

**NEWBURY RACECOURSE PLC**

**INTERIM ANNOUNCEMENT**

*Six months ended 30 June 2011*

**NEWBURY RACECOURSE PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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**DIRECTORS**

D Burke (appointed Chairman 13.06.11)	Lady Lloyd-Webber
J Dodds	N W E Penser
S A Higgins (Managing Director Racecourse & Events)	B T Stewart-Brown
S Hordern (Managing Director Property & Finance)	C J Spence (retired as Chairman 13.06.11)
The Hon H M Herbert	
R L Todd	

**SECRETARY** Mrs S Hordern

**REGISTERED OFFICE** The Racecourse  
Newbury  
Berkshire RG14 7NZ

**AUDITOR** Deloitte LLP  
Reading

**BANKERS** HSBC Bank plc  
6 Northbrook St  
Newbury  
Berkshire RG14 1DJ

Allied Irish Bank (GB)  
4 Tenterden Street  
London  
W15 1TE

**SOLICITORS** Burges Salmon LLP  
One Glass Wharf  
Bristol BS2 0ZX

**REGISTRARS** Capita Registrars  
Shareholder Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**CORPORATE ADVISERS** Strata Technology Partners LLP  
Kingsbury House  
15-17 King Street  
London  
SW1Y 6QU

## NEWBURY RACECOURSE PLC

### CHAIRMAN'S STATEMENT

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In my first statement as Chairman, I would like to thank my predecessor Christopher Spence, who as Chairman played an important role in ensuring that the transition and redevelopment of the Racecourse continued to plan, whilst maintaining Newbury's quality racing programme.

The ongoing uncertainty in the broader economic climate has meant that trading for the Racecourse has remained challenging. However, I am pleased to report that the investment that the Company has made into the facilities at the Racecourse and our focus on developing the *Party in the Paddock* and *Newbury Live* events has resulted in increased revenues. This is a pleasing endorsement of the Company's stated strategy of developing the Racecourse as a leading leisure and events business with horseracing at its core.

#### **Financial Overview**

Turnover increased by 31% to £5.63 million (2010: £4.30 million). This increase is primarily a reflection of the successful inaugural *Newbury Live* event. This was our first stand-alone concert and it was a profitable event.

Improved revenues were also driven by increased contribution from the onsite public catering outlets which achieved a 13% increase in like-for-like sales as a result of investment in facilities to provide a wider range of choice for racegoers.

The cancellation of the Totesport day in February did impact revenues but the loss of profits was insured.

The Racecourse continued to benefit from its association with Racecourse Media Group (RMG), the holding company responsible for the management of media rights for the Company and a number of other UK racecourses. RMG continues to play an increasingly strategic role within the racing industry on behalf of the racecourses it represents.

On-going property operating costs associated with the redevelopment of the Racecourse charged to the profit and loss account were £144,000 (2010: £230,000) and were in line with the Board's expectations. Further design related costs of £243,000 were capitalised (2010: £28,000, full year: £293,000). The operating loss for the period was £517,000 (2010: 706,000), with the major racing fixtures being, as usual, in the second half of the year.

There was an operating cash outflow for the period compared to an operating cash inflow in the same period last year due to the timing of a number of working capital costs including the timing of *Party in the Paddock* events and reimbursement of fees by David Wilson Homes.

#### **Trading**

We were delighted to host a number of important racing fixtures during the period including the Lockinge Stakes, for which we welcomed our new title sponsor JLT. The day produced one of the highlights of the racing season with the victory of Canford Cliffs. We were able to reschedule the Totesport day in February that was cancelled due to the unfortunate paddock incident and we were appreciative of the considerable support given by the public, racing industry and the Racecourse's corporate partners.

**NEWBURY RACECOURSE PLC**  
**CHAIRMAN'S STATEMENT (continued)**

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**Trading continued**

We were pleased with the result of our first *Newbury Live* event on a non race day which saw 15,000 people visit the Racecourse to watch Rod Stewart. Since the period end the Racecourse has also hosted Tom Jones at a *Party in the Paddock* event on the CGA Ladies Day with 22,000 attendees. The success of these concerts confirms the venue's ability to attract leading acts.

**Property Development**

Following the granting of outline planning permission in 2010, 2011 has continued to be an important year for the ongoing redevelopment plan for the Racecourse.

In April the Reserved Matters Planning Application for the Western Residential Area for the development of 421 apartments and family homes was submitted by our joint venture partners, David Wilson Homes Southern. We expect this application to be considered by the West Berkshire Council planning committee during the final quarter of this year.

In June, the Racecourse, and David Wilson Homes Southern, hosted an exhibition for members of the public to view the designs of the Central Residential Area and Eastern and Western Gateways to the Racecourse, which includes the hotel, a nursery, new hostel accommodation, refurbished stables and 366 apartments. The day was well attended with the designs being positively received. Subsequently, Reserved Matters Planning Applications were submitted for the Central Residential Area, Western Gateway and Eastern Gateway.

The design process is continuing for the Central Grandstand area and we anticipate that Reserved Matters Planning Applications will be submitted later in the year.

**Outlook**

The outlook for racing remains challenging. We anticipate that revenues received from the Horseracing Betting Levy Board will come under further pressure and, accordingly, we support the Government's consultation regarding recouping lost tax revenues from off-shore bookmakers by bringing their operations within the UK tax and Levy structure. The Racecourse remains wholly committed to protecting its renowned fixture list and we will continue to provide funding to underpin prize money and protect the programme. However, with the ongoing backdrop of funding pressure it is vital that Newbury and the other RMG racecourses, together with RMG as their commercial partner, continue to work together to protect the quality and enhance the appeal of British horse racing to the wider public.

Despite the considerable challenges affecting racing in the UK, we look forward to building on the success that the *Party in the Paddock* and *Newbury Live* events have delivered for the Company. These, combined with the good progress the Company is making with the redevelopment programme, mean we are on course to deliver on our stated strategy of developing the Racecourse into a profitable leisure and events business with horseracing at its core.

DOMINIC BURKE  
Chairman  
19 September 2011

## **INDEPENDENT REVIEW REPORT TO NEWBURY RACECOURSE PLC**

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2011 which comprises the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement, the notes to the consolidated cash flow statement and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the PLUS Market Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the interim financial statements in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the PLUS Market Rules of the London Stock Exchange.

### **Deloitte LLP**

Chartered Accountants and Statutory Auditor  
Reading, United Kingdom  
19 September 2011

**NEWBURY RACECOURSE PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

Six months ended 30 June 2011

	Notes	Unaudited 6 months 30/06/11 £'000	As restated* Unaudited 6 months 30/06/10 £'000	As restated* Audited 12 months 31/12/10 £'000
TURNOVER		5,627	4,297	11,768
Cost of sales		(5,090)	(3,843) *	(9,734) *
GROSS PROFIT		<u>537</u>	<u>454</u>	<u>2,034</u>
Administrative expenses		(1,084)	(1,197) *	(2,577) *
Other operating income		30	37	419
OPERATING LOSS BEFORE INTEREST		<u>(517)</u>	<u>(706)</u>	<u>(124)</u>
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS		-	-	(430)
Exceptional operating income				
Rates Rebate	3	-	-	306
		<u>-</u>	<u>-</u>	<u>(124)</u>
Interest receivable and other investment income		40	83	83
Interest payable and similar charges		(92)	(221)	(362)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(569)</u>	<u>(844)</u>	<u>(403)</u>
Tax credit/(charge) on loss on ordinary activities	7	20	333	(94)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(549)</u>	<u>(511)</u>	<u>(497)</u>
Loss per share (basic and diluted)	8	<u>(11.5p)</u>	<u>(11.3p)</u>	<u>(10.7p)</u>

All amounts derive from continuing operations.

\* See Note 4 for explanation

**NEWBURY RACECOURSE PLC**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Six months ended 30 June 2011**

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	<b>Unaudited 6 months 30/06/11 £'000</b>	<b>Unaudited 6 months 30/06/10 £'000</b>	<b>Audited 12 months 31/12/10 £'000</b>
Loss for the period	(549)	(511)	(497)
Actuarial profit relating to pension scheme	-	-	(47)
Deferred tax on actuarial profit	-	-	13
Total recognised losses in the period	<u>(549)</u>	<u>(511)</u>	<u>(531)</u>

**NEWBURY RACECOURSE PLC**  
**CONSOLIDATED BALANCE SHEET**

At 30 June 2011

	Notes	Unaudited 30/06/11 £'000	Unaudited 30/06/10 £'000	Audited 31/12/10 £'000
<b>FIXED ASSETS</b>				
Tangible assets		22,565	22,708	22,600
		<u>22,565</u>	<u>22,708</u>	<u>22,600</u>
<b>CURRENT ASSETS</b>				
Stocks		160	177	181
Debtors				
- due within one year		2,390	2,059	1,621
- due in more than one year		171	92	75
Cash at bank and in hand		629	667	934
		<u>3,350</u>	<u>2,995</u>	<u>2,811</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		(3,016)	(3,890)	(2,843)
NET CURRENT ASSETS /( LIABILITIES)		<u>334</u>	<u>(895)</u>	<u>(32)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,899	21,813	22,568
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		(2,643)	(1,329)	(1,713)
PROVISIONS FOR LIABILITIES		(373)	-	(393)
NET ASSETS BEFORE PENSION DEFICIT		<u>19,883</u>	<u>20,484</u>	<u>20,462</u>
Pension deficit	11	(403)	(345)	(388)
NET ASSETS AFTER PENSION DEFICIT		<u>19,480</u>	<u>20,139</u>	<u>20,074</u>
<b>ACCRUALS AND DEFERRED INCOME</b>				
Deferred capital grants		3,388	3,478	3,433
<b>CAPITAL AND RESERVES</b>				
Called up share capital	9	478	478	478
Share premium account	10	10,202	10,202	10,202
Revaluation reserve	10	75	75	75
Profit and loss account	10	5,337	5,906	5,886
Shareholders' funds		<u>16,092</u>	<u>16,661</u>	<u>16,641</u>
		<u>19,480</u>	<u>20,139</u>	<u>20,074</u>

The unaudited half year financial report of Newbury Racecourse plc, company registration 00080774, was approved by the board on 19 September 2011 and signed on its behalf by:

DOMINIC BURKE  
Chairman

SARAH HORDERN  
Director



**NEWBURY RACECOURSE PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**

Six months ended 30 June 2011

	Unaudited 6 months 30/6/11 £'000	Unaudited 6 months 30/6/10 £'000	Audited 12 months 31/12/1010 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(723)	366	819
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received and other investment income	40	159	159
Interest paid	(68)	(115)	(202)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(28)	44	(43)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(455)	(215)	(405)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING AND MANAGEMENT OF LIQUID RESOURCES	(1,206)	195	371
FINANCING			
Issue of ordinary share capital	-	160	160
Proceeds of Rights Issue net of expenses	-	6,209	6,209
Less expenses related to Rights Issue	-	(464)	(464)
Loan finance received	998	305	859
Loan repayment	(76)	(6,156)	(6,587)
Capital element of finance lease rental payments	(21)	(30)	(62)
Net cash inflow from financing	901	24	115
(DECREASE)/INCREASE IN CASH IN THE PERIOD	(305)	219	486

**NEWBURY RACECOURSE PLC**

**NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT**

**Six months ended 30 June 2011**

RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	<b>Unaudited 6 months 30/6/11 £'000</b>	<b>Unaudited 6 months 30/6/10 £'000</b>	<b>Audited 12 months 31/12/10 £'000</b>
Operating loss	(517)	(706)	(124)
Depreciation charges	488	487	947
Amortisation of capital grants	(45)	(45)	(90)
Decrease/ (increase) in stocks	21	(14)	(17)
Increase in debtors and prepayments	(864)	(479)	(88)
Increase in creditors and accruals	194	1,123	191
Net cash (outflow)/inflow	<u>(723)</u>	<u>366</u>	<u>819</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<b>Unaudited 6 months to June 2011 £'000</b>	<b>Audited 12 months 2010 £'000</b>
(Decrease)/increase in cash in the year	(305)	486
Cash outflow from debt and lease financing	21	62
Inception of loans	(998)	(859)
Loans repaid	76	6,587
Change in net debt resulting from cash flows	<u>(1,206)</u>	<u>6,276</u>
Non cash movements	(8)	(107)
Net debt at 1 January	(965)	(7,134)
Net debt at 30 June 2011 / 31 December 2010	<u>(2,179)</u>	<u>(965)</u>

NEWBURY RACECOURSE PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

Six months ended 30 June 2011

ANALYSIS OF CHANGE IN NET DEBT

	At 1 Jan 2011 £'000	Cash flow £'000	Non cash changes £'000	At 30 June 2011 £'000
Cash at bank and in hand	934	(305)	-	629
	<u>934</u>	<u>(305)</u>	<u>-</u>	<u>629</u>
Debt due within one year				
- loan	(153)	-	-	(153)
- finance lease	(32)	21	-	(11)
Debt due after one year				
- loan	(1,729)	(922)	-	(2,651)
- loan arrangement fees	15	-	(8)	7
	<u>(965)</u>	<u>(1,206)</u>	<u>(8)</u>	<u>(2,179)</u>

**NEWBURY RACECOURSE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**Six months ended 30 June 2011**

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1. BASIS OF PREPARATION

The accounts consolidate those of the company and its subsidiary and are prepared on the basis of the accounting policies as stated in the previous year's financial statements, in accordance with United Kingdom Generally Accepted Accounting Practice.

The abridged results for the six months ended 30 June 2011 do not constitute statutory accounts within the meaning of S434 of the Companies Act 2006. The auditor's report on the accounts of Newbury Racecourse plc for the 12 months to 31 December 2010 was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under S498 (2) or (3) of the Companies Act 2006 and has been delivered to the Registrar of Companies.

2. GOING CONCERN

The Board has undertaken a full and thorough review of the Company's forecasts and associated risks and sensitivities. The extent of this review reflects the current uncertain economic climate as well as specific financial circumstances of the Company.

The Board identified that the Company's cash flow forecasts are sensitive to fluctuating revenue streams from ticket sales, corporate hospitality and conference and event income. A system of regular reviews of forecast business has been implemented to ensure all variable costs are flexed to match anticipated revenues. In addition a number of race meetings have been insured for adverse weather conditions, reducing the levels of risk carried by the Company.

Upon approval of the rights issue in February 2010 by the shareholders a new facility was activated consisting of revolving credit facilities totalling £4.3 million and term loans totalling £1.2 million, expiring in December 2012.

Following this review the Board has concluded that it has a reasonable expectation that the Company has adequate resources in place to continue in operational existence for the foreseeable future and on that basis the going concern basis has been adopted in preparing the financial statements.

3. EXCEPTIONAL ITEMS

Following the successful appeal against the rateable value of the racecourse between the years of 1995 and 2009, a rates rebate of £306,000 was received in 2010.

4. PRIOR YEAR ADJUSTMENT

In 2011 the Directors considered the classification of catering overheads and decided it would be more appropriate to disclose these amounts as cost of sales as opposed to administration overhead, as they are directly related to the catering services provided. The impact of changing this disclosure is an increase in cost of sales of £238,000 (2010: £187,000, full year: £385,000) and a corresponding decrease in administration expenses. The comparatives have been restated to reflect this change of classification.

**NEWBURY RACECOURSE PLC**  
**NOTES TO THE INTERIM ANNOUNCEMENT**

**Six months ended 30 June 2011**

5. REVENUE RECOGNITION

Raceday income, including licence fee income and sponsorship, is recognised on the relevant raceday and membership income is recognised over the period of the membership. Other income streams are also recognised over the period to which they relate, for example, conference income is recognised on the day of the conference, nursery income is recognised as the child attends the nursery; and golf income is recognised on the day of play.

6. SEGMENTAL ANALYSIS

	Turnover £'000	Gross Profit £'000	Operating Profit / (Loss) before Excep'ls £'000	Profit / (Loss) before Tax £'000	Net Assets* £'000
<b>2011</b>					
Trading	5,124	395	(515)	(553)	15,218
Nursery	401	132	132	132	108
Golf	102	10	10	10	305
<b>Total</b>	<u>5,627</u>	<u>537</u>	<u>(373)</u>	<u>(411)</u>	<u>15,631</u>
Property	-	-	(144)	(158)	3,849
<b>Total</b>	<u>5,627</u>	<u>537</u>	<u>(517)</u>	<u>(569)</u>	<u>19,480</u>

	Turnover £'000	Gross Profit £'000	Operating Profit / (Loss) before Excep'ls £'000	Profit / (Loss) before Tax £'000	Net Assets* £'000
<b>2010</b>					
Trading	3,821	329	(601)	(646)	15,038
Nursery	384	132	132	132	126
Golf	92	(7)	(7)	(7)	340
<b>Total</b>	<u>4,297</u>	<u>454</u>	<u>(476)</u>	<u>(521)</u>	<u>15,504</u>
Property	-	-	(230)	(323)	4,635
<b>Total</b>	<u>4,297</u>	<u>454</u>	<u>(706)</u>	<u>(844)</u>	<u>20,139</u>

\*Net assets represents fixed assets less deferred income and term loans for property, nursery and golf; all working capital is included within the "Trading" segment. It excludes deferred capital grants.

**NEWBURY RACECOURSE PLC**  
**NOTES TO THE INTERIM ANNOUNCEMENT**

**Six months ended 30 June 2011**

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7. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit has been computed in accordance with the ASB Statement on Interim Reports. This statement requires the company to apply the estimated annual effective tax rate to the loss for the interim period and recognise a tax credit only to the extent that the resulting tax asset is more likely than not to reverse.

8. LOSS PER SHARE

Basic loss per share of 11.5p is calculated by dividing the loss attributable to ordinary shareholders for the period ended 30 June 2011 of £549,000 (2010 £511,000) by the weighted average number of ordinary shares during the period of 4,776,500 (2010 4,519,202).

9. SHARE CAPITAL

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
Ordinary shares of 10p each	600	400
Additions - ordinary shares at 10p	-	200
Total	<u>600</u>	<u>600</u>
<b>Allotted and fully paid</b>		
Ordinary shares of 10p each	478	318
Rights issue ordinary shares of 10p each	-	160
Total	<u>478</u>	<u>478</u>

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**NEWBURY RACECOURSE PLC**  
**NOTES TO THE INTERIM ANNOUNCEMENT**

**Six months ended 30 June 2011**

10. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT IN RESEVES

GROUP

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	318	4,668	75	6,417	11,478
Loss for the year to 31 December 2010	-	-	-	(497)	(497)
Actuarial loss net of associated deferred tax	-	-	-	(34)	(34)
Rights Issue	160	5,534	-	-	5,694
At 31 December 2010	<u>478</u>	<u>10,202</u>	<u>75</u>	<u>5,886</u>	<u>16,641</u>
Loss for the six months to 30 June 2011	-	-	-	(549)	(549)
At 30 June 2011	<u><u>478</u></u>	<u><u>10,202</u></u>	<u><u>75</u></u>	<u><u>5,337</u></u>	<u><u>16,092</u></u>

11. RETIREMENT BENEFIT OBLIGATIONS

The defined benefit obligation at 30 June 2011 has not been restated from the figures recorded at 31 December 2010 as in the Directors' opinion there have not been any significant fluctuations in the key assumptions.