

MOTO HOLDINGS LIMITED

and subsidiary companies

Report and Financial Statements

52 weeks ended 28 December 2011

MOTO HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

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MOTO HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

REPORT AND FINANCIAL STATEMENTS 2011

DIRECTORS

G Parsons
M Perusat

SECRETARY

R Pryn

REGISTERED OFFICE

Toddington Services Area
Junction 11-12 M1 Southbound
Toddington
Bedfordshire
LU5 6HR

AUDITOR

Deloitte LLP, Chartered Accountants and Statutory Auditor
Nottingham, UK

BANKERS

Barclays Bank plc
27 Soho Square
London W1D 3QR

LAWYERS

DLA Piper UK LLP
3 Noble Street
London EC2V 7EE

MOTO HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 28 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as a holding company and it will continue to do so for the foreseeable future.

The principal activity of the group is to operate motorway and trunk road service areas.

BUSINESS REVIEW

The group has continued to experience steady sales and profit growth (after excluding a one-off management bonus and losses on disposal of fixed assets destroyed in a fire at Cherwell Valley in the prior year and the effect of the fixed asset revaluation in the current year) in the period. The directors expect this trend to continue in the near future.

The group turnover has increased by £15,963,000 (2010: £18,181,000 increase) to £864,427,000 for the 52 weeks ended 28 December 2011, compared to £848,464,000 in the 52 week period ended 29 December 2010, a growth of 1.9% (2010: 2.2% increase). Operating profit amounted to £60,487,000 (2010: £28,736,000), an increase of £31,751,000 (52 week period ended 29 December 2010 £3,385,000 decrease). 2010 included a one-off payment of £9,553,000 for a management bonus, related to the Management Incentive Plan and a loss on disposal of £4,824,000 relating to the Cherwell Valley amenity building being destroyed in a fire, whilst 2011 includes a credit of £14,541,000 being the effect of revaluation of fixed assets. Excluding depreciation, amortisation, losses on disposal of other scrapped tangible fixed assets, non-cash credits for deferred income, as well as these one-off items, the Adjusted PBITDA has increased by £1,100,000, a growth of 1.5% (2010: 14.8% growth) (£77,000,000 for the 52 weeks ended 28 December 2011, compared to £75,900,000 in the 52 weeks ended 29 December 2010). Further KPI's are set out on the following pages.

The directors consider the financial position of the group to be as expected given the structure of the group. The group reported net assets of £63,667,000 (2010: net liabilities of £133,185,000) as at 28 December 2011. The impact of the fixed assets revaluation in the year has been to increase net assets by £139,839,000.

The share capital of the group and company has increased by £106,199,000. This reflects the issue of 25,485,000 new A shares as part of the equity injection at refinancing, and the conversion of £80,714,000 of debt to equity. These shares were all issued at par.

The New Year has started well for the group and directors expect to build on the momentum created in 2011.

GOING CONCERN

The group's external debt financing was refinanced in March 2011. The external debt financing is held in group companies and has been lent via intercompany loan agreements to Moto Hospitality Limited with no fixed date of repayment. Interest is payable on the intercompany debt at rates higher than those payable on the external debt financing in order to distribute the trading profit of Moto Hospitality Limited to the holding companies to ensure service of the external debt and to facilitate dividend payments to shareholders at the ultimate parent company level, Moto International Parent Limited.

Monthly cash flow forecasts have been prepared for the business going forward to the end of 2017. These cash flows assume that the profitability of the trading company grows in accordance with a detailed Business Plan which has been approved by the Board.

The cash flow forecasts assume that all liabilities of the business going forward are met in accordance with contractual terms. External interest payments are hedged and the payments due under the terms of the hedge are built into the forecasts. The forecasts for the group indicate compliance with all covenants until March 2016, when the current debt is due for repayment.

Although loans from fellow group companies are all presented as being repayable within one year, the directors have received confirmation from fellow group companies that amounts of £127,524,000 will not be called for repayment for at least 12 months from the date of signing the accounts.

In summary, taking into account the uncertainty relating to the factors noted above, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of the approval of the accounts. Therefore, the accounts have been prepared on a going concern basis.

MOTO HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS BACKGROUND, ROLE AND WHETHER MEMBERS OF A PRIVATE EQUITY FIRM

Gordon Parsons

Gordon is a Senior Managing Director within Macquarie Capital Funds, which acts as the asset manager for Moto on behalf of shareholders.

Gordon joined Macquarie in September 2007. He was previously the Managing Director of Npower Business, which supplies electricity and gas to one in five companies in the UK and has turnover of £3.5 billion, and more than 1,500 employees. He was also a member of the Executive Team of RWE Npower Retail, Britain's largest electricity supplier.

Prior to Npower, Gordon's career has been in the energy industry, previously working for TXU Europe, Powergen (now E.On) and East Midlands Electricity. His background is primarily in commodity trading and risk management, but he has also operated in Sales Director and Marketing Directors roles for TXU and RWE Npower respectively.

Gordon heads Macquarie Capital Funds' Consumer Infrastructure Group in Europe, with responsibilities for portfolio companies operating in transport and transport services. He is a member of the Chartered Institute of Management Accountants.

Marc Perusat

Marc joined Macquarie's European Funds Group in August 2006. He now heads the Telecom, Media & Technology Infrastructure Group. He is responsible for Macquarie's investments in and is a director of Arqiva, Airwave, Ceské Radiokomunikace, Moto and Red Bee Media.

Prior to this, Marc worked at Citigroup for 8 years within their London-based TMT investment banking group with a focus on originating and executing M&A and debt /equity financing transactions across Europe. Prior to this he worked for 5 years with Morgan Stanley in their M&A department, 2 years with LEK Consulting and 2 years with Michelin.

OBJECTIVES AND STRATEGY

Moto enjoyed robust performance in 2011 and the company hopes to continue benefiting from current trends in the market which include the increase in preference for local holidays and the continued rise in UK retail coffee sales. The company is well placed to benefit from a recovery in the UK economy and remains focused on long term growth.

Moto aims to provide exceptional service and an unrivalled customer experience to all of its visitors by providing a diverse range of high quality brands and offerings on each of its sites. Moto is committed to continued investment across its network of sites, further strengthening what is already the strongest brand portfolio on the motorway network in order to continue to exceed the expectations of its customers. Moto is committed to achieving its goals profitably and sustainably.

MOTO HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

KPIs

The KPIs reported in the accounts and the table below include numbers and comparatives for turnover, cash flow, PBITDA (profit before interest, tax, depreciation and amortisation), pre-tax result, creditor days and headcount. In addition the number of transactions across sites is monitored. Adjusted PBITDA excludes certain non-recurring and non-cash items included in PBITDA.

KPI	52 weeks ended 28 December 2011	52 weeks ended 29 December 2010
Turnover	£864.4m	£848.5m
Cash flow from operating activities	£73.9m	£62.1m
PBITDA	£91.5m	£60.2m
Adjusted PBITDA	£77.0m	£75.9m
Loss on ordinary activities before taxation	£(34.6)m	£(48.7)m
Creditor days	45 days	45 days
Headcount (average number of persons employed)	4,696	4,811
Number of transactions (excluding fuel and forecourt purchases)	45.7m	46.5m

Adjusted PBITDA	52 weeks ended 28 December 2011	52 weeks ended 29 December 2010
Operating Profit	£60.5m	£28.7m
Depreciation and amortisation	£31.0m	£31.5m
PBITDA	£91.5m	£60.2m
Effect of the revaluation of fixed assets	£(14.5)m	-
Amortisation of deferred income and deferred costs	£(0.4)m	£(0.4)m
Loss on disposal of fixed assets	£0.4m	£6.6m
Management bonus	-	£9.5m
Adjusted PBITDA	£77.0m	£75.9m

Management believe these are the most important KPIs for the business allowing them to accurately monitor the growth of the business.

MOTO HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

SOCIAL AND COMMUNITY ISSUES

The Moto in the Community Trust is the charitable arm of Moto Hospitality focusing on identifying opportunities to assist with community projects, providing financial assistance and people power where it is most needed.

The Trust aims to make a difference to the local communities that Moto sites are a part of. Since 2000, Moto employees have been fundraising for various national and local charities, and also engaging in the support of local community projects. In 2005 Moto launched the Moto in the Community Trust in order to focus fundraising activity even further to make it possible to make an even bigger difference to the communities around Moto sites. Our projects range from sponsoring children's sporting activities to helping with the upkeep of community buildings. Since 2005 the Moto in the Community Trust is proud to have raised over £1,500,000 to support national and local community charities.

An ongoing initiative of Moto in the Community is the 'Adopt a School' programme. Every Moto site in the UK has adopted a local school helping them to focus their support on building strong community links. The schools that form part of the 'Adopt a School' programme are an integral part of Moto's community activities. Since 2005, Moto employees have presented more than 50,000 books to children in their Adopted Schools. The Moto in the Community Trust also has an active volunteering scheme – 'making a difference' offering Moto employees the opportunity to volunteer both in their immediate communities and as part of nationwide projects.

To reflect the diverse backgrounds of Moto staff, Moto in the Community supports selected overseas projects. These include disaster relief in countries including Haiti and Pakistan as well as offering ongoing support in Kosovo through a partner charity. Moto employees have travelled to Kosovo to help distribute aid as volunteers on a convoy, and staff in the UK collect items to send as aid to help displaced people abroad.

The Moto in the Community Trust also explores opportunities to educate staff and customers of their motorway service areas on road safety issues that affect motorway safety as well as community road safety.

The Moto in the Community Trust is a grant making trust which spends time listening to feedback from Moto employees about the communities they live in, and looking at opportunities for the Trust to provide support that will make a real impact on community life. Further details of the Trust are available on the Moto in the Community website www.motointhecommunity.co.uk.

ENVIRONMENTAL POLICY

Moto is committed to being an environmentally responsible company and aims to manage its activities in order to minimise its impact on the environment. Moto has undertaken a number of key environmental initiatives to help promote sustainable business practices which include.

Energy Management - Investment in energy-efficient technology to reduce power consumption through the use of energy-efficient light bulbs and tight control of heating and air-conditioning operating hours.

Waste Management – Moto aims to reduce the level of waste sent to landfill and in conjunction with its partners, the company is currently investigating the feasibility of composting food waste generated throughout its estate. Throughout the year, 1350 tonnes of potential waste material generated, was diverted from Landfill. This is through a combination of recycling schemes and diverting general waste to EfW plants.

Recycling Policy – Moto launched a national recycling programme in 2010, and by the second quarter of 2011 every Moto site had a Cardboard baler to enable efficient and cost effective recycling. Throughout 2011 in excess of 650 tonnes of card was baled.

A detailed list of all environmental initiatives being undertaken by the company can be located on the Moto website.

MOTO HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

KEY BUSINESS RISKS

Credit & Finance risk

The majority of sales are cash or credit card therefore the group is not exposed to any significant credit risk. The group has hedged the cash flow risk associated with the floating interest rate on its borrowings by entering into interest rate swaps. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are reputable banks with high credit ratings.

Competitor risk

There are significant barriers for entry for a potential new motorway service station operator which protects the group's position in the market.

Commercial relationships

The group benefits from close commercial relationships with a number of key suppliers. Damage to or loss of any of these relationships could have a direct effect on the group's results which may be material. To manage this risk the group performs regular supplier reviews.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance.

Foreign Exchange risk

Since the group only trades within the UK it is not exposed to any material foreign exchange risk.

Traffic risk

The group remains exposed to traffic risks which include disruption to the road networks and the threat of a severe economic downturn affecting traffic volumes. The group mitigates these risks through regular correspondence with the UK Highways Agency and close monitoring of long term traffic forecasts.

Brand/Franchisee risk

The group is exposed to brand risk through the relationships it enjoys with its franchise partners. To mitigate this risk, the group aims to develop relationships with major brands that have a strong track record in their respective markets. The group also performs rigorous checks on any potential partner companies prior to committing to any new contracts.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the period are shown in the profit and loss account on page 10. The directors recommend that no dividend be paid for the period (2010: Nil).

SUPPLIER PAYMENT POLICY

The group does not follow a specific standard or code for the payment of suppliers. It agrees payment terms with its suppliers when it enters into contracts. It then seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions.

The group remains committed to reviewing its supplier relationships and ensuring best practice processes remain in place. Moto has secured long term contracts with a number of key partners over the years. Moto also maintains a successful track record in renewing and renegotiating contracts highlighting the healthy relationship it shares with its key partners which include corporates such as Burger King, Costa Coffee and BP.

Trade creditors of the group at 28 December 2011 were equivalent to 45 days (2010: 45 days) purchases.

EMPLOYMENT POLICY

There are established procedures for employees to receive regular news and information regarding the business and development of the group. Arrangements are made for consultation to take place and site newsletters and periodic company bulletins are circulated to all staff.

The group recognises the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the relevant level the group has a framework for consultation and the provision of information, having regard to the mix and location of employees.

Suitable procedures are in operation to support the group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitude and abilities.

MOTO HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served during the period and subsequently are shown on page 1.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the company. A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the board



G Parsons
Director

MOTO HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTO HOLDINGS LIMITED

We have audited the financial statements of Moto Holdings Limited for the 52 weeks ended 28 December 2011 which comprise Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated note of historical cost profits and losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the consolidated reconciliation of net debt, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 December 2011 and of the group's loss for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Hall, FCA

David Hall FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

19 April 2012

MOTO HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT 52 weeks ended 28 December 2011

	Note	52 weeks ended 28 December 2011 £'000	52 weeks ended 29 December 2010 £'000
TURNOVER	2	864,427	848,464
Change in stocks of finished goods		(72)	(135)
Staff costs	3	(60,587)	(72,254)
Depreciation and amortisation	4	(31,123)	(31,445)
Other operating costs		(726,699)	(715,894)
Effect of the revaluation of fixed assets	4	14,541	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST BEING OPERATING PROFIT	4	60,487	28,736
Interest receivable and similar income		93	701
Interest payable and similar charges	5	(95,225)	(78,182)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(34,645)	(48,745)
Tax on loss on ordinary activities	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED LOSS FOR THE FINANCIAL PERIOD	17,18	(34,645)	(48,745)

All results relate to continuing activities.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 52 weeks ended 28 December 2011

	52 weeks ended 28 December 2011 £'000	52 weeks ended 29 December 2010 £'000
Loss for the financial period	(34,645)	(48,745)
Loss on disposal transferred to Revaluation Reserve	-	889
Unrealised surplus on revaluation of fixed assets	125,298	-
TOTAL RECOGNISED GAINS / (LOSSES) FOR THE PERIOD	90,653	(47,856)

MOTO HOLDINGS LIMITED

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES 52 weeks ended 28 December 2011

	52 weeks ended 28 December 2011 £'000	52 weeks ended 29 December 2010 £'000
Reported loss on ordinary activities before taxation	(34,645)	(48,745)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	<u>2,525</u>	<u>2,707</u>
HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(32,120)</u>	<u>(46,038)</u>
HISTORICAL COST LOSS ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED LOSS FOR THE FINANCIAL PERIOD	<u>(32,120)</u>	<u>(46,038)</u>

MOTO HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 28 December 2011

	Note	28 December 2011 £'000	29 December 2010 £'000
FIXED ASSETS			
Intangible assets	7	63,651	68,259
Tangible assets	8	663,980	528,142
		<u>727,631</u>	<u>596,401</u>
CURRENT ASSETS			
Stock	10	9,933	10,005
Debtors	11	26,533	49,342
Cash in hand and at bank		31,284	26,049
		<u>67,750</u>	<u>85,396</u>
CREDITORS: amounts falling due within one year	12	<u>(184,988)</u>	<u>(814,491)</u>
NET CURRENT LIABILITIES		<u>(117,238)</u>	<u>(729,095)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		610,393	(132,694)
CREDITORS: amounts falling due after more than one year	13	<u>(546,726)</u>	<u>(491)</u>
NET ASSETS / (LIABILITIES)		<u>63,667</u>	<u>(133,185)</u>
CAPITAL AND RESERVES			
Called up share capital	15	112,199	6,000
Share premium account	16	10,722	10,722
Profit and loss account	17	(275,072)	(240,427)
Revaluation Reserve	17	215,818	90,520
TOTAL SHAREHOLDERS' FUNDS / (DEFICIT)	18	<u>63,667</u>	<u>(133,185)</u>

The company registration number is 5754555.

These financial statements were approved by the Board of Directors and authorised for use on 19 April 2012.

Signed on behalf of the Board of Directors



G Parsons
DIRECTOR

MOTO HOLDINGS LIMITED

COMPANY BALANCE SHEET

28 December 2011

	Note	28 December 2011 £'000	29 December 2010 £'000
FIXED ASSETS			
Investments	9	231,749	-
CURRENT ASSETS			
Debtors	11	338	210,238
		338	210,238
CREDITORS: amounts falling due within one year	12	(127,524)	(194,368)
NET CURRENT (LIABILITIES) / ASSETS		(127,186)	15,870
NET ASSETS		104,563	15,870
CAPITAL AND RESERVES			
Called up share capital	15	112,199	6,000
Share premium account	16	10,722	10,722
Profit and loss account	17	(18,358)	(852)
TOTAL SHAREHOLDERS' FUNDS	18	104,563	15,870

The company registration number is 5754555.

These financial statements were approved by the Board of Directors and authorised for use on 19 April 2012.

Signed on behalf of the Board of Directors



G Parsons

DIRECTOR

MOTO HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT 52 weeks ended 28 December 2011

	Note	52 weeks ended 28 December 2011 £'000	52 weeks ended 29 December 2010 £'000
Net cash inflow from operating activities	19	73,895	62,133
Returns on investments and servicing of finance			
Interest received		93	701
Interest paid		(72,529)	(44,387)
Issue costs of new bank loans		-	(919)
Net cash outflow from returns on investments and servicing of finance		(72,436)	(44,605)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(22,895)	(14,971)
Proceeds from sale of tangible fixed assets		10,115	1,700
Net cash outflow for capital expenditure and financial investment		(12,780)	(13,271)
Net cash (outflow) / inflow before financing		(11,321)	4,257
Financing			
Increase of ordinary share capital		35,664	10
Movement in borrowings	20	(19,108)	-
Net cash inflow from financing		16,556	10
Increase in net cash	20	5,235	4,267
Consolidated reconciliation of net debt			
Net debt at beginning of period	20	(730,437)	(702,241)
Increase in net cash	20	5,235	4,267
Movement in borrowings	20	19,108	-
Other non-cash changes	20	62,193	(32,463)
Net debt at end of period	20	(643,901)	(730,437)

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 28 December 2011

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost basis as modified for the revaluation of fixed assets and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. These policies have all been applied consistently throughout the period and prior period.

Going Concern

The group's external debt financing was refinanced in March 2011. The external debt financing is held in group companies and has been lent via intercompany loan agreements to Moto Hospitality Limited with no fixed date of repayment. Interest is payable on the intercompany debt at rates higher than those payable on the external debt financing in order to distribute the trading profit of Moto Hospitality Limited to the holding companies to ensure service of the external debt and to facilitate dividend payments to shareholders at the ultimate parent company level, Moto International Parent Limited.

Monthly cash flow forecasts have been prepared for the business going forward to the end of 2017. These cash flows assume that the profitability of the trading company grows in accordance with a detailed Business Plan which has been approved by the Board.

The cash flow forecasts assume that all liabilities of the business going forward are met in accordance with contractual terms. External interest payments are hedged and the payments due under the terms of the hedge are built into the forecasts. The forecasts for the group indicate compliance with all covenants until March 2016, when the current debt is due for repayment.

Although loans from fellow group companies are all presented as being repayable within one year, the directors have received confirmation from fellow group companies that amounts of £127,524,000 will not be called for repayment for at least 12 months from the date of signing the accounts.

In summary, taking into account the uncertainty relating to the factors noted above, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of the approval of the accounts. Therefore, the accounts have been prepared on a going concern basis.

Basis of consolidation

The group's financial statements consolidate the financial statements of the company and its subsidiary undertakings for the 52 weeks ended 28 December 2011. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 weeks ended 28 December 2011

1. ACCOUNTING POLICIES (continued)

Goodwill and amortisation

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Fixed assets and depreciation

The group has a policy of revaluation of tangible fixed assets. The revaluation is based on the existing use value of the service stations valued as operational entities with regard to their trading potential and an interim valuation was performed by Gerald Eve & Co Chartered Surveyors, a qualified external valuer, in 2011. A full valuation is performed every five years, with an interim valuation in year three.

Freehold and long leasehold land is not depreciated. Freehold buildings are depreciated to their estimated residual values over a period of up to fifty years. Leasehold buildings are depreciated to their estimated residual values over the shorter of fifty years and their remaining lease period.

Depreciation is provided on cost less estimated residual value on a straight line basis at the following rates per annum:

Freehold property	Up to 50 years
Long & short leasehold property	Shorter of term of the lease and 50 years
Computer equipment	3 to 5 years
Other fixtures and fittings and vehicles	5 to 10 years

Stocks

Stocks, which comprise goods purchased for resale and consumables, are valued at the lower of cost and net realisable value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension costs

The group participates in a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **52 weeks ended 28 December 2011**

1. ACCOUNTING POLICIES (continued)

Leases

Operating rental payments are charged directly to the profit and loss account on an accruals basis.

Bank borrowings

Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial instruments

The group enters into interest rate derivatives with a view to managing interest rate risk. Such transactions are accounted for off balance sheet. The fair value of these contracts is measured at market rate.

Share based payments

The company has applied the requirements of FRS 20 Share Based Payments. The company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Company Profit and Loss Account

The company has taken advantage of the exemption contained in Section 408 of Companies Act 2006 and has therefore not disclosed the company Profit and Loss Account.

2. TURNOVER

Turnover comprises sales of goods and services within the UK, and is stated exclusive of value added tax. Turnover includes rental income as well as sales to consumers.

Fuel Turnover

The group acts as both a principal and an agent for the sale of fuel. Where the group operates as the principal, the amounts included within turnover represent the gross sales price of goods and services. Under certain fuel supply arrangements the group acts as an agent for the sale of fuel and fuel products on behalf of the petroleum companies. In this case, the amounts included within turnover represent the commission earned on these transactions. Commission is recognised upon the sale of the relevant fuel and fuel products on behalf of the petroleum companies to the customer.

For all non fuel sales the group considers that it acts as principal as it has exposure to all significant benefits and risks. Revenue is recognised for products and services where the group obtains the right to consideration in exchange for its performance.

In the opinion of the directors, turnover and loss on ordinary activities before tax are attributable to one activity, namely the operation of motorway and trunk road service areas.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 52 weeks ended 28 December 2011

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES COMPANY

The company has no employees other than the directors.

The directors received no remuneration with regard to their services to the company or the group.

GROUP

	52 weeks ended 28 December 2011	52 weeks ended 29 December 2010
Average number of persons employed (including directors)		
Management and administration	619	637
Catering and services staff	4,077	4,174
	<u>4,696</u>	<u>4,811</u>

Staff costs during the period	£'000	£'000
Wages and salaries	56,420	58,194
Management bonus	-	9,553
Social security costs	3,717	4,067
Other pension costs	450	440
	<u>60,587</u>	<u>72,254</u>

A Management Incentive Plan is in place, whereby 'B', 'C', and 'D' shares in Moto Holdings Limited were sold to key management in June 2006. These shares were acquired from management by the parent company (Moto International Holdings Limited) in June 2010 at a value of £16,139,000, as certain yield and equity return hurdles of the plan were met. FRS 20 requires these shares to be accounted for in Moto Hospitality Limited and the consolidated accounts of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited as equity settled share based payments, whereby any excess of the fair value of such shares at the grant date over the fair value of the price payable by management for those shares is recognised as a charge to the profit and loss account of Moto Hospitality Limited and the consolidated profit and loss account of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited evenly over the life of the Plan. The price paid by management for the shares was not significantly different to their fair value at the date they were issued, and accordingly no annual charge has been recognised in the financial statements of Moto Hospitality Limited or the consolidated financial statements of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited.

A second Management Incentive Plan has replaced the scheme that crystallised in June 2010. This operates on a similar basis to the previous scheme, with 'B1' and 'C1' shares in Moto Holdings Limited being sold to key management in June 2010. These shares will be acquired from management by the parent company (Moto International Holdings Limited) in December 2015 at a value as at 31 December 2015, calculated to reward management should certain yield and equity return hurdles of the plan be met. FRS 20 requires these shares to be accounted for in Moto Hospitality Limited and the consolidated accounts of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited as equity settled share based payments, whereby any excess of the fair value of such shares at the grant date over the fair value of the price payable by management for those shares is recognised as a charge to the profit and loss account of Moto Hospitality Limited and the consolidated profit and loss account of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited evenly over the life of the Plan. The price paid by management for the shares was not significantly different to their fair value at the date they were issued, and accordingly no annual charge has been recognised in the financial statements of Moto Hospitality Limited or the consolidated financial statements of Moto Investments Limited, Moto Ventures Limited and Moto Holdings Limited.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 52 weeks ended 28 December 2011

4. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

Profit on ordinary activities before interest is stated after charging:	52 weeks ended 28 December 2011 £'000	52 weeks ended 29 December 2010 £'000
Depreciation	26,515	26,837
Amortisation of goodwill	4,608	4,608
Impairment charge on the revaluation of fixed assets	663	-
Reversal of past impairment losses	(15,204)	-
Loss on disposal of Cherwell Valley	-	4,824
Loss on disposal of fixed assets	381	1,767
Management bonus (see Note 3)	-	9,553
Operating lease payments		
Plant and machinery	466	488
Property rentals	5,839	5,718
Auditor's remuneration for annual audit services	140	125

During 2010 the Cherwell Valley amenity building was destroyed by fire. The trading losses and rebuild costs were covered by insurance, but a non-cash loss of £4,824,000 has been recognised on disposal of the tangible fixed assets.

During the year the Group incurred the following costs for services provided by the Company's auditor:

Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	20
Fees paid to the Company's auditor for other services:		
The audit of the Company's subsidiaries pursuant to legislation	120	105
	140	125
Management Incentive Plan tax valuation	-	15
Tax Services	49	77
Due Diligence on issue of Loan Notes	300	-
	489	217

The company audit fee was paid by other group companies. The due diligence fees where appropriate were treated as debt issue costs and not charged to the profit and loss account immediately.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 28 December 2011 £'000	52 weeks ended 29 December 2010 £'000
Amounts payable on bank loans	71,633	37,899
Payable to group undertakings	23,592	40,283
	95,225	78,182

Amounts payable on bank loans includes £5,292,000 (2010: £1,975,000) relating to amortisation of debt issue costs and an exceptional charge of £15,381,000 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.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 52 weeks ended 28 December 2011

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	52 weeks ended 28 December 2011 £'000	52 weeks ended 29 December 2010 £'000
Total current tax	-	-
Total deferred tax	-	-
Total tax credit on loss on ordinary activities	-	-

Reconciliation of the UK Statutory Tax Rate to the Effective Current Tax Rate

The UK Government announced a reduction in the standard rate of UK corporation tax from 28% to 26% effective 1 April 2011 and to 24% effective 1 April 2012. These rate reductions became substantively enacted in March 2011 and March 2012, respectively. Accordingly, the company's profits for this financial year are taxed at an effective rate of 26.5%. The UK Government also proposed changes to further reduce the standard rate of the UK corporation tax by 1% per annum to 22% by 1 April 2014, but these changes have not yet been substantively enacted.

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 26.5% (2010: 28%). The current tax credit for the period is lower than 26.5% (2010: 28%) for the reasons set out in the following reconciliation.

	52 weeks ended 28 December 2011	52 weeks ended 29 December 2010
Tax credit on loss on ordinary activities at the UK statutory rate of 26.5% (2010: 28%)	26.5%	28.0%
Decrease arising from :		
Expenses not deductible for tax purposes	(18.8)%	(27.4)%
Movement in unprovided deferred tax	(6.3)%	(0.5)%
Tax losses carried forward	(1.5)%	-%
Other timing differences	0.1%	(0.1)%
Current tax credit for the period	-%	-%

7. INTANGIBLE FIXED ASSETS

GROUP	Goodwill £'000
Cost	
At 30 December 2010	89,377
At 28 December 2011	89,377
Amortisation	
At 30 December 2010	21,118
Charge for the period	4,608
At 28 December 2011	25,726
Net book value	
At 28 December 2011	63,651
At 29 December 2010	68,259

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 52 weeks ended 28 December 2011

8. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £'000	Long & short leasehold land and buildings £'000	Owened vehicles equipment and fittings £'000	Total £'000
Cost or valuation				
At 30 December 2010	357,171	182,330	137,639	677,140
Additions	-	9,968	12,927	22,895
Disposals	-	-	(568)	(568)
Adjustments on revaluation	26,720	35,600	3,192	65,512
At 28 December 2011	383,891	227,898	153,190	764,979
Depreciation				
At 30 December 2010	12,057	53,824	83,117	148,998
Charge for the period	4,558	6,436	15,521	26,515
Disposals	-	-	(187)	(187)
Adjustments on revaluation	(16,615)	(60,260)	2,548	(74,327)
At 28 December 2011	-	-	100,999	100,999
Net book value				
At 28 December 2011	383,891	227,898	52,191	663,980
At 29 December 2010	345,114	128,506	54,522	528,142

Within owned vehicles, equipment & fittings there are £369,000 (2010: £1,909,000) of Assets Under the Course of Construction, which are not being depreciated.

Freehold land and buildings includes £146,825,000 (2010: £118,675,000) of land. Long and short leasehold land and buildings includes £27,600,000 (2010: £28,650,000) of land.

An interim valuation of the group's freehold and leasehold properties was carried out as at 28 December 2011 by external valuers, Gerald Eve LLP Chartered Surveyors and Property Consultants. The valuations were in accordance with the requirements of the RICS Valuation Standards - Global and UK, 7th edition and FRS 15, and were undertaken on a desk-top basis with four re-inspections and having inspected all properties in February 2011. The valuation of each property as a fully equipped operational trading entity was on the basis of Existing Use Value, subject to the following assumptions:

- That the properties would be sold for their existing use.
- A special assumption that the benefit of all existing franchise and fuel supply agreements would be transferable to a purchaser of an individual property interest.

The valuers' opinion of Existing Use Value was primarily derived using:

- estimates of the future potential net income generated by use of the properties, and
- comparable recent market transactions on arm's length terms.

The valuer responsible for the instruction has been a signatory to the valuation of the subject properties for the last three years.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 52 weeks ended 28 December 2011

8. TANGIBLE FIXED ASSETS (continued)

If land and buildings had not been revalued they would have been included at the following amounts:

	Freehold land and buildings £'000	Long & short leasehold land and buildings £'000
Cost	292,881	251,586
Depreciation	(58,846)	(64,031)
Net book value	234,035	187,555

9. INVESTMENTS

COMPANY	£'000
Cost and Net Book Value	
At 29 December 2010	-
Additions in year	231,749
At 28 December 2011	231,749

The company holds 100% of the share capital of the following companies:

Group undertaking	Nature of business	£1 shares	Country of registration
Moto Ventures Limited	Holding company	Ordinary shares	England & Wales
Moto Finance plc*	Holding company	Ordinary shares	England & Wales
Moto Investments Limited*	Holding company	Ordinary shares	England & Wales
Moto Hospitality Limited*	Motorway service areas operators	Ordinary shares	England & Wales
Poplar 2000*	Dormant company	Ordinary shares	England & Wales
Pavilion Services Group Limited*	Dormant company	Ordinary shares	England & Wales
Pavilion Services Limited*	Dormant company	Ordinary shares	England & Wales
Moto Marks & Spencer Limited*	Agency	Ordinary shares	England & Wales
Moto in the Community*	Charity	Ordinary shares	England & Wales
Moto Motorway Services Limited*	Dormant company	Ordinary shares	England & Wales
Burger King Costa Limited*	Dormant company	Ordinary shares	England & Wales
Costa Burger King Limited*	Dormant company	Ordinary shares	England & Wales
Moto Burger King Limited*	Dormant company	Ordinary shares	England & Wales
Burger King Costa Marks and Spencer Limited*	Dormant company	Ordinary shares	England & Wales
Kentucky Fried Chicken Costa Burger King Limited*	Dormant company	Ordinary shares	England & Wales
Kentucky Fried Chicken Burger King Costa Limited*	Dormant company	Ordinary shares	England & Wales
Burger King Costa Kentucky Fried Chicken Limited*	Dormant company	Ordinary shares	England & Wales
Burger King Kentucky Fried Chicken Costa Limited*	Dormant company	Ordinary shares	England & Wales
Costa Burger King Kentucky Fried Chicken Limited*	Dormant company	Ordinary shares	England & Wales
Costa Kentucky Fried Chicken Burger King Limited*	Dormant company	Ordinary shares	England & Wales

* held indirectly via subsidiary companies

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) 52 weeks ended 28 December 2011

10. STOCK

GROUP	2011 £'000	2010 £'000
Goods for resale	9,933	10,005

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

GROUP	2011 £'000	2010 £'000
Trade debtors	18,395	18,952
Other debtors	2,517	17,532
Prepayments and accrued income	5,621	2,681
Unpaid share capital	-	10,177
	26,533	49,342

Unpaid share capital relates to amounts due on B1 and C1 shares (see note 15) issued as part of the Management Incentive Plan (see note 3) and were paid in 2011.

COMPANY	2011 £'000	2010 £'000
Prepayments and accrued income	338	-
Amounts owed by fellow subsidiary undertakings	-	200,061
Unpaid share capital	-	10,177
	338	210,238

Unpaid share capital related to amounts due on B1 and C1 shares (see note 15) issued as part of the Management Incentive Plan (see note 3) and were paid in 2011.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2011 £'000	2010 £'000
Trade creditors	20,774	20,021
Amounts owed to parent undertaking	127,053	194,368
Other creditors	20,568	21,139
Accruals and deferred income	14,793	16,845
Senior Debt	1,800	521,533
Junior Debt	-	41,500
Capitalised debt issue costs	-	(915)
	184,988	814,491

COMPANY	2011 £'000	2010 £'000
Amounts owed to group companies	127,524	194,368

Amounts owed to parent undertaking are unsecured. Interest is charged at a fixed rate of 17% (2010: 24%), payable semi-annually in arrears.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 weeks ended 28 December 2011

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP	2011 £'000	2010 £'000
Senior Debt	398,200	-
Loan Notes	171,070	-
Capitalised debt issue costs	(22,938)	-
Accruals and deferred income	394	491
	<u>546,726</u>	<u>491</u>

The Senior Debt carries interest at a floating rate of LIBOR plus a margin of 3.25%. The margin steps up by 0.25% per annum, to 4.25% in March 2015. The initial loan of £400 million comprises an amortising amount of £45 million, of which £1.8 million is due within one year, £6.2 million is due within one to two years and £37 million is due between two and five years. The remaining £355 million matures in between two and five years, in March 2016. The lender holds security over the shares and assets of Moto International Holdings Limited and Moto Hospitality Limited.

The Loan Notes carry interest at a fixed rate of 10.25% on the principal amount of £176 million, and matures in more than five years. The Loan Notes were issued at a discount of 3.23%, and this cost is spread over the life of the loan notes. The lender holds security over the shares and assets of Moto Finance Plc, Moto Investments Limited and Moto Ventures Limited.

Costs incurred of £26,833,000 in the setting up of the senior debt and loan notes have been capitalised and are being amortised over the period of the loans. See note 5 for details of the charge to the profit and loss account.

The group has entered into a number of interest rate derivatives to hedge against the interest rate risk on the Senior Debt. The derivatives were entered into at the refinancing date, 18 March 2011. A cost of £15,381,000 was incurred relating to the cash settlement of reducing the notional amount of interest rate hedges to the value of the new £400 million senior debt facilities. The total fair value of these derivatives at the balance sheet date was £(75,218,000) (2010: £(73,042,000)) which is based on a third party bank valuation and is accounted for off balance sheet.

In addition to the borrowings the debt facility also includes the provision of letters of credit to suppliers. At 28 December 2011 there was £5,100,000 of open letters of credit in issue (2010: £6,350,000). The directors do not expect any payments to be required under these letters of credit. Letters of credit are subject to a fee of 3.25% per annum. This has been charged to interest payable in the financial statements.

The maturity profile of the group's borrowings at 28 December 2011 is as follows:

	2011 £'000	2010 £'000
Senior Debt		
In one year or less or on demand	1,800	521,533
In more than one year but not more than two years	6,200	-
In more than two years but not more the five years	37,000	-
In more than five years	355,000	-
	<u>400,000</u>	<u>521,533</u>
Junior Debt		
In one year or less or on demand	-	41,500
	<u>-</u>	<u>41,500</u>
Loan Notes		
In more than five years	171,070	-
	<u>171,070</u>	<u>-</u>

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 weeks ended 28 December 2011

14. PROVISIONS FOR LIABILITIES

GROUP	2011 £'000	2010 £'000
Unrecognised deferred taxation		
Excess of depreciation over capital allowances	12,099	9,841
Other timing differences	179	157
Tax losses	1,091	1,222
	<u>13,369</u>	<u>11,220</u>
Unrecognised deferred tax asset		
	<u>13,369</u>	<u>11,220</u>

The deferred tax asset is not recognised on the basis that there is not sufficient certainty over future taxable profits against which the asset could be realised.

COMPANY

There are no deferred tax assets or liabilities relating to the company.

15. CALLED UP SHARE CAPITAL

GROUP and COMPANY	2011 £'000	2010 £'000
Authorised		
110,418,917 (2010: 4,220,000) A ordinary shares of £1 each	110,419	4,220
307,195 B1 ordinary shares of £1 each	307	307
7,200 C1 ordinary shares of £1 each	7	7
1,466,377 deferred shares of £1 each	1,466	1,466
	<u>112,199</u>	<u>6,000</u>
Allotted and fully paid		
110,418,917 (2010: 4,220,000) A ordinary shares of £1 each	110,419	4,220
307,195 B1 ordinary shares of £1 each	307	-
7,200 C1 ordinary shares of £1 each	7	7
1,466,377 deferred shares of £1 each	1,466	1,466
	<u>112,199</u>	<u>5,693</u>
Allotted and unpaid		
Nil (2010: 307,195) B1 ordinary shares of £1 each	-	307
	<u>-</u>	<u>307</u>

A ordinary shares

A ordinary shares have full voting rights and are entitled to dividends.

B1, C1, B, C and D ordinary shares and deferred shares

B1 and C1 ordinary shares and deferred shares have no voting rights and are not entitled to dividends. B, C and D ordinary shares were acquired by the parent company during the year and converted into deferred shares as part of the crystallisation of the Management Incentive Plan, see note 3.

During 2010, 307,195 B1 ordinary shares were issued at £33.13, a premium of £32.13 per share and 7,200 C1 ordinary shares were issued at £1.39, a premium of £0.39 per share.

During 2011, 106,198,917 A ordinary shares were issued at par.

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 weeks ended 28 December 2011

16. SHARE PREMIUM ACCOUNT

GROUP and COMPANY

	2011 £'000	2010 £'000
At 29 December 2010	10,722	10,722
At 28 December 2011	10,722	10,722

17. RESERVES

GROUP

	Profit and loss account £'000	Revaluation reserve £'000	Total £'000
At 29 December 2010	(240,427)	90,520	(149,907)
Loss for the period	(34,645)	-	(34,645)
Revaluation in period	-	125,298	125,298
At 28 December 2011	(275,072)	215,818	(59,254)

COMPANY

	Profit and loss account £'000
At 29 December 2010	(852)
Loss for the period	(17,506)
At 28 December 2011	(18,358)

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS / (DEFICIT)

GROUP

	2011 £'000	2010 £'000
Issue of ordinary share capital	106,199	10,187
Loss for the financial period	(34,645)	(48,745)
Revaluation in period	125,298	-
Net increase / (decrease) in shareholders' deficit	196,852	(38,558)
Opening shareholders' deficit	(133,185)	(94,627)
Closing shareholders' funds / (deficit)	63,667	(133,185)

COMPANY

	2011 £'000	2010 £'000
Issue of ordinary share capital	106,199	10,187
Loss for the financial period	(17,506)	(5,655)
Net increase in shareholders' funds	88,693	4,532
Opening shareholders' funds	15,870	11,338
Closing shareholders' funds	104,563	15,870

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 weeks ended 28 December 2011

19. CASH FLOW FROM OPERATING ACTIVITIES

GROUP	2011 £'000	2010 £'000
Operating profit	60,487	28,736
Depreciation charge	26,515	26,837
Loss on disposal of fixed assets	381	6,591
Goodwill amortisation	4,608	4,608
Effect of the revaluation of fixed assets	(14,541)	-
Decrease in stocks	72	135
Decrease / (increase) in debtors	1,598	(1,695)
(Decrease) / increase in creditors	(5,225)	(3,079)
Net cash inflow from operating activities	73,895	62,133

20. RECONCILIATION OF NET DEBT

GROUP	As at 29 December 2010 £'000	Cash flow £'000	Other non- cash changes £'000	As at 28 December 2011 £'000
Cash in hand and at bank	26,049	5,235	-	31,284
Debt due within one year	(756,486)	563,033	64,600	(128,853)
Debt due after one year	-	(543,925)	(2,407)	(546,332)
	(730,437)	24,343	62,193	(643,901)

Non-cash changes comprise amortisation of issue costs relating to debt issues, interest accrued on amounts owed to the parent undertaking and the conversion to equity of 40% of the amounts owed to the parent undertaking.

Debt due within one year includes external debt of £1,800,000 (2010: £563,033,000) less capitalised debt costs of £nil (2010: £915,000) and amounts owed to parent undertaking of £127,053,000 (2010: £194,368,000).

Debt due after one year includes external debt of £569,270,000 (2010: £nil) less capitalised debt costs of £22,938,000 (2010: £nil).

Movement in borrowings

GROUP	2011 £'000	2010 £'000
Debt due within one year:		
Repayment of debt	(563,033)	-
Debt due after 1 year:		
New senior debt	400,000	-
New loan notes	170,322	-
Issue costs of new bank loans	(26,397)	-
Increase in borrowings	(19,108)	-

MOTO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 weeks ended 28 December 2011

21. FINANCIAL COMMITMENTS

Capital commitments are as follows:

GROUP	2011 £'000	2010 £'000
Contracted but not provided for	-	1,545

At 28 December 2011, the group was committed to making the following payments during the next year in respect of operating leases:

GROUP	Plant and machinery		Land and buildings	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Leases which expire:				
In two to five years	466	488	-	-
In more than five years	-	-	6,464	5,928
	466	488	6,464	5,928

COMPANY

The company had no financial commitments.

22. PENSION COSTS

The group operates a defined contribution scheme and the contributions are charged to the profit and loss account. The contributions charged in the period amounted to £450,000 (2010: £440,000) with unpaid contributions at 28 December 2011 of £68,000 (2010: £70,000).

23. RELATED PARTY TRANSACTIONS

GROUP			Value of transactions 2011 £'000	Amount outstanding 2011 £'000	Value of transactions 2010 £'000	Amount outstanding 2010 £'000
Name of related party	Relationship	Transaction Type				
Macquarie Capital Funds (Europe) Limited	Shareholder of parent company	Advisory services	2,850	-	357	35
Moto International Holdings Limited	Parent	Borrowings	-	81,468	-	135,780
		Interest	23,592	45,585	40,283	58,588

The company has taken advantage of the exemption under FRS 8 whereby wholly owned subsidiaries are not required to disclose intra group transactions and balances. This has been applied for the group companies included within this set of consolidated accounts.

24. ULTIMATE PARENT UNDERTAKING

The company's immediate parent company is Moto International Holdings Limited, a company incorporated in Bermuda. The company's ultimate parent company is Moto International Parent Limited, a company incorporated in Bermuda, which is controlled by a consortium.

Moto Holdings Limited is the smallest company into which these accounts are consolidated, and Moto International Holdings Limited is the largest.