**Millwall Holdings Plc**

**Chairman's Statement**

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

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

<u>Key areas</u>

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

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

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

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

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

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

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

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

**John G Berylson**
**Chairman**
30 March 2009

**Millwall Holdings Plc**

**Directors' Report**

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

**Principal risks and uncertainties**

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

**Results from operations**

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

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

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

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

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

**Profit or loss on disposal of player registrations, £69,000** (2007 H1 - £747,000)
There has been very little activity in the transfer of young Centre of Excellence or other players.

**Loss per share 0.007p (2007 H1 – 0.009p)**
The calculation of the basic and diluted loss per share is calculated based on the loss after taxation and on the weighted average number of shares in issue of 37,501,097,134 ( 2007 H1 – 27,759,465,057).

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

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

**Key figures:**

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

**A Ambler**
**Director**
30 March 2009

**Millwall Holdings Plc**

**Consolidated income statement for the six months ended 31 December 2008**

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

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

**Millwall Holdings Plc**

**Consolidated balance sheet at 31 December 2008**

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

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

**A Ambler**
**Director**

**Millwall Holdings Plc**
**Consolidated statement of changes in equity for the six months ended 31 December2008**

| | Ordinary Shares of 0.01p each £'000 | Deferred Shares of 0.09p each £'000 | Share premium account £'000 | Equity component of Convertible Loan Notes £'000 | Capital reserves £'000 | PIK note reserve £'000 | Profit and loss account £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| **At 1 June 2007** | 2,507 | 2,333 | 12,634 | 219 | 21,474 | - | (31,884) | 7,283 |
| Loss for the period | - | | - | - | - | - | (2,523) | (2,523) |
| **Total recognised income and expense for the period** | - | - | - | - | - | - | **(2,523)** | **(2,523)** |
| Share based Compensation | - | - | - | - | - | - | 79 | 79 |
| Equity proportion of Convertible Loan Notes Issued | - | - | - | 125 | - | - | - | 125 |
| Issue of ordinary shares | 300 | - | 600 | - | - | - | - | 1,475 |
| Net increase / (decrease) | 300 | - | 600 | 125 | - | - | (2,860) | (1,425) |
| **At 30 November 2007 (unaudited)** | 2,807 | 2,333 | 13,234 | 344 | 21,474 | - | (34,328) | 5,864 |
| Loss for the period | - | | - | - | - | - | (3,592) | (3,592) |
| **Total recognised income and expense for the period** | - | - | - | - | - | - | **(3,592)** | **(3,592)** |
| Issue of shares | 856 | - | 1,711 | - | - | - | - | 2,567 |
| PIK notes issued | - | - | - | - | - | 333 | - | 333 |
| Share based Compensation | - | - | - | - | - | - | 85 | 85 |
| Equity proportion of Convertible Loan Notes Issued | - | - | - | 99 | - | - | - | 252 |
| Conversion to share capital of equity proportion of Convertible Loan Notes | 87 | - | 175 | (262) | - | - | - | - |
| Net increase / (decrease) | 943 | - | 1,886 | (163) | - | 333 | (3,507) | (508) |
| **At 30 June 2008** | 3,750 | 2,333 | 15,120 | 181 | 21,474 | 333 | (37,835) | 5,356 |
| Loss for the period | - | - | - | - | - | - | (2,573) | (2,573) |
| **Total recognised income and expense for the period** | - | - | - | - | - | - | **(2,573)** | **(2,573)** |
| Share based Compensation | - | - | - | - | - | - | 14 | 14 |
| PIK notes issued | - | - | - | - | - | 88 | - | 88 |
| Net increase / (decrease) | - | - | - | - | - | 88 | (2,559) | (2,471) |
| **At 31 December 2008 (unaudited)** | **3,750** | **2,333** | **15,120** | **181** | **21,474** | **421** | **(40,394)** | **2,885** |

**Millwall Holdings Plc**

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

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

## 1 Accounting Policies

*Principal accounting policies*

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

*Basis of preparation*

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

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

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

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

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

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

*Significant accounting judgements and estimates*

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

*Going concern*

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

## 1 Accounting policies *(Continued)*

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

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

*Basis of Consolidation*

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

## 2 Segmental information

The Group has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, the United Kingdom, and accordingly no geographical segment is required to be provided. Notwithstanding this, a voluntary analysis of the revenue streams is given below to assist with an understanding of the business revenue streams comprising:
Match day
Central League Awards, and
Commercial

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

## 3 Loss per share

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

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

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

## 4 Share capital

**Authorised**

| | 31 December 2008 Number | 30 November 2007 Number | 30 June 2008 Number | 31 December 2008 £'000 | 30 November 2007 £'000 | 30 June 2008 £'000 |
|---|---|---|---|---|---|---|
| Ordinary shares of 0.01p each | 86,881,838,777 | 86,881,838,777 | 86,881,838,777 | 8,688 | 8,688 | 8,688 |
| Deferred shares of 0.09p each | 2,592,087,167 | 2,592,087,167 | 2,592,087,167 | 2,333 | 2,333 | 2,333 |

**Allotted, called up and fully paid**

| | 31 December 2008 Number | 30 November 2007 Number | 30 June 2008 Number | 31 December 2008 £'000 | 30 November 2007 £'000 | 30 June 2008 £'000 |
|---|---|---|---|---|---|---|
| Ordinary shares of 0.01p each | 37,501,097,134 | 28,070,940,467 | 37,501,097,134 | 3,750 | 2,807 | 3,750 |
| Deferred shares of 0.09p each | 2,592,087,167 | 2,592,087,167 | 2,592,087,167 | 2,333 | 2,333 | 2,333 |
| **Total** | | | | **6,083** | **5,140** | **6,083** |