

1 August 2007

**ARENA LEISURE PLC
INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2007**

Arena Leisure Plc ('Arena'), the UK's largest operator of horseracing fixtures, today announces its interim results for the six months ended 30 June 2007.

Financial highlights

- Turnover of £25.3m (2006: £21.9m).
- Profit before tax of £2.3m (2006: £2.2m).
- Basic earnings per share of 0.65 pence (2006: 0.60 pence).
- Interim dividend of 0.25 pence per share (2006: 0.25 pence per share).
- Operating profit before start-up costs from racecourses of £4.0m (2006: £4.0m).
- Share of operating loss from At The Races of £0.1m (2006: loss of £0.3m).

Operational highlights

- Attendances of 226,000 (2006: 216,000).
- Corporate customers 21,500 (2006: 19,000).
- Number of fixtures staged 177 (2006: 179).
- Average attendance per fixture 1,274 (2006: 1,206).
- Creation of a new catering operation within Arena to direct, manage and operate all catering activities across its portfolio of racecourses.

Development highlights

- Doncaster Racecourse on schedule to stage a trial event in August 2007 and to be officially re-opened by HRH the Princess Royal on 12 September 2007, the first day of the Ladbrokes St Leger Festival.
- Planning permission granted for a combined 120-bedroom hotel and 34-unit residential development at Doncaster Racecourse.
- Planning approval received from Wolverhampton City Council for Wolverhampton Racecourse to expand the current hotel and incorporate a casino to create the UK's first 'racino'.
- Wolverhampton City Council recommended to receive a 'small' casino licence by the Casino Advisory Panel.
- Reserved matters application (detailed planning permission) submitted for the hotel development at Lingfield Park.

Raymond Mould, Arena's Chairman, said today:

"The first half of 2007 proved a very challenging operating environment, particularly in terms of the prolonged adverse weather conditions experienced throughout May and June, which resulted in profits significantly below our expectations. Nevertheless, our average attendance in the first half grew by 5.6% which compares favourably to the racing industry as a whole where average attendance grew by only 1.6%. The weather situation in July was, if anything, worse still.

"At this stage, the full year market estimate remains an achievable, if now somewhat more difficult, target. Important to this will be the successful staging of the Ladbrokes St Leger Festival in September following the re-opening of the redeveloped Doncaster Racecourse by HRH the Princess Royal on 12 September 2007.

"The Board is delighted that planning permission was received at Doncaster Racecourse for a combined 120-bedroom hotel and 34-unit residential development, the Company's new catering business was successfully launched and, yesterday, the first hurdle in securing planning permission at Wolverhampton Racecourse was achieved. With developments now in the pipeline at a number of our racecourses that will help diversify our income streams, the Board continues to look forward to the future with confidence.

"This confidence is reflected in the declaration of an interim dividend of 0.25 pence per share that will be paid on 21 September 2007 to shareholders on the register at the close of business on 10 August 2007."

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Chairman's Statement

At the operating level, 2007 has proved a very challenging year due, in principal, to the adverse weather conditions experienced throughout May and June. Nevertheless, Arena generated profit before tax of £2.3m (2006: £2.2m) and has maintained the interim dividend at 0.25 pence per share, in line with our stated dividend policy.

Our development programme continues to progress well, including:

- The launch of a new catering operation to service our seven racecourses;
- Receipt of planning permission at Doncaster Racecourse for a combined 120-bedroom hotel and 34-unit residential development;
- Receipt of planning permission from Wolverhampton City Council for Wolverhampton Racecourse to expand its hotel and incorporate a casino;
- The City of Wolverhampton being recommended to receive a 'small' casino licence;
- The submission of the reserved matters application (detailed planning permission) for the hotel development at Lingfield Park; and
- The redevelopment of Doncaster Racecourse remaining on schedule to stage the Ladbrokes St Leger Festival in September 2007.

Financial

Turnover in the period was up 15.6% at £25.3m (2006: £21.9m), profit before tax increased by 6.0% to £2.3m (2006: £2.2m), and earnings per share increased by 8.3% to 0.65 pence per share (2006: 0.60 pence per share).

The increase in turnover principally arose from the creation of Arena's new catering business which took over the majority of the Company's food and beverage contracts in April in order to provide a superior product to our customers and, ultimately, enhanced profits. The full turnover of the catering activities is included for the last three months of the period, compared to a commission receipt for both the first three months of 2007 and the whole of 2006. This additional turnover amounts to £2.1m.

Profit from the racecourses was down by 15.8% at £3.2m (2006: £3.8m), although the 2007 figure in particular includes significant start-up costs. Excluding these, the adjusted profit of £4.0m was in line with that achieved last year (2006: £4.0m). Arena's central overhead remained unchanged at £1.2m. ATR, which is 47.5% owned by Arena, performed well at the operating level, although overall Arena's share of its after tax loss increased to £0.3m (2006: £0.2m).

The start-up costs in the period of around £0.8m (2006: £0.2m) arose principally from the preparation for the re-opening of Doncaster Racecourse, but also the creation of the new catering operation. During Doncaster's redevelopment, the majority of its fixtures are being staged elsewhere in the Group and will be transferred back once it re-opens. The set-up costs of the catering operation will result in it contributing around a break-even position in terms of additional profits in 2007, following the payment of notional royalties to the racecourses that it serves. In both profit before tax and earnings per share terms, these start-up costs are offset by a £0.8m interest credit (2006: £nil) arising from a further £4.1m of interest free loans received in connection with Doncaster's redevelopment. The latter contributes to a net interest credit for the period of £0.7m, compared to a net charge in 2006 of £0.3m.

Operating review

Attendances in the period rose 4.6% to 226,000 (2006: 216,000). Within this, the number of corporate customers rose by 13.2% to 21,500 (2006: 19,000). These attendances arose from marginally fewer fixtures at 177 (2006: 179); the small reduction being caused by a higher level of abandoned fixtures (2007: 6; 2006: 3). Average attendance was therefore up 5.6% at 1,274 (2006: 1,206).

The attendance figures, whilst higher than last year, fell short of both our expectations and where we had positioned the cost base of the business, directly impacting profitability. The shortfall is principally due to the impact of the adverse weather experienced in May and June, but also to the well documented slow down in consumer spending. For the UK racing industry as a whole, total attendances in the first six months rose by 1.9% and average attendances rose by 1.6%, against which Arena's performance compares favourably.

Arena's racecourses stage fixtures throughout the year. However, the summer fixtures attract the largest crowds, with June usually accounting for around 30% of attendances and around 42% of attendance related income in the first half of the year. The poor weather hit the anticipated attendances across all of our courses in these key months and culminated in both Southwell and Worcester Racecourses disappearing under flood water in late June.

At Southwell, our insurance policy provides both compensation for "business interruption" and for the buildings and equipment to be repaired and/or replaced where necessary. The extent of the damage to the all-weather surface, although still being assessed, is far less than originally feared and it does not look as though it will need to be replaced.

Worcester Racecourse is a summer racing venue. The flooding that occurred in June, and then again in July, will result in the loss of one fixture in June, five in July and probably two in August, none of which could be transferred elsewhere in the Group, losing Arena around £0.3m. The Racecourse is unlikely to be usable until September at the earliest. Of the remaining four fixtures in September and October, three are capable of being transferred to other Arena courses in the event that Worcester remains unraceable.

Windsor Racecourse has increased its average attendances by 19.8%, reflecting the strength and nature of the product provided, although this venue is not immune to significant shortfalls in attendance on evenings with heavy rainfall.

The underperformances of Lingfield Park and Wolverhampton Racecourses this year are not wholly attributable to the weather. At Wolverhampton, attendances were also impacted by the slow down in consumer spending. At both, attempts were made to increase the proportion of advance, on-line customer bookings with a view to increasing cash flow, ensuring customer attendance and gaining valuable marketing data. This initiative was encouraged by offering significant price reductions to on-line bookings and resulted in a great deal of valuable customer information that is allowing highly targeted internet-based marketing campaigns, although, in the short term, this may have held back attendance figures. New ticket pricing strategies and new marketing initiatives have been introduced at both courses to encourage a greater number and frequency of visits.

A small scale cost reduction programme has been introduced to reflect the reality of the current situation, but one that recognises the Company's view that the shortfall in attendances below our expectations is a relatively short term issue.

Arena's aim is to deliver consistent profit growth through the provision of a quality product, superior service and the greater utilisation of our assets. In pursuit of this, our new in-house catering operation took over responsibility for the catering activities at six of our racecourses on 1 April 2007, with Worcester Racecourse currently remaining out-sourced. The transfer was successful and a positive impact is already evident. Further improvements are anticipated and this will have the effect of increasing the long term profitability of our racecourse operations. In addition, the 370-seat grandstand viewing restaurant at Wolverhampton Racecourse was extensively refurbished and re-opened as *Horizons* in April, having been closed since Christmas. Combined with the new catering arrangements, the customer experience has improved tremendously.

The introduction of an integrated ticketing and admission system has commenced and the roll-out of the system will continue during 2007.

At The Races

ATR continued to make progress in 2007, achieving a 9.0% increase in turnover to £7.3m (2006: £6.7m). As a consequence, Arena's share of ATR's adjusted operating loss reduced by 67.0% to £0.1m (2006: £0.3m).

This growth in turnover occurred across all areas, including sponsorship, advertising and international distribution. The revenue from the reciprocal provision of racing content between the US and the UK and Ireland has started more slowly than was hoped. Nevertheless, this is a long term arrangement and ATR is in negotiations to widen both the availability of its product in the US market and the customer ability to wager on it.

During 2007, the ATR television channel remained the UK and Ireland's most watched, dedicated horseracing channel, now with over 1.50m individual viewers per month (2006: 1.45m). Importantly, these customers have been watching for longer and at more lucrative times. The latter is attributable to ATR's focus on maximising the number of ad breaks and ensuring their positioning as close to race 'off times' as possible, thereby encouraging viewers to stay through the ad breaks, helping to increase advertising revenues. attheraces.com has also now grown to be the UK's largest horseracing website with over 500,000 unique users (2006: 400,000), making it also one of the UK's most visited sports betting websites.

Early in 2007 the Court of Appeal found in favour of the BHB with regard to an issue relating to pre-race data and, shortly thereafter, ATR and the BHB agreed a settlement. The resulting cost was largely provided for in ATR's 2006 accounts, although a small residual amount has been charged this year.

ATR has a strong relationship with the Irish racing industry, having the exclusive rights to broadcast racing from all 27 Irish racecourses through to 2009. Earlier this year, and in conjunction with SIS, these rights were secured for the period 2009 to 2013. This was an important 'win' for ATR, ensuring long term access to a very important content source and reflecting the strength of the ATR proposition to the owners of racing media rights.

In the second half, some major seasonal aspects of the business such as Royal Ascot will, as in 2006, be replaced by income from increased sponsorship and commercial advertising activities. There will also be some significant overhead cost reductions, arising in particular from existing and renegotiated infrastructure contracts. As a consequence, ATR should outperform the first half and it remains on course to generate a small operating profit for 2007 as a whole (2006: loss of £0.3m and 2005: loss of £1.0m).

Developments

Significant progress has been made in developing Arena's property portfolio to include such additional earnings enhancing and complementary activities as hotels, a casino and conference facilities. This will help diversify Arena's income streams and make its assets work harder for the long term benefit of its shareholders.

The redevelopment of Doncaster Racecourse is drawing to a close. Although our contractor has advised us that the severe adverse weather in the area in June caused delays to what was always a very tight schedule, we remain on target to stage a trial event in August and for HRH the Princess Royal to officially re-open the Racecourse on 12 September for the start of the Ladbrokes St Leger Festival.

Further catering facilities, including a food court and champagne and seafood restaurant, have been introduced that were not part of the original development programme. In addition to the cost of these additional income generating opportunities, further costs will arise both from items that were initially priced as 'provisional sums' in the contract and as a result of time lost due to the adverse weather. The final amount will not be determined until construction has completed, although it is currently estimated at around £34.5m.

In March 2007, detailed planning permission was granted for a combined 120-bedroom hotel and 34-unit residential development at Doncaster Racecourse. The hotel will operate closely with the Racecourse and help transform it into a world-class leisure, business and racing venue. At this stage, the original estimate of the net cost of the combined development following the sale of the residential properties remains in the region of £11m and the hotel is currently scheduled to open in the first quarter of 2009.

Last year, Lingfield Park Racecourse received detailed permission for the conversion of a leisure club into residential accommodation and outline planning permission for significant improvements to the Racecourse itself, including a 116-bedroom hotel. In July 2007, a reserved matters application was submitted for the Racecourse improvements. Extensive consultation has been undertaken and we are optimistic that the application will be positively received, which should allow the development to be completed by the third quarter in 2009. The estimated net cost of the developments is in the region of £25m.

I am delighted that Wolverhampton City Council yesterday resolved to grant planning permission for our proposed development at Wolverhampton Racecourse. This proposal includes an expansion of the hotel from 54 to 170-bedrooms, the construction of a new conference, exhibition and banqueting suite, a new leisure facility including a swimming pool, and the incorporation of a casino within the Racecourse, thereby creating the UK's first 'racino'. As a result of the Racecourse's Green Belt designation, the application will now be 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 the Department of Communities and Local Government Minister, or leave the Council to determine the application. It is hoped that GOWM will advise in the next month or two that the Secretary of State does not wish to intervene, and that the Council will be able to issue full planning permission shortly thereafter. The estimated cost of the project is around £23m.

In January, the City of Wolverhampton was recommended as a location for a 'small' casino by the Casino Advisory Panel. The Panel commented that: "if the casino happens to end up at the racecourse it would add to its uniqueness and provide an interesting and unusual social impact test". The Panel's recommendations require the endorsement of Parliament and this has been delayed by the issues surrounding the 'regional' casino.

We are nevertheless reassured by the Secretary of State for Culture, Media and Sport's written statement in July 2007 that: "there was a clear consensus across all parties that the eight large and eight small casinos should be awarded to the authorities identified by the Panel". Wolverhampton City Council has been asked to confirm its continued desire to license a new casino and we are optimistic that this will be forthcoming and that Parliament will give its approval after the summer recess. Should the City's application be successful, we hope that Wolverhampton Racecourse will be chosen as the best site for the casino. The integrated nature of the proposal, together with the jobs that would be both safeguarded and indeed created, would make a casino at Wolverhampton Racecourse a very exciting addition to the City.

During the period, we have also continued to review our development options at both Windsor and Folkestone Racecourses.

Employees

The Company's employees have worked extremely hard in challenging circumstances. I am grateful to them all for the dedication they have shown and I know that I can rely on this remaining the case as the business continues to progress.

Auditors

KPMG Audit plc will take over as auditor to the Arena Group. I would like to thank BDO Stoy Hayward for the service they have provided to the Company and its shareholders.

Dividend

In accordance with our stated dividend policy, we have declared an interim dividend of 0.25 pence per share (2006: 0.25 pence per share) that will be paid on 21 September 2007 to shareholders on the register at the close of business on 10 August 2007.

Outlook

Where we have raced in July and the weather has been favourable, attendances have continued to show a like-for-like increase on last year. However, attendances remain affected by the continuing heavy rainfall which has also already caused a further eight abandoned fixtures in the second half (2006: nil), principally arising from flooding at Worcester, although one weekend fixture was lost at Windsor. Measures have been taken to reduce our cost base and increase the focus on sales and marketing activities. At this stage, the full year market estimate remains an achievable, if now somewhat more difficult, target. Important to achieving this will be the successful staging of the Ladbrokes St Leger Festival in September following the re-opening of the redeveloped Doncaster Racecourse by HRH the Princess Royal on 12 September 2007.

The long term position of the Company is very positive and the Board is convinced that the Company's strategy remains robust. The Board is delighted that the first hurdle in securing planning permission at Wolverhampton Racecourse has been achieved and, with developments now in the pipeline at a number of our racecourses that will help diversify our income streams, continues to look forward to the future with confidence.

Raymond Mould
Chairman

1 August 2007

Consolidated Income Statement

	Six months ended 30 June 2007 Unaudited £'000	Six months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Turnover	25,320	21,912	45,259
Cost of sales	(18,092)	(14,966)	(30,033)
Gross profit	7,228	6,946	15,226
Other operating income	-	-	133
Administrative costs	(5,275)	(4,300)	(9,031)
Profit from operations	1,953	2,646	6,328
Share of post tax results of joint venture	(338)	(218)	(812)
Reversal of provision against investment in associate	-	-	100
Profit before interest and taxation	1,615	2,428	5,616
Finance expense	(288)	(368)	(848)
Finance income	148	106	353
Other finance gain	822	-	696
Net finance income/(expense)	682	(262)	201
Profit before taxation	2,297	2,166	5,817
Taxation	-	-	-
Profit for the year	2,297	2,166	5,817
Attributable to:			
Minority interest	(52)	(12)	(33)
Equity shareholders of the parent company	2,349	2,178	5,850
	2,297	2,166	5,817
Earnings per share:			
Continuing operations	Pence	Pence	Pence
Basic earnings per share	0.65	0.60	1.61
Diluted earnings per share	0.64	0.60	1.60
Dividend per ordinary share			
Proposed for the period	0.25	0.25	0.51

Consolidated Balance Sheet

	At 30 June 2007 Unaudited £'000	At 30 June 2006 Unaudited £'000	At 31 December 2006 Audited £'000
Non-current assets			
Property, plant and equipment	102,806	76,001	86,054
Intangible assets	5,596	5,596	5,596
Investment in joint venture	(3,936)	(3,004)	(3,598)
Goodwill in respect of joint venture	1,580	1,580	1,580
Loans to joint venture	5,055	3,639	3,976
	2,699	2,215	1,958
Investment in associate	-	-	100
Total non-current assets	111,101	83,812	93,708
Current assets			
Inventories	226	34	17
Trade and other receivables	9,544	5,994	6,454
Other financial assets	-	-	58
Cash and cash equivalents	161	-	50
Total current assets	9,931	6,028	6,579
Total assets	121,032	89,840	100,287
Current liabilities			
Bank overdraft	(2,248)	(1,872)	(2,920)
Trade and other payables	(16,968)	(9,941)	(11,664)
Other financial liabilities	(136)	(315)	(135)
Corporation tax liability	-	-	-
Total current liabilities	(19,352)	(12,128)	(14,719)
Non-current liabilities			
Financial liabilities	(33,053)	(13,423)	(18,641)
Accruals and deferred income	(2,957)	(2,780)	(2,655)
Total non-current liabilities	(36,010)	(16,203)	(21,296)
Total liabilities	(55,362)	(28,331)	(36,015)
Total net assets	65,670	61,509	64,272
Equity			
Share capital	18,210	18,210	18,210
Share premium	223	223	223
Merger reserve	5,417	5,417	5,417
Retained earnings	41,905	37,671	40,455
Equity attributable to shareholders of the parent company	65,755	61,521	64,305
Minority interest	(85)	(12)	(33)
Total equity	65,670	61,509	64,272

Consolidated Cash Flow Statement

	Six months ended 30 June 2007 Unaudited £'000	Six months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Operating activities			
Profit for the period	2,297	2,166	5,817
Adjustments for:			
Depreciation	1,177	972	2,051
Share-based payment expense	48	11	34
Net interest (income)/expense	(682)	262	(201)
Share of loss of joint venture	338	218	812
Reversal of provision against investment in associate – Trackplay LLC	-	-	(100)
Profit on sale of property, plant and equipment	(12)	(3)	(14)
Grant amortisation	20	(27)	(53)
Operating profit before changes in working capital and provisions	3,186	3,599	8,346
Increase in trade and other receivables	(3,032)	(1,209)	(1,165)
(Increase)/decrease in inventories	(209)	(15)	2
Increase/(decrease) in trade and other payables	2,980	573	(1,463)
Cash flows from operating activities	2,925	2,948	5,720
Investing activities			
Purchases of property, plant and equipment	(15,640)	(6,393)	(14,505)
Sales of property, plant and equipment	28	38	144
Loans to joint venture	(1,079)	(355)	(692)
Sale of investment in associate – Trackplay LLC	100	-	-
Interest received	148	-	353
	(16,443)	(6,710)	(14,700)
Finance activities			
Issue of ordinary shares	-	287	287
Net proceeds from bank and other borrowings	15,621	5,791	11,812
Repayment of loans	(85)	-	(302)
Repayment of finance lease creditors	-	-	(2)
Interest paid	(288)	(262)	(848)
Dividends paid	(947)	(728)	(1,639)
	14,301	5,088	9,308
Increase in cash and cash equivalents	783	1,326	328
Cash and cash equivalents at 1 January	(2,870)	(3,198)	(3,198)
Cash and cash equivalents at period end	(2,087)	(1,872)	(2,870)

Notes to the Accounts

1 Basis of preparation

This interim financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2006.

The comparative figures for the financial year ended 31 December 2006 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2 Taxation

The tax charge for the period is nil due to the utilisation of Horserace Betting Levy Board capital credits which are not assessable to tax.

3 Earnings per share

Basic earnings per share have been calculated using the weighted average number of shares in issue during the periods. The weighted average number of share in issue for the six months to 30 June 2007 is 364,202,007 (six months to 30 June 2006: 364,048,748 and the year to 31 December 2006: 364,126,007). The calculation of diluted earnings per share is calculated using the weighted average number of shares in issue, adjusted for the number of outstanding share options capable of being exercised.

4 Segmental information

	Six months ended 30 June 2007 Unaudited £'000	Six months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Turnover			
Racecourse operations	<u>25,320</u>	<u>21,912</u>	<u>45,259</u>
Profit before interest and taxation			
Racecourse operations	3,171	3,845	8,701
Central costs	(1,218)	(1,199)	(2,506)
Other operating income	-	-	133
Share of At The Races operating loss	(89)	(269)	(269)
Share of exceptional legal (costs)/credit	(84)	110	(434)
Share of At The Races interest costs	(129)	(59)	(158)
Share of At The Races tax (charge)/credit	(36)	-	49
Share of At The Races results after tax	(338)	(218)	(812)
Reversal of provision against investment in associate – Trackplay LLC	-	-	100
	<u>1,615</u>	<u>2,428</u>	<u>5,616</u>

5 Reconciliation of movements in equity

	Share Capital	Share premium account	Other reserves	Profit and loss account
	£'000	£'000	£'000	£'000
At 1 January 2006	18,100	46	5,417	36,210
Profit for six months to 30 June 2006	-	-	-	2,166
Dividend	-	-	-	(728)
Share-based payment expense	-	-	-	11
Minority interest	-	-	-	12
Issue of ordinary shares	110	177	-	-
At 30 June 2006	18,210	223	5,417	37,671
Profit for six months to 31 December 2006	-	-	-	3,651
Dividend	-	-	-	(911)
Share-based payment expense	-	-	-	23
Minority interest	-	-	-	21
At 31 December 2006	18,210	223	5,417	40,455
Profit for six months to 30 June 2007	-	-	-	2,297
Dividend	-	-	-	(947)
Share-based payment expense	-	-	-	48
Minority interest	-	-	-	52
At 30 June 2007	18,210	223	5,417	41,905

6 Statement of net debt

	At 30 June 2007 Unaudited £'000	At 30 June 2006 Unaudited £'000	At 31 December 2006 Audited £'000
Cash and cash equivalents	161	-	50
Bank overdraft	(2,248)	(1,872)	(2,920)
Net cash and cash equivalents at end of period	(2,087)	(1,872)	(2,870)
Bank loans	(26,291)	(12,791)	(14,750)
HBLB loans	(6,898)	(644)	(3,725)
Finance lease - Worcester	(301)	(303)	(301)
Net debt at end of period	(35,577)	(15,610)	(21,646)

7 Dividends

	Six months ended 30 June 2007 Unaudited £'000	Six months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Dividend declared in respect of the period	911	911	1,858

The proposed interim dividend of 0.25 pence per ordinary share in respect of the six months ending 30 June 2007 was approved by the Board on 31 July 2007 and in accordance with IFRS has not been included as a liability at 30 June 2007.

8 Trackplay LLC

In December 2006, an agreement was reached for the sale of the Company's 30% share of Trackplay LLC which valued the investment at £100,000. This valuation was adopted by the Board at 31 December 2006. The sale was completed in March 2007.

9 Flooding at Southwell and Worcester Racecourses

The flooding at Southwell Racecourse in recent weeks has caused significant damage to some of the assets at the track. The Group is in the process of assessing the state of all assets at the site and it is likely that an impairment charge will arise in the second half of the year, although at this stage it is not possible to quantify the potential charge. However the Directors consider that any write-down in the carrying value of assets will be covered by the Group's insurance arrangements.

There has been no material flood damage to the assets at Worcester Racecourse.