MILLWALL HOLDINGS PLC

Registered Number: 2355508

Report and Accounts
for the year ended
30 June 2011

Contents

Directors and Advisers

DIRECTORS
John G Berylson *(Non-Executive Chairman)*
James T Berylson *(Non-Executive)*
Constantine Gonticas *(Non-Executive)*
Trevor Keyse *(Non-Executive)*
Demos Kouvaris *(Non-Executive)*
Richard S Press *(Non-Executive)*
Andrew J Ambler ACMA *(Chief Executive and Finance Director)*

SECRETARY
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Directors' Biographies

John G Berylson *(Non-Executive Chairman)* is 58 years old and was appointed a director and Chairman in 2007. 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., Affinity Solutions, Inc., Manifold Capital Corp. and Fleetcor Technologies, Inc. and is currently a partner of JD Capital Partners LLC.

Andrew J Ambler *(Chief Executive)* is 46 years old and was appointed a director in 2007. 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.

James T Berylson *(Non-Executive)* is 30 years old and was appointed a director in 2010. He is based in the USA, qualified with a BA from Harvard College in 2004 and currently is employed as an investment analyst by Serengeti Asset Management, a multi-strategy investment firm based in New York City. He brings his experience in financial services to the Board and will contribute to the further enhancement of systems, controls and financing arrangements.

Constantine Gonticas *(Non-Executive)* is 45 years old and was appointed a director in 2006. He is a Private Equity investor through his own company. Prior to this he was Managing Partner of Novator LLP, a London based investment fund which belongs to a family owned group of companies. Mr Gonticas was also 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 64 years old and was appointed a director in 2006. 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 46 years old and was appointed a director in 2007. 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, Affinity Solutions, Inc. and Vanguard Modular Building Systems, LLC.

Richard S Press *(Non-Executive)* is 72 years old and was appointed a director in 2010. He is a resident of the USA, based in Boston, who serves globally as a corporate director and advisor, primarily in the Financial Services and Insurance sectors. Since 2006 he has been on the board of Transatlantic Holdings Inc., a Financial Services company based in New York, where he currently serves as Chairman. Prior to that he was, from 1994 to 2006, a Senior Vice President and Director of the Insurance Asset Management Group of Wellington Management Company LLC, a Boston based company, managing assets on behalf of clients globally.

Chairman’s Statement

As Chairman of Millwall Holdings Plc I am pleased to announce our results for the twelve months to June 2011.

Firstly, football. After achieving our initial goal of getting the club back to competing in The Football League Championship it was extremely pleasing to finish 9th in the table and be pushing for a play-off place almost up to the last home game of the season. There were some memorable performances during the season including an opening day away win at Bristol City, a fantastic home victory against eventual Champions QPR, and home and away wins against local rivals Crystal Palace. Defensively we were solid with the 3rd best goals against record in the Championship even allowing for the exceptional home defeat to Watford where we conceded 6!

I would like to praise our entire management team for their performance during the year, their hard work and commitment ensured we had a successful first year back.

At the end of the season we decided to accept an offer for our top goal scorer Steve Morison from newly promoted to the FA Premier League, Norwich City. When a player such as Steve has the opportunity to earn a contract in the FA Premier League it is very difficult for a club such as ours to stand in his way. However, we are not in such a financial situation to have to accept a first offer or even a second and it took Norwich a long time and many attempts before they made a bid which we as a board felt was good business for the club.

I feel that once again we have progressed both on and off the field during the year. At last year’s AGM we were successful with an Open Offer which strengthened the Balance Sheet and reduced the Company debt position whilst providing the funds for the football club to continue to progress. The support I and the board received from shareholders and supporters was both vital and welcome, thank you.

We will continue to look at ways in which we can become more cost efficient across the whole Group which will enable us to maximise the football budget available to the manager. A lot has been discussed in the media on football “financial fair play” regulations. I believe it is the right time for the football world to be considering regulations regarding the financing of clubs and hope it will have the desired effect of ensuring a fairer football league and ensuring that the long term future of all existing clubs is a more financially stable one. We have been working within a self imposed financial budget and although breakeven has not yet been achieved the financial results for the year are a very big step forward and the reduction in losses encouraging. This has allowed us to operate with stability, a key word in the world of football.

Regarding the regeneration of the area surrounding the stadium, it was very pleasing that Lewisham Council approved an outline planning application for a development called the Surrey Canal Triangle in October this year. We have been working very closely with the applicant, Renewal, to ensure that The Den (Millwall’s Stadium) not only remains at the centre of the development but we have the ability to enhance the stadium in the future both in terms of extended capacity and enhanced facilities so that the club has the ability to grow. There is more hard work to be done in the near future, firstly, in respect of agreeing a Section 106 agreement with all parties involved in the regeneration scheme and we will continue to push forward with the club’s best interests being protected.

Finally I would like to thank my fellow board members, the manager, players and every single member of staff for their continued dedication and of course the fans who continue to make this football club such a very special place.

John G Berylson

Chairman

2 November 2011

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 2011.

Principal activities
The Company is the holding company of a group engaged primarily in the operation of a professional football club, through its subsidiary, The Millwall Football and Athletic Company (1985) PLC.

Business Review
The year under review reflects the performance of the 2010/11 season being the first year of the Club playing in the Football League Championship, the second tier of English football below the FA Premier League, following its promotion to this league after an absence of 4 seasons. The first season resulted in a creditable final position of 9th, just 8 points from a play-off position.

The team commenced the season with resounding wins over Bristol City as well as Hull City, who had been playing in the Premier League the previous season. Over the first half of the season the team earned 32 points, putting them in 10th position at that stage, with a further 35 points in the second part of the season. The leading goal scorer was, once again, Steve Morison whose contract was transferred to newly promoted Norwich City after the end of the season. However, the league position of the Club was due, in the main, to the performance of defenders, including Alan Dunne who was celebrating his testimonial season, which conceded only 48 goals, the 3rd lowest in the league. There was a total of 32 players used during the season (2010: 28).

The Club finished the 2010-11 league campaign with 67 points and in 9th position. (2010: 85 points and 3rd position in League 1.) The team's run in the Carling Cup ended in round 3 with a loss at home to Ipswich Town and the Club was defeated at home by Birmingham City, then a Premier League team, in the 3rd round of the FA Cup.

The average home league attendance was 12,439 (2010: 10,385) an increase of 19.8% over last year and up by more than 39% over the year before that. However, with better supported clubs playing in the Championship, there were only 4 clubs with lower attendances during this season.

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

Results
The consolidated statement of comprehensive income is set out on page 13.

The result for the year shows a significant improvement of some £2.8m reduction in the loss from operations, down to £0.6m from £3.4m reflecting the benefit of £1.7m (2010: £0.2m) of income from player sales. Indeed, before taking account of non-cash charges for amortisation and depreciation, as well as interest, the Group earned a profit this year of £0.2m (2010: loss of £2.9m.) This is the best result since 2004.

Revenue for the year reflects the benefit of the first year of playing once again the Football League Championship. Overall turnover has increased by 58.5% (2010: 15.3%) from £7.5m to £11.8m. This is mainly as a result of a substantial increase in the Central League awards, principally TV sponsorship rights, which this year were £4.7m, compared with £0.7m last year. Despite the higher gates, Match Day income showed only a small increase of 2.8% (2010: 22.3%), but this year did not benefit by the revenue generated by the play-off final at Wembley that occurred in the previous year.

Income from player sales rose substantially this year to £1.7m (2010: £0.2m). This is mainly the transfer fee for the sale of Steve Morison to Norwich City, less the element of this fee due to Stevenage Town under the terms of the contract for the transfer of the player to Millwall in 2008.

Operating in the Championship has enabled the Company to benefit from the investment in the strengthening of the marketing team and processes made in the previous year. Once again income from executive boxes and match day catering showed a reasonable increase over last year. Advertising, club sponsorship and retail showed the greatest increase in commercial income. However, this was offset by a reduced level of income from non-matchday conferencing and events, reflecting current economic conditions nationally.

Total staff costs rose to £8.4m (2010: £6.4m). Contracts with players were adjusted to a rate of salary commensurate with playing in the Championship. Despite this increase, the ratio to revenue fell to 71% (2010: 85%).

Other expenses (excluding Depreciation and Amortisation) increased to £4.9m (2010: £4.1m), representing 42% of revenue (2010: 55%) . The principal reason for this increase is attributable to the additional costs of policing and stewarding the higher profile games that occur in the Championship, these costs having risen by £0.3m. Other major increases relate to the higher costs of £0.3m for the retail operation, reflecting the higher turnover and an increase of £0.2m in agents fees, once again reflecting the costs incurred in operating at a higher level of the football league.

Finance costs were reduced by £0.2m during the year as a result of lower borrowings following the successful Open Offer in December last year.

The Directors do not recommend payment of a dividend.

Directors' Report

Principal risks and uncertainties

In common with many football clubs outside the FA Premier League 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.

A significant amount of the Club's revenue derives from ticket sales. Income generated from gate receipts is highly dependent on the level of attendance at matches. Weak economic conditions in the United Kingdom may have a negative impact on match attendance and gate receipts as supporters may have less disposable income.

Some income streams of the Club (such as television rights and related income) are dependent on third party contracts and arrangements to which the Club is not a party and over which the Club can exercise no or little influence.

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.

Future uncertainties relate to the continuation of TV sponsorship of football at current levels and in its current form and the impact of the proposed "financial fair play" policies to be introduced by the Football League for clubs operating in the Championship. Whilst the details of these policies are not yet available, they are likely to place limits upon the total annual amount that clubs may pay to players.

Relevant business risks are discussed during Board meetings so that, where a material exposure is identified, mitigating action can be taken.

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

With the Club now into its second season playing in the Football League Championship there will not be the same level of opportunities to increase revenue streams as has occurred in the year under review. As is usual, attendances and matchday income will be affected by the team's performance and the Club's position in the league. More generally, the current national economic difficulties could have an impact upon supporter spend. There are a number of clubs in the Championship with more substantial spending power than the Club, creating stiffer competition within the league. However, the directors have set budgets for all areas of income and costs with plans in place to monitor financial and team performance and to take such steps that are needed to achieve the best outcome for the year.

Performances at the start of the 2011-2012 season were promising, having played the first 3 league games before suffering a defeat. Since then the results have been mixed with the team in 17th position after 14 games (2010: 16th after 15 games). Having met last season's ambition of establishing the team within the higher league, the objective is now to build on the squad both to retain this status and to plan for promotion in the longer term.

So far this season the average home attendance for the first seven league games has been 11,856 (2010: 12,150 for first 7 league games), with corporate match day and retail sales similar to last year.

The budgeted player wage costs for the current year will increase over the final costs for 2010-11 augmented by the reinvestment of the net proceeds received to date from the high level of transfer fees earned last year. There is now a core squad of 33 players, including 3 on loan, and these have contracts with expiry dates that are well spread over the end of the next 3 seasons. As ever the Directors and manager constantly 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

The Club, having benefited last year from operating in a higher league, anticipates a continuation of the enhanced range of services offered by the Club to sponsors and other business partnerships from catering to on-line sales and marketing. A new lead sponsor, Racing +, has entered into a 3 year contract with other key sponsors continuing to support in other areas. The retail operation is expected to be static, pending improvements to be implemented to the product range and methods of operation.

The Den

Revenues from the utilisation of the stadium on non-matchdays are expected to continue at a similar level to last year.

The Community

The Club continues to recognise the importance of the relationship with the broader community of South London and a key way of strengthening that link is the close co-operation with the work that is undertaken with the Millwall Community Scheme, reflected by our Chief Executive, Andy Ambler, acting as a Trustee. Together the Club and the Community Scheme work to help promote community sports education and charitable activities to benefit the local area of South East London. Once again a very successful Junior Lions Community Day sponsored by McDonalds, was recently enjoyed by 1,200 young people at The Den with the playing squad being in attendance. This was jointly promoted by the Club, its Junior Lions Committee and the Millwall Community Scheme giving a practical example of the Club working together to benefit the Millwall Community and to meet the shared common objectives held by each. Throughout the year the squad of players attend many local youth and charity events organised by the Community Scheme to make their own contribution to the local community.

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.

As a result of the resolution passed at an Extraordinary General Meeting of shareholders held in October 2010 which agreed to a consolidation of shares and a gift of fractions arising to The Lions Trust, that organisation was gifted 10,173 shares representing 2.7% of the issued share capital. One of the objectives of The Lions Trust is to improve communications between the Club and its supporters and to enable the views of the Club's supporters to influence decision making.

Finance
In October 2010 shareholders approved a resolution for a share consolidation whereby each 100,000 Ordinary Shares of 0.01p were converted into 1 Ordinary Share of £10 each. This had the effect of creating an issued share capital of 376,610 Ordinary Shares. As a result of this the number of shareholders reduced from over 44,000 to around 8,000.

In December 2010 shareholders approved proposals for an Open Offer to all existing shareholders on the basis of 3 new ordinary shares of £10 each for every existing ordinary share held (the Open Offer). As a result of this, the Company issued, on 20 December 2010, 1,013,913 new ordinary shares of £10 each at par raising £10.1m gross. The Company received £2,3m in cash and loans to the value of £7.8m were redeemed. The impact of this successful fund raising was to eliminate the deficiency of net assets so that at 30 June 2011 the Company is reporting net assets of £2.6m.

The principal source of finance for the Company continues to be Chestnut Hill Ventures LLC (CHV) by way of loans (CHV facilities). Total CHV facilities drawn down at 1 July 2010 amounted to £10.0m. As part of the Open Offer £6.7m of the CHV facilities were cancelled. Drawn down facilities were reduced by 30 June 2011 to £4.0m, excluding unpaid interest and PIK Notes of £3.5m. At 30 June 2011 the Company has undrawn CHV facilities of £1.4m, excluding unpaid interest and PIK Notes.

All NFL Loan Notes and related PIK Notes were repaid during the year from the proceeds of the Open Offer. £0.4m was by way of cancellation of loans upon underwriting and £1.2m was by cash repayment. In addition, all director loans were repaid as part of the Open Offer by way of cancellation upon subscription or underwriting.

Regeneration
The Company welcomes the Outline Planning approval for the Surrey Canal Triangle development which was granted by Lewisham Borough Council at a meeting held in Lewisham Town Hall on the 13 October 2011. The scheme approved includes The Den (Millwall Stadium) and the areas surrounding it, but is subject to a detailed Section 106 planning agreement being entered into and agreed by all relevant parties (including Millwall).

At a previous meeting earlier this year Lewisham Borough Council's planning strategy approved a decision whereby any future development around Millwall's Stadium (The Den) had to allow for both the future expansion of The Den's capacity and ability to enhance Stadium facilities if and when the football club needed to do so. These decisions are a major step forward for the Club's vision to improve the facilities and area around The Den to suit the needs of Millwall F.C.'s supporters and also allow the Group the future ability to attempt to increase non match related revenue streams.

Directors
The directors, who served during the year, are as follows:
John G Berylson *(Non-Executive Chairman)*
James T Berylson *(Non-Executive appointed 4 August 2010)*
Constantine Gonticas *(Non-Executive)*
Trevor Keyse *(Non-Executive)*
Demos Kouvaris *(Non-Executive)*
Richard S Press *(Non-Executive)*
Andrew Ambler *(Executive)*

In accordance with the Articles of Association, Mr J G Berylson and Mr T Keyse 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 10.

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.

Directors' Report

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.

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 UK Corporate Governance Code (the "Code")

Although, as an AIM quoted company, the Company is not required to comply with the 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 2011, the Group has voluntarily applied the principals of good corporate governance so far as is practicable for a group of this size. The Board has also followed, where appropriate, the guidelines set out in the Quoted Companies Alliance.

The Board

The Board currently consists of one executive (Mr A Ambler) and six non-executive directors (Mr J G Berylson, Mr J T Berylson, Mr C Gonticas, Mr T Keyse, Mr D Kouvaris and Mr R Press). 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, James T Berylson, Constantine Gonticas, Trevor Keyse, Demos Kouvaris and Richard S Press (non-executive directors). 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 and Richard Press (non-executive directors). Of the members of the Board, only Mr A Ambler was entitled, in his capacity as Chief Executive, 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 undertakings are contained in note 17 of the financial statements.

Working Capital
As noted earlier the successful Open Offer has resulted in a substantial reduction in the level of borrowings by the Company. The Company continues to rely on CHV to provide the facilities to meet the working capital needs of the Company, although current budgets of requirements of the Company enable it to operate within existing facilities.

The Board does not currently have Shareholders' authority to raise cash through a non pre-emptive issue of Ordinary Shares and as a result, the Company can only raise funds either through additional borrowings (if available), or through an offer of Ordinary Shares to all Shareholders. In order to provide the Board with more flexibility in its ability to raise equity funding a Special Resolution will be put to the forthcoming Annual General Meeting to give authority to issue shares for cash up to a limit of £2m without shareholder participation.

Going concern
The Board has considered the adoption of the going concern basis and the facilities currently available to the Group, as mentioned in note 1, and has concluded that the basis has been appropriately adopted in the accounts.

As indicated earlier, successful completion of the Open Offer has resulted in all loans, other than due to CHV, being repaid. The balance of loans due to CHV will not fall for repayment until 1 July 2012 and may remain available thereafter and increased as required, in the absence of alternative funding. Your directors believe this provides sufficient working capital for the current needs of the Company over the next 12 months.

Directors' Report

Directors' remuneration

Policy of remuneration

The remuneration committee has reviewed the relevant directors' remuneration in respect of the year ended 30 June 2011.

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 1 July 2012 (as amended), 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.

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.

Key Management Personnel

Key management personnel are considered to be the directors of the Company. The remuneration paid to key management is included in the table below:-

Key management	**Salary £000**	**Pension £000**	**Bonus £000**	**Total 2011 £000**	**Total 2010 £000**
Andy Ambler	103	23	40	**166**	155
Heather Rabbatts	—	—	—	—	13
Total 2011	**103**	**23**	**40**	**166**	
Total 2010	102	18	48		168

Substantial shareholdings

The directors have been notified that at 27 October 2011 the following shareholders held 3 per cent or more of the issued share capital of the Company:

	Number of ordinary shares	**Holding %**
Chestnut Hill Ventures LLC*	978,809	70.39
Sports Regeneration Limited	52,693	3.79
HSBC Client Holdings Nominee (UK) Limited <636167>**	44,259	3.18

* An entity over which John G Berylson has ultimate joint control

**As nominee on behalf of Richard S Press and family interests

Political and charitable donations
During the year, the Group made a contribution to a charity of £24,000 (2010: £29,000). The Group made no 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 2011 (2010: £nil). Trade creditors of the Group at the period end represented 67 days purchase (2010: 52 days).

Delisting of Shares
As part of a continued drive to reduce overheads the directors, have announced that they are convening an Extraordinary General Meeting of shareholders to consider a proposal for the cancellation of the trading of the Company's shares on AIM. If approved the directors will put in place a third party facility to provide a dealing facility in shares on a matched bargain basis. A separate notice of this Extraordinary General Meeting will be sent to shareholders and full details are available on the Company's website at www.millwallholdingsplc.co.uk.

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 1 December 2011 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

2 November 2011

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 2011 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet 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 Chapter 3 of Part 16 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 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.

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

2 November 2011

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

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	***Year ended 30 June 2011 Total £000***	*Year ended 30 June 2010 Total £000*
Revenue	1,2	**11,808**	7,451
Other income – profit on disposal of player's registrations		**1,680**	154
Staff costs	5	**(8,354)**	(6,357)
Amortisation of players' registrations	9	**(525)**	(320)
Depreciation of property, plant and equipment	10	**(242)**	(264)
Total depreciation and amortisation expense		**(767)**	(584)
Other expenses		**(4,972)**	(4,111)
Loss from operations	4	**(605)**	(3,447)
Finance income	3	**1**	—
Finance expense	3	**(1,354)**	(1,511)
Loss before taxation		**(1,958)**	(4,958)
Tax expense	7	**—**	—
Loss after tax for the financial year and total comprehensive loss		**(1,958)**	(4,958)
Attributable to:			
Equity holders of the parent		**(1,958)**	(4,958)
Loss per share – basic and diluted	8	**£(2.15)**	£(13.21)

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

	Ordinary Shares of £10 each £000	*Deferred Shares of 0.09p each £000*	*Share premium account £000*	*Equity component of Convertible Loan Notes £000*	*Capital reserve £000*	*Retained deficit £000*	*Total Equity £000*
1 July 2009	3,750	2,333	15,120	181	21,474	(43,035)	(177)
New Shares Issued	16	—	32	—	—	—	48
Loss for the year	—	–	—	—	—	(4,958)	(4958)
30 June 2010	**3,766**	**2,333**	**15,152**	**181**	**21,474**	**(47,993)**	**(5,087)**
1 July 2010	3,766	2,333	15,152	181	21,474	(47,993)	(5,087)
New Shares Issued	10,139	—	—	—	—	—	10,139
Costs of issue of shares	—	—	—	—	—	(450)	(450)
Convertible Loan Notes redeemed	—	—	—	(100)	—	100	—
Loss for the year	—	—	—	—	—	(1,958)	(1,958)
30 June 2011	**13,905**	**2,333**	**15,152**	**81**	**21,474**	**(50,301)**	**2,644**

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

Consolidated Statement of Financial Position

at 30 June 2011

Company number: 2355508

	Notes	***30 June 2011 Total***	*30 June 2010 Total*
Non-current assets			
Intangible assets	9	**1,191**	661
Property, plant and equipment	10	**14,710**	14,826
		15,901	15,487
Current assets			
Inventories	11	**115**	51
Trade and other receivables	12	**3,051**	968
Cash and cash equivalents		**238**	760
		3,404	1,779
Total assets		**19,305**	17,266
Non-current liabilities			
Trade and other payables	13	**(506)**	(486)
Financial liabilities	14	**(7,580)**	—
Deferred income	13	**(3,345)**	(3,571)
Total non-current liabilities		**(11,431)**	(4,057)
Current liabilities			
Trade and other payables	13	**(3,317)**	(2,100)
Financial liabilities	14	**—**	(14,619)
Deferred income	13	**(1,913)**	(1,577)
Total current liabilities		**(5,230)**	(18,296)
Total liabilities		**(16,661)**	(22,353)
Net assets/(liabilities)		**2,644**	(5,087)
Equity			
Called up share capital	15,20	**16,238**	6,099
Share premium	20	**15,152**	15,152
Equity proportion of Convertible Loan Notes	20	**81**	181
Capital reserve	20	**21,474**	21,474
Retained deficit	20	**(50,301)**	(47,993)
Total equity attributable to the shareholders of the parent (in deficit)		**2,644**	(5,087)

The accounts on pages 13 to 33 were approved by the Board of Directors and authorised for issue on 2 November 2011.

A Ambler
Director

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2011

	Year ended 30 June 2011 £000	*Year ended 30 June 2010 £000*
Cash flows from operating activities		
Loss before taxation	**(1,958)**	(4,958)
Depreciation on property, plant and equipment	**242**	264
Amortisation of intangible assets	**525**	320
Amortisation of grants	**(82)**	(82)
Amortisation of prepaid finance fees	**—**	103
Profit on disposal of players' registrations	**(1,680)**	(154)
Loss on disposal of property, plant and equipment	**—**	12
Finance income	**(1)**	—
Finance expense	**1,354**	1,511
Cash flows from operating activities before changes in working capital	**(1,600)**	(2,984)
(Increase)/decrease in inventory	**(64)**	10
(Increase)/decrease in trade and other receivables	**(133)**	51
Increase in trade and other payables and deferred income	**612**	689
Net cash flow from operations	**(1,185)**	(2,234)
Investing activities		
Purchase of property, plant and equipment	**(126)**	(65)
Proceeds on disposal of players' registrations	**406**	167
Purchase of players' registrations	**(914)**	(739)
Interest received	**1**	—
Net cash flow from investing activities	**(633)**	(637)
Financing activities		
Net proceeds Open Offer	**1,839**	—
Net (repayment)/drawdown under loan note facilities	**(542)**	3,240
Interest paid	**(1)**	—
Net cash flow from financing activities	**1,296**	3,240
Net movement in cash and cash equivalents	**(522)**	369
Cash and cash equivalents at start of year	**760**	391
Cash and cash equivalents at end of year	**238**	760

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

for the year ended 30 June 2011

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
At 30 June 2011, the Group had net assets of £2.6 million and net current liabilities of £1.8 million.

The directors continually monitor the financial position of the Group and have prepared the financial statements on a going concern basis, having had regard to:

- cash flow projections, including the effect of player trading; and
- the continuing provision of facilities to the Group from Chestnut Hill Ventures LLC ("CHV"), a company controlled by the Chairman, John G Berylson. These facilities fall due for repayment on 1 July 2012, but, in the absence of alternative funding, CHV have given a firm undertaking that they will continue to make these facilities available to the Group until at least one year from the date of approval of these financial statements and provide the Group with any additional funding that it may require to satisfy its liabilities as they fall due over this period.

While there will always remain 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.

New standards and interpretations
No new standards or interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) have led to any material changes in the Group's accounting policies or disclosures during the year.

The IASB and IFRIC have issued or amended the following standards and interpretations that are mandatory for later accounting periods, are relevant to the Group, and which have not been adopted early for the year ended 30 June 2011. These are:

- IAS 24 (Amendment) – Related Party Disclosures (effective for accounting periods beginning on or after 1 January 2011) revises and simplifies the definition of a related party. This has been endorsed for use in the EU.
- Improvements to IFRSs (2010) – The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. They are generally effective for accounting periods beginning on or after 1 January 2011 and have been endorsed for use in the EU.
- IFRS 7 (Amendment) – Disclosures: Transfers of Financial Assets (effective for accounting periods beginning on or after 1 July 2011) requires enhanced disclosures in respect of transferred financial assets. This has not yet been endorsed for use in the EU.
- IAS 1 (Amendment) – Presentation of Items of Other Comprehensive Income (effective for accounting periods beginning on or after 1 July 2012) requires companies to group together items within Other Comprehensive Income that may be reclassified to the profit and loss section of the income statement. This has not yet been endorsed for use in the EU.
- IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 1 January 2013) will eventually replace IAS 39 in its entirety. However, to date the Standard has focused only on the classification and measurement of financial instruments. This has not yet been endorsed for use in the EU.
- IFRS 10 – Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013) establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and replaces the consolidation requirements in IAS 27. This has not yet been endorsed for use in the EU.
- IFRS 12 – Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2013) includes the disclosure requirements for all forms of interests in other entities. This has not yet been endorsed for use in the EU.
- IFRS 13 – Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013) sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. This has not yet been endorsed for use in the EU.
- IAS 27 (Amendment) – Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013) updates the definitions in the Standard to be consistent with the requirements in IFRS 10, IFRS 11, IFRS 12 and IAS 28, but the accounting treatments themselves are unchanged. This has not yet been endorsed for use in the EU.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application, other than on presentation and disclosure.

for the year ended 30 June 2011 *(continued)*

1. Accounting policies *(continued)*

New standards and interpretations (continued)
The IASB has also issued or made amendments to IFRIC 14, IFRS 1, IAS 12, IFRS 11, IAS 28 and IAS 19 but these changes are not relevant to the current operations of the Group.

Basis of consolidation
The financial information incorporates the results of the Company and entities controlled by the Company (its subsidiaries, The Millwall Football and Athletic Company (1985) Plc and Millwall Properties 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 statement of comprehensive income 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.

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 statement of comprehensive income 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 statement of comprehensive income. 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.

for the year ended 30 June 2011 *(continued)*

1. Accounting policies *(continued)*

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 statement of comprehensive income.

Taxation
Corporation tax payable is provided on taxable profits at the rates that are enacted or substantively 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; Loan note borrowings which 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.

for the year ended 30 June 2011 *(continued)*

1. Accounting policies *(continued)*

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.

The Group has concluded that "PIK notes" issued in settlement of loan note interest obligations have characteristics more akin to debt than equity so these instruments are reflected as financial liabilities.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits all with maturities of three months or less from inception, 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 statement of comprehensive income 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 statement of comprehensive income 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.

for the year ended 30 June 2011 *(continued)*

1. Accounting policies *(continued)*

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 are 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.

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.

for the year ended 30 June 2011 *(continued)*

2. Segmental analysis

The Group has one main operating segment in the current year and preceding period, that of professional football operations. As a result, no additional operating segment information is required to be provided. It operates in one geographical segment, the United Kingdom. Chief operating decisions are made primarily by the Board of Directors.

The analysis of group revenue is as follows:

	Year Ended 30 June 2011 £000	*Year Ended 30 June 2010 £000*
Match day	**4,877**	4,746
Central League awards	**4,688**	751
Commercial	**2,243**	1,954
	11,808	7,451

3. Finance income and expense

	Year Ended 30 June 2011 £000	*Year Ended 30 June 2010 £000*
Finance income		
Interest on bank deposits	**1**	–
Finance expense		
Interest on loan notes	**1,353**	1,511
Other	**1**	—
	1,354	1,511

4. Loss from operations

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

	Year Ended 30 June 2011 £000	*Year Ended 30 June 2010 £000*
Depreciation and amounts written off property, plant and equipment		
– owned	**242**	264
Amortisation of grant	**(82)**	(82)
Amortisation of player registrations	**525**	320
Operating lease rentals		
– land and property	**237**	237
Auditors' remuneration		
– Audit of company financial statements	**5**	5
– Audit of financial statements of subsidiaries	**35**	35
– Taxation services	**8**	8
– Other services	**1**	2
Directors' remuneration	**143**	150
Profit on sale of players' registrations	**(1,680)**	(154)

In addition to the above, the Company's auditors were paid £58,000 (2010: £Nil) for corporate finance services provided in connection with the Open Offer which have been charged directly to equity as part of the share issue costs.

for the year ended 30 June 2011 *(continued)*

5. Staff costs

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

	Year Ended 30 June 2011 Number	*Year Ended 30 June 2010 Number*
Football team management	**9**	9
Administrative and ground staff	**75**	58
Players	**44**	41
	128	108

In addition, the Group employs, on average, a further 120 (2010: 105) temporary staff on matchdays.

Aggregate remuneration comprised:

	Year Ended 30 June 2011 £000	*Year Ended 30 June 2010 £000*
Wages and salaries	**7,491**	5,666
Social security costs	**834**	584
Pension costs	**29**	107
	8,354	6,357

6. Directors' remuneration

	Year Ended 30 June 2011 £000	*Year Ended 30 June 2010 £000*
Directors' emoluments	**143**	150
Pension costs	**23**	18
Total directors' remuneration	**166**	168

Payments to money purchase pension schemes were made in respect of one director (2010: 1)

for the year ended 30 June 2011 *(continued)*

7. Tax expense

No taxation charge arises due to the incidence of losses incurred and capital allowances claimed during the year (2010: £Nil).

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

	Year Ended 30 June 2011 £000	*Year Ended 30 June 2010 £000*
Loss on ordinary activities before tax	**(1,958)**	(4,958)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 27.5% (2010 – 28%)	**(538)**	(1,388)
Effects of:		
Expenses not deductible for tax purposes	**131**	121
Losses for which deferred tax assets are not recognised	**407**	1,267
Total tax charge for the year	**—**	—

Deferred tax

At 30 June 2011 the Group had estimated tax losses carried forward of £51.0m (2010: £49.6m), subject to the agreement of HM Revenue and Customs. After assessing the prospects for the 2012 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 26%, (2010: 28%) is calculated at £13.3m (2010: £13.9m).

At 30 June 2011 the Group had £8.5m (2010: £8.4m) 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 £2.2m (2010: £2.4m).

At 30 June 2011 the Group had capital losses carried forward of £4.7m (2010: £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 £1.2m (2010: £1.3m).

8. Loss per ordinary share

The calculation of loss per ordinary share is based on the loss for the year of £1,958,000 (2010: £4,958,000) and on 909,956 (2010: 375,205) new 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 2011 or 2010 and therefore there is no difference between basic and diluted earnings per share. As at 30 June 2011, the Group had gross convertible debt, including PIK notes and accrued interest of £1,597,000 (2010: £4,034,000) in issue, potentially convertible to 45,514 (2010: 113,418) ordinary shares of £10 each, along with 30,683 (2010: 30,683) warrants, which could dilute earnings per share in the future. These were not included in the calculation of diluted earnings per share because they were anti-dilutive for the periods presented.

for the year ended 30 June 2011 *(continued)*

9. Intangible assets

	Players' Registrations £000
Cost	
1 July 2009	665
Additions	614
Disposals	(252)
30 June 2010	1,027
1 July 2010	1,027
Additions	1,144
Disposals	(209)
30 June 2011	**1,962**
Amortisation	
1 July 2009	273
Charge for the year	320
Disposals	(227)
30 June 2010	366
1 July 2010	366
Charge for the year	525
Disposals	(120)
30 June 2011	**771**
Net book value	
30 June 2010	661
30 June 2011	**1,191**

Included in the net book value of players' registrations are four registrations at net book values at 30 June 2011 of £471,000, £228,000, £161,000 and £146,000 (2010: three at £242,000, £132,000 and £99,000). The respective remaining useful lives of these registrations are three years, two years, two years and two years respectively. Three of these players were acquired during the year ended 30 June 2011 with the other acquired in the previous year.

for the year ended 30 June 2011 *(continued)*

10. Property, plant and equipment

	Long leasehold premises £000	*Fixtures and fittings £000*	*Motor vehicles £000*	*Total £000*
Cost				
1 July 2009	17,629	3,387	42	21,058
Additions	—	65	—	65
Disposals	—	(12)	—	(12)
30 June 2010	17,629	3,440	42	21,111
1 July 2010	17,629	3,440	42	21,111
Additions	—	126	—	126
30 June 2011	**17,629**	**3,566**	**42**	**21,237**
Accumulated depreciation				
1 July 2009	2,846	3,137	38	6,021
Charge for the year	176	84	4	264
30 June 2010	3,022	3,221	42	6,285
1 July 2010	3,022	3,221	42	6,285
Charge for the year	176	66	—	242
30 June 2011	**3,198**	**3,287**	**42**	**6,527**
Net book value				
30 June 2010	14,607	219	—	14,826
30 June 2011	**14,431**	**279**	—	**14,710**

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

for the year ended 30 June 2011 *(continued)*

11. Inventories

	30 June 2011 £000	30 June 2010 £000
Goods for resale	**115**	51

Goods for resale include an amount of £100,000 (2010: £37,000) carried at fair value less costs to sell. The amount of inventories recognised as an expense during the year was £582,000 (2010: £362,000).

12. Trade and other receivables

	30 June 2011 £000	30 June 2010 £000
Current		
Trade receivables	**514**	481
Other receivables	**2,001**	4
Prepayments and accrued income	**536**	483
	3,051	968

All amounts shown under trade receivables fall due for payment within one year. Included within other receivables is £900,000 (2010: £Nil) which falls due for payment after 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.

At 30 June 2011 trade receivables of £62,000 (2010: £68,000) 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 2011 £000	30 June 2010 £000
Up to 3 months	**—**	—
3 to 6 months	**62**	68
	62	68

for the year ended 30 June 2011 *(continued)*

13. Trade and other payables

	30 June 2011 £000	*30 June 2010 £000*
Current:		
Trade and other payables	**1,656**	816
Taxation and social security	**1,230**	852
Accruals	**431**	432
	3,317	2,100
Deferred income	**1,913**	1,577
	5,230	3,677
Non-current:		
Trade and other payables	**71**	116
Accruals	**435**	370
	506	486
Deferred income	**3,345**	3,571
	3,851	4,057

Included within current other payables is £264,000 (2010: £Nil) which falls due for payment after one year.

Included within deferred income is:

- an amount of £1,769,000 (2010: £1,514,000) relating to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.
- unamortised grants totalling £2,614,000 (2010: £2,696,000) received in respect of the long leasehold premises and other fixtures and fittings.
- unamortised proceeds of £875,000 (2010: £938,000) 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.

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.

14. Financial liabilities

	30 June 2011 £000	*30 June 2010 £000*
Current:		
Amounts relating to convertible loan notes	**—**	2,737
Amounts relating to non-convertible loan notes	**—**	9,147
Interest accrued on loan notes	**—**	387
PIK notes	**—**	2,348
	—	14,619
Non-current:		
Amounts relating to convertible loan notes	**590**	—
Amounts relating to non-convertible loan notes	**3,444**	—
Interest accrued on loan notes	**1,184**	—
PIK notes	**2,362**	—
	7,580	—

All financial liabilities are classified as financial liabilities at amortised cost.

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 in accordance with the terms of the loan agreement.

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

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

for the year ended 30 June 2011 *(continued)*

14. Financial liabilities *(continued)*

Financial liabilities are due:

	Amounts relating to non-convertible loan notes (including related PIK notes)		*Amounts relating to convertible loan notes (including related PIK notes)*		*Total*	
	30 June 2011 £000	*30 June 2010 £000*	***30 June 2011 £000***	*30 June 2010 £000*	***30 June 2011 £000***	*30 June 2010 £000*
Amount payable						
– within one year	**—**	10,686	**—**	3,546	**—**	14,232
– after one year but within two years	**5,053**	—	**1,343**	—	**6,396**	—
	5,053	10,686	**1,343**	3,546	**6,396**	14,232

15. Share capital

	30 June 2011 Number	*30 June 2010 Number*
Allotted, called up and fully paid		
Ordinary shares of £10 (2010: 0.01p) each	**1,390,523**	37,661,097,134
Deferred shares of 0.09p each	**2,592,087,167**	2,592,087,167
	2,593,477,690	40,253,184,301
Allotted, called up and fully paid		
Ordinary shares of £10 (2010: 0.01p) each	**13,905**	3,766
Deferred shares of 0.09p each	**2,333**	2,333
	16,238	6,099

Reconciliation of movement in ordinary shares	***Number***
At 1 July 2010	37,661,097,134
Effect of share consolidation	(37,660,720,511)
	376,623
Shares issued for cash	228,900
Shares issued in settlement of liabilities	785,000
At 30 June 2011	**1,390,523**

Consolidation
On 4 October 2010, the Company approved a resolution effecting the conversion of each 100,000 ordinary shares of 0.01p each into one new ordinary share of £10 nominal value, and dealing with fractional entitlements.

Open Offer
Resulting from the Open Offer to shareholders of 17 November 2010 the Company issued, on 20 December 2010, 1,013,913 new ordinary shares of £10 each. The Company received £2,289,000 in cash and Loan and PIK Notes to the value of £7,850,000 were redeemed.

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 2011 £5,779,000 (2010: £5,779,000) of Convertible Loan Notes had been drawn down. Following previous conversions and the Open Offer £671,000 (2010: £2,951,000) remains drawn and unconverted. This debt is potentially convertible into 22,372 (2010: 9,836,666,667) ordinary shares of £10 (2010: 0.01p) each. The lender has the right to convert the loan notes by giving notice in writing to the Company at any time up to 1 July 2012. If exercised the price paid for each ordinary share will be £30 (2010: 0.03p).

The convertible loan notes have 30,683 (2010: 3,068,328,600) warrants attached, which are exercisable, at any time, at a price of £40 (2010: 0.04p) each.

for the year ended 30 June 2011 *(continued)*

15. Share capital *(continued)*

Payment in Kind Notes
At 30 June 2011 £2,362,000 (2010: £2,348,000) of PIK Notes had been issued of which £753,000 carry the same terms as the convertible loan notes referred to above. These PIK notes along with £173,000 of accrued interest are potentially convertible into 23,142 (2010: 5,870,000,000) ordinary shares of £10 (2010: 0.01p) each.

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:-

	Land and buildings	
	2011	*2010*
	£000	*£000*
Not later than one year	**237**	237
Later than one year but not later than five years	**1,047**	1,047
Later than five years	**8,862**	9,099
	10,146	10,383

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 2008 on scheme data.

The valuation carried out on 31 August 2008 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 £127,000 as at 31 August 2008. This is being repaid over a ten year period, at a monthly repayment of £1,636 from September 2009.

At 30 June 2011, 1 (2010: 1) of the subsidiary's employees was a member of the scheme. Contributions were paid by the subsidiary being 10.4% (2010: 10.4%) of the member's pensionable salary for the period. The Group is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis so the scheme has been treated as a multi-employer scheme in these financial statements. The directors do not believe any deficiency will be material for the Group.

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

c) *Transfer fees payable/receivable*
Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be receivable/payable by the Group if conditions as to future team selection are met. The maximum that could be receivable is £Nil (2010: £Nil). The maximum that could be payable is £Nil (2010: £30,000). These amounts have not been provided for in the financial statements. These amounts do not include various payments or receipts that are determinable only on circumstances which are distant or outside the direct control of the parties to the contract and the player in question.

for the year ended 30 June 2011 *(continued)*

17. Nature and extent of financial instruments

The Group's financial instruments include the following:

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

Categories of Financial Instruments

Classification of financial assets

	30 June 2011 £000	*30 June 2010 £000*
Trade receivables	**514**	481
Other receivables	**2,001**	4
Cash and cash equivalents	**238**	760
Total financial assets classified as loans and receivables at amortised cost	**2,753**	1,245

Classification of financial liabilities

	30 June 2011 £000	*30 June 2010 £000*
Trade and other payables	**2,957**	1,784
Accruals (including accrued interest on loan notes)	**2,050**	1,189
Amounts relating to convertible loan notes	**590**	2,737
Amounts relating to non-convertible loan notes	**3,444**	9,147
Amounts relating to PIK notes	**2,362**	2,348
Total financial liabilities measured at amortised cost	**11,403**	17,205

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

Maximum exposure to 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.

The Group does not consider that it has any significant risk due to the profile of its customers.

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 as cash is held only on short-term deposit and the interest on all borrowings is fixed over the facility term.

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.

for the year ended 30 June 2011 *(continued)*

17. Nature and extent of financial instruments (continued)

Liquidity risk *(continued)*
The Group's policy is to monitor and update cash flow forecasts on at least a weekly basis, to ensure that it will have sufficient cash available to it to allow it to meet its liabilities when they become due. Should a future cash shortfall be identified, the directors will explore the options available to the Group to raise the necessary funds. The Group has, at the year end, undrawn loan facilities of £1,400,000 (2010: £453,000) as shown in note 18.

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

Interest bearing financial assets
Financial assets include sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at market rate as and when monetary deposits are made. At 30 June 2011 the Group had £121,000 on deposit (2010: £584,000).

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 same terms as the loan notes to which they relate and carry the same interest terms. The convertible loan note facility was fully drawn down at the start of the year. £671,000 of the balance remains available to the Company until 1 July 2012 (having been extended during the year) following the Open Offer when £1,129,000 was utilised to subscribe for ordinary shares and £1,151,000 was repaid in December 2010 and January 2011.

Loan Notes (non-convertible)
A loan note facility of £3,300,000 carrying interest at 10%p.a. calculated daily and consolidated quarterly was made available to the Company in 2008. The facility was fully drawn at the start of the year. £300,000 was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010 and the balance is available to the Company until 1 July 2012 (having been extended during the year).

A 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 in 2008, was increased by £800,000 to £4,300,000 on 20 October 2009 and was ulitised to subscribe for ordinary shares in the Open Offer on 20 December 2010. On 18 December 2009 and 29 March 2010 additional facilities of £1,700,000 and £300,000 respectively were made available to the Company, carrying interest at 15%p.a, but otherwise on the same terms as the original facility. The drawn down balance of £1,593,000 was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010. On 15 November 2010 an additional facility of £1,400,000 was made available to the Company carrying interest at 15% and on the same terms. The undrawn balance of £1,400,000 (2010: £453,000) under these facilities is available to the Company until 1 July 2012 (having been extended during the year).

At the option of the Company the interest on all non-convertible loan notes may be settled by the issue of PIK notes which have the same terms as the loan notes to which they relate and carry the same interest terms.

Fair values
The fair value of the financial assets and liabilities at 30 June 2011 and 30 June 2010 are not materially different from their book values.

Capital disclosures
The Group's key management personnel define capital as the Group's cash holding of £238,000 (2010: £760,000); loan notes (both convertible and non-convertible and associated PIK notes and accrued interest) of £7,580,000 (2010: £14,619,000) and equity share capital and premium of £31,390,000 (2010: £21,251,000).

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 seek to sell assets or issue equity instruments 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 £671,000 (2010: £1,800,000) remains drawn down and unconverted at the year end after £1,129,000 was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010.

Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £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 which was utilised to subscribe for ordinary shares in the Open Offer. At 30 June 2011, £3,000,000 (2010: £3,300,000) of these facilities had been drawn down leaving no further balance (2010: £Nil) available to draw down. Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £3,500,000 on 25 November 2008, amended to £4,300,000 on 20 October 2009 and which was further increased to £6,000,000 on 17 December 2009. On 20 December 2010 £5,593,000 of these, previously drawn down loan notes, were utilised to subscribe for ordinary shares in the Open Offer. At 30 June 2011 the balance available under this facility was fully drawn down. On 29 March 2010, Messrs. C Gonticas, T Keyse and J Press, spouse of R Press, subscribed for a further £300,000 of non-convertible loan notes on the same terms which was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010. On 15 November 2010 the terms of the remaining loan note facilities were revised to make available to the Company an additional facility of £1.4 million after the subscription for shares which, at 30 June 2011, remained fully available to the Company.

During the year, interest totalling £1,282,000 (2010: £1,375,000) accrued under these facilities, £1,184,000 (2010: 358,000) of which remains unpaid at the balance sheet date. In addition, a total of £2,362,000 (2010: £2,021,000) PIK notes previously issued in lieu of interest on these facilities remain in issue at the balance sheet date.

for the year ended 30 June 2011 *(continued)*

18. Related Party Transactions *(continued)*

The remuneration of key management personnel, who are considered to be the board of directors, is shown in the directors' report and note 6. In addition, Heather Rabbatts received fees totalling £Nil (2010: £45,000) for consultancy services provided to the Group in the year.

19, 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.

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 management's 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.

20 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.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement. of comprehensive income.

21. Post balance sheet events

The directors have announced that they are convening an Extraordinary General Meeting of shareholders to consider a proposal for the cancellation of the trading of the Company's shares on AIM. If approved the directors will put in place a third party facility to provide a dealing facility in shares on a matched bargain basis. A separate notice of this Extraordinary General Meeting will be sent to shareholders and full details are available on the Company's website at www.millwallholdingsplc.co.uk.

22. Ultimate Controlling Party

Following completion of the Open Offer in December 2010, the Company is now under the control of Chestnut Hill Ventures LLC, a company which is incorporated in the USA. Chestnut Hill Ventures LLC is ultimately controlled jointly by John G Berylson and Richard A Smith, as Trustee of the Phillip Smith dec'd Will Trust.

Company Balance Sheet

as at 30 June 2011

Company number: 2355508

	Notes	***30 June 2011 £000***	*30 June 2010 £000*
Fixed assets			
Investments	v	**10,324**	9,623
Current assets			
Debtors	vi	**28**	5
Cash at bank and in hand		**1**	58
		29	63
Creditors: Amounts falling due within one year	vii	**(129)**	(14,773)
Net current liabilities		**(100)**	(14,710)
Total assets less current liabilities		**10,224**	(5,087)
Creditors: Amounts falling due after more than one year	viii	**(7,580)**	—
Net assets/(liabilities)		**2,644**	(5,087)
Capital and reserves			
Called up share capital	ix	**16,238**	6,099
Share premium account	x	**15,152**	15,152
Equity proportion of Convertible Loan Notes	x	**81**	181
Capital reserve	x	**21,416**	21,416
Retained deficit	x	**(50,243)**	(47,935)
Shareholders' funds (in deficit)	xi	**2,644**	(5,087)

The accounts on pages 34 to 40 were approved by the Board of Directors and authorised for issue on 2 November 2011.

A Ambler
Director

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

for the year ended 30 June 2011

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.

Going concern
At 30 June 2011, the Company had net assets of £2.6 million and net current liabilities of £0.1million.

The directors continually monitor the financial position of the Group and have prepared the financial statements on a going concern basis, having had regard to:

- cash flow projections, including the effect of player trading; and
- the continuing provision of facilities to the Group from Chestnut Hill Ventures LLC ("CHV"), a company controlled by the Chairman, John G Berylson. These facilities fall due for repayment on 1 July 2012, but, in the absence of alternative funding, CHV have given a firm undertaking that they will continue to make these facilities available to the Group until at least one year from the date of approval of these financial statements and provide the Group with any additional funding that it may require to satisfy its liabilities as they fall due over this period.

While there will always remain inherent uncertainty, the directors remain confident that they will be able to manage the Company'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.

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 enacted or substantively 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.

The Company has concluded that "PIK notes" issued in settlement of loan note interest obligations have characteristics more akin to debt than equity so these instruments are reflected as financial liabilities.

Financial instruments
Financial instruments are initially and subsequently recognised at cost.

for the year ended 30 June 2011 *(continued)*

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 £1,958,000 (2010: £4,958,000) 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 (2010: 6). There were no employment costs borne by the Company in the year (2010: £Nil).

iv. Loss for the year

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

	Year ended 30 June 2011 £000	*Year ended 30 June 2010 £000*
Auditors' remuneration for the audit of Company financial statements	**5**	5
Directors' remuneration – paid by subsidiaries	**143**	150

v. Investments

	Shares in subsidiary undertakings £000	***Loan to subsidiary undertakings £000***	***Total £000***
Cost			
1 July 2010	400	57,254	57,654
Additions	—	896	896
30 June 2011	**400**	**58,150**	**58,550**
Amounts provided for			
1 July 2010	—	48,031	48,031
Provided in year	—	195	195
30 June 2011	**—**	**48,226**	**48,226**
Net book value			
30 June 2011	**400**	**9,924**	**10,324**
30 June 2010	400	9,223	9,623

At 30 June 2011, 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. The Company owns 100% of the issued share capital and the voting rights of each of these companies.

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.

for the year ended 30 June 2011 *(continued)*

vi. Debtors

	30 June 2011 £000	30 June 2010 £000
Prepayments and accrued income	**28**	5

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 2011 £000	30 June 2010 £000
Other creditors	**7**	7
Accruals and deferred income	**122**	147
Amounts relating to convertible loan notes	**—**	2,737
Amounts relating to non-covertible loan notes	**—**	9,147
Interest accrued on loan notes	**—**	387
PIK notes	**—**	2,348
	129	14,773

viii. Creditors: Amounts falling due after more than one year

	30 June 2011 £000	30 June 2010 £000
Amounts relating to convertible loan notes	**590**	—
Amounts relating to non-convertible loan notes	**3,444**	—
Interest accrued on loan notes	**1,184**	—
PIK notes	**2,362**	—
	7,580	—

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. The convertible loan note facility was fully drawn down at the start of the year. £671,000 of the balance remains available to the Company until 1 July 2012 (having been extended during the year) following the Open Offer when £1,129,000 was utilised to subscribe for ordinary shares and £1,151,000 was repaid in December 2010 and January 2011.

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 have the same terms as the loan notes to which they relate and carry the same interest terms.

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

Amounts relating to loan notes (non-convertible) are carried at fair value based on the amounts issued.

A loan note facility of £3,300,000 carrying interest at 10%p.a. calculated daily and consolidated quarterly was made available to the Company in 2008. The facility was fully drawn at the start of the year. £300,000 was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010 and the balance is available to the Company until 1 July 2012 (having been extended during the year).

A 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 in 2008, was increased by £800,000 to £4,300,000 on 20 October 2009 and was ulitised to subscribe for ordinary shares in the Open Offer on 20 December 2010. On 18 December 2009 and 29 March 2010 additional facilities of £1,700,000 and £300,000 respectively were made available to the Company, carrying interest at 15%p.a, but otherwise on the same terms as the original facility. The drawn down balance of £1,593,000 was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010. On 15 November 2010 an additional facility of £1,400,000 was made available to the Company carrying interest at 15% and on the same terms. The undrawn balance of £1,400,000 (2010: £453,000) under these facilities is available to the Company until 1 July 2012 (having been extended during the year).

At the option of the Company the interest on all non-convertible loan notes may be settled by the issue of PIK notes which have the same terms as the loan notes to which they relate and carry the same interest terms.

for the year ended 30 June 2011 *(continued)*

viii. Creditors: Amounts falling due after more than one year *(continued)*

Financial liabilities are due:

	Amounts relating to non-convertible loan notes (including related PIK notes)		*Amounts relating to convertible loan notes (including related PIK notes)*		*Total*	
	30 June 2011 £000	*30 June 2010 £000*	***30 June 2011 £000***	*30 June 2010 £000*	***30 June 2011 £000***	*30 June 2010 £000*
Amount payable						
– within one year	**—**	10,686	**—**	3,546	**—**	14,232
– after one year but within two years	**5,053**	—	**1,343**	—	**6,396**	—
	5,053	10,686	**1,343**	3,546	**6,396**	14,232

ix. Share capital

	30 June 2011 Number	*30 June 2010 Number*
Allotted, called up and fully paid		
Ordinary shares of £10 (2010: 0.01p) each	**1,390,523**	37,661,097,134
Deferred shares of 0.09p each	**2,592,087,167**	2,592,087,167
	2,593,477,690	40,253,184,301
Allotted, called up and fully paid		
Ordinary shares of £10 (2010: 0.01p) each	**13,905**	3,766
Deferred shares of 0.09p each	**2,333**	2,333
	16,238	6,099

Consolidation
On 4 October 2010, the Company approved a resolution effecting the conversion of each 100,000 ordinary shares of 0.01p each into one new ordinary share of £10 nominal value, and dealing with fractional entitlements.

Open Offer
Resulting from the Open Offer to shareholders of 17 November 2010 the Company issued, on 20 December 2010, 1,013,913 new ordinary shares of £10 each. The Company received £2,289,000 in cash and Loan Notes to the value of £7,850,000 were redeemed.

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 2011 £5,779,000 (2010: £5,779,000) of Convertible Loan Notes had been drawn down with £671,000 (2010: £2,951,000) remaining unconverted. This debt is potentially convertible into 22,372 (2010: 9,836,666,667) ordinary shares of £10 (2010: 0.01p) each. The lender has the right to convert the loan notes by giving notice in writing to the Company at any time up to 1 July 2012. If exercised the price paid for each ordinary share will be £30 (2010: 0.03p).

The convertible loan notes have 30,683 (2010: 3,068,328,600) warrants attached, which are exercisable, at any time, at a price of £40 (2010: 0.04p) each.

for the year ended 30 June 2011 *(continued)*

ix. Share capital *(continued)*

Payment in Kind Notes
At 30 June 2011 £2,362,000 (2010: £2,348,000) of PIK Notes had been issued of which £753,000 carry the same terms as the convertible loan notes referred to above. These PIK notes along with £173,000 of accrued interest are potentially convertible into 23,142 (2010: 5,870,000,000) ordinary shares of £10 (2010: 0.01p) each.

x. Reserves

	Ordinary Shares of £10 each £000	*Deferred Shares of 0.09p each £000*	*Share premium account £000*	*Equity component of Convertible Loan Notes £000*	*Capital reserve £000*	*Retained deficit £000*
1 July 2010	3,766	2,333	15,152	181	21,416	(47,935)
New Shares Issued	10,139	—	—	—	—	—
Costs of issue of shares	—	—	—	—	—	(450)
Convertible loan notes redeemed	—	—	—	(100)	—	100
Loss for the year	—	—	—	—	—	(1,958)
30 June 2011	**13,905**	**2,333**	**15,152**	**81**	**21,416**	**(50,243)**

xi. Reconciliation of movements in shareholders' funds (in deficit)

	Year ended 30 June 2011 £000	*Year ended 30 June 2010 £000*
Brought forward	**(5,087)**	(177)
Loss for the year	**(1,958)**	(4,958)
New shares issued	**10,139**	48
Costs of share issue	**(450)**	—
Carried forward	**2,644**	(5,087)

xii. Related Party Transactions
The Company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures" not to disclose transactions with wholly owned group undertakings.

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 £671,000 (2010: £1,800,000) remains drawn down and unconverted at the year end after £1,129,000 was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010.

Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £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 which was utilised to subscribe for ordinary shares in the Open Offer. At 30 June 2011, £3,000,000 (2010: £3,300,000) of these facilities had been drawn down leaving no further balance (2010: £Nil) available to draw down. Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £3,500,000 on 25 November 2008, amended to £4,300,000 on 20 October 2009 and which was further increased to £6,000,000 on 17 December 2009. On 20 December 2010 £5,593,000 of these, previously drawn down, were utilised to subscribe for ordinary shares in the Open Offer. At 30 June 2011 the balance available under this facility was fully drawn down. On 29 March 2010, Messrs. C Gonticas, T Keyse and J Press, spouse of R Press, subscribed for a further £300,000 of non-convertible loan notes on the same terms which was utilised to subscribe for ordinary shares in the Open Offer of 20 December 2010. On 15 November 2010 the available loan note facilities were revised to make available to the Company a facility of £1.4 million after the subscription for shares which, at 30 June 2011, remained fully available to the Company.

for the year ended 30 June 2011 *(continued)*

xii. Related Party Transactions *(continued)*
During the year, interest totalling £1,282,000 (2010: £1,375,000) accrued under these facilities, £1,184,000 (2010: 358,000) of which remains unpaid at the balance sheet date. In addition, a total of £2,362,000 (2010: £2,021,000) PIK notes previously issued in lieu of interest on these facilities remain in issue at the balance sheet date.

xiii. Post Balance Sheet Events
The directors have announced that they are convening an Extraordinary General Meeting of shareholders to consider a proposal for the cancellation of the trading of the Company's shares on AIM. If approved the directors will put in place a third party facility to provide a dealing facility in shares on a matched bargain basis. A separate notice of this Extraordinary General Meeting will be sent to shareholders and full details are available on the Company's website at www.millwallholdingsplc.co.uk.

xiv. Ultimate Controlling Party
Following completion of the Open Offer in December 2010, the Company is now under the control of Chestnut Hill Ventures LLC, a company which is incorporated in the USA. Chestnut Hill Ventures LLC is ultimately controlled jointly by John G Berylson and Richard A Smith, as Trustee of the Phillip Smith dec'd Will Trust.

Millwall Holdings PLC

(Registered no. 02355508)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2011 annual general meeting of Millwall Holdings PLC will be held at The Den, Zampa Road, London, SE16 3LN at 10.00 am on 1 December 2011 to consider, and if thought fit pass, the resolutions below. Resolutions 1 to 5 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions.

ORDINARY BUSINESS

Ordinary Resolution

1. To receive the audited accounts of the Company for the year ended 30 June 2011 and the reports of the directors and auditors thereon.
2. To re-elect John G. Berylson who retires by rotation, as a director.
3. To re-elect Trevor Keyse 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 and further that such authority is to be in substitution for all other authorities conferred upon the directors in connection with section 80 of the Companies Act 1985 and/or section 551 of the 2006 Act save for the authority granted pursuant to resolution 2 of the general meeting of the Company held on 28 March 2007, which shall remain in full force and effect.

SPECIAL RESOLUTIONS

6. That subject to the passing of Resolution 5 above, the directors be and are hereby generally empowered in accordance with Section 570 of the 2006 Act to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority conferred on them by Resolution 5 above as if Section 561(1) of the 2006 Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

   i. the allotment of equity securities by way of a rights issue or other pre-emptive offer in favour of the holders of ordinary shares in the capital of the Company where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be) to the respective number of ordinary shares in the capital of the Company held by them on the record date for such allotment, subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with the fractional entitlements or legal or practical difficulties under the laws of or requirements of any recognised regulatory body in any territory or otherwise; and

   ii. the allotment (other than as set out in a. above) of equity securities up to an aggregate nominal value not exceeding £2,000,000,

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

7. That the articles of association in the form produced to the meeting and, for the purposes of identification, signed by the chairman of the meeting, be 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.

Registered Office:
The Den,
Zampa Road,
London SE16 3LN
8 November 2011

By Order of the Board
T. Simmons
Secretary

Notice of Annual General Meeting

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 can only be appointed using the procedures set out in these notes and the notes to the form of proxy. A proxy need not be a member of the Company but must attend at the meeting to represent the member appointing him.

(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, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY 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.

(6) In the case of joint holders, the signature of any holder will be sufficient but the names of the joint holders should be stated. In the event of more than one joint holder voting in person or by proxy, the vote of the senior holder who enters a vote, by proxy or in person shall be accepted to the exclusion of the votes of the other joint holders, seniority being determined by the order in which their names stand in the register of members.

(7) In the case of a corporation, the proxy must be under the common seal or signed on its behalf by a duly authorised officer of the corporation.

(8) 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.

(9) 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 at close of business on the day which is two days before the day of 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.

(10) Holders of deferred shares are not entitled to receive this Notice or to vote upon the resolutions proposed at the meeting.

(11) 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 2011. The report has attached to it the report of the auditors dated 2 November 2011.

Resolutions 2 and 3 – Re-election of Mr Berylson and Mr Keyse as directors
Under the Company's Articles of Association, Mr Berylson and Mr Keyse retire by rotation, and being eligible offer themselves for re-election.

Resolution 4 – Appointment and remuneration of auditors
The Company is required to appoint auditors to hold office until the next meeting at which the accounts are laid before it. It is proposed to re-appoint BDO 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 – Section 570 authority
This resolution authorises the directors to allot and issue ordinary shares in the Company on a non-pre-emptive basis up to a nominal value of £2,000,000.

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.

<u>The material differences between the existing articles of association of the Company **(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.</u>

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).

12. 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 was for execution by two directors or one director and the company secretary). The New Articles reflect these provisions of the 2006 Act.

13. 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 receive any subsequent notice or information until he has supplied a new address.

14. 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.

15. 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.