ARSENAL HOLDINGS PLC

Interim Accounts for the six months ended November 30, 2011

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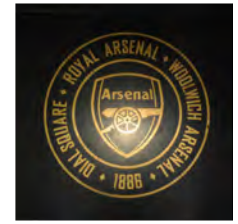

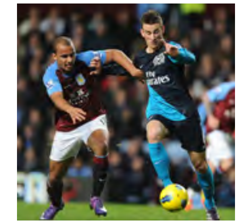


Fly
Emirates

Chairman's Statement

It has been something of a rollercoaster season to date but I remain confident that we will have a positive conclusion to the campaign.

At the time of writing, we remain involved in the race for the top four in the Premier League and the UEFA Champions League, albeit with only a slim chance of progressing beyond the Round of 16. I know that Arsène Wenger and his players are focused on the challenges ahead and the continued support of our tremendous fans will be invaluable in taking us forward.

We are proud of our record and consistency over many seasons and have the foundations in place, at every level of the Club, to ensure we remain a force in the seasons ahead.

Those foundations are built on 125 years of history and we have celebrated this special milestone during the current season. The celebrations around the 125th anniversary game against Everton will long stay in the memory as will the unveiling of the statues to Herbert Chapman, Tony Adams and Thierry Henry.

With regard to Thierry, it was a special moment to have him back with us for his statue unveiling. This was only surpassed by that winning goal against Leeds United on his return to action in an Arsenal shirt during his loan period with the Club. It was a truly memorable football moment from an outstanding Arsenal servant.

I would also like to recognise another outstanding Arsenal servant, our captain Robin van Persie. He has been in tremendous form and has scored many spectacular and valuable goals. In addition, he has proved to be an exceptional leader of the team and I am delighted by his contribution on and off the pitch.

Our financial results are covered in more detail later in this report. They show a profit before tax of £49.5 million. While profits from sale of players, including Cesc Fabregas and Samir Nasri, contributed £63.0 million, it is important to recognise that, in the same period, we invested £74.7 million in the acquisition of new players and the extension of contract terms for certain existing players. This is indicative of our commitment to invest in the squad and this will continue.

Another example of investment has been the opening of our new medical centre at our London Colney training ground. This has been an important development and we now have a state of the art complex designed to give our players the best facilities to aid recovery and recuperation.

This investment is only made possible by the hard work we do off the pitch and I am encouraged by the increase in revenue we are reporting in a number of areas. This is particularly strong progress in what remains a difficult economic environment. We will continue to work hard on growing our revenues on multiple fronts and, to support this, we are planning a summer tour to Asia and Africa, further investment in our retail operation and development of our successful media partnership with MP&Silva. In addition, we will be hosting Coldplay at Emirates Stadium in June.

This season we have a global partnership with Save the Children designed to help young people fulfil their potential through education. We have a number of exciting projects in progress at home and abroad and I would like to thank everyone who has already contributed to our fund-raising efforts through www.justgiving.com/beagoonerbeagiver. Many of you have given very generously. There is also still time to

Chairman's Statement

sign up for our annual 'Be a Gunner Be a Runner Event' at Emirates Stadium on March 31 - for further information about this event, please visit www.arsenal.com/savethechildren.

FINANCIAL REVIEW

The financial results for the six months ended 30 November 2011, which show a profit before tax of £49.5 million (30 November 2010 – loss of £6.1 million), have been significantly influenced by the changes in the squad which occurred in the summer transfer window.

Profits from the sale of player registrations amounted to £63.0 million which was significantly higher than the £4.0 million accounted for in the comparative period last year. The other main component of player trading is the amortisation of the cost of player registrations. During the period we invested £74.7 million in the acquisition of new players and, to a lesser extent, the extension of contract terms for certain existing players. The cost of this investment will be charged against profit over the life of the underlying player contracts and, as a consequence, the amortisation charge for the six month period was increased to £17.3 million (2010 - £10.1 million). The changes in playing personnel have also contributed to an increased wage bill.

Turnover from football was positively impacted by the fact we played four more home games (2 Carling Cup and 2 Champions League) than in the same period for last year. Our gate and match day revenues rose to £47.0 million (2010 - £36.5 million). However, this component of our income remains skewed to the second half of the season and at 30 November 2011 we had played only 14 of the 29 fixtures we are so far

	2011	2010
	£m	£m
Turnover		
Football	113.5	97.6
Property development	3.2	22.5
Total turnover	116.7	120.0
Operating profits*		
Football*	15.2	9.4
Property development	0.5	3.3
Total operating profit*	15.7	12.7
Player trading	45.8	(6.0)
Depreciation	(5.8)	(6.2)
Joint venture	0.5	0.4
Net finance charges	(6.7)	(7.1)
Profit/(loss) before tax	49.5	(6.2)

*= operating profits before depreciation and player trading

certain of playing for the full season. Despite some variable performances on the pitch and the challenging economic climate we have continued to achieve ticket sales at sell out levels for all Premier League, UEFA Champions League and FA Cup games – this reflects the outstanding quality of the Club's support.

Chairman's Statement

Football revenues were also increased as a result of:

- **Our pre-season tour to Malaysia and China;**
- **UEFA distributions (included within broadcasting) to reflect participation in the Champions League qualifying round and, subsequently, our performances as Group winners;**
- **Strong retail performance across all of the Club's stores and on-line; and**
- **A number of new and renewed partnerships, representing the first steps in anticipated growth in our commercial revenue streams over the next five years.**

Overall football revenues were increased to £113.5 million (2010 - £97.6 million).

The Group's employment costs have continued to rise, primarily as a result of growth in the player wage bill, and contributed £8.4 million of the increase in football operating costs to £98.4 million (2010 - £88.1 million). Retail costs of goods sold and match staging costs were also increased in line with the additional retail sales revenues achieved and the additional four home fixtures played. Outside of these headings we have worked hard to contain our cost base against a backdrop of inflationary pressure.

Operating profits from football (before depreciation and player trading) were increased to £15.2 million from £9.4 million for the prior half year.

As expected there was little sales activity in the Group's property business in the first half of the year. We continue to sell off the few remaining apartments at Highbury Square and five sales completed in the period generating £3.2 million and a contribution to profits of £0.6 million (2010 – sales of £22.5 million and profits of £3.3 million from 50 units sold). Sales activity is expected to pick up in the final quarter of the financial year as we release the final phase of the Highbury Square project - a mix of 21 new/refurbished property units with addresses on Avenell Road, Gillespie Road and Highbury Hill.

The construction works being undertaken by Newlon Housing Trust on the Queensland Road site are advancing and it is expected that we will reach the point where our sale of the remainder of the site to Barratt can complete early in the summer – it is not yet clear whether this transaction will be concluded by our financial year end on 31st May.

We continue to consult with Islington Council in relation to the optimum development schemes for the property sites on Hornsey Road and Holloway Road.

The Group continues to have a strong balance sheet. £6.2 million of stadium finance bonds were repaid in the period and, other than next year's annual instalment on the bonds, the Group has no short-term debt. Cash balances at 30th November amounted to £115.2 million (2010 - £110.4 million).

We have continued to invest, for the long-term, in the development of the Club's facilities and fixed asset investment of £4.8 million in the period was divided between the new medical centre and pitch facilities at London Colney and Arsenalisation projects and further Club Tier enhancements at Emirates Stadium.

The significant investment in player registrations during the period, which has been referred to above, led to an increased book value of intangible assets at £107.2 million (2010 - £65.3 million).

The Group enters into a number of transactions, relating mainly to its participation in European competition (UEFA Champions League distributions are paid in €) and player transfers, which create ▸

Chairman's Statement

exposure to movements or volatility in foreign exchange, including €. The Group monitors this foreign exchange exposure on a continuous basis and will usually hedge any significant exposure in its currency receivables and payables.

SUMMARY

The Group's overall profit after tax for the six months was £38.0 million (2010 – loss of £2.5 million).

Historically the financial operating 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 into 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.

As recent events in football emphasise, a solid financial platform is important to secure the on-field success of any professional football club, for both the short and the long term, but our goal is that of any fan - to make sure Arsenal is as successful as it can be on the pitch and to make us all proud. As fans ourselves, we all share in the ups and downs of every football season and remain committed to doing all we can every day to ensure that the club we love continues to compete at the very highest levels of the game.

I hope you all enjoy the rest of the season.

PD Hill-Wood

P D Hill-Wood
Chairman
27 February 2012

Consolidated Profit and Loss Account

	Notes	Six months to 30 November 2011 Unaudited Operations excluding player trading	Player trading	Total	Six months to 30 November 2010 Unaudited Total	Year ended 31 May 2011 Audited Total
		£'000	£'000	£'000	£'000	£'000
Turnover of the Group including its share of joint ventures		117,607	394	118,001	121,130	257,842
Share of turnover of joint ventures		(1,276)	-	(1,276)	(1,087)	(2,150)
Group turnover	4	116,331	394	116,725	120,043	255,692
Operating expenses						
- other		(106,817)	-	(106,817)	(113,453)	(212,128)
- amortisation of player registrations		-	(17,266)	(17,266)	(10,109)	(21,658)
Total operating expenses	5	(106,817)	(17,266)	(124,083)	(123,562)	(233,786)
Operating profit/(loss)		9,514	(16,872)	(7,358)	(3,519)	21,906
Share of operating profit of joint venture		528	-	528	446	822
Profit on disposal of player registrations		-	63,010	63,010	4,042	6,256
Profit on ordinary activities before net finance charges		10,042	46,138	56,180	969	28,984
Net finance charges	6			(6,717)	(7,115)	(14,208)
Profit/(loss) on ordinary activities before taxation				49,463	(6,146)	14,776
Taxation	7			(11,414)	3,627	(2,143)
Profit/(loss) after taxation retained for the financial period				38,049	(2,519)	12,633
Earnings/(loss) per share	8			£611.55	(£40.49)	£203.05

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 2011 Unaudited	30 November 2010 Unaudited	31 May 2011 Audited
		£'000	£'000	£'000
Fixed assets				
Tangible assets	9	430,357	434,344	431,428
Intangible assets	10	107,159	65,345	55,717
Investment in joint venture		2,176	1,375	1,648
		539,692	501,064	488,793
Current assets				
Stock – Development properties	11	36,815	28,216	33,460
Stock – Retail merchandise		3,024	3,731	1,114
Debtors – Due within one year	12	52,652	35,318	27,435
Debtors – Due after one year	12	5,905	2,320	2,214
Cash and short-term deposits	13	115,150	110,357	160,229
		213,546	179,942	224,452
Creditors: Amounts falling due within one year	14	(123,321)	(117,480)	(131,104)
Net current assets		90,225	62,462	93,348
Total assets less current liabilities		629,917	563,526	582,141
Creditors: Amounts falling due after more than one year	15	(263,181)	(271,535)	(275,912)
Provisions for liabilities	16	(60,732)	(39,188)	(38,274)
Net assets		306,004	252,803	267,955
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	249,246	196,045	211,197
Shareholders' funds	18	306,004	252,803	267,955

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

Consolidated Cash Flow Statement

	Six months to 30 November 2011 Unaudited £'000	Six months to 30 November 2010 Unaudited £'000	Year ended 31 May 2011 Audited £'000
Net cash (outflow)/inflow from operating activities	(21,822)	(4,822)	53,142
Player registrations	399	1,586	(1,528)
Returns on investment and servicing of finance	(6,629)	(10,822)	(17,220)
Taxation	(4,681)	9,721	13,664
Capital expenditure	(6,138)	(7,023)	(9,546)
Cash (outflow)/inflow before financing	(38,871)	(11,360)	38,512
Financing	(6,208)	(5,890)	(5,890)
Management of liquid resources	(61,319)	47,125	49,340
Change in cash in the period	(106,398)	29,875	81,962
Change in short-term deposits	61,319	(47,125)	(49,340)
(Decrease)/increase in cash and short-term deposits	(45,079)	(17,250)	32,622

Notes to the Cash Flow Statement

a) Reconciliation of operating (loss)/profit to net cash inflow from operating activities	Six months to 30 November 2011 Unaudited £'000	Six months to 30 November 2010 Unaudited £'000	Year ended 31 May 2011 Audited £'000
Operating (loss)/profit	(7,358)	(3,519)	21,906
Profit on disposal of tangible fixed assets	-	(35)	(35)
Depreciation	5,780	6,151	12,498
Amortisation of player registrations	17,266	10,109	21,658
Decrease in stock	(5,265)	15,695	13,068
(Increase)/decrease in debtors	(10,478)	1,317	4,500
Decrease in creditors	(21,767)	(34,540)	(20,453)
Net cash (outflow)/inflow from operating activities	(21,822)	(4,822)	53,142

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

(Decrease)/increase in cash for the period	(45,079)	(17,250)	32,622
Cash outflow from decrease in debt	6,208	5,890	5,890
Change in net debt resulting from cash flows	(38,871)	(11,360)	38,512
Increase in debt resulting from non cash changes	(349)	(353)	(700)
Net debt at start of period	(97,827)	(135,639)	(135,639)
Net debt at close of period	(137,047)	(147,352)	(97,827)

Notes to the Cash Flow Statement

c) Analysis of changes in net debt

	At 1 June 2011 £'000	Non cash changes £'000	Cash flows £'000	At 30 November 2011 £'000
Cash at bank and in hand	115,509	-	(106,398)	9,111
Short-term deposits	44,720	-	61,319	106,039
	160,229	-	(45,079)	115,150
Debt due within one year (bank loans/bonds)	(5,583)	-	(345)	(5,928)
Debt due after more than one year (bank loans/bonds)	(225,712)	(175)	6,553	(219,334)
Debt due after more than one year (debenture subscriptions)	(26,761)	(174)	-	(26,935)
Net debt	(97,827)	(349)	(38,871)	(137,047)

Non cash changes represent £315,000 in respect of the amortisation of costs of raising finance, £174,000 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 2011 Unaudited £'000	Six months to 30 November 2010 Unaudited £'000	Year ended 31 May 2011 Audited £'000
Player registrations:			
Payments for purchase of players	(50,299)	(22,414)	(28,561)
Receipts from sale of players	50,698	24,000	27,033
	399	1,586	(1,528)
Returns on investment and servicing of finance:			
Interest received	416	205	565
Interest paid	(7,045)	(11,027)	(17,785)
	(6,629)	(10,822)	(17,220)
Capital expenditure:			
Payments to acquire tangible fixed assets	(6,138)	(7,058)	(9,581)
Receipts from sale of tangible fixed assets	-	35	35
	(6,138)	(7,023)	(9,546)
Financing:			
Repayment of borrowings	(6,208)	(5,890)	(5,890)
Total debt repayment	(6,208)	(5,890)	(5,890)

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 2011. 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 2011. 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		Year ended 31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Turnover	113,541	97,566	225,410
Profit/(loss) on ordinary activities before taxation	48,864	(9,440)	2,212
Segment net assets	275,761	229,696	237,053

Class of business	Property development		
	Six months to 30 November		Year ended 31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Turnover	3,184	22,477	30,282
Profit on ordinary activities before taxation	599	3,294	12,564
Segment net assets	30,243	23,107	30,902

Class of business	Group		
	Six months to 30 November		Year ended 31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Turnover	116,725	120,043	255,692
Profit/(loss) on ordinary activities before taxation	49,463	(6,146)	14,776
Net assets	306,004	252,803	267,955

Notes to the Interim Accounts

4 TURNOVER

	Six months to 30 November		Year ended 31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Gate and other match day revenues	45,954	36,530	93,108
Player trading	394	140	735
Broadcasting	40,642	37,775	85,244
Retail and licensing income	9,776	8,763	17,702
Commercial	16,775	14,358	28,621
Property development	3,184	22,477	30,282
	116,725	120,043	255,692

5 OPERATING COSTS

	Six months to 30 November		Year ended 31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Football – amortisation and depreciation	23,046	16,262	34,156
Football – other operating costs	98,353	88,104	178,929
Property development – operating costs	2,684	19,196	25,484
Property development – impairment – exceptional	-	-	(7,860)
Costs of takeover transaction – exceptional	-	-	3,077
	124,083	123,562	233,786

The impairment credit in the prior year reflected an increase in the carrying value of the Group's unsold development site at Queensland Road, following Ashburton Trading Limited, a subsidiary company, exchanging contracts for the sale of part of the site. The carrying value being increased to reflect the value expected to be realised when the sale of the site is completed.

Notes to the Interim Accounts

6 NET FINANCE CHARGES

	Six months to 30 November		Year ended 31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
Interest payable and similar charges:	£'000	£'000	£'000
Bank loans and overdrafts	(4)	(25)	(34)
Fixed/floating rate bonds	(6,614)	(6,776)	(13,462)
Other	(175)	(170)	(341)
Costs of raising long-term finance	(393)	(384)	(937)
Total interest payable and similar charges	(7,186)	(7,355)	(14,774)
Interest receivable	469	240	566
Net finance charges	(6,717)	(7,115)	(14,208)

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		Year ended 31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Corporation tax on result for the period at 25.83%	(2,607)	(124)	(5,083)
Movement in deferred taxation	(8,807)	3,751	2,940
Total tax (charge)/credit	(11,414)	3,627	(2,143)

From 1 April 2012 the rate of UK corporation tax will reduce from 26% to 25%. The Group's deferred tax liabilities have been revalued based on the 25% rate. The impact of the rate change is a deferred tax credit of £1.24 million.
The comparative rates of corporation tax were 27.83% for the six months ended 30 November 2010 and 27.67% for the year ended 31 May 2011.

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 2010 - 62,217 shares and year to 31 May 2011 - 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 2011	399,579	6,509	87,388	493,476
Additions	3,469	9	1,305	4,783
Disposals	-	-	-	-
At 30 November 2011	403,048	6,518	88,693	498,259
Depreciation				
At 1 June 2011	28,978	2,781	30,289	62,048
Charge for period	2,822	191	2,841	5,854
Disposals	-	-	-	-
At 30 November 2011	31,800	2,972	33,130	67,902
Net book value				
At 30 November 2011	371,248	3,546	55,563	430,357
At 31 May 2011	370,601	3,728	57,099	431,428

10 INTANGIBLE FIXED ASSETS

	£'000
Cost of player registrations	
At 1 June 2011	138,322
Additions	74,659
Disposals	(26,080)
At 30 November 2011	186,901
Amortisation of player registrations	
At 1 June 2011	82,605
Charge for the period	17,266
Disposals	(20,129)
At 30 November 2011	79,742
Net book amount	
At 30 November 2011	107,159
At 31 May 2011	55,717

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.

Notes to the Interim Accounts

12 DEBTORS

	30 November 2011 Unaudited £'000	30 November 2010 Unaudited £'000	31 May 2011 Audited £'000
Amounts recoverable within one year:			
Trade debtors	5,897	5,532	10,032
Other debtors	16,392	2,221	3,182
Prepayments and accrued income	30,363	23,379	14,221
Corporation tax	-	4,186	-
	52,652	35,318	27,435
Amounts recoverable after more than one year:			
Other debtors	3,799	-	-
Prepayments and accrued income	2,106	2,320	2,214
	5,905	2,320	2,214

Other debtors of £20.2 million, include £19.0 million in respect of player transfers (30 November 2010 £1.3 million and 31 May 2011 £0.7 million) of which £3.8 million is recoverable after more than one year.

13 CASH AT BANK AND IN HAND

	30 November 2011 Unaudited £'000	30 November 2010 Unaudited £'000	31 May 2011 Audited £'000
Debt service reserve accounts	23,056	22,498	31,687
Other accounts	92,094	87,859	128,542
	115,150	110,357	160,229

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 £2.3 million (30 November 2010 £6.6 million and 31 May 2011 £4.5 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 2011 Unaudited £'000	30 November 2010 Unaudited £'000	31 May 2011 Audited £'000
Cash at bank and in hand	9,111	63,422	115,509
Short-term deposits	106,039	46,935	44,720
	115,150	110,357	160,229

Notes to the Interim Accounts

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 November		31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Fixed and floating rate bonds – secured	5,928	5,575	5,583
Trade creditors	11,309	10,766	10,324
Corporation tax	2,537	-	4,612
Other tax and social security	5,190	5,421	16,867
Other creditors	23,627	11,493	9,717
Accruals and deferred income	74,730	84,225	84,001
	123,321	117,480	131,104

Other creditors, above and as disclosed in note 15, include £22.9 million (30 November 2010 £13.1 million and 31 May 2011 £10.7 million) in respect of player transfers.

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 November		31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Fixed rate bonds – secured	166,406	172,470	172,713
Floating rate bonds – secured	52,928	53,071	52,999
Debentures	26,935	26,593	26,761
Other creditors	4,323	5,734	5,802
Grants	4,063	4,210	4,137
Deferred income	8,526	9,457	13,500
	263,181	271,535	275,912

Notes to the Interim Accounts

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
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Fixed rate bonds	177,220	183,428	183,428
Costs of raising finance	(4,886)	(5,383)	(5,132)
	172,334	178,045	178,296
Due within one year	5,928	5,575	5,583
Due after more than one year	166,406	172,470	172,713
	172,334	178,045	178,296

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

The floating rate bonds above comprise:

	30 November		31 May
	2011	2010	2011
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Floating rate bonds	50,000	50,000	50,000
Interest rate swap	5,505	5,785	5,645
Costs of raising finance	(2,577)	(2,714)	(2,646)
	52,928	53,071	52,999
Due within one year	-	-	-
Due after more than one year	52,928	53,071	52,999
	52,928	53,071	52,999

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.

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 £315,000 (period to 30 November 2010 £323,000 and year ended 31 May 2011 £642,000).

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 £28.5 million (30 November 2010 £25.7 million, 31 May 2011 £59.5 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 2011 Unaudited £'000	30 November 2010 Unaudited £'000	31 May 2011 Audited £'000
Between one and two years	6,900	6,545	6,545
Between two and five years	23,026	21,842	21,842
After five years	217,995	225,736	225,904
	247,921	254,123	254,291
Within one year	6,545	6,209	6,209
	254,466	260,332	260,500

Notes to the Interim Accounts

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 2011 was as follows:

	Fixed rate Unaudited 2011 £'000	Floating rate Unaudited 2011 £'000	Interest free Unaudited 2011 £'000	Total Unaudited 2011 £'000	Weighted average fixed rate Unaudited %	Weighted average period for which rate is fixed Unaudited Yrs
Bonds - fixed rate	177,220	-	-	177,220	5.8	17.5
Bonds - floating rate	50,000	-	-	50,000	6.6	19.5
Debentures	12,816	-	14,430	27,246	2.8	16.5
	240,036	-	14,430	254,466		

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 2011 the total unrecognised loss on the Group's interest rate swaps was £23.2 million (31 May 2011: £15.1 million).

The interest rate profile at 30 November 2010 for comparative purposes was:

	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		

Notes to the Interim Accounts

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

The interest rate profile at 31 May 2011 for comparative purposes was:

	Fixed rate Audited 2011 £'000	Floating rate Audited 2011 £'000	Interest free Audited 2011 £'000	Total Audited 2011 £'000	Weighted average fixed rate Audited %	Weighted average period for which rate is fixed Audited Yrs
Bonds - fixed rate	183,428	-	-	183,428	5.6	18
Bonds - floating rate	50,000	-	-	50,000	6.6	20
Debentures	12,642	-	14,430	27,072	2.8	17
	246,070	-	14,430	260,500		

16 PROVISIONS FOR LIABILITIES

	30 November 2011 Unaudited £'000	30 November 2010 Unaudited £'000	31 May 2011 Audited £'000
Pensions provision	867	1,073	970
Transfers provision	18,810	6,680	5,057
Deferred taxation	41,055	31,435	32,247
	60,732	39,188	38,274

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.

Notes to the Interim Accounts

17 PROFIT AND LOSS ACCOUNT

	30 November 2011 Unaudited £'000	30 November 2010 Unaudited £'000	31 May 2011 Audited £'000
At start of period	211,197	198,564	198,564
Profit/(loss) for the period	38,049	(2,519)	12,633
Balance at end of period	249,246	196,045	211,197

18 RECONCILIATION OF SHAREHOLDERS' FUNDS

	30 November 2011 Unaudited £'000	30 November 2010 Unaudited £'000	31 May 2011 Audited £'000
Opening shareholders' funds	267,955	255,322	255,322
Profit/(loss) for the period	38,049	(2,519)	12,633
Closing shareholders' funds	306,004	252,803	267,955

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 £11.0 million (30 November 2010 £14.3 million, 31 May 2011 £12.5 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 £0.3 million (30 November 2010 £1.4 million, 31 May 2011 £0.3 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 2011 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 were announced to PLUS on 27 February 2012 and posted to all shareholders on the register at 24 February 2012. 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 Report to Arsenal Holdings plc

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 2011 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the notes to the 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 it 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 Financial 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 2011 is not prepared, in all material respects, in accordance with the Plus Markets Rules for Issuers and the ASB Statement Half-Yearly Financial Reports.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
27 February 2012

Highbury House, 75 Drayton Park, London N5 1BU