

Arsenal Holdings plc

Results for the six months ended 30 November 2007

SATISFACTORY PROGRESS IN THE FIRST HALF OF THE YEAR

- Profit before tax of £20m (2006 - £12.9m excluding exceptional costs) arising from growth in the football business and reduced property development contributions
- Broadcasting income up £6.5m to £24.3m from new Premier League domestic and overseas TV deals
- Match day income £41.4m (2006 - £38.0m) boosted by inaugural Emirates Cup
- Results demonstrate continuing success of Emirates Stadium and strength of the Club's business model
- Excellent start to the 2007/08 season and entered 2008 on top of the Premier League
- Continued development of opportunities provided by Emirates Stadium including international friendly between Sweden and Brazil and two Bruce Springsteen concerts to be staged in second half of financial year
- Launch of Arsenal TV in January 2008, marking six-year partnership between Arsenal and Setanta Sports

Commenting on the interim results, Peter Hill-Wood, non-executive chairman, said:

"We have had a very satisfactory start to the financial year driven by the new Premier League TV deals and the inaugural Emirates Cup tournament which have increased revenues in our core football business."

Arsenal Holdings Plc

Chairman's Statement

I am pleased to report that the six months to 30 November 2007 has been another period of very satisfactory progress for the Group. At the time of writing the Club is top of the Premier League and looks set to make a strong challenge for the title. Off the field we have recorded a pre-tax profit of £20 million for the first half of the financial year (2006 – loss of £8.5 million (after £21.4 million of exceptional charges)) a result driven by the new Premier League TV deals and the inaugural Emirates Cup tournament which have both increased revenue in our core football business. I believe this represents sound progress against the business objectives which I set out in some detail in my last annual report to shareholders, namely, the development of long-term stability and success for the Club through maintaining a business that pays its own way.

Emirates Stadium, was awarded four more honours in the period, which are in addition to the 15 major awards the new stadium project has already received. The new awards were 'Best Major Project' in the 2007 British Construction Industry Awards, 'Award for Sports Structures' in the 2007

Institution of Structural Engineers awards; and both 'Business Venue of the Year' and 'Silver Award for Sports Tourism' in the 2007 Visit London Awards.

At the AGM in October, the Board were delighted to announce a new 'lock-down' agreement in relation to the Board's interests in the shares of Arsenal Holdings plc. Members of the Board have been shareholders for many years and continue to be committed to the Club's future development and to their role as custodians of its heritage. Under the terms of the new 'lock-down' agreement members agree not to dispose of any of their interests in the Club before 18 April 2009, other than to certain permitted persons such as close family. After that date, for the remainder of the term of the agreement, they can only sell their shares to another person if the other parties to the agreement do not wish to buy them. The agreement is for five years (until 18 October 2012), although it can be terminated early by the parties on its third anniversary (18 October 2010).

In January we launched Arsenal TV, marking the start of a six-year partnership between Arsenal and Setanta Sports. Broadcast as part of the Setanta Sports package on Sky channel 423, Arsenal TV features six hours of Club-related programming Monday to Friday between 5pm and 11pm and offers Arsenal supporters exciting and exclusive content.

In addition to the first team's competitive matches played at Emirates Stadium, the Club successfully hosted the Emirates Cup in July. This high profile pre-season friendly tournament was held over a weekend in which Inter Milan, Paris Saint Germain and Valencia competed with Arsenal for the first Emirates Cup. Over 110,000 supporters visited the stadium over the two days and the tournament was won by the hosts Arsenal.

We continue to develop the opportunities provided by Emirates Stadium and we are pleased to confirm two more exciting events will be hosted at Emirates Stadium; a friendly international match on March 26th between Brazil and Sweden which will commemorate the 50th anniversary of the two countries' World Cup Final encounter and the Stadium will stage its first music concerts when Bruce Springsteen plays two dates on 30th and 31st May.

The redevelopment of Highbury Square has continued apace with the conversion of all four stands into over 700 apartments progressing on schedule for completion by the end of 2009. Nearly 95% of all apartments have now been sold.

The Group will be submitting a revised planning application for the redevelopment and regeneration of Queensland Road later this month. Conditional on achieving planning permission, the Group plans to sell the scheme's affordable housing to a housing association and the market housing to a residential development company.

On the Field

The team has made an extremely promising start to the 2007/08 season and entered 2008 at the top of the Premier League, losing just one of the first 20 matches played. The campaign has already seen some very good performances from the team, with excellent away victories over Tottenham Hotspur, West Ham United, Aston Villa and Everton, together with an outstanding run of home form in winning ten of the first 11 league matches. The Premier League promises to be a very close contest this

season and I know that Arsène Wenger and the players will remain focused until the last match in May.

In this season's UEFA Champions League, the team progressed into the Group Stage of the competition by beating Sparta Prague 5-0 over two legs. The team then successfully qualified from the Group Stage by winning four of its six matches, which included an emphatic 7-0 victory over Slavia Prague, a 3-0 home win over Sevilla and a 1-0 victory over Steaua Bucharest in Romania. The Club now looks forward to playing the holders, AC Milan, in the Knockout Round in what will undoubtedly be two very exciting matches.

In the Carling Cup, the Club's younger players were again given the opportunity to show their promise and gain first team experience. The players yet again did not disappoint and the success of the Club's policy in this competition was clearly illustrated by the team reaching the semi-finals for the fourth time in the past five seasons. An impressive 2-0 home victory over Newcastle United was followed by good away victories over Sheffield United and Blackburn Rovers. Unfortunately, the semi-final saw a two-legged defeat by Tottenham Hotspur but overall many positives can be taken from the performances of our younger players in this competition. A solid 2-0 away victory over Burnley gave this season's FA Cup a positive start. This was followed by another good performance in the Fourth Round, with a convincing 3-0 home victory over Newcastle United.

The January transfer window was quiet, reflecting our confidence in the strength of the existing squad. Young 15 year-old striker Luke Freeman was signed from Gillingham, whilst Lassana Diarra left the Club to join Portsmouth and Mathew Connolly moved to Queens Park Rangers. We welcome Luke to Arsenal and wish Lassana and Mathew the best of luck at their new clubs.

During January five young players were involved in new or extended loan deals to other clubs. Three players joined clubs on loan until the end of the season - Fran Merida to Real Sociedad, Vincent van den Berg to Go Ahead Eagles and Mark Randall to Burnley. Jay Simpson extended his loan at Millwall until the end of the season, with Kieran Gibbs joining Norwich City on loan for three months. We wish all these players the best of luck during their loan periods.

Financial Review

I am pleased to report that the Group has continued to perform well off the pitch and has recorded another satisfactory set of financial results, achieving an overall pre-tax profit of £20.0 million for the six month period ended 30 November 2007 as compared to £12.9 million (pre-tax profit excluding exceptional costs) for the same period last year.

In reviewing the Group's financial performance it is necessary to distinguish between the results from the property development business, which had significantly less sales activity compared to the prior year and consequently lower turnover and profit, and our core football business which reported significant growth in turnover together with near static costs and, consequently, a doubling of its operating profits against the previous half year.

	2007	2006
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	£m	£m
Turnover		
Football	89.3	77.1
Property development	7.6	23.7
Total turnover	96.9	100.8
Operating profits*		
Football*	21.9	10.9
Property development	2.5	9.3
Total operating profit*	24.4	20.2
Player trading	8.6	3.3
Depreciation	(5.8)	(4.1)
Joint venture	0.5	0.3
Ordinary net finance charges	(7.7)	(6.8)
Profit before tax and exceptional items	20.0	12.9

*= operating profits before depreciation and player trading costs

The property development turnover in the current year represents land sales and contracting work within the social housing element of the Highbury Square development, the comparative period contained the sale of a major development site at Drayton Park.

During the period we have continued to invest heavily in the construction works across the Highbury Square site and in the progression of detailed planning permissions for the development site at Queensland Road; consequently, the carrying value of our property development stock has risen since the 31 May 2007 by some £41 million, to £141.3 million. This investment has been funded by drawings on the bank facilities we have in place specifically for these two projects – the related loan balances stood at £105.3 million at 30 November 2007. The Highbury Square development is 95% pre-sold and we are at an advanced stage of negotiations for the sale of Queensland Road; together the two sites are expected to generate turnover, as sales reach legal completion, over the next two financial years in excess of £350 million.

There are two main reasons for the increase in football revenues. Firstly, the new Premier League domestic and overseas TV deals have meant a rise in broadcasting income of some £6.5 million to £24.3 million. Secondly, the successful staging of the inaugural Emirates Cup pre-season tournament which was the major factor behind the increase in gate and match day revenue to £41.1 million (from 8 Premier League, 3 Champions League, 1 Carling Cup and the Emirates Cup) (2006 - £38.0 million from 7 Premier League, 4 Champions League and 1 international friendly).

Growth in revenues from our retail operations, museum / stadium tours and non-match day venue hire have also contributed, albeit to a lesser extent, to the increase in football turnover.

Costs in the football business, increased by some £2.2 million, principally as a result of the direct costs associated with the Emirates Cup tournament and the volume of retail activity. These increases

have been partially offset by cost reductions in other areas. Overall, football costs at £67.4 million (2006 - £66.2 million) have shown a high degree of stability and this means that the benefit of the increased football turnover has translated directly into increased operating profits of £21.9 million, which is effectively double the £10.9 million achieved in the comparative period.

Profits on disposal of player registrations at £19.6 million (2006 - £12.2 million) exceeded the amortisation charge on the costs of the registrations of the current squad such that player trading resulted in an overall profit of £8.6 million (2006 - £3.3 million). The major element of the profits on disposal derives from the sale of Thierry Henry to Barcelona with lesser contributions from the sales of Fredrick Ljungberg, Jeremie Aliadiere and Jose Antonio Reyes. In addition, we continue to collect additional performance related transfer fees from a number of prior year transfers.

Net ordinary finance charges were £7.7 million (2006 - £6.8 million). The main element of these charges is the fixed interest costs of the stadium refinancing bonds and the increase reflects a full six month charge for the current period, whereas in the comparative period interest costs were capitalised prior to the date of Emirates Stadium opening and only four months of interest was, therefore, charged to the profit and loss account. The Group has maintained significant cash balances throughout the period and interest earned thereon was £2.1 million (2006 - £1.6 million), reflecting the benefit of the higher balances held and interest rates during the period.

The Group's cash balances at 30 November 2007 amounted to £69.1 million which represents a decrease against the 31 May 2007 position by some £4.7 million. The negative cash flow for the period is actually a consequence of strength of advance ticket sales included in the 31 May 2007 cash balances - some £45 million of 2007/08 general and Club Tier season tickets and executive box licence fees were collected in advance in the period prior to 31 May 2007.

The Group already has in place adequate debt facilities, the majority of which are at fixed interest rates, to fund completion of its property development projects for the foreseeable future and its operations generally for the long-term and, consequently, has not been adversely affected in any way by recent turbulence in the financial markets. The main element of the Group's debt financing is £200.2 million of 5.14% fixed interest bonds issued in connection with the funding for Emirates Stadium and, in recognition of the long-term benefit which the stadium will provide, these bonds are repayable over 22 years.

The Group's overall net debt position has increased from £268.2 million at 31 May 2007 to £307.1 million at 30 November 2007 and this is in line with our expectations. The change of £38.9 million reflects the £41 million drawn to fund the property developments at Highbury Square and Queensland Road as referred to above, the movement in working capital cash balances of £4.7 million also referred to above and scheduled debt repayments, principally on the refinancing bonds, of £6.9 million. The construction of Highbury Square will result in increases in debt levels through to the summer of 2008 until receipts from the sales of the first phase of Highbury Square units are realised.

In conclusion, the Group enters the closing months of the 2007/08 season in an excellent position both on and off the field and a sound base has already been established for the full year financial results.

P D Hill-Wood
Chairman
21 February 2008

Arsenal Holdings Plc
Consolidated profit and loss account
For the six months ended 30 November 2007

		Six months to 30 November 2007			Six months to 30 November 2006	Year ended 31 May 2007
		Unaudited			Unaudited	Audited
	Notes	Operations excluding player trading £'000	Player trading £'000	Total £'000	Total £'000	Total £'000
Turnover of the Group including its share of joint ventures		97,392	303	97,695	101,434	201,987
Share of turnover of joint ventures		(830)	-	(830)	(638)	(1,144)
Group turnover	4	<u>96,562</u>	<u>303</u>	<u>96,865</u>	<u>100,796</u>	<u>200,843</u>
Operating expenses		(77,963)	-	(77,963)	(84,609)	(158,685)
- other		-	(11,295)	(11,295)	(9,042)	(18,782)
- amortisation of player registrations						
Total operating expenses		(77,963)	(11,295)	(89,258)	(93,651)	(177,467)
Operating profit/(loss)		<u>18,599</u>	<u>(10,992)</u>	<u>7,607</u>	<u>7,145</u>	<u>23,376</u>
Share of operating profit of joint venture		485	-	485	311	435
Profit on disposal of player registrations		-	19,593	19,593	12,180	18,467
Profit on ordinary activities before net finance charges		<u>19,084</u>	<u>8,601</u>	<u>27,685</u>	<u>19,636</u>	<u>42,278</u>
Net finance charges – ordinary				(7,707)	(6,772)	(15,304)
Net finance charges – exceptional				-	(21,401)	(21,401)
Net finance charges	5			(7,707)	(28,173)	(36,705)
Profit/ (Loss) on ordinary activities before taxation				<u>19,978</u>	<u>(8,537)</u>	<u>5,573</u>
Taxation	6			(4,341)	2,356	(2,757)
Profit/(Loss) after taxation retained for the financial period				<u>15,637</u>	<u>(6,181)</u>	<u>2,816</u>
Earnings/(Loss) per share	7			<u>£251.33</u>	<u>(£99.35)</u>	<u>£45.26</u>

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.

Arsenal Holdings Plc
Consolidated balance sheet
At 30 November 2007

	Notes	30 November		31 May
		2007	2006	2007
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Fixed assets				
Tangible assets	8	453,122	458,319	455,300
Intangible assets	9	69,215	67,522	64,671
Investment in joint venture		420	102	76
		<u>522,757</u>	<u>525,943</u>	<u>520,047</u>
Current assets				
Stock – Development properties	10	141,294	69,495	100,080
Stock – Retail merchandise		2,522	2,463	1,166
Debtors – Due within one year	11	30,868	30,432	31,028
Debtors – Due after one year	11	9,460	1,490	5,117
Cash at bank and in hand		69,128	53,135	73,857
		<u>253,272</u>	<u>157,015</u>	<u>211,248</u>
Creditors: Amounts falling due within one year	12	(198,111)	(137,772)	(150,017)
		<u>55,161</u>	<u>19,243</u>	<u>61,231</u>
Net current assets				
		<u>577,918</u>	<u>545,186</u>	<u>581,278</u>
Total assets less current liabilities				
Creditors: Amounts falling due after more than one year	13	(390,637)	(395,553)	(416,120)
Provisions for liabilities	14	(38,270)	(25,256)	(31,784)
		<u>149,011</u>	<u>124,377</u>	<u>133,374</u>
Net assets				
		<u>149,011</u>	<u>124,377</u>	<u>133,374</u>
Equity capital and reserves				
Called up equity 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	15	92,253	67,619	76,616
		<u>149,011</u>	<u>124,377</u>	<u>133,374</u>
Equity shareholders' funds	16			
		<u>149,011</u>	<u>124,377</u>	<u>133,374</u>

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

Arsenal Holdings Plc
Consolidated cash flow statement
For the six months ended 30 November 2007

	Six months to 30 November		Year ended
	2007	2006	31 May
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities	(29,760)	65,569	77,332
Player registrations	4,296	(7,447)	(8,009)
Returns on investment and servicing of finance	(9,169)	(15,829)	(24,603)
Taxation	-	(51)	(54)
Capital expenditure	(3,255)	(38,145)	(37,949)
Cash (outflow)/inflow before financing	(37,888)	4,097	6,717
Financing	33,159	13,440	31,542
(Decrease)/increase in cash	(4,729)	17,537	38,259

Notes to the cash flow statement

	Six months to 30 November		Year ended
	2007	2006	31 May
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<i>a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities</i>			
Operating profit	7,607	7,145	23,376
Profit on disposal of tangible fixed assets	-	(846)	(1,036)
Depreciation	5,766	4,084	9,698
Amortisation of player registrations	11,295	9,042	18,782
Increase in stock	(40,790)	(3,914)	(34,783)
Decrease in debtors	159	13,871	13,792
(Decrease)/increase in creditors	(13,797)	36,187	47,503
Net cash (outflow)/inflow from operating activities	(29,760)	65,569	77,332
<i>b) Reconciliation of net cash flow to movement in net debt</i>			
(Decrease)/increase in cash for the period	(4,729)	17,537	38,259
Cash inflow from increase in debt	(33,159)	(13,440)	(31,542)
Change in net debt resulting from cash flows	(37,888)	4,097	6,717
Increase in debt resulting from non cash changes	(974)	(12,252)	(12,770)
Net debt at start of period	(268,197)	(262,144)	(262,144)
Net debt at close of period	(307,059)	(270,299)	(268,197)

Bank balances, included in net debt, of £189,000 (30 November 2006 £209,000, 31 May 2007 £239,000) are held in an employee benefit trust at the discretion of the trustees.

c) Analysis of changes in net debt

At 1 June	Non cash	Cash flows	At 30 November
2007	changes		2007

	£'000	£'000	£'000	£'000
Cash in hand, at bank	73,857	-	(4,729)	69,128
	<u>73,857</u>	<u>-</u>	<u>(4,729)</u>	<u>69,128</u>
Debt due within one year (bank loans/bonds)	(5,964)	-	(48,240)	(54,204)
Debt due after more than one year (bank loans/bonds)	(310,627)	(817)	15,081	(296,363)
Debt due after more than one year (debenture subscriptions)	(25,463)	(157)	-	(25,620)
Net debt	<u>(268,197)</u>	<u>(974)</u>	<u>(37,888)</u>	<u>(307,059)</u>

Non cash changes represent £957,000 in respect of the amortisation of costs of raising finance, £157,000 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		Year ended
	2007	2006	31 May
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Player registrations:			
Payments for purchase of players	(23,165)	(18,795)	(21,878)
Receipts from sale of players	27,461	11,348	13,869
	<u>4,296</u>	<u>(7,447)</u>	<u>(8,009)</u>
Returns on investment and servicing of finance:			
Interest received	2,096	1,592	2,389
Interest paid	(11,265)	(17,421)	(26,992)
	<u>(9,169)</u>	<u>(15,829)</u>	<u>(24,603)</u>
Capital expenditure:			
Payments to acquire tangible fixed assets	(3,255)	(38,991)	(38,985)
Receipts from sale of tangible fixed assets	-	846	1,036
	<u>(3,255)</u>	<u>(38,145)</u>	<u>(37,949)</u>
Financing:			
Repayment of borrowings	(6,869)	(265,074)	(265,074)
Increase in borrowings	40,846	291,256	309,579
Costs of raising finance	(818)	(12,742)	(12,958)
Total debt financing	33,159	13,440	31,547
Debenture repayments	-	-	(5)
	<u>33,159</u>	<u>13,440</u>	<u>31,542</u>

Arsenal Holdings Plc
Notes to the interim accounts
30 November 2007

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 2007. 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 2007.

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.

3. Segmental analysis

Class of business	Football		Year ended
	Six months to 30 November 2007	2006	31 May 2007
	Unaudited £'000	Unaudited £'000	Audited £'000
Turnover	89,250	77,105	177,051
Profit/(loss) on ordinary activities before taxation	19,055	(16,290)	(544)
Segment net assets	149,659	122,441	135,065

Class of business	Property development		Year ended
	Six months to 30 November 2007	2006	31 May 2007
	Unaudited £'000	Unaudited £'000	Audited £'000
Turnover	7,615	23,691	23,792
Profit on ordinary activities before taxation	923	7,753	6,117
Segment net (liabilities)/assets	(648)	1,936	(1,691)

Class of business	Group		Year ended
	Six months to 30 November 2007	2006	31 May 2007
	Unaudited £'000	Unaudited £'000	Audited £'000
Turnover	96,865	100,796	200,843
Profit/(loss) on ordinary activities before taxation	19,978	(8,537)	5,573
Net assets	149,011	124,377	133,374

4. Turnover

	Six months to 30 November		Year ended
	2007	2006	31 May
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Gate and other match day revenues	41,072	38,011	90,613
Player trading	303	183	544
Broadcasting	24,307	17,829	44,312
Retail income	7,846	6,957	12,064
Commercial	15,722	14,125	29,518
Property development	7,615	23,691	23,792
	<u>96,865</u>	<u>100,796</u>	<u>200,843</u>

5. Net finance charges

	Six months to 30 November		Year ended
	2007	2006	31 May
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Interest payable and similar charges:			
Bank loans and overdrafts	(3,007)	(4,037)	(5,723)
Fixed/floating rate bonds	(7,414)	(5,416)	(12,761)
Other	(156)	(301)	(505)
Costs of raising long term finance	(1,015)	(1,583)	(2,816)
	<u>(11,592)</u>	<u>(11,337)</u>	<u>(21,805)</u>
Finance costs capitalised	1,780	2,960	3,813
	<u>(9,812)</u>	<u>(8,377)</u>	<u>(17,992)</u>
Total interest payable and similar charges			
Interest receivable	2,105	1,605	2,688
	<u>(7,707)</u>	<u>(6,772)</u>	<u>(15,304)</u>
Net finance charges – ordinary			
Finance charges – exceptional	-	(21,401)	(21,401)
	<u>(7,707)</u>	<u>(28,173)</u>	<u>(36,705)</u>

The exceptional charges in the comparative periods related to the refinancing of the project finance bank loans which the Group had used to fund the development of Emirates Stadium.

Of the interest capitalised £Nil (period to 30 November 2006 and year to 31 May 2007 £2,960,000) is included in tangible fixed assets and £1,780,000 (period to 30 November 2006 £Nil and year to 31 May 2007 £853,000) is included in stock development properties.

6. Taxation

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

	Six months to 30 November 2007 Unaudited £'000	2006 Unaudited £'000	Year ended 31 May 2007 Audited £'000
Corporation tax on result for the period at 29.67% (period to 30 November 2006 and year to 31 May 2007 30%)	5,723	-	151
Movement in deferred taxation	(1,382)	(2,356)	2,606
Total tax charge/(credit)	4,341	(2,356)	2,757

7. Earnings per share

The calculation of earnings per share is based on the profit for the period divided by the weighted average number of ordinary shares in issue being 62,219 (period to 30 November 2006 - 62,219 shares and year to 31 May 2007 - 62,219 shares).

8. Tangible fixed assets

	Freehold property £'000	Leasehold property £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 June 2007	385,956	6,456	78,978	471,390
Additions	2,410	-	1,178	3,588
At 30 November 2007	388,366	6,456	80,156	474,978
Depreciation				
At 1 June 2007	6,961	1,950	7,179	16,090
Charge for period	2,689	206	2,871	5,766
At 30 November 2007	9,650	2,156	10,050	21,856
Net book value				
At 30 November 2007	378,716	4,300	70,106	453,122
At 31 May 2007	378,995	4,506	71,799	455,300

9. Intangible fixed assets

	£'000
Cost of player registrations	
At 1 June 2007	122,215
Additions	28,080
Disposals	(36,841)
At 30 November 2007	113,454

Amortisation of player registrations

At 1 June 2007	57,544
Charge for the period	11,295
Disposals	(24,600)
At 30 November 2007	<u>44,239</u>
Net book amount	
At 30 November 2007	69,215
At 31 May 2007	<u>64,671</u>

10. 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 significantly greater than their book value.

11. Debtors

	30 November 2007 Unaudited £'000	2006 Unaudited £'000	31 May 2007 Audited £'000
Amounts recoverable within one year:			
Trade debtors	5,284	7,004	10,115
Other debtors	7,679	5,267	7,642
Prepayments and accrued income	17,905	18,161	13,271
	<u>30,868</u>	<u>30,432</u>	<u>31,028</u>
Amounts recoverable after more than one year:			
Trade debtors	2,500	162	2,500
Other debtors	6,094	535	1,778
Prepayments and accrued income	866	793	839
	<u>9,460</u>	<u>1,490</u>	<u>5,117</u>

Other debtors of £13.8 million, include £13.3 million in respect of player transfers (30 November 2006 £5.0 million and 31 May 2007 £9.0 million) of which £6.0 million is recoverable in more than one year.

12. Creditors: Amounts falling due within one year

	30 November		31 May
	2007	2006	2007
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Bank loans – secured	49,555	-	-
Fixed and floating rate bonds – secured	4,649	4,117	4,122
Trade creditors	18,190	17,813	15,723
Corporation tax	10,211	4,630	4,629
Other tax and social security	2,780	3,847	12,425
Other creditors and loans	10,039	11,462	12,185
Accruals and deferred income	102,687	95,903	100,933
	<u>198,111</u>	<u>137,772</u>	<u>150,017</u>

Other creditors, above and as disclosed in note 13, include £13.5 million (30 November 2006 £14.1 million and 31 May 2007 £16.5 million) in respect of player transfers.

13. Creditors: Amounts falling due after more than one year

	30 November		31 May
	2007	2006	2007
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Bank loans – secured	54,233	44,633	62,879
Fixed rate bonds – secured	186,113	191,254	191,569
Floating rate bonds – secured	56,017	56,233	56,179
Debentures	25,620	25,317	25,463
Other creditors	4,508	5,946	6,638
Grants	4,653	4,470	4,712
Deferred income	59,493	67,700	68,680
	<u>390,637</u>	<u>395,553</u>	<u>416,120</u>

The bank loans above and disclosed in note 12 comprise:

	30 November		31 May
	2007	2006	2007
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Bank loans – secured	105,315	46,200	64,469
Costs of raising finance	(1,527)	(1,567)	(1,590)
	<u>103,788</u>	<u>44,633</u>	<u>62,879</u>
Due within one year	49,555	-	-
Due after more than one year	54,233	44,633	62,879
	<u>103,788</u>	<u>44,633</u>	<u>62,879</u>

The fixed rate bonds above and disclosed in note 12 comprise:

	30 November		31 May
	2007	2006	2007
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000

Fixed rate bonds	200,204	205,231	205,231
Costs of raising finance	(9,535)	(9,860)	(9,540)
	<u>190,669</u>	<u>195,371</u>	<u>195,691</u>
Due within one year	4,556	4,117	4,122
Due after more than one year	186,113	191,254	191,569
	<u>190,669</u>	<u>195,371</u>	<u>195,691</u>

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

The floating rate bonds above comprise:

	30 November		31 May
	2007	2006	2007
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Floating rate bonds	50,000	50,000	50,000
Interest rate swap	6,625	6,905	6,765
Costs of raising finance	(515)	(672)	(586)
	<u>56,110</u>	<u>56,233</u>	<u>56,179</u>
Due within one year	93	-	-
Due after more than one year	56,017	56,233	56,179
	<u>56,110</u>	<u>56,233</u>	<u>56,179</u>

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 0.65% of the bond principal outstanding.

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 £957,000 (year ended 31 May 2007 £785,000).

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 £25.5 million (30 November 2006 £26.3 million, 31 May 2007 £45.5 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 2007		31 May 2007
	Unaudited £'000	Unaudited 2006 £'000	Audited £'000
Between one and two years	5,587	5,300	5,300
Between two and five years	72,987	63,886	82,155
After five years	246,603	252,846	252,992
	<u>325,177</u>	<u>322,032</u>	<u>340,447</u>
Within one year	56,272	5,027	5,027
	<u>381,499</u>	<u>327,059</u>	<u>345,474</u>

Interest rate profile

After taking into account interest rate swaps, the interest rate profile of the Group's financial liabilities at 30 November 2007 was as follows:

	Fixed rate Unaudited 2007 £'000	Floating rate Unaudited 2007 £'000	Interest free Unaudited 2007 £'000	Total Unaudited 2007 £'000	Weighted average fixed rate Unaudited %	Weighted average period for which rate is fixed Unaudited Yrs
Bonds - fixed rate	200,204	-	-	200,204	5.6	22
Bonds - floating rate	50,000	-	-	50,000	6.6	24
Bank loans	74,136	31,179	-	105,315	6.6	2
Debentures	11,498	-	14,432	25,930	2.8	20
	<u>335,838</u>	<u>31,179</u>	<u>14,432</u>	<u>381,449</u>		
	=====	=====	=====	=====		

The interest rate on the floating rate element of bank loans is currently set at LIBOR plus 1.4% (30 November 2006 1.50% and 31 May 2007 1.4%).

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 2007 the total unrecognised loss on the Group's interest rate swaps was £5.4 million (31 May 2007: £3.3 million).

The interest rate profile at 30 November 2006 for comparative purposes was:

	Fixed rate Unaudited 2006 £'000	Floating rate Unaudited 2006 £'000	Interest free Unaudited 2006 £'000	Total Unaudited 2006 £'000	Weighted average fixed rate Unaudited %	Weighted average period for which rate is fixed Unaudited Yrs
Bonds - fixed rate	205,231	-	-	205,231	5.8	23
Bonds - floating rate	50,000	-	-	50,000	6.6	25
Bank loans	36,960	9,240	-	46,200	6.7	3
Debentures	11,190	-	14,438	25,628	2.8	21
	<u>303,381</u>	<u>9,240</u>	<u>14,438</u>	<u>327,059</u>		
	=====	=====	=====	=====		

The interest rate profile at 31 May 2007 for comparative purposes was:

	Fixed rate Audited 2007 £'000	Floating rate Audited 2007 £'000	Interest free Audited 2007 £'000	Total Audited 2007 £'000	Weighted average fixed rate Audited %	Weighted average period for which rate is fixed Audited Yrs
Bonds - fixed rate	205,231	-	-	205,231	5.8	23
Bonds - floating rate	50,000	-	-	50,000	6.6	25
Bank loans	50,156	14,313	-	64,469	6.6	3
Debentures	11,342	-	14,432	25,774	2.8	21
	<u>316,729</u>	<u>14,313</u>	<u>14,432</u>	<u>345,474</u>		
	=====	=====	=====	=====		

14. Provisions for liabilities

	30 November 2007 Unaudited £'000	2006 Unaudited £'000	31 May 2007 Audited £'000
Pensions provision	640	769	705
Transfers provision	20,059	10,496	12,126
Deferred taxation	17,571	13,991	18,953
	<u>38,270</u>	<u>25,256</u>	<u>31,784</u>

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.

15. Profit and loss account

	30 November		31 May
	2007	2006	2007
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
At start of period	76,616	73,800	73,800
Profit/(loss) for the period	15,637	(6,181)	2,816
Balance at end of period	<u>92,253</u>	<u>67,619</u>	<u>76,616</u>

16. Reconciliation of equity shareholders' funds

	30 November		31 May
	2007	2006	2007
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Opening equity shareholders' funds	133,374	130,558	130,558
Profit/(loss) for the period	15,637	(6,181)	2,816
Closing equity shareholders' funds	<u>149,011</u>	<u>124,377</u>	<u>133,374</u>

17. 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 £10.6 million (30 November 2006 £9.2 million, 31 May 2007 £9.4 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 £7.7 million (31 May 2007 £7.7 million).

18. Additional information

- a) The interim financial statements do not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 31 May 2007 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 s.237 (number 2) or (number 3) Companies Act 1985.

- b) These results were announced to PLUS on 22 February 2008 and posted to all shareholders on the register at 21 February 2008. Copies of this interim report will be available from the company's registered office at Highbury House, 75 Drayton Park, London N5 1BU.

Arsenal Holdings Plc
Independent auditors' report

INDEPENDENT REVIEW REPORT TO ARSENAL HOLDINGS 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 November 2007 which comprises the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 18. 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 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 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 condensed set of 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 November 2007 is not prepared, in all material respects, in accordance with the Plus Markets Rules for Issuers and the ASB Statement *Half-Yearly Reports*.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London, United Kingdom
21 February 2008