12 May 2016

Stobart Group Limited
("Stobart" or the "Group")

Results for the year ended 29 February 2016

Stobart Group Limited, the Support Services and Infrastructure Group, today announces its results for the year ended 29 February 2016.

Group overview

Stobart Group is an entrepreneurial company applying its recognised logistics and customer service expertise to create:

- London Southend Airport - a best airport in Britain award as voted by the Airport Operators Association
- Stobart Energy - the number one supplier of biomass in the UK
- Stobart Rail - one of the UK's leading names in rail network maintenance, repair and improvement
- A diverse portfolio of commercial properties and investments, including Eddie Stobart Logistics

Financial highlights

- Revenue from continuing operations up 8.6% to £126.7m (2015: £116.6m)
- Underlying EBITDA increased by 69.8% to £30.0m (2015: £17.6m). All divisions reported EBITDA ahead of prior year
- Underlying profit before tax increased by 98.0% to £18.4m (2015: £9.3m)
- Property realisations generated £24.1m cash proceeds (2015: £27.2m)
- Basic earnings per share from underlying continuing operations of 5.0p (2015: 2.6p)
- Proposed final dividend of 4.0p per ordinary share (2015: 4.0p)
- £19.7m returned to shareholders via dividends paid in the year (2015: £19.8m)

Operational highlights

- Additional biomass contracts secured, completing the target of securing contracts to supply over 2 million tonnes per annum by 2018
- London Southend Airport voted best airport in Britain by Which? for third consecutive year
- Strengthened management team at Stobart Aviation by appointing aviation industry specialists, including newly appointed CEO and COO
- Stobart Rail completed construction of the air/road freight distribution centre at Carlisle Lake District Airport, which went on to be sold for £16.8m
- Revenue from external work by Stobart Rail increased by 36.5% to £28.8m
- Added value and generated cash through our infrastructure and investment portfolios

Chief Executive Andrew Tinkler commented:

"This year we have delivered improved profitability in all five divisions with the foundations, management and organisational structure almost set to achieve our objectives and deliver our plan.

We are on track to deliver our strategy by 2018 and drive shareholder value through our three growth operating divisions of Energy, Aviation and Rail, while generating a cash surplus through the exit of our infrastructure and investment portfolios at the right time allowing increasing returns to shareholders."

FULL YEAR RESULTS SUMMARY

	29 February 2016 £'m	28 February 2015 £'m
Revenue from continuing operations	126.7	116.6
Underlying EBITDA	30.0	17.6
Underlying profit before tax	18.4	9.3
Profit/(loss) before tax from continuing operations	10.0	(9.4)
Profit from discontinued operation (net of tax)	-	6.8

Divisional underlying profit summary	**29 February 2016 £'m**	**28 February 2015 £'m**	**Growth**
Underlying divisional EBITDA			
Energy	9.1	7.8	+17.0%
Aviation	2.3	1.4	+59.8%
Rail	3.4	2.8	+20.1%
Investments	11.1	6.8	+64.1%
Infrastructure	10.5	4.0	+159.4%
Central costs and eliminations	(6.4)	(5.2)	
Underlying EBITDA	**30.0**	**17.6**	**+69.8%**
(Loss)/gain on diesel swap	(2.2)	0.1	
Depreciation	(8.4)	(6.7)	
Underlying finance costs (net)	(1.0)	(1.7)	
Underlying profit before tax	**18.4**	**9.3**	**+98.0%**
Non-underlying items	(8.4)	(18.7)	
Profit/(loss) before tax from continuing operations	10.0	(9.4)	+206.2%
Tax	(1.2)	1.4	
Discontinued operations	-	6.8	
Profit/(loss) for the year	**8.8**	**(1.2)**	**+857.5%**

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Chairman's Statement

This has been a year of progress across all divisions at Stobart Group, but it is the next 18 to 24 months that are critical for our strategy. We have set clear targets in our Energy and Aviation divisions, and in the next year we aim to make considerable progress on those targets. Our strategy is set.

Strategy Progress

We have made good headway with our strategy so far. We said we would supply over 2mt of biomass by 2018 and have secured contracts to deliver this to plants up and down the country. With six major plants coming onstream over the next 18 months, Stobart Group now has to demonstrate we can fulfil these contracts.

Stobart Group aims to serve 2.5m passengers a year at London Southend Airport by 2018. Again, we have made good progress in terms of laying the foundations for meeting this objective. We have built a world class airport close to London with excellent transport links, and this year we put in place a first class team to help drive the airport forward. 2015 saw the appointment of a new CEO and COO along with changes in the business development team. The challenge for this focused management structure is to grow sustainable passenger numbers.

We are firmly on track with our strategy to grow third party customers work in Stobart Rail, external revenue in that entity grew by 37% to £28.8m. We have built a strong order book for work worth c.£68m.

Property value realisation is a key part to our strategy of making returns to shareholders in the short term. During the year we realised net cash of £24.1m from property asset disposals. In addition, property enhancement measures led to revaluations contributing £8.4m to our Group EBITDA.

Our investments have also performed very well, particularly Eddie Stobart Logistics, of which we own 49%. Eddie Stobart Logistics secured a number of significant customer wins towards the end of the financial year, and we expect to see the full benefit of this in future periods. It also generated £21.0m of surplus cash during their financial year to November 2015, which was used to repay its debt, and sold its UK automotive business at a profit of £7.0m.

Results

- Revenue increased by 8.6%
- Overall profit for the year of £8.8m
- Underlying earnings per share of 5.0p
- Dividend 6.0p

Board

There have been no changes to the composition of the Board during the year.

Returns to Shareholders

During the year, £19.7m was returned to shareholders via dividends. An interim dividend of 2.0p was paid on 4 December 2015. The Board is proposing a final dividend of 4.0p (2015: 4.0p) per ordinary share totalling £13.8m (2015: £13.1m paid on 3 July 2015) and giving a maintained total dividend for the year of 6.0p. We expect to maintain our current dividend payment level. We will continue to support the funding of the dividend from proceeds of property asset disposals in the short term and the Board will consider additional returns to shareholders should there be surplus funds generated.

The Board is pleased with the progress that has been made this year and looks forward to the challenges over the next 12 months which promise to be very exciting indeed .

Iain Ferguson CBE

Chief Executive's Statement

We are on track to deliver our strategy by 2018 and drive shareholder value through our three growth operating divisions of Energy, Aviation and Rail, while generating a cash surplus through the exit of our infrastructure and investment portfolios at the right time allowing increasing returns to shareholders.

This year we have delivered improved profitability in all five divisions with the foundations, management and organisational structure almost set to achieve our objectives and deliver our plan.

Energy Division - Supply and Transport

We continue to set-up a sustainable supply chain and infrastructure to supply and deliver over 2m tonnes per annum of waste and virgin wood fuel on long-term contracts to existing and new biomass plants that are coming on stream between now and 2018.

Aviation Division – Airports and Stobart Airline

Our Aviation team has identified airlines and sustainable route networks that complement our catchment areas. They continue to work closely with existing and new airlines to create additional routes to enable us to achieve 2.5m annual passengers by 2018.

Stobart Air flew over 1.4m passengers during FY2016 and continues to grow. The airline returned to profitability in 2015 and continues to work with London Southend Airport and Carlisle Lake District Airport as well as other airports to create further route development opportunities.

Rail Division - Civil Engineering

We have focused on growing external revenue and built a strong order book through to 2018 as well as continuing to support our Group on Infrastructure projects.

Infrastructure Division - Non Airport Property Assets

We have set out a disposal plan of our portfolio and continue to asset manage this plan to extract value at the right time.

Investments Division – ESL and Propius

Eddie Stobart Logistics continue to grow allowing reduction in debt from good operating cash flow and FY2016 saw the disposal of the Automotive business.

Propius continues to trade profitably and we have received a dividend from the sale of two older ATR 72-500 aircraft.

Just Culture

Stobart Group has an enviable safety record which is testament to the people, processes and culture within the business. However, the need to improve safety in a proportionate and cost-effective way remains a priority and challenge faced by the Group. Our Safety Strategy is a key mechanism to drive safety performance across all our divisions. The strategy has been developed by the Group in partnership with senior executives and the Stobart Group Board and I believe it provides a common sense approach. The risks throughout our Group have been identified by each division and placed in a risk register. Safety is therefore a shared responsibility and this strategy shows our continuous commitment to improve our safety performance.

Energy
Management is focusing on the fuel supply strategy for new and existing biomass plants, with all plants expected to be operational by the end of 2018. The new volume which is in excess of 1m t.p.a. will see us achieving our target of over 2mt supplied each year to the biomass market. These supplies are under long-term, index-linked, customer contracts generating predictable income streams for years to come with our focus on delivering solid margins. An improved margin per tonne metric this year is also encouraging given the backdrop of downtime due to unplanned maintenance at UK plants and the delays at Calais which caused increased transport costs. We are securing strategic sites for waste wood processing and have also been sourcing the additional plant and equipment required.

Aviation
As expected, passenger numbers at London Southend Airport were lower than prior years, as CEO we worked with easyJet under a new long-term contract to enhance load factors and yields with a view to growing volumes again in the near future. The experienced and credible new management team led by Glyn Jones are now embedded and are in talks with a number of major operators regarding sustainable new routes to achieve our growth plans. Our target remains to serve 2.5m passengers a year by 2018. The airport has been built with excellent transport links to London and sufficient capacity to handle up to 5m passengers, double our near-term target, providing a platform for growth well beyond 2018. Glyn is well placed to deliver this target based on his track record of building passenger growth when he was Managing Director at Luton Airport.

Grant funding has been secured for development of infrastructure works that will help support airlines to operate from Carlisle to London Southend, Dublin and Belfast in conjunction with Stobart Air. Our civil engineering team is working with the CAA on a proposal for refurbishment of the runway required to enable these services to operate.

The 2.5MW solar project at London Southend Airport was also completed this year delivering renewable electricity for the airport estate and its customers. Our new solar farm is the largest at a UK airport and supports one of our key objectives, which is reducing both our carbon footprint and the electricity we require from the national grid network. We are delighted, as London's newest airport, to have opportunities to introduce the latest 'green' initiatives as part of our development.

Our 45% investment in the airline, Stobart Air, continues to grow with improved passenger volumes and profitability in the year ending December 2015.

Rail
Stobart Rail completed on time and on budget the Carlisle Airport distribution centre which was subsequently sold by the Group this year in line with the plan to capture and realise value. The completion of the all-weather track at Newcastle Racecourse is an example of the division winning contracts and maintaining strong margins in diverse areas. There is a strong order book for 2016/17 on long-term rail infrastructure projects for Network Rail. The division is focused on increasing third party contracts and supporting our Energy division with site developments for its fuel supply strategy.

Infrastructure
In the past year, we have generated cash from asset sales of over £24m, including the sale of Carlisle Airport distribution centre, and properties at Worcester and Swindon. This has contributed to covering the Group dividend and we remain committed to returning surplus cash to shareholders as we continue to exit mature properties and investments.

The £9.1m valuation uplift of the Speke property is a fantastic demonstration of the division managing assets to deliver their full potential. This uplift reflects well progressed negotiations taking place around the February 2016 year end in relation to a new 20-year lease with the tenant. This lease was subsequently agreed in March 2016 at an annual rent of £2.1m and an option for the tenant to acquire the site for £37m has also been granted, expiring on 30 June 2016. The property was purchased by the Group for £17.6m this year, including costs.

Investments
Eddie Stobart Logistics continues to grow in line with management expectations and has strengthened its balance sheet via cash generated from operations and the sale of the UK Stobart Automotive business. Propius, the aircraft leasing investment, is also performing well and has this year sold two older aircraft producing a good return on investment and return of cash of £4.3m to the Group.

Our Brand, Our People, Our Values
We are passionate about our brand, its heritage and what it stands for. We live the brand values. Stobart people work hard and think differently and innovatively. We work collaboratively with focus on smart, professional, well planned delivery. We pay attention to and challenge the finest details in all areas of our work to ensure the highest standards of service, capturing and controlling value and de-risking at every opportunity. This focus has resulted in an award winning airport poised for further success and has won us long-term contracts to supply over 2mt of biomass fuel annually by 2018.

Outlook
This is an exceptional time for the Stobart corporate family and its shareholders. Our Energy and Aviation divisions are finishing the groundwork in preparation for a period of rapid growth. We remain focused on delivering the strategy and realising superior growth and shareholder returns from our strong service, infrastructure and logistics heritage.

I would like to take this opportunity to thank the Board and every Stobart employee for their passion, hard work and dedication during the year and for their contribution to our incredible, valuable and unique Stobart brand and culture.

Andrew Tinkler

Financial Review

I am pleased to report revenue growth overall, and increased profitability in all of our divisions. With low levels of debt and a significant asset base we are well set to deliver on our 2018 targets.

Revenue	2016 £'m	2015 £'m	Growth
Energy	73.4	68.4	+7.4%
Aviation	22.9	23.6	-3.2%
Rail	46.2	28.0	+64.7%
Investments	-	-	-
Infrastructure	4.3	5.0	-13.6%
Eliminations	(20.1)	(8.4)	
	126.7	**116.6**	**+8.6%**

Revenue from continuing operations has grown by 8.6% to £126.7m driven by increased revenue per tonne in our Energy division. External revenue in our Rail division also increased by 36.5% to £28.8m.

Profitability	2016 £'m	2015 £'m	Growth
Underlying EBITDA[1]			
Energy	9.1	7.8	+17.0%
Aviation	2.3	1.4	+59.8%
Rail	3.4	2.8	+20.1%
Investments	11.1	6.8	+64.1%
Infrastructure	10.5	4.0	+159.4%
Central function and eliminations	(6.4)	(5.2)	
Underlying EBITDA	**30.0**	**17.6**	**+69.8%**
Impact of diesel swap	(2.2)	0.1	
Depreciation	(8.4)	(6.7)	
Underlying finance costs (net)	(1.0)	(1.7)	
Underlying profit before tax	**18.4**	**9.3**	**+98.0%**
Non-underlying items	(8.4)	(18.7)	
Profit/(loss) before tax	10.0	(9.4)	+206.2%
Tax	(1.2)	1.4	
Discontinued operations, net of tax	-	6.8	
Profit/(loss) for the year	8.8	(1.2)	+857.5%

[1] Underlying EBITDA represents underlying earnings before diesel swap, interest, tax, depreciation, amortisation and non-underlying items.

Underlying EBITDA

Underlying EBITDA is our key measure of profitability for the business. Underlying EBITDA before diesel swap has grown by 69.8% to £30.0m. All divisions were ahead of their prior year EBITDA.

Central function costs and eliminations have increased by 23.2% partially due to a higher amount of internal profit elimination in the Rail division.

Depreciation

Depreciation has increased by 24.9% to £8.4m after a full year's charge for vehicles, purchased under finance leases, mainly used to transport biomass products and new plant and machinery at our processing sites.

Finance Costs

Finance costs (net) reduced by 43.9% to £1.0m after an increase in finance income from loans to energy plant associates.

Non-Underlying Items	**2016 £'m**	**2015 £'m**
Stobart Group:		
- Amortisation of brand	3.9	3.9
- Transaction costs/contract set up	1.6	0.8
- Restructuring costs	-	1.7
- Finance costs	-	8.1
Share of post-tax profits of associates and JVs:		
- Amortisation of contracts	2.8	2.6
- Restructuring/deal costs	-	1.6
	8.3	**18.7**

The charges in relation to the non-cash amortisation of the brands and contracts are expected to continue in future periods. We incurred £1.2m of direct support costs in connection with obtaining long-term airline contracts at London Southend Airport.

Taxation

The tax charge on continuing activities of £1.2m (2015: £1.4m credit) reflects an effective rate of 12.0% (2015: 14.8%). The effective rate is lower than the standard rate of 20.1% mainly due to income in respect of the Group's post tax share of joint venture results being treated as non-taxable, and the effect of the change in corporate tax rate on deferred tax balances.

Business Segments

The business segments reported in the financial statements are unchanged from those reported in the prior year. The segments are Energy, Aviation, Rail, Infrastructure and Investments, representing the operational and reporting structure of the business.

Earnings per Share

Earnings per share from underlying continuing operations were 5.0p (2015: 2.6p).

Dividends and Share Disposals	**2016**	**2015**
Interim per share	2.0p	2.0p
Final per share	4.0p	4.0p
Total per share	**6.0p**	**6.0p**

The Board is proposing to maintain the dividend level with a final dividend of 4.0p per share which, subject to approval of shareholders, will be payable to investors on the record date of 17 June 2016, with an ex-dividend date of 16 June 2016, and will be paid on 8 July 2016.

During the year, the Group sold 16.4 million of its treasury shares for a net amount of £17.4m to fund the purchase of an investment property at Speke. At the year-end there were 10.0 million shares held in treasury.

Balance Sheet	2016 £'m	2015 £'m
Non-current assets	453.3	427.7
Current assets	109.3	101.6
Non-current liabilities	(94.4)	(70.8)
Current liabilities	(54.5)	(52.3)
Net assets	**413.7**	**406.2**

The net asset position has increased by £7.5m to £413.7m.

Non-Current Assets

Property, plant and equipment of £218.0m (2015: £221.9m) has decreased following the sale and leaseback of the distribution centre at Carlisle Airport and the transfer of an owner occupied site to assets held for sale.

During the year £49.1m (2015: £20.6m) of asset investment has been made, comprising the cash purchases of property, plant and equipment and net advances to biomass plant investments. Our expectation, in order to reach our target plan, is to restrict material future investment to the biomass supply chain and other airport works. Based on our current plans, cash funded asset investment should be in the region of £30m over the next three years.

Investment in associates and joint ventures of £62.7m (2015: £57.8m) include the Group's 49% share of the Eddie Stobart Logistics business and 33.3% share of Propius Holdings Limited. Investment property of £47.0m (2015: £20.9m) represents the holding of four (2014: three) properties.

Amounts owed by associates and joint ventures of £13.4m (2015: £10.8m) represent interest bearing loans to renewable energy plant investments in which we also hold equity interests.

Intangible assets of £112.3m (2015: £116.2m) include the Stobart and Eddie Stobart brands, and goodwill which principally relates to the Energy division.

Current Assets and Current Liabilities

Current assets include £44.4m (2015: £43.9m) of development land assets. Excluding these assets, the net current assets at year-end total £10.3m (2015: £5.4m).

Debt and Gearing

	2016	2015
Net debt – asset finance	£31.4m	£24.8m
– other	£16.6m	(£5.7m)
Underlying EBITDA/underlying interest	31.2	10.3
Gearing	11.6%	4.7%
Operating lease commitments as lessee	£48.0m	£24.8m
Operating lease rentals receivable as lessor	£41.5m	£31.4m

The Group has drawn £27.0m of the £50.0m variable rate committed revolving credit facility with Lloyds Bank plc with an end date of January 2019.

Operating lease commitments have increased in the year, mainly due to a new lease that was signed on a distribution centre at Carlisle Airport, with 83% of the annual rental cost offset by income from third party sublease agreements.

Cash Flow

	2016 **£'m**	**2015** **£'m**
Operating cash flow	3.4	(10.8)
Investing activities	(13.6)	200.1
Financing activities	14.3	(193.1)
Increase/(decrease) in the year	4.1	(3.8)
At beginning of year	5.7	9.5
Cash at end of year	**9.8**	**5.7**

The Group received £3.2m of overpaid corporation taxes in respect of prior years.

Net cash outflow from investing activities included the Speke investment property acquisition (£17.6m), loans advanced to energy plant associates and joint ventures (£3.8m), capital expenditure at Carlisle Airport distribution centre development (£11.6m) and biomass processing site at Pollington (£9.0m). These outflows were offset by net proceeds from the disposal of two properties (£7.4m), net proceeds from sale and leaseback of the Carlisle Airport development (£16.7m) and dividends from our joint venture interest in Propius Holdings (£4.3m).

Net cash flow from financing activities included the net drawn down of £26.8m from Lloyds RCF, £8.4m repayment of finance leases, dividends paid of £19.7m and net proceeds from the disposal of treasury shares of £17.4m.

Ben Whawell

Consolidated Income Statement
For the year ended 29 February 2016

	Year ended 29 February 2016			Year ended 28 February 2015		
	Underlying £'000	Non-underlying £'000	Total £'000	Underlying £'000	Non-underlying £'000	Total £'000
Continuing operations						
Revenue	126,730	-	126,730	116,642	-	116,642
Gain in value/profit on disposal of investment properties	8,441	-	8,441	1,365	-	1,365
(Loss)/gain on diesel swap	(2,184)	-	(2,184)	104	-	104
Other	(124,785)	(5,547)	(130,332)	(113,819)	(6,403)	(120,222)
Total operating expenses	(118,528)	(5,547)	(124,075)	(112,350)	(6,403)	(118,753)
Share of post-tax profits of associates and joint ventures	11,130	(2,835)	8,295	6,697	(4,190)	2,507
Operating profit/(loss)	**19,332**	**(8,382)**	**10,950**	**10,989**	**(10,593)**	**396**
Finance costs	(2,302)	-	(2,302)	(2,356)	(8,090)	(10,446)
Finance income	1,343	-	1,343	646	-	646
Profit/(loss) before tax	**18,373**	**(8,382)**	**9,991**	**9,279**	**(18,683)**	**(9,404)**
Tax	(2,124)	927	(1,197)	(652)	2,045	1,393
Profit/(loss) from continuing operations	**16,249**	**(7,455)**	**8,794**	**8,627**	**(16,638)**	**(8,011)**
Discontinued operations						
(Loss)/profit from discontinued operation, net of tax	-	-	-	(3,713)	10,563	6,850
Profit/(loss) for the year	**16,249**	**(7,455)**	**8,794**	**4,914**	**(6,075)**	**(1,161)**

	Year ended 29 February 2016		Year ended 28 February 2015	
	Underlying	Total	Underlying	Total
Earnings/(loss) per share – Continuing operations				
Basic	4.95p	2.68p	2.61p	(2.43)p
Diluted	4.94p	2.68p	2.61p	(2.43)p
Earnings/(loss) per share - Total				
Basic	4.95p	2.68p	1.49p	(0.35)p
Diluted	4.94p	2.68p	1.49p	(0.35)p

Consolidated Statement of Comprehensive Income
For the year ended 29 February 2016

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Profit/(loss) for the year	**8,794**	**(1,161)**
Cash flow hedge	-	120
Cash flow hedge – items recycled to income statement	-	207
Foreign currency translation differences – equity accounted joint ventures	1,564	(406)
Pension valuation – equity accounted associates	-	(254)
Interest rate swap – equity accounted associates	-	(779)
Foreign currency translation differences – equity accounted associates	(727)	(610)
Foreign currency translation differences – items recycled to income statement	-	458
Discontinued operations, net of tax, relating to exchange differences	-	48
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent years, net of tax	**837**	**(1,216)**
Remeasurement of defined benefit plan	(681)	(98)
Tax on items relating to components of other comprehensive income	60	20
Other comprehensive expense not being reclassified to profit or loss in subsequent years, net of tax	**(621)**	**(78)**
Other comprehensive income/(expense) for the year, net of tax	**216**	**(1,294)**
Total comprehensive income/(expense) for the year	**9,010**	**(2,455)**

Consolidated Statement of Financial Position
As at 29 February 2016

	29 February 2016 £'000	28 February 2015 £'000
Non-current assets		
Property, plant and equipment		
- Land and buildings	169,327	179,401
- Plant and machinery	28,246	23,411
- Fixtures, fittings and equipment	705	1,001
- Commercial vehicles	19,689	18,102
	217,967	221,915
Investment in associates and joint ventures	62,699	57,828
Investment property	46,965	20,926
Intangible assets	112,296	116,234
Trade and other receivables	13,401	10,828
	453,328	**427,731**
Current assets		
Inventories	45,083	46,152
Trade and other receivables	48,950	42,421
Cash and cash equivalents	9,858	5,716
Assets held for sale	5,354	7,375
	109,245	**101,664**
Total assets	**562,573**	**529,395**
Non-current liabilities		
Loans and borrowings	(48,892)	(17,497)
Defined benefit pension scheme	(2,708)	(2,332)
Other liabilities	(19,786)	(24,903)
Deferred tax	(18,290)	(20,362)
Provisions	(4,699)	(5,720)
	(94,375)	**(70,814)**
Current liabilities		
Trade and other payables	(38,239)	(43,853)
Loans and borrowings	(8,958)	(7,282)
Corporation tax	(7,090)	(713)
Provisions	(242)	(485)
	(54,529)	**(52,333)**
Total liabilities	**(148,904)**	**(123,147)**
Net assets	**413,669**	**406,248**
Capital and reserves		
Issued share capital	35,434	35,434
Share premium	301,326	301,326
Foreign currency exchange reserve	(179)	(1,016)
Reserve for own shares held by employee benefit trust	(330)	(330)
Retained earnings	77,418	70,834
Group shareholders' equity	**413,669**	**406,248**

Consolidated Statement of Changes in Equity

For the year ended 29 February 2016

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2015	35,434	301,326	(1,016)	(330)	70,834	406,248
Profit for the year	-	-	-	-	8,794	8,794
Other comprehensive income/(expense) for the year	-	-	837	-	(621)	216
Total comprehensive income/(expense) for the year	-	-	837	-	8,173	9,010
Share-based payment credit	-	-	-	-	648	648
Tax on share-based payment credit	-	-	-	-	79	79
Sale of treasury shares	-	-	-	-	17,360	17,360
Dividends	-	-	-	-	(19,676)	(19,676)
Balance at 29 February 2016	**35,434**	**301,326**	**(179)**	**(330)**	**77,418**	**413,669**

Consolidated Statement of Changes in Equity

For the year ended 28 February 2015

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 March 2014	35,434	301,326	(506)	(408)	(327)	125,606	461,125	13	461,138
Loss for the year	-	-	-	-	-	(1,161)	(1,161)	-	(1,161)
Other comprehensive (expense)/income for the year	-	-	(510)	-	327	(1,111)	(1,294)	-	(1,294)
Total comprehensive (expense)/income for the year	-	-	(510)	-	327	(2,272)	(2,455)	-	(2,455)
Employee benefit trust shares granted	-	-	-	78	-	-	78	-	78
Share-based payment credit	-	-	-	-	-	1,966	1,966	-	1,966
Tax on share-based payment credit	-	-	-	-	-	106	106	-	106
Purchase of treasury shares	-	-	-	-	-	(34,764)	(34,764)	-	(34,764)
Disposal of minority interest	-	-	-	-	-	-	-	(13)	(13)
Dividends	-	-	-	-	-	(19,808)	(19,808)	-	(19,808)
Balance at 28 February 2015	**35,434**	**301,326**	**(1,016)**	**(330)**	**-**	**70,834**	**406,248**	**-**	**406,248**

Consolidated Statement of Cash Flows

For the year ended 29 February 2016

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Cash generated from continuing operations	**159**	**5,832**
Cash outflow from discontinued operations	-	(16,669)
Income taxes refunded/(paid)	3,246	(10)
Net cash inflow/(outflow) from operating activities	**3,405**	**(10,847)**
Purchase of property, plant and equipment and investment property	(45,283)	(10,145)
Proceeds from grants	-	607
Proceeds from the sale of property, plant and equipment and investment property	7,340	15,660
Proceeds from disposal of assets held for sale	7,359	12,830
Proceeds from disposal of subsidiary undertaking (net of fees)	-	175,894
Proceeds from sale and leaseback (net of fees)	16,769	-
Proceeds from issue of licence premium	-	13,700
Equity investment in joint ventures	-	(1,439)
Distributions from joint ventures	4,264	2,874
Net amounts advanced to joint ventures	(3,768)	(10,444)
Other loans advanced	(300)	(300)
Interest received	29	549
Cash inflow from discontinued operations	-	349
Net cash (outflow)/inflow from investing activities	**(13,590)**	**200,135**
Dividend paid on ordinary shares	(19,676)	(19,808)
Repayment of capital element of finance leases	(8,402)	(4,939)
Proceeds from new borrowings	-	14,332
Repayment of borrowings	-	(143,589)
Net drawdown from revolving credit facility	26,812	-
Sale/(purchase) of treasury shares, net of costs	17,360	(34,764)
Interest paid – underlying	(1,767)	(2,105)
Interest paid – non-underlying	-	(1,278)
Cash outflow from discontinued operations	-	(907)
Net cash inflow/(outflow) from financing activities	**14,327**	**(193,058)**
Increase/(decrease) in cash and cash equivalents	4,142	(3,770)
Cash and cash equivalents at beginning of year	5,716	9,486
Cash and cash equivalents at end of year	**9,858**	**5,716**
Restricted cash movements		
Cash and cash equivalents at beginning of year	-	68,130
Repayment of borrowings	-	(64,130)
Interest paid – non-underlying	-	(4,000)
Decrease in cash and cash equivalents	-	(68,130)
Restricted cash at end of year	-	-
Total cash and cash equivalents at end of year	**9,858**	**5,716**

Notes to the Consolidated Financial Statements
For the year ended 29 February 2016

Accounting Policies of Stobart Group Limited

Basis of preparation and statement of compliance

The financial information set out in this preliminary announcement is derived from but does not contitute the Group's statutory accounts for the year ended 29 February 2016 and year ended 28 February 2015 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.

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.

Going Concern

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

The Group has considerable financial resources, together with contracts with a number of customers and suppliers. The financial forecasts show that the Group's remaining borrowing facilities are adequate such that the Group can operate within these facilities and meet its obligations when they fall due for at least 12 months.

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.

Segmental Information

The reportable segment structure is determined by nature of operations and services. The operating segments are Stobart Energy, Stobart Aviation, Stobart Rail, Stobart Investments and Stobart Infrastructure.

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

The Stobart Aviation segment specialises in operation of commercial airports and includes a joint venture investment in an airline.

The Stobart Rail segment specialises in delivering internal and external civil engineering development projects including rail network operations.

The Stobart Investments segment holds non-controlling interests in a transport and distribution business and an aircraft leasing business.

The Stobart Infrastructure segment specialises in management, development and realisation of a portfolio of property assets as well as investments in energy plants.

The Executive Directors are regarded as the Chief Operating Decision Maker. The Directors monitor the results of each business unit separately for the purposes of making decisions about resource allocation and performance assessment. The main segmental profit measure is earnings before interest, tax, diesel swap, depreciation and amortisation and is shown before non-underlying items. The airport land and buildings, and associated depreciation, were included in the infrastructure segment in the segmental note in the prior year's Annual Report but have been included in the Aviation segment in the segmental analysis this year and the prior year figures restated to be consistent. This is considered to better reflect the management of the business.

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

Year ended 29 February 2016	**Energy £'000**	**Aviation £'000**	**Rail £'000**	**Investments £'000**	**Infrastructure £'000**	**Adjustments and eliminations £'000**	**Group £'000**
Revenue							
External	66,009	22,864	28,783	-	4,090	4,984	126,730
Internal	7,439	11	17,374	-	219	(25,043)	-
Total revenue	**73,448**	**22,875**	**46,157**	**-**	**4,309**	**(20,059)**	**126,730**
Underlying EBITDA	**9,085**	**2,300**	**3,393**	**11,145**	**10,459**	**(6,431)**	**29,951**
Underlying profit/(loss) before tax	6,154	(1,837)	1,901	11,145	11,417	(10,407)	18,373

New business and new contract set up costs	(1,214)
Transaction costs	(395)
Amortisation of acquired intangibles	(3,938)
Non-underlying items included in share of post-tax profits of associates and joint ventures	(2,835)
Profit on continuing operations before tax	**9,991**

Restated Year ended 28 February 2015	**Energy £'000**	**Aviation £'000**	**Rail £'000**	**Investments £'000**	**Infrastructure £'000**	**Adjustments and eliminations £'000**	**Group £'000**
Revenue							
External	61,894	23,627	21,086	-	4,657	5,378	116,642
Internal	6,476	-	6,946	-	330	(13,752)	-
Total revenue	**68,370**	**23,627**	**28,032**	**-**	**4,987**	**(8,374)**	**116,642**
Underlying EBITDA	**7,765**	**1,439**	**2,826**	**6,792**	**4,032**	**(5,218)**	**17,636**
Underlying profit/(loss) before tax	6,567	(2,634)	1,205	6,792	3,566	(6,217)	9,279

New business and new contract set up costs	(779)
Restructuring costs	(1,685)
Amortisation of acquired intangibles	(3,939)
Non-underlying finance costs	(8,090)
Non-underlying items included in share of post-tax profits of associates and joint ventures	(4,190)
Loss on continuing operations before tax	**(9,404)**

No segmental assets or liabilities information is disclosed because no such information is regularly provided to, or reviewed by, the Chief Operating Decision Maker.

Inter-segment revenues are eliminated on consolidation.

Included in adjustments and eliminations are net central costs of £10,257,000 (2015: £6,504,000) and an intra-group profit of £150,000 (2015: loss £287,000). There is also external income within adjustments and eliminations which comprises brand licence income, merchandising income and income from other business services.

Non-Underlying Items

Non-underlying items included in the Consolidated Income Statement comprise the following:

Operating expenses - other	**2016** **£'000**	**2015** **£'000**
New business and new contract set up costs	1,214	779
Transaction costs	395	-
Restructuring costs	-	1,685
Amortisation of acquired intangibles	3,938	3,939
	5,547	**6,403**

Share of post-tax profits of associates and joint ventures	**2016** **£'000**	**2015** **£'000**
Transaction costs	-	704
Restructuring costs	-	886
Amortisation of acquired intangibles	2,835	2,600
	2,835	**4,190**

New business and new contract set up costs comprise costs of investing in major new business areas or major new contracts to commence or accelerate development of our business presence. These costs include marketing costs, establishment costs, legal and professional fees, losses and certain staff and training costs. The costs in the current year were in relation to the development of business at London Southend Airport.

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

Restructuring costs comprise costs of integration plans and other business reorganisation and restructuring undertaken by management. Costs include cost rationalisation, site closure costs, certain short-term duplicated costs and other costs related to the reorganisation and integration of businesses. These are principally expected to be one off in nature. The costs in the prior year were principally in relation to site restructuring in Stobart Energy and restructuring the terminal security operations at London Southend Airport.

Amortisation of acquired intangibles comprises the amortisation of intangible assets including those identified as fair value adjustments in acquisition accounting. The charge in the year is principally in connection with amortisation of the brand assets.

Non-underlying items included in the share of post-tax profits of associates and joint ventures all relate to the investment in Greenwhitestar Holding Company 1 Limited. Amortisation of acquired intangibles includes amortisation of the customer relationships. Transaction costs in the prior year relate to the partial disposal transaction and restructuring costs include costs of the restructuring of the Automotive business.

Non-underlying finance costs in the prior year of £8,090,000, which are not included above, comprise the costs associated with the early repayment of debt balances. Costs include repayment fees, associated issue costs written off and directly related professional fees. The costs were incurred in connection with the repayment of a £100,000,000 variable rate loan with M&G Investment Management Limited and repayment of a substantial proportion of a property loan with GE Real Estate Finance Limited.

Dividends

Dividends paid on ordinary shares	**2016 Rate p**	**2016 £'000**	**2015 Rate p**	**2015 £'000**
Interim dividend paid 4 December 2015	2.0	6,559	-	-
Final dividend for 2015 paid 3 July 2015	4.0	13,117	-	-
Interim dividend paid 5 December 2014	-	-	2.0	6,559
Final dividend for 2014 paid 4 July 2014	-	-	4.0	13,249
	6.0	**19,676**	**6.0**	**19,808**

A final dividend of 4.0p per share totalling £13,772,885 was declared on 12 May 2016 and subject to shareholder approval will be paid on 8 July 2016. This is not recognised as a liability as at 29 February 2016.

Financial Assets and Liabilities

Loans and borrowings	**2016 £'000**	**2015 £'000**
Non-current		
Fixed rate:		
- Obligations under finance leases and hire purchase contracts	6,608	6,045
Variable rate:		
- Obligations under finance leases and hire purchase contracts	15,902	11,452
- Bank loans	26,382	-
	48,892	**17,497**
Current		
Fixed rate:		
- Obligations under finance leases and hire purchase contracts	2,295	2,559
Variable rate:		
- Obligations under finance leases and hire purchase contracts	6,663	4,723
	8,958	**7,282**
Total loans and borrowings	**57,850**	**24,779**
Cash	9,858	5,716
Net debt	**47,992**	**19,063**

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.

During the prior year, a £100,000,000 variable rate Group finance arrangement was fully repaid on 11 April 2014 and a £74,864,000 property loan was repaid on 9 January 2015. There was also £15,000,000 drawn on a £20,000,000 variable rate committed revolving credit facility with a facility end date of February 2016 that was fully repaid on 26 January 2015. This was replaced with a new £50,000,000 variable rate committed revolving credit facility with a facility end date of January 2019, which was drawn at £27,000,000 (2015: £nil) at the year end.

Non-underlying finance costs of £nil (2015: £8,090,000) includes the early repayment fees payable in connection with the two substantial repayments set out above as well as the write off of the debt issue costs carried in relation to the repaid amounts.

Loan notes were issued in connection with the acquisition of Stobart Biomass Products Limited on 19 May 2011. During the prior year, these loan notes were fully repaid on 5 March 2014.

The Group was in compliance with financial covenants throughout both the current and prior year.

Note to the Consolidated Cash Flow Statement

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Profit/(loss) before tax from continuing operations	**9,991**	**(9,404)**
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Non-cash:		
Gain in value of investment properties	(8,441)	(1,292)
Realised profit on sale of property, plant and equipment and investment properties	(183)	(305)
Share of post-tax profits of associates and joint ventures accounted for using the equity method	(8,295)	(2,507)
Loss on disposal of/loss in value of assets held for sale	16	67
Profit on sale and leaseback	(1,893)	-
Depreciation of property, plant and equipment	8,435	6,751
Finance income	(1,343)	(646)
Finance costs	2,302	2,356
Finance costs – non-underlying	-	8,090
Release of grant income	(302)	(277)
Amortisation of intangibles	3,938	3,939
Share option charge	648	523
Loss/(gain) on diesel swap mark to market valuation	1,497	(116)
Working capital adjustments:		
Decrease/(increase) in inventories	1,535	(94)
Increase in trade and other receivables	(3,747)	(14,493)
(Decrease)/increase in trade and other payables	(3,999)	13,240
Cash generated from continuing operations	**159**	**5,832**

Related Parties

Relationships of Common Control or Significant Influence

WA Developments International Limited is owned by W A Tinkler. During the year, the Group levied recharges of £41,000 (2015: £150,000) relating to the recovery of staff costs and expenses to WA Developments International Limited. £nil (2015: £nil) was due from and £nil (2015: £nil) was due to WA Developments International Limited at the year end.

Apollo Air Services Limited is owned by W A Tinkler. During the year, the Group made purchases of £525,000 (2015: £452,000) relating to the provision of passenger transport and sales of £19,000 (2015: £17,000) relating to fuel to Apollo Air Services Limited. £nil (2015: £32,000) was owed by the Group and £nil (2015: £2,000) was owed to the Group by this company at the year end.

During the year, the Group made purchases of £4,000 (2015: £nil) and sales of £54,000 (2015: £9,000) to WA Tinkler Racing, a business owned by W A Tinkler, for the provision of advertising services. £nil (2015: £nil) was owed to the Group and £nil (2015: £nil) was owed from the Group at the year end.

During the year, a number of close family members of WA Tinkler were employed by the Group. The total emoluments of those close family members, including benefits provided as part of their employment, amounted to £53,000 (2015: £48,000).

Associates and Joint Ventures

Since the partial disposal of the Transport and Distribution business, there have been a number of transactions with the Group headed by Greenwhitestar Holding Company 1 Limited, an associate interest, which owns Eddie Stobart Logistics Limited. During the year, the Group made sales of £11,962,000 (2015: £7,298,000), mainly relating to cost recharges, (see below) and purchases of £5,160,000 (2015: £17,986,000), mainly relating to haulage costs and cost recharges (see below). A balance of £475,000 (2015: £1,254,000) was owed by the Group and £684,000 (2015: £1,124,000) was owed to the Group at the year end. These balances are shown within current trade and other receivables/payables.

The Group and members of the Group headed by Greenwhitestar Holding Company 1 Limited operated under a transitional services agreement for a period following the partial disposal. This agreement details recharges for shared services; significant examples are time apportioned staff costs, truck and trailer hire costs, property leases, office space rental charges, fuel and car costs, IT hardware and software costs and payroll processing costs.

The Group has no loans outstanding from its joint venture interest, Convoy Limited. The loan was fully repaid during the prior year and was accounted for as an equity investment in associates and joint ventures. The repayment in the prior year is part of the distributions received in the reconciliation of investments.

The Group had loans, not part of the net investment, outstanding from companies within the Group headed by its joint venture interest, Everdeal Holdings Limited, with a book value of £6,538,000 (2015: £6,538,000) at the year end. The loans are unsecured, will be settled in cash and are due for repayment at the Group's discretion. During the year, the Group made sales of £nil (2015: £1,828,000) to a 100% subsidiary of Everdeal Holdings Limited. A balance of £nil (2015: £140,000) was owed to the Group at the year end. The balances are disclosed as part of trade and other receivables.

The Group had loans, not part of the net investment, outstanding from its associate interest, Shuban Power Limited, of £5,250,000 (2015: £5,122,000) at the year end, disclosed within trade and other receivables in non-current assets. The interest outstanding at the year end was £1,055,000 (2015: £662,000) and is disclosed within trade and other receivables. The loans are unsecured, will be settled in cash and have no fixed repayment date.

The Group had loans, not part of the net investment, outstanding from its associate interest, Shuban 6 Limited, of £849,000 (2015: £802,000) at the year end, disclosed within trade and other receivables in non-current assets. The interest outstanding at the year end was £45,000 (2015: £22,000) and is disclosed within trade and other receivables. The loans are unsecured, will be settled in cash and have no fixed repayment date.

The Group has loans, not part of the net investment, outstanding from its associate interest, Mersey Bioenergy Holdings Limited, of £7,302,000 (2015: £3,758,000) at the year end. This balance is disclosed within trade and other receivables in non-current assets. The interest outstanding at the year end was £838,000 (2015: £nil) and is disclosed within trade and other receivables. The loans are unsecured, have a ten-year term ending in November 2024 and will be settled in cash. During the year, the Group made sales of £nil (2015: £2,200,000), and purchases of £nil (2015: £100,000) from its associate interest, Mersey Bioenergy Holdings Limited, of which £nil (2015: £nil) was outstanding at the year end.

During the prior year, in April 2014, the Group acquired a controlling interest in Stobart Barristers Limited.

There were no other balances between the Group and its joint ventures and associates during the current or prior year.

All loans are unsecured and all sales and purchases are settled in cash on the Group’s standard commercial terms.

Post Balance Sheet Events

There were no events after the reporting period that are material for disclosure in the financial statements.