

MOTO VENTURES LIMITED

QUARTERLY REPORT

DECEMBER 2011

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks ended 28 December 2011 £'000s	13 weeks Ended 29 December 2010 £'000s	52 weeks Ended 28 December 2011 £'000s	52 weeks Ended 29 December 2010 £'000s
Non-fuel turnover	67,064	67,766	289,782	293,533
Fuel turnover.....	138,500	140,211	574,645	554,931
Turnover	205,564	207,977	864,427	848,464
Change in stocks of non-fuel goods	144	201	(70)	83
Change in stocks of fuel.....	(1,178)	46	(2)	(218)
Change in stocks of finished goods ..	(1,034)	247	(72)	(135)
Staff costs.....	(14,966)	(24,382)	(60,587)	(72,254)
Depreciation and amortization.....	(7,826)	(7,360)	(31,118)	(31,445)
Non-fuel operating costs	(40,826)	(47,128)	(177,026)	(187,280)
Cost of fuel purchased	(130,805)	(133,938)	(549,676)	(528,611)
Other operating costs	(171,631)	(181,066)	(726,702)	(715,891)
Profit on ordinary activities before interest being operating profit	10,107	(4,584)	45,948	28,739
Interest receivable and similar income	22	674	93	701
Interest payable on bank loans	(15,545)	(9,860)	(71,488)	(37,899)
Interest payable to group undertakings	21	(8,981)	(6,234)	(34,630)
Loss on ordinary activities before taxation	(5,395)	(22,751)	(31,681)	(43,089)
Tax on loss on ordinary activities	-	-	-	-
Loss on ordinary activities after taxation being retained loss for the financial period	(5,395)	(22,751)	(31,681)	(43,089)
 Note: Adjusted EBITDA	 17,997	 18,811	 77,012	 75,893
 Fuel margin	 6,517	 6,319	 24,967	 26,099

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 28 December 2011 £'000s	As of 29 December 2010 £'000s
Cash.....	31,284	26,049
Current assets	34,230	49,170
Net fixed assets.....	587,792	596,401
Total assets	653,306	671,620
Short term borrowings.....	-	(762,178)
Current liabilities.....	(53,427)	(58,006)
Long term borrowings	(548,470)	-
Other long term liabilities.....	(394)	(491)
Retained Earnings	(271,253)	(239,572)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	13 weeks ended 28 December 2011 £'000s	13 weeks Ended 29 December 2010 £'000s	52 weeks Ended 28 December 2011 £'000s	52 weeks Ended 29 December 2010 £'000s
Net cash inflow from operating activities	8,127	(1,259)	73,900	62,136
Cash outflow from servicing bank loans	(4,982)	(8,828)	(62,244)	(35,907)
Cash outflow from servicing group loans	(8)	(55)	(19)	(8,360)
Net cash outflow from returns on investments and servicing of finance.....	(5,005)	(8,490)	(88,658)	(44,598)
Net cash outflow for capital expenditure and financial investment	(2,953)	(1,279)	(12,780)	(13,271)
Net cash inflow from financing.....	-	-	32,773	-
Increase/(decrease) in net cash	169	(11,028)	5,235	4,267

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 28 December 2011 compared to the 52 weeks ended 29 December 2010

The following table sets forth our main operating results for the 52 weeks ended 28 December 2011 compared to the 52 weeks ended 29 December 2010:

	52 weeks ended 28 December 2011 £'000s	52 weeks ended 29 December 2010 £'000s	Variance £'000s	Variance %
Non-fuel Turnover	289,782	293,533	(3,751)	(1.3)%
Fuel Turnover	574,645	554,931	19,714	3.6%
Turnover	864,427	848,464	15,963	1.9%
Change in stocks of non-fuel goods	(70)	83	(153)	(184.3)%
Change in stocks of fuel	(2)	(218)	216	99.1%
Change in stocks of finished goods	(72)	(135)	63	46.6%
Staff costs	(60,587)	(72,254)	11,667	16.1%
Depreciation and amortization	(31,118)	(31,445)	327	1.0%
Non-fuel operating costs	(177,026)	(187,280)	10,254	5.5%
Cost of fuel purchased	(549,676)	(528,611)	(21,065)	(4.0)%
Other operating costs	(726,702)	(715,891)	(10,811)	(1.5)%
Profit on ordinary activities before interest being operating profit	45,948	28,739	17,209	59.9%
Interest receivable and similar income	93	701	(608)	(86.7)%
Interest payable on bank loans	(71,488)	(37,899)	(33,589)	(88.6)%
Interest payable to group undertakings	(6,234)	(34,630)	28,396	82.0%
Loss on ordinary activities before taxation	(31,681)	(43,089)	11,408	26.5%
Tax on loss on ordinary activities	-	-	-	-
Loss on ordinary activities after taxation being retained loss for the financial period	(31,681)	(43,089)	11,408	26.5%
Note: EBITDA	77,066	60,184	16,882	28.1%
Amortization (PCPs and deferred CP Plus costs)	(435)	(435)	-	-
Loss on disposal of fixed assets	381	6,591	(6,210)	(94.2)%
Management bonus	-	9,553	(9,553)	(100.0)%
Adjusted EBITDA	77,012	75,893	1,119	1.5%

Turnover. Turnover increased by £16.0 million, or 1.9%, from £848.5 million in 2010 to £864.4 million in 2011. The change was primarily attributable to increased fuel turnover of £19.7 million as a result of rising fuel prices during the period. Fuel volumes were down 4.5%, with a decline in full margin leisure sales which were affected by the increase in the oil price partially offset by a growth in commercial volumes. The increase in fuel turnover was partially offset by a £3.8 million decrease in non-fuel turnover primarily due to (1) £3.8 million lower like-for-like forecourt shop sales as a result of lower full margin volumes, (2) £1.6 million lower like-for-like amenity building sales, (3) £0.6 million of lower sales due to the transfer of our site at Leicester to Eurogarages, offset by (5) £2.2 million higher sales at Cherwell Valley following the fire in April 2010 (since then the site has operated from a temporary amenity facility, with the new permanent building now complete and opened at the beginning of July 2011).

The following table shows the breakdown of our non-fuel turnover for the 52 weeks ended 28 December 2011 and the 52 weeks ended 29 December 2010:

	52 weeks ended 28 December 2011 £'000s	52 weeks Ended 29 December 2010 £'000s	Change
Catering	112,177	108,564	3,613
Convenience Food	72,620	72,902	(282)
CTN	50,771	53,392	(2,621)
Amusement	12,279	11,811	468
Other	9,983	10,537	(554)
Amenity Building	257,830	257,206	624
Forecourt.....	31,952	36,327	(4,375)
Total non-fuel turnover	289,782	293,533	(3,751)

The following table shows the like-for-like sales growth in 2011:

	13 weeks ended 30 March 2011	13 weeks Ended 30 June 2011	13 weeks Ended 28 September 2011	13 weeks Ended 28 December 2011	52 weeks Ended 28 December 2011
Amenity Building	0.2%	(0.8)%	(2.2)%	0.7%	(0.7)%
Forecourt.....	(9.5)%	(8.3)%	(9.2)%	(16.8)%	(11.0)%
LFL non-fuel turnover	(1.2)%	(1.7)%	(2.9)%	(1.8)%	(2.0)%

The following table shows the like-for-like transaction decline in 2011:

	13 weeks ended 30 March 2011	13 weeks Ended 30 June 2011	13 weeks Ended 28 September 2011	13 weeks Ended 28 December 2011	52 weeks Ended 28 December 2011
Amenity Building	(1.5)%	(2.8)%	(3.6)%	(1.6)%	(2.5)%
Forecourt.....	(10.3)%	(10.2)%	(10.6)%	(13.4)%	(11.1)%
Total transactions	(4.4)%	(4.9)%	(5.4)%	(5.2)%	(5.0)%

The following table shows the average spend growth in 2011:

	13 weeks ended 30 March 2011	13 weeks Ended 30 June 2011	13 weeks Ended 28 September 2011	13 weeks Ended 28 December 2011	52 weeks Ended 28 December 2011
Amenity Building	1.8%	1.9%	1.2%	2.0%	1.7%
Forecourt.....	0.9%	2.1%	1.6%	(3.9)%	0.1%
Total spend	3.3%	3.4%	2.7%	3.6%	3.2%

Change in stocks of finished goods. Change in stocks of finished goods was £(0.1) million in 2011 and £(0.1) million in 2010. There was only a slight change in the value of fuel stocks, as price rises were offset by lower volumes. There was a reduction in non fuel stocks.

Staff costs. Staff costs decreased by £11.7 million, or 16.1%, from £72.3 million in 2010 to £60.6 million in 2011. £9.6 million of this relates to a one-off management bonus paid in 2010, and a further £0.8m is the full year saving on bonuses. The remaining £1.3m 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, resulting in the ratio of staff costs (excluding bonus) to non-fuel turnover reducing from 20.7% in 2010 to 20.5% in 2011.

Depreciation and amortization. Depreciation and amortization decreased by £0.3 million, or 1.0%, from £31.4 million in 2010 to £31.1 million in 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 2010 to 2011.

Other operating costs. Other operating costs increased by £10.8 million, or 1.5%, from £715.9 million in 2010 to £726.7 million in 2011. The increase was primarily attributable to cost of fuel purchased, which increased by £21.1 million. This increase was partially offset by a £10.3 million reduction in non-fuel operating costs primarily attributable to (1) a £3.9 million decrease related to the cost of non-fuel merchandise (42.4% of non-fuel turnover, compared to 43.2% in 2010, including the change in stocks of non-fuel goods). This improvement was largely due to improved control and high margin catering sales becoming an increasing proportion of the mix. And (2) a £5.9 million decrease in corporate and other costs relating mainly to a £6.2 million lower loss on disposal of fixed assets, due to the write off of the Cherwell Valley site, destroyed by fire in 2010.

Sustainable cost savings were also achieved on rates, distribution, cleaning, travel and administration. The following represents a breakdown of our non-fuel operating costs for the 52 weeks ended 28 December 2011 and the 52 weeks ended 29 December 2010:

	52 weeks ended 28 December 2011 £'000s	52 weeks Ended 29 December 2010 £'000s	Change
Cost of non-fuel merchandise	122,941	126,844	(3,903)
Property taxes	16,705	17,151	(446)
Utilities	10,029	10,031	(2)
Franchise fees	6,283	5,717	566
Maintenance.....	3,904	4,128	(224)
Distribution	1,728	2,243	(515)
Cleaning, travel and admin	8,295	9,282	(987)
Rent expense	5,839	5,718	121
Central income.....	(3,239)	(4,263)	1,024
Corporate and other	4,541	10,429	(5,888)
Total non-fuel operating costs.....	177,026	187,280	(10,254)

Central income includes £0.7 million for Business Interruption insurance receipts at Cherwell Valley, £1.6 million prior year VAT refunds and £1.0 million prior year rates refunds (2010: £1.7 million Cherwell BI claim and £2.5 million Chieveley compensation).

Operating profit. Operating profit increased by £17.2 million, or 59.9%, from £28.7 million in 2010 to £45.9 million in 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 £0.6 million, or 86.7%, from £0.7 million in 2010 to £0.1 million in 2011 primarily related to a one-off interest receipt in 2010 on the Chieveley compensation.

Interest payable on bank loans. Interest payable on bank loans increased by £33.6 million, or 88.6%, from £37.9 million in 2010 to £71.5 million in 2011. The increase was primarily attributable to 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. Furthermore, the average hedged cost of our debt post refinancing in March 2011 is 9.4% on a drawn debt of £576.0 million, compared to 6.6% on a drawn debt of £563.0 million in 2010.

Interest payable to group undertakings. Interest payable to group undertakings decreased by £28.4 million, or 88.6%, from £34.6 million in 2010 to £6.2 million in 2011. 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 26.5%, from £43.1 million in 2010 to £31.7 million in 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 52 weeks ended 28 December 2011 compared to the 52 weeks ended 29 December 2010:

	52 weeks ended 28 December 2011 £'000s	52 weeks Ended 29 December 2010 £'000s
Operating profit	45,948	28,739
Depreciation charge	26,510	26,837
Loss on disposal of tangible fixed assets	381	6,591
Goodwill amortization	4,608	4,608
Decrease in stocks	72	135
Decrease / (increase) in debtors	4,305	(1,695)
Decrease in creditors	(7,924)	(3,079)
Net cash inflow from operating activities	73,900	62,136

The principal factors affecting our net cash inflows from operating activities in the periods presented are the changes in our operating profit, loss on disposal of tangible fixed assets, the decrease in debtors and the decrease in creditors.

52 weeks ended 28 December 2011 compared to the 52 weeks ended 29 December 2010

Cash inflow from operating activities increased by £11.8 million, or 18.9%, from £62.1 million in 2010 to £73.9 million in 2011. This is primarily attributable to an increase in operating profit of £17.2 million from £28.7 million in 2010 to £45.9 million in 2011, which includes a £6.2 million decrease in loss on disposal of tangible fixed assets, and an increase in cash flow from working capital of £1.1 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 28 December 2011 compared to the 52 weeks ended 29 December 2010:

	52 weeks ended 28 December 2011 £'000s	52 weeks Ended 29 December 2010 £'000s
Interest received.....	93	701
Interest paid on bank loans	(62,244)	(35,907)
Bank interest and similar	(91)	(113)
Intercompany interest paid	(19)	(8,360)
Issue costs of new bank loans	(26,397)	(919)
Net cash outflow from returns on investments and servicing of finance.....	(88,658)	(44,598)

Interest received. Interest received decreased from £0.7 million in 2010 to £0.1 million in 2011, 2011 primarily related to a one-off interest receipt in 2010 on the Chieveley compensation.

Interest paid on bank loans. Interest paid on bank loans increased from £35.9 million in 2010 to £62.2 million in 2011. This is primarily attributable to (1) 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, and (2) in 2010 the quarterly interest payment of £7.2 million was paid on 31 December (after the quarter end), but in 2011 £4.8 million was paid during December 2011 (relating to the senior debt interest rate swap). In addition, the average hedged cost of our debt in quarter 3 2011 is 9.4% on a drawn debt of £576.0 million, compared to 6.6% on a drawn debt of £563.0 million in 2010.

Bank interest and similar. Bank interest and similar charges decreased slightly from £0.11 million in 2010 to £0.09 million in 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 £0.02 million in 2011, and represents the administrative costs of the holding companies. In 2010 an interest payment of £8.3 million was made, to fund a dividend paid by Moto International Holdings Limited.

Issue costs of new bank loans. The £26.4 million issue costs of new bank loans in 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 28 December 2011 compared to the 52 weeks ended 29 December 2010:

	52 weeks ended 28 December 2011 £'000s	52 weeks Ended 29 December 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 52 weeks ended 28 December 2011 compared to the 52 weeks ended 29 December 2010:

	52 weeks ended 28 December 2011 £'000s	52 weeks Ended 29 December 2010 £'000s
Capital Expenditure by Category:		
Maintenance spend	(4,436)	(4,334)
Expansion spend	(7,150)	(8,905)
IT One-off projects spend	(471)	-
Cherwell Valley Rebuild	(10,838)	(1,732)
Capital Expenditure	(22,895)	(14,971)
Proceeds from sale of tangible fixed assets	10,115	1,700
Cash outflow for capital expenditure	(12,780)	(13,271)

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.

For the 52 weeks ended 29 December 2010, our capital expenditure amounted to £15.0 million, which consisted of £4.3 million for maintenance spending, £8.9 million for expansion including the roll-out of additional *Costa* outlets and other catering projects, fuel upgrades, and utilities usage savings, and £1.7 million on the rebuild of Cherwell Valley. This is offset by £1.7 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 28 December 2011 compared to 29 December 2010:

	28 December 2011 £'000s	29 December 2010 £'000s
Cash in hand and at bank	31,284	26,049
Debt due within one year	-	(762,178)
Debt due after one year	(548,470)	-
Net debt	(517,186)	(736,129)

For 28 December 2011, the debt due after one year includes £400.0 million of senior debt and £171.1 million of corporate bonds, less £22.6 million of capitalised debt costs.

For 29 December 2010, debt due within one year comprises £200.1 million of amounts due to the parent undertaking, junior debt of £41.5 million and senior debt of £521.5 million, less capitalised debt costs of £0.9 million.