



MILLWALL HOLDINGS PLC

**Report and Accounts
for the period ended
30 June 2008**

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Directors and Advisers

DIRECTORS

John G Berylson *(Non-Executive Chairman)*
Heather Rabbatts CBE *(Executive Deputy Chairman)*
Constantine Gonticas *(Non-Executive)*
Trevor Keyse *(Non-Executive)*
Demos Kouvaris *(Non-Executive)*
Andrew J Ambler ACMA *(Executive Finance Director)*

SECRETARY

Thomas Bernard Simmons

REGISTERED OFFICE

The Den
Zampa Road
London SE16 3LN
Registered no. 2355508

INDEPENDENT AUDITORS

BDO Stoy Hayward LLP

55 Baker Street
London W1U 7EU

SOLICITORS

Davenport Lyons

30 Old Burlington Street
London W1S 3NL

NOMINATED ADVISORS

Seymour Pierce Limited

20 Old Bailey
London EC4M 7EN

NOMINATED BROKERS

Dowgate Capital Stockbrokers Limited

Talisman House,
Jubilee Walk
Three Bridges, Crawley
West Sussex RH10 1LQ

PRINCIPAL BANKERS

Barclays Bank plc

Commercial Banking
Croydon & North Surrey
Corinthian House
17 Lansdowne Road
Croydon, Surrey
CR0 2BX

REGISTRARS AND TRANSFER OFFICE

Computershare Investor Services PLC

PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Directors' Biographies

John G Berylson (*Non-Executive Chairman*) is 55 years old. He is based in the USA and has been Chairman and Chief Executive of Chestnut Hill Ventures, LLC, a major shareholder in the Company, since 2002. Previously he was the President of GCC Investments, LLC, a subsidiary of GC Companies Inc. John graduated from Harvard Business School in 1979. He received an MBA from Harvard University, an AB Degree from Brown University and an MS from New York University. He is currently a director of ACA Capital Holdings, Inc. and Fleetcor Technologies, Inc. and is currently a partner of JD Capital Partners LLC. He has been Chairman of the Company since March 2007.

Heather Rabbatts CBE (*Executive Deputy Chairman*) is 52 years old. She is also on the board of the UK Film Council and was also a Non Executive Director of the Bank of England. She graduated with a BA Hons from the University of London and gained an MSc from the London School of Economics. She was called to the Bar in 1981, has been made an Honorary Doctorate of Science by Guildhall University and was awarded the CBE in the 2000 New Year's Honours. Her career has been at the highest level in local government, regeneration and the media before becoming involved in football.

Constantine Gonticas (*Non Executive*) is 41 years old. He is Managing Partner of Novator LLP, a London based investment fund which belongs to a family owned group of companies. Prior to his current position Mr Gonticas was an investment banker specialising in mergers and acquisitions at Credit Suisse First Boston and at Merrill Lynch. Mr Gonticas has a law degree from Oxford University.

Trevor Keyse (*Non Executive*) is 61 years old. He is a successful businessman in the South East London area whose main interests are in the Timber and Plywood Industry. He owned his own businesses for many years until he sold his interests in 2005. Trevor is now developing new business interests in both commercial and residential property.

Demos Kouvaris (*Non-Executive*) is 43 years old. He is based in the USA and has been Chief Operating Officer and Chief Financial Officer of Chestnut Hill Ventures, LLC., a major shareholder in the Company, since 2002. Previously he was Vice President of Finance for GCC Investments, LCC. Since 1996. Demos holds a BS in Accountancy from Boston College and is a Certified Public Accountant. He is currently a director of JD Capital Partners, LLC. and a director of Vanguard Modular Building Systems, LLC.

Andrew J Ambler (*Executive Finance Director and Managing Director of the Football Club*) is 43 years old. He qualified as an accountant in 1991 and spent the next eight years working in the property industry for Hypo bank in the City and then for HPR Limited in the West End. In 1999 he was asked to join the executive board of Fulham FC as Finance Director and held a variety of other positions over seven years with Fulham including Business Operations Director. During his time at Fulham he was intrinsically involved in the financial strategy which resulted in the club reducing losses and recording its first ever profit making season under the Chairmanship of Mohamed Al Fayed. He was also involved in the planning for and the redevelopment of the return to Fulham's home ground of Craven Cottage, having had to implement a successful two year ground share arrangement at nearby Loftus Road Stadium. Andy was also a trustee of the club's award-winning Community Sports Trust Charity.

Chairman's Statement

This report relates to the period May 2007 to June 2008. The reason for the thirteen month period is for the accounts to coincide with the length of player contracts, which constitute the most significant item of expenditure for any Football Club. I would like to take this opportunity to make a few observations on our performance, to add context to the Directors' accounts and financial performance and hopefully further insight to the enclosed statements. This is particularly prescient given that new accounting standards and the additional month means it is not straightforward to compare this period's results to those of previous years.

As my shareholders are aware, when I, and my investment fund CHV, became involved with this company we did so on the basis of bringing financial stability and a strategic focus to our activities both on and off the pitch. Football and regeneration share crucial common features. They both require investment and time.

My tenure as Chairman is now longer than any since Mr Paphitis stepped down in 2005 and I recognise that these are still early days, but I believe we are making good progress. Unlike other football clubs, and in contrast to Millwall's previous history, the finances of the company and the club are not subject to the vagaries of the current financial/banking collapse, as they have my full commitment, and that of my investment fund. In an uncertain world certainty becomes a prized asset and Millwall has this.

Regeneration

Our energies have been devoted to developing the plans for the regeneration of the area, working in partnership with key agencies and in particular the local authority, both from a planning and estates perspective.

The significant monies expended to date on our professional team have been intended to build on our work and develop a master plan for the area which will ensure a long term transformation. This work is the subject of detailed consultation with the responsible bodies. In London in particular planning is complex and over this last year has been subject to delays which are linked to new legal requirements for additional consultation and the election of a new Mayor of London.

Whilst this has added approximately a year's delay to the original timetable set by the local authority, this has not deterred us from continuing to put the necessary building blocks in place to realise the overall vision. This vision is bold - from raising the profile and architectural statement of the stadium and improving facilities for fans and our other users, to opening up the landscape so that people can move freely on all forms of transport to building homes and providing new employment opportunities.

Whilst this Statement is written in the current downturn, it should be remembered that this vision, as with all major regeneration plans, takes place over the long term and the need for housing and change remains undiminished in this part of London. This work will be the subject of major consultation with fans, local communities and key agencies as it progresses through the various stages of the planning process.

Football

Turning to football, last season was disappointing and hence the managerial change in November with the appointment of Kenny Jackett. There are significant costs associated with managerial change as it not only involves compensation to the previous Manager but also to the backroom staff who were all replaced. This, together with significant on-going injuries, led to a higher level of spend associated with the squad.

Having reviewed the medical/physiotherapy support, it has been strengthened to reflect the importance of keeping players fit and able to perform to their optimum, and we have seen improvement both in terms of results and the financial impact of a reduction in playing time lost through injury.

Having brought in a new football management team, the Board and I asked for a review of the costs associated with our Academy and youth development strategy. Kenny Jackett has significant experience in this area and following a review it was decided to move to running a Centre of Excellence rather than an Academy. This decision preserves the Club's commitment to youth development, with the same number of teams and boys in the scheme as before, but with significant cost reductions as a result of not having to comply with FA Academy regulations. It may, however, result in the Centre not being able to attract certain young players who may chose to join other Academies nearby.

Chairman's Statement

This change has also meant that the Club have approached the new season with an integrated football management approach embracing the first team through to the U8s, and employs coaches who can work closely with our young players and educate them in the ways of Millwall FC, coaches such as ex-player Scott Fitzgerald. In other areas of performance overall turnover remained broadly stable in comparison with the previous year, albeit the disappointing season resulted in a reduction on both gate and matchday revenues. However, there were significant improvements made in retail and, in particular, conferencing and events, with The Den being utilised more on non-match days. This reflects the importance we attach to work designed to improve performance on maximising non-matchday revenues.

The Board and I believe we now have a highly effective infrastructure to support the team and enable it to be run on an increasingly efficient basis. Our priority for the future will be to invest in systems and people to improve on the marketing and customer service aspects, both on matchdays and non-matchdays, with the ultimate aim of increasing revenues.

I would like to thank my Board for their support, commitment to the company and for their contribution to Millwall, as I continue to learn about this very special game and a very special Club.

I would also wish to thank my senior executive team, Heather Rabbatts and Andy Ambler, as well as all the hard working and committed staff at Millwall Football Club.

John G Berylson

Chairman

19 November 2008

Directors' Report

The Directors present their report on the affairs of the Group, together with the accounts and independent auditor's report for the thirteen months ended 30 June 2008.

Principal activities

The Company is the holding company of a group engaged primarily in the operation of a professional football club, and more recently a property development company and related activities through its subsidiaries, The Millwall Football and Athletic Company (1985) plc and Millwall Property Ltd.

Business Review

The 2007-8 season was a turbulent one. After a disappointing start Willie Donachie was replaced as manager, with Kenny Jackett taking on the role on 6 November 2007.

There were consequential managerial changes across the backroom staff and the new team struggled to deal with exceptional levels of injury. During the course of the season it was necessary to make extensive use of loan players to deal with this problem. This increased the player wage cost to the club and resulted in a total of 41 different players representing Millwall during that period.

The team finished the 2007-8 league campaign with 52 points and in 17th position, having battled against relegation to League 2 throughout the second half of the season. Early exits in both the Johnstone Paint Trophy and the Carling Cup competitions were a cause for disappointment. However, Millwall reached the 4th round of the FA Cup, losing an away tie to a Championship team, Coventry City. The signs of improvement in team performance were there and could be seen, particularly, in a good away victory at Swansea City (eventual Champions) and a 3-0 home win against promotion hopefuls Carlisle United .

The average home league attendance was 8,668 (2007: 9,231), which placed the Club in the top five of the Divisional attendance league.

During the period further on-going working capital was raised from Chestnut Hill Ventures and Directors of Millwall Holdings. This was provided by the Company entering into a further sterling term loan facility of £3,000,000 with Chestnut Hill Ventures (the Lender) and a further loan from Directors of £300,000. These loans were approved by the Board on 30th June 2008 and are non-convertible.

Results

The consolidated income statement is set out on page 15.

Revenue for the period remained broadly stable but gate and associated match-day revenues were down 3% due to a disappointing team performance, the Club having ended the league season in 17th position. Additional revenues were secured in non-matchday conferencing and events, and retail sales, which compensated for these losses.

Total staff costs were higher than anticipated due to the player related costs in respect of loan players required to cover for injured players and amounted to £6.3m for the thirteen month period. They were broadly in line, on a pro rata basis, with the same cost for the previous year (2007: £5.9m – 12 months). The total wages to turnover ratio rose to 118% (2007 : 109%) This increase is mainly due to the thirteen month period having included June 2008, a month with no football fixtures and therefore the lowest income generating month of the calendar year.

Administration costs (excluding Depreciation and Amortisation) increased to £5.202m (2007: £4.492m). This increase is attributable to expenses in connection with the regeneration programme of £1.345m (2007: £0.455m) and costs associated with raising financing and the convening of an EGM. Cost efficiencies have been made in the Football Club resulting in savings in administration costs in this area of the business.

Player sales amounted to £913,000 (2007: £413,758) and included the transfer of Tony Craig , Marvin Elliott and Ben May as well as three young players from the club's youth system to Liverpool , Chelsea and Portsmouth.

The Directors do not recommend payment of a dividend.

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. In order to achieve a positive cash flow there is the constant requirement to raise new finance and refinance existing facilities which, in turn, requires the continuing support of existing providers of those facilities. 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 aged 24 years or older are free to move between clubs once their contract has come to an end and the Board monitors expiry dates carefully with a view to renewing contracts or realising value.

Prospects

Football

The team has started the new season in good form and after 16 games of 2008–2009 season are in 3rd place in League 1 having already won 10 games. The improvement in on-field performance has led to optimism amongst the supporters and the average home attendance for the first seven league games being 8,975 and corporate matchday sales increasing.

The player wage costs remain challenging with 3 of the highest paid contracted players not part of the manager's plans for the team. These players, along with 11 others, have contracts that expire in June 2009 and the board is constantly reviewing the position in regard to the balance between protecting player asset values and offering extended player contracts.

The Den

The policy of utilising the stadium on non-matchdays to increase revenues has proved successful over the past 13 months and further marketing initiatives will be put in place to strengthen this key area of business.

The Community

The Club continues to recognise the importance of the relationship with the broader community and more work has been undertaken with the Millwall Community Scheme. We now employ a shared liaison officer funded via The Football League, whose focus is to promote the work and activities of both Football Club and Community Scheme across this sector of London.

Communication

Communication lies at the heart of the activities, with the Fan on the Board providing a crucial link between Board and supporters. Regular meetings and forums take place with all levels of the Club's supporters and partners.

Finance

The Company is principally financed by CHV by way of loans. At the AGM in December 2007 the Company failed to secure Section 80 authority to issue share capital. This was due to a significant shareholder voting against this recommendation. Therefore, the Company is constrained and can raise money only by way of debt. The Company will seek to secure the Section 80 authority at the next AGM.

Regeneration

On regeneration and development, the planning process has been delayed due to changes in the overall planning regime and the election of a new Mayor of London, all outside the control of the company. Significant work has been undertaken to contribute to the overall masterplan of the area, which will be the subject of detailed consultation in the New Year (2009).

Directors' Report

Directors

The Directors, who served during the year, are as follows:

John G Berylson (*Non-Executive Chairman*)
Heather Rabbatts (*Executive Deputy Chairman*)
Stewart Till (*Non-Executive*) (*resigned 21 August 2008*)
Trevor Keyse (*Non-Executive*)
Constantine Gonticas (*Non-Executive*)
Andrew Ambler (*Executive*)
Jeffrey David Burnige (*Non-Executive*) (*resigned 9 June 2008*)
Demos Kouvaris (*Non-Executive*)

In accordance with the Articles of Association, Ms H Rabbatts and Mr T Keyse retire by rotation and being eligible each offers themselves for re-election at the Annual General Meeting.

Short biographical notes on each Director are given on page 3.

Details of directors' service contracts are set out on page 11.

Employee involvement

The Group operates employment policies, which place emphasis upon employee involvement where possible. The Group practices equality of employment opportunity irrespective of sex, race, colour, marital status or ethnic or national origins. It is the Group's policy to offer equal opportunity to disabled persons wherever appropriate, having regard to their aptitudes and abilities.

Statement of directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors's report which complies with the requirements of the Companies Act 1985.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company financial statements

Company law requires the directors to prepare financial statements for each financial year which 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance

Statement of compliance with the Combined Code on Corporate Governance

Although, as an AIM company, the company is not required to comply with the combined code the Board is committed to high standards of corporate governance. Although it has not sought to comply with the code the Board confirms that throughout the period ended 30 June 2008, the Group has voluntarily applied the principals of good corporate governance so far as is practicable for a group of this size.

The Board

The Board currently consists of two executive (Ms H Rabbatts and Mr A Ambler) and four non-executive directors (Mr J Berylson, Mr T Keyse, Mr C Gonticas, and Mr D Kouvaris). The Board normally meets at least six times a year and otherwise as required. The Board has a majority of independent directors, all of whom are non-executive. All Directors are subject to re-election at the first AGM after their appointment and in accordance with the Code and the Articles of Association, submit themselves for re-election in rotation at least every three years.

Communication

The Company places a great deal of importance on communication with its shareholders in order to understand the views of major shareholders. The company publishes its full report and accounts each year. The full report and accounts are available to all shareholders, and to other parties, on request, who have an interest in the Group's performance. Communication with shareholders also takes place via the Company website www.millwallholdingsplc.co.uk.

The Board, or representatives thereof, meets with its institutional shareholders on request and all shareholders have the opportunity to put questions at the Company's annual general meeting and the board makes a presentation at the meeting to highlight the key business developments during the financial year.

Maintenance of a sound system of internal control

The Board has established a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board continuously reviews the effectiveness of the Group's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and

Directors' Report

controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. This assessment considers all significant aspects of internal control arising during the period covered by the report. The audit committee assists the Board in discharging its review responsibilities.

Audit Committee

The Board has an audit committee comprising John Berylson, Demos Kouvaris, Trevor Keyse, Constantine Gonticas (non-executive directors) together with Heather Rabbatts (executive director). The remit of the audit committee includes the discussion with the auditors of the audit approach and of reports by the auditors of the results of their work and it meets at least once a year.

The audit committee has sole responsibility for assessing the independence of the external auditors, BDO Stoy Hayward LLP. The committee has had due regard to the document published in May 2003 by the Institute of Chartered Accountants in England and Wales (ICAEW) 'Reviewing Auditor Independence: guidance for audit committees'. Each year the committee undertakes to:

- Seek reassurance that the external auditors and their staff have no family, financial, employment, investment or business relationship with the company. To this end the committee requires the external auditor and their associates to confirm this in writing, and detail the procedures which the auditor has carried out in order to make this confirmation.
- Confirm that all partners engaged in the audit process are rotated at least every 5 years.
- Assess the likely impact on the auditors' independence and objectivity before awarding them any contract for additional services. It is company policy to require the auditors, together with at least two other firms, to tender for all non-audit assignments where the fee is in excess of £20,000.
- Have as a standing agenda item auditor independence issues at each audit committee meeting

Remuneration Committee

The Board has a remuneration committee comprising John Berylson, Constantine Gonticas (non-executive directors) together with Heather Rabbatts (executive director). Of the Members of the Board, only Ms H Rabbatts and Mr A Ambler are entitled, in their capacity as a Board Members, to receive any remuneration, but all directors are entitled to reimbursement of reasonable and proper expenses. The committee meets once a year with all committee members in attendance. This policy is subject to periodic review.

Financial Instruments

Details of the use of financial instruments by the company and its subsidiary undertaking are contained in Note 17 of the financial statements

Going concern

The Board has considered the adoption of the going concern basis and the source of funds to be put in place after the period end, as mentioned in notes 1 and 19, and has concluded that the basis has been appropriately adopted in the accounts. The new loan facility is proposed to be for £3,500,000 carrying an interest rate of 17% payable, at the Group's option, by the issue of Payment in Kind Notes (PIK Notes) and is available for a period of 2 years from the date of signing the new facility documentation. The Board accepts that it is an integral part of the Group's activities to trade in player registrations and that the disposal of such registrations may be made, as the Group's financial position requires.

Directors' remuneration

Policy of remuneration

The remuneration committee has reviewed the relevant Directors' remuneration in respect of the period ended 30 June 2008.

Directors' Service Agreements

Mssrs. John G Berylson and Demos Kouvaris entered into agreements with the Company on 28 March 2007 that they would serve as directors during the period that the £5 million convertible loan facility, maturing on 11 April 2010, made available to the company by Chestnut Hill Ventures LLC pursuant to the facility agreement and any loans made pursuant to it remain outstanding, unless and until terminated by notice in writing served by Chestnut Hill Ventures LLC requesting their removal as directors. On and after the repayment of all amounts owing to Chestnut Hill Ventures LLC or conversion of all such amounts into ordinary shares of 0.01p each in the Company under the Facility Agreement, unless and until terminated by notice in writing of not less than 1 month served by them or the Company on the other. The agreement provides that they will not receive directors' fees or any remuneration in respect of the services provided by them but will be entitled to reimbursement of expenses.

Ms Heather Rabbatts, the Executive Deputy Chairman, entered into an agreement with the Company on 28 March 2007 for an initial period of 2 years and thereafter unless and until terminated by 6 months written notice served by herself or the Company on the other. The annual remuneration during the period was £220,000, since reduced to £75,000, together with options over 1,166,666,666 ordinary shares.

Mr Andrew Ambler, the Finance Director of the Company and Managing Director of the football club, entered into an agreement with the Company on 2 April 2007 which may be terminated by 6 months written notice served by himself or the Company on the other.

The other non-executive directors have entered into letters of appointment terminable, inter alia, upon not less than 6 months notice given by the Company or 3 months given by them. The letters provide that they will not receive directors' fees or any remuneration in respect of the services provided by them but will be entitled to reimbursement of expenses.

Issue of share capital during the year

	Ordinary Shares of 0.01p Issued	Nominal Value £	Consideration Received £
Private Placings			
19 June 2007	3,000,000,000	300,000	900,000
Conversion of Loan Notes			
20 June 2008	8,329,746,667	832,975	2,498,924
25 June 2008	1,100,410,000	110,041	330,123

Substantial shareholdings

The Directors have been notified that at 6 November 2008 the following shareholders, other than Directors, held 3 per cent or more of the issued share capital of the Company:

	Number of ordinary shares	Holding %
Chestnut Hill Ventures LLC	10,666,666,667	28.44
Sports Regeneration Limited	5,269,350,000	14.05
Mr Graham Ferguson Lacey	3,000,000,000	8.00
Mr Peter de Savary	2,350,410,000	6.27
Euroclear Nominees Limited	1,179,175,000	3.14

Directors' Report

Political and charitable donations

During the year, the Group made no charitable or political donations.

Market value of land and buildings

Given the specialised nature of the Group's property interests, the Directors do not consider that there is a readily ascertainable market value for the Group's properties, which are carried in the accounts at cost less depreciation.

Payment of creditors

The Group's and Company's policy is to settle agreed amounts outstanding to creditors within sixty days. This policy is made known to staff who handle payments to suppliers and is made known to suppliers on request. The Company had no trade creditors at 30 June 2008 (31 May 2007: £nil). Trade Creditors of the Group at the period end represented 71 days purchase (2007: 83 days).

AGM Resolutions and Auditors

Receipt of the Accounts for the year will be voted upon at the Annual General Meeting of the Company to be held on 19 December 2008 and convened by way of a separate notice contained herein. The Directors will place a resolution before the Annual General Meeting to re-appoint BDO Stoy Hayward LLP as auditors for the ensuing year.

All the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The Board would like to thank players, management and staff for their hard work throughout last season. The support of shareholders, fans and everyone connected with the Club has, as ever, been tremendous and to all of them, the Board extends its thanks.

On behalf of the Board.

H Rabbatts

Director

19 November 2008

Independent Auditor's Report

To the shareholders of Millwall Holdings Plc

We have audited the group and parent company financial statements (the "financial statements") of Millwall Holdings Plc for the thirteen months ended 30 June 2008 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the 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' biographies, the chairman's statement and the directors' report. 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 group's and 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.

Independent Auditors' Report

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 June 2008 and of its loss for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 June 2008;
- 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.

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

London

19 November 2008

Consolidated Income Statement

for the thirteen months ended 30 June 2008

		Thirteen Months Ended 30 June 2008 Total £000	<i>Year Ended 31 May 2007 Total £000</i>
Revenue	Notes		
	1,2	5,367	5,388
Other income – profit on disposal of player's registrations		913	414
Staff costs	5	(6,313)	(5,865)
Amortisation of players' registrations	9	(126)	(63)
Depreciation of property, plant and equipment	10	(309)	(382)
Total depreciation and amortisation expense		(435)	(445)
Other expenses		(5,202)	(4,492)
Loss from operations	4	(5,670)	(5,000)
Finance income	3	31	17
Finance expense	3	(476)	(208)
Loss before taxation		(6,115)	(5,191)
Tax expense	7	—	—
Loss for the period attributable to:			
Equity shareholders		(6,115)	(5,191)
Loss per share – basic and diluted	8	(0.022)p	(0.024)p

The accompanying notes form an integral part of this Consolidated Income Statement.

Consolidated Statement of Changes in Equity

for the thirteen months ended 30 June 2008

Group	Ordinary	Deferred	Share	Equity	Capital	PIK note	Profit and	Total
	Shares of 0.01p each £000	Shares of 0.09p each £000	premium account £000	component of Convertible Loan Notes £000	reserves £000	reserve £000	loss account £000	Equity £000
1 June 2006	1,838	2,333	11,087	—	21,474	—	(26,697)	10,035
Share issues	669	—	1,707	—	—	—	—	2,376
Share issues - costs	—	—	(160)	—	—	—	—	(160)
Equity proportion of Convertible Loan Notes Issued	—	—	—	252	—	—	—	252
Allocated Convertible Loan Note transaction costs	—	—	—	(33)	—	—	—	(33)
Share based compensation	—	—	—	—	—	—	4	4
Loss for the year	—	—	—	—	—	—	(5,191)	(5,191)
31 May 2007	2,507	2,333	12,634	219	21,474	—	(31,884)	7,283
1 June 2007	2,507	2,333	12,634	219	21,474	—	(31,884)	7,283
Share issues	1,156	—	2,311	—	—	—	—	3,467
Equity proportion of Convertible Loan Notes Issued	—	—	—	224	—	—	—	224
Conversion to share capital of equity proportion of Convertible Loan Notes	87	—	175	(262)	—	—	—	—
Share based Compensation	—	—	—	—	—	—	164	164
PIK notes issued	—	—	—	—	—	333	—	333
Loss for the period	—	—	—	—	—	—	(6,115)	(6,115)
30 June 2008	3,750	2,333	15,120	181	21,474	333	(37,835)	5,356

The accompanying notes form an integral part of this Consolidated Statement of Changes in Equity

Consolidated Balance Sheet

		30 June	31 May
		2008	2007
	Notes	£000	£000
Non-current assets			
Intangible assets	9	291	36
Property, plant and equipment	10	15,127	15,691
		15,418	15,727
Current assets			
Inventories	11	66	93
Trade and other receivables	12	1,104	801
Cash and cash equivalents		204	749
		1,374	1,643
Total assets		16,792	17,370
Non-current liabilities			
Trade and other payables	13	—	(107)
Financial liabilities	14	(4,357)	(2,178)
Deferred income	13	(3,770)	(4,591)
Total Non-current liabilities		(8,127)	(6,876)
Current liabilities			
Trade and other payables	13	(2,239)	(2,259)
Deferred income	13	(1,070)	(952)
Total Current liabilities		(3,309)	(3,211)
Total liabilities		(11,436)	(10,087)
Net assets		5,356	7,283
Equity			
Called up share capital	15	6,083	4,840
Share premium		15,120	12,634
Equity proportion of Convertible Loan Notes		181	219
Capital reserve		21,474	21,474
PIK note reserve		333	—
Retained deficit		(37,835)	(31,884)
Total Equity		5,356	7,283

The accounts on pages 15 to 37 were approved by the Board of Directors and authorised for issue on 19 November 2008.

H Rabbatts

Director

The accompanying notes form an integral part of this Consolidated Balance Sheet.

Consolidated Cash Flow Statement

for the thirteen months ended 30 June 2008

	30 June	31 May
	2008	2007
	£'000	£'000
Operating activities		
Net loss before taxation	(6,115)	(5,191)
Share based payments	497	4
Depreciation on property plant and equipment	309	382
Amortisation of intangible assets	126	63
Amortisation of grants	(98)	(104)
Profit on disposal of players' registrations	(913)	(414)
Profit on disposal of property, plant and equipment	(300)	—
Finance income	(31)	(17)
Finance expenses	476	208
	(6,049)	(5,069)
Cash flow from operations before changes in working capital		
Decrease/(increase) in inventory	27	(1)
(Increase)/decrease in trade and other receivables	(303)	893
(Decrease)/increase in trade and other payables and accruals and deferred income	(110)	132
	(6,435)	(4,045)
Cash generated from operations		
Investing activities		
Purchase of property, plant and equipment	(36)	(122)
Proceeds on disposal of players' registrations	695	416
Purchase of players' registrations	(381)	(60)
Interest received	31	17
	309	251
Net cash generated by investing activities		
Financing activities		
Proceeds from issue of new share capital	900	1,475
Costs of issue of new share capital	—	(41)
Proceeds from issue of Convertible Loan Notes	3,022	3,596
Proceeds from issue of loan notes	1,673	—
Capital element of finance leases and hire purchase contracts repaid	—	(16)
Interest paid	(8)	(208)
	5,587	4,806
Net cash generated by financing activities		
Net (decrease)/increase in cash and cash equivalents	(539)	1,012
Cash and cash equivalents at start of period	743	(269)
Cash and cash equivalents at end of period	204	743

The accompanying notes form an integral part of this cash flow statement.

During the period, £2,829,050 (2007: £900,000) of convertible loan notes issued were converted into ordinary shares of the Company. See Note 15.

Notes to the Accounts

for the thirteen months ended 30 June 2008

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and in accordance with those parts of the Companies Act 1985 that remain applicable to groups reporting under IFRS.

This is the first time the Company has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with UK GAAP accounting standards. Details of how the transition from UK accounting standards to EU adopted IFRS has affected the Group's financial position and performance are given in note 23. The transition date for the purposes of applying IFRS for the Group was 1 June 2006.

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared under the historical cost basis.

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. The Directors have prepared the financial statements on a going concern basis having had regard to the further source of funds to be put in place subsequent to the period end (see Note 19) and the cash flow projections for the period to 31 December 2009. The Directors have also considered the impact of player trading, which is an integral part of the Group's activities, and the cash flows associated with this trading activity.

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.

Chestnut Hill Ventures LLC, a company controlled by the Chairman, John G Berylson, has undertaken that it will provide sufficient financial support as and when required in order to meet the Group's financial obligations as they fall due and for a period of not less than 12 months from 17 November 2008.

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

IFRSs available for early adoption not yet applied.

The following standards, interpretations and amendments to published standards are mandatory for the Group's accounting periods beginning on or after 1 July 2008 or later periods and which the Group has decided not to adopt early.

- *IFRS 8, Operating Segments* (effective for accounting periods beginning on or after 1 January 2009). The group expects to apply this standard in the accounting period beginning 1 July 2009. As this is a disclosure standard it will not have any impact on the results or net assets of the group.
- *IAS 23, Borrowing Costs (revised)* (effective from 1 January 2009). The revised IAS 23 is still to be endorsed by the EU. IAS 23 (revised) is not relevant to the group due to the absence of such operations.
- *IFRIC 12, Service Concession Arrangements* (effective for accounting periods beginning on or after 1 January 2008). IFRIC 12 is still to be endorsed by the EU. IFRIC 12 is not relevant to the group's operations due to the absence of such arrangements.
- *IFRIC 13, Customer Loyalty Programmes* (effective for accounting periods beginning on or after 1 July 2008). IFRIC 13 is still to be endorsed by the EU. IFRIC 13 is not relevant to the group's operations due to the absence of such arrangements.
- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for accounting periods beginning on or after 1 January 2008). IFRIC 14 is still to be endorsed by the EU. IFRIC 14 is not relevant to the group's operations due to the absence of such arrangements.
- *IFRIC 15, Agreements for the Construction of Real Estate* (effective for accounting periods beginning on or after 1 January 2009). IFRIC 15 is still to be endorsed by the EU. IFRIC 15 is not relevant to the group's operations due to the absence of such arrangements.
- *IFRIC 16, Hedges of a Net Investment in a Foreign Operation* (effective for accounting period commencing on or after 1 October 2008). IFRIC 16 is still to be endorsed by the EU. IFRIC 16 is not relevant to the group's operations due to the absence of any foreign operations.
- *Revised IFRS 3, Business Combinations and complementary Amendments to IAS 27, Consolidated and separate financial statements* (both effective for accounting periods beginning on or after 1 July 2009). This revised standard and amendments to is still to be endorsed by the EU. Management is currently assessing the impact of revised IFRS 3 and amendments to IAS 27 on the financial statements.
- *Amendment to IFRS 2, Share-based payments, vesting conditions and cancellations* (effective for accounting periods beginning on or after 1 January 2009). This amendment is still to be endorsed by the EU. Management is currently assessing the impact of the amendment to IFRS 2 on the financial statements.
- *Amendments to IAS 32, Financial Instruments: Disclosure and Presentation* (effective for accounting periods commencing on or after 1 January 2009). This amendment is still to be endorsed by the EU. Management is currently assessing the impact of the amendment to IAS 32 on the financial statements.
- *IAS 1, Presentation of Financial Statements (revised)* (effective for accounting periods beginning on or after 1 January 2009). IAS 1 (revised) is still to be endorsed by the EU. IAS 1 (revised) will require a change to how the Group Income Statement is presented by the inclusion of a Statement of Comprehensive Income which includes items taken directly to equity (with the exception of transactions with the shareholders of the Group). This new presentation will either be in terms of one single Statement of Comprehensive Income, or as two separate statements comprising a Group Income Statement, which is currently presented, and a further Statement of Comprehensive Income which incorporates only those items to be taken directly to equity. As this is a disclosure standard it will not have an impact on the results or net assets of the Group.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

1 Accounting policies (continued)

- Amendment to IAS 1, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for accounting periods commencing on or after 1 January 2009). This amendment is still to be endorsed by the EU. Management is currently assessing the impact of the amendment to IAS 1 on the financial statements.

Basis of consolidation

The financial information incorporates the results of the Company and entities controlled by the Company (its subsidiaries, Millwall Football and Athletic Company (1985) Plc and Millwall Property Limited). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The consolidated financial statements present the financial results of the Company and its subsidiaries (the Group) as if they formed a single entity.

The results of subsidiaries acquired or disposed during the period are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate, using the purchase method.

Where necessary, adjustments are made to the results of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Change of Accounting Reference Date

During the period the Company's accounting reference date was changed from 31 May to 30 June. This brings the Group in line with most other Football League Clubs and means that the accounting reference date is now in line with the standard expiry date of players' contracts. As a consequence the Group is reporting on the thirteen months ended 30 June 2008 compared with the year ended 31 May 2007. The comparative figures for the consolidated income statement and consolidated cash flow statement are therefore not entirely comparable.

Players' registrations

The costs associated with the acquisition of players' registrations are initially recorded at fair value of the consideration payable at the date of acquisition as intangible fixed assets. These costs are fully amortised over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is made clear that the player is no longer an active member of the playing squad. In these circumstances the carrying value of the player's registration is reviewed against a measurable net realisable value.

Acquired players' registrations are classified as "Assets held for sale" on the balance sheet if, at any time, it is considered that the carrying amount of a registration will be recovered principally through sale and an active programme is in place to sell the player. The measurement of the registration is the lower of (a) fair value (less costs to sell) and (b) carrying value. Amortisation of the asset is suspended at the time of reclassification, although impairment charges are made if applicable.

Signing on fees

Signing on fees are charged, on a straight line basis, to the income statement over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fee payable in respect of future periods are charged against the profit/(loss) on disposal of players' registrations in the period in which the disposal is recognised.

Transfer Fees

Transfer fees receivable are recognised in the period in which the registration is transferred and any profit or loss arising is dealt with in the income statement. Contingent transfer fees receivable are recognized once the contingent conditions have been met.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on a straight line basis, as follows:

Long leasehold premises	– 1% per annum
Fixtures and fittings	– 20% per annum
Motor vehicles	– 25% per annum

Residual value is initially calculated on prices prevailing at the date of acquisition. Residual value is reviewed in each financial period and any changes to initial estimates are reflected in the period of change.

Inventory

Inventory are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to sell. Provision is made for obsolete, slow moving or defective items where appropriate.

Impairment of non-financial assets (excluding inventories)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the administrative expenses line item in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of recognised income and expense.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

Taxation

Corporation tax payable is provided on taxable profits at the rates that are substantially enacted or enacted.

Deferred taxation

Deferred income tax is calculated using the balance sheet asset-liability method of tax allocation for all temporary differences arising between the book value of assets and liabilities and their tax bases, except for differences arising on:

- the initial recognition of goodwill.
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiary and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that there will be future taxable profits on which this asset can be charged. Deferred income tax assets are reduced to the extent that it is no longer likely that a sufficient taxable benefit will arise.

Deferred taxation balances are calculated at rates either enacted or substantively enacted at the balance sheet date and are shown on the balance sheet separately from current tax assets and liabilities and categorised among non-current items.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group company or different Group entities which intend to either settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Pension costs and other post retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Where the group is a member of a multi-employer scheme and a reliable identification of its assets and liabilities cannot be made then in accordance with IAS 19: "Employee Benefits" the contributions to the scheme are accounted for as though the scheme were a defined contribution scheme.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. The Group holds the following financial assets and liabilities.

Financial Assets

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and then subsequently carried at amortised cost using the effective rate method.

Financial liabilities

Other financial liabilities: Other financial liabilities include the following items: Trade payables and other short-term monetary liabilities, which are initially recognised at fair value. Bank borrowings are initially recognised at fair value being the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest payable while the liability is outstanding.

Convertible financial instruments

The proceeds received on issue of the Company's convertible financial instruments are allocated into their financial liability and equity instrument components and presented separately in the balance sheet. On initial recognition, the financial liability component is determined by reference to the fair value of a similar liability that does not have an associated equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole, the amount separately determined for the liability component.

The amount initially attributed to the liability component equals the fair value of the liability discounted at the company's estimated cost of capital of 13%. In subsequent years, following initial recognition, the liability element is stated at amortised cost under the effective interest method. The discount is unwound with the movement taken to the profit and loss account and over time the carrying value of the liability component accumulates to the value of the financial liability.

Transaction costs that are related to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds. The amounts initially allocated to the financial liability and equity instrument components are not subsequently re-measured.

Where the convertible financial instrument is converted at maturity, the carrying value of amounts recognised as a financial liability at maturity are transferred to equity.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

1 Accounting policies (continued)

Where the convertible financial instrument is extinguished before its maturity through an early redemption or repurchase, and when the original conversion privileges are unchanged, the redemption consideration paid (including any transaction costs) are allocated to the instrument's liability and equity components at the date of repurchase using the same method that was used in the original allocation of proceeds received from the convertible instrument's issue between those separate components on initial recognition.

The difference between the consideration allocated to the liability component and its carrying value are recognised in profit and loss and the amount of consideration relating to the equity component is recognised in equity.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits all with maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leased assets

Finance leases are those which transfer substantially all of the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as property, plant and equipment and are depreciated over the shorter of the lease term or their useful economic life. The capital elements of future lease obligations are included within borrowings, while the interest elements are charged to the income statement over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

All other leases are operating leases, the rentals on which are charged to the income statement on a straight-line basis over the lease term.

Trade and other payables and receivables

Trade and other payables and receivables on normal terms are stated at their nominal value, less, in the case of receivables, any impairment losses that may be required.

Other payables, on deferred terms, in particular the purchase of players' registrations, are recorded at their fair value on the date of the transaction and subsequently at amortised cost.

Other receivables on deferred terms, in particular the proceeds from sales of players' registrations, are recorded at their fair value at the date of sale and subsequently at amortised cost less allowances for impairment.

Share based payment

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account on a straight line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received. If it is not possible to identify the fair value of these goods or services provided, the income statement is charged with the fair value of the options granted.

Fair value of options granted is calculated using the Black-Scholes model, details of which are given in note 15.

Revenue recognition

Revenue represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Revenue is recognised at the fair value of the consideration receivable.

Revenue is split between three categories of income stream; Match Day, Central League Awards and Commercial revenue streams.

Match Day

Match Day revenue represents income receivable from all match day activities from Millwall games at The Den, together with the share of gate receipts from cup games not played at The Den. The share of gate receipts payable to the other participating club for domestic cup matches played at The Den is treated as a reduction in revenue. Season ticket revenue is recognised over the period of the football season as home matches are played.

Central League Awards

Central League Award revenue represents the Basic Award and the Solidarity Award from the Football League. These awards are recognised over the financial period to which they relate.

Commercial

Commercial revenue comprises income receivable through sponsorship, shop revenue, use of the conference and catering facilities at The Den on non-match days and sundry other income. Sponsorship contracts are recognised over the duration of the contract, either on a straight line basis, or over the period of the football season, as appropriate based on the terms of the contract. Catering revenues are recognised on an earned basis. Revenue from sale of branded products is recognised at the point of dispatch when significant risks and rewards of ownership is deemed to have been transferred to the buyer.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

1 Accounting policies (continued)

Deferred income

All income received in advance of football activities, such as season ticket revenue, league awards, advertising, sponsorship and broadcasting revenues are treated as deferred income and released to income over the period or number of matches to which they relate.

Grants

Grants relating to property, plant and equipment are treated as deferred income and released to the income statement 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.

2 Segmental analysis

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

	Thirteen Months Ended 30 June 2008 £000	Year Ended 31 May 2007 £000
Match day	3,016	3,318
Central League awards	491	570
Commercial	1,860	1,500
	5,367	5,388

3 Finance income and expense

	Thirteen Months Ended 30 June 2008 £000	Year Ended 31 May 2007 £000
Finance income		
Interest on bank deposits	31	17
Finance expense		
Bank loans and overdrafts	5	49
Finance leases and hire purchase contracts	-	111
Interest on convertible loan notes	468	43
Other	3	5
	476	208

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

4 Loss from operations

Loss from operations is stated after charging/(crediting):

	Thirteen Months Ended 30 June 2008 £000	Year Ended 31 May 2007 £000
Depreciation and amounts written off property, plant and equipment		
– owned	301	373
– held under finance leases and hire purchase contracts	8	9
Amortisation of grant	(98)	(104)
Amortisation of player registrations	126	63
Operating lease rentals		
– plant and machinery	37	37
– land and property	168	49
Auditors' remuneration		
– Audit of company financial statements	5	5
– Audit of financial statements of subsidiaries	35	20
– Taxation services	14	9
– Other services	13	–
Directors' remuneration	309	204
Profit on sale of players' registrations	(913)	(414)
Share based payments	164	4

5 Staff costs

The average monthly number of employees in the Group (including executive Directors) was:

	Thirteen Months Ended 30 June 2008 £000	Year Ended 31 May 2007 £000
Football team management	7	7
Administrative and ground staff	55	53
Players	46	44
	108	104

In addition, the Group employs, on average, a further 120 (2007: 190) temporary staff on matchdays.

Aggregate remuneration comprised:

	Thirteen Months Ended 30 June 2008 £000	Year Ended 31 May 2007 £000
Wages and salaries	5,731	5,293
Social security costs	580	556
Pension costs	2	16
	6,313	5,865

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

6 Directors' emoluments

	Thirteen Months Ended 30 June 2008 £000	<i>Year Ended 31 May 2007 £000</i>
Directors' emoluments	309	204
Share based compensation	164	4
	473	208

The aggregate emoluments of the highest paid director was £216,666 (2007: £204,000).

Retirement benefits are not accruing on any defined pension scheme for any director (2007: Nil)

Payments to defined pension schemes for the highest paid director were £Nil (2007: £Nil)

7 Tax expense

No taxation charge arises due to the incidence of losses incurred and capital allowances claimed during the period (31 May 2007: £nil).

The tax assessed for the period differs to the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	Thirteen Months Ended 30 June 2008 £000	<i>Year Ended 31 May 2007 £000</i>
Loss on ordinary activities before tax	(6,115)	(5,191)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 29.5% (2006 - 30%)	(1,803)	(1,557)
Effects of:		
Expenses not deductible for tax purposes	545	53
Losses for which deferred tax assets are not recognised	1,258	1,504
Total tax charge for the period	-	-

The applicable rate of corporation tax for the current period of 29.5% differs from the applicable rate applied in the prior year of 30% due to a change in the standard rate of corporation tax in the UK from 30% to 28% effective from 1 April 2008.

Deferred tax

At 30 June 2008 the Group had estimated tax losses carried forward of £40.1m (2007: £35.8m), subject to the agreement of HM Revenue and Customs. After assessing the prospects for the 2009 financial year the board has decided to not recognise any deferred tax asset as it is prudent to estimate that no losses will be utilised in that period. The value of the unprovided deferred tax asset (at 28%, 2007: 30%) is calculated at £11.2m (2007: £10.8m).

At 30 June 2008 the Group had £8.1m (2007: £8.0m) of unclaimed capital allowances. These have not been recognised as the board cannot prudently estimate that these will be utilised in the forthcoming period. The value of the unprovided deferred tax asset is calculated as £2.3m (2007: £1.4m).

At 30 June 2008 the Group had capital losses carried forward of £4.7m (2007: £4.7m). These have not been recognised as the board cannot prudently estimate that these will be utilised in the forthcoming period. The value of the unprovided deferred tax asset is calculated as £1.3m (2007: £1.4m).

8 Loss per ordinary share

The calculation of loss per ordinary share is based on the loss for the period of £6,115,000 (31 May 2007 loss: £5,191,000) and on 28,151,242,277 (31 May 2007: 21,849,707,590) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the period. There is no potential dilution on the loss per ordinary share (2007: no potential dilution on loss per ordinary share). There is no difference between basic and diluted earnings per share in 2008 and 2007. As at 30 June 2008 the number of options which could potentially dilute basic earnings per share in the future was 1,166,666,666 (2007: 1,901,916,666). These have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented. In addition to share options, as at 30 June 2008, the Company had gross convertible debt of £2,999,000 (2007: £2,696,000) in issue, potentially convertible to 9,996,666,666 (2007: 8,986,666,666) ordinary shares and PIK notes issued of £333,000 (2007: £Nil) potentially convertible to 1,110,000,000 (2007: Nil) ordinary shares, which could dilute earnings per share in the future.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

9 Intangible assets

	<i>Players' Registrations £000</i>
Cost	
1 June 2006	763
Additions	60
Disposals	(498)
	<hr/>
1 June 2007	325
Additions	381
Disposals	(279)
	<hr/>
30 June 2008	427
	<hr/> <hr/>
Amortisation	
1 June 2006	697
Charge for the year	63
Disposals	(471)
	<hr/>
1 June 2007	289
Charge for the period	126
Disposals	(279)
	<hr/>
30 June 2008	136
	<hr/> <hr/>
Net book value	
31 May 2006	66
	<hr/>
31 May 2007	36
	<hr/>
30 June 2008	291
	<hr/> <hr/>

Included in the net book value of players' registrations are two registrations with net book values at 30 June 2008 of £101,000 and £133,000. The respective remaining useful lives of these registrations are two years and three years respectively. Both players were acquired during the period ended 30 June 2008 and there were no material registrations held at 31 May 2007.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

10 Property, plant and equipment

	Long leasehold premises £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
1 June 2006	17,957	3,052	42	21,051
Additions	–	131	–	131
1 June 2007	17,957	3,183	42	21,182
Additions	–	36	–	36
Disposals	(328)	–	–	(328)
30 June 2008	17,629	3,219	42	20,890
Accumulated depreciation				
1 June 2006	2,306	2,777	26	5,109
Charge for the year	192	186	4	382
1 June 2007	2,498	2,963	30	5,491
Charge for the period	209	96	4	309
Disposals	(37)	–	–	(37)
30 June 2008	2,670	3,059	34	5,763
Net book value				
31 May 2006	15,651	275	16	15,942
31 May 2007	15,459	220	12	15,691
30 June 2008	14,959	160	8	15,127

Included in amounts classified as long leasehold premises are the costs associated with the building of a football stadium at Senegal Fields.

Included in the net book value of motor vehicles and fixtures and fittings is £12,320 (31 May 2007: £55,000) relating to assets acquired under finance lease and hire purchase agreements. The depreciation charge for the year in respect of these assets is £7,930 (31 May 2007: £9,400).

11 Inventories

	30 June 2008 £000	31 May 2007 £000
Goods for resale	66	93

Goods for resale include an amount of £40,000 (2007: £40,000) carried at fair value less costs to sell. The amount of inventories recognised as an expense during the period was £575,000 (2007: £755,000).

12 Trade and other receivables

	30 June 2008 £000	31 May 2007 £000
Trade receivables	461	151
Other receivables	38	88
Prepayments and accrued income	605	562
	1,104	801

All amounts shown under trade receivables in respect of the current period fall due for payment within one year.

In the directors' opinion the carrying value of trade and other receivables are stated at their fair value, after deduction of appropriate allowances for irrecoverable amounts, as these assets are not interest bearing and receipts occur over a short period and are subject to an insignificant risk of changes in value. All trade and other receivables that are neither past due nor impaired are considered recoverable.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

12 Trade and other receivables (continued)

At 30 June 2008 trade receivables of £72,000 (2007: £39,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	30 June 2008 £'000	31 May 2007 £'000
Up to 3 months	–	–
3 to 6 months	72	39
	72	39

13 Trade and other payables

	30 June 2008 £000	31 May 2007 £000
<i>Current:</i>		
Trade and other payables	1,511	1,719
Taxation and social security	349	378
Accruals	379	162
	2,239	2,259
Deferred income	1,070	952
	3,309	3,211
<i>Non-current:</i>		
Trade and other payables	–	107
Deferred income	3,770	4,591
	3,770	4,698

Included within Current deferred income is an amount of £918,000 (2007: £848,000) relating to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.

All financial liabilities are classified as financial liabilities at amortised cost. In the directors' opinion the carrying values of trade and other payables are stated at their fair value as they are not interest bearing and payments occur over a short period period and are subject to an insignificant risk of changes in value. All trade and other payables are considered to be payable within 60 days.

The amount referred to as non-current deferred income relate to grants received in respect of the long leasehold premises and other fixtures and fittings and the unamortised proceeds of the sale of the Training Ground in excess of market value which is being amortised on a straight line basis over 20 years to 2025.

14 Financial liabilities

	30 June 2008 £000	31 May 2007 £000
<i>Non-current:</i>		
Amounts relating to convertible loan notes	2,579	2,135
Interest accrued on convertible loan notes	105	43
Amounts relating to loan notes	1,673	–
	4,357	2,178

Amounts relating to convertible loan notes refers to the financial liability component of the Company's issued convertible loan notes. The liability element of the convertible loan is recognised in accordance with the accounting policy as set out in note 1. The convertible loan notes carry interest at 9%p.a. compounded quarterly.

Amounts relating to convertible loan notes are stated net of unamortised deferred transaction costs of £206,000 (2007: £309,000).

The convertible loan notes are secured by a fixed and floating charge over the current and future assets of the Group.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

14 Financial liabilities (continued)

Financial liabilities are due:

	Amounts relating to loan notes		Amounts relating to convertible loan notes		Total	
	30 June 2008 £000	31 May 2007 £000	30 June 2008 £000	31 May 2007 £000	30 June 2008 £000	31 May 2007 £000
Amount payable						
– after one year but within two years	1,673	–	2,579	–	4,252	–
– after two years but within five years	–	–	–	2,135	–	2,135
	<u>1,673</u>	<u>–</u>	<u>2,579</u>	<u>2,135</u>	<u>4,252</u>	<u>2,135</u>

Interest on the convertible loan notes is, at the option of the Company, paid by the issue of Payment in Kind (PIK) notes. The PIK notes are convertible into ordinary shares on or before the 11 April 2010 in accordance with the terms of the loan agreement.

Amounts relating to loan notes (non-convertible) refers to the financial liability of the Company's loan notes and are carried at fair value based on the amounts issued. The loan notes carry interest at 10%p.a. compounded quarterly. The total facility is for £3.3 million and the undrawn balance of £1,627,000 is available to be drawn down. Interest on these loan notes is rolled up and will be settled concurrently with the principal loans.

15 Share capital

	30 June 2008 Number	31 May 2007 Number
Authorised		
Ordinary shares of 0.01p each	86,881,838,777	86,881,838,777
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	<u>89,473,925,944</u>	<u>89,473,925,944</u>
Allotted, called up and fully paid		
Ordinary shares of 0.01p each	37,501,097,134	25,070,940,467
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	<u>40,093,184,301</u>	<u>27,663,027,634</u>
	£000	£000
Authorised		
Ordinary shares of 0.01p	8,688	8,688
Deferred shares of 0.09p	2,333	2,333
	<u>11,021</u>	<u>11,021</u>
Allotted, called up and fully paid		
Ordinary shares of 0.01p	3,750	2,507
Deferred shares of 0.09p	2,333	2,333
	<u>6,083</u>	<u>4,840</u>

Issue of Ordinary Share Capital

Private Placings	Ordinary Shares of 0.01p Issued	Nominal Value £	Consideration Received £
19 June 2007	3,000,000,000	300,000	900,000
Conversion of Loan Notes			
20 June 2008	8,329,746,667	832,975	2,498,924
25 June 2008	1,100,410,000	110,041	330,123

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

15 Share capital (continued)

Ordinary Share Capital

Ordinary Shares of 0.01p

	Number	Nominal Value £000
At 1 June 2006	18,383,440,467	1,838
Issued in year	6,687,500,000	669
At 1 June 2007	25,070,940,467	2,507
Issued in period	12,430,156,667	1,243
At 30 June 2008	37,501,097,134	3,750

Deferred shares

The rights attaching to the deferred shares which were not admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless. The deferred shares do not carry any voting rights or rights to payment of a dividend. On a winding up of the company or on a return of capital the deferred shares entitle the shareholders only to the repayment of the amounts paid up on those shares after the repayment of the capital paid up on the ordinary shares and the payment of £100,000 on each ordinary share. The deferred shares are non redeemable.

Convertible Loan Notes

At 30 June 2008 £5,779,417 (2007: £3,596,000) of Convertible Loan Notes had been drawn down with £2,966,000 (2007: £2,696,000) remaining unconverted. This debt is potentially convertible into 9,886,666,666 (2007: 8,986,666,666) ordinary shares. The lender has the right to convert the loan notes by giving notice in writing to the Company at any time up to 10 April 2010. If exercised the price paid for each ordinary share will be 0.03p.

Unapproved Share Options

At 30 June 2008, options were outstanding over 1,166,666,666 shares, (2007: 1,901,916,666), including 1,166,666,666 options held by a director.

Number of Options	Date of Grant	Exercise period	Exercise price pence per share
666,666,666	28 March 2007	27 March 2014	.03
500,000,000	28 March 2007	27 March 2014	.04
<u>1,166,666,666</u>			

Under the unapproved scheme, Directors options vest as follows; half in 12 months; half in 24 months from the date of issue.

	2008 Weighted average price (pence)	2008 Number	2007 Weighted average price (pence)	2007 Number
Outstanding at the beginning of the year	.036	1,901,916,666	.04	2,573,594,046
Granted during the period	-	-	.034	1,166,666,666
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	.04	(735,250,000)	.04	(1,838,344,046)
Outstanding at the end of the period	<u>.034</u>	<u>1,166,666,666</u>	<u>.036</u>	<u>1,901,916,666</u>

Share based payment

Millwall Holdings plc operates one equity settled share based remuneration scheme for employees, the unapproved scheme for executive directors, certain senior management and contractors.

The exercise price of options outstanding at the end of the period ranged between .03p and .04p (2007: .03p and .04p) and their weighted contractual life was 5.75 years (2007 – 5.01years).

Of the total number of options outstanding at the end of the period, 1,166,666,666 (2007: 735,250,000) had vested and were exercisable at the end of the year.

The weighted average fair value of each option granted during the year was Nil (2007: .016p).

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

15 Share capital (continued)

The following information is relevant in the determination of the fair value of options granted during the year under the equity settled share based remuneration scheme operated by Millwall Holdings plc.

	2008	2007
Equity settled		
Option Price model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (pence)	-	.024
Exercise Price (pence)	-	.034
Equity settled		
Expected volatility	-	67%
Expected dividend growth rate	-	NIL
Risk-free interest rate	-	5%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last 3 years.

	2008	2007
	£000	£000
The share based remuneration expense comprises:		
Equity settled options	164	4

The share based remuneration expense above represents the amount charged for the year for total compensation of £183,000 being amortised over the two year vesting period.

16 Financial commitments and contingent assets/liabilities

a) Non-cancellable operating leases

The total value of minimum lease payments in respect of property leases are due as follows

	Group	
	Land and buildings	
	2008	2007
	£000	£000
Not later than one year	228	218
Later than one year but not later than five years	1,006	968
Later than five years	9,614	9,880
	10,848	11,066

b) Pensions

The football club is one of 54 participating employers in the Football League Limited Pension and Life Assurance Scheme. Until 31 August 1999, this scheme was a defined benefit scheme. After that date, the scheme was closed to new members and a new scheme started to provide benefits on a defined contribution basis.

Contributions to the defined benefit scheme were determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted on 31 August 2005 on scheme data.

The valuation carried out on 31 August 2005 was in accordance with the Statutory Minimum Funding Requirement basis laid out in the Pensions Act 1995. This valuation showed that the deficit had decreased although as people are generally living longer, the Actuary had to take into his calculations the fact that pensions will be in payment longer. The valuation has indicated that the Club's share of the deficit was £83,281 as at 1 April 2006. This is being repaid over a ten year period, at a monthly repayment of £1,025.

At 30 June 2008, 1 (2007: 1) of the subsidiary's employees was a member of the scheme. Contributions were paid by the subsidiary being 10.4% (2006: 10.4%) of the member's pensionable salary for the period. The Group is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis so the scheme has been treated as a multi-employer scheme in these financial statements. The directors do not believe any deficiency will be material for the Group.

Certain other employees of the Group, except for football players who are responsible for their own pension arrangements, are eligible to be members of defined contribution schemes. The assets of any schemes are held in funds separate from the Group.

c) Transfer fees payable/receivable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be receivable/payable by the Group if conditions as to future team selection are met. The maximum that could be receivable is £25,000 (2007: £50,000). The maximum that could be payable is £150,000 (2007: £100,000). These amounts have not been provided for in the financial statements.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

17 Nature and extent of financial instruments

The Group's financial instruments include the following:

- trade and other receivables
- trade and other payables
- cash and cash equivalents
- accruals
- convertible loan notes PIK notes and
- other loans

Categories of Financial Instruments

Classification's of financial assets

	30 June	<i>31 May</i>
	2008	<i>2007</i>
	£000	<i>£000</i>
Trade receivables	461	<i>151</i>
Other receivables	38	<i>88</i>
Cash and cash equivalents	204	<i>749</i>
	<hr/>	<hr/>
Total financial assets classified as loans and receivables at amortised cost	703	<i>988</i>
	<hr/> <hr/>	<hr/> <hr/>

Classification's of financial liabilities

	30 June	<i>31 May</i>
	2008	<i>2007</i>
	£000	<i>£000</i>
Trade and other payables	1,860	<i>2,097</i>
Accruals (including accrued interest on loan notes)	484	<i>205</i>
Amounts relating to convertible loan notes	2,579	<i>2,135</i>
Amounts relating to loan notes	1,673	<i>–</i>
	<hr/>	<hr/>
Total financial liabilities measured at amortised cost	6,596	<i>4,437</i>
	<hr/> <hr/>	<hr/> <hr/>

Financial Instruments – Risk Management

The group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

The Group does not trade in financial instruments or carry out derivative transactions. There is no foreign currency exposure.

Credit risk

Credit risk arises principally from the Group's trade and other receivables and cash at bank and cash equivalent.

It is the risk that the counterparty fails to discharge their obligations and could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Group manages this risk by using a reputable bank and requesting references from customers that are previously unknown to the Group.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group considers the interest rates available when deciding where to place cash balances. The Group has no material exposure to interest rate risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and repayments of its liabilities. It is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group's policy is to ensure that it will have sufficient cash available to it to allow it to meet its liabilities when they become due. The Group has, at the period end, undrawn loan facilities of £1,627,000 (2007: £1,883,000) and has arranged a new facility for £3,500,000, as shown in note 19.

The maturity analysis of financial liabilities is shown in note 14.

Interest bearing financial assets

Financial assets include sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at 4.5% as and when monetary deposits are made. At 30 June 2008 the group had £148,000 on deposit (2007: £749,000).

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

17 Nature and extent of financial instruments (continued)

Convertible Loan Notes

The convertible loan notes carry interest at 9%p.a. calculated daily and consolidated quarterly. At the option of the Company the interest may be settled by the issue of PIK (Payment in Kind) Notes which have the right to subscribe for £1 of ordinary shares for every £1 of unpaid interest. The undrawn balance of £Nil (2007: £1,884,446) of convertible loan note facility is available to the Company until 11 March 2010.

Loan Notes (non-convertible)

The loan notes carry interest at 10%p.a. calculated daily and consolidated quarterly. The undrawn balance of £1,627,000 of loan note facility is available to the Company until 11 March 2010.

Fair values

The fair value of the financial assets and liabilities at 30 June 2008 and 31 May 2007 are not materially different from their book values.

Capital disclosures

The Group's management define capital as the Group's cash holding, loan notes (both convertible and non-convertible) and equity share capital.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can begin to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure the Group may sell assets to reduce debt.

18 Related Party Transactions

John G Berylson (non-executive Chairman) and Demos Kouvaris (non-executive director) are respectively Chairman, Chief Operating Officer and Chief Financial Officer of Chestnut Hill Ventures LLC the company which has advanced lines of credit to the Company through convertible and non-convertible loan notes. The convertible facility is for £5,000,000 of which £5,000,000 (2007: £3,116,000) was drawn down at the period-end of which £3,200,000 (2007: £900,000) is converted to share capital leaving a balance of £1,800,000 (2007: £2,216,000) drawn down and unconverted at the period end. Chestnut Hill Ventures LLC made a further facility of loan notes available totalling a further £3,000,000, which carry interest at 10% p.a. Messrs. C Gonticas and T Keyse, non-executive directors, subscribed for a further £300,000 of these loan notes. At 30 June 2008 £1,673,000 of these facilities had been drawn down leaving a balance of £1,627,000 available to draw down.

The remuneration of key management personnel, who are considered to be the board of directors, is shown in note 6.

19 Post Balance Sheet Events

Since the period end the Company has negotiated a further loan facility of £3,500,000 from Chestnut Hill Ventures LLC. This facility carries interest at 17% p.a. which may be payable in PIK Notes at the Company's option. Heads of terms are signed as agreed by all parties for these facilities and the board fully expects them to be available by the end of November 2008. The facility is available for a period of 2 years from date of signing.

20 Accounting estimates and judgements

Critical accounting judgements in applying the Group's policies

Certain critical accounting judgements made in applying the Group's accounting policies are described below.

The preparation of financial statements under IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Certain critical accounting judgements made in applying the Group's accounting policies are described below

Acquired players' registrations

In assessing whether the registration of any individual player requires reclassification to "Assets held for sale" and, if so, whether any impairment charge is required, the Directors will apply the accounting policy detailed in Note 1.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

20 Accounting estimates and judgements (continued)

Share based payments

In determining the fair value of equity based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependant on further estimates, including the Group's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Group could materially affect the reported value of share based payments.

Useful lives of intangible assets

Intangible assets are amortised over the length of the players' contract which is deemed to be their useful lives and managements estimates as to their continuing usefulness to the football side.

Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

21 Reserves

<i>Reserve</i>	<i>Description and purpose</i>
<i>Share capital</i>	Amount subscribed for share capital at nominal value.
<i>Share premium</i>	Amount subscribed for share capital in excess of nominal value.
<i>Equity proportion of convertible loan notes</i>	The equity element of the convertible loan notes based on the fair value of the instrument.
<i>Capital reserve</i>	Amount arising on cancellation of deferred shares and share premiums in prior years.
<i>PIK note reserve</i>	The equity element of PIK notes issued in settlement of interest arising on convertible loan notes
<i>Retained deficit</i>	Cumulative net gains and losses recognised in the consolidated income statement.

22 IFRS Transition

IFRS 1 First-time Adoption of International Financial Reporting Standards permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. In preparing these financial statements, the following transitional arrangements have been applied:

Business combinations effected prior to 1 June 2006 have not been restated to comply with IFRS 3 Business Combinations.

The Group has continued to account for Property, Plant and Equipment at cost under IAS 16.

The Group has made estimates under IFRSs at the date of transition, which are consistent with those estimates made for the same date under UK GAAP unless there is objective evidence that those estimates were made in error, i.e. the group has not reflected any new information in its opening IFRS balance sheet but reflected that new information in its income statements for subsequent periods.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

23 First time adoptions of international reporting standards IFRS restatement of Income Statement for the year ended 31 May 2007

	UK GAAP Year ended 31 May 2007 £'000	<i>Adjustment</i> <i>Year ended</i> <i>31 May 2007</i> <i>£'000</i>	<i>IFRS</i> <i>Year ended</i> <i>31 May 2007</i> <i>£'000</i>
Revenue	5,388	–	5,388
Other income – profit on disposal of players' registrations	414	–	414
Staff costs	(5,869)	–	(5,869)
Amortisation of players' registrations	(63)	–	(63)
Depreciation of property, plant and equipment	(382)	–	(382)
Total depreciation and amortisation expense	(445)	–	(445)
Other expenses	(4,488)	–	(4,488)
Loss from operations	(5,000)	–	(5,000)
Finance income	17	–	17
Finance expenditure	(208)	–	(208)
Loss before tax and for the financial period	(5,191)	–	(5,191)
Attributable to:			
Equity shareholders	(5,191)	–	(5,191)
Loss per share			
Basic and diluted	(0.024)p	–	(0.024)p

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

23 First time adoptions of international reporting standards (continued) IFRS restatement of Balance sheet as at 31 May 2007

	UK GAAP	Adjustment	IFRS
	31 May	31 May	31 May
	2007	2007	2007
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	15,691	–	15,691
Intangible assets	36	–	36
	15,727	–	15,727
Current assets			
Inventories	93	–	93
Trade and other receivables	801	–	801
Cash and cash equivalents	749	–	749
	1,643	–	1,643
Total assets	17,370	–	17,370
Non Current liabilities			
Trade and other payables	(107)	–	(107)
Financial liabilities	(2,178)	–	(2,178)
Deferred income	(4,591)	–	(4,591)
Total Non current liabilities	(6,876)	–	(6,876)
Current liabilities			
Trade and other payables	(2,259)	–	(2,259)
Accruals and deferred income	(952)	–	(952)
Total Current Liabilities	(3,211)	–	(3,211)
Total liabilities	(10,087)	–	(10,087)
Net assets	7,283	–	7,283
Capital and reserves attributable to equity shareholders			
Called-up share capital	4,840	–	4,840
Share premium account	12,634	–	12,634
Capital reserve	21,474	–	21,474
Equity proportion of Convertible Loan Notes	219	–	219
Retained loss	(31,884)	–	(31,884)
Capital and reserves	7,283	–	7,283

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

23 First time adoptions of international reporting standards (continued) IFRS restatement of Balance sheet as at 1 June 2006

	UK GAAP	Adjustment	IFRS
	1 June	1 June	1 June
	2006	2006	2006
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	15,942	–	15,942
Intangible assets	66	–	66
	16,008	–	16,008
Current assets			
Inventories	92	–	92
Trade and other receivables	1,694	–	1,694
Cash and cash equivalents	777	–	777
	2,563	–	2,563
Total assets	18,571	–	18,571
Non Current liabilities			
Trade and other payables	(168)	–	(168)
Amounts relating to convertible loan notes	–	–	–
Deferred income	(4,717)	–	(4,717)
Total Non current liabilities	(4,885)	–	(4,885)
Current liabilities			
Trade and other payables	(1,934)	–	(1,934)
Financial liabilities	(1,046)	–	(1,046)
Deferred income	(671)	–	(671)
Total Current Liabilities	(3,651)	–	(3,651)
Total liabilities	(8,536)	–	(8,536)
Net assets	10,035	–	10,035
Capital and reserves attributable to equity shareholders			
Called-up share capital	4,171	–	4,171
Share premium account	11,087	–	11,087
Capital reserve	21,474	–	21,474
Equity proportion of Convertible Loan Notes	–	–	–
Retained losses	(26,697)	–	(26,697)
Capital and reserves	10,035	–	10,035

Company Balance Sheet

	Notes	30 June 2008 £000	31 May 2007 £000
Fixed assets			
Investments	v	9,880	9,593
Current assets			
Debtors	vi	11	10
Cash at bank and in hand		1	8
		12	18
Creditors: Amounts falling due within one year	vii	(179)	(150)
Net current liabilities		(167)	(132)
Total assets less current liabilities		9,713	9,461
Creditors: Amounts falling due after more than one year	viii	(4,357)	(2,178)
Net assets		5,356	7,283
Capital and reserves			
Called up share capital	ix	6,083	4,840
Share premium account	x	15,120	12,634
Equity proportion of Convertible Loan Notes	x	181	219
Capital reserve	x	21,416	21,416
PIK note reserve	x	333	–
Retained deficit	x	(37,777)	(31,826)
Shareholders' funds	xi	5,356	7,283

The financial statements on pages 38 to 44 were approved by the Board of Directors and authorised for issue on 19 November 2008.

H Rabbatts

Director

The accompanying notes form an integral part of this balance sheet.

Notes to the Accounts

for the thirteen months ended 30 June 2008

i Accounting policies

Basis of accounting

The separate financial statements of the company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The principal accounting policies are summarised below.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Convertible financial instruments

The net proceeds received on issue of the Company's convertible financial instruments are allocated into their financial liability and equity instrument components and presented separately in the balance sheet.

On initial recognition, the financial liability component is determined by reference to the fair value of a similar liability that does not have an associated equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole, the amount separately determined for the liability component.

The amount initially attributed to the liability component equals the fair value of the liability discounted at the company's estimated cost of capital of 13%. In subsequent years the discount is unwound with the movement taken to the profit and loss account and over time the carrying value of the liability component accumulates to the value of the financial liability.

Transaction costs that are related to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

The amounts initially allocated to the financial liability and equity instrument components are not subsequently re-measured.

Upon conversion, the carrying value of amounts recognised as a financial liability are transferred to equity.

Share based payment

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account on a straight line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received. If it is not possible to identify the fair value of these goods or services provided, the profit and loss account is charged with the fair value of the options granted.

Fair value of options granted is calculated using the Black-Scholes model, details of which are given in note xi.

Financial instruments

Financial instruments are initially and subsequently recognised at cost.

ii Parent company loss

The Company has taken advantage of the exemption in the Companies Act 1985 S230 not to present its own profit and loss account. A loss of £6,115,000 (2007: £5,191,000) of the consolidated loss for the period attributable to the shareholders of Millwall Holdings Plc has been dealt with in the accounts of the Company.

iii Employees

The average number of employees of the company during the period, including directors, was 8 (2007: 7). There were no employment costs borne by the company in either period.

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

iv Loss from operations

Loss from operations is stated after charging/(crediting):

	Thirteen Months Ended 30 June 2008 £000	Year Ended 31 May 2007 £000
Auditors' remuneration		
Audit of company financial statements	5	5
Directors' remuneration – paid by subsidiaries	309	208
Share based payments	164	4
	<u><u>518</u></u>	<u><u>217</u></u>

v Investments

	Shares in subsidiary undertakings £000	Loan to subsidiary undertakings £000	Total £000
Company			
1 June 2007	400	42,766	43,166
Additions	–	6,619	6,619
30 June 2008	<u><u>400</u></u>	<u><u>49,385</u></u>	<u><u>49,785</u></u>
Amounts provided for			
1 June 2007	–	33,573	33,573
Provided in year	–	6,332	6,332
30 June 2008	<u><u>–</u></u>	<u><u>39,905</u></u>	<u><u>39,905</u></u>
Net book value			
30 June 2008	<u><u>400</u></u>	<u><u>9,480</u></u>	<u><u>9,880</u></u>
31 May 2007	<u><u>400</u></u>	<u><u>9,193</u></u>	<u><u>9,593</u></u>

At 30 June 2008, the Company's subsidiaries, which are incorporated, registered and operate in England and Wales were The Millwall Football and Athletic Company (1985) Plc, a football club, and Millwall Property Limited, a property development company of which the Company owns 100% of the issued share capitals and the voting rights.

All investments are unlisted. In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet, taking into account underlying goodwill and the value of players' registrations.

vi Debtors

	30 June 2008 £000	31 May 2007 £000
Prepayments and accrued income	11	10
	<u><u>11</u></u>	<u><u>10</u></u>

All amounts shown under debtors in respect of the current year fall due for payment within one year.

vii Creditors: Amounts falling due within one year

	30 June 2008 £000	31 May 2007 £000
Other creditors	7	143
Accruals and deferred income	172	7
	<u><u>179</u></u>	<u><u>150</u></u>

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

viii Creditors: Amounts falling due after more than one year

	30 June 2008 £000	31 May 2007 £000
Amounts relating to convertible loan notes	2,579	2,135
Amounts relating to loan notes	1,673	–
Interest accrued on loan notes	105	43
	4,357	2,178

Amounts relating to convertible loan notes refers to the financial liability component of the Company's issued convertible loan notes. The liability element of the convertible loan is recognised in accordance with the accounting policy as set out in note 1. The convertible loan notes carry interest at 9%p.a. compounded quarterly.

Amounts relating to convertible loan notes are stated net of unamortised deferred transaction costs of £206,000 (2007: £309,000).

Interest on the convertible loan notes is, at the option of the Company, paid by the issue of Payment in Kind (PIK) notes. The PIK notes are convertible into ordinary shares on or before the 11 April 2010 in accordance with the terms of the loan agreement.

The convertible loan notes are secured by a fixed and floating charge over the current and future assets of the Group.

Amounts relating to loan notes (non-convertible) refers to the financial liability of the Company's loan notes and are carried at fair value based on the amounts issued. The loan notes carry interest at 10%p.a. compounded quarterly. The total facility is for £3.3 million and the undrawn balance of £1,627,000 is available to be drawn down.

Financial liabilities are due:

	Amounts relating to loan notes		Amounts relating to convertible loan notes		Total	
	30 June 2008 £000	31 May 2007 £000	30 June 2008 £000	31 May 2007 £000	30 June 2008 £000	31 May 2007 £000
Amount payable						
– after one year but within two years	1,673	–	2,579	–	4,252	–
– after two years but within five years	–	–	–	2,135	–	2,135
	1,673	–	2,579	2,135	4,252	2,135

ix Share capital

	30 June 2008 Number	31 May 2007 Number
Authorised		
Ordinary shares of 0.01p each	86,881,838,777	86,881,838,777
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	89,473,925,944	89,473,925,944
Allotted, called up and fully paid		
Ordinary shares of 0.01p each	37,501,097,134	25,070,940,467
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	40,093,184,301	27,663,027,634
Authorised	£000	£000
Ordinary shares of 0.01p	8,688	8,688
Deferred shares of 0.09p	2,333	2,333
	11,021	11,021
Allotted, called up and fully paid		
Ordinary shares of 0.01p	3,750	2,507
Deferred shares of 0.09p	2,333	2,333
	6,083	4,840

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

ix Share capital (continued)

Issue of Ordinary Share Capital

	Ordinary Shares of 0.01p Issued	Nominal Value £	Consideration Received £
Private Placings			
19 June 2007	3,000,000,000	300,000	900,000
Conversion of Loan Notes			
20 June 2008	8,329,746,667	832,975	2,498,924
25 June 2008	1,100,410,000	110,041	330,123

Ordinary Share Capital

Ordinary Shares of 0.01p

	Number	Nominal Value £'000
At 1 June 2007	25,070,940,467	2,507
Issued in period	12,430,156,667	1,243
At 30 June 2008	37,501,097,134	3,750

Deferred shares

The rights attaching to the deferred shares which were not admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless. The deferred shares do not carry any voting rights or rights to payment of a dividend. On a winding up of the company or on a return of capital the deferred shares entitle the shareholders only to the repayment of the amounts paid up on those shares after the repayment of the capital paid up on the ordinary shares and the payment of £100,000 on each ordinary share. The deferred shares are non redeemable.

Convertible Loan Notes

At 30 June 2008 £5,779,417 (2007: £3,596,000) of Convertible Loan Notes had been drawn down with £2,999,417 (2007: £2,696,000) remaining unconverted. This debt is potentially convertible into 9,998,056,666 (2007: 8,986,666,666) ordinary shares. The lender has the right to convert the loan notes by giving notice in writing to the Company at any time up to 10 April 2010. If exercised the price paid for each ordinary share will be 0.03p.

Payment in Kind Notes

At 30 June 2008 £333,000 (2007: £Nil) of PIK Notes had been issued. These notes are convertible into 1,110,000,000 ordinary shares.

Unapproved Share Options

At 30 June 2008, options were outstanding over 1,166,666,666 shares, (2007: 1,901,916,666), including 1,166,666,666 options held by a director:

Number of Options	Date of Grant	Exercise period	Exercise price pence per share
666,666,666	28 March 2007	27 March 2014	.03
500,000,000	28 March 2007	27 March 2014	.04
<u>1,166,666,666</u>			

Under the unapproved scheme, Directors options vest as follows; half in 12 months; half in 24 months from the date of issue.

	2008 Weighted average price (pence)	2008 Number	2007 Weighted average price (pence)	2007 Number
Outstanding at the beginning of the year	.36	1,901,916,666	.04	2,573,594,046
Granted during the period	-	-	.034	1,166,666,666
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	.04	(735,250,000)	.04	(1,838,344,046)
Outstanding at the end of the period	<u>.034</u>	<u>1,166,666,666</u>	<u>.036</u>	<u>1,901,916,666</u>

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

ix Share capital (continued)

Share based payment

Millwall Holdings plc operates one equity settled share based remuneration scheme for employees the unapproved scheme for executive directors, certain senior management and contractors.

The exercise price of options outstanding at the end of the period ranged between .03p and .04p (2007 - .03p and .04p) and their weighted contractual life was 5.75 years (2007 – 5.01years).

Of the total number of options outstanding at the end of the period, 1,166,666,666 (2007 – 735,250,000) had vested and were exercisable at the end of the year.

The weighted average fair value of each option granted during the year was Nil (2007 - .016p).

The following information is relevant in the determination of the fair value of options granted during the year under the equity settled share based remuneration scheme operated by Millwall Holdings plc.

	2008	2007
Equity settled		
Option Price model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (pence)	-	.024
Exercise Price (pence)	-	.034
Equity settled		
Expected volatility	-	67%
Expected dividend growth rate	-	NIL
Risk-free interest rate	-	5%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last 3 years.

	2008	2007
	£000	£000
The share based remuneration expense comprises:		
Equity settled options	164	4

The share based remuneration expense above represents the amount charged for the year for total compensation of £183,000 being amortised over the two year vesting period.

x Reserves

	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	PIK Note reserve £000	Capital reserves £000	Profit and loss account £000
Company							
1 June 2007	2,507	2,333	12,634	219	-	21,416	(31,826)
Share issues	1,156		2,311	-	-	-	-
Equity proportion of Convertible Loan Notes Issued	-	-	-	224	-	-	-
Conversion to share capital of equity proportion of convertible loan notes	87	-	175	(262)	-	-	-
Share based Compensation	-	-	-	-	-	-	164
PIK notes issued	-	-	-	-	333	-	-
Loss for the period	-	-	-	-	-	-	(6,115)
30 June 2008	3,750	2,333	15,120	181	333	21,416	(37,777)

Notes to the Accounts

for the thirteen months ended 30 June 2008 (continued)

xi Reconciliation of movements in shareholders' funds

	Thirteen Months to 30 June 2008 £000	2007 £000
Brought forward	7,283	10,035
New shares issued	3,729	2,216
Equity portion of Convertible Loan Notes Issued	224	219
Conversion to share capital of equity proportion of convertible loan notes	(262)	–
Loss for the financial year	(6,115)	(5,191)
Share based compensation	164	4
PIK notes issued	333	–
	5,356	7,283
Carried forward	5,356	7,283

xii Derivatives and other financial instruments

Convertible Loan Notes

The convertible loan notes carry interest at 9%p.a. calculated daily and consolidated quarterly. At the option of the Company the interest may be settled by the issue of PIK (Payment in Kind) Notes which have the right to subscribe for £1 of ordinary shares for every £1 of unpaid interest. The undrawn balance of £Nil (2007: £1,884,446) of convertible loan note facility is available to the Company until 11 March 2010.

Loan Notes (non-convertible)

The loan notes carry interest at 10%p.a. calculated daily and consolidated quarterly. The undrawn balance of £1,627,000 of loan note facility is available to the Company until 11 March 2010.

Currency exposures

The Company had no foreign currency exposures at 30 June 2008 (2007: £nil). The Group does not currently have extensive transactions denominated in foreign currencies and therefore does not engage in any form of currency hedging transactions.

Fair values

The fair value of the financial assets and liabilities at 30 June 2008 and 31 May 2007 are not materially different from their book values.

xiii Related Party Transactions

John G Berylson (non-executive Chairman) and Demos Kouvaris (non-executive director) are respectively Chairman, Chief Operating Officer and Chief Financial Officer of Chestnut Hill Ventures LLC the company which has advanced lines of credit to the Company through convertible and non-convertible loan notes. The convertible facility is for £5,000,000 of which £5,000,000 (2007: £3,116,000) was drawn down at the period-end of which £3,200,000 (2007: £900,000) is converted to share capital leaving a balance of £1,800,000 (2007: £2,216,000) drawn down and unconverted at the period end. Chestnut Hill Ventures LLC made a further facility of loan notes available totalling a further £3,000,000, which carry interest at 10% p.a. Messrs. C Gonticas and T Keyse, non-executive directors, subscribed for a further £300,000 of these loan notes. At 30 June 2008 £1,673,000 of these facilities had been drawn down leaving a balance of £1,627,000 available to draw down.

xiv Post Balance Sheet Events

Since the period end the Company has negotiated a further loan facility of £3,500,000 from Chestnut Hill Ventures LLC. This facility carries interest at 17% p.a. which may be payable in PIK Notes at the Company's option. Heads of terms are signed as agreed by all parties for these facilities and the board fully expects them to be available by the end of November 2008. The facility is available for a period of 2 years from date of signing.

Millwall Holdings PLC

(Registered no. 2355508)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Millwall Holdings PLC for the year 2008 will be held at The Den, Zampa Road, London SE16 3LN at 12 noon on 19 December 2008 to consider and, if thought fit, pass the following Resolutions of which Resolutions 1 to 5 will be proposed as Ordinary Resolutions and Resolutions 6 and 7 as Special Resolutions:

As ordinary business

ORDINARY RESOLUTIONS

1. To receive the Report of the Directors and the audited Accounts for the period ended 30 June 2008.
2. To re-elect as a director Ms H Rabbatts, who retires by rotation as a director.
3. To re-elect as a director Mr T Keyse, who retires by rotation as a director.
4. To re-appoint BDO Stoy Hayward LLP as Auditors to the Company, to hold office from the conclusion of this meeting to the conclusion of the next meeting at which the accounts are laid before the Company, and to authorise the directors to determine their remuneration.

Special business

ORDINARY RESOLUTION

5. That the directors be generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the Act) to exercise all powers of the Company to allot relevant securities (as defined in the said Section 80) up to an aggregate nominal amount of £2,000,000 for a period expiring at the conclusion of the next annual general meeting of the Company provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred by this resolution had not expired, unless previously, renewed, varied or revoked and so that this authority shall be in substitution for all previous authorities conferred upon the directors pursuant to the said Section 80 save for the authorities conferred at the extraordinary general meeting of the Company held on 28 March 2007 which shall remain in full force and effect.

SPECIAL RESOLUTIONS

6. That subject to the passing of resolution 5 above, the directors be and they are hereby generally and unconditionally authorised and empowered pursuant to Section 95 of the Act, to allot any equity securities (within the meaning of Section 94 of the Act) of the Company for cash pursuant to the authority conferred on them by resolution 5 above as if Section 89(1) of the Act did not apply thereto, provided that such authority and power shall be limited to:
 - a. the allotment of equity securities in connection with any rights issue or offers of equity securities to the holders of relevant shares (within the meaning of the said Section 94) of the Company in proportion (as nearly as may be) to their respective holdings of such shares (but subject to such exclusions, variations or other arrangements as the directors may consider appropriate, necessary or expedient to deal with any fractional entitlements or with any legal or practical difficulties arising under the laws of any territory or the requirement of any regulatory body or stock exchange, or otherwise); and
 - b. any other allotment for cash of equity securities up to a maximum aggregate nominal value of £2,000,000;

and so this power, unless previously renewed or revoked, shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if such authority had not yet expired.

7. That the articles of association in the form produced to the meeting and, for the purposes of identification, signed by the chairman of the meeting, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By Order of the Board
T Simmons
Secretary

Registered Office:
The Den,
Zampa Road,
London SE16 3LN
19 November 2008

Notes

- (1) A holder of ordinary shares entitled to attend and vote at the meeting may appoint a proxy to exercise all or any of his rights to attend, speak and vote instead of him. A proxy need not be a member of the Company but must attend at the meeting to represent his appointor.
- (2) A holder of ordinary shares may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. More than one proxy may not be appointed to exercise rights attached to any one share.
- (3) A proxy card is enclosed. To be valid, the completed proxy card and the authority, if any, under which it is signed must be lodged with Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3EA not less than 48 hours before the time fixed for the meeting. If you would prefer you may put your card inside an envelope and write the Computershare address shown above onto the face of the envelope. Either method of returning your proxy card requires an appropriate postage stamp to be affixed.
- (4) Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
- (5) Completion and return of the form of proxy will not preclude members entitled to attend and vote at the meeting (or at any adjournment of the meeting) from doing so in person if they so wish. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- (6) Each holder of ordinary shares present in person or by proxy shall have one vote on a show of hands and, on a poll, one vote for each such ordinary share held.
- (7) Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, holders of ordinary shares will be entitled to attend and vote at the Meeting only if they are registered in the register of members of the Company 48 hours before the time appointed for the Meeting or any adjournment thereof.
- (8) Copies of the contracts under which directors provide services, the proposed new articles of association of the Company and the current articles marked to show the changes to be made to them (see note 7 of the Resolutions Explanatory Notes) will be available for inspection 15 minutes prior to and at the meeting. They will also be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this Notice until the date of the meeting.
- (9) Holders of Deferred Shares are not entitled to receive Notice or to vote upon the resolutions proposed at the annual general meeting.

The following explanatory notes should be read in conjunction with the Notice of Annual General Meeting

Resolutions Explanatory Notes

Resolution 1 – Report and Accounts

The directors will present their report and the audited accounts for the period ended 30 June 2008. The report has attached to it the report of the auditors dated 19 November 2008.

Resolutions 2 and 3 – Re-appointment of Ms H Rabbatts and Mr T Keyse as directors

Under the Company's existing articles of association, Ms H Rabbatts and Mr T Keyse retire by rotation, and being eligible offer themselves for re-election.

Resolution 4 – Appointment and remuneration of auditors

The Company is required to appoint auditors to hold office until the next meeting at which the accounts are laid before it. It is proposed to re-appoint BDO Stoy Hayward LLP and to authorise the directors to set their remuneration.

Resolution 5 – Section 80 authority

This resolution authorises the directors to allot and issue ordinary shares in the Company up to a nominal value of £2,000,000.

Resolution 6 – Disapplication of pre-emption rights

Any shares which the Company wishes to allot for cash must generally be offered first to shareholders pro rata to their existing holdings. Resolution 6 gives the directors power to allot shares for cash to existing shareholders, in connection with any rights issue or issues or offers of equity securities, in proportion (as nearly as maybe) to their respective holdings of such shares subject to any exclusions, variations or other arrangements as the directors may think appropriate, necessary or expedient to deal with fractional entitlements or with any legal or practical difficulties.

In addition, authority is sought for any other allotment of shares for cash, otherwise than pro rata as aforesaid, up to a limit of an aggregate nominal value of £2,000,000.

Resolution 7 – Adoption of new articles of association

It is proposed that new articles of association (the **New Articles**) are adopted by the Company in order to amend its existing articles of association (the **Current Articles**), primarily to address certain changes made to English company law by the Companies Act 2006 (the **2006 Act**).

The proposed amendments will reflect certain of the changes that came into force in April and October 2007 and April and October 2008, where the directors consider the same to be appropriate. Examples of such provisions include the form of resolutions and provisions relating to the period of notice required to convene general meetings. The remaining provisions of the 2006 Act are expected to come into force in October 2009 and members of the Company may be asked to approve further changes to the articles of association at a future date.

The material differences between the Current Articles and the New Articles are set out below. Copies of the Current Articles and the New Articles containing the proposed changes are available for inspection.

1. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required a special resolution is also effective. This provision is being amended, as the concept of an extraordinary resolution has not been retained by the 2006 Act.

The Current Articles enable members to act by written resolution. Under the 2006 Act, public companies can no longer pass written resolutions and these provisions have therefore been removed from the New Articles.

2. General meetings

The 2006 Act refers only to general meetings and annual general meetings and therefore references to 'extraordinary general meetings' have been amended to 'general meetings'.

3. Notice of general meetings

The provisions in the New Articles dealing with convening general meetings and the length of notice required to convene general meetings are in line with the relevant provisions of the 2006 Act. In particular, a general meeting (but not the annual general meeting) to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

The New Articles deal with situations where, because of a postal strike or similar situation beyond the control of the Company, a notice of meeting is not received by a shareholder. This ensures that such failure does not invalidate proceedings at the meeting in question.

4. Quorum

The New Articles make it clear that two persons who are proxies for the same member or representatives of the same body corporate can constitute a quorum.

5. Attending and speaking at meetings

The New Articles now provide that the chairman of the meeting may permit non-members or persons who are not entitled to exercise the rights of members to attend and, at the chairman's discretion, speak at a general meeting.

6. Votes of members, proxies and corporate representatives

Under the 2006 Act, proxies are allowed to speak at general meetings and to vote on a show of hands as well as on a poll, a provision which is reflected in the notes to the annual general meeting and the form of proxy, whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment of a proxy have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles reflect all of these new provisions.

The Company is aware of concerns that have been raised about the effect of section 323(4) of the 2006 Act, which provides that where a corporate shareholder appoints multiple corporate representatives and they exercise their rights to vote at general meetings in different ways, then the power is treated as not being exercised. The Company is subject to the new law regardless of whether amendments are made to the Current Articles but intends to engage with relevant shareholder groups and to take account of best practice to allow, as far as possible, multiple corporate representatives to attend at general meetings of the Company and ensure their votes are counted.

7. Amendments to resolutions

The New Articles set out the circumstances in which amendments can be made to resolutions proposed by the Company.

8. Age of directors on appointment and re-election

The Current Articles contain a provision confirming that no director is required to retire by reason of attaining the age of 70. The provision requiring directors of public companies to retire at 70 (clause 293 of the Companies Act 1985) was repealed in April 2007 and so the provision is no longer required and is removed in the New Articles.

9. Director's Interests

The 2006 Act sets out directors' general duties. The provisions largely codify the existing law, but with some changes. Under the 2006 Act, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with a company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts (where appropriate) when their articles contain a provision to this effect. The 2006 Act also allows the articles to contain other provisions for dealing with director's conflicts of interest to avoid a breach of duty.

The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. Firstly, only independent directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote a company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

The New Articles also contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest (or potential conflict of interest) arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

It is the board's intention to report annually on the Company's procedures for ensuring that the board's powers of authorisation of directors' conflicts are operated effectively and that the procedures have been followed.

The provisions of the Current Articles which previously deemed certain interests of a director's connected persons to be the interests of the director himself for the purposes of the relevant article have been deleted. There is no requirement in the 2006 Act to include such a provision and the 2006 Act contains a much wider definition of "connected person" of a director. The director and the Company must still take a view each time a matter is being considered as to whether the interests of the director's connected persons mean that the director should be treated as interested for the purposes of the relevant article.

10. Making and retention of minutes

The New Articles contain a new provision to the effect that minutes must be retained for at least 10 years, reflecting the relevant provision of the 2006 Act. (No minimum retention time was previously specified).

11. The seal and execution of documents

The New Articles provide that instruments (other than share certificates) to which the seal is affixed shall be signed by two authorised persons or by a director in the presence of a witness, whereas previously the requirement was for signature by either a director and the company secretary or two directors.

Since 6 April 2008, a document executed by one director in the presence of a witness who attests the signature will have the same effect as if executed under seal (before 6 April 2008 the requirement is for execution by two directors or one director and the company secretary). The New Articles reflect these provisions of the 2006 Act.

12. Service of notices

The New Articles contain updated provisions on the service of notices by electronic communication and provide that if on 3 consecutive occasions notices or information sent to a member have been returned undelivered, the member shall not be entitled to receive any subsequent notice or information until he has supplied a new address.

13. Power to indemnify directors

The law governing the giving by a company of indemnities to directors of that company or an associated company was amended in 2005 and further amended by the 2006 Act. In particular, a company may now, inter alia, do the following:

- (i) in the case of liabilities arising from actions brought by third parties (other than regulatory authorities or criminal prosecutors), both the costs (of the director and of the third party) and any damages may be paid by the company even if the judgment goes against the director;
- (ii) in the case of liabilities arising from actions brought by the company or an associated company, the company will not be able to indemnify a director against damages awarded to the company itself but may pay the director's defence costs as they are incurred (although a director would be liable to repay his defence costs if his defence was to be unsuccessful);

- (iii) the company will not be permitted to indemnify directors against criminal fines, fines by regulators or the legal costs of successful criminal proceedings against directors; and
- (iv) a company may, subject to the provisions of the 2006 Act, indemnify a director of an associated company that is the trustee of an occupational pension scheme, taking advantage of the qualifying pension scheme indemnity provision in the 2006 Act.

As a result of the above, the directors' indemnity provisions of the Current Articles have been amended. The New Articles include a permissive provision that gives the Company a broad power to indemnify a director, subject to the provisions of the 2006 Act. The New Articles also permit the maintenance by the Company of liability insurance for directors and it specifically makes it clear that the Company may, subject to the provisions of the 2006 Act, indemnify a director of an associated company that is the trustee of an occupational pension scheme, taking advantage of the qualifying pension scheme indemnity provision in the 2006 Act.

14. General

Several statutory references have been amended to take account of the enactment of sections of the 2006 Act and repeal of the corresponding sections of the Companies Act 1985. Some definitions have also been changed to bring them in line with the 2006 Act (or added where the relevant concepts are no longer dealt with in the 2006 Act). Other miscellaneous non-material changes have been made to reflect current law and market practice and the fact that shares may be held in treasury.

