



Northampton Group Inc.

TSX-V: NHG, NHG.DB

For Immediate Release

**FIRST QUARTER OF FISCAL 2007 REVENUES INCREASE BY 14.9%
Growth Driven By Newly Consolidated Properties**

Toronto, Ontario – August 31, 2006 – Northampton Group Inc., an integrated Canadian hotelier, today reported its results for the first quarter ended June 30, 2006. Sales for the quarter increased 14.9% to \$9,043,953 from \$7,872,549 for the same period in the previous year, mostly as a result of the inclusion of the results of an investee company, which became a subsidiary in the period. On average, same hotel results were flat, with improvements in the Montreal and Ottawa areas offset by slight declines in revenues per available room (RevPAR) elsewhere.

Events of the Quarter

Northampton increased its ownership interest in the Holiday Inn Express Hamilton and the Country Inn Oakville, enabling the results of these two hotels to be consolidated, thereby contributing directly to the top line. The Company also increased its ownership interest in the Quality Hotel & Suites Oakville.

The Industry

According to Pannell Kerr Forster Consulting (PKF), the hotel industry continues to make gains in both room occupancies and average rates, resulting in a forecast 4.0% growth in 2006. Year-to-date, Ontario and Quebec posted RevPAR increases of 6.8% and 5.5% respectively.

System Revenues

System revenues (the sum total of all Northampton revenues plus all revenues reported by investee companies, co-owners, and limited partnerships) decreased 2.6% to \$14,647,056 in the three months ended June 30, 2006 from \$15,035,956 in the corresponding period in 2005.

Consolidated Revenues

Northampton consolidated revenues for the three months ended June 30, 2006 reached \$9,043,953, up 14.9% from \$7,872,549 in the previous year. Again, this increase is primarily a result of the inclusion of the results of an investee company, which became a subsidiary in the period. The Quebec and Ottawa properties posted improvements in revenues of approximately 4% with similar decline in the rest of the properties.

Expenses

For the three months ended June 30, 2006, total expenses, including amortization and interest, were \$7,492,312, up 15.2% from \$6,505,986 in the corresponding period in the previous year, mostly a result of the inclusion of the new subsidiary.

Operating expenses increased by 16.4% to \$6,101,961 in the first quarter of the current year,

compared to operating expenses of \$5,420,667 in the corresponding period in the prior year. Again without the outlay relating to the inclusion of the new subsidiary, the operating expenses year-over-year were flat. Amortization costs of \$638,763 and interest costs of \$751,588 in the current quarter were both up from the previous year's corresponding amounts of \$571,744 and \$693,575. However, without the inclusion of the new subsidiary amortization and interest costs for the current quarter would have been lower than last year.

Operating Profit

The Company's goal continues to be to achieve and to maintain margins at or above 30%. The Company's margins were 32.5%, a slight decrease from the 33.4% posted in the same quarter of fiscal 2006.

Operating profit, (earnings before interest, income taxes, and amortization), increased 11.8% to \$2,941,992 in the current quarter from \$2,631,882 in the same period in the previous year.

Income from Operations

Income from operations for the current quarter increased to \$1,551,641, up 13.5% from \$1,366,563 in the same quarter last year. The resulting net income for the quarter was \$702,647 or \$0.029 per share, compared to \$691,055 or \$0.033 per share in the first quarter of last year.

Cash Flow

Cash flow (net income plus amortization) increased 6.2% in the first quarter ended June 30, 2006 to \$1,341,410, up from \$1,262,799 for the same quarter in fiscal 2006. The increase resulted primarily from the inclusion of the results of the subsidiary acquired during the quarter.

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

	Three months ended June 30		
	2006	2005	% change
Revenues	9,043,953	7,872,549	14.9
Income from operations	1,551,641	1,366,563	13.5
Net income	702,647	691,055	1.7
EBITA	2,941,992	2,631,882	11.8
Earnings per share	0.029	0.033	(12.1)
Cash flow	1,341,410	1,262,799	6.2
Cash flow per share	0.056	0.061	(8.2)

About Northampton

Northampton Group Inc. is a growing 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:

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