

STOBART GROUP LIMITED

12 May 2008

PRELIMINARY RESULTS

For the Fourteen Months Ended 29 February 2008

Stobart Group, one of the UK's leading providers of multimodal transport and logistics solutions, today announces its preliminary results for the fourteen months ended 29 February 2008.

Operational Highlights

- Successful merger of Westbury Property Fund Limited and Eddie Stobart Limited to create Stobart Group Limited
- Acquisition and integration of O'Connor Group, a leading inland container terminal
- Disposal of significant majority of property portfolio completing transition to logistics operations
- Acquisition of James Irlam & Sons and WA Developments Ltd, post the year end
- Strong growth in core operating subsidiaries of Eddie Stobart Group Limited and O'Connor Group

Financial Highlights

- Continuing activities revenue of £108.8m
- Earnings after fleet financing costs (EAFFC) of £5.4m
- EAFFC of £9.5m in Eddie Stobart Group Ltd and £2.5m in O'Connor Group (before exceptional cost) for the 14 month period
- Profit before tax £3.5m
- Final Dividend 5.3pence per ordinary share, giving a total dividend for the year of 8.0 pence

Andrew Tinkler, Chief Executive of Stobart Group, said:

"The last financial period has been one of enormous change for our Group. Stobart Group was formed through merger in September 2007 when the Group, previously named The Westbury Property Fund Limited acquired Stobart Holdings Ltd. This presented us with the opportunity to create an innovative multimodal logistics Group utilising the existing road and rail expertise of Stobart and combining them with the existing rail and port assets of Westbury.

We are pleased to announce that results are in line with management expectations. With the transition from property company to operating logistics business now complete, we turn to the next stage in our Group's development.

“Following the year end, the Group announced the acquisitions of James Irlam & Sons Ltd and W A Developments Ltd. Integration of both of these companies into the Group continues on track. The Board is confident that these acquisitions will enable the Group to deliver further strong profit growth in the next financial year.

“We are resolute in our aim to become one of the UK’s leading providers of fully integrated multimodal transport and logistics services in the UK. We will achieve this through ensuring the continued satisfaction of our customers whilst continuing to develop and enhance value for our shareholders.”

-Ends-

There will be a meeting for analysts at 09.30 at the London Stock Exchange, Paternoster Square, 10 Paternoster Square London EC4M 7LS. If you would like to attend, please contact Harshna Brahmabhatt at Lansons Communications on 020 7294 3610 or harshnab@lansons.com.

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Chairman's Statement

Performance

In the period ended 29 February 2008 revenue from continuing operations was £108.8 million and profit before tax was £3.5 million following strong performances from the principal operating businesses of Eddie Stobart Ltd and O'Connor Group.

An interim dividend of 2.7 pence was paid in October 2007. The Board is proposing a final dividend of 5.3 pence per ordinary share bringing the total dividend for the year to 8.0 pence. The final dividend will be paid to shareholders on 23 June 2008.

The majority of our property portfolio was disposed of at the time of the merger; the Group retains a small number of joint-venture property interests and one investment property. The Board considers these joint-venture and investment property interests to be non-core activities and plans their disposal as markets present profitable opportunities.

Board appointments

In March 2008, we announced the appointment of Andrew Tinkler as Chief Executive Officer, William Stobart as Chief Operating Officer and Ben Whawell as Chief Financial Officer, all joining the Group Board. In addition, Richard Burrell, Michael Kayser and Nigel Rawlings have joined the Board as Non-Executive Directors.

These appointments bring a great deal of experience and expertise to the Group and will ensure it is well placed to meet future challenges and opportunities. William Kay and Iain Stokes stepped down from the Board at the end of February after guiding the business through a very successful period. We would like to thank them both for their contribution.

In April 2008, following the acquisition of James Irlam & Sons, we further strengthened the Group Board by appointing David Irlam as an Executive Director.

Outlook

Our strategy is to focus on our core skills of multimodal transport and logistics. Over the last year we have made important steps towards establishing Stobart Group as the UK's leading multimodal transport and logistics provider.

The acquisition of James Irlam & Sons and WA Developments in April 2008 increased our customer base and broadened our multimodal capabilities. To finance the transactions and provide funding for other opportunities, the Group raised £75 million through placing an open share offer. The Board is confident that these acquisitions will enable the Group to deliver further strong profit growth in the next financial year.

Rodney Baker-Bates, Non-Executive Chairman

Chief Executive Officer's Statement

The last fourteen months have seen a step-change. The Westbury/Stobart merger presented us with the opportunity to create an innovative multimodal logistics Group.

We have now successfully made this key transition from a property company to an operations company focused on multimodal transport and logistic solutions.

Following the year end in April 2008, the Group made a number of acquisitions, including James Irlam & Sons and WA Developments. The acquisition of James Irlam & Sons, a long-established logistics business operating in the same market as Stobart, adds significantly to the scale of the Group's core road transport and logistics operations and brings new customers and a strong team of operational managers on board.

WA Developments, a rail infrastructure engineering business, brings vital engineering expertise for our planned rail and ports developments. The Group also acquired the option to purchase Carlisle Airport, which provides the opportunity of consolidating our operations in Carlisle into a new purpose-built logistics centre and the potential for aviation activities.

We commenced operations in Ireland through our acquisition of TDG's trailer business; whilst small in value, this acquisition gives us a significant foot-hold for the development of business in Ireland.

Vision

Our vision is clear; over the medium term, we aim to become the leading multimodal provider of transport and logistics solutions in the UK. We will achieve this through the quality of our people, the satisfaction of our customers and the confidence of our investors.

Following our recent period of rapid growth, it is now important to ensure we deliver operational synergies through the integration and consolidation of our systems. It is important to learn to walk before we start to run, and to ensure that changes do not impact negatively on the high standards of service to our customers. The Group's sustained organic growth will come through building trust and confidence with our customers and through the ability to create value and deliver efficiency.

Leadership

Ensuring that the right leadership is embedded throughout the Group will be a key priority for us over the next financial year. Our continued success will depend on the ability to retain key employees who will drive the integration and motivation of our Group.

The Group has strength and depth in its Operational Management Team and skills are shared and aligned to ensure business continuity is maintained. In our view it is important to ensure that everyone understands their role and the importance of their personal contribution to Group performance.

It will be equally important to provide our people with the right levels of support and opportunities to develop their full potential within the Group.

Marketplace

There is an increasing requirement for an integrated international approach to service large multi-national businesses. Large transport companies are leading the way in the delivery of multimodal solutions, extending the range of services across the supply chain. The last decade has seen significant growth in third party logistics solutions as customers look to drive down costs by focusing on core skills.

The boundaries that shape Europe are also widening with the EU's expansion south and eastward; businesses are now trading more freely outside their own national markets. An expanding Europe is creating further trading lanes across more marketplaces; so undoubtedly transport is a growth industry with a future that we believe lies firmly in multimodal transport and logistics solutions.

Strategy

Stobart Group's strategy is to focus on its core skills and align its resources to achieve efficiencies. Multimodal transport and logistics solutions offer our customers commercial and environmental benefits. At the core of this approach is the optimisation of our fleet, cutting environmental waste (empty miles) and reducing our carbon footprint.

Stobart Group will continue to invest in its port and rail operations linked to the existing haulage network to create fully inter-modal port facilities capable of handling significant cargo volumes with road, rail, sea and inland waterway access. Earlier this year we received a Harbour Revision Order enabling us to create a fully functioning bulk shipping and coastal feeder port in the north west. The Group aims to further develop transport and logistics operations in Ireland and Europe and will explore these opportunities with both current and new customers.

Key Performance Indicators

Our strategy is supported by a small number of Key Performance Indicators (KPI's) as shown below. The environmental KPI's relate to our operations in Eddie Stobart Ltd and performance indicators in O'Connor's and James Irlam & Son will also be included as we integrate these. Over the next year we will assess our KPI's to ensure they are relevant, integrated into our business plan and are linked to reward.

Key Performance Indicators	During the period to 29.02.08
Business Revenue from continuing operations	£108.8m
Earnings After Fleet Financing Costs EAFFC	£5.4m
Earnings per Share from continuing operations	2.32 pence
Fleet Utilisation for Eddie Stobart Ltd Fleet	82.1%
EURO 4 Compliance For Eddie Stobart Ltd Fleet	56.0%

Key strengths

Stobart's key strengths lie in the quality of its brand, people, assets and systems.

Costing Model: 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. The goal of our new costing model is to gain an up-front commitment to share in the savings derived from running a more efficient transport network. This strategy is aimed at maintaining long-term relationships with customers through transparency in charges and has already proved popular with existing and new customers.

Systems: The Group operates an integrated approach to planning fleet movements and strategically source complimentary contracts to maximise fleet utilisation. As a result, consistency of customer service is maintained and higher returns are achieved. The effective use of the large Stobart fleet is supported by significant investment in vehicle tracking and scheduling systems and the experience of our Planning Department.

People: Stobart Group has an experienced and motivated workforce from the Board down. Our employees already demonstrate pride in working for us and we ensure employees are given comfortable uniforms and the best equipment to enable them to carry out their duties. The Group is committed to training and developing its people. The Group is also working with the University of Cumbria to develop higher education and degree programmes in Transport and Logistics.

Brand: The Group operates throughout the UK and Europe, with the 'Stobart' brand being particularly strong within the UK logistics industry, where the Group has a large number of blue-chip customers. This client base has been built through the values of trust and quality. The brand also has a strong resonance and appeal with the general public. We draw support through our national 'Spotters' fan club, and will continue to develop our brand, making it a key differentiator with customers, investors and employees.

Challenges

The Group recognises that it needs to balance its undertakings with the risks presented externally and internally. Our management team has developed a risk management process and outputs are monitored by our Board.

Sustainable business practice

Stobart Group is aware of the impact of its operations on the environment and in the communities in which it operates. An example of this is the huge investment we have made in the Eddie Stobart fleet to ensure engine emissions are minimised. At the year ended February 2008, 56 per cent of the fleet was Euro 4 compliant, with the average truck age being 18 months. Active management of our environmental, social and economic impacts helps the Group to work in a way which is ethical whilst balancing the needs of our stakeholders.

We have made good progress in the areas of environmental, health and safety and management training. Although we accept that there is still more to do and the management team and I are committed to delivering further improvements in this area.

Planning for the future

To summarise, Stobart Group is in good shape to create opportunities for its employees, value for its shareholders and savings for its customers. The management team and I look forward to leading the Group through the exciting phase in its development that lies ahead.

Andrew Tinkler, Chief Executive Officer

Stobart Group – Business Overview

In the 1970s Eddie Stobart built its high profile brand on the courtesy of its drivers, the quality of its fleet and exceptional service. These benchmark standards remain important, but we also understand the customer service, employment practices and environmental challenges that face modern business today.

Over the last few years the Group has evolved beyond its position as an independent road transport and logistics business to a leading UK provider of multimodal transport and logistics solutions. Today Stobart Group delivers outsourced transport and logistics solutions for a wide variety of manufacturing, retail and public-sector customers across the industrial, consumer, food and defence sectors; working in partnership to transform their supply chain structures and optimise their efficiency.

Multimodal transport and logistics solutions

A multimodal transport and logistics solution means providing customers with a choice of the most cost efficient and environmentally friendly solutions available to meet their requirements.

Stobart Group provides a number of multimodal services; road transport, rail freight and ports, distribution and warehousing and infrastructure.

Today, the Group operates over 1,500 trucks, 2,900 trailers as well a rail freight service and a port. It also operates over 4 million square feet of state-of-the-art storage facilities and a rail freight/container handling terminal. Stobart Group employs more than 4,000 people over 30 strategically located sites across the UK and Europe.

Some of our activities are centred on moving goods via road, rail and sea, whilst others are about storing and handling goods, through warehousing, rail terminals and ports.

The Group's engineering infrastructure activities underpin all these services, providing maintenance, specialist manufacturing and construction support. These services are fully integrated and do not function as separate businesses, in many cases they share the same customer base and the same operating sites.

Stobart Group counts many of the UK's leading names amongst its customers, including Tesco, Crown, Knauf, Proctor & Gamble, Maersk, Danone Waters, Coca Cola Enterprises, Johnson & Johnson, Homebase, Nestlé Purina Petcare, Britvic and Masterfoods.

During the period ended 29 February 2008, we successfully retained the transport and distribution contract for Sara Lee Household and Body Care and Douwe Egberts Coffee and Tea and were awarded its UK warehousing contract. This five year contract is worth in the region of £35 million.

In our rail freight operations we successfully negotiated a long-term contract with Maersk that utilises the equivalent of four complete trains of freight each day.

Road transport services

Stobart Group has invested in a huge fleet of over 1,500 trucks and 2,900 trailers, easily the largest own-branded fleet in the UK. The Group takes an integrated approach to traffic planning and strategically pursues complementary contracts that maximise fleet utilisation, whilst maintaining consistently high levels of customer service. Over the past year Eddie Stobart Ltd has achieved average levels of 82 per cent fleet utilisation, meaning just 18 per cent of miles travelled were without a load.

Operating 'shared-user' transport networks is one of our core skills. Drawing on Stobart's strong IT capability has allowed the development of a well-proven unique, systems-driven approach to our shared-user services. As a result the Group delivers the levels of responsiveness, flexibility and transparency normally only associated with dedicated services. Many customers are now

able to make the switch from a dedicated service to Stobart's shared-user system with confidence, making considerable savings and environmental improvements as a result.

Constantly driving hard to deliver improved efficiency and service for our customers, over the past year the Group has introduced a large number of specialist units to its fleet of trailers. These units have contributed significantly to the capability, capacity and efficiency of services carried out; allowing the Group to build and extend its relationship with a number of key customers.

Rail freight and sea services

Stobart recognises the growing demand for energy efficient, low carbon transport solutions; commencing its rail operations in September 2006, today the Group operates an award-winning service for retail giant Tesco.

The Stobart/Tesco train operates between Daventry and Grangemouth five days a week. The service was launched in partnership with Tesco and Direct Rail Services with the aim of delivering cost savings and major environmental benefits. In environmental terms, the ground breaking project is the equivalent of taking 30 trucks off the road each day, saving approximately two million litres of fuel per annum. On the return journey, a fresh set of containers are loaded, packed with a combination of Tesco and other customers' freight to further add to efficiencies and savings.

Rail freight terminal and port services

Stobart provides rail freight terminal services at its 175 acre Widnes site; the location has a substantial purpose-built railhead which offers the potential for significant development in the Group's rail freight activities. The site, which has full container handling facilities, has the capacity to store 6,000 containers and comprises seven rail sidings with approx 3,500m of track.

During the year ended February 2008, the site handled over 70,000 containers. Moving this number of containers by rail instead of road between southern ports and northern England saves in the region of 20 million lorry miles each year and removes 30,000 tonnes of harmful carbon emissions. The site also has substantial secure container storage facilities and further development is taking place to maximise its potential.

The Group's port activities are centred on 'The Port of Weston' at Runcorn in the North West. The 44 acre site is in close proximity to the Group's Widnes rail terminal, potentially enabling sea-road-rail integration with the West Coast Mainline as well as the M62, M6 and M56 motorways and the Manchester Ship Canal.

Stobart Group aims to develop an inter-modal port facility capable of handling significant cargo volumes, closely linked to its existing haulage network to enable freight currently transported by road to be transferred to more environmentally responsible water and rail options. In February 2008, Stobart Group was granted a Harbour Revision Order. This key approval gives the go-ahead to the plans to develop the Port into a fully functioning bulk shipping and coastal feeder port. The order also appoints Westlink Holdings Ltd, a wholly owned subsidiary of the Stobart Group, as the statutory port authority for the Port of Weston.

Rail Infrastructure services

Stobart offers extensive specialist transport infrastructure engineering services. These activities enable the Group to develop its facilities and core operations in an efficient and environmentally

friendly way. Infrastructure services are also provided to third parties and we work extensively for Network Rail.

In addition to playing a key role in the construction of Stobart's Appleton facility, during the past year our infrastructure services have provided an innovative engineering solution to the Group's port facility in Widnes and its fledgling port development in Runcorn.

Distribution and warehousing services

Stobart Group owns and operates around 4 million square feet of warehousing, providing adaptable storage and racking solutions for a wide variety of customers. Services range from arm's length landlord and tenant agreements through to running consolidated distribution centres.

Each Stobart branded warehouse is serviced by a cutting-edge 'Warehouse Management System' (WMS) and the latest hand-held IT equipment. This technology allows tight controls over stock that conform to the most demanding customer traceability requirements. Customers can access real time information on stock through direct, secure electronic access to the WMS. As a wide variety of packaging, building materials and consumer goods are stored at Stobart facilities, sites are maintained to the most stringent safety and hygiene standards.

During the period ended 29 February 2008, Stobart Group exchanged contracts to acquire a further 47 acres of land adjacent to its developing Widnes site; allowing the construction of between 2 to 2.4 million square feet of storage space. Planning permission was secured in December 2007 for the first 1.2 million square feet of warehousing, with future replacement of outdated existing facilities at the site being commissioned in response to current and future customers' needs.

Chief Financial Officer's Statement

Financial Highlights

- Continuing activities revenue of £108.8m
- Earnings after fleet financing costs (EAFFC) of £5.4m
- EAFFC of £9.5m in Eddie Stobart Group Ltd and £2.5m in the O'Connor Group (before exceptional cost) for the 14 month period
- Profit before tax £3.5m
- Final Dividend 5.3pence per ordinary share, giving a total dividend for the year of 8.0 pence

Overview

This financial period has witnessed a complete change in the nature and operations of the Group following the merger of The Westbury Property Fund Limited with the Eddie Stobart Group in September 2007. The transformation from a successful property company into a strong operating contract logistics company makes meaningful comparisons of revenue, profit and dividends impossible.

The merger resulted in a change in year end from 31 December 2007 to 29 February 2008 in line with the Eddie Stobart Group. The period under review is 14 months, but includes only five months of results from the Eddie Stobart and O'Connor Group of companies. These two Groups, in conjunction with the Stobart Pullman (previously named VICTA Westlink) passenger rail service

and other ongoing activities at the Port of Weston and the Widnes Rail Connected Distribution Park (formed via the acquisition of the AHC companies in March 2007), represent the continuing activities of the Stobart Group. Continuing activities delivered revenue of £108.8 million, earnings after fleet financing costs (EAFFC) of £5.4 million and profit before tax of £3.5 million.

The Group's key financial measure is EAFFC, which is calculated by adding non-fleet financing costs of £1.7 million and impairment of investments in joint ventures of £0.2 million to profit before tax of £3.5 million.

This eliminates inconsistencies which can arise in standard industry EBIT (Earnings Before Interest and Tax) due to the method of fleet financing (for example hire purchase agreements rather than operating leases).

The majority of our property portfolio was disposed of at the time of the merger. The remaining joint venture property interests and the rail freight arm of Victa Westlink, which has now ceased are included as discontinued activities.

The core operating subsidiaries of the Stobart Group are Eddie Stobart Group Limited and O'Connor Group. The business performance review for this first financial period will focus on the improvements and growth of these businesses to provide a meaningful insight to the reader.

Strategy

The Group's strategy is to drive and further develop its full multimodal service offering for existing and future customers. Increased revenue will be delivered through organic growth within the core businesses and continued development of existing assets, including the Port of Weston and Widnes. Further revenue growth will be generated through strategic acquisitions supporting the multimodal offering.

Currently, a significant part of the Group's multimodal offering is its road transport services, which has been further enhanced by the acquisition of James Irlam & Sons, and today the Group operates over 1,500 trucks and 2,900 trailers. The road transport services model is based on a partnership approach with our customers designed to drive waste and inefficiencies out of the logistics network. This partnership delivers cost savings to the customer and allows the Group to achieve higher returns than industry standards, in addition to achieving strong environmental performance.

Our innovative costing model drives one of our Key Performance Indicators; our fleet utilisation rate, which stood at an impressive 82 per cent during the last financial period. This compares very favourably with 'open book' operators who work on an inefficient cost-plus-margin pricing method. The acquisition of James Irlam & Sons will allow further improvements in the utilisation of our total road transport fleet through operating efficiencies, further improving our margins and delivering additional savings to our customers.

Rail operations currently form a small part of the Stobart Group with one train service operated five days per week from Daventry to Grangemouth. This innovative type of service, which uses specially designed containers to improve utilisation, is expected to drive growth in revenue and earnings.

Warehousing and distribution services are part of the integrated services and earnings will increase through improved utilisation and further service offering in the 3.9 million square feet under our control. Enhanced earnings will be driven from assets in development which are

currently delivering minimal or no contribution to EAFFC. The key focus will be the development of the Widnes Rail Connected Distribution Park; where planning permission was obtained for 1.2 million square feet of warehousing and the Port of Weston; where the recent Harbour Revision Order will provide the impetus for controlled expansion. In addition, the Group will invest in further strategically acquired rail freight terminal and port operations to drive revenue and earnings.

Group Financial Performance

During the financial period the Group achieved revenue of £117 million from all activities (£108.8 million continuing), with the majority of the revenue derived from the Eddie Stobart and O'Connor Group of companies over a five month period. The Group disposed of all but one of its investment property interests in September 2007 and intends to dispose of its remaining property joint venture interests in the short term as circumstances permit. On this basis, the Group has determined that these operations are now discontinued. In addition, Victa Westlink Rail ceased its rail freight operations in October 2007. This activity is deemed to be discontinued, but we have retained the Stobart Pullman passenger operations.

Continued Activities

Continuing operations produced revenue of £108.8 million, EAFFC of £5.4 million and profit before tax of £3.5 million. EAFFC is stated before movements on values of property and non-property joint ventures, amortisation and central interest costs.

For the period ended 29 February 2008, Eddie Stobart Group witnessed revenue growth of 27 per cent on a like-for-like basis compared with the previous year. During the year there were no contract losses and continued contract gains. Over the last four years the Eddie Stobart Group has grown by over 90 per cent. In addition, it has delivered EAFFC growth of 70 per cent in the current year. The 14 months EAFFC figures are the PBT figures disclosed in note 3 to the preliminary announcement plus central interest plus the exceptional item in O'Connor Group of £1.4 million.

For the period ended 29 February 2008, O'Connor Group also delivered strong growth in revenue of 12 per cent, and EAFFC increased by six per cent.

Discontinued Activities

During the financial period, the discontinued activities provided revenue of £8.1 million and a loss before tax of £30.4 million.

With the exception of one investment property the remaining property portfolio was disposed of in September 2007, resulting in a profit on sale in the financial period of £4.9 million. The discontinued activity generated a loss before tax of £6.4 million, predominantly due to the exceptional cost arising from the termination of the Investment Manager's agreement of £10.6 million. Over the period of ownership the property portfolio delivered significant returns to shareholders and this was an ideal time for the Group to exit the majority of its property interests.

In addition to its investment property interests, the Group had an interest in a number of property joint ventures and has been gradually exiting these arrangements. These are discontinued and generated a loss of £18.4m, primarily due to the reduction in value of the interests during the period. The interest in Mid City Place was realised in July 2007 delivering strong returns over the period of ownership and more recently the Group realised returns from its investments in Ropewalks, Liverpool, Guildford and Ware, Hertfordshire. The Group is committed to exiting at the appropriate time, from its remaining property joint ventures and associates.

In December 2006, Victa Westlink Rail was formed and acquired the rail freight and passenger charter business from FM Rail out of administration. The business was poorly managed and suffered significant losses. Following the merger, the new management team ceased this service but retained the passenger service which was later rebranded Stobart Pullman tours. In the financial period under review, this activity posted losses of £5.6 million after impairment of related goodwill.

Taxation

The Group have a tax charge for the period of £0.7 million; predominantly due to movements on deferred tax. Stobart Group moved to the UK for tax management and control from 1 March 2008.

Balance Sheet, Cash Flow and Net Debt

The Group maintains a strong balance sheet despite the reduction in value of some of the joint venture property interests. The Group's net assets are £209 million with non-fleet related borrowing at only £48 million (this excludes vehicle hire purchase debt in line with the EAFFC performance measure) and gearing is modest. Cash outflow for the period was £48 million which reflects the various transactions undertaken during the period and the changing nature of the business.

Dividend

Historically, as The Westbury Property Fund, the Group paid quarterly dividends in January, April, July and October of 1.5 pence. The Group is now an operating business and will follow a standard interim and final dividend arrangement. An interim dividend was paid in October of 2.7 pence. A final dividend of 5.3 pence per ordinary share is proposed bringing the total dividend for the year to 8.0 pence

The dividend reflects the successful disposal of the property portfolio and although not covered this year, will be maintained until comfortably covered by earnings.

Acquisitions of James Irlam, WA Developments and TDG Ireland

The Group completed the acquisitions of James Irlam & Sons and WA Developments on 4 April 2008. Both businesses will enhance the Group's earnings per share before any synergy savings.

The James Irlam & Sons acquisition will add significantly to the scale of the Group's core road transport and warehousing service streams. The acquisition brings strong management, earnings growth, new customers and complementary routes, giving rise to operational and financial synergies. Stobart Group will introduce its sophisticated transport systems into Irlam operations to drive synergies from the two operations. In addition, the integration process will focus on delivering financial synergies through improved buying power and streamlining operations.

WA Developments has historically delivered strong earnings and margins. Following a difficult period under new management, whilst Andrew Tinkler and William Stobart focused on Eddie Stobart, it has demonstrated a healthy turn around and is once again posting significant earnings which are expected to improve further over the short to medium term.

In addition to the strong independent earnings stream, WA Developments (to be incorporated into Stobart Rail) will provide vital infrastructure management for the development of the Group's rail, water and storage assets. Taking account of the savings from the internalisation of that

development work, the Board consider that the financial benefit of the WA Developments acquisition will be considerable. WA Developments has already identified significant savings on two of the Group's development projects. In March 2008, Stobart Group acquired TDG's trailer business and commenced operations in Ireland. This small acquisition will complement the Group's strategic growth in Europe.

Ben Whawell, Chief Financial Officer

Consolidated Income Statement

for the period ended 29 February 2008

	14 months from 01.01.2007 to 29.02.2008	12 months from 01.01.2006 to 31.12.2006
	£'000	£'000
Revenue	108,840	421
Operating expenses		
- Share based payment	(49)	-
- Other	(102,874)	(906)
	(102,923)	(906)
Operating profit / (loss)	5,917	(485)
Finance costs	(2,761)	(668)
Finance income	365	30
Profit / (loss) before tax	3,521	(1,123)
Income tax	(729)	6
Profit / (loss) for the period from continuing operations	2,792	(1,117)
Discontinued operations	(30,375)	43,894
(Loss) / profit for the period attributable to equity holders of the parent	(27,583)	42,777
Earnings/(loss) per ordinary share		
From continuing operations		
Basic	2.32p	(1.52p)
Diluted	2.32p	(1.52p)
From continuing and discontinued operations		
Basic	(22.92p)	58.29p
Diluted	(22.92p)	58.29p

Consolidated Balance Sheet

for the period ended 29 February 2008

	29.02.2008	31.12.2006
	£'000	£'000
Non-current Assets		
Property, plant and equipment	111,198	11,084
Investment property	3,803	139,446
Intangible assets	162,358	3,813
Investments in associates and joint ventures	161	70,612
Other investments	-	250
	<u>277,520</u>	<u>225,205</u>
Current Assets		
Inventories	1,120	-
Trade and other receivables	44,691	3,292
Cash and cash equivalents	4,519	39,831
	<u>50,330</u>	<u>43,123</u>
Assets of disposal Groups classified as held for sale	25,925	-
	<u>76,255</u>	<u>43,123</u>
Total Assets	<u>353,775</u>	<u>268,328</u>
Non-current Liabilities		
Loans and borrowings	56,950	84,577
Other liabilities	7,484	9,618
Deferred tax liability	21,341	-
	<u>85,775</u>	<u>94,195</u>
Current Liabilities		
Trade and other payables	32,992	4,209
Loans and borrowings	23,451	-
Corporation tax liability	481	-
	<u>56,924</u>	<u>4,209</u>
Liabilities directly associated with the assets classified as held for sale	1,931	-
	<u>58,855</u>	<u>4,209</u>
Total Liabilities	<u>144,630</u>	<u>98,404</u>
	209,145	169,924
Net Assets		
	29.02.2008	31.12.2006
	£'000	£'000
Capital and reserves		
Issued share capital	16,063	10,049
Share premium	70,535	99,925
Foreign currency exchange reserve	(132)	-
Treasury shares	(803)	-
Revaluation reserve	340	340
Retained earnings	123,142	59,610
Total Equity	<u>209,145</u>	<u>169,924</u>

Consolidated Statement of Changes in Equity

for the period ended 29 February 2008

	Attributable to equity holders of the parent						
	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Treasur y shares £'000	Revaluatio n reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2007	10,049	99,925	-	-	340	59,610	169,924
Currency translation differences	-	-	(132)	-	-	-	(132)
Total income and expense for the period recognised directly in equity	-	-	(132)	-	-	-	(132)
Loss for the year	-	-	-	-	-	(27,583)	(27,583)
Total income and expense for the year	-	-	(132)	-	-	(27,583)	(27,715)
Proceeds on share issue	6,014	70,610	-	-	-	-	76,624
Share issue costs	-	(75)	-	-	-	-	(75)
Treasury Shares	-	-	-	(803)	-	-	(803)
Share based payment credit	-	-	-	-	-	49	49
Dividends	-	-	-	-	-	(8,859)	(8,859)
Transfer	-	(99,925)	-	-	-	99,925	-
Balance at 29 February 2008	16,063	70,535	(132)	(803)	340	123,142	209,145

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.

	Attributable to equity holders of the parent						
	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Treasury shares £'000	Revaluatio n reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2006	5,173	39,699	-	-	-	20,823	65,695
Revaluation – gross	-	-	-	-	340	-	340
Total income and expense for the period recognised directly in equity	-	-	-	-	340	-	340
Profit for the year	-	-	-	-	-	42,777	42,777
Total income and expense for the year	-	-	-	-	340	42,777	43,117
Proceeds on share issue	4,876	62,859	-	-	-	-	67,735
Share issue costs	-	(2,633)	-	-	-	-	(2,633)
Dividends paid	-	-	-	-	-	(3,990)	(3,990)
Balance at 31 December 2006	10,049	99,925	-	-	340	59,610	169,924

Consolidated Cash Flow Statement

for the period ended 29 February 2008

	2008 £'000	2006 £'000
Profit / (loss) before tax on continuing operations	3,521	(1,123)
(Loss) / profit before tax on discontinued operations	(30,465)	43,894
(Loss) / profit before tax	(26,944)	42,771
Adjustments to reconcile (loss) / profit before tax to net cash flows:		
<i>Non-cash:</i>		
Realised (profit) / loss on sale of investment properties	(4,418)	15
Movement in unrealised gain on revaluation of investment properties	-	(12,678)
Realised profit on sale of property, plant and equipment	(1,057)	-
Share of losses / (profits) after taxation of associates and joint ventures	18,449	(37,990)
Depreciation of property, plant and equipment	5,963	13
Investment income	(1,536)	(2,296)
Interest expense	6,176	5,278
Amortisation of income share issue costs	34	29
Amortisation of loan issue cost	428	107
Amortisation of intangibles	1,035	-
Share option charge	49	-
Performance fee – share based payment	9,287	-
<i>Working capital adjustments:</i>		
Increase in inventories	760	-
Increase in trade and other receivables	5,211	843
(Decrease) / increase in trade and other payables	(26,371)	7,926
Interest paid	(6,578)	(5,033)
Income taxes (paid) / received	(822)	6

Net cash flow from operating activities	(20,334)	(1,009)
Purchase of investments	-	(18,454)
Net loans repaid by / (advanced to) joint ventures	8,962	(13,350)
Acquisition of subsidiaries – net cash (paid) / received	(69,990)	61
Dividends received from joint ventures	1,200	-
Other investment acquired	-	(250)
Purchase of investment properties	-	(22,084)
Sales of investment properties	157,883	12,484
Purchase of property, plant and equipment	(38,331)	(175)
Proceeds from the sale of property, plant and equipment	6,237	-
Interest received	2,222	2,303
Net cash flow from investing activities	68,183	(39,465)
Issue of ordinary shares	-	66,725
Issue costs paid on issuance of ordinary shares	-	(2,633)
Dividend paid on ordinary shares	(8,859)	(3,991)
Proceeds from long term borrowings	-	16,500
Repayment of long term borrowings	(90,241)	(2,500)
Additional loan issue costs	-	(192)
Net proceeds from finance leases	3,080	-
Net cash flow from financing activities	(96,020)	73,909
(Decrease) / increase in cash and cash equivalents	(48,171)	33,435
Cash and cash equivalents at 1 January	39,831	6,396
Cash and cash equivalents at 29 February / 31 December	(8,340)	39,831
Cash	5,247	39,831
Overdraft	(13,587)	-
Cash and cash equivalents at 29 February / 31 December	(8,340)	39,831

Notes to the Consolidated Financial Statements

for the period ended 29 February 2008

Note 1 Accounting policies

The financial information in this preliminary announcement does not constitute the group's statutory financial statements for the period ended 29 February 2008 but has been extracted from the group's 29 February 2008 financial statements which were approved by the board on 9 May 2008, and as such, does not contain all information required to be disclosed in the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Statutory financial statements for this period will be filed following the Annual General Meeting. The auditors have issued an unqualified report on these financial statements.

All accounting policies are included in the Appendix to this announcement.

Note 2 Operating expenses

Operating expenses comprise the following:

	2008 £'000	2006 £'000
Employee benefits expenses excluding share based payments	35,404	249
Depreciation and amortisation expense	5,946	13
Other expenses	61,573	644
	<hr/> 102,923	<hr/> 906

	2008 £'000	2006 £'000
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Profit from operations

This has been arrived at after charging:

Staff costs	35,453	249
Depreciation of property, plant and equipment	5,946	13
Profit on disposal of property, plant and equipment	1,057	-
Impairment of investments in joint ventures	176	-
Operating lease expense:		
- Plant and machinery	4,712	14
- Property	4,424	-
Fees charged to the income statement relating to fees charged by Group auditors:		
- Statutory audit fee relating to audit of Stobart Group Limited and subsidiaries	231	98
- Other taxation services	61	40
- Services relating to corporate finance transactions	296	-
- Audit related services	22	
Share based payment	49	

Note 3 Business combinations and acquisition of minority interests

Acquisitions in the period from 1 January 2007 to 29 February 2008

Acquisition of Stobart Holdings Limited

On 21 September 2007 the Group acquired 100% of the voting rights of Stobart Holdings Limited, an unlisted company specialising in haulage, distribution, warehousing, property and process management services and merchandising throughout the UK.

The fair value of the identifiable assets and liabilities of Stobart Holdings 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	48,293	49,728
Cash and cash equivalents	4,557	4,557
Trade receivables	30,743	30,743
Other receivables	8,883	8,883
Inventories	887	887
Brands	60,000	-
	<hr/> 153,363	<hr/> 94,798
Bank loans and overdrafts	(19,291)	(19,291)
Trade payables	(20,140)	(20,140)
Other payables and deferred income	(20,027)	(20,027)
Finance leases	(23,427)	(23,427)
Corporation tax	(415)	(415)
Deferred tax	(16,249)	3,251
	<hr/> (99,549)	<hr/> (80,049)
Net assets	53,814	14,749
Goodwill arising on acquisition	77,089	
Total consideration	<hr/> 130,903	

The total cost of the combination was £130,903,000 and comprised of the following:

	£'000
Cash	61,741
Shares issued	66,532
Costs associated with the acquisition	2,532
Other	98
Total	<hr/> 130,903

The Group issued 45,726,535 ordinary shares with a fair value of £1.455 each. This price was the market value at the date of the acquisition.

In connection with this acquisition, the Group disposed of a substantial proportion of the investment property portfolio to WADI Properties Limited, a company with some ownership in common to the vendor company in the above acquisition. The portfolio was disposed of at market value.

The goodwill of £77,089,000 represents the fair value of the future earning potential of the business and other intangible assets that 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.

Stobart Holdings Limited contributed revenue of £95.3m in the current period (£239.7m if held since 1 January 2007) and profit before taxation of £4.1m (£8.5m if held since 1 January 2007).

Acquisition of O'Connor Group Management Limited and subsidiary undertakings

On 21 September 2007 the Group acquired 100% of the voting rights of O'Connor Group Management Limited, an unlisted company based in North West England specialising in contract logistics throughout the UK.

The fair value of the identifiable assets and liabilities of the Group headed by O'Connor Group Management 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
Intangible assets	-	72
Property plant and equipment	13,772	10,210
Cash and cash equivalents	299	299
Trade receivables	331	331
Other receivables	470	470
Inventories	953	953
	<u>15,825</u>	<u>12,335</u>
Bank loans and overdrafts	(4,000)	(4,000)
Trade payables	(621)	(621)
Other payables and deferred income	(2,430)	(2,430)
Finance leases	(835)	(835)
Corporation tax	(249)	(249)
Deferred taxation	(2,160)	(800)
	<u>(10,295)</u>	<u>(8,935)</u>
Net assets	5,530	3,400
Goodwill arising on acquisition	18,283	
Total consideration	<u>23,813</u>	

The total cost of the combination was £23,813,000 and comprised of the following:

	£'000
Cash	2,695
Loan notes issued	20,420
Costs associated with the acquisition	698
Total	<u>23,813</u>

The goodwill of £18,283,000 comprises the fair value of the future earning potential of the business in excess of the fair value of net assets identified. O'Connor Group Management Limited and subsidiary undertakings contributed revenues of £5.4m in the current period (£14.4m if held since 1 January 2007) and profit before taxation of £0.6m (£0.7m if held since 1 January 2007).

Acquisition of AHC (Warehousing) Limited and related companies

On 23 March 2007, the Group acquired 100% of the voting rights of AHC (Warehousing) Limited, Marsh Maintenance Limited and AHC (Isle of Man) Limited, unlisted companies based in North West England specialising in warehousing, transport and the operation of a railhead terminal throughout the UK. AHC (Warehousing) Limited changed its name to AHC Westlink Limited on 7 June 2007.

The fair value of the identifiable assets and liabilities of AHC Westlink Limited and related companies 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	10,906	10,551
Cash and cash equivalents	5,709	5,709
Trade receivables	1,094	1,094
Other receivables	6,509	6,509
Inventories	40	40
	<u>24,258</u>	<u>23,903</u>
Trade payables	(354)	(354)
Other payables including current tax	(12,150)	(12,150)
Deferred tax	(2,209)	(2,209)
	<u>(14,713)</u>	<u>(14,713)</u>
Net assets	9,545	9,190
Goodwill arising on acquisition	3,173	
Total consideration	<u>12,718</u>	

The total cost of the combination was £12,718,000 and comprised of the following:

	£'000
Cash	12,500
Costs associated with the acquisition	218
Total	<u>12,718</u>

The goodwill of £3,173,000 comprises the fair value of the future earning potential of the business in excess of the fair value of net assets identified.

AHC Westlink Limited and related companies contributed revenues of £5.2m in the current period (£6.4m if held since 1 January 2007) and profit before taxation of £0.6m (£0.7m if held since 1 January 2007).

On the same date the company acquired land and buildings adjacent to the site at a cost of £19,964,000 being the market value of the land based on valuations performed by Knight Frank.

Acquisitions since 29 February 2008 but before these financial statements were authorised for issue.

Acquisition of James Irlam & Sons Limited

On 4 April 2008 the Group acquired 100% of the voting rights of James Irlam & Sons Limited along with the business and assets of Irlam Storage LLP for £59.9m (excluding costs). It is not practicable due to the timing of the acquisition at the time of these accounts to describe the fair value of the identifiable assets and liabilities acquired as at the date of acquisition and the corresponding carrying amount immediately before the acquisition.

Acquisition of WA Developments Limited

On 4 April 2008 the Group acquired 100% of the voting rights of WA Developments Limited for £10m (excluding costs). It is not practicable due to the timing of the acquisition at the time of these accounts to describe the fair value of the identifiable assets and liabilities acquired as at the date of acquisition and the corresponding carrying amount immediately before the acquisition.

Note 4 Segmental information

Following the acquisitions and disposals in the period the Group operates in only one main business segment: contract logistics including the operation of an investment property.

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.

The contract logistics segment comprises road transport, rail freight and sea services, distribution and warehousing, rail freight terminal and port services and property rental income.

The property investment and related business segment comprises the following:

- Commercial investment property which was substantially disposed of on 21 September 2007.
- Commercial investment property in associate and joint venture undertakings which are classified as held for sale and is in the process of being actively marketed for sale.

The operation of the Weston Port Docks was classified in the Property investment and related business segment in the prior period but is included in the Contract logistics business segment in the current period. Prior period figures have been reclassified to give a more consistent comparison with the current period for segmental reporting purposes with the exception of Weston Port Docks where the related level of operations is not material and therefore the prior period amounts have not been restated.

	Contract logistics (continued) £'000	Investment property and related business (continued) £'000	Total Continued 2008 £'000	Contract logistics (discontinued) £'000	Investment property and related business (discontinued) £'000	Total Discontinued 2008 £'000	Total 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)
Operating profit	5,787	130	5,917	(5,605)	(22,582)	(28,187)	(22,270)
Interest expense	(2,761)	-	(2,761)	(12)	(3,437)	(3,449)	(6,210)
Interest income	349	16	365	16	1,155	1,171	1,536
Income taxes	(729)	-	(729)	-	90	90	(639)
Profit/(loss)	2,646	146	2,792	(5,601)	(24,774)	(30,375)	(27,583)
Other information							
Segment assets	321,230	6,459	327,689	753	946	1,699	329,388
Investment in associates and joint ventures	161	-	161	-	24,226	24,226	24,387
Unallocated corporate assets	-	-	-	-	-	-	-
Consolidated total assets	321,391	6,459	327,850	753	25,172	25,925	353,775
Segment liabilities	(142,644)	(55)	(142,699)	(1,209)	(722)	(1,931)	(144,630)
Unallocated corporate liabilities	-	-	-	-	-	-	-
Consolidated total liabilities	(142,644)	(55)	(142,699)	(1,209)	(722)	(1,931)	(144,630)
Capital expenditure	38,269	-	38,269	62	-	62	38,331
Depreciation	5,946	-	5,946	17	-	17	5,963
Amortisation of income shares issue costs	34	-	34	-	-	-	34
Realised profit / (loss) on sale of investment properties	(89)	-	(89)	-	4,507	4,507	4,418
Movement in unrealised gain on revaluation of investment properties	-	-	-	-	(18,273)	(18,273)	(18,273)
Investment management fees	-	-	-	-	11,995	11,995	11,995

	Contract logistics (continued)	Investment property and related business (continued)	Contract logistics (discontinued)	Investment property and related business (discontinued)	Total 2006
	£'000	£'000	£'000	£'000	£'000
Revenue					
External sales	-	421	-	6,946	7,367
Inter-segment sales	-	-	-	-	-
Total revenue	-	421	-	6,946	7,367
Result					
Segment result	-	(936)	-	8,007	7,071
Unallocated corporate expenses	-	-	-	-	-
Operating profit	-	(936)	-	8,007	7,071
Interest expense	-	(217)	-	(4,369)	(4,586)
Interest income	-	30	-	2,266	2,296
Share of profits/(losses) of associates and joint ventures	-	-	-	37,990	37,990
Income taxes	-	6	-	-	6
Profit/(loss)	-	(1,117)	-	43,894	42,777
Other information					
Segment assets	-	27,840	-	169,876	197,716
Investment in associates and joint ventures	-	-	-	70,612	70,612
Unallocated corporate assets	-	-	-	-	-
Consolidated total assets	-	27,840	-	240,488	268,328
Segment liabilities	-	(14,028)	-	(84,376)	(98,404)
Unallocated corporate liabilities	-	-	-	-	-
Consolidated total liabilities	-	(14,028)	-	(84,376)	(98,404)
Capital expenditure	-	175	-	-	175
Depreciation	-	13	-	-	13
Amortisation of income shares issue costs	-	29	-	-	29
Realised profit / (loss) on sale of investment properties	-	-	-	(15)	(15)
Movement in unrealised gain on revaluation of investment properties	-	-	-	12,678	12,678
Investment management fees	-	-	-	10,600	10,600

Note 5 Earnings per share

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

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

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

	Continuing Operations	Discontinue d Operations	Total	Continued Operations	Discontinui ng Operations	Total
	2008 £'000	2008 £'000	2008 £'000	2006 £'000	2006 £'000	2006 £'000
<i>Numerator</i>						
Profit used for basic earnings	2,792	(30,375)	(27,583)	(1,117)	43,894	42,777
Effect on earnings of dilutive potential ordinary shares	-	-	-	-	-	-
Profit used for diluted earnings	<u>2,792</u>	<u>(30,375)</u>	<u>(27,583)</u>	<u>(1,117)</u>	<u>43,894</u>	<u>42,777</u>
<i>Denominator</i>						
			2008 Number			2006 Number
Weighted average number of shares used in basic EPS			120,349,347			73,389,865
Effects of: - employee share options			-			-
Weighted average number of shares used in diluted EPS			<u>120,349,347</u>			<u>73,389,865</u>

On 21 September 1,504,120 options, with an exercise price of 166.2p, were granted. These are potentially dilutive instruments but were not included in the calculation of diluted earnings per share because they were anti-dilutive for the period as the average market price of the shares was lower than the exercise price.

On 4 April 2008 a further 65,367,494 shares were issued in relation to the proposed acquisition of the Irlam businesses and W A Developments Limited.

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

Note 6 Dividends

Dividends Paid on Ordinary Shares	2008		2006	
	Rate p	£	Rate p	£
Final dividend for 2006 paid 24 January 2007 (declared December 2006)	1.5	1,507,300	1.5	776,019
First interim dividend paid 3 May 2007 (declared March 2007)	1.5	1,507,300	1.5	853,621
Second interim dividend paid 20 July 2007 (declared June 2007)	1.5	1,507,300	1.5	853,621
Third interim dividend paid 26 October 2007 (declared September 2007)	2.7	4,336,886	1.5	1,507,300
Dividends paid	<u>7.2</u>	<u>8,858,786</u>	<u>6.0</u>	<u>3,990,561</u>

A final dividend of 5.3p per share totalling £8,513,146 was declared on 9 May 2008 and will be paid on 23 June 2008. This is not recognised as a liability as at 29 February 2008.

The Companies (Guernsey) Law, 1994 permits dividends to be paid out of profits available for the purpose and the company's Articles of Association state that such profits available for distribution do not include realised or unrealised profits on capital assets. A portion of the 2006 dividends paid during the year were in excess of these distributable profits as defined above. In order for these dividends to comply with the Law, the entire share premium reserve of £99,925,500 was converted to a distributable reserve on 22 June 2007 following an application to the Royal Court of Guernsey.

Appendix

Accounting policies of Stobart Group Limited

Basis of preparation

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

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

The consolidated financial statements are presented in Pounds Sterling (GBP) and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

Changes in accounting policy and disclosures

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

- *IFRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – capital disclosures.* IFRS 7 introduces new requirements aimed at improving the disclosure of information about financial instruments. Comparative information has been revised where needed.

The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital. IFRS 7 and the amendments to IAS 1 have had no impact on the financial position or results.

- *IFRIC 8, Scope of IFRS 2.* IFRIC 8 requires consideration of transactions involving issuance of equity instruments to establish whether or not they fall within the scope of IFRS 2. It applies to the situations where the identifiable consideration received is or appears to be less than the fair value of the equity instruments issued. There was no impact on the Group's accounts from its adoption.

- *IFRIC 10, Interim Financial Reporting and Impairment.* IFRIC 10 prohibits impairment losses recognised in an interim period on goodwill and investments in equity instruments and on financial assets carried at cost to be reversed at a subsequent balance sheet date. There was no impact on the Group's accounts from its adoption.

(b) Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has decided not to adopt early. These are:

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

- *IAS 23 Borrowing Costs (revised)* (effective for accounting periods beginning on or after 1 January 2009). The revised IAS 23 is still to be endorsed by the EU. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group is currently assessing its impact on the financial statements.

- *IFRIC 11, IFRS 2 - Group and Treasury Share Transactions* (effective for accounting periods beginning on or after 1 March 2007). IFRIC 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equity-settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. The Group is currently assessing the impact of IFRIC 11 on the accounts.

- *IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for accounting periods beginning on or after 1 January 2008). IFRIC 14 is still to be endorsed by the EU. As the Group does not operate defined benefit pension arrangements this IFRIC will not impact the Group.

Summary of significant accounting policies

Revenue

Revenue from contract logistics services rendered is recognised in the income statement as the fair value of consideration receivable on the delivery of those services delivered at the balance sheet date net of discounts and VAT.

The accounting treatment for revenue from operating leases on investment properties is set out in 'Investment properties' below.

Functional and presentation currency

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

Basis of consolidation

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

Business combinations

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

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

Goodwill

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

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

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

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

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

Impairment charges are included in the operating expenses line item in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of recognised income and expense. An impairment loss recognised for goodwill is not reversed.

Associates

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

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

Joint ventures

Investments in joint ventures, which are jointly controlled entities, are included in the financial statements using the equity method of accounting.

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

Cash and Cash Equivalents

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

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

Financial assets

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

Loans and receivables

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

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

Loans, borrowings and the Group's income shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

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

Share capital

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

Treasury shares

Consideration paid/(received) for the purchase/(sale) of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to the share premium account.

Income Shares

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

Retirement benefits: Defined contribution schemes

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

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market

vesting condition.

The Group has a share-based Long-Term Incentive Plan accounted for as set out above. The shares held in trust under the LTIP scheme are denoted as treasury shares.

Leased assets

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

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

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

Investment properties

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

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

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

Externally acquired intangible assets (excluding goodwill)

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

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

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset**Useful economic life**

Brands

Indefinite

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

Deferred taxation

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

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

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

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

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

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

Dividends

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

Dividends on the income shares, which are classified as financial liabilities, are treated as finance costs and are recognised on an accruals basis when there is a legal liability to pay at the balance sheet date.

Property, plant and equipment

Plant and equipment is stated at cost, excluding the cost of day to day servicing, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred if the recognition criteria are met.

Freehold land and buildings are carried at fair value less depreciation on buildings and impairment charged if the property is believed to have devalued.

All other items of property, plant and equipment are carried at depreciated cost. Depreciation is provided on all other items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in fair value are recognised in equity (the "revaluation reserve"), except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement.

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

Inventories

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

Non-current assets held for sale and disposal Groups

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

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal Group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

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

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

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

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

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

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

Provisions

Provisions are recognised for liabilities of uncertain timing or amounts that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

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