

MOTO VENTURES LIMITED

QUARTERLY REPORT

MARCH 2011

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'000s
Non-fuel turnover	59,480	60,694
Fuel turnover	138,332	130,396
Turnover	197,812	191,090
Change in stocks of non-fuel goods	(494)	334
Change in stocks of fuel	960	451
Change in stocks of finished goods...	466	785
Staff costs	(14,400)	(15,165)
Depreciation and amortization	(7,878)	(7,964)
Non-fuel operating costs.....	(38,175)	(41,390)
Cost of fuel purchased.....	(133,913)	(125,037)
Other operating costs	(172,088)	(166,427)
Profit on ordinary activities before interest being operating profit	3,912	2,319
Interest receivable and similar income	6	10
Interest payable on bank loans	(24,343)	(9,226)
Interest payable to group undertakings	(6,306)	(8,421)
Loss on ordinary activities before taxation	(26,731)	(15,318)
Tax on loss on ordinary activities.....	-	—
Loss on ordinary activities after taxation being retained loss for the financial period	(26,731)	(15,318)
 Note: EBITDA	 11,790	 10,283

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 30 March 2011 £'000s	As of 31 March 2010 £'000s
Tangible fixed assets	525,987	557,636
Total assets	651,133	670,250
Total liabilities	(595,166)	(791,532)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'000s
Net cash inflow from operating activities	14,104	6,181
Cash outflow from servicing bank loans	(29,326)	(16,031)
Cash outflow from servicing group loans	(1)	(1)
Net cash outflow from returns on investments and servicing of finance	(52,383)	(16,052)
Net cash inflow / (outflow) for capital expenditure and financial investment	5,543	(6,033)
Net cash inflow from financing	32,773	-
Increase/(decrease) in net cash	37	(15,904)

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 30 March 2011 compared to the 13 weeks ended 31 March 2010

The following table sets forth our main operating results for the first quarter of Fiscal Year 2011 compared to the first quarter of Fiscal Year 2010:

	13 weeks ended 30 March 2011	% of total turnover	13 weeks ended 31 March 2010	% of total turnover
<i>(£ in thousands, except percentages)</i>				
Non-fuel Turnover	59,480	30.1%	60,694	31.8%
Fuel Turnover	138,332	69.9%	130,396	68.2%
Turnover	197,812		191,090	
Change in stocks of non-fuel goods	(494)	(0.2)%	334	0.2%
Change in stocks of fuel	960	0.5%	451	0.2%
Change in stocks of finished goods	466	0.2%	785	0.4%
Staff costs	(14,400)	(7.3)%	(15,165)	(7.9)%
Depreciation and amortization	(7,878)	(4.0)%	(7,964)	(4.0)%
Non-fuel operating costs	(38,175)	(19.3)%	(41,390)	(21.7)%
Cost of fuel purchased	(133,913)	(67.7)%	(125,037)	(65.4)%
Other operating costs	(172,088)	(87.0)%	(166,427)	(87.1)%
Profit on ordinary activities before interest being operating profit	3,912	2.0%	2,319	1.4%
Interest receivable and similar income	6	0.0%	10	0.0%
Interest payable on bank loans	(24,343)	(12.3)%	(9,226)	(4.8)%
Interest payable to group undertakings	(6,306)	(3.2)%	(8,421)	(4.4)%
Loss on ordinary activities before taxation	(26,731)	(13.5)%	(15,318)	(7.8)%
Tax on loss on ordinary activities	-	-	-	-
Loss on ordinary activities after taxation being retained loss for the financial period	(26,731)	(13.5)%	(15,318)	(7.8)%

Turnover. Turnover increased by £6.7 million, or 3.5%, from £191.1 million in Quarter 1 of 2010 to £197.8 million in Quarter 1 of 2011. The change was primarily attributable to increased fuel turnover of £7.9 million as a result of rising fuel prices during the period. Fuel volumes were up 0.4% with a decline in full margin leisure sales which were affected by the increase in the oil price offset by a growth in commercial volumes. The increase in fuel turnover was partially offset by a £1.2 million decrease in non-fuel turnover primarily due to (1) £0.8 million lower like-for-like forecourt shop sales as a result of lower full margin volumes and (2) £0.3 million of lower sales at Cherwell Valley following the fire in April 2010 (since then the site has operated from a temporary amenity facility) (3) £0.1m of lower sales due to the transfer of our site at Leicester to Eurogarages. Year on year turnover growth in Quarter 1 benefited from the snow disruption in January 2010 but was negatively impacted by the peak Easter trading which fell in April in 2011 but in March in 2010. The following table shows the breakdown of our non-fuel turnover for Quarter 1 2011 and Quarter 1 2010:

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'000s	Change
Catering	21,707	21,423	284
Convenience Food	14,898	14,901	(3)
CTN	10,044	10,539	(495)
Forecourt	7,527	8,373	(846)
Amusement	2,831	2,886	(55)
Other	2,473	2,572	(99)
Total non-fuel turnover	59,480	60,694	(1,214)

Change in stocks of finished goods. Change in stocks of finished goods was £0.5 million in Quarter 1 2011 and was £0.8 million in Quarter 1 2010. The increase in the value of fuel stocks was due to the increase in fuel cost price which was partly offset by a reduction in non fuel stocks.

Staff costs. Staff costs decreased by £0.8 million, or 5.0%, from £15.2 million in Quarter 1 2010 to £14.4 million in Quarter 1 2011. The decrease reflects an increased management focus on cost control in 2011 in response to the lower like for like revenue growth rate across the amenity building revenue lines.

Depreciation and amortization. Depreciation and amortization decreased by £0.1 million, or 1.1%, from £8.0 million in Quarter 1 2010 to £7.9 million in Quarter 1 2011. Depreciation is recorded on a straight line basis with no significant change in the net book value of our assets between the two periods. Additionally, amortization charges were unchanged from Quarter 1 2010 to Quarter 1 2011.

Other operating costs. Other operating costs increased by £5.7 million, or 3.4%, from £166.4 million in Quarter 1 2010 to £172.1 million in Quarter 1 2011. The increase was primarily attributable to cost of fuel purchased, which increased by £8.9 million. This increase was partially offset by a £3.2 million reduction in non-fuel operating costs primarily attributable to (1) a £2.1 million decrease related to the cost of non-fuel merchandise and (2) £0.7 million of Central income in 2011 relating to Business Interruption insurance receipts of £0.3 million and a £0.4 million VAT refund. Cost savings were also achieved on rates, distribution, cleaning, travel and administration. The following represents a breakdown of our non-fuel operating costs for Quarter 1 2011 and Quarter 1 2010:

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'000s	Change
Cost of non-fuel merchandise	24,801	26,893	(2,092)
Property taxes	4,236	4,433	(197)
Utilities	2,794	2,602	192
Franchise fees	1,241	1,160	81
Maintenance.....	969	1,096	(127)
Distribution	357	524	(167)
Cleaning, travel and admin	2,069	2,316	(247)
Rent expense.....	1,408	1,385	23
Central income.....	(691)	-	(691)
Corporate and other	991	981	10
Total non-fuel operating costs.....	38,175	41,390	(3,215)

Operating profit. Operating profit increased by £1.6 million, or 68.7%, from £2.3 million in Quarter 1 2010 to £3.9 million in Quarter 1 2011. The increase was primarily attributable to the decrease in the non-fuel operating costs and the decrease in staff costs.

Interest receivable and similar income. Interest receivable and similar income decreased by £0.004 million, or 40.0%, from £0.01 million in Quarter 1 2010 to £0.006 million in Quarter 1 2011 primarily related to overall interest income earned on cash balances during the period.

Interest payable and similar charges. Interest payable and similar charges increased by £13.0 million, or 73.4%, from £17.6 million in Quarter 1 2010 to £30.6 million in Quarter 1 2011. The increase was primarily attributable to an increase in interest payable on bank loans. This included a one-off refinancing cost of £15.4m in relation 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 increase was partially offset by a £2.1 million decrease in the interest payable on group loans, due to the conversion of 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 a nil in both periods.

Retained loss for the financial period. For the reasons set forth above, retained loss for the period increased by 74.5%, from £15.3 million in Quarter 1 2010 to £26.7 million in Quarter 1 2011.

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 first quarter of Fiscal Year 2011 compared to the first quarter of Fiscal Year 2010:

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'000s
Operating profit	3,912	2,319
Depreciation charge.....	6,726	6,812
Loss on disposal of tangible fixed assets.....	1	-
Goodwill amortization.....	1,152	1,152
(Increase)/decrease in stocks.....	(466)	(785)
(Increase)/decrease in debtors.....	7,147	2,341
Increase/(decrease) in creditors.....	(4,368)	(5,658)
Net cash inflow from operating activities	14,104	6,181

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

13 weeks ended 30 March 2011 compared to the 13 weeks ended 31 March 2010

Cash inflow from operating activities increased by £7.9 million, or 128.2%, from £6.2 million in Quarter 1 2010 to £14.1 million in Quarter 1 2011. This is primarily attributable to an increase in operating profit of £1.6 million from £2.3 million in Quarter 1 2010 to £3.9 million in Quarter 1 2011 and an increase in cash flow from working capital of £2.3 million during the quarter primarily related to a £7.1 million decrease in debtors as a result of the receipt of insurance monies relating to the Business Interruption claim at Cherwell Valley, partially offset by a £4.4 million decrease in creditors as a result of taxes withheld on the discretionary bonus paid to management in December 2010 being paid in the quarter.

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 first quarter of Fiscal Year 2011 compared to the first quarter of Fiscal Year 2010:

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'000s
Interest received.....	6	10
Interest paid on bank loans.....	(29,326)	(16,031)
Bank interest and similar.....	(28)	(30)
Intercompany interest paid.....	(1)	(1)
Issue costs of new bank loans.....	(23,034)	-
Net cash outflow from returns on investments and servicing of finance	(52,383)	(16,052)

Interest received. Interest received decreased from £0.01 million in Quarter 1 2010 to £0.006 million in Quarter 1 2011, which reflects the similar cash levels and the low level of interest rates in each period.

Interest paid on bank loans. Interest paid on bank loans increased from £16.0 million in Quarter 1 2010 to £29.3 million in Quarter 1 2011. This was primarily attributable to a £15.4m cost of reducing the notional amount of interest rate hedge to align the total hedge value with the new £400 million senior debt facility.

Bank interest and similar. Bank interest and similar charges decreased slightly from £0.03 million in Quarter 1 2010 to £0.03 million in Quarter 1 2011. This represents the banking costs of the group.

Intercompany interest paid. The intercompany interest reflects payments made during the period to Moto Holdings Limited and Moto International Holdings Limited under intercompany loan agreements. Such payments amounted to £0.001 million in each period. These payments represent the administrative costs of the holding companies.

Issue costs of new bank loans. The £23.0 million issue costs of new bank loans in Quarter 1 2010 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 first quarter of Fiscal Year 2011 compared to the first quarter of Fiscal Year 2010:

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'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 first quarter of Fiscal Year 2011 compared to the first quarter of Fiscal Year 2010:

	13 weeks ended 30 March 2011 £'000s	13 weeks Ended 31 March 2010 £'000s
Capital Expenditure by Category:		
Maintenance spend	(995)	(940)
Expansion spend	(1,737)	(5,093)
Cherwell Valley Rebuild	(1,840)	-
Proceeds from sale of tangible fixed assets	10,115	-
Cash outflow for capital expenditure	5,543	(6,033)

For Quarter 1 2011, our capital expenditure amounted to £4.6 million, which consisted of £1.0 million for maintenance spending, £1.7 million for expansion including the roll-out of external units, vending machines and utilities saving projects and £1.8m 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.

For Quarter 1 2010, our capital expenditure amounted to £6.0 million, which primarily consisted of £0.9 million for maintenance spending, and £5.1 million for expansion including the roll-out of additional *Costa* outlets and other catering projects, fuel upgrades, and utilities usage savings.