

Directors and Advisers

CHAIRMAN

Stewart Milne (non-executive)

DIRECTORS

William F Miller

Duncan G Fraser

Gordon A Buchan (non-executive)

Martin J Gilbert (non-executive)

Hugh W M Little (non-executive)

Christopher J Gavin (non-executive)

Kenneth A Matheson (non-executive)

SECRETARY

E David Johnston

FOOTBALL MANAGER

James Calderwood

REGISTERED OFFICE

Pittodrie Stadium

Aberdeen

AB24 5QH

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INDEPENDENT AUDITORS

Deloitte & Touche LLP
Chartered Accountants
2 Queen's Terrace
Aberdeen
AB10 1XL

SOLICITORS

Paull & Williamsons
Investment House
6 Union Row
Aberdeen
AB10 1DQ

BANKERS

Bank of Scotland
Queens Cross Branch
39 Albyn Place
Aberdeen
AB10 1YN

NOMINATED STOCKBROKER

Bell Lawrie White
25 Albyn Place
Aberdeen
AB10 1YL

CHAIRMAN'S STATEMENT



THE PERIOD COVERED IN THIS REPORT HAS BEEN ONE IN WHICH THE CLUB HAS TRIED TO BUILD ON THE ENCOURAGING START MADE UNDER JIMMY CALDERWOOD AND JIMMY NICHOLL IN THEIR FIRST SEASON.

Further investment was made in the playing squad prior to the start of 2005/06 and, although the team had a very inconsistent first half of the season, results in the latter half improved and only 3 games were lost in the second half of the season. Although a sixth place SPL finish was down on the previous season, the Club still achieved a top six place at the split for the second season running, the first time this has been achieved since the split was introduced. In the cup competitions we were eliminated by SPL Clubs in away fixtures. That said real progress has been made in the last two seasons and the foundations are being laid that will take the Club forward.

The changes made in both football management and playing staff were ones that had to be made. Off the field attention has been focused on the longer term to ensure that the Club is able to compete at the very top end of the domestic game and therefore regularly in Europe. In January 2006 Lenny Taylor was appointed to head up the Club's youth development section. Lenny spent the initial period of his appointment carrying out a fundamental review of the entire structure and made a number of key recommendations to the Board of Directors. These changes, involving considerable investment, were implemented in full and the Youth Academy was launched in June 2006. Key personnel changes were made with Chic McLelland and Neil Simpson being redeployed to assist Lenny and Peter Weir was appointed to head up the Club's youth development operation in Glasgow. I am confident that these changes will bring immense long term benefits to the Club.

At the same time as this was happening the Club was working closely with the City Council to reinvigorate the community stadium proposal.

This culminated in the approval by the full Council on 10 May 2006 to establish a Project Board and Team to consider the funding and site options.

At the time of writing this report this Board and Team are being finalised but both the Council and the Club will look to ensure that all relevant parties, including of course the shareholders and supporters of the Club, are fully involved in the consultation process.

Following on from this agreement to drive forward on the community stadium the Club put in place banking facilities which, it is hoped, will see the Club through the coming crucial period up to March 2011. This is a real challenge but one which we feel is achievable given the progress of recent years.

These key off field developments have been about looking towards the longer term future of the Club. In September 2006 we also announced that Jimmy Calderwood and Jimmy Nicholl had signed new contracts that will see them with the Club until June 2008 and hopefully well beyond that date.

I firmly believe that we are on the right tracks to take the Club forward.

Finally, and with great sorrow, I would like to turn to the sudden and tragic deaths of two of our staff within days of one another at the very start of the 2006/07 season. Both Peter Simpson and Sandy Finnie were well respected and liked figures. They were the type of fully committed employees whom supporters could relate to. The staff at the Club are a very close knit group and the sudden deaths of two staff members has been hard for everyone to come to terms with. However, as they would have wanted, everyone at the Club has been determined to ensure that they rise to the challenge of taking the Club forward.

Stewart Milne
Chairman



AT FIRST TEAM LEVEL CONSOLIDATION HAS BEEN VERY MUCH THE KEY IN TERMS OF THE PERIOD COVERED BY THIS ANNUAL REPORT WITH A TOP SIX PLACE SECURED AT THE TIME OF THE LEAGUE SPLIT FOR THE SECOND SEASON IN SUCCESSION, THE FIRST TIME THIS HAS BEEN ACHIEVED SINCE THE INTRODUCTION OF THE SYSTEM.

A hat-trick of top six finishes remains our number one objective for the current season although I did produce an angry reaction from Jimmy Calderwood when I had the temerity to suggest that perhaps a fourth place was the best we could realistically hope for. Certainly, on our day, we are a match for anyone and a return to the European arena is most definitely not beyond our capabilities.

In terms of the playing squad, there have been the normal movements of players in both directions with Scott Muirhead, Ryan Esson, Neil MacFarlane, Danny Griffin, Ferne Snoyl, Kevin McNaughton, Steve Crawford and John Stewart all having moved on to pastures new with the best wishes of everyone at the Club. In their places have arrived Karim Touzani, Dan Smith, Dyron Daal, Derek Soutar and Lee Miller.

In my corresponding report twelve months ago, I stressed the huge importance of youth development in terms of the long term sustainability and prosperity of this Club and there has been significant progress made on this front.

In January of this year, Lenny Taylor returned to the Club he had served with great distinction in the past to oversee both the Youth Development and Community Departments. After his initial assessment of the operation, Lenny recommended that Neil Simpson switch from community to youth development, with Jim Crawford taking over as Senior Community Coach. Between us, Lenny and I also persuaded Peter Weir to return to the club to head up our youth development operation in Glasgow and leave Rangers, where he had been employed in a similar capacity.

Another major milestone was the establishment of the AFC Youth Academy, which was officially launched at a ceremony within the Richard Donald Suite in June. This will assist greatly in terms of being best positioned to attract young players who have the potential to progress through the system and ultimately become part of the first team squad.

It is difficult to forecast accurately at an early age which youth players will eventually play at the highest level because physical and mental development are very difficult to predict. We can recognise the potential the players have, and give them the opportunity of positive coaching in good facilities with competition provided by players of similar ability. What we can predict is that no player will progress and achieve unless there is some sense of enjoyment and achievement.

To conclude, I believe that everyone at the Club recognises that, while progress has continued throughout the past twelve months, there is still much to do. The extending of the contracts of Jimmy Calderwood, Jimmy Nicholl and Sandy Clark until the summer of 2008 allows for a period of continuity and stability and that is extremely important in the current footballing climate. It also allows everyone at the Club to be in a position to focus on consolidating the progress that has been made since the 'two Jimmys' arrival in the summer of 2004 and I look forward to continuing to work closely with them and assisting in any possible way I can.

Willie Miller
Director of Football

"ABERDEEN FOOTBALL CLUB HAS A REPUTATION FOR BEING A CLUB OF INNOVATION" **MICROSOFT**

"ABERDEEN FOOTBALL CLUB SHOULD BE APPLAUDED FOR THEIR VISION AND COMMITMENT AND WE ARE DELIGHTED TO BE INVOLVED WITH THE CLUB" **NIKE**

Introduction

In the annual report for the year ended 30 June 2005 I stated that the key was to move the Club towards a position where we were at or near operating breakeven before depreciation/amortisation each year. The Club achieved that objective for the first time since it became a PLC in 2005 which represented a positive swing of almost £2 million in the four years since 2001.

In the interim statement I issued in March 2006 I stated that the Club faced two key challenges in the year ended 30 June 2006. Firstly, to ensure that the first team squad was strengthened, and secondly to account for the fact that we had received a contribution in the previous year from Inverness Caledonian Thistle (ICT) towards running costs. I therefore stated that we had budgeted for a small operating loss of £150k and that we would be at or near that number. This has indeed happened. I have detailed below the five year summary first published in last year's accounts:

The overall turnover figure was down from £7.178 million to £6.772 million. Our customer and ticketing services income fell by 5 per cent which reflects the drop in our average SPL crowd from 13,614 to 12,718. We also had only one home cup tie against three at home the previous season, which included a CIS Cup tie against Glasgow Rangers. The corporate, sponsorship and advertising income was almost identical to the previous year. This was an achievement given the lack of Cup ties, together with the previous year's Rugby international. The overall trend in the corporate area continues to be very strong. Community, lotteries and other included ICT income in the previous year. The overall turnover was almost exactly what had been predicted demonstrating the rigorous process the Club goes through.

The key cost as always is the payroll. This fell by 5 per cent, although as stated in my opening remarks we invested in the football staff in the 2005/06 close season with the base budget increasing 10 per cent. The reason for the wages falling is down to the bonus structure which meant that, in a season where wins were harder to come by, the bonuses fell quite sharply. Willie Miller, Jimmy Calderwood and I have worked closely to try to put in place a bonus structure that is driven towards success and the results of this can be clearly seen in these numbers. Therefore when we gross up our royalty income in our outsourced merchandising operations, to enable comparison with most other clubs who still run merchandising in-house, the wages to turnover ratio is 58 per cent, the same as last year and below the industry recommended 60 per cent.

	2006	2005	2004	2003	2002
	£000's	£000's	£000's	£000's	£000's
Operating (loss)/profit before depreciation/amortisation	(146)	130	(646)	(1454)	(1053)
Depreciation of tangible fixed assets	(432)	(399)	(327)	(394)	(392)
Amortisation of intangible fixed assets	(244)	(152)	(207)	(270)	(747)
Amortisation of grants	55	59	60	59	58
Gain/(Loss) on disposal of players' registrations	35	24	(78)	-	(9)
Interest payable	(768)	(649)	(501)	(332)	(257)
Loss for the Financial Year	<u>(1500)</u>	<u>(987)</u>	<u>(1699)</u>	<u>(2391)</u>	<u>(2400)</u>



With regard to the key other cost, the operation of the stadium, we need to be ever mindful of the continuing high and rapidly growing costs associated with the upkeep of an ageing stadium. This will continue to cause issues in the short to medium term.

In the non cash items both depreciation and amortisation rose. The depreciation increase was as a result of writing down the new pitch installed in the previous close season and the amortisation as a result of the Steve Lovell and Barry Nicholson signings.

I would draw your attention to note 10 which refers to the valuation of Pittodrie Stadium. The investment value of Pittodrie as valued by FG Burnett on 11 January 2006 was £15 million, £1.75 million over the carrying value of the freehold land and stands, executive boxes and permanent fixtures recorded in the balance sheet.

Since the year end we have implemented the changes detailed in note 26, which were agreed at the Extraordinary General Meeting in June and which provide us with the new banking facilities intended to take us through to March 2011.

Summary and Future Prospects

I have always stated that our role here is to do whatever we can to assist the football management team deliver success for the Club, whether that is financial or otherwise. At the same time I am mindful of the fact that we must operate at or near the breakeven point. As previously stated we made additional funds available to the management team in both transfer fees and wage levels last season. Although overall we dropped slightly in the SPL which is reflected on the turnover side, we have implemented a bonus structure that enables a better reflection on wage costs and ensured last season that our wages to turnover ratio was not adversely affected. This approach will serve the Club well in the future.

As well as stability however the Club has shown considerable innovation in the last couple of years. The statements from Microsoft/Nike at the start of this review demonstrate wholeheartedly just how highly we are regarded.

The Microsoft based technology, covering all aspects of customer services, including the new turnstile access system, operates in stadiums such as the Allianz Arena in Munich and Old Trafford in Manchester. What is unique about the Aberdeen model is the way in which we have used the technology to self fund the projects. This is now being picked up by other Clubs and stadiums in numerous locations and we have had a number of site visits from organisations looking to achieve similar benefits. Likewise, the Club Shop management contract, which allows us to market Nike kit and leisure wear, will offer us further opportunities to develop this aspect of the business. This Club will continue to strive to be at the forefront of developments that will serve it well for years to come.

With the strong management structure both on and off the park in place and proper financial accountability and controls and the innovation demonstrated we can turn our attention to working with others to deliver a community stadium which will help ensure the long term prosperity of the Club.

Duncan G Fraser

Executive Director Head of Operations

The Directors have pleasure in submitting their Report and audited Financial Statements for the year ended 30 June 2006.

1. ACTIVITIES

The principal activity of the Group is that of a professional football club.

2. BUSINESS REVIEW

The loss for the year after taxation amounted to £1,500,000 (2005 - £987,000).

The directors consider the key performance indicators of the Group to be turnover and the relationship of payroll costs to turnover. The fixed costs of the business which are mainly football related payroll costs and the upkeep of the football stadium must be maintained within the constraints of the turnover figure. Turnover is directly influenced by the performance of the Club in the Scottish Premier League and in the CIS and Scottish cups each season. The Club's final position in each of these competitions will impact on the future prospects for the Group.

A full review of activities and prospects is contained in the Chairman's Statement, Football Report and Business and Financial Review at pages 1 to 4.

3. ENVIRONMENT

The Group recognises the importance of its environmental responsibilities. As the principal activity is the running of a professional football club, the impact on the environment is limited.

4. DIRECTORS AND THEIR INTERESTS

The Directors of the Company and their interests in the issued share capital of the Company as defined by the Companies Act 1985, at 1 July 2005, or their date of appointment if later, and at 30 June 2006 were as follows:

	Ordinary shares of 10 pence each	
	As at 30 June 2006	As at 1 July 2005 (or date of appointment)
Stewart Milne	1,613,749	1,613,749
Gordon A Buchan	10,000	10,000
Martin J Gilbert	40,000	40,000
Hugh W M Little	520	-
Christopher J Gavin	3,934	3,934
William F Miller	1,039	1,039
Kenneth A Matheson	520	520
Duncan G Fraser	211	211

Included in the above shareholdings for Stewart Milne and Martin J Gilbert are shares owned by companies in which they have a controlling interest. In addition Gordon A Buchan held 173 shares, Martin J Gilbert held 1,998 shares, Hugh W M Little held 260 shares and William F Miller held 346 shares in a non-beneficial capacity.

Brief biographical details of the Directors are as follows: -

Stewart Milne was appointed a director of the Company in June 1994. He became Executive Vice Chairman in 1997 and Executive Chairman in June 1998 and following the appointment of the Club's first Chief Executive in November 1999, stepped down to a non-executive role. He is also Chairman and Chief Executive of the Stewart Milne Group.

Gordon Buchan was appointed a non-executive director of the Company in April 1992. He is a solicitor and a partner with Paull & Williamsons and advises the Board on all legal matters concerning the Company.

Martin Gilbert was appointed a non-executive director of the Company in May 1997. He is the Chief Executive of Aberdeen Asset Management PLC and also non-executive Chairman of First Group plc and is a director of a number of listed investment trusts and other companies.

Hugh Little was appointed a non-executive director of the Company in November 2000. He is Managing Director of the Private Equity division of Aberdeen Asset Management PLC and is also a director of Aberdeen Development Capital PLC and Scottish Enterprise Grampian.

4. DIRECTORS AND THEIR INTERESTS (continued)

Brief biographical details of the Directors (continued)

Chris Gavin was appointed a non-executive director of the Company in March 2002. He is currently Vice Chairman of the Upper Kennerty Mills Trust and was formerly with BP Exploration and is a former treasurer of the AFC Supporters Trust.

Willie Miller was appointed an executive director of the Company in May 2004 with responsibility for football operations. He played for the Club a record 796 times between 1973 and 1990 and captained the Club during its greatest period of success. He also gained 65 full Scotland caps and managed the Club between 1992 and 1995.

Kenneth Matheson was appointed a non-executive director of the Company in May 2004. He has held several senior positions in banking and is currently a non-executive director of a number of companies.

Duncan Fraser was appointed an executive director of the Company in May 2004 with responsibility for all non-football operations, having been Company Secretary since November 2002. He is a Chartered Accountant and held senior positions in the oil and gas industry prior to his appointment.

William F Miller, Duncan G Fraser and Kenneth A Matheson retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. An insurance policy for Directors' and Officers' Liability has been maintained during the course of the year.

5. FINANCIAL INSTRUMENTS

The Group's principal financial instruments are bank balances and amounts due from customers. The amounts presented in the balance sheet are net of any provisions for doubtful debts where required. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group does not enter into any derivative financial instruments. The Group's principal financial liabilities are bank overdrafts, Term loans and loans from shareholders all of which are on variable interest rates. The terms of these financial liabilities are disclosed in notes 13 and 14.

6. PAYMENT OF CREDITORS

It is the Group's policy to pay creditors in line with terms and conditions agreed with individual suppliers. Where no terms are agreed, creditors are paid within twenty-eight days of the month end in which the invoice is received. The ratio expressed in days between amounts invoiced to the Group by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 41 days (2005 - 39 days).

7. AUDIT INFORMATION

Each of the persons who are a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

8. AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

On Behalf of the Board

Duncan Fraser
Executive Director Head of Operations
14 November 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements. The directors have chosen to prepare the financial statements for the Company and the Group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial period which give a true and fair view in accordance with UK GAAP of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SHAREHOLDER INFORMATION

SHARE CAPITAL

The Company has one class of share capital, Ordinary Shares; all Ordinary Shares have identical voting and other rights. At 24 October 2006 the Company had some 2875 (2005 - 2845) shareholders whose holdings can be categorised as follows:-

Size of Shareholding	Number of Shareholders	Total Number of Shares 000's
20000 shares or over	21	4515
10000 – 19999 shares	14	186
1000 – 9999 shares	213	538
Under 1000 shares	2627	604
	<u>2875</u>	<u>5843</u>

SHARE MARKETING ARRANGEMENTS

The Company has entered into an arrangement with Bell Lawrie White, Stockbrokers, 25 Albyn Place, Aberdeen, AB10 1YL telephone 01224 589345, who are regulated by the Securities and Futures Authority, to act as nominated stockbrokers to the Company. Following the Company's withdrawal from the Alternative Investment Market on 1 August 2003, Bell Lawrie White has operated a matched bargain service on behalf of the Company designed to bring buyers and sellers of shares together.

Any shareholder wanting further information on their shares should contact David Johnston at Pittodrie Stadium on 01224 650400.

We have audited the group and individual company financial statements ("the financial statements") of Aberdeen Football Club plc for the year ended 30 June 2006 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the statement of historical cost profits and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 26 together with the notes to the consolidated cash flow statement. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs as at 30 June 2006 and of the loss of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the directors' report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Aberdeen
United Kingdom
14 November 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30 June 2006

	Notes	2006 £000	2005 £000
Turnover	2	<u>6772</u>	<u>7178</u>
Operating Charges			
Recurring	3	<u>(7469)</u>	(7418)
Exceptional	3	<u>(70)</u>	(122)
Total Operating Charges		<u>(7539)</u>	<u>(7540)</u>
Operating Loss	5	(767)	(362)
Gain on disposal of players' registrations		<u>35</u>	<u>24</u>
Loss Before Interest and Taxation		(732)	(338)
Interest payable and similar charges	4	<u>(768)</u>	(649)
Loss on Ordinary Activities Before Taxation		(1500)	(987)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss for the Financial Year	19	<u>(1500)</u>	<u>(987)</u>
Loss per share – basic and diluted	7	(25.7p)	(16.9p)
Statement of Total Recognised Gains and Losses			
Loss for the financial year		(1500)	(987)
Surplus arising on revaluation of fixed assets		<u>525</u>	<u>-</u>
Total recognised losses in the year		<u>(975)</u>	<u>(987)</u>
Note of Historical Cost Profits and Losses			
Loss on ordinary activities before taxation		(1500)	(987)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year		<u>94</u>	<u>77</u>
Historical cost loss on ordinary activities before taxation		<u>(1406)</u>	<u>(910)</u>
Historical cost loss for the year after taxation		<u>(1406)</u>	<u>(910)</u>

The notes on pages 13 to 25 form part of the financial statements.

	Notes	Group		Company	
		2006 £000	2005 £000	2006 £000	2005 £000
Fixed Assets					
Intangible assets	9	348	350	329	327
Tangible assets	10	13759	13528	13759	13528
Investments	11	-	-	52	52
		14107	13878	14140	13907
Current Assets					
Debtors	12	1779	1484	1779	1484
Cash at bank and in hand		7	4	7	4
		1786	1488	1786	1488
Creditors					
Amounts falling due within one year	13	(7034)	(5807)	(7069)	(5842)
Net Current Liabilities		(5248)	(4319)	(5283)	(4354)
Total Assets Less Current Liabilities		8859	9559	8857	9553
Creditors					
Amounts falling due after more than one year	14	(5415)	(5035)	(5415)	(5035)
Provision for Liabilities and Charges					
Deferred taxation	16	-	-	-	-
Deferred Income					
Deferred grant income	17	(1275)	(1330)	(1275)	(1330)
Other deferred income		(2404)	(2454)	(2404)	(2454)
		(3679)	(3784)	(3679)	(3784)
Net (Liabilities)/Assets		(235)	740	(237)	734
Capital and Reserves					
Called up share capital	18	584	584	584	584
Revaluation reserve	19	9150	8719	9150	8719
Profit and loss account	19	(9969)	(8563)	(9971)	(8569)
Shareholders' (Deficit)/Funds	20	(235)	740	(237)	734

The financial statements were approved by the Board on 14 November 2006.

Duncan G. Fraser

Executive Director Head of Operations

The notes on pages 13 to 25 form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 June 2006

	Notes	2006 £000	2005 £000
Net Cash Flow			
Net cash (outflow)/inflow from operating activities	i	(420)	965
Returns on investments and servicing of finance	ii	(682)	(756)
Taxation		-	-
Capital expenditure and financial investment	ii	(266)	(659)
		<hr/>	<hr/>
Net cash outflow before financing		(1368)	(450)
Financing	ii	264	(30)
Decrease in cash		(1104)	(480)
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Net Cash Flow to Movement in Net Debt (See Note iii)			
Decrease in cash in the year		(1104)	(480)
Cash (inflow)/outflow from (increase)/decrease in debt		(264)	30
Change in net debt resulting from cash flows		(1368)	(450)
Non cash movement – amortisation of issue costs		(55)	(15)
Non cash movement – disposal of finance leases		-	15
New finance leases		(79)	-
Net debt at 1 July		(9374)	(8924)
Net debt at 30 June		(10876)	(9374)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 25 form part of the financial statements.

i	Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow from Operating Activities	2006		2005	
		£000		£000	
	Operating loss	(767)		(362)	
	Amortisation of players' registrations and goodwill	244		152	
	Depreciation	432		399	
	Amortisation of grants	(55)		(59)	
	Decrease in stocks	-		31	
	Increase in debtors	(295)		(544)	
	Increase in creditors	71		86	
	(Decrease)/increase in other deferred income	(50)		1262	
		(420)		965	
ii	Gross Cash Flows				
	Returns on investments and servicing of finance				
	Interest paid	(682)		(756)	
	Capital expenditure and financial investment				
	Payments to acquire players' registrations	(242)		(315)	
	Receipts from sales of players' registrations	35		30	
	Payments to acquire tangible fixed assets	(59)		(374)	
		(266)		(659)	
	Financing				
	New Loans	300		-	
	Capital element of finance lease rental payments	(36)		(30)	
		264		(30)	
iii	Analysis of Changes in Net Debt				
		30 June	Cash	Other	30 June
		2005	Flows	Non-Cash	2006
		£000	£000	Changes	£000
				£000	
	Cash at bank and in hand	4	3	-	7
	Bank overdraft	(4316)	(1107)	-	(5423)
			(1104)		
	Debt due after more than one year	(5013)	(300)	(55)	(5368)
	Finance leases	(49)	36	(79)	(92)
			(264)		
		(9374)	(1368)	(134)	(10876)

The notes on pages 13 to 25 form part of the financial statements.

1. Accounting Policies

The principal accounting policies, which have been applied consistently, are summarised below.

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and stands, executive boxes and permanent fixtures, and in accordance with applicable accounting standards in the United Kingdom.

(b) Acquisitions

On the acquisition of a business, fair values are attributed to the net assets acquired. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off to the profit and loss account over its estimated economic life, estimated by the Directors to be 10 years.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary made up to 30 June in each year.

(d) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or revalued amount less depreciation. Freehold land and stands, executive boxes and permanent fixtures are revalued with the surplus or deficit on book value transferred to the revaluation reserve. A full, detailed valuation is completed every 5 years, with interim valuations completed on the third anniversary of the full valuation. Further interim valuations may be completed on the first, second and fourth anniversaries if there is potentially a material change in value. Tangible fixed assets other than land are depreciated to write off their cost or valuation in equal annual amounts over their estimated useful lives. Land is not depreciated. The applied depreciation rates are as follows: -

	% per annum
Stands, Executive Boxes and Permanent Fixtures	2.5 - 20
Plant, Furniture and Fittings	10 - 33

(e) Player Registrations

Fees payable on the transfer of players' registrations are capitalised as intangible fixed assets and amortised over the period of the respective players' contracts. Fees receivable from other football clubs on the transfer of players' registrations are dealt with through the profit and loss account in the accounting period in which the transfer takes place.

Signing-on fees are charged to the profit and loss account in the accounting period in which they are payable.

Payments or receipts, which are contingent on the performance of the team or players, are not recognised until the events crystallising such payments or receipts have taken place.

(f) Grants

Grants received from the Football Trust for stands, safety improvements and plant are credited to deferred income and amortised through the profit and loss account over the estimated useful lives of the related assets.

(g) Donations from Lotteries

Donations from lotteries are accounted for in the accounting period in which they are received.

(h) Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

(i) Leasing and Hire Purchase

Assets held under hire purchase contracts and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of payments over the recorded obligations is treated as finance charges in the profit and loss account.

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(j) Pension Costs

Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

(k) Debt Issue Costs

Finance costs on debt are recognised in the profit and loss account over the term of such debt at a constant rate on the carrying amount.

(l) Revenue Recognition

Turnover represents income receivable, net of VAT, from football and related commercial activities. The Group has one class of business which is the principal activity of operating a professional football club.

Gate and other match day revenues are 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. Income from commissions is recognised when known with reasonable accuracy. Merit awards are accounted for only when known at the end of the season.

(m) Other Deferred Income

Other deferred income represents income from season ticket renewals for the 2006/07 season and from sponsorship agreements and other contractual arrangements which are credited to the profit and loss account over the period of the agreement.

2. Analysis of Turnover	2006	2005
	£000	£000
Customer & ticketing services	2842	2995
Broadcasting income and league & cup bonuses	1066	1249
Corporate hospitality & catering	1504	1538
Club sponsorship & corporate advertising	343	313
Club shops	276	313
Community, lotteries & others	741	770
	<u>6772</u>	<u>7178</u>

3. Analysis of Operating Charges

Total Operating Charges

Staff costs	(4312)	(4514)
Exceptional staff costs	-	(122)
	<u>(4312)</u>	<u>(4636)</u>
Depreciation and other amounts written off tangible and intangible fixed assets, net of grant release	(621)	(491)
Other operating charges	(2536)	(2413)
	<u>(7469)</u>	<u>(7540)</u>
Exceptional other operating charges	(70)	-
	<u>(7539)</u>	<u>(7540)</u>

Included in depreciation and other amounts written off tangible and intangible fixed assets, net of grant release are amounts for the amortisation of players' registrations of £240,000 (2005 - £148,000).

Exceptional other operating charges comprise fees payable as a result of the financial restructuring detailed in note 26.

The exceptional staff costs in 2005 relate to payments made to playing and non-playing staff on their departure from the Group.

Staff costs consist of:

Group and Company

Wages and salaries	3826	4029
Social security costs	436	461
Other pension costs	50	24
	<u>4312</u>	<u>4514</u>

Directors' remuneration consists of:

Fees	-	-
Other emoluments	155	184
Pension contributions	39	7
	<u>194</u>	<u>191</u>

The Directors waived fees totalling £30,000 due in respect of the year ended 30 June 2006 (2005 - £30,000).

The highest paid director received £101,000 (2005 - £110,000).

Number of directors who are members of a defined contribution pension scheme	<u>1</u>	<u>1</u>
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3. Analysis of Operating Charges (continued)

The average number of full and part time employees during the year based on full time equivalents was as follows:

Group and Company

	2006 Number	2005 Number
Players	36	39
Football management	11	11
Scouting / Youth development	17	11
Commercial / Administration	25	28
Maintenance	9	8
	98	97

4. Interest Payable and Similar Charges

	2006 £000	2005 £000
Bank interest	682	634
Term Loan exit fees	31	-
Amortisation of debt issue costs	55	15
	768	649

5. Operating Loss

This is stated after charging/(crediting):-

Auditors' remuneration - Audit services	13	12
- Non audit services	7	8
Amortisation of grants	(55)	(59)
Depreciation of owned assets	404	394
Amortisation of intangibles	244	152
Depreciation on assets held under hire purchase contracts and finance leases	28	5
Operating lease rentals - Land and buildings	17	17
- Hire of plant and equipment	73	60
Donations from lotteries	(228)	(177)

6. Taxation

Taxation charge	-	-
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The Group has estimated taxation losses available for carry forward amounting to £20,129,000 (2005 - £18,930,000) - see Note 16. The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19% (2005 - 19%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation.

Loss on ordinary activities before tax	(1500)	(987)
Tax on loss on ordinary activities at standard rate	(285)	(188)
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	30	30
Capital allowances in excess of depreciation	25	25
Unutilised tax losses	230	133
Total actual amount of current tax	-	-

7. Loss per Ordinary Share	2006	2005
	£000	£000

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the year. There are no diluting share issues and diluted earnings per share equals basic earnings per share.

Loss for the financial year after taxation	<u>(1500)</u>	<u>(987)</u>
Weighted average number of ordinary shares ('000)	<u>5843</u>	<u>5843</u>
Loss per share	<u>(25.7p)</u>	<u>(16.9p)</u>

8. Loss Of Parent Company

As permitted by section 230 of the Companies Act, the result of the parent company is not presented as part of these accounts. The parent company's loss for the year amounted to £1,496,000 (2005 - £983,000).

9. Intangible Fixed Assets

	<u>Group</u>			<u>Company</u>
	Players' Registrations £000	Goodwill £000	Total £000	Players' Registrations £000
Cost				
At 1 July 2005	745	38	783	745
Additions	242	-	242	242
Disposals	(307)	-	(307)	(307)
At 30 June 2006	<u>680</u>	<u>38</u>	<u>718</u>	<u>680</u>
Amortisation				
At 1 July 2005	418	15	433	418
Charge for year	240	4	244	240
Disposals	(307)	-	(307)	(307)
At 30 June 2006	<u>351</u>	<u>19</u>	<u>370</u>	<u>351</u>
Net Book Value				
At 30 June 2006	<u>329</u>	<u>19</u>	<u>348</u>	<u>329</u>
At 30 June 2005	<u>327</u>	<u>23</u>	<u>350</u>	<u>327</u>

10. Tangible Fixed Assets

Group and Company	Stands, Executive Boxes and Permanent			Plant, Furniture and Fittings £000	Total £000
	Land £000	Fixtures £000			
Cost or valuation					
At 1 July 2005	4000	9062		2142	15204
Additions	-	-		138	138
Disposals	-	(554)		(32)	(586)
Adjustment arising on revaluation	-	742		-	742
At 30 June 2006	4000	9250		2248	15498
Depreciation					
At 1 July 2005	-	46		1630	1676
Charge for year	-	291		141	432
On disposals	-	(554)		(32)	(586)
Adjustment arising on revaluation	-	217		-	217
At 30 June 2006	-	-		1739	1739
Net Book Value					
At 30 June 2006	4000	9250		509	13759
At 30 June 2005	4000	9016		512	13528

**Comparable amounts determined
according to the historical cost convention**

	Stands, Executive Boxes and Permanent			Plant, Furniture and Fittings £000	Total £000
	Land £000	Fixtures £000			
Cost	208	6791		2248	9247
Accumulated depreciation	-	2899		1739	4638
Net book value at 30 June 2006	208	3892		509	4609
Net book value at 30 June 2005	208	4089		512	4809

FRS 15 has been adopted and all freehold land and stands, executive boxes and permanent fixtures are carried at valuation. The Directors have reviewed the carrying value of all freehold land and stands, executive boxes and permanent fixtures at the year end with reference to a depreciated replacement cost valuation performed by Messrs F G Burnett on 10 June 2004, and have not identified any material changes to circumstances or to any valuation assumptions which would materially affect the carrying value. The revaluation in the current year has been recorded to re-instate the value of freehold land and stands, executive boxes and permanent fixtures back to their 2004 valuation.

The net book value of plant, furniture and fittings in respect of assets held under finance leases and hire purchase contracts was £115,000 (2005 £64,000).

On 1 July 2006 the freehold land and stands, executive boxes and permanent fixtures were transferred to Talltray Limited a newly formed wholly owned subsidiary of the Company as part of a financial restructuring exercise detailed in note 26.

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
11. Investments				
Investment in subsidiary undertaking	-	-	52	52

The investment in the subsidiary undertaking represents a holding of 100% of the issued share capital in Aberdeen Football Club Shop Limited (AFCSL), a company registered in Scotland, which is now dormant.

The Company also holds one Ordinary Share of £1 in The Scottish Premier League Limited for which a consideration of £1 was paid. This represents an 8.333% interest in the company.

12. Debtors

Trade debtors	1418	1201	1418	1201
Other debtors and prepayments	361	283	361	283
	1779	1484	1779	1484

13. Creditors: Amounts falling due within one year

Bank overdraft (see note 14)	5423	4316	5423	4316
Obligations under finance leases and hire purchase contracts	45	27	45	27
Trade creditors	371	465	371	465
Amounts owed to subsidiary undertaking	-	-	35	35
Other taxes and social security costs	415	395	415	395
Other creditors and accruals	780	604	780	604
	7034	5807	7069	5842

The bank overdraft bears interest at 3% above the Bank of Scotland base rate. Following the financial restructuring detailed in note 26 the rate of interest applicable was reduced to 2% above the Bank of Scotland base rate (see also note 14).

Obligations under finance leases and hire purchase contracts

Future minimum payments under hire purchase contracts are as follows

Within one year	45	27	45	27
Between two and five years	47	22	47	22
	92	49	92	49

Finance leases and hire purchase contracts are secured over the related assets.

	Group and Company 2006 £000	Group and Company 2005 £000
14. Creditors: Amounts falling due after more than one year		
Bank term loans (see note 15)	5068	5013
Loan from shareholders (see notes 15 and 25)	300	-
Obligations under finance leases and hire purchase contracts	47	22
	5415	5035

The term loan facility of £5.068M which existed at 30 June 2006 and which comprised separate loans of firstly, £2.0M (bearing interest at 2.0% above Bank of Scotland base rate) repayable in a single instalment on 31 December 2008 and secondly, £3.068M (bearing interest at 3% above Bank of Scotland base rate) repayable in a single instalment between 31 December 2006 and 31 December 2008, was repaid on 2 August 2006. These loans were repaid as part of a wider financial restructuring which was the subject of a circular to shareholders dated 12 June 2006, reproduced at note 26. The issue costs associated with these loans were written-off at 30 June 2006.

The bank overdraft (note 13) and the term loan facilities detailed above which existed at 30 June 2006 were secured by a standard security over Pittodrie Stadium, a floating charge over the assets of the Company and by guarantees from Aberdeen Asset Management PLC for £562,500, Aberdeen Development Capital Plc for £562,500 and Stewart Milne Group Limited for £1,125,000. Following the financial restructuring detailed in note 26, on 18 July 2006 the floating charge was extended to cover the assets of the Company and its subsidiaries and the guarantees detailed above and totalling £2,250,000 were removed and replaced by a composite guarantee by each Group company and by a guarantee from Stewart Milne Group Limited for £1,225,000.

As part of the financial restructuring, on 1 July 2006 the ownership of Pittodrie Stadium and its associated buildings and car parks was transferred to Talltray Limited a newly formed wholly owned subsidiary of the Group. On 2 August 2006 a term loan of £9.7M along with an associated interest facility of £2.45M (both bearing interest at 2% above Bank of Scotland base rate and repayable on 10 March 2011 or on the earlier sale of Pittodrie Stadium) was drawn down by Talltray Limited to replace the existing term loans. Additional loan stock of £1.0M from Stewart Milne Group Limited and £1.0M from Aberdeen Asset Management PLC was drawn down by Talltray Limited on the same date. The combined £2.0M of loan stock from the Company's major shareholders carries a maximum compound return of 10% per annum and any repayment of the loan stock and accrued interest is dependent on the future sale of the stadium. The loan stock is secured by standard securities over Pittodrie Stadium granted to Stewart Milne Group Limited and Aberdeen Asset Management PLC.

In addition, a keyman insurance policy covering the loan period over the life of Stewart Milne in the sum of £2.25M has been assigned to the Bank of Scotland.

The loan from shareholders is interest free up to 30 November 2007. Thereafter the loan bears interest at 1.5% above the Bank of Scotland base rate payable quarterly in arrears. The loan is repayable in full by 5 October 2009.

15. Loans

The loans are repayable as follows:

Between two and five years	5368	5068
Less: issue costs of bank term loans	-	(55)
Amounts falling due after more than one year (see note 14)	5368	5013

16. Deferred Taxation

At 30 June 2006 the Group has an unrecognised deferred tax asset of £3,963,262 (2005 - £3,717,866) due to the availability of trading losses for carry forward.

The ability of the Group to utilise the deferred tax asset depends on future trading performance. No deferred tax asset has been recognised given the uncertainty as to the availability of available future profits to utilise the accumulated tax losses.

The Group also has an unrecognised deferred tax liability of £639,000 (2005 - £460,000) in relation to the revaluation of the stadium. This is not recognised as there is no commitment to a sale of the property at 30 June 2006.

	Group and Company 2006 £000	Group and Company 2005 £000
17. Deferred Income		
Deferred grant income - from Football Trust		
At 1 July 2005	1330	1389
Released to profit and loss account	(55)	(59)
At 30 June 2006	1275	1330
Other deferred income - from season tickets, executive boxes and sponsorships received in advance of 2006/07 season	2404	2454
18. Share Capital		
Authorised		
10,000,000 Ordinary Shares of 10 pence each	1000	1000
Allotted and fully paid		
5,843,333 Ordinary Shares of 10 pence each	584	584
19. Reserves	Revaluation Reserve £000	Profit and Loss Account £000
Group		
Balance at 1 July 2005	8719	(8563)
Surplus on revaluation of fixed assets	525	-
Transfer of amount equivalent to additional depreciation on revalued assets	(94)	94
Group loss for financial year	-	(1500)
Balance at 30 June 2006	9150	(9969)
Company		
Balance at 1 July 2005	8719	(8569)
Surplus on revaluation of fixed assets	525	-
Transfer of amount equivalent to additional depreciation on revalued assets	(94)	94
Company loss for financial year	-	(1496)
Balance at 30 June 2006	9150	(9971)

	Group 2006 £000	Group 2005 £000
20. Reconciliation of Movement in Consolidated Shareholders' (Deficit)/Funds		
Loss for the financial year	(1500)	(987)
Surplus on revaluation of fixed assets	525	-
Net reduction in shareholders' funds	(975)	(987)
Opening shareholders' funds	740	1727
Closing shareholders' (deficit)/funds	(235)	740

21. Capital Commitments

The Group and Company had no capital commitments at 30 June 2006 (2005 - £Nil).

22. Pension Fund

The Group operates a defined contribution Group Personal Pension Scheme for eligible employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charged for the year was £11,000 (2005 - £17,000). In addition, contributions of £39,000 (2005 - £2,000) were made to personal pension schemes on behalf of employees.

There was £1,000 due for payment at 30 June 2006 (2005 - £2,000).

23. Contingent Liabilities

At 30 June 2006 additional transfer fees of a maximum amount of £80,000 (2005 - £Nil) could become payable under transfer contracts if certain contractual conditions are met. Of this amount £50,000 (2005 - £Nil) could arise within one year. The directors do not consider that the contractual conditions are likely to be met during the course of the contracts and consequently the amounts have not been provided for.

24. Group Commitments Under Operating Leases

Payments falling due in the next year on operating leases are:-

	Land and Buildings 2006 £000	Land and Buildings 2005 £000	Other 2006 £000	Other 2005 £000
Operating leases expiring:-				
Within one year	-	-	56	50
In second to fifth years inclusive	-	17	17	10
	-	17	73	60

25. Related Party Transactions

During the year fees for professional services totalling £19,000 (2005 - £36,000) were rendered by Paull & Williamsons. Gordon A Buchan, a non-executive director of the Club, is a partner in this firm. In addition, at 30 June 2006 £22,000 (2005 - £18,000) was due to Paull & Williamsons in respect of unbilled fees and this amount is included within other creditors and accruals in note 13.

During the year loans were provided to the Club by Stewart Milne Group Ltd (Stewart Milne, the non-executive chairman of the Club is chairman of this company) and by Martin Gilbert who is a non-executive director of the Club. The terms relating to the loans are disclosed in note 14.

26. Post Balance Sheet Event

The following is a reproduction of the Circular sent to shareholders on 12 June 2006, which was the subject matter of the Extraordinary General Meeting held on 28 June 2006 at which the necessary resolutions regarding the proposed financing arrangements were passed. Since the year end the proposals numbered 1 to 8 and 12 have been carried through to completion. Further details of the timings and financial terms are given in note 14.



12 June 2006

ABERDEEN FOOTBALL CLUB plc (the "Club")

E.G.M. CIRCULAR

In the year ended 30 June 2005, the Club made an operating profit before interest, depreciation and amortisation of £130,000. In the interim statement issued in March of this year, I indicated that the corresponding loss for the year ended 30 June 2006 would be at or near the budgeted loss figure of £150,000. Over a two year period, therefore, the Club will more or less have broken even at an operating level. What we have had to address is the debt servicing.

The proposals to be considered at the Extraordinary General Meeting to be held on 28 June 2006 would, if approved, give the Club access to bank and other facilities which it is believed will be sufficient for its purposes for the next five years. The Club's major shareholders (Stewart Milne Group Limited and Aberdeen Asset Management PLC ("the major investors")) have agreed to lend an aggregate sum of £2 million and also to provide guarantees/letters of comfort to the Club's Bank up to an aggregate sum of £2.45 million (replacing existing guarantees for a total sum of £2.25 million). As a result of this, the Bank is prepared to extend facilities until March 2011, and to do so on the basis that most of the interest is rolled up and does not become payable until then.

This will provide a period of stability for the Club and give it the opportunity to find and implement the most appropriate solution to the problems caused by the ever increasing costs of repair and maintenance of Pittodrie, and its limited scope for development. The Club's preferred solution to this problem would be to become the lead tenant of a community stadium, and the Club will be working closely with Aberdeen City Council, Aberdeenshire Council and Aberdeen City & Shire Economic Forum in evaluating the benefits of and options for such a stadium. This follows the decision by Aberdeen City Council on 10 May 2006 to establish a Project Board and Team to consider the funding and site options.

In order to obtain the terms outlined above and in particular the proposed roll up of bank interest, it will be necessary to separate the operation of the football activities (which the Club will undertake) and ownership of the stadium (which will be transferred to a wholly owned subsidiary of the Club).

26. Post Balance Sheet Event (continued)

The detailed proposals are as follows:-

1. Pittodrie Stadium and the surrounding land presently owned by the Club would be sold to a wholly owned subsidiary of the Club, Talltray Limited ("Talltray"), which would immediately lease back the property to the Club.
2. The price would be £15 million, representing current open market value. £11.7 million of the price would be paid to the Club immediately; with the balance of £3.3 million left outstanding as a loan due by Talltray to the Club.
3. Talltray would obtain borrowing facilities from Bank of Scotland up to a maximum of £12.15 million (£9.7 million Term Loan and £2.45 million Interest Facility) and would also borrow £1 million from Stewart Milne Group Limited and £1 million from Aberdeen Asset Management PLC.
4. The Club's existing borrowings would be repaid in full, although it would have an overdraft facility of £0.5 million from the Bank.
5. Talltray and the Club would each guarantee repayment of the other's borrowings from the Bank.
6. Talltray and the Club would enter into a long lease of the stadium. The Club would pay to Talltray a total rental of £1 million in the first five years which would in turn be paid in full by Talltray to the Bank to offset some of the interest payable to the Bank. Repayment of capital and the remainder of the interest to the Bank would be deferred until March 2011, or the earlier sale of the stadium. The rental payable by the Club to Talltray after the first five years would be the higher of (a) market rental, and (b) the amount of Talltray's interest payments to the Bank in respect of the loan facilities obtained by Talltray to purchase the stadium.
7. The Bank would be secured by, amongst other things, a floating charge and a standard security over the stadium from Talltray. Talltray would grant further standard securities over the stadium, to have priority after the Bank's standard security and floating charge, to the Club (for the deferred element of the purchase price and for any other advances made by the Club to Talltray) and to the major investors (for their loans). In addition, the major investors would grant guarantees/letters of comfort in favour of the Bank to cover the rolled up interest payable to the Bank up to a maximum of £2.45 million.
8. The £2 million loan stock from the major investors would carry a maximum return of 10% per annum compounded. Importantly, however, repayment of the capital amount of, and any interest on, the stock would be wholly dependent on the sale of the stadium. If the guarantees/letters of comfort granted by the major investors were called upon, Talltray's liability to the guarantors would be satisfied by the issue to them of secured loan stock bearing a fixed rate of 8% and redeemable after ten years (being the same arrangement as applies in relation to the existing guarantees of £2.25 million).
9. If the stadium were to remain unsold after five years (by which time it would be expected that the value of the stadium would have increased), Talltray would have to pay to the Bank the full amount of its term loan outstanding and the rolled up interest on it, unless suitable alternative financing arrangements were agreed at the time.

26. Post Balance Sheet Event (continued)

The detailed proposals are as follows:- (continued)

10. If the stadium were sold, the Bank would be paid first, for the full amount of its term loan outstanding and the rolled up interest and all other bank debt then due including all expenses incurred in the sale. After that, any excess proceeds from the sale would be distributed as follows and in the following order of payment:-
 - a. to the Club, an amount equal to any inter-company balance due to it from Talltray in respect of any advances made by the Club to Talltray to cover working capital costs, such as legal or annual audit costs;
 - b. to the major investors, the next £2,000,000 of proceeds, pro rata to the capital amount of their respective loan capital investments;
 - c. to the Club, the next £2,000,000 of proceeds;
 - d. to the major investors, an amount equal to any loan stock issued by Talltray to satisfy its liabilities where the guarantees/letters of comfort granted by the major investors were called upon (see paragraph 8 above);
 - e. to the Club and the major investors, 70% and 30% respectively of the remaining proceeds up to an amount, which, when 30% of it is paid to the major investors, will result in their receiving, in aggregate between them, a compounded rate of return of 10% on their initial loan capital investment and a compounded rate of return of 8% on the loan stock referred to at sub-paragraph d. above; and
 - f. to the Club, the balance of any proceeds up to the outstanding amount of the deferred purchase price for the sale of the stadium.
11. Subject to the approval of the shareholders of the Club at the time, the major investors would consider re-investing any return from the loans made to Talltray, but would not be obliged to do so.
12. The directors of the Club would also become directors of Talltray.

Annual Reports from the year ended 30 June 2007 would have consolidated statements (which would in effect show the position as it is now, as if the assets and liabilities of the Club and Talltray were of a single company) and would also show separately the Club's football and related operations. The Annual Report for the year ended 30 June 2006 would include a note setting out the main points of this transaction as a post balance sheet event.

The Board of the Club, which has been advised by F G Burnett, Chartered Surveyors and Property Consultants, believes that these arrangements are in the best interests of the Club and Talltray and are on terms that are advantageous to the Club and Talltray. The Board representatives of the major investors have not participated in Board discussions or decisions in relation to the terms attaching to the loans and guarantees/letters of comfort to be provided by the major investors.

I recommend approval of the Resolutions to be proposed at the EGM.

Duncan Fraser
Executive Director – Head of Operations

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ONE HUNDRED and THIRD Annual General Meeting of ABERDEEN FOOTBALL CLUB plc will be held at The Richard Donald Suite, Pittodrie Stadium, Pittodrie Street, Aberdeen on Monday 11th December 2006 at 7.00pm to transact the following: -

As ordinary business:

1. To receive and consider the Financial Statements for the year ended 30 June 2006 together with the Reports of the Directors and Auditors thereon.
2. To re-elect William F. Miller as a Director.
3. To re-elect Duncan G. Fraser as a Director.
4. To re-elect Kenneth A. Matheson as a Director.
5. To re-appoint Deloitte & Touche LLP, Chartered Accountants, as Auditors and to authorise the Directors to fix their remuneration.

BY ORDER OF THE DIRECTORS

E David Johnston

Secretary

Registered Office:

Pittodrie Stadium, Pittodrie Street, Aberdeen AB24 5QH

Dated 14 November 2006

Note:

It is requested that notice of questions on the Reports or Accounts should be in the Secretary's hands by 5pm on Monday 4th December 2006.

A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him and that proxy need not also be a member. A form of proxy is enclosed, and completed proxies must be returned to Pittodrie Stadium at least 48 hours before the time appointed for the meeting.

Will Shareholders please intimate any change of address to the Company Secretary.

