Stobart Group Limited

Interim Results for the six months ended 31 August 2008

Stobart Group (Stobart) is one of the UK's leading providers of multimodal transport and logistics solutions using road, rail, sea and potentially air transport. The group also provides warehousing, storage and handling facilities.

Financial Highlights

- Revenue from continuing operations of £199.2m
- Earnings after fleet financing costs (EAFFC) of £13.4m*
- Profit before tax of £11.0m
- Earnings per share from continuing operations (normalised before the one-off, non-cash, deferred tax charge in respect of abolition of Industrial Buildings Allowances) totalling 3.7p
- Interim dividend of 2.7p per share
- Net cash generated from operations of £11.0m

Operational Highlights

- Acquisition of James Irlam contributed EAFFC of £2.7m
- Acquisition of WA Developments (now Stobart Rail) contributed profit before tax of £1.3m
- Addition of major chilled operation: more flexibility for customers
- Utilisation of Eddie Stobart fleet increased from 82.1% to 83.9%
- Increase from four to five trains per day to Widnes rail freight terminal
- Opening of rail freight service between Daventry and Glasgow and two more services to be opened by end of November 2008
- Option over Carlisle airport extended to January 2009
- Commenced first Irish road transport operations

*** EAFFC comprises operating profit of £14.8m less the fleet financing costs of £1.4m.**

Note: This is the first year of the Group in its present form, having been created through the merger of Westbury Property Fund with Stobart Holdings Limited in September 2007. There are no directly comparable results for the Group to those being reported.

There will be a meeting for analysts at 09.30 today at the offices of College Hill. The

Rodney Baker-Bates, Chairman, commented:

"We now have a balanced business that is delivering an ever-increasing range of transport solutions to a broad and growing client base.

"Despite the current economic climate, we are not experiencing any impact on volumes and are protected in our contracts against fuel price increases. Indeed, we expect increasing numbers of both existing and new customers to look to Stobart to meet their urgent need for more cost-effective solutions to their logistics requirements. This, along with the breadth and quality of our service offering will, we believe, enable us to continue to grow the Group's profitability during these difficult times.

"The Board looks forward to reporting on further progress, including a result for the year as a whole that will be in line with our expectations."

23 October 2008

ENQUIRIES:

Stobart Group	**Tel: 01925 605400**
Andrew Tinkler, Chief Executive Officer	
Ben Whawell, Chief Financial Officer	
Julie Gaskell, Head of Communications	Tel: 07768 038912
College Hill	**Tel: 020 7457 2020**
Mark Garraway	
Gareth David	

CHAIRMAN'S STATEMENT

Overview

I am delighted to be able to report on a period of significant progress for the Group. We are successfully integrating a number of acquisitions, which are capitalising on the unique strengths of the Stobart brand.

We have made progress on the implementation of our strategic goal of becoming the UK's leading provider of multi-modal transport and logistics solutions. Andrew Tinkler, in his Chief Executive's review, sets out the strategy in more detail and how it will deliver significant value to the Group over the coming years.

Results

Total revenue for the period from continuing operations was £199.2m, producing earnings after fleet financing costs (EAFFC) of £13.4m and a profit before taxation of £11.0m. Earnings per share from continuing operations (normalised before the one-off, non-cash, deferred tax charge in respect of abolition of Industrial Buildings Allowances) totalled 3.7p. It is pleasing to note in the current environment that the Group has a robust balance sheet.

Dividend

The Board has declared an interim dividend of 2.7p which will be paid on 28 November 2008 to shareholders on the register as at 31 October 2008.

People

Following the period end, Tim Chesney, a non-executive director, stepped down from the Board on 5 September. I would like to thank Tim for his contribution to the Board over the past six years.

The Group is led by an excellent management team and, with the recent acquisitions, we have added to its strength and depth.

Outlook

We now have a balanced business that is delivering an ever-increasing range of transport solutions to a broad and growing client base.

Despite the current economic climate, we are not experiencing any impact on volumes and are protected in our contracts against fuel price increases. Indeed, we expect increasing numbers of both existing and new customers to look to Stobart to meet their urgent need for more cost-effective solutions to their logistics requirements.

This, along with the breadth and quality of our service offering will, we believe, enable us to continue to grow the Group's profitability during these difficult times.

The Board looks forward to reporting on further progress, including a result for the year as a whole that will be in line with our expectations.

RODNEY BAKER-BATES
Chairman

23 October 2008

CHIEF EXECUTIVE'S REVIEW

Results

As this is the first year of the Group in its present form, having been created through the merger of The Westbury Property Fund with the Eddie Stobart Group 12 months ago, there are no directly comparable results to those being reported. Nevertheless, these results represent a period of sustained growth in our road transport operations and of significant developments in our rail, port and asset development activities.

Total revenue from continuing operations amounted to £199.2m with earnings after fleet financing costs (EAFFC) of £13.4m and profit before tax of £11.0m. EAFFC comprises the operating profit of £14.8m less the fleet financing costs of £1.4m.

For the six month period to 31 August 2008, the Eddie Stobart business achieved revenue growth of 30% on a like-for-like basis, excluding the impact of fuel surcharge mechanisms, compared with the previous comparable period, due to increased efficiencies and a wider customer base. In the same period EAFFC has grown by 132%.

Earnings per share from continuing activities totalled 2.2p. Earnings per share from continuing operations (normalised before the one-off, non-cash, deferred tax charge in respect of abolition of Industrial Buildings Allowances) totalled 3.7p

The Group maintains a strong balance sheet with net assets of £264m and non-fleet related borrowing at £71m. Cash (net) generated from operations was £11m including the working capital requirements of the acquired chilled business and net cash outflow was £12m, principally due to the acquisition activity in the period and dividends paid. The effective tax rate for the period is 28.5% before the one-off, non-cash, deferred tax charge in respect of the abolition of Industrial Buildings Allowances.

Strategy

We have a clear strategy to deliver on the Group's vision to become the UK's leading multi-modal transport and logistics provider. The key aspect of our multi-modal transport and logistic solutions strategy is that we are in a unique position to provide our customers with a comprehensive offer to meet all of their logistics requirements, whilst also continuing to provide customers with the most cost efficient and environmentally friendly solutions.

To complement our successful road transport business, we are able to provide rail, sea and specialist storage solutions. Whilst ultimately we will be able to provide a fully integrated 'one-stop' service, each business unit will also continue to provide standalone solutions as well. We are also exploring air freight opportunities and have an option to purchase Carlisle Airport, and were pleased to see that a new planning application was submitted on 14 October.

As a multimodal transport and logistics provider, we have the opportunity to leverage our undoubted reputation for customer service and our core skills set to provide our existing customers and new ones with a comprehensive range of solutions that they might otherwise have to look to a variety of others for. The Group has developed and rolled out an innovative costing model that sets us apart from our competitors. This system enables us to work in partnership with our customers, allowing them to share more equitably from the risks and rewards associated with road transport operations.

We are well-placed to successfully implement this strategy. We now have over 1,850 trucks, 3,000 trailers and we run and handle seven trains. We operate an inland port, are developing a waterway port and have an option on an exciting airport opportunity. Based at over 40 sites around the UK and Europe we employ over 5,300 people. This is a formidable business platform from which to take the Group forward.

Our business model is unique and robust; this means that we can capture opportunities in times of economic downturn. We have a large customer base, multimodal capability, high quality people and systems in place to protect us against financial and operational risk.

Environment

A key element of our strategy is the focus it brings to providing an environmental solution. The Government and our customers are increasingly looking at achieving sustainable environmental cost-effective solutions throughout their supply chain. This is a key driver in everything we do and we are working hard to eliminate waste through filling up empty journeys and considering other modes of transport. Over the last six months our fleet utilisation for the Eddie Stobart road fleet has increased from 82.1% to 83.9% meaning that only 16.1% of vehicles are travelling without a load.

This is not only key in terms of reducing fuel costs and congestion but also is increasingly seen as a vital commercial imperative where businesses face demands from their own customers and clients to be seen as 'being green'.

Our multi-modal strategy continues to ensure that we use the most fuel-efficient and cost-effective logistics solutions for our customers. For example, the opening of the Daventry to Mossend shared rail freight service alongside our existing dedicated rail service from Daventry to Grangemouth is saving around 3.5 million litres of fuel per year.

During the period, we have invested in around 300 new high specification trucks, bringing our compliance with the Euro 4 Directive up to 74% and reducing the average age of our truck fleet to just 17 months.

Operational review

This half year has seen strong performance in our existing businesses, as well as enhancement to our multi-modal logistics strategy offering, through major acquisitions and developments. Our improved underlying business performance has not been affected by the weak economic climate.

As the Chairman indicated, we see the current environment as more of an opportunity for the Group than as a threat. We have a business model that is centred on providing value added solutions for our customers. We are already seeing new customers moving to Stobart from other logistics suppliers who are unable to compete with us on rate as well as breadth and depth of service.

The acquisitions of James Irlam, W A Developments and the chilled division of Innovate Logistics, along with the opening of further rail freight services has increased our customer base, management team and broadened our multi-modal capabilities.

We are now working to re-organise the business into four focussed, but connected, divisions: Eddie Stobart (including the integrated James Irlam, Innovate and warehousing), Stobart Ports, Stobart Rail and potentially Stobart Air. We expect to have completed this reorganisation by the end of the year. Across the group we are developing a number of assets that will contribute to long-term profitability.

The major acquisition of James Irlam in April is in the process of being integrated into the business and should be fully integrated by the year-end. We expect considerable operational efficiencies in merging this with our existing businesses.

We purchased the chilled and ambient operations of Innovate Logistics from the administrators in July. This low cost opportunistic acquisition adds significantly to and complements our existing chilled goods capability and gives our customers more choice and flexibility. This is expected to be earnings enhancing in the first full year.

Our innovative 'open view' cost structure enables us to treat all our customers as one big customer to easily incorporate further loads in our fleet to maximise efficiency. Our fleet utilisation has increased in the period from 82.1% to 83.9%. As we integrate our fleet we expect to continue to improve this utilisation.

During the last six months we have added considerably to our customer portfolio. Our acquisition of Innovate added £100m of revenue per annum and we are building on these new customer relationships.

Our driver training programme continues; in the period 264 drivers completed an NVQ in our dedicated in-house training facilities. This has commercial benefits in increasing our average miles per gallon.

In terms of people, our management team has been strengthened through acquisitions and we have made some changes to our organisation. As the group grows we continue to work hard to ensure our people work as a team sharing a common vision and strategy.

Core operations

Eddie Stobart

Eddie Stobart is the largest of the Group's divisions and includes its road transport and warehousing operations. It operates a fleet of more than 1,850 trucks and 3,000 trailers and around 6 million square feet of warehousing across 40 sites in the UK, Ireland and Europe. The own-branded fleet has a specialist and chilled division enabling it to transport many different loads.

Fleet utilisation is key to the success of this division, and we operate a sophisticated national vehicle tracking system which enables planners to plan and monitor loads to minimise empty legs. Our warehousing operations have a broad spectrum of storage capacity from chilled goods to building supplies and pharmaceutical products. These facilities are equipped with an innovative Warehousing Management IT system to provide customers with real-time stock information.

Principal developments within this business during the first half have been the Irlam and Innovate acquisitions, mentioned above, which have strengthened the Group's offer to customers.

Stobart Ports

Our ports division currently comprises two main operations. An inland port (container handling facility) near Widnes which currently handles around 100,000 shipping containers a year, and the nearby Port of Weston. This is a 44 acre site on the Manchester Ship Canal which we are developing as our waterway port and which has excellent road, rail and waterway links.

The principal development within this division during the first half was the additional daily train service, meaning that 12% of Freightliner's UK business arrives at the freight terminal. Also we have recently secured a £4.3m grant from the North West Regional Development Agency to remediate land at our in-land port and have received planning permission to develop a 2m square feet chilled and ambient warehouse.

Stobart Rail

Within our rail division are two distinct operations, infrastructure engineering and freight transportation. The civil engineering operation is a leading force in rail infrastructure maintenance, undertaking work such as bridge and line-side maintenance and permanent way works. The freight division operates a growing number of Anglo-Scottish freight trains each week to complement our road haulage business.

Stobart Rail's engineering operation has already carried out work for other group companies to a value of £1.6m, a considerable saving compared to external costs of this work.

Stobart Air

The Group has an option to acquire Carlisle Airport, where a new planning application was submitted on 14 October 2008. We are actively exploring a number of air logistics-related opportunities, which could accelerate our development in this area.

Discontinued activities

Following the downturn in the commercial property market, we have reviewed the carrying values of our investments in joint venture property investments. In particular, the investment in One Plantation Place, a joint venture investment property, has been written down – as previously anticipated - by £23.3m to nil in the period. However, the underlying quality of the building, its location and tenants remains strong. This property, along with most of the other investment properties is classified in discontinued operations as they are part of a co-ordinated disposal plan.

Outlook

The second half has started encouragingly. We expect to see further integration and efficiencies in the acquired businesses and further operational and strategic developments which should enhance our multi-modal offering. We also expect to begin a further two rail freight services from Grangemouth to Inverness and Grangemouth to Aberdeen by the end of November.

We have started to prepare the extended Widnes site for development following receipt of planning permission. This will add over 2m square feet of chilled and ambient state-of-the-art warehousing with no speculative build. We continue to look at opportunities for the development of the Port of Weston at Runcorn to enhance our sea-road-rail integration in the North West.

In July, we extended our option to purchase Carlisle Airport to January 2009 and we continue to explore different ways that we could use this option. This site represents an attractive opportunity to consolidate our existing businesses in the area onto one site, as well as offering us the opportunity to expand into air freight and also to explore its potential for use by passenger air services. We are pleased that a new application has been submitted for planning approval.

A great deal has been achieved during this period to develop and deliver the multi-modal transport and logistics solutions which our customers are increasingly demanding. We remain confident that the Group's first full year as a listed company will be a successful one and firmly believe in the longer term growth potential of the Group.

ANDREW TINKLER
Chief Executive

23 October 2008

Key risks and uncertainties

As with any business, risk assessment and the implementation of mitigating actions and controls are vital to successfully achieving the Group's strategy. The Board has overall responsibility for risk management and internal control within the context of achieving the Group's objectives.

The key risks and mitigating factors have not changed from those previously reported, namely:

- Business and financial strategy
- Consumer confidence
- Seasonality and abnormal weather
- Government legislation and regulation
- Demand for integrated and outsourced transport and logistics
- Competition
- Nature of lease obligations
- Fuel prices
- Commercial Property
- Acquisitions
- Capital expenditure

For greater detail on these risks and mitigating factors, please refer to our 2008 annual report.

We are confident that we can raise capital for any future acquisitions and asset developments.

Statement of Directors' responsibilities

The Board confirms to the best of their knowledge:

• that the consolidated half year financial statements for the six months to 31 August 2008 have been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

• that the Half Year Report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules.

The above Statement of Directors' responsibilities was approved by the Board on 23 October 2008.

BEN WHAWELL
Chief Financial Officer

23 October 2008

Stobart Group Limited

Interim Consolidated Income Statement
For the six months ended 31 August 2008

	Notes	Six months ended 31 August 2008 Unaudited £'000	Six months ended 30 June 2007 Unaudited £'000	14 months ended 29 February 2008 Audited £'000
Revenue	**4**	199,199	1,819	108,840
Operating expenses				
- Share based payment	**10**	(391)	-	(49)
- Other		(184,045)	(2,969)	(102,874)
		(184,436)	(2,969)	(102,923)
Operating profit / (loss)		14,763	(1,150)	5,917
Finance costs		(4,106)	(2,467)	(2,761)
Finance income		375	625	365
Profit / (loss) before tax		11,032	(2,992)	3,521
Income tax	**5**	(6,232)	(1)	(729)
Profit / (loss) for the period from continuing operations		4,800	(2,993)	2,792
Discontinued operations	**4**	(25,104)	3,099	(30,375)
Profit / (loss) for the period attributable to equity holders of the parent		(20,304)	106	(27,583)
Earnings/(loss) per ordinary share	**7**			
From continuing operations				
Basic		2.24p	(2.98p)	2.32p
Diluted		2.24p	(2.98p)	2.32p
From continuing and discontinued operations				
Basic		(9.49p)	0.11p	(22.92p)
Diluted		(9.49p)	0.11p	(22.92p)

Stobart Group Limited

Interim Consolidated Balance Sheet (continued)
As at 31 August 2008

	Notes	31 August 2008 Unaudited £'000	29 February 2008 Audited £'000
Non-current Assets			
Property, plant and equipment	**8**	165,035	111,198
Investment property		3,803	3,803
Intangible assets		219,533	162,358
Investments in associates and joint ventures		161	161
Available for sale investments		20	-
		388,552	277,520
Current Assets			
Inventories		1,835	1,120
Trade and other receivables		89,934	44,691
Cash and cash equivalents	**9**	4,197	4,519
		95,966	50,330
Assets of disposal groups classified as held for sale		3,830	25,925
		99,796	76,255
Total Assets		488,348	353,775
Non-current Liabilities			
Loans and borrowings	**9**	87,001	56,950
Other liabilities		8,553	7,484
Deferred tax liability		25,092	21,341
		120,646	85,775
Current Liabilities			
Trade and other payables		58,960	32,992
Loans and borrowings	**9**	38,758	23,451
Corporation tax liability		4,934	481
		102,652	56,924
Liabilities directly associated with the assets classified as held for sale		1,414	1,931
		104,066	58,855
Total Liabilities		224,712	144,630
Net Assets		263,636	209,145

Stobart Group Limited

Interim Consolidated Balance Sheet (continued)
As at 31 August 2008

	31 August 2008 Unaudited £'000	29 February 2008 Audited £'000
Capital and reserves		
Issued share capital	22,599	16,063
Share premium	146,916	70,535
Foreign currency exchange reserve	(132)	(132)
Treasury shares	(803)	(803)
Revaluation reserve	340	340
Retained earnings	94,716	123,142
Total Equity	263,636	209,145

Stobart Group Limited

Interim Consolidated Statement of Changes in Equity
For the six months ended 31 August 2008

	Attributable to equity holders of the parent						
	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Treasury shares £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2008	16,063	70,535	(132)	(803)	340	123,142	209,145
Loss for the period	-	-	-	-	-	(20,304)	(20,304)
Total income and expense for the year	-	-	-	-	-	(20,304)	(20,304)
Proceeds on share issue	6,536	78,441	-	-	-	-	84,977
Share issue costs	-	(2,060)	-	-	-	-	(2,060)
Share based payment credit	-	-	-	-	-	391	391
Dividends	-	-	-	-	-	(8,513)	(8,513)
Balance at 31 August 2008	22,599	146,916	(132)	(803)	340	94,716	263,636

	Attributable to equity holders of the parent						
	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Treasury shares £'000	Revaluation reserve £'000	Retained earnings restated £'000	Total equity £'000
Balance at 1 July 2007	10,049	-	-	-	340	155,118	165,507
Currency translation differences	-	-	(132)	-	-	-	(132)
Total income and expense for the period recognised directly in equity	-	-	(132)	-	-	-	(132)
Loss for the period	-	-	-	-	-	(27,689)	(27,689)
Total income and expense for the year	-	-	(132)	-	-	(27,689)	(27,821)
Proceeds on share issue	6,014	70,610	-	-	-	-	76,624
Share issue costs	-	(75)	-	-	-	-	(75)
Treasury Shares	-	-	-	(803)	-	-	(803)
Share based payment credit	-	-	-	-	-	49	49
Dividends	-	-	-	-	-	(4,336)	(4,336)
Balance at 29 February 2008	16,063	70,535	(132)	(803)	340	123,142	209,145

Stobart Group Limited

Interim Consolidated Statement of Changes in Equity
For the six months ended 31 August 2008

	Attributable to equity holders of the parent						
	Issued share capital	Share premium	Foreign currency exchange reserve	Treasury shares	Revaluation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2007	10,049	99,925	-	-	340	59,610	169,924
Profit for the period	-	-	-	-	-	106	106
Total income and expense for the period	-	-	-	-	-	106	106
Dividends paid	-	-	-	-	-	(4,523)	(4,523)
Transfer	-	(99,925)	-	-	-	99,925	-
Balance at 30 June 2007	10,049	-	-	-	340	155,118	165,507

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

Stobart Group Limited

Interim Consolidated Cash Flow Statement
For the six months ended 31 August 2008

	Six months ended 31 August 2008 Unaudited £'000	Six months ended 30 June 2007 Unaudited £'000	14 months ended 29 February 2008 Audited £'000
Profit / (loss) before tax on continuing operations	11,032	(2,992)	3,521
(Loss) / profit before tax on discontinued operations	(25,104)	3,103	(30,465)
(Loss) / profit before tax	(14,072)	111	(26,944)
Adjustments to reconcile profit / (loss) before tax to net cash flows:			
Realised loss / (profit) on sale of investment properties	-	67	(4,418)
Movement in unrealised loss on revaluation of investment properties	23,894	-	-
Realised profit loss on sale of property, plant and equipment	(429)	(3,687)	(1,057)
Share of (profits) / losses after taxation of associates and joint ventures	-	(9,623)	18,449
Depreciation of property, plant and equipment	6,194	60	5,963
Investment income	(436)	(1,436)	(1,536)
Interest expense	4,136	2,755	6,176
Amortisation of income share issue costs	15	-	34
Amortisation of loan issue cost	-	-	428
Amortisation of intangibles	-	-	1,035
Share option charge	391	-	49
Performance fee – share based payment	-	989	9,287
Working capital adjustments:			
(Increase) / decrease in inventories	(46)	-	760
(Increase) / decrease in trade and other receivables	(16,989)	(2,667)	5,211
(Decrease) / increase in trade and other payables	8,308	12,978	(26,371)
Cash generated from operations	10,966	(453)	(12,934)
Income taxes paid	(78)	(5)	(822)
Net cash flow from operating activities	10,888	(458)	(13,756)

Stobart Group Limited

Interim Consolidated Cash Flow Statement
For the six months ended 31 August 2008

Net loans (advanced to) / repaid by joint ventures	(3,191)	3,832	8,962
Acquisition of subsidiaries – net cash (paid) / received	(66,132)	(7,000)	(69,990)
Dividends received from joint ventures	940	-	1,200
Sales of investment properties	-	-	157,883
Purchase of property, plant and equipment	(30,840)	(23,488)	(38,331)
Proceeds from the sale of property, plant and equipment	1,239	19	6,237
Interest received	436	1,350	2,222
Net cash flow from investing activities	(97,548)	(25,287)	68,183
Issue of ordinary shares	74,977	-	-
Issue costs paid on issuance of ordinary shares	(2,060)	-	-
Interest paid	(4,136)	(2,688)	(6,578)
Dividend paid on ordinary shares	(8,513)	(3,015)	(8,859)
Repayment of long term borrowings	(21,409)	-	(90,241)
Proceeds from borrowings	24,170		
Net proceeds from finance leases	11,679	-	3,080
Net cash flow from financing activities	74,708	(5,703)	(102,598)
Decrease in cash and cash equivalents	(11,952)	(31,448)	(48,171)
Cash and cash equivalents at beginning of period	(8,340)	39,831	39,831
Cash and cash equivalents at end of period	(20,292)	8,383	(8,340)

Cash			
- continuing	4,197	8,383	5,247
- included in disposal group	353	-	-
Overdraft	(24,842)	-	(13,587)
Cash and cash equivalents at end of period	(20,292)	8,383	(8,340)

1 Accounting policies of Stobart Group Limited

Corporate information

The interim consolidated financial statements of the Group for the six months ended 31 August 2008 were authorised for issue in accordance with a resolution of the directors on 23 October 2008.

Stobart Group Limited is a Guernsey registered company whose ordinary shares are publicly traded.

Basis of preparation

The interim consolidated financial statements of the Group for the six months ended 31 August 2008 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 29 February 2008. Except for the 29 February 2008 comparatives, the financial information set out herein is unaudited but has been reviewed by the auditors and their report to the Company is set out on page 25.

This is the first full half-year of the Group in its present form, having been created through the merger of The Westbury Property Fund with Stobart Holdings Limited in September 2007. There are no directly comparable results to those being reported. The interim comparative information shows the results for the six months to 30 June 2007 which was the period for which interim financial statements were prepared in the prior period.

These interim consolidated financial statements are unaudited. The comparative financial information set out in these interim consolidated financial statements do not constitute the Group's statutory accounts for the period ended 29 February 2008 but have been derived from the accounts. Statutory accounts for the period ended 29 February 2008 have been published. The auditors have reported on those accounts. Their audit report was unqualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

Significant accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year to 29 February 2008. There have not been any significant changes to adopted IFRS since 29 February 2008 which give rise to any changes to the Group's accounting policies.

2 Seasonality of operations

There is no significant seasonal effect on revenues and profits between the first and second six months of the financial year. In line with retail cycles, the higher seasonal sales in the months pre-Christmas is balanced by the lower seasonal sales in the months after Christmas both in the second six months of our financial year. However, in the six month period we have only five months of the revenue and profits of the acquired James Irlam & Sons, Irlam LLP and WA Developments and only two months revenue of the acquired chilled business but no material profit since acquisition.

3 Business combinations

Acquisitions in the period from 1 March 2008 to 31 August 2008

Acquisition of James Irlam & Sons Limited and Irlam Storage LLP

On 4 April 2008 the group acquired 100% of the voting rights of James Irlam & Sons Limited and Irlam Storage LLP which together specialise in haulage, distribution, warehousing and process management services in the UK.

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

	Fair value recognised on acquisition £'000	**Previous carrying value £'000**
Property plant and equipment	26,506	27,953
Investments	22	22
Cash and cash equivalents	678	678
Trade and other receivables	13,431	13,431
Inventories	557	557
	41,194	42,641
Bank loans and overdrafts	(9,369)	(9,369)
Trade payables	(5,831)	(5,822)
Other payables and deferred income	(2,599)	(2,599)
Finance leases	(7,843)	(7,843)
Corporation tax	(1,080)	1
Deferred tax	(1,228)	(1,574)
	(27,950)	(27,206)
Net assets	13,244	15,435
Goodwill arising on acquisition	49,194	
Total consideration	62,438	

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

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

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

The goodwill of £49,194,000 represents the fair value of the future earning potential of the business and other intangible assets, which cannot be individually separated and reliably measured due to their nature, in excess of the fair value of net assets identified. These intangible assets include customer loyalty and the assembled workforce.

James Irlam & Sons Limited and Irlam LLP contributed revenue of £29.0m in the current period and profit before taxation of £3.2m.

Acquisition of WA Developments Limited

On 4 April 2008 the group acquired 100% of the voting rights of WA Developments Limited which specialises in transport infrastructure engineering.

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

	Fair value recognised on acquisition £'000	**Previous carrying value £'000**
Property plant and equipment	3,470	3,470
Investments	18	18
Cash and cash equivalents	-	-
Trade receivables	12,516	12,516
Other receivables	1,501	1,501
Inventories	115	115
	17,620	17,620
Bank loans and overdrafts	(4,601)	(4,601)
Trade payables	(2,192)	(2,192)
Other payables and deferred income	(3,808)	(3,808)
Finance leases	(187)	(187)
Corporation tax	(417)	(417)
Deferred tax	(228)	(228)
	(11,433)	(11,433)
Net assets	6,187	6,187
Goodwill arising on acquisition	4,106	
Total consideration	10,293	

The total cost of the combination was £10,293,517 and comprised of the following:

	£'000
Cash	10,000
Costs associated with the acquisition	293
Total	10,293

The goodwill of £4,106,000 represents the fair value of the future earning potential of the business and other intangible assets, which cannot be individually separated and reliably measured due to their nature, in excess of the fair value of net assets identified. These intangible assets include customer loyalty and the assembled workforce.

W A Developments Limited contributed revenue of £12.0m in the current period and profit before taxation of £1.3m.

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

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

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

	Fair value recognised on acquisition £'000	**Previous carrying value £'000**
Other receivables	633	-
Deferred tax	174	-
	807	-
Other payables and deferred income	(1,254)	-
	(1,254)	-
Net assets	(447)	-
Goodwill arising on acquisition	1,360	
Total consideration	913	

The total cost of the combination was £913,000 and comprised of the following:

	£'000
Costs associated with the acquisition	913
Total	913

The goodwill of £1,360,000 represents the fair value of the future earning potential of the business and other intangible assets, which cannot be individually separated and reliably measured due to their nature, in excess of the fair value of net assets identified. These intangible assets include customer loyalty and the assembled workforce.

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

Acquisition of Irish trailer operation

On 1 April 2008 the Group acquired certain parts of the business which was part of the Irish trailer operation of TDG. Certain assets and liabilities of the operation were also acquired. The consideration totalled £347,800 comprising cash of £250,000 and fees of £97,800. The net assets acquired totalled £nil. Limited disclosures have been made in respect of this acquisition due its immateriality.

The accounting for the acquisitions in the six months to 31 August 2008 disclosed above has been determined only provisionally in this report.

Completion of acquisitions in the previous period where the acquisition accounting was determined only provisionally.

Acquisition of Stobart Holdings Limited

The adjustments to the provisional values, on acquisition of Stobart Holdings Limited on 21 September 2007, recognised in the year are additional provisions of £2,827,000, associated deferred tax asset of £792,000 and credit to operating expenses in the 6 month period to 31 August 2008 of £330,000. In addition there were further costs of acquisition of £147,000.

Acquisitions of O'Connor Group Management Limited and AHC (Warehousing) Limited

The accounting for the acquisitions of O'Connor Group Management Limited and AHC (Warehousing) Limited which were determined only provisionally in the prior period have been completed during the period without further adjustment**.**

4 Segmental information

The group operates in only one main continuing business segment: contract logistics.

The results of the property investment and related business segment are separated between continuing and discontinuing. Those which are sold or classified as held for sale and are part of a coordinated plan to dispose of the line of business are included in discontinued operations.

The group's primary reporting format for reporting segments information is business segments. The group's only geographical segment is the UK. Overseas operations are not considered material.

	Contract logistics (continuing)	**Investment property and related business (continuing)**	**Total Continuing Six months ended 31 August 2008**	**Contract logistics (discontinued)**	**Investment property and related business (discontinued)**	**Total Discontinued Six months ended 31 August 2008**	**Total Six months ended 31 August 2008**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue							
External sales	**199,068**	**131**	**199,199**	**467**	**-**	**467**	**199,666**
Inter-segment sales	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total revenue	**199,068**	**131**	**199,199**	**467**	**-**	**467**	**199,666**
Result							
Segment result	**14,655**	**108**	**14,763**	**(1,230)**	**-**	**(1,230)**	**13,533**
Share of losses of associates and joint ventures	**-**	**-**	**-**	**-**	**(23,874)**	**(23,874)**	**(23,874)**
Unallocated expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit before tax, finance costs and finance income	**14,655**	**108**	**14,763**	**(1,230)**	**(23,874)**	**(25,104)**	**(10,341)**

The segment result for the discontinued investment property and related business segment includes the write down of £23.3m to nil of the investment in One Plantation Place Unit Trust, a joint venture investment property trust. This follows the decline in the market value of the underlying property.

The loss per share from discontinued activities was 11.73p (6 months to 30 June 2007: earnings per share of 3.07p)

	Contract logistics (continuing) £'000	Investment property and related business (continuing) £'000	Total Continuing Six months ended 30 June 2007 £'000	Contract logistics (discontinued) £'000	Investment property and related business (discontinued) £'000	Total Discontinued Six months ended 30 June 2007 £'000	Total Six months ended 30 June 2007 £'000
Revenue							
External sales	**-**	**1,819**	**1,819**	**-**	**4,821**	**4,821**	**6,640**
Inter-segment sales	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total revenue	**-**	**1,819**	**1,819**	**-**	**4,821**	**4,821**	**6,640**
Result							
Segment result	**-**	**(2,992)**	**(2,992)**	**-**	**3,103**	**3,103**	**111**
Share of profits of associates and joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unallocated expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit before tax, finance costs and finance income	**-**	**(2,992)**	**(2,992)**	**-**	**3,103**	**3,103**	**111**

	Contract logistics (continuing) £'000	Investment property and related business (continuing) £'000	Total Continuing 14 months ended 29 February 2008 £'000	Contract logistics (discontinued) £'000	Investment property and related business (discontinued) £'000	Total Discontinued 14 months ended 29 February 2008 £'000	Total 14 months ended 29 February 2008 £'000
Revenue							
External sales	**108,529**	**311**	**108,840**	**2,893**	**5,284**	**8,177**	**117,017**
Inter-segment sales	**-**	**-**	**-**	**-**	**-**		**-**
Total revenue	**108,529**	**311**	**108,840**	**2,893**	**5,284**	**8,177**	**117,017**
Result							
Segment result	**5,963**	**130**	**6,093**	**(5,605)**	**(4,309)**	**(9,914)**	**(3,821)**
Share of losses of associates and joint ventures	**(176)**	**-**	**(176)**	**-**	**(18,273)**	**(18,273)**	**(18,449)**
Unallocated expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit before tax, finance costs and finance income	**5,787**	**130**	**5,917**	**(5,605)**	**(22,582)**	**(28,187)**	**(22,270)**

5 Taxation

Taxation on profit on ordinary activities

Tax charged in the income statement		Six months ended 31 August 2008	Six months ended 30 June 2007	14 months ended 29 February 2008
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Current income tax:				
UK Corporation tax	- continuing operations	3,034	-	(34)
	- discontinued operations	-	-	-
		3,034	-	(34)
Guernsey tax		-	5	5
Total current tax		3,034	5	(29)
Deferred tax:				
Origination and reversal of timing differences		20	-	754
Impact of change in deferred tax rate		-	-	4
Impact of abolition of Industrial Buildings Allowances		3,178	-	-
Total deferred tax charge		3,198	-	758
Total charge in the income statement		6,232	5	729

6 Dividends

A final dividend of 5.3p per share totalling £8,513,146 was declared on 9 May 2008 and was paid on 23 June 2008.

An interim dividend 2.7p per share totaling £6,101,808 was declared on 23 October 2008 and will be paid on 28 November 2008. This is not recognised as a liability at 31 August 2008.

7 Earnings per share

The weighted average number of shares used in the earnings per share calculation at 31 August 2008 was 213,914,119 (29 February 2008: 120,349,347, 30 June 2007: 100,486,657).

The total number of shares in issue at 31 August was 225,992,895 (29 February 2008: 160,625,401). On 4 April 2008, 65,367,494 shares were issued in relation to the acquisition of James Irlam and WA Developments.

8 Property, Plant and Equipment

Additions and disposals

During the six months ended 31 August 2008, the Group acquired assets with a cost of £30,840,000 not including amounts acquired through business combinations.

Assets with a book value of £888,000 were disposed of by the group during the six months ended 31 August 2008 resulting in a net gain on disposal of £429,000.

Capital commitments

At 31 August 2008, the Group had capital commitments of £21,466,000 principally relating to tractor units.

9 Analysis of net debt

	31 August 2008 Unaudited £'000	29 February 2008 Audited £'000
Cash	4,197	4,519
Loans and borrowings		
Non-current		
Fixed rate:		
- Income shares	(5,226)	(5,211)
- Obligations under finance leases and hire purchase contracts	(39,619)	(19,163)
Variable rate borrowings	(42,156)	(32,576)
	(87,001)	(56,950)
Current		
Fixed rate:		
- Obligations under finance leases and hire purchase contracts	(11,015)	(8,108)
Variable rate borrowings	(27,743)	(15,343)
	(38,758)	(23,451)
Net debt	(121,562)	(75,882)

The main increases in net debt have resulted from expansion of the vehicle fleet, additional working capital required following acquisitions in the period and debt acquired through acquisitions in the period.

10 Share based payments

On 10 March 2008, 2.84m share options were granted to directors and management under the Stobart Executive Equity Incentive Plan. The exercise price of the options is nil

On 3 July 2008 2.40m share options were granted to directors and management under the Stobart Executive Equity Incentive Plan. The exercise price of the options is nil.

The Incentive Plan is designed to provide incentives to key employees of the Group who are selected to participate by the Group's remuneration committee. Participants will be allocated units, each of which will represent one 10p ordinary share and will vest on the third anniversary of the date of grant. Fifty and forty percent of the units granted 10 March 2008 and 3 July 2008 respectively will vest subject to the total shareholder return ("TSR") of the Group measured over a three year performance period from the date of grant relative to a comparator group. Fifty and Sixty percent of the units granted 10 March 2008 and 3 July 2008 respectively will vest subject to the achievement of a specified increase in the Company's earnings per share ("EPS") over three consecutive financial years starting in the year in which the grant is made.

The fair value of the options granted without market based vesting conditions are estimated using a Black Scholes model taking in to account the terms and conditions upon which the options were granted. The fair value of the options granted with market based vesting conditions are estimated using a Monte Carlo model taking in to account the terms and conditions upon which the options were granted.

11 Related Parties

Entities with Joint Control or Significant Influence

WA Developments Limited is owned by A Tinkler and W Stobart who are significant shareholders and directors of Stobart Group, On 4 April 2008, WA Developments Limited was acquired by the Group for £10m (see note 4).

WA Developments International Limited is owned by A Tinkler and W Stobart. The Group made purchases totalling £405,732 from and sales totalling £114,217 to WA Developments International Limited. £785,745 was due from and £6,527 was due to WA Developments International Limited at the period end.

Stobart Air Limited is a subsidiary of WA Developments International Limited. During the period, the Group made sales of £508,862 and purchases of £1,500 to Stobart Air Limited. £604,773 was outstanding owed by and £1,763 owed to Stobart Air Limited at the period end.

AstSigns Limited is 27% owned by W Stobart. During the period, the group made purchases of £147,471 from AstSigns Limited of which £40,928 was outstanding owed by the Group at the period end.

Joint Ventures

The group had loans outstanding from its joint venture interest, Starion Tottenham Court Road Limited of £2,110,000 at the period end.

The group had loans outstanding from its joint venture interest, Ropewalks One LLP of £512,000 at the period end.

The group received a dividend of £435,000 from Endeavour Guildford Limited, £385,000 from Endeavor Ware Limited and £125,000 from Westbury Fitness Hull Limited.

Independent review report to Stobart Group Limited

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2008 which comprises Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow and the related notes 1 to 11. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Manchester
23 October 2008