

11 May 2017

**Stobart Group Limited**  
**(“Stobart Group”, “Stobart” or the “Group”)**

**Results for the year ended 28 February 2017**

Stobart Group Limited, the support services and infrastructure group, today announces its results for the year ended 28 February 2017.

**Introduction**

- All divisions have made good progress towards their stated objectives during the year and Stobart continues to demonstrate strong value creation across the business
- Post year-end IPO of Eddie Stobart Logistics plc valued the Group’s 49% investment at £184.8m, significantly ahead of the year-end carrying value of £58.4m and realised cash of £113.3m
- 50% increase in dividends with a proposed final dividend of 4.5p per share (18.0p per share annualised), payable in July 2017, with further progressive quarterly dividends from this newly established level
- Andrew Tinkler, CEO is to focus on further value creation for shareholders through a new structure, Stobart Capital, handing over the CEO role to Warwick Brady, following the AGM, to deliver on and develop the existing business strategic plan

**Financial Highlights**

	<b>28 February 2017 £m</b>	<b>29 February 2016 £m</b>	<b>Growth</b>
Revenue from continuing operations	129.4	126.7	+2.1%
Underlying EBITDA <sup>1</sup>	35.0	30.0	+16.8%
Underlying PBT <sup>1</sup>	27.4	18.4	+48.9%
Underlying basic EPS <sup>2</sup>	8.04p	4.95p	+62.4%

- Underlying profit before tax<sup>1</sup> up by 48.9% to £27.4m
- Underlying basic EPS<sup>2</sup> increased by 62.4% to 8.04p
- Statutory loss before tax of £8.0m (2016: £10m profit), after deduction of non-underlying items of £35.4m including a non-cash impairment of goodwill/credit for business purchase of £21.6m
- Post year-end sale and leaseback of eight ATR 72-600 aircraft for net proceeds of £46.4m

**Operational Highlights**

- **Energy:** Widnes and Tilbury processing sites commenced operations, and Widnes biomass power plant close to completing four month commissioning period
- **Aviation:** Established 11 new routes from London Southend Airport under the Flybe brand, operated by Stobart Air, delivering up to 300,000 additional passengers by 2018; acquisition of regional airline and aircraft leasing company
- **Rail:** Successful delivery of Gospel Oak to Barking railway electrification scheme on programme and under budget
- **Infrastructure:** Significant value added and realised at Speke and other sites generating net cash proceeds of £52.7m (2016: 24.1m)

<sup>1</sup> Underlying EBITDA and Underlying PBT are before non-underlying items. See Financial Review for reconciliation to (loss)/profit before tax.

<sup>2</sup> See Financial Review for underlying basic EPS.

## Outlook

Already in the new financial year we have completed the partial disposal of the Group's investment in Eddie Stobart Logistics plc, generating cash and a significant profit for the Group and demonstrating the ability of the Group's management team to continue to create value for shareholders.

We are confident that the year ahead will see further progress towards the clear objectives for each of the Group's three growth operating divisions of Energy, Aviation and Rail and further value creating realisations from our Infrastructure and Investments assets.

### Chief Executive Andrew Tinkler, commented:

"This year we have delivered improved underlying profitability across the Group and put in place the foundations, management and organisational structure to achieve our objectives.

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

## Results Presentation

A presentation for analysts and investors will be held today at 9.30am at The Andaz Hotel, 40 Liverpool Street, London, attendance is by invitation only.

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## THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

### Notes to Editor:

Stobart is an entrepreneurial support services and infrastructure business deriving income from energy, aviation, civil engineering and investments. The Group has a strong heritage in logistics, systems and a customer focus that continues to support all of our divisions. The Group's strategy is to drive growth and profitability in its core Energy, Aviation and Rail Divisions whilst realising value for shareholders from its Infrastructure and Investments Divisions.

## Chief Executive's Statement

I have been CEO of Stobart Group for almost 10 years and during that time we have generated a compound shareholder return of around 10% p.a. We have also developed Energy and Aviation platforms to deliver our targets to 2018 and beyond. The Group is now uniquely placed as an entrepreneurial public limited company that creates value, supported by its strong heritage in logistics and systems and with a real focus on delivering great customer service. With a market capitalisation of close to £800m, a strong balance sheet and a progressive dividend policy, the Group is well placed to continue to deliver strong returns to shareholders for the foreseeable future.

### Where are we today?

Stobart Group now comprises three core operating divisions in sectors with real growth opportunities. Our Energy, Aviation and Rail civil engineering businesses are all well placed for profitable growth over the next five years. Our Infrastructure and Investments divisions continue their programme of divestment, creating further value for shareholders.

**Energy** – this year has been about establishing the foundations of infrastructure, logistics and people to ensure our ability to deliver on our long-term fuel supply contracts into over 20 biomass plants around the UK. Widnes and Tilbury storage processing sites are now up and running and those plants are progressing towards commissioning. Development of other processing sites at Port Clarence and Rotherham is also underway. A full management team is now in place, focused on professionalising the industry to deliver long-term sustainable supply and management of predominantly recycled wood under long-term index-linked contracts.

**Aviation** – a significant year for the Aviation division with continued development of our airport, London Southend, which we believe will play a key part in providing capacity for the constrained London air travel market. A London airport that has technical capacity to handle 10m+ passengers, 45 minutes from London, will over time be a very valuable asset for the Group. We have consolidated our regional airline and aircraft leasing businesses, taking full ownership, and will continue to develop our valuable long-term franchise with Aer Lingus as well as support Flybe in the Isle of Man and from our London Southend Airport.

**Rail** – our Rail business continues to support speciality work for Network Rail as well as being a tier 2 supplier to the industry. We expect to see continued growth under the Stobart brand. The non-rail business has also supported infrastructure projects in our Energy and Aviation divisions by providing an efficient low-cost value engineering construction solution.

**Infrastructure** – our plan to divest non-core infrastructure assets continues and we have delivered against our plan this year. The business is also very good at providing asset management initiatives working alongside our Rail division, and delivering on-time and to budget.

**Investments** – the post year-end IPO of Eddie Stobart Logistics plc valued the Group's 49% investment at £184.8m, significantly ahead of the year-end carrying value of £58.4m and realised cash of £113.3m. This is a great example of how we have created significant value for the Group and our shareholders.

### People

One of my personal business beliefs is to employ people that are better than yourself and I see this as a strength from a shareholder perspective as well as CEO.

Working together with our new Group CEO, Warwick Brady, whom I have known for several years and worked closely alongside for the last six months, I believe that we can bring extensive value to the Group. I am strongly of the view that Warwick's industry-wide knowledge and experience will help grow and support the entire Group. I am confident that his business experience and entrepreneurial approach will be a key part in the next chapter of Stobart Group's value creation.

*Energy* – headed by Ben Whawell, CEO Stobart Energy and the ex-Group CFO. We have worked together for the last 17 years and I am confident that he has the skills and experience to move the Energy business to the next level and create significant shareholder value.

*Aviation* – this division includes airports, a regional airline and an aircraft leasing company. These businesses all have potential and are supported by our proven logistics expertise. The teams within this division, led by Glyn Jones, will support Warwick in delivery of our objectives.

*Rail* – Managing Director Kirk Taylor, of our Rail and non-rail civil engineering business, has worked with me since 1994. He is diligent and passionate about our business and can grow Rail to be the number one specialist provider to the rail and construction industry, as well as supporting the Group in any value-adding infrastructure projects.

Whilst I am handing over the reins to lead and run Stobart Group to Warwick, Ben, Glyn and Kirk, as the third largest shareholder, I believe that we are now on the next stage of our journey that will realise the significant potential of the Group over the coming years.

As a key founder of Stobart Group, I am committed to remaining on the Board for the foreseeable future and to supporting Warwick's transition to Group CEO. I will support the Executive Management team and the Board by devoting 50% of my time to the Group and the delivery of further significant shareholder value.

The remainder of my time will be spent working with Richard Butcher to deliver value in our Infrastructure and Investments divisions and, in particular in launching and developing Stobart Capital, bringing together the Group's investment activities under a new value creation unit. This will be a platform, working alongside external professionals and exploiting my entrepreneurial skills and experience, to bring investment opportunities to the Group that complement the strategy, and have the potential to create further returns for shareholders.

I would like to thank Richard for his valued contribution to the business over many years and also thank Mark for his work as interim CFO over recent months.

**Andrew Tinkler**

## **Deputy Chief Executive's Statement**

I am delighted to join Stobart Group at an exciting time when the foundations in Energy, Aviation and Rail are ripe for further development and growth.

I have worked with the Group since 2009 during the early stages of developing London Southend Airport when I was Chief Operating Officer at easyJet. My experience working with this entrepreneurial team gave me insights into the value being created. This sparked my interest and led me to follow the Group's progress over recent years.

Over the years, I have forged a good working relationship with Andrew Tinkler and once I left easyJet in September 2016, I spent three months working very closely with Andrew and the Stobart Group Board to understand the value of the Group but moreover, to see if I could use my international experience from my early days in Private Equity, through to my extensive aviation experience in Europe, to support and lead the next chapter for the Stobart Group.

I am particularly impressed by how the Group applies its heritage in logistics and distribution across all the divisions as well as how it embraces the customer service ethos. When combined with being very entrepreneurial, culturally the Group fits with my ambitions. I expect to use the foundations in Energy, Aviation and Rail to continue creating value for shareholders over the long-term.

Over the last six months I have very much enjoyed working with the Board and Andrew but moreover believe there is a lot of unlocked value and growth potential across our core divisions that has yet to be realised. Whilst the foundations have been laid in each division, with investment and a clear strategic direction, the business can continue to grow. The Group has all the resources available to support accelerated growth and then over time the operating businesses will underpin the value creation for our shareholders.

### **Energy Business**

Having now toured several of the Group's processing sites and plants, as well as spending time working with Ben and the team, I can see that this business is all about logistics and distribution so fits very well with the core expertise of the Group. With several of the large energy plants coming on stream over the next 12 months, there will inevitably be a few challenges but I am confident that the team will deliver on the overall targets. I expect we will deliver 60% of the market's fuel supply into biomass plants and this will underpin the financial returns for the next 20 years or so. I also see opportunities to grow the business through operating and managing the energy plants and extending into other forms of fuel that can leverage our current specialist transport and logistics operation.

### **Aviation**

*Airport* – The key to the value creation is our London airport becoming part of the answer to London's travel growth within the airport systems. The on-going London airport capacity constraints will mean our London airport, with its great train links 45 minutes from London, will be an opportunity for the Capital's travel market to grow. London Southend Airport is London's best airport and the infrastructure can support 10m+ passengers per year. The other differentiator is that Stobart Group provides all the services across the airport from operating the railway station, owning and operating our 4\* hotel under the Holiday Inn brand, our food and beverage outlets, car parking and solar farm. These all create additional value for the Group and will be an important part of further developing London's best airport.

There is also a lot of space to develop our property assets at the airport which could be used for maintenance and other businesses. It is truly remarkable that we will be able to create a London airport capable of delivering 10m+ passengers per year for under £200m, so the capital efficiency is impressive.

*Airline and Aircraft Leasing* – Our regional airline, Stobart Air, based in Dublin, operates under a valuable long-term franchise with Aer Lingus which we believe will be an important support for IAG's focus on

growing its transatlantic traffic through the Dublin hub. Stobart Air also operates for Flybe and, in the future, will operate regional jets under the Flybe brand to support the growth of our London airport. Our aircraft leasing business, Propius, supports Stobart Air and together they will be developed to create more value for the Group. From my perspective, the UK and Europe's regional airline market would benefit from some type of consolidation to ensure the capacity supports profitable regional connectivity.

*Ground Handling and Support Services* – The Group already provides ground handling services and given its expertise in logistics, distribution and customer services, we plan to grow this business in the UK and Europe.

*Stobart Exec Jet Centre* – With c.100,000 private jet movements into the London market per year, our Exec Jet Centre is well placed to offer a great service by connecting product into London. With a clear plan to grow this business, we believe over time it will become a key part of London's executive aviation offering. The Group is well set-up for growing these small but established businesses and capitalising on the current opportunities in the market.

## **Rail**

Our Stobart Rail team is highly regarded in the Industry and provides valuable tier 2 specialist services to Network Rail and its tier 1 partners. Its real competitive advantage is the team's innovative approach to developing equipment, systems and people to deliver significant value to the customer. Stobart Rail is renowned for operating strongly under critical time constraints and delivering quality work on time and to budget.

On the non-rail side, the team are specialists in building distribution centres, airports, racecourses etc. Together with an innovative approach, design capability, planning and low cost execution, they provide value engineering across the Group. They have supported the Group by building processing sites for Stobart Energy as well as providing specialist infrastructure projects at the airport including taxiways, runway works etc. This provides the Group with a real competitive advantage by being able to deliver infrastructure at competitive costs.

Overall, after a lot of due diligence and time spent within Stobart Group, I see an opportunity to use the foundations to grow the Group over the next few years. We will aim to remain a very entrepreneurial team with Andrew Tinkler supporting as an Executive Director to ensure we do not lose our "founders mentality" of creating value and operating in an agile way. This will ensure that we continue to grow the business to deliver sustainable and progressive returns for shareholders for years to come.

## **Warwick Brady**

## Financial Review

We are pleased to report improved underlying profitability, across the majority of our divisions, and further progress towards delivering against our medium-term financial objectives.

Revenue	2017 £'m	2016 £'m	Growth
Energy	67.7	73.4	-7.8 %
Aviation	28.1	22.9	+22.8%
Rail	48.1	46.2	+4.2%
Investments	–	–	–
Infrastructure	6.0	4.3	+39.8%
Eliminations	(20.5)	(20.1)	+2.2%
	<b>129.4</b>	<b>126.7</b>	<b>+2.1%</b>

Revenue from continuing operations has grown by 2.1% to £129.4m driven by increased revenue in our Aviation division, following the acquisition of the airline, Stobart Air. External revenue in our Rail division also increased by 6.1% to £30.5m.

Profitability	2017 £'m	2016 £'m	Growth
Underlying EBITDA <sup>1</sup>			
Energy	10.2	9.1	+12.7%
Aviation	0.1	3.6	-97.1%
Rail	3.9	3.4	+15.5%
Investments	9.4	9.8	-4.1%
Infrastructure	18.9	10.5	+81.0%
Central function and eliminations	(7.5)	(6.4)	-18.1%
<b>Underlying EBITDA</b>	<b>35.0</b>	<b>30.0</b>	<b>+16.8%</b>
Impact of fuel swaps	1.4	(2.2)	
Depreciation	(9.4)	(8.4)	
Finance costs (net)	0.4	(1.0)	
Underlying profit before tax	27.4	18.4	+48.9%
Non-underlying items	(35.4)	(8.4)	
(Loss)/profit before tax	(8.0)	10.0	
Tax	(1.2)	(1.2)	
<b>(Loss)/profit for the year</b>	<b>(9.2)</b>	<b>8.8</b>	

<sup>1</sup> Underlying EBITDA represents (loss)/profit before tax and before fuel swaps, interest, depreciation, amortisation and non-underlying items.

### Underlying EBITDA

Underlying Group EBITDA is our key measure of profitability for the business and has grown by 16.8% to £35.0m. The Energy division has improved underlying profitability in spite of a decline in revenue following a customer entering administration. Infrastructure profitability increased by £8.4m, following the successful disposal of our Speke site. The Aviation division made two acquisitions during the latter part of the year, which had an adverse impact on profitability due to the seasonal nature of the airline industry.

Central function costs and eliminations have increased by 18.1% partially due to an increase in the share-based payment charge and professional fees.

## Depreciation

Depreciation has increased by 11.2% to £9.3m, due to investment in processing sites and equipment within the Energy division.

## Finance Costs

Finance costs (net) increased from £1.0m cost to £0.4m income, with a higher level of interest received on loans to associates and joint ventures.

<b>Non-Underlying Items</b>	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
Amortisation of brand	3.9	3.9
Transaction costs/restructuring cost	2.1	0.4
Contract set up costs	3.0	1.2
Bad debt write-off	1.9	–
Impairment of goodwill/credit for business purchase	21.7	–
Share of post-tax profits of associates and JVs:		
Amortisation of contracts	2.8	2.9
	<b>35.4</b>	<b>8.4</b>

The charges in relation to the non-cash amortisation of the brands and contracts are expected to continue in future periods. We incurred £3.0m of contract set-up costs in the Energy division. £1.0m of these costs were incurred in prior periods and there were other excess costs in connection with delayed commissioning of biomass plants. The bad debt write-off relates to a customer that entered administration in the Energy division. Transaction costs and the impairment of goodwill relate to the acquisitions and aborted transactions in the Aviation division.

## Taxation

The tax charge of £1.2m (2016: £1.2m) reflects a negative effective tax rate of 14.4% (2016: 12.0% positive). The effective rate is lower than the standard rate of 20.0% mainly due to the write-off of goodwill and 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 Group. The results of our aircraft leasing business, Propius, have transferred from Investments to Aviation following its acquisition, and the prior year's figures have been restated.

## Earnings per Share

Earnings per share from underlying continuing operations were 8.0p (2016: 5.0p). Total basic earnings per share were 2.7p loss (2016: 2.7p profit).

<b>Dividends and Share Disposals</b>	<b>2017</b>	<b>2016</b>
Interim per share	9.0p	2.0p
Final per share	4.5p	4.0p
<b>Total per share</b>	<b>13.5p</b>	<b>6.0p</b>

The Board has proposed a final dividend of 4.5p per share which, subject to the approval of shareholders at



the AGM, will be payable to investors on the record date of 16 June 2017, with an ex-dividend date of 15 June 2017, and will be paid on 7 July 2017.

During the year, the Group sold 10.1m of its treasury shares for a net amount of £15.0m to fund the Propius acquisition. At the year end, there were no shares held in treasury.

<b>Balance Sheet</b>	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
Non-current assets	510.4	453.3
Current assets	155.5	109.3
Non-current liabilities	(189.6)	(94.4)
Current liabilities	(88.8)	(54.5)
<b>Net assets</b>	<b>387.5</b>	<b>413.7</b>

The net asset position has decreased by £26.2m in the year to £387.5m at 28 February 2017, mainly due to the non-cash write-off of goodwill arising on the acquisition of Everdeal Holdings Limited.

### **Non-Current Assets**

Property, plant and equipment of £326.3m (2016: £218.0m) has increased following the acquisition of Propius and assets acquired for the new biomass processing sites. The net book value of the eight aircraft owned by Propius at the year-end was £100.7m.

During the year £14.5m (2016: £49.1m) of asset investment has been made, comprising the cash purchases of property, plant and equipment and net advances to biomass plant investments.

Investment in associates and joint ventures of £59.2m (2016: £62.7m) include the Group's 49% share of the Eddie Stobart Logistics business. The reduction is due to Propius Holdings Limited being classified as a subsidiary at the year end, following its acquisition. Investment property of £3.2m (2016: £47.0m) represents the holding of one (2016: four) property.

Amounts owed by associates and joint ventures of £13.4m (2016: £13.4m) represents interest-bearing loans to renewable energy plant investments in which we also hold equity interests.

Intangible assets of £108.4m (2016: £112.3m) include the Stobart and Eddie Stobart brands and goodwill, which principally relates to the Energy division.

### **Current Assets and Current Liabilities**

Current assets include £60.0m (2016: £44.4m) of development land assets. Excluding these assets, the net current assets at year-end total £6.7m (2016: £10.3m).

### **Debt and Gearing**

	<b>2017</b>	<b>2016</b>
Net debt – asset backed finance	£109.5m	£31.4m
– other	£11.2m	£16.6m
Underlying EBITDA/underlying interest	92.5	31.2
Gearing	31.1%	11.6%
Operating lease commitments as lessee	£45.8m	£48.0m
Operating lease rentals receivable as lessor	£53.9m	£41.5m

The Group acquired aircraft related debt of £70.7m following the acquisition of Propius Holdings Limited. The debt at 28 February 2017 was £71.1m which was ringfenced and fully repaid post year end.

During the year, the Group increased its variable rate committed revolving credit facility with Lloyds Bank plc from £50.0m to £65.0m until 31 March 2019, when the facility reduces back to £50.0m until the end date of 31 January 2020. At the year end, the Group has drawn £42.2m of the £65.0m facility.

Operating lease rentals receivable as lessor increased.

## Cash Flow

	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
Operating cash flow	(1.7)	3.4
Investing activities	40.0	(13.6)
Financing activities	(17.5)	14.3
Increase in the year	20.8	4.1
At beginning of year	9.8	5.7
<b>Cash at end of year</b>	<b>30.6</b>	<b>9.8</b>

Net cash inflow from investing activities included the Speke investment property disposal (£36.9m), acquisition of subsidiary undertakings net of cash acquired (£7.7m) and net proceeds from the disposal of two properties (£15.8m). These inflows were offset by net cash outflows relating to purchase of property, plant and equipment (£14.5m) and the equity investments in associates and joint ventures (£12.5m).

Net cash outflow from financing activities included the repayment of borrowing and finance leases (£10.9m) and dividends paid on ordinary shares (£34.7m). These were offset by the net draw down of £15.2m from the Lloyds RCF and net proceeds from the disposal of treasury shares of £15.0m.

## Economic Outlook

Following the UK's referendum vote to leave the membership of the EU, management continues to monitor the implications for the Group. The Group and its customers are predominantly UK based and though there have been some effects on US dollar denominated costs in the airline, this has been partly offset by the US dollar denominated assets in the leasing company. The Group benefits from diverse assets and sources of income, and its entrepreneurial culture leaves it well placed to respond to future developments and opportunities.

## Post Balance Sheet Events

In April 2017, the Group entered an arrangement to sell and leaseback eight ATR 72-600 aircraft. The Group received net proceeds of \$62.7m (£50.2m) after repayment of existing financing in respect of the aircraft of \$85.3m (£68.2m), including refundable deposits withheld of \$3.8m (£3.0m) and \$1.0m (£0.8m) in rental payments.

On 25 April 2017, the Group disposed of its 49% investment in Greenwhitestar Holding Company 1 Limited and Greenwhitestar Finance Limited for consideration comprising cash of £113.3m and a 12.5% shareholding in Eddie Stobart Logistics plc. Eddie Stobart Logistics plc was admitted to AIM on 25 April 2017 and the 12.5% shareholding was valued at £71.5m on admission.

## Consolidated Income Statement

For the year ended 28 February 2017

	Year ended 28 February 2017			Year ended 29 February 2016		
	Underlying £'000	Non- underlying £'000	Total £'000	Underlying £'000	Non- underlying £'000	Total £'000
<b>Continuing operations</b>						
Revenue	129,403	–	129,403	126,730	–	126,730
Gain in value/profit on disposal of investment properties	14,614	–	14,614	8,441	–	8,441
Profit on disposal of assets held for sale	2,747	–	2,747	259	–	259
Profit on disposal of property, plant and equipment	3,480	–	3,480	183	–	183
Gain/(loss) on fuel swaps	1,354	–	1,354	(2,184)	–	(2,184)
Impairment of goodwill/credit for business purchase	–	(21,646)	(21,646)	–	–	–
Other	(134,355)	(10,892)	(145,247)	(125,227)	(5,547)	(130,774)
Total operating expenses	(112,160)	(32,538)	(144,698)	(118,528)	(5,547)	(124,075)
Share of post-tax profits of associates and joint ventures	9,715	(2,839)	6,876	11,130	(2,835)	8,295
<b>Operating profit/(loss)</b>	<b>26,958</b>	<b>(35,377)</b>	<b>(8,419)</b>	<b>19,332</b>	<b>(8,382)</b>	<b>10,950</b>
Finance costs	(2,532)	–	(2,532)	(2,302)	–	(2,302)
Finance income	2,925	–	2,925	1,343	–	1,343
<b>Profit/(loss) before tax</b>	<b>27,351</b>	<b>(35,377)</b>	<b>(8,026)</b>	<b>18,373</b>	<b>(8,382)</b>	<b>9,991</b>
Tax	255	(1,413)	(1,158)	(2,124)	927	(1,197)
<b>Profit/(loss) for the year</b>	<b>27,606</b>	<b>(36,790)</b>	<b>(9,184)</b>	<b>16,249</b>	<b>(7,455)</b>	<b>8,794</b>

### Earnings/(loss) per share expressed in pence per share

Basic	8.04p		(2.67)p	4.95p		2.68p
Diluted	8.04p		(2.67)p	4.94p		2.68p

## Consolidated Statement of Comprehensive Income

For the year ended 28 February 2017

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
<b>(Loss)/profit for the year</b>	<b>(9,184)</b>	<b>8,794</b>
Foreign currency translation differences – equity accounted joint ventures	1,848	1,564
Interest rate swap – equity accounted associates	140	–
Foreign currency translation differences – equity accounted associates	878	(727)
Exchange differences on translation of foreign operations	219	–
<b>Other comprehensive income to be reclassified to profit or loss in subsequent years, net of tax</b>	<b>3,085</b>	<b>837</b>
Remeasurement of defined benefit plan	(3,270)	(681)
Tax on items relating to components of other comprehensive income	556	60
<b>Other comprehensive expense not being reclassified to profit or loss in subsequent years, net of tax</b>	<b>(2,714)</b>	<b>(621)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>371</b>	<b>216</b>
<b>Total comprehensive (expense)/income for the year</b>	<b>(8,813)</b>	<b>9,010</b>

## Consolidated Statement of Financial Position

As at 28 February 2017

	28 February 2017 £'000	29 February 2016 £'000
<b>Non-current assets</b>		
Property, plant and equipment		
- Land and buildings	156,458	169,327
- Plant and machinery	49,675	28,246
- Fixtures, fittings and equipment	1,682	705
- Commercial vehicles and aircraft	118,475	19,689
	<b>326,290</b>	<b>217,967</b>
Investment in associates and joint ventures	59,198	62,699
Investment property	3,150	46,965
Intangible assets	108,358	112,296
Trade and other receivables	13,401	13,401
	<b>510,397</b>	<b>453,328</b>
<b>Current assets</b>		
Inventories	63,728	45,083
Trade and other receivables	48,066	48,950
Cash and cash equivalents	30,653	9,858
Assets held for sale	13,106	5,354
	<b>155,553</b>	<b>109,245</b>
<b>Total assets</b>	<b>665,950</b>	<b>562,573</b>
<b>Non-current liabilities</b>		
Loans and borrowings	(133,072)	(48,892)
Defined benefit pension scheme	(5,705)	(2,708)
Other liabilities	(21,600)	(19,786)
Deferred tax	(21,083)	(18,290)
Provisions	(8,176)	(4,699)
	<b>(189,636)</b>	<b>(94,375)</b>
<b>Current liabilities</b>		
Trade and other payables	(61,487)	(38,239)
Loans and borrowings	(18,287)	(8,958)
Corporation tax	(7,098)	(7,090)
Provisions	(1,908)	(242)
	<b>(88,780)</b>	<b>(54,529)</b>
<b>Total liabilities</b>	<b>(278,416)</b>	<b>(148,904)</b>
<b>Net assets</b>	<b>387,534</b>	<b>413,669</b>
<b>Capital and reserves</b>		
Issued share capital	35,434	35,434
Share premium	301,326	301,326
Foreign currency exchange reserve	2,766	(179)
Reserve for own shares held by employee benefit trust	(330)	(330)
Retained earnings	48,338	77,418
<b>Group shareholders' equity</b>	<b>387,534</b>	<b>413,669</b>

## Consolidated Statement of Changes in Equity

For the year ended 28 February 2017

	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 2016	35,434	301,326	(179)	(330)	77,418	413,669
Loss for the year	–	–	–	–	(9,184)	(9,184)
Other comprehensive income/(expense) for the year	–	–	2,945	–	(2,574)	371
Total comprehensive income/(expense) for the year	–	–	2,945	–	(11,758)	(8,813)
Employee benefit trust	–	–	–	–	587	587
Share-based payment credit	–	–	–	–	1,000	1,000
Tax on share-based payment credit	–	–	–	–	857	857
Sale of treasury shares	–	–	–	–	15,042	15,042
Purchase of treasury shares	–	–	–	–	(81)	(81)
Dividends	–	–	–	–	(34,727)	(34,727)
<b>Balance at 28 February 2017</b>	<b>35,434</b>	<b>301,326</b>	<b>2,766</b>	<b>(330)</b>	<b>48,338</b>	<b>387,534</b>

## 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)
<b>Balance at 29 February 2016</b>	<b>35,434</b>	<b>301,326</b>	<b>(179)</b>	<b>(330)</b>	<b>77,418</b>	<b>413,669</b>

## Consolidated Statement of Cash Flows

For the year ended 28 February 2017

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
<b>Cash (used in)/generated from continuing operations</b>	<b>(1,720)</b>	<b>159</b>
Income taxes refunded	–	3,246
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,720)</b>	<b>3,405</b>
Purchase of property, plant and equipment and investment property	(14,496)	(45,283)
Proceeds from grants	3,925	–
Proceeds from the sale of property, plant and equipment and investment property	47,063	7,340
Proceeds from disposal of assets held for sale	7,328	7,359
Acquisition of subsidiary undertakings (net of cash acquired and fees)	7,664	–
Proceeds from sale and leaseback (net of fees)	–	16,769
Refundable deposit advanced	(1,618)	–
Distributions from joint ventures	2,926	4,264
Non-underlying transaction costs	(400)	–
Equity investment in associates and joint ventures	(12,455)	–
Net amounts advanced to joint ventures	–	(3,768)
Other loans advanced	–	(300)
Interest received	302	29
Cash inflow from discontinued operations	(235)	–
<b>Net cash inflow/(outflow) from investing activities</b>	<b>40,004</b>	<b>(13,590)</b>
Dividend paid on ordinary shares	(34,727)	(19,676)
Repayment of capital element of finance leases	(10,942)	(8,402)
Net drawdown from revolving credit facility	15,197	26,812
Sale of treasury shares, net of costs	14,961	17,360
Interest paid	(1,978)	(1,767)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(17,489)</b>	<b>14,327</b>
Increase in cash and cash equivalents	20,795	4,142
Cash and cash equivalents at beginning of year	9,858	5,716
<b>Cash and cash equivalents at end of year</b>	<b>30,653</b>	<b>9,858</b>

## **Notes to the Consolidated Financial Statements**

For the year ended 28 February 2017

### **Accounting Policies of Stobart Group Limited**

#### **Basis of Preparation and Statement of Compliance**

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

These Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union ('adopted IFRSs').

The financial statements 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 the 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 the supply of sustainable biomass for the generation of renewable energy.

The Stobart Aviation segment specialises in the operation of commercial airports, airline operations and aircraft leasing.

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

The Stobart Investments segment holds a non-controlling interest in a transport and distribution business.

The Stobart Infrastructure segment specialises in management, development and realisation of a portfolio of property assets as well as investments in biomass 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 underlying EBITDA, which is calculated as profit/(loss) before tax, interest, depreciation, amortisation and before fuel swaps and non-underlying items. The aircraft leasing business joint venture was included in the Investments segment in the prior year's annual report segmental information note. This business became a subsidiary during the year and has been included in the Aviation segment in the segmental analysis in the current year. The prior year figures for the aircraft leasing business, which were included in the Investments segment in the prior year's annual report, have been 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.

<b>Year ended 28 February 2017</b>	<b>Energy</b>	<b>Aviation</b>	<b>Rail</b>	<b>Investments</b>	<b>Infrastructure</b>	<b>Adjustments and eliminations</b>	<b>Group</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue							
External	60,811	27,499	30,527	–	5,532	5,034	129,403
Internal	6,905	599	17,547	–	493	(25,544)	–
<b>Total revenue</b>	<b>67,716</b>	<b>28,098</b>	<b>48,074</b>	<b>–</b>	<b>6,025</b>	<b>(20,510)</b>	<b>129,403</b>
<b>Underlying EBITDA</b>	<b>10,242</b>	<b>107</b>	<b>3,919</b>	<b>9,378</b>	<b>18,934</b>	<b>(7,598)</b>	<b>34,892</b>
(Loss)/gain on fuel swaps	–	(11)	–	–	–	1,365	1,354
Depreciation	(3,794)	(4,186)	(1,045)	–	(84)	(269)	(9,378)
Interest	8	(533)	(179)	–	1,613	(516)	393
<b>Underlying profit/(loss) before tax</b>	<b>6,456</b>	<b>(4,623)</b>	<b>2,695</b>	<b>9,378</b>	<b>20,463</b>	<b>(7,018)</b>	<b>27,351</b>
New business and new contract set up costs	(2,999)	–	–	–	–	–	(2,999)
Restructuring costs	(83)	–	–	–	–	–	(83)
Transaction costs	–	–	–	–	–	(2,003)	(2,003)
Bad debt write-off	(1,869)	–	–	–	–	–	(1,869)
Amortisation of acquired intangibles	(221)	–	–	–	–	(3,717)	(3,938)
Impairment of goodwill/credit for business purchase	–	–	–	–	–	(21,646)	(21,646)
Non-underlying items included in share of post-tax profits of associates and joint ventures	–	–	–	(2,839)	–	–	(2,839)
<b>Profit/(loss) before tax</b>	<b>1,284</b>	<b>(4,623)</b>	<b>2,695</b>	<b>6,539</b>	<b>20,463</b>	<b>(34,384)</b>	<b>(8,026)</b>

<b>Restated</b>							<b>Adjustments</b>	
<b>Year ended 29 February 2016</b>							<b>and</b>	
	<b>Energy</b>	<b>Aviation</b>	<b>Rail</b>	<b>Investments</b>	<b>Infrastructure</b>	<b>eliminations</b>	<b>Group</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue								
External	66,009	22,864	28,783	–	4,090	4,984		126,730
Internal	7,439	11	17,374	–	219	(25,043)		–
<b>Total revenue</b>	<b>73,448</b>	<b>22,875</b>	<b>46,157</b>	<b>–</b>	<b>4,309</b>	<b>(20,059)</b>		<b>126,730</b>
<b>Underlying EBITDA</b>	<b>9,085</b>	<b>3,665</b>	<b>3,393</b>	<b>9,780</b>	<b>10,459</b>	<b>(6,431)</b>		<b>29,951</b>
Loss on fuel swaps	–	–	–	–	–	(2,184)		(2,184)
Depreciation	(2,909)	(3,957)	(1,276)	–	(48)	(245)		(8,435)
Interest	(22)	(180)	(216)	–	1,006	(1,547)		(959)
<b>Underlying profit/(loss) before tax</b>	<b>6,154</b>	<b>(472)</b>	<b>1,901</b>	<b>9,780</b>	<b>11,417</b>	<b>(10,407)</b>		<b>18,373</b>
New business and new contract set up costs	–	(1,214)	–	–	–	–		(1,214)
Transaction costs	–	–	–	–	–	(395)		(395)
Amortisation of acquired intangibles	(221)	–	–	–	–	(3,717)		(3,938)
Non-underlying items included in share of post tax profits of associates and joint ventures	–	–	–	(2,835)	–	–		(2,835)
<b>Profit/(loss) before tax</b>	<b>5,933</b>	<b>(1,686)</b>	<b>1,901</b>	<b>6,945</b>	<b>11,417</b>	<b>(14,519)</b>		<b>9,991</b>

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 £6,754,000 (2016: £10,257,000) and an intra-group profit of £264,000 (2016: £150,000). There is also external income within adjustments and eliminations which comprises brand licence income, merchandising income and income from other business services.

### **Business Combinations**

On 24 February 2017, the Group acquired the remaining 33.3% of the ordinary shares in Propius Holdings Limited (Propius). Propius is registered in the Cayman Islands. The principal activity of Propius is aircraft leasing. Together with the existing 66.7% already owned by the Group prior to the acquisition, this gave the Group control over Propius.

Control was only deemed to be obtained on 24 February 2017, due to the existence of a previously held shareholder agreement.

The primary reason for the acquisition was to give the Group more control over its ability to grow and develop its aviation operations across the UK, Ireland and Europe.

The provisional fair values of the identifiable assets and liabilities of Propius as at the date of acquisition are as follows:

	<b>Provisional fair value recognised on acquisition £000</b>	<b>Book Value £000</b>
Property, plant and equipment	100,135	100,135
Trade and other receivables	933	933
Cash and cash equivalents	14,406	14,406
Loans and borrowings	(70,742)	(66,797)
Trade and other payables	(818)	(818)
Maintenance deposits	-	(11,704)
Deferred tax liabilities	(2,651)	(1,691)
<b>Net identifiable assets and liabilities</b>	<b>41,263</b>	<b>34,464</b>
<b>Consideration paid:</b>		
Cash	11,763	
Fair value of existing equity interest	28,149	
<b>Total consideration</b>	<b>39,912</b>	
<b>Excess fair value of net assets over consideration</b>	<b>1,351</b>	

The consideration comprised cash of £11,763,000 and the existing owned proportion of the fair value of the net assets at acquisition date of £28,149,000. There was no contingent consideration as defined in IFRS 3 'Business Combinations' in connection with this acquisition. The Group incurred acquisition-related transaction costs of £1,402,000. These costs have been included in non-underlying other operating expenses in the Group's Consolidated Income Statement.

Immediately prior to this acquisition, the Group owned 66.7% of Propius which was disclosed as an equity accounted joint venture with a carrying value of £22,771,000.

The difference of £5,378,000, between this carrying value of £22,771,000 and the existing owned proportion of the net assets at acquisition date of £28,149,000, has been recognised in the Consolidated Income Statement within impairment of goodwill/credit for business purchase.

The excess of fair value of net assets over consideration of £1,351,000 has been taken to the Consolidated Income Statement, and is disclosed within impairment of goodwill/credit for business purchase. Due to fair value adjustments and the transaction being completed at a later date than the price being agreed, net assets exceeded consideration.

In the four days to 28 February 2017, the subsidiary contributed net profit of £34,000 to the consolidated loss for the year. If the acquisition had occurred on the first day of the accounting period, Group revenue would have been an estimated £12,152,000 higher before elimination of intra-group trading and net profit would have been an estimated £1,811,000 higher, excluding share of profits already recognised.

### Acquisition of Everdeal Holdings Limited

On 8 February 2017, the Group acquired the remaining 19% of the ordinary shares in Everdeal Holdings Limited (Everdeal). Everdeal is registered in Ireland. The principal activity of Everdeal is the operation of an airline. Eight of the aircraft in the Everdeal fleet are leased from the group headed by Propius Holdings Limited.

Control was only deemed to be obtained on 8 February 2017, due to clauses within the Articles of Association.

The primary reason for the acquisition was to give the Group more control over its ability to grow and develop its aviation operations across the UK, Ireland and Europe. Although Everdeal had book value net liabilities of £26.9m on acquisition, the Directors are satisfied that their future actions can have a positive impact on the financial position and performance of this business.

The acquisition had the following effect on the Group's assets and liabilities:

	<b>Provisional fair value recognised on acquisition £000</b>	<b>Book value £000</b>
Property, plant and equipment	1,158	1,158
Inventory	3,066	3,282
Trade and other receivables	6,256	6,256
Cash and cash equivalents	7,188	7,188
Loans and borrowings	(7,843)	(7,843)
Trade and other payables	(27,530)	(27,530)
Maintenance reserve liability	(3,728)	(6,813)
Deferred tax liabilities	(386)	-
Provisions	(5,992)	(2,584)
<b>Net identifiable assets and liabilities</b>	<b><u>(27,811)</u></b>	<b><u>(26,886)</u></b>
<b>Consideration paid:</b>		
Cash	564	
Fair value of existing equity interest	-	
<b>Total consideration</b>	<b><u>564</u></b>	
<b>Goodwill</b>	<b><u>28,375</u></b>	

The consideration comprised cash of £564,000 and the existing owned proportion of the fair value of the net assets at acquisition date of £nil. There was no contingent consideration as defined in IFRS 3 'Business Combinations' in connection with this acquisition. The Group incurred acquisition-related transaction costs of £200,000. These costs have been included in non-underlying other operating expenses in the Group's Consolidated Income Statement.

Immediately prior to this acquisition, the Group owned 81% of Everdeal which was disclosed as an equity accounted associate with a carrying value of £nil. There was no resulting gain or loss taken to the income statement following remeasurement of this investment.

In the 20 days to 28 February 2017, the subsidiary contributed a net loss of £1,064,000 to the consolidated loss for the year. If the acquisition had occurred on the first day of the accounting period, Group revenue would have been an estimated £111,364,000 higher and net profit would have been an estimated £1,177,000 higher.

Following an impairment review, during which the future forecasts of the business were reviewed, the goodwill arising on acquisition was written off in full in the Consolidated Income Statement and disclosed within impairment of goodwill/credit for business purchase.

## Non-Underlying Items

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

<b>Operating expenses</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
New business and new contract set up costs	2,999	1,214
Transaction costs	2,003	395
Restructuring costs	83	–
Bad debt write-off	1,869	–
Amortisation of acquired intangibles	3,938	3,938
Impairment of goodwill/credit for business purchase	21,646	–
<b>32,538</b>	<b>5,547</b>	<b>5,547</b>

<b>Share of post-tax profits of associates and joint ventures</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Amortisation of acquired intangibles	2,839	2,835
<b>2,839</b>	<b>2,835</b>	<b>2,835</b>

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. The costs in the current year were in relation to the development of the Energy business, principally pre-contract costs and excess costs incurred due to delays in customer plants becoming operational.

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 bad debt write-off relates to a significant receivable, written off due to the customer entering administration.

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.

Impairment of goodwill/credit for business purchase comprises the following:

	2017 £'000	2016 £'000
Everdeal goodwill	28,375	–
Propius credit for business purchase	(1,351)	–
Revaluation gain on equity accounted investment in Propius	(5,378)	–
	<b>21,646</b>	–

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.

## Dividends

Dividends paid on ordinary shares	2017 Rate	2017 £'000	2016 Rate	2016 £'000
	p		p	
Interim dividend paid 20 January 2017	3.0	10,630	–	–
Interim dividend paid 7 October 2016	3.0	10,327	–	–
Final dividend for 2016 paid 8 July 2016	4.0	13,770	–	–
Interim dividend paid 4 December 2015	–	–	2.0	6,559
Final dividend for 2015 paid 3 July 2015	–	–	4.0	13,117
	<b>10.0</b>	<b>34,727</b>	<b>6.0</b>	<b>19,676</b>

An interim dividend of 3.0p per share totalling £10,630,000 was paid on 7 April 2017. A final dividend of 4.5p per share totalling £15,945,000 was declared on 11 May 2017 and subject to shareholder approval will be paid on 7 July 2017. Neither of these dividends are recognised as a liability as at 28 February 2017.

## Financial Assets and Liabilities

Loans and borrowings	2017 £'000	2016 £'000
<b>Non-current</b>		
<b>Fixed rate:</b>		
- Obligations under finance leases and hire purchase contracts	7,847	6,608
- Bank loans	64,269	–
<b>Variable rate:</b>		
- Obligations under finance leases and hire purchase contracts	19,252	15,902
- Bank loans	41,704	26,382
	<b>133,072</b>	<b>48,892</b>
<b>Current</b>		
<b>Fixed rate:</b>		
- Obligations under finance leases and hire purchase contracts	1,401	2,295
- Bank loans	6,975	–
<b>Variable rate:</b>		
- Obligations under finance leases and hire purchase contracts	9,911	6,663
	<b>18,287</b>	<b>8,958</b>
<b>Total loans and borrowings</b>	<b>151,359</b>	<b>57,850</b>
Cash	30,653	9,858
<b>Net debt</b>	<b>120,706</b>	<b>47,992</b>

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

During the year, the £50,000,000 variable rate committed revolving credit facility with a facility end date of January 2019 was amended to £65,000,000 and extended to an end date of January 2020. This facility was drawn at £42,200,000 (2016: £27,000,000) at the year end.

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

#### Note to the Consolidated Cash Flow Statement

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
<b>(Loss)/profit before tax</b>	<b>(8,026)</b>	<b>9,991</b>
Adjustments to reconcile (loss)/profit before tax to net cash flows:		
<b>Non-cash:</b>		
Gain in value of investment properties	(2,898)	(8,441)
Realised profit on sale of property, plant and equipment and investment properties	(15,196)	(183)
Share of post-tax profits of associates and joint ventures accounted for using the equity method	(6,876)	(8,295)
(Profit)/loss on disposal of/loss in value of assets held for sale	(2,747)	16
Profit on sale and leaseback	–	(1,893)
Release of deferred profit on sale and leaseback	(772)	–
Depreciation of property, plant and equipment	9,378	8,435
Finance income	(2,925)	(1,343)
Finance costs	2,532	2,302
Release of grant income	(313)	(302)
Release of deferred premiums	(3,045)	–
Impairment of goodwill/credit for business purchase	21,646	–
Amortisation of intangibles	3,938	3,938
Charge for share based payments	1,000	648
(Gain)/loss on fuel swaps mark to market valuation	(1,820)	1,497
<b>Working capital adjustments:</b>		
Decrease in inventories	215	1,535
Decrease/(increase) in trade and other receivables	5,767	(3,747)
Decrease in trade and other payables	(1,578)	(3,999)
<b>Cash (used)/generated from continuing operations</b>	<b>(1,720)</b>	<b>159</b>

## Related Parties

### Relationships of Common Control or Significant Influence

WA Developments International Limited is owned by W A Tinkler. During the year, the Group made purchases of £344,000 (2016: £nil) relating to the provision of passenger transport and the Group levied recharges of £38,000 (2016: £41,000) relating to the recovery of staff costs and expenses to WA Developments International Limited. £nil (2016: £nil) was due from and £nil (2016: £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 £388,000 (2016: £525,000) relating to the provision of passenger transport and sales of £35,000 (2016: £19,000) relating to fuel to Apollo Air Services Limited. £nil (2016: £nil) was owed by the Group and £7,000 (2016: £nil) was owed to the Group by this company at the year end.

During the year, the Group made purchases of £2,000 (2016: £4,000) and sales of £9,000 (2016: £54,000) to WA Tinkler Racing, a business owned by W A Tinkler, relating to car hire. £2,000 (2016: £nil) was owed to the Group and £nil (2016: £nil) was owed by the Group at the year end.

During the year, a number of close family members of W A Tinkler were employed by the Group. The total emoluments of those close family members, including benefits provided as part of their employment, amounted to £33,000 (2016: £53,000).

### Associates and Joint Ventures

The Group headed by Greenwhitestar Holding Company 1 Limited, which owns Eddie Stobart Logistics Limited, is an associate undertaking. During the year, the Group made sales of £4,138,000 (2016: £11,962,000), mainly relating to cost recharges (see below), and purchases of £1,006,000 (2016: £5,160,000), mainly relating to haulage costs and cost recharges (see below). A balance of £156,000 (2016: £475,000) was owed by the Group and £741,000 (2016: £684,000) was owed to the Group at the year end. These balances are shown within current trade and other receivables/payables. The Group has guaranteed certain obligations under leases for properties operated by Eddie Stobart Logistics.

Significant examples of cost recharges 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.

On 8 February 2017, the Group acquired a controlling interest in Everdeal Holdings Limited which was previously classified as a joint venture. Prior to acquisition, the Group had loans, not part of the net investment, outstanding from companies within the group headed by Everdeal Holdings Limited, with a book value of £6,538,000 (2016: £6,538,000). The loans were unsecured and due for repayment within one year. Prior to acquisition, the Group made sales of £693,000 (2016: £nil) to the Group headed by Everdeal Holdings Limited, mainly relating to the provision of aircraft, fuel and landing charges, and purchases of £75,000 (2016: £nil).

The Group had loans, not part of the net investment, outstanding from its associate interest, Shuban Power Limited, of £5,250,000 (2016: £5,250,000) at the year end, disclosed within trade and other receivables in non-current assets. The interest outstanding at the year end was £1,475,000 (2016: £1,055,000) 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 (2016: £849,000) at the year end, disclosed within trade and other receivables in non-current assets. The interest outstanding at the year end was £112,000 (2016: £45,000) 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, Mersey Bioenergy Holdings Limited, of £7,302,000 (2016: £7,302,000) 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 £1,967,000 (2016: £838,000) 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.

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**

In April 2017, the Group entered an arrangement to sell and leaseback eight ATR 72-600 aircraft. The Group received net proceeds of \$62.7m (£50.2m) after repayment of existing financing in respect of the aircraft of \$85.3m, including refundable deposits withheld of \$3.8m (£3.0m) and \$1.0m (£0.8m) in rental payments. The leases are for a ten-year term with an option to terminate after six years. Aggregate payments under the leases will amount to \$15.4m (£12.3m) per annum. The Group will continue to operate all eight aircraft within its airline, primarily providing flights under the Aer Lingus franchise agreement.

On 25 April 2017, the Group disposed of its 49% investments in Greenwhitestar Holding Company 1 Limited and Greenwhitestar Finance Limited for consideration comprising cash of £113.3m and a 12.5% shareholding in Eddie Stobart Logistics plc. Eddie Stobart Logistics plc was admitted to AIM on 25 April 2017 and the 12.5% shareholding was valued at £71.5m on admission.

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