



MILLWALL HOLDINGS PLC

Registered number: 2355508

**Report and Accounts
for the year ended
30 June 2009**

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Directors and Advisers

DIRECTORS

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

SECRETARY

Thomas Bernard Simmons

REGISTERED OFFICE

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

INDEPENDENT AUDITORS

BDO 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
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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 56 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 (*Non-Executive*) is 53 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 43 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 62 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 44 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 (*Chief Executive and Finance Director*) is 44 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

As your Chairman I am pleased to report my optimism having seen the fortunes of Millwall Football Club increase both on and off the pitch.

The first team reached the play-off final at Wembley on May 24th, a day all of us who were present will never forget. I was immensely proud to be Chairman of this Football Club when nearly 45,000 Millwall fans turned out to watch a thrilling game, which unfortunately went against us after we came so close to a memorable victory.

I was also present at The Den and Elland Road in the two play-off semi final games against Leeds United. I witnessed two magnificent team performances that saw us win through to that day at Wembley, and believe the players and management displayed all the qualities that we will need in order to achieve our goal of promotion to the Championship.

Our youth teams performed well in our first season as a Centre of Excellence, and there is renewed hope that we will once again see the emergence of some young talent, so vital to Clubs like ours. We have already seen Keirnan Hughes-Mason and John Marquis given their first taste of senior football, while Omar Beckles and Danny Fitzsimons have also been named as substitutes for the first team. The Under 18s performances in the FA Youth Cup were excellent, eventually losing to a Premiership side, Aston Villa.

I believe the key to our renewed success is that we have achieved a level of stability that is just beginning to pay off and due to the financial uncertainty in today's world we have continued to fund the Company and are very conscious of the financial issues facing all football clubs at all levels from Conference to Premiership.

The financial results do not lie, the Club continues to lose money whilst we are competing at League One level and this is why promotion to the Football League Championship is critical. At the same time we must try to attain the goal while ensuring that we spend and invest wisely and within our means. Attendances at The Den are a vital factor and we must continue to try to increase our average attendance on a regular basis.

The challenges are many though and not only the financial ones. The continued focus from outside the Club on our fans behaviour is clouded by our previous reputation, especially within certain sections of the media. I believe this is the very reason why we are currently having to defend ourselves after being charged by the FA in relation to the Carling Cup tie. I attended that match and I was exceptionally proud of the constraint shown by our fans under constant provocation within an extraordinarily unfriendly stadium atmosphere. The case will impact us financially but it is essential that we take up the challenge and demonstrate to the entire football world how far this football club has progressed. The Board and I strongly believe that this fight against the FA charge is one of principal and ultimately we must prevail.

Work has continued on the regeneration of the stadium and surrounding area. The overall re-designation of the area is subject to final approval by the Mayor of Lewisham in consultation with the Mayor of London and this consultation process will commence shortly. Due to a number of factors outside of the Club's control, there has been a significant delay in this process. The Council remains committed to ensuring the Club lies at the heart of any redevelopment. Ultimate success will be dependent on the overall development market, and conditions continue to be challenging. While there are hints of recovery, confidence in complex mixed-use schemes still appears to be some way off.

Finally I would like to thank everyone at the Football Club for all their hard work and their continued efforts, from my fellow Directors whose support is superb to the management and all the staff. I would also like to thank Andy Ambler who became Chief Executive in May and has seamlessly taken up the role without any hitches or interruptions.

I would also like to thank the loyal fans who attend week after week. Your loyalty and understanding of the important issues the club faces is something I am very aware of. I am always interested in your opinions and thoughts as our decision earlier this year on the Family Enclosure proved.

Chairman's statement

As I have said many times before, this is a very special football club and if we all pull together and continue to work hard it will be a successful one.

On a personal note, not only am I exceptionally proud to be your Chairman I want to thank you all for being so supportive and understanding and giving me enough time to appreciate all the important aspects of the responsibility I hold.

John G Berylson

Chairman

16 November 2009

Directors' Report

The Directors present their report on the affairs of the Group, together with the accounts and independent auditor's report for the year ended 30 June 2009.

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 Properties Limited.

Business Review

The 2008-9 season, under the first full season management of Kenny Jacket, was the most successful for a number of years. The season culminated in the Division 1 play-off final at Wembley where the team was unfortunate to lose to Scunthorpe United 3-2 in front of over 45,000 Millwall supporters.

A good start to the season was followed by an indifferent midterm spell caused by injuries, but the commitment of the manager and players led to a strong end of season performance. This was another year with a high level of injuries, including a long term injury to the Club captain, Paul Robinson, causing the extensive use once again of loan players. This, together with exceptional player bonuses, led to a player wages bill over budget. There were a total of 35 players used during the season (2008: 41).

The team finished the 2008-9 league campaign with 82 points (2008: 51) and in 5th position (2008: 17th). Once again early season cup performances resulted in first round exits in both the Johnstone Paint Trophy and the Carling Cup competitions. Millwall reached the 4th round of the FA Cup, this time losing an away tie to the Premiership team, Hull City. The strong end of season performances were highlighted by the victories over promotion rivals MK Dons, Peterborough United and, in the play-offs, Leeds United.

The average home league attendance was 8,940 (2008: 8,668) with over 13,000 present for the play-off game with Leeds United which, once again, 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 LLP ("CHV"). This was provided in the form of a sterling term loan note facility of up to £3,500,000. This loan note facility was approved by the Board on 13th November 2008 and is non-convertible. Total loan drawdowns in the year under this and other existing facilities totalled £4,234,000 (2008: £4,695,000).

A review of the Group's property development and regeneration activities is provided later in this report.

Results

The consolidated income statement is set out on page 16.

Revenue for the year showed a healthy increase of over 20% overall with gate and associated match-day revenues increasing by 29% reflecting the more successful season and the share of revenue from the Play-off Final at Wembley. The additional revenues secured in non-matchday conferencing and events, and retail sales, which were enhanced by the Wembley appearance, rose by 7%.

Total staff costs for the year of £6.3m showed a very small reduction on those for the previous 13 month period. The player related costs were generally lower than the previous period, although again this year extra costs arose in respect of loan players required as cover for injured players. However, team and management bonuses arising upon reaching the play-offs eradicated the anticipated savings. The total wages to turnover ratio fell to 97% (2008: 118%), although 2008 was for a thirteen month period having included June 2008, a month with no football fixtures and therefore the lowest income generating month of the calendar year.

Other expenses (excluding Depreciation and Amortisation) reduced to £4.2m (2008: £5.2m). This reduction is primarily due to a significant reduction in the expenses incurred in connection with the regeneration programme, down to £0.2m (2008: £1.3m). Cost efficiencies have continued to be made in the Football Club resulting in further savings in administration costs in this area of the business.

Income from player sales was much less significant this year and amounted to £71,000 (2008: £913,000)

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.

Details of the Group's exposure to financial risks and the management procedures in place to mitigate these are set out in note 17 to these financial statements.

Prospects

Football

Performances at the start of the 2009-2010 season, despite injuries to a number of key players, have placed the team close to a playoff position having achieved important wins over promotion rivals and the team is unbeaten at home so far. The directors believe that the squad is strong enough to make a challenge for promotion once again this season. So far this season the average home attendance for the first eight league games has been 9,240, slightly up on the position last year. Corporate matchday sales and retail are matching last year and meeting budgets.

The budgeted player wage costs for the current year shows a significant reduction on the final costs for 2008-2009. There is now a core squad all of whom are part of the Club's ambition for the season although, looking forward there are 13 first squad players whose contracts expire at the end of June 2010. The directors and manager will be taking steps to review future player needs bearing in mind the continuing requirement to balance between protecting player asset values and offering extended player contracts.

Other football related income

In May 2009, the Club appointed an experienced football Commercial Manager. An early benefit was the successful introduction of an on-line ticketing system which will enable the Club not only to provide a better ticketing service to fans, but open the way to develop further sales opportunities, including on-line retail marketing. With more concentrated marketing in place it is expected that there will be an increase this year from sponsorship and other football related income. Retail sales are expected to match last year, excluding the benefit of Wembley related sales.

The Den

Revenues from the utilisation of the stadium on non-matchdays are expected to show some growth this year with forward bookings for conferences and other activities currently ahead of last year.

The Community

The Club continues to recognise the importance of the relationship with the broader community and a key way of strengthening that link is the close co-operation with the work that is undertaken with the Millwall Community Scheme. Recently Andy Ambler has accepted the invitation to become a Trustee of the Millwall Community Scheme to further help promote the work and activities of both Football Club and Community Scheme across this region of London.

Directors' Report

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. On 20 October 2009 it was announced that an existing unsecured loan facility with CHV had been extended by £800,000. CHV have also undertaken to provide the Company with sufficient financial support as and when required in order to meet the Group's financial obligations as and when they fall due and for a period of not less than 12 months from 16 November 2009. At the AGM in December 2008 the Company failed to secure a waiver of shareholders rights of pre-emption over new share issues for cash. This was due to a significant shareholder voting against this recommendation. If the waiver had been approved the Company could have raised money by the issue of new shares for cash. As the waiver was not approved the Company is severely constrained and can raise money only by way of debt. The Company will again seek to secure a waiver of pre-emption rights at the forthcoming AGM in order to allow it to issue shares for cash.

As a result of not being able to raise equity capital, the Company currently has borrowings in excess of the levels permitted by the Articles of Association. Whilst this has no bearing on the viability of the Company, a resolution will be proposed at the forthcoming AGM to increase the borrowing powers of the Company. The directors are exploring other means of providing further equity capital to the Company.

Another consequence of continuing losses and the inability to raise equity capital is that the net assets as shown by the audited group balance sheet at 30 June 2009 are less than 50% of the issued share capital. In such circumstances the directors are required to call a general meeting to consider whether any, and if so what, steps should be taken to deal with the situation. Accordingly, this matter has been placed on the agenda for discussion at a general meeting to be held immediately after the conclusion of the forthcoming AGM.

It is the view of the directors that an increase of equity capital remains a priority and they urge shareholders to vote in favour of the resolutions to give the directors authority to raise funds by the issue of new shares.

Regeneration

Work has continued on the regeneration of the stadium and surrounding environs. The overall redesignation of the area is subject to final approval by the Mayor of Lewisham in consultation with the Mayor of London and this consultation process will commence shortly. The Local Development Framework which is the planning document which sets out the London Borough of Lewisham's vision for the Surrey Quays Triangle and which the Mayor of London will then review will be published in the near future.

It is fair to say that this has been delayed from the original timetable. Millwall has worked closely with the authority on this and the Council remains committed to ensuring the club lies at the heart of any redevelopment.

In parallel to this has been the work to support the new station at Surrey Quays where there is a budget shortfall in the current provision. The Group has participated significantly in the campaign and provided thousands of signatures to support the case for Transport for London closing the final cost gap. The issue is not the building of the line or the proposal for the new station but just the fitting out costs. It is anticipated that the decision will be made shortly. Clearly the case for the station and the regeneration plans are mutually interlinked; with one reinforcing the other.

Ultimately the success of a masterplan and planning application is dependent on two key aspects. First and foremost the three significant landowners/occupiers (Millwall FC, the London Borough of Lewisham and an adjacent private developer/land owner, Renewal) working together. There are ongoing negotiations to develop a shared approach. As in any major scheme this is a difficult and protracted process but the Group will work with the Borough to achieve an agreement. However within this the requirements of the football club are a priority and this is appreciated by the Council and will not be compromised with a commercial developer. The second criteria for ultimate success of any scheme will be the overall state of the development market and conditions continue to be challenging. Whilst there are hints of recovery, confidence in major complex mixed use schemes is still some way off.

The lower spend in the current year reflects these conditions but the vision to achieve a major change to the Football Club and surrounding community remains undimmed. The Chairman and Board are committed to working with the Council to achieve this.

Directors

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

John G Berylson (*Non-Executive Chairman*)

Heather Rabbatts (*Executive Deputy Chairman during the year now Non-Executive*)

Stewart Till (*Non-Executive*) (*resigned 21 August 2008*)

Trevor Keyse (*Non-Executive*)

Constantine Gonticas (*Non-Executive*)

Andrew Ambler (*Executive*)

Demos Kouvaris (*Non-Executive*)

In accordance with the Articles of Association, Mr A Ambler and Mr C Gonticas retire by rotation and being eligible each offers himself 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 12.

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 preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' Report

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company'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 Company'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 year ended 30 June 2009, 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 one executive (Mr A Ambler) and five non-executive directors (Mr J Berylson, Ms H Rabbatts, 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 their views. 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 at www.millwallholdingsplc.co.uk.

The Board, or representatives thereof, meets with its institutional shareholders on request and all shareholders have the opportunity to put forward questions at the Company's annual general meeting. 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 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 during the year). The remit of the audit committee includes the discussion with the auditors of the audit approach and of reports produced by the auditors detailing the results of their work. It meets at least once a year.

The audit committee has sole responsibility for assessing the independence of the external auditors, BDO LLP. The committee has had due regard to the document published in November 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 during the year). Of the Members of the Board, only Ms H Rabbatts and Mr A Ambler were entitled, in their capacity as Board Members, to receive any remuneration during the year, 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 loan facility of £3,500,000 with Chestnut Hill Ventures LLC (see note 17) was increased by £800,000 on 20 October 2009, on the same terms, and a further increase is proposed in order to provide sufficient financial support for a period of at least 12 months from the date of this Report. 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' Report

Directors' remuneration

Policy of remuneration

The remuneration committee has reviewed the relevant Directors' remuneration in respect of the year ended 30 June 2009.

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, they will continue to serve 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 during the year has subsequently stepped down from this position and is currently serving on the Board in a non executive capacity. She does not receive directors' fees or any remuneration for these non executive services although she retains options over 1,166,666,666 ordinary shares previously awarded.

Mr Andrew Ambler, the Chief Executive and Finance Director of the Company, 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.

Substantial shareholdings

The Directors have been notified that at 10 November 2009 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 William Shenkman	3,100,410,000	8.27
Jim Nominees Limited <Jarvis>	2,394,738,000	6.39
Rowanmoor Trustees Limited <11/8024>	1,250,000,000	3.33
Euroclear Nominees Limited <EOC01>	1,132,338,000	3.02

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 2009 (2008: £nil). Trade creditors of the Group at the period end represented 69 days purchase (2008: 71 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 11 December 2009 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 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.

A Ambler

Director

16 November 2009

Independent Auditor's Report

To the members of Millwall Holdings Plc

We have audited the financial statements of Millwall Holdings Plc for the year ended 30 June 2009 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statements and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mr James Roberts (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

Date: 16 November 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated Income Statement

for the year ended 30 June 2009

		Year Ended 30 June 2009 Total £000	<i>Thirteen Months Ended 30 June 2008 Total £000</i>
	<i>Notes</i>		
Revenue	1,2	6,460	5,367
Other income – profit on disposal of player's registrations		71	913
Staff costs	5	(6,260)	(6,313)
Amortisation of players' registrations	9	(287)	(126)
Depreciation of property, plant and equipment	10	(258)	(309)
Total depreciation and amortisation expense		(545)	(435)
Other expenses		(4,166)	(5,202)
Loss from operations	4	(4,440)	(5,670)
Finance income	3	10	31
Finance expense	3	(784)	(476)
Loss before taxation		(5,214)	(6,115)
Tax expense	7	—	—
Loss for the year/period attributable to:			
Equity holders of the parent		(5,214)	(6,115)
Loss per share – basic and diluted	8	(0.014)p	(0.022)p

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2009

	Ordinary Shares of 0.01p each £000	Deferred Shares of 0.09p each £000	Share premium account £000	Equity component of Convertible Loan Notes £000	Capital reserve £000	PIK note reserve £000	Retained deficit £000	Total Equity £000
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 payment	—	—	—	—	—	—	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
1 July 2008	3,750	2,333	15,120	181	21,474	333	(37,835)	5,356
Share based payment	—	—	—	—	—	—	14	14
PIK notes issued	—	—	—	—	—	507	—	507
Loss for the year	—	—	—	—	—	—	(5,214)	(5,214)
30 June 2009	3,750	2,333	15,120	181	21,474	840	(43,035)	663

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

Consolidated Balance Sheet

for the year ended 30 June 2009

Company number: 2355508

	Notes	30 June 2009 £000	30 June 2008 £000
Non-current assets			
Intangible assets	9	392	291
Property, plant and equipment	10	15,037	15,127
		15,429	15,418
Current assets			
Inventories	11	61	66
Trade and other receivables	12	1,007	1,104
Cash and cash equivalents		391	204
		1,459	1,374
Total assets		16,888	16,792
Non-current liabilities			
Trade and other payables	13	(386)	—
Financial liabilities	14	(4,428)	(4,357)
Deferred income	13	(3,716)	(3,770)
		(8,530)	(8,127)
Current liabilities			
Trade and other payables	13	(2,019)	(2,239)
Financial liabilities	14	(4,636)	—
Deferred income	13	(1,040)	(1,070)
		(7,695)	(3,309)
Total liabilities		(16,225)	(11,436)
Net assets		663	5,356
Equity			
Called up share capital	15,21	6,083	6,083
Share premium	21	15,120	15,120
Equity proportion of Convertible Loan Notes	21	181	181
Capital reserve	21	21,474	21,474
PLK note reserve	21	840	333
Retained deficit	21	(43,035)	(37,835)
Total Equity attributable to the shareholders of the parent		663	5,356

The accounts on pages 16 to 35 were approved by the Board of Directors and authorised for issue on 16 November 2009.

A Ambler

Director

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

Consolidated Cash Flow Statement

for the year ended 30 June 2009

	Year ended 30 June 2009 £000	<i>Thirteen months</i> <i>ended</i> <i>30 June</i> <i>2008</i> <i>£000</i>
Cash flows from operating activities		
Loss before taxation	(5,214)	(6,115)
Share based payments	14	497
Depreciation on property, plant and equipment	258	309
Amortisation of intangible assets	287	126
Amortisation of grants	(82)	(98)
Amortisation of prepaid finance fees	103	—
Profit on disposal of players' registrations	(71)	(913)
Profit on disposal of property, plant and equipment	—	(300)
Finance income	(10)	(31)
Finance expense	784	476
	(3,931)	(6,049)
Cash flows from operating activities before changes in working capital		
Decrease in inventory	5	27
(Increase) in trade and other receivables	(109)	(303)
Increase/(decrease) in trade and other payables and deferred income	217	(110)
	(3,818)	(6,435)
Cash generated from operations		
Investing activities		
Purchase of property, plant and equipment	(168)	(36)
Proceeds on disposal of players' registrations	277	695
Purchase of players' registrations	(343)	(381)
Interest received	10	31
	(224)	309
Net cash generated by investing activities		
Financing activities		
Proceeds from issue of new share capital	—	900
Proceeds from issue of Convertible Loan Notes	—	3,022
Proceeds from issue of loan notes	4,234	1,673
Interest paid	(5)	(8)
	4,229	5,587
Net cash generated by financing activities		
Net increase/(decrease) in cash and cash equivalents	187	(539)
Cash and cash equivalents at start of year/period	204	743
Cash and cash equivalents at end of year/period	391	204

During the year, £Nil (2008: £2,829,050) of convertible loan notes issued were converted into ordinary shares of the Company.

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

Notes to the Accounts

for the year ended 30 June 2009

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 2006 that remain applicable to groups reporting under IFRS.

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. On 20 October 2009 Chestnut Hill Ventures LLC increased the £3,500,000 loan note facility of 25 November 2008 by £800,000 (see note 19) and is in the process of actioning a further increase. The Directors have prepared the financial statements on a going concern basis having had regard to this further source of funds and the cash flow projections for the period to 31 December 2010. 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 16 November 2009.

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 and interpretations, issued by the IASB or IFRIC, have not been adopted by the Company as these were not effective for the year ended 30 June 2009. The Company is currently assessing the impact these standards and interpretations will have on the presentation of its results in future periods. Where a significant impact has been identified, it is set out below.

- *IAS 1 (Amendment)* – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) IAS 1 has been endorsed for use in the EU. One key impact on the Group is that the revised IAS 1 will require changes to the presentation of the Income Statement. It will require a Statement of Comprehensive Income including all gains and losses taken to equity, or an Income Statement and a separate Statement of Comprehensive Income which deals with other gains and losses taken to equity.
- *IAS 23 (Amendment)* – Borrowing costs (effective for annual periods beginning on or after 1 January 2009). IAS 23 has been endorsed for use in the EU.
- *IAS 27 (Amendment)* – Consolidated and separate financial statements (effective for periods beginning on or after 1 July 2009). IAS 27 has been endorsed for use in the EU.
- *IFRS 2 (Amendment)* – Vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009). IFRS 2 (Amendment) has been endorsed for use in the EU.
- *IFRS 3 (Revised)* – Business combinations (effective for accounting periods beginning on or after 1 July 2009). IFRS 3 (Revised) has been endorsed for use in the EU.
- *IFRS 8* – Operating segments (effective for annual periods beginning on or after 1 January 2009) contains requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The standard is concerned only with disclosure and replaces IAS 14 – Segment reporting. IFRS 8 has been endorsed for use in the EU.
- *IFRIC 15* – Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of a construction contract, the interaction between IAS 11 and IAS 18 and provides guidance on how to account for revenue when the agreement for the construction of real estate falls within the scope of IAS 18. IFRIC 15 has been endorsed for use in the EU.
- *Amendments to IAS 32. Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements* – Puttable Financial Instruments and Obligations arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009). These amendments have been endorsed for use in the EU.
- *IFRS 7 (Amendment)* – Improving disclosures about financial instruments (effective for accounting periods beginning on or after 1 January 2009). These amendments have not been endorsed for use in the EU.
- *IFRIC 9 IAS 39 (Amendment)* – Embedded Derivatives (effective for accounting periods beginning on or after 30 June 2009). These amendments have not been endorsed for use in the EU.
- *IFRS 2 (Amendment)* – Group Cash-settled share based payment transactions (effective for accounting periods beginning on or after 1 January 2010) clarifies that, where a parent (or another group entity) has an obligation to make a cash-settled share-based payment to another group entity's employees or suppliers, the entity receiving the goods or services should account for the transaction as equity-settled. The Amendment also moves the IFRIC 11 requirements in respect of equity-settled share-based payment transactions among group entities and the clarification of the scope of IFRS 2 contained within IFRIC 8 into IFRS 2 itself. These amendments have not been endorsed for use in the EU.

Improvements to IFRS (2009) (effective for accounting periods beginning on or after 1 January 2009). These amendments have been endorsed for use in the EU.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

1 Accounting policies (continued)

Improvements to IFRS (2010) (effective for accounting periods beginning on or after 1 January 2010). These amendments have not been endorsed for use in the EU.

There have been other standards and interpretations issued that are considered to be not relevant and have not been included in the list above.

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 prior period the Company's accounting reference date was changed from 31 May to 30 June. This brought the Group in line with most other Football League Clubs and meant that the accounting reference date was in line with the standard expiry date of players' contracts. As a consequence the Group's comparative information in these financial statements is for the thirteen months ended 30 June 2008. 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 recognised 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

Inventories 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 other 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 year ended 30 June 2009 (continued)

1 Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the rates that are substantively enacted or enacted at the balance sheet date.

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 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. 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 profit or loss 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.

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.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

1 Accounting policies (continued)

The difference between the consideration allocated to the liability component and its carrying value are recognised in profit or 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 under the effective interest method.

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 income statement 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.

In addition where the terms and conditions of options are modified before they vest, the incremental 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 equity instruments granted.

The fair value of options granted is calculated using the Black-Scholes model.

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.

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.

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.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

1 Accounting policies (continued)

Grants

Grants relating to property, plant and equipment are treated as deferred income and released to the income statement as the assets concerned are depreciated. Other grants are credited to the income statement as the related expenditure is incurred.

2 Segmental analysis

The Group has one main business segment in the current year and preceding period, 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:

	Year Ended 30 June 2009 £000	<i>Thirteen Months Ended 30 June 2008 £000</i>
Match day	3,881	3,016
Central League awards	589	491
Commercial	1,990	1,860
	6,460	5,367

3 Finance income and expense

	Year Ended 30 June 2009 £000	<i>Thirteen Months Ended 30 June 2008 £000</i>
Finance income		
Interest on bank deposits	10	31
Finance expense		
Bank loans and overdrafts	–	5
Interest on convertible loan notes	779	468
Other	5	3
	784	476

Notes to the Accounts

for the year ended 30 June 2009 (continued)

4 Loss from operations

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

	Year Ended 30 June 2009 £000	<i>Thirteen Months Ended 30 June 2008 £000</i>
Depreciation and amounts written off property, plant and equipment		
– owned	254	301
– held under finance leases and hire purchase contracts	4	8
Amortisation of grant	(82)	(98)
Amortisation of player registrations	87	126
Operating lease rentals		
– plant and machinery	26	37
– land and property	237	168
Auditors' remuneration		
– Audit of company financial statements	5	5
– Audit of financial statements of subsidiaries	35	35
– Taxation services	14	14
– Other services	13	13
Directors' remuneration	167	309
Profit on sale of players' registrations	(71)	(913)
Share based payments	14	164
	=====	=====

5 Staff costs

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

	Year Ended 30 June 2009 Number	<i>Thirteen Months Ended 30 June 2008 Number</i>
Football team management	7	7
Administrative and ground staff	59	55
Players	46	46
	=====	=====
	112	108

In addition, the Group employs, on average, a further 90 (2008: 120) temporary staff on matchdays.

Aggregate remuneration comprised:

	Year Ended 30 June 2009 £000	<i>Thirteen Months Ended 30 June 2008 £000</i>
Wages and salaries	5,662	5,731
Social security costs	585	580
Pension costs	13	2
	=====	=====
	6,260	6,313

Notes to the Accounts

for the year ended 30 June 2009 (continued)

6 Directors' emoluments

	Year Ended 30 June 2009 £000	<i>Thirteen Months Ended 30 June 2008 £000</i>
Directors' emoluments	167	309
Share based payment	14	164
Pension costs	13	–

The aggregate emoluments of the highest paid director was £85,416 (2008: £216,666).

Payments made to money purchase pension schemes were made in respect of one director (2008: none)

Payments to money purchase pension schemes for the highest paid director were £Nil (2008: £Nil)

7 Tax expense

No taxation charge arises due to the incidence of losses incurred and capital allowances claimed during the year (2008: £Nil).

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

	Year Ended 30 June 2009 £000	<i>Thirteen Months Ended 30 June 2008 £000</i>
Loss on ordinary activities before tax	(5,214)	(6,115)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 29.5%)	(1,460)	(1,803)
Effects of:		
Expenses not deductible for tax purposes	120	545
Losses for which deferred tax assets are not recognised	1,340	1,258
Total tax charge for the year/period	–	–

The applicable rate of corporation tax for the current year of 28% differs from the applicable rate applied in the prior period of 29.5% 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 2009 the Group had estimated tax losses carried forward of £45.3m (2008: £40.1m), subject to the agreement of HM Revenue and Customs. After assessing the prospects for the 2010 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 amount of the unprovided deferred tax asset (at 28%, 2008: 28%) is calculated at £12.7m (2008: £11.2m).

At 30 June 2009 the Group had £8.4m (2008: £8.1m) 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 amount of the unprovided deferred tax asset is calculated as £2.4m (2008: £2.3m).

At 30 June 2009 the Group had capital losses carried forward of £4.7m (2008: £4.7m). These have not been recognised as the board cannot prudently estimate that these will be utilised in the forthcoming period. The amount of the unprovided deferred tax asset is calculated as £1.3m (2008: £1.3m).

8 Loss per ordinary share

The calculation of loss per ordinary share is based on the loss for the year of £5,214,000 (2008 loss: £6,115,000) and on 37,501,097,134 (2008: 28,151,242,277) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the year. There is no potential dilution on the loss per ordinary share in 2009 or 2008 and therefore there is no difference between basic and diluted earnings per share. As at 30 June 2009 the number of options which could potentially dilute basic earnings per share in the future was 1,166,666,666 (2008: 1,166,666,666). 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 2009, the Company had gross convertible debt of £2,999,000 (2008: £2,999,000) in issue, potentially convertible to 9,996,666,666 (2008: 9,996,666,666) ordinary shares and PIK notes issued of £839,000 (2008: £333,000) potentially convertible to 2,796,666,666 (2008: 1,110,000,000) ordinary shares, which could dilute earnings per share in the future. There are also a further 3,068,328,600 (2008: 3,068,328,600) warrants outstanding, which are exercisable, at any time, at a price of .04p.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

9 Intangible assets

	Players' Registrations £000
Cost	
1 June 2007	325
Additions	381
Disposals	(279)
30 June 2008	427
1 July 2008	427
Additions	388
Disposals	(150)
30 June 2009	665
Amortisation	
1 June 2007	289
Charge for the period	126
Disposals	(279)
30 June 2008	136
1 July 2008	136
Charge for the year	287
Disposals	(150)
30 June 2009	273
Net book value	
30 June 2008	291
30 June 2009	392

Included in the net book value of players' registrations are three registrations at net book values at 30 June 2009 of £123,000, £106,000 and £90,000 (2008: two at £101,000 and £133,000). The respective remaining useful lives of these registrations are three years, one year and two years respectively. One of these players was acquired during the year ended 30 June 2009 with the other two in the previous period.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

10 Property, plant and equipment

	Long leasehold premises £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
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
1 July 2008	17,629	3,219	42	20,890
Additions	–	168	–	168
30 June 2009	17,629	3,387	42	21,058
Accumulated depreciation				
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
1 July 2008	2,670	3,059	34	5,763
Charge for the year	176	78	4	258
30 June 2009	2,846	3,137	38	6,021
Net book value				
30 June 2008	14,959	160	8	15,127
30 June 2009	14,783	250	4	15,037

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 £3,862 (2008: £12,320) relating to assets acquired under finance lease and hire purchase agreements. The depreciation charge for the year in respect of these assets is £3,924 (2008: £7,930).

11 Inventories

	30 June 2009 £000	30 June 2008 £000
Goods for resale	61	66

Goods for resale include an amount of £40,000 (2008: £40,000) carried at fair value less costs to sell. The amount of inventories recognised as an expense during the year was £405,000 (2008: £336,000).

12 Trade and other receivables

	30 June 2009 £000	30 June 2008 £000
Trade receivables	375	461
Other receivables	5	38
Prepayments and accrued income	627	605
	1,007	1,104

All amounts shown under trade receivables in respect of the current year 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. They are therefore 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 year ended 30 June 2009 (continued)

12 Trade and other receivables (continued)

At 30 June 2009 trade receivables of £65,000 (2008: £72,000) 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 2009 £000	30 June 2008 £000
Up to 3 months	–	–
3 to 6 months	65	72
	65	72

13 Trade and other payables

	30 June 2009 £000	30 June 2008 £000
<i>Current:</i>		
Trade and other payables	1,264	1,511
Taxation and social security	341	349
Accruals	414	379
	2,019	2,239
Deferred income	1,040	1,070
	3,059	3,309
<i>Non-current:</i>		
Trade and other payables	81	–
Accruals	305	–
	386	–
Deferred income	3,716	3,770
	4,102	3,770

Included within deferred income is:

- an amount of £977,000 (2008: £918,000) relating to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.
- unamortised grants totalling £2,778,000 (2008: £2,860,000) received in respect of the long leasehold premises and other fixtures and fittings.
- unamortised proceeds of £1,000,000 (2008: £1,063,000) from the sale of the Training Ground in excess of market value which are being amortised on a straight line basis over 20 years to 2025.

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. They are therefore subject to an insignificant risk of changes in value. All trade and other payables are considered to be payable within 60 days.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

14 Financial liabilities

	30 June 2009 £000	30 June 2008 £000
<i>Current:</i>		
Amounts relating to convertible loan notes	1,554	–
Interest accrued on convertible loan notes	475	–
Amounts relating to loan notes	2,607	–
	4,636	–
<i>Non-current:</i>		
Amounts relating to convertible loan notes	1,128	2,579
Interest accrued on convertible loan notes	–	105
Amounts relating to loan notes	3,300	1,673
	4,428	4,357

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.

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 convertible loan notes are stated net of unamortised deferred transaction costs of £103,000 (2008: £206,000).

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

Details of the terms of the other loan instruments are provided in note 17.

Financial liabilities are due:

	<i>Amounts relating to loan notes</i>		<i>Amounts relating to convertible loan notes</i>		<i>Total</i>	
	30 June 2009 £000	30 June 2008 £000	30 June 2009 £000	30 June 2008 £000	30 June 2009 £000	30 June 2008 £000
Amount payable						
– within one year	2,607	–	1,554	–	4,161	–
– after one year but within two years	3,300	1,673	1,128	2,579	4,428	4,252
	5,907	1,673	2,682	2,579	8,589	4,252

Notes to the Accounts

for the year ended 30 June 2009 (continued)

15 Share capital

	30 June 2009 Number	30 June 2008 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	37,501,097,134
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	40,093,184,301	40,093,184,301
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	3,750
Deferred shares of 0.09p	2,333	2,333
	6,083	6,083

Deferred shares

The rights attaching to the deferred shares which were not admitted to trading on AIM 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 2009 £5,779,000 (2008: £5,779,000) of Convertible Loan Notes had been drawn down with £2,999,000 (2008: £2,999,000) remaining unconverted. This debt is potentially convertible into 9,998,056,666 (2008: 9,998,056,666) 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.

The convertible loan notes have 3,068,328,600 (2008: 3,068,328,600) warrants attached, which are exercisable, at any time, at a price of .04p each.

Payment in Kind Notes

At 30 June 2009 £840,000 (2008: £333,000) of PIK Notes had been issued. These notes are convertible into 2,800,000,000 (2008: 1,110,000,000) ordinary shares.

Unapproved Share Options

At 30 June 2009, options were outstanding over 1,166,666,666 shares (2008: 1,166,666,666), all of which are 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
1,166,666,666			

Notes to the Accounts

for the year ended 30 June 2009 (continued)

15 Share capital (continued)

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

	2009 Weighted average price (pence)	2009 Number	2008 Weighted average price (pence)	2008 Number
Outstanding at the beginning of the year/period	.034	1,166,666,666	.036	1,901,916,666
Lapsed during the year/period	-	-	.04	(735,250,000)
Outstanding at the end of the year/period	.034	1,166,666,666	.034	1,166,666,666

Share based payment

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

The exercise price of options outstanding at the end of the year ranged between .03p and .04p (2008: .03p and .04p) and their weighted contractual life was 5.25 years (2008: 5.75years).

Of the total number of options outstanding at the end of the year, 1,166,666,666 (2008: 1,166,666,666) had vested and were exercisable at the end of the year.

	2009 £000	2008 £000
The share based remuneration expense comprises:		
Equity settled options	14	164

The share based remuneration expense above represents the amount charged for the year/period 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

	2009 £000	2008 £000
Not later than one year	237	228
Later than one year but not later than five years	1,047	1,006
Later than five years	9,336	9,614
	10,620	10,848

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 for which financial information is currently available 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 2009, 1 (2008: 1) of the subsidiary's employees was a member of the scheme. Contributions were paid by the subsidiary being 10.4% (2008: 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.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

16 Financial commitments and contingent assets/liabilities (continued)

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 £Nil (2008: £25,000). The maximum that could be payable is £105,000 (2008: £150,000). These amounts have not been provided for in the financial statements.

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
- non convertible loan notes and
- PIK notes

Categories of Financial Instruments

Classification's of financial assets

	30 June 2009 £000	30 June 2008 £000
Trade receivables	375	461
Other receivables	5	38
Cash and cash equivalents	391	204
	<hr/>	<hr/>
Total financial assets classified as loans and receivables at amortised cost	771	703
	<hr/> <hr/>	<hr/> <hr/>

Classification's of financial liabilities

	30 June 2009 £000	30 June 2008 £000
Trade and other payables	2,224	1,860
Accruals (including accrued interest on loan notes)	719	484
Amounts relating to convertible loan notes	2,682	2,579
Amounts relating to loan notes	5,907	1,673
	<hr/>	<hr/>
Total financial liabilities measured at amortised cost	11,532	6,596
	<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 year end, undrawn loan facilities of £1,119,000 (2008: £1,627,000) and has arranged an increase in its facility of £2,000,000, as shown in note 19.

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

Notes to the Accounts

for the year ended 30 June 2009 (continued)

17 Nature and extent of financial instruments (continued)

Interest bearing financial assets

Financial assets include sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at market rate as and when monetary deposits are made. At 30 June 2009 the Group had £301,000 on deposit (2008: £148,000).

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 convertible loan note facility was fully drawn down at the start and end of the year and is available to the Company until 11 March 2010.

Loan Notes (non-convertible)

The £3,300,000 loan note facility carries interest at 10%p.a. calculated daily and consolidated quarterly. The facility is fully drawn (2008: £1,627,000 undrawn) and is available to the Company until 11 March 2010.

A new syndicated loan note facility of £3,500,000 carrying interest at 17%p.a. calculated daily and consolidated quarterly was made available to the Company on 25 November 2008. The undrawn balance of £1,118,000 is available to the Company until 24 November 2010.

Fair values

The fair value of the financial assets and liabilities at 30 June 2009 and 30 June 2008 are not materially different from their book values.

Capital disclosures

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

The Group's objective when managing capital is 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, which was fully drawn at the start and end of the year and of which £3,200,000 has previously been converted to share capital. A balance of £1,800,000 (2008: £1,800,000) remains drawn down and unconverted at the year 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 2009 £3,300,000 (2008: £1,673,000) of these facilities had been drawn down leaving no further balance (2008: £1,627,000) available to draw down. Chestnut Hill Ventures LLC made a further facility of loan notes available totalling £3,500,000 on 25 November 2008, amended to £4,300,000 on 20 October 2009 and which will be further increased before the Annual General Meeting on 11 December 2009. At 30 June 2009 £2,381,000 had been drawn down leaving a total balance of £1,919,000 still available under this increased facility.

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

As mentioned in note 18 Chestnut Hill Ventures LLC increased the £3,500,000 loan note facility of 25 November 2008 by £800,000 to bring it up to £4,300,000.

20 Accounting estimates and judgements

Critical accounting judgements in applying the Group's policies

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.

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.

Notes to the Accounts

for the year ended 30 June 2009 (continued)

20 Accounting estimates and judgements (continued)

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

Reserve	Description and purpose
Share capital	Amount subscribed for ordinary and deferred share capital at nominal value.
Share premium	Amount subscribed for ordinary and deferred share capital in excess of nominal value.
Equity proportion of Convertible Loan Notes	The residual equity element of the convertible loan note instrument after deducting all liability components.
Capital reserve	Amount arising on cancellation of deferred shares and share premiums in prior years.
PIK note reserve	The equity element of PIK notes issued in settlement of interest arising on convertible loan notes
Retained deficit	Cumulative net gains and losses recognised in the consolidated income statement.

Company Balance Sheet

for the year ended 30 June 2009 (continued)

Company number: 2355508

	Notes	30 June 2009 £000	30 June 2008 £000
Fixed assets			
Investments	v	9,782	9,880
Current assets			
Debtors	vi	7	1
Cash at bank and in hand		8	1
		15	12
Creditors: Amounts falling due within one year	vii	(4,706)	(179)
Net current liabilities		(4,691)	(167)
Total assets less current liabilities		5,091	9,713
Creditors: Amounts falling due after more than one year	viii	(4,428)	(4,357)
Net assets		663	5,356
Capital and reserves			
Called up share capital	ix	6,083	6,083
Share premium account	x	15,120	15,120
Equity proportion of Convertible Loan Notes	x	181	181
Capital reserve	x	21,416	21,416
PIK note reserve	x	840	333
Retained deficit	x	(42,977)	(37,777)
Shareholders' funds	xi	663	5,356

The accounts on pages 36 to 42 were approved by the Board of Directors and authorised for issue on 16 November 2009.

A Ambler

Director

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

Notes to the Accounts

for the year ended 30 June 2009

i Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. 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 rates that are substantively enacted or enacted at the balance sheet date.

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 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. 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.

In addition, 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 equity instruments granted.

The fair value of options granted is calculated using the Black-Scholes model.

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 2006 S408 not to present its own profit and loss account. A loss of £5,214,000 (2008: £6,115,000) of the consolidated loss for the year 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 year, including directors, was 6 (2008: 8). There were no employment costs borne by the Company in the year (2008: £Nil).

Notes to the Accounts

for the year ended 30 June 2009 (continued)

iv Loss for the year

The Company's loss for the year is stated after charging:

	Year Ended 30 June 2009 £000	<i>Thirteen Months Ended 30 June 2008 £000</i>
Auditors' remuneration for the audit of company financial statements	5	5
Directors' remuneration – paid by subsidiaries	167	309
Share based payments	14	164

v Investments

	Shares in subsidiary undertakings £000	Loan to subsidiary undertakings £000	Total £000
Cost			
1 July 2008	400	49,385	49,785
Additions	–	4,938	4,938
30 June 2009	400	54,323	54,723
Amounts provided for			
1 July 2008	–	39,905	39,905
Provided in year	–	5,036	5,036
30 June 2009	–	44,941	44,941
Net book value			
30 June 2009	400	9,382	9,782
30 June 2008	400	9,480	9,880

At 30 June 2009, 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 Properties Limited, a property development company, of which the Company owns 100% of the issued share capital 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 2009 £000	<i>30 June 2008 £000</i>
Prepayments and accrued income	7	11

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 2009 £000	<i>30 June 2008 £000</i>
Other creditors	7	7
Accruals and deferred income	63	172
Amounts relating to convertible loan notes	1,554	–
Interest accrued on convertible loan notes	475	–
Amounts relating to loan notes	2,607	–
	4,706	179

Notes to the Accounts

for the year ended 30 June 2009 (continued)

viii Creditors: Amounts falling due after more than one year

	30 June 2009 £000	30 June 2008 £000
Amounts relating to convertible loan notes	1,128	2,579
Amounts relating to loan notes	3,300	1,673
Interest accrued on loan notes	–	105
	4,428	4,357

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.

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 convertible loan notes are stated net of unamortised deferred transaction costs of £103,000 (2008: £206,000).

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) are carried at fair value based on the amounts issued. £3,300,000 of the loan notes carry interest at 10%p.a. compounded quarterly. The facility is fully drawn (2008: £1,627,000 undrawn) and is available to the Company until 11 March 2010.

A new syndicated loan note facility of £3,500,000 carrying interest at 17%p.a. calculated daily and consolidated quarterly was made available to the Company on 25 November 2008. The undrawn balance of £1,118,000 is available to the Company until 24 November 2010.

Financial liabilities are due:

	<i>Amounts relating to loan notes</i>		<i>Amounts relating to convertible loan notes</i>		<i>Total</i>	
	30 June 2009 £000	30 June 2008 £000	30 June 2009 £000	30 June 2008 £000	30 June 2009 £000	30 June 2008 £000
Amount payable						
– within one year	2,607	–	1,554	–	4,161	–
– after one year but within two years	3,300	1,673	1,128	2,579	4,428	4,252
	5,907	1,673	2,682	2,579	8,589	4,252

Notes to the Accounts

for the year ended 30 June 2009 (continued)

ix Share capital

	30 June 2009 £000 Number	30 June 2008 £000 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	37,501,097,134
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	40,093,184,301	40,093,184,301
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	3,750
Deferred shares of 0.09p	2,333	2,333
	6,083	6,083

Deferred shares

The rights attaching to the deferred shares which were not admitted to trading on AIM 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 2009 £5,779,000 (2008: £5,779,000) of Convertible Loan Notes had been drawn down with £2,999,000 (2008: £2,999,000) remaining unconverted. This debt is potentially convertible into 9,998,056,666 (2008: 9,998,056,666) 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.

The convertible loan notes have 3,068,328,600 (2008: 3,068,328,600) warrants attached, which are exercisable, at any time, at a price of .04p.

Payment in Kind Notes

At 30 June 2009 £840,000 (2008: £333,000) of PIK Notes had been issued. These notes are convertible into 2,800,000,000 (2008: 1,110,000,000) ordinary shares.

Unapproved Share Options

At 30 June 2009, options were outstanding over 1,166,666,666 shares (2008: 1,166,666,666), all of which are 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
1,166,666,666			

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

Notes to the Accounts

for the year ended 30 June 2009 (continued)

ix Share capital (continued)

	2009 Weighted average price (pence)	2009 Number	2008 Weighted average price (pence)	2008 Number
Outstanding at the beginning of the year/period	.034	1,166,666,666	.036	1,901,916,666
Lapsed during the year/period	-	-	.04	(735,250,000)
Outstanding at the end of the year/period	.034	1,166,666,666	.034	1,166,666,666

Share based payment

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

The exercise price of options outstanding at the end of the year ranged between .03p and .04p (2008: .03p and .04p) and their weighted contractual life was 5.25 years (2008: 5.75 years).

Of the total number of options outstanding at the end of the year, 1,166,666,666 (2008: 1,166,666,666) had vested and were exercisable at the end of the year.

	2009 £000	2008 £000
The share based remuneration expense comprises:		
Equity settled options	14	164

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 reserve £000	Retained deficit £000
1 July 2008	3,750	2,333	15,120	181	333	21,416	(37,777)
Share based payment	-	-	-	-	-	-	14
PIK notes issued	-	-	-	-	507	-	-
Loss for the year	-	-	-	-	-	-	(5,214)
30 June 2009	3,750	2,333	15,120	181	840	21,416	(42,977)

xi Reconciliation of movements in shareholders' funds

	Year Ended 30 June 2009 £000	Thirteen Months Ended 30 June 2008 £000
Brought forward	5,356	7,283
New shares issued	-	3,729
Equity portion of Convertible Loan Notes Issued	-	224
Conversion to share capital of equity proportion of convertible loan notes	-	(262)
Loss for the financial year/period	(5,214)	(6,115)
Share based compensation	14	164
PIK notes issued	507	333
Carried forward	663	5,356

Notes to the Accounts

for the year ended 30 June 2009 *(continued)*

xii 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, which was fully drawn at the start and end of the year and of which £3,200,000 has previously been converted to share capital. A balance of £1,800,000 (2008: £1,800,000) remains drawn down and unconverted at the year 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 2009 £3,300,000 (2008: £1,673,000) of these facilities had been drawn down leaving no further balance (2008: £1,627,000) available to draw down. Chestnut Hill Ventures LLC made a further facility of loan notes available totalling £3,500,000 on 25 November 2008, amended to £4,300,000 on 20 October 2009 and which will be further increased before the Annual General Meeting on 11 December 2009. At 30 June 2009 £2,381,000 had been drawn down leaving a total balance of £1,919,000 still available under this increased facility.

xiii Post Balance Sheet Events

As mentioned in note xii Chestnut Hill Ventures LLC increased the £3,500,000 loan note facility of 25 November 2008 by £800,000 to bring it up to £4,300,000.

Millwall Holdings PLC

(Registered no. 2355508)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2009 annual general meeting of Millwall Holdings PLC will be held at The Den, Zampa Road, London, SE16 3LN at 11.00 am on 11 December 2009 to consider, and if thought fit pass, the following resolutions of which resolutions 1 to 5 (inclusive) and 8 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions.

Ordinary business

ORDINARY RESOLUTIONS

1. To receive the audited accounts of the Company for the year ended 30 June 2009 and the reports of the directors and auditors thereon.
2. To re-appoint Andrew Ambler, who retires by rotation, as a director.
3. To re-appoint Constantine Gonticas, who retires by rotation, as a director.
4. To re-appoint BDO LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the directors to fix their remuneration.

Special business

ORDINARY RESOLUTION

5. That, in accordance with section 551 of the Companies Act 2006 (**2006 Act**), the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) up to an aggregate nominal amount of £2,000,000. This authority shall, unless renewed, varied or revoked by the Company, 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 shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous unexercised authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 and/or section 551 of the 2006 Act 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 and in accordance with section 570 of the 2006 Act, the Directors be and they are hereby generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority conferred by resolution 5 above, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:
 - a. be limited to the allotment of equity securities in connection with any rights issue or offers of equity securities to the holders of ordinary shares (within the meaning of the said section 560) 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. otherwise be limited to the allotment of equity securities up to an aggregate nominal amount of £2,000,000; and

- c. expire at the conclusion of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to that date) 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 in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has 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 and they are hereby adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

ORDINARY RESOLUTION

8. That, should resolution 7 above not be passed, the directors of the Company be and they are hereby authorised pursuant to article 111.2 of the existing articles of association of the Company to borrow on behalf of the Company and/or its Subsidiary Undertakings (as defined in the said articles) a sum or sums which in principal amount (including any premium payable on final repayment) remaining undischarged does not exceed the greater of three times the adjusted capital and reserves (as defined in article 111) and the sum of £20,000,000 in aggregate unless previously authorised by an ordinary resolution of the Company.

By Order of the Board

T. Simmons

Secretary

Registered Office:

The Den,
Zampa Road,
London SE16 3LN
17 November 2009

Notes

- (1) A holder of ordinary shares entitled to attend, speak 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 form is enclosed. To be valid, the completed proxy form 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 proxy form inside an envelope and write the Computershare address shown above onto the face of the envelope. Either method of returning your proxy form requires appropriate postage 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 proxy form will not preclude members entitled to attend, speak 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 Uncertificated Securities Regulations 2001, holders of ordinary shares will be entitled to attend, speak and vote at the meeting only if they are entered in the register of members of the Company 48 hours before the time appointed for the meeting or any adjournment thereof. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (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 Explanatory Notes attached) 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 this Notice or to vote upon the resolutions proposed at the meeting.
- (10) Please note that communications regarding the matters set out in this Notice will not be accepted in electronic form.

The following explanatory notes should be read in conjunction with the Notice of annual general meeting

Resolutions Explanatory Notes

EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS SET OUT IN THE NOTICE

Resolution 1 – Report and Accounts

The directors will present their report and the audited accounts for the year ended 30 June 2009. The report has attached to it the report of the auditors dated 16 November 2009.

Resolutions 2 and 3 – Re-appointment of Andrew Ambler and Constantine Gonticas as directors

Under the Company's existing articles of association, Andrew Ambler and Constantine Gonticas retire by rotation at the meeting, 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 LLP and to authorise the directors to fix their remuneration.

Resolution 5 – Section 551 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;

- (a) 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; and
- (b) otherwise than pro rata as aforesaid, up to a limit of an aggregate nominal value of £2,000,000.

If passed resolution 6 will give the Company additional flexibility to raise money without having to resort to further borrowing and without having to go to the expense of offering the opportunity to invest to existing shareholders.

Resolution 7 – Adoption of new articles of association

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

The proposed amendments will reflect certain of the changes to English company law that came into force in April and October 2007, April and October 2008 and April and October 2009. Examples of such provisions include the form of resolutions and provisions relating to the period of notice required to convene general meetings.

Resolution 8 – Extension of borrowing restrictions

The resolution to grant the directors authority to allot shares pursuant to section 80 of the Companies Act 1985 and to disapply the statutory pre-emption rights pursuant to section 89 of the Companies Act 1985 were defeated at the 2008 Annual General Meeting of the Company. As a result the directors have had no choice but to fund the Company's working capital requirements over the past year through further borrowing.

Article 111.2 of the existing articles of association of the Company (**Current Articles**) provides that the board of Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control so as to secure that the aggregate principal amount of all borrowings by the Group (as defined in the Current Articles) outstanding at any time shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three times the adjusted capital and reserves (as defined in Article 111.3 of the Current Articles).

On 16 November 2009, being the day that the audited accounts for the year were ratified by the board of Directors of the Company, the Directors became aware that due to the increase in the Company's borrowings that had occurred in the year (as reported in the annual accounts) the adjusted capital and reserves would be significantly less than a third of the Company's borrowings.

As a result of the Company's borrowings exceeding the limit imposed by article 111.2 of the Current Articles, the shareholders of the Company are being asked, by resolution 8 (which is proposed as an ordinary resolution) to afford the Company additional flexibility to borrow money going forward. The New Articles contain the same provision so resolution 8 will only be effective in the event that the New Articles are not adopted by the passing of resolution 7.

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 will be available for inspection at the meeting.

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 appointment 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.

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. Borrowing Powers

The New Articles will increase the directors' powers to borrow from three times the adjusted capital and reserves of the Company under the Current Articles to £20,000,000. This will allow the directors greater flexibility to deal with the challenging business environment now faced by the Company.

11. Making and retention of records

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

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. Services of notices

The New Articles contain updated provisions on the services of notices by electronic communication and provide that if on three consecutive occasions notices or information sent to a member have been returned undelivered, the member shall not be entitled to any 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 includes 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) or (and in line with government policy) to remove duplication with provisions already contained 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.

Millwall Holdings PLC

(Registered no. 2355508)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Millwall Holdings PLC will be held at The Den, Zampa Road, London, SE16 3LN on 11 December 2009 at the close of the annual general meeting of the Company (which is to commence at 11.00am on 11 December 2009), for the purposes of considering, pursuant to section 656 of the Companies Act 2006, whether any, and if so what, steps should be taken to deal with the situation that the net assets if the Company are less than 50 percent of its called up share capital.

By Order of the Board

T. Simmons

Secretary

Registered Office:

The Den

Zampa Road

London SE16 3LN

17 November 2009

Notes

- (1) A holder of ordinary shares entitled to attend, speak 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 form is enclosed. To be valid, the completed proxy form 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 proxy form inside an envelope and write the Computershare address shown above onto the face of the envelope. Either method of returning your proxy form requires appropriate postage 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 proxy form will not preclude members entitled to attend, speak 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 Uncertificated Securities Regulations 2001, holders of ordinary shares will be entitled to attend, speak and vote at the meeting only if they are entered in the register of members of the Company 48 hours before the time appointed for the meeting or any adjournment thereof. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (8) Holders of deferred shares are not entitled to receive this Notice or to vote upon the resolutions proposed at the meeting.
- (9) Please note that communications regarding the matters set out in this Notice will not be accepted in electronic form.

