

MOTO VENTURES LIMITED

QUARTERLY REPORT

MARCH 2013

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks Ended 27 March 2013 £'000s	13 weeks Ended 28 March 2012 £'000s
Non-fuel turnover	63,098	59,180
Fuel turnover	126,871	132,996
Turnover	189,969	192,176
Change in stocks of non-fuel goods.....	(331)	(162)
Change in stocks of fuel	(214)	700
Change in stocks of finished goods	(545)	538
Staff costs	(15,336)	(14,581)
Depreciation and amortization.....	(8,610)	(8,377)
Non-fuel operating costs.....	(41,073)	(38,663)
Cost of fuel purchased	(120,520)	(128,097)
Other operating costs	(161,593)	(166,760)
Profit on ordinary activities before interest being operating profit	3,885	2,996
Interest receivable and similar income	20	28
Interest receivable from group undertakings	29	23
Interest payable on bank loans.....	(15,864)	(15,575)
Loss on ordinary activities before taxation	(11,930)	(12,528)
Tax on loss on ordinary activities.....	-	-
Loss on ordinary activities after taxation being retained loss for the financial period	(11,930)	(12,528)
 Note: Adjusted EBITDA	 12,304	 11,419
 Fuel margin	 6,137	 5,599

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 27 March 2013 £'000s	As of 28 March 2012 £'000s
Cash.....	20,674	20,283
Current assets	52,241	32,348
Net fixed assets.....	702,645	722,921
Total assets	775,560	775,552
Short term borrowings.....	(9,400)	(4,000)
Current liabilities.....	(60,792)	(46,998)
Long term borrowings.....	(538,496)	(549,857)
Other long term liabilities.....	-	(370)
Retained Earnings	(280,695)	(269,239)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	13 weeks Ended 27 March 2013 £'000s	13 weeks Ended 28 March 2012 £'000s
Net cash inflow from operating activities.....	19,710	15,760
Cash outflow from servicing bank loans	(22,986)	(22,922)
Cash outflow from servicing group loans	(14)	(14)
Net cash outflow from returns on investments and servicing of finance	(23,007)	(23,096)
Net cash outflow for capital expenditure and financial investment.....	(4,246)	(3,667)
Repayment of Senior Debt.....	(2,200)	-
(Decrease) / increase in net cash.....	(9,743)	(11,003)

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 13 weeks ended 27 March 2013 compared to the 13 weeks ended 28 March 2012

The following table sets forth our main operating results for the 13 weeks ended 27 March 2013 compared to the 13 weeks ended 28 March 2012:

	13 weeks ended 27 March 2013 £'000s	13 weeks Ended 28 March 2012 £'000s	Variance £'000s	Variance %
Non-fuel Turnover	63,098	59,180	3,918	6.6%
Fuel Turnover	126,871	132,996	(6,125)	(4.6)%
Turnover	189,969	192,176	(2,207)	(1.1)%
Change in stocks of non-fuel goods	(331)	(162)	(169)	(104.3)%
Change in stocks of fuel	(214)	700	(914)	(130.6)%
Change in stocks of finished goods	(545)	538	(1,083)	(201.3)%
Staff costs	(15,336)	(14,581)	(755)	(5.2)%
Depreciation and amortization	(8,610)	(8,377)	(233)	(2.8)%
Non-fuel operating costs	(41,073)	(38,663)	(2,410)	(6.2)%
Cost of fuel purchased	(120,520)	(128,097)	7,577	5.9%
Other operating costs	(161,593)	(166,760)	5,167	3.1%
Profit on ordinary activities before interest being operating profit	3,885	2,996	889	26.7%
Interest receivable and similar income	20	28	(8)	(28.6)%
Interest receivable from group undertakings	29	23	6	26.1%
Interest payable on bank loans	(15,864)	(15,575)	(289)	(1.9)%
Loss on ordinary activities before taxation	(11,930)	(12,528)	598	4.7%
Tax on loss on ordinary activities	-	-	-	-
Loss on ordinary activities after taxation being retained loss for the financial period	(11,930)	(12,528)	598	4.7%
Note: EBITDA	12,495	11,373	1,122	9.9%
Amortization (PCPs and deferred CP Plus costs)	(97)	46	(143)	(310.9)%
Loss on disposal of fixed assets	-	-	-	-
Travelodge provision	(94)	-	(94)	-
Adjusted EBITDA	12,304	11,419	885	7.8%

Turnover. Turnover decreased by £2.2 million, or 1.1%, from £192.2 million in the 13 weeks ended 28 March 2012 to £190.0 million in the 13 weeks ended 27 March 2013. The change was primarily attributable to a decrease in fuel turnover of £6.1 million as a result of lower full margin fuel volumes. The decrease in fuel turnover was offset by a £3.9 million increase in non-fuel turnover primarily due to (1) £2.5 million higher like-for-like sales, (2) £1.3 million sales from new Costa, Greggs and M&S units opened at Extra sites and (3) £0.1 million Travelodge income now disclosed as rent receivable and included within turnover.

The following table shows the breakdown of our non-fuel turnover for the 13 weeks ended 27 March 2013 and the 13 weeks ended 28 March 2012:

	13 weeks ended 27 March 2013 £'000s	13 weeks Ended 28 March 2012 £'000s	Change
Catering	25,231	22,752	2,479
Convenience Food	16,249	14,749	1,500
CTN	9,269	9,331	(62)
Amusement	2,700	2,986	(286)
Other	2,623	2,383	240
Amenity Building	56,072	52,201	3,871
Forecourt.....	7,026	6,979	47
Total non-fuel turnover	63,098	59,180	3,918

The following table shows the like-for-like sales growth in 2013:

	13 weeks Ended 27 March 2013
Amenity Building.....	4.7%
Forecourt	2.0%
LFL non-fuel turnover	4.4%

The following table shows the like-for-like transaction decline in 2013:

	13 weeks Ended 27 March 2013
Amenity Building.....	1.3%
Forecourt	(4.4)%
Total transactions.....	(0.3)%

The following table shows the average spend growth in 2013:

	13 weeks Ended 27 March 2013
Amenity Building.....	4.3%
Forecourt	6.7%
Total spend.....	5.6%

Change in stocks of finished goods. Change in stocks of finished goods was £(0.5) million in the 13 weeks ended 27 March 2013 and £0.5 million in the 13 weeks ended 28 March 2012. The value of fuel stocks decreased by £0.2 million in the 13 weeks ended 27 March 2013 and there was a £0.3 million decrease in non fuel stocks.

Staff costs. Staff costs increased by £0.8 million, or 5.2%, from £14.6 million in the 13 weeks ended 28 March 2012 to £15.3 million in the 13 weeks ended 27 March 2013. The ratio of staff costs to non-fuel turnover reduced from 24.6% in the 13 weeks ended 28 March 2012 to 24.3% in the 13 weeks ended 27 March 2013, despite the contractual increases in the minimum wage hourly rate plus the opening of additional units.

Depreciation and amortization. Depreciation and amortization increased by £0.2 million, or 2.8%, from £8.4 million in the 13 weeks ended 28 March 2012 to £8.6 million in the 13 weeks ended 27 March 2013. This reflects the fairly stable level of capital expenditure. Amortization charges were unchanged from 2012 to 2013.

Other operating costs. Other operating costs decreased by £5.2 million, or 3.1%, from £166.8 million in the 13 weeks ended 28 March 2012 to £161.6 million in the 13 weeks ended 27 March 2013. The decrease was primarily attributable to cost of fuel purchased, which decreased by £7.6 million. This decrease was partially offset by a £2.4 million increase in non-fuel operating costs primarily attributable to (1) a £1.9 million increase in the cost of non-fuel merchandise, reflecting the increase in non-fuel turnover, (2) a £0.5 million increase in rent expense due to new units at Extra sites £0.3 million, and lower Travelodge rent payable £0.2 million (£0.1m reduction in rent contributions from Travelodge and £0.1 due to reclassifying the contribution as rent receivable).

The following represents a breakdown of our non-fuel operating costs for the 13 weeks ended 27 March 2013 and the 52 weeks ended 28 March 2012:

	13 weeks ended 27 March 2013 £'000s	13 weeks Ended 28 March 2012 £'000s	Change
Cost of non-fuel merchandise	26,398	24,504	1,894
Property taxes	4,433	4,320	113
Utilities	2,947	2,820	127
Franchise fees	1,544	1,349	195
Maintenance.....	1,030	1,029	1
Distribution	330	328	2
Cleaning, travel and admin	1,750	1,846	(96)
Rent expense	2,051	1,575	476
Central income.....	(500)	(450)	(50)
Corporate and other	1,184	1,342	(158)
Travelodge provision.....	(94)	-	(94)
Total non-fuel operating costs.....	41,073	38,663	2,410

Central income includes £0.5 million from Esso for dilapidations (2012: £0.5 million for prior year rates refunds).

Operating profit. Operating profit increased by £0.9 million, or 26.7%, from £3.0 million in the 13 weeks ended 28 March 2012 to £3.9 million in the 13 weeks ended 27 March 2013. The increase was primarily attributable to the £0.5 million increase in fuel margin, as well as the improved sales of non-fuel goods.

Interest receivable and similar income. Interest receivable and similar income decreased by £0.01 million, or 28.6%, from £0.03 million in the 13 weeks ended 28 March 2012 to £0.02 million in the 13 weeks ended 27 March 2013.

Interest receivable from group undertakings. Interest receivable from group undertakings increased by £0.01 million, or 26.1%, from £0.02 million in the 13 weeks ended 28 March 2012 to £0.03 million receivable in the 13 weeks ended 27 March 2013.

Interest payable on bank loans. Interest payable on bank loans increased by £0.3 million, or 1.9%, from £15.6 million in the 13 weeks ended 28 March 2012 to £15.9 million in the 13 weeks ended 27 March 2013. The increase was attributable to (1) £0.2 million due to the 0.25% annual increase in the margin on the senior debt, (2) £0.2 million due to a widening difference between the 3 month LIBOR variable rate on the senior debt and the 6 month LIBOR against which we are hedged, (3) £0.1 million finance charge relating to the discounted onerous lease provision for Travelodge, offset by (4) £0.2 million saving due to the £8.0 million senior debt repayments made since March 2012.

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 4.7%, from £12.5 million in the 13 weeks ended 28 March 2012 to £11.9 million in the 13 weeks ended 27 March 2013.

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 13 weeks ended 27 March 2013 compared to the 13 weeks ended 28 March 2012:

	13 weeks ended 27 March 2013 £'000s	13 weeks Ended 28 March 2012 £'000s
Operating profit	3,885	2,996
Depreciation charge	7,458	7,225
Loss on disposal of tangible fixed assets	-	-
Goodwill amortization	1,152	1,152
Decrease /.(increase) in stocks.....	545	(538)
Decrease in debtors.....	3,398	2,456
Increase in creditors.....	3,272	2,469
Net cash inflow from operating activities	19,710	15,760

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

13 weeks ended 27 March 2013 compared to the 13 weeks ended 28 March 2012

Cash inflow from operating activities increased by £4.0 million, or 25.1%, from £15.8 million in the 13 weeks ended 28 March 2012 to £19.7 million in the 13 weeks ended 27 March 2013. This is primarily attributable to (1) an increase in operating profit of £0.9 million from £3.0 million in the 13 weeks ended 28 March 2012 to £3.9 million in the 13 weeks ended 27 March 2013, (2) an increase in the depreciation charge of £0.2 million, from £7.2 million in the 13 weeks ended 28 March 2012 to £7.5 million in the 13 weeks ended 27 March 2013 and (3) a increase in cash flow from working capital of £2.8 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 13 weeks ended 27 March 2013 compared to the 13 weeks ended 28 March 2012:

	13 weeks ended 27 March 2013 £'000s	23 weeks Ended 28 March 2012 £'000s
Interest received.....	20	28
Interest paid on bank loans	(22,986)	(22,922)
Bank interest and similar	(27)	(38)
Intercompany interest paid	(14)	(14)
Issue costs of new bank loans	-	(150)
Net cash outflow from returns on investments and servicing of finance.....	(23,007)	(23,096)

Interest received. Interest received decreased slightly from £0.03 million in the 13 weeks ended 28 March 2012 to £0.02 million in the 13 weeks ended 27 March 2013.

Interest paid on bank loans. Interest paid on bank loans increased from £22.9 million in the 13 weeks ended 28 March 2012 to £23.0 million in the 13 weeks ended 27 March 2013. This is attributable to the annual 0.25% step up in interest rates on the senior debt, offset by £9.0 million of senior debt repayments over the last 12 months.

Bank interest and similar. Bank interest and similar charges decreased slightly from £0.04 million in the 13 weeks ended 28 March 2012 to £0.03 million in the 13 weeks ended 27 March 2013. 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 £0.01 million in the 13 weeks ended 27 March 2013, and represents the administrative costs of the holding companies.

Issue costs of new bank loans. The £0.2 million issue costs of new bank loans in the 13 weeks ended 28 March 2012 represents residual costs incurred related to the Refinancing.

Capital expenditure

The following table shows our capital expenditures for the 13 weeks ended 27 March 2013 compared to the 13 weeks ended 28 March 2012:

	13 weeks ended 27 March 2013 £'000s	13 weeks Ended 28 March 2012 £'000s
Capital Expenditure by Category:		
Maintenance spend	(1,127)	(895)
Expansion spend	(2,908)	(2,483)
IT One-off projects spend	(200)	(258)
Cherwell Valley Rebuild	(11)	(31)
Cash outflow for capital expenditure	<u>(4,246)</u>	<u>(3,667)</u>

For the 13 weeks ended 27 March 2013, our capital expenditure amounted to £4.2 million, which consisted of £1.1 million for maintenance spending, £2.9 million for expansion including the continued roll-out of new Greggs stores, Burger King Store Refreshes and ongoing spend on prior year projects, £0.2 million on IT projects and £0.01 million on the rebuild of Cherwell Valley.

For the 13 weeks ended 28 March 2012, our capital expenditure amounted to £3.7 million, which consisted of £0.9 million for maintenance spending, £2.5 million for expansion including the roll-out of two new M&S stores, new toilets and layout improvements at Toddington North, and utilities usage savings, £0.3 million on IT projects and £0.03 million on the rebuild of Cherwell Valley.

Net debt

The following table shows our net debt position as at 27 March 2013 compared to 28 March 2012:

	27 March 2013 £'000s	28 March 2012 £'000s
Cash in hand and at bank	20,674	20,283
Debt due within one year	(9,400)	(4,000)
Debt due after one year	(538,496)	(545,857)
Net debt	<u>(527,222)</u>	<u>(529,574)</u>

At 27 March 2013, the debt due after one year includes £382.6 million of senior debt and £172.3 million of corporate bonds, less £16.4 million of capitalised debt costs. The debt due within one year represents the senior debt due for repayment on 30 June 2013 (£4.0 million) and 31 December 2013 (£5.4 million).

At 28 March 2012, the debt due after one year includes £396.0 million of senior debt and £171.3 million of corporate bonds, less £21.4 million of capitalised debt costs. The debt due within one year of £4.0 million represents the senior debt due for repayment on 30 June 2012 (£1.8 million) and 31 December 2012 (£2.2 million).