

THE DUNDEE FOOTBALL CLUB LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2007**

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THE DUNDEE FOOTBALL CLUB LIMITED

COMPANY INFORMATION

DIRECTORS

R Brannan (Chairman)
G G Knight
D D MacKinnon
I R Bodie (appointed 25/03/2007)
J M Marr (resigned 13/03/2007)
P Marr (resigned 13/03/2007)
W R Barnett (resigned 01/04/2007)
R Dow (resigned 28/03/2007)
F J Esposito (resigned 06/07/2006)

SECRETARY

I R Bodie

COMPANY NUMBER

SC004585

REGISTERED OFFICE

Dens Park Stadium
Sandeman Street
Dundee
DD3 7JY

AUDITORS

EQ
Chartered Accountants and Registered Auditors
14 City Quay
Dundee
DD1 3JA

BANKERS

Bank of Scotland
3 5 Luna Place
Dundee Technology Park
Dundee
DD2 1TP

SOLICITORS

Thorntons Law LLP
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The controlling party is Dundee F C Holdings PLC. The directors of The Dundee Football Club Limited are also the directors of Dundee F C Holdings PLC.

The ultimate controlling party is DFC (2007) Limited. The directors of The Dundee Football Club Limited are also the directors and shareholders of DFC (2007) Limited.

20. CONTINGENT LIABILITIES

The company has received grants amounting to £1,334,371 in respect of land and buildings. The conditions of the award of these grants stipulate that the grants would have to be repaid in full by the company if there is any change of purpose or ownership of the property during the project or within 20 years of its completion. If any distributable annual profits are made by the company, an appropriate share must be repaid to the funding bodies until the grants are repaid in full.

21. DEFERRED TAX ASSET

The company has a potential deferred tax asset of £5,954,150 (2006: 5,843,347).

As it is unclear whether the company will return to sustainable taxable profits within the short term, the deferred tax asset has not been recognised in the accounts in line with applicable accounting standards.

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

15. RESERVES

	Share premium account £	Profit and loss account £
At 1 August 2006	1,384,921	(11,751,948)
Loss for the year		(384,840)
At 31 July 2007	<u>1,384,921</u>	<u>(12,136,788)</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2007 £	2006 £
Opening shareholders' deficit	(9,772,605)	(9,249,121)
Loss for the year	<u>(384,840)</u>	<u>(523,484)</u>
Closing shareholders' deficit	<u>(10,157,445)</u>	<u>(9,772,605)</u>

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard 8 in relation to transactions with other group undertakings

18. POST BALANCE SHEET EVENTS

Since the year end, the directors have negotiated a funding package with Bank of Scotland that has resulted in the following taking place

Two new subsidiary companies of The Dundee Football Club Limited have been incorporated, called Sandeman Properties Limited and Deelite Limited

The land and buildings net of grants received have been transferred to Sandeman Properties Limited for proceeds of £3 million. This was in excess of the net book value of the land and buildings net of grants received at the time of the transfer. The proceeds from the transfer have been used to reduce the original bank loan due to the Bank of Scotland. A formal lease has been put in place between Sandeman Properties Limited and The Dundee Football Club Limited, resulting in monthly rent being charged by Sandeman Properties Limited to The Dundee Football Club Limited based on the level of outstanding debt within the accounts of Sandeman Properties Limited.

In addition, Deelite Limited has provided a loan of £4 million to The Dundee Football Club Limited to extinguish the remainder of the original bank loan together with the company's overdraft.

The bank loan and overdraft totalling £7 million have been transferred from The Dundee Football Club Limited to the two new subsidiaries, leaving Dundee Football Club Limited with no bank borrowings or overdrafts.

THE DUNDEE FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2007

	Note	31 July 2007 £	31 July 2006 £
TURNOVER	1,2	1,572,688	1,952,355
Administrative expenses		(1,935,680)	(2,400,123)
Other operating charges		106,750	53,375
		<hr/>	<hr/>
OPERATING LOSS	3	(256,242)	(394,393)
EXCEPTIONAL ITEMS			
Restructuring costs		(62,293)	
Net profit on sale of intangible fixed assets			47,500
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(318,535)	(346,893)
Interest receivable		287	1,747
Interest payable	7	(66,592)	(178,338)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(384,840)	(523,484)
Tax on loss on ordinary activities		-	
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	15	(384,840)	(523,484)
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account

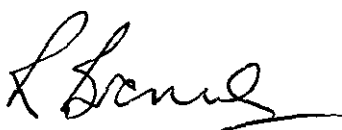
The notes on pages 10 to 17 form part of these financial statements

THE DUNDEE FOOTBALL CLUB LIMITED

BALANCE SHEET AS AT 31 JULY 2007

	Note	£	2007 £	£	2006 £
FIXED ASSETS					
Intangible fixed assets	8		5,500		10,000
Tangible fixed assets	9		3,795,936		4,039,367
			<u>3,801,436</u>		<u>4,049,367</u>
CURRENT ASSETS					
Stocks	10	1,000		1,000	
Debtors	11	122,428		118,705	
Cash at bank and in hand		19,301		13,558	
		<u>142,729</u>		<u>133,263</u>	
CREDITORS: amounts falling due within one year	12	(12,980,739)		(12,780,989)	
NET CURRENT LIABILITIES			(12,838,010)		(12,647,726)
TOTAL ASSETS LESS CURRENT LIABILITIES			(9,036,574)		(8,598,359)
ACCRUALS AND DEFERRED INCOME	13		(1,120,871)		(1,174,246)
NET LIABILITIES			<u>(10,157,445)</u>		<u>(9,772,605)</u>
CAPITAL AND RESERVES					
Called up share capital	14		594,422		594,422
Share premium account	15		1,384,921		1,384,921
Profit and loss account	15		(12,136,788)		(11,751,948)
SHAREHOLDERS' DEFICIT	16		<u>(10,157,445)</u>		<u>(9,772,605)</u>

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on 29 December 2007



R Brannan
Director

The notes on pages 10 to 17 form part of these Financial Statements

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Going Concern

At the balance sheet date the company had net current liabilities of £12,838,010 (2006 £12,647,726) and net liabilities of £10,157,445 (2006 £9,772,605) Total indebtedness to the bankers and parent company was £7,003,536 (2006 £6,586,920) and £5,472,000 (2006 £5,472,000) respectively

The directors are of the opinion that the company can operate within its banking facility and consequently consider it appropriate to prepare the Financial Statements on the going concern basis Since the year end, the group, of which Dundee Football Club Limited is a member, have completed a financial restructuring process, the details of which are included in Note 18 to these financial statements

The Financial Statements do not include any adjustments that would result from the withdrawal of the support of the company's bankers and creditors

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated Financial Statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

Turnover, which is exclusive of VAT, represents match receipts and other income associated with the principal activity of running a professional football club and is recognised over the course of the football season as games are played

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities It is amortised to the profit and loss account over its estimated economic life

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Land and buildings	4% straight line
Plant and machinery	10% straight line and 25% reducing balance
Fixtures and fittings	10% 33% straight line

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

1 ACCOUNTING POLICIES (continued)

1.6 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the Financial Statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account.

1.10 Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

2. TURNOVER

An analysis of turnover by class of business is as follows

	31 July 2007 £	31 July 2006 £
Gate receipts	591,619	1,000,941
Television and radio fees	281,705	443,115
Commercial income	296,803	297,518
Retail and other income	159,491	137,839
Donations	243,070	72,942
	<u>1,572,688</u>	<u>1,952,355</u>

All turnover arose within the United Kingdom

3 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	31 July 2007 £	Year ended 31 July 2006 £
Amortisation of intangible fixed assets	15,500	10,000
Depreciation of tangible fixed assets owned by the company	243,431	243,801
Release of grant	<u>(106,750)</u>	<u>(53,375)</u>

4 AUDITORS' REMUNERATION

	31 July 2007 £	Year ended 31 July 2006 £
Fees payable to the company's auditor for the audit of the company's annual accounts	8,000	7,973
Fees payable to the company's auditor and its associates in respect of		
All other services	<u>8,200</u>	<u>5,050</u>

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	31 July 2007 £	Year ended 31 July 2006 £
Wages and salaries	967,410	1,426,027
Social security costs	68,710	116,836
	<u>1,036,120</u>	<u>1,542,863</u>

The average monthly number of employees, including the directors, during the year was as follows

	31 July 2007 No.	Year ended 31 July 2006 No.
Full time players, staff & directors	52	53
Part time staff	34	34
	<u>86</u>	<u>87</u>

6 DIRECTORS' REMUNERATION

	31 July 2007 £	Year ended 31 July 2006 £
Emoluments	<u>48,000</u>	<u></u>

7. INTEREST PAYABLE

	31 July 2007 £	Year ended 31 July 2006 £
On bank loans and overdrafts	66,592	174,009
Other interest payable	-	4,329
	<u>66,592</u>	<u>178,338</u>

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

8. INTANGIBLE FIXED ASSETS

	Player registrations £
Cost	
At 1 August 2006	30,000
Additions	11,000
	<u>41,000</u>
At 31 July 2007	
Amortisation	
At 1 August 2006	20,000
Charge for the year	15,500
	<u>35,500</u>
At 31 July 2007	
Net book value	
At 31 July 2007	<u>5,500</u>
At 31 July 2006	<u>10,000</u>

9 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 August 2006 and 31 July 2007	<u>4,808,120</u>	<u>485,431</u>	<u>421,445</u>	<u>5,714,996</u>
Depreciation				
At 1 August 2006	855,361	411,638	408,630	1,675,629
Charge for the year	192,325	48,543	2,563	243,431
	<u>1,047,686</u>	<u>460,181</u>	<u>411,193</u>	<u>1,919,060</u>
At 31 July 2007				
Net book value				
At 31 July 2007	<u>3,760,434</u>	<u>25,250</u>	<u>10,252</u>	<u>3,795,936</u>
At 31 July 2006	<u>3,952,759</u>	<u>73,793</u>	<u>12,815</u>	<u>4,039,367</u>

10. STOCKS

	2007 £	2006 £
Bar stock etc	<u>1,000</u>	<u>1,000</u>

THE DUNDEE FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2007**

11 DEBTORS

	2007 £	2006 £
Trade debtors	102,799	78,623
Other debtors		23,982
Prepayments and accrued income	19,629	16,100
	<u>122,428</u>	<u>118,705</u>

**12 CREDITORS:
Amounts falling due within one year**

	2007 £	2006 £
Bank loans and overdrafts	7,003,536	6,586,920
Trade creditors	57,674	57,607
Amounts owed to parent company	5,472,000	5,472,000
Social security and other taxes	57,979	53,016
Other creditors	299,632	523,966
Accruals and deferred income	89,918	87,480
	<u>12,980,739</u>	<u>12,780,989</u>

The bank overdraft and bank loans are secured by a bond and floating charge for all monies due over the whole assets of the company

13. ACCRUALS AND DEFERRED INCOME

	31 July 2007 £	31 July 2006 £
Grants	<u>1,120,871</u>	<u>1,174,246</u>

14. SHARE CAPITAL

	2007 £	2006 £
Authorised		
10,000,000 Ordinary shares of 10p each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
5,944,220 Ordinary shares of 10p each	<u>594,422</u>	<u>594,422</u>

THE DUNDEE FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE DUNDEE FOOTBALL CLUB LIMITED

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 affairs as at 31 July 2007 and of its loss for the year then ended,
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the Financial Statements

EMPHASIS OF MATTER GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the financial support provided by the company's bankers and the parent company. Since the year end, the group, of which Dundee Football Club Limited is a member, have completed a financial restructuring process, the details of which are included in Note 18 to these financial statements. The financial statements have been prepared on a going concern basis, the validity of which depends on the continuation of this support. The financial statements do not include any adjustments that would result from the discontinuation of this support. Details of the circumstances relating to this fundamental uncertainty are described in Note 1.1. Our opinion is not qualified in this respect.



EQ

Registered Auditors

14 City Quay
Dundee
DD1 3JA

31 December 2007

THE DUNDEE FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE DUNDEE FOOTBALL CLUB LIMITED

We have audited the Financial Statements of The Dundee Football Club Limited for the year ended 31 July 2007 set out on pages 8 to 17. These Financial Statements have been prepared in accordance with 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

The directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the Financial Statements.

In addition we 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 other information contained in the Annual report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' report, the Chairman's statement and the Operating and financial review. We 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.

BASIS OF AUDIT 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 judgments made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the company'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.

THE DUNDEE FOOTBALL CLUB LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2007**

PROVISION OF INFORMATION TO AUDITORS

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

AUDITORS

The Auditors, EQ, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the Board on 29 December 2007 and signed on its behalf



I. R. BODIE



~~W. R. Barnett~~
Director

THE DUNDEE FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2007

FINANCIAL INSTRUMENTS

The company'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 company does not directly enter into any derivative financial instruments. The company's principal financial liabilities are bank overdrafts, bank loans and loans from the parent undertaking. The terms of these financial liabilities are disclosed in Note 12.

EVENTS SINCE THE END OF THE YEAR

Full disclosure of events since the end of the year are given in Note 18 to the Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

As with every professional football club, the main risk lies in the team's playing performance which, in turn, has a direct impact on gate receipts and hospitality and sponsorship income. This is notoriously difficult to predict and relies on player form, injuries and, to a significant extent, chance. These factors can often be mitigated by greater cost control and increasing efforts in securing new commercial income. However, where poor performance results in relegation, it is difficult to compensate for the loss of income without major restructuring.

This is shown in the main key performance indicator, the percentage of wages and salaries (including the cost of players on loan and consultancy) to gross turnover. In the year ended 31 July 2006, that percentage was 79% following the Club's relegation to the Scottish Football League Division 1. Action has been taken to reduce this to a more sustainable figure, and in the year ended 31 July 2007, the percentage was 65.9%.

The main risks associated with the company's financial assets and liabilities are set out below.

ENVIRONMENT, HEALTH AND SAFETY

The company recognises the importance of its environmental and health & safety responsibilities, including the implications of the Health & Safety at Work Act 1974, the Environmental Protection Legislation and all new Health & Safety legislation, including that being introduced through EU Directives. It monitors its impact on the environment by implementing any policies necessary to reduce any damage that might be caused by the company's activities. Day to day management of the Club involves discussion of health and safety matters and any relevant information is communicated to staff.

EMPLOYEES

Details of employees and related costs can be found in Note 5 to the Financial Statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned related to the position in question. In the event of any member of staff becoming disabled, every effort is made to ensure their employment within the company continues.

CREDITOR PAYMENT POLICY

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed with its suppliers, providing that all trading terms have been complied with.

THE DUNDEE FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2007

The directors present their report and the Financial Statements for the year ended 31 July 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual report and the Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be that of a professional football club.

BUSINESS REVIEW

A full review of the business for the year can be found in the Chairman's Statement.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £384,840 (2006 loss £523,484).

The accounts include an exceptional item of £62,293 which relates to the restructuring of the group which is expected to take effect shortly after the year end.

The directors are unable to recommend payment of a dividend.

DIRECTORS

The directors who served during the year were

R Brannan (Chairman)
G G Knight
D D MacKinnon
I R Bodie (appointed 25/03/2007)
J M Marr (resigned 13/03/2007)
P Marr (resigned 13/03/2007)
W R Barnett (resigned 01/04/2007)
R Dow (resigned 28/03/2007)
F J Esposito (resigned 06/07/2006)

DUNDEE FOOTBALL CLUB LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 JULY 2007

Funding of the Club

Our current league status means, unfortunately, that we are trading at an operating loss as these current financial statements clearly demonstrate. Clearly, this state of affairs cannot continue indefinitely. Post restructuring, the Club is operating without an overdraft facility which makes the management of cash flow difficult in what is a seasonal business. This will ease should we be promoted to the SPL this season.

The project to develop the land adjacent to Dens Road and replace the South Enclosure with a new stand continues. We are in discussions with a number of interested parties. Shareholders are asked to be patient as this will be a long process involving negotiation and will, naturally, depend on getting the necessary planning permission from the local authority. It should also be appreciated that if the offers do not meet our financial criteria then we will have to abandon the project.

There are three sources of additional revenue

- 1 A cup run, which to some extent we have experienced in the CIS Cup in the current season
- 2 Sales of players
- 3 New Investment. The sterling efforts of Dee4Life and Dee Promotions and other supporters associations to bring money into the Club in recent years are much appreciated. However, while these funds are important, it is essential that we attract new investment into the Club to enhance the capital base of the Club. The Board is in discussions currently with a number of individuals who have indicated a willingness to inject significant sums into the club. Success in this area is crucial if the Club is to survive in anything like its existing form. Many of the above concerns are not unique to your Club but are endemic in the Scottish game.

Current Playing Performance

In season 2006/07, the Club ended in Third Place in SFL, Division 1. This represented a significant improvement over the disappointing performance in the previous term and was all the more creditable considering a poor start to the season when the team was plagued by injuries. The Board continues to be encouraged by the progress made by the management team of Alex Rae and David Farrell and agreed to increase the first team playing squad in 2007/08 to bolster the push for promotion to the SPL. In November, we were delighted to sign both Alex and David on one-year rolling contracts. As we approach mid season, the Club is well placed to challenge for the promotion spot. Although there is always scope to improve the available playing resources further, this will have to be tempered with ever present financial constraints.

I remain confident that come the end of April we will have achieved promotion and taken our rightful place in the SPL and that a much rosier picture can be painted in my statement next year.

Shareholders can rest assured that all the Board's efforts are focused on supporting the push for promotion to the SPL and securing new investment in the Club.



R Brannan

Chairman

29 December 2007

DUNDEE FOOTBALL CLUB LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 JULY 2007

The year marked significant progress both on and off the field

Financial Results

The operating loss fell from £ 394,393 to £256,242 despite turnover being 19% lower. Shareholders will recall that in season 2005/06, the Club had a Scottish Cup run to the Semi Final, a feat which, unfortunately, was not repeated in 2006/07. The principal reason for the improved financial result was that expenditure was kept under tight control and the action taken to have a wage bill more appropriate to the First Division by rationalising player contracts was reflected in a reduction in the overall cost base. All this resulted in the bottom line improvement.

However the one-off cost of the financial restructuring, mainly in the form of professional fees, was £62,293 and this, together with net interest paid of £66,305, pushed the Net loss after tax for the year up to £384,840 (2006 £523,484).

Restructuring and Special Business for Consideration at the Annual General Meeting

The financial restructuring was completed in August 2007 and details are set out in Note 18 of the Financial Statements.

You will see the Notice of the Annual General Meeting on 22 January 2008 is included separately. The meeting is in two parts, one for Ordinary Business and the other for Special Business. The Special Business is to approve the process for the liquidation of Dundee FC Holdings PLC ("Holdings PLC") which is the last step in the restructuring of the Group.

As you may be aware, Holdings PLC does not carry out any activities itself, but rather holds all of the shares in The Dundee Football Club Limited ("DFC Ltd"). It is, therefore, DFC Ltd which is essentially "the Club" itself, as it owns assets, employs the employees (including the players), carries on the trade etc. Holdings PLC no longer serves any useful purpose and it is simpler and more cost effective for the Club in the long term to dispense with this company.

It is proposed that Holdings PLC should be removed from the current company group and eventually liquidated. Prior to this, you will have issued to you shares in DFC Ltd which will equate in percentage terms to your existing shareholding in Holdings PLC. You will, therefore, own shares directly in the company which carries on the activities of the Club and your rights and the percentage of voting rights will be unchanged.

The three resolutions proposed to effect the changes described above are as follows:

- 1 An ordinary resolution resolving to transfer the shares in DFC Ltd from Holdings PLC to each of you as shareholders,
- 2 A special resolution to change the name of the Company to avoid any confusion with third parties regarding the implications of this process, and
- 3 If the first resolution is passed, then the meeting will be adjourned and a subsequent meeting will be held on 29 January 2008 to consider the winding up of the company and the appointment of a liquidator to the company.

The directors (who are currently directors of both Holdings PLC and DFC Ltd) recommend that you should approve the passing of all of the above resolutions, as it simplifies the structure and saves costs.

THE DUNDEE FOOTBALL CLUB LIMITED

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