**Millwall Holdings Plc**

**Chairman's Statement**

As Chairman of Millwall Holdings and also as Chairman of Millwall FC, I am pleased to announce our interim results for the six months period to 30 November 2007. As I stated in my first annual report, English football is a unique enterprise with many challenges and as an American I continue to learn about the game and the complexity of building a successful team and business in League 1.

With reference to the football club, let me make the following comments to add context to these results.

The team had a disappointing start to the season and as a consequence a new manager, Kenny Jackett, was brought in on 6 November 2008. This early poor form had an immediate impact on a key source of our revenue, namely the gate and the knock on this had on ancillary businesses, such as food and beverages, retailing and programme sales. This reduction in matchday revenues was also added to by the fact that in this period, as against our previous year, the Club had no benefit from the parachute payment from the League. In the previous season Millwall received £120,000 due to relegation from Championship to League 1.

However, these losses are mitigated by the increase in revenues from non-match day events. One of my early priorities is for the club to drive alternative sources of revenue to ensure less volatile income streams going forward. These increases represent the early stages of this work and it will continue to be a major focus for the executive team going forward.

Aligned to our ambitions to reduce costs, build revenues and back a strong, talented football squad is the on-going support to our youth policy and community scheme. These endeavours reflect our commitment to making a difference in this area of South-East London and in particular engaging with young people through the power of football. The Community Scheme, together with key partners such as police and local authorities has worked with over 2,500 children on initiatives ranging from crime diversion to players supporting reading initiatives in local schools.

The Club continues to support young football talent through our Academy, despite the cost and funding challenges as Millwall looks to play its part in youth development and identifying home-grown talent.

In isolation, excluding the operations of Millwall Holdings Plc and Millwall Property Limited the Football Club has reduced its overall losses for the period, excluding profits on sale of players' registrations, by some 22%. We will continue to review the operation of the business as we look to reduce losses further in the future.

I turn next to the regeneration plans.

As referred to in the annual report, our on-going expenditure on professional fees underlines our commitment to developing a proposal which will achieve the ambition of this area becoming a 'place maker' and a catalyst for change. Creating a new place in and around a football stadium, in an area inter-cut with railways and roads, requires both creative vision and significant technical support to ensure that any scheme is achievable and capable of delivery. This work is well underway and I look forward to publicly communicating our ambitions with our partners in the near future.

As Chairman, and with my Board colleagues, we are committed to building and supporting the team, operating the football club on an increasing business and commercial basis, and working towards a regeneration of the area, bringing benefits and value to our shareholders, fans and local communities.

I would thank my colleague Board directors and all the staff at the Football Club for their support, guidance and commitment.

John G Berylson
**Chairman**
28 February 2008

**Millwall Holdings Plc**

**Executive Vice Chairman's Statement**

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**Unaudited interim results for the 6 months ended 30 November 2007.**

**Principal risks and uncertainties**

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

**Results from operations**

Unfortunately the beginning of this season was disappointing and we decided to bring in a new manager. As a consequence of this decision Willie Donachie left on 8 October 2007 and Kenny Jackett was appointed on 6 November 2007.

However, season ticket sales at 25 February 2008 stood at 5,066 (2006 H1 – 4,858) reflecting the loyalty of our core supporter base and the attractiveness of our "early bird" offerings for this season.

Revenue for the six months was £2.1 million (2007 H1 - £ 2.4 million). The fall in revenue is a result of the very poor start to the 2007/2008 season with the resulting reduction in gate receipts and matchday commercial revenues. There has also been a reduction in the basic award from the Football League as we received a parachute payment last year because of relegation from the Championship. The loss before taxation for the period on ordinary activities was £2.6 million (2006 H1 - £2.9 million) after taking account of £0.7 million profit (2006 H1 - £0.3 million profit) on disposal of players' registrations. The loss before tax, therefore, excluding player trading was £3.3 million (2006 H1 - £3.2 million).

Staff costs £2,799,000 (2006 H1 - £3,064,000) have fallen mainly due to the major changes in the composition of the playing squad.

Administrative expenses £2,301,000 (2006 H1 - £2,405,000). Those of the Football Club have reduced significantly offset by an increase in costs of the Property Company. This increase in costs of the Property Company is in line with previously agreed budgets.

**Share Based Payments**

During the period the Company has recognised Share based payment charges of £79,000 (2006 H1 - £Nil) which reflects the amount charged for the period for total compensation of £183,000 being amortised over the two year vesting period. This amount is included within staff costs.

**Profit or loss on disposal of player registrations, £747,000 (2006 H1 - £296,000)**

Compensation received for our young Academy players changing clubs has provided £402,000 in the period which accounts for substantially all of the increase in trading players' registrations.

**Millwall Holdings Plc**

**Executive Vice Chairman's Statement** ***(Continued)***

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**Loss per share 0.009p (2006 H1 – 0.013p)**
The calculation of the basic and diluted loss per share is calculated based on the loss after taxation and on the weighted average number of shares in issue of 27,759,465,057 ( 2006 H1 – 21,417,251,942).

**Working Capital:**
Despite net current liabilities of £1,449,000 (2006 H1 - £2,619,000) the Board believes that the Group has the ability to manage its working capital on a day to day basis and has the ability to further draw down against the convertible loan note facilities.

During the period a further £1,686,000 (2006 H1 - £Nil) of convertible loan notes were drawn down. As at 30 November 2007 total undrawn convertible loan note facilities amounted to £1,377,000.

On 19 June 2007 the company raised £0.9 million through a private placing of 3,000,000,000 ordinary shares.

**Key figures:**

| | **6 Months Ended 30 November 2007 £'000 (unaudited)** | **6 Months Ended 30 November 2006 £'000 (unaudited)** | **Year Ended 31 May 2007 £'000 (unaudited)** |
|---|---|---|---|
| Revenue | **2,076** | 2,403 | 5,388 |
| Staff costs | **(2,799)** | (3,064) | (5,869) |
| Administration expenses other | **(2,301)** | (2,405) | (4,933) |
| Other operating income – profit on players' registrations | **747** | 296 | 414 |
| Loss from operations | **(2,277)** | (2,770) | (5,000) |
| Net assets | **5,864** | 8,609 | 7,283 |
| (Decrease)/Increase in cash and cash equivalents | **(534)** | (413) | 1,012 |
| Basic and diluted loss per share | **(0.009)p** | (0.013)p | (0.024)p |

H Rabbatts
**Executive Vice Chairman**
28 February 2008

Millwall Holdings Plc

**Consolidated income statement for the six month period ended 30 November 2007**

| | Note | 6 months ended 30 November 2007 (unaudited) | 6 months ended 30 November 2006 (unaudited) | 12 months to 31 May 2007 (unaudited) |
|---|---|---|---|---|
| | | £'000 | £'000 | £'000 |
| **Revenue** | 1 | **2,076** | 2,403 | 5,388 |
| Other income - profit on disposal of players' registrations | | **747** | 296 | 414 |
| Staff costs | | **(2,799)** | (3,064) | (5,869) |
| Amortisation of players' registrations | | **(45)** | (37) | (63) |
| Depreciation of property plant and equipment | | **(151)** | (199) | (382) |
| Total depreciation and amortisation expense | | **(196)** | (236) | (445) |
| Other expenses | | **(2,105)** | (2,169) | (4,488) |
| **Loss from operations** | | **(2,277)** | (2,770) | (5,000) |
| Finance income | | **22** | 13 | 17 |
| Finance expense | | **(268)** | (103) | (208) |
| **Loss before and after tax and for the financial period** | | **(2,523)** | (2,860) | (5,191) |
| **Attributable to:** | | | | |
| Equity shareholders | | **(2,523)** | (2,860) | (5,191) |
| **Loss per share** | | | | |
| Basic and diluted | 3 | **(0.009)p** | (0.013)p | (0.024)p |

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

**Millwall Holdings Plc**

**Consolidated balance sheet at 30 November 2007**

| | Note | 30 November 2007 (unaudited) | 30 November 2006 (unaudited) | 31 May 2007 (unaudited) |
|---|---|---|---|---|
| | | £'000 | £'000 | £'000 |
| **Non-current assets** | | | | |
| Property, plant and equipment | | **15,559** | 15,851 | 15,691 |
| Intangible assets | | **146** | 44 | 36 |
| | | **15,705** | 15,895 | 15,727 |
| **Current assets** | | | | |
| Inventories | | **166** | 233 | 93 |
| Trade and other receivables | | **1,522** | 917 | 801 |
| Cash and cash equivalents | | **215** | 23 | 749 |
| | | **1,903** | 1,173 | 1,643 |
| **Total assets** | | **17,608** | 17,068 | 17,370 |
| **Non current liabilities** | | | | |
| Trade and other creditors | | - | (10) | (107) |
| Amounts relating to convertible loan notes | | **(3,902)** | - | (2,178) |
| Obligations under finance leases and hire purchase | | **(1,682)** | (1,745) | (1,731) |
| Accruals and deferred income | | **(2,808)** | (2,912) | (2,860) |
| **Total Non current liabilities** | | **(8,392)** | (4,667) | (6,876) |
| **Current liabilities** | | | | |
| Trade and other payables | | **(1,764)** | (2,084) | (1,719) |
| Tax liabilities | | **(246)** | (412) | (378) |
| Accruals and deferred income | | **(1,342)** | (1,296) | (1,114) |
| **Total Current liabilities** | | **(3,352)** | (3,792) | (3,211) |
| **Total liabilities** | | **(11,744)** | (8,459) | (10,087) |
| **Net assets** | | **5,864** | 8,609 | 7,283 |
| **Equity** | | | | |
| Called up share capital | 4 | **5,140** | 4,540 | 4,840 |
| Share premium | | **13,234** | 12,153 | 12,634 |
| Capital Reserve | | **21,474** | 21,474 | 21,474 |
| Equity proportion of Convertible Loan Notes | | **344** | - | 219 |
| Retained deficit | | **(34,328)** | (29,558) | (31,884) |
| **Total Equity** | | **5,864** | 8,609 | 7,283 |

The interim unaudited balance sheet was approved and authorised for issue by the Board of Directors on 28 February 2008.
H Rabbatts, Director

**Millwall Holdings Plc**
**Consolidated statement of changes in equity for the six month period ended 30 November 2007**

| | | | Other reserves | | Retained deficit | | |
|---|---|---|---|---|---|---|---|
| | **Called up share capital £'000** | **Share premium £'000** | **Equity component of Convertible Loan Notes £'000** | **Capital Reserve £'000** | **Share based payment reserve £'000** | **Retained deficit £'000** | **Total £'000** |
| **At 1 June 2006 – (unaudited)** | 4,171 | 11,087 | - | 21,474 | - | (26,698) | 10,034 |
| Loss for the period | - | - | - | - | - | (2,860) | (2,860) |
| **Total recognised income and expense for the period** | **-** | **-** | **-** | **-** | **-** | **(2,860)** | **(2,860)** |
| Issue of ordinary shares | 369 | 1,106 | - | - | - | - | 1,475 |
| Costs of issue | - | (40) | - | - | - | - | (40) |
| Net increase / (decrease) | 369 | 1,066 | - | - | - | (2,860) | (1,425) |
| **At 30 November 2006 – (unaudited)** | 4,540 | 12,153 | - | 21,474 | - | (29,558) | 8,609 |
| Loss for the period | - | - | - | - | - | (2,331) | (2,331) |
| **Total recognised income and expense for the period** | **-** | **-** | **-** | **-** | **-** | **(2,331)** | **(2,331)** |
| Issue of shares | 300 | 600 | - | - | - | - | 900 |
| Costs of issue | - | (119) | - | - | - | - | (119) |
| Share based payment charge | - | - | - | - | 4 | - | 4 |
| Equity proportion of Convertible Loan Notes Issued | - | - | 252 | - | - | - | 252 |
| Allocated Convertible Loan Note transaction costs | - | - | (33) | - | - | - | (33) |
| Net increase / (decrease) | 300 | 481 | 219 | - | 4 | (2,331) | (1,327) |
| **At 31 May 2007 – (unaudited)** | 4,840 | 12,634 | 219 | 21,474 | 4 | (31,888) | 7,283 |
| Loss for the period | - | - | - | - | - | (2,523) | (2,523) |
| **Total recognised income and expense for the period** | **-** | **-** | **-** | **-** | **-** | **(2,523)** | **(2,523)** |
| Share based payment charge | - | - | - | - | 79 | - | 79 |
| Equity proportion of Convertible Loan Notes Issued | - | - | 125 | - | - | - | 125 |
| Issue of shares | 300 | 600 | - | - | - | - | 900 |
| Net increase / (decrease) | 300 | 600 | 125 | - | 79 | (2,523) | (1,419) |
| **At 30 November 2007 (unaudited)** | **5,140** | **13,234** | **344** | **21,474** | **83** | **(34,411)** | **5,864** |

Millwall Holdings Plc

**Consolidated cash flow statement for the six month period ended 30 November 2007**

| | Note | 6 months ended 30 November 2007 (unaudited) | 6 months ended 30 November 2006 (unaudited) | 12 months to 31 May 2007 (unaudited) |
|---|---|---|---|---|
| | | £'000 | £'000 | £'000 |
| **Operating activities** | | | | |
| Net loss before taxation | | (2,523) | (2,860) | (5,191) |
| Share based payments | | 79 | - | 4 |
| Depreciation on property plant and equipment | | 151 | 199 | 382 |
| Amortisation of intangible assets | | 45 | 37 | 63 |
| Amortisation of grants | | (52) | (52) | (104) |
| Profit on disposal of players' registrations | | (747) | (296) | (414) |
| Finance income | | (22) | (13) | (17) |
| Finance expenses | | 268 | 103 | 208 |
| **Cash flow from operations before changes in working capital** | | (2,801) | (2,882) | (5,069) |
| Increase in inventory | | (73) | (141) | (1) |
| (Increase)/decrease in trade and other receivables | | (927) | 839 | 893 |
| Increase in trade and other payables and accruals and deferred income | | 407 | 317 | 132 |
| **Cash generated from operations** | | (3,394) | (1,867) | (4,045) |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment | | (20) | (108) | (122) |
| Proceeds on disposal of players' registrations | | 392 | 261 | 416 |
| Purchase of players' registrations | | (50) | (42) | (60) |
| Interest received | | 22 | 13 | 17 |
| **Net cash generated by investing activities** | | 344 | 124 | 251 |
| **Financing activities** | | | | |
| Proceeds from issue of new share capital | | 900 | 1,475 | 1,475 |
| Costs of issue of new share capital | | - | (40) | (41) |
| Proceeds from issue of convertible loan notes | | 1,686 | - | 3,596 |
| Capital element of finance leases and hire purchase contracts repaid | | (8) | (2) | (16) |
| Interest paid | | (62) | (103) | (208) |
| **Net cash generated by financing activities** | | 2,516 | 1,330 | 4,806 |
| **Net (Decrease)/increase in cash and cash equivalents** | | (534) | (413) | 1,012 |
| **Cash and cash equivalents at start of period** | | 743 | (269) | (269) |
| **Cash and cash equivalents at end of period** | | 209 | (682) | 743 |

## 1 Accounting Policies

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

The basis of preparation and accounting policies used in preparing the interim accounts for the six months ended 30 November 2007 are set out below. The basis of preparation describes how IFRS has been applied under IFRS 1, the assumptions made by the Group about the Standards and Interpretations expected to be effective, and the policies expected to be adopted, when the Group issues its first complete set of IFRS financial statements for the year ending 31 May 2008.

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

*Basis of preparation*
The financial information for the six months ended 30 November 2007, six months ended 30 November 2006 and the year ended 31 May 2007 is unreviewed and unaudited and, within the meaning of section 240 of the Companies Act 1985, such accounts do not constitute full statutory accounts of the Group.

The Group had previously prepared its financial statements under UK GAAP. With effect for periods commencing on or after 1 January 2007, the Group is required to prepare its financial statements in accordance with IFRS, as endorsed for use in the European Union.

The financial information presented in this report has been prepared in accordance with the principles of first time adoption of International Financial Reporting Standards (IFRS) using the accounting policies that are expected to be applicable for the year ended 31 May 2008.

The comparative figures included in this report for the six months ended 30 November 2007 and the full year ended 31 May 2007 are restated for IFRS and are unaudited.

The comparatives for the full year ended 31 May 2007 are based on the latest published audited accounts, but are subject to unaudited restatement to IFRS as endorsed for use in the European Union. They are not the Company's full statutory accounts for that year.

A copy of the statutory accounts for that year which are prepared in accordance with UK GAAP has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report(s) and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

*Going concern*
The Directors continually monitor the financial position of the Group, taking into account the latest cash flow forecasts and the ability of the Group to generate cash. The Directors have prepared the financial statements on a going concern basis having had regard to the cash flow projections for the period to 28 February 2009.

**1 Accounting policies *(Continued)***

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

The Chairman, John G Berylson, has undertaken that he will provide sufficient financial support as and when required in order to meet the Group's financial obligations as they fall due and for a period of not less than 12 months from 29 February 2008.

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

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

*Revenue recognition*
Revenue represents income receivable from the Group's principal activities excluding transfer fees and value added tax.

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

*Match Day*
Match Day revenue represents income receivable from all match day activities from Millwall games at The Den, together with our 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 turnover. 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 from the Football League and the Parachute payment received from the Football League following relegation from the Championship. The Basic Award is recognised over the financial period to which it relates.

*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 the sale of branded products is recognised at the point of dispatch when significant risks and rewards of ownership is deemed to have been transferred to the buyer.

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

## 1 Accounting policies *(Continued)*

*Grants*
Grants relating to property, plant and equipment are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

*Players' registrations*
The costs associated with the acquisition of players' registrations are initially recorded at their fair value 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 players' registration is reviewed against a measurable net realizable 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 a sale 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 still need to be made if applicable.

*Signing on fees*
Signing on fees are charged, on a straight line basis, to the income statement over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fees 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 recognized.

*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 profit and loss account. Contingent transfer fees receivable are recognized once the contingent conditions have been met.

*Property, plant and equipment*
Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, 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 |
| Leasehold Land | – over the term of the lease |

Residual value is calculated on prices prevailing at the date of acquisition or valuation.

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

## 1 Accounting policies *(Continued)*

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

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

A deferred income 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.

Deferred tax balances are not discounted.

*Pension costs and other post retirement benefits*
For defined contribution schemes the amount charged to the income statement in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year 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

1 **Accounting policies** *(Continued)*

*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 recognized at fair value and then subsequently carried at amortised cost using the effective rate method.

*Financial liabilities*

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

*Convertible financial instruments*

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

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

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

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

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

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

## 1 Accounting policies *(Continued)*

*Cash and cash equivalents*
Cash and cash equivalents comprises cash balances and call deposits.

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

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

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

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

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

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

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

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

## 2 Segmental information

Revenue by activity:

| | 6 months ended 30 November 2007 (unaudited) | 6 months ended 30 November 2006 (unaudited) | 12 months to 31 May 2007 (unaudited) |
|---|---|---|---|
| Match Day | **933** | 1,314 | 3,318 |
| Central League awards | **284** | 374 | 570 |
| Commercial | **859** | 715 | 1,500 |
| Revenue | **2,076** | 2,403 | 5,388 |

Gross profit/(loss) by activity:

| | 6 months ended 30 November 2007 (unaudited) | 6 months ended 30 November 2006 (unaudited) | 12 months to 31 May 2007 (unaudited) |
|---|---|---|---|
| Match Day | **691** | 824 | 2,249 |
| Central League awards | **284** | 374 | 570 |
| Commercial | **575** | 419 | 885 |
| Gross profit | **1,550** | 1,617 | 3,704 |

Total assets by activity:

Total assets of the Group are not distinguishable by activity.

**2 Segmental information** *(Continued)*

Revenue by geography:

All the Group's assets are UK based.

**3 Loss per share**

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

| | **6 months ended 30 November 2007 (unaudited)** | **6 months ended 30 November 2006 (unaudited)** | **12 months to 31 May 2007 (unaudited)** |
|---|---|---|---|
| Loss after taxation for the period | **2,523** | 2,860 | 5,191 |
| Weighted average number of shares | **27,759,465,057** | 21,417,251,942 | 21,849,707,590 |
| Basic and diluted loss per share | **0.009p** | 0.013p | 0.024p |

There is no potential dilution on the loss per ordinary share (2006 H1 – No potential dilution). There is no difference between basic and diluted earnings per share in 2007 and 2006. As at 30 November 2007 the number of options which could potentially dilute basic basic earnings per share in the future was 1,166,666,666 (2006 H1 – 735,250,000). These have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the period presented. In addition to share options, as at 30 November 2007, the Company had gross convertible debt of £4,382,000 in issue (2006 H1 – £Nil), potentially convertible to14,606,666,666 ordinary shares, which could dilute earnings per share in the future.

On 19 June 2007 the company raised £0.9 million through a private placing of 3,000,000,000 ordinary shares.

## 4 Share capital

**Authorised**

| | 30 November 2007 Number | 30 November 2006 Number | 31 May 2007 Number | 30 November 2007 £'000 | 30 November 2006 £'000 | 31 May 2007 £'000 |
|---|---|---|---|---|---|---|
| Ordinary shares of 0.01p each | 86,881,838,777 | 86,881,838,777 | 86,881,838,777 | 8,688 | 8,688 | 8,688 |
| Deferred shares of 0.09p each | 2,592,087,167 | 2,592,087,167 | 2,592,087,167 | 2,333 | 2,333 | 2,333 |

**Allotted, called up and fully paid**

| | 30 November 2007 Number | 30 November 2006 Number | 31 May 2007 Number | 30 November 2007 £'000 | 30 November 2006 £'000 | 31 May 2007 £'000 |
|---|---|---|---|---|---|---|
| Ordinary shares of 0.01p each | 28,070,940,467 | 22,070,940,467 | 25,070,940,467 | 2,807 | 2,207 | 2,507 |
| Deferred shares of 0.09p each | 2,592,087,167 | 2,592,087,167 | 2,592,087,167 | 2,333 | 2,333 | 2,333 |

## 5 Transition to IFRS

The consolidated financial information for the six months ended 30 November 2007 and the year ended 31 May 2007 and the opening balance sheet at 1 June 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time.

The Group's transition date to IFRS is 1 June 2006. The rules for first-time adoption of IFRS are set out in IFRS 1 'First time adoption of international reporting standards'. In preparing the IFRS financial information, these transition rules have been applied to the amounts reported previously under generally accepted accounting principles in the United Kingdom ('UK GAAP'). IFRS 1 generally requires full retrospective application of the Standards and Interpretations in force at the first reporting date.

IFRS 2: "Share based payments"

Under UK GAAP the figures to 30 November 2006 and 31 May 2007 needed no IFRS 2 adjustment as this charge was already reflected by FRS 20.

For the period to 30 November 2006, the impact of the restatement of the share based payments charge resulted in net charge for the period of £Nil.

The IFRS conversion statements have neither been audited nor reviewed by the Company's auditors BDO Stoy Hayward LLP.

**5 Transition to IFRS** ***(Continued)***

**IFRS restatement of Income Statement for the year ended 31 May 2007**

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

## 5 Transition to IFRS *(Continued)*

**IFRS restatement of Income Statement for the six months ended 30 November 2006**

| | UK GAAP Six months ended 30 November 2006 (as restated) £'000 | Adjustment Six months ended 30 November 2006 £'000 | IFRS Six months ended 30 November 2006 £'000 |
|---|---|---|---|
| **Revenue** | **2,403** | - | 2,403 |
| Other income - profit on disposal of players' registrations | **296** | - | 296 |
| Staff costs | **(3,064)** | - | (3,064) |
| Amortisation of players' registrations | **(37)** | - | (37) |
| Depreciation of property, plant and equipment | **(199)** | - | (199) |
| Total depreciation and amortisation expense | **(236)** | | (236) |
| Other administrative expenses | **(2,169)** | - | (2,169) |
| **Loss from operations** | **(2,770)** | - | (2,770) |
| Finance income | **13** | - | 13 |
| Finance expenditure | **(103)** | - | (103) |
| **Loss before tax and for the financial period** | **(2,860)** | - | (2,860) |
| **Attributable to:** | | | |
| Equity shareholders | **(2,860)** | - | (2,860) |
| **Loss per share** | | | |
| Basic and diluted | **(0.013)p** | - | (0.013)p |

## 5 Transition to IFRS *(Continued)*

**IFRS restatement of Balance sheet as at 31 May 2007**

| | UK GAAP 31 May 2007 £'000 | Adjustment 31 May 2007 £'000 | IFRS 31 May 2007 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15,691 | - | 15,691 |
| Intangible assets | 36 | - | 36 |
| | 15,727 | - | 15,727 |
| **Current assets** | | | |
| Inventories | 93 | - | 93 |
| Trade and other receivables | 801 | - | 801 |
| Cash and cash equivalents | 749 | - | 749 |
| | 1,643 | - | 1,643 |
| **Total assets** | 17,370 | - | 17,370 |
| **Non Current liabilities** | | | |
| Trade and other creditors | (107) | - | (107) |
| Amounts relating to convertible loan notes | (2,178) | - | (2,178) |
| Obligations under finance leases and hire purchase | (1,731) | - | (1,731) |
| Accruals and deferred income | (2,860) | - | (2,860) |
| **Total Non current liabilities** | (6,876) | - | (6,876) |
| **Current liabilities** | | | |
| Trade and other payables | (1,719) | - | (1,719) |
| Tax and social security | (378) | - | (378) |
| Accruals and deferred income | (1,114) | - | (1,114) |
| **Total Current Liabilities** | (3,211) | - | (3,211) |
| **Total liabilities** | (10,087) | - | (10,087) |
| **Net assets** | 7,283 | - | 7,283 |
| **Capital and reserves attributable to equity shareholders** | | | |
| Called-up share capital | 4,840 | - | 4,840 |
| Share premium account | 12,634 | - | 12,634 |
| Capital reserve | 21,474 | - | 21,474 |
| Equity proportion of Convertible Loan Notes | 219 | - | 219 |
| Retained losses | (31,884) | - | (31,884) |
| **Capital and reserves** | 7,283 | - | 7,283 |

**5 Transition to IFRS** ***(Continued)***

**IFRS restatement of Balance sheet as at 1 June 2006**

| | UK GAAP 1 April 2006 £'000 | Adjustment 1 April 2006 £'000 | IFRS 1 April 2006 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15,942 | - | 15,942 |
| Intangible assets | 66 | - | 66 |
| | 16,008 | - | 16,008 |
| **Current assets** | | | |
| Inventories | 92 | - | 92 |
| Trade and other receivables | 1,694 | - | 1,694 |
| Cash and cash equivalents | 777 | - | 777 |
| | 2,563 | - | 2,563 |
| **Total assets** | 18,571 | - | 18,571 |
| **Non Current liabilities** | | | |
| Trade and other creditors | (168) | - | (107) |
| Amounts relating to convertible loan notes | - | - | - |
| Obligations under finance leases and hire purchase | (1,753) | - | (1,753) |
| Accruals and deferred income | (2,964) | - | (2,964) |
| **Total Non current liabilities** | (4,885) | - | (4,885) |
| **Current liabilities** | | | |
| Trade and other payables | (2,174) | - | (2,174) |
| Tax and social security | (806) | - | (806) |
| Accruals and deferred income | (671) | - | (671) |
| **Total Current Liabilities** | (3,651) | - | (3,651) |
| **Total liabilities** | (8,536) | - | (8,536) |
| **Net assets** | 10,035 | - | 10,035 |
| **Capital and reserves attributable to equity shareholders** | | | |
| Called-up share capital | 4,171 | - | 4,171 |
| Share premium account | 11,087 | - | 11,087 |
| Capital reserve | 21,474 | - | 21,474 |
| Equity proportion of Convertible Loan Notes | - | - | - |
| Retained losses | (26,697) | - | (26,697) |
| **Capital and reserves** | 10,035 | - | 10,035 |

## 5 Transition to IFRS *(Continued)*

**IFRS restatement of Balance sheet as at 30 November 2006**

| | UK GAAP 30 November 2006 (as restated) £'000 | Adjustment 30 November 2006 £'000 | IFRS 30 November 2006 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15,851 | - | 15,851 |
| Intangible assets | 44 | - | 44 |
| | 15,895 | - | 15,895 |
| **Current assets** | | | |
| Inventories | 233 | - | 233 |
| Trade and other receivables | 917 | - | 917 |
| Cash and cash equivalents | 23 | - | 23 |
| | 1,173 | - | 1,173 |
| **Total assets** | 17,068 | - | 17,068 |
| **Non Current liabilities** | | | |
| Trade and other creditors | (10) | - | (10) |
| Amounts relating to convertible loan notes | - | - | - |
| Obligations under finance leases and hire purchase | (1,745) | - | (1,745) |
| Accruals and deferred income | (2,912) | - | (2,912) |
| **Total Non current liabilities** | (4,667) | - | (4,667) |
| **Current liabilities** | | | |
| Trade and other payables | (2,084) | - | (2,084) |
| Tax and social security | (412) | - | (412) |
| Accruals and deferred income | (1,296) | - | (1,296) |
| **Total Current Liabilities** | (3,792) | - | (3,792) |
| **Total liabilities** | (8,459) | - | (8,459) |
| **Net assets** | 8,609 | - | 8,609 |
| **Capital and reserves attributable to equity shareholders** | | | |
| Called-up share capital | 4,540 | - | 4,540 |
| Share premium account | 12,153 | - | 12,153 |
| Capital reserve | 21,474 | - | 21,474 |
| Equity proportion of Convertible Loan Notes | - | - | - |
| Retained losses | (29,558) | - | (29,558) |
| **Capital and reserves** | 8,609 | - | 8,609 |