



Passion  
Innovation  
Excellence



# Our passion for providing a quality experience to all of our customers is fundamental to delivering value to shareholders.

	DONCASTER	FOLKESTONE	LINGFIELD PARK	ROYAL WINDSOR
	Home of the world's oldest classic horse race, the St Leger. Currently undergoing an extensive, £32m redevelopment of the racing and exhibition facilities. Scheduled to re-open in August 2007. Hotel and residential development plans in preparation.	Kent's only racecourse set in beautiful scenery in the North Downs.	Set in 450 acres of Surrey countryside, with approval to construct a new hotel and leisure complex, creating a state-of-the-art racing, conference and leisure destination.	Set by the River Thames and within sight of Windsor Castle, boasting a series of highly popular summer Monday evening race meetings.
RACING PROFILE	Turf flat and National Hunt racing	Turf flat and National Hunt racing	All-weather and turf flat and National Hunt racing	Flat turf track
HOTEL	●		●	●
GOLF			■	
LEISURE FACILITIES			■ ●	
CONFERENCING, BANQUETING & EXHIBITION FACILITIES	■	■	■	■
ANNUAL ATTENDANCE (2005)	224,000	37,000	168,000	135,000
% OF UK RACE (2006) MEETINGS	Under redevelopment in 2006	<b>2%</b>	<b>7%</b>	<b>2%</b>

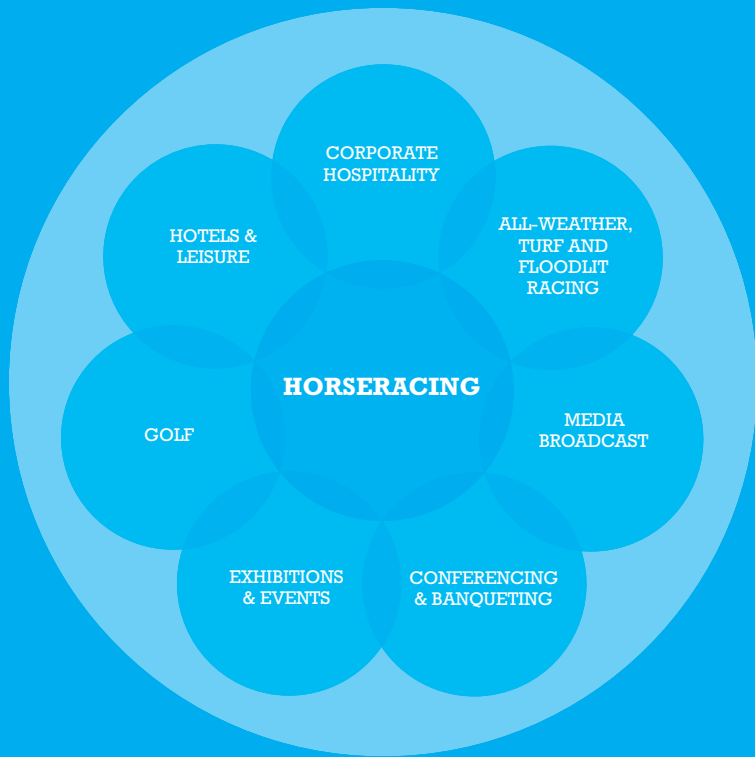
	SOUTHWELL	WORCESTER	WOLVERHAMPTON	AT THE RACES
	Friendly and comfortable East Midlands venue offering a variety of racing, conferencing and golf facilities.	A picturesque tree-lined course with a unique position on the banks of the River Severn.	The UK's busiest racecourse and one of only two floodlit courses in the UK, boasting a hotel and extensive exhibition and conferencing facilities. Plans being developed to create the UK's first combined racecourse, hotel and casino complex.	The UK's award-winning dedicated racing channel, taking UK and Irish racing to the widest possible national and international audience.
RACING PROFILE	All-weather and turf flat and National Hunt racing	National Hunt racing	Floodlit all-weather track	Broadcasting UK, Irish and international racing
HOTEL			■ ●	
GOLF	■			
LEISURE FACILITIES			●	
CONFERENCING, BANQUETING & EXHIBITION FACILITIES	■	■	■	
ANNUAL ATTENDANCE (2005)	70,000	48,000	76,000	
% OF UK RACE (2006) MEETINGS	<b>5%</b>	<b>2%</b>	<b>7%</b>	

### **Financial highlights**

- Turnover increased by 5.7% to £21.9m (2005: £20.7m).
- Profit before tax increased by 7.9% to £2.2m (2005: £2.0m).
- Earnings per share increased by 7.1% to 0.60 pence (2005: 0.56 pence).
- Proposed interim dividend of 0.25 pence per share (2005: 0.25 pence per share).

### **Development highlights**

- Planning permission granted for hotel and leisure development at Lingfield Park Racecourse.
- Doncaster Racecourse's £32m redevelopment on schedule to re-open in August 2007. Submission of a further planning application for a combined hotel and residential development scheduled for late 2006.
- Wolverhampton City Council one of 31 councils shortlisted by the Casino Advisory Panel for one of the eight large and eight small new casino licences.
- Planning application to be submitted shortly for Wolverhampton Racecourse to expand the current hotel and incorporate a casino to create the UK's first 'racino'.



Horseracing and the provision of the highest quality experience to our customers is our passion and lies at the heart of Arena Leisure's activities. Our portfolio of racecourse assets provides a solid base for the future development of the group into a range of complementary, income generating activities that enhance our racing business and allow the expansion of our racecourses into 365 days a year operations.

I am very pleased to report on another successful six-month period for Arena, with solid performances from both our racecourse division and our media rights joint venture company, At The Races ("ATR"). Good progress was also made on our major racecourse development projects, particularly at Doncaster and Lingfield Park.

### Financial

Turnover in the period was up 5.7% at £21.9m (2005: £20.7m), profit before tax increased by 7.9% to £2.2m (2005: £2.0m), and earnings per share increased by 7.1% to 0.60 pence per share (2005: 0.56 pence per share).

Operating profit rose by 9.2% to £2.43m (2005: £2.22m). Within this, ATR, which is 47.5% owned by Arena, performed particularly well, with Arena's share of its after tax loss reducing by 76.3% to £0.22m (2005: £0.94m). This result includes an exceptional net receipt of £0.11m relating to litigation (2005: net cost of £0.22m). Earlier this year, ATR's claim for rebates from the 30 racecourses not currently affiliated to it, following the termination of media rights agreements in 2004, was settled with ATR receiving a contribution of £1m, ATR withdrawing its claims and the courses withdrawing their counterclaim. Arena's central overhead of £1.19m (2005: £1.00m) includes a one-off cost of around £0.1m incurred in connection with this litigation (2005: £nil). ATR also incurred costs in defending an appeal by the British Horseracing Board ("BHB") against a decision in 2005 in which the judge found in favour of ATR, ruling that the BHB had abused its dominant position. A decision is expected later this year. ATR remains optimistic of a positive outcome.

The racecourse division performed solidly, although its profits dipped by £0.30m (7.4%) as expected to £3.85m (2005: £4.15m). Attendances in June were impacted by the World Cup, which was particularly noticeable as June typically accounts for around 30% of attendances in the first half of any given year. We estimate that the attendance related impact of the World Cup was to reduce profits in the first six-months of 2006 by around £0.3m. Total attendances in the first six months of 216,000 were down 4.6% (2005: 226,000). Although disappointing, this reduction compares favourably with the rest of the UK horseracing industry which, in total, saw attendances fall by 10% (excluding Ascot related attendances). Additionally, as a result of Arena taking over Doncaster Racecourse in December 2005, net operating costs of £0.2m were incurred in the first half of 2006 during the Racecourse's redevelopment (2005: £0.3m management fee received). This was partly mitigated by £0.3m generated

from Doncaster's relocated fixtures. Adjusting for the impact of the World Cup and Doncaster in order to give a better indication of underlying performance, operating profit rose by around 5%, despite a £0.1m increase in utility costs in the first half of 2006.

### Racing division and industry developments

A key requirement of this division, particularly with its three all-weather racecourses, is for greater utilisation of its assets. In the first six months of 2006 we staged 179 race meetings (2005: 173), an increase of 3.5%, featuring 1,238 races (2005: 1,163), an increase of 6.4%.

The number of corporate customers increased by 3.5% to 19,000 (2005: 18,350). Within an environment of reduced attendance levels, this was a pleasing result, reflecting our focus on this important customer base.

For the full year, Arena was originally scheduled to stage 334 fixtures (2005: 324). However, the delayed opening of the proposed new racecourse at Great Leighs in Essex has resulted in us obtaining a further six fixtures, with the prospect of obtaining a further 14 before the end of the year. If successful, we would then stage a total of 354 fixtures in 2006, an increase of 9.1% on 2005. The benefit obtained from these additional fixtures will mitigate the reduced attendances experienced to date.

In the recent bidding process for 2007 fixtures, Arena acquired 66 fixtures on a mixture of one, two and three year leases (2006: 66, all one year leases). With the opening date for Great Leighs now rescheduled for 22 February 2007, we anticipate obtaining a further four fixtures at the start of 2007. Arena would then be scheduled to stage 335 fixtures in 2007 (2006: 354 (forecast)), out of 1,415 in the UK (2006: 1,391), maintaining our position of staging around one-quarter of all racing in the UK. The inclusion in the fixture bidding process of both Great Leighs and the re-opened Kempton Park, with its new floodlit, all-weather racecourse, resulted in increased competition for fixtures. I am very pleased that we were able to both maintain the proportion of fixtures and obtain a fixture schedule with the potential for an uplift in profitability.

# Chairman's statement

## Continued

The long-term future of the Levy, which is the major source of revenue for the UK racing industry, remains uncertain. A request has been made to the UK Government for the Levy system to be extended indefinitely beyond its scheduled end in 2009. In return, the racing industry has agreed to modernise its regulatory and governance functions, with a new, single body, the British Horseracing Authority, expected to come into effect in early 2007. Arena has long pursued a more equitable Levy distribution system since we currently receive a much smaller proportion of the Levy than we actually generate. It is anticipated that the Levy Board will review the method for distributing Levy funds during the winter and it is hoped that it will introduce a fair, equitable and commercial distribution mechanism, whereby a racecourse receives income in proportion to the amount of Levy that its races generate.

The racing division's long-term aim is to deliver consistent profit growth through the provision of great product, superior quality service to our customers and the greater utilisation of our assets on both race days and the many non-race days in between. Catering is a fundamental part of the customer experience on a racecourse and we are currently reviewing how this will be best provided in the coming years. It is an area that we know is capable of both improved service to the customer as well as the generation of additional revenue. We are also reviewing the introduction of a ticketing and admission system into all of our racecourses to both ensure that admissions procedures are standardised and tightened and that we capture a greater level of information on our customers for marketing purposes. Updates on both projects will be provided with the year end results.

### At The Races

ATR progressed well during 2006. A key objective has been to secure greater international distribution and the extension of 48-hour declarations to all UK Flat racing from 1 August 2006 will help considerably. This change allows those in different time zones sufficiently early access to racecards, providing the opportunity for the race to be marketed and bets to be placed, thereby maximising the revenue potential for UK horseracing in overseas markets. The supply of UK racing product to Australia is expected to roll out shortly on a one meeting per week basis following a successful launch over Royal Ascot in June 2006.

ATR's website, [atheraces.com](http://atheraces.com), continued to grow and now has in excess of 400,000 monthly unique users. The ATR television channel, which is officially recognised as the UK and Ireland's most watched dedicated horseracing channel, now attracts up to 1.45 million individual viewers per month, up from 1.2 million at December 2005. The re-opening of Ascot in May provided a boost to the business. Innovations to the television service include the introduction of an 'L bar' on the main broadcast channel for the continual provision of racing and betting information during live programming and commercial breaks and the launch of ATR Active in June for Royal Ascot.

ATR Active is an enhanced interactive service available behind the red button to Sky's eight million customers. At launch, it provided viewers with access to a second video feed, offering live, dedicated parade ring coverage and commentary before every race at Royal Ascot. Phase 2, which will be launched later this year, will offer a range of enhanced features to further improve the race viewing and betting experience including additional exclusive video content, live prices, tipping and more intuitive racecards. An enhanced form and race prediction service will also be available ahead of every UK and Irish race. Significantly, since the service lies behind the red button, bookmaker partners will, for the first time, have the opportunity in the future of utilising conventional thirty second advertising spots targeted directly at punters.

A successful half year was completed with ATR being named "Best Specialist Channel" at this year's Broadcast Digital Channel Awards. The judges noted that "At The Races targets its audience with exactly what it wants to see" and praised the channel for its financial success, "fresh" content and its ability to make horse-racing accessible to viewers.

### Developments

As we set out in our 2005 Report and Accounts, subject to planning permission, capital expenditure over the coming years will be focused on major revenue enhancing projects as we look to develop new or expanded revenue streams from our racecourses. In evaluating these major investments, we look for a 15% return on the net cash cost although, in exceptional circumstances, we may accept a return as low as 10% which is, nevertheless, still well ahead of our cost of capital. Significant progress has been made since the beginning of the year.

The £32m redevelopment of Doncaster Racecourse commenced in January 2006 and demolition of the old, outdated Yorkshire Stand and exhibition hall was completed in May. In August, the erection of the steelwork for the new grandstand and exhibition facilities commenced on schedule. We remain on schedule to re-open in August 2007 and to stage the final classic of the Flat racing season, the Ladbrokes St Leger, on 15 September 2007. Design proposals for the development of a combined hotel and residential apartment scheme at the Racecourse are being progressed along with the selection of a hotel operator. We anticipate being able to appoint the operator in the next few weeks and submitting a planning application later this year. Our aim is that, subject to planning permission, construction of the hotel/residential development will be complete in time for the 2008 St Leger festival at an estimated net cost of £10m.

In March 2006, we submitted an outline planning application for a redevelopment of part of Lingfield Park Racecourse and a detailed planning application for the conversion of the existing leisure and squash club into 22 residential apartments, together with the provision of a further three houses within its grounds. We worked hard to develop a

# Chairman's statement

## Continued

scheme that complemented the Racecourse's picturesque, Green Belt surroundings and enhanced the customer experience. This was rewarded in July, when Tandridge District Council resolved to grant planning permission for both applications. In September, we were delighted to learn that the Government Office for the South East had confirmed the applications were not to be called in by the Secretary of State. As a consequence, planning permission for the significant improvements at the Racecourse has now been secured, subject to finalising legal agreements with the Council and the approval of a reserved matters application. The improvements will complete the transformation of the Racecourse. A total of 22 buildings will be demolished, to be replaced by a new integrated leisure building incorporating a 120-bedroom hotel, a new golf club house, extensive new leisure facilities including a leisure club with a swimming pool, restaurant and bars, as well as improvements to the racing facilities. The estimated net cost of the two related developments is in the region of £25 million.

The development plans at Wolverhampton Racecourse have progressed well. They include the expansion of the current 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'. We are optimistic that the cause of the failure of our previous planning application for a similar development, namely its negative impact upon the 'openness' of the Green Belt location in which the Racecourse is situated, has been fully addressed in our latest proposal. We anticipate being able to submit a planning application within the next two months. The estimated cost of the project is around £20m.

We were also pleased that Wolverhampton City Council was one of 31 councils shortlisted by the Casino Advisory Panel ("CAP") for one of the eight large and eight small new casino licenses. It is expected that the CAP will make its recommendations to Government around the end of this year. Should Wolverhampton's application be successful, we hope that Wolverhampton Racecourse will be chosen as the best site within Wolverhampton for such a casino. The integrated nature of what we are proposing would make a very exciting addition to the City of Wolverhampton.

We continue to review the development opportunities at Royal Windsor Racecourse in conjunction with our advisers and in discussion with local authority planning officials. We are committed to only taking forward a planning application that has a realistic possibility of achieving full planning consent, considering the sensitive nature of the site in planning terms due to its Green Belt location.

In our 2005 Report and Accounts, we stated an intention to build on our core strengths, adding value through acquisitions where appropriate. During 2006, we have played a major role in a consortium of racing interests that is attempting to buy the

Tote from the UK Government. A non-disclosure agreement has been signed and an expression of interest has been submitted which may or may not lead to the consortium's acquisition of the Tote. A response is currently awaited from the UK Government. The Tote owns 540 betting shops and has the exclusive licence to run pool betting on horseracing in the UK. Arena will only participate in a transaction to acquire the Tote if the Board believes that such an acquisition can generate value for its shareholders.

### Employees

I took over as Chairman from Roger Withers in May 2006. I would like to thank Roger for the dedication and professionalism that he brought to Arena during his five-years on the Board and the strong position in which he left the business. Martin McGann joined the Board in June 2006 as a non-executive director and Chairman of the Audit Committee. Martin has an extensive background in property and finance. I also anticipate announcing the appointment of a second new non-executive director before the end of this year to complete the make-up of the Board.

I am extremely grateful to all of my fellow directors and all of our employees for their dedication and hard work this year. Their focus and determination to give every one of our customers the best experience possible is fundamental to the success of Arena and I thank them all for their commitment.

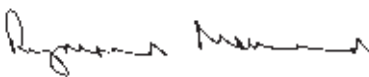
### Dividend

In accordance with our stated dividend policy, we have declared an interim dividend of 0.25 pence per share (2005: 0.25 pence per share) that will be paid on 27 October to shareholders on the register at the close of business on 29 September 2006.

### Outlook

Attendances, which continued to be impacted by the World Cup in the early part of July, have started to return to normal levels. There will be a further benefit in the second half from the additional fixtures that we anticipate receiving later this year.

Overall, we are trading in line with market expectations. The Board looks forward to the future with confidence.



Raymond Mould  
Chairman  
20 September 2006

# Consolidated income statement

	<b>Six months ended 30 June 2006 Unaudited £'000</b>	Six months ended 30 June 2005 Unaudited £'000	Year ended 31 December 2005 Audited £'000
<b>Group turnover</b>	<b>21,912</b>	20,729	40,747
Operating costs	<b>(14,966)</b>	(13,847)	(26,235)
<b>Gross profit</b>	<b>6,946</b>	6,882	14,512
Profit on sale of investments	–	–	834
Administrative costs	<b>(4,300)</b>	(3,731)	(8,619)
Share of post tax results of joint venture	<b>(218)</b>	(937)	(1,529)
Share of post tax results of associate	–	9	17
Write down of investment in associate	–	–	(315)
<b>Profit before interest and taxation</b>	<b>2,428</b>	2,223	4,900
Net finance costs	<b>(262)</b>	(216)	(411)
<b>Profit before and after taxation</b>	<b>2,166</b>	2,007	4,489
Minority interest	<b>12</b>	–	–
<b>Profit after taxation attributable to equity shareholders</b>	<b>2,178</b>	2,007	4,489
<b>Earnings per share:</b>			
<b>Continuing operations</b>	<b>Pence</b>	Pence	Pence
Basic earnings per share	<b>0.60</b>	0.56	1.24
Diluted earnings per share	<b>0.60</b>	0.55	1.23
<b>Dividend per ordinary share</b>			
Proposed for the period	<b>0.25</b>	0.25	0.45

# Consolidated balance sheet

	<b>At 30 June 2006 Unaudited £'000</b>	At 30 June 2005 Unaudited £'000	At 31 December 2005 Audited £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	76,001	69,302	70,615
Goodwill	5,596	4,878	5,596
Equity accounted investments (joint ventures and associates)	(3,004)	(1,887)	(2,786)
Goodwill in respect of joint venture	1,580	1,580	1,580
Loans to joint venture	3,639	1,441	3,284
Other investments	–	345	–
	<b>83,812</b>	75,659	78,289
<b>Current assets</b>			
Inventories	34	30	19
Trade and other receivables	5,994	5,008	4,785
Cash and cash equivalents	–	–	69
	<b>6,028</b>	5,038	4,873
<b>Total assets</b>	<b>89,840</b>	80,697	83,162
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft	(1,872)	(3,512)	(3,267)
Trade and other payables	(9,941)	(9,876)	(9,368)
Other financial liabilities	(315)	(326)	(315)
	<b>(12,128)</b>	(13,714)	(12,950)
<b>Non-current liabilities</b>			
Financial liabilities	(13,423)	(5,952)	(7,632)
Accruals and deferred income	(2,780)	(2,912)	(2,807)
	<b>(16,203)</b>	(8,864)	(10,439)
<b>Total liabilities</b>	<b>(28,331)</b>	(22,578)	(23,389)
<b>Net Assets</b>	<b>61,509</b>	58,119	59,773
<b>Equity</b>			
Share capital	18,210	18,075	18,100
Share premium account	223	–	46
Other reserves	5,417	5,417	5,417
Retained earnings	37,671	34,627	36,210
Minority interest	(12)	–	–
<b>Total equity</b>	<b>61,509</b>	58,119	59,773

# Consolidated cash flow statement

	<b>Six months ended 30 June 2006 Unaudited £'000</b>	Six months ended 30 June 2005 Unaudited £'000	Year ended 31 December 2005 Audited £'000
<b>Operating activities</b>			
Profit for the period	2,178	2,007	4,489
Adjustments for:			
Depreciation	972	843	1,847
Impairment provision – Wolverhampton development	–	–	400
Share-based payment expense	11	–	5
Net interest expense	262	216	411
Share of loss of joint venture	218	937	1,529
Share of income of associate	–	(9)	(17)
Impairment provision – Trackplay LLC	–	–	315
Profit on sale of property, plant and equipment	(3)	(3)	(69)
Profit on sale of SIS shares	–	–	(834)
Taxation provision released	–	–	(5)
Grant amortisation	(27)	–	–
Minority interest	(12)	–	–
<b>Operating profit before changes in working capital and provisions</b>	<b>3,599</b>	<b>3,991</b>	<b>8,071</b>
Increase in trade and other receivables	(1,209)	(1,121)	(881)
(Increase)/decrease in inventories	(15)	–	11
Increase/(decrease) in trade and other payables	573	439	(1,014)
<b>Cash flows from operating activities</b>	<b>2,948</b>	<b>3,309</b>	<b>6,187</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(6,393)	(2,442)	(4,409)
Sale of property, plant and equipment	38	44	184
Proceeds from sale of SIS shares	–	–	1,179
Loans to joint venture	(355)	1,550	(174)
Investment in Doncaster Racecourse Management Company Ltd	–	–	(718)
Investment in joint venture	–	(206)	(206)
Interest received	–	–	231
	<b>(6,710)</b>	<b>(1,054)</b>	<b>(3,913)</b>
<b>Financing activities</b>			
Issue of ordinary shares	287	–	71
Net proceeds from bank and other borrowings	5,791	–	–
Repayment of loans	–	(3,000)	(1,326)
Repayment of finance lease creditors	–	–	(14)
Interest paid	(262)	(188)	(725)
Tax paid	–	(5)	–
Dividends paid	(728)	(1,084)	(1,988)
	<b>5,088</b>	<b>(4,277)</b>	<b>(3,982)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>1,326</b>	<b>(2,022)</b>	<b>(1,708)</b>
Cash and cash equivalents at 1 January	(3,198)	(1,490)	(1,490)
<b>Cash and cash equivalents at period end</b>	<b>(1,872)</b>	<b>(3,512)</b>	<b>(3,198)</b>

## 1 Basis of preparation

The interim financial statements have been prepared in accordance with the accounting policies and presentation required by International Financial Accounting Standards, incorporating International Accounting Standards (IAS) and interpretations (collectively IFRS), which are applicable for use in the Company's annual financial statements for the year ended 31 December 2006.

## 2 Taxation

The tax charge for the period is nil due to the availability of tax losses.

## 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 2006 is 364,048,748 (six months to 30 June 2005: 361,495,535 and the year to 31 December 2005: 361,517,453). 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

	<b>Six months ended 30 June 2006 Unaudited £'000</b>	Six months ended 30 June 2005 Unaudited £'000	Year ended 31 December 2005 Audited £'000
<b>Turnover</b>			
Racecourse operations	<b>21,912</b>	20,729	40,747
<b>Profit before interest and taxation</b>			
Racecourse operations	<b>3,845</b>	4,153	8,021
Central costs	<b>(1,199)</b>	(1,002)	(2,128)
Sale of SIS shares	<b>–</b>	–	834
Share of At The Races operating loss	<b>(269)</b>	(683)	(1,038)
Share of exceptional legal credit/(costs)	<b>110</b>	(220)	(863)
Share of At The Races interest costs	<b>(59)</b>	(34)	(92)
Share of At The Races tax credit	<b>–</b>	–	464
Share of At The Races results after tax	<b>(218)</b>	(937)	(1,529)
Share of Trackplay LLC results after tax	<b>–</b>	9	17
Write down of investment in associate	<b>–</b>	–	(315)
	<b>2,428</b>	2,223	4,900

# Notes to the accounts

## Continued

### 5 Statement of changes in equity

	Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000
<b>At 1 January 2005</b>	18,075	–	5,417	33,704
Profit for six months to 30 June 2005	–	–	–	2,007
Dividend	–	–	–	(1,084)
<b>At 30 June 2005</b>	18,075	–	5,417	34,627
Profit for six months to 31 December 2005	–	–	–	2,482
Dividend	–	–	–	(904)
Share-based payment expense	–	–	–	5
Issue of ordinary shares	25	46	–	–
<b>At 31 December 2005</b>	18,100	46	5,417	36,210
Profit for six months to 30 June 2006	–	–	–	2,178
Dividend	–	–	–	(728)
Share-based payment expense	–	–	–	11
Issue of ordinary shares	110	177	–	–
<b>At 30 June 2006</b>	<b>18,210</b>	<b>223</b>	<b>5,417</b>	<b>37,671</b>

### 6 Statement of net debt

	<b>At 30 June 2006 Unaudited £'000</b>	At 30 June 2005 Unaudited £'000	At 31 December 2005 Audited £'000
Cash and cash equivalents	–	–	69
Bank overdraft	<b>(1,872)</b>	(3,512)	(3,267)
Net cash and cash equivalents at end of period	<b>(1,872)</b>	(3,512)	(3,198)
Bank loans	<b>(12,791)</b>	(5,000)	(7,000)
HBLB loans	<b>(644)</b>	(970)	(644)
Net debt at end of period	<b>(15,307)</b>	(9,482)	(10,842)

### 7 Auditors' Report

The figures for the year ended 31 December 2005 are based on the accounts which have been filed with the Registrar of Companies. The auditors' report on the accounts prepared under IFRS and filed with the Registrar of Companies was unqualified and did not contain a statement under Section 237 (2) – (3) of the Companies Act 1985. These accounts do not comprise statutory accounts under the meaning of Section 240.

### 8 Dividends

	<b>Six months ended 30 June 2006 Unaudited £'000</b>	Six months ended 30 June 2005 Unaudited £'000	Year ended 31 December 2005 Audited £'000
Dividend declared in respect of the period	<b>911</b>	1,084	1,632

The proposed interim dividend of 0.25 pence per ordinary share in respect of the six months ending 30 June 2006 was approved by the board on 19 September 2006 and in accordance with IFRS has not been included as a liability at 30 June 2006.

### 9 Restatement

Turnover and cost of sales for the period ended 30 June 2005 have been restated to reflect the accounting treatment adopted at 31 December 2005 in respect of industry funding for integrity fees. Previously this was recorded net of costs incurred within cost of sales. The impact of this restatement has been to gross up both turnover and cost of sales by £530,000 for the six months to 30 June 2005. The restatement does not impact on the reported profit for this period.

# Company information

## **The Board**

Raymond Mould  
Non-Executive Chairman

Mark Elliott  
Chief Executive

Ian Renton  
Racing Director

Brigadier Andrew H Parker Bowles OBE  
Non-Executive Director

Martin McCann  
Non-Executive Director

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## **Company secretary**

Robert Mercer FCMA

## **Registered number**

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## **Auditors**

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## **Solicitors**

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## **Principal bankers**

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## **Stockbroker**

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## **Financial advisors**

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## **Registrar and transfer office**

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