

**Teamworks Karting Group PLC**  
**Interim Statement and Results for the six months ended 31 August 2008**

**CHAIRMAN'S STATEMENT**

The first half of the 2008/9 financial year has seen Teamworks Karting open its second circuit, in Reading. This investment of over £300,000, funded from the proceeds of the launch of Teamworks Karting Group plc on Investbx earlier in the year, supports the expansion plans of the business and aims to provide the basis for the Group to increase both the volume of sales and, through economies of scale, operating profitability.

The trading results for the first half year are impacted by a number of one off items:-

- In opening on 1<sup>st</sup> July 2008, the half year results contain only two months of sales for the Reading circuit with overall initial trading losses of £107,411 during the period. Of these losses, £83,045 was incurred in set up costs prior to the opening of trading for the site. The new circuit is now trading profitably and based on current operating levels will make a positive contribution for the second half year.
  
- In line with required accounting standards and contained in the above Reading circuit operating losses, £40,625 of property rent has been charged to the accounts for the period. However, the site is actually subject to a rent free period for the first 14 months to ease the profit and cash flow burden on the site as the circuit matures.
  
- Overall sales and marketing expense for the period was £157,290. Whilst difficult to quantify with total accuracy, a significant portion of this expenditure was incurred in launching and supporting the opening of the Reading circuit. The levels of this expenditure will reduce significantly in the second half of the financial year.
  
- Legal and professional fees associated with the negotiation and securing of the Reading site were £17,618. These are a one off cost.

In addition, the results were also impacted by a slowing of growth at the existing Birmingham circuit. Following a number of years of steady growth at this site, the difficult economic conditions have seen growth slow and recent trading results at the site have showed a marked slowdown in demand.

However, it should be noted that the seasonality of the business has historically produced a stronger performance in the second half of the year and, subject to the uncertain nature of customer demand created by recent turmoil in the financial markets, Teamworks would expect to benefit from this seasonal effect.

Despite the positive progress at Reading in particular, the general economic slowdown is unquestionably having an effect on our business, making the current climate for sales difficult. Both corporate and consumer confidence has been shaken by the considerable dislocation in the marketplace. Consequently the Board has taken decisive action to significantly reduce operating costs in all areas of the business to attempt to return the company to recurring trading profits and positive cash flow. This will remain a principal focus of the Board to ensure that the business continues to be run on an efficient and cost-conscious basis in extraordinarily troubled times.

As we head towards the Christmas trading period, Teamworks Karting will therefore continue to explore further opportunities for expansion, whilst always working to build sales and develop and sustain profitability at both the existing Birmingham and Reading circuits.

Paul Ffolkes Davis  
Chairman  
28 November 2008

#### **Consolidated Profit and Loss Account for the Six months ended 31<sup>st</sup> August 2008**

	Unaudited six months ended 31.08.08 £	Unaudited six months ended 31.08.07 £	Audited year ended 28.02.08 £
Turnover	387,038	322,520	663,517
Cost of Sales	131,074	103,464	214,782
Gross Profit	255,964	219,056	448,735
Operating Costs	527,071	185,131	427,951
Other Operating Income	0	0	12,030
Operating (Loss) / Profit	-271,107	33,925	32,814
Interest Receivable	7,049	89	961
Interest Payable	9,698	8,308	11,844
(Loss) / Profit before taxation	-273,756	25,706	21,931
Taxation	0	0	1,245
(Loss) / Profit after taxation	-273,756	25,706	20,686

#### **Note to the Interim Financial Results for the six months ended 31<sup>st</sup> August 2008**

The interim financial information set out herein does not constitute full financial statements within the meaning of Section 240 of the Companies Act 1985. The financial

statements comprise the unaudited results for the six months ended 31 August 2008 and extracts from the audited results for the year ended 28 February 2008. The unaudited Group results have been prepared under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom, and on the basis of the accounting policies set out in the Annual Report for the year ended 28 February 2008.

The results for the 6 months ended 31 August 2008 have not been audited. The financial information for the year ended 28 February 2008 is an abridged version of the Group's Annual Report and Accounts for that year, which has been delivered to the Registrar of Companies. The independent auditors' report in the Annual Report was unqualified and did not contain a statement under Section 237(2) or 237(3) of the Companies Act 1985 (as amended).