

**Northern Racing PLC**  
**(“Northern Racing” or “the Group”)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006**

Northern Racing PLC, one of the three leading racecourse operators in the UK, is pleased to announce its results for the six months ended 30 June 2006.

**Highlights**

	<b>2006</b>	<b>2005</b>
Turnover	£14.16m	£15.03m
Operating profit	£0.83m	£1.44m
Profit on exceptional items	£0.65m	-
Profit before tax	£0.94m	£0.91m
Earnings per Share	2.2p	2.2p

- Profit before tax increased by 3.2%
- Distortion of first half comparisons as the two busiest meetings in the calendar were run in July, and hence fall into the second half, rather than in June as in the previous year
- Significant increase in abandoned fixtures, totalling 13 (2005: 4), which were planned to contribute approximately £0.5m of race day contribution
- Planned investment in IT infrastructure across the whole Group
- Intentions to invest and improve customer facilities across the estate:
  - Golf and driving range facilities at Newcastle
  - New restaurant and hospitality facilities at Bath and Fontwell

Commenting on the results, Graham Stow C.B.E., Chairman, said:

“The first half of the year was challenging. Despite poor weather, increased abandonments and the effect on the results of the clash with the World Cup, the Group has continued to grow its hospitality, sponsorship and event and venue hire income streams. Having now almost completed its busiest quarter we anticipate being able to achieve our full year results in line with market expectations.”

- ends -

**For further information please contact:**

**Northern Racing PLC**

Rod Street, Group Managing Director  
Tony Kelly, Finance Director

[www.northernracing.co.uk](http://www.northernracing.co.uk)

On the day: 020 7067 0700  
Thereafter: 01283 711 233

**Weber Shandwick Square Mile**

Chris Lynch / Helen Thomas

020 7067 0700

***A presentation for analysts will be held at 10.00am today at the offices of Weber Shandwick Square Mile, Fox Court, 14 Gray’s Inn Road, London, WC1X 8WS***

***Print resolution images are available for the media to view and download from***  
[www.vismedia.co.uk](http://www.vismedia.co.uk)



**Notes to Editors:**

Northern Racing PLC is one of the three largest racecourse operators in the UK, owning 9 of the 59 racecourses in the UK: Bath, Brighton, Chepstow, Fontwell Park, Great Yarmouth, Hereford, Newcastle, Sedgefield and Uttoxeter. The Group is scheduled to run 203 fixtures in 2006.

In addition to its core horseracing activities, the Group also owns approximately 2,200 acres of freehold and long leasehold land. Significant opportunities exist to release value from non-core land within this landbank through development and disposal and these activities are also an important component of the Group's growth strategy.

Northern Racing is quoted on the AiM market under the stock ticker NOR.

## CHAIRMAN'S STATEMENT

### Trading results

I am pleased to report on a successful yet challenging first half for the Group. Profit before tax of £943,000 (2005: £914,000) was 3.2% ahead of last year, whilst earnings per share of 2.2p remains consistent with the previous year (2005: 2.2p), despite an increase in the effective rate of tax to 16.9% (2005: 13.2%).

Operating profit from continuing operations is £825,000 (2005: £1,443,000). However through the profitable disposal of surplus land at Fontwell Park the Group generated a further £648,000 towards Group profit.

There were two principal reasons for the reduction in operating profit. Firstly, two of the Groups busiest race meetings, the Northumberland Plate meeting and the Summer National, were run in July which is in the second half of the current year. In 2005, both race meetings took place in the first half in June, hence distorting first half comparisons. The contribution from these two fixtures, which have now been hosted, was approximately £0.5m.

In addition, as previously announced on 19 May 2006, the Group suffered from a significant increase in the number of abandoned fixtures in the first half of the year. Abandonments totalled 13 fixtures (2005: 4 fixtures) which were planned to contribute approximately £0.5m of race day profit (2005: £0.1m).

Taking these two factors into account the like for like operating profit for the Group would have been in the region of £1.7m (2005: £1.4m). Whilst there are few measures we can put in place to reduce the effect and numbers of future abandonments these results show the underlying progress that the Group is making.

### Current and future investment

I am pleased to report that we are nearing the completion of the redevelopment of the stable yards within the Group. Over the past few years all the courses have received significant investment in new stables in accordance with Jockey Club regulations.

We are now turning our attention to investing in other areas of the business, which will include an investment in the IT infrastructure with the installation of a ticketing and property management system across the whole estate and new restaurant and hospitality facilities at Bath and Fontwell Park. In line with our strategy to diversify our course facilities where possible, we also intend to invest in new golf and driving range facilities at Newcastle.

In my AGM statement in May I told you that we were in exclusive talks in respect of the sale of Piercefield House at Chepstow. This exclusivity period has now lapsed without a formal offer being made and the property is being re-marketed.

### The Racing Industry

It appears certain that there is no sustainable commercial alternative to the Horse Race Betting Levy Board ("HBLB"). We are hopeful of an announcement extending the HBLB beyond 2009 and we remain wholly supportive of its continuation as we believe that the statutory Levy is the most appropriate mechanism for collecting and distributing the funding that supports racing.

It has however been widely publicised that total HBLB income for the next Levy Scheme in 2007 is forecast to be reduced by approximately 15%. This reduction in income has been brought about through a decline in betting turnover on UK horseracing in favour of other sports, increased online gaming and the growth in usage of Fixed Odds Betting Terminals in UK betting shops.

## **CHAIRMAN'S STATEMENT**

To help mitigate this reduction in income the BHB has reduced the minimum values that have to be paid on all fixtures and your Company will take whatever action appropriate to protect its profit margins.

These factors coupled with an approximate 2% increase in overall UK racecourse fixtures will result in a lower amount of Levy being paid to all UK racecourses in 2007. In relation to your Company and in the absence of management action to offset this, the effect would be a net loss of income of approximately £0.5m.

### **Outlook and Current Trading**

The first half of the year was challenging. Despite poor weather, increased abandonments and the effect on the results of the clash with the World Cup, the Group has continued to grow its hospitality, sponsorship and event and venue hire income streams. Having now almost completed our busiest quarter we anticipate being able to achieve our full year results in line with market expectations.

Graham Stow CBE  
Non-Executive Chairman  
Northern Racing PLC.

## PROFIT AND LOSS ACCOUNT

	6 months to 30 June 2006 £ 000's	6 months to 30 June 2005 £ 000's	12 months to 31 December 2005 £ 000's
<b>Turnover</b>			
Continuing operations	<b>14,163</b>	15,030	30,594
Cost of sales	<b>(9,955)</b>	(9,967)	(19,543)
	<b>4,208</b>	5,063	11,051
<b>Gross profit</b>			
Administrative expenses	<b>(3,383)</b>	(3,620)	(7,347)
	<b>825</b>	1,443	3,704
<b>Operating profit</b>			
Continuing operations	<b>825</b>	1,443	3,704
Profit on sale of fixed assets	<b>648</b>	-	1,596
Net interest payable and similar charges	<b>(530)</b>	(529)	(1,041)
	<b>943</b>	914	4,259
<b>Profit on ordinary activities before taxation</b>			
Tax on profit on ordinary activities	<b>(159)</b>	(121)	(847)
	<b>784</b>	793	3,412
<b>Profit on ordinary activities after taxation</b>			
Equity minority interests	<b>2</b>	(34)	(173)
	<b>786</b>	759	3,239
<b>Profit for the financial period</b>			
	<b>2.2p</b>	2.2p	9.2p
<b>Earnings per share (see note 7)</b>			

The Group has no other recognised gains or losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented.

## BALANCE SHEET

	6 months to 30 June 2006 £ 000's	6 months to 30 June 2005 £ 000's	12 months to 31 December 2005 £ 000's
<b>Fixed Assets</b>			
Intangible assets			
Negative goodwill	(910)	(943)	(925)
Other intangible assets	177	188	183
	<u>(733)</u>	<u>(755)</u>	<u>(742)</u>
Tangible assets	75,552	73,787	74,472
Investments	-	106	-
	<u>74,819</u>	<u>73,138</u>	<u>73,730</u>
<b>Current assets</b>			
Stocks	26	22	25
Debtors	5,602	4,832	4,335
Cash at bank and in hand	182	496	644
	<u>5,810</u>	<u>5,350</u>	<u>5,004</u>
<b>Creditors:</b> amounts falling due within one year	<u>(14,544)</u>	<u>(20,775)</u>	<u>(11,431)</u>
<b>Net current liabilities</b>	<u>(8,734)</u>	<u>(15,425)</u>	<u>(6,427)</u>
<b>Total assets less current liabilities</b>	<b>66,085</b>	<b>57,713</b>	<b>67,303</b>
<b>Creditors:</b> amounts falling due after more than one year	<b>(18,882)</b>	<b>(13,996)</b>	<b>(20,357)</b>
<b>Provision for liabilities and charges</b>	<b>(1,116)</b>	<b>(506)</b>	<b>(1,116)</b>
	<u>46,087</u>	<u>43,211</u>	<u>45,830</u>
<b>Capital and Reserves</b>			
Called up share capital	8,809	8,809	8,809
Merger reserve	27,308	27,308	27,308
Profit and loss account	8,836	6,084	8,564
	<u>44,953</u>	<u>42,201</u>	<u>44,681</u>
<b>Shareholders' funds - equity</b>	<b>44,953</b>	<b>42,201</b>	<b>44,681</b>
Minority interests	1,134	1,010	1,149
	<u>46,087</u>	<u>43,211</u>	<u>45,830</u>

## CASHFLOW STATEMENT

	6 months to 30 June 2006 £ 000's	6 months to 30 June 2005 £ 000's	12 months to 31 December 2005 £ 000's
Cash flow from operating activities	1,242	2,993	4,396
Returns on investments and servicing of finance	(530)	(529)	(955)
Taxation - corporation tax (paid)	-	(3)	(93)
Capital expenditure and financial investment	(1,380)	(1,823)	(1,697)
Equity dividends paid	(514)	(469)	(469)
	<hr/>	<hr/>	<hr/>
Cash inflow/(outflow) before financing	(1,182)	169	1,182
<b>Financing</b>	<b>(283)</b>	<b>(634)</b>	<b>2,272</b>
	<hr/>	<hr/>	<hr/>
<b>(Decrease)/Increase in cash in the period</b>	<b>(1,465)</b>	<b>(465)</b>	<b>3,454</b>

## RECONCILIATION OF CASH FLOWS TO CHANGE IN NET DEBT

	6 months to 30 June 2006 £000's	6 months to 30 June 2005 £000's	12 months to 31 December 2005 £000's
<b>(Decrease)/Increase in cash in the period</b>	<b>(1,465)</b>	<b>(465)</b>	<b>3,454</b>
Cash inflow/(outflow) from increase in debt	283	634	(2,272)
	<hr/>	<hr/>	<hr/>
Change in net debt resulting from cash flows	(1,182)	169	1,182
Non cash movement	1,276	1,286	2,591
	<hr/>	<hr/>	<hr/>
<b>Movement in net debt in the period</b>	<b>94</b>	<b>1,455</b>	<b>3,773</b>
<b>Net debt at the start of the period</b>	<b>(23,309)</b>	<b>(27,082)</b>	<b>(27,082)</b>
	<hr/>	<hr/>	<hr/>
<b>Net debt at the end of the period</b>	<b>(23,215)</b>	<b>(25,627)</b>	<b>(23,309)</b>

## ANALYSIS OF NET DEBT

	At 1 January 2006 £000's Restated	Cash flow £000's	Other non cash movements £000's	At 30 June 2006 £000's
Cash in hand, at bank	644	(462)	-	182
Overdrafts	-	(1,003)	-	(1,003)
	644	(1,465)	-	(821)
Debt due within one year	(3,596)	(1,192)	1,276	(3,512)
Debt due after one year	(20,357)	1,475	-	(18,882)
Total	(23,309)	(1,182)	1,276	(23,215)

## RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES

	6 months to 30 June 2006 £ 000's	6 months to 30 June 2005 £ 000's	12 months to 31 December 2005 £ 000's
Operating profit	825	1,443	3,704
Depreciation and amortisation	1,032	1,111	2,064
Loss on disposal	8	-	91
Levy Board capital credits	(627)	(397)	(2,261)
Decrease/(Increase) in stocks	(1)	2	(1)
(Increase) in debtors	(1,921)	(1,184)	(247)
Increase in creditors	1,926	2,018	1,046
<b>Net cash inflow from operating activities</b>	<b>1,242</b>	<b>2,993</b>	<b>4,396</b>

## NOTES TO THE INTERIM STATEMENTS

1. The results for the six months to 30 June 2006 and 30 June 2005 are unaudited and do not constitute the Group's statutory financial statement.  
  
The comparative figures for the financial year ended 31 December 2005 are not the Company's complete statutory financial statements for that year. Those financial statements have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.
2. The results have been prepared in accordance with the accounting policies set out in the annual report for the year ended 31 December 2005.
3. The Interim statement was approved by the Directors of the Company on 28 September 2006.
4. Turnover substantially represents income derived in connection with the Group's core activity being the promotion and running of race meetings.
5. The December 2005 comparative for creditors greater than one year includes amortised refinancing costs, which was previously disclosed in debtors.
6. The charge for taxation has been estimated on the results for the period.
7. Earnings per share are calculated on profit of £0.8m (2005: £0.8m) and 35,236,480, (2005: 35,236,480) ordinary shares of 25p in issue throughout the period.
8. Copies of this Interim statement will be available to members of the public at the registered office of the Company.

**Registered Office:**

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Dunstall  
Burton on Trent  
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