

# Birmingham City plc

Interim Results for the Six Months Ended 28 February 2007

## Chairman's Statement

The figures under review represent the first six month period after relegation to the Football League Championship and reflect the consequent lower trading levels of the Club. The subsequent trading losses are offset by the sale of David Dunn and Matthew Upson leaving a profit on ordinary activities before taxation of £3.4m.

The Club promised supporters and shareholders to devote all its energy to gain promotion to the Premier League and we achieved our target of automatic promotion after a long, hard fought Championship season.

With a minimum contribution of approximately £30m from the Premier League for season 2007/2008, plus the positive commercial effects promotion will have on the Club, there will be a significant improvement in trading levels, however this will largely be seen in next years figures.

We are mindful of the pitfalls of relegation and will continue our strategy of protecting the Club from an unrealistic and unaffordable wage bill. It is however our intention to invest heavily in the playing squad, but we will focus on young, hungry and passionate professionals who want to make a significant contribution to the success of BCFC. In the competitive world of football, with many clubs chasing the same players, what becomes important is not how much money is spent but how well it is spent. We will endeavour to invest the Club's money to the best of our ability. In addition to investment in the playing squad we intend to invest heavily in the Club's infrastructure by upgrading facilities in the Main Stand. Whilst continuing our campaign for a new stadium we must ensure that the facilities at St Andrews are as up to date as possible. We have already invested £1m during this season in upgrading and refurbishing amenities at the Training Ground.

The Club have options on the entire first team squad (apart from two players whose contracts are currently under review) and this policy enables us to protect our assets giving the Club long term stability within the playing squad.

The first part of the Club's task, promotion to the Premier League, has been successfully completed; the hard work in preparation for the forthcoming season now begins.

David Sullivan  
Chairman

**BIRMINGHAM CITY PLC****Consolidated Profit and Loss Account**

	<b>6 months ended 28 February 2007 £'000</b>	<b>6 months ended 28 February 2006 £'000</b>	<b>Year Ended 31 August 2006 £'000</b>
<b>Turnover</b>	<b>14,267</b>	24,540	40,117
<b>Operating expenses</b>	<b><u>(16,447)</u></b>	<b><u>(22,218)</u></b>	<b><u>(44,475)</u></b>
<b>Operating profit/(loss)</b>	<b>(2,180)</b>	2,322	(4,358)
Profit/(loss) on disposal of players	<u>5,614</u>	<u>(1,070)</u>	<u>7,063</u>
<b>Profit on ordinary activities before interest and tax</b>	<b>3,434</b>	1,252	2,705
Interest receivable	24	19	39
Interest payable	<u>(28)</u>	<u>(28)</u>	<u>(111)</u>
<b>Profit on ordinary activities before taxation</b>	<b>3,430</b>	1,243	2,633
Taxation	<u>(1,029)</u>	<u>(373)</u>	<u>(882)</u>
<b>Profit on ordinary activities after taxation</b>	<b><u>2,401</u></b>	<b><u>870</u></b>	<b><u>1,751</u></b>
<b>Earnings per ordinary share (pence)</b>			
Basic	<b>2.97</b>	1.08	2.17
Diluted	<b>2.94</b>	1.07	2.17

**Notes:**

- 1 The interim results to 28 February 2007, which are unaudited, have been prepared in accordance with the accounting policies adopted in the accounts for the year ended 31 August 2006.
- 2 The results are drawn up after a management charge of £166,000 (2006 £166,000)
- 3 The financial information set out in the interim report does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985. The auditors' report on the accounts for the year ended 31 August 2006 was unqualified.
- 4 Corporation tax is calculated at 30% of profits on ordinary activities before taxation.
- 5 Basic Earnings per share are calculated using 80,755,000 shares in issue. Diluted earnings per share are calculated using 81,625,000 shares which includes 870,000 outstanding share options.

**BIRMINGHAM CITY PLC****Consolidated Balance Sheet**

	<b>28 February 2007 £'000</b>	Restated 28 February 2006 £'000	31 August 2006 £'000
<b>Fixed assets</b>			
Intangible assets	13,063	13,137	14,185
Tangible assets	<u>13,099</u>	<u>12,616</u>	<u>12,529</u>
	<u>26,162</u>	<u>25,753</u>	<u>26,714</u>
<b>Current assets</b>			
Stocks	364	212	360
Debtors	13,357	9,339	10,407
Cash at bank and in hand	<u>0</u>	<u>41</u>	<u>4,308</u>
	<u>13,721</u>	<u>9,592</u>	<u>15,075</u>
<b>Creditors: amounts falling due within one year</b>	<u>(15,511)</u>	<u>(16,451)</u>	<u>(23,341)</u>
<b>Net current liabilities</b>	<u>(1,790)</u>	<u>(6,859)</u>	<u>(8,266)</u>
<b>Total assets less current liabilities</b>	<b>24,372</b>	18,894	18,448
<b>Creditors: amounts falling due after more than one year</b>	<b>(8,473)</b>	(6,248)	(4,950)
<b>Provisions for liabilities and charges</b>	<u>(10)</u>	<u>(39)</u>	<u>(10)</u>
<b>Net assets</b>	<u>15,889</u>	<u>12,607</u>	<u>13,488</u>
<b>Capital and Reserves</b>			
Called up share capital	8,075	8,075	8,075
Share premium account	10,073	10,073	10,073
Revaluation reserve	313	313	313
Merger reserve	(2,539)	(2,539)	(2,539)
Profit and loss account	<u>(33)</u>	<u>(3,315)</u>	<u>(2,434)</u>
<b>Shareholders' funds (including non-equity)</b>	<u>15,889</u>	<u>12,607</u>	<u>13,488</u>

**Comparative figures at 28 February 2006**

Financial Reporting Standard (FRS) 25 Financial Instruments: Disclosure and presentation requires a company to classify its shares as either financial liabilities or equity instruments. As a result the company's preference share capital has been reclassified as a financial liability, and included as "Creditors: Amounts falling due after more than one year". The impact of this reclassification is that net assets and shareholders' funds have been reduced by £18,000.

**BIRMINGHAM CITY PLC****Consolidated Cash Flow Statement**

	<b>6 months ended 28 February 2007 £'000</b>	6 months ended 28 February 2006 £'000	Year Ended 31 August 2006 £'000
<b>Cash (outflow)/inflow from operating activities</b>	<b>(6,043)</b>	(3,640)	3,779
<b>Returns on investments and servicing of finance</b>	<b>(4)</b>	(9)	(72)
<b>Taxation</b>	<b>0</b>	0	0
<b>Capital expenditure</b>	<b>136</b>	(4,626)	(5,799)
<b>Cash outflow before financing</b>	<b>(5,911)</b>	(8,275)	(2,092)
<b>Financing</b>	<b>816</b>	(23)	(45)
<b>Decrease in cash</b>	<b>(5,095)</b>	(8,298)	(2,137)
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash	<b>(5,095)</b>	(8,298)	(2,137)
Cash to repay bank loan	<b>20</b>	23	45
Inception of bank loan	<b>(836)</b>		
<b>Increase in net debt</b>	<b>(5,911)</b>	(8,275)	(2,092)
<b>Net funds at 1 September 2006</b>	<b>3,936</b>	6,010	6,010
<b>Net (debt)/funds at 28 February 2007</b>	<b>(1,975)</b>	(2,265)	3,918

Copies of these results are available from the offices of Birmingham City Football Club, St Andrew's Stadium, Birmingham B9 4NH.