MOTO VENTURES LIMITED

QUARTERLY REPORT

DECEMBER 2012

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks Ended 26 December 2012 £'000s	13 weeks Ended 28 December 2011 £'000s	52 weeks Ended 26 December 2012 £'000s	52 weeks Ended 28 December 2011 £'000s
Non-fuel turnover	70,738	67,064	296,597	289,782
Fuel turnover	137,123	138,500	552,908	574,645
Turnover	**207,861**	**205,564**	**849,505**	**864,427**
Change in stocks of non-fuel goods	365	144	796	(70)
Change in stocks of fuel	18	(1,178)	278	(2)
Change in stocks of finished goods	**383**	**(1,034)**	**1,074**	**(72)**
Staff costs	(16,261)	(14,966)	(63,191)	(60,587)
Depreciation and amortization	(8,481)	(7,826)	(33,808)	(31,118)
Non-fuel operating costs	(53,027)	(40,826)	(193,311)	(177,026)
Cost of fuel purchased	(130,127)	(130,805)	(526,483)	(549,676)
Other operating costs	**(183,154)**	**(171,631)**	**(719,794)**	**(726,702)**
Profit on ordinary activities before interest being operating profit	**348**	**10,107**	**33,786**	**45,948**
Interest receivable and similar income	199	22	269	93
Interest payable on bank loans	(15,175)	(15,545)	(62,887)	(71,488)
Interest payable to group undertakings	26	21	99	(6,234)
Loss on ordinary activities before taxation	**(14,602)**	**(5,395)**	**(28,733)**	**(31,681)**
Tax on loss on ordinary activities	-	-	-	-
Loss on ordinary activities after taxation being retained loss for the financial period	**(14,602)**	**(5,395)**	**(28,733)**	**(31,681)**
Note: Adjusted EBITDA	**17,882**	**17,997**	**77,160**	**77,012**
Fuel margin	**7,014**	**6,517**	**26,703**	**24,967**

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 26 December 2012 £'000s	As of 28 December 2011 £'000s
Cash	30,417	31,284
Current assets	39,461	34,230
Net fixed assets	707,009	587,792
Total assets	776,887	653,306
Short term borrowings	(6,200)	(1,800)
Current liabilities	(65,888)	(53,427)
Long term borrowings	(542,380)	(546,670)
Other long term liabilities	(297)	(394)
Retained Earnings	(285,444)	(271,253)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	13 weeks Ended 26 December 2012 £'000s	13 weeks Ended 28 December 2011 £'000s	52 weeks Ended 26 December 2012 £'000s	52 weeks Ended 28 December 2011 £'000s
Net cash inflow from operating activities	**10,865**	**8,127**	**75,871**	**73,900**
Cash outflow from servicing bank loans	(5,159)	(4,982)	(57,169)	(62,244)
Cash outflow from servicing group loans	(3)	(8)	(16)	(19)
Net cash outflow from returns on investments and servicing of finance	**(5,010)**	**(5,005)**	**(57,245)**	**(88,658)**
Net cash outflow for capital expenditure and financial investment	**(2,766)**	**(2,953)**	**(13,695)**	**(12,780)**
Net cash inflow from financing		**-**	**-**	**32,773**
Repayment of senior debt	**-**	**-**	**(5,800)**	**-**
(Decrease) / increase in net cash	**3,089**	**169**	**(869)**	**5,235**

OPERATING AND FINANCIAL REVIEW

The following discussion contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Any forward-looking statements are only made as at the date of this report and we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Results of Operations

Results of operations for the 52 weeks ended 26 December 2012 compared to the 52 weeks ended 28 December 2011

The following table sets forth our main operating results for the 52 weeks ended 26 December 2012 compared to the 52 weeks ended 28 December 2011:

	52 weeks ended 26 December 2012 £'000s	52 weeks Ended 28 December 2011 £'000s	Variance £'000s	Variance %
Non-fuel Turnover	296,597	289,782	6,815	2.4%
Fuel Turnover	552,908	574,645	(21,737)	(3.8)%
Turnover	**849,505**	**864,427**	**(14,922)**	**(1.7)%**
Change in stocks of non-fuel goods	796	(70)	866	1,237.1%
Change in stocks of fuel	278	(2)	280	14,000.0%
Change in stocks of finished goods	**1,074**	**(72)**	**1,146**	**1,591.7%**
Staff costs	(63,191)	(60,587)	(2,604)	(4.3)%
Depreciation and amortization	(33,808)	(31,118)	(2,690)	(8.6)%
Non-fuel operating costs	(193,311)	(177,026)	(16,285)	(9.2)%
Cost of fuel purchased	(526,483)	(549,676)	23,193	4.2%
Other operating costs	**(719,794)**	**(726,702)**	**6,908**	**1.0%**
Profit on ordinary activities before interest being operating profit	**33,786**	**45,948**	**(12,162)**	**(26.5)%**
Interest receivable and similar income	269	93	176	189.2%
Interest payable on bank loans	(62,887)	(71,488)	8,601	12.0%
Interest payable to group undertakings	99	(6,234)	6,333	101.6%
Loss on ordinary activities before taxation	**(28,733)**	**(31,681)**	**2,948**	**9.3%**
Tax on loss on ordinary activities	-	-	-	-
Loss on ordinary activities after taxation being retained loss for the financial period	**(28,733)**	**(31,681)**	**2,948**	**9.3%**
Note: EBITDA	**67,594**	**77,066**	**(9,472)**	**(12.3)%**
Amortization (PCPs and deferred CP Plus costs)	118	(435)	553	127.1%
Loss on disposal of fixed assets	508	381	127	33.3%
Travelodge provision	8,940	-	8,940	100.0%
Adjusted EBITDA	**77,160**	**77,012**	**148**	**0.2%**

The 2011 comparatives exclude the revaluation adjustments made in the 2011 audited statutory accounts. The effect of these adjustment was to increase operating profit by £14.5 million, but as the adjustment was non cash this would not be included within the adjusted EBITDA, which would remain as £77.0 million. On the balance sheet, the fixed assets were increased by £139.8 million and the revaluation reserve increased by £125.3 million.

Turnover. Turnover decreased by £14.9 million, or 1.7%, from £864.4 million in the 52 weeks ended 28 December 2011 to £849.5 million in the 52 weeks ended 26 December 2012. The change was primarily attributable to a decrease in fuel turnover of £21.7 million as a result of lower fuel volumes. The decrease in fuel turnover was offset by a £6.8 million increase in non-fuel turnover primarily due to (1) £2.4 million higher like-for-like sales, (2) £1.1 million higher sales at Cherwell Valley where the new permanent building opened at the beginning of July 2011 and (3) £3.0 million sales from new Costa, Greggs and M&S units opened at Extra sites.

The following table shows the breakdown of our non-fuel turnover for the 52 weeks ended 26 December 2012 and the 52 weeks ended 28 December 2011:

	52 weeks ended 26 December 2012 £'000s	52 weeks Ended 28 December 2011 £'000s	Change
Catering	119,148	112,177	6,971
Convenience Food	75,503	72,620	2,883
CTN	48,305	50,771	(2,466)
Amusement	12,345	12,279	66
Other	10,208	9,983	225
Amenity Building	**265,509**	**257,830**	**7,679**
Forecourt	31,088	31,952	(864)
Total non-fuel turnover	**296,597**	**289,782**	**6,815**

The following table shows the like-for-like sales growth in 2012:

	13 weeks Ended 28 March 2012	13 weeks Ended 27 June 2012	13 weeks Ended 26 September 2012	13 weeks Ended 26 December 2012	52 weeks Ended 26 December 2012
Amenity Building	**(0.7)%**	**0.1%**	**2.3%**	**3.3%**	**1.3%**
Forecourt	(7.1)%	(6.1)%	0.1%	2.9%	(2.5)%
LFL non-fuel turnover	**(1.6)%**	**(0.6)%**	**2.1%**	**3.2%**	**0.9%**

The following table shows the like-for-like transaction decline in 2012:

	13 weeks Ended 28 March 2012	13 weeks Ended 27 June 2012	13 weeks Ended 26 September 2012	13 weeks Ended 26 December 2012	52 weeks Ended 26 December 2012
Amenity Building	**(4.4)%**	**(4.6)%**	**(3.1)%**	**(1.3)%**	**(3.3)%**
Forecourt	(7.7)%	(7.6)%	(3.6)%	(0.8)%	(5.0)%
Total transactions	**(5.4)%**	**(5.4)%**	**(3.2)%**	**(1.2)%**	**(3.8)%**

The following table shows the average spend growth in 2012:

	13 weeks Ended 28 March 2012	13 weeks Ended 27 June 2012	13 weeks Ended 26 September 2012	13 weeks Ended 26 December 2012	52 weeks Ended 26 December 2012
Amenity Building	**3.5%**	**5.0%**	**5.7%**	**4.8%**	**4.9%**
Forecourt	0.7%	1.6%	3.8%	3.8%	2.6%
Total spend	**3.7%**	**5.2%**	**5.6%**	**4.6%**	**4.9%**

Change in stocks of finished goods. Change in stocks of finished goods was £1.1 million in the 52 weeks ended 26 December 2012 and £(0.1) million in the 52 weeks ended 28 December 2011. The value of fuel stocks increased by £0.3 million in the 52 weeks ended 26 December 2012 and there was a £0.8 million increase in non fuel stocks.

Staff costs. Staff costs increased by £2.6 million, or 4.3%, from £60.6 million in the 52 weeks ended 28 December 2011 to £63.2 million in the 52 weeks ended 26 December 2012. This includes a £1.3 million higher bonus accrual in the period. Excluding the bonus increase wages were up only 2.1% reflecting management's continued focus on cost control in a uncertain sales environment, this resulted in the ratio of staff costs (excluding bonus) to non-fuel turnover reducing from 20.5% in the 52 weeks ended 28 December 2011to 20.4% in the 52 weeks ended 26 December 2012, despite the contractual increases in the minimum wage hourly rate plus the opening of additional units.

Depreciation and amortization. Depreciation and amortization increased by £2.7 million, or 8.6%, from £31.1 million in the 52 weeks ended 28 December 2011 to £33.8 million in the 52 weeks ended 26 December 2012. The revaluation in December 2011 increased the net book value of fixed assets by £139.8 million. Depreciation is recorded on a straight line basis over the remaining useful economic life of the assets, which resulted in an increased depreciation charge. Amortization charges were unchanged from 2011 to 2012.

Other operating costs. Other operating costs decreased by £6.9 million, or 1.0%, from £726.7 million in the 52 weeks ended 28 December 2011 to £719.8 million in the 52 weeks ended 26 December 2012. The decrease was primarily attributable to cost of fuel purchased, which decreased by £23.2 million. This decrease was partially offset by a £16.3 million increase in non-fuel operating costs primarily attributable to (1) the recognition of a £8.9 million provision in relation to the Travelodge CVA, for future losses on 5 hotels that will now receive a reduced rental income, (2) a £2.9 million increase in rent, property taxes and utilities, (new units at Extra sites - £0.7 million, rates on forecourts transferred from Esso to BP - £0.4 million, (3) £1.3 million higher corporate and other costs relating mainly to a £1.2 million decrease in Purchasing Income as we have made a further move to net pricing, (4) £0.6 million decrease in Central Income, and (5) a £2.4 million increase in the cost of non-fuel merchandise, reflecting the increase in non-fuel turnover and the £0.8 million increase in non-fuel stock. Other increases in operating costs were offset by the £0.7 million saving in cleaning, travel and admin achieved through strong management cost control.

The following represents a breakdown of our non-fuel operating costs for the 52 weeks ended 26 December 2012 and the 52 weeks ended 28 December 2011:

	52 weeks ended 26 December 2012 £'000s	**52 weeks Ended 28 December 2011 £'000s**	**Change**
Cost of non-fuel merchandise	125,239	122,869	2,370
Property taxes	17,703	16,705	998
Utilities	10,985	10,029	956
Franchise fees	6,886	6,283	603
Maintenance	4,227	3,904	323
Distribution	1,695	1,728	(33)
Cleaning, travel and admin	7,599	8,295	(696)
Rent expense	6,764	5,839	925
Central income	(2,630)	(3,239)	609
Corporate and other	5,903	4,613	1,290
Travelodge provision	8,940	-	8,940
Total non-fuel operating costs	**193,311**	**177,026**	**16,285**

Central income includes £1.4 million Todhills and Blyth compensation, £0.8 million for prior year rates refunds and £0.3 million release of prior year over accruals for water (2011: £0.7 million Cherwell BI claim, £1.6 million prior year VAT refunds and £1.0 million prior year rates refunds).

Operating profit. Operating profit decreased by £12.2 million, or 26.5%, from £45.9 million in the 52 weeks ended 28 December 2011 to £33.8 million in the 52 weeks ended 26 December 2012. The decrease was primarily attributable to the £8.9 million Travelodge provision, as well as the £2.7 million increase in depreciation and amortisation, and the £2.6 million increase in staff costs.

Interest receivable and similar income. Interest receivable and similar income increased by £0.2 million, or 189.2%, from £0.1 million in the 52 weeks ended 28 December 2011 to £0.3 million in the 52 weeks ended 26 December 2012.

Interest payable on bank loans. Interest payable on bank loans decreased by £8.6 million, or 12.0%, from £71.5 million in the 52 weeks ended 28 December 2011 to £62.9 million in the 52 weeks ended 26 December 2012. The decrease was primarily attributable to a one-off refinancing cost of £15.4m in 2011 relating to the cash settlement cost of reducing the notional amount of interest rate hedges to the value of the new £400 million senior debt facilities. This was offset by an increase in our debt and borrowing cost in the first quarter, the average cost of our debt (including hedge costs) in March 2012 was 9.4% on a drawn debt of £576.0 million, compared to 6.6% on a drawn debt of £563.0 million pre-refinancing in 2011.

Interest payable to group undertakings. Interest payable to group undertakings decreased by £6.3 million, or 101.6%, from £6.3 million in the 52 weeks ended 28 December 2011 to £0.1 million receivable in the 52 weeks ended 26 December 2012. The decrease was primarily attributable to the Moto Ventures Limited loan from Moto Holdings Limited being converted to equity at the end of February 2011.

Tax on loss on ordinary activities. Tax on loss on ordinary activities was nil in both periods.

Retained loss for the financial period. For the reasons set forth above, retained loss for the period decreased by 9.3%, from £31.7 million in the 52 weeks ended 28 December 2011 to £28.7 million in the 52 weeks ended 26 December 2012.

Liquidity and Capital Resources

Net cash inflow from operating activities

The following table summarizes the principal components of our net cash inflow from operating activities for the 52 weeks ended 26 December 2012 compared to the 52 weeks ended 28 December 2011:

	52 weeks ended 26 December 2012 £'000s	**52 weeks Ended 28 December 2011 £'000s**
Operating profit	33,786	45,948
Depreciation charge	29,200	26,510
Loss on disposal of tangible fixed assets	508	381
Goodwill amortization	4,608	4,608
Increase in stocks	(1,074)	72
(Increase) / decrease in debtors	(4,042)	4,305
Increase / (decrease) in creditors	12,885	(7,924)
Net cash inflow from operating activities	**75,871**	**73,900**

The principal factors affecting our net cash inflows from operating activities in the periods presented are the changes in our operating profit, the increase in debtors and the increase in creditors.

52 weeks ended 26 December 2012 compared to the 52 weeks ended 28 December 2011

Cash inflow from operating activities increased by £2.0 million, or 2.7%, from £73.9 million in the 52 weeks ended 28 December 2011 to £75.9 million in the 52 weeks ended 26 December 2012. This is primarily attributable to (1) a decrease in operating profit of £12.2 million from £45.9 million in the 52 weeks ended 28 December 2011 to £33.8 million in the 52 weeks ended 26 December 2012, offset by (2) an increase in the depreciation charge of £2.7 million, from £26.5 million in the 52 weeks ended 28 December 2011 to £29.2 million in the 52 weeks ended 26 December 2012 and (3) an increase in cash flow from working capital of £11.3 million during the period.

Net cash outflow from returns on investments and servicing of finance

The following table summarizes the principal components of our net cash outflow from returns on investments and servicing of our financing arrangements for the 52 weeks ended 26 December 2012 compared to the 52 weeks ended 28 December 2011:

	52 weeks ended 26 December 2012 £'000s	52 weeks Ended 28 December 2011 £'000s
Interest received	269	93
Interest paid on bank loans	(57,169)	(62,244)
Bank interest and similar	(149)	(91)
Intercompany interest paid	(16)	(19)
Issue costs of new bank loans	(180)	(26,397)
Net cash outflow from returns on investments and servicing of finance	**(57,245)**	**(88,658)**

Interest received. Interest received increased from £0.1 million in the 52 weeks ended 28 December 2011 to £0.3 million in the 52 weeks ended 26 December 2012.

Interest paid on bank loans. Interest paid on bank loans decreased from £62.2 million in the 52 weeks ended 28 December 2011 to £57.2 million in the 52 weeks ended 26 December 2012. This is primarily attributable to (1) a £15.4m cost of reducing the notional amount of interest rate hedge in 2011 to align the total hedge value with the new £400 million senior debt facility, (2) a £6.1 million increase relating to higher interest rates and level of debt (the hedged cost of debt at 26 December 2012 was 9.54% on a drawn debt of £570.2 million, compared to 9.37% on a drawn debt of £576.0 million at 28 December 2011, but up to 18 March 2011 the hedged interest was only 6.90% on a drawn debt of £563.0 million), and (3) £4.2 million relating to the timing of interest payments.

Bank interest and similar. Bank interest and similar charges increased slightly from £0.09 million in the 52 weeks ended 28 December 2011 to £0.15 million in the 52 weeks ended 26 December 2012. This represents the banking costs of the group.

Intercompany interest paid. The intercompany interest reflects payments made during the period to Moto Holdings Limited, Moto International Holdings Limited and Moto International Parent Limited under intercompany loan agreements. Such payments amounted to £0.02 million in the 52 weeks ended 26 December 2012, and represents the administrative costs of the holding companies.

Issue costs of new bank loans. The £26.4 million issue costs of new bank loans in the 52 weeks ended 28 December 2011 represents costs incurred related to the Refinancing.

Net cash inflow from financing

The following table summarizes the principal components of our net cash inflow from financing activities for the 52 weeks ended 26 December 2012 compared to the 52 weeks ended 28 December 2011:

	52 weeks ended 26 December 2012 £'000s	52 weeks Ended 28 December 2011 £'000s
Cash received on issuance of shares	-	25,485
Repayment of Senior Loan Facility	-	(521,533)
Repayment of Junior Loan Facility	-	(41,500)
Drawdown of New Senior Debt	-	400,000
Issuance of Second Lien Notes	-	170,321
Net cash inflow from financing	**-**	**32,773**

Capital expenditure

The following table shows our capital expenditures for the 52 weeks ended 26 December 2012 compared to the 52 weeks ended 28 December 2011:

	52 weeks ended 26 December 2012 £'000s	52 weeks Ended 28 December 2011 £'000s
Capital Expenditure by Category:		
Maintenance spend	(3,598)	(4,436)
Expansion spend	(9,289)	(7,150)
IT One-off projects spend	(717)	(471)
Cherwell Valley Rebuild	(91)	(10,838)
Capital Expenditure	**(13,695)**	**(22,895)**
Proceeds from sale of tangible fixed assets	-	10,115
Cash outflow for capital expenditure	**(13,695)**	**(12,780)**

For the 52 weeks ended 26 December 2012, our capital expenditure amounted to £13.7 million, which consisted of £3.6 million for maintenance spending, £9.3 million for expansion including the roll-out of three new M&S stores, major layout improvements at Toddington North, KFC trial, Greggs trial and initial roll out, Burger King store improvements, rollout of Adblue fuel additive, and utilities usage savings, £0.7 million on IT projects and £0.09 million on the rebuild of Cherwell Valley.

For the 52 weeks ended 28 December 2011, our capital expenditure amounted to £22.9 million, which consisted of £4.4 million for maintenance spending, £7.2 million for expansion including the roll-out of external units, vending machines, utilities saving projects and fuel upgrades, £0.5 million on IT projects, and £10.8 million on the rebuild of Cherwell Valley. This is offset by £10.1 million of insurance proceeds for the rebuilding of the Cherwell Valley amenity building.

Net debt

The following table shows our net debt position as at 26 December 2012 compared to 28 December 2011:

	26 December 2012 £'000s	28 December 2011 £'000s
Cash in hand and at bank	30,417	31,284
Debt due within one year	(6,200)	(1,800)
Debt due after one year	(542,380)	(546,670)
Net debt	**(518,163)**	**(517,186)**

At 26 December 2012, the debt due after one year includes £388.0 million of senior debt and £172.0 million of corporate bonds, less £17.6 million of capitalised debt costs. The debt due within one year represents the senior debt due for repayment on 31 December 2012 (£2.2 million) and 30 June 2013 (£4.0 million).

At 28 December 2011, the debt due after one year includes £398.2 million of senior debt and £171.1 million of corporate bonds, less £22.6 million of capitalised debt costs. The debt due within one year of £1.8 million represents the senior debt due for repayment on 30 June 2012.