

Annual Report

for the year ended 30 June 2003

Directors and Advisers

CHAIRMAN

Stewart Milne (non-executive)

VICE CHAIRMAN

Ian R Donald (non-executive)

CHIEF EXECUTIVE

Keith Wyness

DIRECTORS

Gordon A Buchan (non-executive)

Martin J Gilbert (non-executive)

Hugh W M Little (non-executive)

Christopher J Gavin (non-executive)

SECRETARY

Duncan G Fraser

FOOTBALL MANAGER

Steven W Paterson

REGISTERED OFFICE

Pittodrie Stadium

Pittodrie Street

Aberdeen

AB24 5QH

CONTENTS

Page

| | |
|--|----|
| Chairman's Statement | 1 |
| Football Manager's Report | 3 |
| Report of the Directors | 4 |
| Statement of Directors' Responsibilities | 7 |
| Shareholder Information | 7 |
| Auditors' Report | 8 |
| Consolidated Profit and Loss Account | 9 |
| Balance Sheets | 10 |
| Consolidated Cash Flow Statement | 11 |
| Notes to the Consolidated Cash Flow Statement | 12 |
| Notes Forming Part of the Financial Statements | 13 |
| Notice of Annual General Meeting | 23 |

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

Aberdeen Football Club plc

Chairman's Statement

The period covered in this report has been one of transition throughout the Club and in football in general.

There can be little doubt that the game continues to face significant financial challenges and financial prudence remains the only way to long term success.

On the park, the team had a difficult season, and it will take time for the



management team to get a team on the park that they and the supporters are happy with.

Football

The pre-season objective had been to continue the steady progress made in the previous two seasons. Unfortunately, this was not to happen and inconsistent SPL form, together with relatively early exits from the CIS and Scottish Cups to Hearts and Dundee respectively, meant that the season was not one that will be looked back on with much fondness by the Club's supporters. The highlights of the season were probably the

UEFA Cup encounters with Hertha Berlin and the encouraging end of season form shown in the SPL.

In the aftermath of the decision by Ebbe Skovdahl to tender notice of his intention to resign as manager in November 2002, the Board of Directors concluded that an immediate change was necessary.

This enabled his successor, Steve Paterson, to start to implement changes in the latter half of last season. As I stated at the outset the process of identifying players that will take the Club forward will take time. However, let me reiterate that,

with the appointment of Steve Paterson, Duncan Shearer, Oshor Williams and Neil Cooper the Board are convinced that the Club has the right team to return the Club to its former position at the top end of Scottish football.

The new management team has already spent a great deal of time moulding the playing staff into a squad that they are happier with. Key players that have been developed at the Club, such as Russell Anderson, Phil McGuire and most recently Kevin McNaughton, have been retained on new contracts. They will be supplemented by signings in the transfer market. It is this type of

approach that will serve the Club well in the coming years.

As in the previous year the continuing SPL issues off the field of play lead to a great deal of uncertainty in the game for much of the year. Therefore it was a major step forward when the ten "non Old Firm" clubs were able to withdraw their notices of intention to resign and new, more equitable SPL rules were approved. This should act as a catalyst to the SPL securing better commercial agreements, particularly with regard to broadcasting rights, for the seasons to come.

Financial Highlights

Turnover for the year decreased from £7.555M to £7.043M and a breakdown of these figures is given in note 2.

Income from customer and ticketing services fell from £2.698M to £2.6M as a result of the fall in average home SPL attendances from 13941 to 11745. The two UEFA Cup ties against Nistru Otaci and Hertha Berlin helped mitigate much of this fall.

Broadcasting income fell back from £1.531M to £1.213M as a result of the new broadcasting contract. This fall would have been far greater had it not been for the live coverage of our home UEFA Cup tie against Hertha Berlin.

In the other commercial areas, merchandising continues to generate increasing contributions to the Club.

Against a background of decreasing turnover it is encouraging that the Club was able to reduce Total Operating Charges from £9.689M to £9.102M. The operating charge includes an amount of £291,000 for the termination of former employees' contracts as a result of the change in the football management team and a major review of all the Club's operations.

The Club's emphasis to drive down costs is also seen in the wages to turnover ratio which rose only 3% to 73% even though turnover fell by around 7%. Losses for the year fell slightly from £2.4M to £2.39M, in line with the comments I made in the interim statement.

In accordance with FRS 15, the Club was required to carry out a revaluation of the freehold land and stands during the year and this revaluation is reflected in the balance sheet and is detailed in note 10.

As part of the review of the Club's borrowing facilities referred to in note 16, Aberdeen Asset Management PLC, Aberdeen Development Capital PLC and Stewart Milne Group Limited provided financial guarantees to the Club's bank. Resolution 5 in the Notice appearing on page 23 seeks shareholder approval for the grant of postponed securities over Pittodrie Stadium in favour of the guarantors, in security of the Club's obligations to the guarantors in the event that the guarantees to the bank are called upon.

Future Prospects

Referring back to my opening remarks concerning the financial challenges facing the game, the Club instigated a fundamental review of all areas of the

business at the beginning of 2003. Although, as can be seen from the reduction in Total Operating Charges, the Club has made real progress towards cutting costs, it was felt that, in a period when turnover throughout the game is falling, a further review was necessary.

As a result of this review, further cost reductions have been identified. One of these reductions resulted in the Club seeking a delisting from the AIM market in July 2003. One of the



consequences of this delisting is that the Club will no longer publish interim accounts at 31 December.

Wage levels have also been reviewed and this is likely to result in further significant savings in the coming seasons. The radical approach to the Club's overall structure and cost levels will ensure the future stability of the Club in the long term.

During the last few months the possibility to work with the local council to develop a community stadium close to our present home at Pittodrie has emerged. This new and exciting proposal has significant benefits not just for the Club, but for the entire North East of Scotland. For this to

become a reality it is essential that everyone works together. The planning application for the Bellfield site has been withdrawn at this juncture in light of this new proposal.

The Club is also at the forefront of Scottish football in terms of its commitment to social responsibility through extensive community involvement, with a number of initiatives that go far beyond the core business of coaching. Working with several partners, Club staff are regularly utilised throughout the North East, in an educational capacity and as role models, for the promotion of a healthy lifestyle and to emphasise the importance of exercise in a safe and trouble free environment.

As it is our Centenary year there have been a number of events to commemorate past achievements and to look ahead to the future. These have played a significant role in uniting all the supporters as we have reminisced together, with the parade down Union Street and the Relive Gothenburg event at the Exhibition Centre in May this year being particular highlights. The Centenary has also proactively reached our younger supporters through the Education Initiative. I would like to take this opportunity to thank all those involved who have worked tirelessly to deliver a memorable Centenary year for the Club.

Stewart Milne

Chairman

Football Manager's Report

It seems hard to believe that it is ten months ago since I was appointed manager of the Club.

I felt that it was important to have my own backroom staff in place as quickly as possible and I was delighted that my 'first choices' of Duncan Shearer, Oshor Williams and Neil Cooper all agreed to come on board. Each of them has his own individual strengths and, along with Jim Leighton, I do believe we have a football management team that has the credentials, the desire and the ability to put the kind of team on the park that the supporters want to see.

As with any management change, there has been a significant player movement. I would like to thank the Board of Directors who have backed my judgement in making the considerable changes to the playing side that the management team felt necessary. Peter Kjaer, Jamie McAllister, Roberto Bisconti, Darren Young, Leon Mike, Derek Young, Ben Thornley, Mark Peat, Ross O'Donoghue, Robbie Hedderman, Nicolas Fabiano, Robert Duncan and Patrizio Billio have all moved on. In their places have come Steve Tosh, Paul Sheerin, Michael Hart, Leigh Hinds, Jamie McQuilken, Scott Booth, Michael Bird, David Zdrilic and Markus Heikkinen, while youngsters such as Richard Foster, Scott Muirhead, Scott Morrison, Kevin Souter and Alexander

Diamond have all made their top team debuts.

As everyone is aware, the current economic climate in Scottish football requires us to operate within strict budget parameters and that situation is unlikely to alter in the foreseeable future. It is my job to ensure the budget we do have is spent as wisely as possible as we simply cannot afford to carry any passengers within the squad. When we do approach a player therefore, we have to be one hundred percent convinced that he would improve the overall strength of the squad. If we are not absolutely sure, then we will turn our attention elsewhere.

The importance of developing players through our own system cannot be overestimated and that route will form the backbone of the squads in the years to come at Pittodrie.

There is little doubt that any youngster coming through the ranks at the Club can see that, if he applies himself correctly, works hard and displays the desired skill, attitude and character, he will be given the opportunity to establish himself in the top team. Conversely, if it becomes obvious to the management team that a player does not have what it takes, then it is better for all concerned for matters to be brought to a conclusion immediately.

I cannot finish this report without making mention of our supporters, who have been absolutely magnificent to me since my appointment. Duncan Shearer had told me how passionate the fans were before we left Inverness but, to be honest, I have been totally overwhelmed by the way they back the team, win or lose, home and away. Our travelling support has, on many occasions, outnumbered and out-shouted home fans at matches. Believe me, that kind of backing really does make a difference in terms of giving the lads a real lift, particularly when we are away from Pittodrie.

Steve Paterson

Football Manager



Aberdeen Football Club plc

Aberdeen Football Club plc

Report of the Directors

The Directors have pleasure in submitting their Report and audited Financial Statements for the year ended 30 June 2003.

1. REVIEW OF THE BUSINESS

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

2. RESULTS, DEVELOPMENTS AND FUTURE PROSPECTS

A review of activities and prospects is contained in the Chairman's Statement at pages 1 to 2.

The loss for the year after taxation amounted to £2,391,000 (2002 - £2,400,000). The Directors do not propose payment of a dividend (2002 - £Nil) and recommend that the loss is transferred against reserves.

3. 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 2002, or their date of appointment if later, and at 30 June 2003 were as follows:

| | Ordinary shares of 10 pence each | |
|---------------------|----------------------------------|-------------------|
| | As at 30 June 2003 | As at 1 July 2002 |
| Stewart Milne | 1,613,749 | 1,613,749 |
| Ian R Donald | 478,905 | 478,905 |
| Gordon A Buchan | 10,000 | 10,000 |
| Martin J Gilbert | 40,000 | 40,000 |
| Hugh W M Little | – | – |
| Keith Wyness | – | – |
| Christopher J Gavin | 3,934 | 3,935 |

Keith Wyness has been granted an option over 100,000 ordinary shares in the Company exercisable in accordance with the rules of the Aberdeen FC Executive Share Option Plan, having completed the first year of his employment.

Included in the above shareholdings for Stewart Milne, Ian R Donald 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 and Hugh W M Little held 260 shares in a non-beneficial capacity.

Aberdeen Football Club plc

Report of the Directors

3. DIRECTORS AND THEIR INTERESTS (continued)

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.

Ian Donald was appointed a non-executive director of the Company in May 1980. He was appointed Chairman of the Club in 1994 and became Vice Chairman in 1998. He has extensive experience of the football industry and served on the Council of the SFA from 1986 to 1999. He is Chairman and Managing Director of J F Donald (Aberdeen Cinemas) Limited and a director of other family companies.

Keith Wyness was appointed a director and Chief Executive of the Company in October 2001. He has held posts in the travel and leisure industry in Britain, America, the Caribbean and Australia where he was involved in the promotion of the Sydney Olympic Games.

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, a non-executive director of Grampian Country Food Group Limited and of a number of listed investment trusts.

Hugh Little was appointed a non-executive director of the Company in November 2000. He is an investment director at Aberdeen Asset Management PLC, where he is responsible for the venture capital operation in Scotland. He is also a director of Aberdeen Development Capital PLC and Scottish Enterprise Grampian.

Chris Gavin was appointed a non-executive director of the Company in March 2002. He was formerly a hydrocarbon accountant with BP Exploration and a former treasurer of the AFC Supporters Trust.

Ian Donald and Hugh Little 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.

4. SUBSTANTIAL INTERESTS

At 10 October 2003 the following interests in three per cent or more of the issued ordinary share capital had been notified to the Company:

| | Number of Ordinary Shares |
|--|------------------------------|
| Stewart Milne Group Limited and Stewart Milne | 1613749 |
| Clients of Aberdeen Asset Management PLC | 1848642 |
| J F Donald (Aberdeen Cinemas) Limited and Ian R Donald | 478905 |

Aberdeen Football Club plc

Report of the Directors

5. 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 38 days [2002 - 39 days].

6. CORPORATE GOVERNANCE

The Directors recognise the value of corporate governance and seek to implement and maintain procedures they believe are appropriate to the size and activities of the Group.

7. AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Stewart Milne
Chairman
10 October 2003

Aberdeen Football Club plc

Statement of Directors' Responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the profit or loss of the Group for that period.

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, subject to any material departures disclosed and explained in the financial statements;
- 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 Group and the Company 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 Group 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 31 July 2003 the Company had some 2804 (2002 - 2767) shareholders whose holdings can be categorised as follows:-

| Size of Shareholding | Number of Shareholders | Total Number of Shares 000's |
|----------------------|------------------------|---------------------------------|
| 20000 shares or over | 22 | 4548 |
| 10000 - 19999 shares | 13 | 164 |
| 1000 - 9999 shares | 211 | 530 |
| Under 1000 shares | 2558 | 601 |
| | 2804 | 5843 |

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 have 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 Duncan Fraser at Pittodrie Stadium on 01224 650400.

Aberdeen Football Club plc

Independent Auditors' Report to the Members of Aberdeen Football Club plc

We have audited the financial statements of Aberdeen Football Club plc for the year ended 30 June 2003 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 27 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company and other members of the group 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. Our responsibilities do not extend to any other information unless we specifically indicate in writing otherwise.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the group and company, 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 of the state of affairs of the company and the group as at 30 June 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants
Chartered Accountants and Registered Auditors
Aberdeen
10 October 2003

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Aberdeen Football Club plc

Consolidated Profit and Loss Account

for the year ended 30 June 2003

| | Notes | 2003 £000 | 2002 £000 |
|---|-------|----------------------|----------------------|
| Turnover | 2 | 7043 | 7555 |
| Operating Charges | | | |
| Recurring | | (8776) | (9389) |
| Exceptional | | (326) | (300) |
| Total Operating Charges | 3 | <u>(9102)</u> | <u>(9689)</u> |
| Operating Loss | 5 | (2059) | (2134) |
| Loss on disposal of players' registrations | | - | (9) |
| Loss Before Interest and Taxation | | <u>(2059)</u> | <u>(2143)</u> |
| Interest payable and similar charges | 4 | (332) | (257) |
| Loss on Ordinary Activities Before Taxation | | <u>(2391)</u> | <u>(2400)</u> |
| Tax on loss on ordinary activities | 6 | - | - |
| Retained Loss for the Financial Year | 21 | <u><u>(2391)</u></u> | <u><u>(2400)</u></u> |
| Loss per share – basic and diluted | 7 | (40.9p) | (41.1p) |
| Statement of Total Recognised Gains and Losses | | | |
| Retained Loss for the financial year | | (2391) | (2400) |
| Surplus arising on revaluation of fixed assets | | 1931 | - |
| Total recognised losses in the year | | <u><u>(460)</u></u> | <u><u>(2400)</u></u> |

The retained loss for the financial year stated above is not materially different to the historical cost loss for the financial year and therefore no separate note is shown.

The notes on pages 13 to 22 form part of the financial statements.

Aberdeen Football Club plc

Balance Sheets
as at 30 June 2003

| | Notes | Group | | Company | |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2003 £000 | 2002 £000 | 2003 £000 | 2002 £000 |
| Fixed Assets | | | | | |
| Intangible assets | 9 | 269 | 209 | 238 | 174 |
| Tangible assets | 10 | 11778 | 10156 | 11778 | 10123 |
| Investments | 11 | - | - | 52 | 52 |
| | | <u>12047</u> | <u>10365</u> | <u>12068</u> | <u>10349</u> |
| Current Assets | | | | | |
| Stocks | 12 | 127 | 77 | 127 | - |
| Debtors | 13 | 1352 | 950 | 1352 | 998 |
| Cash at bank and in hand | | 3 | 96 | 3 | 77 |
| | | <u>1482</u> | <u>1123</u> | <u>1482</u> | <u>1075</u> |
| Creditors | | | | | |
| Amounts falling due within one year | 14 | <u>3643</u> | <u>4201</u> | <u>3678</u> | <u>4155</u> |
| Net Current Liabilities | | <u>(2161)</u> | <u>(3078)</u> | <u>(2196)</u> | <u>(3080)</u> |
| Total Assets Less Current Liabilities | | <u>9886</u> | <u>7287</u> | <u>9872</u> | <u>7269</u> |
| Creditors | | | | | |
| Amounts falling due after more than one year | 15 | 5010 | 1974 | 5010 | 1974 |
| Provision for Liabilities and Charges | | | | | |
| Deferred taxation | 18 | - | - | - | - |
| Deferred Income | | | | | |
| Deferred grant income | 19 | 1449 | 1508 | 1449 | 1508 |
| Other deferred income | | <u>1964</u> | <u>1882</u> | <u>1964</u> | <u>1882</u> |
| | | <u>3413</u> | <u>3390</u> | <u>3413</u> | <u>3390</u> |
| | | <u>1463</u> | <u>1923</u> | <u>1449</u> | <u>1905</u> |
| Capital and Reserves | | | | | |
| Called up share capital | 20 | 584 | 584 | 584 | 584 |
| Revaluation reserve | 21 | 6833 | 4902 | 6833 | 4902 |
| Profit and loss account | 21 | (5954) | (3563) | (5968) | (3581) |
| Equity Shareholders' Funds | 22 | <u>1463</u> | <u>1923</u> | <u>1449</u> | <u>1905</u> |

The financial statements were approved by the Board on 10 October 2003.

Stewart Milne
Chairman

The notes on pages 13 to 22 form part of the financial statements.

Aberdeen Football Club plc

Consolidated Cash Flow Statement

for the year ended 30 June 2003

| Net Cash Flow | Notes | 2003 £000 | 2002 £000 |
|---|-------|--------------|--------------|
| Net cash outflow from operating activities | i | (2070) | (210) |
| Returns on investments and servicing of finance | ii | (318) | (256) |
| Taxation | | - | - |
| Capital expenditure and financial investment | ii | (371) | (218) |
| Net cash outflow before financing | | (2759) | (684) |
| Financing | ii | 2962 | 445 |
| Increase/(Decrease) in cash | | 203 | (239) |
| Reconciliation of Net Cash Flow to Movement in Net Debt (See Note iii) | | | |
| Increase/(Decrease) in cash in the year | | 203 | (239) |
| Cash inflow from increase in debt | | (2962) | (445) |
| Change in net debt resulting from cash flows | | (2759) | (684) |
| Non cash movement – amortisation of issue costs | | (14) | (1) |
| New finance leases | | (44) | - |
| Net debt at 1 July 2002 | | (4496) | (3811) |
| Net debt at 30 June 2003 | | (7313) | (4496) |

Aberdeen Football Club plc

Notes to the Consolidated Cash Flow Statement
for the year ended 30 June 2003

i Reconciliation of Operating Loss to Net Cash Outflow
from Operating Activities

| | 2003 £000 | 2002 £000 |
|---|---------------|--------------|
| Operating loss | (2059) | (2134) |
| Amortisation of players' registrations and goodwill | 270 | 747 |
| Depreciation | 394 | 392 |
| Amortisation of grants | (59) | (58) |
| Increase in stocks | (50) | (38) |
| Increase in debtors | (402) | (80) |
| (Decrease)/Increase in creditors | (164) | 961 |
| | <u>(2070)</u> | <u>(210)</u> |

ii Gross Cash Flows

Returns on investments and servicing of finance

| | | |
|---------------|--------------|--------------|
| Interest paid | <u>(318)</u> | <u>(256)</u> |
|---------------|--------------|--------------|

Capital expenditure and financial investment

| | | |
|---|--------------|--------------|
| Payments to acquire players' registrations | (330) | (113) |
| Payments to acquire tangible fixed assets | (41) | (205) |
| Receipts from sales of players' registrations | – | 100 |
| | <u>(371)</u> | <u>(218)</u> |

Financing

| | | |
|--|-------------|------------|
| Loan repayments | (30) | (25) |
| New borrowings | 3068 | 470 |
| Issue costs of new borrowings | (68) | – |
| Capital element of finance lease rental payments | (8) | – |
| | <u>2962</u> | <u>445</u> |

iii Analysis of Changes in Net Debt

| | 30 June 2002 £000 | Cash Flows £000 | Other Non-Cash Changes £000 | 30 June 2003 £000 |
|-----------------------------------|----------------------|-----------------------|--------------------------------------|----------------------|
| Cash in hand and at bank | 96 | (93) | – | 3 |
| Bank overdraft | (2594) | 296 | – | (2298) |
| | | <u>203</u> | | |
| Debt due after more than one year | (1974) | (2994) | (14) | (4982) |
| Debt due within one year | (24) | 24 | – | – |
| Finance leases | – | 8 | (44) | (36) |
| | | <u>(2962)</u> | | |
| | <u>(4496)</u> | <u>(2759)</u> | <u>(58)</u> | <u>(7313)</u> |

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements for the year ended 30 June 2003

1. Accounting Policies

(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.

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

(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.

(d) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or re-valued amount less depreciation. Tangible fixed assets other than land are depreciated to write off their cost or valuation in equal annual amounts over their estimated useful lives. The applied depreciation rates are as follows: -

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

(e) Stocks

Stocks represent goods for resale and are stated at the lower of cost and net realisable value. Cost comprises purchase price. Net realisable value is based on estimated selling price less all relevant marketing, selling and distribution costs.

(f) Transfer Fees and Signing-On Fees

Fees payable to other football clubs 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.

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements for the year ended 30 June 2003

(g) 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.

(h) Donations from Lotteries

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

(i) Deferred Taxation

Deferred tax is provided in full on timing differences which result in 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.

(j) 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.

(k) 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.

2. Group Turnover

Group turnover represents the value of goods and services provided in the year, net of value added tax and comprises:

| | 2003 £000 | 2002 £000 |
|--|--------------|--------------|
| Customer & Ticketing Services | 2600 | 2698 |
| Broadcasting Income and League & Cup Bonuses | 1213 | 1531 |
| Corporate Hospitality & Catering | 1301 | 1550 |
| Club Sponsorships & Corporate Advertising | 538 | 575 |
| Merchandising | 759 | 567 |
| Lotteries & Others | 632 | 634 |
| | <u>7043</u> | <u>7555</u> |

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements
for the year ended 30 June 2003

| | | |
|--|---------------|---------------|
| 3. Total Operating Charges | 2003 | 2002 |
| | £000 | £000 |
| Staff costs | (5140) | (5277) |
| Exceptional staff costs | (291) | - |
| | <u>(5431)</u> | <u>(5277)</u> |
| Depreciation and other amounts written off tangible and intangible fixed assets, net of grant release | (605) | (1081) |
| Other operating charges | (3066) | (3331) |
| | <u>(9102)</u> | <u>(9689)</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 £266,000 (2002 - £744,000).

Included in other operating charges are amounts relating to expenses incurred on the planning requirements for the proposed stadium at Bellfield of £35,000 (2002 - £300,000). As stated on page two of the Director's Report, in light of the new proposals relating to stadium facilities, this planning application has now been withdrawn.

Staff costs consist of:-

| | | |
|-----------------------|-------------|-------------|
| Wages and salaries | 4658 | 4779 |
| Social security costs | 460 | 463 |
| Other pension costs | 22 | 35 |
| | <u>5140</u> | <u>5277</u> |

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

| | | |
|------------------------------|------------|------------|
| | Number | Number |
| Players | 44 | 42 |
| Football management | 10 | 10 |
| Scouting / Youth development | 11 | 9 |
| Commercial / Administration | 36 | 33 |
| Maintenance | 9 | 11 |
| | <u>110</u> | <u>105</u> |

Directors remuneration consists of:

| | | |
|-----------------------|------------|-----------|
| | £000 | £000 |
| Fees | - | - |
| Other emoluments | 110 | 69 |
| Pension contributions | - | - |
| | <u>110</u> | <u>69</u> |

The Directors waived fees totalling £30,000 due in respect of the year ended 30 June 2003 (2002 - £26,667).

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements for the year ended 30 June 2003

| | 2003 | 2002 |
|--|-------|-------|
| 4. Interest Payable and Similar Charges | £000 | £000 |
| Bank interest | 318 | 256 |
| Amortisation of debt issue costs | 14 | 1 |
| | 332 | 257 |
| 5. Operating Loss | | |
| This is stated after charging/(crediting):- | | |
| Auditors remuneration | | |
| Audit services | 18 | 16 |
| Non audit services | 7 | 3 |
| Amortisation of grants | (59) | (58) |
| Depreciation on assets held under hire purchase contracts and finance leases | 5 | - |
| Operating lease rentals - Land and buildings | 17 | 17 |
| - Hire of plant and equipment | 57 | 61 |
| Donations from lotteries | (223) | (244) |
| | - | - |
| 6. Taxation | | |
| Taxation charge | - | - |

The Group has estimated taxation losses available for carry forward amounting to £16,730,000 (2002 - £14,820,000). The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2002 - 20%). 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 | (2391) | (2400) |
| Tax on loss on ordinary activities at standard rate | (454) | (480) |
| Factors affecting charge for the period: | | |
| Expenses not deductible for tax purposes | 40 | 41 |
| Capital allowances in excess of depreciation | 31 | 40 |
| Unutilised tax losses | 383 | 399 |
| | - | - |

7. Loss Per Ordinary Share

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.

| | | |
|---|---------|---------|
| Retained loss for the financial year after taxation | (2391) | (2400) |
| Weighted average number of ordinary shares ('000) | 5843 | 5843 |
| Loss per share | (40.9p) | (41.1p) |

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 £2,387,000.

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements
for the year ended 30 June 2003

| 9. Intangible Fixed Assets | Group | | | Company |
|-----------------------------------|-----------------------------------|--|--|---------------|
| | Players' Registrations £000 | Goodwill £000 | Total £000 | Total £000 |
| Cost | | | | |
| At 1 July 2002 | 501 | 38 | 539 | 501 |
| Additions | 330 | – | 330 | 330 |
| Disposals | (206) | – | (206) | (206) |
| At 30 June 2003 | 625 | 38 | 663 | 625 |
| Amortisation | | | | |
| At 1 July 2002 | 327 | 3 | 330 | 327 |
| Charge for year | 266 | 4 | 270 | 266 |
| Disposals | (206) | – | (206) | (206) |
| At 30 June 2003 | 387 | 7 | 394 | 387 |
| NET BOOK VALUE | | | | |
| At 30 June 2003 | 238 | 31 | 269 | 238 |
| At 30 June 2002 | 174 | 35 | 209 | 174 |
| | | | | |
| 10. Tangible Fixed Assets | | | | |
| | | Stands, Executive Boxes and Permanent Fixtures £000 | Plant, Furniture and Fittings £000 | Total £000 |
| Group | Land £000 | | | |
| Cost or valuation | | | | |
| At 1 July 2002 | 3250 | 7517 | 1870 | 12637 |
| Additions | – | 12 | 73 | 85 |
| Adjustment arising on revaluation | 1931 | – | – | 1931 |
| At 30 June 2003 | 5181 | 7529 | 1943 | 14653 |
| Depreciation | | | | |
| At 1 July 2002 | – | 978 | 1503 | 2481 |
| Charge for year | – | 232 | 162 | 394 |
| At 30 June 2003 | – | 1210 | 1665 | 2875 |
| Net Book Value | | | | |
| At 30 June 2003 | 5181 | 6319 | 278 | 11778 |
| At 30 June 2002 | 3250 | 6539 | 367 | 10156 |

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements
for the year ended 30 June 2003

10. Tangible Fixed Assets (continued)

| Company | Land £000 | Stands, Executive Boxes and Permanent Fixtures £000 | Plant, Furniture and Fittings £000 | Total £000 |
|--|--------------|--|--|---------------|
| Cost or valuation | | | | |
| At 1 July 2002 | 3250 | 7517 | 1805 | 12572 |
| Additions | – | 12 | 73 | 85 |
| Transferred from subsidiary | – | – | 65 | 65 |
| Adjustment arising on revaluation | 1931 | – | – | 1931 |
| At 30 June 2003 | 5181 | 7529 | 1943 | 14653 |
| Depreciation | | | | |
| At 1 July 2002 | – | 978 | 1471 | 2449 |
| Charge for year | – | 232 | 162 | 394 |
| Transferred from subsidiary | – | – | 32 | 32 |
| At 30 June 2003 | – | 1210 | 1665 | 2875 |
| Net Book Value | | | | |
| At 30 June 2003 | 5181 | 6319 | 278 | 11778 |
| At 30 June 2002 | 3250 | 6539 | 334 | 10123 |
| Comparable amounts determined according to the historical cost convention | | | | |
| | Land £000 | Stands, Executive Boxes and Permanent Fixtures £000 | Plant, Furniture and Fittings £000 | Total £000 |
| Cost | 208 | 7529 | 1943 | 9680 |
| Accumulated depreciation | – | 3070 | 1665 | 4735 |
| Net book value at 30 June 2003 | 208 | 4459 | 278 | 4945 |
| Net book value at 30 June 2002 | 208 | 4680 | 367 | 5255 |

FRS 15 has been adopted and all freehold land and stands, executive boxes and permanent fixtures are carried at valuation. All such assets were revalued by the Directors on 30 June 2003 with reference to a depreciated replacement cost valuation performed by Messrs F G Burnett on 6 May 2003 restricted to an existing use, discounted cash flow valuation. The Directors have reviewed the carrying value of all freehold land and stands, executive boxes and permanent fixtures at the year end and have not identified any material changes to circumstances or to any valuation assumptions which would materially affect the carrying value.

The net book value of freehold land and stands, executive boxes and permanent fixtures determined according to the historical cost convention is £4,667,000 (2002 - £4,888,000). The net book value of plant, furniture and fittings in respect of assets held under finance leases and hire purchase contracts was £39,000 (2002 - £Nil).

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements
for the year ended 30 June 2003

| 11. Investments | Group | | Company | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | 2003 £000 | 2002 £000 | 2003 £000 | 2002 £000 |
| 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. On 1 July 2003, the entire assets and trading activities of AFCSL were transferred to the Company at their book value. AFCSL is now a dormant subsidiary of the Company.

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. Stocks | | | | |
| Goods for resale | 127 | 77 | 127 | - |

| | | | | |
|---|-------------|------------|-------------|------------|
| 13. Debtors | | | | |
| Trade debtors | 1077 | 578 | 1077 | 564 |
| Amounts due from subsidiary undertaking | - | - | - | 67 |
| Other debtors and prepayments | 275 | 372 | 275 | 367 |
| | <u>1352</u> | <u>950</u> | <u>1352</u> | <u>998</u> |

| | | | | |
|--|-------------|-------------|-------------|-------------|
| 14. Creditors: Amounts falling due within one year | | | | |
| Bank overdraft | 2298 | 2594 | 2298 | 2594 |
| Obligations under finance leases and hire purchase contracts | 8 | - | 8 | - |
| Trade creditors | 400 | 493 | 400 | 462 |
| Amounts owed to subsidiary undertaking | - | - | 35 | - |
| Other taxes and social security costs | 296 | 351 | 296 | 352 |
| Other creditors and accruals | 641 | 739 | 641 | 723 |
| Other loan (note 17) | - | 24 | - | 24 |
| | <u>3643</u> | <u>4201</u> | <u>3678</u> | <u>4155</u> |

Obligations under finance leases and hire purchase contracts

Future minimum payments under hire purchase contracts are as follows

| | | | | |
|----------------------------|-----------|-----------|----------|----------|
| Within one year | 8 | 8 | - | - |
| Between two and five years | 28 | 28 | - | - |
| | <u>36</u> | <u>36</u> | <u>-</u> | <u>-</u> |

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

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements for the year ended 30 June 2003

| | | |
|--|--------------------------------------|--------------------------------------|
| 15. Creditors: Amounts falling due after more than one year | Group and Company 2003 £000 | Group and Company 2002 £000 |
| Bank term loan (note 16) | 4982 | 1968 |
| Other loan (note 17) | - | 6 |
| Obligations under finance leases and hire purchase contracts | 28 | - |
| | <u>5010</u> | <u>1974</u> |
| 16. Bank Term Loan | | |
| The bank term loan is repayable as follows: | | |
| Between two and five years | 3068 | 2000 |
| More than five years | 2000 | - |
| Less: issue costs | (86) | (32) |
| | <u>4982</u> | <u>1968</u> |
| Amounts falling due within one year (note 14) | - | - |
| Amounts falling due after more than one year (note 15) | 4982 | 1968 |
| | <u>4982</u> | <u>1968</u> |

The revised term loan facility of £5.068M was drawn-down in May 2003. It comprises separate loans of firstly, £2.0M repayable in a single instalment on 31 December 2008 (2002 - 31 August 2004) and bearing interest at 2.0% above Bank of Scotland base rate and secondly, a loan of £3.068M repayable in a single instalment between 31 December 2006 and 31 December 2008 and bearing interest at 3% above Bank of Scotland base rate.

The bank overdraft (note 14) and the term loan facilities detailed above, are 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. In the event of the guarantees being called up by the Bank of Scotland, the Company's liability to the Guarantors would be satisfied by the issue to them of secured loan stock bearing a fixed interest rate of 8% and redeemable 10 years after issue. 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.

| | | |
|---|----------|-----------|
| 17. Other Loan | | |
| The other loan is repayable as follows: | | |
| Within one year | - | 24 |
| Between one and two years | - | 6 |
| | <u>-</u> | <u>30</u> |
| Amounts falling due within one year (note 14) | - | 24 |
| Amounts falling due in more than one year (note 15) | - | 6 |
| | <u>-</u> | <u>30</u> |

The other loan from Scottish & Newcastle plc was repaid in May 2003 as part of the revision of the Group's borrowings.

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements
for the year ended 30 June 2003

18. Deferred Taxation

At 30 June 2003 the Group has an unrecognised deferred tax asset of £3,254,482 (2002 - £2,861,893) 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 anticipated time required to utilise the accumulated tax losses.

19. Deferred Income

| | Group and Company 2003 £000 | Group and Company 2002 £000 |
|---|--------------------------------------|--------------------------------------|
| Deferred grant income - from Football Trust | | |
| At 1 July 2002 | 1508 | 1566 |
| Released to profit and loss account | (59) | (58) |
| At 30 June 2003 | <u>1449</u> | <u>1508</u> |
| Other deferred income - from season tickets, executive boxes and sponsorships received in advance of 2003/04 season | <u>1964</u> | <u>1882</u> |

20. Share Capital**Authorised**

| | | |
|---|-------------|-------------|
| 10,000,000 Ordinary Shares of 10 pence each | <u>1000</u> | <u>1000</u> |
|---|-------------|-------------|

Called up, allotted and fully paid

| | | |
|--|------------|------------|
| 5,843,333 Ordinary Shares of 10 pence each | <u>584</u> | <u>584</u> |
|--|------------|------------|

21. Reserves**Group**

| | Revaluation Reserve £000 | Profit and Loss Account £000 |
|--|--------------------------------|---------------------------------------|
| Balance at 1 July 2002 | 4902 | (3563) |
| Surplus on revaluation of fixed assets | 1931 | - |
| Retained Group loss for financial year | - | (2391) |
| Balance at 30 June 2003 | <u>6833</u> | <u>(5954)</u> |

Company

| | | |
|--|-------------|---------------|
| Balance at 1 July 2002 | 4902 | (3581) |
| Surplus on revaluation of fixed assets | 1931 | - |
| Retained Company loss for financial year | - | (2387) |
| Balance at 30 June 2003 | <u>6833</u> | <u>(5968)</u> |

22. Reconciliation of Movement in Consolidated Shareholders' Funds

| | Group 2003 £000 | Group 2002 £000 |
|--|-----------------------|-----------------------|
| Loss for the financial year | (2391) | (2400) |
| Surplus on revaluation of fixed assets | 1931 | - |
| Opening shareholders' funds | <u>1923</u> | <u>4323</u> |
| Closing shareholders' funds | <u>1463</u> | <u>1923</u> |

Aberdeen Football Club plc

Notes Forming Part of the Financial Statements for the year ended 30 June 2003

23. Capital Commitments

The Group and Company had no capital commitments at 30 June 2003 (2002 - £Nil).

24. Pension Fund

The Group operates a defined contribution 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 £22,000 (2002 - £35,000). In addition, contributions of £Nil (2002 - £5,000) were made to personal pension schemes on behalf of employees.

There was £3,000 due for payment at 30 June 2003 (2002 - £5,000).

25. Contingent Liabilities

At 30 June 2003 additional transfer fees of a maximum amount of £30,000 (30 June 2002 - £50,000) could become payable under transfer contracts if certain contractual conditions are met. Of this amount £30,000 (30 June 2002 - £50,000) could arise within one year.

26. Group Commitments Under Operating Leases

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

| | Land and Buildings 2003 £000 | Land and Buildings 2002 £000 | Other 2003 £000 | Other 2002 £000 |
|------------------------------------|---------------------------------------|---------------------------------------|-----------------------|-----------------------|
| Operating leases expiring:- | | | | |
| Within one year | - | - | 50 | 41 |
| In second to fifth years inclusive | 17 | 17 | - | - |
| | <u>17</u> | <u>17</u> | <u>50</u> | <u>41</u> |

27. Related Party Transactions

During the year fees for professional services totalling £14,000 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 2003 £13,500 was due to Paull & Williamsons in respect of unbilled fees and this amount is included within other creditors and accruals in note 14. The total of last year's rendered and accrued fees was £54,000.

Aberdeen Football Club plc

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDREDTH Annual General Meeting of ABERDEEN FOOTBALL CLUB plc will be held at The Richard Donald Suite, Pittodrie Stadium, Pittodrie Street, Aberdeen on Tuesday 11th November 2003 at 7.00pm to transact the following as ordinary business: -

1. To receive and consider the Financial Statements for the year ended 30 June 2003 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Ian Donald as a Director.
3. To re-elect Hugh Little as a Director.
4. To re-appoint Deloitte & Touche LLP, Chartered Accountants, as Auditors and to authorise the Directors to fix their remuneration.

As special business:

5. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:-

"THAT, having regard to the guarantees entered into by Aberdeen Asset Management PLC, Aberdeen Development Capital PLC and Stewart Milne Group Limited (together the "Guarantors") in support of the Company's bank borrowings, the Company hereby approves for all purposes (including for the purposes of Section 320 Companies Act 1985) the grant in favour of each of the Guarantors of a standard security over the Company's heritable property at and around Pittodrie Stadium, Pittodrie Street, Aberdeen (each such standard security being postponed to the standard security over the said heritable property already granted by the Company in favour of the Company's bank) and any transfer of property pursuant thereto."

BY ORDER OF THE DIRECTORS

Duncan Fraser
Secretary

Registered Office:
Pittodrie Stadium, Pittodrie Street, Aberdeen AB24 5QH

Dated: 10 October 2003

NOTE:

It is requested that notice of questions on the Reports or Accounts should be in the Secretary's hands at least 48 hours before the time fixed for the meeting.

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.