

Millwall Holdings Plc

Chairman's Statement

As Chairman of Millwall Football Club I am pleased to announce our interim results for the six months to December 2008. As an American chairman of an English football club and company I continue to learn about this unique game and business. The Board and I are truly encouraged by the progress made. A major priority has been to establish investor stability, Board cohesion and executive leadership. This progress has enabled us to run the business in a more focussed and resourced manner which, I believe is now showing results.

Let me first turn my attention to the all-important matter of the team and performance. The season 2008-9 is Kenny Jackett's first full season as our team manager. Under Kenny's leadership we have continued to invest in both the playing infrastructure and team in order that we could realistically aim to achieve, at the very least, a play-off position. Having been involved in relegation battles in recent years, the absolute priority was to improve the performance and the quality of the team. The manager has been building a young team alongside more experienced players. There has also been further investment into the squad by way of loan players to supplement where necessary. I am pleased to say that this investment has shown positive results and as at 26 March the team was 3rd in the League table.

Key areas

Across football there remains the challenge to build a sustainable business. At Millwall there is a steady improvement in the revenue generated by the retail and catering offers, but the overall attendance levels at home games has been disappointing and the question, for all clubs, remains how the current climate will affect ticket sales. However, there are plans in place to drive season ticket sales and with a successful team we hope to see improvements in attendance as we approach the end of the season, with the potential for play-offs.

In anticipation of challenging times the Company recruited a Commercial Manager to focus solely on developing the marketing and commercial capacity of the Club. We are also investing in a new ticketing and customer relationship system, with the aim for that to be up and running for the 2009-10 season. Non-matchday events have performed well and the increased utilisation of the Den is vital in this respect, a good example of which is hosting an international friendly between Nigeria and Jamaica in February 2009. In the current economic climate Millwall's conference and events business continues to grow as the public sector conference requirements remain unchanged and private sector clients who previously would have sought more expensive venues are now booking accommodation here at Millwall on non-matchdays.

However, as Chairman I am under no illusion about the challenge to drive revenues and improve efficiencies in this volatile business. Aligned to our ambitions on the pitch we continue to invest in our community and youth policies. Our continued links with the Millwall Community Trust have been enhanced further by the Trust's organisation of on-pitch activities during half time at our home games and our players and management participating in many community events. It is vital that our football club plays a major part within our community.

The Club restructured the youth development programme, reducing the cost of operation but still focussed on identifying and nurturing talent capable of playing for Millwall's first team. The performances of the reserve team and the youth teams have been encouraging. We hope this restructure will save around £250,000 in the current year.

On Regeneration, the requirement for investment in professional fees has reduced substantially as the work on a masterplan is under discussion with the local authority and partners. During this time I have been pleased by the support of the Mayor of Lewisham and his senior officers, both for the regeneration plans and the Football Club. The Club has a long history of partnership and a track record of contributing positively to the economic and social well-being of the borough. This will be even more vital during these challenging times. The property downturn has not deflected us from this course. Indeed, maintaining momentum and working towards planning is a key priority to ensure that the company is well placed as the market returns.

Millwall Holdings Plc

Chairman's Statement (Continued)

The recent announcement of the plans for the Surrey Quays Station and the East London line is a significant landmark in our work as the future regeneration of the area is significantly enhanced by this new transport interchange. There are still funding discussions but the green light to the extension and the provision for the station is a major achievement.

As Chairman and with my Board we are committed to building and supporting a winning team, increasing the commercial capacity of the business and working towards the regeneration of the area, bringing benefits and value to our shareholders, fans and local communities.

I would like to thank my colleague Board directors and all the staff at the football club for their support, guidance and commitment.

John G Berylson

Chairman

30 March 2009

Millwall Holdings Plc

Directors' Report

Unaudited interim results for the 6 months ended 31 December 2008.

Principal risks and uncertainties

In common with many football clubs outside the Premiership the main business risk is the maintenance of a positive cash flow bearing in mind the uncertainty of turnover and the high cost of maintaining a playing squad on which the success of the Group's business is largely dependent. As part of its normal activities, the Club deals in the trading of player registrations and there is always a risk of significant and lasting injuries to players that may impair player values. Players of 24 years old or older are free to move between clubs once their contract has come to an end and the Board maintains a close eye on expiry dates with a view to renewing contracts or realising value.

Results from operations

Season ticket sales at 24 March stood at 4,770 (2007 H1 – 5,066) reflecting the loyalty of our core supporter base and the attractiveness of our “early bird” offerings for this season.

Revenue for the six months was £2.9 million (2007 H1 - £ 2.1 million). The increase in revenue is a result of the change in year end to 30 June which has meant the inclusion of more fixtures and the run up to Christmas in this half year. The loss before taxation for the period on ordinary activities was £2.6 million (2007 H1 - £2.6 million) after taking account of £0.07 million profit (2007 H1 - £0.7 million profit) on disposal of players' registrations. The loss before tax, therefore, excluding player trading was £2.6 million (2007 H1 - £3.3 million).

Staff costs £3,068,000 (2007 H1 - £2,799,000) have increased mainly due to the bonuses payable as a result of the much improved performances on the field and maintaining a high position in the League.

Administrative expenses £2,173,000 (2007 H1 - £2,301,000). This reduction is mainly attributable to the reduction in costs of the Property Company due to delays caused by changes in the overall planning regime and the election of a new Mayor of London.

Share Based Payments

During the period the Company has recognised Share based payment charges of £14,000 (2007 H1 - £79,000) which reflects the amount charged for the period for total compensation of £183,000 being amortised over the two year vesting period. This amount is included within staff costs.

Profit or loss on disposal of player registrations, £69,000 (2007 H1 - £747,000)

There has been very little activity in the transfer of young Centre of Excellence or other players.

Millwall Holdings Plc

Directors' Report (Continued)

Loss per share 0.007p (2007 H1 – 0.009p)

The calculation of the basic and diluted loss per share is calculated based on the loss after taxation and on the weighted average number of shares in issue of 37,501,097,134 (2007 H1 – 27,759,465,057).

Working Capital:

Despite net current liabilities of £2,054,000 (2007 H1 - £1,449,000) the Board believes that the Group has the ability to manage its working capital on a day to day basis and has the ability to further draw down against the loan note facilities.

During the period a further £2,360,000 (2007 H1 - £1,686,000) of loan notes were drawn down. As at 31 December 2008 total undrawn loan note facilities amounted to £2,888,000.

Key figures:

	6 Months Ended 31 December 2008 £'000 (unaudited)	6 Months Ended 30 November 2007 £'000 (unaudited)	13 Months Ended 30 June 2008 £'000
Revenue	2,903	2,076	5,367
Staff costs	(3,068)	(2,799)	(6,313)
Administration expenses other	(2,173)	(2,301)	(5,637)
Other operating income – profit on players' registrations	69	747	913
Loss from operations	(2,269)	(2,277)	(5,670)
Loss before tax	(2,573)	(2,523)	(6,115)
Net assets	2,885	5,864	5,356
Increase/(decrease) in cash and cash equivalents	61	(534)	(539)
Basic and diluted loss per share	<u>(0.007)p</u>	<u>(0.009)p</u>	<u>(0.022)p</u>

A Ambler
Director
30 March 2009

Millwall Holdings Plc

Consolidated income statement for the six months ended 31 December 2008

	Note	6 months ended 31 December 2008 (unaudited) £'000	6 months ended 30 November 2007 (unaudited) £'000	13 months to 30 June 2008 £'000
Revenue	1	2,903	2,076	5,367
Other income - profit on disposal of players' registrations		69	747	913
Staff costs		(3,068)	(2,799)	(6,313)
Amortisation of players' registrations		(93)	(45)	(126)
Depreciation of property plant and equipment		(128)	(151)	(309)
Total depreciation and amortisation expense		(221)	(196)	(435)
Other expenses		(1,952)	(2,105)	(5,202)
Loss from operations		(2,269)	(2,277)	(5,670)
Finance income		2	22	31
Finance expense		(306)	(268)	(476)
Loss before and after tax and for the financial period		(2,573)	(2,523)	(6,115)
Attributable to:				
Equity shareholders		(2,573)	(2,523)	(6,115)
Loss per share				
Basic and diluted	3	(0.007)p	(0.009)p	(0.022)p

All amounts relate to continuing operations
The Notes form part of these interim financial statements.

Millwall Holdings Plc

Consolidated balance sheet at 31 December 2008

	31 December 2008 (unaudited)	30 November 2007 (unaudited)	30 June 2008
Note	£'000	£'000	£'000
Non-current assets			
Intangible assets	454	146	291
Property, plant and equipment	15,006	15,559	15,127
	<u>15,460</u>	<u>15,705</u>	<u>15,418</u>
Current assets			
Inventories	124	166	66
Trade and other receivables	1,187	1,522	1,104
Cash and cash equivalents	265	215	204
	<u>1,576</u>	<u>1,903</u>	<u>1,374</u>
Total assets	<u>17,036</u>	<u>17,608</u>	<u>16,792</u>
Non current liabilities			
Financial liabilities	(6,733)	(3,902)	(4,357)
Deferred income	(3,788)	(4,490)	(3,770)
Total Non current liabilities	<u>(10,521)</u>	<u>(8,392)</u>	<u>(8,127)</u>
Current liabilities			
Trade and other payables	(2,615)	(2,164)	(2,239)
Deferred income	(1,015)	(1,188)	(1,070)
Total Current liabilities	<u>(3,630)</u>	<u>(3,352)</u>	<u>(3,309)</u>
Total liabilities	<u>(14,151)</u>	<u>(11,744)</u>	<u>(11,436)</u>
Net assets	<u>2,885</u>	<u>5,864</u>	<u>5,356</u>
Equity			
Called up share capital	4	5,140	6,083
Share premium	15,120	13,234	15,120
Equity proportion of Convertible Loan Notes	181	344	181
Capital reserve	21,474	21,474	21,474
PIK note reserve	421	-	333
Retained deficit	(40,394)	(34,328)	(37,835)
Total Equity	<u>2,885</u>	<u>5,864</u>	<u>5,356</u>

The interim unaudited balance sheet was approved and authorised for issue by the Board of Directors on 30 March 2009.

A Ambler
Director

Millwall Holdings Plc
Consolidated statement of changes in equity for the six months ended 31 December 2008

	Ordinary Shares of 0.01p each £'000	Deferred Shares of 0.09p each £'000	Share premium account £'000	Equity component of Convertible Loan Notes £'000	Capital reserves £'000	PIK note reserve £'000	Profit and loss account £'000	Total £'000
At 1 June 2007	2,507	2,333	12,634	219	21,474	-	(31,884)	7,283
Loss for the period	-	-	-	-	-	-	(2,523)	(2,523)
Total recognised income and expense for the period	-	-	-	-	-	-	(2,523)	(2,523)
Share based Compensation Equity proportion of Convertible Loan Notes Issued	-	-	-	-	-	-	79	79
Issue of ordinary shares	300	-	600	125	-	-	-	1,475
Net increase / (decrease)	300	-	600	125	-	-	(2,860)	(1,425)
At 30 November 2007 (unaudited)	2,807	2,333	13,234	344	21,474	-	(34,328)	5,864
Loss for the period	-	-	-	-	-	-	(3,592)	(3,592)
Total recognised income and expense for the period	-	-	-	-	-	-	(3,592)	(3,592)
Issue of shares	856	-	1,711	-	-	-	-	2,567
PIK notes issued	-	-	-	-	-	333	-	333
Share based Compensation Equity proportion of Convertible Loan Notes Issued	-	-	-	-	-	-	85	85
Conversion to share capital of equity proportion of Convertible Loan Notes	87	-	175	(262)	-	-	-	-
Net increase / (decrease)	943	-	1,886	(163)	-	333	(3,507)	(508)
At 30 June 2008	3,750	2,333	15,120	181	21,474	333	(37,835)	5,356
Loss for the period	-	-	-	-	-	-	(2,573)	(2,573)
Total recognised income and expense for the period	-	-	-	-	-	-	(2,573)	(2,573)
Share based Compensation PIK notes issued	-	-	-	-	-	-	14	14
	-	-	-	-	-	88	-	88
Net increase / (decrease)	-	-	-	-	-	88	(2,559)	(2,471)
At 31 December 2008 (unaudited)	3,750	2,333	15,120	181	21,474	421	(40,394)	2,885

Millwall Holdings Plc

Consolidated cash flow statement for the six months ended 31 December 2008

	6 months ended 31 December 2008 (unaudited) £'000	6 months ended 30 November 2007 (unaudited) £'000	13 months to 30 June 2008 £'000
Note			
Operating activities			
Net loss before taxation	(2,573)	(2,523)	(6,115)
Share based payments	14	79	497
Depreciation on property plant and equipment	128	151	309
Amortisation of intangible assets	93	45	126
Amortisation of grants	(41)	(52)	(98)
Profit on disposal of players' registrations	(69)	(747)	(913)
Profit on disposal of property, plant and equipment		-	(300)
Finance income	(2)	(22)	(31)
Finance expenses	306	268	476
Cash flow from operations before changes in working capital	(2,144)	(2,801)	(6,049)
Increase in inventory	(58)	(73)	27
Increase in trade and other receivables	(83)	(927)	(303)
Increase in trade and other payables and accruals and deferred income	136	407	(110)
Cash generated from operations	(2,149)	(3,394)	(6,435)
Investing activities			
Purchase of property, plant and equipment	(7)	(20)	(36)
Proceeds on disposal of players' registrations	69	392	695
Purchase of players' registrations	(211)	(50)	(381)
Interest received	2	22	31
Net cash generated by investing activities	(147)	344	309
Financing activities			
Proceeds from issue of new share capital	-	900	900
Costs of issue of new share capital	-	-	-
Proceeds from issue of convertible loan notes	-	1,686	3,022
Proceeds from issue of loan notes	2,360	-	1,673
Capital element of finance leases and hire purchase contracts repaid	-	(8)	-
Interest paid	(3)	(62)	(8)
Net cash generated by financing activities	2,357	2,516	5,587
Net (Decrease)/increase in cash and cash equivalents	61	(534)	(539)
Cash and cash equivalents at start of period	204	743	743
Cash and cash equivalents at end of period	265	209	204

1 Accounting Policies

Principal accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These interim financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union ('IFRS').

The accounting policies applied are consistent with those described in the Annual Report and Financial Statements for the 13 month period ended 30 June 2008, and with the policies expected to be applied to the Group's full year financial statements for the year ending 30 June 2009.

The financial information for the six months ended 31 December 2008 and the six months ended 30 November 2007 are unreviewed and unaudited within the meaning of section 240 of the Companies Act 1985, such accounts do not constitute full statutory accounts of the Group.

The comparative figures for the 13 month financial period ended 30 June 2008 have been extracted from the statutory financial statements of Millwall Holdings Plc for that financial period, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union ('IFRS').

A copy of the statutory financial statements for that period has been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The company has not applied IAS 34: "Interim Financial Reporting" in the preparation of these interim financial statements.

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These judgements and estimates are based on managements' best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements.

Going concern

The Directors continually monitor the financial position of the Group, taking into account the latest cash flow forecasts and the ability of the Group to generate cash and raise funds. The Directors have prepared the interim financial statements on a going concern basis having had regard to the cash flow projections for the period to 31 March 2010.

Millwall Holdings Plc

Notes forming part of the financial statements for the 6 months ended 31 December 2008 (Continued)

1 Accounting policies (Continued)

While there will always remain some inherent uncertainty the Directors remain confident that they will be able to manage the Group's finances and operations so as to achieve the forecasted cash flows and, as a result, that it is appropriate to draw up the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

Basis of Consolidation

The consolidated Group financial statements incorporate the results of Millwall Holdings Plc and its subsidiary undertakings, Millwall Football and Athletic Company (1985) Plc and Millwall Property Limited using the acquisition accounting method.

2 Segmental information

The Group has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, the United Kingdom, and accordingly no geographical segment is required to be provided.

Notwithstanding this, a voluntary analysis of the revenue streams is given below to assist with an understanding of the business revenue streams comprising:

Match day
Central League Awards, and
Commercial

	6 months ended 31 December 2008 (unaudited)	6 months ended 30 November 2007 (unaudited)	13 months to 30 June 2008
Match Day	1,730	933	3,016
Central League awards	343	284	491
Commercial	830	859	1,860
	<hr/>	<hr/>	<hr/>
Revenue	2,903	2,076	5,367
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Millwall Holdings Plc

Notes forming part of the financial statements for the 6 months ended 31 December 2008 (*Continued*)

3 Loss per share

Basic loss per share is calculated as follows (the effect of all potential ordinary shares is antidilutive):

	6 months ended 31 December 2008 (unaudited)	6 months ended 30 November 2007 (unaudited)	13 months to 30 June 2008
Loss after taxation for the period	2,573	2,523	6,115
Weighted average number of shares	37,501,097,134	27,759,465,057	28,151,242,277
Basic and diluted loss per share	<u>0.007p</u>	<u>0.009p</u>	<u>0.022p</u>

There is no potential dilution on the loss per ordinary share (2007 H1 – No potential dilution). There is no difference between basic and diluted earnings per share in 2008 and 2007. As at 31 December 2008 the number of options which could potentially dilute basic earnings per share in the future was 1,166,666,666 (2007 H1 – 1,166,666,666). These have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the period presented. In addition to share options, as at 31 December 2008, the Company had gross convertible debt of £2,785,000 in issue (2007 H1 – £4,382,000), potentially convertible to 9,283,333,333 ordinary shares (2007 H1 - 14,606,666,666 ordinary shares), which could dilute earnings per share in the future.

