

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult immediately an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document comprises a prospectus relating to Millwall Holdings plc prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000 and the AIM Rules. This document has been approved by and filed with the Financial Services Authority in accordance with the Prospectus Rules.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares, please send this document together with the accompanying Application Form and Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold part of your holding of Existing Ordinary Shares you should refer to the instructions regarding split applications set out in the accompanying Application Form.

The Company and the Directors, whose names and functions are set out on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect its import.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that dealings in the New Ordinary Shares will commence on AIM on 19 April 2006. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

Millwall Holdings plc

(Incorporated in England and Wales under the Companies Act 1985 – No.2355508)

Initial Placing of 6,801,353,300 New Ordinary Shares; Open Offer of up to 6,092,087,167 New Ordinary Shares at 0.04p per New Ordinary Share on the basis of 1 New Ordinary Share for every 1 Existing Ordinary Share together with an Excess Application Facility and Further Placing of up to 11,250,000,000 New Ordinary Shares at 0.04p per Share

Notice of Extraordinary General Meeting

YOUR ATTENTION IS DRAWN TO THE SUMMARY ON PAGES 3 TO 10 AND TO THE RISK FACTORS ON PAGES 11 TO 12 OF THIS DOCUMENT.

If you are a Qualifying Shareholder and wish to apply for New Ordinary Shares under the Open Offer, you should complete the Application Form and, if relevant, the Excess CREST Application Form accompanying this document and return it, together with the remittance payable, to the Company's receiving agents Computershare Investor Services PLC. The latest time for receipt of applications and payment in full under the Open Offer is 11.00 a.m. on 11 April 2006. The procedure for application and payment is set out in Part IV of this document and in the accompanying Application Form.

Notice of an Extraordinary General Meeting of the Company to be held at The Den, Zampa Road, London SE16 3LN at 11.00 a.m. on 18 April 2006 is set out at the end of this document. Shareholders are requested to complete and return the enclosed Form of Proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon as soon as possible but in any event so as to be received no later than 11.00 a.m. on 16 April 2006, whether or not they intend to be present at the Extraordinary General Meeting.

Seymour Pierce Limited, which is regulated by the Financial Securities Authority, is acting exclusively for the Company in connection with the Placing and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Seymour Pierce Limited or for advising any such person in connection with the Placing and Open Offer. Seymour Pierce Limited has not authorised the contents of any part of this document for the purposes of the Prospectus Rules. The responsibilities of Seymour Pierce Limited as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his or its decision to acquire New Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Seymour Pierce Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

The Placing and Open Offer are not being made, directly or indirectly, in or into the United States, Canada, Australia or Japan or their respective territories or possessions, and documents should not be distributed, forwarded or transmitted in or into such territories. The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state or other jurisdiction of the United States, nor have the relevant clearances been, nor will they be obtained from the Securities Commission or similar authority of any province or territory of Canada and no prospectus has been or will be filed or registration made under the securities laws of any province of Canada, nor has a prospectus in relation to the New Ordinary Shares been lodged or will be lodged with or registered by, the Australian Securities Commission, nor have any steps been taken nor will they be taken to enable the New Ordinary Shares to be offered in accordance with the laws of Japan. Accordingly unless an exemption under the relevant securities laws is available, the New Ordinary Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan. All shareholders (including without limitation, nominees, trustees and custodians) who would otherwise forward this document and/or any of the accompanying documents to any jurisdiction outside the United Kingdom or to overseas persons should seek appropriate advice before taking any action.

Qualifying Shareholders will find a white Application Form and a blue Excess CREST Application Form enclosed with this document. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the date on which the relevant Existing Ordinary Shares are marked "ex" the entitlement by the London Stock Exchange. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer.

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SUMMARY

This summary should be read as an introduction to the prospectus. Any decision to invest in transferable securities should be based on consideration of the prospectus as a whole by the investor.

Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA state, have to bear the costs of translating the prospectus before the legal proceedings are initiated.

Civil liability attaches to those persons who are responsible for the summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

Directors: Peter John de Savary (*Non-Executive Chairman*)
Theodoros Paphitis (*Non-Executive Director*)
Constantine Gonticas (*Non-Executive Director*)
Jeffrey David Burnige (*Non-Executive Director*)
Richard Edward Towner (*Non-Executive Director*)

Auditors and other Advisers:

Nominated Adviser: Seymour Pierce Limited
Broker: Seymour Pierce Ellis Limited
Solicitors: Davenport Lyons
Auditors: BDO Stoy Hayward LLP
Registrars: Computershare Investor Services PLC

1. Introduction and Reasons for the Placing and Open Offer

The Company is proposing to raise up to £5.157 million (before expenses) by way of the Initial Placing and Open Offer. The minimum amount required to be raised under the Initial Placing and Open Offer is £4.22 million which will be raised as follows:

- The Company has placed firm, 5,551,353,300 Placing Shares at the Issue Price to raise £2.22 million;
- Nash Fitzwilliams has agreed to use its reasonable endeavours, to procure subscribers for a further 1,250,000,000 Placing Shares, to raise £500,000 under the Initial Placing, failing which Mark Child will subscribe for such Placing Shares;
- Seymour Pierce Ellis, the Company's broker, has underwritten the first £1.5 million under the Open Offer.

The Placing and Open Offer (save for the amount of £2.22m placed firm under the Initial Placing) are subject to Shareholder approval at the EGM.

In addition to the Initial Placing and Open Offer, the Company will seek to raise up to a further £4.5 million through Nash Fitzwilliams and Seymour Pierce.

The Minimum Amount will be used to provide the Club with adequate working capital to continue its operations for at least 12 months from the date of this document and to repay £1.75m of bank borrowings. The Company will also investigate opportunities aimed at increasing turnover and may approach Shareholders in the future to seek additional funds if interesting opportunities arise.

If Shareholder approval is not received for the Placing and Open Offer or the Minimum Amount is not raised, the Company will seek alternative methods to raise the Minimum Amount which will enable it to continue its operations as the Company would otherwise not have sufficient working capital for the next 12 months. These will include a non-pre-emptive placing of Ordinary Shares with the Directors and others to raise at least £2.22m utilising the authorities granted to the

Directors at the Company's Annual General Meeting held in December 2005 which will be dilutive to existing Shareholders. The Company may also seek to increase its level of bank borrowings and realise player contracts or to obtain funding through other avenues.

2. The Placing and Open Offer

The Company has placed 5,551,353,300 of the Placing Shares at the Issue Price pursuant to the Initial Placing to raise £2.22m (before expenses) with certain of the Directors and other investors. In addition, Nash Fitzwilliams has agreed to use its reasonable endeavours to procure subscribers for a further 1,250,000,000 Placing Shares to raise a further £500,000 under the Initial Placing, failing which Mark Child will subscribe for such Placing Shares.

Applications are being invited from Qualifying Shareholders to apply for Offer Shares at the Issue Price on the basis of:

1 Offer Share for every 1 Existing Ordinary Share

and so in proportion for any other number of Existing Ordinary Shares held at the close of business on the Record Date rounded down to the nearest 25 Offer Shares.

Applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements which are shown on the Application Form. The Excess Application Facility enables Qualifying Shareholders to apply for Offer Shares in excess of their Basic Entitlement in multiples of 25,000 Offer Shares, subject to the total number of Offer Shares applied for not exceeding 6,092,087,167, in which case applications may be scaled back.

The latest time and date for receipt of completed Application Forms and payment in respect of the Open Offer is 11.00 a.m. on Tuesday, 11 April 2006.

Neither the Placing nor the Open Offer is being made directly or indirectly in or into the United States, Canada, Australia or Japan or their respective territories or possessions.

Application will be made for the New Ordinary Shares to be admitted to AIM and dealings are expected to commence on 8.00 a.m. Wednesday, 19 April 2006.

The Placing and Open Offer (save for the amount of £2.22m placed firm under the Initial Placing) are conditional, *inter alia*, on the Minimum Amount being raised, the passing of the Resolutions, the Underwriting Agreement and the Mark Child Underwriting Agreement having become unconditional in all respects and not having been terminated in accordance with their terms and Admission.

The Company now has approximately 43,500 Shareholders of whom a large number own less than 100,000 Ordinary Shares. Some of these small Shareholders may decide not to invest under the Open Offer only because they consider that any subscriptions by them would not make a difference to the Company. If each of, say, 30,000 of these small Shareholders was to invest an average of £50, the Company would raise some £1,500,000. This demonstrates that every amount invested is important and of benefit to the Company.

An investment in the Company is risky and potential investors should read the whole of this document and seek advice as necessary before making any decision.

3. Share Rights

All Ordinary Shares in issue on Admission will rank *pari passu* in all respects.

4. Options

The Company has entered into an agreement with Peter de Savary pursuant to which he will be granted an option to subscribe for 10% of the issued share capital on Admission at the Issue Price.

The Company is also seeking to introduce New Share Option Schemes. It is proposed that up to 15% of the Company's issued share capital from time to time will be made available under the New Share Option Schemes.

The Company has also granted options to Seymour Pierce Ellis, Nash Fitzwilliams and Mark Child, further details of which are set out in paragraphs 6 and 7 of Part VIII of this document.

5. Expected timetable of principal events

Record date for entitlement under the Open Offer	17 March 2006
Open Offer entitlements credited to stock accounts of Qualifying CREST Shareholders	21 March 2006
Recommended latest time for requesting withdrawal of Open Offer entitlements from CREST	4.00 p.m. on 5 April 2006
Latest time for depositing Open Offer entitlements into CREST	3.00 p.m. on 6 April 2006
Latest time and date for splitting of Application Forms to satisfy <i>bona fide</i> market claims	11.00 a.m. on 7 April 2006
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 16 April 2006
Latest time and date for receipt of completed Application Forms and Excess CREST Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction	11.00 a.m. on 11 April 2006
Extraordinary General Meeting	11.00 a.m. on 18 April 2006
Admission effective and dealings commence in New Ordinary Shares and (where applicable) CREST members' accounts credited in respect of New Ordinary Shares in uncertificated form	8.00 a.m. on 19 April 2006
Despatch of definitive certificates for New Ordinary Shares	by 26 April 2006

6. Issue Statistics

Issue Price	0.04p
Number of Ordinary Shares in issue on the Record Date	6,092,087,167
Number of New Ordinary Shares to be issued pursuant to the Initial Placing	6,801,353,300
Maximum number of New Ordinary Shares to be issued pursuant to the Open Offer	6,092,087,167
Maximum number of New Ordinary Shares to be issued pursuant to the Further Placing	11,250,000,000
Maximum number of Ordinary Shares in issue on Admission	30,235,527,634
Minimum number of Ordinary Shares in issue on Admission*	16,643,440,467
Gross proceeds of the Initial Placing and Open Offer*	£4.22 million (approx)
Net proceeds of the Initial Placing and Open Offer*	£3.72 million (approx)
Market capitalisation on completion of the Placing and Open Offer at the Issue Price*	£6.657 million (approx)

* assuming only the Minimum Amount is raised

7. The business of the Group

The business of the Group is professional football. The principal income streams of the Group comprise the following:

Match related income

Ticket sales, food and beverage sales, match programme sales and television and media fees.

Other football related income

Supporters club membership subscriptions, merchandise sales, Football League central distributions and Football Association prize monies.

Non football related income

Conference and seminar fees, hospitality functions, stadium hire/location fees.

In addition to the above, the Group trades in player registrations as part of its ordinary activities.

8. Operating and financial review

The 3 years ended 31 May 2005 have seen the Club in the Football League Championship. Excluding the income from the FA Cup run in the year ended 31 May 2004, the turnover of the Group has increased steadily, from £6.5 million for the year ended 31 May 2003 to £7 million for the year ended 31 May 2004 and £7.4 million for the year ended 31 May 2005. Unaudited turnover for the 6 months ended 30 November 2005 was £2.8 million (turnover for the 6 months ended 30 November 2004 was £3.6 million), reflecting a poor start to the current season.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Year Ended</i> <i>31 May</i> <i>2003</i> <i>£000</i>	<i>Year Ended</i> <i>31 May</i> <i>2004</i> <i>£000</i>	<i>Year Ended</i> <i>31 May</i> <i>2005</i> <i>£000</i>
Turnover	6,496	10,162	7,356
Administrative expenses			
Staff costs	(6,708)	(7,891)	(8,099)
Staff costs – exceptional	(95)	—	—
Amortisation of players’ registrations	(615)	(485)	(653)
Depreciation	(330)	(356)	(356)
Profit on disposal of players’ registrations	145	2,744	3,213
Other administrative expenses	(3,529)	(4,208)	(4,148)
Total administrative expenses	<u>(11,132)</u>	<u>(10,196)</u>	<u>(10,043)</u>
Operating loss	<u>(4,636)</u>	<u>(34)</u>	<u>(2,687)</u>
Interest receivable	19	4	15
Interest payable and similar charges	(65)	(73)	(92)
Loss on ordinary activities before taxation	<u>(4,682)</u>	<u>(103)</u>	<u>(2,764)</u>
Taxation	—	—	—
Loss for the financial period transferred from reserves	<u>(4,682)</u>	<u>(103)</u>	<u>(2,764)</u>
Loss per share – basic and diluted	<u><u>(0.19)p</u></u>	<u><u>(0.002)p</u></u>	<u><u>(0.047)p</u></u>

There were no recognised gains and losses in any years, other than the respective profits and losses reported in this Consolidated Profit and Loss Account.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS TO
30 NOVEMBER 2005**

	<i>Operations excluding player amortisation and trading 30 November 2005</i>	<i>Player amortisation and trading 30 November 2005</i>	<i>Unaudited six months ended 30 November 2005</i>	<i>Unaudited six months ended 30 November 2004</i>	<i>Audited year ended 31 May 2005</i>
<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	2,830	—	2,830	3,643	7,356
Staff costs	(3,115)	—	(3,115)	(4,010)	(8,099)
Amortisation of players' registrations	—	(134)	(134)	(310)	(653)
Depreciation	(180)	—	(180)	(178)	(356)
Profit on disposal of players' registrations	—	8	8	1,477	3,213
Other administrative expenses	(1,663)	—	(1,663)	(2,382)	(4,148)
	(4,958)	(126)	(5,084)	(5,403)	(10,043)
Operating Loss	(2,128)	(126)	(2,254)	(1,760)	(2,687)
Interest receivable			2	13	15
Interest payable and similar charges			(107)	(24)	(92)
Loss on ordinary activities before taxation			(2,359)	(1,771)	(2,764)
Taxation	3		—	—	—
Loss for the financial period taken to reserves			(2,359)	(1,771)	(2,764)
Loss per share – basic and diluted	4		(0.039)p	(0.031)p	(0.047)p

Notes

- 1 The figures are for the period 1 June 2005 to 30 November 2005.
 - 2 This interim report has been prepared on the basis of the accounting policies set out in the Group's 2005 statutory accounts.
 - 3 No taxation is payable in respect of any period due to the incidence of losses available.
 - 4 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 and ranking for dividend in the period.
- | | <i>30 November
2005</i> | <i>30 November
2004</i> | <i>31 May
2005</i> |
|--|-----------------------------|-----------------------------|------------------------|
| Weighted average number of shares in issue | 6,092,087,167 | 5,725,966,948 | 5,908,525,523 |
- 5 The Directors do not recommend the payment of an interim dividend (2004: nil).
 - 6 These interim figures are un-audited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. A copy of the Group's statutory accounts for the year ended 31 May 2005, has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified.
 - 7 Copies of this report are available to the public at the Company's registered office and on its website at www.millwallfc.co.uk.
 - 8 There are no recognised gains or losses in the period, other than the loss for that period.

9. Significant Shareholders

Save as disclosed below, the Company is not aware of any interests in Ordinary Shares representing 3 per cent. or more of the Company's issued ordinary share capital as at 17 March 2006 (being the last practicable date prior to the publication of this document).

	<i>No. of Existing Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>
Bear Stearns Securities Corporation	605,250,000	9.94
Pershing Keen Nominees Ltd*	390,716,623	6.41
Barclayshare Nominees Ltd	275,711,598	4.52
TD Waterhouse Nominees (Europe) Ltd	228,158,716	3.74
HSDL Nominees Ltd	186,503,738	3.06
Theodoros Paphitis**	382,111,720	6.27

* Of these shares 267,528,396 are held as nominee for Xunely Limited, a company in which Theo Paphitis has a controlling interest.

** 54,857,912 Ordinary Shares in which T. Paphitis is interested are held by the trustees of the Chancerealm Executive Pension Fund of which Mr Paphitis is a beneficiary and 267,528,396 Ordinary Shares are held by Pershing Keen Nominees Limited as nominee for Xunely Limited, a company in which T. Paphitis has a controlling interest.

10. Documents available for inspection

Copies of the following documents may be inspected at the offices of Davenport Lyons, 30 Old Burlington Street, London W1S 3NL, during usual business hours on any week day (excluding Saturdays and public holidays) up to and including 28 April 2006:

- (i) the Memorandum and Articles of Association of the Company and the Club;
- (ii) the audited consolidated accounts of the Company and the Club for the years ended 31 May 2003, 2004 and 2005;
- (iii) the interim accounts of the Company and the Club for the 6 months ended 30 November 2005;
- (iv) the written consents referred to in paragraph 17 of Part VIII of this document;
- (v) the Directors letters of appointment summarised in paragraph 2 of Part III of this document;
- (vi) the material contracts summarised in paragraph 7 of Part VIII of this document;
- (vii) the option agreements summarised in paragraph 2(a) of Part III and paragraphs 6.2 and 6.4 of Part VIII this document; and
- (viii) the New Share Option Schemes summarised in paragraph 3 of Part VIII of this document.

11. Risk Factors

An investment in New Ordinary Shares is subject to a number of risks. Prospective investors should consider carefully all the risks attaching to an investment in the Company prior to making any investment decision. The Group's business, financial condition or results of operations could be materially and adversely affected by a number of risks and other factors relating to the business of the Group as highlighted below.

Risks relating to the Group and its Business

With the high cost of players, the heavy overheads facing football clubs and the uncertainty of turnover, any investment in a football club will carry a high element of risk.

The success of the Group's business is largely dependent on the Club's first team performance. Injuries, whether temporary or career ending, to key players could have a detrimental effect on football performance, as can events off the football field.

In order to participate in the Football League in England, the Club must be a full member club of the English Football Association. The Football Association has an absolute discretion to refuse an application to be a full member club and may at any time suspend or terminate a full member club's

membership. A refusal to accept the Club's annual membership application or a suspension or termination of the Club's membership would have a material adverse affect on the Company and its income.

In accordance with the requirements of the Football League, in common with all FA member clubs, the articles of association of the Club, which owns the stadium and other Group assets, provide that in the event of a winding up of the Club any surplus assets i.e. after satisfying creditors and payment to the Company as its sole shareholder of the amount paid up on its shares, are to be paid to the Football Association Benevolent Fund or another charity.

It is not possible to predict match results and the income of the Group would be significantly affected by relegation from the Football League Championship division. Income from gate receipts, other match related income and income from the sale of merchandise will fluctuate depending on the success of the Club's first team.

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

The rules relating to the transfer of football players provide that players over 24 years of age who have completed their contract term are allowed to leave clubs without those clubs receiving a transfer fee.

As well as the uncertainty relating to the retention of players and the amount of fees receivable on their transfers it is not possible to guarantee the retention of managerial staff and other key persons who play an important part in the success of the Club.

General risks associated with an investment in Ordinary Shares

It may be difficult for an investor to realise his or her investment in the Company. The trading price of the Ordinary Shares may be subject to wide fluctuations which may adversely affect the value of the Ordinary Shares, regardless of the Company's performance. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may therefore not recover their original investment, especially as the market in Ordinary Shares may have limited liquidity.

It is possible that the Company will need to raise extra capital in the future to carry on and develop the Group's business and to investigate and/or take advantage of property development opportunities.

The Company has not yet quantified the impact that the conversion from UK GAAP to IFRS will have on the Company's financial results, which could adversely affect the capital position or the reported profitability of the Company.

RISK FACTORS

An investment in New Ordinary Shares involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk and other factors set out below in addition to the other information contained in this document before investing in New Ordinary Shares. The Board considers the risks and other factors set out below to be the most significant for potential investors in the Company.

If any of the said matters occur, the Group's business, financial condition, capital resources and the results of its future operations could be materially adversely affected. In such a case, the price of New Ordinary Shares could decline and investors may lose all or part of the their investment.

Other risks and uncertainties may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive list of the risks affecting the Group.

An investment in the New Ordinary Shares is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

Football Clubs

With the high cost of players, the heavy overheads facing football clubs and the uncertainty of turnover, any investment in a football club will carry a high element of risk.

The success of the Group's business is largely dependent on the Club's first team's performance. Injuries, whether temporary or career ending, to key players could have a detrimental effect on football performance, as can events off the football field.

In order to participate in the Football League in England, the Club must be a full member club of the English Football Association. The Football Association has an absolute discretion to refuse an application to be a full member club and may at any time suspend or terminate a full member club's membership. A refusal to accept the Club's annual membership application or a suspension or termination of the Club's membership would have a material adverse affect on the Company and its income.

In accordance with the requirements of the Football League, in common with all FA member Clubs, the articles of association of the Club, which owns the stadium and other Group assets, provide that in the event of a winding up of the Club any surplus assets i.e. after satisfying creditors and payment to the Company as its sole shareholder of the amount paid up on its shares, are to be paid to the Football Association Benevolent Fund or another charity.

Status of the Club and Results

It is not possible to predict match results and the income of the Group would be significantly affected by relegation from the Football League Championship division. Income from gate receipts, other match related income and income from the sale of merchandise will fluctuate depending on the success of the Club's first team. Your attention is drawn to the Company's audited financial results for the last three years set out in Part VI of this document.

Third Party Contracts

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

The Transfer Market

The rules relating to the transfer of football players provide that players over 24 years of age who have completed their contract term are allowed to leave clubs without those clubs receiving a transfer

fee. The situation is different for players under the age of 24 in which case a club is entitled to a compensation payment (usually set by a Football Association tribunal if the clubs cannot agree) provided that the club has first offered the player a further contract on no worse terms than the expiring contract.

Key Employees

As well as the uncertainty relating to the retention of players and the amount of fees receivable on their transfers, it is not possible to guarantee the retention of managerial staff and other key persons who play an important part in the success of the Club.

GENERAL RISKS ASSOCIATED WITH AN INVESTMENT IN ORDINARY SHARES

Liquidity of the Ordinary Shares and volatility of their price

It may be difficult for an investor to realise his or her investment in the Company. The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a range of events and factors. These fluctuations may adversely affect the value of the Ordinary Shares, regardless of the Company's performance. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares may have limited liquidity.

Future Funding

Whilst the Directors are satisfied that the working capital available to the Group will, from Admission, be sufficient for its present requirements i.e. at least 12 months from the date of Admission, it is possible that the Company will need to raise extra capital in the future to carry on and develop the Group's business and to investigate and/or take advantage of property development opportunities. The Group's working capital requirements depend on numerous factors, including its ability to maintain and improve its position in the Football League Championship division and potential acquisitions of further players. It is difficult for the Directors to predict accurately the timing and amount of the Group's further funding requirements. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to curtail or reduce the scope of its operations or anticipated expansion. If any additional funds are raised within 12 months of Admission, it is intended that these funds will be for discretionary expenditure and not working capital requirements within that 12 month period.

IFRS

The Company currently prepares its financial statements in accordance with UK GAAP. It is a requirement under the AIM Rules that companies have to comply with IFRS for each financial year ending on or after 1 January 2007. The Company will therefore have to adopt IFRS from 1 January 2007 and will need to provide comparable data in accordance with IFRS for the financial year ending 31 May 2006. The Company has not yet quantified the impact that the conversion from UK GAAP to IFRS will have on the Company's financial results, which could adversely affect the capital position or the reported profitability of the Company.

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Peter John de Savary (<i>Non-Executive Chairman</i>) Theodoros Paphitis (<i>Non-Executive Director</i>) Constantine Gonticas (<i>Non-Executive Director</i>) Jeffrey David Burnige (<i>Non-Executive Director</i>) Richard Edward Towner (<i>Non-Executive Director</i>) all of The Den Zampa Road London SE16 3LN
Company Secretary:	Richard Edward Towner
Registered office:	The Den Zampa Road London SE16 3LN
Nominated Adviser:	Seymour Pierce Limited Bucklersbury House 3 Queen Victoria Street London EC4N 8EL
Broker:	Seymour Pierce Ellis Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ
Auditors:	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL
Solicitors to the Company:	Davenport Lyons 30 Old Burlington Street London W1S 3NL
Solicitors to the Placing:	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Registrars:	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Receiving Agents:	Computershare Investor Services PLC PO Box 859 The Pavilions Bridgwater Road Bristol BS99 1XZ

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record date for entitlement under the Open Offer	17 March 2006
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	21 March 2006
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.00 p.m. on 5 April 2006
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 6 April 2006
Latest time and date for splitting of Application Forms to satisfy <i>bona fide</i> market claims	11.00 a.m. on 7 April 2006
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 16 April 2006
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction	11.00 a.m. on 11 April 2006
Extraordinary General Meeting	11.00 a.m. on 18 April 2006
Admission effective and dealings commence in New Ordinary Shares and (where applicable) CREST members' accounts credited in respect of New Ordinary Shares in uncertificated form	8.00 a.m. on 19 April 2006
Despatch of definitive certificates for New Ordinary Shares	by 26 April 2006

If you have any queries on the procedures for application under the Open Offer, you should contact the Receiving Agents, Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgewater Road, Bristol BS99 1XZ or, by telephone, on 0870 703 6245 quoting the serial number on your Application Form or Excess CREST Application Form. Please note that Computershare Investor Services PLC cannot give Shareholders financial advice in connection with the Open Offer.

ISSUE STATISTICS

Issue Price	0.04p
Number of Ordinary Shares in issue on the Record Date	6,092,087,167
Number of New Ordinary Shares to be issued pursuant to the Initial Placing	6,801,353,300
Maximum number of New Ordinary Shares to be issued pursuant to the Open Offer	6,092,087,167
Maximum number of New Ordinary Shares to be issued pursuant to the Further Placing	11,250,000,000
Maximum number of Ordinary Shares in issue on Admission	30,235,527,634
Minimum number of Ordinary Shares in issue on Admission*	16,643,440,467
Gross proceeds of the Initial Placing and Open Offer*	£4.22 million (approx)
Net proceeds of the Initial Placing and Open Offer*	£3.72 million (approx)
Market capitalisation on completion of the Placing and Open Offer at the Issue Price*	£6.657 million (approx)

* assuming only the Minimum Amount is raised

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

Millwall Holdings plc

(Incorporated and registered in England & Wales with registered number 2355508)

Directors:

Peter John de Savary *(Non-Executive Chairman)*
Theodoros Paphitis *(Non-Executive Director)*
Constantine Gonticas *(Non-Executive Director)*
Jeffrey David Burnige *(Non-Executive Director)*
Richard Edward Towner *(Non-Executive Director)*

Registered office:

The Den
Zampa Road
London SE16 3LN

20 March 2006

Dear Shareholder,

**PROPOSED INITIAL PLACING OF 6,801,353,300 NEW ORDINARY SHARES; FURTHER
PLACING OF UP TO 11,250,000,000 NEW ORDINARY SHARES AND OPEN OFFER OF UP TO
6,092,087,167 NEW ORDINARY SHARES**

INTRODUCTION

The Company is proposing to raise up to £5.157 million (before expenses) by way of the Initial Placing and Open Offer. The minimum amount required to be raised under the Initial Placing and Open Offer is £4.22 million which will be raised as follows:

- The Company has placed firm 5,551,353,300 Placing Shares at the Issue Price to raise £2.22 million;
- Nash Fitzwilliams has agreed to use its reasonable endeavours to procure subscribers for a further 1,250,000,000 Placing Shares, to raise £500,000 under the Initial Placing, failing which Mark Child will subscribe for such Placing Shares;
- Seymour Pierce Ellis, the Company's broker, has underwritten the first £1.5 million under the Open Offer.

The Placing and Open Offer (save for the amount of £2.22m placed firm under the Initial Placing) are subject to Shareholder approval at the EGM.

In addition to the Initial Placing and Open Offer, the Company will seek to raise up to a further £4.5 million through Nash Fitzwilliams and Seymour Pierce.

The Open Offer is being made on the basis of 1 Offer Share for every 1 Existing Ordinary Share held at the close of business on 17 March 2006, at a price of 0.04p per Offer Share. Qualifying Shareholders will also be offered the opportunity to apply for Offer Shares in excess of their Basic Entitlement in multiples of 25,000 Offer Shares.

The purpose of this document is to provide Shareholders with information on the Company and on the Placing and Open Offer, to advise them how they may participate in the Open Offer and to give information on the Resolutions to be proposed at the EGM.

If Shareholder approval is not received for the Initial Placing and Open Offer and or the Minimum Amount is not raised, the Company will seek alternative methods to raise the Minimum Amount which will enable it to continue its operations as the Company would not otherwise have sufficient working capital for the next 12 months. These will include a non-pre-emptive placing of Ordinary Shares with the Directors and others to raise at least £2.22m utilising the authorities granted to the Directors at the Company's Annual General Meeting held in December 2005 which will be dilutive to existing Shareholders. The Company may also seek to increase its level of bank borrowings and realise player contracts or to obtain funding through other avenues.

Whilst it is the opinion of the Board that it would be possible to raise at least the Minimum Amount by means of a placing of Ordinary Shares, increased bank facilities and disposals of player registrations, they consider that Shareholders should be given the opportunity to participate in the Open Offer.

BACKGROUND TO AND REASONS FOR THE PLACING AND OPEN OFFER

The proceeds of the Placing and Open Offer will be used to provide working capital for the Group for at least 12 months from the date of this document and to repay certain bank borrowings.

Shareholders will appreciate that, having been appointed as Chairman of the Group on 29 November 2005, my learning curve is steep. However it is clear to me that over the past few years the Club has punched above its weight and has continued to play ambitious football despite low home gates and limited income. For example, the Club had a very successful FA Cup run in the year ended 31 May 2004, which saw it eventually lose in the final against Manchester United. Whilst this generated a profit of £2.5m, the Group still reported a loss for that financial year of £103,000. Furthermore, the demise of ITV Digital and the appointment of administrators to it in 2002 has resulted in a reduction of annual income of some £2m, an amount which is difficult to replace.

Whilst the Club has a loyal core of supporters, the number attending home games is unfortunately low in comparison with most other teams in the Championship and the Club is faced with the problem of trying to maintain a first rate squad whilst being unable to match the salaries paid by a number of other clubs in the Championship. Every effort has been and continues to be made to increase turnover by means of sponsorship and provision of conference facilities, but it is a struggle financially and the Club has continued to exist by means of working capital raised by share issues, bank financing and the sale of players.

In the light of the Group's inability to pay high transfer fees, your Board continues to realise maximum value from the development of home grown talent and considers that it is vital to the future of the Club to maintain the Youth Academy. With this in mind the Club has supported the Millwall Community Scheme, a registered charity whose aims are to provide facilities and activities for sport, recreation and other activities for Southwark and Lewisham, in the building of a new indoor football centre adjoining the Club. This centre cements the Club's status as an Academy for FA purposes. Academy status does not come cheaply and the cost to the Club is approximately £750,000 each season. However, former players such as Lucas Neil, Stephen Reid and Tim Cahill (all of whom are currently playing for Premiership clubs) came through the Academy ranks as have 13 of the current first team squad of 29 players. The transfer of players who have attended the Academy has generated approximately £3.5 million in transfer fees in the past three seasons.

Your Board is currently investigating ways of improving Group turnover by strengthening executive management support, utilisation of Club facilities and exploring other property related activities. We believe that there are opportunities to develop both the Club's ground (without of course affecting the football stadium facilities) and property in the immediate area. We have begun to implement feasibility studies and will seek to engage specialist advisers to assess the potential of these sites. The Directors and directors of the Club have undertaken that they will not directly or indirectly compete with the Group in development opportunities in the Boroughs of Lewisham and Southwark, whilst in office and for a period of 2 years thereafter, and will refer to the Company opportunities in these localities of which they become aware. No undertaking has at present been entered into by David Sullivan, a director of the Club who already has interests in these Boroughs.

The Club acquired its training ground in Bromley in December 2005 for £300,000. Further details of the purchase are set out in paragraph 7 of Part VIII of this document. On 15 March 2006 the Club entered into and completed a contract for the sale and leaseback of the training ground for £1.85 million, of which £300,000 will be used to repay borrowings incurred for the purchase. The rent initially payable by the Club will be £152,625 per annum. Further details of this contract are set out in paragraph 7 of Part VIII of this document.

The Directors believe that strengthening the Group's executive management, using its assets effectively and seeking property development opportunities in the area surrounding the Club's home ground will

give the Group a firm financial base, which will enable it to invest in the quality of players necessary for a successful team and to be less reliant on match related income.

All of this takes time and in the meantime the Group needs working capital to continue its operations and provide football at The Den.

To assist in providing the Club with adequate working capital to continue its operations for at least twelve months from the date of this document and to repay bank borrowings of £1.75m (see page 27 of Part II of this document) your Board is now seeking to raise a minimum of £4.22 million (“the Minimum Amount”).

Whilst we consider the Minimum Amount will, together with bank facilities and other revenues, meet the Group’s current anticipated working capital requirements, the Board considers it prudent to seek to raise in excess of this amount to enable it to investigate opportunities aimed at increasing turnover. Firm commitments have been obtained from certain of the Directors and other investors to subscribe for Placing Shares under the Initial Placing in a total amount of £2.22 million.

The Board may, if interesting opportunities arise, approach Shareholders in the future to seek additional funds to help in realising the Company’s plans; we will of course keep you informed.

FINANCIAL INFORMATION AND CURRENT TRADING AND PROSPECTS

Your attention is drawn to Part VI of this document which gives information on each of the financial periods of the Group ended 31 May 2003, 31 May 2004 and 31 May 2005. I also specifically draw your attention to Part VII of this document which gives unaudited interim results of the Group for the 6 months ended 30 November 2005. They show that turnover for the period was £2.8 million, resulting in a loss before taxation on ordinary activities of £2.4 million, whilst the loss before depreciation, player amortisation and trading was £2.0 million. I would also draw your attention to the fact that whilst bank overdraft facilities of £3.25m are currently utilised to the extent of £2.1 million, the Group is not faced with heavy long term bank debt, a burden which many Premier League and Football League clubs are suffering.

The Company continues to seek additional turnover from the use of the facilities at The Den, for example by the provision of banqueting and conference facilities, which remain well utilised, and the facilities of The Den are still used by Sky TV in filming the television series “Dream Team”.

Prospects for the season 2006/7 will depend to a great extent on turnover generated by home attendances, progression in domestic cup competitions and increasing income from banqueting and conference facilities, for which my own expertise will be utilised.

The Club is not currently enjoying a successful season but nevertheless it is necessary to raise funds now to assist in providing the necessary working capital to continue operations, maintain the Club’s Youth Academy and preserve and improve the first team squad.

GENERAL INFORMATION ON THE COMPANY AND SHAREHOLDERS

I also draw your attention to Part II of this document which gives information on the Group, including its history and development. **The Company now has approximately 43,500 Shareholders of whom a large number own less than 100,000 Ordinary Shares. Some of these small Shareholders may decide not to invest under the Open Offer only because they consider that any subscriptions by them would not make a difference to the Company. If each of, say, 30,000 of these small Shareholders was to invest an average of £50, the Company would raise some £1,500,000. My example is to show that every amount invested, small or large, is important and of benefit to the Company. In this respect you should remember that you can apply for Offer Shares in addition to your Basic Entitlement, in multiples of 25,000 Offer Shares, which will cost you £10 per tranche subject to the total number of Offer Shares applied for not exceeding 6,092,087,167, in which case applications may be scaled back.**

Whilst I hope this explains a little better how the numbers can add up, I would stress that any investment in the Company is risky and you should read the whole of this document (and specifically the Risk Factors), and seek advice as necessary, before making any decision.

DETAILS OF THE PLACING AND OPEN OFFER AND THE EXCESS APPLICATION FACILITY

The Company is proposing to raise up to £5.157 million (before expenses) by way of the Initial Placing and Open Offer. The minimum amount required to be raised under the Initial Placing and Open Offer is £4.22 million which will be raised as follows:

- The Company has placed firm, with Directors, directors of the Club and others, 5,551,353,300 Placing Shares at the Issue Price to raise £2.22 million;
- Nash Fitzwilliams has agreed to use its reasonable endeavours to procure subscribers for a further 1,250,000,000 Placing Shares, to raise £500,000 under the Initial Placing, failing which Mark Child will subscribe for such Placing Shares;
- Seymour Pierce Ellis, the Company's broker, has underwritten the first £1.5 million under the Open Offer.

The Placing and Open Offer (save for the amount of £2.22m placed firm under the Initial Placing) are subject to Shareholder approval at the EGM.

In addition to the Initial Placing and Open Offer, the Company will seek to raise up to a further £4.5 million through Nash Fitzwilliams and Seymour Pierce Limited.

Under the terms of the Open Offer applications are being invited from Qualifying Shareholders to apply for Offer Shares at the Issue Price on the basis of:

1 Offer Share for every 1 Existing Ordinary Share

and so in proportion for any other number of Existing Ordinary Shares held at the close of business on the Record Date rounded down to the nearest 25 Offer Shares. Fractional entitlements to Offer Shares will not be allotted and may be aggregated and sold, for the benefit of the Company.

Applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements as shown on the Application Form. The Excess Application Facility enables Qualifying Shareholders to apply for Offer Shares in excess of their Basic Entitlement in multiples of 25,000 Offer Shares, subject to the total number of Offer Shares applied for not exceeding 6,092,087,167. However, applications under the Excess Application Facility may be scaled back in such manner as the Directors, Seymour Pierce and Seymour Pierce Ellis determine if applications are received for more than the available Offer Shares. **Each tranche of 25,000 Excess Offer Shares will cost £10.**

Application has been made for the Open Offer entitlements for Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer entitlements will be admitted to CREST on 21 March 2006. The Open Offer entitlements will also be enabled for settlement in CREST on 21 March 2006. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of *bona fide* market claims.

The Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms and payment in respect of the Open Offer is 11.00 a.m. on 11 April 2006.

The Open Offer is not being made to certain Overseas Shareholders, as outlined in Part IV of this document.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of the Qualifying Shareholders who do not apply. The Application Form is not a document of title and cannot be traded.

Application will be made for the New Ordinary Shares to be admitted to AIM. Subject to Admission becoming effective dealings in the New Ordinary Shares are expected to commence on 19 April 2006.

Your attention is drawn to the letter from Seymour Pierce in Part IV of this document, setting out the terms of the Open Offer, the principal conditions to which it is subject, and the procedure for application.

The Offer Shares and the Placing Shares when allotted and issued fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to participate in all dividends and other distributions declared, made or paid after the date of Admission.

The Placing and Open Offer are (save for the amount of £2.22m placed firm under the Initial Placing) conditional, *inter alia*, on the passing of the Resolutions, the Underwriting Agreement and the Mark Child Underwriting Agreement having become unconditional in all respects and not having been terminated in accordance with their terms and Admission. If the conditions are not fulfilled or waived on or before 21 April 2006 (or such later date, being not later than 28 April 2006, as Seymour Pierce Ellis, Seymour Pierce and the Company may agree), application monies will be returned to Applicants without interest as soon thereafter as is practicable. Similarly application monies relating to invalid applications and/or for Excess Offer Shares in respect of which applications are not accepted in part or in full will, to the relevant extent, be returned to applicants without interest.

Your attention is drawn to pages 11 to 12 of this document which sets out Risk Factors relevant to an investment in the Company.

DIRECTORS' INTENTIONS AND UNDERWRITING ARRANGEMENTS

The Directors and other places have undertaken to subscribe for, in aggregate, 5,551,353,300 Placing Shares (£2.22 million), under the Initial Placing. Part of the subscription to be made by Richard Towner, Theo Paphitis (through Xunely Limited, a company controlled by Mr. Paphitis), Constantine Gonticas and Peter de Savary will be by way of capitalisation of their loans which were provided to the Company for working capital purposes as explained on page 27 amounting in aggregate to £350,000. Of the balance, £1.27 million will be subscribed pursuant to the capitalisation of loans provided by certain of the Directors and others to the Company and deposited with The Bank of Cyprus as collateral for overdraft facilities.

In addition 3,750,000,000 Offer Shares to a value of £1.5 million have been underwritten by Seymour Pierce Ellis. Seymour Pierce Ellis has undertaken to use its reasonable endeavours to procure subscribers or itself subscribe for such Offer Shares as are not taken up under the Open Offer up to the number of Offer Shares underwritten in accordance with the terms of the Underwriting Agreement. Details of the fees and commissions payable to Seymour Pierce Ellis are set out in paragraph 6 of Part VIII of this document.

Nash Fitzwilliams will use its reasonable endeavours to procure subscribers for 1,250,000,000 Placing Shares, to raise £500,000 under the Initial Placing, failing which Mark Child will subscribe for such Placing Shares. In consideration of agreeing to this underwriting, Mark Child will be granted an option to subscribe for Ordinary Shares, details of which are set out in paragraph 6 of Part VIII of this document.

OPTIONS

Option Agreements

The Company has entered into a share option agreement with myself dated 20 March 2006 ("Option Agreement") pursuant to which I will be granted options to subscribe for a number of Ordinary Shares, equivalent to approximately 10% of the Company's issued share capital on Admission, at the Issue Price. The Option Agreement is conditional on the Minimum Amount being raised under the Placing and Open Offer, Shareholder approval and Admission. The options are exercisable in whole or in part on or after Admission and will lapse to the extent not exercised within 7 years of the date of the Option Agreement. I may only exercise the options whilst I am a director of the Company or the Club. I will be acting as non-executive chairman of the Group on a part-time basis and will not be paid.

Further details of the Option Agreement are set out in paragraph 2(a) of Part III of this document.

In addition, as part of the underwriting arrangements, options to subscribe for Ordinary Shares have been granted to Seymour Pierce Ellis and Mark Child and options will be granted to Nash Fitzwilliams (and/or its associates) if sums are raised by it under the Initial Placing. Further details of these options are set out in paragraphs 6 and 7 of Part VIII of this document. Further options may

be granted to Nash Fitzwilliams, Seymour Pierce and Seymour Pierce Ellis if further sums as are raised by them pursuant to the Further Placing.

New Share Option Schemes

The Company's share option scheme (incorporating an approved and an unapproved scheme), adopted by ordinary resolution on 20 May 1997, was terminated by the Board in accordance with its terms on 16 March 2006. No options had been issued under the scheme which remain outstanding.

At the Extraordinary General Meeting, the Company will seek Shareholder approval for the adoption of the New Share Option Schemes (comprising the Approved Scheme and the Unapproved Scheme). The Company may grant a number of options under the Approved Scheme to employees and full time directors of the Group and options under the Unapproved Scheme to Group directors (including non-executive directors) and employees.

It is proposed that options to subscribe for 15% of the Company's issued ordinary share capital from time to time, be made available under the New Share Option Schemes. The exercise price of options granted under the Approved Scheme will be decided at the time of the grant of the options with reference to the market valuation of the Ordinary Shares on the date an option is granted or such other date as may be agreed with HM Revenue and Customs. The exercise price of options granted under the Unapproved Scheme will be determined by the Board and may be less than the market value of the Ordinary Shares. It is proposed that the options be available for grant immediately upon adoption of the Schemes and that the options must be exercised within 10 years of the date of grant. Options cannot be granted after the date 10 years from the date of adoption of the New Share Option Schemes.

Further details of the New Share Option Schemes are set out in paragraph 3 of Part VIII of this document.

Overseas Shareholders

The attention of Shareholders who are citizens or residents of countries other than the United Kingdom or who have a registered address outside the United Kingdom is drawn to the information set out in the letter from Seymour Pierce in Part IV of this document. Such Shareholders must satisfy themselves as to the applicable laws and their observance thereof.

Extraordinary General Meeting

You will find on page 110 of this document a notice convening the Extraordinary General Meeting at 11 a.m. on Tuesday 18 April 2006 at which the Resolutions will be proposed as follows:

- (a) to authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights up to a nominal value of £2,414,345 in connection with the Placing and Open Offer;
- (b) to approve the Option Agreement and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection therewith. Further details of this Agreement are set out in paragraph 2(a) of Part III of this document;
- (c) to approve the option agreement dated 20 March 2006 between the Company and Seymour Pierce Ellis and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection therewith. Further details of this agreement are set out in paragraph 6.2 of Part VIII of this document;
- (d) to approve the option agreement dated 20 March 2006 between the Company and Mark Child and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection therewith. Further details of this agreement are set out in paragraph 6.4 of Part VIII of this document; and
- (e) to adopt the New Share Option Schemes and authorise the Directors to grant options and disapply the statutory pre-emption rights in connection with the issue of Ordinary Shares pursuant thereto.

The Resolutions are in addition to and will not affect the authorisations in respect of sections 80 and 95 of the Act granted to Directors at the Annual General Meeting of the Company held on 29 December 2005, which will continue in force until the Annual General Meeting to be held later this year, or if earlier, 15 months after the 2005 AGM held on 29 December 2005.

Action to be taken in respect of the Extraordinary General Meeting

A Form of Proxy is enclosed with this document for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete and return this form in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's Registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA no later than 11 a.m. on Sunday 16 April 2006. The completion and return of the Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

Action to be taken in respect of applications for Offer Shares

The action to be taken in respect of the Open Offer depends on whether, at the time at which the application and payment is made, you have an Application Form in respect of your Open Offer entitlements or have your Open Offer entitlement credited to your CREST stock account. For details on the action to be taken in relation to the Open Offer, please refer to paragraph 2 of Part IV of this document.

Additional information

Your attention is specifically drawn to the additional information in Parts II to IX of this document.

Recommendation

Your Directors consider the raising of funds under the Placing and Open Offer and the other matters referred to in this document to be in the best interests of the Company and of Shareholders as a whole and unanimously recommend that you vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings and holdings over which they exercise voting control, amounting in aggregate to 401,741,399 Ordinary Shares, representing approximately 6.59% of the Company's existing issued ordinary share capital.

The Directors together with companies controlled by them and certain directors of the Club and others will be subscribing an aggregate of £2.22 million under the Initial Placing.

Yours faithfully

Peter de Savary

Non-Executive Chairman

PART II

INFORMATION ON THE COMPANY

History and Development of the Group

The Group consists of the Company and its wholly owned subsidiary, the Club. The Company acts as a holding company and does not currently take part in any other trading activity. The Club competes in the English Football League Championship.

Information on the Group is set out in Part VIII of this document. In January 1997 the Group went into administration from which it emerged in June 1997. During the 1997-98 football season the Club competed in the old Division 2, now known as Football League One. Improvement in its final league position each season led to the Club achieving promotion to the Football League Championship at the end of the 2000/2001 season as champions of Football League One. The first season in the Football League Championship saw the Club achieve a play-off place for promotion to the Premier League but suffer elimination in the semi-final. Each of the following 3 seasons ended with the Club attaining a position just outside the top 6, in the top half of the table. In the 2003/2004 season the Club reached the final of the FA Cup but was beaten by Manchester United at the Millennium Stadium in Cardiff. In the following season the Club played, for the first time in its history, in the UEFA Cup but was eliminated in the first round. During the current season the Club reached the 4th round of the Carling Cup, only to be beaten by Birmingham City, a Premiership club on a penalty shoot out. The Club drew with Premiership club Everton at The Den in the 3rd round of the FA Cup. The replay at Goodison Park saw Everton eventually win the tie 1-0. The Club has been in the relegation zone of the Football League Championship for most of this season; but is obviously aiming to avoid relegation to League One.

OPERATING AND FINANCIAL REVIEW

The 3 years ended 31 May 2005 have seen the Club in the Football League Championship. Excluding the income from the FA Cup run in the year ended 31 May 2004, the turnover of the Group has increased steadily, from £6.5 million for the year ended 31 May 2003 to £7 million for the year ended 31 May 2004 and to £7.4 million for the year ended 31 May 2005. Unaudited turnover for the 6 months ended 30 November 2005 was £2.8million (turnover for the 6 months ended 30 November 2004 was £3.6 million), reflecting the poor start to the current season.

The loss on ordinary activities for each of the three years ended 31 May 2005 and the 6 months to 30 November 2005 was as follows:

	<i>Audited</i>			<i>Unaudited</i>	
	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Loss on ordinary activities for the period	4.7	0.1	2.8	1.8	2.4
Profit from FA Cup run	0.3	2.5	0.06	—	—
Loss excluding profit from FA Cup run	5.0	2.6	2.86	1.8	2.4

The Group trades in player registrations as part of its ordinary activities and the profits realised in the periods under review have been:

	<i>Audited</i>			<i>Unaudited</i>	
	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Profit on sale of player registrations	0.145	2.7	3.2	1.5	0.008

The Directors recognise that to maintain an acceptable budgetary position it is essential that the Group realises, from time to time, maximum value from the development of home grown talent and in general from its portfolio of registered players. One of the uncertainties faced by the Group and indeed all football clubs is that of reduced income through relegation. The Group has taken steps to reduce this risk by structuring many players contracts so that in the event of relegation their basic pay would be reduced by 25% for the period the Club remains in the lower division. In addition to this, in the event of relegation, the Club would reassess its playing squad and consider, if necessary, transferring saleable players, loaning out others and terminating contracts where practicable with a view to building a squad appropriate to the division in which it plays.

First Team

The last three years has seen the Club finish 9th in the 2002/03 season, 10th in the 2003/04 season and 10th in the 2004/05 season. However, the Club is currently facing the possibility of relegation to Football League One and the principal objective this season is for the Club to maintain its Championship status.

The first team is managed by David Tuttle and his team, which includes Tony Burns as his assistant. The full time football management team is responsible for on pitch performance and includes physiotherapists, a scouting team and medical staff. The management team is complemented by part time analysts and providers of other services as and when the management team requires them.

Academy

The Club has enjoyed FA Academy status since 1998 and shares the training facilities in Bromley with the first team. During the 2004/2005 season the Academy began hiring a separate facility at Eltham College to expand its training and match facilities. In addition, the Academy has use of The Millwall Football in the Community Scheme's indoor synthetic pitch adjacent to the Club's stadium in Lewisham.

The Academy head is Nicky Milo. Since 1998 a number of graduates from the Academy have made first team appearances and in addition a few have been transferred on to Premiership clubs, including Steven Reid and Tim Cahill. The Directors consider the Academy to be important to establishing an economically viable first team at the Club.

Turnover of the Group comprises the following main income streams:

Match related income

Match ticket sales, season ticket sales, executive box sales, executive club ticket sales, food and beverage sales, match programme sales and television and media fees.

Other football related income

Supporters club membership subscriptions, merchandise sales, Football League central distributions and Football Association prize monies.

Non-football related income

Conference and seminar fees, hospitality functions, stadium hire/location fees.

In addition to the above, the Group trades in player registrations as part of its ordinary activities.

The trading results for the Company for the three years ended 31 May 2005 which have been extracted without material adjustment from the audited accounts of the Company are set out in Part VI of this document and the unaudited accounts for the six months ended 30 November 2005 are set out in Part VII of this document.

Ticket sales

One of the key revenues for the Club is the sale of match tickets, either by season tickets or on a match-by-match basis. Match ticket revenue and average crowd statistics are as follows:

	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
Average home league crowd	8,512	10,496	11,655	11,248	8,774
Season ticket sales	5,536	6,107	7,571	6,908	5,261
Ticket revenue	£2,163,131	£3,187,158	£3,154,486	£1,521,628	£1,069,285
League position at end of period	9th	10th	10th	10th	24th

The revenue for 2002/03 was generated from 23 home league matches and 2 Cup matches. The increased average crowd in 2003/04 season generated an increase in match takings and this was also helped by a successful FA Cup run. Average crowds again increased in the 2004/2005 season. However ticket revenue was slightly reduced as the Club went out of the FA Cup in the third round.

Television and Football League central distributions

The contracts for the television rights are negotiated by the Football League on behalf of the 72 clubs that are members of the Football League. The current television rights agreements are with BskyB and ITV. Television income from the Football League agreements consists of guaranteed awards from membership of the Championship and amounts contingent upon appearances in matches televised live. In addition revenue is also received from televised matches in the Football League Cup and FA Cup. Television and central awards revenue over the last 3 and a half years is as follows:

	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
FL and FA central awards	1,348	2,832	856	406	543
Contingent TV fees	330	662	339	213	23
Total	1,678	3,494	1,195	619	566

Football League and Football Association central awards and contingent TV fees income in the year ended 31 May 2004 benefited from the significant number of FA Cup matches that were played and televised, compared to 2003 and 2005. In 2003 and 2004, additional central payments were made to all Football League clubs.

Sponsorship, merchandising and advertising

Revenue from sponsorship, merchandising and advertising is as follows:

	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sponsorship and advertising	545	697	532	262	274
Merchandising	582	1,155	745	398	266
Total	1,127	1,852	1,277	660	540

The number of home matches is a key factor to the revenue generated from sponsorship, merchandising and advertising. In 2003/2004, 27 home matches were staged compared to 25 in

2002/2003 and 25 in 2004/2005. Merchandising sales in 2004 were a Club record and were a direct result of the team's success in the FA Cup. Merchandising sales have been much slower this season and this reflects lower average home attendances. In 2004/2005 the Club welcomed new shirt sponsors, Beko and in 2005/2006 secondary shirt sponsors DAS Air Cargo.

Catering and conference income

	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Match related revenue	356	446	420	198	136
Non match related revenue	331	389	426	193	206
Total	687	835	846	391	342

The revenue is driven by match day and non-match day trade all year round. On non-match days revenue is generated from conferences and other functions. Generally, non-match related revenue has been increasing steadily over the years and this is expected to continue. In the year ended 31 May 2005 the non-match related revenue exceeded the match related revenue for the first time and this trend continues in the current season. The high match related revenue in 2004 was again a direct result of the FA Cup run.

Staff Costs

	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Amounts relating to players and management	4,659	5,390	5,472	2,670	1,976
Other staff costs	1,526	1,732	1,790	909	842
Employers national insurance	613	769	837	431	297
Total	6,708	7,891	8,099	4,010	3,115

The cost of player and management wages is material to the business as it represents the largest Group cost. Player and management wages include: basic salary, appearance fees, individual bonus payments, team bonus payments and benefits in kind. Control over player wages is exercised through detailed cost projection and comparison to budget. Other costs include those of staging matches i.e. stewards and other matchday staff, full time administration staff, the staff and players of the Academy and the cost of sales staff associated with turnover.

Other administrative expenses

These costs include those for staging matches at the stadium, costs associated with turnover such as purchases of merchandise, catering supplies and the printing of the matchday programme, together with the running costs of the stadium such as rent, power, communication costs and other similar costs.

Intangible fixed assets

The costs of acquiring and retaining player registrations, including signing-on fees, are capitalised as intangible assets and amortised over the period of the players contracts with appropriate adjustments for any diminutions in value assessed to have taken place. The cash flows from the purchase and sale of players are summarised as follows:

	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Payments to acquire player registrations	(139)	(266)	(802)	(516)	—
Proceeds from disposal of player registrations	221	2,815	2,282	1,080	268
Net cash inflow	82	2,549	1,480	564	268

Historically the Club has sold players registrations to fund operating losses and this continues to be the case.

CAPITAL RESOURCES

The Group looks to use new equity capital to fund the repayment in part of existing bank borrowings and to provide working capital.

During the periods covered by the financial information noted above, the following ratios are relevant to an understanding of capital structure and liquidity:

	<i>Audited</i>			<i>Unaudited</i>	
	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Debt/equity ratio	0.2	0.1	0.26	0.11	0.51
Interest cover	-71	-0.47	-29	-73	-21
Liquidity ratio	0.09	0.59	0.47	0.33	0.32
Quick ratio	0.07	0.56	0.45	0.28	0.30

The debt/equity ratio has been generally increasing over the periods, which is a direct result of losses incurred in each period by the Group which has the effect of decreasing equity funds. The debt relates mainly to the bank loans and overdrafts as set out in note 13 and note 14 on page 62 of Part VI of this document.

Changes in debt and equity funding since 1 June 2002 are as follows:

	<i>Audited</i>			<i>Unaudited</i>	
	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Proceeds of share placements/issues	325	2,500	1,000	1,000	—
Associated costs of share issues	(25)	(334)	(25)	(25)	—
Capital grant received	110	—	—	—	—
Finance lease and hire purchase capital repayments	(8)	(17)	(11)	(6)	(4)
Receipts from new borrowings	—	—	—	19	—
Net cash inflow/(outflow)	402	2,149	964	988	(4)

Share placements/issues were concluded during the financial years ended 31 May 2003, 31 May 2004 and 31 May 2005 as an alternative to debt financing to reduce the gearing of the Group.

Borrowings and the maturity profile of these borrowings are analysed as follows:

	<i>Audited</i>			<i>Unaudited</i>	
	<i>Years ended 31 May</i>			<i>6 months ended 30 November</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank borrowings	1,953	1,200	2,612	1,207	3,875
Hire purchase and finance lease contracts	24	7	16	20	28
Total borrowings	1,977	1,207	2,628	1,227	3,903
In less than one year or on demand					
Bank borrowings	1,953	1,200	2,612	1,207	3,875
Hire purchase and finance lease contracts	17	7	6	7	12
In more than one year but less than two years					
Bank borrowings	—	—	—	—	—
Hire purchase and finance lease contracts	7	—	10	7	10
In more than two years but less than five years					
Bank borrowings	—	—	—	—	—
Hire purchase and finance lease contracts	—	—	—	6	6
Total borrowings	1,977	1,207	2,628	1,227	3,903

The capitalisation and indebtedness statement in paragraph 14 of Part VIII of this document records the financial indebtedness of the Group as at 31 December 2005.

On 21 February 2006 Peter de Savary, Theodoros Paphitis (through Xunely Limited, a company controlled by Theodoros Paphitis), Constantine Gonticas and Richard Towner provided interest free loans to the Company in an aggregate amount of £350,000 for working capital purposes. These loans will be used in subscribing for Placing Shares under the Initial Placing.

The Company currently operates an agreed extension to its overdraft facilities of £1.75 million over and above its usual overdraft facility of £1.5 million. The agreed extension is secured partly against a similar amount lodged with the Company's bank, The Bank of Cyprus. The relevant funds held by The Bank of Cyprus (of which £1 million was provided by Xunely Limited, a company controlled by Theodoros Paphitis, £250,000 by Jeffrey Burnige (both Directors) and £20,500 comprising £11,000 from former directors of the Group and £9,500 from current directors of the Group) will be used in subscribing for Placing Shares and then applied by the Company in the reduction of the overdraft facilities by £1.27 million.

In addition, The Bank of Cyprus has granted a loan to the Company of £1.1 million, to be repaid from the proceeds of the sale of players' registrations which will be settled in full by the end of August 2006. As at 31 December 2005, the balance of the loan outstanding was £833,334. This balance is guaranteed by Theodoros Paphitis. A further loan of £300,000 was made by the Bank of Cyprus to the Company to enable it to purchase the freehold of the Club's training ground at Calmont Road in Bromley, Kent. It is anticipated that this loan will be repaid from the proceeds of the sale of this property, details of which are set out in paragraph 7.7 of Part VIII of this document.

The cash flow statements in Parts VI and VIII of this document show that the Group utilises cash mainly in the funding of operating losses and the purchase of player registrations. Significant amounts of cash have been raised by the sale of players and this source of funding, in the opinion of the Directors, is important. The net outflow of cash on servicing of finance relates primarily to the payment of interest charged on the Groups' bank overdrafts and short term loans.

The currency in which cash and cash equivalents are held is pounds sterling. All borrowings are at variable rates and no financial instruments are used for hedging purposes. Further information is provided in note 1 and note 23 to the Financial Information for the three years ended 31 May 2005 set out in Part VI of this document.

Continuation of the Group's borrowings is subject to compliance with the terms of the facility letters. All of the debt funding is provided by the Company's bankers, The Bank of Cyprus.

The last open offer of shares to Shareholders which took place in 2003, in the financial year ended 31 May 2004, raised £2,166,000 net of related costs. During the year ended 31 May 2005 there were two placings of equity which provided £975,000 net of related costs.

The Group's treasury activities are controlled by management and cash is monitored on a daily basis by senior management and at least one director of the Company. Short term cash flows are prepared for senior management on those occasions where closer management of cash is required. All of this helps ensure that short term cash requirements are identified in good time.

On the basis that equity finance of not less than £4.22 million is raised from the Placing and Open Offer and that debt is repaid on the due dates, the Group anticipates that it will not require any borrowings in excess of its agreed facilities for working capital purposes in the 12 months following the date of this document.

To date all covenants relating to the Group's bank loans and other facilities have been complied with in all material respects and there are no current known issues which may affect the Group's ability to obtain appropriate bank facilities in the foreseeable future.

Save as set out below, there are no legal or economic restrictions on the ability of the Club to transfer funds to the Company in the form of cash dividends, loans or advances.

The Club does not currently pay dividends as it does not have sufficient funds or distributable reserves to do so.

Currency exposures

The Group had no foreign currency exposures at 31 May 2005 (2004: £nil, 2003: £nil). The Group does not currently have extensive transactions denominated in foreign currencies and therefore does not engage in any form of currency hedging transactions.

PART III

DIRECTORS, SENIOR MANAGEMENT & EMPLOYEES

1. DIRECTORS AND SENIOR MANAGEMENT

The Board comprises the following persons:

Peter John de Savary, Non-Executive Chairman, aged 61

Peter de Savary was appointed to the Board with effect from 29 November 2005. He founded the worldwide St. James Clubs and the Carnegie Club at Skibo Castle among many other leisure industry businesses. Mr de Savary is also a board member of the British Teenage Cancer Trust, a Governor of the Newport Health Care Corporation and supports numerous other charities.

Theodoros Paphitis, Non-Executive Director, aged 46

Theo Paphitis is Chairman and Chief Executive of the Chancerealm Group (incorporating the Ryman and Partners retail stationery chains) and of La Senza and Contessa lingerie chains.

Jeffrey David Burnige, Non-Executive Director, aged 58

Jeffery Burnige became a director of the Club in 1986 and a director of the Company on its flotation in 1989. He also held the position of Chairman of the Company for a short period in 2005.

Richard Edward Towner, Non-Executive Director, aged 69

Richard Towner was, until his retirement in 1992 a senior corporate partner of Richards Butler, the City solicitors. He is a non-executive director of Bioquell PLC and a number of private companies including the Chancerealm and La Senza groups and of the Millwall Community Scheme. He provides assistance on the legal affairs of the Group.

Constantine Gonticas, Non-Executive Director aged 39

Constantine Gonticas is Managing Director of Novator LLP, a London based investment fund which belongs to a family owned group of companies. Prior to his current position Mr Gonticas was an investment banker specialising in mergers and acquisitions at Credit Suisse First Boston and at Merrill Lynch. Mr Gonticas has a Law degree from Oxford University.

The directors of the Club are Kenneth Brown (executive) and Peter de Savary, Theodoros Paphitis, Jeffrey Burnige, David Sullivan and Constantine Gonticas (all non-executive).

The key employees and managers of the Group are:

Kenneth Brown, Chief Executive of the Club, aged 48

Ken Brown joined the Club just over 3 years ago from Invesco Perpetual, where he was part of the specialist defined contribution pension team, having spent all of his career in sales and marketing within the financial services industry.

He previously held senior sales positions with Scottish Life in the City of London, where he was Life Branch Manager and in the National Accounts division of Scottish Amicable.

Rick Bradbrook, General Manager, aged 57

Rick Bradbrook joined the Club as General Manager in June 1997. He is an Associate of the Chartered Institute of Bankers and holds a personal licence for the sale of alcohol. He had previously worked as a property consultant to a private management company and for the administrators of a bank following a long career in the finance industry.

Colin Sayer, Stadium Manager, aged 49

Colin Sayer joined the Club in 1987, prior to which, he worked for Charlton Athletic FC as stadium manager for 6 years. He holds a personal licence for the sale of alcohol and recently completed a course in event and matchday safety management.

Veronica Quinn, Head of Catering, aged 40

Veronica Quinn has worked at the Club for 17 years. Prior to joining the Club she spent two years with BAT as catering manager, and is also a trained chef.

Yvonne Haines, Club Secretary, aged 58

Yvonne Haines has been at the Club since 1991 and is responsible for all aspects of football administration. Prior to joining the Club she had significant experience of football administration at Fulham FC where she was employed for 20 years and with Chelsea FC.

Nicholas Evans FCA, Financial Controller of the Group, aged 60

Nicholas Evans left the accounting profession in 1986 and has since worked in the insurance and computer software industries. He joined the Group in October 2005.

Mark Cole, Marketing Manager, aged 50

Mark Cole has been with the Club since 1995. His previous employers include the Stenhouse group working as a claims broker in the Lloyds insurance market and Legal & General Assurance Society as a life insurance inspector servicing building societies, solicitors, and other financial institutions.

Save possibly in the case of David Sullivan (as described on page 16 of Part I) there are no conflicts of interest between any of the above and their duties to the Group.

2. DIRECTORS' LETTERS OF APPOINTMENT AND EMOLUMENTS

- (a) Peter de Savary has entered into a letter of appointment with the Company dated 20 March 2006 whereby he has agreed to act as non-executive Chairman of the Company and of the Group. The appointment is terminable, with immediate effect by either party serving notice on the other. The letter provides that Mr de Savary will not receive directors' fees or any remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.

Pursuant to the terms of the Option Agreement which is subject, *inter alia*, to the approval of the Shareholders, Mr de Savary will be granted an option to subscribe for such number of Ordinary Shares, as is equivalent to 10% of the Company's issued share capital on Admission, at the Issue Price. The option is conditional upon the Minimum Amount being raised and on Admission and subject thereto is exercisable in whole or in part, within 7 years of the date of the Option Agreement. Mr de Savary's right to exercise the option is conditional upon him being a director of the Company or the Club at the time of exercise.

- (b) Theodoros Paphitis has entered into a letter of appointment with the Company dated 20 March 2006 whereby he has agreed to act as a Non-Executive Director of the Company. The letter replaces the agreement between Independent Managers Limited (which formerly provided Mr Paphitis' services) and the Company dated 3 September 1997. The appointment is terminable, *inter alia*, upon not less than 6 months' notice given by the Company or 3 months given by him. The letter provides that, Mr Paphitis will not receive directors' fees or any remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.
- (c) Constantine Gonticas has entered into a letter of appointment with the Company dated 20 March 2006 whereby he has agreed to act as a Non-Executive Director of the Company. The appointment is terminable, *inter alia*, upon not less than 6 months' notice given by the Company or 3 months given by him. The letter provides that, Mr Gonticas will not receive directors' fees or any remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.
- (d) Jeffrey Burnige has entered into a letter of appointment with the Company dated 20 March 2006 whereby he has agreed to act as a Non-Executive Director of the Company. The letter replaces the agreement between Mr Burnige and the Company dated 1 March 2000. The appointment is terminable, *inter alia*, upon not less than 6 months' notice given by the Company or 3 months given by him. The letter provides that, Mr Burnige will not receive directors' fees or any remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.

- (e) Richard Towner has entered into a letter of appointment with the Company dated 20 March 2006 whereby he has agreed to act as a Non-Executive Director of the Company. The letter replaces the agreement between Darnley Management Limited (which formerly provided Mr Towner's services) and the Company dated 3 September 1997. The appointment is terminable, *inter alia*, upon not less than 6 months' notice given by the Company or 3 months given by him. The letter provides that, Mr Towner will not receive directors' fees or any remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.
- (f) Save as disclosed in paragraphs 2(a) to (e) above, there are no service contracts existing or proposed between any Director and the Company or the Club.
- (g) The aggregate remuneration paid and benefits in kind granted to the Directors for the financial period ended 31 May 2005 amounted to £nil. Save for the option to be granted to Peter de Savary under the Option Agreement, details of which are set out in paragraph 2(a) above the aggregate remuneration and benefits in kind to be granted to Directors for the current financial year to 31 May 2006, under the arrangements in force at the date of this document, are estimated to be £nil.
- (h) The aggregate amount of remuneration payable and benefits in kind granted to Senior Managers was £396,000 for the financial year ended 31 May 2005.

No amounts have been set-aside for pension or similar benefits for the Directors in the financial year ended 31 May 2005.

3. EMPLOYEES

The Group has employed staff as set out below:

	<i>Football Team Management</i>	<i>Administrative and Ground Staff</i>	<i>Players</i>
As at 31 May 2003	11	50	53
As at 31 May 2004	9	52	58
As at 31 May 2005	10	53	51

In addition the Group employs temporary staff on match days.

4. CORPORATE GOVERNANCE

Statement of compliance with the Combined Code on Corporate Governance

The Board is committed to high standards of corporate governance. The Board confirms that, save as set out below, it has complied with those provisions set out in Section 1 of the revised Combined Code (the "Code"), issued by the Financial Reporting Council in July 2003, that the Directors consider relevant to a business of the Company's size. The main provisions which have not been complied with are as follows:

- Theodoros Paphitis was Chairman and Chief Executive for a greater part of the financial year ended 31 May 2005 and currently the Chief Executive of the Club, Ken Brown, reports to the Board as well as to the board of the Club. The Board recognises the concerns about the possible negative effects of a concentration of power through a combination of the two roles but believes these do not presently apply to the Company. The relative size of the Group and part-time nature of those executive duties not delegated to a team of other senior managers during 2005 rendered separation of these posts unnecessary.
- The audit committee consists of two non-executive directors, one of whom (R Towner) is not regarded as independent for the purposes of the Code. The provisions of the Code require the audit committee to consist of at least three members, who should all be independent non-executive directors. Taking account of the size of the Group and the nature of its operations, the current audit committee is considered adequate.
- The remuneration committee consists of two non-executive directors one of whom (R Towner) is not regarded as independent for the purposes of the Code. The provisions of the Code require the remuneration committee to all be independent non-executive directors and

consequently the Company is not compliant with this provision. Taking account of the size of the Group, the nature of its operations and the level of directors remuneration, the current remuneration committee is considered adequate.

- There is no formal nomination committee; the Directors collectively consider appointments to the Board. The provisions of the Code require that all listed companies' nomination committees should lead the process for board appointments and make recommendations to the Board. Taking into account the size of both the Group and the Board, the absence of a formal nomination committee is considered to be appropriate.
- There is no formal process of performance evaluation. However, the performance of individual board members is continually reviewed by the Board.
- The Group does not currently have a formal internal audit function. Taking into account the size of both the Group and the Board, the lack of a formal internal audit function is considered to be appropriate. The Board reviews this periodically, taking into account the size of the Group and the nature of its operations.

Your attention is drawn to the information on Mr R Towner referred to below.

The Board

The Board currently consists of five non-executive directors (Mr P de Savary, Mr J Burnige, Mr T Paphitis, Mr C Gonticas and Mr R Towner). The Board normally meets at least six times a year and otherwise as required. The Board has a majority of independent directors (including for this purpose Mr Towner), all of whom are non-executive. Whilst Mr Towner is not considered to be independent in that he is involved in certain other companies of which Mr Paphitis is Chairman and/or Chief Executive, it is considered that his involvement does not affect his objective judgement.

All Directors are subject to re-election at the first AGM after their appointment and, in accordance with the Code and the Articles, submit themselves for re-election in rotation at least every three years.

Communication

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

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

Maintenance of a sound system of internal control

The Board has applied Principle C.2 of the Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which is in accordance with Internal Control: Guidance for Directors on the Code published in September 1999. 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.

In compliance with Provision C.2.1 of the Code, 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 any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. This assessment considers all significant

aspects of internal control. The audit committee assist the Board in discharging its review responsibilities.

Audit Committee

The Board has an audit committee comprising R. Towner (non-executive director) and C. Gonticas (non-executive director). The remit of the audit committee includes the discussion with the auditors of the audit approach and of reports by the auditors of the results of their work. The committee meets once a year.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported upon and monitored, for meeting with the auditors and reviewing the reports of the auditors relating to the Group's accounts and internal control systems.

The audit committee has sole responsibility for assessing the independence of the external auditors, BDO Stoy Hayward LLP. The committee has had due regard to the document published in May 2003 by the Institute of Chartered Accountants in England and Wales (ICAEW) "Reviewing Audit 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 C. Gonticas and R. Towner (non-executive directors). None of the Directors is entitled to receive any remuneration, but each is entitled to reimbursement of proper expenses. The committee meets once a year with both committee members in attendance. This policy is subject to periodic review.

PART IV

LETTER FROM SEYMOUR PIERCE IN RESPECT OF THE OPEN OFFER

SEYMOUR PIERCE

Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

20 March 2006

Dear Shareholder,

OPEN OFFER OF 6,092,087,167 NEW ORDINARY SHARES TOGETHER WITH EXCESS APPLICATION FACILITY

The Company announced today that it is proposing to issue 6,801,353,300 Placing Shares by way of the Initial Placing up to 6,092,087,167 Offer Shares by way of the Open Offer and will itself and through Nash Fitzwilliams and Seymour Pierce seek to place additional Placing Shares under the Further Placing to raise up to £4.5 million, all at the Issue Price to raise a maximum of £9.657 million in aggregate (before expenses) (assuming the Placing and Open Offer is fully subscribed). Your attention is drawn to the letter from the Chairman of the Company in Part I of this document, which sets out the background to and reasons for the Placing and Open Offer.

This letter and the accompanying Application Form contains the formal terms and conditions of the Open Offer.

Application will be made to the London Stock Exchange for the New Ordinary Shares being issued pursuant to the Placing and Open Offer to be admitted to trading on AIM. The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

1. DETAILS OF THE OPEN OFFER AND EXCESS APPLICATION FACILITY

Qualifying Shareholders are being given the opportunity under the Open Offer to subscribe for Offer Shares at the Issue Price of 0.04p per share, payable in full on application (free of all expenses) on the terms and subject to the conditions set out in this Part IV and in the Application Form enclosed with this document, on the following basis:

1 Offer Share for every 1 Existing Ordinary Share

and so in proportion for any other number of Existing Ordinary Shares held at the close of business on the Record Date rounded down to the nearest 25 Offer Shares. Qualifying Shareholders may apply for their Basic Entitlement in full or, if they so wish less than their Basic Entitlement by inserting the number of Offer Shares being applied for in the relevant box on the Application Form. Alternatively, the Excess Application Facility allows Qualifying Shareholders to apply for Offer Shares in excess of their Basic Entitlement in multiples of 25,000 Offer Shares. Applications under the Excess Application Facility may be scaled back in such manner as the Directors, Seymour Pierce and Seymour Pierce Ellis determine if applications are received from Qualifying Shareholders for more than the available number of Offer Shares.

Qualifying Shareholders' Basic Entitlements are shown on the Application Form. Where appropriate, the entitlement of Qualifying Shareholders will be rounded down to the nearest multiple of 25 Offer Shares. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as

separate holdings for the purpose of calculating entitlements under the Open Offer as will holdings under different designations and in different accounts.

The Placing Shares and the Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to participate in all dividends and other distributions declared, made or paid after the date of Admission.

The Open Offer is conditional, *inter alia*, on the Minimum Amount being raised, on the Underwriting Agreement and the Mark Child Underwriting Agreement having become unconditional and not having been terminated in accordance with their terms, on the passing of the Resolutions at the Extraordinary General Meeting and on Admission. It is expected that Admission will become effective, and that dealings in the New Ordinary Shares will commence by no later than 8.00 a.m. on Wednesday, 19 April 2006.

If the conditions to the Open Offer are not satisfied (or, if capable of waiver, waived on or before the relevant time or date), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be invalid, in which case application monies will be returned (at the risk of the applicant entitled thereto), without payment of interest, as soon as practicable thereafter.

2. PROCEDURE FOR APPLICATION AND PAYMENT UNDER THE OPEN OFFER

If you have a white Application Form in respect of your entitlement under the Open Offer (i.e. you have a certificate for your Ordinary Shares).

Each Application Form shows the number of Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's name on the Record Date, and also shows the number of Offer Shares for which such Qualifying non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out above. The Application Form incorporates further terms of the Open Offer. A Qualifying non-CREST Shareholder may apply for any number of Offer Shares. Valid applications up to the relevant Qualifying non-CREST Shareholder's Basic Entitlement will be accepted in full. In the case of applications in excess of the relevant Qualifying non-CREST Shareholder's Basic Entitlement, applications will be satisfied to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. If there is an over-subscription resulting from excess applications in respect of such excess, applications will be made *pro rata* to the number of excess Offer Shares applied for.

Market Claims

Applications for Offer Shares under the Open Offer may only be made on the white Application Forms. Each white Application Form is personal to the Qualifying non-CREST Shareholder(s) named thereon and may not be assigned, transferred or split except to satisfy *bona fide* market claims in relation to the purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange. Application Forms may be split up to 11.00 a.m. on Friday, 7 April 2006. The white Application Form represents only a right to apply for Offer Shares. It is not a document of title and cannot be traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 17 March 2006 should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all of their registered holding should, if the market claim is to be settled outside CREST, complete Box G on the white Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

If you have sold or transferred part of your registered holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, you should complete Box G in the white Application Form and immediately send it to Computershare Investor Services PLC at 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ accompanied by a letter stating the number of Offer Shares to be included in each split white Application Form.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying white Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in the paragraph headed "Market Claims" in the section below marked "*If you have Open Offer entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*".

Application Procedures

Any Qualifying non-CREST Shareholder who wishes to apply for all or any of the Offer Shares to which he/she is entitled must complete the white Application Form in accordance with the instructions printed thereon and return it by post or by hand (during normal business hours only) to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ, or by hand only (during normal business hours) to Computershare Investor Services PLC, 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ with a cheque or banker's draft for the full amount payable on application so as to arrive as soon as possible and in any event no later than before 11.00 a.m. on Tuesday, 11 April 2006, at which time the Open Offer will close.

Qualifying non-CREST Shareholders may apply for Offer Shares in excess of their Basic Entitlement by completing Box D of the enclosed white Application Form for the number of Offer Shares for which they may wish to make application (including their Basic Entitlement) and submitting the amount payable on such application.

Any Qualifying non-CREST Shareholder who does not wish to apply for any of the Offer Shares to which he/she is entitled should not return a completed white Application Form to the Receiving Agents. He/she is, however, requested to complete and return the Form of Proxy.

Applications made under the Open Offer will not be acknowledged and receipts will not be issued for amounts paid on application. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. If you post your white Application Form within the United Kingdom by first class post, you are recommended to allow at least two business days for delivery. In the event of industrial action by postal workers, you should consider allowing a longer period of time for your application to be delivered. Applications may only be made on the accompanying white Application Form, which is personal to the Qualifying non-CREST Shareholders named therein and may not be transferred or split except in the circumstances described above.

Payments

Cheques and banker's drafts should be made payable to "The Royal Bank of Scotland plc re Millwall plc A/C Open Offer" and crossed "A/C payee only". Cheques or banker's drafts must (save as set out below) be drawn in sterling on a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of those companies. Such cheques or banker's drafts must bear the appropriate sorting code in the top right hand corner and must be for the full amount payable on application. An application may be rejected unless these requirements are fulfilled.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt and to instruct Computershare Investors Services PLC to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. Any person returning a white Application Form with a remittance in the form of a cheque warrants that the cheque will be honoured on first presentation. The Company may elect at its sole discretion to treat as invalid any acceptance in respect of which remittance is notified to it as not having been so honoured.

If cheques or banker's drafts are presented before the conditions of the Open Offer are fulfilled, the application monies will be held in a separate interest bearing account, with any interest being retained for the benefit of the Company, until all conditions are met. If the conditions of the Open Offer are not fulfilled by 28 April 2006 at the latest, the Open Offer will lapse and application

monies will be returned, without interest, by crossed cheque in favour of the applicant(s) through the post at his/her/their own risk as soon as practicable after the lapse of the Open Offer.

The Company reserves the right to treat as valid an application where there is insufficient verification of identity satisfactory to the Receiving Agents to ensure that the Money Laundering Regulations (referred to in paragraph 4 below) will not be breached by acceptance of the payment submitted in connection with such application.

All enquiries in connection with the procedure for application and completion of the white Application Form should be referred to Computershare Investor Services PLC, which is acting as receiving agent and paying agent in respect of the Placing and Open Offer. The telephone number of Computershare Investor Services PLC is +44 (0)870 702 0100. Computershare Investor Services PLC cannot give financial advice in relation to the Open Offer.

For Qualifying Non-CREST Shareholders who have applied using a white Application Form, definitive certificates in respect of the Offer Shares are expected to be dispatched on or about 26 April 2006. Pending despatch of the definitive share certificates, transfers of New Ordinary Shares will be certified against the register. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. The New Ordinary Shares will be issued in dematerialised or registered form as required by individual Shareholders.

Incorrect sums

If a white Application Form encloses a payment for an incorrect sum, the Company through Computershare Investor Services PLC reserves the right:

- (i) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying Non-CREST Shareholder in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Offer Shares referred to in the white Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

Effect of valid application

A Qualifying non-CREST Shareholder by completing and delivering the white Application Form will thereby:

- (a) request that the Offer Shares to which he we will become entitled to be issued to him on the terms set out in this document, subject to the memorandum and articles of association of the Company;
- (b) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by and construed in accordance with, the laws of England;
- (c) represent and warrant that he is not nor is he applying on behalf of any Shareholder who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Territories and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application to, or for the benefit of a Shareholder who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Territories;
- (d) represent and warrant that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;

- (e) confirm that in making such application he is not relying on any information or representation other than that contained in this document and, accordingly, he agrees that no person responsible solely or jointly for this document or any part of it or involved in the preparation of it, shall have any liability for such information or representation not contained in this document and further agree that having had the opportunity to read this document he will be deemed to have had notice of all information contained in this document; and
- (f) represent and warrant that he is the Qualifying non-CREST Shareholder originally entitled to the Open Offer entitlement or he has received such Open Offer entitlement by virtue of a *bona fide* market claim.

If you have Open Offer entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer.

Each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer entitlements equal to the maximum number of Offer Shares for which he is entitled to apply under the Open Offer.

The CREST stock account to be credited will be an account under the participating ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer entitlements have been allocated.

If for any reason the Open Offer entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 5.00 p.m. on 22 March 2006 or such later time as the Company may decide, a white Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer entitlements credited to his stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with white Application Forms will apply to Qualifying CREST Shareholders who receive white Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their Basic Entitlements to Offer Shares should refer to the CREST manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Computershare Investor Services PLC, the Receiving Agents on 0870 702 0100, or if calling from outside the UK +44 870 702 0100. Computershare Investor Services PLC cannot give financial advice in relation to the Open Offer. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for some or all of your Basic Entitlement to Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

Whether or not you are a CREST member or CREST sponsored member, if you wish to apply for Offer Shares in excess of your Basic Entitlement, you must complete the enclosed blue Excess CREST Application Form in accordance with the instructions printed thereon.

Market Claims

The Open Offer entitlements will constitute a separate security for the purposes of CREST. Although Open Offer entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer entitlement will generate an appropriate market claim transaction and the relevant Open Offer entitlement(s) will thereafter be transferred accordingly.

USE Instructions

Qualifying CREST Shareholders who wish to apply for Offer Shares in respect of all or some of their Open Offer entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to CRESTCo which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Computershare Investor Services PLC and a participant ID and member account ID specified below, with a number of Open Offer entitlements corresponding to the number of Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of Computershare Investor Services PLC in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Offer Shares referred to in (i) immediately above.

Content of USE instructions

The USE instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Offer Shares comprised in the relevant Basic Entitlement for which application is being made (and hence that part of the Basic Entitlement to Offer Shares being delivered to Computershare Investor Services PLC). Note that applications for Offer Shares in excess of the relevant Basic Entitlement cannot be made via CREST but must be made on the enclosed blue Excess CREST Application Form;
- (ii) the ISIN of the Open Offer Entitlement; this will be available by reviewing the relevant corporate action details in CREST;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Open Offer entitlements are to be debited;
- (v) the participant ID of Computershare Investor Services PLC, in its capacity as CREST receiving agents: this is 3RA10;
- (vi) the member account ID of Computershare Investor Services PLC, in its capacity as CREST receiving agent: this is Millwall;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction; this must be the full amount payable on application for the number of Offer Shares referred to in (i) above;
- (viii) the intended settlement date; this must be on or before 11.00 a.m. on 11 April 2006; and
- (ix) the Corporate Action Number for the Open Offer; this will be available by reviewing the relevant corporate action details in CREST.

In order for an application under the Open Offer by a Qualifying CREST Shareholder for all or part of his entitlement to Offer Shares to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on Tuesday, 11 April 2006.

In order to assist prompt settlement of the USE instruction CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to their USE instruction:

- (i) contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

Qualifying CREST Shareholders and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 11 April 2006 is 11 a.m. on that date. In the event that the Open Offer does not become unconditional by 8.00 a.m. on 21 April 2006 or such later date as the Company and Seymour Pierce and Seymour Pierce Ellis may agree, being not later than 28 April 2006, the Open Offer will lapse, the Open Offer entitlements admitted to CREST will be disabled and the Receiving Agents will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. Any interest earned on such monies will be retained for the benefit of the Company.

Open Offer entitlements held in CREST are expected to be disabled in all respects after close of business on 11 April 2006 (the latest date for applications under the Open Offer). If the conditions

to the Open Offer described above are satisfied, Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 8.00 a.m. on Wednesday, 19 April 2006). On this day, Computershare Investor Services PLC will instruct CRESTCo to credit the appropriate stock accounts of such persons with such persons' entitlements to Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding this or any other provision of this document or the white Application Form, the Company reserves the right to send to a Qualifying CREST Shareholder a white Application Form instead of crediting the relevant stock account with Open Offer Entitlements or to issue any New Ordinary Shares in certificated form for any reason. In normal circumstances this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or the facilities and/or systems operated by the Registrars in connection with CREST. This right may be exercised if CREST member account details held by Computershare Investor Services PLC on your behalf are incorrect or if Computershare Investor Services PLC is unable for any reason to credit the CREST member account.

Depositing of Open Offer entitlements into, and withdrawal from, CREST

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in the white Application Form may be deposited into CREST (either into the account of the Qualifying non-CREST Shareholder named in the white Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in a white Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the white Application Form.

A holder of a white Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 11 April 2006.

In particular, having regard to normal processing times in CREST and on the part of Computershare Investor Services PLC, the recommended latest time for depositing a white Application Form with the CREST Courier and Sorting Service, where the persons entitlement under the Open Offer set out in such white Application Form as Open Offer entitlements in CREST is 3.00 p.m. on Thursday, 6 April 2006, the recommended latest time for receipt by CRESTCo of a dematerialised instruction requesting the withdrawal of Open Offer entitlements from CREST is 4.00 p.m. on Wednesday, 5 April 2006, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer entitlements following the deposit or withdrawal (whether as shown in a white Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer entitlements prior to 11.00 a.m. on 11 April 2006.

Delivery of a white Application Form with the CREST deposit form duly completed either in respect of a deposit into the account of the Qualifying non-CREST Shareholder named in the white Application Form or into the name of another person, shall constitute a representation and warranty to the Company and Computershare Investor Services PLC by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the white Application form, and a declaration to the Company and Computershare Investor Services PLC from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of an Excluded Territory and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of the *bona fide* market claim.

Validity of application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on Tuesday, 11 April 2006 will constitute a valid application under the Open Offer.

CREST procedures and timings

Qualifying CREST Shareholders and (where applicable) their CREST sponsors should note that CRESTCo does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on Tuesday, 11 April 2006. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

Incorrect sums

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Computershare Investor Services PLC reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the offer price, refunding any unutilised sum to the CREST member in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Offer Shares referred to in the USE instruction, refunding any unutilised sums to the CREST member in question, save that any sums of less than £1 will be reserved for the benefit of the Company.

Effect of valid application

A Qualifying CREST Shareholder who makes or is treated as making a valid application for some or all of his Basic Entitlement to Offer Shares in accordance with the procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Computershare Investor Services PLC's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Offer Shares to which he will become entitled be issued to him on the terms set out in this document subject to the memorandum and articles of association of the Company;
- (iii) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) represent and warrant that he is not, nor is he applying on behalf of any Shareholder who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Territories and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Territories;
- (v) represent and warrant that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;

- (vi) confirm that in making such application he is not relying on any information or representation other than that contained in this document and, accordingly, agrees that no person responsible solely or jointly for this document or any part of it or involved in the preparation of it, shall have any liability for such information or representation not contained in this document and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all the information contained herein; and
- (vii) represent and warrant that he is the Qualifying CREST Shareholder originally entitled to the Open Offer entitlements or that he has received such Open Offer Entitlement by virtue of a *bona fide* market claim.

Company's discretion as to rejection and validity of applications

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part IV;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Computershare Investor Services PLC receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Computershare Investor Services PLC have received actual notice from CRESTCo of any of the matters specified in regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. The matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member (or where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member (or where applicable) the CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and, or systems operated by Computershare Investor Services PLC in connection with CREST.

Excess applications

Qualifying CREST Shareholders may apply for Offer Shares in excess of their Basic Entitlement to Offer Shares. Applications for Offer Shares in excess of a Qualifying CREST Shareholder's Basic Entitlement will be satisfied to the extent that correspondent applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlement. If there is an oversubscription resulting from excess applications, allocations in respect of such excess applications will be made *pro rata* to the number of excess Offer Shares applied for. Qualifying CREST Shareholders who wish to apply for Offer Shares in excess of their Basic Entitlement must complete the enclosed blue Excess CREST Application Form in accordance with the instructions set out therein. The blue Excess CREST Application Form is to be used by Qualifying CREST Shareholders only for those Offer Shares they wish to apply for in excess of their Basic Entitlement. Applications for the Offer Shares comprised in their Basic Entitlement must be made in accordance with the procedures set out above. Applications under the blue Excess CREST Application Form will not be acknowledged and receipts will not be issued.

The Company reserves the right to treat a blue Excess CREST Application Forms as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in

accordance with the relevant instructions or not accompanied by a power of attorney (when required) or does not strictly comply with the terms and conditions of application.

Payments in respect of excess applications

Cheques or banker's drafts should be made payable to The Royal Bank of Scotland plc re "Millwall plc A/C Open Offer" and crossed "A/C payee only". Cheques or banker's drafts must be drawn in sterling on a bank or building society in the United Kingdom, the Channel Islands or in the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of those companies. Such cheques or banker's drafts must bear the appropriate sort code at the top right hand corner and must be for the full amount payable on application. A blue Excess CREST Application Form may be rejected unless these requirements are fulfilled.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt and to instruct Computershare Investor Services PLC to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. Any person returning a blue Excess CREST Application Form with a remittance in the form of a cheque warrants that the cheque will be honoured on first presentation. The Company may elect at its sole discretion to treat as valid any acceptance in respect of which remittance is notified to it as not having been so honoured.

If cheques or banker's drafts are presented before the conditions of the Open Offer are fulfilled, the application monies will be held in a separate interest bearing account, with any interest being retained for the benefit of the Company, until all conditions are met. If the conditions of the Open Offer are not fulfilled by 28 April 2006 at the latest, the Placing and the Open Offer will lapse and application monies will be returned, without interest, by crossed cheque in favour of the applicant(s) through the post at his/her/their own risk as soon as possible after the lapse of the Placing and Open Offer.

The Company reserves the right to treat as valid an application where there is insufficient verification of identity satisfactory to the Receiving agents to ensure that the Money Laundering Regulations (referred to below) will not be breached by acceptance of the payment submitted in connection with such application.

All enquiries in connection with the procedure for excess application and completion of the blue Excess CREST Application Form and/or any requests for additional blue Excess CREST Application Forms should be referred to Computershare Investor Services PLC. The telephone number of Computershare Investor Services PLC is +44 (0)870 702 0100. Computershare Investor Services PLC cannot give financial advice in relation to the Open Offer.

3. WITHDRAWAL RIGHTS

Qualifying Shareholders wishing to exercise withdrawal rights after publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall not include a notice sent by facsimile or any other form of electronic communication), which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such a person is a CREST member, the Participant ID and the Member Account ID of such CREST member, with Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ, so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Computershare Investor Services PLC after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Qualifying Shareholder of its subscription in full and the allotment of Offer Shares to such Qualifying Shareholder becoming unconditional. In such event Shareholders are advised to seek independent legal advice.

Qualifying Shareholders who exercise their right of withdrawal will be sent a cheque at their own risk for the amount of their subscription net of reasonable expenses. Any deductions made by the Company will be subject to investors' statutory rights.

4. MONEY LAUNDERING REGULATIONS

To ensure compliance with the Money Laundering Regulations 2003 ("Regulations"), it is a term of the Open Offer that Computershare Investor Services PLC may, at its absolute discretion, require verification of identity from any person by whom or on whose behalf an Application Form is completed ("Applicant") and, without prejudice to the generality of the foregoing, in particular any person who either (i) tenders payment by way of a money order, cheque or banker's draft drawn on an account in the name of any person or persons other than the Applicant, or (ii) appears to Computershare Investor Services PLC to be acting on behalf of some other person.

For Applicants resident in the United Kingdom this may involve verification of names and addresses through a reputable agency. For Applicants who are not resident in the United Kingdom, verification of identity may be sought from the Applicant's bankers or from other reputable institutions or professional advisers in the Applicant's country of residence.

By lodging an Application Form, each Applicant undertakes to provide such evidence of identity at the time of lodging an Application Form or, at the absolute discretion of the Company, within such reasonable time thereafter (in each case to be determined at the absolute discretion of the Company and Computershare Investor Services PLC) as may be required to ensure compliance with the Regulations.

Where Computershare Investor Services PLC determines that the verification of identity requirements apply to any Applicant, the relevant New Ordinary Shares will not be issued to such applicant unless and until the verification of identity requirements have been satisfied in relation to that Applicant.

Failure to provide the necessary evidence of identity may therefore result in Application(s) being rejected or delays in the despatch of documents. Neither Computershare Investor Services PLC, the Company nor Seymour Pierce will be liable to any person for any loss or damage suffered or incurred as a result of any determination by Computershare Investor Services PLC that the above requirements apply.

If an Applicant fails to provide the necessary evidence of identity in accordance with the above requirements his or its application will be rejected by the Company and the monies payable on acceptance of the Open Offer will be returned at the risk of the Applicant entitled thereto (without interest) to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Where possible Applicants should make payment by their own cheque. If a third party cheque, banker's draft or building society cheque is used, the Applicant should:

- (a) write his/her name and address on the back of the draft or cheque and, in the case of an individual, record his/her date of birth against his/her name; and
- (b) ask the bank or building society (if relevant) to endorse on the reverse of the draft or cheque the full name and account number of the person whose account number is being debited and stamp such endorsement.

The above information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the right of Computershare Investor Services PLC to require verification of identity as indicated above).

5. TIMES AND DATES

The times and dates set out in the expected timetable of principal events at the beginning of this document may be adjusted by agreement between the Company, Seymour Pierce Ellis and Seymour Pierce in which event details of the new times and dates will be notified to a Regulatory Information Service and, where appropriate, to Qualifying Shareholders.

6. SETTLEMENT AND DEALINGS

The result of the Open Offer is expected to be announced on 13 April 2006. Application will then be made to the London Stock Exchange for the Offer Shares for which valid applications are made pursuant to the Open Offer to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares and the Offer Shares will commence at 8.00 a.m. on 19 April 2006.

Subject to the conditions of the Placing and Open Offer being satisfied or waived, all New Ordinary Shares to be issued in uncertificated form are expected to be credited to the appropriate CREST stock accounts at 8.00 a.m. on Wednesday, 19 April 2006, unless the Company exercises the right to issue such shares in certificated form, in which case definitive certificates are expected to be despatched by post on or before 28 April 2006. Subject as aforesaid, definitive certificates for the New Ordinary Shares to be issued in certificated form are expected to be despatched by post on or before 26 April 2006. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers by non-CREST Shareholders will be certified against the share register.

Any instructions with regard to payments or notices received by the Company or Computershare Investor Services PLC in respect of Existing Ordinary Shares will apply equally to any New Ordinary Shares issued to the holder of such shares.

7. OVERSEAS SHAREHOLDERS

General

If you are resident in any jurisdiction other than the United Kingdom you are advised to consult an appropriate professional adviser without delay.

The making of the Open Offer to persons who are resident in, or citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdiction. No person receiving a copy of this document and/or the Application Form in any jurisdiction other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form, if, in the relevant jurisdiction, such an invitation or offer cannot lawfully be made to him or such Application Form cannot lawfully be used without contravention of any unfulfilled registration or other legal requirements. In such circumstances this document and/or any Application Form are sent for information only. It is the responsibility of any person receiving a copy of this document and/or Application Form outside the United Kingdom who wishes to make any application for any Offer Shares pursuant to the Open Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction, including obtaining all necessary governmental or other consents which may be required and observing all other necessary formalities and paying any issue, transfer or other taxes due in such jurisdiction. Any such person should consult his professional advisers as to whether any governmental or other consents are required or other formalities need to be observed in order to be able to apply for Offer Shares pursuant to the Open Offer.

Persons (including, without limitation, nominees and trustees) receiving an Application Form should not in connection with the Open Offer distribute or send it to any person in, or citizen or resident of, or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an Application Form is received by any person in any such jurisdiction, or by the agent or nominee of such a person, he must not seek to apply for Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section. The Company reserves the right to reject a purported application for Offer Shares from Qualifying Shareholders in any jurisdiction outside the UK, or persons who are acquiring Offer Shares for resale in any such jurisdiction.

The Company reserves the right, in its absolute discretion, to treat the Open Offer as having been declined in a particular case if it appears to the Company or its agents that acceptance may violate applicable legal or regulatory requirements or an application provides either for the delivery of share certificates for New Ordinary Shares to an address outside the United Kingdom or for New Ordinary Shares in CREST to be credited to the stock account in CREST of a CREST Member with a

registered address outside the United Kingdom, to which in either case it would be unlawful to deliver share certificates in respect of Offer Shares.

US and Canada

Neither the New Ordinary Shares nor the Application Form have been or will be registered under the US Securities Act of 1933, as amended, or under the securities legislation of any state of the US or any province or territory of Canada and, subject to certain exceptions, may not be offered, sold, delivered, or transferred, directly or indirectly, in or into the United States or Canada or to or for the benefit of a North American Person (as is defined below).

Application Forms will not be sent to Shareholders with registered addresses in the United States or Canada nor to Shareholders with registered addresses elsewhere whom the Company knows or reasonably believes to be holding Existing Ordinary Shares for the benefit of a North American Person unless the Company is satisfied that such an allotment is permitted, and this document is therefore sent to any such Shareholders for information only.

The Company reserves the right to reject any Application Form that appears to the Company or its agents to have been executed in or despatched from the United States or Canada or which provides an address in the United States or Canada for delivery of definitive share certificates for Offer Shares or the delivery of Offer Shares in uncertificated form to the stock account in CREST of a CREST Member with a registered address in the United States or Canada or which does not make the warranties relating to Overseas Shareholders in paragraph II of Part IV and in the Application Form.

For the purpose of this document and the Application Form “North American Person” means any person who is a resident of the United States or Canada (including corporations, partnerships or other entities created or organised in or under the laws of the United States or Canada or any estate or trust which is subject to United States federal or Canadian income taxation regardless of the source of its income) and “Canada” includes its possessions and territories.

Australia and Japan

No prospectus in relation to the New Ordinary Shares has been or will be lodged with, or registered by, the Australian Securities Commission or by the Ministry of Finance in Japan. New Ordinary Shares may not be offered for subscription or purchase, sold or delivered, indirectly or directly, nor may any invitation to subscribe for or buy or sell New Ordinary Shares be issued or any draft or definitive document in relation to any such offer, sale or invitation be distributed, in or into the Commonwealth of Australia, its states, territories or possessions (“Australia”) or Japan, its territories or possessions (“Japan”) or to or for the account or benefit of any person resident in Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of any such corporation or entity located outside Australia) or Japan.

Accordingly, no offer of Offer Shares is being made under this document or the Application Form to Qualifying Shareholders with registered addresses in Australia or Japan and Application Forms will therefore not be sent to Qualifying Shareholders with registered addresses in Australia or Japan. The Company reserves the right to reject any Application Form which appears to the Company or its agents to have been executed in or despatched from Australia or Japan or which provides an address in Australia or Japan for delivery of definitive share certificates for Offer Shares or the delivery of Offer Shares in uncertificated form to the stock account in CREST of a CREST Member with a registered address in Australia or Japan or which does not make the warranties relating to Overseas Shareholders in paragraph II of Part IV and in the Application Form.

The above comments are intended as a general guide only and do not constitute a definitive statement of the specific laws affecting Overseas Shareholders.

Overseas Shareholders who are in any doubt as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlement to new Ordinary Shares should consult an appropriate professional adviser without delay.

8. TAXATION

Your attention is drawn to the section headed “Taxation” set out in paragraph 10 of Part VIII of this document. Any Qualifying Shareholder who is in any doubt as to his or its taxation position should consult an appropriate professional adviser without delay.

9. GOVERNING LAW AND JURISDICTION

The terms and conditions of the Placing and Open Offer as set out in this document and the Application Form shall be governed by and construed in accordance with, the laws of England. The Courts of England and Wales shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Placing and Open Offer, this document and the Application Form.

By making an application under the Open Offer in accordance with the provisions of this document and the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the grounds of venue or on grounds that proceedings have been brought in an inconvenient forum.

10. FURTHER INFORMATION

Your attention is drawn to the letter from your Chairman which is set out in Part I of this document and to the further information set out in Parts V to IX (inclusive) of this document and to the terms and conditions set out in the enclosed Application Form.

Yours faithfully

Richard Feigen
Managing Director

PART V

INFORMATION RELATING TO THE NEW ORDINARY SHARES

Description of the type and class of securities being offered

The new Ordinary Shares to be issued by the Company will be Ordinary Shares with a nominal value of 0.01 pence each. Following the Placing and Open Offer, the Company will have one class of ordinary shares, the rights of which are set out in the Articles.

The ISIN of the New Ordinary Shares will be GB0005942577.

The New Ordinary Shares will be issued credited as fully paid and free from all liens, equities, charges, encumbrances and other interests, and will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to participate in full in all dividends and distributions on the ordinary share capital of the Company declared, made or paid after the date of Admission.

Legislation under which the new Ordinary Shares have been created

The New Ordinary Shares will be created under the Act.

Admission to AIM

Application has been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and that dealings in the New Ordinary Shares will commence, by no later than 8.00 a.m. on Wednesday, 19 April 2006.

The Existing Ordinary Shares in issue at the date of this document are already admitted to trading on AIM.

No application has been or will be made for the Existing Ordinary Shares or any new Ordinary Shares to be listed or traded on any stock exchange other than AIM.

Form and currency of the new Ordinary Shares

The New Ordinary Shares will, when issued, be in registered form and will be capable of being held in certificated and uncertificated form. The registrars of the Company are Computershare Investor Services PLC.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by CRESTCo (which forms part of the register of members of the Company).

No share certificates will be issued in respect of the New Ordinary Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation.

The New Ordinary Shares will be denominated in pounds sterling.

Rights attached to the New Ordinary Shares

Each New Ordinary Share will rank *pari passu* in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each Existing Ordinary Share, as set out in the Articles.

All holders of New Ordinary Shares will have the right to attend and vote at general meetings of the Company or to appoint a proxy to attend and vote at such meetings on their behalf. Shareholders who are present in person or (being a corporation) are present by a duly appointed representative at a general meeting, can vote on a show of hands and will have one vote each. Proxies cannot vote on a show of hands. On a poll, every Shareholder present in person, by a duly appointed representative or by proxy will have one vote for every share held. At any general meeting, a resolution put to the vote of the meeting will be decided on a show of hands unless a poll is demanded.

Subject to the Act, any equity shares issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.

If the Company is wound up (whether the liquidation is voluntary, under supervision of the Court or by the Court), the liquidator can, with the authority of an extraordinary resolution of the Shareholders and any other sanction required by applicable law, divide among the Shareholders the whole or any part of the assets of the Company. This applies whether the assets consist of property of one kind or of different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between the Shareholders. The liquidator can transfer any part of the assets to trustees upon such trust for the benefit of the Shareholders as the liquidator, acting under that resolution, decides.

Whilst the Ordinary Shares are not redeemable, the Company may purchase or contract to purchase any of the Ordinary Shares on or off market, subject to the Act and any other applicable regulatory requirements. The Company may only purchase Ordinary Shares out of distributable reserves or the proceeds of a new issues of shares made for the purpose of funding the repurchase.

The Articles do not contain any provisions relating to conversion of the Ordinary Shares.

Dividends

Subject to the Act, if the Directors consider that the financial position of the Company justifies the declaration of a dividend, they can determine to pay an interim dividend. Subject to the Act, the Shareholders can resolve to pay a dividend by passing an ordinary resolution. Such a dividend cannot exceed the amount recommended by the Directors.

Dividends are payable to persons registered as Shareholders on the record date relating to the relevant dividend.

All dividends will be divided and paid in proportions based on the amounts paid up on the Ordinary Shares during any period for which the dividend is paid.

Any dividend or other money payable in cash relating to an Ordinary Share can be paid by sending a cheque, warrant or similar financial instrument payable to the Shareholder who is entitled to it by post addressed to his or its registered address or it can be sent by post to someone else named in a written instruction from the Shareholder (or all joint Shareholders) and to the address specified in that instruction. A dividend can also be paid by inter-bank transfer or by other electronic means (including payment through CREST) approved by the Directors, directly to an account with a bank or other financial institution (or other organisations operating deposit accounts if allowed by the Company) in the United Kingdom named in a written instruction from the person entitled to receive the payment. Cheques, warrants and similar financial instruments are sent, and payment in any other way is made, at the risk of the person who is entitled to the money. The Company is treated as having paid a dividend if the cheque, warrant or similar financial instrument is cleared or if a payment is made through CREST, bank transfer or other electronic means. The Company will not be responsible for a payment which is lost or delayed.

The Company can stop sending dividend payments through the post, or cease using any other method of payment (including payment through CREST), for any dividend if: (a) for two consecutive dividends the dividend payments sent through the post have been returned undelivered or been left uncashed for a period of at least six months; or (b) for any one dividend, the dividend payment sent through the post has been returned undelivered or remains uncashed for a period of at least six months, and reasonable enquiries have failed to establish any new address of the registered Shareholder. Subject to the Articles of Association, the Company must recommence sending dividend payments if requested in writing by the Shareholder, or the person entitled to a share by law.

If a dividend or other money has not been claimed for 12 years after being declared or becoming due for payment, it will be forfeited and go back to the Company.

Resolutions, authorisations and approvals relating to the new Ordinary Shares

On 11.00 a.m. on Tuesday, 18 April 2006, at the Extraordinary General Meeting, the following resolutions will be considered by the holders of the Existing Ordinary Shares and, if thought fit, passed:

- (a) to authorise the Directors to allot and issue Ordinary Shares up to a nominal value of £2,414,345 in connection with the Placing and Open Offer;
- (b) to approve the Option Agreement, further details of which are set out in paragraph 2(a) of Part III of this document and authorise the Directors to allot and issue Ordinary Shares in connection therewith;
- (c) to approve the option agreement dated 20 March 2006 between the Company and Seymour Pierce Ellis and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection therewith. Further details of this agreement are set out in paragraph 6.2 of Part VIII of this document;
- (d) to approve the option agreement dated 20 March 2006 between the Company and Mark Child and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection therewith. Further details of this agreement are set out in paragraph 6.4 of Part VIII of this document; and
- (e) to adopt the New Share Option Schemes and authorise the Directors to grant options and disapply the statutory pre-emption rights in connection with the issue of Ordinary Shares pursuant thereto.

Description of restrictions on free transferability

Save as set out below, the new Ordinary Shares will be freely transferable.

The Company may, under the Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest in its shares, and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it and the shares which are the subject of the notice represent in aggregate at least 0.25 per cent of that class of share, the Directors can decline to register any transfer of the shares which are the subject of the statutory notice. Such restriction will cease to apply 7 days after an accepted transfer of the shares, subject to the restrictions or when all information the subject of the statutory notice has been received by the Company in a form satisfactory to the Directors.

The Directors may, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid. They may also decline to register a transfer of Ordinary Shares in favour of more than four persons jointly, the transfer is not duly stamped (if required) or it is in favour of a minor, infant, bankrupt or a person with a mental disorder.

Mandatory bids, squeeze-out and sell-out rules relating to the New Ordinary Shares

(a) Mandatory bid

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquiror or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

(b) *Squeeze-out*

Under the Act, if an offeror were to acquire or contract to acquire 90 per cent of the Ordinary Shares to which the offer relates within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

(c) *Sell-out*

The Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent of the Ordinary Shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

Public takeover bids in the last and current financial years

There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial years.

Taxation

Please see paragraph 10 of Part VIII of this document for information relating to UK taxation (including a discussion of UK stamp duty reserve tax which is relevant to holders of Ordinary Shares, irrespective of their tax residence).

PART VI

FINANCIAL INFORMATION RELATING TO THE COMPANY

The financial information on the Group set out below does not constitute statutory accounts within the meaning of section 240 of the Act. The financial information relating to the three years ended 31 May 2005, 2004 and 2003 has been extracted without material adjustment from the audited consolidated financial statements of the Group for the years ended 31 May 2005, 2004 and 2003, in respect of which, the Company's auditors, BDO Stoy Hayward LLP (2005 and 2004) and BDO Stoy Hayward (2003) both of 8 Baker Street, London W1U 3LL, have made reports under section 235 of the Act which were not qualified (within the meaning of section 262(1) of the Act), and did not contain any statements made under section 237(2) of the Act.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<i>Year Ended 31 May 2003 £000</i>	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>
Turnover	1	6,496	10,162	7,356
Administrative expenses				
Staff costs	5	(6,708)	(7,891)	(8,099)
Staff costs – exceptional	5	(95)	—	—
Amortisation of players' registrations	9	(615)	(485)	(653)
Depreciation	10	(330)	(356)	(356)
Profit on disposal of players' registrations		145	2,744	3,213
Other administrative expenses		(3,529)	(4,208)	(4,148)
Total administrative expenses		(11,132)	(10,196)	(10,043)
Operating loss		(4,636)	(34)	(2,687)
Interest receivable	2	19	4	15
Interest payable and similar charges	3	(65)	(73)	(92)
Loss on ordinary activities before taxation	4	(4,682)	(103)	(2,764)
Taxation	7	—	—	—
Loss for the financial period transferred from reserves	17	(4,682)	(103)	(2,764)
Loss per share – basic and diluted	8	(0.19)p	(0.002)p	(0.047)p

There were no recognised gains and losses in any years, other than the respective profits and losses reported in this Consolidated Profit and Loss Account.

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<i>2003</i> £000	<i>2004</i> £000	<i>2005</i> £000
Fixed assets				
Intangible assets	9	901	756	606
Tangible assets	10	16,842	16,539	16,227
		<u>17,743</u>	<u>17,295</u>	<u>16,833</u>
Current assets				
Stocks	11	108	157	112
Debtors – due within one year	12	285	2,639	2,419
– due after more than one year	12	—	—	550
Cash at bank and in hand		56	362	199
		<u>449</u>	<u>3,158</u>	<u>3,280</u>
Creditors: Amounts falling due within one year	13	<u>(4,883)</u>	<u>(5,333)</u>	<u>(6,972)</u>
Net current liabilities		<u>(4,434)</u>	<u>(2,175)</u>	<u>(3,692)</u>
Total assets less current liabilities		13,309	15,120	13,141
Creditors: Amounts falling due after more than one year	14	<u>(3,575)</u>	<u>(3,323)</u>	<u>(3,133)</u>
Net assets		<u>9,734</u>	<u>11,797</u>	<u>10,008</u>
Capital and reserves				
Called up share capital	16	2,592	2,842	2,942
Share premium	17	5,201	7,117	7,992
Capital reserve	17	21,474	21,474	21,474
Profit and loss account	17	<u>(19,533)</u>	<u>(19,636)</u>	<u>(22,400)</u>
Equity shareholders' funds	18	<u>9,734</u>	<u>11,797</u>	<u>10,008</u>

CONSOLIDATED CASH FLOW STATEMENT

		<i>Year Ended</i> <i>31 May</i> <i>2003</i> <i>£000</i>	<i>Year Ended</i> <i>31 May</i> <i>2004</i> <i>£000</i>	<i>Year Ended</i> <i>31 May</i> <i>2005</i> <i>£000</i>
Net cash outflow from operating activities	19	(3,841)	(2,872)	(3,922)
Returns on investments and servicing of finance				
Interest received		19	4	15
Interest paid		(61)	(71)	(90)
Interest element of finance lease and hire purchase payments		(4)	(2)	(2)
Net cash outflow from returns on investments and servicing of finance		<u>(46)</u>	<u>(69)</u>	<u>(77)</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(418)	(71)	(32)
Purchase of players' registrations		(139)	(266)	(802)
Proceeds of sale of tangible fixed assets		5	3	12
Proceeds of sale of players' registrations		221	2,815	2,282
Net cash (outflow)/inflow from investing activities		<u>(331)</u>	<u>2,481</u>	<u>1,460</u>
Net cash outflow before financing		<u>(4,218)</u>	<u>(460)</u>	<u>(2,539)</u>
Financing				
Proceeds of share placements/issues		325	2,500	1,000
Associated costs of share issue		(25)	(334)	(25)
Capital grant received		110	—	—
Capital element of finance lease and hire purchase loans		(8)	(17)	(11)
Net cash inflow from financing		<u>402</u>	<u>2,149</u>	<u>964</u>
(Decrease)/increase in cash	20	<u><u>(3,816)</u></u>	<u><u>1,689</u></u>	<u><u>(1,575)</u></u>

NOTES TO THE ACCOUNTS

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial periods.

Going Concern – 31 May 2005

The Directors continually monitor the financial position of the Group, taking into account the latest cash flow forecast 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 cash flow projections for the period to 31 May 2007 which includes future funding in the form of an issue of further share capital. The Directors have also considered the impact of player trading, which is an integral part of the Group's activities and the cash flows associated with this trading activity.

While there will always remain some inherent uncertainty the Directors remain confident that sufficient funds will be forthcoming and, as a result, that it is appropriate to draw up the financial statements on a going concern basis.

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

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards under UK GAAP.

Basis of consolidation

The group accounts consolidate the accounts of the Company and the Club drawn up to 31 May using the acquisition method of accounting. The results of the subsidiary undertaking are included from the date of acquisition.

Players' registrations

The cost of players' registrations, comprising transfer fees payable and signing on fees, is capitalised and the cost is amortised over the period of the contract to which the registration relates. The carrying value is reviewed to take into account any perceived impairment of the value of the registrations. Contingent transfer fees payable are recognized once crystallisation of the contingent liability becomes probable.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets except freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Long leasehold premises	–	2% per annum
Fixtures and fittings	–	20% per annum
Motor vehicles	–	25% per annum

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

Investments

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

Stocks

Stocks 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 disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

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

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

Deferred tax balances are not discounted.

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 year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Grants

Grants relating to tangible fixed assets 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.

Financial instruments

In relation to the disclosures made in note 24:

- short term debtors and creditors are not treated as financial assets or financial liabilities (other than for currency disclosures); and
- the Group does not hold or issue derivative financial instruments for trading purposes.

2. Interest receivable

	<i>Year Ended 31 May 2003 £000</i>	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>
Interest receivable and similar income	19	4	15

3. Interest payable and similar charges

	<i>Year Ended 31 May 2003 £000</i>	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>
Bank loans and overdrafts	61	71	90
Finance leases and hire purchase contracts	4	2	2
	<u>65</u>	<u>73</u>	<u>92</u>

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	<i>Year Ended 31 May 2003 £000</i>	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>
Depreciation and amounts written off tangible fixed assets			
– owned	315	342	349
– held under finance leases and hire purchase contracts	15	14	7
Amortisation of grant	(89)	(104)	(104)
Amortisation of player registrations	615	485	653
Operating lease rentals			
– plant and machinery	41	42	32
– other	79	79	171
Auditors' remuneration			
– audit services	25	25	25
– non-audit services	35	—	—
Directors' remuneration	—	—	—
Share of deficit on Football League Pension Scheme	95	—	—
(Profit)/loss on sale of fixed assets	(5)	15	(4)
	<u> </u>	<u> </u>	<u> </u>

Turnover generated from the FA Cup amounted to £69,000 in 2005 (2004: £3.2 million, 2003: £nil) with associated costs of £4,000 in 2005 (2004: £700,000, 2003: £nil).

5. Staff costs

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

	<i>Year Ended 31 May 2003 £000 Number</i>	<i>Year Ended 31 May 2004 £000 Number</i>	<i>Year Ended 31 May 2005 £000 Number</i>
Football team management	11	9	10
Administrative and ground staff	50	52	53
Players	53	58	51
	<u> </u>	<u> </u>	<u> </u>
	<u>114</u>	<u>119</u>	<u>114</u>

In addition, the Group employs, on average, a further 220 temporary staff on matchdays.

Aggregate remuneration, excluding temporary staff, comprised:

	<i>Year Ended 31 May 2003 £000</i>	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>
Wages and salaries	5,993	7,051	7,231
Social security costs	613	769	837
Defined benefit pension costs – exceptional	95	—	—
Defined contribution pension costs	102	71	31
	<u>6,803</u>	<u>7,891</u>	<u>8,099</u>

6. Directors' remuneration, interests and transactions

No remuneration was received by any Director during 2005 (2004: £nil, 2003: £nil).

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire Ordinary Shares in the Company granted to or held by the Directors or companies they control. Details of the options are as follows:

	<i>1 June 2003</i>	<i>1 June 2004</i>	<i>Granted</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>31 May 2005</i>	<i>Exercise price £</i>
Mr T Paphitis	58,997,204	58,997,204	—	—	58,997,204	—	1p

The options were exercisable between 25 October 1998 and 2 December 2004 and have now lapsed. The options were granted to Independent Managers Limited, a company controlled by Mr T Paphitis.

The mid market price of the ordinary shares at 31 May 2005 was 0.06p and the range during the financial year was 0.19p to 0.05p.

The interests of the Directors in office at the year end and their families in the Ordinary Shares at the beginning and end of the year are set out below:

	<i>31 May 2003</i>		<i>31 May 2004</i>		<i>31 May 2005</i>	
	<i>Beneficial Number*</i>	<i>Non- beneficial Number</i>	<i>Beneficial Number</i>	<i>Non- beneficial Number</i>	<i>Beneficial Number</i>	<i>Non- beneficial Number</i>
Theodoros Paphitis	45,833,330	—	382,111,720	—	382,111,720	—
Jeffrey David Burnige	5,316,207	—	13,400,517	—	13,400,517	—
Timothy John Jackaman	1,833,332	—	4,583,330	—	4,583,330	—
Richard Edward Towner	2,291,665	—	6,229,162	—	6,229,162	—

* Pre 25 June 2003 capital reorganisation.

Included in the beneficial shareholding above for Mr Paphitis at 31 May 2005 are 54,857,912 (2004: 54,857,912, 2003: 21,943,165) shares which are held by trustees of a pension fund of which Mr Paphitis is a beneficiary. Also included in the beneficial shareholding for Mr Paphitis at 31 May 2005 are 267,528,396 (2004: 267,528,396, 2003: £nil) shares beneficially owned by Xunely Limited, a company controlled by Mr Paphitis.

7. Tax on loss on ordinary activities

No taxation charge arises in 2005 due to the incidence of losses incurred and capital allowances claimed during the year (2004: £nil, 2003: £nil).

The tax assessed for the years differs to the standard rate of corporation tax in the UK. The differences are explained below:

	<i>Year Ended 31 May 2003 £000</i>	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>
Loss on ordinary activities before tax	(4,682)	(103)	(2,764)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% in each year	(1,405)	(31)	(829)
Effects of:			
Expenses not deductible for tax purposes	1	3	25
Income not charged to UK corporation tax	(27)	(31)	—
Capital allowances in excess of depreciation	89	106	47
Other timing differences – pension contributions	19	(4)	—
Losses carried forward in year	1,323	42	757
Losses utilized in year	—	(85)	—
Current tax charge for year	—	—	—

8. Loss per ordinary share

The calculation of loss per ordinary share is based on the loss for the year to 31 May 2005 of £2,764,000 (2004 loss: £103,000, 2003 £4,682,000) and on 5,908,525,523 (2004: 4,928,152,741, 2003: 2,499,077,299) 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 any of the years ended 31 May 2003, 2004 or 2005.

9. Intangible fixed assets

	<i>Players' Registrations £000</i>
Cost	
1 June 2002	2,708
Additions	316
Disposals	(906)
	<hr/>
31 May 2003	2,118
Additions	485
Disposals	(526)
	<hr/>
30 May 2004	2,077
Additions	1,127
Disposals	(1,782)
	<hr/>
31 May 2005	1,422
	<hr/>
Depreciation	
1 June 2002	1,418
Charge for the year	615
Disposals	(816)
	<hr/>
31 May 2003	1,217
Charge for the year	485
Disposals	(381)
	<hr/>
31 May 2004	1,321
Charge for the year	653
Disposals	(1,158)
	<hr/>
31 May 2005	816
	<hr/>
Net book value	
31 May 2003	901
	<hr/>
31 May 2004	756
	<hr/>
31 May 2005	606
	<hr/> <hr/>

10. Tangible fixed assets

	<i>Long leasehold premises</i>	<i>Freehold land</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost					
1 June 2002	17,629	300	2,694	88	20,711
Additions	—	—	418	—	418
Disposals	—	—	—	(20)	(20)
31 May 2003	17,629	300	3,112	68	21,109
Additions	—	—	71	—	71
Disposals	—	—	(205)	(13)	(218)
31 May 2004	17,629	300	2,978	55	20,962
Additions	—	—	52	—	52
Disposals	—	—	(14)	(30)	(44)
31 May 2005	17,629	300	3,016	25	20,970
Accumulated depreciation					
1 June 2002	1,599	—	2,299	59	3,957
Charge for the year	176	—	142	12	330
Disposals	—	—	—	(20)	(20)
31 May 2003	1,775	—	2,441	51	4,267
Charge for the year	176	—	171	9	356
Disposals	—	—	(187)	(13)	(200)
31 May 2004	1,951	—	2,425	47	4,423
Charge for the year	176	—	178	2	356
Disposals	—	—	(12)	(24)	(36)
31 May 2005	2,127	—	2,591	25	4,743
Net book value					
31 May 2003	15,854	300	671	17	16,842
31 May 2004	15,678	300	553	8	16,539
31 May 2005	15,502	300	425	—	16,227

The amounts classified as long leasehold premises represent costs associated with the building of a football stadium at Senegal Fields.

The amounts classified as freehold land represents a put option exercisable between 11 December 2000 and 10 December 2005 at a cost of £300,000. On exercise of the put option, the ownership of the freehold land transfers to the Group. The liability for this put option is included within other creditors in note 15.

Included in the net book value of motor vehicles and fixtures and fittings at 31 May 2005 is £21,000 (2004: £16,000, 2003: £30,617) relating to assets acquired under finance lease and hire purchase agreements. The depreciation charge for the year to 31 May 2005 in respect of these assets is £7,000 (2004: £15,000, 2003: £16,886).

11. Stocks

	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>
Goods for resale	108	157	112

12. Debtors

	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>
Trade debtors	117	227	257
Other debtors	—	2,212	2,149
Prepayments and accrued income	168	200	563
	<u>285</u>	<u>2,639</u>	<u>2,969</u>

All amounts shown under debtors fall due for payment within one year, except for an amount of £550,000 at 31 May 2005 (2004: £nil, 2003: £nil) included in other debtors, due from Crystal Palace FC with respect to the transfer of Darren Ward.

This amount is due between one and two years.

13. Creditors: Amounts falling due within one year

	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>
Bank loans and overdrafts	1,953	1,200	2,612
Signing on fees	304	231	165
Obligations under finance leases and hire purchase contracts	17	7	6
Taxation and social security	284	421	831
Other creditors	1,748	2,790	1,847
Accruals and deferred income	577	684	1,511
	<u>4,883</u>	<u>5,333</u>	<u>6,972</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group.

Included within other creditors is an amount of £300,000 in relation to the put option for the freehold land as set out in note 11. Included within accruals and deferred income at 31 May 2005 is an amount of £982,000 (2004: £222,000, 2003: £303,000) relating to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.

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

	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>
Signing on fees	189	85	22
Other creditors	—	67	34
Obligations under finance leases and hire purchase contracts	7	—	10
Accruals and deferred income	3,379	3,171	3,067
	<u>3,575</u>	<u>3,323</u>	<u>3,133</u>

The amount referred to as accruals and deferred income relate to grants received in respect of the long leasehold premises and other fixtures and fittings.

Financial liabilities are due:

	<i>Finance leases</i>			<i>Signing on fees</i>			<i>Total</i>	
	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>
Amount payable								
– within one year	17	7	6	304	231	165	321	171
– after one year but within two years	7	—	10	184	85	22	191	32
– after two years but within five years	—	—	—	5	—	—	5	—
	<u>24</u>	<u>7</u>	<u>16</u>	<u>493</u>	<u>316</u>	<u>187</u>	<u>517</u>	<u>203</u>

15. Provisions for liabilities and charges

A deferred taxation asset has not been created on trading losses of £26,419,302 at 31 May 2005 (2004: £24,173,117, 2003: £24,122,510) given the inherent uncertainty of future profits. The unprovided deferred tax asset at 31 May 2005 is £10,260,476 (2004: £7,251,935, 2003: £7,236,753).

16. Called up share capital

	<i>31 May 2003 £000 Number</i>	<i>31 May 2004 £000 Number</i>	<i>31 May 2005 £000 Number</i>
Authorised			
Ordinary shares of 0.01p each	11,021,062,328	86,881,838,777	86,881,838,777
Deferred shares of 0.09p each	—	2,592,087,167	2,592,087,167
	<u>11,021,062,328</u>	<u>89,473,925,944</u>	<u>89,473,925,944</u>
Allotted, called up and fully paid			
Ordinary shares of 0.01p each	2,592,087,167	5,092,087,167	6,092,087,167
Deferred shares of 0.09p each	—	2,592,087,167	2,592,087,167
	<u>2,592,087,167</u>	<u>7,684,174,334</u>	<u>8,684,174,334</u>
	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>
Authorised			
Ordinary shares of 0.01p	11,021	8,688	8,688
Deferred shares of 0.09p	—	2,333	2,333
	<u>11,021</u>	<u>11,021</u>	<u>11,021</u>
Allotted, called up and fully paid			
Ordinary shares of 0.01p	2,592	509	609
Deferred shares of 0.09p	—	2,333	2,333
	<u>2,592</u>	<u>2,842</u>	<u>2,942</u>

2003

On 29 January 2003, 162,500,000 ordinary shares of 0.1p each (nominal value £162,500) were issued for a consideration of £325,000 (£300,000 net of expenses). The shares were issued to provide the Group with working capital.

2004

On the 25 June 2003, the Company issued by way of an Open Offer 2,500,000,000 new ordinary shares of 0.01p each (immediately following a capital reconstruction) at 0.1p per share raising a total of £2,500,000 (nominal value £250,000) before expenses (£2,166,000 net of expenses). The shares were issued to provide working capital for the Group. Under the capital reorganisation each existing ordinary share of 0.1p in issue was sub-divided into one new ordinary share of 0.01p and one deferred share of 0.09p. In addition, each of the authorised but unissued ordinary shares of 0.1p each were re-designated as 10 new ordinary shares of 0.01p each.

The rights attaching to the deferred shares which have not been admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless. The deferred shares do not carry any voting rights, rights to payment of a dividend or any rights to assets on the winding up of the Company.

2005

On 29 June 2004, the Company placed 500,000,000 ordinary shares through their brokers Seymour Pierce Ellis Limited at 0.1p each, raising £500,000 (nominal value £50,000) with costs of £25,000; subsequently a further 500,000,000 ordinary shares on 15 September 2004, were placed by the Company's nominated advisor Seymour Pierce Limited, at 0.1p per share raising an additional £500,000 (nominal value £50,000). The purpose of the two placings was to raise working capital for the 2004/05 season.

17. Reserves

	<i>Share premium account £000</i>	<i>Capital reserves £000</i>	<i>Profit and loss account £000</i>
1 June 2002	5,063	21,474	(14,851)
Share issues	138	—	—
Loss for the year	—	—	(4,682)
31 May 2003	5,201	21,474	(19,533)
Share issues	2,250	—	—
Share issues – costs	(334)	—	—
Loss for the year	—	—	(103)
31 May 2004	7,117	21,474	(19,636)
Share issues	900	—	—
Share issues – costs	(25)	—	—
Loss for the year	—	—	(2,764)
31 May 2005	7,992	21,474	(22,400)

18. Reconciliation of movements in shareholders' funds

	<i>31 May</i> <i>2003</i> <i>£000</i>	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>
Brought forward	14,116	9,734	11,797
New shares issued (net of issue costs)	300	2,166	975
Loss for the financial year	(4,682)	(103)	(2,764)
Carried forward	<u>9,734</u>	<u>11,797</u>	<u>10,008</u>

19. Reconciliation of operating loss to net cash outflow from operating activities

	<i>Year</i> <i>Ended</i> <i>31 May</i> <i>2003</i> <i>£000</i>	<i>Year</i> <i>Ended</i> <i>31 May</i> <i>2004</i> <i>£000</i>	<i>Year</i> <i>Ended</i> <i>31 May</i> <i>2005</i> <i>£000</i>
Operating loss	(4,636)	(34)	(2,687)
Depreciation	330	356	356
(Profit)/loss on sale of fixed assets	(5)	15	(4)
Amortisation of grants	(89)	(104)	(104)
Amortisation of players' registrations	615	485	653
Profit on disposal of players' registrations	(145)	(2,744)	(3,213)
Decrease/(increase) in stocks	109	(49)	45
Decrease/(increase) in debtors	261	(2,354)	1,453
(Decrease)/increase in creditors and deferred income	(281)	1,557	(421)
Net cash outflow from operating activities	<u>(3,841)</u>	<u>(2,872)</u>	<u>(3,922)</u>

20. Analysis and reconciliation of net debt

	<i>31 May</i> <i>2002</i> <i>£000</i>	<i>Cash flow</i> <i>£000</i>	<i>Non cash</i> <i>changes</i> <i>£000</i>	<i>31 May</i> <i>2003</i> <i>£000</i>
Cash in hand and at bank	1,289	(1,233)	—	56
Overdrafts and short term loans	—	(1,953)	—	(1,953)
	<u>1,289</u>	<u>(3,186)</u>	<u>—</u>	<u>(1,897)</u>
Debt due within one year	—	(630)	—	(630)
Finance leases	(32)	16	(8)	(24)
	<u>1,257</u>	<u>(3,800)</u>	<u>(8)</u>	<u>(2,551)</u>

	<i>31 May 2003 £000</i>	<i>Cash flow £000</i>	<i>Non cash changes £000</i>	<i>31 May 2004 £000</i>
Cash in hand and at bank	56	306	—	362
Overdrafts and short term loans	(1,953)	753	—	(1,200)
	(1,897)	1,059	—	(838)
Debt due within one year	(630)	630	—	—
Finance leases	(24)	17	—	(7)
	(2,551)	1,706	—	(845)

	<i>31 May 2004 £000</i>	<i>Cash flow £000</i>	<i>Non cash changes £000</i>	<i>31 May 2005 £000</i>
Cash in hand and at bank	362	(163)	—	199
Overdrafts and short term loans	(1,200)	(1,412)	—	(2,612)
	(838)	(1,575)	—	(2,413)
Finance leases	(7)	11	(20)	(16)
	(845)	(1,564)	(20)	(2,429)

	<i>Year Ended 31 May 2003 £000</i>	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>
(Decrease)/increase in net cash in the year	(3,816)	1,689	(1,575)
Cash flow from lease financing	16	17	11
Non-cash changes	(8)	—	(20)
Movement in net debt in the year	(3,808)	1,706	(1,584)
Net funds/(debt) at 1 June	1,257	(2,551)	(845)
Net debt at 31 May	(2,551)	(845)	(2,429)

21. Financial commitments and contingent assets/liabilities

(a) Contractual commitments

At the 31 May 2005 the Group is committed to pay £187,000 (2004: £316,000, 2003: £493,000) in respect of players' signing on fees under current contracts. These amounts have been capitalised as a component of players' registrations and the cost is accrued in these accounts.

(b) *Operating lease commitments*

Annual commitments under non-cancellable operating leases are as follows:

	<i>Group Land and buildings</i>			<i>Group Other assets</i>		
	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>	<i>31 May 2003 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>
Expiry date:						
– within one year	—	—	30	5	21	14
– between two and five years	30	30	—	42	12	9
– after five years	49	49	49	—	2	—
	<u>79</u>	<u>79</u>	<u>79</u>	<u>47</u>	<u>35</u>	<u>23</u>

(c) *Pensions*

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

Contributions to the defined benefit scheme were determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted on 31 August 2002 on scheme data using main assumptions of 9% yield with no further salary increases.

The valuation carried out on 31 August 2002 was in accordance with the Statutory Minimum Funding Requirement basis laid out in the Pensions Act 1995. This valuation showed that the value of the scheme's assets had not grown in accordance with the 1999 MFR due mainly to the 25% fall in Stock Market values over the period. The increased deficit will be spread over a period of 10 years from the date the valuation was signed off. During the years ended 31 May 2005 and 31 May 2004, the Company's subsidiary's share of the scheme's deficit was not recalculated by the scheme actuaries.

At 31 May 2005, 1 (2004: 1, 2003: 1) of the subsidiary's employees was a member of the scheme. Contributions were paid by the subsidiary in the year ended 31 May 2005 were 10.4% (2004: 10.4%, 2003: 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.

(d) *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 as at 31 May 2005 is £1,125,000 (2004: £650,000, 2003: £nil). The maximum that could be payable as at 31 May 2005 is £32,500 (2004: £622,500, 2003: £97,500). These amounts are not provided in the financial statements.

22. Derivatives and other financial instruments

The disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 "Derivatives and other financial instruments: Disclosures" (FRS 13). Certain financial assets such as investments in subsidiary companies are excluded from the scope of these disclosures.

The Group's financial instruments comprise borrowings, cash and items such as trade debtors and creditors that arise as a result of normal operations. The Group does not enter into derivative transactions and does not trade in financial instruments.

Interest rate profile

The Group operates a bank overdraft facility with the Bank of Cyprus Limited. The variable interest rate in 2005 is 2.5% (2004: 2.5%, 2003: 2.5%) above the bank's base rate. The overdraft is renewable on 31 August 2006. Finance lease interest is charged at fixed rates varying between 6% and 10%.

The main risk arising from the Group's financial instruments is interest rate risk. The Board reviews and has agreed methods for managing this risk. These methods have remained unchanged for the duration of the current financial period.

Financial assets

Financial assets comprise of sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at 4.5% as and when monetary deposits are made.

Maturity of financial liabilities

The overdraft facility is repayable on demand. At 31 May 2005, the Group had drawn down borrowing facilities, in respect of which all conditions precedent had been met, of £2,612,000 (2004: £400,000, 2003: £1,500,000). The maturity profile of the Group's other financial liabilities, finance leases, is shown in note 15. At 31 May 2005 the undrawn amounts on the overdraft facility was £138,000 (2004: £1.1m, 2003: £nil)

Currency exposures

The Group had no foreign currency exposures at 31 May 2005 (2004: £nil, 2003: £nil). The Group does not currently have extensive transactions denominated in foreign currencies and therefore does not engage in any form of currency hedging transactions.

Fair values

The fair value of the financial assets and liabilities at 31 May 2005 are not materially different from their book values.

23. Related Party Transactions

Mr T Paphitis is a director and major shareholder of Ryman Limited to which sales of £21,159 (2004: £122,205, 2003: £56,009) and from which purchases of £9,801 (2004: £13,839, 2003: £18,626) were made during the year ended 31 May 2005. All transactions were conducted on an arm's length basis on normal trading terms. At 31 May 2005 with respect to trading with Ryman Limited, £195 (2004: £7,126, 2003: £nil) was due to the Group and £4,244 (2004: £2,176, 2003: £6,369) was due from the Group.

Mr T Paphitis was a director of Octagon Movie and Media Limited, a company which introduced the shirt sponsors Beko Limited. The amount of commission paid to Octagon in the year ended 31 May 2005 was £7,500 (2004: £nil, 2003: £nil) representing 6.25% of the sponsorship amount and this was all paid during the year.

During the year end 31 May 2004, Ryman Limited entered into a contract with The Millwall Football and Athletic Company (1985) Plc for £50,000 as the main sponsor of the Club for the football season 2003/2004. As at 31 May 2004, all amounts due under this contract were settled.

In the year ended 31 May 2003, La Senza Limited, a company under the control of Mr T Paphitis, made short term loans to the Group totalling £830,000 to assist with temporary working capital requirements. The loans were made interest free. The amount of the loans outstanding at 31 May 2004 was £nil (2003: £630,000) as all balances were repaid in full by 26 June 2003.

The following is the text of the independent auditor's reports in relation to the Company's annual Report and Accounts for the years ended 31 May 2003, 2004 and 2005 which have been extracted without adjustment (save for the deletion of references to page numbers) from the Company's Annual Report and Accounts for those three years.

To the shareholders of Millwall Holdings Plc

We have audited the financial statements of Millwall Holdings Plc for the year ended 31 May 2003 which have been prepared under the accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the group and the company at 31 May 2003 and of the result of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward
Chartered Accountants and Registered Auditors
London

12 September 2003

To the shareholders of Millwall Holdings Plc

We have audited the financial statements of Millwall Holdings Plc for the year ended 31 May 2004 which have been prepared under the accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the group and the company at 31 May 2004 and of the loss of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London

17 September 2004

To the shareholders of Millwall Holdings Plc

We have audited the financial statements of Millwall Holdings Plc for the year ended 31 May 2005 13 to 30 which have been prepared under the accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements, relating to the financial requirements of the Group. Due to the significance of this matter, we draw it to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company at 31 May 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

London

29 November 2005

PART VII

INTERIM RESULTS

The following is the full text of the Company's interim accounts for the six months to 30 November 2005.

Chairman's Statement

Financial Results

Turnover for the period was £2.8 million (Six months ended 30 November 2004: £3.6 million). The six month period resulted in a loss before tax of £2.4 million (Six month period ended 30 November 2004: loss £1.8 million). Excluding player trading the loss was £2.4 million (Six month period ended 30 November 2004: loss £3.2 million).

Review

A poor start to the new campaign has set the tone for a difficult season. Our home form has been particularly disappointing, and it was mid November before we recorded our first League victory at The Den. Home crowds have fallen to an average of only 9,260 (2004: 11,250) and the sale of season tickets to 5,399 (2004: 7,351). We have, however, reduced Staff costs and other administrative expenses by £0.9 million and £0.7 million respectively. Further reductions will be sought, and, as ever, the option of player sales remains open to the Board.

Outlook

I accepted the position of Chairman on the 29 November, aware of the various challenges facing the Club. Whilst steps will be/have been taken to strengthen the playing staff, it is clear that the club faces a battle to retain its Championship status. Every effort will be made to ensure that we are successful, but should relegation to League One occur, the Board have contingency plans in place to take account of this change of status.

With 13 players' contracts expiring during the close season, we are in a strong position to plan the size of our squad accordingly. However, our primary aim, given such an eventuality, would be to resource a strong challenge for automatic promotion in 2006/7.

In the event that we are successful in retaining our current status at the end of April, the Board, having taken account of the problems faced during the present campaign, will plan for, and resource, a staged progression, whereby we have a realistic chance of becoming one of the leading sides in the Championship once again.

I would like to thank management, players, staff and everyone associated with the Club for their hard work and shareholders and fans alike for their continued support, which is greatly appreciated.

Peter de Savary
Chairman

Date 28 February 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Operations excluding player amortisation and trading 30 November 2005</i>	<i>Player amortisation and trading 30 November 2005</i>	<i>Unaudited six months ended 30 November 2005</i>	<i>Unaudited six months ended 30 November 2004</i>	<i>Audited year ended 31 May 2005</i>
<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	2,830	—	2,830	3,643	7,356
Staff costs	(3,115)	—	(3,115)	(4,010)	(8,099)
Amortisation of players' registrations	—	(134)	(134)	(310)	(653)
Depreciation	(180)	—	(180)	(178)	(356)
Profit on disposal of players' registrations	—	8	8	1,477	3,213
Other administrative expenses	(1,663)	—	(1,663)	(2,382)	(4,148)
	(4,958)	(126)	(5,084)	(5,403)	(10,043)
Operating Loss	(2,128)	(126)	(2,254)	(1,760)	(2,687)
Interest receivable			2	13	15
Interest payable and similar charges			(107)	(24)	(92)
Loss on ordinary activities before taxation			(2,359)	(1,771)	(2,764)
Taxation	3		—	—	—
Loss for the financial period taken to reserves			(2,359)	(1,771)	(2,764)
Loss per share – basic and diluted	4		(0.039)p	(0.031)p	(0.047)p

Notes

- 1 The figures are for the period 1 June 2005 to 30 November 2005.
- 2 This interim report has been prepared on the basis of the accounting policies set out in the Group's 2005 statutory accounts.
- 3 No taxation is payable in respect of any period due to the incidence of losses available.
- 4 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 and ranking for dividend in the period.

	<i>30 November 2005</i>	<i>30 November 2004</i>	<i>31 May 2005</i>
Weighted average number of shares in issue	6,092,087,167	5,725,966,948	5,908,525,523

- 5 The Directors do not recommend the payment of an interim dividend (2004: nil).
- 6 These interim figures are un-audited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. A copy of the Group's statutory accounts for the year ended 31 May 2005, has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified.
- 7 Copies of this report are available to the public at the Company's registered office and on its website at www.millwallfc.co.uk.
- 8 There are no recognised gains or losses in the period, other than the loss for that period.

CONSOLIDATED BALANCE SHEET

		<i>Unaudited</i> 30 November 2005 £000	<i>Unaudited</i> 30 November 2004 £000	<i>Audited</i> 31 May 2005 £000
Fixed assets				
Intangible assets	1	159	1,449	606
Tangible assets		16,069	16,395	16,227
		<u>16,228</u>	<u>17,844</u>	<u>16,833</u>
Current assets				
Stocks		189	283	112
Debtors – due within one year		2,413	1,374	2,419
– due after more than one year		—	—	550
Cash at bank and in hand		29	168	199
		<u>2,631</u>	<u>1,825</u>	<u>3,280</u>
Creditors: Amounts falling due within one year		<u>(8,158)</u>	<u>(5,499)</u>	<u>(6,972)</u>
Net Current Liabilities		<u>(5,527)</u>	<u>(3,674)</u>	<u>(3,692)</u>
Total Assets Less Current Liabilities		10,701	14,170	13,141
Creditors: Amounts falling due after more than one year		<u>(3,052)</u>	<u>(3,169)</u>	<u>(3,133)</u>
Net assets		<u>7,649</u>	<u>11,001</u>	<u>10,008</u>
Capital and reserves				
Called up share capital		2,942	2,942	2,942
Share premium account		7,992	7,992	7,992
Capital reserve		21,474	21,474	21,474
Profit and loss account		<u>(24,759)</u>	<u>(21,407)</u>	<u>(22,400)</u>
Equity shareholders' funds		<u>7,649</u>	<u>11,001</u>	<u>10,008</u>

Notes

- 1 Intangible assets are the net book value of players' registrations, comprising transfer fees payable and signing on fees. These costs are capitalised and then amortised over the periods of the players' contract.

CONSOLIDATED CASH FLOW STATEMENT

	<i>Unaudited Six months Ended 30 November 2005 £000</i>	<i>Unaudited Six months Ended 30 November 2004 £000</i>	<i>Audited Year Ended 31 May 2005 £000</i>	
Net cash outflow from operating activities	1	(1,586)	(1,712)	(3,922)
Returns on investments and servicing of finance				
Interest received		2	13	15
Interest paid		(105)	(23)	(90)
Interest element of finance lease rental payments		(2)	(1)	(2)
Net cash outflow from returns on investments and servicing of finance		(105)	(11)	(77)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(6)	(42)	(32)
Purchase of players' registrations		—	(516)	(802)
Proceeds on sale of tangible fixed assets		—	12	12
Proceeds on disposal of players' registrations		268	1,080	2,282
Net cash inflow from investing activities		262	534	1,460
Net cash outflow before financing		(1,429)	(1,189)	(2,539)
Financing				
Proceeds of share issue		—	1,000	1,000
Associated costs of share issue		—	(25)	(25)
Capital element of hire and lease purchase loans		(4)	13	(11)
Net cash (outflow)/inflow from financing		(4)	988	964
Decrease in cash	2	(1,433)	(201)	(1,575)

Notes

1 Reconciliation of operating loss to net cash outflow from operating activities

	<i>30 November 2005 £000</i>	<i>30 November 2004 £000</i>	<i>31 May 2005 £000</i>
Operating loss	(2,254)	(1,760)	(2,687)
Depreciation	180	178	356
Profit on sale of fixed assets	—	(4)	(4)
Amortisation of grants	(52)	(52)	(104)
Amortisation of players' registrations	134	310	653
Profit on disposal of players' registrations	(8)	(1,477)	(3,213)
(Increase)/decrease in stocks	(77)	(126)	45
Decrease in debtors	594	1,690	1,453
Decrease in creditors and deferred income	(103)	(471)	(421)
Net cash outflow from operating activities	(1,586)	(1,712)	(3,922)

2 Analysis and reconciliation of net debt

	<i>31 May 2005 £000</i>	<i>Cash Flow £000</i>	<i>Non cash Changes £000</i>	<i>30 November 2005 £000</i>
Cash in hand and at bank	199	(170)	—	29
Overdrafts	(2,612)	(1,263)	—	(3,875)
	(2,413)	(1,433)	—	(3,846)
Finance leases	(16)	4	(16)	(28)
	(2,429)	(1,429)	(16)	(3,874)

Reconciliation of net cash flow to movement in net debt

	<i>30 November</i>	<i>30 November</i>	<i>31 May</i>
	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Decrease in net cash in the period	(1,433)	(201)	(1,575)
Cash flow from lease financing	4	(13)	11
Non cash changes	(16)	—	(20)
	<u>(1,445)</u>	<u>(214)</u>	<u>(1,584)</u>
Movement in net debt in the period	(1,445)	(214)	(1,584)
Net debt at beginning of period	(2,429)	(845)	(845)
	<u>(3,874)</u>	<u>(1,059)</u>	<u>(2,429)</u>

PART VIII

ADDITIONAL INFORMATION

1. The Company

- 1.1. The Company was incorporated in England on 6 March 1989 under the Act with registered number 2355508 as a public limited company with the name Joraban (No. 25) PLC. The Company is domiciled in the United Kingdom. On 19 September 1989 the Registrar of Companies issued a certificate under section 117 of the Act to enable the Company to commence carrying on business and borrow. By special resolution passed on 23 August 1989 the name of the Company was changed to Millwall Holdings plc.
- 1.2. The liability of the members of the Company is limited.
- 1.3. The Company is the holding company of the Group which is engaged primarily in the operation of a professional football club and its related activities.
- 1.4. The Company has the following significant subsidiary undertaking, being that considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group:

<i>Name</i>	<i>Place of Incorporation</i>	<i>Main Activity</i>	<i>Issued and fully paid share capital</i>	<i>Percentage of shares owned</i>
The Millwall Football and Athletic Company (1985) plc	UK	Football Club	400,000 ordinary shares of £1 each and 55,000 5 per cent cumulative preference shares of £1 each	100%

- 1.5. The registered office of the Company and the Club which was incorporated in England on 20 June 1985 is at The Den, Zampa Road, London, SE16 3LN and its telephone number is 020 7232 1222.

2. Share Capital

- 2.1. The table below sets out the authorised and issued share capital of the Company as at the date of this document and as it will be immediately after completion of the Placing and Open Offer assuming that (i) only the Minimum Amount is raised, (ii) the Initial Placing and the Open Offer is fully subscribed, and (iii) all of the New Ordinary Shares are issued.

	<i>Authorised Ordinary Shares</i>		<i>Issued & fully paid Ordinary Shares</i>	
	<i>£</i>	<i>No.</i>	<i>£</i>	<i>No.</i>
At the date hereof	8,688,184	86,881,838,777	609,209	6,092,087,167
(i)	8,688,184	86,881,838,777	1,664,344	16,643,440,467
(ii)	8,688,184	86,881,838,777	1,898,552	18,985,527,634
(iii)	8,688,184	86,881,838,777	3,023,553	30,235,527,634
	<i>Authorised deferred shares of 0.09p</i>		<i>Issued & fully paid deferred shares of 0.09p</i>	
	<i>£</i>	<i>No.</i>	<i>£</i>	<i>No.</i>
At the date hereof and at Admission	2,332,878	2,592,087,167	2,332,878	2,592,087,167

- 2.2. The following alterations in the share capital of the Company have taken place in the three years preceding the date of this document:
- 2.2.1. On 28 January 2003, 162,500,000 ordinary shares of 0.1p were allotted and issued at a price of 0.2p per share;
- 2.2.2. On 24 June 2003, (i) each unissued ordinary share of 0.1p was subdivided into 10 new ordinary shares of 0.01p each and (ii) each issued ordinary share of 0.1p in the capital of the Company was subdivided into one ordinary share of 0.01p and one deferred share of 0.09p, each credited as fully paid up and each deferred share of 0.09p having the rights and being subject to the restrictions set out in the Articles;
- 2.2.3. On 25 June 2003, 2,500,000,000 Ordinary Shares were allotted and issued at a price of 0.1p per share;
- 2.2.4. On 29 June 2004, 500,000,000 Ordinary Shares were allotted and issued at a price of 0.1p per share;
- 2.2.5. On 15 September 2004, 500,000,000 Ordinary Shares were allotted and issued at a price of 0.1p per share;
- 2.3. Save as disclosed in this document, in the three years preceding the date of this document there have been no issues of share or loan capital of the Company or its subsidiary and no share or loan capital of the Company or its subsidiary is presently under option or is the subject of an agreement, conditional or unconditional, to be put under option.
- 2.4. At the annual general meeting of the Company held on 29 December 2005 the following resolutions were passed:
- (a) an ordinary resolution generally and unconditionally authorising the Directors, until the conclusion of the annual general meeting of the Company to be held in 2006 or 15 months after the passing of the resolution (whichever is earlier), to allot relevant securities in accordance with section 80 of the Act up to an aggregate nominal amount of £2,000,000; and
- (b) a special resolution generally and unconditionally authorising the Directors, until the conclusion of the annual general meeting of the Company to be held in 2006 or 15 months after the passing of the resolution (whichever is earlier), pursuant to section 95 of the Act, to allot equity securities for cash as if section 89(1) of the Act did not apply to such allotment up to an aggregate nominal amount of £2,000,000.
- 2.5. At the Extraordinary General Meeting, resolutions will be proposed in addition to the authorities, referred to in paragraph 2.4 above to:
- (a) authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in relation to such allotment up to a nominal value of £2,414,345 in connection with the Placing and Open Offer;
- (b) approve the Option Agreement and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection with the Option Agreement, further details of which are set out in paragraph 2(a) of Part III of this document;
- (c) to approve the option agreement dated 20 March 2006 between the Company and Seymour Pierce Ellis and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection therewith. Further details of this agreement are set out in paragraph 6.2 of Part VIII of this document.
- (d) to approve the option agreement dated 20 March 2006 between the Company and Mark Child and authorise the Directors to allot and issue Ordinary Shares and to disapply the statutory pre-emption rights in connection therewith. Further details of this agreement are set out in paragraph 6.4 of Part VIII of this document; and

- (e) adopt the New Share Option Schemes and authorise the Directors to grant options and disapply the statutory pre-emption rights in connection with the issue of Ordinary Shares pursuant to the New Share Option Schemes.
- 2.6. The authorised but unissued share capital of the Company following completion of the Placing and Open Offer, (assuming the Initial Placing and Open Offer is fully subscribed) will be £6,789,632, representing approximately 78 per cent of the Company's authorised share capital.

3. New Share Option Schemes

Summary

The Millwall Holdings Plc Approved Executive Share Option Scheme (the 'Approved Scheme') enables options over Ordinary Shares to be granted to full-time directors and employees of the Group. The Approved Scheme is to be approved by H. M. Customs and Revenue ('Revenue') and offers favourable tax treatment on the exercise of options.

The Millwall Holdings Plc 2006 Unapproved Share Option Scheme (the 'Unapproved Scheme') has more flexibility than the Approved Scheme. Both Schemes are to be administered by the Board, acting on the recommendations of the Remuneration Committee which consists wholly or mainly of non-executive directors of the Company.

The Approved Scheme

1. Introduction

An application has been made to the Revenue for approval of the Approved Scheme under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 ('2003 Act'). The Board is to be empowered to make such changes or amendments to the Approved Scheme as may be necessary or desirable for it so as to comply with the conditions set out in Schedule 4 to the 2003 Act.

2. Eligible Employees

All full-time directors or employees of the Company and members of the Group (other than those due to retire within two years) are eligible to participate in the Approved Scheme. For these purposes a director is regarded as 'full-time' if, in the opinion of the Board, he devotes substantially the whole of his working hours to the duties of his office or employment and is normally required to devote twenty-five hours or more per week (exclusive of meals) to those duties. An employee is not required to satisfy a specified number of working hours per week to be eligible to participate in the Approved Scheme.

3. Grant of Options

The Board may at any time and from time to time within ten years of the date of adoption of the Approved Scheme, at its discretion, grant to any eligible employee one or more options to acquire Ordinary Shares.

Options may not be granted at a date more than ten years after the adoption date.

Every option is personal to the participant and other than in the event of death is not capable of being transferred or assigned.

4. Exercise Price

Subject to any variation of the capital structure of the Company, the subscription price per share payable on the exercise of an option is to be determined by the Board at the date of grant and must not be less than the higher of (i) the nominal value of a share; and (ii) the average of the middle market quotation of a share as derived from the Daily Official List of the London Stock Exchange for the dealing day immediately preceding the date of grant of the option (if the shares are then admitted to the Official List) and (iii) the market value of each share as agreed with the Share Valuation Division of the Revenue (in any other case).

Options are granted by Board resolution and options will be evidenced by a certificate under seal, the date of grant being the date of the certificate. No consideration is payable for the grant of an option.

5. *Exercise of Options*

An option may be exercised at any time between three and ten years from the date of grant subject to the satisfaction of any performance criteria that may be imposed at the time of grant.

If a participant dies, every option then held by him may be exercised by his personal representative at any time during the twelve months following the participant's death.

An option will normally lapse on cessation of employment except in certain specified circumstances, including retirement, injury, disability, redundancy or the transfer of the company which employs him outside the Group or by reason of the undertaking of that company being transferred outside the Group. In these circumstances, any option must be exercised within a period of six months from the date the employment ceased or three years and six months from the date of grant whichever is the longer period. If a participant ceases to be an employee for any other reason the option may be exercised within the same period, but only if the Board gives its prior written consent.

In the event of a take-over, reconstruction or winding-up of the Company, a participant may exercise his options for a limited period. There are also provisions which may entitle the participant to release his option in exchange for an option over shares in the acquiring company.

A participant may exercise an option in respect of all or a part being a multiple of 10,000 of the shares which are subject to an option by a prescribed procedure including payment to the Company of the total subscription price for those shares.

The Company will apply to the London Stock Exchange for the shares issued to the participant to be admitted to listing, or to be admitted to trading on AIM (as appropriate).

Shares issued will rank *pari passu* with other Ordinary Shares then in issue but will not participate in any dividend or other rights attaching to the shares by reference to a date preceding the date of issue.

Options not exercised within the exercise provisions specified in the Rules, will lapse.

6. *Limits*

The number of Ordinary Shares issuable pursuant to options granted under the Approved Scheme, when aggregated with the number of Ordinary Shares issued or issuable pursuant to rights granted under all employee share schemes within the period of ten years prior to the date of the grant may not exceed fifteen per cent of the Company's issued ordinary share capital at the relevant date of grant. Any options granted to the Chairman, Peter de Savary, are excluded from these limits.

An employee's overall participation is limited so that the aggregate subscription price of the shares over which options are to be or have been granted to him under this (or any other) approved share option scheme adopted by the Company and while remaining unexercised cannot exceed £30,000.

7. *Variation of Share Capital*

In the event that any variation in the issued share capital of the Company is effected after the date of adoption of the Scheme, then the subscription price and/or the number of shares subject to an option may be adjusted by the Board in such manner as it in its absolute discretion determines to be appropriate. Any such adjustment must be confirmed in writing by the auditors, to be in their opinion, fair and reasonable.

No adjustment shall be made, if it would cause the subscription price of a share to be less than its nominal value, or if it would cause the aggregate subscription price payable on the exercise of an option in full to be increased. No adjustment shall be made without prior approval in writing of the Revenue.

8. *Amendment*

The Board may make and vary such regulations (not being inconsistent with the Approved Scheme) for the implementation and administration of the Approved Scheme as they think fit.

The Approved Scheme may be altered in any respect by resolution of the Board provided that no alteration is made to any material rule of the Approved Scheme without the approval of shareholders in general meeting. No alteration can be made without the prior written approval of the Revenue. In addition, no alteration shall be made to any rights already accrued to a participant except with his consent.

9. *Termination*

The Approved Scheme may be terminated at any time by the Board or by the Company in general meeting and on such termination no further options may be granted, but the subsisting rights of the participants are not affected by such termination.

The Unapproved Scheme

1. *Introduction*

The main provisions relating to the Approved Scheme also apply to the Unapproved Scheme with and subject to the major modifications set out below. Amendments to the Unapproved Scheme do not require Revenue approval.

2. *Eligible Employees*

Non-executive directors, in addition to full-time directors and employees are eligible to participate in the Unapproved Scheme at the discretion of the Board.

There is no requirement for any employee to satisfy a specified number of working hours per week to be eligible to participate in the Unapproved Scheme.

3. *Grant of Options*

Under the Unapproved Scheme, options are not capable of transfer or assignment.

4. *Exercise Price*

Subject to variation of the capital structure of the Company, the subscription price payable on the exercise of an option shall be a price determined by the Board which should not be less than the nominal value of any Ordinary Share.

5. *Exercise of Options*

An option may be exercised at any time within five years from the date of grant subject to the discretion of the Board which may determine an appropriate period for exercise at the date of grant, and subject to the satisfaction of any performance criteria imposed at the date of grant.

In the event of a take-over, reconstruction or winding up of the Company if the option is not otherwise exercisable at that time a participant may exercise his options immediately during the period of three months beginning with the time when the person making the offer has obtained control of the Company (and corresponding three month periods in other events).

6. *Limits*

An employee must not be granted an option if the aggregate market value (by reference to valuation at the date of grant) of shares issuable under option and held by that employee pursuant to the Unapproved Scheme and the Approved Scheme exceeds four times his salary as at the relevant date of grant. There is no such financial limit applied to grants awarded to directors who are not full time employees and other provisions of the Scheme applicable to employees such as cessation of employment rules do not apply to them.

4. **Memorandum and Articles of Association**

The principal objects of the Company are set out in Clause 4 of its Memorandum of Association and are, *inter alia*, to carry on the business of a holding company and to carry on the business of proprietors, operators, promoters or organizers of sports and leisure activities.

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

4.1. Authorised share capital

The authorised share capital of the Company is divided into ordinary shares and deferred shares. The deferred shares do not entitle the holder to receive notice of or vote at any general meeting of the Company, to receive a dividend or other distribution or to share in a distribution of the assets or profits of the Company. The Company is authorised to transfer, on behalf of the holder of deferred shares, any deferred share to such person(s) as the Company may determine and without making any payment to the holder of the deferred shares. The rights attaching to the deferred shares shall not be varied by the passing of, *inter alia*, any resolution cancelling the deferred shares or the redemption and repurchase by the Company of its own shares or by the creation or issue of further shares ranking *pari passu* with or in priority to the deferred shares.

4.2. Voting rights

Subject to any special terms as to voting upon which any share may be issued, on a show of hands every member who is present in person or being a corporation is represented by a duly authorised representative and in each case is entitled to vote shall have one vote and upon a poll every member present in person or by proxy and entitled to vote shall have one vote for every share held by him. A proxy need not be a member of the Company.

4.3. Variation of class rights and changes in capital

The rights attached to any class of share may, subject to the provisions of applicable law, be modified varied or abrogated (a) in such manner (if any) as may be provided by those rights or (b) in the absence of such provision either with the consent in writing of the holders of at least three-fourths in nominal value of the issued shares of that class (but subject always to the provisions of section 127 of the Act) or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class. At any such separate general meeting (other than an adjourned meeting) the necessary quorum is two persons personally present or by proxy holding or representing in nominal value by proxy at least one-third of the capital paid up on the issued shares of the class in question with the quorum for any adjourned meeting being one such person present or by proxy.

The Company in general meeting may by ordinary resolution:

- (a) consolidate and divide its share capital into shares of a larger amount;
- (b) subject to applicable laws sub-divide its share capital into shares of a smaller amount and may determine that the shares resulting from such sub-division may have special or preferred rights and may be subject to special restrictions;
- (c) cancel any shares which have not been taken up or agreed to be taken up by any person and diminish its authorised share capital by the amount of the shares so cancelled;

- (d) increase its authorised share capital by such sum to be divided into shares of such amount, as the resolution shall prescribe; and
- (e) subject to applicable laws, purchase its own shares or enter into an agreement to purchase its own shares.

The Company in general meeting may by special resolution, subject to applicable laws and to the rights attaching to existing shares, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.

4.4. Suspension of Rights

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 212 of the Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

4.5. Annual General Meeting

An annual general meeting is to be held once every year at such time and place as may be determined by the Directors. Annual general meetings should be held within a period of not more than 15 months after the holding of the last preceding annual general meeting. Annual general meetings are called on 21 days notice in writing, exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote thereat agree.

4.6. Extraordinary General Meeting

Extraordinary general meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the Act. An extraordinary general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company shall be called on 21 days' notice in writing. Any other extraordinary general meeting is to be called on 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. An extraordinary general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the extraordinary general meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

4.7. Dividends

Subject to applicable laws and to any preferential or other special rights attached to any shares issued by the Company the profits of the Company available for dividend and which the Company shall so determine to distribute by way of dividend shall be apportioned and paid to the members entitled thereto proportionately to the amounts paid up on the shares.

Subject to applicable laws, the Board may, with the prior authority of an ordinary resolution, either direct that dividends may be satisfied by the distribution of specific assets or by the allotment to those holders of a particular class of shares who have elected to receive them, further shares of that class or ordinary shares ("new shares") instead of cash in respect of all or part of a dividend specified by the resolution. The new shares may be allotted instead of dividend(s) declared or paid within a period which may not end later than the beginning of the fifth Annual General Meeting following the date of the meeting at which the resolution is passed. The new shares will rank *pari passu* with each other and with every other paid share of

the same class in issue on the record date for the dividend in respect of which the right of election has been offered but they will not rank for a dividend or other distribution which has been declared or paid by reference to that record date.

Any dividend unclaimed after a period of 12 years from the date such dividend is payable shall be forfeited and shall revert to the Company.

4.8. Distribution of assets on winding-up

If the Company is wound up, the liquidator may, with the authority of an extraordinary resolution and subject to applicable laws, divide among the members in kind the whole or any part of the assets of the Company and may determine subject as provided in the Articles how such division shall be carried out as between members or different classes of members (if any).

4.9. Transfer

A transfer of shares may be effected by transfer in writing in any usual form or in any other form approved by the Board. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered into the register of members in respect thereof. The Board may, in its absolute discretion, and without assigning any reason, refuse to register any transfer of any share or renunciation of a renounceable letter of allotment unless all of the following conditions are satisfied:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of share;
- (c) it is in favour of a single transferee or renounee or not more than four joint transferees or renounees;
- (d) it is duly stamped (if required);
- (e) it is delivered for registration at the registered office of the Company or such other place as the Board may decide, accompanied by the certificate for the shares to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued or in the case of a renunciation) and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so; and
- (f) it is not in favour of a minor, infant, bankrupt or person with mental disorder.

Save as aforesaid, the Articles contain no restrictions as to the free transferability of fully paid shares.

The Directors' power to refuse to register partly paid shares is subject to a proviso that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

4.10. Directors

No shareholding qualification is required by a Director.

The Directors may from time to time appoint any other person to be a Director either to fill a casual vacancy or by way of addition to the Board. The Director so appointed shall hold office until the dissolution of the annual general meeting following next after his appointment unless he is reappointed during such meeting.

The Directors shall be entitled to pay out of the funds of the Company to the Directors as fees in each year an aggregate sum not exceeding £100,000 as the Directors may determine, such sum to be divided among such Directors in such proportion as they may agree or, in default of agreement, equally provided that any Director holding the office for part of a year shall unless otherwise agreed be entitled only to a proportionate part of such fee. The Company may by ordinary resolution increase the amount of the fees payable. The Directors shall also be entitled to be repaid all reasonable travel, hotel and other expenses properly incurred by them in the performance of their duties as directors, including their expenses of traveling to and from Board or committee or general meetings and any expenses incurred by

them in obtaining independent professional advice. Directors holding employment or executive office may be paid a fixed sum or participate in profits in addition to or in place of the payment of a fee.

The Directors may grant reasonable additional remuneration and expenses to any member of the Board, who at the request of the Board renders any special or extra services to the Company or goes or resides abroad, by way of a lump sum, participation in profits or otherwise as the Directors shall determine.

Subject to applicable laws the Directors may from time to time appoint one or more of their body to be the holder of any executive office including the office of managing or joint or assistant managing director on such terms and for such period as they may determine.

The Directors may confer upon a Director holding an executive office any of the powers authorities and discretion exercisable by the Directors upon such terms and conditions as they think fit.

Subject to applicable laws and to duly declaring his interest a Director: (a) may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director on such terms as to remuneration and otherwise as the Board shall arrange. Any Director may act by himself or through his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services; (b) may enter into or be interested in any contract to which the Company is a party or in which it is interested; (c) shall not be disqualified by his office from contracting with the Company either as vendor purchaser or otherwise and no such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

A Director may hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and unless otherwise agreed shall not be liable to account to the Company for any remuneration or other benefits receivable by him as a Director or other officer of or by virtue of his interest in such other company.

Save as set out below a Director shall not vote in respect of any contract, or arrangements or any other proposal to which the Company is or is to be a party in which he has any interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested, including the fixing or varying of the terms of his appointment or the termination thereof.

A Director shall, in the absence of some other interest than is indicated below, be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters namely:

- (a) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting thereof,

- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not directly or indirectly the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of the relevant company (or of any third company through which his interest is derived) or of the voting rights available to members of such company or able to cause 1 per cent. or more of those voting rights to be cast at his direction;
- (e) any contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom it relates; and
- (f) any contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

The Directors may establish, maintain, participate in or contribute to or procure the establishment, maintenance of, participation in or contribution to any pension, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to any persons who are or were at any time in the employment or service of or who have at any time been Directors of the Company or of any company which is or was a holding company or subsidiary of the Company or any of their predecessors in business (and for any member of his family, including a spouse or former spouse or a person who is or was dependent on him). Any Director shall be entitled to participate in and retain for his own benefit any such donations, gratuities pensions, allowances, benefits or emoluments.

Subject to applicable laws, the Directors may establish and maintain any employee's share scheme, share option or share incentive scheme and (if any such scheme so provides) contribute to any scheme for the purchase by or transfer allotment or issue to trustees of shares in the Company or its holding company to be held for the benefit of employees (including Directors) of the Company and subject to any relevant legislation lend money to such trustees or employees to enable them to purchase such shares.

At every annual general meeting one-third of the Directors for the time being who are subject to retirement by rotation shall retire from office. A retiring Director shall be eligible for re-election. Persons who have reached the age of 70 or any other age may be appointed as Directors and no special notice is required in connection with such appointment. Such a director is not required to vacate office because he has reached the age of 70 or any other age.

4.11. Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future, including uncalled capital, but shall restrict the borrowings of the Company so as to secure (in so far as they can) that the aggregate principal amount for the time being remaining undischarged of all monies borrowed by the Group (exclusive of intra-group borrowings) shall not without the previous sanction of an ordinary resolution exceed a sum equal to 3 times the aggregate of;

- (a) the amount paid up on the allotted or issued share capital of the Company; and
- (b) the amounts standing to the credit of the consolidated capital and revenue reserves of the Company and its subsidiaries (all as more particularly defined and specified in the Articles and as shown in the then latest audited consolidated balance sheet of the Company and its subsidiaries).

4.12. Electronic Communications

The Company and its members may use electronic communications to serve notice and documents. "Electronic communication" is defined by the Electronic Communications Act 2000 as "a communication transmitted (whether from one person to another from one device to another or from a person to a device or vice versa)

- (a) by means of a telecommunications system (within the meaning of the Telecommunications Act 1984); or
- (b) by other means but in an electronic form"

and would cover e-mail, Internet, fax and any other communication conveyed through the agency of speech, music or visual images. The amendments shall enable the Company to send copies of certain documents to members by electronic means, rather than by post. In addition, notices of meetings may be sent to members electronically to an address notified to the Company by the member. Further, members may lodge an appointment of a proxy electronically where the Company agrees and has provided an electronic address.

The use of Electronic Communication is not mandatory and the prior consent of a member must be obtained in each case before notices and other documents may be sent to that member by Electronic Communication.

4.13. Disclosure of interests in shares

Sections 198 to 210 inclusive of the Act make provision regarding disclosure of interests in shares.

Where a person has a material interest in shares and the aggregate nominal value of such shares is equal to or more than 3 per cent of the nominal value of the Company's share capital then the person has an obligation to disclose such interest to the Company.

A similar obligation arises where a person has any interest whatsoever in shares representing in aggregate 10 per cent or more of the nominal value of the Company's share capital.

Where a person's notifiable interest changes, then further disclosure obligations arise.

5. Directors, Senior Management and Other Interests

5.1. The names of the Directors, directors of the Club and Senior Managers of the Group are set out in 'Directors, Senior Managers & Employees' in Part III of this document.

5.2. The interests of the each of the Directors, Senior Managers and directors of the Club (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at 17 March 2006 (being the latest practicable day prior to the date of publication of this document), such interests being those which are or would be required to be notified to the Company under the provisions of Section 324 or 328 of the Act or which are or would be required to be entered in the register of interests required to be maintained pursuant to Section 325 of the Act or which are interests of persons connected with the Directors within the meaning of Section 346 of the Act which would, if the connected person were a Director, be required to be disclosed under Sections 324, 325 or 328 of the Act, the existence of which is known to or could, with reasonable diligence be ascertained by a Director or Senior Manager or directors of the Club are as follows:

	<i>Existing ordinary share capital</i>		<i>Following the Placing and Open Offer</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital⁽¹⁾</i>
Directors				
P. de Savary	—	—	1,250,000,000	6.58%
T. Paphitis	382,111,720	6.27	3,507,111,720	18.47%
J. Burnige	13,400,517	0.22	638,400,517	3.36%
R. Towner	6,229,162	0.1	141,611,087	0.75%
C. Gonticas	—	—	375,000,000	1.98%
Directors of Club				
D. Sullivan	—	—	12,500,000	0.07%

	<i>Existing ordinary share capital</i>		<i>Following the Placing and Open Offer</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital⁽ⁱ⁾</i>
K. Brown	—	—	—	—
Senior Managers				
N. Evans	—	—	—	—
R. Bradbrook	—	—	—	—
C. Sayer	4,296	<0.001	8,592	<0.001
V. Quinn	—	—	—	—
M. Cole	—	—	—	—
Y. Haines	—	—	—	—

(i) Assuming the Initial Placing and the Open Offer is fully subscribed and no options are exercised.

(ii) 54,857,912 Ordinary Shares in which T. Paphitis is interested are held by the trustees of the Chancerealm Executive Pension Fund of which Mr Paphitis is a beneficiary and 267,528,396 Ordinary Shares are held by Pershing Keen Nominees Limited as nominee for Xunely Limited, a company in which T. Paphitis has a controlling interest.

(iii) Each of T. Paphitis, J. Burnige and R. Towner also hold deferred shares in the Company.

(iv) Each of P. de Savary, T. Paphitis, J. Burnige and C. Gonticas are also directors of the Club and K. Brown is also a Senior Manager.

5.3. As at 17 March 2006 (being the last practicable date prior to publication of this document) so far as the Company is aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5.4. Save as disclosed in paragraph 5.2 and below, the Company is not aware of any interests in Ordinary Shares representing 3 per cent. or more of the Company's issued ordinary share capital as at 17 March 2006 (being the last practicable date prior to publication of this document):

	<i>No. of Existing Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>
Bear Stearns Securities Corporation	605,250,000	9.94
Pershing Keen Nominees Ltd*	390,716,623	6.41
Barclayshare Nominees Ltd	275,711,593	4.52
TD Waterhouse Nominees (Europe) Ltd	228,158,716	3.74
HSDL Nominees Ltd	186,503,738	3.06

* of these shares 267,528,319 are held as nominee for Xunely Limited, a company in which T. Paphitis has a controlling interest.

None of the Company's significant holders of Ordinary Shares being those listed above has voting rights which are different from the other holders of Ordinary Shares.

5.5 Pursuant to the terms of the Option Agreement, Peter de Savary will, subject *inter alia* to the approval of Shareholders be granted an option to subscribe for such number of Ordinary Shares as is equivalent to 10% of all issued share capital on Admission.

5.6. Save as set out in paragraphs 5.2 and 5.5, following the Placing and Open Offer no Director or director of the Club or Senior Manager will, and no person connected with a Director or directors of the Club or Senior Manager is expected to, have any interest in the share or loan capital of the Company or its subsidiary nor does any person connected with the Directors or directors of the Club or Senior Managers.

5.7. At the date of this document there are no outstanding loans from the Company to any of the Directors or directors of the Club or Senior Managers nor has any guarantee been provided by the Company for the benefit of any of the Directors or directors of the Club or Senior Managers.

5.8. Save as disclosed in paragraph 5.9 below, no Director or director of the Club or Senior Manager has or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group and which was effected by any

member of the Group during the current or immediately preceding financial year or which was effected a member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.

5.9. In respect of the Directors, directors of the Club and Senior Managers, there are no conflicts of interests between any duties they have to the Company and their private interests and/or other duties they may have save that:

5.9.1. Mr Towner, a non-executive Director, is a consultant to Davenport Lyons, solicitors to the Company. Davenport Lyons will be receiving a fee for its legal services in relation to the Placing and Open Offer.

5.9.2. Mr Paphitis is a director and major shareholder and Mr Towner is a director of Ryman Limited to which sales (£21,159 in the year to 31 May 2005) are made and from which purchases (£9,801 in the year to 31 May 2005 and £2,671 in the period from 31 May 2005) are made. All transactions are conducted on an arms' length basis on normal trading terms. During the year ended 31 May 2004, Ryman Limited entered into a contract with the Club for £50,000 as the main sponsor of the Club for the football season 2003/2004. As at 31 May 2004, all amounts due under this contract were settled.

5.9.3. Mr Paphitis was until 5 October 2002 a director of Octagon Movie and Media Limited, a company which introduced the shirt sponsors Beko Limited to the Company. The amount of commission paid to Octagon was £7,500 representing 6.25% of the sponsorship amount.

5.9.4. In the year ended 31 May 2003, La Senza Limited, a company controlled by Mr Paphitis, made short term loans to the Group totalling £830,000 to assist with temporary working capital requirements. The loans were made interest free. The amount of the loans outstanding at 31 May 2004 was £nil (2003: £630,000) as all balances were repaid in full by 26 June 2003.

5.9.5 Mr D Sullivan, a director of the Club, has property interests in the London Boroughs of Lewisham and Southwark.

5.10. In addition to their directorships of the Company and its subsidiary, the Directors, the directors of the Club and Senior Managers currently hold or have held the following directorships within the five years prior to the publication of this document and are or have been partners in the following firms within the five years prior to publication of this document.

<i>Director</i>	<i>Current Directorships or Partnerships</i>	<i>Past Directorships or Partnerships</i>
Peter John de Savary (aged 61)	Bovey Castle Limited Bovey Golf Limited Bovey Club Limited Carnegie International Asset Management Limited Chainrock Corporation N.V. Penzance Maritime Holdings Limited The London Outpost Limited WB Skibo Investment Limited WBS Investment Limited	Aldgate Real Estate Limited Carnegie Clubs (International) Limited Carnegie Club Limited Carnegie Estates Limited Daroview Limited Penzance Dry-Dock & Engineering Co. Limited Stapleford Park Limited Skibo Golf Limited Skibo Limited
Jeffrey David Burnige (aged 58)	None	
Constantine Gonticas (aged 39)	Exotica Fusion Food Limited Novator Limited Wikira Ltd. Be Un Limited	

Theo Paphitis (aged 46)	Chancerealm Limited Contessa (Ladieswear) Limited Contessa (Holdings) Limited Independent Managers Limited La Senza Limited La Senza Europe Limited La Senza Girl Limited Mount Run Estate Limited NAG Communications Limited Prizedeal Limited Pure Nutrition Limited Red Letter Days Limited Ryman Limited Starjestic Limited Sunday Morning Limited Walton & Hersham F.C. (1982) Limited Xunely Limited Partners the Stationers Limited Partners Properties (UK) Limited Keppelington Limited The Football League Limited	Movie and Media Sports (Holdings) Limited Octagon Movie and Media Limited The Lewisham Challenge Partnership Limited
Richard Edward Towner (aged 69)	Bloxham School Limited The Brendoncare Foundation Chancerealm Limited Contessa (Holdings) Limited Contessa (Ladieswear) Limited Darnley Management Limited Bioquell plc La Senza Limited La Senza Europe Limited La Senza Girl Limited Keppelington Limited NAG Communications Limited Millwall Community Scheme Partners Properties (UK) Limited Partners the Stationers Limited Ryman Limited Taylor Clark plc Xunely Limited	Keston Consultants Limited

Club Directors

<i>Director</i>	<i>Current Directorships or Partnerships</i>	<i>Past Directorships or Partnerships</i>
Ken Brown (aged 48)	None	None
David Paul Sullivan (aged 57)	<i>Partnerships</i> None <i>Directorships</i> Laban Limited Renewal S.E. Limited Deptford X Ltd Renewal Two Limited Renewal NXG Limited Renewal Beckenham Limited Renewal New Bermondsey Limited Renewal New Bermondsey One Limited Renewal Greenwich Limited Renewal New Bermondsey Two Limited Renewal S.E. (Commercial) Limited Trinity Laban Renewal (Holdings) Limited Renewal Forest Hill Limited	<i>Partnerships</i> None <i>Directorships</i> The Lewisham Challenge Partnership Limited On Site Managed Services Limited The Lewisham Challenge Partnership Limited Renewal Mitcham Limited Onsite Recruitment Limited Parker Personnel Limited Liberty Recruitment Limited London Connects Limited

Senior Managers

<i>Director</i>	<i>Current Directorships or Partnerships</i>	<i>Past Directorships or Partnerships</i>
Rick Bradbrook (aged 57)	None	None
Mark Cole (aged 50)	None	None
Yvonne Haines (aged 58)	None	None
Nicholas Evans (aged 60)	Biddencare Limited	D G Durham Group Services Limited
Veronica Quinn (aged 40)	None	None
Colin Sayer (aged 49)	None	None

Save as disclosed above, other than membership of the administrative, management or supervisory bodies of the Company and its subsidiary, no Director, director of the Club or Senior Manager or any other person who is a member of the administrative, management or supervisory bodies of the Company and its subsidiary has been a member of any of the administrative, management or supervisory bodies of any other company or been a partner in any partnership in the last five years.

- 5.11 (a) Mr. T. Paphitis was Chief Executive of A.T. Trust Plc (“AT”). Following the takeover of Splash Plc in 1990 there were disagreements on policy regarding the disposal of a subsidiary between Mr. Paphitis and the shareholder representatives of AT which resulted in Mr. Paphitis resigning from the Board of AT on 13 July 1990 and receiving compensation. In September 1990 Receivers were appointed to AT and a Statement of Affairs showed a deficiency to creditors of some £3.5 million. The company was struck off the register of companies and dissolved on 15 May 2001.
- (b) Mr T. Paphitis was appointed as a non-executive director of Watford World of Golf Limited, company number 2480254, on 26 February 1993 and resigned on 23 February 1994. An administrative receiver was appointed on 8 February 1995. The projected shortfall to creditors as at 24 April 1995 was £257,986.39. The company was struck off the register of Companies and dissolved on 5 September 2000.
- (c) Mr. J.D. Burnige has been a director of the Company since before October 1991. The Company was placed into administration on 30 January 1997. Mr. T. Paphitis and Mr. R.E. Towner were appointed directors of the Company on 9 June 1997 during the administration. The Company came out of administration on 26 June 1997. The Company was also involved in a corporate voluntary arrangement. The report was made on 20 May 1997 and the notice of completion was issued on 1 December 2000.
- (d) Mr. J.D. Burnige has been a director of The Millwall Football and Athletic Company (1985) Plc since before April 1991. The company was placed into administration on 30 January 1997. Mr. J.D. Burnige resigned as a director on 24 June 1997. The company came out of administration on 26 June 1997, the same day that Mr. T. Paphitis was appointed as a director. The Millwall Football and Athletic Company (1985) Plc was also involved in a corporate voluntary arrangement. The report was made on 20 May 1997. The total dividend payment to unsecured creditors was 9.6p in the pound. The notice of completion was issued on 1 December 2000.
- (e) Mr. J.D. Burnige was chairman of Abchurch Investments Limited when it was placed into creditors voluntary liquidation in November 1992. The deficiency to creditors was £46,902. The company was dissolved on 23 March 1994.

- (f) Mr J.D. Burnige was appointed as a director of Lakerose Properties Limited, company number 02880441, on 25 January 1994. The company went into a member's voluntary liquidation on 19 August 1998. The company was dissolved on 16 February 2000. The shortfall to the creditors of the company was £nil.
- (g) Mr. R.E. Towner was appointed as a director of H.T. (Floridan) Limited (formerly T.H. Fashion Accessories Limited), company number 3199857, on 30 May 1996 for the purposes of formalising an acquisition on that date. He did not participate in the running of that company and resigned with effect from 20 June 1996. The company was placed in administrative receivership on 22 January 1997 and went into creditors voluntary liquidation on 28 October 1997. The projected amount owing to creditors as at 28 October 1997 was £2,478,320. The assets of the company were estimated at £29,478. A total of £61,201.57 was realised from the assets of the company. The company was dissolved on 5 January 2002
- (h) Mr. R.E. Towner was a non-executive director of World Trade Systems Plc during a period when that company (then known as Tamaris Plc) was in liquidation and where the projected shortfall as at 21 February 2000 was £878,000. The liquidation was subsequently discharged and all creditors paid, and Mr. Towner was a director when the company was in a company voluntary arrangement, which was discharged on 7th July 2000. Dealings in that company's shares recommenced in October 2000. Mr. Towner resigned as a director on 8 November 2001
- (i) Mr. P.J. de Savary was appointed as a director of Carnegie Estates Limited, company number SC163779 on 11 July 1996. The company was placed into creditors voluntary liquidation on 21 August 2000 and was dissolved on 7 May 2003. The shortfall to creditors was £nil.
- (j) Mr. P.J. de Savary was appointed as a director of Penzance Dry-Dock & Engineering Co. Limited, company number 03131750, on 26 January 1996. The projected amount owing to creditors as at 24 March 2000 was £407,197. Payments of £4,204.99 were made to the creditors during the process of winding up. There was a further £165,002 deficiency to the members from paid up share capital. The company was placed into creditors voluntary liquidation on 24 March 2000 and was dissolved on 2 March 2003.
- (k) Mr. P.J. de Savary was appointed as a director of Littlecote Leisure Limited, company number 02757888 on 1 February 1993. The company was placed into creditors voluntary liquidation on 17 March 1997 the estimated amount owing to unsecured creditors was £159,921. There was a further £1,000 deficiency to the members from paid up share capital. The company was dissolved on 23 January 1999.
- (l) Mr. P.J. de Savary was appointed as a director of DSA Consultants Limited, company number 1945507 prior to 18 July 1991. The company was placed into creditors voluntary liquidation on 15 December 1992. The estimated shortfall of the company was £51,405,242. The company was dissolved on 20 September 1996.
- (m) Mr. P.J. de Savary was appointed as a director of Falmouth Diesel Supplies Limited, company number 2650553 on 1 November 1991. The company was placed into creditors voluntary liquidation on 5 December 1996. As of 5 December 1996 the estimated deficiency as regards non-preferential creditors was £3,533. The company was dissolved on 28 December 1998.
- (n) Mr. P.J. de Savary was appointed as a director of Righthalt Limited, company number 02025285 prior to 31 December 2001. The company was placed into members voluntary liquidation on 5 December 1996 and was dissolved on 8 February 2002. The shortfall to creditors was £nil.
- (o) Mr. P.J. de Savary was appointed as a director of Falmouth Tankers Limited, company number 02029375 prior to 31 December 1991. The company was placed into creditors voluntary liquidation on 5 December 1996. The estimated liabilities of the company as

at the date of commencement of winding up were £39,663. A further £10,000 was outstanding in relation to the paid up share capital. The company was dissolved on 28 December 1998.

- (p) Mr. P.J. de Savary was appointed as a director of Falmouth Oil Limited, company number 02032801, prior to 31 December 1991. The company was placed into creditors voluntary liquidation on 5 December 1996. As of 5 December 1996 the estimated deficiency of the company to creditors was £3,533. There was also £2 of paid up share capital outstanding. The company was dissolved on 29 December 1998.
- (q) Mr. P.J. de Savary was appointed as a director of Beechisle Limited, company number 01228532, prior to 10 October 1991. The estimated total liability of the company to unsecured creditors was £597,385. £2,521.79 was distributed to the creditors as part of the winding up. The company was placed into creditors voluntary liquidation on 22 May 1992. The company was dissolved on 19 April 1996.
- (r) Mr. P.J. de Savary was appointed as a director of Aldgate Real Estate Limited, company number 03437494 on 11 August 2000. The company was placed into member's voluntary liquidation on 16 April 2004 and was dissolved on 21 July 2005. The shortfall to creditors was £nil.
- (s) Mr. P.J. de Savary was appointed as a director of Farrgate Limited, company number 01958137, prior to 12 February 1993. Farrgate Limited was a wholly owned subsidiary of Placeton Limited. An administrative receiver was appointed on 22 April 1994 and Mr. De Savary resigned soon afterwards on 25 April 1994. The estimate of the total deficiency as regards members in the statement of affairs was £118,011,906. The company was dissolved on 8 September 1998.
- (t) Mr. P.J. de Savary was appointed as a director of Placeton Limited, company number 02422708, prior to 14 September 1993. An administrative receiver was appointed on 22 April 1994. Mr. De Savary resigned as director on 25 April 1994. Information in relation to the estimated shortfall of the company to its creditors was unavailable as at the last practicable date prior to the date of this document. The company was dissolved on 17 November 1998.
- (u) Mr. P.J. de Savary was appointed as a director of Falmouth Developments Limited, company number 02111753, prior to 18 July 1991. Falmouth Developments Limited was a subsidiary of Placeton Limited. An administrative receiver and receiver manager was appointed on 22 April 1994. Mr. De Savary resigned as director on 25 April 1994. As at 13 May 1994 the estimated shortfall of the company was £118,060,825. The company was dissolved on 29 February 2000.
- (v) Mr. P.J. de Savary was appointed as a director of Findhelp Limited, company number 02293301, prior to 30 July 1992. Findhelp Limited was a wholly owned subsidiary of Southampton (Eastleigh) Airport Developments Limited. Mr. De Savary resigned as director on 27 June 1994. The estimated shortfall of the company as at 29 July 1994 was £22,606,500. An administrative receiver was appointed on 7 July 1994. The company was dissolved on 12 May 1998.
- (w) Mr. P.J. de Savary was appointed as a director of Southampton (Eastleigh) Airport Developments Limited, company number 2326501, prior to 30 July 1992. Mr. De Savary resigned as director on 27 June 1994. An administrative receiver was appointed on 5 July 1994. The predicted shortfall of the company as at 29 July 1994 was £51,760,833. The company was dissolved on 31 March 1998.
- (x) Mr. P.J. de Savary was appointed as a director of Raktran Limited, company number 2326627, prior to 30 July 1992. Mr. de Savary resigned as director on 27 June 1994. An administrative receiver was appointed on 7 July 1994. The estimated shortfall of the company as at 29 July 1994 was £28,534,968. The company was dissolved on 31 March 1998.

- (y) Mr. P.J. de Savary was appointed as a director of Aldersgate Developments Limited, company number 2013115 prior to 12 February 1993. Aldersgate Developments Limited was a subsidiary of Placeton Limited. Mr. de Savary resigned as director on 25 April 1994. Administrative receivers were appointed on 27 April 1994. The estimated shortfall of the company to its creditors as at 13 May 1994 was £186,663,131. There was also a further £20,000 deficiency to the members in relation to the paid up share capital. The company was dissolved on 16 December 2003.
- (z) Mr. P.J. de Savary was appointed as a director of Matchcharm Limited, company number SC105613, prior to 19 May 1989. The company was placed into liquidation and winding up of the company commenced on 15 December 1992. The estimated liabilities of the company as at 16 March 1994 were £50,493,574. The company was dissolved on 28 September 1994.
- (aa) Mr. P.J. de Savary was appointed as a director of Highland Navigation Holdings Limited, company number 2328513, on 22 October 1991. The appointment of a liquidator was registered with Companies House on 4 January 1993. The estimated deficiency of the company as at 15 December 1992 was £50,000,002. The company was dissolved on 29 December 1993.
- (bb) Mr. P.J. de Savary was appointed as a director of Jetwave Limited, company number 1756071, prior to 14 February 1992. The appointment of a liquidator was registered with Companies House on 4 January 1993. On the statement of affairs as at 15 December 1992 the estimated shortfall of the company was £50,476,321. The estimated deficiency of the company as at 13 November 1992 was £260,913. The company was dissolved on 29 December 1993.
- (cc) Mr. P.J. de Savary was appointed as a director of The Cornish Fishing Fleet Limited, company number 02387962, prior to 23 May 1991. The appointment of a liquidator was registered with Companies House on 1 December 1992. The estimated shortfall of the company as at 13 November 1992 was £260,913. The company was dissolved on 24 May 1995.
- (dd) Mr. P.J. de Savary was appointed as a director of Padchase Limited, company number 2341579, prior to 4 September 1992. The appointment of a liquidator was registered with Companies House on 10 May 1993. The estimated deficiency of the company as at 24 March 1995 was £54,254,685.86. The company was dissolved on 5 August 1995.
- (ee) Mr D Sullivan was appointed a director of On Site Managed Services Limited on 28 April 1997. There was an administration order made against the company on 20 July 1998. The order was eventually discharged on 22 February 2002. On 14 September 2001 there was a petition to wind up the company and subsequently a winding up order was made against the company on 15 October 2001. Information in relation to the estimated shortfall of the company to its creditors was unavailable as at the last practicable date prior to the date of this document. The company was dissolved on 4 December 2003.
- (ff) Mr D Sullivan was appointed a director of Onsite Recruitment Limited on the 30 June 1998. Mr Sullivan resigned as director on 14 August 2001. The company was placed into a creditors voluntary liquidation on 12 April 2002. On the statement of affairs dated 12 April 2002 the estimated deficiency to the creditors was £250,968. The company was dissolved on 27 November 2003.
- (gg) Mr D Sullivan was appointed a director of Liberty Recruitment Limited on 1 June 2000. Mr Sullivan resigned as a director on 16 October 2001. The company was placed into a creditors voluntary liquidation on 30 January 2002. On the statement of affairs dated 30 January 2002 the estimated deficiency to the creditors was £144,733. The company was dissolved on 5 June 2003.

- (hh) Mr N T Evans was appointed as a director of Biddencare Limited prior to 31 December 1990. The company was placed into liquidation in August 1992. On the directors sworn statement of affairs of Biddencare dated 11 September 1992 the estimated shortfall of the company was £3,192,010. The company is currently going through liquidation.
 - (ii) Mr N T Evans was appointed as a director of D. G. Durham Group Services Limited prior to 31 December 1991. On 14 October 1992 there was a compulsory court order for the company to be wound up upon the petition of a creditor. An official receiver was appointed on 21 October 1992. A liquidator was appointed to the company on 25 March 1996. The company was dissolved the 29 of December 2003.
- 5.12. Save as disclosed in paragraph 5.11 above no Director;
- (a) has any unspent convictions in relation to indictable offences; or
 - (b) has become bankrupt or been the subject of an individual voluntary arrangement, or had a receiver appointed to any asset of such person; or
 - (c) has been a director of any company which, while he was a director or within 12 months after his ceasing to be a director, had a receiver appointed or went into compulsory liquidation, or creditors voluntary liquidation or went into administration, or entered into a company voluntary arrangement or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - (d) has been a partner of any partnership which, while he was a partner or within 12 months after his ceasing to be a partner, went into compulsory liquidation, administration or receivership or had a receiver appointed to any partnership asset; or
 - (e) has had any public criticism against him by any statutory or regulatory authority (including recognised professional bodies) or has been disqualified by a court from acting as a director of a company or acting in the management or conduct of the affairs of any company; or
 - (f) has had any name other than his existing name.
- 5.13. Save as disclosed in paragraph 5.11 above, no member of the administrative, management or supervisory bodies of the Company or any director of the Club or any Senior Manager:
- (a) has any convictions for fraudulent offences in the last 5 years;
 - (b) was associated whilst acting as a member of any administrative, management or supervisory body or as a senior manager, with any bankruptcy, receivership, or liquidation in the last 5 years; or
 - (c) has suffered any public incrimination or sanction by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last 5 years.
- 5.14. No Directors, director of the Club nor Senior Managers nor any member of their immediate families nor any persons connected with such persons within the meaning of section 346 of the Act has any financial product whose value is determined directly or indirectly by reference to the price of the Ordinary Shares, including fixed odds bets.

6. Underwriting Agreements

- 6.1 An agreement dated 20 March 2006 between Seymour Pierce (1) Seymour Pierce Ellis (2), and the Company (3), pursuant to which Seymour Pierce has agreed, subject to the conditions below, to make the Open Offer to Qualifying Shareholders as agent of the Company and Seymour Pierce Ellis has agreed to use its reasonable endeavours to procure subscribers for the first 3,750,000,000 Offer Shares at the Issue Price subject to these Offer Shares not having been taken up by Qualifying Shareholders under the Open Offer, failing which, it will itself subscribe for such Offer Shares. Prior to the date of this document 5,551,353,300 Placing Shares have been placed by Seymour Pierce with certain Directors and other investors. This

Agreement is conditional, *inter alia*, upon the subscription and/or underwriting of Placing Shares in the Placing to a value of not less than £4.2 million (before expenses) and on Admission taking place on or before 8.00 a.m. Wednesday 19 April, 2006 or such later date as Seymour Pierce and the Company may agree but in any event not later than 28 April 2006. The Company will pay to Seymour Pierce and Seymour Pierce Ellis total fees and commissions of £145,000 together with all reasonable costs and expenses of and incidental to the Placing and Open Offer and the application for Admission. In the event of the Placing and Open Offer not proceeding by reason of prevailing economic or market conditions or otherwise for reasons unconnected with the Company its business or the Directors an abort fee of £20,000 shall be payable.

The Company will grant to Seymour Pierce Ellis an option to subscribe for such number of Ordinary Shares at the Issue Price as is equal to £150,000. The option is exercisable in the period of 18 months from Admission.

In the event that Seymour Pierce or Seymour Pierce Ellis procures places under the Further Placing the Company will grant an option in favour of Seymour Pierce over such number of Ordinary Shares as shall equal 10% of the amount raised by it under the Further Placing on the terms set out in paragraph 6.2 below. The Company will also pay to Seymour Pierce a commission of 5% of such funds raised by it under the Further Placing.

The agreement contains certain limited warranties given by the Company in favour of Seymour Pierce and Seymour Pierce Ellis as to *inter alia*, the accuracy of information contained in this document and an indemnity from the Company in favour of Seymour Pierce and Seymour Pierce Ellis.

Seymour Pierce and Seymour Pierce Ellis may terminate the Placing Agreement in specified circumstances prior to Admission principally in the event of a material breach of the Placing Agreement or of any of the warranties contained in it or where any event of omission relating to the Group is, or will be in the reasonable opinion of Seymour Pierce and Seymour Pierce Ellis, materially prejudicial to the successful outcome of the Placing and Open Offer, or where any change in national or international, financial, monetary, economic, political or market conditions is, or will be in the reasonable opinion of Seymour Pierce and Seymour Pierce Ellis, materially prejudicial to the successful outcome of the Placing and Open Offer.

- 6.2 A share option agreement dated 20 March 2006 between the Company and Seymour Pierce Ellis entered into pursuant to the terms of the underwriting agreement referred to in paragraph 6.1 above. Pursuant to the terms of the share option agreement, Seymour Pierce Ellis was granted an option to subscribe for such number of Ordinary Share at the Issue Price as is equal to £150,000 (being 10% of the amount of the Open Offer underwritten by Seymour Pierce Ellis). The right to exercise the option is conditional upon Shareholder approval and Admission The option is exercisable in whole or in part and will lapse to the extent not exercised within 18 months of Admission.
- 6.3 An agreement dated 20 March 2006 between the Company, Seymour Pierce and Mark Child pursuant to which Mark Child has agreed to procure, through Nash Fitzwilliams, subscribers for 1,250,000,000 Placing Shares to raise £500,000 under the Initial Placing, failing which he will himself subscribe for such Placing Shares. The agreement is conditional *inter alia* upon the Underwriting Agreement being duly executed. In consideration of his services, the Company has agreed to grant to Mr. Child an option to subscribe for Ordinary Shares further details of which are set out in paragraph 6.4 below.
- 6.4 A share option agreement dated 20 March 2006 between the Company and Mark Child entered into pursuant to the terms of underwriting agreement referred to in paragraph 6.3 above. Pursuant to the terms of the share option agreement, Mark Child was granted an option to subscribe for such number of Ordinary Share at the Issue Price as is equal to £50,000 in consideration of his agreeing to enter into the underwriting agreement referred to in paragraph 6.3 above. The right to exercise the option is conditional upon Shareholder approval and Admission The option is exercisable in whole or in part and will lapse to the extent not exercised within 18 months of Admission.

7. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, are the only contracts which (i) have been entered into by the Company and/or its subsidiary within the two years immediately preceding the date of this document and are, or may be, material or (ii) have been entered into by the Company and its subsidiary at any other time and contain provisions under which the Company or its subsidiary has any obligation or entitlement which is material as at the date of this document:

- 7.1. The Underwriting and option agreements as described in paragraph 6 above.
- 7.2. A nominated adviser agreement dated 16 July 2001 between the Company (1) and Seymour Pierce (2) pursuant to which the Company has appointed Seymour Pierce to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce a fee of £10,000 per annum for its services as Nominated Adviser under the agreement, together with all reasonable expenses and VAT. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months' notice.
- 7.3. A broker agreement dated 16 July 2001 between the Company (1) and Seymour Pierce Ellis (2) pursuant to which the Company has appointed Seymour Pierce Ellis to act as broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce Ellis a fee of £15,000 per annum for its services as Broker under the agreement together with all reasonable expenses and VAT. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months' notice.
- 7.4. (a) a letter from The Bank of Cyprus to the Club dated 26 October 2005 offering a bridging loan facility of £300,000 at 2.5% above its base rate to purchase the Training Ground. The loan was available for a period of 24 months and was secured *inter alia* by a first legal charge over the Training Ground.

(b) a sale and purchase agreement between Fairview Enfield Limited and the Club dated 20 December 2005 relating to the Ravensthorpe Sports Ground (the "Training Ground") pursuant to which the Club purchased the freehold interest in the Training Ground for a consideration of £300,000. The Club is obliged to make an additional payment in the event that it obtains planning permission for the development of the Training Ground.
- 7.5. A share option agreement dated 20 March 2006 between the Company and Peter de Savary ("Option Agreement") which is, *inter alia*, subject to Shareholder approval pursuant to which Mr de Savary will be granted an option to subscribe for a number of Ordinary Shares, equivalent to approximately 10% of the Company's issued share capital on Admission at the Issue Price (the "Option"). The Option is conditional upon the Minimum Amount being raised and on Admission and subject thereto is exercisable in whole or in part and will lapse to the extent not exercised within 7 years of the date of the Option Agreement. Mr de Savary may only exercise the Option whilst he is a director of the Company or the Club.
- 7.6. The Directors and the directors of the Club (other than David Sullivan) have entered into undertakings in favour of the Company dated 20 March 2006 pursuant to which each of them has agreed not to compete directly or indirectly with the Group in property development opportunities in the Boroughs of Lewisham and Southwark whilst in office and for a period of two years thereafter.
- 7.7. An agreement ("Sale and Leaseback Agreement") dated 15 March 2006 between the Company, the Club and the President and Scholars of St John Baptist College in the University of Oxford ("St John's College") pursuant to which the Club agreed to sell the Training Ground for £1.85 million and lease it back to the Club for a term of 20 years at an initial annual rent of £152,625. The rent is reviewable annually and will be increased in line with the change in the Retail Prices Index between the first and last day of the rental year. On 15 March 2006

pursuant to the Sale and Leaseback Agreement the Club entered into a transfer of the Training Ground in favour of St John's College and a lease, guaranteed by the Company on the basis set out in the Sale and Leaseback Agreement.

- 7.8 By an agreement dated 8 March 2006 between the Company and Nash Fitzwilliams Limited ("NFL") it was agreed that NFL would act as a placing agent to the Company, having the exclusive right to place up to £3,000,000 of Placing Shares at the Issue Price. In consideration for its services, NFL will receive a commission of 5% on the aggregate value of monies received by the Company from investors procured by NFL and an option (to be granted to NFL or, subject to the prior approval of the Company (such approval not to be unreasonably withheld) such of its associates and sub agents as it shall specify in writing) to subscribe for such number of Ordinary Shares at the Issue Price as equals 10% of the aggregate value of monies received by the Company from investors procured by NFL. The option is exercisable in whole or in part and will lapse to the extent not exercised within 18 months of Admission. The agreement contains indemnities from the Company in favour of NFL. NFL will also be entitled to receive commission and an option (which is assignable to its associates) to subscribe for Ordinary Shares on the above basis on any monies received by the Company from investors procured by NFL within a period of 12 months from Admission, or if earlier from the termination of NFL's engagement.
- 7.9. The Company proposes to adopt the New Share Option Schemes, which are subject to Shareholder approval. Further details of the New Share Option Schemes are set out in paragraph 3 of Part VIII of this document.

8. Working Capital

The Company is of the opinion, taking into account the net proceeds of the Minimum Amount to be raised under the Initial Placing and Open Offer, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

9. Litigation

No member of the Group is, or has been involved in any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Company is aware) which may have or have had during the previous 12 months a significant effect on the financial position or profitability of the Group. So far as the Directors are aware, there are no such proceedings pending or threatened save that Canadian FA has notified the Club of a potential claim against the Club under the FIFA rules in respect of training compensation payable for Josh Simpson (a player of the Club). The Club believes that an amount of approximately £200,000 could be payable if the claim was valid although it believes the claim to be unfounded and proposes to strongly refute the same.

10. Taxation

United Kingdom Tax

The following statements are intended as a general guide only to the position under current UK taxation legislation and HM Revenue & Customs practice as at the date of this document. They only apply to Qualifying Shareholders who are resident, or in the case of individuals, ordinarily resident for UK tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment and who are the absolute beneficial owners of them. They do not apply to certain types of shareholders, such as insurance companies, collective investment schemes, dealers in securities and shareholders who have (or are deemed to have) acquired their Ordinary Shares by reason of or in connection with an office or employment. They relate only to certain limited aspects of the taxation treatment of Qualifying Shareholders.

Special tax provisions may apply to Qualifying Shareholders who have acquired or who acquire their Ordinary Shares under the New Share Option Schemes.

Any person who is in any doubt about his/her own tax position, or who is resident in or subject to tax in a jurisdiction other than the UK, should consult an appropriate professional adviser without delay.

(a) Dividends

- (i) The Company is not currently required to withhold at source any amount in respect of UK tax from any dividend paid by the Company.
- (ii) An individual Shareholder who is resident in the UK for UK tax purposes will be entitled to a tax credit in respect of any dividend received from the Company and will be taxable on the aggregate of the dividend received and the tax credit (the “gross dividend”). The value of the tax credit is currently one ninth of the dividend received (or 10 per cent of the gross dividend). The gross dividend is treated as the top slice of the individual’s income. The tax credit will, however, be treated as discharging the individual’s liability to income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the gross dividend at the higher rate on dividends (currently 32.5 per cent) less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the income tax payable on the dividend by an individual liable to income tax at the higher rate in respect of the whole amount of the dividend would be 32.5 per cent of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20. Therefore the effective tax rate on dividends received which are taxable at the higher rate of income tax is 25%.
- (iii) Subject to certain exceptions, a Shareholder which is a company resident for tax purposes in the UK is not taxable on a dividend paid by the Company and received by that Shareholder and is not generally able to claim payment of the tax credit attaching to the dividend.
- (iv) There will be no payment of the tax credit or any part of it to an individual whose liability to income tax on the gross dividend is less than the related tax credit.
- (v) Shareholders who are resident in the United Kingdom for tax purposes and who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim any payment of the tax credit in respect of dividends paid by the Company.
- (vi) The right of a Shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received from the Company and/or to claim payments of any part of that tax credit will depend upon the existence and terms of any double taxation convention between the UK and the jurisdiction in which the Shareholder is resident for tax purposes. However, where a non-UK resident Shareholder is entitled to claim payment of any part of a tax credit, the amount payable will generally be less than one per cent of the dividend to which it relates.
- (vii) A Shareholder who is not resident in the UK for tax purposes should consult his own tax adviser concerning his liabilities on dividends received, whether he is entitled to claim any part of the tax credit and, if he is so entitled, the procedure for doing so. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under the law of the relevant jurisdiction, and may also be entitled to claim double taxation relief where tax has been suffered in both the UK and the foreign jurisdiction, subject to the existence and terms of any double taxation convention between the UK and the relevant jurisdiction.

(b) Chargeable gains

New Ordinary Shares acquired pursuant to the Open Offer.

- (i) For the purposes of UK taxation of chargeable gains, a Shareholder should not be treated as making a disposal of all or part of his Existing Ordinary Shares by reason of taking up his entitlement under the Open Offer or the issue to that Shareholder of New Ordinary Shares pursuant to the Open Offer.

- (ii) The New Ordinary Shares allotted to a Shareholder pursuant to the Open Offer will be treated as a separate (as opposed to the same) asset as the Shareholder's Existing Ordinary Shares. In these circumstances, the price paid for the New Ordinary Shares will constitute their base cost for the purposes of UK taxation of chargeable gains and the New Ordinary Shares will be subject to the normal rules relating to indexation, pooling and taper relief.
- (iii) A subsequent disposal of New Ordinary Shares by a Shareholder may, depending on the Shareholder's circumstances, and subject to any available exemption or relief (including any costs of disposal), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.
- (iv) Taper relief may be available to an individual Shareholder, which may operate to reduce the percentage of any gain which becomes chargeable on the disposal of the new Ordinary Shares provided that such Shareholder has retained those new Ordinary Shares for the relevant period. Where the issue of new Ordinary Shares has been treated as a reorganisation, the deemed period of ownership (since 6 April 1998) of the holding of the Shareholder's new Ordinary Shares, determined by reference to the holding period of the Shareholder's Existing Ordinary Shares, is taken into account when assessing the availability of taper relief.
- (v) In the case of a Shareholder within the charge to UK corporation tax, the subscription price for the new Ordinary Shares will qualify for indexation allowance from the date on which the relevant Shareholder paid or became liable to pay for such new Ordinary Shares (and not, where the issue of those shares has been treated as a reorganisation, at the time the new Ordinary Shares were deemed to be acquired).
- (vi) A Shareholder who is neither resident nor, in the case of an individual, ordinarily resident in the UK will not be liable for UK tax on chargeable gains realised on the disposal of his/her new Ordinary Shares unless such Shareholder carries on:
 - (a) (in the case of a non-corporate Shareholder), a trade, profession or vocation in the UK through a branch or agency and has used, held or acquired the new Ordinary Shares for the purposes of such trade, profession or vocation or such branch or agency; or
 - (b) (in the case of a corporate Shareholder) a trade in the UK through a permanent establishment and has used, held or acquired the new Ordinary Shares in or for the purposes of the trade or has used, held or acquired the new Ordinary Shares for the purposes of such permanent establishment.

However, a Shareholder who is an individual and who is only temporarily resident outside the UK for UK tax purposes at the date of a disposal of the new Ordinary Shares may be liable to UK tax on chargeable gains on becoming resident or ordinarily resident in the UK again, in respect of disposals made while he was temporarily resident outside the UK, subject to any available exemption or relief.

New Ordinary Shares acquired pursuant to the Placing

The issue of new Ordinary Shares pursuant to the Placing will not constitute a reorganisation of share capital for the purposes of the taxation of chargeable gains. Accordingly, any such new Ordinary Shares will be treated as the acquisition of a new asset subject to the normal rules on indexation, pooling and taper relief.

(c) Stamp duty and stamp duty reserve tax ("SDRT")

No liability to stamp duty or SDRT will generally arise on the allotment and issue of New Ordinary Shares by the Company pursuant to the Placing and Open Offer, except in the case of New Ordinary Shares issued to issuers of depositary receipts or providers of clearance services (as to which see below). However, the Company will not be paying any stamp duty or SDRT that may arise (in particular, pursuant to the provisions of sections 67, 70, 93 or 96 of the Finance Act 1986).

Any subsequent dealings in New Ordinary Shares will normally be subject to stamp duty or SDRT. The transfer on sale of New Ordinary Shares will usually be liable *ad valorem* stamp duty, at the rate of 0.5 per cent. (rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration paid. Stamp duty will normally be paid by the purchaser or transferee of the New Ordinary Shares. An unconditional agreement to transfer New Ordinary Shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duty stamped instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the New Ordinary Shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to H.M. Revenue & Customs by CRESTCo.

Where New Ordinary Shares are issued or transferred to issuers of depositary receipts or providers of clearance services (or their nominees or agents), stamp duty or SDRT (as appropriate) may be payable (in the case of stamp duty) at the rate of 1.5 per cent. (rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration provided or (in the case of SDRT) at the rate of 1.5 per cent. of the amount or value of the consideration payable (if in money or money's worth) or the value of the New Ordinary Shares. Where such stamp duty or SDRT (as appropriate) is payable, such amounts may be charged by the depositary or clearance service to the Shareholder to whom the New Ordinary Shares would otherwise have been issued or to whom the New Ordinary Shares are being transferred. Clearance services may opt, under certain conditions, for the normal rates of stamp duty and SDRT to apply for a transfer of shares into, and to transactions within, the service. Where this is the case, the above charge at the higher rate of 1.5 per cent. will not apply to an issue or transfer of shares into that clearance service.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and other may be liable at a higher rate as mentioned above or may, although not primarily liable for the tax, be required to notify and account for it.

Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Agreements to transfer shares to charities will not give rise to stamp duty or SDRT.

11. Dilution

On Admission assuming the Initial Placing and Open Offer are fully subscribed, the Existing Ordinary Shares will be diluted by the allotment and issue of 12,893,440,467 New Ordinary Shares which will represent 67.92 per cent. immediate dilution of the holders of the Existing Ordinary Shares.

If none of the Qualifying Shareholders take up their entitlements under the Open Offer, they will be diluted by the issue of 10,551,353,300 New Ordinary Shares, which will represent a 63.4 per cent. immediate dilution of the holders of the Existing Ordinary Shares.

Assuming all of the New Ordinary Shares are issued pursuant to the Initial Placing, the Further Placing and the Open Offer is fully subscribed, the Existing Ordinary Shares will be diluted by the allotment and issue of 25,393,440,467 New Ordinary Shares which will represent a 80.65 per cent. immediate dilution to the holders of the Existing Ordinary Shares.

12. Research and development, patents and licences

Due to the nature of the Group's businesses, the Group does not operate research and development policies. The only material intellectual property rights legally owned or used by the Group are registered trademarks concerning trading names and logos which are registered with the UK Trade Marks Registry.

Save as disclosed below, the Company is not dependent on patents or licences or any particular industrial, or new manufacturing processes which are material to the Company's business or profitability.

The Club's status as a member of the Football League and its ability to play competitive football is dependent on its registration with the Football Association. The Football Association has absolute power to refuse membership or to suspend the rights and privileges of any full member club.

13. Investments

Save for the investment in and subsequent sale and leaseback of the Training Ground, as described more fully in paragraphs 7.4 and 7.7 of Part VIII of this document and the acquisition of player registrations, the Group has not made any material or significant principal investments in the current or immediately preceding three financial years, or has any principal investments that are in progress, or made any firm commitments concerning principal future investments.

14. Capitalisation and indebtedness

Set out below is a statement of capitalisation and indebtedness in relation to the Group. The financial information in respect of capitalisation has been extracted from the unaudited consolidated accounts of the Group as at 30 November 2005 and in the case of indebtedness supplied by management (unaudited) as at 31 December 2005.

	<i>31 December 2005 £000</i>
<i>Capitalisation and indebtedness</i>	
Total current debt	
Guaranteed	—
Secured (bank overdrafts and loans and current portion of hire purchase contracts and finance leases)	3,911
Unguaranteed/unsecured	—
	<hr/>
Total non-current debt (excluding current portion of long term debt)	3,911
	<hr/>
Guaranteed	—
Secured – Bridging loan and hire purchase contracts and finance leases	314
Unguaranteed/unsecured	—
	<hr/>
	314
	<hr/>
Shareholders' equity	
Share capital	2,942
Share premium	7,992
Capital reserve	21,474
	<hr/>
	32,408
	<hr/>
Total	36,633
	<hr/> <hr/>

The Shareholders equity information is derived from the Company's interim accounts for the six months to 30 November 2005 and there has been no material change since that date.

The net indebtedness of the Group in the short and medium terms is as follows:

	<i>As at 31 December 2005 £'000</i>
Cash	32
Cash equivalent (detail)	—
Trading securities	—
Liquidity	32
Current bank debt	(3,066)
Current portion of non-current debt	(845)
Other current financial debt	—
Current financial debt	(3,911)
Net current financial indebtedness	(3,879)
Non current bank loans	(300)
Bonds issued	—
Other non-current debt/loans	(14)
Non current financial indebtedness	(314)
Net financial indebtedness	<u>(4,193)</u>

Save as disclosed above, there has been no material change in the capitalisation of the Group since 31 May 2005. The Group does not have any indirect or contingent indebtedness as at 31 December 2005.

15. Property, Plant and Equipment

As at the date of this document, the Group owns a leasehold interest in The Den (expiring on 23 June 2143), the football ground occupied by the Club and a leasehold interest in the Training Ground.

The Group is subject to applicable environmental laws and regulations in connection with its ownership and/or use of The Den and the Training Ground. There are no material environmental issues known to the Directors that may affect the use of The Den or the Training Ground.

16. Significant change

Save for the sale and leaseback of the training ground disclosed in Background to and Reasons for the Placing and Open Offer in Part I of this document there has been no significant change in the financial or trading position of the Group since 30 November 2005 being the date to which the last interim results of the Group were made up.

17. General

- 17.1. The total costs and expenses of and incidental to the Placing and Open Offer payable by the Company are estimated to be £500,000 (excluding VAT).
- 17.2. The minimum amount which, in the opinion of the Directors, must be raised under the Placing and Open Offer is £4.22m, which will be applied as to approximately: (i) £1.75 million in repayment of part of the Company's overdraft facility; (ii) £nil as to the purchase price of property; (iii) £500,000 as to costs and expenses; and (iv) £1.97m as to working capital.
- 17.3. The auditors of the Company since 22 December 2003 have been BDO Stoy Hayward LLP of 8 Baker Street, London, W1U 3LL. BDO Stoy Hayward, Chartered Accountants and Registered Auditors, 8 Baker Street, London, W1U 3LL had been the auditors of the

Company from 25 October 2002 to 22 December 2003 and Arthur Andersen, Chartered Accountants and Registered Auditors, 17 Lansdowne Road, Croydon, CR9 2PL had been the auditors of the Company from 19 April 1999 until 25 October 2002.

- 17.4. Seymour Pierce has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its letter (Part IV) and to the references to it in the form and context in which such references are included.
- 17.5. Seymour Pierce Ellis has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
BDO Stoy Hayward LLP has given and has not withdrawn its consent to the issue of this document with the inclusion in it of its audit reports and references thereto and to its name in the form and context in which it appears.
- 17.6. The Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 17.7. Mark Child has given and has not withdrawn his written consent to the issue of this document with the inclusion herein of references to his name in the form and context in which they are included.
- 17.8. Nash Fitzwilliams Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context in which they are included.
- 17.9. Save as disclosed in paragraph 12 of Part VIII of this document, there are no patents or other intellectual property rights, licenses or particular contracts which are or may be of fundamental importance to the Group's business.
- 17.10. There are no arrangements under which future dividends are waived or agreed to be waived.
- 17.11. Save as disclosed in the document, no person directly or indirectly (other than the Company's professional advisers and trade suppliers) in the last twelve months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value at the Issue Price or entered into any contractual arrangements to receive the same from the Company at the date of the Placing and Open Offer.
- 17.12. Information and statements in Part VI of this document that have been sourced from third parties have been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the information inaccurate or misleading.
- 17.13. The financial information set out in this document does not constitute statutory accounts of the Company and its subsidiary within the meaning of section 240 of the Act. Statutory accounts have been delivered to the Registrar of Companies for the Group for each of the years ended 2003, 2004 and 2005. Auditor's reports in respect of the statutory accounts for each such year have been made under section 235 of the Act and each such report was an unqualified report and did not contain any statement under section 237(2) or (3) of the Act.
- 17.14. Mr T Paphitis is a director and major shareholder and Mr Towner is a director of Ryman Limited from which purchases of £2,671 have been made in the period from the last audited accounts at 31 May 2005. At 31 January 2006 with respect to trading with Ryman Limited £7,379 was due from the Group.

18. Documents available for inspection

Copies of the following documents may be inspected at the offices of Davenport Lyons, 30 Old Burlington Street, London W1S 3NL, during usual business hours on any week day (excluding Saturdays and public holidays) up to and including 28 April 2006:

- (i) the Memorandum and Articles of Association of the Company and the Club;

- (ii) the audited consolidated accounts of the Company and the Club for the years ended 31 May 2003, 2004 and 2005;
- (iii) the interim accounts of the Company and the Club for the 6 months ended 30 November 2005;
- (iv) the written consents referred to in paragraph 17 above;
- (v) the Directors letters of appointment summarised in paragraph 2 of Part III of this document;
- (vi) the material contracts summarised in paragraph 7 above;
- (vii) the option agreements summarised in paragraph 6 and 7 above; and
- (viii) the New Share Option Schemes summarised in paragraph 3 of Part VIII of this document.

19. Availability of Prospectus

Copies of this document are available free of charge from the Company's registered office and at the offices of Seymour Pierce, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until one month after Admission.

Dated 20 March 2006

PART IX

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for companies published by the London Stock Exchange, as amended
“Applicant”	an applicant for Offer Shares
“Application Form”	the white application form accompanying this document on which Qualifying non-CREST Shareholders may apply for Offer Shares under the Open Offer
“Approved Scheme”	The Millwall Holdings Plc Approved Executive Share Option Scheme further details of which are set out in paragraph 3 of Part VIII of this document
“Articles”	the Articles of Association of the Company
“Basic Entitlement	the basic entitlement of Qualifying Shareholders to subscribe for Offer Shares according to the number of Existing Ordinary Shares held by them on the Record Date
“Board” or “Directors”	the board of directors of the Company
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“Club”	The Millwall Football and Athletic Company (1985) plc, which carries on the football activities of the Group
“Combined Code”	The Principles of Good Corporate Governance and Code of Best Practice maintained by the Financial Reporting Council
“Company” or “Millwall Holdings”	Millwall Holdings plc
“CREST”	the computerised settlement system operated by CRESTCo Limited which facilitates the transfer of shares
“CRESTCO”	CRESTCO Limited
“CREST Member”	a person admitted by CRESTCO as (i) a system-member (as defined in the CREST regulations); (ii) a personal member; or (iii) a sponsored member
“CREST regulations”	the Uncertificated Securities Regulations 2001 (SI2001/3755) as amended from time to time
“Debt equity”	bank loans and overdrafts plus bonds, divided by shareholders’ equity
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Offer Shares in excess of their Basic Entitlement as detailed in Part IV of this document and on the Application Form
“Excess CREST Application Form”	the blue excess CREST application form accompanying this document on which Qualifying CREST Shareholders may apply for Offer Shares in excess of their Basic Entitlement

“Excess Offer Shares”	New Ordinary Shares to be issued pursuant to the Excess Application Facility being part of the Open Offer
“Existing Ordinary Shares”	Ordinary Shares of 0.01p each in the capital of the Company in issue at the date of this document
“Excluded Territories”	the United States, Canada, Australia or Japan
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company convened by the notice at the end of this document and any adjournment thereof
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Further Placing”	the further placing of up to 11,250,000,000 Placing Shares at the Issue Price on the terms of this document
“Group”	the Company and the Club
“ICTA”	the Income and Corporation Taxes Act 1988
“Initial Placing	the conditional placing of 6,801,353,300 Placing Shares at the Issue Price with certain Directors and other investors
“Interest Cover”	profit before interest payable and tax, divided by the interest charge
“Issue Price”	0.04 pence per New Ordinary Share
“Liquidity Ratio”	current assets divided by current liabilities
“London Stock Exchange”	The London Stock Exchange plc
“Mark Child Underwriting Agreement”	the agreement dated 20 March 2006 between the Company, Mark Child and Seymour Pierce Limited pursuant to which Mark Child has agreed to procure, through Nash Fitzwilliam Limited, subscribers for 1,250,000,000 New Ordinary Shares, failing which he will himself subscribe for such New Ordinary Shares
“Minimum Amount”	£4.22 million being the amount raised under the Initial Placing (£2.72m) and the amount underwritten by Seymour Pierce Ellis Limited under the Open Offer
“Nash Fitzwilliams”	Nash Fitzwilliams Limited, a placing agent of the Company
“New Ordinary Shares”	the Offer Shares and the Placing Shares
“New Share Option Schemes”	the Approved Scheme and the Unapproved Scheme
“Offer Shares”	up to 6,092,087,167 Ordinary Shares to be issued pursuant to the Open Offer
“Open Offer”	the open offer being made by Seymour Pierce Limited, as agent for the Company, to Qualifying Shareholders being an invitation to subscribe for up to 6,092,087,167 New Ordinary Shares on the terms of this document and the Application Form
“Option Agreement”	the option agreement to be entered into between the Company and Peter de Savary, subject, <i>inter alia</i> , to approval by the Shareholders and Admission further details of which are set out in paragraph 2(a) of Part III of this document
“Ordinary Shares”	ordinary shares of 0.01p each in the capital of the Company
“Overseas Shareholders”	Shareholders with registered addresses in or who are citizens, residents or nationals of, jurisdictions outside the United Kingdom
“Placing”	the placing by Seymour Pierce and Nash Fitzwilliams of up to 18,051,353,300 Placing Shares under the Initial Placing and the Further Placing described in this document

“Placing Shares”	up to 18,051,353,300 Ordinary Shares to be issued pursuant to the Initial Placing and the Further Placing
“Prospectus Rules”	the prospectus rules issued by the FSA
“Qualifying Shareholder”	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date, other than certain Overseas Shareholders
“Qualifying CREST Shareholder”	a Qualifying Shareholder holding Ordinary Shares in a CREST account
“Quick ratio”	current assets less stock, divided by current liabilities
“Record Date”	Friday, 17 March 2006
“Resolutions”	the resolutions to be proposed at the Extraordinary General Meeting
“Senior Managers”	Nicholas Evans, Ken Brown, Rick Bradbrook, Colin Sayer, Veronica Quinn, Yvonne Haines and Mark Cole all of The Den, Zampa Road, London SE16 3LN,
“Seymour Pierce”	Seymour Pierce Limited, the Company’s nominated adviser
“Seymour Pierce Ellis”	Seymour Pierce Ellis Limited, the Company’s broker
“Shareholder”	a holder of Ordinary Shares
“Unapproved Scheme”	The Millwall Holdings Plc 2006 Unapproved Share Option Scheme, further details of which are set out in paragraph 3 of Part VIII of this document
“uncertificated” or “in uncertificated form”	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“SP Underwriting Agreement” or “Underwriting Agreement”	the agreement dated 20 March 2006 between the Company, Seymour Pierce and Seymour Pierce Ellis, details of which are set out in paragraph 6 of Part VIII of this document
“United Kingdom” or “UK”	The United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America its territories and possessions, any state of the United States of America and the District of Columbia.

MILLWALL HOLDINGS PLC

(the "Company")

(Registered number 2355508)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Millwall Holdings plc will be held at The Den, Zampa Road, London SE16 3LN at 11.00 a.m. on 18 April 2006 for the purpose of considering, and, if thought fit, passing the following resolutions as special resolutions;

SPECIAL RESOLUTIONS

1. That, in addition to the authorities and powers pursuant to sections 80 and 95 of the Companies Act 1985 (the "Act") granted to the Directors by ordinary resolution and special resolution at the annual general meeting of the Company held on 29 December 2005 ("AGM"), ("AGM Authorities") but otherwise subject to and conditional upon an underwriting agreement dated 20 March 2006 between Seymour Pierce Limited, Seymour Pierce Ellis Limited and the Company ("Underwriting Agreement") and an underwriting agreement between Mark Child, the Company and Seymour Pierce Limited dated 20 March 2006 ("the Mark Child Underwriting Agreement") becoming unconditional and not being terminated in accordance with their terms by 21 April or such later time and date (not being later than 28 April 2006) as Seymour Pierce Limited, Seymour Pierce Ellis Limited and the Company may agree.
 - (a) the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all or any of the powers of the Company to allot and issue relevant securities (as defined in Section 80(2) of the Act) up to a nominal amount of £2,414,345 in connection with the placing and open offer (the "Placing and Open Offer") as described in the prospectus relating to the Company dated 20 March 2006, of which the notice of this meeting forms part (the "Prospectus") provided that this authority shall expire to the extent not previously exercised on 28 April 2006 (unless previously renewed, varied or revoked by the Company in general meeting) provided that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired; and
 - (b) in relation to such authority the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the Placing and Open Offer as if Section 89(1) of the Act did not apply to any such allotment.
2. That:
 - (a) the option agreement between the Company and Peter de Savary, a Director of the Company ("Option Agreement") the principal terms of which are set out in paragraph 2(a) of Part III of the Prospectus be and it is hereby approved;
 - (b) the Directors be and are hereby authorised in accordance with Section 80 of the Act to exercise all or any of the powers of the Company to allot and issue relevant securities (as defined in Section 80(2) of the Act) up to a nominal amount of £302,356 in connection with the Option Agreement provided that this authority shall expire to the extent not previously exercised on the seventh anniversary of admission of the ordinary shares of 0.01p each in the capital of the Company being issued pursuant to the Placing and Open Offer to the AIM market operated by the London Stock Exchange plc ("Admission") (unless previously renewed, varied or revoked by the Company in general meeting); and

- (c) in relation to the authority in paragraph (b) above, the Directors be and are hereby empowered pursuant to Section 95 of the Act to grant options and allot equity securities (as defined in Section 94 of the Act) pursuant to the Option Agreement as if Section 89(1) of the Act did not apply to any such allotment.
3. That
- (a) the option agreement between the Company and Seymour Pierce Ellis Limited (“SPE Option”) the principal terms of which are set out in paragraph 6.2 of Part VIII of the Prospectus be and it is hereby approved;
- (b) the Directors be and are hereby authorised in accordance with Section 80 of the Act to exercise all of the powers of the Company to grant options and allot and issue relevant securities (as defined in Section 80(2) of the Act) up to a nominal amount of £50,000 in connection with the SPE Option provided that this authority shall expire to the extent not previously exercised on the date which is 18 months after the date; and
- (c) in relation to the authority conferred in paragraph (a) above, the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the SPE Option as if Section 89(1) of the Act did not apply to any such allotment.
4. That
- (a) the option agreement between the Company and Mark Child (“MC Option”) the principal terms of which are set out in paragraph 6.4 of Part VIII of the Prospectus be and it is hereby approved;
- (b) the Directors be and are hereby authorised in accordance with Section 80 of the Act to exercise all of the powers of the Company to grant options and allot and issue relevant securities (as defined in Section 80(2) of the Act) up to a nominal amount of £12,500 in connection with the MC Option provided that this authority shall expire to the extent not previously exercised on the date which is 18 months after the date of Admission; and
- (c) in relation to the authority in paragraph (b) above, the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the MC Option as if Section 89(1) of the Act did not apply to any such allotment.
5. That, subject to the passing without amendment of resolution 1 above, and conditional upon the SP Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms by 21 April 2006 or such later time and date (not being later than 28 April 2006) as Seymour Pierce Limited, Seymour Pierce Ellis Limited and the Company may agree
- (a) the rules of the New Share Option Schemes as defined in the Prospectus, copies of which have been produced in draft to the meeting signed by the Chairman for the purposes of identification and the principal terms of which are set out in paragraph 3 of Part VIII of the Prospectus, be and are hereby approved and adopted subject to such variations as the directors may from time to time decide in accordance with the rules of the New Share Option Schemes;
- (b) the Directors be and are hereby authorised to make such alterations to the rules of the Millwall Holdings plc Approved Executive Share Option Scheme as may be necessary or desirable to obtain or maintain the approval of HM Revenue and Customs to such rules in accordance with Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and otherwise;
- (c) the Directors of the Company be and they are hereby authorised pursuant to Section 80 of the Act to grant options pursuant to the New Share Option Schemes on such terms as they may determine and to carry out all acts and do all such things as may be necessary or desirable to effect the granting of the options pursuant to the New Share Option Schemes; and

- (d) in relation to the authority conferred by paragraph (c) above the Directors be and are hereby empowered pursuant to Section 95 of the Act to make allotments of equity securities (as defined in Section 94 of the Act) as if Section 89(1) of the Act did not apply to such allotment.

BY ORDER OF THE BOARD
R E TOWNER
Secretary

Registered Office:
The Den
Zampa Road
London SE16 3LN

Date: 20 March 2006

Notes:

- (1) A holder of Ordinary Shares entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company.
- (2) A form of proxy is provided with this notice and instructions for use are shown on the form. To be valid, completed proxy forms must be completed in accordance with the instructions set out in the form and must be returned (with the authority, if any, under which it is signed) so as to be received at the office of the Company's registrars not less than 48 hours before the time fixed for the meeting. Deposit of the form of proxy will not prevent a member from attending the meeting and voting in person.
- (3) 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.
- (4) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof.