

Passion

Innovation

Excellence



ARENA LEISURE PLC

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

Passion
Innovation
Excellence



2007 – the first half – Group highlights

➤ Financial:

– Turnover	increased by	15.6% to £25.3m	(2006: £21.9m)
– Operating profit (excluding start-up costs)	held at	£4.0m	(2006: £4.0m)
– Profit before tax	increased by	6.0% to £2.3m	(2006: £2.2m)
– Earnings per share	increased by	8.3% to 0.65 pence	(2006: 0.60 pence)
– Interim dividend	held at	0.25 pence per share	(2006: 0.25 pence per share)
– Share of operating loss from At The Races	improved by	67.0% to £0.1m	(2006: loss of £0.3m)

➤ Developments:

– Doncaster hotel and residential development	- planning permission received March 2007
– New catering operation	- launched April 2007
– Lingfield Park – reserved matters application	- submitted July 2007
– Wolverhampton Racecourse hotel and 'racino' development	- planning permission received July 2007 - City of Wolverhampton short listed for a 'small' casino
– Doncaster Racecourse redevelopment	- on schedule

Passion
Innovation
Excellence



2007 – the first half – racecourse highlights

- Adverse ‘summer’ weather:
 - Flooding: Worcester - flooded 25 June 2007
Southwell - flooded 25 June 2007
 - Abandoned fixtures: Six - 2006: three
 - Impact on anticipated attendances June attracts 30% of the attendances and 42% of attendance related income in the first half of the year
- 177 fixtures (2006: 179)
- Attendances of 226,000 up 4.6% (2005: 216,000):
 - Focus on corporate customer – up 13.2% to 21,500 (2006: 19,000)
 - Average attendance – up 5.6% to 1,274 (2006: 1,206)
- Start-up costs:
 - Doncaster - in advance of the re-opening in Q3
 - Catering business - in advance of the launch on 1 April 2007
 - Total start-up costs in H1 of £0.8m (2006: £0.2m)
 - Smaller cost to be incurred in H2

Passion
Innovation
Excellence



2007 – indicative phasing of attendance related income

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

H1 / H2 (excl Donc)

9%	7%	9%	12%	21%	42%	35%	24%	8%	10%	9%	15%
16%		21%		63%		58%		18%		24%	
25%			75%			66%			34%		
100%						100%					

Full Year (excl Donc)

4%	3%	4%	5%	9%	19%	19%	13%	5%	6%	5%	8%
7%		9%		28%		32%		10%		13%	
17%				60%				23%			
45%						55%					
100%											

Full Year (incl Donc)

3%	2%	3%	4%	7%	14%	14%	11%	21%	7%	5%	8%
5%		7%		21%		25%		28%		14%	
12%				46%				41%			
33%						67%					
100%											

Passion
Innovation
Excellence



New catering operation within Arena

- Responsibility for the food and beverage operations at Arena's racecourses.
- 'One Vision' – passion, innovation and excellence – delivery of a quality service to our customers.
- Managing Director, Financial Controller and HR staff all recruited. Racecourse based staff transferred over under TUPE regulations.
- Start-up costs minimal. Costs prior to launch – written off in 2007. Capital related items – primarily: £1m on new equipment at Doncaster, plus new EPOS system currently being implemented.
- Principal catering supplier contracts re-tendered → slight improvement in terms compared to those charged under the old, out-sourced arrangements.
- Outsourced caterer's profit to be divided between:
 - Improved quality of food offering
 - Improved standards of service
 - virtuous circle of profit improvement
 - Bottom line profit enhancement
- In 2007, the new operation is expected to generate a break-even position (following the payment of notional royalties to the racecourses that it serves at the same rate as in previous years).

Passion
Innovation
Excellence



Group profit and loss account

	2006	Change	2007
	£'m	£'m	£'m
Turnover	21.9	3.4	25.3
Operating profit:			
Racing (6 operational tracks)	4.00	-	4.00
Start-up costs	(0.15)	(0.68)	(0.83)
Profit from operations	3.85	(0.68)	3.17
Central overhead	(1.20)	(0.02)	(1.22)
Operating profit	2.65	(0.70)	1.95
ATR - Operating	(0.27)	0.18	(0.09)
ATR - Exceptional items	0.11	(0.19)	(0.08)
ATR - Interest	(0.06)	(0.07)	(0.13)
ATR - Tax	-	(0.04)	(0.04)
ATR - Arena share post tax	(0.22)	(0.12)	(0.34)
Profit before interest and tax	2.43	(0.82)	1.62
Interest - Trading	(0.26)	0.12	(0.14)
Interest - IFRS fair value credit	-	0.82	0.82
Net interest (payable)/receivable	(0.26)	0.94	0.68
Tax	-	-	-
Profit before and after tax	2.17	0.13	2.30
Earnings (pence per share)	0.60	0.05	0.65

Passion
Innovation
Excellence



Racecourse contribution analysis

6

	Six operational tracks			
	2007	2006	Change	%
	177	179	-2	-1%
	£m	£m	£m	%
Raceday related income:				
Levy - Prize money funding	5.6	6.2	(0.6)	-10%
Levy - Other grants	4.4	3.3	1.1	33%
LBO	5.3	4.6	0.7	15%
Attendance related income	3.8	3.3	0.5	15%
Other raceday income	2.5	2.8	(0.3)	-11%
	21.6	20.2	1.4	7%
Raceday related costs:				
Prize money	(6.8)	(7.4)	0.6	-8%
Raceday operating costs - Levy funded	(3.1)	(2.1)	(1.0)	48%
Other raceday operating costs	(4.0)	(3.6)	(0.4)	11%
	(13.9)	(13.1)	(0.8)	6%
Raceday contribution	7.7	7.1	0.6	8%
Average contribution per raceday (£'000)	43.50	39.66	3.84	10%
Non raceday income	1.5	1.6	(0.1)	-6%
Other fixed costs	(5.2)	(4.7)	(0.5)	11%
Operating profit from racecourses	4.0	4.0	0.0	0%

Passion

Innovation

Excellence



Cash flow and net debt position

	£m
Operating profit	2.0
Depreciation	1.2
Cashflow from operations	3.2
Movement in working capital	(0.3)
Capital expenditure	(15.7)
Loans to At The Races	(1.0)
Net interest	(0.1)
Dividends paid	(0.9)
Fair value adjustment re interest free loans	0.8
Movement in net debt in the period	(14.0)
Opening net debt	(21.6)
Closing net debt at 30 June 2007	(35.6)

Movements in net debt:	31.12.06	Change	30.6.07
	£m	£m	£m
Cash	-	0.1	0.1
Bank overdraft	(2.9)	0.7	(2.2)
Bank loans	(14.7)	(11.6)	(26.3)
HBLB Loans (fair value)	(3.7)	(3.2)	(6.9)
Finance lease	(0.3)	-	(0.3)
	(21.6)	(14.0)	(35.6)

Passion
Innovation
Excellence



Indicative capital expenditure – 2007-2009

		H1 2007	H2 2007	2007	2008	2009	Total
		£m	£m	£m	£m	£m	£m
Expenditure	Doncaster - racecourse	12.1	11.4	23.5	-	-	23.5
	Doncaster – hotel & residential	0.9	0.5	1.4	11.0	5.6	18.0
	Lingfield Park – hotel/residential	0.4	0.5	0.9	18.0	11.1	30.0
	Wolverhampton - hotel/casino	0.2	0.1	0.3	8.0	15.0	23.3
	Wolverhampton - Horizons	0.5	-	0.5	-	-	0.5
	Catering	0.5	1.5	2.0	-	-	2.0
	Ticketing and admission	0.1	0.7	0.8	-	-	0.8
	Maintenance	1.0	0.5	1.5	2.0	2.5	6.0
		15.7	15.2	30.9	39.0	34.2	104.1
Sales proceeds	Doncaster - residential			-	2.0	5.0	7.0
	Lingfield Park - residential			-	-	5.0	5.0
				-	2.0	10.0	12.0

Passion
Innovation
Excellence



Arena – the future

- Deliver earnings growth through the **provision of excellent services and facilities** to our customers and the **greater utilisation of our assets**:
 - New catering operation
 - Doncaster Racecourse redevelopment
- **Invest in new or expanded earnings enhancing opportunities** on our racecourses that **complement** our existing activities:
 - Doncaster hotel
 - Wolverhampton hotel expansion and casino
 - Lingfield Park hotel
- **Realise value** from any surplus or under-utilised land within our 1,070 acres of freehold land.
- **Acquisitions**:
 - Build on our core skills and operations, leading to an increase in shareholder value
 - Likely to be **opportunistic** in nature



Passion

Innovation

Excellence



Major development projects - Doncaster

Background:

- Host to the St Leger – the oldest classic race in the world.
- 30 annual fixtures – most transferred to Arena courses during development.
- Annual attendances of around 250,000.
- Major exhibition and conference business.

Phase 1:

- Construction of new grandstand and conference/exhibition facilities.
- Rationalisation of racecourse, greater sense of racing 'theatre', new stables, 3 refurbished stands.
- Estimated cost - £34.5m, including additional food and beverage opportunities.
- On schedule for completion for Ladbrokes St Leger Festival from 12-15 September 2007.

Phase 2:

- 120-bedroom hotel and 34-unit residential apartment development.
- Planning permission received in March 2007.
- Net cost estimated at £11m.

Artists impression of new grandstand



Artists impression of hotel/ apartment development



Passion

Innovation

Excellence



Major development projects – Wolverhampton

Arena Leisure process:

- 31 July 2007 - permission received from Wolverhampton City Council to create the UK's first racino:
 - 170-bedroom hotel;
 - Casino;
 - Leisure club with a swimming pool; and
 - Conference, exhibition and banqueting facility.
- Green Belt designation results in the application being referred to the Government Office for the West Midlands ('GOWM'). Acting on behalf of the Secretary of State, GOWM will decide whether to call the application in for consideration and determination by DCLG Minister.
- Project cost estimated at around £23m.

Wolverhampton City Council process:

- Wolverhampton City Council recommended to receive a 'small' casino licence by the Casino Advisory Panel.
- DCMS, July 2007: "there was a clear consensus across all parties that the 8 large and 8 small casinos should be awarded to the authorities identified by the Panel" .



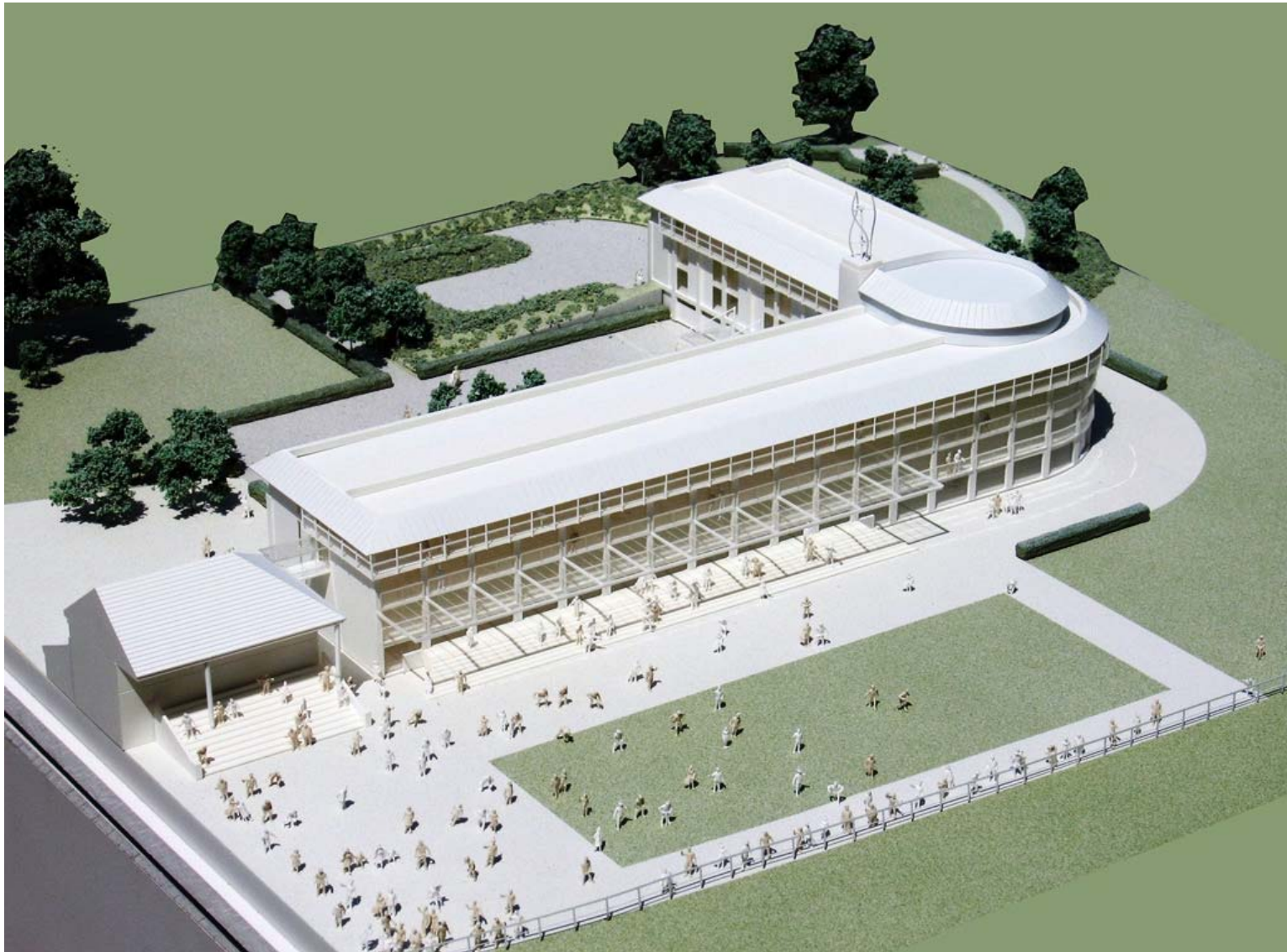
Artist's impression of developed racecourse

Passion
Innovation
Excellence



Major development projects – Lingfield Park

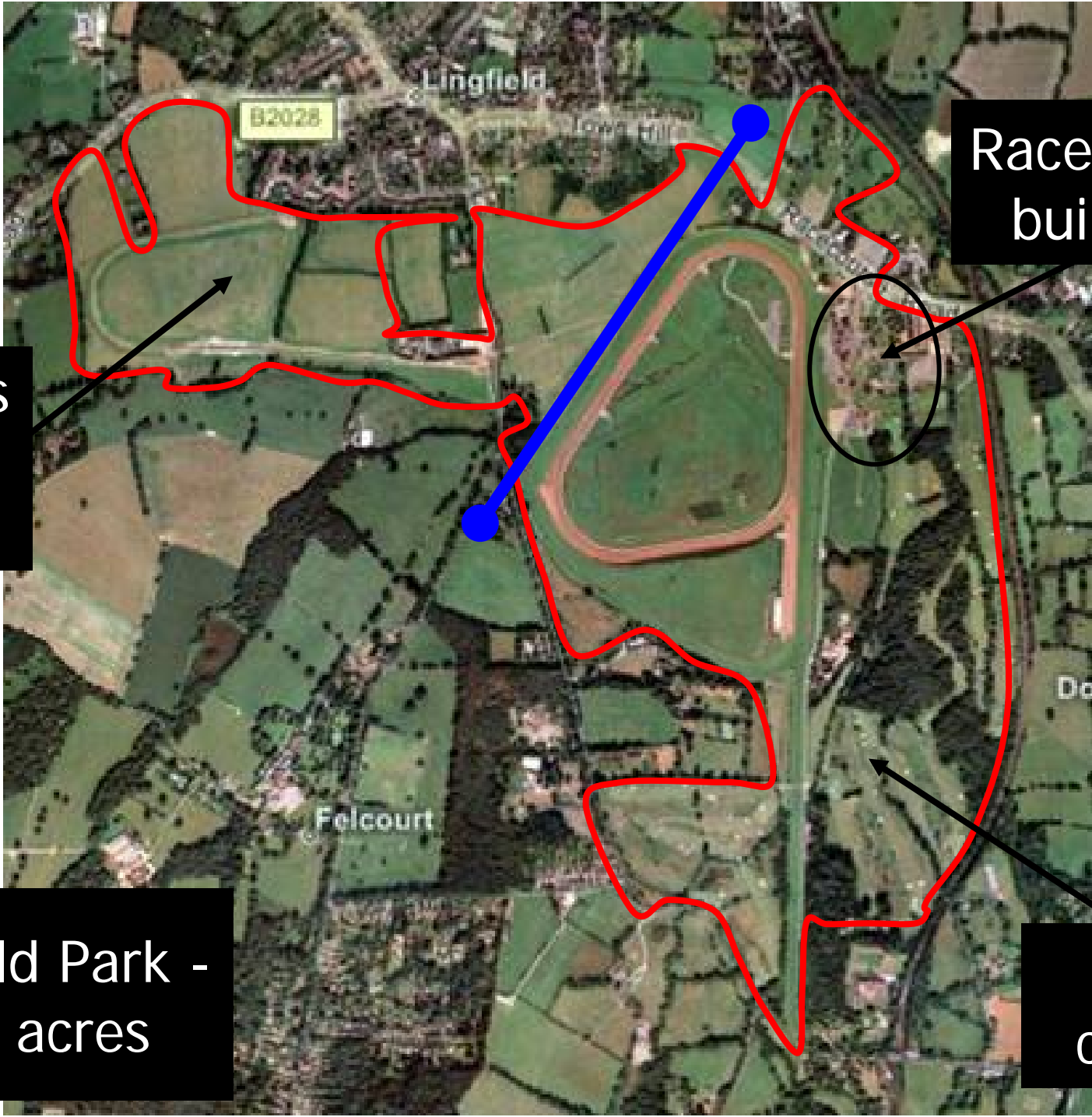
- Planning permission granted for hotel and leisure development:
 - Local council - approval in July 2006; GOSE - no call-in by Secretary of State, September 2006.
 - Reserved matters application submitted - July 2007.
- New integrated leisure building incorporating:
 - 116-bedroom hotel;
 - Replacement hospitality boxes;
 - Leisure centre, with a swimming pool;
 - New golf club house; and
 - Bars and restaurants.
- Racing infrastructure improvements - new stables, hostel, ticketing/entrance building.
- Conversion of existing leisure and squash club into residential apartments.
- Estimated development schedule - completion by the third quarter in 2009
- Estimated net cost of the two related developments is in the region of £25m.



Model of hotel development



Image of hotel development



Surplus land
(all out of flood plain)

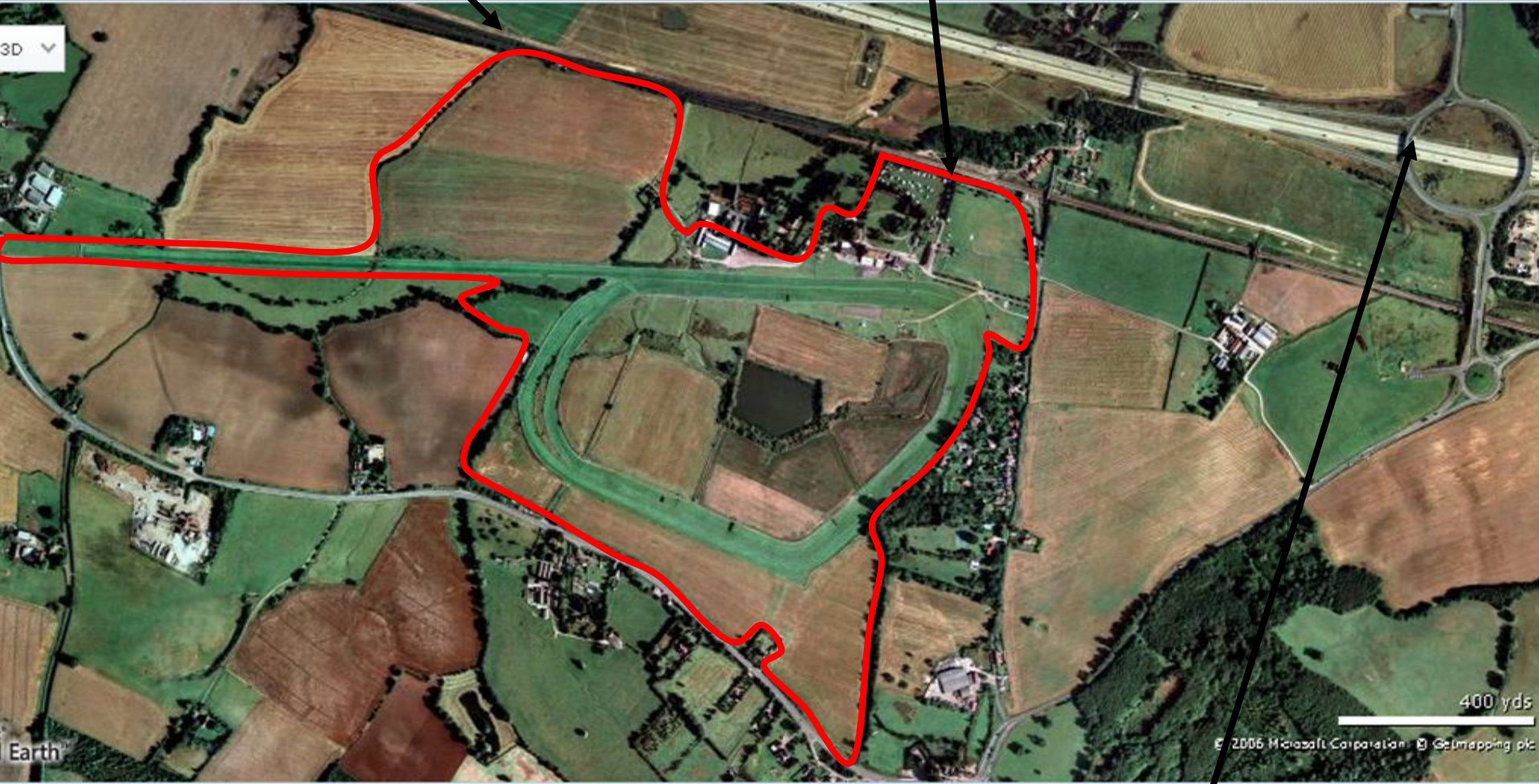
Racecourse buildings

Lingfield Park -
450 acres

Golf course

Railway

Westenhanger Station



Folkestone -
203 acres

M20 – junction 11

Passion
Innovation
Excellence



Summary

- **2007 has been and continues to be a weather dominated and challenging year. Nevertheless:**
 - Profit before tax up 6.0% to £2.3m (2006: £2.2m)
 - Average attendances up 5.6% - UK racing industry up 1.6%.
 - Dividend of 0.25 pence per share declared in line with stated policy.
- **Significant progress made on the strategic long term development goals of the Company:**
 - Launch of new catering operation - COMPLETED
 - Doncaster redevelopment - proceeding according to schedule - Q3 2007
 - Doncaster hotel and residential apartment development - Q1 2009
 - Lingfield Park hotel development - Q3 2009
 - Wolverhampton hotel expansion and casino development - Q3 2009

Passion

Innovation

Excellence



Arena Leisure Plc
1 Hay Hill
Berkeley Square
London
W1J 6DH

Tel: 020 7495 2277

e-mail: mark.elliott@arenaleisureplc.com
bob.mercer@arenaleisureplc.com

www.arenaleisureplc.com

Passion

Innovation

Excellence



APPENDICES

BACKGROUND INFORMATION

Passion
Innovation
Excellence



Arena's racecourses

Royal Windsor

Number of fixtures in 2006: 27

Surface: Turf

Acreage: 167

Jewel in the crown - Monday evening summer racing



Doncaster

St Leger – oldest classic race in the world
£32m redevelopment – grandstand, exhibition
centre, stables

Completion due August 2007

99 year lease

Typical number of fixtures: 30

Attendance: approx. 250,000



Passion

Innovation

Excellence



Lingfield Park

Surface: All weather and turf
 Number of fixtures in 2006: 96
 18-hole championship golf course
 Acreage: 450

Wolverhampton

Surface: All weather; floodlights
 Number of fixtures in 2006: 111
 54-bedroom Holiday Inn hotel



Southwell

Surface: All weather and turf
 Number of fixtures in 2006: 77

Folkestone

203 acres; turf
 Number of fixtures in 2006: 22

Worcester

45 year lease; turf
 Number of fixtures in 2006: 21

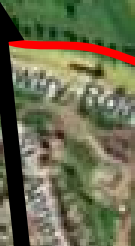
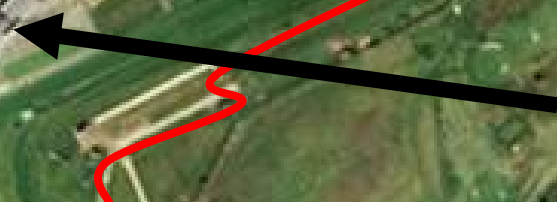


Doncaster-
101 acres
(leasehold)



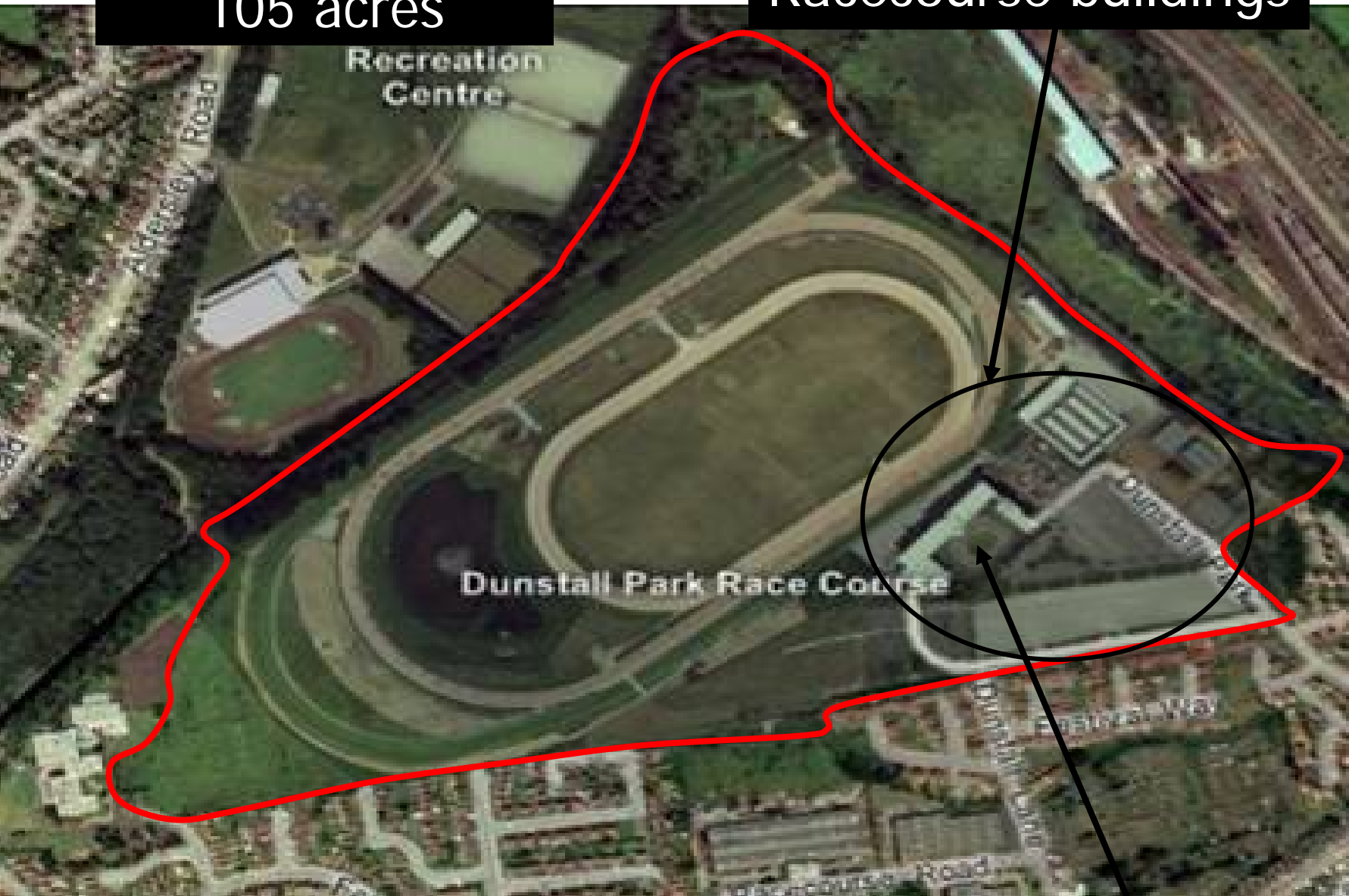
**Position of
new grandstand**

**Position of
new hotel**



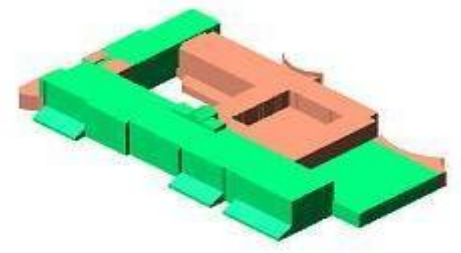
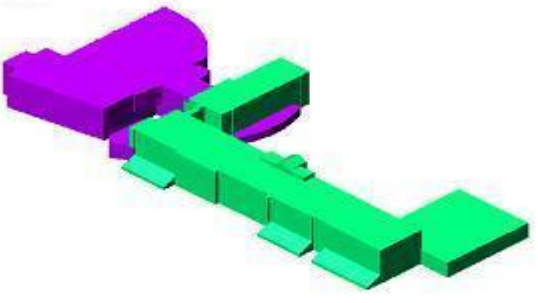
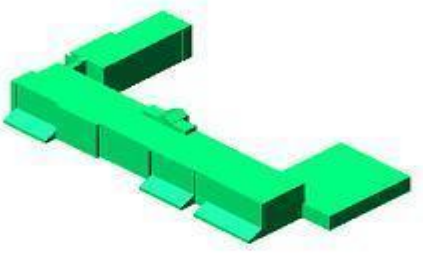
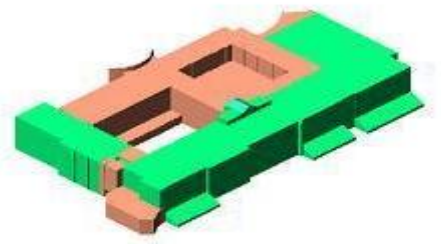
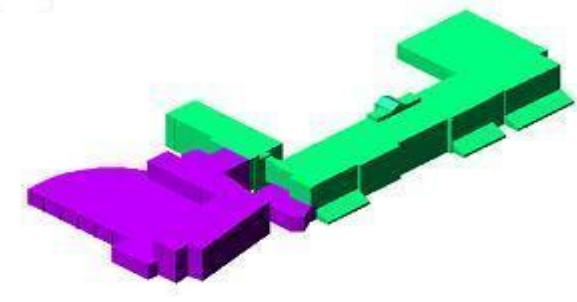
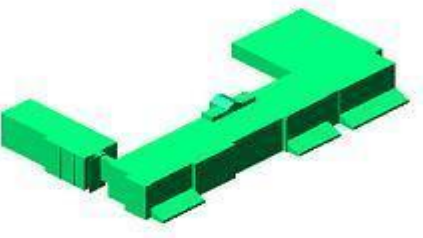
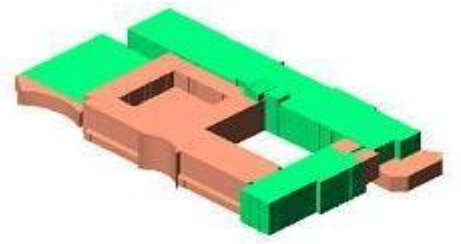
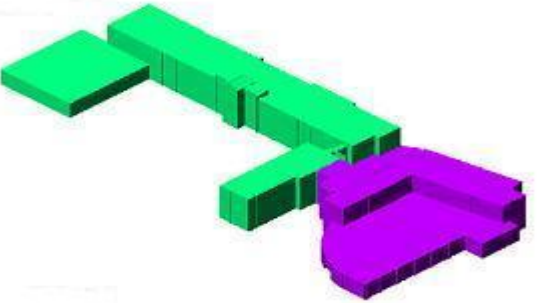
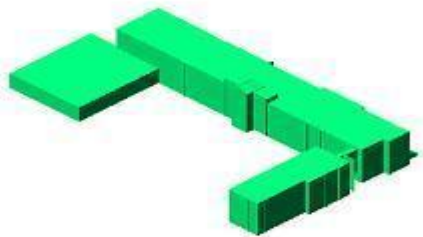
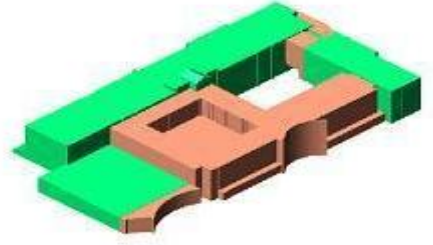
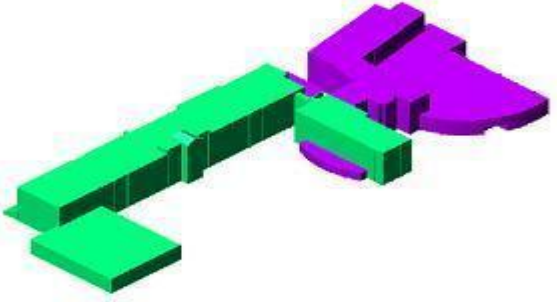
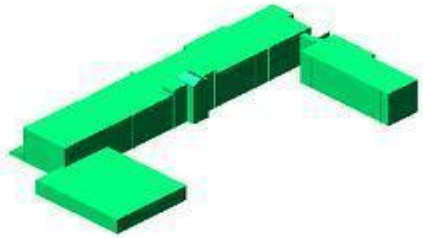
Wolverhampton -
105 acres

Racecourse buildings



Dunstall Park Race Course

New development



Current configuration

Original proposal

Revised proposal



Lingfield Park - buildings masterplan



- 1. **Proposed integrated leisure building**
- 2. Golf course
- 3. Car park
- 4. Golf and Hotel entrance
- 5. Horse box car park
- 6. Stables
- 7. Proposed stable lads accommodation
- 8. Horse box entrance
- 9. Paddock lawn
- 10. Parade Ring
- 11. Weighing Room
- 12. **Pavilion Suite**
- 13. Racecourse entrance
- 14. **Proposed residential conversion**
- 15. Grandstand

Royal Windsor -
167 acres





Southwell -
145 acres

Southwell Racecourse – June 2007





Worcester -
100 acres
(leasehold)

A443

A449

Worcester Racecourse – June 2007



Worcester Racecourse – July 2007





AT THE RACES

- Joint venture with Sky. Also, Ascot and Northern Racing. Arena owns 47.5%.
- Remit: maximise the value of racing's media rights by monetising its distribution across multiple domestic and international media platforms, reaching the widest possible audience.
- Partners include 30 UK racecourses - covering almost 60% of all UK fixtures - and all 27 Irish racecourses → over 1,000 fixtures pa.
- UK and Ireland's most watched dedicated horseracing channel. Packaging strategy: on basic subscription packages.
- 23m TV households in the UK and Ireland. ATR is available in over half via Sky (8.5m) and Cable (Virgin Media in UK, UPC Networks in Ireland, 3m+). By 2010, should be available in 14m homes.
- ATR is attracting over 1.5m different individuals to the channel every month (2006: 1.2m).
- Strong ABC1 Men demographic – attractive to advertisers and sponsors.
- attheraces.com, is now the No.1 racing and betting website in the UK and Ireland with over 500,000 unique monthly users. Over 700,000 archive video streams are accessed per month.
- Bet & Watch - individual race streams available live on bookmaker websites.
- Broadband - live channel available via annual subscription.
- 3G - ATR available across all major mobile platforms in UK and Ireland.



AT THE RACES

International distribution:

- Long established presence in mature, tote-based markets: Italy, France and South Africa, as well as traditional fixed odds territories: Caribbean, Sri Lanka, Austria and Belgium.
- €1.1m turnover on the Italian tote on Wolverhampton racing in January 2007.
- Newer territories developed such as North America (via recently announced agreement with TVG – 20m US homes) and Australia.

Financial position:

- Arena's share of ATR's operating loss in 2006: £0.27m (2005: £1.04m) +74%.
- This is after paying £2.5m to racecourse partners in 2006.
- Arena received around £1.5m.
- ATR achieved a break-even position at the operating level during the second half of 2006.

Litigation:

- All now concluded.