

# TEAMWORKS Karting

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## COMPANY UPDATE

### ISSUE 25: October 2008 – December 2008

#### OVERVIEW

The business continues to make good progress albeit that the economic conditions are unquestionably having an impact on both attendee numbers and price points. This has been more clearly felt in Birmingham than the Reading site. The key highlights:-

- Birmingham continues to perform solidly with growth in year-to-date revenue and bookings despite the economic downturn.
- Reading continues to perform well and circuit Manager James Heap has done an excellent job in both driving sales and managing costs to meet required profit targets. Small opening teething problems have now been ironed out and the track represents a real flagship operation for the Group.
- Following the admission to the Investbx trading platform ([www.investbx.com](http://www.investbx.com)) interim accounts for the six months to 31 August 2008 have been prepared and can be found on the Investbx website.
- In line with the ambitious growth plans of the company, the Directors believe that subject to prime locations being secured, the company should look to open or acquire a further 2-3 tracks in the next two years. Consequently, a further capital raising exercise is planned in the next few months and shareholders will be informed of the proposals when fully formulated.

#### INTERIM ACCOUNTS

Please note that you can find Interim Accounts, together with all market statements and copies of these Updates, on the Investbx website. In many respects, the Interims are prepared at the worst possible point from a financial perspective as they include the full costs of establishing and opening the new Reading site with only two months of modest initial trading income. The Reading business has continued to mature and as detailed above is now contributing positively to the operating costs of the business.

#### SITE EXPANSION

The Directors remain focussed on continuing to maximise the commercial opportunities at the established Birmingham and Reading sites. However, in respect of further track expansion, three key points should be made:-

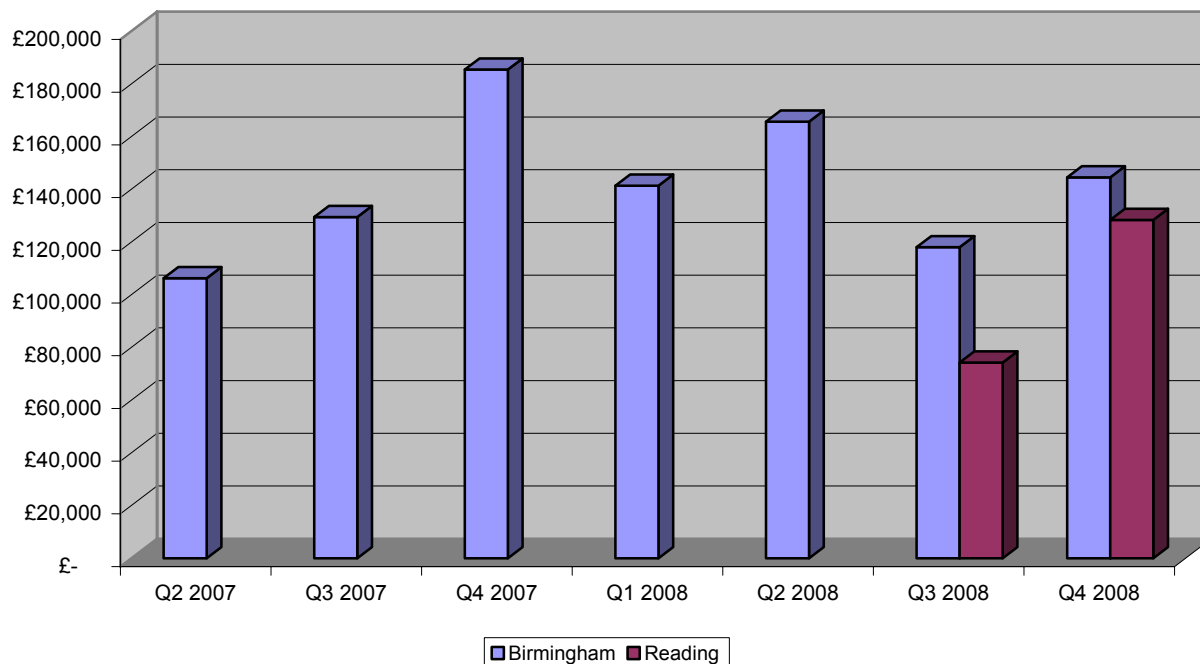
- We have been approached with a number of attractive opportunities. Having previously run a track in London and understanding the significant available customer market for a quality karting circuit in the correct London location, the Directors believe that this should be pursued. Two specific opportunities are currently being initially evaluated either of which would represent very attractive locations and commercial opportunities for Teamworks.
- Given the central cost base of the business, this expansion is important to allow these central costs to be more widely spread across a wider income base from multiple sites.

- In the light of the above, a plan is currently being put together for a further capital raising for the Group of up to £1 million. This will incorporate the issuing of both new equity and the extension of debt facilities. A further announcement will be made to Shareholders when these plans have been fully formulated. Any expansion will only be done on a controlled basis to ensure that any new site has time to bed in and establish core profitability and cash flow. This will also avoid any management stretch issues.

## TEAMWORKS KARTING BIRMINGHAM & READING

### Teamworks Karting Quarterly Bookings

(Traditional Quarters: Jan-Mar, Apr-Jun, Jul-Sep, Oct-Dec)



As detailed in the previous Investor Update, the current economic climate is challenging and therefore every effort has been made to ensure that revenue is maximised and all costs are controlled on both an operating and central cost basis. As such cash control remains a key focus of the business.

## OUTLOOK

The current economic climate is difficult but despite this, the business continues to make progress albeit that pricing and attendee numbers are a constant challenge. To this end the Sales and Marketing Team have concentrated on ramping up activity to sustain and grow customer numbers.

Reading is now becoming established and the time has come to focus on expanding the Group and looking to a third track, ideally in London.

A further capital raising and the development of a further 2-3 tracks would represent a hugely exciting and profitable expansion for the Group and finally allow the business to achieve both real critical mass and drive economies of scale in sharing the central cost base across a number of circuits. In addition, once established, a Group of this size would then allow further site expansion from internally generated cash and see the creation of sustained and significant shareholder value.

TEAMWORKS KARTING GROUP PLC

15<sup>th</sup> January 2009

**Disclaimer:** The Directors of Teamworks Karting Group plc accept full responsibility for this statement