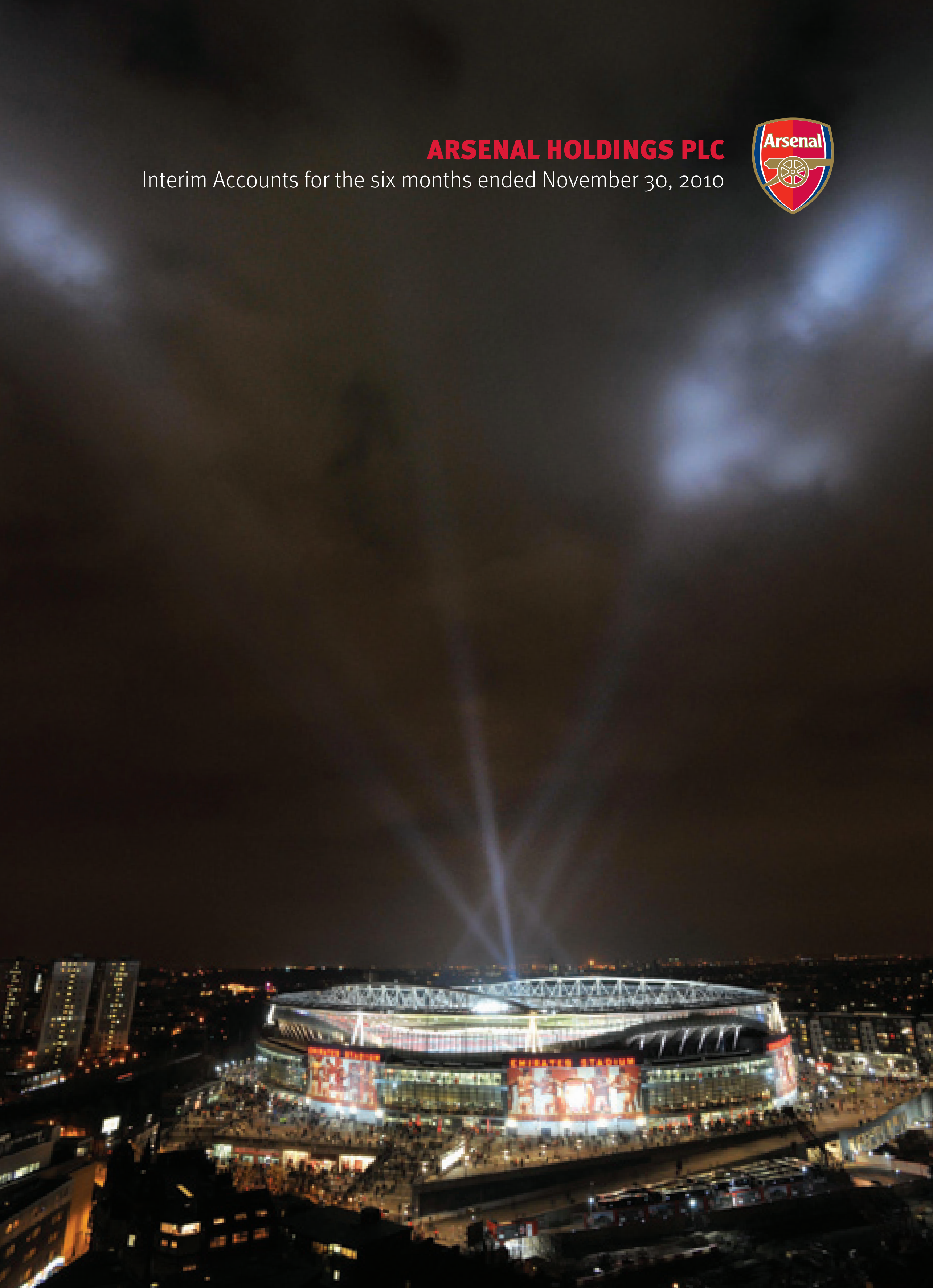
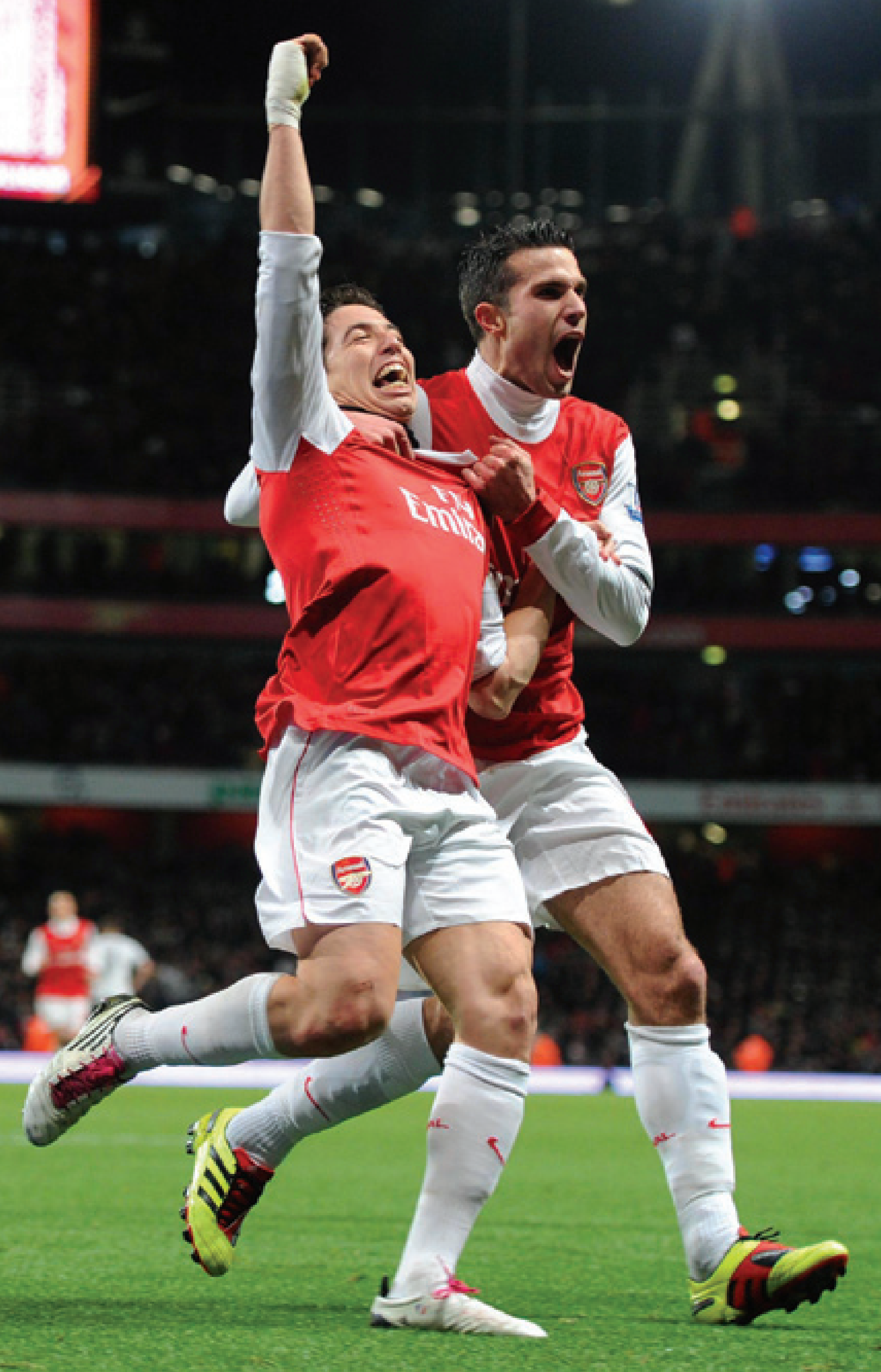
ARSENAL HOLDINGS PLC

Interim Accounts for the six months ended November 30, 2010





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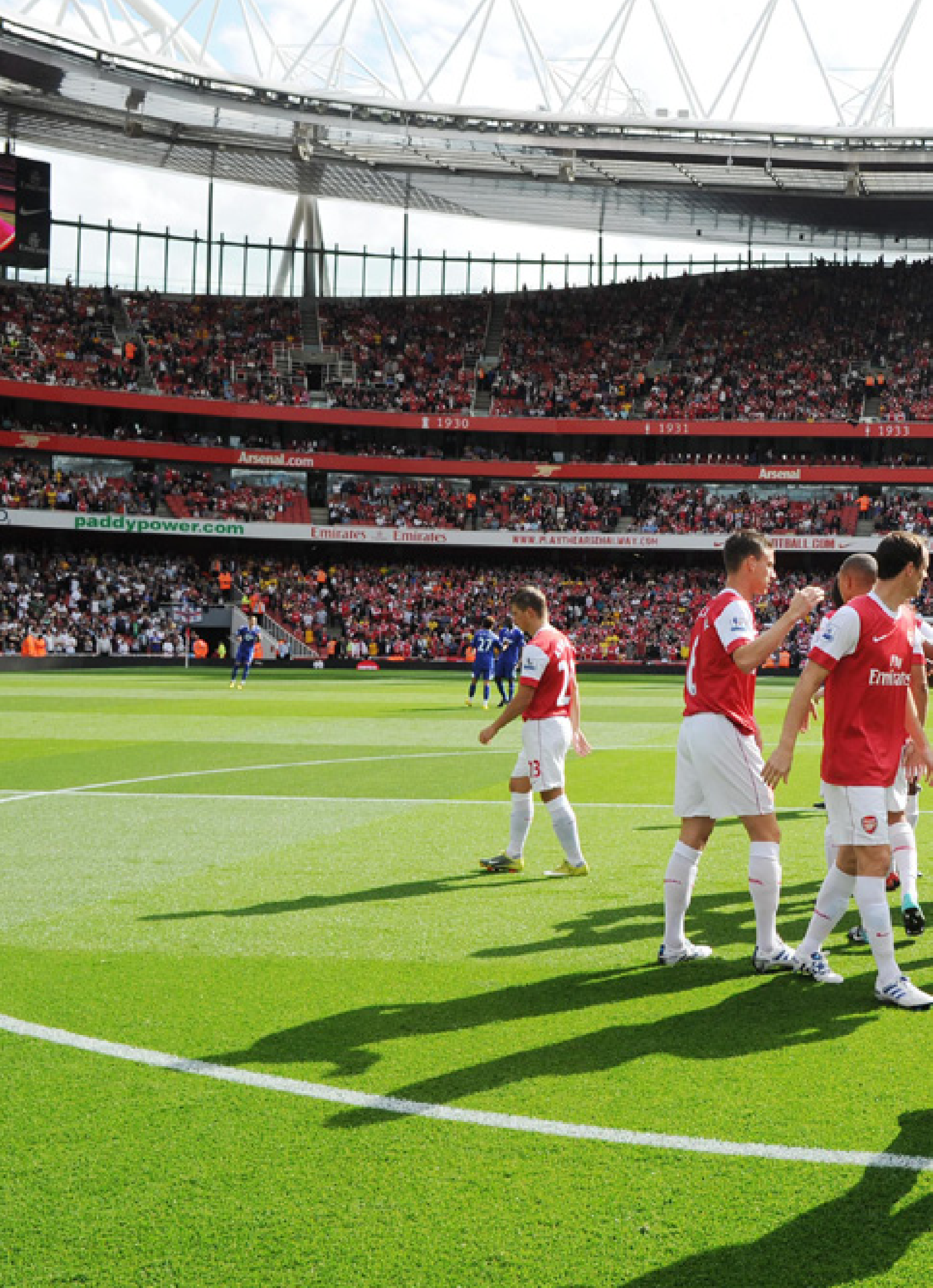
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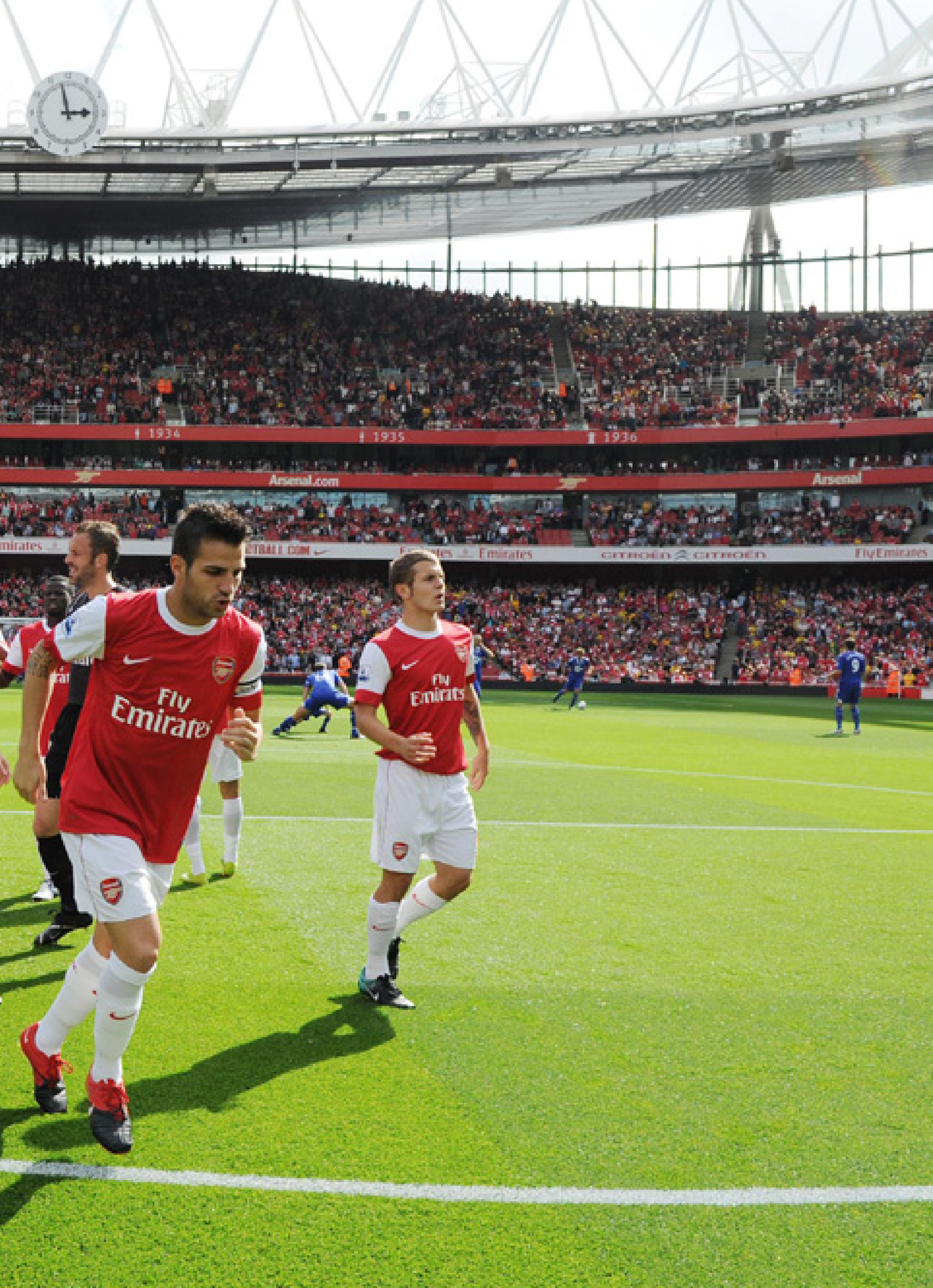
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Chairman's statement

It has been an exciting season so far. We are delighted to have reached our first final at the new Wembley and are looking forward to next Sunday's match against Birmingham City which will have the Carling Cup as its prize.

We remain involved in all competitions and currently lie in second place in the Premier League. In the Champions League Round of Sixteen we hold a 2-1 advantage over Barcelona going into the second leg at the Nou Camp. It promises to be a compelling last three months of the season where every single match will count.

This is exactly where we want to be, competing for trophies across the closing months of the season. I know that Arsène Wenger and his players will remain focused and will be appreciative of the fantastic support they get from our fans around the world.

I also want you to know that we are proud of the fact we continue to compete at the highest level while staying true to our principles.

We continue to operate as a self-funding Club. This brings its own challenges in an increasingly competitive environment but provides the platform for a secure and positive long term future. Our business goal is not to generate profits as such but rather to grow the Club's revenues so that they can be re-invested in the team and in the long term success of the Club as a whole.

This is reflected in the financial results for the first half of the year, which are covered in more detail later in this report and which show an operating profit of £12.6 million and an after tax loss for the period of £2.5 million. This is a robust performance in the current climate and is exactly where we expected to be at this stage of the financial year and at this stage in our longer term development plans for the growth of the Club.

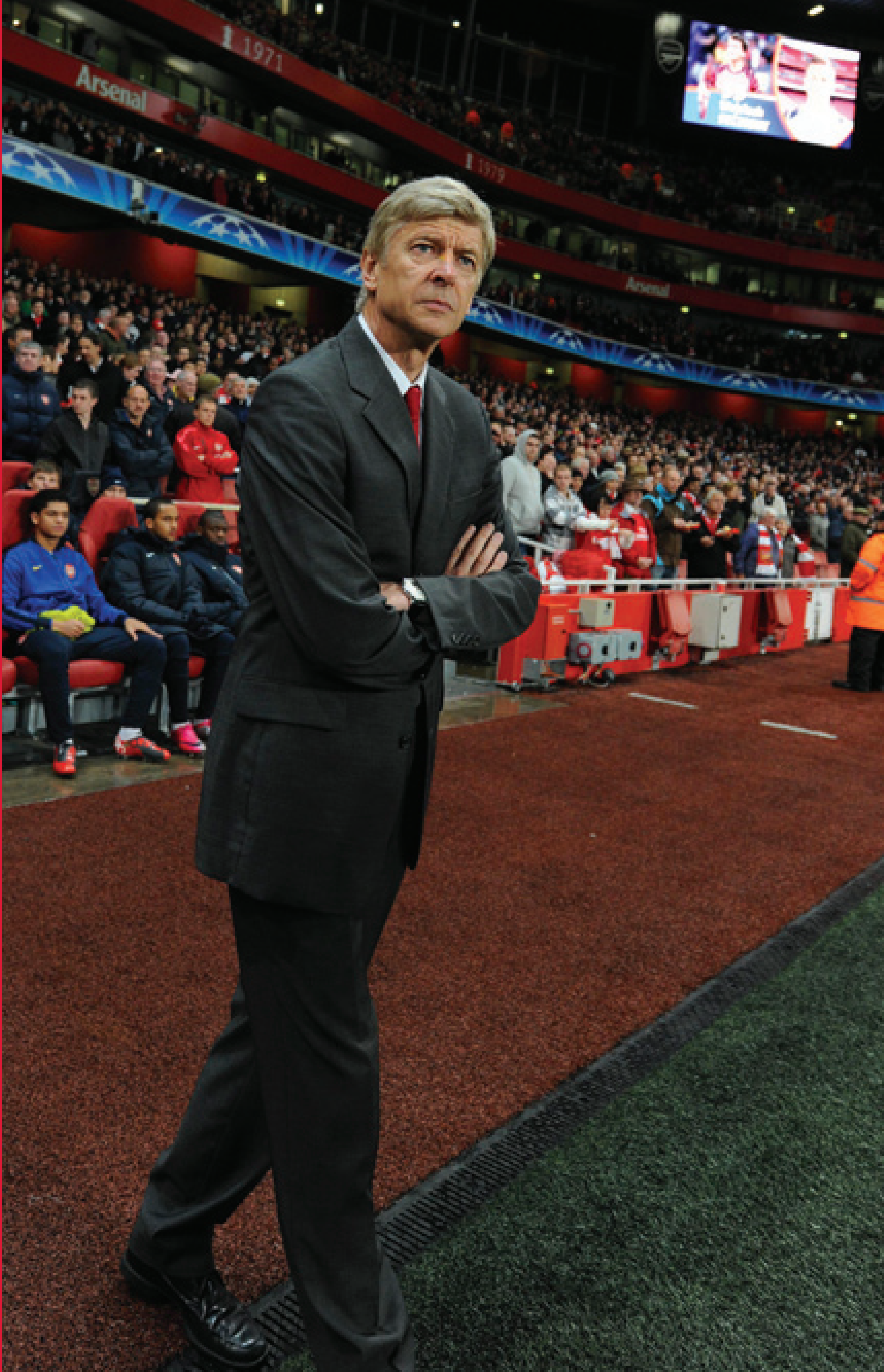
In contrast to the equivalent period last year, there were no headline one-off profits either from property or player trading. Activity at Highbury Square has continued but at a much lower level as we have fewer apartments left to sell. At the same time we have continued to invest by extending the contracts of Arsène Wenger as our Manager and a number of key players. Additionally, we have invested in people and facilities to ensure we are well positioned for growth.

This year our charity of the season is Centrepoint, an organisation which aims to give homeless young people a brighter future. The current fundraising total through the Club's annual, 'Be a Gooner. Be a Giver.' campaign is £238,000. Our aim is to raise £500,000 to fund the refurbishment of a state of the art service at Centrepoint's Dean Street facility. A dedicated website - www.beagoonerbeagiver.org - follows the story behind the partnership and gives supporters the opportunity to get involved and donate to the charity throughout the course of the season.

FINANCIAL REVIEW

With Highbury Square apartment sales now reaching their closing stages and following a low key summer transfer window for the Club, the Group's results for the first half of the financial year were always going to be significantly different from those for the comparative period of the previous year.

In the six months ended 30 November 2010, we completed the sales of a further 50 apartments at Highbury Square generating turnover of £22.5 million (2009 – 261 apartment sales generated £96.6 million) ▸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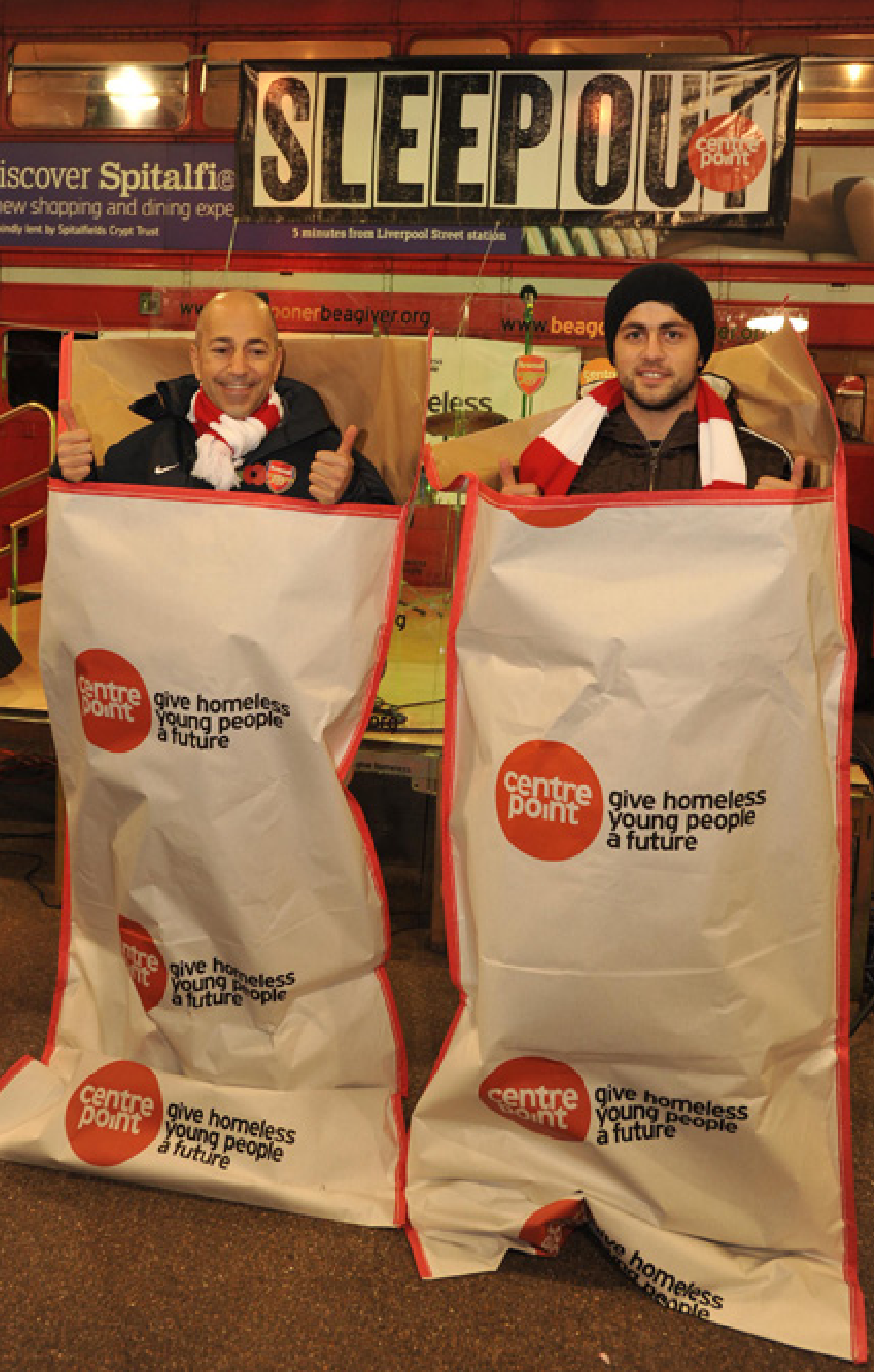

SLEEPOUT
centre point
5 minutes from Liverpool Street station
centre point
give homeless young people a future
centre point
give homeless young people a future

Chairman's statement

and £3.3 million of operating profits from property (2009 - £11.3 million). This means 620 of 655 apartments in the Highbury Square development have been sold.

The summer 2010 transfer window saw limited player sales activity and a profit on disposal of £4.0 million, mainly from the transfer of Eduardo's registration to Shakhtar Donesk. The same period last year recorded a player disposal profit of £33.9 million following the sales of Adebayor and Toure.

These changes, from transactions which are essentially one-offs, have a material impact on our bottom line results.

	2010	2009
	£m	£m
Turnover		
Football	97.6	100.2
Property development	22.5	96.6
Total turnover	120.0	196.8
Operating profits*		
Football*	9.3	18.0
Property development	3.3	11.3
Total operating profit*	12.6	29.3
Player trading	(5.9)	20.8
Depreciation	(6.2)	(6.0)
Joint venture	0.4	0.3
Net finance charges	(7.1)	(9.2)
(Loss)/profit before tax	(6.2)	35.2

*= operating profits before depreciation and player trading costs

At an operating profit level our half year results from football are impacted by timing differences arising from the way certain elements of income are accounted for across the full financial year.

REVENUE

The first of these timing differences relates to match-day income and is particularly pronounced for this half year. At the time of writing, we are certain of playing 28 first team home fixtures in season 2010/11. This number could increase by a further three matches depending on cup results. This results in a significant skew in match-day income across the financial year with just 10 home first team fixtures played in the opening half of the year. There were 12 fixtures in the comparative period with the difference being one Champions League and one Carling Cup match (2009/10 full season 27 matches).

	6 months 30 November 2010	6 months 30 November 2009	Full Year 31 May 2010
Gate and match-day revenues	£36.5 m	£41.4 m	£93.9 m

The second area of income where there is a timing difference between half year and full year results is the part of the Premier League domestic broadcasting payment which is paid as a merit award on the basis of £756,000 per place in the final League table. Traditionally, we do not account for any merit award until the end of the season.

Chairman's statement

Broadcasting revenue included an increase in the value of the overseas element of the Premier League distributions but overall, the lower number of home fixtures played, meant that football income for the first six months of the year was £97.6 million against £100.2 million for the prior period.

OPERATING COSTS

We indicated in last year's Annual Report that there was continuing pressure on the player wage cost line and that the full cost of a number of player contracts had yet to be realised. This upward trend is reflected in £4.5 million of higher player wage costs for the first half of 2010/11 compared to the prior year. This will also feed through into the full year figures. The increased wage cost reflects a deliberate policy, underwritten by our accumulated property profits and cash reserves, of significant investment in the current squad in terms of the contracts renegotiated over the last two years.

Aside from player costs, there were also modest increases in the business rates expense for Emirates Stadium and in our head office costs, mainly associated with the strengthening of our commercial team which was started last year in readiness for the next phase of the Group's revenue growth.

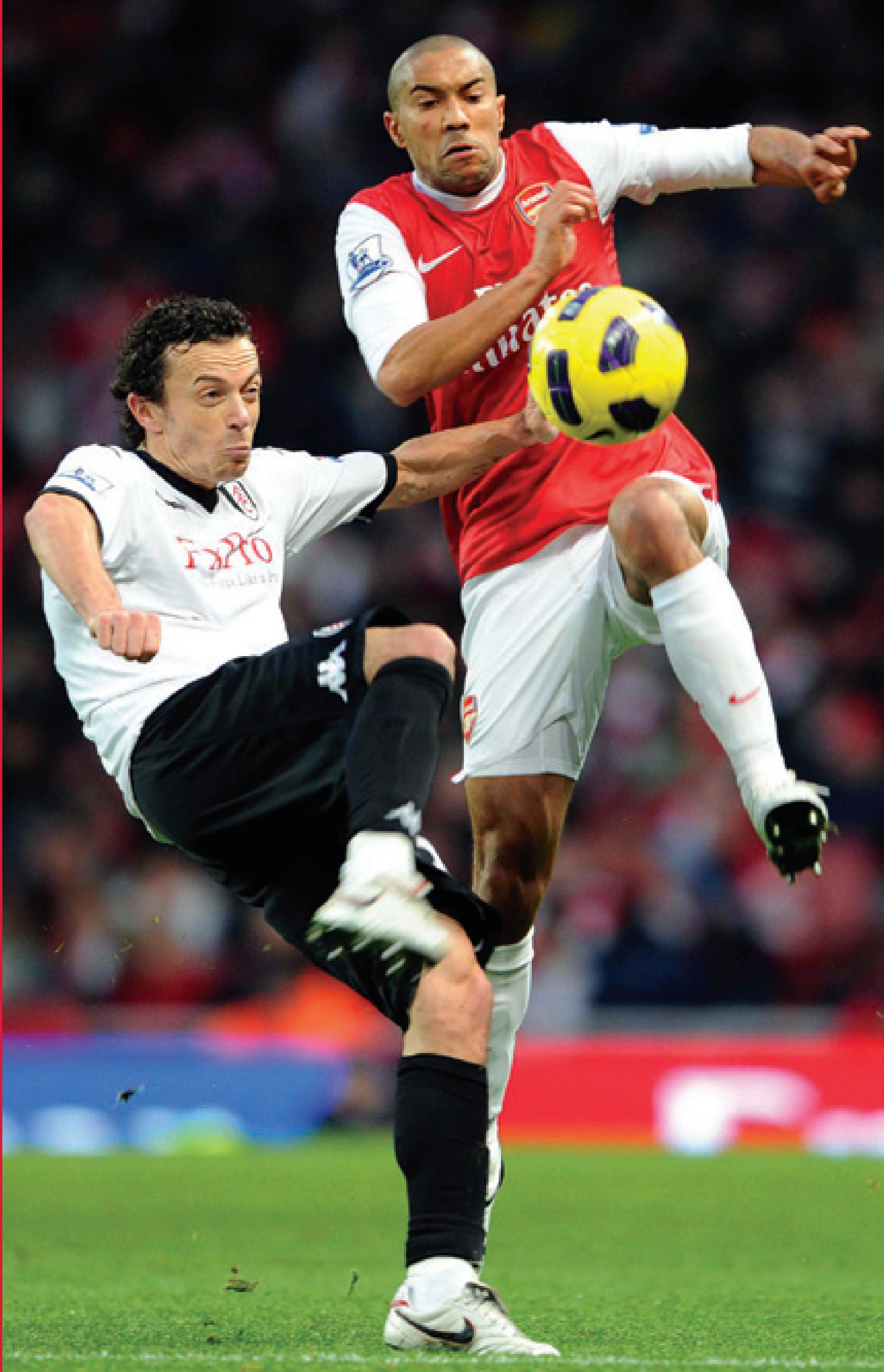
PROPERTY DEVELOPMENT

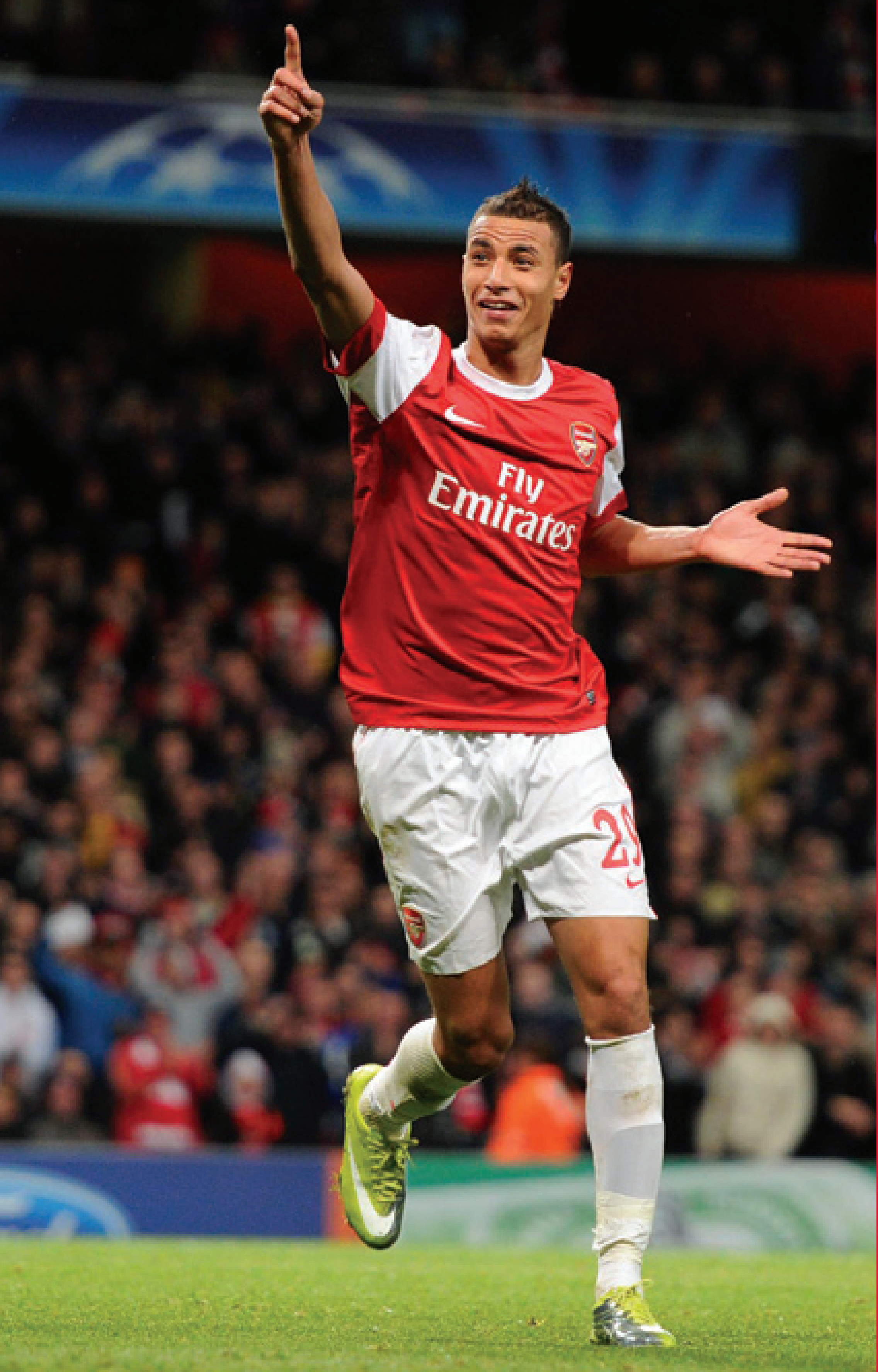
Visitors to Emirates Stadium will be well aware of the construction works being undertaken by Newlon Housing Trust on the Queensland Road site to the south of the stadium. These works are on schedule and we continue to work closely with Newlon to ensure that there is no disruption to our match-day activities. The works include the clearance and remediation of the market housing section of the Queensland Road site and our discussions for the sale of this land, which has planning consent for 375 apartments within three towers, are at an advanced stage. We continue to work with Islington Council's planning department to determine the best development schemes for our two remaining property sites on Hornsey Road and Holloway Road.

Although all of the Group's property projects will incur some costs to complete, the vast majority of the necessary development expenditure has already been incurred and our property business is debt free. This means that looking ahead the net cash generated from future property sales, being sales proceeds less costs to complete, will be significantly greater than the recorded profits from those sales, being sales proceeds less total development costs. This is already the case at Highbury Square. The next few years will see the accumulation of a fairly significant cash windfall for the Group.

EMIRATES STADIUM

During the first half of the year we have continued to invest in the Arsenalisation of Emirates Stadium with the return of the clock to the south stand roof as well as the renaming of the stands to bring back the famous Clock End and North Bank. Other initiatives have included the Arsenalisation of the upper tier concourses, personalisation of individual supporter seats and the laying of commemorative paving stones for an ever increasing number of fans within Armoury Square. The major redevelopment of some of the dining and hospitality facilities within club level has ▸

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Chairman's statement

proved to be very successful. We have identified a programme of summer works for 2011 and this will include the construction of a state of the art medical and rehabilitation centre at London Colney.

SUMMARY

Taking these timing differences and changes in revenues and costs into account the operating profit (before depreciation and player trading) from football for the half year was £9.3 million (2009 - £18.0 million). Including the results from property the Group operating profit was £12.6 million (2009 - £29.3 million). This result is consistent with our model for the year and falls very much in line with our expectation of the half year position.

There were no significant changes in depreciation costs or profits from the Arsenal.com joint venture but net finance charges fell to £7.1 million (2009 - £9.3 million). This is because the Group's property business was debt free this half year but was still in the process of repaying its bank loans and hence paying interest during the comparative period.

The Group's overall after tax loss for the six months was £2.5 million (2009 – profit £29.2 million). Historically the financial results of the football business are better for the second half of the year as the timing differences around gate and broadcasting revenue come back in balance. The actual outcome for the second half will inevitably be strongly influenced by the extent of progress in the knock-out competitions and final Premier League position.

The Group's cash position continued to be strong with balances of £110.4 million on hand at 30 November 2010 (2009 - £101.0 million) of which £22.5 million (2009 - £22.5 million) was restricted as debt service reserves. In accordance with the agreed repayment schedule a further £5.9 million of stadium financing debt was repaid at the start of September. The Group's net debt at 30 November 2010 amounted to £147.4 million (30 November 2009 - £203.6 million).

In closing, I want to reinforce the point that as the Club moves forward, the cash windfall from property, together with the cash we deliver from the development and further growth of the football business commercially, will be invested back into the Club. Our investment of those funds will be made in a reasoned and sustainable way which builds the best opportunity for success on the field, which ensures that Arsenal teams continue to play exciting, entertaining football and which improves the experience of our fans wherever they are in the world. This approach is part of an Arsenal way of doing things and it is something of which I am rather proud. I know this feeling is widely shared by our fans.

I hope you all enjoy the rest of the season.

P D Hill-Wood
Chairman
25 February 2011

Consolidated profit and loss account

	Notes	Six months to 30 November 2010 Unaudited: Operations excluding player trading £'000	Six months to 30 November 2010 Unaudited: Player trading £'000	Six months to 30 November 2010 Unaudited: Total £'000	Six months to 30 November 2009 Unaudited Total £'000	Year ended 31 May 2010 Audited Total £'000
Turnover of the Group including its share of joint ventures		120,990	140	121,130	197,760	381,722
Share of turnover of joint ventures		(1,087)	-	(1,087)	(990)	(1,866)
Group turnover	4	119,903	140	120,043	196,770	379,856
Operating expenses						
- other		(113,453)	-	(113,453)	(173,395)	(319,272)
- amortisation of player registrations		-	(10,109)	(10,109)	(13,215)	(25,033)
Total operating expenses	5	(113,453)	(10,109)	(123,562)	(186,610)	(344,305)
Operating profit/(loss)		6,450	(9,969)	(3,519)	10,160	35,551
Share of operating profit of joint venture		446	-	446	333	463
Profit on disposal of player registrations		-	4,042	4,042	33,945	38,137
Profit/(loss) on ordinary activities before net finance charges		6,896	(5,927)	969	44,438	74,151
Net finance charges	6			(7,115)	(9,223)	(18,183)
(Loss)/profit on ordinary activities before taxation				(6,146)	35,215	55,968
Taxation	7			3,627	(5,985)	5,024
(Loss)/profit after taxation retained for the financial period				(2,519)	29,230	60,992
(Loss)/Earnings per share	8			(£40.49)	£469.81	£980.31

All trading resulted from continuing operations.

There are no recognised gains or losses other than those included in the profit and loss account and, accordingly, no consolidated statement of total recognised gains and losses is presented.

The accompanying notes are an integral part of these statements.

Consolidated balance sheet

	Notes	30 November 2010 Unaudited £'000	30 November 2009 Unaudited £'000	31 May 2010 Audited £'000
Fixed assets				
Tangible assets	9	434,344	436,416	434,494
Intangible assets	10	65,345	68,218	60,661
Investment in joint venture		1,375	1,063	1,053
		501,064	505,697	496,208
Current assets				
Stock – Development properties	11	28,216	90,534	45,755
Stock – Retail merchandise		3,731	2,574	1,887
Debtors – Due within one year	12	35,318	46,866	62,289
Debtors – Due after one year	12	2,320	3,193	2,928
Cash and short-term deposits	13	110,357	101,029	127,607
		179,942	244,196	240,466
Creditors: Amounts falling due within one year	14	(117,480)	(207,609)	(154,835)
Net current assets		62,462	36,587	85,631
Total assets less current liabilities		563,526	542,284	581,839
Creditors: Amounts falling due after more than one year	15	(271,535)	(279,657)	(283,883)
Provisions for liabilities	16	(39,188)	(39,067)	(42,634)
Net assets		252,803	223,560	255,322
Capital and reserves				
Called up share capital		62	62	62
Share premium		29,997	29,997	29,997
Merger reserve		26,699	26,699	26,699
Profit and loss account	17	196,045	166,802	198,564
Shareholders' funds	18	252,803	223,560	255,322

The accompanying notes are an integral part of this consolidated balance sheet.

Consolidated cash flow statement

	Six months to 30 November		Year ended 31 May
	2010 Unaudited	2009 Unaudited	2010 Audited
	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities	(4,822)	83,587	176,560
Player registrations	1,586	27,298	15,903
Returns on investment and servicing of finance	(10,822)	(8,524)	(17,649)
Taxation	9,721	(5,388)	(6,294)
Capital expenditure	(7,023)	(1,950)	(5,342)
Cash (outflow)/inflow before financing	(11,360)	95,023	163,178
Financing	(5,890)	(93,611)	(135,188)
Management of liquid resources	47,125	2,160	(48,542)
Change in cash in the period	29,875	3,572	(20,552)
Change in short-term deposits	(47,125)	(2,160)	48,542
(Decrease)/increase in cash	(17,250)	1,412	27,990

Notes to the cash flow statement

	Six months to 30 November		Year ended 31 May
a) Reconciliation of operating profit to net cash	2010 Unaudited	2009 Unaudited	2010 Audited
inflow from operating activities	£'000	£'000	£'000
Operating (loss)/profit	(3,519)	10,160	35,551
Profit on disposal of tangible fixed assets	(35)	(2)	(14)
Depreciation	6,151	5,974	11,915
Amortisation of player registrations	10,109	13,215	25,033
Decrease in stock	15,695	75,754	121,261
Decrease/(increase) in debtors	1,317	(159)	(869)
Decrease in creditors	(34,540)	(21,355)	(16,317)
Net cash (outflow)/inflow from operating activities	(4,822)	83,587	176,560

b) Reconciliation of net cash flow to movement in net debt

(Decrease)/increase in cash for the period	(17,250)	1,412	27,990
Cash outflow from decrease in debt	5,890	93,611	135,188
Change in net debt resulting from cash flows	(11,360)	95,023	163,178
Increase in debt resulting from non cash changes	(353)	(897)	(1,137)
Net debt at start of period	(135,639)	(297,680)	(297,680)
Net debt at close of period	(147,352)	(203,554)	(135,639)

Notes to the cash flow statement

c) Analysis of changes in net debt

	At 1 June 2010 £'000	Non cash changes £'000	Cash flows £'000	At 30 November 2010 £'000
Cash at bank and in hand	33,547	-	29,875	63,422
Short-term deposits	94,060	-	(47,125)	46,935
	127,607	-	(17,250)	110,357
Debt due within one year (bank loans/bonds)	(5,248)	-	(327)	(5,575)
Debt due after more than one year (bank loans/bonds)	(231,575)	(183)	6,217	(225,541)
Debt due after more than one year (debenture subscriptions)	(26,423)	(170)	-	(26,593)
Net debt	(135,639)	(353)	(11,360)	(147,352)

Non cash changes represent £323,000 in respect of the amortisation of costs of raising finance, £170,000 in respect of rolled up, unpaid debenture interest for the period less £140,000 in respect of amortisation of the premium on certain of the Group's interest rate swaps.

d) Gross cash flows

	Six months to 30 November 2010 Unaudited £'000	Six months to 30 November 2009 Unaudited £'000	Year ended 31 May 2010 Audited £'000
Player registrations:			
Payments for purchase of players	(22,414)	(14,959)	(29,940)
Receipts from sale of players	24,000	42,257	45,843
	1,586	27,298	15,903
Returns on investment and servicing of finance:			
Interest received	205	342	738
Interest paid	(11,027)	(8,866)	(18,387)
	(10,822)	(8,524)	(17,649)
Capital expenditure:			
Payments to acquire tangible fixed assets	(7,058)	(1,952)	(5,366)
Receipts from sale of tangible fixed assets	35	2	24
	(7,023)	(1,950)	(5,342)
Financing:			
Repayment of borrowings	(5,890)	(93,540)	(133,539)
Increase in borrowings	-	1,398	-
Costs of raising finance	-	(1,469)	(1,649)
Total debt repayment	(5,890)	(93,611)	(135,188)

Notes to the interim accounts

1 BASIS OF PREPARATION OF GROUP FINANCIAL STATEMENTS

The Group financial statements consolidate the assets, liabilities and results of the company and its subsidiary undertakings made up to 30 November 2010. The Group has two classes of business – the principal activity of operating a professional football club and property development.

The interim results have been prepared, in accordance with United Kingdom Generally Accepted Accounting Practice, on the same basis and using the same accounting policies as those used in the preparation of the full year's accounts to 31 May 2010. The status of the Group's financing arrangements is reported in notes 14 and 15 and is summarised in the Chairman's Statement. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and the financial statements continue to be prepared on the going concern basis.

2 SIGNIFICANT ACCOUNTING POLICIES

Income recognition

Gate and other match day revenue is recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the financial period. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to match performance are taken when earned; these distributions are classified as broadcasting revenues. Fees receivable in respect of the loan of players are included in turnover over the period of the loan. Income from the sale of development properties is recognised on legal completion of the relevant sale contract. Where elements of the sale price are subject to retentions by the purchaser the retained element of the sale price is not recognised until such time as all of the conditions relating to the retention have been satisfied. Where contracting work is undertaken for a third party and the outcome of the construction contract can be estimated reliably, revenue and costs are recognised by reference to the degree of completion of the contract activity at the balance sheet date.

Player registrations

The costs associated with the acquisition of player registrations or extending their contracts, including agents' fees, are capitalised and amortised, in equal instalments, over the period of the respective players' contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Where the acquisition of a player registration involves a non-cash consideration, such as an exchange for another player registration, the transaction is accounted for using an estimate of market value for the non-cash consideration. Under the conditions of certain transfer agreements or contract renegotiations, further fees will be payable in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional fees are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur.

Notes to the interim accounts

3 SEGMENTAL ANALYSIS

Class of business — Football

	Six months to 30 November 2010 Unaudited £'000	Six months to 30 November 2009 Unaudited £'000	Year ended 31 May 2010 Audited £'000
Turnover	97,566	100,230	222,946
(Loss)/profit on ordinary activities before taxation	(9,440)	25,841	44,781
Segment net assets	229,696	206,016	235,509

Class of business — Property development

	Six months to 30 November 2010 Unaudited £'000	Six months to 30 November 2009 Unaudited £'000	Year ended 31 May 2010 Audited £'000
Turnover	22,477	96,540	156,910
Profit on ordinary activities before taxation	3,294	9,374	11,187
Segment net assets	23,107	17,544	19,813

Class of business — Group

	Six months to 30 November 2010 Unaudited £'000	Six months to 30 November 2009 Unaudited £'000	Year ended 31 May 2010 Audited £'000
Turnover	120,043	196,770	379,856
(Loss)/profit on ordinary activities before taxation	(6,146)	35,215	55,968
Net assets	252,803	223,560	255,322

Notes to the interim accounts

4 TURNOVER

	Six months to 30 November		Year ended 31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Gate and other match day revenues	36,530	41,373	93,929
Player trading	140	104	460
Broadcasting	37,775	35,397	84,584
Retail income	7,360	7,469	12,613
Commercial	15,761	15,887	31,360
Property development	22,477	96,540	156,910
	120,043	196,770	379,856

5 OPERATING COSTS

	Six months to 30 November		Year ended 31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Football operating costs	104,366	101,419	202,675
Property development – operating costs	19,196	85,191	138,830
Property development – impairment	-	-	2,800
	123,562	186,610	344,305

The impairment charge in the prior year reflected a reduction in the carrying value of the Group's unsold development site at Queensland Road.

6 NET FINANCE CHARGES

Interest payable and similar charges:	Six months to 30 November 2010 Unaudited £'000	Six months to 30 November 2009 Unaudited £'000	Year ended 31 May 2010 Audited £'000
Bank loans and overdrafts	(25)	(1,371)	(1,908)
Fixed/floating rate bonds	(6,776)	(6,938)	(13,790)
Other	(170)	(180)	2
Costs of raising long-term finance	(384)	(1,151)	(3,329)
	(7,355)	(9,640)	(19,025)
Finance costs capitalised	-	104	145
Total interest payable and similar charges	(7,355)	(9,536)	(18,880)
Interest receivable	240	313	697
Net finance charges	(7,115)	(9,223)	(18,183)

The interest capitalised of £Nil (period to 30 November 2009 £104,000 and year to 31 May 2010 £145,000) is included in stock development properties.

7 TAXATION

The charge for taxation is based on the estimated effective tax rate for the year as a whole.

	Six months to 30 November 2010 Unaudited £'000	Six months to 30 November 2009 Unaudited £'000	Year ended 31 May 2010 Audited £'000
Corporation tax on result for the period at 27.83%	124	314	1,056
Overprovision in respect of prior years	-	-	(18,599)
Movement in deferred taxation	(3,751)	5,671	12,519
Total tax (credit)/charge	(3,627)	5,985	(5,024)

From 1 April 2011 the rate of UK corporation tax will reduce from 28% to 27%. The Group's deferred tax liabilities have been revalued based on the 27% rate. The impact of the rate change is a deferred tax credit of £1.3 million.

8 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit/loss for the period divided by the weighted average number of ordinary shares in issue being 62,217 (period to 30 November 2009 - 62,217 shares and year to 31 May 2010 - 62,217 shares).

Notes to the interim accounts

9 TANGIBLE FIXED ASSETS

	Freehold property £'000	Leasehold property £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 June 2010	393,131	6,418	84,458	484,007
Additions	4,241	26	1,808	6,075
Disposals	-	-	(90)	(90)
At 30 November 2010	397,372	6,444	86,176	489,992
Depreciation				
At 1 June 2010	23,318	2,399	23,796	49,513
Charge for period	2,807	188	3,230	6,225
Disposals	-	-	(90)	(90)
At 30 November 2010	26,125	2,587	26,936	55,648
Net book value				
At 30 November 2010	371,247	3,857	59,240	434,344
At 31 May 2010	369,813	4,019	60,662	434,494

10 INTANGIBLE FIXED ASSETS

Cost of player registrations	£'000
At 1 June 2010	143,972
Additions	18,187
Disposals	(23,447)
At 30 November 2010	138,712
Amortisation of player registrations	
At 1 June 2010	83,311
Charge for the period	10,109
Disposals	(20,053)
At 30 November 2010	73,367
Net book amount	
At 30 November 2010	65,345
At 31 May 2010	60,661

11 STOCK - DEVELOPMENT PROPERTIES

Properties are held for resale and are recorded at the lower of cost and net realisable value. The directors consider the net realisable value of development property stocks to be greater than their book value.

12 DEBTORS

	30 November 2010 Unaudited £'000	30 November 2009 Unaudited £'000	31 May 2010 Audited £'000
Amounts recoverable within one year:			
Trade debtors	5,532	7,171	13,486
Other debtors	2,221	17,627	18,531
Prepayments and accrued income	23,379	22,068	16,365
Corporation Tax	4,186	-	13,907
	35,318	46,866	62,289
Amounts recoverable after more than one year:			
Trade debtors	-	500	500
Other debtors	-	141	-
Prepayments and accrued income	2,320	2,552	2,428
	2,320	3,193	2,928

Other debtors of £2.2 million, include £1.3 million in respect of player transfers (30 November 2009 £17.3 million and 31 May 2010 £17.9 million) all of which is recoverable within one year.

13 CASH AT BANK AND IN HAND

	30 November 2010 Unaudited £'000	30 November 2009 Unaudited £'000	31 May 2010 Unaudited £'000
Debt service reserve accounts	22,498	22,497	31,468
Other accounts	87,859	78,532	96,139
	110,357	101,029	127,607

The Group is required under the terms of its fixed and floating rate bonds to maintain specified amounts on bank deposit as security against future payments of interest and principal. Accordingly the use of these debt service reserve accounts is restricted to that purpose. Included in other accounts is a balance of £6.6 million (30 November 2009 £nil and 31 May 2010 £6.6 million) which is held in connection with the site works at Queensland Road. The use of this deposit is restricted to that purpose and Newlon Housing Trust is a joint signatory.

The Group uses short-term bank treasury deposits as a means of maximising the interest earned on its cash balances.

	30 November 2010 Unaudited £'000	30 November 2009 Unaudited £'000	31 May 2010 Audited £'000
Cash at bank and in hand	63,422	57,679	33,547
Short-term deposits	46,935	43,350	94,060
	110,357	101,029	127,607

Notes to the interim accounts

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 November		31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Bank loans – secured	-	41,689	-
Fixed and floating rate bonds – secured	5,575	5,239	5,248
Trade creditors	10,766	8,410	11,079
Corporation tax	-	4,994	-
Other tax and social security	5,421	3,406	13,987
Other creditors	11,493	22,779	13,721
Accruals and deferred income	84,225	121,092	110,800
	117,480	207,609	154,835

Other creditors, above and as disclosed in note 15, include £13.1 million (30 November 2009 £25.7 million and 31 May 2010 £17.7 million) in respect of player transfers.

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 November		31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Fixed rate bonds – secured	172,470	178,044	178,432
Floating rate bonds – secured	53,071	53,352	53,143
Debentures	26,593	26,259	26,423
Other creditors	5,734	5,216	6,921
Grants	4,210	4,358	4,284
Deferred income	9,457	12,428	14,680
	271,535	279,657	283,883

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

The fixed rate bonds above and disclosed in note 14 comprise:

	30 November		31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Fixed rate bonds	183,428	189,318	189,318
Costs of raising finance	(5,383)	(5,897)	(5,638)
	178,045	183,421	183,680
Due within one year	5,575	5,377	5,248
Due after more than one year	172,470	178,044	178,432
	178,045	183,421	183,680

The fixed rate bonds bear interest at 5.1418% per annum.

The floating rate bonds above comprise:

	30 November		31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Floating rate bonds	50,000	50,000	50,000
Interest rate swap	5,785	6,065	5,925
Costs of raising finance	(2,714)	(2,851)	(2,782)
	53,071	53,214	53,143
Due within one year	-	(138)	-
Due after more than one year	53,071	53,352	53,143
	53,071	53,214	53,143

The floating rate bonds bear interest at LIBOR for three month deposits plus a margin of 0.22% and the Group has entered into interest rate swaps which fix the LIBOR element of this cost at 5.75%. The fixed rate bonds and floating rate bonds are guaranteed as to scheduled payments of principal and interest by certain members of the Group and by Ambac Assurance UK Limited. The Group pays Ambac Assurance UK Limited annual guarantee fees at a rate of 0.50% of the fixed rate bank principal outstanding and 0.65% of the floating rate bond principal outstanding.

Notes to the interim accounts

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

The costs of raising debt finance (bank loans and bonds) are amortised to the profit and loss account over the term of the debt, the amortisation charge for the period was £323,000 (period to 30 November 2009 £872,000 and year ended 31 May 2010 £1,089,000).

The Group's fixed rate bonds, floating rate bonds and bank loans are secured by a mixture of legal mortgages and fixed charges on certain freehold and leasehold property and certain plant and machinery owned by the Group, by fixed charges over certain of the Group's trade debtors and the related bank guarantees, by fixed charges over £25.7 million (30 November 2009 £34.2 million, 31 May 2010 £46.5 million) of the Group's bank deposits, by legal mortgages or fixed charges over the share capital and intellectual property rights of certain subsidiary companies and fixed and floating charges over the other assets of certain subsidiary companies.

The Group's financial liabilities/debt is repayable as follows:

	30 November		31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Between one and two years	6,545	6,209	6,209
Between two and five years	21,842	20,719	20,719
After five years	225,736	232,759	233,234
	254,123	259,687	260,162
Within one year	6,209	48,936	5,890
	260,332	308,623	266,052

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

Interest rate profile

After taking into account interest rate swaps, the interest rate profile of the Group's financial liabilities at 30 November 2010 was as follows:

	Fixed rate Unaudited 2010 £'000	Floating rate Unaudited 2010 £'000	Interest free Unaudited 2010 £'000	Total Unaudited 2010 £'000	Weighted average fixed rate Unaudited %	Weighted average period for which rate is fixed Unaudited Yrs
Bonds - fixed rate	183,428	-	-	183,428	5.6	18.5
Bonds - floating rate	50,000	-	-	50,000	6.6	20.5
Debentures	12,474	-	14,430	26,904	2.8	17.5
	245,902	-	14,430	260,332		

Changes in the fair value of interest rate swaps, which are used as hedges, are not recognised in the financial statements until the hedged position matures. At 30 November 2010 the total unrecognised loss on the Group's interest rate swaps was £14.7 million (31 May 2010: £14.9 million).

The interest rate profile at 30 November 2009 for comparative purposes was:

	Fixed rate Unaudited 2009 £'000	Floating rate Unaudited 2009 £'000	Interest free Unaudited 2009 £'000	Total Unaudited 2009 £'000	Weighted average fixed rate Unaudited %	Weighted average period for which rate is fixed Unaudited Yrs
Bonds - fixed rate	189,318	-	-	189,318	5.6	19.5
Bonds - floating rate	50,000	-	-	50,000	6.6	21.5
Bank loans	-	43,046	-	43,046	6.6	-
Debentures	11,829	-	14,430	26,259	2.8	18.5
	251,147	43,046	14,430	308,623		

Notes to the interim accounts

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

The interest rate profile at 31 May 2010 for comparative purposes was:

	Fixed rate Audited 2010 £'000	Floating rate Audited 2010 £'000	Interest free Audited 2010 £'000	Total Audited 2010 £'000	Weighted average fixed rate Audited %	Weighted average period for which rate is fixed Audited Yrs
Bonds - fixed rate	189,318	-	-	189,318	5.6	19
Bonds - floating rate	50,000	-	-	50,000	6.6	21
Bank loans	-	-	-	-	-	-
Debentures	12,304	-	14,430	26,734	2.8	18
	251,622	-	14,430	266,052		

16 PROVISIONS FOR LIABILITIES

	30 November 2010 Unaudited £'000	30 November 2009 Unaudited £'000	31 May 2010 Audited £'000
Pensions provision	1,073	1,279	1,176
Transfers provision	6,680	9,449	6,272
Deferred taxation	31,435	28,339	35,186
	39,188	39,067	42,634

The pensions provision relates to the expected contribution required towards making good the Minimum Funding Requirements deficit which exists in the Football League Pension and Life Assurance Scheme less payments made to the scheme in this respect.

The transfers provision relates to the probable additional fees payable based on the players concerned achieving a specified number of appearances.

17 PROFIT AND LOSS ACCOUNT

	30 November		31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
At start of period	198,564	137,572	137,572
(Loss)/profit for the period	(2,519)	29,230	60,992
Balance at end of period	196,045	166,802	198,564

18 RECONCILIATION OF SHAREHOLDERS' FUNDS

	30 November		31 May
	2010	2009	2010
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Opening shareholders' funds	255,322	194,330	194,330
(Loss)/profit for the period	(2,519)	29,230	60,992
Closing shareholders' funds	252,803	223,560	255,332

19 CONTINGENT LIABILITIES

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances or in the event of certain other future events specified in the transfer agreements. The maximum unprovided potential liability is £14.3 million (30 November 2009 £11.2 million, 31 May 2010 £13.9 million).

The Group has commitments outstanding under letters of credit, issued to guarantee its performance of certain future contractual obligations in relation to its new stadium and property development projects, of £1.4 million (30 November 2009 £4.6 million, 31 May 2010 £1.8 million).

20 ADDITIONAL INFORMATION

a) The interim financial statements do not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. The financial information for the year ended 31 May 2010 has been extracted from the statutory accounts for the year then ended which have been filed with the Registrar of Companies. The audit report on these accounts was unqualified and did not contain any statements under Section 498 (2) or (3) Companies Act 2006.

b) These results will be announced to PLUS on 28 February 2011 and posted to all shareholders on the register at 25 February 2011. Copies of this interim report will be available from the company's registered office at Highbury House, 75 Drayton Park, London N5 1BU.

Independent review

We have been engaged by the company to review the interim financial statements in the half-yearly financial report for the six months ended 30 November 2010 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 20. 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 interim financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 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 Markets Rules for Issuers and the ASB Statement Half-Yearly Reports. As disclosed in note 1, the annual financial statements of the company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The interim 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 interim financial statements in the half-yearly financial report for the six months ended 30 November 2010 is not prepared, in all material respects, in accordance with the Plus Markets Rules for Issuers and the ASB Statement Half-Yearly Reports.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
25 February 2011