



Northampton Group Inc.

TSX-V: NHG, NHG.DB

For Immediate Release

NORTHAMPTON FISCAL 2006 NET INCOME UP 75%

Record sales and tighter operations drive strong results in improving environment

Toronto, Ontario – July 31, 2006 – Northampton Group Inc., an integrated Canadian hotelier, today reported its results for the fourth quarter and year ended March 31, 2006. The fourth quarter showed quarter-over-quarter sales growth of 9.0%; the year saw a 5.1% increase in sales, accompanied by significant improvements in income from operations, EBITDA, net income, cash flow, and earnings per share.

Summary of the release:

- In the 12 months, consolidated revenues were up 5.1% to \$30.3 million; for the fourth quarter, revenues increased 9.0% to \$6.4 million;
- Operating expenses rose 2.3% in the 12 months, well below the rate of sales growth. *Expenses fell 7.3% in the quarter, primarily relating to legal and consulting costs incurred in the fourth quarter of fiscal 2005;
- Income from operations increased by 43.1% in the 12-month period. In the quarter, income from operations was \$87,730 up from a loss of (\$957,301);
- EBITDA (earnings before income taxes, depreciation, and amortization) rose 12.8% in the 12 months and 302.2% in the quarter;
- Net income rose 75.3% in the 12 months, and increased dramatically to a loss of (\$34,283) from a loss of (\$664,889) compared to the same periods in fiscal 2005;
- Earnings per share in the 12 months rose by 54.0% to \$0.77 from \$0.5 in the previous fiscal year. In the quarter, EPS rose by 96.9% to (\$0.001) from (\$0.032);
- Cash flow increased 22.3% in the 12 months, with an increase of 2,549.6% in the quarter;
- Same-hotel sales improved steadily at most properties, with regional challenges in Montreal and Hamilton offset by strong performances in several hotels;
- The Country Inn Ottawa West won three separate awards: Sales Growth; Gold Standard Award for exceptional Quality Assurance; and a Regional Sales and Marketing award for participation and execution of Carlson Hotels Worldwide industry programs, awarded to only 9 properties each year from among over 300 entrants;
- The Radisson Admiral won Carlson Hotel Worldwide's President's Award for exceptional commitment and performance, the Advocate's Award for "willingness to return", and the Renovation Award; and
- The Country Inn Oakville won two awards: Sales Growth and a Gold Standard Award for exceptional Quality Assurance.

The Industry

Hospitality industry consultants Colliers and Pannell Kerr Forster are seeing brisk transaction activity in the mid-range hotel sector, and anticipate that calendar 2006 will once again show steady growth in revenues and rates. Reduced travel from the United States, however, is not completely offset by strong domestic travel and tourism -- both the rise in the Canadian dollar and ongoing fears of terrorist activity continue to have an impact on travel to Canada.

System Revenues

System revenues (the sum total of all Northampton revenues plus all revenues reported by investee companies, co-owners, and limited partnerships) increased 4.32% to \$54,943,480 in fiscal 2006 from \$52,669,365 in fiscal 2005.

Consolidated Revenues

Northampton's consolidated revenues for the fiscal year ended March 31, 2006 were \$30,254,376, up 5.1% from \$28,778,169 in fiscal 2005. Most properties experienced top-line growth, which helped to offset some over-supply-related weakness in Brampton and Hamilton, and regional slowing in Montreal,

Expenses

In fiscal 2006, total expenses, including amortization and interest, reached \$26,513,860, up 1.3% from \$26,163,680 in the previous year. Revenues increased proportionally more than expenses, reflecting the Company's solid operational skills, as well as the impact of the non-cash, stock-based charge related to stock options issued to directors and management in fiscal 2005.

Operating expenses increased by \$480,204 to \$21,500,410 in fiscal 2006 compared to operating expense of \$21,020,206 in fiscal 2005. The major contributing factor to the increase was primarily increased variable costs, offset by the skew caused in fiscal 2005 resulting from non-cash charges related to stock options, noted above. Both amortization and interest on long-term debt decreased by \$29,324 and \$100,700 respectively for the year. During the year, the Company made its regular debt payments.

Operating Profit

The Company's goal continues to be to achieve and to maintain margins at or above 30%. The Company's margins were 28.93%, a slight increase over the 26.96% posted in fiscal 2005.

Operating profit, or EBITDA (earnings before interest, income taxes, depreciation and amortization), increased 12.8% to \$8,753,966 in fiscal 2006 from \$7,757,963 in fiscal 2005. Northampton's hotels posted increased sales at the majority of its properties, resulting in the operating profit increase, but largest part of the increased is related primarily to a reduction in legal, consulting, and the non-recurring option-related charges in the prior year.

Income From Operations

Income from operations for fiscal 2006 increased to \$3,740,516, up 43.1% from \$2,614,489

during fiscal 2005. The large increases posted by several of the hotels were not matched by equivalent cost increases, and the reduction in non-recurring costs noted above also had a positive effect. The resulting net income in fiscal 2006 was \$1,836,013 or \$0.08 per share, an increase of 75.3% from \$1,047,537 or \$0.05 per share in fiscal 2005.

Cash Flow

Cash flow increased 22.27% in fiscal 2006 to \$4,168,591 or \$0.17 per share, up from \$3,409,439 or \$0.16 per share in fiscal 2005. The increase resulted from the positive overall environment, as well as the contrast to the previous year with its non-recurring charges, discussed above.

The following is a tabulated summary of Northampton's results:

	Three months ended March 31			12 months ended March 31		
	2006	2005	% change	2006	2005	% change
Revenues	6,350,003	5,823,987	9.0	30,254,376	28,778,169	5.1
Income from operations	87,730	(957,301)	n.a.	3,740,516	2,614,489	43.1
Net income	(34,283)	(664,889)	n.a.	1,836,013	1,047,537	75.3
EBITA	1,239,343	308,179	302.2	8,753,966	7,757,963	12.8
Earnings per share	(0.001)	(0.032)	n.a.	0.077	0.050	54.0
Cash flow	499,178	(20,378)	n.a.	4,168,591	3,409,439	22.3
Cash flow per share	0.021	(0.001)	n.a.	0.174	0.16	8.7

About Northampton

Northampton Group Inc. is an integrated Canadian hotelier with ownership and management interests in 2,064 rooms in 16 hotels. Focused on creating the best return for all stakeholders, Northampton's proven, market-sensitive strategy is to acquire or build hotels that provide superior overnight accommodation in the mid-price market. Northampton has demonstrated that it excels in this sector, offering services that exceed expectations while still posting industry-leading margins, as evidenced by *Hotelier Magazine's* Top Growth award for Northampton's fiscal 2003 and 2004.

FOR FURTHER INFORMATION:

Vinod Patel, C.E.O.

Northampton Group Inc.

905-629-9992 tel.

905-629-9636 fax

The Canadian Venture Exchange has neither approved nor disapproved the contents of this press release.