TOTTENHAM HOTSPUR PLC INTERIM REPORT 2006

These results reflect a strong performance over the six months from all areas of the business, benefiting particularly from the uplift in our new key sponsorship deals, the significant profit on player trading during the first six months and an increase in turnover across the Club as a result of our progress in Cup and European competition. The Club is continuing to perform strongly in the second half in the domestic league and European competition.

Financial highlights

	6 months ended 31 December 2006 £m	6 months ended 31 December 2005 £m
Turnover	47.8	36.3
Amortisation of intangible fixed assets	(8.6)	(6.7)
Profit on sale of intangible fixed assets	15.2	8.3
Profit before tax	20.0	4.4
Retained profit for the financial period	13.8	2.5
Earnings per share – basic	14.8p	2.6p
Earnings per share – diluted	7.9p	1.9p

Chairman's statement

Financial Results

I am pleased to report record results for the first six months of the financial year. Turnover from key operational areas was higher than in the corresponding period last year. In fact, turnover for this past six months is higher than the Club's annual turnover prior to the new management team coming into the business six years ago. The 32% increase in turnover comes primarily from the uplift in our key sponsorship deals and the progress in Cup and European competition.

The Club generated an operating profit of £14.3m before amortisation of intangible fixed assets. Beyond the operating line there was a profit on disposal of £15.2m, which after all other football trading brings the profit on ordinary activities before interest and taxation to £20.9m (2005: £5.8m).

Premier League gate receipts were marginally higher than in the same period last year, representing the same number of league games with attendances consistently at or near capacity. The key difference for the period was the receipts from Cup competitions, which were £4.5m higher than in the corresponding period last year due to the five additional home games played in the period. This clarifies the impact of progressing in all competitions and the potential impact of European success, which must be sustained as we move forward.

Sponsorship income of £7.0m for the period was £3.8m up against the corresponding prior period. Our two new key sponsorship relationships started this season with MANSION and PUMA – both of which we are proud to take on tour with us as we continue our journey in Europe.

Our Corporate Hospitality also contributed a strong performance, producing income of £5.9m (2005: £5.3m) boosted by the income from additional Cup games.

Media and broadcasting revenues in the period rose by £1.7m, largely due to increased live Sky television appearances compared to the same period last year but also from the sale of broadcasting rights for the Club's home UEFA Cup games. As noted in the press and in our Annual Statement, this revenue stream will continue to outperform prior years as the new media deals for domestic and overseas rights from the 2007/2008 season are substantially higher.

The Merchandising division once again performed strongly against the same period last year, with turnover up by £1.5m. A reflection of the increased number of games played over the period, and improved product offering aligned with our new technical sponsor, PUMA.

Other income is marginally down as the comparative period includes the Club's tour of South Korea, where we won the Peace Cup.

Operating expenses before amortisation were 4% higher at £33.5m, compared to £32.1m in the comparative period. The key increment being player salaries and the additional cost of transporting the team around Europe.

Chairman's statement continued

Amortisation of intangible fixed assets continues to increase, seeing a 30% rise, which reflects the continued investment in the squad. This is balanced by the profit on disposal of players, which was £15.2m, primarily as a result of the sale of Michael Carrick to Manchester United in August 2006.

During the period the Club drew down £20.0m of securitised funding which is repayable over a 16 year period. This was set up to fund the Club's major investment in the proposed new Academy and First Team Facility. These monies have been ring fenced from the Club's operational requirements, together with additional funds from the Club's own resources while the planning process continues. We have taken a prudent approach to the long-term funding of projects and will continue to segregate further funds as we move forward to deal with both this and the Stadium project.

The overall position is a significant improvement as we continue to push every area of the Club to perform at its best. The financial position remains strong and we remain in the elite group of Europe's wealthiest clubs, as defined by the Deloitte Football Money League. The key is to build on European progression and ensure we attain greater consistency in The FA Premier League and in all domestic Cup competitions.

On the pitch

The season's league performance started slower than in the corresponding period last year where we ended the calendar year in fourth position. Again we had new players to integrate into the squad and the addition of a significant number of Cup games. Since we last reported we have welcomed Ben Alnwick, England U21 goalkeeper, who joins us from Sunderland, Ricardo Rocha who joined us from Benfica and Adel Taarabt who joins us from Lens. Calum Davenport and Marton Fulop left the Club during this period and Edgar Davids and Stuart Lewis were released from their contracts. We wish them well and thank them for their services to the Club.

It is important to reiterate that we continue to look for excellent young talent, the investment over the last few years in some of Europe's best young prospects often goes unnoticed, but the Club is currently investing at unprecedented levels at a time when competition for young players to join the Academy and development squads is high. We welcome Alex Olsen and Dean Parrett to our Academy.

Off the pitch

We continue to further develop our main capital expenditure projects, namely the First Team and Academy Training Facility and our Stadium options. In respect of the former, as expected, and as with many similar applications, this process of gaining planning permission has now gone to appeal. The Academy is at a commercially sensitive stage and we consequently cannot report in further detail.

Maximising the potential of the Stadium also remains high on our agenda, but we are determined that any proposal should not only meet the future objectives of the Club, but should do so in a manner which in no way undermines the Club's financial stability and the ability to continue to invest in the team. It has, after all, been the investment in the team which has paid dividends throughout the whole of the Club and is reflected in the record performance across all parts of the business.

During this period we have been busy working on the re-housing of the Club's Ticket Office. It has always been an issue that it was located by the away fan's stand and this, coupled with the need for a systems upgrade to meet our desire to improve and integrate systems, provided the correct moment to move the office to the Paxton Road family stand and merge with the Members department. When this is fully operational we will be able to offer better, faster and more services.

Outlook

Logistically, the additional number of games so far this season has created its own problems for staff and the team, but the infrastructure and organisation at the Club have proved flexible and robust. We are aware of the pressure the Club feels when we are playing every three days or preparing for a European game and I am proud of the way everyone has responded.

With further progress in Europe and having made the quarter finals in all competitions this year, no one is more eager than this Board to come away with silverware, but we also recognise the need to secure further European competition next season and to continue to do so on a consistent basis.

Acquiring and developing quality players in the First Team is integral to achieving success and we are committed to building a squad with world class, long-term contracted players.

My final words must go to our fans who make White Hart Lane a difficult place for visiting teams. Having travelled with fans to away games here and in Europe, it fills me with pride to see the strength of support we take with us. Again thank you all for your magnificent support of this great Club.

D P Levy
Chairman
28 March 2007

Consolidated profit and loss account
for the six months ended 31 December 2006

	Note	Six months ended 31 December 2006 Operations excluding football trading* £'000	Six months ended 31 December 2006 Football trading* (note 2) £'000	Six months ended 31 December 2006 Total £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Turnover:						
Gate receipts – Premier League		10,443		10,443	10,288	17,428
Gate receipts – Cup competitions		4,511		4,511	36	146
Sponsorship and corporate hospitality		12,854		12,854	8,499	15,730
Media and broadcasting		10,905		10,905	9,213	28,687
Merchandising		5,199		5,199	3,688	5,182
Other		3,858		3,858	4,526	6,968
		47,770		47,770	36,250	74,141
Operating expenses		(33,459)	(8,621)	(42,080)	(38,737)	(83,561)
Operating profit/(loss)		14,311	(8,621)	5,690	(2,487)	(9,420)
Profit on disposal of intangible fixed assets	2	—	15,180	15,180	8,284	12,299
Profit before interest and taxation		14,311	6,559	20,870	5,797	2,879
Net interest expense				(852)	(1,414)	(2,261)
Profit on ordinary activities before taxation				20,018	4,383	618
Tax charge on profit on ordinary activities	3			(6,254)	(1,921)	(2,193)
Profit/(loss) on ordinary activities after taxation and retained profit for the period				13,764	2,462	(1,575)
Earnings per share – basic	5			14.8p	2.6p	(1.7p)
Earnings per share – diluted	5			7.9p	1.9p	(1.7p)

*Football trading represents the amortisation, impairment, and the profit/(loss) on disposal of intangible fixed assets and other football trading related income and expenditure.

The results for the above and prior periods all derive from continuing operations.

Consolidated balance sheet
as at 31 December 2006

	31 December 2006 £'000	31 December 2005 £'000	30 June 2006 £'000
Fixed assets			
Intangible assets	55,781	37,533	30,264
Tangible assets	49,935	48,811	49,762
	105,716	86,344	80,026
Current assets			
Stocks	629	1,067	775
Debtors	19,992	14,850	20,034
Cash at bank	26,285	10,127	34,581
	46,906	26,044	55,390
Creditors: amounts falling due within one year	(64,395)	(47,718)	(73,114)
Net current liabilities	(17,489)	(21,674)	(17,724)
Total assets less current liabilities	88,227	64,670	62,302
Creditors: amounts falling due after more than one year	(41,686)	(26,098)	(28,026)
	46,541	38,572	34,276
Provisions for liabilities and charges			
Deferred taxation	(2,036)	(1,902)	(2,036)
Contingent transfer fees payable	(815)	(2,415)	(2,284)
	(2,851)	(4,317)	(4,320)
Net assets	43,690	34,255	29,956
Capital and reserves			
Called up share capital	4,643	4,672	4,646
Share premium account	11,556	11,556	11,556
Equity component of Convertible Redeemable Preference Shares	3,838	3,838	3,838
Revaluation reserve	2,360	2,408	2,384
Capital redemption reserve	553	524	550
Profit and loss account	20,740	11,257	6,982
Shareholders' funds	43,690	34,255	29,956

Consolidated cash flow statement
for the six months ended 31 December 2006

	Note	Six months ended 31 December 2006 £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Net cash (outflow)/inflow from operating activities	6	(8,178)	6,525	33,650
Returns on investments and servicing of finance				
Interest received		306	181	498
Interest paid		(753)	(744)	(836)
Net cash outflow from returns on investments and servicing of finance		(447)	(563)	(338)
Taxation				
UK corporation tax paid		(1,840)	—	(100)
Overseas withholding tax paid		—	(257)	(259)
UK corporation tax received		—	—	132
Capital expenditure and financial investment				
Payments to acquire subsidiary undertaking		—	—	(1,145)
Payments to acquire intangible fixed assets		(35,016)	(13,534)	(18,761)
Receipts from sales of intangible fixed assets		19,005	11,049	15,615
Payments to acquire tangible fixed assets		(1,470)	(650)	(1,477)
Net cash outflow from capital expenditure and financial investment		(17,481)	(3,135)	(5,768)
Cash (outflow)/inflow before use of liquid resources and financing		(27,946)	2,570	27,317
Financing				
Redemption of ordinary shares		(31)	(2,130)	(1,702)
Redemption of CRPS		—	—	(690)
Bank loan repayments		(20)	(10)	(278)
Loan notes issue	7	20,000	—	—
Loan notes repayment		(299)	(279)	(42)
Net cash inflow/(outflow) from financing		19,650	(2,419)	(2,712)
(Decrease)/increase in cash		(8,296)	151	24,605

Notes to the consolidated interim statements
for the six months ended 31 December 2006

1. Accounting policies

The financial information given above does not constitute statutory accounts within the meaning of Section 240(5) of the Companies Act 1985. The figures for the year ended 30 June 2006 have been extracted from the statutory accounts, which have been delivered to the Registrar of Companies. The audit report on these accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

Basis of preparation

The interim financial statements have been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 30 June 2006.

Turnover

Turnover represents income receivable from football and related commercial activities, exclusive of VAT.

Gate receipts and other matchday revenue is recognised as the 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 received for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

Signing-on fees and loyalty payments

Signing-on fees are charged evenly, as part of operating expenses, to the profit and loss account over the period of the player's contract.

Loyalty fees are accrued, as part of operating expenses, to the profit and loss account over the period to which they relate.

Intangible fixed assets

The costs associated with the acquisition of players and key football management staff registrations are capitalised as intangible fixed assets. These costs are fully amortised over their useful economic lives, in equal annual instalments over the period of the respective contracts. Players' registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale and the reduction in value is considered permanent.

Profits or losses on the disposal of these registrations represent the consideration receivable, net of any transaction costs, less the unamortised cost of the original registration.

Notes to the consolidated interim statements continued

1. Accounting policies continued

Preference shares

Convertible Redeemable Preference Shares ("CRPS") are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the CRPS and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the CRPS based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability component.

These statements were approved by the Board of Directors on 28 March 2007 and are neither audited nor reviewed.

These results were announced to the Stock Exchange on 28 March 2007 and are being posted to all shareholders. Copies will be available to personal callers at the registered office, Bill Nicholson Way, 748 High Road, Tottenham, London, N17 0AP.

2. Profit on disposal of intangible fixed assets

	Six months ended 31 December 2006 £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Proceeds	18,751	13,747	23,719
Net book value of disposals	(3,571)	(5,463)	(11,420)
	15,180	8,284	12,299

The amortisation charges on intangible fixed assets included in operating expenses for the comparative periods were £6,652,000 for the six months ended 31 December 2005 and £12,499,000 for the year ended 30 June 2006.

3. Taxation

A corporation tax charge of £6,253,614 has been accrued as at 31 December 2006 on the profit before tax (adjusted for the interest charge in respect of the Convertible Redeemable Preference Shares) of £20,818,046 – an effective tax rate of 30%, plus an £8,200 tax adjustment from the prior year end.

4. Dividends

The Directors do not recommend an interim dividend.

5. Earnings per share

Earnings per share has been calculated using the weighted average number of shares in issue in each period.

	Six months ended 31 December 2006 £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Basic earnings (retained profit/(loss))	13,764	2,462	(1,575)
Interest charge in respect of CRPS	800	1,165	—
Diluted earnings/(loss)	14,564	3,627	(1,575)
	Number	Number	Number
Weighted average number of shares in issue	92,895,538	95,211,706	94,262,771
Effect of dilutive potential:			
Convertible Redeemable Preference Shares	91,845,600	91,845,600	—
	184,741,138	187,057,306	94,262,771
Basic earnings/(loss) per share	14.8p	2.6p	(1.7p)
Diluted earnings/(loss) per share	7.9p	1.9p	(1.7p)

6. Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities

	Six months ended 31 December 2006 £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Operating profit/(loss)	5,690	(2,487)	(9,420)
Depreciation charge	1,040	944	2,226
Amortisation of intangible fixed assets	8,621	6,652	12,499
Decrease/(increase) in stock	146	(672)	(380)
Decrease/(increase) in debtors	217	(146)	204
(Decrease)/increase in creditors	(23,892)	2,269	28,488
Currency translation differences	—	(35)	33
Net cash (outflow)/inflow from operating activities	(8,178)	6,525	33,650

7. Loan notes issue

This relates to the issue, at par, of £20,000,000 7.29% secured loan notes. These loan notes are repayable in equal annual instalments over 16 years from September 2007. The loan notes are secured against the White Hart Lane Stadium, and future gate and Corporate Hospitality receipts generated at the Stadium. This amount plus additional Club funds have been set aside for the First Team and Academy Training Facility project.

Directors, officers and advisers

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D P Levy

Executive Director
M J Collecott

Non-Executive Directors
E M Davies*
Sir K E Mills

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M J Collecott

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TOTTENHAM HOTSPUR 125 YEARS 1882-2007

125 YEARS

Throughout 2007 and into the new season, the Club will be launching a range of events and activities to enable supporters, players past and present, shareholders, staff and other stakeholders to celebrate 125 Glorious Years of Tottenham Hotspur Football Club.

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