineering	3.2		4.4	
<b>Asset based divisions</b>				
Air	(0.7)		(0.4)	
Estates	6.5		12.4	
Central costs and eliminations	(10.2)		(9.9)	
Underlying profit before tax**		32.5		35.4
Separately disclosed items		3.5		(6.2)
Profit before tax and discontinued operations		36.0		29.2

\* Underlying operating profit is a non GAAP measure shown on the Income Statement which includes one-off and non-cash items.

\*\* Underlying profit before tax comprises the underlying operating profit of £44.9m (2012: £40.1m) less share based payments of £1.2m (2012: £0.4m) less finance costs of £12.0m (2012: £6.3m) plus finance income of £0.8m (2012: £2.0m).

## **Operational Highlights by Division**

### **Transport and Distribution**

- Improved profits increased to £29.7m in tough market
- Tesco work secured by 3 year contract from 1 March 2013 equivalent to over £500m of revenue over duration
- Acquisition of Autologic Holdings in August 2012 for £12.4m and disposal of non-core Vehicle Services operation for £11.0m - enhances Pan-European offering and will create further synergy benefits during new financial year
- Loss making Chilled Pallet Network closed, but other profitable Chilled operations retained

### **Estates**

- Good return on investment from Estates division of 26%
- Successful integration of Money Penny portfolio

### **Air**

- Airport passenger run rate currently over 800,000 per annum
- Secured 4<sup>th</sup> Southend-based aircraft for 2013 with likely increase of around 250,000 passengers per year
- Designated London's 6<sup>th</sup> airport by IATA
- Investment in Airport near completion with final infrastructure spend during 2013 to accommodate around 5 million passengers

### **Biomass**

- New long-term Biomass supply contracts commenced with future revenue of over £140m

### **Infrastructure and Civil Engineering**

- Core profits of over £3m
- Continued value-added services on internal projects

### **Chairman**

- As indicated on 2 April this year Avril Palmer-Baunack yesterday (15 May) resigned as Non-Executive Chairman. Paul Orchard-Lisle, a Non-Executive Director at Stobart Group since May 2011, has assumed the role on an interim basis while the search for a new Non-Executive Chairman is completed

**Andrew Tinkler, Chief Executive Officer, said:**

**"Despite a turbulent year and a tough economic environment, our continuing operating businesses have produced a profit from continuing operations ten per cent up on last year and have again given us a good return on investment.**

**We are now at a pivotal point in our four year plan and with our investment programme nearly complete we are moving into our value optimisation phase. Through our property assets we will be looking to return cash into the business, while our Air and Biomass businesses are poised to deliver further value enhancement.**

**Our management team is now focused on realising value from the investments made over the last few years."**

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## **Chairman's Statement**

The Group's trading performance over the last year enables me to present a positive report. We remain focussed on delivering substantial shareholder value in accordance with the development plans agreed in 2011, and the ongoing proper governance of the business.

## **Trading Results**

Group turnover rose from £491.7m to £572.4m and the underlying profit before tax was £32.5m compared with £35.4m in the previous year. Group profit before tax before discontinued operations for the year was £36.0m compared with £29.2m in the previous year. The discontinuation of the chilled transport network led to a loss after tax of £13.4m (2012: £0.3m) in the year. A more detailed analysis of the Group and Divisional trading results follows in the Chief Executive's Report and the Operational & Financial Review.

## **The Board**

There have been a number of Board changes over the past year including Jesper Kjaedegaard stepping down at last year's AGM, William Stobart's reappointment to the Board in September 2012 and in January 2013, David Beever resigned from the Board to devote time to his other interests. Following the acquisition of the Autologic business in August 2012, Avril Palmer-Baunack was appointed an Executive Director and Deputy Chief Executive. On 21 January 2013 she was appointed Executive Chairman, replacing Rodney Baker-Bates. Mr Baker-Bates remains a Non-Executive Director of the Group. Ms Palmer-Baunack resigned as Executive Chairman on 2 April 2013 and left the Group on 15 May 2013. Alan Kelsey resigned as a Non-Executive Director on 23 April 2013. I was appointed Interim Non-Executive Chairman on 15 May 2013 following Ms Palmer-Baunack's departure from the Group on that date. In April, the Board initiated a search, supported by consultants, for a new Non-Executive Chairman. We have been pleased by the interest shown in the appointment and expect to make an announcement in the near future. We also anticipate the appointment of one or more new Non-Executive Directors to support in the next stage of our strategy.

The Board recognises fully that it has been tasked with delivering enhanced shareholder value in accordance with the strategy that we outlined at the time of the capital raising in May 2011. Our operating divisions are all performing well and are on track to deliver returns in line with the overall strategic plan. Our Board continuously reviews divisional performance alongside market conditions to make sure that we make the right strategic decisions for each of our businesses.

## **Dividend**

An interim dividend of 2.0p was paid on 7 December 2012. The Board is proposing a final dividend of 4.0p per ordinary share, giving a total dividend for the year of 6.0p.

## **Outlook**

The Group continues to respond robustly to the ongoing and challenging economic conditions. Whilst issues in the Chilled Transport network and the absence of disposals in Estates marginally held back the performance at the half year, at the end of the year Transport & Distribution and Biomass were ahead of last year. This was matched with the maturing of investments at London Southend Airport and the continued internal value delivered by our Infrastructure & Civil Engineering division.

Our underlying core Transport & Distribution business is strong and Biomass is growing year on year within a relatively new sector whose speed of growth has been arguably hindered by the slow pace of Government Renewable Obligation legislation. Stobart Air has made great headway in establishing its initial key user base, predominantly through our excellent partnership with easyJet. Our strong and diverse property portfolio already delivers an attractive income return. We will however take market led opportunities to realise its capital value.

With the investment phase of our four year strategy substantially complete our focus now moves to optimising performance and delivering maximum value for shareholders from the excellent base that we have built.

**Paul Orchard-Lisle**

## **Chief Executive's Report**

We are at a pivotal moment in the delivery of our four year strategic plan that we set out in March 2011. With the investment phase now largely complete we are moving into the optimisation phase, realising the value in our divisions and delivering strong returns for our shareholders.

Our stated strategy of investment in businesses with high future growth potential followed by a two to three year period of value maximisation is on track. We understand fully that there are a number of ways that we can deliver return on our investment. Further, we know that a critical factor in maximising returns will be to get the timing of our actions right. Earlier this year, the Executive team, together with certain Board members, reviewed our strategy and confirmed that it is the right one for the Group. Matched with our commitment to sound governance, we will not be diverted from our long-term plan to maximise returns by short-term distractions. As we discussed last year, key in our ability to achieve this for shareholders will be our ability to continue to have the right people, in the right place with the right skills – and at the right time. We are making sure we have that team in place and we will continue to invest in our people through the year to keep them focussed and on track.

It has been a busy year. The discontinuance of the Chilled pallet consolidation business was complex in some ways for us, but overall our Transport & Distribution business has had a hugely positive year, further enhanced by the acquisition of Autologic in August.

This performance was matched with exciting and rewarding developments at London Southend Airport where we welcomed over 700,000 travellers through the airport during the period. This has been predominantly as a result of our burgeoning and highly successful partnership with easyJet. While costs have been slightly higher than expected as we took on more staff costs at start-up, we are very pleased with the development of the airport and our position in the London marketplace, with passengers recently voting us best performing airport for customer satisfaction.

As a result of our specialised offering of renewable fuel supply and transportation, our Biomass business is now in pole position to secure a significant proportion of this quickly developing market as the legislative approvals come through.

The Estates division has had an active year and has delivered strong results with the Moneypenny investment property portfolio now fully integrated into the Group and with a plan for each property. Going forward we will be looking to realise value in the most mature assets which will contribute both cash and reduce Group debt sooner than expected.

Overall the Group is well underway with the implementation of our four year plan. All the building blocks are in place and the investment phase is largely complete. We now move into the optimisation and delivery phase to unlock the inherent value in our business portfolio for the benefit of our shareholders.

### **Stobart Transport & Distribution**

Transport & Distribution remains our largest operating division. Our ability to continue to develop and implement leading systems and processes has enabled us to remain competitive in a challenging environment and we continue to work to increase our already sector-leading fleet utilisation rates. We constantly strive to improve performance, increase our levels of customer service excellence and stay alert to opportunities to help our customers improve efficiency levels through implementing multimodal solutions.

In last year's Annual Report & Accounts we explained the benefits of our Time Based Planning system. As we use the system more we are better able to exploit its capabilities and thereby improve its effectiveness in our business and the efficiency of our operations.

Our ability to track each delivery and the elapsed time for each stage of that delivery enables us to monitor the factors driving our costs in detail, highlighting areas where we can, and do, improve efficiencies. We collaborate with our customers as partners in a business operation to improve performance and drive efficiencies for the benefit of both their business and ours.

It is through our deployment of powerful analytical tools across the business that we were able to spot firstly the opportunity to reorganise the Ambient transport network and, secondly, establish the need to restructure the Chilled business, which has led to the discontinuance of the Chilled pallet consolidation business.

A year ago, we outlined our plans to restructure the Chilled business that was originally acquired through the acquisition of Innovate in 2008 at low cost out of Administration. We envisaged the closure of two depots and a total restructuring charge in the 28 February 2013 Accounts of some £8.0m. As we began to implement the proposed restructuring following our detailed and ongoing analysis, it became apparent that this small load, multiple pick and drop business, which was principally undertaken for producers rather than retailers, was too unpredictable for a large scale operation.

We carefully considered whether there was a way in which we could re-engineer the business processes to reduce the imbalance in part-loaded running and the incidence of small drops. Unfortunately our analysis showed that we simply could not make this business profitable at the rates that our customers were prepared to pay. As a consequence, we decided to close the Chilled pallet consolidation business. The loss in the year including closure costs was £13.4m. This closure has not affected the chilled movements we undertake for our supermarket customers which continue to operate as part of the main Transport & Distribution business, or within the warehousing operation that we acquired from Innovate, which continues to perform well.

Stobart Rail Freight and Ports continue to operate well with steady growth in both areas. This is demonstrated by the increasing use of rail for our FMCG grocery traffic, creating both cost savings for customers whilst helping them to achieve carbon reduction targets. Our expertise in road-to-rail modal shift enables us to intelligently assist customers, providing innovative solutions for their logistical requirements. A typical example is the supply of stock to central London convenience stores through a rail facility at Euston Station.

In August 2012 we acquired Autologic Holdings plc for a cash consideration of £12.4m. Autologic operated two distinct businesses, Vehicle Distribution (transport) and Vehicle Services (workshops and storage) in the UK, Benelux and Czech Republic. In January 2013 we disposed of the non-core Vehicle Services business for £11.0m. However, we retain the freehold site at Portbury, which is used in this division, and currently lease it to the purchasers. The Vehicle Distribution business has been re-branded Stobart Automotive, forming a new business unit within our Transport & Distribution division. During the new financial year we expect to deliver savings and synergies from aligning this business unit with others in the division.

We plan to bring the Autologic transporter fleet up to the standards of the rest of our fleet. The reaction of customers to this acquisition has been extremely positive and we are now rolling-out the re-branding of the transporter fleet alongside the introduction of new systems and technologies.

As ever, the sustainability of any one of our transport or distribution operations is critical to both our customers and ourselves. To that end, we work tirelessly to reduce the environmental impact of our activities, not only by adopting the latest low emission trucks, but also by optimising their driven miles.

### **Stobart Estates**

The Estates division has had a busy year and has delivered strong results against the backdrop of a very challenging property market. The Moneypenny investment property portfolio acquired in 2012 has now been fully integrated into the Group and a strategy is being implemented to maximise the exit value of each property. A number of asset management initiatives, including lease and rent review negotiations, have been undertaken in the year. These have been the key factors in the uplift in the value of the portfolio in the year of £5.2m.

The development of 37 Soho Square into high-end residential units is due for completion in June 2013. The first two sales at this property are contracted off-plan for a total of £5.7m which is extremely encouraging. Although the challenging market has meant that disposals have been slightly

slower than anticipated, the division has nevertheless achieved three sales to date at a higher than expected profit. It is also worth noting that the division achieves a high income return, pending sales.

Key milestones have also been achieved elsewhere, including the completion of the Holiday Inn development at London Southend Airport and the gaining of planning consent for the redevelopment of Carlisle Airport and a biomass plant at Widnes.

With the management structure and strategy currently in place, the Board is confident that the Estates division will continue to deliver strong results in the medium term.

### **Infrastructure & Civil Engineering**

The Infrastructure & Civil Engineering division has played a significant role in the development of London Southend Airport. It will continue to do so with the extension to the passenger terminal and other projects where we can use this division to drive value. This will also be the case with the development programme at Carlisle Airport which is expected to commence in 2013. Planning consent has been obtained for the biomass plant at Widnes and this too will be a project undertaken by the division. We are considering a number of different funding options for these developments.

External work, principally in the rail sector, continues and looking forward, a number of significant infrastructure projects have been announced by Network Rail and by Government. With our well known and well proven ability to find creative and highly cost effective civil engineering solutions, we are ideally placed to competitively tender and secure new contracts.

### **Stobart Air**

It has been a landmark year for London Southend Airport (LSA), which is now officially recognised as London's sixth airport. We extended our partnership with easyJet and by the end of the year we expect to serve 15 easyJet destinations. It is our aim to increase further the number of destinations available in response to the recognition by both passengers and carriers of LSA's convenient location and the benefits offered by its rail link to central London.

Our relationship with Aer Arran, trading as Aer Lingus Regional under a ten year franchise agreement, provides us with an unrivalled opportunity to capitalise swiftly and highly cost-effectively on the London to North America routes via Dublin. We increased our holding in Aer Arann to 45% to drive volume into LSA. This should deliver significant revenue and profit through the airport helping to improve its value. Our next phase is to use the airline to start new routes out of LSA with focus on Spring 2014.

The current passenger terminal extension, which is the last phase of our significant investment in this operating asset. With the investment phase now completed we move to the optimisation phase to realise the inherent value in the airport. This will enable us to continue to offer an excellent passenger experience and build route numbers and volumes up towards our maximum capacity of around five million per annum.

I am pleased to report that easyJet has settled in well and that they have now taken the decision to bring the planned siting of their fourth aircraft at Southend forward to June this year, 12 months ahead of schedule.

After a fairly lengthy process, we have finally secured planning consent for the development of Carlisle Airport. The consented development includes warehousing and distribution infrastructure, runway refurbishment and associated developments. We are currently understanding route and carrier planning for Carlisle Airport and are aiming to capitalise on the business potential for London-bound traffic, as well as providing an exclusive new in-bound route for some of the Lake District's 40 million visitors each year.

### **Stobart Biomass**

Demand for Biomass products is set to increase over the next two years as Biomass-fuelled power plants, which are currently in the confirmed planning or building phase, become operational. Robust

industry intelligence informs us that the Biomass product market for existing and planned power plants totals 3.1m tonnes per annum. This volume is split between those plants currently operational at 0.2m tonnes, in-build at 0.4m tonnes and 2.5m tonnes for plants in pre-build phase. These predicted volumes evidence the opportunity for growth.

This year we have already commenced supply on a number of significant contracts, with several additional contacts already confirmed for the coming year. Our comprehensive business offering of fuel source and supply, matched with premier logistics capability, means that we are well placed to increase our rate of growth through 2013.

The strategic fit with the Group is strong with transport being such a vital ingredient in the Biomass business. This has the added benefit of expected margins in excess of our standard transport business.

### **The Brand**

The Stobart brand is an important asset to the Group and it is important to reinforce the levels of quality and service that our brand stands for and underlines. Its status reassures our customers and partners that they are working with a business that takes time to understand their needs, a business that develops innovative and cost-effective solutions and delivers the highest quality. Our positive brand image also plays an extremely important role in building employee loyalty. Our team are happy and proud to work as part of Stobart Group; we recognise their support and reward it by helping every one of them to reach their full potential within the business.

More recently we have leveraged the brand to make big savings on insurance and legal costs by taking these functions in-house and we are now offering these services externally under the Stobart name.

We are on track. We know how important it is to deliver strong return and this is now our focus. We will continue to communicate with you through the year and look forward to sharing further good news.

**Andrew Tinkler**



## Operational and Financial Review

### Results

Group revenue from continuing operations increased to £572.4m from £491.7m in the previous year. Underlying profit before tax was £32.5m compared with £35.4m in 2012 and recorded profit before tax and discontinued operations rose to £36.0m from £29.2m in 2012. A breakdown of the divisional profit before tax is set out below.

### Divisional underlying profit summary

	2013		2012	
	£m	£m	£m	£m
Underlying operating profit		44.9		40.1
Finance costs, finance income and share based payments		(12.4)		(4.7)
<b>Operation based divisions</b>				
Transport & Distribution	29.7		27.7	
Biomass	4.0		1.2	
Infrastructure & Civil Engineering	3.2		4.4	
<b>Asset based divisions</b>				
Air	(0.7)		(0.4)	
Estates	6.5		12.4	
Central costs and eliminations	(10.2)		(9.9)	
Underlying profit before tax		32.5		35.4
Separately disclosed items		3.5		(6.2)
Profit before tax and discontinued operations		36.0		29.2

The prior year figures have been restated to classify the chilled transport pallet network business as a discontinued operation and for completion of the accounting for the acquisition of WADI Properties Limited in accordance with accounting standards.

### Autologic Holdings plc

The Group acquired 100% of the share capital of Autologic Holdings plc on 10 August 2012 for £13.0m including fees. This business contributed revenue of £69.4m and underlying profit before tax of £1.4m since acquisition.

On 21 January 2013 the Group disposed of the non-core UK Vehicle Services business for cash proceeds of £11.0m realising a profit on disposal of £8.5m.

### Earnings per share

Basic earnings per share from continuing operations increased to 9.0p (2012: 8.5p) and total basic earnings per share were 5.1p (2012: 8.4p).

### Taxation

The tax charge on continuing operations of £5.1m (2012: £1.4m) is at an effective rate of 14.2% (2012: 4.9%). The effective rate has been reduced by £2.3m due to the impact of the change in corporation tax rate on the deferred tax balances and by £2.2m due to the impact of the profit on disposal of the Vehicle Services division being non-taxable.

### Discontinued operation

During the second half of the year the Group decided to discontinue the chilled transport pallet network business. The revenue from this discontinued activity was £45.0m (2012: £60.2m) and the

loss after tax was £13.4m (2012: £0.3m). This has been shown separately in the consolidated income statement and the prior year figures have been restated for consistency. We do not expect further significant costs in relation to this business in the current year.

## **Statement of Financial Position**

We have a strong balance sheet with net assets of £462.1m (2012: £471.0m). The net asset position was reduced by £9.5m through the purchase of treasury shares during the year.

### **Non-current assets**

Property, plant and equipment increased to £312.2m (2012: £280.6m) principally due to the capital developments at London Southend Airport and at our Widnes site along with inclusion of the Autologic assets.

Investments in associates and joint ventures has increased to £16.1m (2012: £1.1m) following the additional investment in the restructured Aer Arann business and related aircraft financing company as well as increases in the value of property interests held. £7.1m of this investment is yet to be paid in cash.

Investment properties were carried at £89.5m (2012: £98.5m) after sales of 3 properties in the year whilst there were valuation uplifts of £5.2m on others.

Intangible assets increased to £286.2m (2012: £281.5m) following the acquisition of Autologic Holdings plc in the year. Included in intangible assets are our valuable brand names, trademarks and designs.

### **Funding**

The net debt of the Group has increased to £216.4m (2012: £166.0m). This is principally due to capital expenditure at London Southend Airport of £23.0m, the acquisition of Autologic Holdings plc of £15.4m including fees and overdraft acquired, the purchase of treasury shares of £9.5m and joint venture investments totaling £7.0m. The net debt includes a new three year £20.0m committed revolving credit facility (drawn at £10.0m), and a new twelve month rolling £90.0m invoice discounting facility (drawn at £16.4m). There is also a new two year £3.2m property loan acquired on the Autologic transaction.

These new facilities further diversify the Group's funding base and provide additional standby liquidity and a balance of maturities complementing the existing 2020 facility with M&G UK Companies Financing Fund (drawn at £100.0m) and the 2017 Money Penny bank loan (drawn at £77.3m).

The finance lease liabilities have increased to £39.0m (2012: £28.8m) largely due to finance leases acquired with Autologic.

The gearing ratio\* is 46.8% (2012: 35.3%) and the gearing ratio ignoring fleet financing\* is 38.4% (2012: 29.1%).

The Group tracks cash flow headroom and covenants on a rolling 12 month basis to ensure any issues are identified at an early stage.

**\*Gearing ratio:** 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 assets.

### **Cashflow**

Cash generated from continuing operations was £41.4m (2012: £59.0m). The decrease is due to timing of working capital movements, in particular the late payment of a single supplier payment of £6.6m in the prior year but paid on time in the current year. Operating cash outflow from discontinued operations was £9.5m.

Cash outflow for capital expenditure in the year totalled £45.2m (2012: £93.4m). This includes development expenditure at London Southend Airport of £23.0m mainly for the new hotel and terminal extension. Other capex includes £10.6m for commercial vehicles, £5.8m further development at the Widnes multimodal site, which was partly funded by a Grant, and £3.1m for development of 37 Soho Square.

Cash received from disposal of property, plant and equipment was £23.4m (2012: £44.8m). This principally relates to disposals of commercial vehicles and a property at 22 Soho Square, London. Cash inflow from disposal of assets held for sale of £11.7m relates mainly to the disposal of the units held in One Plantation Place Unit Trust.

Interest paid in cash totalled £12.9m (2012: £4.4m). The increase from the prior year is due to the interest on the loan against the Moneypenny portfolio and also in the prior year interest was capitalised during the significant building period at London Southend Airport. Interest received totalled £0.7m (2012: £2.0m).

Dividends paid totalled £20.9m (2012: £17.6m) reflecting an increased number of shares but the same annual dividend rate of 6p (2012: 6p).

### **Dividends**

The Board proposes a final dividend of 4p (2012: 4p) bringing the total dividend for the year to 6p (2012: 6p). Subject to approval of shareholders the final dividend will be payable to investors on record on 24 May 2013 with an Ex-dividend date of 22 May 2013 and will be paid on 5 July 2013. A scrip dividend alternative will also be made available.

### **Ben Whawell**

## Consolidated Income Statement

For the year to 28 February 2013

	<b>2013</b>	<b>Restated</b>
	<b>£'000</b>	<b>2012</b>
		<b>£'000</b>
<b>Continuing operations</b>		
<b>Revenue</b>	572,412	491,673
Operating expenses - underlying	(534,173)	(463,711)
Share of post tax profits of associates and joint ventures	997	500
Gain in value of investment properties	5,173	500
Profit on sale and leaseback transaction	-	5,385
Profit on disposal of/gain in value of assets held for sale	495	5,740
<b>Underlying operating profit</b>	<b>44,904</b>	<b>40,087</b>
Share based payments	(1,244)	(391)
Profit on disposal of business	8,511	-
Credit for business purchase	-	821
New territory and new business set up costs	(1,020)	(3,415)
Transaction costs	(2,759)	(1,816)
Restructuring costs	(793)	(1,592)
Amortisation of acquired intangibles	(381)	(222)
<b>Profit before interest and tax</b>	<b>47,218</b>	<b>33,472</b>
Finance costs	(11,963)	(6,279)
Finance income	777	1,980
<b>Profit before tax</b>	<b>36,032</b>	<b>29,173</b>
Tax	(5,101)	(1,441)
<b>Profit from continuing operations</b>	<b>30,931</b>	<b>27,732</b>
<b>Discontinued operation</b>		
Loss from discontinued operation, net of tax	(13,409)	(276)
<b>Profit for the year</b>	<b>17,522</b>	<b>27,456</b>
<b>Profit attributable to:</b>		
Owners of the company	17,519	27,456
Non-controlling interests	3	-
<b>Profit for the year</b>	<b>17,522</b>	<b>27,456</b>
<b>Earnings per share – continuing operations</b>		
Basic	9.02p	8.53p
Diluted	8.98p	8.52p
<b>Earnings per share</b>		
Basic	5.11p	8.44p
Diluted	5.09p	8.43p

## Consolidated Statement of Comprehensive Income

For the year to 28 February 2013

	<b>2013</b>	<b>Restated</b>
	<b>£'000</b>	<b>2012</b>
		<b>£'000</b>
<b>Profit for the year</b>	<b>17,522</b>	<b>27,456</b>
Exchange differences on translation of foreign operations	559	(293)
Cash flow hedge	476	(456)
Revaluation of property, plant and equipment	781	-
Defined benefit plan actuarial gains	649	-
Tax on items relating to components of other comprehensive income	(414)	114
<b>Other comprehensive income / (expense) for the year, net of tax</b>	<b>2,051</b>	<b>(635)</b>
<b>Total comprehensive income for the year</b>	<b>19,573</b>	<b>26,821</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	19,570	26,821
Non-controlling interests	3	-
<b>Total comprehensive income for the year</b>	<b>19,573</b>	<b>26,821</b>

## Consolidated Statement of Financial Position

As at 28 February 2013

	<b>2013</b>	<b>Restated</b>
	<b>£'000</b>	<b>2012</b>
		<b>£'000</b>
<b>Non-current Assets</b>		
Property, plant and equipment		
- Land and buildings	247,497	228,447
- Plant and machinery	32,118	20,746
- Fixtures, fittings and equipment	5,338	4,845
- Commercial vehicles	27,215	26,591
	<hr/> 312,168	<hr/> 280,629
Investment in associates and joint ventures	16,086	1,100
Investment property	89,526	98,453
Intangible assets	286,214	281,523
Other investments	7	10
Other receivables	4,930	4,111
	<hr/> 708,931	<hr/> 665,826
<b>Current Assets</b>		
Inventories	4,251	2,494
Corporation tax	1,338	-
Trade and other receivables	128,869	105,648
Cash and cash equivalents	32,488	31,044
Assets of disposal groups classified as held for sale	10,700	7,790
	<hr/> 177,646	<hr/> 146,976
<b>Total Assets</b>	<hr/> <b>886,577</b>	<hr/> <b>812,802</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	215,707	179,241
Defined benefit pension scheme	4,794	-
Other liabilities	21,348	16,861
Deferred tax	26,905	29,159
	<hr/> 268,754	<hr/> 225,261
<b>Current Liabilities</b>		
Trade and other payables	122,542	97,709
Loans and borrowings	33,194	17,852
Corporation tax	-	1,020
	<hr/> 155,736	<hr/> 116,581
<b>Total Liabilities</b>	<hr/> <b>424,490</b>	<hr/> <b>341,842</b>
<b>Net Assets</b>	<hr/> <b>462,087</b>	<hr/> <b>470,960</b>

**Consolidated Statement of Financial Position, Continued**

As at 28 February 2013

	<b>2013</b>	<b>Restated</b>
	<b>£'000</b>	<b>2012</b>
		<b>£'000</b>
<b>Capital and reserves</b>		
Issued share capital	35,397	35,397
Share premium	300,788	300,788
Foreign currency exchange reserve	(212)	(771)
Reserve for own shares held by employee benefit trust	(386)	(488)
Hedge reserve	(1,032)	(1,423)
Revaluation reserve	781	-
Retained earnings	126,748	137,457
<b>Group Shareholders' Equity</b>	<b>462,084</b>	<b>470,960</b>
Non-controlling interest	3	-
<b>Total Equity</b>	<b>462,087</b>	<b>470,960</b>

## Consolidated Statement of Changes in Equity

For the year to 28 February 2013

	Issued Share capital	Share Premium	Foreign Currency Exchange Reserve	Reserve for Own Shares held by EBT	Hedge Reserve	Revalua- tion Reserve	Retained Earnings	Total	Non- controlling interests	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 March 2012 as previously reported	35,397	300,788	(771)	(488)	(1,423)	-	139,203	472,706	-	472,706
Prior period adjustment	-	-	-	-	-	-	(1,746)	(1,746)	-	(1,746)
<b>Restated balance at 1 March 2012</b>	<b>35,397</b>	<b>300,788</b>	<b>(771)</b>	<b>(488)</b>	<b>(1,423)</b>	<b>-</b>	<b>137,457</b>	<b>470,960</b>	<b>-</b>	<b>470,960</b>
Profit for the year	-	-	-	-	-	-	17,519	17,519	3	17,522
Other comprehensive income for the year	-	-	559	-	391	781	320	2,051	-	2,051
Total comprehensive income/expense for the year	-	-	559	-	391	781	17,839	19,570	3	19,573
Employee benefit trust shares vested	-	-	-	102	-	-	-	102	-	102
Share based payment credit	-	-	-	-	-	-	1,544	1,544	-	1,544
Tax on share based payment	-	-	-	-	-	-	278	278	-	278
Purchase of treasury shares	-	-	-	-	-	-	(9,519)	(9,519)	-	(9,519)
Dividends	-	-	-	-	-	-	(20,851)	(20,851)	-	(20,851)
<b>Balance at 28 February 2013</b>	<b>35,397</b>	<b>300,788</b>	<b>(212)</b>	<b>(386)</b>	<b>(1,032)</b>	<b>781</b>	<b>126,748</b>	<b>462,084</b>	<b>3</b>	<b>462,087</b>



## Consolidated Statement of Changes in Equity

For the year to 29 February 2012

	Issued Share capital	Share Premium	Foreign Currency Exchange Reserve	Reserve for Own Shares held by EBT	Hedge Reserve	Restated retained Earnings	Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 March 2011	26,517	181,168	(478)	(663)	(1,081)	126,246	331,709
Profit for the year	-	-	-	-	-	27,456	27,456
Other comprehensive expense for the year	-	-	(293)	-	(342)	-	(635)
Total comprehensive income/(expense) for the year	-	-	(293)	-	(342)	27,456	26,821
Proceeds on share issues	8,880	124,969	-	-	-	-	133,849
Share issue costs	-	(5,349)	-	-	-	-	(5,349)
EBT shares vested	-	-	-	175	-	-	175
Share based payment credit	-	-	-	-	-	886	886
Tax on share based payment credit	-	-	-	-	-	447	447
Dividends	-	-	-	-	-	(17,578)	(17,578)
<b>Balance at 29 February 2012</b>	<b>35,397</b>	<b>300,788</b>	<b>(771)</b>	<b>(488)</b>	<b>(1,423)</b>	<b>137,457</b>	<b>470,960</b>

**Consolidated Cash Flow Statement**  
For the year to 28 February 2013

	<b>2013</b>	<b>Restated</b>
	<b>£'000</b>	<b>2012</b>
		<b>£'000</b>
<b>Cash generated from continuing operations</b>	<b>41,395</b>	<b>58,992</b>
Cash outflow from discontinued operations	(9,483)	(1,354)
Income taxes paid	(3,707)	(2,191)
<b>Net cash flow from operating activities</b>	<b>28,205</b>	<b>55,447</b>
Acquisition of subsidiaries and other businesses – net of cash acquired	(16,676)	(9,602)
Disposal of subsidiaries – net of cash disposed	13,088	-
Purchase of property, plant and equipment	(45,202)	(93,400)
Proceeds from the sale of property, plant and equipment	23,353	44,786
Proceeds from disposal of assets held for sale	11,727	-
VAT outflow in relation to sale and leaseback of property in prior year	(4,583)	-
Net loans advanced to associates and joint ventures	(7,038)	(1,925)
Interest received	673	1,980
<b>Net cash flow from investing activities</b>	<b>(24,658)</b>	<b>(58,161)</b>
Issue of ordinary shares less cost of issue	-	114,527
Dividend paid on ordinary shares	(20,851)	(17,578)
Proceeds from new finance leases	18,489	14,469
Repayment of capital element of finance leases	(16,173)	(30,753)
Proceeds from new borrowings	38,626	2,028
Repayment of borrowings	(16,852)	(17,273)
Purchase of treasury shares	(9,519)	-
Proceeds from grant	3,000	-
Interest paid	(12,936)	(4,359)
Other finance costs	(819)	-
<b>Net cash flow from financing activities</b>	<b>(17,035)</b>	<b>61,061</b>
(Decrease) / increase in cash and cash equivalents	(13,488)	58,347
Cash and cash equivalents at beginning of year	26,401	(31,946)
<b>Cash and cash equivalents at end of year</b>	<b>12,913</b>	<b>26,401</b>
Cash (includes £12.7m restricted cash)	32,488	31,044
Overdraft	(19,575)	(4,643)
<b>Cash and cash equivalents at end of year</b>	<b>12,913</b>	<b>26,401</b>

## **Accounting Policies**

### **Basis of Preparation and statement of compliance**

The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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 2013 and year ended 29 February 2012 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 issued an unqualified opinion.

The preliminary announcement has been prepared on the same basis as the accounting policies set out in the previous year's financial statements, except as noted below.

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 are traded on the London Stock Exchange.

The financial statements have been prepared on a Going Concern basis.

The Group's business activities, together with factors likely to affect its future performance and position, are set out in the Chief Executive Officer's Report and the financial position of the Group, its cash flows and funding are set out in the Operational and Financial Review.

The Group has considerable financial resources, together with contracts with a number of customers and suppliers. The financial forecasts show that borrowing facilities are adequate such that the Group can operate within these facilities and meet its obligations when they fall due for the foreseeable future. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current economic climate.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

### **Restatement of 29 February 2012 Financial Information**

The results of the Chilled transport business for the year to 29 February 2012 have been restated as discontinued operations. This is required by IFRS 5 to be consistent with the treatment in the current year.

The accounting for the acquisition of WADI Properties Limited in the prior year has been amended to revise the provisional assessment of fair values at acquisition and to reflect the agreed position as set out in the completion accounts. This is a hindsight adjustment to acquisition fair values as permitted by IFRS 3.

## **Separately disclosed items**

On 21 January 2013, the Group disposed of the non-core UK Vehicle Services business of Stobart Automotive for £11.0m. This business had been acquired in August 2012 as part of the acquisition of Autologic Holdings plc. The profit on disposal of £8.5m has been included in profit on disposal of business in the income statement.

New territory and new business set up costs of £1.0m (2012: £3.4m) comprise costs of investing in new major territories or significant areas of business to commence or accelerate development of our business presence. These costs include establishment costs, legal and professional fees, losses and certain staff and training costs. The current year costs were in relation to the development of the major new businesses at London Southend Airport. The prior year exceptional costs were in relation to the development of businesses in Ireland and also at London Southend Airport.

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

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.

## **Segmental information**

The operating segments within continuing operations are Stobart Transport & Distribution, Stobart Estates, Stobart Infrastructure & Civil Engineering, Stobart Air and Stobart Biomass.

The Stobart Transport & Distribution segment specialises in contract logistics including road haulage, rail freight, ports handling and warehousing.

The Stobart Estates segment specialises in management, development and realisation of land and buildings assets.

The Stobart Infrastructure & Civil Engineering segment specialises in delivering internal and external infrastructure and development projects including rail network operations.

The Stobart Air segment specialises in operation of commercial airports.

The Stobart Biomass segment specialises in supply of sustainable biomass for the generation of renewable energy.

The Executive Directors are regarded as the Chief Operating Decision Maker (CODM). The Directors monitor the results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. The main segmental profit measures are earnings before interest, tax, depreciation and amortisation and also profit before tax both shown before separately disclosed items.

Income taxes, non-fleet finance costs and certain central costs are managed on a Group basis and are not allocated to operating segments. These costs are included in adjustments and eliminations.

Period ended 28  
February 2013

	Stobart Transport & Distribution £'000	Stobart Estates £'000	Stobart Infrastruct ure & Civil Engineering £'000	Stobart Air £'000	Stobart Biomass £'000	Adjustments and eliminations £'000	Group £'000
<b>Revenue</b>							
External	514,419	15,580	11,062	14,938	16,402	11	572,412
Internal	2,753	1,234	19,800	-	-	(23,787)	-
<b>Total revenue</b>	<b>517,172</b>	<b>16,814</b>	<b>30,862</b>	<b>14,938</b>	<b>16,402</b>	<b>(23,776)</b>	<b>572,412</b>
Depreciation	(9,908)	(1,448)	(1,469)	(921)	(109)	(824)	(14,679)
Share of profit of associates and joint ventures	126	203	-	-	-	(441)	(112)
Reversal of write downs of assets	-	1,109	-	-	-	-	1,109
Gain in value of investment properties	-	5,173	-	-	-	-	5,173
Profit on disposal of/gain on property asset held for sale	-	495	-	-	-	-	495
Share based payments	-	-	-	-	-	(1,244)	(1,244)
<b>Segment EBITDA</b>	<b>40,923</b>	<b>17,084</b>	<b>4,876</b>	<b>441</b>	<b>4,132</b>	<b>(9,117)</b>	<b>58,339</b>
<b>Segment PBT</b>	<b>29,692</b>	<b>6,524</b>	<b>3,157</b>	<b>(673)</b>	<b>3,953</b>	<b>(10,179)</b>	<b>32,474</b>
Credit for business purchase							-
Profit on disposal of business							8,511
New territory and new business set-up costs							(1,020)
Transaction costs written off							(2,759)
Restructuring costs							(793)
Amortisation of acquired Intangibles							(381)
<b>Profit before tax</b>							<b>36,032</b>
<b>Assets</b>							
Equity accounted investments	625	2,412	-	-	-	13,049	16,086
Additions to non- current assets	13,634	5,825	590	23,021	1,020	139	44,229
Operating assets	406,305	356,191	13,550	25,465	60,804	24,262	886,577
Operating liabilities	(181,744)	(171,776)	(14,672)	(26,846)	(4,804)	(24,648)	(424,490)
<b>Net assets</b>	<b>224,561</b>	<b>184,415</b>	<b>(1,122)</b>	<b>(1,381)</b>	<b>56,000</b>	<b>(386)</b>	<b>462,087</b>

<b>Period ended 29 February 2012 Restated</b>	<b>Restated Stobart Transport &amp; Distribution £'000</b>	<b>Stobart Estates £'000</b>	<b>Stobart Infrastructure &amp; Civil Engineering £'000</b>	<b>Stobart Air £'000</b>	<b>Stobart Biomass £'000</b>	<b>Adjustments and eliminations £'000</b>	<b>Restated Group £'000</b>
<b>Revenue</b>							
External	454,604	6,708	13,128	8,792	8,404	37	491,673
Internal	4,627	-	44,048	-	-	(48,675)	-
<b>Total revenue</b>	<b>459,231</b>	<b>6,708</b>	<b>57,176</b>	<b>8,792</b>	<b>8,404</b>	<b>(48,638)</b>	<b>491,673</b>
Depreciation	(13,918)	(224)	(1,066)	(258)	(63)	(178)	(15,707)
Share of profit of associates and joint ventures	-	-	-	-	100	-	100
Reversal of write downs of assets	-	400	-	-	-	-	400
Profit on disposal of sale and leaseback transaction	-	5,385	-	-	-	-	5,385
Gain on property asset held for sale	-	5,740	-	-	-	-	5,740
Share based payment	-	-	-	-	-	(391)	(391)
<b>Segment EBITDA</b>	<b>44,312</b>	<b>13,605</b>	<b>5,641</b>	<b>(167)</b>	<b>1,297</b>	<b>(9,285)</b>	<b>55,403</b>
<b>Segment PBT</b>	<b>27,673</b>	<b>12,405</b>	<b>4,387</b>	<b>(436)</b>	<b>1,170</b>	<b>(9,802)</b>	<b>35,397</b>
Credit for business purchase							821
New territory business set-up costs							(3,415)
Transaction costs written off							(1,816)
Restructuring costs							(1,592)
Amortisation of acquired intangibles							(222)
<b>Profit before tax</b>							<b>29,173</b>
<b>Assets</b>							
Equity accounted investments	-	8,890	-	-	-	-	8,890
Additions to non-current assets	15,410	69,333	4,260	3,289	102	318	92,712
Operating assets	417,835	307,855	15,245	11,139	54,326	6,402	812,802
Operating liabilities	(164,349)	(115,880)	(18,703)	(24,460)	(2,110)	(16,340)	(341,842)
<b>Net assets</b>	<b>253,486</b>	<b>191,975</b>	<b>(3,458)</b>	<b>(13,321)</b>	<b>52,216</b>	<b>(9,938)</b>	<b>470,960</b>

Inter-segment revenues are eliminated on consolidation.

Included in adjustments and eliminations are central costs of £8,421,000 (2012: £5,440,000), intra-group profit of £1,758,000 (2012: £2,589,000) and other costs attributable to internal capital developments not capitalised in the Group accounts of £nil (2012: £1,773,000).

Also included in adjustments and eliminations are central assets and liabilities excluding assets and liabilities where it has been deemed appropriate to allocate to an operating segment.

## Dividends

### Dividends Paid on Ordinary Shares

	2013	2013	2012	2012
	Rate		Rate	
	p	£'000	p	£'000
Final dividend for 2012 paid 6 July 2012	4.0	13,921	-	-
Interim dividend paid 7 December 2012	2.0	6,930	-	-
Final dividend for 2011 paid 7 July 2011	-	-	4.0	10,607
Interim dividend paid 9 December 2011	-	-	2.0	6,971
<b>Dividends paid</b>	<b>6.0</b>	<b>20,851</b>	<b>6.0</b>	<b>17,578</b>

A final dividend of 4.0p per share totalling £14,158,435 was declared on 16 May 2013 and subject to approval of shareholders will be paid on 5 July 2013. This is not recognised as a liability as at 28 February 2013.

## Business combinations

### Acquisitions in the year ended 28 February 2013

#### *Acquisition of Autologic Holdings plc*

On 10 August 2012 the Group acquired 100% of the voting rights of Autologic Holdings plc ("Autologic"), an AIM listed company based in the United Kingdom and a leading provider of distribution and technical services to the automotive industry. The business has now been rebranded as Stobart Automotive and is included in the Transport & Distribution segment.

The provisional fair value of the identifiable assets and liabilities of Autologic as at the date of acquisition have been identified as follows:

	Provisional fair value recognised on acquisition £'000	Previous carrying value £'000
Property, plant and equipment	22,957	18,795
Goodwill	-	21,934
Investments in associates and joint ventures	452	452
Intangible assets: customer relationships	1,407	121
Cash and cash equivalents	3,502	3,502
Trade and other receivables	31,878	31,795
Inventories	947	947
Trade payables	(12,504)	(12,504)
Other payables and deferred income	(21,169)	(17,628)
Loans and borrowings	(15,657)	(14,305)
Pension scheme liabilities	(5,846)	(5,102)
Deferred tax	1,101	1,705
Net assets	7,068	29,712
Goodwill arising on acquisition	5,380	
<b>Total consideration</b>	<b>12,448</b>	

The total cost of the combination was £12.4m and was comprised of cash consideration. There was no contingent consideration as defined in IFRS 3 'Business Combinations' in connection with this acquisition.

The primary reason for the acquisition was to enter a new market for the Group. The goodwill of £5.4m is deemed to be attributable to the acquired significant presence in the automotive sector, the value of the existing management structure and workforce within Autologic and the efficiencies, costs reductions and economies of scale expected to be derived from combining Autologic with the existing operations of the Group. None of the goodwill generated on acquisition is expected to be deductible for tax purposes, although £1.0m of the pre-existing goodwill in the Autologic group remains deductible for tax.

The fair value of the acquired identifiable intangible assets in respect of customer relationships of £1.4m represents management's assessment of the value of the existing contractual and non-contractual relationships.

Transaction costs related to the acquisition of £0.6m have been recognised as an expense in the Consolidated Income Statement.

## Acquisitions in the year ended 29 February 2012

### *Acquisition of WADI Properties Limited*

On 28 February 2012 the Group acquired the entire issued share capital of WADI Properties Limited. WADI Properties Limited is an unlisted company registered in the United Kingdom and is the holding company for a number of companies whose principal activity is property investment. Transaction costs related to the acquisition of £1,044,000 were recognised as an expense in transaction costs written off in the Consolidated Income Statement.

The fair value of the identifiable assets and liabilities of WADI Properties Limited at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition (restated) £'000</b>
Investment properties	89,943
Property, plant and equipment	2,037
Trade and other receivables	1,151
Cash and cash equivalents	207
Trade payables	(157)
Other payables and deferred income	(2,717)
Corporation tax	(153)
Loans and borrowings	(87,692)
Deferred tax	11,448
Net assets acquired	<u>14,067</u>
Excess of fair value of net assets acquired over cost	(821)
<b>Total consideration</b>	<b><u>13,246</u></b>

The net assets and the provision for deferred consideration recognised in the provisional acquisition accounting to 29 February 2012 were both based on a provisional assessment of fair values, due to the proximity of the acquisition to the Group's year end and also the incomplete status of the completion accounts process.

The assessment of fair values and the completion accounts process were both concluded in the year, which resulted in the following adjustments:

- A reduction of £1,150,000 in the fair value of one of the investment properties acquired



- A reduction in trade and other receivables acquired of £53,000
- An increase in other payables acquired of £13,000
- A reduction in the corporation tax liability of £572,000
- An increase in the deferred tax asset of £294,000

In concluding the completion accounts process, the outstanding completion accounting issues were also resolved from the disposal of Moneypenny Limited and Westbury Schools Limited by Stobart Group Limited (then Westbury Property Fund) to WADI Properties Limited, in September 2007. The outcome of this process is a reduction of £1,017,000 in the consideration paid by WADI Properties Limited to Stobart Group Limited in September 2007. This amount is owed to WADI Properties Limited and has been incorporated into the completion accounts process for the purchase of WADI Properties Limited by Stobart Group outlined above.

As a result of the resolution of these outstanding completion accounts issues, additional consideration of £1,396,000 has become payable. The total consideration of £13,246,000 comprised the initial share consideration of £6,700,000 and the cash consideration of £6,546,000. The initial share consideration was satisfied by the issue of 5,399,742 ordinary shares at a fair value of £1.24 each. This share price was the market price at the date of acquisition.

The excess of the fair value of the assets and liabilities acquired over the cost of the acquisition represents a bargain purchase and has been recognised in the income statement, presented as 'credit for business purchase'. As a result of the above adjustments the credit for business purchase has been restated to £821,000.

## Financial assets and liabilities

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loans and borrowings</b>		
<b>Non-current</b>		
Fixed rate		
- Obligations under finance leases and hire purchase contracts	27,181	15,750
- Loan notes	3,745	7,779
- Bank loans	68,659	74,828
Variable rate:		
- Obligations under finance leases and hire purchase contracts	379	2,402
- Bank loans	115,743	78,482
	<b>215,707</b>	<b>179,241</b>
<b>Current</b>		
Fixed rate		
- Obligations under finance leases and hire purchase contracts	10,353	9,293
- Bank loans	1,400	-
Variable rate:		
- Obligations under finance lease and hire purchase contracts	1,120	1,404
- Overdrafts	3,156	4,643
- Invoice Discounting Facility	16,418	-
- Bank loans	747	2,512
	<b>33,194</b>	<b>17,852</b>
Total loans and borrowings	248,901	197,093
Cash	32,488	31,044
<b>Net Debt</b>	<b>216,413</b>	<b>166,049</b>

The obligations under finance leases and hire purchase contracts are taken out with various lenders at fixed or variable interest rates prevailing at the inception of the contracts.

The bank loans at the year end include a £100m variable rate group finance arrangement due for repayment in the following proportions; 25% May 2018, 25% May 2019 and 50% May 2020. This facility is subject to a number of financial and non financial covenants. The Group currently have a committed offer from the lender for certain amendments to these covenants, which it is in the company's control to accept, and which the directors are currently considering. Also included in bank loans is a £77.3m property loan. The property loan is due for repayment in quarterly installments ending April 2017. This loan has fixed and variable elements of £72.3m (2012: £74.8m) and £5.0m (2012: £12.9m) respectively at 28 February 2013. The bank loans also include £10m drawn on a £20m variable rate committed revolving credit facility with facility end date of Feb 2016.

Included in cash is £12.7m which is held in an asset proceeds account and as at 29 February 2013 its use was restricted to reinvestment in new property assets or repayment of the property loan.

The overdraft facility is secured on working capital and bears interest at 2.25% above the Bank of England base rate.

The variable rate invoice discounting facility is secured on receivables.

The loan notes were issued in connection with the acquisition of Stobart Biomass Products Limited on 19 May 2011 and are repayable on 23 May 2014.

The Group was in compliance with financial covenants throughout the year and the previous year.

## Notes to the consolidated cash flow statement

	2013	Restated 2012
<b>Cash generated from continuing operations</b>	<b>£'000</b>	<b>£'000</b>
<b>Profit before tax on continuing operations</b>	<b>36,032</b>	<b>29,173</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
<b>Non-cash:</b>		
Movement in unrealised gain on revaluation of investment properties	(5,173)	(500)
Realised profit on sale of property, plant and equipment	(866)	(7,902)
Share of post tax profits of associates & joint ventures accounted for using the equity method	(997)	(100)
Profit on disposal of business	(8,511)	-
Profit on disposal of assets held for sale	(495)	(5,740)
Reversal of writedown of loan to joint venture	-	(400)
Depreciation of property, plant and equipment	14,679	15,707
Finance income	(777)	(1,980)
Interest expense	11,963	6,279
Release of grant income	(199)	-
Non-operating transaction costs	2,759	-
Amortisation of intangible assets	381	222
Credit for business purchase	-	(821)
Share option charge	1,406	391
<b>Working capital adjustments:</b>		
(Increase)/decrease in inventories	(1,909)	151
(Increase)/decrease in trade and other receivables	(1,535)	2,197
(Decrease)/increase in trade and other payables	(5,363)	22,315
<b>Cash generated from continuing operations</b>	<b>41,395</b>	<b>58,992</b>

## **Related Parties**

### **Relationships of Common Control or Significant Influence**

WADI Properties Limited was formerly owned by WA Developments International Limited, a company owned by W A Tinkler and W Stobart who are significant shareholders, directors and key management of the Group. On 28 February 2012, WADI Properties Limited was acquired by the group for a total consideration of £13.2m.

WA Developments International Limited is owned by W A Tinkler and W Stobart. The Group made purchases totalling £78,000 (2012: £72,000) from and sales totalling £537,000 (2012: £282,000) to WA Developments International Limited. £990,000 (2012: £789,000) was due from and £340,000 (2012: £404,000) was due to WA Developments International Limited at the year end.

VLL Limited is a subsidiary of WA Developments International Limited. During the year, the Group made sales of £17,000 (2012: £57,000) and made purchases of £826,000 (2012: £569,000) relating to the provision of passenger transport from VLL Limited. £193,000 (2012: £86,000) was owed to the Group at the year end and £100,000 (2012: £nil) was owed by the Group to VLL Limited at the year end.

During the year the Group made purchases of £550,000 (2012: £652,000) from Ast Signs Limited, a company in which W Stobart holds a 27% shareholding. A balance of £61,000 (2012: £189,000) was owed by the Group at the year end.

### **Associates and Joint Ventures**

The Group had loans outstanding from its joint venture interest, Convoy Limited of £2,132,000 (2012: £2,132,000) at the year end of which £nil (2012: £1,053,000) has been provided for.

The Group had loans outstanding from its joint venture interest, Westbury Fitness Hull Limited of £471,000 (2012: £471,000) at the year end of which £471,000 (2012: £471,000) has been provided for.

The Group had loans outstanding from its joint venture interest Westar Limited of £1,995,000 (2012: £2,022,000) of which £1,995,000 (2012: £1,922,000) has been provided for.

The Group had loans outstanding from companies within its joint venture interest, Everdeal Holdings Limited of £3,031,000 (2012: £4,111,000) at the year end.

The Group had loans outstanding from its associate interest, Shuban Power Limited of £1,570,000 (2012: £nil) at the year end.

The Group had loans outstanding from its joint venture interest, Stobart Barristers Limited of £306,000 (2012: £nil) at the year end. During the year, the Group made purchases of £80,000 (2012: £nil) of which £54,000 (2012: £nil) was owed at the year end.

The Group made sales of £49,000 (2012: £nil) and purchases of £11,000 (2012: £nil) to its joint venture interest, Transport Service Klingels Willems NV of which £154,000 (2012: £nil) was owed to and £94,000 (2012: £nil) owed by the Group at the year end.

The Group made sales of £1,684,000 (2012: £nil) and purchases of £2,000 (2012: £nil) to its joint venture interest, Vehicle Logistics Corporation BV of which £368,000 (2012: £nil) was owed to the Group at the year end.

### **Post Balance Sheet Events**

There are no post balance sheet events that require disclosure in the accounts.