



Stobart Group

Annual Report and Accounts 2008

Independent Auditors' Report

To the members of Stobart Group Limited (formerly The Westbury Property Fund Limited)

We have audited the Group financial statements of Stobart Group Limited (formerly The Westbury Property Fund Limited) for the period ended 29 February 2008 which comprise the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes 1 to 30. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Parent Company financial statements of Stobart Group Limited (formerly The Westbury Property Fund Limited) for the period ended 29 February 2008.

This report is made solely to the Group's members, as a body, in accordance with Section 64 of the Companies (Guernsey) Law 1994. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law 1994. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Group has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. The other information comprises only the Chairman's Statement, the Chief Executive Officer's Statement, the Business Description section, the Corporate Responsibility section, the Business Performance section, the Risk Management section, the Directors' Report, the Corporate Governance Statement and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

Opinion

In our opinion the Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Group's affairs as at 29 February 2008 and of its loss for the period then ended and have been properly prepared in accordance with the Companies (Guernsey) Law 1994.

Ernst & Young LLP, Manchester

9 May 2008

Consolidated Income Statement

For the period to 29 February 2008

	Notes	14 months from 1.01.2007 to 29.02.2008 £'000	12 months from 1.01.2006 to 31.12.2006 £'000
Continuing Operations			
Revenue	7	108,840	421
Operating expenses			
- Share based payment	25	(49)	-
- Other	4	(102,874)	(906)
		(102,923)	(906)
Operating profit / (loss)	4	5,917	(485)
Finance costs	10	(2,761)	(668)
Finance income	9	365	30
Profit / (loss) before tax		3,521	(1,123)
Income tax	11	(729)	6
Profit for the period from continuing operations		2,792	(1,117)
Discontinued operations	8	(30,375)	43,894
(Loss) / profit for the period attributable to equity holders of the parent		(27,583)	42,777
Earnings per ordinary share			
From continuing operations			
Basic	12	2.32p	(1.52p)
Diluted	12	2.32p	(1.52p)
From continuing and discontinued operations			
Basic	12	(22.92p)	58.29p
Diluted	12	(22.92p)	58.29p

Consolidated Balance Sheet

At 29 February 2008

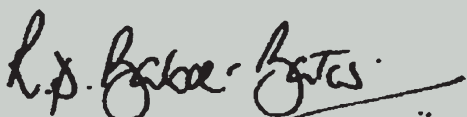
	Notes	2008 £'000	2006 £'000
Non-current Assets			
Property, plant and equipment	14	111,198	11,084
Investment property	16	3,803	139,446
Intangible assets	15	162,358	3,813
Investments in associates and joint ventures	18	161	70,612
Other investments	19	-	250
Total non-current assets		277,520	225,205
Current Assets			
Inventories	20	1,120	-
Trade and other receivables	21	44,691	3,292
Cash and cash equivalents		4,519	39,831
Assets of disposal groups classified as held for sale	8	50,330 25,925	43,123 -
Total current assets		76,255	43,123
Total Assets		353,775	268,328
Non-current Liabilities			
Loans and borrowings	24	56,950	84,577
Other liabilities	23	7,484	9,618
Deferred tax liability (o/s)	26	21,341	-
Total non-current liabilities		85,775	94,195
Current Liabilities			
Trade and other payables	22	32,992	4,209
Loans and borrowings	24	23,451	-
Corporation tax liability		481	-
Total current liabilities		56,924	4,209
Liabilities directly associated with the assets classified as held for sale	8	1,931	-
Total current liabilities		58,855	4,209
Total Liabilities		144,630	98,404
Total Net Assets		209,145	169,924

Consolidated Balance Sheet, continued

As at 29 February 2008

	Notes	29.02.2008 £'000	31.12.2006 £'000
Capital and reserves attributable to equity holders of the Company			
Issued share capital	27	16,063	10,049
Share premium	27	70,535	99,925
Foreign currency exchange reserve	27	(132)	-
Treasury shares	27	(803)	-
Revaluation reserve	27	340	340
Retained earnings		123,142	59,610
Total Equity		209,145	169,924

The financial statements were approved and authorised for issue by the Board of Directors on 9 May 2008 and were signed on its behalf by:



Rodney Baker-Bates, Chairman



Ben Whawell, Director

Consolidated Statement of Changes in Equity

For the period to 29 February 2008

At year ended 29 February 2008

Attributable to equity holders of the parent

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Treasury shares £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 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.

At year ended 31 December 2006

Attributable to equity holders of the parent

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Treasury shares £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 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 to 29 February 2008

	Notes	2008 £'000	2006 £'000
Profit / (loss) before tax from continuing operations		3,521	(1,123)
(Loss) / profit before tax on discontinued operations	8	(30,465)	43,894
(Loss) / profit before tax		(26,944)	42,771
Adjustments to reconcile (loss) / profit before tax to net cash flows			
Non-cash			
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	7	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	25	49	-
Performance fee – share based payment	25	9,287	-
Working capital adjustments			
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	7	(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)

Consolidated Cash Flow Statement, continued

For the period to 29 February 2008

Notes	2008 £'000	2006 £'000
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 to 29 February 2008

1. 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 principal activities of the Group are disclosed in note 7.

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 effective in 2007 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.

Revenue is analysed by segment in note 7.

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 (ie 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.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

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.

Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

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.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

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 amount 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.

2. Summary of significant accounting judgments, estimates and assumptions

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements, estimates and assumptions

- (a) Valuation of investment property
All investment properties are stated at fair value, which have been determined based on valuations performed by independent valuers on the basis of open market value.
- (b) Impairment of goodwill and indefinite life intangible assets
The Group is required to test, on an annual basis, whether goodwill have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 15.
- (c) Useful lives of intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the director's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods. More details including carrying values are included in note 14 and note 15.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

(d) Share-based payment

The Group has equity-settled share-based remuneration schemes for employees and directors. Employee and director services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the Black-Scholes model on the date of grant based on certain assumptions. Those assumptions are described in note 25 and include, among others, the dividend growth rate, expected volatility, expected life of the options and number of options expected to vest. More details including carrying values are disclosed in note 25.

(e) Determination of fair values of intangible assets acquired in business combinations

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trademark or a patent being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the asset.

3. Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Other market price risk
- Liquidity risk
- Capital risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash at bank
- Bank overdrafts
- Trade and other payables
- Floating-rate bank loans
- Income shares
- Finance leases

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

All credit sales are made under Group payment and delivery terms and conditions and are covered by insurance. All credit limits are formally set and are in agreement with the bank.

The recoverability of the trade receivables book is considered highly likely and there is no provision for impairment. This is supported by the history of collection by the Group.

Interest rate risk

The Group is exposed to cash flow interest risk from long-term borrowings at variable rate. It is currently Group policy that finance lease borrowings are taken at fixed rates. There are loan facilities at variable rates. These borrowing policies are managed centrally. The Group also uses interest rate caps and collars to manage the risk of interest rate fluctuations. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2008 and 2006, the Group's borrowings at variable rate were denominated in Pounds Sterling and Euros.

At 29 February 2008, if interest rates on Pounds Sterling denominated borrowings had been 100 basis points higher/lower with all other variables held constant, the annualised effect on the Group's profit before tax from continuing operations would be £479,000. The impact on equity, reflecting the after tax impact, would not be materially different.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. See also the maturity profile of loans and borrowings in note 24.

The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its finance lease borrowings at competitive prevailing rates.

Eddie Stobart Limited, the main operating subsidiary prepares rolling 3-month cash flow projections showing daily cash forecasts. These are monitored by the board regularly. Other short-term cash flow forecasts are monitored centrally. In addition, full annual 2 year forecasts are prepared including cash flow forecasts.

Capital management

The objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is long term liabilities divided by capital plus long term liabilities. The Group includes the following within long term liabilities; non-current instalments due on bank loans, non-current obligations under finance leases and hire purchase contracts and income shares. Capital comprises equity attributable to the equity holders of the parent less the net unrealised gains reserve.

The Group has reduced its capital during the year in order to maximise the reserves that are distributable to shareholders.

The Group uses share capital to partly fund major acquisitions where considered appropriate.

The Group is not subject to any externally imposed capital restraints.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

4. 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
	102,923	906

	2008 £'000	2006 £'000
Profit from operations		
This has been arrived at after charging:		
Staff costs (see note 5)	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 the audit of Stobart Group	231	98
- Other taxation services	61	40
- Services relating to corporate finance transactions	296	-
- Audit related services	22	-
Share based payment	49	-

5. Staff costs

	2008 £'000	2006 £'000
Staff Costs		
Staff costs (including Directors) comprise:		
Wages and salaries	31,915	249
Social security costs	2,982	23
Other pension costs	507	-
Share based payment	49	-
	35,453	249

	29.02.2008 £'000	31.12.2006 £'000
Average number of employees		
Average number of persons employed by the Group (including Directors) during the period	990	6

During the period, the Group made a number of acquisitions (see note 6). Due to the acquisitions, the number of persons employed by the Group significantly increased. As at 29 February 2008, the Group employed 2,609 persons.

Directors' remuneration

Details of the Directors' remuneration are set out in the Directors' Remuneration Report on page 24.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

6. 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	-
	153,363	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
	(99,549)	(80,049)
Net assets	53,814	14,749
Goodwill arising on acquisition	77,089	
Total consideration	130,903	

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

	£'000
Cash	61,741
Shares issued	66,532
Costs associated with the acquisition	2,532
Other	98
Total	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
	15,825	12,335
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)
	(10,295)	(8,935)
Net assets	5,530	3,400
Goodwill arising on acquisition	18,283	
Total consideration	23,813	

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	23,813

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).

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

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
	24,258	23,903
Trade payables	(354)	(354)
Other payables including current tax	(12,150)	(12,150)
Deferred tax	(2,209)	(2,209)
	(14,713)	(14,713)
Net assets	9,545	9,190
Goodwill arising on acquisition	3,173	
Total consideration	12,718	

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	12,718

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.

Acquisitions of James Irlam & Sons Limited and Irlam Storage LLP

On 4 April 2008 the Group acquired 100% of the voting rights of James Irlam & Sons Limited 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.

7. 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 is 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 21st 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.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

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 loss 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
	£'000	£'000	£'000	£'000	2006 £'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

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8. Discontinued operations

On 21 September the Group disposed of the substantial proportion of its investment property and related business. The remaining investment property is a continuing operation but the joint venture undertakings with investment property interests are classified as discontinued operations. The directors intend to sell these properties within one year of the balance sheet date and are looking for purchasers. The non-contracted Victa Westlink rail freight service ceased operation in October 2007, although the passenger charter service continues, and is also classified as discontinued.

The results of the discontinued operations are presented below:

	Investment property and related business		Investment properties in joint ventures and associates		Victa Westlink rail freight service		Total	
	2008 £'000	2006 £'000	2008 £'000	2006 £'000	2008 £'000	2006 £'000	2008 £'000	2006 £'000
Revenue	5,284	6,946	-	-	2,893	-	8,177	6,946
Expenses	(2,047)	(8,605)	(58)	-	(7,463)	(250)	(9,568)	(8,855)
Investment manager's fees	(11,995)	(2,747)	-	-	-	-	(11,995)	(2,747)
Profit / (loss) on disposal on investment property	4,868	(15)	(361)	-	-	-	4,507	(15)
Amortisation of intangibles	-	-	-	-	(1,035)	-	(1,035)	-
Finance costs/income net	(2,550)	(2,103)	268	-	4	-	(2,278)	(2,103)
Share of profits / (losses) of associates and joint ventures	-	-	(18,273)	37,990	-	-	(18,273)	37,990
Profit/loss recognised on re-measurement to fair value	-	12,678	-	-	-	-	-	12,678
Loss before tax from discontinued operations	(6,440)	6,154	(18,424)	37,990	(5,601)	(250)	(30,465)	43,894
Taxation:								
- related to the pre-tax profit/(loss)	95	-	(5)	-	-	-	90	-
Profit/(loss) for the year from discontinued operations	(6,345)	6,154	(18,429)	37,990	(5,601)	(250)	(30,375)	43,894

The net cash flows incurred by discontinued operations are as follows:

	Investment property and related business		Investment properties in joint ventures and associates		Victa Westlink rail freight service		Total	
	2008 £'000	2006 £'000	2008 £'000	2006 £'000	2008 £'000	2006 £'000	2008 £'000	2006 £'000
Operating activities	1,741	(8,556)	(243)	-	(4,555)	-	(3,057)	(8,556)
Investing activities	158,570	(25,990)	7,235	-	5	-	165,810	(25,990)
Financing activities	(90,275)	58,884	-	-	-	-	(90,275)	58,884
	70,036	24,338	6,992	-	(4,550)	-	72,478	24,338

The major classes of assets and liabilities of the disposal groups classified as held for sale as at 29 February 2008 are as follows. Although not required comparatives have been included for prior year balance sheet items to provide more meaningful comparisons:

	Investment property and related business		Investment properties in joint ventures and associates		Victa Westlink rail freight service		Total	
	2008 £'000	2006 £'000	2008 £'000	2006 £'000	2008 £'000	2006 £'000	2008 £'000	2006 £'000
Assets								
Investment property	-	135,646	-	-	-	-	-	135,646
Investments in associates and joint ventures	-	-	23,976	70,612	-	-	23,976	70,612
Other investments	-	-	250	250	-	-	250	250
Property, plant and equipment	-	-	-	-	45	-	45	-
Debtors	-	2,684	475	-	451	-	926	2,684
Cash and short-term deposits	-	31,296	471	-	257	-	728	31,296
Assets classified as held for sale	-	169,626	25,172	70,862	753	-	25,925	240,488
Liabilities								
Accruals	(700)	(92,513)	(22)	-	(1,209)	(250)	(1,931)	(92,763)
Liabilities directly associated with assets classified as held for sale	(700)	(92,513)	(22)	-	(1,209)	(250)	(1,931)	(92,763)
Net assets/(liabilities) directly associated with assets classified as held for sale	(700)	77,113	25,150	70,862	(456)	(250)	23,994	147,725
Earnings per share								
Basic, from discontinued operations					(25.24p)	59.81p		
Diluted, from discontinued operations					(25.24p)	59.81p		

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9. Finance income

	2008 £'000	2006 £'000
Bank interest receivable	365	30
Total finance income	365	30

10. Finance costs

	2008 £'000	2006 £'000
Bank loans, loan notes and overdraft	1,606	217
Distribution on income shares	421	422
Amortisation of income shares issue costs	34	29
Finance charges payable under finance leases and hire purchase contracts	700	-
Total finance costs	2,761	668

11. Taxation

Taxation on profit on ordinary activities

Tax charged in the income statement	2008 £'000	2006 £'000
Current income tax:		
UK Corporation tax - continuing operations	(34)	-
UK Corporation tax - discontinued operations	-	-
	(34)	-
Guernsey tax	5	(6)
Total current tax	(29)	(6)
Deferred tax:		
Origination and reversal of timing differences	754	-
Impact of change in deferred tax rate	4	-
Total deferred tax charge	758	-
Total charge in the income statement	729	(6)

Reconciliation of the income tax charge

A reconciliation of the income tax charge applicable to the results from ordinary activities at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year is as follows:

	2008 £'000	2006 £'000
Profit from continuing operations before taxation	3,521	-
(Loss) / profit from discontinued operations before taxation	(30,465)	42,771
Net (loss) / profit before taxation	(26,944)	42,771
UK income tax at rate of 30% (2006: 22%)	(8,083)	9,410
Effects of:		
Realised losses/(gains) on disposal of investment properties	-	3
Losses arising from discontinued operations not allowable for tax purposes	6,338	(2,789)
Income not taxable including interest receivable and share of profits of associates and joint ventures	(1,273)	(8,863)
Net effect of intercompany loan interest	-	(509)
Losses arising not relievable against current tax	605	464
Expenses incurred not relievable against current tax	3,049	2,278
Impact of change in UK tax rate	93	-
	729	(6)

The Company and two subsidiary companies have obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that they are exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. Each company is, therefore, only liable to a fixed fee of £600 per annum. The Directors intend to conduct the affairs of these Guernsey registered companies such they continue to remain eligible for exemption.

With effect from 1 March 2008, the Company's affairs are conducted such that it is likely it will be considered to be resident in the UK for tax purposes.

WPL Investments Limited and WPL Ventures Limited are subject to taxation in Guernsey.

Westlink Group Limited and Stobart Holdings Limited, and their respective subsidiaries are subject to corporation tax in the UK

Deferred taxation in the income statement

The deferred tax included in the Group income statement is as follows:

	2008 £'000	2006 £'000
Accelerated capital allowances	142	-
Brought forward tax losses utilised	616	-
Deferred income tax expense	758	-

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

12. 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 2008 £'000	Discontinuing Operations 2008 £'000	Total 2008 £'000	Continuing Operations 2006 £'000	Discontinuing Operations 2006 £'000	Total 2006 £'000
Numerator						
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	2,792	(30,375)	(27,583)	(1,117)	43,894	42,777
			2008 Number			2006 Number
Denominator						
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			120,349,347			73,389,865

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 acquisition of the Irlam businesses and WA 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.

13. 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	7.2	8,858,786	6.0	3,990,561

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.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

14. Property, Plant and Equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Commercial vehicles £'000	Total £'000
Cost or valuation					
At 1 January 2007	11,000	77	20	-	11,097
Acquisition of subsidiaries	36,380	8,750	1,222	26,619	72,971
Additions	24,857	2,530	690	10,192	38,269
Disposals	(9)	(456)	(1)	(5,025)	(5,491)
Revaluations	-	-	-	-	-
At 29 February 2008	72,228	10,901	1,931	31,786	116,846

Aggregate depreciation and impairment losses

At 1 January 2007	-	9	4	-	13
Charge for the period	343	1,523	735	3,345	5,946
Disposals	(5)	(76)	(1)	(229)	(311)
At 29 February 2008	338	1,456	738	3,116	5,648
Net book amount at 29 February 2008	71,890	9,445	1,193	28,670	111,198

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Commercial vehicles £'000	Total £'000
Cost					
At 1 January 2006	-	-	-	-	-
Acquisition of businesses	10,500	71	11	-	10,582
Additions	160	6	9	-	175
Revaluations	340	-	-	-	340
At 31 December 2006	11,000	77	20	-	11,097
Depreciation and impairment					
At 1 January 2006	-	-	-	-	-
Charge for the year	-	9	4	-	13
At 31 December 2006	-	9	4	-	13
Net book amount at 31 December 2006	11,000	68	16	-	11,084

The balance as at 1 January 2007 consisted only of land and buildings at Weston Point Docks in Runcorn, which were acquired through the acquisition of Westlink Group Limited in the year ended 31 December 2006. These properties were valued by Knight Frank, an independent valuer, as at 31 December 2006 on the basis that all of the buildings would be demolished in due course as development of the port progresses. No depreciation will be charged on those assets until the redeveloped land and buildings are ready for use. Had the revalued properties been re-measured on a historical cost basis their book values would have been £10,660,114 (2006 - £10,660,114).

Other land and buildings were acquired through the business acquisitions during the period ended 29 February 2008, as set out in note 6, and were subject to independent valuations by Knight Frank as part of the fair value exercise, or were acquired during the period at market value.

Bank borrowings are secured on the Group's freehold land and buildings.

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases:

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Commercial vehicles £'000	Total £'000
Cost	-	1,836	127	35,840	37,803
Aggregate depreciation	-	307	36	8,716	9,059
Net book value at 29 February 2008	-	1,529	91	27,124	28,744
Net book value at 31 December 2006	-	-	-	-	-

15. Intangible assets

	Goodwill £'000	Brand names £'000	Total £'000
Cost			
At 1 January 2006	-	-	-
Acquisition of Westlink Group Limited	3,813	-	3,813
At 31 December 2006	3,813	-	3,813
Acquisition of AHC (Warehousing) Limited and related companies (note 6)	3,173	-	3,173
Acquisition of Stobart Holdings Limited (note 6)	77,089	60,000	137,089
Acquisition of O'Connor Group Management Limited (note 6)	18,283	-	18,283
At 29 February 2008	102,358	60,000	162,358
Impairment			
At 1 January 2006 and 29 February 2008	-	-	-
Net book value			
At 1 January 2006	-	-	-
At 31 December 2006	3,813	-	3,813
At 29 February 2008	102,358	60,000	162,358

For the year to 31 December 2006, there was no accumulated amortisation balance or movement.

There are no internally generated intangible assets.

Brand names consists of the Eddie Stobart brand. This brand name is considered to have an indefinite useful life as there is no foreseeable limit to the period over which it expected to generate cash flows for the Group. The Group invests significant amounts to support the brand profile and development.

Notes to the Consolidated Financial Statements, continued

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Impairment testing of goodwill and intangible assets with indefinite lives

For the acquisitions of Stobart Holdings Group, O'Connor Group, AHC (Warehousing) Limited and related companies the initial accounting for these business combinations can only be determined provisionally by the period end and the allocation of goodwill to cash generating units has not been completed. Accordingly, the first test for impairment will be undertaken when the initial accounting is completed within twelve months of each business combination.

The remaining goodwill is all in relation to the Westlink Group cash generating unit.

Carrying amounts of goodwill and brands with indefinite lives allocated to each cash generating units are set out below:

	Westlink Group unit	
	2008 £'000	2006 £'000
Carrying amount of goodwill	3,813	3,813

The recoverable amount of the goodwill in the Westlink Group cash-generating unit has been based on value in use calculations using projections from financial forecasts approved by senior management covering a 5-year period. The post-tax discount rate applied to the cash flow projections is 10.6% and cash flows beyond the 5-year period are deemed to be in perpetuity.

No impairment losses have been recognised in the period or the prior period. The calculation of the value in use is most sensitive to the discount rate. With regard to the assessment of value in the Westlink Group unit, management believes that no reasonably possible change in the discount rate would cause the carrying value of the unit to exceed its recoverable amount.

16. Investment Property

Investment property is stated at fair value, which has been determined based on valuations performed by Knight Frank, an accredited independent valuer, as at 29 February 2008 on the basis of open market value, supported by market evidence. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and knowledgeable, willing seller in an arms length transaction at the date of the valuation. The valuation was performed in accordance with the RICS Valuation Standards issued by the Royal Institution of Chartered Surveyors and is based on available market evidence.

	2008 £'000	2006 £'000
Opening balance	139,446	116,873
Additions	-	22,394
Disposals	(139,363)	(12,500)
Net gains from fair value adjustments	3,720	12,679
Closing balance	3,803	139,446

At 29 February 2008, there were no restrictions on the realisability of investment property or remittance of income and proceeds of disposal (2006: none).

At 29 February 2008, contractual obligations to purchase investment property amounted to £nil (2006: £nil).

17. Investments in Subsidiary Companies

A table listing all the subsidiaries is below:

Name of Subsidiary	Place of incorporation	Shareholding 2008	Shareholding 2006	Business Activity
WPL Ventures Limited	Guernsey	100%	100%	Property investment
WPL Investments Limited	Guernsey	100%	100%	Property investment
Westbury (Yorkshire) Limited	England	100%	100%	Dormant
Westbury (Hull) Limited	England	100%	100%	Dormant
Endeavour Guernsey Limited	Guernsey	100%	100%	Property investment
Westlink Investment Syndicate LLP	England	100%	100%	Dormant
Westlink Group Limited	England	100%	100%	Holding company
Inhoco 3185 Limited	England	100%	100%	Holding company
Westlink Holdings Limited	England	100%	100%	Property investment
Westlink Storage & Shipping Company Limited	England	100%	100%	Contract logistics
Victa Westlink Rail Limited	England	100%	-	Contract logistics
AHC Westlink Limited	England	100%	-	Contract logistics
AHC (Isle of Man) Limited	Isle of Man	100%	-	Holding company
Marsh Maintenance Limited	England	100%	-	Property investment
Goldfinger Limited	Guernsey	100%	-	Dormant
Stobart Properties Limited	England	100%	-	Property investment
Stobart Holdings Limited	England	100%	-	Holding company
Eddie Stobart Group Limited	England	100%	-	Contract logistics
Eddie Stobart Limited	England	100%	-	Contract logistics.
Eddie Stobart Promotions Limited	England	100%	-	Corporate merchandising
Eddie Stobart Belgium NV	Belgium	100%	-	Contract logistics
Eddie Stobart Insurance Limited	Isle of Man	100%	-	Insurance
ESL Limited	England	100%	-	Dormant
O'Connor Group Management Limited	England	100%	-	Holding company
O'Connor Container Transport Limited	England	100%	-	Contract logistics
O'Connor Container Storage Limited	England	100%	-	Contract logistics
O'Connor Properties Limited	England	100%	-	Property investment

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

18. Investments in Associates and Joint Ventures

Business	Year end	Issued Ordinary Shares of £1 each	Residence	Percentage of nominal value of issued shares or members' capital held
Ropewalks One LLP ¹	30 September	n/a	UK	50%
One Plantation Place Unit Trust ¹	31 March	n/a	Jersey	21.9%
Westbury Fitness Limited	31 December	10,000	Guernsey	50%
Westbury Fitness Hull Limited	30 April	1	Isle of Man	50% (wholly owned by Westbury Fitness Limited).
DV3 Mid City Limited ¹²	31 March	10,000	BVI	19.73%
Westar Limited	31 December	10,000	Guernsey	50%
Westar 2 Limited	31 December	10,000	Guernsey	50%
Endeavour Ware Limited ¹	31 December	10,000	Guernsey	47.5%
Endeavour Guildford Limited	31 December	2	Guernsey	50%
Weston Point Studios Limited	31 August	2	UK	50%
Starion Tottenham Court Road Limited	30 April	1	Isle of Man	50%

1 These entities are associates, all others are joint ventures.

2 Treated as an associated company, given the Group's right to enforce a sale of the Company's underlying property asset. This investment was disposed of in the period ended 29 February 2008.

The above investments comprise:

Associates	2008 £'000	2006 £'000
Cost of shares or member's capital	16,868	17,102
Loans	-	4,057
Share of accumulated profits, revaluation gains/(deficits) and taxation	3,572	35,088
Transfer to assets of disposal groups classified as held for sale	(20,440)	-
	-	56,247

The following information is given in respect of the Group's share of all associates:

	2008 £'000	2006 £'000
Non-current assets	117,271	197,612
Current assets	5,876	7,339
	123,147	204,951
Current liabilities	2,569	5,044
Non-current liabilities	100,138	147,718
	102,707	152,762
Share of net assets	20,440	52,189
Add back loans	-	4,058
Carrying amount of associates	20,440	56,247
Share of associates revenue and profit:		
Income	8,316	7,752
Profit/(Loss) after tax	7,547	21,313

Joint Ventures	2008 £'000	2006 £'000
Cost of shares or member's capital	2,217	2,217
Loans	4,240	9,145
Impairment of loan	(1,995)	-
Interest receivable	512	-
Share of accumulated profits, revaluation gains/(deficits) and taxation	(1,277)	3,003
Transfer to assets of disposal groups classified as held for sale	(3,536)	-
	161	14,365

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

The following information is given in respect of the Group's share of all joint ventures:

	2008 £'000	2006 £'000
Non-current assets	40,286	33,895
Current assets	1,361	6,380
	41,647	40,275
Current liabilities	6,028	7,263
Non-current liabilities	34,840	27,792
	40,868	35,055
Share of net assets	779	5,220
Add back loans	4,240	9,145
Impairment of loan	(1,995)	-
Interest receivable	512	-
Carrying amount of joint ventures	3,536	14,365
Share of joint ventures revenue and profit:		
Income	2,024	3,260
Profit/(Loss) after tax	(340)	1,710

There were no contingent liabilities or capital commitments in Jointly Controlled Entities in 2008 or 2006.

19. Other Investments

	2008 £'000	2006 £'000
Investment in Whitecote Limited (incorporated in Jersey)	-	250
	-	250

The investment in Whitecote Limited is made up of 10 Ordinary Shares of £1 each (being 4.3% of the total equity) plus 250,000 unsecured loan notes of £1 each. Whitecote Limited owns the Banstead Estate comprising approximately 526 acres of agricultural land in Surrey with prospects for added value through selective planning gain in due course.

At 29 February 2008, the investment in Whitecote Limited has been classified within Discontinued Operations (see note 8).

20. Inventory

	2008 £'000	2006 £'000
Consumable supplies	918	-
Goods held for resale	202	-
	1,120	-

The amount of inventory recognised as an expense during the period was £21,428,000 (2006: £nil).

21. Trade and other receivables

	2008 £'000	2006 £'000
Trade receivables – net	34,426	92
Other receivables and prepayments	10,228	309
Rent receivable	-	2,205
Loans to related parties	37	-
Interest receivable	-	686
	44,691	3,292

All receivables are due within one year of the balance sheet date. The majority of our receivables are current. The amount of receivables that are more than 60 days overdue is not material

For terms and conditions relating to related party receivables see note 29.

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

22. Trade and other payables (current)

	2008 £'000	2006 £'000
Trade payables	17,190	37
Other taxes and social security	3,584	301
Other payables	1,687	681
Interest payable	-	402
Accruals and deferred income	10,531	2,788
	32,992	4,209

23. Non current payables

	2008 £'000	2006 £'000
Performance fee accrual due to the Investment Manager	-	9,618
Accruals and deferred income	7,484	-
	7,484	9,618

The performance fee was fully paid in the year in shares upon disposal of the related property business.

24. Financial assets and liabilities

Loans and borrowings	Interest rate	2008 £'000	2006 £'000
Non-current			
Fixed rate			
- Borrowings	6%	-	79,400
- Income share dividends	8%	5,211	5,177
- Obligations under finance leases and hire purchase contracts	Various	19,163	-
Variable rate borrowings	Various	32,576	-
		56,950	84,577
Current			
Fixed rate borrowings			
- Obligations under finance leases and hire purchase contracts	Various	8,108	-
Variable rate borrowings	Various	15,343	-
		23,451	-
		80,401	84,577

At 29 February 2008:

The Income Shares are entitled to a fixed preferential distribution of 8% per annum, payable quarterly in arrears. The Income Shares are due to be redeemed by the Company on 31 March 2010 at their issue price together with arrears of distribution (if any). The holders of the Income Shares are entitled to £1 of capital per Income Share ranking ahead of the ordinary shares in the event of a liquidation. The Income Shares were also in place at 31 December 2006.

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

The variable rate borrowings comprises a term loan, a revolving credit facility, an overdraft facility and guaranteed loan notes.

Interest is charged on the term loan and revolving credit facility based on a rate of LIBOR plus 1%. The term loan is to be partly repaid by £6,500,000 in 28 equal instalments payable quarterly commencing on 19 November 2007. In February 2013, the bank will obtain a valuation of the properties for which the term loan was used to finance and shall use such valuation to determine the bullet repayment to be made in relation to the outstanding amount of term loan. The loan will be repaid in full by 8 August 2014. The term loan may be prepaid (minimum £1m) by the Company by giving 10 business days' notice to the lender.

Part of this term loan is covered by an interest rate cap at 6% and an interest rate collar at 3.8%. The principal amount covered at 29 February 2008 is £3,768,000. This derivative instrument is not carried in the accounts as its fair value is not considered material.

The revolving credit facility expires in September 2010.

The guaranteed loan notes are entitled to interest at a rate of LIBOR less 0.5% payable in quarterly instalments in arrears. The guaranteed loan notes can be redeemed at par by the Company up to 6 April 2009. The note holders may require the Company to redeem the guaranteed loan notes from 31 March 2008 or any quarterly interest payment date afterwards. The loan notes are guaranteed by the bank through the revolving credit facility.

The overdraft facility is secured on working capital and bears interest at 1.125% above the Bank of England base rate.

The Company was in compliance with financial covenants throughout the period and the previous period.

At 31 December 2006:**6% secured loan**

The 6% secured loan at 31 December 2006 was due for repayment on 31 December 2010. The loan was fixed at interest rates averaging 6%. The loan was secured by way of a debenture and fixed charge over the wholly owned investment property assets of the Group. This loan was negated to the purchaser of the investment property portfolio on 21 September 2007 at the same time as the acquisition and disposal as set out in note 6.

Notes to the Consolidated Financial Statements, continued

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Financial assets and liabilities

The book value and fair values of financial assets and financial liabilities are as follows:

	Continuing Operations		Discontinuing Operations	
	Book value 2008	Fair value 2008	Book value 2008	Fair value 2008
Financial assets				
Cash	4,519	4,519	728	728
Trade and other receivables	34,463	34,463	926	926
Other investments	-	-	250	250
Financial liabilities				
Trade and other payables	22,461	22,461	1,931	1,931
Loans and borrowings:	80,401	80,313	-	-

	Book value 2006	Fair value 2006
Financial assets		
Cash	39,831	39,831
Trade and other receivables	2,983	2,983
Other investments	250	250
Financial liabilities		
Trade and other payables	1,421	1,421
Loans and borrowings:	84,577	85,390

For trade and other receivables/payables with a remaining life of less than one year, the carrying amount is considered to reflect the fair value.

The fair values of loans and borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates.

The table below summarises the maturity analysis of loans and borrowings at 29 February 2008 based on contractual undiscounted payments:

	Less than one year £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
Period to 29 February 2008				
Loans and borrowings	43,871	31,558	4,972	80,401
Period to 31 December 2006				
Loans and borrowings	-	84,577	-	84,577

Trade and other payables are all due within one year.

25. Share-based payments

	2008 £'000	2006 £'000
Expenses arising from equity-settled share based payment transactions:		
Share options	49	-
Performance fee (discontinued)	9,287	-
Total expense arising from share-based payment transactions	9,336	-

All of the share-based payment plans were introduced in the current period and are described below.

Share options

On 21 September 2007 1,504,120 options over the 10p ordinary shares were granted with an exercise price of £1.66 each. The options vest over a 3 year period.

Movements in the period

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

	2008 No. '000	2008 WAEP	2006 No.	2006 WAEP
Outstanding at 1 January	-	-	-	-
Granted during the period	1,504	£1.46	-	-
Outstanding at 29 February/31 December	1,504	£1.46	-	-
Exercisable at 29 February/31 December	-	-	-	-

The weighted average remaining contractual life for the share options outstanding as at 29 February 2008 is 2.58 years.

The weighted average fair value of options granted during the period was £1.46

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

The following table lists the inputs to the models used for the three year plans for the period ended 29 February 2008:

	2008
	Share options
Dividend yield (%)	5.40
Expected volatility (%)	30.00
Risk-free interest rate (%)	4.88
Expected life of options (years)	3
Weighted average share price (£)	1.46
Model used	Black-Scholes

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Incentive Plan

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

There were no units granted in either 2006 or 2008.

Performance fee

On 21 September 2007 a performance fee of £9,286,872 was paid to the Company's former Investment Managers. The consideration was settled by the issue of 6,382,474 10p ordinary shares at £145.5p per share representing market price at the date of issue.

26. Deferred tax

Deferred tax consists of the following:

Deferred income tax liabilities / (assets)	Consolidated balance sheet		Consolidated income sheet	
	29.02.2008 £'000	31.12.2006 £'000	29.02.2008 £'000	31.12.2006 £'000
Accelerated allowances on plant & machinery	942	-	724	-
Revaluation of properties to fair value on acquisition	5,860	-	-	-
Brands recognised on acquisition	16,800	-	-	-
Other temporary differences	(2,261)	-	-	-
	21,341	-	724	-

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that the assets will be recovered.

27. Issued capital and reserves

	2008 £'000	2006 £'000
Authorised share capital – Ordinary Shares		
Authorised at 29 February / 31 December – 218,839,381 shares of 10p each	21,884	21,884
Authorised share capital – Deferred Shares	£	£
Authorised at 29 February / 31 December – 1,000 shares of 0.1p each	1	1

Issued share capital

	2008		2006	
	No. of Shares '000	Share Capital £'000	No. of Shares '000	Share Capital £'000
Ordinary Shares of 10p each issued and fully paid				
At 1 January	100,487	10,049	51,735	5,173
Issued during the period	60,138	6,014	48,752	4,876
Total share capital at 29 February	160,625	16,063	100,487	10,049

Voting Rights

Ordinary shareholders are entitled to vote at all general meetings.

The Deferred Shares have no voting rights.

Capital Entitlement

The ordinary shareholders are entitled to all capital once the holders of Income Shares have been paid their entitlement of £1 of capital per Income Share.

The deferred shareholders are entitled to the repayment of the amounts paid up on the Deferred Shares after payment in respect of each Ordinary Share and £1m.

Notes to the Consolidated Financial Statements, continued

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Nature and purpose of other reserves

Share premium:

Following an application to the Royal Court of Guernsey, £99,925,600 was transferred from share premium account to distributable reserves on 22 June 2007.

Treasury shares:

This comprises the weighted average cost of own shares held in treasury.

Foreign currency exchange reserve:

Gains/losses arising on retranslating the net assets of overseas operations into sterling.

Revaluation reserve:

Gains/losses arising on the revaluation of the Group's property (other than investment property). The balance on this reserve is wholly undistributable.

29. Operating lease commitments – Group as lessee

The Group has operating lease agreements for land and buildings, used primarily for the provision of warehousing facilities to customers and as vehicle depot locations, and in respect of the Group's transport vehicle and trailer fleet. These leases typically have terms of renewal but do not contain purchase options. Property leases typically include rent review clauses which allow for upward revision to the rental charge on a periodic basis, according to prevailing market conditions. Where escalation clauses are present that stipulate specific increases to the rental amount the operating lease expense is recorded on a straight-line basis. Similarly, lease incentives are recorded on a straight-line basis.

At the balance sheet date, the Group had outstanding commitments for future minimum payments under non-cancellable operating leases, which fall due as follows:

	2008		2006	
	Property £'000	Vehicles, plant and equipment £'000	Property £'000	Vehicles, plant and equipment £'000
Within one year	11,090	9,641	-	-
After one year but not more than five years	32,446	19,161	-	24
More than five years	53,165	34	-	-
	96,701	28,836	-	24

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancelable leases have remaining terms of between 1 and 30 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancelable operating leases as at 29 February 2008 are as follows:

	2008 £'000	2006 £'000
Within one year	1,125	-
After one year but not more than five years	451	-
More than five years	1,293	-
	2,869	-

Finance lease and hire purchase commitments:

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2008			2006		
	Minimum lease payments £'000	Interest £'000	Principal £'000	Minimum lease payments £'000	Interest £'000	Principal £'000
Within one year	9,342	(1,234)	8,108	-	-	-
After one year but not more than five years	19,880	(717)	19,163	-	-	-
	29,222	(1,951)	27,271	-	-	-

Capital commitments:

At 29 February 2008, the Group had commitments of £12,104,034 (2006 - £nil).

Notes to the Consolidated Financial Statements, continued

For the period to 29 February 2008

29. Related Parties

Entities with Joint Control or Significant Influence

WA Developments Limited and WA Developments International Limited are companies owned by two significant shareholders of Stobart Group, Andrew Tinkler and William Stobart (owners of Stobart Holdings Limited until 21 September 2007). During the period ended 29 February 2008 they were also directors of Eddie Stobart Group Limited, a UK subsidiary of Stobart Group Limited, and on 1 March 2008 they became directors of Stobart Group Limited.

Transactions with WA Developments Limited during the period consisted of sales of £143,000 (2006: £nil) and purchases of £400,000 (2006: £nil). At the period end £166,000 (2006: £nil) was payable to WA Developments Limited. Transactions with WA Developments International Limited during the period consisted of sales of £401,000 (2006: £nil) and purchases of £8,000 (2006: £nil). At the period end the amount due to the Group from WA Developments International Limited was £681,000 (2006: £nil). In addition, the Group has a loan receivable from WA Developments International of £37,000 (2006: £nil).

WA Developments was acquired by the Group on 4 April 2008 for £10m (see note 6).

Stobart Air Limited is a subsidiary of WA Developments International Limited. During the period the Group made sales of £9,000 (2006: £nil) to Stobart Air Limited, of which £2,000 (2006: £nil) was outstanding at the period end.

AstSigns Limited is 27% owned by William Stobart. During the period the Group made purchases of £64,000 (2006: £nil) from AstSigns Limited, of which £18,000 (2006: £nil) was outstanding at the period end.

As set out in note 6, on 21 September 2007 the Group disposed of a substantial proportion of its investment property portfolio to WADI Properties Limited, a subsidiary of WA Developments International Limited for £142m. The value of these properties were supported by independent third party valuations. No amounts were outstanding at the balance sheet date.

On 21 September 2007, Eddie Stobart Group Limited acquired two properties it had been leasing from WA Developments International Limited for their book value of £16m. Following the acquisition of Stobart Holdings Limited by the Group the properties were revalued by independent third party valuers and a fair value adjustment of £1m was recorded (see note 6).

On 4 April 2008 the Group purchased for £50,000 an option to acquire Carlisle Airport from Stobart Air Holdings Limited, a subsidiary of WA Developments International Limited. The option, which allows the Group to purchase Carlisle Airport for consideration of up to £15m, expires on 4 July 2008. The decision to exercise the option is dependent on shareholder approval.

Joint Ventures

The Group had loans outstanding from its joint venture interest, Starion Tottenham Court Road Limited of £2,110,000 at the year end (2006: nil).

The Group had loans outstanding from its joint venture interest, Ropewalks One LLP of £512,000 at the year end (2006: £7,015,000).

The Group had loans outstanding from its joint venture interest, Endeavour Guildford Limited of £135,000 at the year end (2006: £135,000).

There were no other transactions between the Group and the joint ventures and associates during the period ended 29 February 2008 and the year ended 31 December 2006.

Other Related Parties

The investment management arrangement that the Group previously had with subsidiaries of Assura Group Limited, was terminated on 21 September 2007. Messrs R. Burrell and N. Rawlings, who were members of the Group's Investment Committee, were also representatives of Assura Fund Management LLP, a subsidiary of Assura Group Limited, prior to the termination and hold shares in Assura Group Limited.

Prior to the termination the Group was charged investment managers fees, administration fees and director fees totalling £203,639 (2006 - £803,000) by Assura Administration Limited, of which £nil (2006 - £160,000) was outstanding at the balance sheet date and investment managers fees of £2,233,679 (2006 - £1,769,868) by Assura Fund Management LLP, of which £nil (2006 - £nil) was outstanding at the balance sheet date.

On 21 September 2007, the accrued performance fee as at the date of termination of £9,286,872 (2006 - £7,706,139), payable to Assura Fund Management LLP, was satisfied by the issue of 6,382,474 10p ordinary shares. This is shown as a share-based payment in note 25.

On 21 September 2007, the Group paid Assura Fund Management LLP a termination fee of £9,942,404.

The investment managers' fees are shown as a charge within discontinued operations (see note 8).

Ropewalks One LLP, of which WPL Ventures Limited is a member, exchanged contracts for the sale of part of its development to Assura Property Limited, a subsidiary of Assura Group Limited, which is the parent company of Assura Fund Management LLP, for £4,031,000 in 2005. This contract completed in January 2007.

Key Management And Personnel

Key management personnel includes the Guernsey based directors of the Stobart Group whose remuneration is set out in the Directors Report and three directors of the UK incorporated Eddie Stobart Limited trading subsidiary whose total remuneration (including benefits) for the period was £166,283.

The Group was charged administration fees of £nil (2006 - £131,643) by Mourant Guernsey Limited, £nil (2006 - £7,500) of which was outstanding at the balance sheet date. Iain Stokes, who is a director of the Company, is also a director of Mourant Guernsey Limited.

Ropewalks One LLP sold one apartment, at full market price, to Iain Stokes which completed in 2007. Iain Stokes had paid a deposit of £16,800 at 31 December 2006 and completed the purchase in February 2007 paying the balance of £146,200.

Included in property management expenses is an amount of £nil (2006 - £132,208) payable to Barlows Holdings Limited, a shareholder in the Company, in accordance with their property management agreement with the Company's subsidiary.

Barlows Holdings Limited also has an interest in Ropewalks One LLP, Endeavour Guildford Limited, Endeavour Ware Limited and Admiral Retail Park. All investments represent associates and joint ventures with the exception of Admiral Retail Park which is an investment property and was sold during the period (see note 16).

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 29 February 2008, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2006 - £nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

30. Events after the Balance Sheet Date

The only significant post balance sheet events are the acquisitions shown in note 6 and the £75m raised through a new share issue on 4 April 2008 in relation to these acquisitions and other potential opportunities.

Independent Auditors' Report

To the members of Stobart Group Limited (formerly The Westbury Property Fund Limited)

We have audited the Company's financial statements for the period ended 29 February 2008 which comprise the Company Income Statement, the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement and the related notes A to M. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 64 of the Companies (Guernsey) Law 1994. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law 1994. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. The other information comprises only the Chairman's Statement, the Chief Executive Officer's Statement, the Business Description section, the Corporate Responsibility section, the Business Performance section, the Risk Management section, the Directors' Report, the Corporate Governance Statement and the Directors' Remuneration Report. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 29 February 2008 and of its profit for the period then ended and have been properly prepared in accordance with the Companies (Guernsey) Law 1994.

Ernst & Young LLP, Manchester

09 May 2008

Company Income Statement

For the period to 29 February 2008

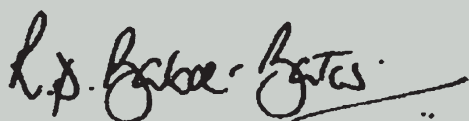
	Notes	2008 £'000	2006 £'000
- Administrative expenses	B	(14,041)	(11,725)
- Profit on sale of investments	F	81,440	-
Profit / (loss) before taxation and interest		67,399	(11,725)
Finance costs	C	(4,422)	(5,394)
Finance income	D	10,302	18,402
Profit before tax		73,279	1,283
Income tax		-	-
Profit after tax		73,279	1,283

Company Balance Sheet

For the period to 29 February 2008

	Notes	2008 £'000	2006 £'000
Non-current Assets			
Investments in subsidiaries	F	169,622	27,950
Loans to subsidiaries	G	79,295	130,476
Property, plant and equipment	H	21	-
Total non-current assets		248,938	158,426
Current Assets			
Other receivables		898	79
Amounts owed by subsidiaries	I	-	13,319
Cash and cash equivalents		187	24,772
Total current assets		1,085	38,170
Total Assets		250,023	196,596
Non-current Liabilities			
Loans and borrowings	J	5,211	84,577
Other liabilities		-	9,618
Total non-current liabilities		5,211	94,145
Current Liabilities			
Other payables	K	2,268	875
Total current liabilities		2,268	875
Total Liabilities		7,479	95,070
Total Net Assets		242,544	101,526
Capital and reserves attributable to equity holders of the Company			
Issued share capital	27	16,063	10,049
Share premium	27	70,535	99,925
Retained earnings / (deficit)		155,946	(8,448)
Total Equity		242,544	101,526

The separate financial statements were approved at a meeting of the Board of Directors held on 9 May 2008 and signed on its behalf by:



Rodney Baker-Bates, Chairman



Ben Whawell, Director

Company Balance Sheet

For the period to 29 February 2008

Attributable to equity holders	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Reserves £'000
Balance at 1 January 2007	10,049	99,925	(8,448)	101,526
Transfer	-	(99,925)	99,925	-
Share option credit	-	-	49	49
Proceeds on share issue	6,014	70,610	-	76,624
Share issue costs	-	(75)	-	(75)
Dividends on Ordinary Shares	-	-	(8,859)	(8,859)
Profit attributable to equity holders	-	-	73,279	73,279
Balance at 29 February 2008	16,063	70,535	155,946	242,544

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Reserves £'000
Balance at 1 January 2006	5,173	39,699	(5,741)	39,131
Issue of Ordinary Shares	4,876	62,860	-	67,736
Share issue costs	-	(2,634)	-	(2,634)
Dividends on Ordinary Shares	-	-	(3,991)	(3,991)
Profit attributable to equity holders	-	-	1,284	1,284
Balance at 31 December 2006	10,049	99,925	(8,448)	101,526

Company Cash Flow Statement

For the period to 29 February 2008

Note	2008 £'000	2006 £'000
Cash flows from operating activities		
Profit / (loss) before taxation and interest	67,399	(11,990)
Adjustments for:		
Amortisation of income share issue costs	34	29
Amortisation of loan issue costs	428	109
Share option charge	49	-
Gain on sale of investments	(81,440)	-
Provision for impairment of loan from subsidiary	-	1,500
	(13,530)	(10,352)
Increase in other receivables	(17)	(40)
Increase in payables	1,569	7,964
Cash generated from operations	(11,978)	(2,428)
Interest paid and similar charges, including distributions on Income Shares	(4,929)	(5,128)
Net cash flows from operating activities	(16,907)	(7,556)
Cash flows from investing activities		
Purchase of investments	(64,443)	(5,845)
Purchase of property, plant and equipment	(21)	-
Proceeds from the sale of investments	108,250	-
Repayment of loans advanced (from) / to subsidiaries	26,921	(60,371)
Bank and other interest received	10,302	8,401
Dividends received	-	10,000
Net cash flows from investing activities	81,009	(47,815)
Financing activities		
Issue of Ordinary Shares	-	66,725
Issue costs paid on issuance of Ordinary Shares	-	(2,633)
Dividends paid on Ordinary Shares	(8,859)	(3,991)
Draw down of long term loan	-	16,500
Repayment of long term loan	(79,828)	(2,500)
Additional loan issue costs	-	(191)
Net cash flows from financing activities	(88,687)	73,910
Increase/(decrease) in cash and cash equivalents	(24,585)	18,539
Cash and cash equivalents at 1 January	24,772	6,233
Cash and cash equivalents at 29 February / 31 December	187	24,772

Notes to Company Financial Statements

For the period to 29 February 2008

A] Interest Payable and Similar Charges

Basis of preparation

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

The accounting policies that are used in the preparation of these separate financial statements are consistent with accounting policies used in the preparation of the consolidated financial statements of Stobart Group Limited as set out in the consolidated financial statements. The Company's accounting policies are set out in note 1 of the Group financial statements.

The additional accounting policies that are specific to the separate financial statements of the Company are set out below.

Investment in subsidiaries

Investments in subsidiary undertakings are stated at cost less any provision for impairment. Where the recoverable amount is less than the carrying amount, an impairment is recognised.

B] Administrative Expenses

	2008 £'000	2006 £'000
Other expenses comprise the following:		
Management charge to subsidiary companies	-	(684)
Investment Manager's fees	11,995	2,574
Other expenses	1,874	9,792
Audit fees	147	37
Tax consultancy fees	25	6
	14,041	11,725

C] Finance Costs

	2008 £'000	2006 £'000
Long term loan:		
Interest payable	3,438	4,682
Non-utilisation and related fees	101	154
Amortisation of loan issue costs	428	107
Income Shares:		
Distributions paid	421	422
Amortisation of issue costs	34	29
	4,422	5,394

Notes to Company Financial Statements, continued

For the period to 29 February 2008

D] Finance income

	2008 £'000	2006 £'000
Finance income comprises the following:		
Dividends received from subsidiary companies	-	10,000
Interest receivable from subsidiary companies	9,719	7,703
Bank and other interest	583	699
	10,302	18,402

E] Dividends

The Company's dividend distribution for the year is given in note 13 of the Group financial statements.

F] Investments in Subsidiary Companies

	2008 £'000	2006 £'000
Westbury Properties Limited	-	26,810
WPL Ventures Limited	130	130
WPL Investments Limited	37,579	-
Westlink Group Limited	1,010	1,010
Goldfinger Limited	-	-
Stobart Holdings Limited	130,903	-
Stobart Properties Limited	-	-
	169,622	27,950

The Company disposed of its interest in Westbury Properties Limited on 21 September 2007 for £108,249,646 (after disposal costs) resulting in a profit on sale of £81,439,646.

A table listing all the subsidiaries owned by the company is below:

Name of Subsidiary	Place of incorporation	Share Holding 2008	Share Holding 2006	Business Activity
WPL Ventures Limited	Guernsey	100%	100%	Property investment
WPL Investments Limited	Guernsey	100%	100%	Property investment
Westlink Group Limited	England	100%	100%	Holding company
Goldfinger Limited	Guernsey	100%	-	Dormant
Stobart Holdings Limited	England	100%	-	Holding company
Stobart Properties Limited	England	100%	-	Property investment

G] Non current loans to Subsidiaries

	2008 £'000	2006 £'000
Westbury Properties Limited	-	101,746
Westlink Group Limited	37,910	22,500
Westlink Holdings Limited	22,976	-
WPL Investments Limited	18,743	-
WPL Ventures Limited	1,166	7,730
Less provision for impairment	(1,500)	(1,500)
	79,295	130,476

At the year end, unsecured subordinated loans outstanding were £nil (2006 - £101,745,417) with Westbury Properties Limited (which was disposed on 21 September 2007), £37,910,029 (2006 - £22,500,000) with Westlink Group Limited, £22,975,880 (2006 - £nil) with Westlink Holdings Limited, £18,742,822 (2006 - £nil) with WPL Investments Limited and £1,166,448 (2006 - £7,730,372) with WPL Ventures Limited, in support of property acquisitions and related ventures. Interest charged for the year, included within the loan balances, amounted to £9,718,616 (2006 - £7,702,659). Interest is charged on the loans at base rate plus a margin between 2% and 3% (2006 - 3%).

H] Property, plant and equipment

	Commercial Vehicles £'000	Total £'000
Cost		
At 1 January 2007	-	-
Additions	21	21
At 29 February 2008	21	21
Aggregate depreciation and impairment losses		
At 1 January 2007	-	-
At 29 February 2008	-	-
Net book amount at 29 February 2008	21	21
Net book amount at 31 December 2006	-	-

I] Investments in Subsidiary Companies

	2008 £'000	2006 £'000
Westbury Properties Limited	-	13,288
WPL Ventures Limited	-	31
	-	13,319

At the year end, unsecured subordinated loans outstanding were £nil (2006 - £13,288,000) with Westbury Properties Limited (which was disposed on 21 September 2007) and £nil (2006 - £31,441) with WPL Ventures Limited, in support of property acquisitions and related ventures. The loans are repayable upon demand and interest free.

Notes to Company Financial Statements, continued

For the period to 29 February 2008

J] Loans and borrowings

	Interest rate	2008 £'000	2006 £'000
Non-current			
- Borrowings	6%	-	79,400
- Income share dividends	8%	5,211	5,177
At 29 February 2008		5,211	84,577

At 29 February 2008: Income shares

The Income Shares are entitled to a fixed preferential distribution of 8% per annum, payable quarterly in arrears over their life. The Income Shares are due to be redeemed by the Company on 31 March 2010 at their issue price together with arrears of distribution (if any). The holders of the Income Shares are entitled to £1 of capital per Income Share ranking ahead of the ordinary shares in the event of a liquidation.

At 31 December 2006: 6% secured loan

The 6% secured loan at 31 December 2006 was due for repayment on 31 December 2010. The loan was fixed at interest rates averaging 6%. The loan was secured by way of a debenture and fixed charge over the wholly owned investment property assets of the Group. This loan was novated to the purchaser of the investment property portfolio on 21 September 2007 at the same time as the acquisition and disposal as set out in note 6.

The book value and fair values of financial assets and financial liabilities are as follows:

	Book value 2008 £'000	Fair value 2008 £'000	Book value 2006 £'000	Fair value 2006 £'000
Financial assets				
Cash	187	187	24,772	24,772
Trade and other receivables	112,474	112,474	143,874	143,874
Financial liabilities				
Trade and other payables	2,268	2,268	875	875
Other liabilities	-	-	9,618	9,618
Loans and borrowings:	5,211	5,123	84,577	85,390

For trade and other receivables/payables with a remaining life of less than one year, the carrying amount is considered to reflect the fair value. The fair values of loans and borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates.

The table below summarises the maturity analysis of loans and borrowings at 29 February 2008 based on contractual undiscounted payments:

	Less than one year £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
Period to 29 February 2008				
Loans and borrowings	-	5,211	-	5,211
Period to 31 December 2006				
Loans and borrowings	-	84,577	-	84,577

K] Trade and other payables

	2008 £'000	2006 £'000
Trade payables	26	-
Accruals	836	-
Investment Manager's fees	-	259
Amounts owed to subsidiaries	1,406	-
Income distributions	-	105
Interest payable and similar charges	-	402
Other creditors	-	109
	2,268	875

L] Related party transactions

During the year the Company has received interest from subsidiaries of £9,718,616 (2006: £7,702,659) and dividends from subsidiaries of £nil (2006: £10,000,000). The following balances were outstanding at period end.

Year end balances with related parties are set out below:

	Interest rate	2008 £'000	2006 £'000
Receivable from related parties:			
Receivable from subsidiaries, interest bearing loans		79,265	107,976
Receivable from subsidiaries, non interest bearing		-	35,819
Total receivable from related parties		79,265	143,795
Payable to related parties:			
Payable to subsidiaries, non interest bearing		1,406	-
Total receivable from related parties		1,406	-

Notes to Company Financial Statements, continued

For the period to 29 February 2008

Interest is charged on interest bearing loans at rates between 2%1,770,000 and 3% over base rate.

The investment management arrangement that the group previously had with subsidiaries of Assura Group Limited, was terminated on 21 September 2007. Messrs R. Burrell and N. Rawlings, who were members of the group's Investment Committee, were also representatives of Assura Fund Management LLP, a subsidiary of Assura Group Limited, prior to the termination and hold shares in Assura Group Limited.

Prior to the termination the Group was charged investment managers fees, administration fees and director fees totalling £203,639 (2006 - £803,000) by Assura Administration Limited, of which £nil (2006 - £160,000) was outstanding at the balance sheet date and investment managers fees of £2,233,679 (2006 - £1,769,868) by Assura Fund Management LLP, of which £nil (2006 - £nil) was outstanding at the balance sheet date.

On 21 September 2007, the accrued performance fee as at the date of termination of £9,286,872 (2006 - £7,706,139), payable to Assura Fund Management LLP, was satisfied by the issue of 6,382,474 10p ordinary shares. This is shown as a share-based payment in note 25.

On 21 September 2007, the group paid Assura Fund Management LLP a termination fee of £9,942,404.

For key management and personnel see Note 29.

There were no other related party transactions.



Stobart Group

Stobart Group Limited

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Registered in Guernsey, registered number 39117.