

## **Birmingham City plc (“the Company”)**

### **Interim Results for the Six Months Ended 28 February 2005**

#### **Chairman’s Statement**

On behalf of the board of Birmingham City plc, I am pleased to present the Company’s results for the six months ended 28 February 2005.

We have consolidated our position in the Premier League, finishing in 12th position with a total of 45 points. On behalf of shareholders and supporters, I would like to congratulate the team, manager and management staff on this achievement.

The results for the six months show a 7.85% increase in turnover to £24.4m (2004 H1: £22.6m). The first half of this year included one additional league fixture in comparison to the same period in the previous year. Combined match receipts and league distributions have increased by 22% to £10.9m. Commercial revenues are up by £521,000 to £4.4m, an increase of 13.4%.

Media income has fallen to £9.1m, down by 7.3%, which is a combination of the reduced rate of fees paid for television appearances under the new BSkyB deal and fewer television appearances for the Club this season. Looking ahead to the financial year as a whole, taking into account that the merit award for final league placing will be lower than last year and the reduced television income, we expect that total income in the second half of the year will be reduced by approximately £1.8m from 2003/04. As a result the £45.3m turnover in our financial statements for 2004 is unlikely to be exceeded.

Overheads for the half year increased to £15.7m (2004 H1: £14.5m). This increase includes a 20.5% increase in staff costs, which have risen from £10.3m to £12.5m. The second six months of the year will show significantly higher wage costs from performance related payments, signing-on fees and new player payments.

Operating profit before player trading and amortisation was £8.6m (2004 H1: £8.1m).

The player transfer costs and amortisation charge fell to £2.9m (2004 H1: £4.9m). This reduction reflects a significant profit on the sale of player registrations during the period. As a result, profit before tax was £5.8m (2004 H1: £3.2m). We have provided for taxation as our carried forward losses are largely exhausted. As a result, basic earnings per share were 5.08p (2004 H1: 4.02p), an increase of 26.4%.

Our focus remains the strategic investment in the playing squad, which has proved successful in past seasons. While we remain aware of our responsibilities to keep the Club financially stable we are determined to improve the squad even further to ensure our continued progression.

We recognise that the Club would not exist without its supporter base and would like to thank all our fans for their ongoing magnificent loyal support.

David Sullivan  
Chairman

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

	<b>6 months ended 28 February 2005 £'000</b>	<b>6 months ended 29 February 2004 £'000</b>	<b>Year Ended 31 August 2004 £'000</b>
<b>Turnover</b>	24,376	22,602	45,337
Match and ground expenses	(2,394)	(2,891)	(4,792)
Other operating charges	(638)	(1,066)	(2,533)
Staff costs	(12,463)	(10,342)	(23,159)
Depreciation	(272)	(235)	(460)
Amortisation of deferred capital grants	29	29	57
(Loss)/profit on disposal of fixed assets	(7)	-	-
<b>Net operating expenses</b>	<b>(15,745)</b>	<b>(14,505)</b>	<b>(30,887)</b>
<b>Operating profit before amortisation of players</b>	<b>8,631</b>	<b>8,097</b>	<b>14,450</b>
Player transfer costs including amortisation	(2,889)	(4,864)	(8,835)
<b>Operating profit after amortisation of players</b>	<b>5,742</b>	<b>3,233</b>	<b>5,615</b>
Interest receivable	80	12	98
Interest payable	(16)	(32)	(73)
<b>Profit on ordinary activities before taxation</b>	<b>5,806</b>	<b>3,213</b>	<b>5,640</b>
Taxation	(1,741)	-	134
<b>Profit on ordinary activities after taxation</b>	<b>4,065</b>	<b>3,213</b>	<b>5,774</b>
<b>Earnings per share (pence)</b>			
Basic	5.08	4.02	7.22
Diluted	4.98	3.94	7.07

**Notes:**

1. The interim results for the six months to 28 February 2005, which are unaudited, have been prepared in accordance with the accounting policies adopted in the accounts for the year ended 31 August 2004.
2. The results are drawn up after a management charge of £NIL (2004 £500,000) to Sport Newspapers Limited. Remuneration for non-executive directors has not been provided for, as decisions as to any payment will be made after a review of financial performance for the year as a whole.
3. The financial information for the year ended 31 August 2004 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 2004 was unqualified.
4. Corporation tax is calculated at 30% of profits on ordinary activities before taxation
5. Basic earnings per share are calculated using 80,000,000 shares in issue. Diluted earnings per share are calculated using 81,625,000 shares which include the 1,625,000 outstanding share options.

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

	<b>28 February 2005</b>	<b>29 February 2004</b>	<b>31 August 2004</b>
	£'000	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	14,950	13,159	18,109
Tangible assets	12,886	12,652	13,097
	<u>27,836</u>	<u>25,811</u>	<u>31,206</u>
<b>Current assets</b>			
Stocks	304	167	336
Debtors	7,558	3,103	5,826
Cash at bank and in hand	2,173	20	8,774
	<u>10,035</u>	<u>3,290</u>	<u>14,936</u>
<b>Creditors: amounts falling due within one year</b>	<u>(15,748)</u>	<u>(13,968)</u>	<u>(30,347)</u>
<b>Net current liabilities</b>	<u>(5,713)</u>	<u>(10,678)</u>	<u>(15,411)</u>
<b>Total assets less current liabilities</b>	22,123	15,133	15,795
<b>Creditors: amounts falling due after more than one year</b>	(7,969)	(7,605)	(5,706)
<b>Net assets</b>	<u>14,154</u>	<u>7,528</u>	<u>10,089</u>
<b>Capital and Reserves</b>			
Called up share capital	8,018	8,018	8,018
Share premium account	10,065	10,065	10,065
Revaluation reserve	313	313	313
Merger reserve	(2,539)	(2,539)	(2,539)
Profit and loss account	(1,703)	(8,329)	(5,768)
<b>Shareholders' funds (including non-equity)</b>	<u>14,154</u>	<u>7,528</u>	<u>10,089</u>

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

	<b>6 months ended 28 February 2005</b>	<b>6 months ended 29 February 2004</b>	<b>Year Ended 31 August 2004</b>
<b>Cash (outflow)/inflow from operating activities</b>	(3,659)	(4,367)	13,473
<b>Returns on investments and servicing of finance</b>	64	(20)	25
<b>Taxation</b>	0	0	153
<b>Capital Expenditure</b>	(2,988)	(474)	(9,314)
<b>Cash (outflow)/inflow before financing</b>	(6,583)	(4,861)	4,337
<b>Financing</b>	(19)	(19)	(39)
<b>(Decrease)/increase in cash</b>	(6,602)	(4,880)	4,298
 <b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash	(6,602)	(4,880)	4,298
Cash to repay bank loan	19	19	39
<b>(Decrease)/increase in net funds</b>	(6,583)	(4,861)	4,337
<b>Net funds at 1 September 2004</b>	8,358	4,021	4,021
<b>Net funds/(debt) at 28 February 2005</b>	1,775	(840)	8,358

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