THE RACECOURSE NEWBURY

Interim Announcement

Six Months ended 30th June 2013

Officers and Professional Advisers

DIRECTORS

D J Burke (Chairman)

J Dodds

The Hon H M Herbert

S A Higgins (Managing Director Racecourse & Events)

S Hordern (Managing Director Property & Finance)

Lady Lloyd-Webber

N W E Penser

C J Spence

B T Stewart-Brown

R L Todd

SECRETARY Mrs S Hordern

REGISTERED OFFICE The Racecourse
Newbury
Berkshire RG14 7NZ

AUDITORS Deloitte LLP
Reading

BANKERS

HSBC Bank PLC
6 Northbrook Street
Newbury
Berkshire RG14 1DJ

Allied Irish Bank (GB)
4 Tenterden Street
London EC2R 7AB

Weatherbys Bank
Sanders Road
Wellingborough
Northamptonshire
NN8 4BX

Royal Bank of Scotland
Abbey Gardens
4 Abbey Street
Reading
RG1 3BA

SOLICITORS Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

REGISTRARS Capita Asset 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

Chairman's Statement

The economic environment for racing remained challenging during the period. The half year profit after tax of £823,000 compared to a loss of £1.2m in 2012 reflects the impact of £1.3m of exceptional profits in the property business relating to the recognition of the replacement car park in the centre of the racecourse which forms part of the enabling works funded by David Wilson Homes under the Development Agreement. In addition the exceptional operating costs relating to the waiver of HBLB revenue grant were not repeated in 2013 (2012 £692,000 cost).

The reduction in the underlying operating loss of £674,000 (2012: £716,000 loss) is the result of the enhanced media income from the new Turf TV contract from 1 April 2013. This is offset by the impact of reduced revenues as a result of the lack of the 'Frankel factor' which drove the JLT Lockinge attendances in 2012, and the disappointing performance of the Party in the Paddock featuring Rita Ora.

We are pleased to report that we have concluded a three year prize money agreement with the Horseman's Group, effective from 1 January 2014, confirming Newbury as a Premier Tier Racecourse. This reflects our commitment to quality racing and will secure a number of benefits for the Company including on-going access to certain industry funding, and the support of Horsemen for the race programme.

The Board has undertaken a thorough review of the cost base and identified a number of savings to drive the performance of the business. The impact of the savings has been offset by associated redundancy costs in the first half of the year; the full benefit of the review will be realised in 2014.

David Wilson Homes have made good progress on the residential elements of the redevelopment with the new homes in the Western Area and the upgraded access from Stroud Green providing a high quality benchmark for the remainder of the development. The strength of demand for the trackside apartments has resulted in the launch being brought forward to September 2013. We are delighted by the substantial interest which has resulted in 20 reservations to date reflecting the quality and desirability of the development at the Racecourse.

The Racecourse has had a successful management structure of joint Managing Directors since 2008 which has managed and evolved our programme of racing and associated facilities as well as facilitated the implementation of the redevelopment and land sale strategy, enhancing shareholder value and securing the long term future of the Racecourse. The Board believes that a more traditional structure of a sole Chief Executive is best suited for the Company as it moves to the next stage of implementing its strategy to redevelop the Racecourse as a year round racing, entertainment and events business. Accordingly we are currently undertaking a process to appoint a Chief Executive.

Outlook

The new media rights agreement with Turf TV will support revenues in the longer term while the recent cost review exercise will deliver savings in the second six months, with the full benefit in 2014. This will be offset by lower attendance for the Ladies Day Party in the Paddock in August 2013 which has reduced the profit contribution of this important event compared to the prior year.

The DWH contract secures future cash flows, underpinning our confidence for the longer term. We remain committed to the redevelopment of the racecourse operational and visitor areas in order to continue to deliver our strategy of developing a leading racecourse, leisure and events business. The Board is currently reviewing the options for these investments.

DOMINIC J BURKE
Chairman
26 September 2013

OPERATIONAL AND FINANCIAL REVIEW

Turnover was up 2.6% in the first half with increased media revenues from the new contract with Turf TV and an improved Conference and Event performance more than offsetting the impact of reduced attendance for the JLT Lockinge meeting which benefitted from Frankels appearance in 2012.

Cost of sales reverted to normal levels compared to 2012 which included an exceptional operating cost in the form of the waiver of revenue grants from the Horserace Betting Levy Board (2012: £692,000). Administrative expenses are in line with 2012 in total, although salary costs have been reallocated from the property business to the trading business following the completion of the Development Agreement with David Wilson Homes (DWH) in September 2012. The resulting operating loss was £0.7m (2012: loss of £1.4m).

Exceptional profits of £1.3m relate to the recognition of the replacement car park in the centre of the racecourse which forms part of the enabling works funded by David Wilson Homes under the Development Agreement. As a result the Profit on ordinary activities after tax is £0.8m (2012: loss £1.2m), with net assets increasing by £0.8m as a result.

The cash outflow for the period of £1.8m is primarily the result of the payment of the second instalment of tax on the sale of the Western and Central sites to DWH.

Racing
The quality of the racing in the first half reflects our commitment to prize money. New initiatives to grow the customer base included the ‘New to Racing’ weekend in April, the food festival with The JLT Lockinge Stakes in May, and the rebranded Hennessy Heritage Festival later in the year which will reflect all that is historic and unique about this fantastic race meeting.

We are proud of our association with our sponsors, and are delighted to announce new long term sponsorship agreements with Moet Hennessy, which continues to be the longest commercial sponsor relationship in sport, Dubai Duty Free and Bet 365, all until 2016, which will help underpin our prize money ambitions.

The Party in the Paddock music events which have supported the business in recent years have seen more difficult trading conditions reflecting trends across the live music industry. Securing appropriate acts has been challenging, with major festivals demanding exclusivity from acts, limiting choice for smaller promoters such as the racecourse. We will review the options for these events for 2014, but remain certain that there is a significant audience and business opportunity for the right act.

Leisure, conference and events
We are pleased that our Conference and Events business has performed better in the first 6 months with increased turnover, however lead times remain short and we will continue to focus on driving this business through the development period, and challenging economic background.

Whilst racing in the UK continues to operate in a challenging environment, and the attendance for the Ladies Day Party in the Paddock in August was disappointing the progress of the on going redevelopment programme that will ensure the long term success of the Racecourse is encouraging.

STEPHEN HIGGINS
Joint Managing Director
(Racecourse & Events)

SARAH HORDERN
Joint Managing Director
(Property & Finance)

Consolidated Profit and Loss Account

Six months ended 30 June 2013

	Note	**Un-audited 6 months 30/06/13 £'000 Trading**	**Un-audited 6 months 30/06/13 £'000 Property**	**Un-audited 6 months 30/06/13 £'000 Total**	Un-audited 6 months 30/06/12 £'000 Trading	Un-audited 6 months 30/06/12 £'000 Property	Un-audited 6 months 30/06/12 £'000 Total
Turnover	1	**4,697**	**15**	**4,712**	4,571	21	4,592
Cost of sales		**(4,213)**	**-**	**(4,213)**	(4,812)	(14)	(4,826)
Gross profit/(loss)	1	**484**	**15**	**499**	(241)	7	(234)
Administrative expenses		**(1,109)**	**(64)**	**(1,173)**	(992)	(182)	(1,174)
Operating loss before interest		**(625)**	**(49)**	**(674)**	(1,233)	(175)	(1,408)
Operating loss before exceptional operating items	1	**(625)**	**(49)**	**(674)**	(541)	(175)	(716)
HBLB revenue grant waived		**-**	**-**	**-**	(692)	-	(692)
		(625)	**(49)**	**(674)**	(1,233)	(175)	(1,408)
Exceptional Items	3	**-**	**1,314**	**1,314**	-	-	-
Interest receivable and other investment income		**-**	**-**	**-**	6	-	6
Interest payable and similar charges		**(147)**	**271**	**124**	(50)	(46)	(96)
Profit/ (loss) on ordinary activities before taxation		**(772)**	**1,536**	**764**	(1,277)	(221)	(1,498)
Tax credit on loss on ordinary activities		**59**	**-**	**59**	258	-	258
Profit/(loss) on ordinary activities after taxation		**(713)**	**1,536**	**823**	(1,019)	(221)	(1,240)
Profit/(loss) per share (basic and diluted)				24.6p			(25.9p)

All amounts derive from continuing operations

Consolidated Statement of Total Recognised Gains and Losses

Six months ended 30 June 2013

	Unaudited 6 months 30/06/13 £'000	Unaudited 6 months 30/06/12 £'000
Total recognised profits/(losses) in the period	**823**	(1,240)

Consolidated Balance Sheet

Six months ended 30 June 2013

	Note	**Unaudited 6 months 30/06/13 £'000**	Unaudited 6 months 30/06/12 £'000	Audited 12 months 31/12/12 £'000
Fixed assets				
Tangible assets	9	**17,167**	21,409	16,017
Investments		**117**	117	117
		17,284	21,526	16,134
Current assets				
Stocks		**208**	175	216
Debtors				
- due within one year		**7,017**	2,708	6,134
- due in more than one year		**17,151**	158	18,908
Cash at bank and in hand		**669**	727	2,433
Cash Investment		**121**	-	121
		25,166	3,768	27,812
Creditors: amounts falling due within one year		**(4,034)**	(3,351)	(7,021)
Net current assets		**21,132**	417	20,791
Total assets less current liabilities		**38,416**	21,943	36,925
Creditors: amounts falling due after more than one year		**(18,235)**	(2,352)	(17,525)
Provisions for liabilities		**(363)**	(205)	(363)
Net assets before pension deficit		**19,818**	19,386	19,037
Pension deficit		**(324)**	(201)	(310)
Net assets after pension deficit		**19,494**	19,185	18,727
Accruals and deferred income				
Deferred capital grants		**4,221**	4,041	4,277
Capital and reserves				
Called up share capital	10	**335**	478	335
Share premium account	11	**10,202**	10,202	10,202
Revaluation reserve	11	**75**	75	75
Capital redemption reserve	11	**143**	-	143
Profit and loss account	11	**4,518**	4,389	3,695
Shareholders' funds		**15,273**	15,144	14,450
		19,494	19,185	18,727

The unaudited half year financial report of Newbury Racecourse plc, company registration 00080774, was approved by the board on 26 September 2013 and signed on its behalf by:-

D J BURKE (Chairman) S HORDERN (Director)

Consolidated Cash Flow Statement

Six months ended 30 June 2013

	Note	**Unaudited 6 months 30/06/13 £'000**	Unaudited 6 months 30/06/12 £'000	Audited 12 months 31/12/12 £'000
Net cash (outflow) from operating activities	1	**(407)**	(948)	(16)
Returns on investments and servicing of finance				
Interest received and other investment income		**24**	6	7
Interest paid		**-**	(68)	(140)
Pension scheme contribution		**-**	(50)	(50)
Net cash inflow/(outflow) from returns on Investments and servicing of finance		**24**	(112)	(183)
Taxation				
UK Corporation tax paid		**(1,550)**	-	(1,550)
UK corporation tax refund received		**-**	56	56
Total tax paid		**(1,550)**	56	(1,494)
Capital expenditure				
Payments to acquire tangible fixed assets		**(291)**	(230)	(580)
Receipt from sale of fixed assets		**185**	623	5,723
Expenses from sale of fixed assets		**(218)**	-	(339)
Receipts of HBLB capital grant		**-**	560	986
Net cash (outflow)/inflow from capital expenditure		**(324)**	953	5,790
Net cash (outflow)/inflow before financing		**(2,257)**	(51)	4,097
Financing				
Share buy back		**-**	-	(6,459)
Share buy back expenses		**(8)**	-	(450)
Loan finance received		**533**	909	6,574
Loan repayment		**-**	(858)	(1,935)
Arrangement fees paid		**(32)**	-	-
Net cash flow from financing		**493**	51	(2,270)
(Decrease)/increase in cash in the period		**(1,764)**	-	1,827

Notes to the Consolidated Cash Flow Statement

Six months ended 30 June 2013

1. Reconciliation of operating loss to net cash (outflow) from operating activities	**Unaudited 6 months 30/06/13 £'000**	Unaudited 6 months 30/06/12 £'000	Audited 12 months 31/12/12 £'000
Operating loss	**(674)**	(1408)	(2,040)
Depreciation charges	**483**	484	874
Amortisation of capital grants	**(55)**	(52)	(110)
Impairment of fixed assets	**6**	-	1,011
(Profit)/loss on disposal of fixed assets	**-**	(6)	-
Decrease/(increase) in stocks	**8**	5	(36)
Increase in debtors and prepayments	**(486)**	(1,293)	(314)
Increase in creditors and accruals	**311**	1,322	599
Net cash (outflow) from operating activities	**(407)**	(948)	(16)

2. Reconciliation of net cash flow to movement in net debt	**Unaudited 6 months to 30/06/13 £'000**	Unaudited 6 months to 30/06/12 £'000	Audited 12 months 31/12/12 £'000
Decrease in cash in the period /year	(1,764)	-	1,827
Cash outflow from debt and lease financing	-	-	32
Inception of loans	(533)	(909)	(6,574)
Loans repaid	-	858	1,903
Change in net debt resulting from cash flows	(2,297)	(51)	(2,812)
Non cash movements	(177)	(16)	(33)
Net debt at 1 January	(4,480)	(1,635)	(1,635)
Net debt at 30 June 2013 / 31 December 2012	(6,954)	(1,702)	(4,480)

3. Analysis of change in net debt	**At 1 Jan 2013 £'000**	**Cash flow £'000**	**Non cash changes £'000**	**At 30 June 2013 £'000**
Cash at bank and in hand	2,554	(1,764)	-	790
Debt due within one year				
- loan	-	-	-	-
Debt due after one year				
- loan	(7,034)	(533)	(177)	(7,744)
- loan arrangement fees	-	-	-	-
	(4,480)	(2,297)	(177)	(6,954)

Notes to the Interim Financial Statements

Six months ended 30 June 2013

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 2013 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 2012 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 Group'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 Group.

The Board identified that the Group's cash flow forecasts are sensitive to fluctuating revenue streams from ticket sales, corporate hospitality, conference and event income and the timing of receipts and payments in respect of the property redevelopment. A system of regular reviews of forecast business and expected property receipts 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 Group.

The Board has reviewed the cash flow and working capital requirements in detail.

Following this review the Board has concluded that it has a reasonable expectation that the Group 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

The exceptional profit of £1.31m is made up of the following;

Recognition of prepaid replacement assets	£1.36m
Write off capitalised design fees	(£0.05m)
	£1.31m

4. 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 for 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. Property receipts are recognised in accordance the substance of the transaction being that of a disposal of land. The minimum guaranteed sum, as set out in the agreement with David Wilson Homes, is recognised at the point of sale, sums receivable in excess of the minimum guarantee are only recognised once actually received.

5. NON GAAP FINANCIAL INFORMATION

The consolidated profit and loss account includes measures which are not accounting measures under UK GAAP which are used to access the financial performance of the business. These non-GAAP measures are not considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with UK GAAP. These measures, which are termed "non-GAAP" include the separation of property, in relation to the redevelopment of the racecourse, from underlying trading activity.

Notes to the Interim Financial Statements
Six months ended 30 June 2013

6. SEGMENTAL ANALYSIS

2013	**Turnover £'000**	**Gross profit/ (loss) £'000**	**Operating (loss)/profit before exceptionals £'000**	**Operating Exceptional Items £'000**	**(Loss)/profit before tax £'000**	***Net Assets £'000**
Trading	**4,233**	**384**	**(725)**	**-**	**(872)**	**17,365**
Nursery	**407**	**122**	**122**	**-**	**122**	**(9)**
Golf	**57**	**(22)**	**(22)**	**-**	**(22)**	**-**
Total	**4,697**	**484**	**(625)**	**-**	**(772)**	**17,356**
Property	**15**	**15**	**(49)**	**1,314**	**1,536**	**2,138**
Total	**4,712**	**499**	**(674)**	**1,314**	**764**	**19,494**

2012	Turnover £'000	Gross profit £'000	Operating (loss)/profit before exceptionals £'000	Operating Exceptional Items £'000	(Loss)/profit before tax £'000	**Net Assets £'000
Trading	4,035	(398)	(698)	(692)	(1,434)	14,350
Nursery	433	161	161	-	161	81
Golf	103	(4)	(4)	-	(4)	288
Total	4,571	(241)	(541)	-	(1,277)	14,719
Property**	21	7	(175)	-	(221)	4,466
Total	4,592	(234)	(716)	-	(1,498)	19,185

* 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.

7. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax on ordinary activities 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 profit per share of 24.6p is calculated by dividing the profit attributable to ordinary shareholders for the period ended 30 June 2013 of £823,000 (2012: £1,240,000 loss) by the weighted average number of ordinary shares during the period of 3,348,326 (2012:4,776,500).

Notes to the Interim Financial Statements

Six months ended 30 June 2013

9. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings and outdoor fixtures £'000	Fixtures fittings and equipment £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
As at 1 January 2013	22,521	5,146	243	27,910
Additions	1,523	163	-	1,686
Disposals	(47)	-	-	(47)
As 30 June 2013	**23,997**	**5,309**	**243**	**29,549**
Depreciation				
At 1 January 2013	8,217	3,495	181	11,893
Charge for year	265	215	3	483
Impairment	-	6	-	6
Disposals	-	-	-	-
At 30 June 2013	**8,482**	**3,716**	**184**	**12,382**
Net book value at 30 June 2013	**15,515**	**1,593**	**59**	**17,167**
Net book value at 31 December 2012	14,304	1,651	62	16,017

The transitional rules set out in FRS 15 Tangible Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained. In 1959 a revaluation of part of the freehold land at £117,864 gave rise to an excess of £75,486 over its cost and this sum is included in the total value of this asset. The excess on revaluation is credited to the Revaluation Reserve. The net book value of freehold land and buildings determined by the historical cost convention is £15,440,000 (2012 £14,229,000).

The net book value of £17,167,000 includes the following amounts in respect of assets held under finance leases:

	2013 £'000	2012 £'000
Fixtures, fittings and equipment	45	51

Finance lease depreciation for the period amounted to £6,107 (2012: £6,107)

10. SHARE CAPITAL

	2013 £'000	2012 £'000
Authorised		
Ordinary shares of 10p each	**600**	600
Total	**600**	600

	2013 £'000	2012 £'000
Allotted and fully paid		
Ordinary shares of 10p each	**335**	478
Total	**335**	478

On 15 November 2012 the shareholders of the company passed a resolution to buy back 1,428,174 Ordinary shares owned by GPG (UK) Holdings plc at 450 pence per Ordinary share. The nominal value of the shares cancelled was £142,817, and the total consideration paid for the shares was £6,426,783 before expenses. The resulting number of Ordinary Shares was 3,348,326.

11. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT IN RESERVES

GROUP	Share Capital £'000	Share Premium £'000	Capital redemption Reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	**478**	**10,202**	**-**	**75**	**5,629**	**16,384**
Profit for the year to 31 December 2012	-	-	-	-	5,083	5,083
Share buy back	(143)	-	143	-	(6,457)	(6,457)
Share buy back expenses	-	-	-	-	(450)	(450)
Actuarial gain net of associated deferred tax	-	-	-	-	(110)	(110)
At 31 December 2012	**335**	**10,202**	**143**	**75**	**3,695**	**14,450**
Profit for the period to 30 June 2013	-	-	-	-	823	823
Actuarial loss net of associated deferred tax	-	-	-	-	-	-
At 30 June 2013	**335**	**10,202**	**143**	**75**	**4,518**	**15,273**

12. RETIREMENT BENEFIT OBLIGATIONS

The defined benefit obligation at 30 June 2013 has not been restated from the figures recorded at 31 December 2012 as in the Directors' opinion there have not been any significant fluctuations in the key assumptions.