MILLWALL HOLDINGS PLC

Report and Accounts for the year ended 30 June 2010

Contents

Directors and Advisers

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

SECRETARY
Thomas Bernard Simmons

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

INDEPENDENT AUDITORS
BDO LLP
55 Baker Street
London W1U 7EU

SOLICITORS
Davenport Lyons
30 Old Burlington Street
London W1S 3NL

NOMINATED ADVISORS & BROKERS
Singer Capital Markets Limited
One Hanover Square
London W15 1YZ

PRINCIPAL BANKERS
Barclays Bank plc
Corinthian House
17 Lansdowne Road
Croydon, Surrey
CR0 2BX

REGISTRARS AND TRANSFER OFFICE
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Directors' Biographies

John G Berylson *(Non-Executive Chairman)* is 57 years old. He is based in the USA and has been Chairman and Chief Executive of Chestnut Hill Ventures, LLC, a major shareholder in the Company, since 2002. Previously he was the President of GCC Investments, LLC, a subsidiary of GC Companies Inc. John graduated from Harvard Business School in 1979. He received an MBA from Harvard University, an AB Degree from Brown University and an MS from New York University. He is currently a director of ACA Capital Holdings, Inc. and Fleetcor Technologies, Inc. and is currently a partner of JD Capital Partners LLC. He has been Chairman of the Company since March 2007.

Richard S Press *(Non-Executive)* is 71 years old. He is a resident of the USA, based in Boston, who serves globally as a corporate director and advisor, primarily in the Financial Services and Insurance sectors. Since 2006 he has been on the board of Transatlantic Holdings Inc., a Financial Services company based in New York, and currently serves as Chairman of the Board. Prior to that he was, from 1994 to 2006, a Senior Vice President and Director of the Insurance Asset Management Group of Wellington Management Company LLC, a Boston based company, managing assets on behalf of clients globally.

Constantine Gonticas *(Non-Executive)* is 44 years old. He is Managing Partner of Novator LLP, a London based investment fund which belongs to a family owned group of companies. Prior to his current position Mr Gonticas was an investment banker specialising in mergers and acquisitions at Credit Suisse First Boston and at Merrill Lynch. Mr Gonticas has a law degree from Oxford University.

Trevor Keyse *(Non-Executive)* is 63 years old. He is a successful businessman in the South East London area whose main interests are in the Timber and Plywood Industry. He owned his own businesses for many years until he sold his interests in 2005. Trevor is now developing new business interests in both commercial and residential property.

Demos Kouvaris *(Non-Executive)* is 45 years old. He is based in the USA and has been Chief Operating Officer and Chief Financial Officer of Chestnut Hill Ventures, LLC., a major shareholder in the Company, since 2002. Previously he was Vice President of Finance for GCC Investments, LCC since 1996. Demos holds a BS in Accountancy from Boston College and is a Certified Public Accountant. He is currently a director of JD Capital Partners, LLC. and a director of Vanguard Modular Building Systems, LLC.

Andrew J Ambler *(Chief Executive)* is 45 years old. He qualified as an accountant in 1991 and spent the next eight years working in the property industry for Hypo bank in the City and then for HPR Limited in the West End. In 1999 he was asked to join the executive board of Fulham FC as Finance Director and held a variety of other positions over seven years with Fulham including Business Operations Director. During his time at Fulham he was intrinsically involved in the financial strategy which resulted in the club reducing losses and recording its first ever profit making season under the Chairmanship of Mohamed Al Fayed. He was also involved in the planning for and the redevelopment of the return to Fulham's home ground of Craven Cottage, having had to implement a successful two year ground share arrangement at nearby Loftus Road Stadium. Andy was also a trustee of the club's award-winning Community Sports Trust Charity.

James T Berylson *(Non-Executive)* is 29 years old. He is based in the USA, qualified with a BA from Harvard College in 2004 and currently is employed as an investment analyst by Serengeti Asset Management, a multi-strategy investment firm based in New York City.

Chairman's Statement

As Chairman of Millwall Holdings Plc I am pleased to announce our results for the twelve months to June 2010.

Firstly, football. The achievement of promotion to The Football League Championship after a memorable day at Wembley on 29 May was just reward for the all the hard work and efforts of everyone involved at this football club since I became Chairman in 2007. We were agonisingly close the previous year eventually losing at Wembley, so to reach our second successive Wembley play-off final again playing in front of nearly 40,000 Millwall fans and this time to win ensured we achieved our primary target of regaining a place in the Championship after four years in League 1.

The financial rewards of this achievement should not be understated. In the coming season 2010/11, we will increase our revenues by at least 65% as a result of higher attendances and commercial sponsorships but most significantly a greater share of The Football League central TV and sponsorship revenues. Of course there will be additional cost, primarily an increase of our playing staff wages and increased operational cost of running games at The Den, however, with sound financial management we should again be able to continue to reduce operating losses. Nevertheless it is paramount that the team has the financial support to be able to compete at a higher level.

I feel we have managed to reduce costs and become more efficient in almost every area of the Company, however there is still work to be done and the recent EGM to consolidate the shareholder base, although emotive and a difficult decision to make, is another step to ensuring we operate in as streamlined and cost effective a manner as possible. In order for the Company to progress all our efforts must be focused on giving our manager the resources to continue to achieve the progress we have shown on the field.

At the General Meeting we held last December the Directors undertook to shareholders to come forward with proposals to strengthen the balance sheet of the Company. The Directors have considered a number of possible means of achieving this and in the end decided that all shareholders should have the opportunity to take part in a capital offering. Accordingly it has been announced today that an Open Offer to raise a maximum of £11.2 million before expenses on the basis of 3 Ordinary Shares for every 1 held will be made. To show the confidence that it has in the future of the Company, Chestnut Hill Ventures LLC, of which I and Demos Kouvaris are Directors, has undertaken to take up its rights as shareholder under the Open Offer and to Underwrite the Open Offer which together amounts to £8.7 million. Together with other Underwriters the total committed to support the Open Offer is £10 million.

The purpose of the Open Offer is to strengthen the balance sheet of the Company, allow existing loans to be reduced substantially and to provide working capital for the football club. The Prospectus relating to the Open Offer is available on the Company's website.

At the recent Extraordinary General Meeting, shareholders voted overwhelmingly for the proposed consolidation of the share capital of the Company. This step was part of the process of modernising the structure of the Company and, although it is most unfortunate that some fans of the Club who had supported the Company in earlier years no longer remain as shareholders, it does provide a reduction in annual costs that will assist the Club in future years.

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

John G Berylson

Chairman

17 November 2010

The Directors present their report on the affairs of the Group, together with the accounts and independent auditor's report for the year ended 30 June 2010.

Principal activities

The Company is the holding company of a group engaged primarily in the operation of a professional football club, and a property development company and related activities, through its subsidiaries, The Millwall Football and Athletic Company (1985) plc and Millwall Properties Limited.

Business Review

The successful 2009/10 season resulted in promotion to the Football League Championship, the second tier of English football below the FA Premier League. This was achieved by way of a second successive visit to Wembley for the League 1 play-off final which this year ended successfully after a 1-0 victory over Swindon Town in front of over 38,000 Millwall supporters who attended the game.

The results achieved by the team in the first half of last season produced 33 points and in the second period an impressive 52 points were earned which took the team within one point of an automatic promotion position finishing just behind Leeds United having been 20 points behind that team at the halfway stage. The combination of long serving player Neil Harris (in his testimonial year), and new signing Steve Morison, saw both score over 20 goals each during the season. The defence also played their part conceding only 15 league goals in the second half of the season. The team's home record was to prove crucial having lost only once throughout the whole of the season and recording the best home record in League 1. There were a total of 28 players used during the season (2009: 35).

We finished the 2009/10 league campaign with 85 points (2009: 82) and in 3rd position (2009: 5th) qualifying for the end of season play-offs for a second successive year. The team's run in the Carling Cup ended in round 2 with a lucrative fixture at local rivals and Premier League West Ham United, losing 3-1 after extra time. Unfortunately, the costs involved in defending the Football Association charges brought against the Club for incidents at that game, of which the club were later to be proved innocent, meant that most of the income from that game was dissipated. This year Millwall reached the 3rd round of the FA Cup only losing to Championship side Derby County on penalties after a replay at their Pride Park stadium.

The average home league attendance was 10,385 (2009: 8,940) an increase of 17.5%, once again the club was in the top six average league attendance for the division.

A syndicated loan note facility of £3,500,000 carrying interest at 17% p.a. calculated daily and consolidated quarterly was made available to the Company in 2008, and was increased by £800,000 to £4,300,000 on 20 October 2009. On 18 December 2009 and 29 March 2010 additional facilities of £1,700,000 and £300,000 respectively were made available to the Company, carrying interest at 15% p.a, but otherwise on the same terms as the original facility. The undrawn balance of £453,000 (2009: £1,919,000) under these facilities is available to the Company until 1 July 2012 (having been extended since the year end).

During the year Loan Notes to the value of £48,000 were converted in accordance with their terms into 160 million ordinary shares.

During the year the repayment date of the Loan Notes due to CHV and to Directors was extended to 31 March 2011. After the year end the repayment dates of Loan Notes due to other parties were extended to 31 July 2011.

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

Results

The consolidated statement of comprehensive income is set out on page 16.

Revenue for the year reflected a second consecutive Wembley appearance after reaching the League 1 play-off final. In a year during which the team performance was as successful as the previous season, there has been a very satisfactory increase in turnover of 15.3% (2009: 20%), mainly arising from further advances in match day income which showed a 22.3% increase (2009: 29%). Income has increased by 39% over the past 2 years.

Commercially the Club has had a full year benefit of having employed an experienced football Commercial Manager. The introduction of the on-line ticketing system has met the expectations of fans by providing a much improved match and season ticketing purchasing facility. Many more marketing initiatives have taken place resulting in a wider range of links with existing and potential sponsors and business partners. Income from both executive boxes and match day catering showed healthy increases over last year whilst other areas of activity reflected similar levels of income to the previous year.

The revenues from non-matchday conferencing and events, and retail sales were static for the year under review (2009: up 7.0%), although Central League awards increased by 27.5% (2009: 20.0%) reflecting additional levels of central awards and sponsorship via the Football League .

Total staff costs for the year at £6.4 million showed a very small increase on those for the previous year. The player related costs were generally lower than the previous period, although again this year extra costs arose in respect of loan players required as cover for injured players. However, team and management bonuses arising upon reaching the play-offs eradicated the anticipated savings.

The total wages to turnover ratio fell to 85% (2009: 97%) which is a pleasing downturn and the club hopes to continue this trend.

Other expenses (excluding Depreciation and Amortisation) also showed a modest reduction to £4.1 million (2009: £4.2 million). This containment of operating costs has been achieved despite the costs of investment into the ticketing system and in the marketing activities, which should produce not only savings in future years but also provide a better service to our customers.

Income from player sales rose this year to £154,000 (2009: £71,000)

The Directors do not recommend payment of a dividend.

Principal risks and uncertainties
In common with many football clubs outside the Premiership the main business risk is the maintenance of a positive cash flow, bearing in mind the uncertainty of turnover and the high cost of maintaining a playing squad on which the success of the Group's business is largely dependent. In order to achieve a positive cash flow there is the constant requirement to raise new finance and refinance existing facilities which, in turn, requires the continuing support of existing providers of those facilities. As part of its normal activities, the Club deals in the trading of player registrations and there is always a risk of significant and lasting injuries to players that may impair player values. Players aged 24 years or older are free to move between clubs once their contract has come to an end and the Board monitors expiry dates carefully with a view to renewing contracts or realising value.

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

Prospects

Football
Having gained promotion to the Football League Championship, the Company will benefit from a substantial increase in Central allocations (TV Revenues and sponsorship income) from the Football League as well as an anticipated increase in attendances and related match day income. However, the latter of these will be affected by the team's performance and the club's position in the league. On the other hand, the costs of the playing squad and team management will increase to reflect costs appropriate for playing in a higher standard league. The Directors believe that the cost of the investment in the infrastructure of ticketing and marketing made last year will not have to be incurred

this year and management is taking all the steps necessary to limit the costs of increased administration related to operating in a higher division.

Performances at the start of the 2010/11 season have been promising, having played the first 5 league games before suffering a defeat. The Directors believe that the squad is strong enough to establish itself this year as a team entirely comfortable in the Championship, with plans for promotion, whilst, of course, possible this season, being a longer term objective. So far this season the average home attendance for the first seven league games has been 12,150 (2009: 9,127 for first 7 league games), an increase of 33.1% reflecting a benefit of playing in a higher division. Corporate match day sales and retail reflect a similar increase and are in line with budgets.

The budgeted player wage costs for the current year shows a significant increase over the final costs for 2009/10 as would be expected in a higher division. There is now a core squad all of whom are part of the Club's ambition for the season and have contracts which expire later than the end of the 2010/11 season. As ever the Directors and manager constantly review future player needs bearing in mind the continuing requirement to balance between protecting player asset values and offering extended player contracts.

Other football related income

The Club continues to develop the opportunities for the spectrum of services offered by the Club to sponsors and other business partnerships from catering to on-line sales and marketing. The new league status of the Club is leading to increased interest from a range of substantial businesses and the marketing team is working hard to turn this interest into financial benefits for the Club. Three key sponsors have signed three year contracts with the Club in recent months. The retail facilities are being reviewed with a view to improving the product range and methods of operation.

The Den

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

The Community

The Club continues to recognise the importance of the relationship with the broader community of South London and a key way of strengthening that link is the close co-operation with the work that is undertaken with the Millwall Community Scheme, reflected by our Chief Executive, Andy Ambler, acting as a Trustee. Together the Club and the Community Scheme work to help promote sports and other activities to the youth of this region of London. Recently a very successful Junior Lions Community Day sponsored by McDonalds, was enjoyed by 1,300 young people at The Den with the playing squad being in attendance. This was jointly promoted by the Club, its Junior Lions Committee and the Millwall Community Scheme giving a practical example of the Club working together to benefit the Millwall Community and to meet the shared common objectives held by each.

Communication

Communication lies at the heart of the activities, with the Fan on the Board providing a crucial link between Board and supporters. Regular meetings and forums take place with all levels of the Club's supporters and partners.

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

Finance

The Company is principally financed by CHV by way of loans. In October 2009 the existing Unsecured Loan facility entered into with CHV was extended by £800,000 and in December 2009 it was extended by a further £1.7 million bringing the total of the unsecured loan facility with CHV to £6 million. In all £2.9 million was drawn down against CHV facilities during the year.

In March 2010 £300,000 Unsecured Non-Convertible Loan Notes 2011 were issued to Directors or related parties, repayable on 31 March 2011. On the same day CHV and holders of the £300,000 Unsecured Non-Convertible Loan Notes 2010, being a Director and by an associate of a Director, agreed to extend the repayment dates of all existing Loan Notes to 31 March 2011.

In April and May 2010, Secured Convertible NFL Loan Notes 2010 amounting to £48,000 were converted into 160,000,000 Ordinary Shares of 0.01p, issued at a price of 0.03p.

In August 2010 it was announced that the holders of the Secured Convertible NFL Loan Notes 2010 had agreed to extend the repayment dates from various dates in July and August 2010 to 31 July 2011.

It has been announced today that the Company proposes to raise up to £11.2 million before expenses with a minimum of £10 million by way of an Open Offer to shareholders. Full details of this are set out in a separate Circular to shareholders and a Prospectus. One purpose of the fund raising is to improve the balance sheet of the Company by eliminating the deficiency of assets at 30 June 2010 shown by the consolidated balance sheet and providing a base of net assets suitable to facilitate future development. Another purpose is to enable the Company to make substantial repayments of existing loans. Should shareholders approve the resolutions concerning the Open Offer, the loans and accrued interest from all sources other than CVH, amounting to £2.3 million will be repaid in full. It is expected that up to £8.0 million of the loans from CHV will be repaid if the Open Offer is fully subscribed. CHV have agreed that the repayment date for the balance of loans will be extended from 31 March 2011 to 1 July 2012.

The proposed Open Offer will also raise at least £2.2 million in cash. Should the Open Offer be approved, CHV has agreed to provide a conditional additional drawdown facility of £1.4 million.

Regeneration
The Company continues to assess the opportunities open to it to develop both the Club’s stadium (without of course affecting the football stadium facilities) and property in the immediate area surrounding the stadium. An outline scheme was recently put forward by an adjacent landowner which covers a major regeneration of the area around The Den. The Company is in the process of reviewing the proposal, and is hopeful of being able to incorporate its plans into the wider scheme to ensure that the development of the Club’s ground and any surrounding land fits in with the Club’s vision and achieves a solution that best suits the needs of both Millwall F.C.’s supporters and the local community. Whilst no major capital expenditure is envisaged, the Group may incur further costs to finalise the development plan.

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

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

John G Berylson *(Non-Executive Chairman)*
Heather Rabbatts *(Non-Executive resigned 10 June 2010)*
Richard S Press *(Non-Executive appointed 30 March 2010)*
Trevor Keyse *(Non-Executive)*
Constantine Gonticas *(Non-Executive)*
Andrew Ambler *(Executive)*
Demos Kouvaris *(Non-Executive)*
James T Berylson *(Non-Executive appointed 4 August 2010)*

In accordance with the Articles of Association, Mr R Press and Mr J T Berylson retire having been elected since the last AGM and Mr D Kouvaris retires by rotation and being eligible each offers himself for re-election at the Annual General Meeting.

Short biographical notes on each Director are given on page 3.

Details of Directors' service contracts are set out on page 12.

Employee involvement

The Group operates employment policies, which place emphasis upon employee involvement where possible. The Group practices equality of employment opportunity irrespective of sex, race, colour, marital status or ethnic or national origins. It is the Group's policy to offer equal opportunity to disabled persons wherever appropriate, having regard to their aptitudes and abilities.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' Report

Corporate Governance

Statement of compliance with the Combined Code on Corporate Governance 2008 (the "Combined Code")
Although, as an AIM company, the Company is not required to comply with the Combined Code the Board is committed to high standards of corporate governance. Although it has not sought to comply with the Code the Board confirms that throughout the year ended 30 June 2010, the Group has voluntarily applied the principals of good corporate governance so far as is practicable for a group of this size. The Board has also followed, where appropriate, the guidelines set out in the Quoted Companies Alliance.

The Board
The Board currently consists of one executive (Mr A Ambler) and six non-executive directors (Mr J G Berylson, Mr J T Berylson, Mr C Gonticas, Mr T Keyse, Mr D Kouvaris and Mr R Press). The Board normally meets at least six times a year and otherwise as required. The Board has a majority of independent directors, all of whom are non-executive. All Directors are subject to re-election at the first AGM after their appointment and in accordance with the Code and the Articles of Association, submit themselves for re-election in rotation at least every three years.

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

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

The Board has established a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board continuously reviews the effectiveness of the Group's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. This assessment considers all significant aspects of internal control arising during the period covered by the report. The audit committee assists the Board in discharging its review responsibilities.

Audit Committee
The Board has an audit committee comprising John Berylson, James T Berylson, Constantine Gonticas, Trevor Keyse, Demos Kouvaris, Richard S Press (non-executive directors). The remit of the audit committee includes the discussion with the auditors of the audit approach and of reports produced by the auditors detailing the results of their work. It meets at least once a year.

The audit committee has sole responsibility for assessing the independence of the external auditors, BDO LLP. The committee has had due regard to the document published in November 2003 by the Institute of Chartered Accountants in England and Wales (ICAEW) 'Reviewing Auditor Independence: guidance for audit committees'. Each year the committee undertakes to:

- Seek reassurance that the external auditors and their staff have no family, financial, employment, investment or business relationship with the Company. To this end the committee requires the external auditor and their associates to confirm this in writing, and detail the procedures which the auditor has carried out in order to make this confirmation.

- Confirm that all partners engaged in the audit process are rotated at least every 5 years.
- Assess the likely impact on the auditors' independence and objectivity before awarding them any contract for additional services. It is Company policy to require the auditors, together with at least two other firms, to tender for all non-audit assignments where the fee is in excess of £20,000.
- Have as a standing agenda item auditor independence issues at each audit committee meeting.

Remuneration Committee
The Board has a remuneration committee comprising John Berylson, Constantine Gonticas, Richard Press (non-executive directors). Of the members of the Board, only Mr A Ambler was entitled, in his capacity as Chief Executive, to receive any remuneration during the year, but all Directors are entitled to reimbursement of reasonable and proper expenses. The committee meets once a year with all committee members in attendance. This policy is subject to periodic review.

Financial Instruments
Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 17 of the financial statements.

Open Offer
As noted earlier it has been announced today that the Company will raise up to £11.2 million, before expenses, by way of an Open Offer, of which £10 million has been underwritten, to be considered at an Extraordinary General meeting called for 17 December 2010.

The Board has explored a number of options to raise funds to provide working capital for the Club and enable the Company to reduce its level of borrowings. The Board does not currently have Shareholders' authority to raise cash through a non pre-emptive issue of Ordinary Shares and as a result, the Company can only raise funds either through additional borrowings (if available), or through an offer of Ordinary Shares to all Shareholders.

After consultation with its advisers, and having considered the limited options available to it, the Board has concluded that the most suitable course of action is to proceed with an Open Offer. The Board considers now to be an appropriate time to do this as Millwall F.C. has been promoted to the Championship division of The Football League and the Company therefore wishes to strengthen its balance sheet by reducing borrowings and the associated interest burden and to improve its working capital position.

New Ordinary Shares are being offered to shareholders, subject to the terms and conditions of the Open Offer, pro rata to their existing shareholdings at the Issue Price of £10 per New Ordinary Share on the basis of 3 New Ordinary Shares for every 1 Existing Ordinary Share.

CHV has irrevocably undertaken to the Company to subscribe for all of the New Ordinary Shares which it is entitled to under the Open Offer. CHV's subscription obligations will be satisfied by the release and cancellation of an equal amount of the CHV Loans. The Company has also received an irrevocable undertaking from a Director to subscribe for all of the New Ordinary Shares to which he is entitled under the Open Offer. His subscription obligations will be paid by the release and cancellation of an equal amount of his Directors Loan Notes.

Pursuant to an Underwriting Agreement, certain of the Directors and their associates and associated companies, certain of the NFL Noteholders and CHV have agreed to underwrite the Open Offer up to a maximum of £6.5 million. Of this amount CHV have agreed to underwrite a maximum of £5.5 million of which £2 million will be in cash.

Full details of the Open Offer and notice of the EGM have been notified to shareholders separately.

Directors' Report

Going concern
The Board has considered the adoption of the going concern basis and the source of funds to be put in place after the period end, as mentioned in notes 1 and 22, and has concluded that the basis has been appropriately adopted in the accounts.

As indicated earlier, successful completion of the Open Offer will result in all loans currently outstanding, other than due to CHV, being repaid. The balance of loans due to CHV will not fall for repayment until 1 July 2012. Your Directors believe this provides sufficient working capital for the current needs of the Company over the next 12 months.

Directors' remuneration

Policy of remuneration
The remuneration committee has reviewed the relevant Directors' remuneration in respect of the year ended 30 June 2010.

Directors' Service Agreements
Mssrs. John G Berylson and Demos Kouvaris entered into agreements with the Company on 28 March 2007 that they would serve as Directors during the period that the £5 million convertible loan facility, maturing on 31 March 2011, made available to the Company by Chestnut Hill Ventures LLC pursuant to the facility agreement and any loans made pursuant to it remain outstanding, unless and until terminated by notice in writing served by Chestnut Hill Ventures LLC requesting their removal as Directors. On and after the repayment of all amounts owing to Chestnut Hill Ventures LLC or conversion of all such amounts into ordinary shares of 0.01p each in the Company under the Facility Agreement, they will continue to serve unless and until terminated by notice in writing of not less than 1 month served by them or the Company on the other. The agreement provides that they will not receive Directors' fees or any remuneration in respect of the services provided by them but will be entitled to reimbursement of expenses.

Mr Andrew Ambler, the Chief Executive of the Company, entered into an agreement with the Company on 2 April 2007 which may be terminated by 6 months written notice served by himself or the Company on the other.

The other non-executive directors have entered into letters of appointment terminable, *inter alia*, upon not less than 6 months notice given by the Company or 3 months given by them. The letters provide that they will not receive Directors' fees or any remuneration in respect of the services provided by them but will be entitled to reimbursement of expenses.

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

Key management	**Salary £000**	**Pension £000**	**Bonus £000**	**Share based payment £000**	**Total 2010 £000**	**Total 2009 £000**
Andy Ambler	89	18	48	—	**155**	95
Heather Rabbatts	13	—	—	—	**13**	99
Total 2010	**102**	**18**	**48**	**—**	**168**	
Total 2009	167	13	—	14		194

Substantial shareholdings
The Directors have been notified that at 4 November 2010 the following shareholders, other than Directors, held 3% or more of the issued share capital of the Company:

	Number of ordinary shares	Holding %
Chestnut Hill Ventures LLC	106,666	28.37
Sports Regeneration Limited	52,693	14.01
Lynchwood Nominees Limited <2006420>	27,783	7.39
TD Waterhouse Nominees (Europe) Limited <SMKTNOMS>	17,627	4.69
Barclayshare Nominees Limited	13,144	3.50
Rowanmoor Trustees Limited <11/8024>	12,500	3.32

Political and charitable donations
During the year, the Group made no charitable or political donations.

Market value of land and buildings
Given the specialised nature of the Group's property interests, the Directors do not consider that there is a readily ascertainable market value for the Group's properties, which are carried in the accounts at cost less depreciation.

Payment of creditors
The Group's and Company's policy is to settle agreed amounts outstanding to creditors within sixty days. This policy is made known to staff who handle payments to suppliers and is made known to suppliers on request. The Company had no trade creditors at 30 June 2010 (2009: £nil). Trade creditors of the Group at the period end represented 52 days purchase (2009: 69 days).

AGM Resolutions and Auditors
Receipt of the Accounts for the year will be voted upon at the Annual General Meeting of the Company to be held on 17 December 2010 and convened by way of a separate notice contained herein. The Directors will place a resolution before the Annual General Meeting to re-appoint BDO LLP as auditors for the ensuing year.

All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The Board would like to thank players, management and staff for their hard work throughout last season. The support of shareholders, fans and everyone connected with the Club has, as ever, been tremendous and to all of them, the Board extends its thanks.

On behalf of the Board

A Ambler

Director

17 November 2010

Independent Auditor's Report

To the members of Millwall Holdings Plc

We have audited the financial statements of Millwall Holdings Plc for the year ended 30 June 2010 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Mr James Roberts (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 17 November 2010

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

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	***Year ended 30 June 2010 Total £000***	*Year ended 30 June 2009 Total £000*
Revenue	1,2	**7,451**	6,460
Other income – profit on disposal of player's registrations		**154**	71
Staff costs	5	**(6,357)**	(6,260)
Amortisation of players' registrations	9	**(320)**	(287)
Depreciation of property, plant and equipment	10	**(264)**	(258)
Total depreciation and amortisation expense		**(584)**	(545)
Other expenses		**(4,111)**	(4,166)
Loss from operations	4	**(3,447)**	(4,440)
Finance income	3	**—**	10
Finance expense	3	**(1,511)**	(784)
Loss before taxation		**(4,958)**	(5,214)
Tax expense	7	**—**	—
Loss after tax for the financial year and total comprehensive loss		**(4,958)**	(5,214)
Attributable to:			
Equity holders of the parent		**(4,958)**	(5,214)
Loss per share – basic and diluted (2009-restated)	8	**(1,321)p**	(1,390)p

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

	Ordinary Shares of 0.01p each £000	*Deferred Shares of 0.09p each £000*	*Share premium account £000*	*Equity component of Convertible Loan Notes £000*	*Capital reserve £000*	*PIK note reserve £000*	*Retained deficit £000*	*Total Equity £000*
1 July 2008								
As previously reported	3,750	2,333	15,120	181	21,474	333	(37,835)	5,356
Prior year adjustment (note 19)	—	—	—	—	—	(333)	—	(333)
As restated	3,750	2,333	15,120	181	21,474	—	(37,835)	5,023
Share based payment	—	—	—	—	—	—	14	14
Loss for the year	—	—	—	—	—	—	(5,214)	(5,214)
30 June 2009	**3,750**	**2,333**	**15,120**	**181**	**21,474**	**—**	**(43,035)**	**(177)**
1 July 2009								
As previously reported	3,750	2,333	15,120	181	21,474	840	(43,035)	663
Prior year adjustment (note 19)	—	—	—	—	—	(840)	—	(840)
As restated	3,750	2,333	15,120	181	21,474	—	(43,035)	(177)
New Shares issued	16	—	32	—	—	—	—	48
Loss for the year	—	—	—	—	—	—	(4,958)	(4,958)
30 June 2010	**3,766**	**2,333**	**15,152**	**181**	**21,474**	**—**	**(47,993)**	**(5,087)**

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

Consolidated Statement of Financial Position

for the year ended 30 June 2010

Company number: 2355508

	Notes	***30 June 2010 £000***	*30 June 2009 £000 (As restated)*	*30 June 2008 £000 (As restated)*
Non-current assets				
Intangible assets	9	**661**	392	291
Property, plant and equipment	10	**14,826**	15,037	15,127
		15,487	15,429	15,418
Current assets				
Inventories	11	**51**	61	66
Trade and other receivables	12	**968**	1,007	1,104
Cash and cash equivalents		**760**	391	204
		1,779	1,459	1,374
Total assets		**17,266**	16,888	16,792
Non-current liabilities				
Trade and other payables	13	**(486)**	(386)	—
Financial liabilities	14	**—**	(4,498)	(4,690)
Deferred income	13	**(3,571)**	(3,716)	(3,770)
Total non-current liabilities		**(4,057)**	(8,600)	(8,460)
Current liabilities				
Trade and other payables	13	**(2,100)**	(2,019)	(2,239)
Financial liabilities	14	**(14,619)**	(5,406)	—
Deferred income	13	**(1,577)**	(1,040)	(1,070)
Total current liabilities		**(18,296)**	(8,465)	(3,309)
Total liabilities		**(22,353)**	(17,065)	(11,769)
Net (liabilities)/assets		**(5,087)**	(177)	5,023
Equity				
Called up share capital	15,21	**6,099**	6,083	6,083
Share premium	21	**15,152**	15,120	15,120
Equity proportion of Convertible Loan Notes	21	**181**	181	181
Capital reserve	21	**21,474**	21,474	21,474
Retained deficit	21	**(47,993)**	(43,035)	(37,835)
Total equity attributable to the shareholders of the parent (in deficit)		**(5,087)**	(177)	5,023

The accounts on pages 16 to 35 were approved by the Board of Directors and authorised for issue on 17 November 2010.

A Ambler
Director

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2010

	Year ended 30 June 2010 Total £000	*Year ended 30 June 2009 Total £000*
Cash flows from operating activities		
Loss before taxation	**(4,958)**	(5,214)
Share based payments	**—**	14
Depreciation on property, plant and equipment	**264**	258
Amortisation of intangible assets	**320**	287
Amortisation of grants	**(82)**	(82)
Amortisation of prepaid finance fees	**103**	103
Profit on disposal of players' registrations	**(154)**	(71)
Profit on disposal of property, plant and equipment	**12**	—
Finance income	**—**	(10)
Finance expense	**1,511**	784
Cash flows from operating activities before changes in working capital	**(2,984)**	(3,931)
Decrease in inventory	**10**	5
Decrease/(increase) in trade and other receivables	**51**	(109)
Increase in trade and other payables and deferred income	**689**	217
Net cash generated from operations	**(2,234)**	(3,818)
Investing activities		
Purchase of property, plant and equipment	**(65)**	(168)
Proceeds on disposal of players' registrations	**167**	277
Purchase of players' registrations	**(739)**	(343)
Interest received	**—**	10
Net cash generated by investing activities	**(637)**	(224)
Financing activities		
Proceeds from issue of loan notes	**3,240**	4,234
Interest paid	**—**	(5)
Net cash generated by financing activities	**3,240**	4,229
Net increase in cash and cash equivalents	**369**	187
Cash and cash equivalents at start of year	**391**	204
Cash and cash equivalents at end of year	**760**	391

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

Notes to the Accounts

for the year ended 30 June 2010

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and in accordance with those parts of the Companies Act 2006 that remain applicable to groups reporting under IFRS.

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared under the historical cost basis.

Going Concern

At 30 June 2010, the Group had net liabilities of £5.09 million and net current liabilities of £16.5 million.

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

- cash flow projections, including the effect of player trading;
- the effects of the open offer to shareholders announced on 17 November 2010, which is anticipated to increase resultant net assets of the Group by at least £9.5 million (see note 22), and which is underwritten up to that amount which is net of anticipated expenses; and
- the continuing provision of a facility of £1.4 million to the Group from Chestnut Hill Ventures LLC, a company controlled by the Chairman, John G Berylson.

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

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

New standards and interpretations

The following new amendment, applied for the first time from 1 July 2009, has had an effect on the financial statements of the Group:

- IAS 1 (Amendment) – Presentation of Financial Statements. As a result of the application of this amendment the Group has elected to replace the Income Statement with a single Statement of Comprehensive Income. The amendment does not change the recognition or measurement of transactions and balances in the financial statements.

The IASB and the International Financial Reporting Interpretations Committee have issued the following standards and interpretations that are mandatory for later accounting periods and which have not been adopted early for the year ended 30 June 2010. These are:

- Improvements to IFRSs (2009) – The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. They are generally effective for accounting periods beginning on or after 1 January 2010 and have been endorsed for use in the EU.
- IFRS 2 (Amendment) – Group Cash-settled Share-based Payment Transactions (effective for accounting periods beginning on or after 1 January 2010) provides clarification over the accounting treatment where share-based payments are made on behalf of another group entity. This has been endorsed for use in the EU.
- IAS 32 (Amendment) – Classification of Rights Issues (effective for accounting periods beginning on or after 1 February 2010) addresses the accounting for rights issues that are not denominated in the functional currency of the issuer. This has been endorsed for use in the EU.
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010) addresses transactions in which an entity issues equity instruments to a creditor in return for the extinguishment of all of part of a financial liability. This has been endorsed for use in the EU.
- IAS 24 (Amendment) – Related Party Disclosures (effective for accounting periods beginning on or after 1 January 2011) revises and simplifies the definition of a related party. This has been endorsed for use in the EU.
- Improvements to IFRSs (2010) – The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. They are generally effective for accounting periods beginning on or after 1 January 2011 but have not yet been endorsed for use in the EU.
- IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 1 January 2013) will eventually replace IAS 39 in its entirety. However, to date the Standard has focused on the classification and measurement of financial assets only. This has not yet been endorsed for use in the EU.

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

The IASB has also issued or revised IFRS 1 and IFRIC 14 (IAS 19) which are not relevant to the operations of the Group.

for the year ended 30 June 2010 *(continued)*

1. Accounting policies *(continued)*

Basis of consolidation

The financial information incorporates the results of the Company and entities controlled by the Company (its subsidiaries, The Millwall Football and Athletic Company (1985) Plc and Millwall Properties Limited). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The consolidated financial statements present the financial results of the Company and its subsidiaries (the Group) as if they formed a single entity.

The results of subsidiaries acquired or disposed during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate, using the purchase method.

Where necessary, adjustments are made to the results of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Players' registrations

The costs associated with the acquisition of players' registrations are initially recorded at fair value of the consideration payable at the date of acquisition as intangible fixed assets. These costs are fully amortised over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is made clear that the player is no longer an active member of the playing squad. In these circumstances the carrying value of the player's registration is reviewed against a measurable net realisable value.

Acquired players' registrations are classified as "Assets held for sale" on the balance sheet if, at any time, it is considered that the carrying amount of a registration will be recovered principally through sale and an active programme is in place to sell the player. The measurement of the registration is the lower of: (a) fair value (less costs to sell); and (b) carrying value. Amortisation of the asset is suspended at the time of reclassification, although impairment charges are made if applicable.

Signing on fees

Signing on fees are charged, on a straight line basis, to the statement of comprehensive income over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fee payable in respect of future periods are charged against the profit/(loss) on disposal of players' registrations in the period in which the disposal is recognised.

Transfer Fees

Transfer fees receivable are recognised in the period in which the registration is transferred and any profit or loss arising is dealt with in the statement of comprehensive income. Contingent transfer fees receivable are recognised once the contingent conditions have been met.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on a straight line basis, as follows:

Long leasehold premises	– 1% per annum
Fixtures and fittings	– 20% per annum
Motor vehicles	– 25% per annum

Residual value is initially calculated on prices prevailing at the date of acquisition. Residual value is reviewed in each financial period and any changes to initial estimates are reflected in the period of change.

Inventory

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

Impairment of non-financial assets (excluding inventories)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the other expenses line item in the consolidated statement of comprehensive income.

Taxation

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

for the year ended 30 June 2010 *(continued)*

1. Accounting policies *(continued)*

Deferred taxation

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

- the initial recognition of goodwill,
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiary where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that there will be future taxable profits on which this asset can be charged. Deferred income tax assets are reduced to the extent that it is no longer likely that a sufficient taxable benefit will arise.

Deferred taxation balances are calculated at rates either enacted or substantively enacted at the balance sheet date and are shown on the balance sheet separately from current tax assets and liabilities and categorised among non-current items.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable group company or different group entities which intend to either settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Pension costs and other post retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Where the Group is a member of a multi-employer scheme and a reliable identification of its assets and liabilities cannot be made then in accordance with IAS 19: "Employee Benefits" the contributions to the scheme are accounted for as though the scheme were a defined contribution scheme.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. The Group holds the following financial assets and liabilities:

Financial assets

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and then subsequently carried at amortised cost using the effective rate method.

Financial liabilities

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

Convertible financial instruments

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

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

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

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

for the year ended 30 June 2010 *(continued)*

1. Accounting policies *(continued)*

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

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

As set out in note 19 the Company has concluded that "PIK notes" previously considered to be equity now are more properly reflected as financial liabilities.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits all with maturities of three months or less from inception, and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and under the effective interest method.

Leased assets

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

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

Trade and other payables and receivables

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

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

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

Share based payment

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

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

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

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

Revenue recognition

Revenue represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Revenue is recognised at the fair value of the consideration receivable. Revenue is split between three categories of income stream; Match Day, Central League Awards and Commercial.

Match Day

Match Day revenue represents income receivable from all match day activities from Millwall games at The Den, together with the share of gate receipts from cup games not played at The Den. The share of gate receipts payable to the other participating club for domestic cup matches played at The Den is treated as a reduction in revenue. Season ticket revenue is recognised over the period of the football season as home matches are played.

for the year ended 30 June 2010 *(continued)*

1. Accounting policies *(continued)*

Central League Awards
Central League Award revenue represents the Basic Award and the Solidarity Award from the Football League. These awards are recognised over the financial period to which they relate.

Commercial
Commercial revenue comprises income receivable through sponsorship, shop revenue, use of the conference and catering facilities at The Den on non-match days and sundry other income. Sponsorship contracts are recognised over the duration of the contract, either on a straight line basis, or over the period of the football season, as appropriate based on the terms of the contract. Catering revenues are recognised on an earned basis. Revenue from sale of branded products is recognised at the point of dispatch when significant risks and rewards of ownership are deemed to have been transferred to the buyer.

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

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

2. Segmental analysis

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

The analysis of group revenue is as follows:

	Year ended 30 June 2010 £000	*Year ended 30 June 2009 £000*
Match day	**4,746**	3,881
Central League awards	**751**	589
Commercial	**1,954**	1,990
	7,451	6,460

3. Finance income and expenses

	Year ended 30 June 2010 £000	*Year ended 30 June 2009 £000*
Finance income		
Interest on bank deposits	**—**	10
Finance expense		
Interest on loan notes	**1,511**	779
Other	**—**	5
	1,511	784

for the year ended 30 June 2010 *(continued)*

4. Loss from operations

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

	Year ended 30 June 2010 £000	*Year ended 30 June 2009 £000*
Depreciation and amounts written off property, plant and equipment		
– Owned	**264**	254
– Held under finance leases and hire purchase contracts	**—**	4
Amortisation of grant	**(82)**	(82)
Amortisation of player registrations	**320**	287
Operating lease rentals		
– Land and property	**237**	237
Auditors' remuneration		
– Audit of company financial statements	**5**	5
– Audit of financial statements of subsidiaries	**35**	35
– Taxation services	**8**	14
– Other services	**2**	13
Directors' remuneration	**149**	167
Profit on sale of players' registrations	**(154)**	(71)
Share based payments	**—**	14

5. Staff costs

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

	Year ended 30 June 2010 Number	*Year ended 30 June 2009 Number*
Football team management	**9**	7
Administrative and ground staff	**58**	59
Players	**41**	46
	108	112

In addition, the Group employs, on average, a further 105 (2009: 90) temporary staff on matchdays.

Aggregate remuneration comprised:

	Year ended 30 June 2010 £000	*Year ended 30 June 2009 £000*
Wages and salaries	**5,666**	5,662
Social security costs	**584**	585
Pension costs	**107**	13
	6,357	6,260

for the year ended 30 June 2010 *(continued)*

6. Directors' emoluments

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Directors' emoluments	**149**	167
Share based payment	**—**	14
Pension costs	**18**	13
Total Directors' emoluments	**167**	194

Payments to money purchase pension schemes were made in respect of one director (2009: 1)

7. Tax expense

No taxation charge arises due to the incidence of losses incurred and capital allowances claimed during the year (2009: £Nil).

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

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Loss on ordinary activities before tax	**(4,958)**	(5,214)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009: 28%)	**(1,388)**	(1,460)
Effects of:		
Expenses not deductible for tax purposes	**121**	120
Losses for which deferred tax assets are not recognised	**1,267**	1,340
Total tax charge for the year	**—**	—

Deferred tax

At 30 June 2010 the Group had estimated tax losses carried forward of £49.6 million (2009: £45.3 million), subject to the agreement of HM Revenue and Customs. After assessing the prospects for the 2011 financial year the Board has decided to not recognise any deferred tax asset as it is prudent to estimate that no losses will be utilised in that period. The amount of the unprovided deferred tax asset at 28%, (2008: 28%) is calculated at £13.9 million (2009: £12.7 million).

At 30 June 2010 the Group had £8.4 million (2009: £8.4 million) of unclaimed capital allowances. These have not been recognised as the Board cannot prudently estimate that these will be utilised in the forthcoming period. The amount of the unprovided deferred tax asset is calculated as £2.4 million (2009: £2.4 million).

At 30 June 2010 the Group had capital losses carried forward of £4.7 million (2009: £4.7 million). These have not been recognised as the Board cannot prudently estimate that these will be utilised in the forthcoming period. The amount of the unprovided deferred tax asset is calculated as £1.3 million (2009: £1.3 million).

for the year ended 30 June 2010 *(continued)*

8. Loss per ordinary share

The calculation of loss per ordinary share is based on the loss for the year of £4,958,000 (2009: £5,214,000) and on 375,205 (2009: 375,011) new ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the year, but adjusted for the effects of the share conversion referred to in note 22, except in so far as the elimination of fractional entitlements is concerned. There is no potential dilution on the loss per ordinary share in 2010 or 2009 and therefore there is no difference between basic and diluted earnings per share. As at 30 June 2010 the number of options which could potentially dilute basic earnings per share in the future was Nil (2009: 1,166,666,666). These were not been included in the calculation of diluted earnings per share because they were anti-dilutive for the periods presented. In addition to share options, as at 30 June 2010, the Company had gross convertible debt, including PIK notes and accrued interest of £4,034,000 (2009: £3,734,000) in issue, potentially convertible to 113,418 (2009: 105,215) ordinary shares of £10 each, which could dilute earnings per share in the future.

9. Intangible assets

	Players' registrations £000
Cost	
1 July 2008	427
Additions	388
Disposals	(150)
30 June 2009	665
1 July 2009	665
Additions	614
Disposals	(252)
30 June 2010	**1,027**
Amortisation	
1 July 2008	136
Charge for the year	287
Disposals	(150)
30 June 2009	273
1 July 2009	273
Charge for the year	320
Disposals	(227)
30 June 2010	**366**
Net book value	
30 June 2009	392
30 June 2010	**661**

Included in the net book value of players' registrations are three registrations at net book values at 30 June 2010 of £242,000, £132,000 and £99,000 (2009: three at £123,000, £106,000 and £90,000). The respective remaining useful lives of these registrations are three years, three years and two years respectively. Two of these players were acquired during the year ended 30 June 2010 with the other in the previous year.

for the year ended 30 June 2010 *(continued)*

10. Property, plant and equipment

	Long leasehold premises £000	*Fixtures and fittings £000*	*Motor vehicles £000*	*Total £000*
Cost				
1 July 2008	17,629	3,219	42	20,890
Additions	—	168	—	168
30 June 2009	17,629	3,387	42	21,058
1 July 2009	17,629	3,387	42	21,058
Additions	—	65	—	65
Disposals	—	(12)	—	(12)
30 June 2010	**17,629**	**3,440**	**42**	**21,111**
Accumulated depreciation				
1 July 2008	2,670	3,059	34	5,763
Charge for the year	176	78	4	258
30 June 2009	2,846	3,137	38	6,021
1 July 2009	2,846	3,137	38	6,021
Charge for the year	176	84	4	264
30 June 2010	**3,022**	**3,221**	**42**	**6,285**
Net book value				
30 June 2009	14,783	250	4	15,037
30 June 2010	**14,607**	**219**	**—**	**14,826**

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

Included in the net book value of motor vehicles and fixtures and fittings is £Nil (2009: £4,000) relating to assets acquired under finance lease and hire purchase agreements. The depreciation charge for the year in respect of these assets is £4,000 (2009: £4,000).

11. Inventories

	30 June 2010 £000	*30 June 2009 £000*
Goods for resale	**51**	61

Goods for resale include an amount of £37,000 (2009: £40,000) carried at fair value less costs to sell. The amount of inventories recognised as an expense during the year was £362,000 (2009: £405,000).

for the year ended 30 June 2010 *(continued)*

12. Trade and other receivables

	30 June 2010 £000	*30 June 2009 £000*
Trade receivables	**481**	375
Other receivables	**4**	5
Prepayments and accrued income	**483**	627
	968	1,007

All amounts shown under trade receivables in respect of the current year fall due for payment within one year.

In the Directors' opinion the carrying value of trade and other receivables are stated at their fair value, after deduction of appropriate allowances for irrecoverable amounts, as these assets are not interest bearing and receipts occur over a short period. They are therefore subject to an insignificant risk of changes in value. All trade and other receivables that are neither past due nor impaired are considered recoverable.

At 30 June 2010 trade receivables of £68,000 (2009: £65,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	30 June 2010 £000	*30 June 2009 £000*
Up to 3 months	**—**	—
3 to 6 months	**68**	65
	68	65

13. Trade and other payables

	30 June 2010 £000	*30 June 2009 £000*
Current		
Trade and other payables	**816**	1,264
Taxation and social security	**852**	341
Accruals	**432**	414
	2,100	2,019
Deferred income	**1,577**	1,040
	3,677	3,059
Non-current		
Trade and other payables	**116**	81
Accruals	**370**	305
	486	386
Deferred income	**3,571**	3,716
	4,057	4,102

Included within deferred income is:

- an amount of £1,514,000 (2009: £977,000) relating to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.
- unamortised grants totalling £2,696,000 (2009: £2,778,000) received in respect of the long leasehold premises and other fixtures and fittings.
- unamortised proceeds of £938,000 (2009: £1,000,000) from the sale of the Training Ground in excess of market value which are being amortised on a straight line basis over 20 years to 2025.

All financial liabilities are classified as financial liabilities at amortised cost. In the Directors' opinion the carrying values of trade and other payables are stated at their fair value as they are not interest bearing and payments occur over a short period. They are therefore subject to an insignificant risk of changes in value. All trade and other payables are considered to be payable within 60 days.

for the year ended 30 June 2010 *(continued)*

14. Financial liabilities

	30 June 2010 £000	*30 June 2009 £000 (as restated)*
Current		
Amounts relating to convertible loan notes	**2,737**	1,554
Amounts relating to non-convertible loan notes	**9,147**	2,607
Interest accrued on loan notes	**387**	475
PIK notes	**2,348**	770
	14,619	5,406
Non-current		
Amounts relating to convertible loan notes	**—**	1,128
Amounts relating to non-convertible loan notes	**—**	3,300
PIK notes	**—**	70
	—	4,498

Amounts relating to convertible loan notes refers to the financial liability component of the Company's issued convertible loan notes. The liability element of the convertible loan is recognised in accordance with the accounting policy as set out in note 1. The convertible loan notes carry interest at 9% p.a. compounded quarterly.

Interest on the convertible loan notes is, at the option of the Company, paid by the issue of Payment in Kind (PIK) notes. The PIK notes are convertible into ordinary shares in accordance with the terms of the loan agreement.

Amounts relating to convertible loan notes are stated net of unamortised deferred transaction costs of £Nil (2009: £103,000).

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

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

Financial liabilities are due:

	Amounts relating to non-convertible loan notes		***Amounts relating to convertible loan notes (including PIK notes) (As restated)***		***Total***	
	30 June 2010 £000	*30 June 2009 £000*	**30 June 2010 £000**	*30 June 2009 £000*	**30 June 2010 £000**	*30 June 2009 £000*
Amount payable						
– Within one year	**9,147**	2,607	**5,085**	2,324	**14,232**	4,931
– After one year but within two years	**—**	3,300	**—**	1,198	**—**	4,498
	9,147	5,907	**5,085**	3,522	**14,232**	9,429

for the year ended 30 June 2010 *(continued)*

15. Share capital

	30 June 2010 Number	*30 June 2009 Number*
Allotted, called up and fully paid		
Ordinary shares of 0.01p each	**37,661,097,134**	37,501,097,134
Deferred shares of 0.09p each	**2,592,087,167**	2,592,087,167
	40,253,184,301	40,093,184,301

Allotted, called up and fully paid		
Ordinary shares of 0.01p	**3,766**	3,750
Deferred shares of 0.09p	**2,333**	2,333
	6,099	6,083

Consolidation

As set out in note 22 below the Company's shares were consolidated after 30 June 2010. The disclosures in this note reflect shares authorised and in issue prior to consolidation.

Conversion of Loan Notes

During the year conversion notices were served which resulted in the following transactions:

	Ordinary Shares 0.01p Issued	*Nominal Value* £	*Consideration Received* £
22 April 2010	60,000,000	6,000	18,000
27 May 2010	100,000,000	10,000	30,000

Deferred shares

The rights attaching to the deferred shares which were not admitted to trading on AIM render them effectively valueless. The deferred shares do not carry any voting rights or rights to payment of a dividend. On a winding up of the Company or on a return of capital the deferred shares entitle the shareholders only to the repayment of the amounts paid up on those shares after the repayment of the capital paid up on the ordinary shares and the payment of £100,000 on each ordinary share. The deferred shares are non redeemable.

Convertible Loan Notes

At 30 June 2010 £5,779,000 (2009: £5,779,000) of Convertible Loan Notes had been drawn down with £2,951,000 (2009: £2,999,000) remaining unconverted. This debt is potentially convertible into 9,836,666,667 (2009: 9,998,056,666) ordinary shares. The lender has the right to convert £1,800,000 of the loan notes by giving notice in writing to the Company at any time up to 31 March 2011 and £1,151,000 of the loan notes by giving notice in writing to the Company at any time up to 31 July 2011. If exercised the price paid for each ordinary share will be 0.03p.

The convertible loan notes have 3,068,328,600 (2009: 3,068,328,600) warrants attached, which are exercisable, at any time, at a price of .04p each.

Payment in Kind Notes

At 30 June 2010 £2,348,000 (2009: £840,000) of PIK Notes had been issued. These notes are convertible into 5,870,000,000 (2009: 2,800,000,000) ordinary shares.

Unapproved Share Options

At 30 June 2009, options were outstanding over 1,166,666,666 shares (2009: 1,166,666,666), all of which were held by a director.

Number of Options	*Date of Grant*	*Exercise period*	*Exercise price pence per share*
666,666,666	28 March 2007	27 March 2014	.03
500,000,000	28 March 2007	27 March 2014	.04
1,166,666,666			

for the year ended 30 June 2010 *(continued)*

15. Share capital *(continued)*

Under the unapproved scheme, options vest as follows: half in 12 months; half in 24 months from the date of issue. During the year, these options lapsed following the resignation of the relevant director.

	2010 Weighted average price (pence)	***2010 Number***	*2009 Weighted average price (pence)*	*2009 Number*
Outstanding at the beginning of the year	**.034**	**1,166,666,666**	.034	1,166,666,666
Lapsed during the year	**(.034)**	**(1,166,666,666)**	—	—
Outstanding at the end of the year	**—**	**—**	.034	1,166,666,666

Share based payment

The Group operates one equity settled share based remuneration scheme for employees and the unapproved scheme for executive directors, certain senior management and contractors. No options were outstanding at 30 June 2010.

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

Of the total number of options outstanding at the end of the previous year, 1,166,666,666 had vested and were exercisable at the end of that year.

	2010 £000	*2009 £000*
The share based remuneration expense comprises:		
Equity settled options	**—**	14

The share based remuneration expense above represents the amount charged for the year for total compensation of £183,000 being amortised over the two year vesting period.

16. Financial commitments and contingent assets/liabilities

(a) *Non-cancellable operating leases*

The total value of minimum lease payments in respect of property leases are due as follows:

	Land and buildings	
	2010 £000	*2009 £000*
Not later than one year	**237**	237
Later than one year but not later than five years	**1,047**	1,047
Later than five years	**9,099**	9,336
	10,383	10,620

(b) *Pensions*

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

Contributions to the defined benefit scheme were determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuation for which financial information is currently available was conducted on 31 August 2008 on scheme data.

The valuation carried out on 31 August 2008 was in accordance with the Statutory Minimum Funding Requirement basis laid out in the Pensions Act 1995. This valuation showed that the deficit had decreased although as people are generally living longer, the Actuary had to take into his calculations the fact that pensions will be in payment longer. The valuation has indicated that the Club's share of the deficit was £127,000 as at 31 August 2008. This is being repaid over a ten year period, at a monthly repayment of £1,636 from September 2009.

At 30 June 2010, 1 (2009: 1) of the subsidiary's employees was a member of the scheme. Contributions were paid by the subsidiary being 10.4% (2009: 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.

for the year ended 30 June 2010 *(continued)*

16. Financial commitments and contingent assets/liabilities *(continued)*

(c) *Transfer fees payable/receivable*
Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be receivable/payable by the Group if conditions as to future team selection are met. The maximum that could be receivable is £Nil (2009: £Nil). The maximum that could be payable is £30,000 (2009: £105,000). These amounts have not been provided for in the financial statements.

17. Nature and extent of financial instruments

The Group's financial instruments include the following:

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

Categories of Financial Instruments

Classification of financial assets

	30 June 2010 £000	*30 June 2009 £000*
Trade receivables	**481**	375
Other receivables	**4**	5
Cash and cash equivalents	**760**	391
Total financial assets classified as loans and receivables at amortised cost	**1,245**	771

Classification of financial liabilities less than one year

	30 June 2010 £000	*30 June 2009 £000*
Trade and other payables	**1,784**	1,686
Accruals (including accrued interest on loan notes)	**1,189**	1,194
Amounts relating to convertible loan notes	**2,737**	2,682
Amounts relating to non-convertible loan notes	**9,147**	5,907
Amounts relating to PIK notes	**2,348**	840
Total financial liabilities measured at amortised cost	**17,205**	12,309

Financial Instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

The Group does not trade in financial instruments or carry out derivative transactions. There is no foreign currency exposure.

Credit risk

Maximum exposure to credit risk arises principally from the Group's trade and other receivables and cash at bank and cash equivalent.

It is the risk that the counterparty fails to discharge their obligations and could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Group manages this risk by using a reputable bank and requesting references from customers that are previously unknown to the Group.

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

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group considers the interest rates available when deciding where to place cash balances. The Group has no material exposure to interest rate risk.

for the year ended 30 June 2010 *(continued)*

17. Nature and extent of financial instruments *(continued)*

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and repayments of its liabilities. It is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group's policy is to ensure that it will have sufficient cash available to it to allow it to meet its liabilities when they become due. The Group has, at the year end, undrawn loan facilities of £453,000 (2009: £1,119,000) and has arranged an increase in its facility of £1,400,000, as shown in note 18.

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

Interest bearing financial assets

Financial assets include sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at market rate as and when monetary deposits are made. At 30 June 2010 the Group had £584,000 on deposit (2009: £301,000).

Convertible Loan Notes

The convertible loan notes carry interest at 9% p.a. calculated daily and consolidated quarterly. At the option of the Company the interest may be settled by the issue of PIK (Payment in Kind) Notes which have the same terms as the loan notes to which they relate and which carry the same interest terms. The convertible loan note facility was fully drawn down at the start and end of the year, with £1,800,000 of the balance available to the Company until 31 March 2011 (having been extended during the year) and the remaining £1,151,000 being available until 31 July 2011 (having been extended after the year end on 3 August 2010).

Loan Notes (non-convertible)

A loan note facility of £3,300,000 carrying interest at 10% p.a. calculated daily and consolidated quarterly was made available to the Company in 2008. The facility was fully drawn at the start and end of the year and is available to the Company until 31 March 2011 (having been extended during the year).

A syndicated loan note facility of £3,500,000 carrying interest at 17% p.a. calculated daily and consolidated quarterly was made available to the Company in 2008, and was increased by £800,000 to £4,300,000 on 20 October 2009. On 18 December 2009 and 29 March 2010 additional facilities of £1,700,000 and £300,000 respectively were made available to the Company, carrying interest at 15% p.a, but otherwise on the same terms as the original facility. The undrawn balance of £453,000 (2009: £1,919,000) under these facilities is available to the Company until 31 March 2011(having been extended during the year).

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

Fair values

The fair value of the financial assets and liabilities at 30 June 2010 and 30 June 2009 are not materially different from their book values.

Capital disclosures

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

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can begin to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure the Group may sell assets to reduce debt.

18. Related Party Transactions

John G Berylson (non-executive Chairman) and Demos Kouvaris (non-executive director) are respectively Chairman, Chief Operating Officer and Chief Financial Officer of Chestnut Hill Ventures LLC, the company which has advanced lines of credit to the Company through convertible and non-convertible loan notes. The convertible facility is for £5,000,000, which was fully drawn at the start and end of the year and of which £3,200,000 has previously been converted to share capital. A balance of £1,800,000 (2009: £1,800,000) remains drawn down and unconverted at the year end.

Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £3,000,000, which carry interest at 10% p.a. Messrs. C Gonticas and T Keyse, non-executive directors, subscribed for a further £300,000 of these loan notes. At 30 June 2010, £3,300,000 (2009: £3,300,000, 2008: £1,673,000) of these facilities had been drawn down leaving no further balance (2009: £Nil, 2008: £1,627,000) available to draw down. Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £3,500,000 on 25 November 2008, amended to £4,300,000 on 20 October 2009 and which was further increased to £6,000,000 before the Annual General Meeting on 11 December 2009. On 29 March 2010, Messrs. C Gonticas, T Keyse and J Press, spouse of R Press, subscribed for a further £300,000 of non-convertible loan notes on the same terms. At 30 June 2010, £5,547,000 (2009: £2,381,000, 2008: £1,673,000) had been drawn down under these facilities leaving a total balance of £453,000 (2009: £3,119,000, 2008: £1,627,000) still available to the Company. On 15 November 2010 the available loan note facilities were revised to make available to the Company a facility of £1.4 million after the subscription for shares referred to in note 22 below.

The remuneration of key management personnel, who are considered to be the Board of Directors, is shown in the Directors' report and note 6. In addition, Heather Rabbatts received fees totalling £45,000 (2009: Nil) for consultancy services provided to the Group in the year.

for the year ended 30 June 2010 *(continued)*

19. Prior year adjustment

In prior years the Company established a reserve to which it credited interest charged on convertible loan notes settled by the issue of "PIK notes" rather than cash. In re-examining this treatment it has concluded that the characteristics of the PIK notes have more of an element of debt than of equity, and have consequently reallocated them to liabilities. There is no effect on reported results but net assets reported at 30 June 2009 have been reduced by £840,000 (2008: £333,000). Prior year figures have been restated where appropriate.

20. Accounting estimates and judgements

Critical accounting judgements in applying the Group's policies

The preparation of financial statements under IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Certain critical accounting judgements made in applying the Group's accounting policies are described below:

Acquired players' registrations

In assessing whether the registration of any individual player requires reclassification to "Assets held for sale" and, if so, whether any impairment charge is required, the Directors will apply the accounting policy detailed in note 1.

Share based payments

In determining the fair value of equity based payments and the related charge to the statement of comprehensive income, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependant on further estimates, including the Group's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Group could materially affect the reported value of share based payments.

Useful lives of intangible assets

Intangible assets are amortised over the length of the players' contract which is deemed to be their useful lives and management's estimates as to their continuing usefulness to the football side.

Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

21. Reserves

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

22. Post balance sheet events

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

On 17 November 2010 the Company issued a prospectus under which an open offer of up to 1,129,830 new ordinary shares at £10, on the basis of three new ordinary shares for each one ordinary share held (post the conversion referred to above).

The open offer is subject to shareholder approval, but is underwritten up to £10 million (gross of expenses of issue), and has been irrevocably accepted by shareholders owning more than 30% of the Company's issued share capital

Company Balance Sheet

for the year ended 30 June 2010

Company number: 2355508

	Notes	***30 June 2010*** ***£000***	*30 June 2009 (As restated)* *£000*
Fixed assets			
Investments	v	**9,623**	9,782
Current assets			
Debtors	vi	**5**	7
Cash at bank and in hand		**58**	8
		63	15
Creditors: Amounts falling due within one year	vii	**(14,773)**	(5,476)
Net current liabilities		**(14,710)**	(5,461)
Total assets less current liabilities		**(5,087)**	4,321
Creditors: Amounts falling due after more than one year	viii	**—**	(4,498)
Net assets		**(5,087)**	(177)
Capital and reserves			
Called up share capital	ix	**6,099**	6,083
Share premium account	x	**15,152**	15,120
Equity proportion of Convertible Loan Notes	x	**181**	181
Capital reserve	x	**21,416**	21,416
Retained deficit	x	**(47,935)**	(42,977)
Shareholders' funds	xi	**(5,087)**	(177)

The accounts on pages 36 to 42 were approved by the Board of Directors and authorised for issue on 17 November 2010.

A Ambler
Director

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

for the year ended 30 June 2010

i. Accounting policies

Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The principal accounting policies are summarised below.

Going concern
At 30 June 2010, the Company had net liabilities of £5.09 million and net current liabilities of £14.7 million.

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

- cash flow projections, including the effect of player trading;
- the effects of the open offer to shareholders announced on 17 November 2010, which is anticipated to increase resultant net assets of the Group by £9.5 million (see note xiv), and which is underwritten up to that amount which is net of anticipated expenses; and
- the continuing provision of a facility of £1.4 million to the Group from Chestnut Hill Ventures LLC, a company controlled by the Chairman, John G Berylson.

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

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

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

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

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

Deferred tax balances are not discounted.

Convertible financial instruments
The proceeds received on issue of the Company's convertible financial instruments are allocated into their financial liability and equity instrument components and presented separately in the balance sheet.

On initial recognition, the financial liability component is determined by reference to the fair value of a similar liability that does not have an associated equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole, the amount separately determined for the liability component.

The amount initially attributed to the liability component equals the fair value of the liability discounted at the Company's estimated cost of capital. In subsequent years the discount is unwound with the movement taken to the profit and loss account and over time the carrying value of the liability component accumulates to the value of the financial liability.

Transaction costs that are related to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

The amounts initially allocated to the financial liability and equity instrument components are not subsequently re-measured.

Upon conversion, the carrying value of amounts recognised as a financial liability are transferred to equity.

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

In addition, where the terms and conditions of options are modified before they vest, the incremental increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

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

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

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

for the year ended 30 June 2010 *(continued)*

ii. Parent company loss

The Company has taken advantage of the exemption in the Companies Act 2006 S408 not to present its own profit and loss account. A loss of £4,958,000 (2009: £5,214,000) of the consolidated loss for the year attributable to the shareholders of Millwall Holdings Plc has been dealt with in the accounts of the Company.

iii. Employees

The average number of employees of the Company during the year, including directors, was 6 (2009: 8). There were no employment costs borne by the Company in the year (2009: £Nil).

iv. Loss for the year

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

	Year ended 30 June 2010 £000	*Year ended 30 June 2009 £000*
Auditors' remuneration for the audit of Company financial statements	**5**	5
Directors' remuneration – paid by subsidiaries	**149**	167
Share based payments	**—**	14

v. Investments

	Shares in subsidiary undertakings £000	*Loan to subsidiary undertakings £000*	*Total £000*
Cost			
1 July 2009	400	54,323	54,723
Additions	—	2,931	2,931
30 June 2010	**400**	**57,254**	**57,654**
Amounts provided for			
1 July 2009	—	44,941	44,941
Provided in year	—	3,090	3,090
30 June 2010	**—**	**48,031**	**48,031**
Net book value			
30 June 2010	**400**	**9,223**	**9,623**
30 June 2009	400	9,382	9,782

At 30 June 2010, the Company's subsidiaries, which are incorporated, registered and operate in England and Wales, were The Millwall Football and Athletic Company (1985) Plc, a football club, and Millwall Properties Limited, a property development company, of which the Company owns 100% of the issued share capital and the voting rights.

All investments are unlisted. In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet, taking into account underlying goodwill and the value of players' registrations.

vi. Debtors

	30 June 2010 £000	*30 June 2009 £000*
Prepayments and accrued income	**5**	7

All amounts shown under debtors in respect of the current year fall due for payment within one year.

for the year ended 30 June 2010 *(continued)*

vii. Creditors: Amounts falling due within one year

	30 June 2010 £000	*30 June 2009 £000*
Other creditors	**7**	7
Accruals and deferred income	**147**	63
Amounts relating to convertible loan notes	**2,737**	1,554
Amounts relating to non-convertible loan notes	**9,147**	2,607
Interest accrued on loan notes	**387**	475
PIK notes	**2,348**	770
	14,773	5,476

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

	30 June 2010 £000	*30 June 2009 £000*
Amounts relating to convertible loan notes	**—**	1,128
Amounts relating to non-convertible loan notes	**—**	3,300
PIK notes	**—**	70
	—	4,498

Amounts relating to convertible loan notes refers to the financial liability component of the Company's issued convertible loan notes. The liability element of the convertible loan is recognised in accordance with the accounting policy as set out in note 1. The convertible loan notes carry interest at 9% p.a. compounded quarterly. The convertible loan note facility was fully drawn down at the start and end of the year, with £1,800,000 of the balance available to the Company until 31 March 2011 (having been extended during the year) and the remaining £1,151,000 being available until 31 July 2011 (having been extended after the year end on 3 August 2010).

Interest on the convertible loan notes is, at the option of the Company, paid by the issue of Payment in Kind (PIK) notes. The PIK notes are convertible into ordinary shares in accordance with the terms of the loan agreement.

Amounts relating to convertible loan notes are stated net of unamortised deferred transaction costs of £Nil (2009: £103,000).

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

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

A loan note facility of £3,300,000 carrying interest at 10% p.a. calculated daily and consolidated quarterly was made available to the Company in 2008. The facility was fully drawn at the start and end of the year and is available to the Company until 31 March 2011 (having been extended during the year).

A syndicated loan note facility of £3,500,000 carrying interest at 17% p.a. calculated daily and consolidated quarterly was made available to the Company in 2008, and was increased by £800,000 to £4,300,000 on 20 October 2009. On 18 December 2009 and 29 March 2010 additional facilities of £1,700,000 and £300,000 respectively were made available to the Company, carrying interest at 15% p.a, but otherwise on the same terms as the original facility. The undrawn balance of £453,000 (2009: £1,919,000) under these facilities is available to the Company until 31 March 2011(having been extended during the year).

At the option of the Company the interest on all non-convertible loan notes may be settled by the issue of PIK notes which have the right to subscribe for £1 of ordinary shares for every £1 of unpaid interest but which are repayable on the same terms as the loan notes to which they relate and which carry the same interest terms.

Financial liabilities are due:

	Amounts relating to non-convertible loan notes		***Amounts relating to convertible loan notes***		***Total***	
	30 June 2010 £000	*30 June 2009 £000*	**30 June 2010 £000**	*30 June 2009 £000*	**30 June 2010 £000**	*30 June 2009 £000*
Amount payable						
– Within one year	**9,147**	2,607	**2,737**	1,554	**11,884**	4,161
– After one year but within two years	**—**	3,300	**—**	1,128	**—**	4,428
	9,147	5,907	**2,737**	2,682	**11,884**	8,589

for the year ended 30 June 2010 *(continued)*

ix. Share capital

	30 June 2010 Number	*30 June 2009 Number*
Allotted, called up and fully paid		
Ordinary shares of 0.01p each	**37,661,097,134**	37,501,097,134
Deferred shares of 0.09p each	**2,592,087,167**	2,592,087,167
	40,253,184,301	40,093,184,301

Allotted, called up and fully paid		
Ordinary shares of 0.01p	**3,766**	3,750
Deferred shares of 0.09p	**2,333**	2,333
	6,099	6,083

Consolidation
As set out in note xiv below the Company's shares were consolidated after 30 June 2010. The disclosures in this note reflect shares authorised and in issue prior to consolidation.

Conversion of Loan Notes
During the year conversion notices were served which resulted in the following transactions:

	Ordinary Shares 0.01p Issued	*Nominal Value* £	*Consideration Received* £
22 April 2010	60,000,000	6,000	18,000
27 May 2010	100,000,000	10,000	30,000

Deferred shares
The rights attaching to the deferred shares which were not admitted to trading on AIM render them effectively valueless. The deferred shares do not carry any voting rights or rights to payment of a dividend. On a winding up of the Company or on a return of capital the deferred shares entitle the shareholders only to the repayment of the amounts paid up on those shares after the repayment of the capital paid up on the ordinary shares and the payment of £100,000 on each ordinary share. The deferred shares are non redeemable.

Convertible Loan Notes
At 30 June 2010 £5,779,000 (2009: £5,779,000) of Convertible Loan Notes had been drawn down with £2,951,000 (2009: £2,999,000) remaining unconverted. This debt is potentially convertible into 9,836,666,667 (2009: 9,998,056,666) ordinary shares. The lender has the right to convert £1,800,000 of the loan notes by giving notice in writing to the Company at any time up to 31 March 2011 and £1,151,000 of the loan notes by giving notice in writing to the Company at any time up to 31 July 2011. If exercised the price paid for each ordinary share will be 0.03p.

The convertible loan notes have 3,068,328,600 (2009: 3,068,328,600) warrants attached, which are exercisable, at any time, at a price of .04p each.

Payment in Kind Notes
At 30 June 2010 £2,348,000 (2009: £840,000) of PIK Notes had been issued. These notes are convertible into 7,826,666,667 (2009: 2,800,000,000) ordinary shares.

Unapproved Share Options
At 30 June 2009, options were outstanding over 1,166,666,666 shares, all of which were held by a Director.

Number of Options	*Date of Grant*	*Exercise period*	*Exercise price pence per share*
666,666,666	28 March 2007	27 March 2014	.03
500,000,000	28 March 2007	27 March 2014	.04
1,166,666,666			

for the year ended 30 June 2010 *(continued)*

ix. Share capital *(continued)*

Under the unapproved scheme, options vest as follows: half in 12 months; half in 24 months from the date of issue. During the year these options lapsed following the resignation of the relevant director.

	2010 Weighted average price (pence)	**2010 Number**	*2009 Weighted average price (pence)*	*2009 Number*
Outstanding at the beginning of the year	**.034**	**1,166,666,666**	.034	1,166,666,666
Lapsed during the year	**(.034)**	**(1,166,666,666)**	—	—
Outstanding at the end of the year	**—**	**—**	.034	1,166,666,666

Share based payment

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

No options were outstanding at 30 June 2010.

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

Of the total number of options outstanding at the end of the previous year, 1,166,666,666 had vested and were exercisable at the end of that year.

	2010 £000	*2009 £000*
The share based remuneration expense comprises:		
Equity settled options	**—**	14

The share based remuneration expense above represents the amount charged for the year for total compensation of £183,000 being amortised over the two year vesting period.

x. Reserves

	Ordinary Shares of 0.01p each £000	*Deferred Shares of 0.09 each £000*	*Share premium account £000*	*Equity component of Convertible Loan Notes £000*	*PIK Note reserve £000*	*Capital reserve £000*	*Retained deficit £000*
1 July 2009							
As previously reported	3,750	2,333	15,120	181	840	21,416	(42,977)
Prior year adjustment (note xiii)	—	—	—	—	(840)	—	—
As restated	3,750	2,333	15,120	181	—	21,416	(42,977)
Share issues	16	—	32	—	—	—	—
Loss for the year	—	—	—	—	—	—	(4,958)
	3,766	**2,333**	**15,152**	**181**	**—**	**21,416**	**(47,935)**

for the year ended 30 June 2010 *(continued)*

xi. Reconciliation of movements in shareholders' funds

	Year ended 30 June 2010 £000	*Year ended 30 June 2009 £000*
Brought forward		
As reported	**663**	5,356
Prior year adjustment (note xiii)	**(840)**	(333)
As restated	**(177)**	5,023
Loss for the year	**(4,958)**	(5,214)
Share based compensation	**—**	14
New shares issued	**48**	—
Carried forward	**(5,087)**	(177)

xii. Related Party Transactions

John G Berylson (non-executive Chairman) and Demos Kouvaris (non-executive director) are respectively Chairman, Chief Operating Officer and Chief Financial Officer of Chestnut Hill Ventures LLC, the company which has advanced lines of credit to the Company through convertible and non-convertible loan notes. The convertible facility is for £5,000,000, which was fully drawn at the start and end of the year and of which £3,200,000 has previously been converted to share capital. A balance of £1,800,000 (2009: £1,800,000) remains drawn down and unconverted at the year end.

Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £3,000,000, which carry interest at 10% p.a. Messrs. C Gonticas and T Keyse, non-executive directors, subscribed for a further £300,000 of these loan notes. At 30 June 2010, £3,300,000 (2009: £3,300,000, 2008: £1,673,000) of these facilities had been drawn down leaving no further balance (2009: £Nil, 2008: £1,627,000) available to draw down. Chestnut Hill Ventures LLC made a further facility of non-convertible loan notes available totalling £3,500,000 on 25 November 2008, amended to £4,300,000 on 20 October 2009 and which was further increased to £6,000,000 before the Annual General Meeting on 11 December 2009. On 29 March 2010, Messrs. C Gonticas, T Keyse and J Press, spouse of R Press, subscribed for a further £300,000 of non-convertible loan notes on the same terms. At 30 June 2010, £5,547,000 (2009: £2,381,000, 2008: £1,673,000) had been drawn down under these facilities leaving a total balance of £453,000 (2009: £3,119,000, 2008: £1,627,000) still available to the Company. On 15 November 2010 the available loan note facilities were revised to make available to the Company a facility of £1.4 million after the subscription for shares referred to in note xiv below.

xiii. Prior year adjustment

In prior years the Company established a reserve to which it credited interest charged on convertible loan notes settled by the issue of "PIK notes" rather than cash. In re-examining this treatment it has concluded that the characteristics of the PIK notes have more of an element of debt than of equity, and have consequently reallocated them to liabilities. There is no effect on reported results but net assets reported at 30 June 2009 have been reduced by £840,000 (2008: £333,000). Prior year figures have been restated where appropriate.

xiv. Post Balance Sheet Events

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

On 17 November 2010 the Company issued a prospectus under which an open offer of up to 1,129,830 new ordinary shares at £10, on the basis of three new ordinary shares for each one ordinary share held (post the conversion referred to above).

The open offer is subject to shareholder approval, but is underwritten up to £10 million (gross of expenses of issue), and has been irrevocably accepted by shareholders owning more than 30% of the Company's issued share capital.

Millwall Holdings PLC

(Registered no. 2355508)

Notice is hereby given that the 2010 annual general meeting of Millwall Holdings PLC will be held at The Den, Zampa Road, London, SE16 3LN at 11.00 a.m. on 17 December 2010 to consider, and if thought fit pass, the following resolutions, all of which will be proposed as ordinary resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive the audited accounts of the Company for the year ended 30 June 2010 and the reports of the Directors and auditors thereon.
2. To re-appoint as a Director Mr R Press, who retires having been made a Director since the last Annual General Meeting.
3. To re-appoint as a Director Mr JT Berylson, who retires having been made a Director since the last Annual General Meeting.
4. To re-elect Mr D Kouvaris who retires by rotation, as a Director.
5. To re-appoint BDO LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

Ordinary Resolution

6. That, in accordance with section 551 of the Companies Act 2006 (**2006 Act**), the directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) up to an aggregate nominal amount of £2,000,000. This authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This authority is in substitution for all previous unexercised authorities conferred on the directors in accordance with section 80 of the Companies Act 1985 and/or section 551 of the 2006 Act save for the authorities conferred at the extraordinary general meeting of the Company held on 28 March 2007 which shall remain in full force and effect.

By Order of the Board
T Simmons
Secretary

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

17 November 2010

Notice of Annual General Meeting

Notes:

(1) A holder of ordinary shares entitled to attend, speak and vote at the meeting may appoint a proxy to exercise all or any of his rights to attend, speak and vote instead of him. A proxy need not be a member of the Company but must attend at the meeting to represent his appointor.

(2) A holder of ordinary shares may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. More than one proxy may not be appointed to exercise rights attached to any one share.

(3) A proxy form is enclosed. To be valid, the completed proxy form and the authority, if any, under which it is signed must be lodged with Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time fixed for the meeting.

(4) Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

(5) Completion and return of the proxy form will not preclude members entitled to attend, speak and vote at the meeting (or at any adjournment of the meeting) from doing so in person if they so wish. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

(6) Each holder of ordinary shares present in person or by proxy shall have one vote on a show of hands and, on a poll, one vote for each such ordinary share held.

(7) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, holders of ordinary shares will be entitled to attend, speak and vote at the meeting only if they are entered in the register of members of the Company 48 hours before the time appointed for the meeting or any adjournment thereof. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(8) Copies of the contracts under which Directors provide services will be available for inspection 15 minutes prior to and at the meeting. They will also be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this Notice until the date of the meeting.

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

(10) Please note that communications regarding the matters set out in this Notice will not be accepted in electronic form.

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

RESOLUTIONS EXPLANATORY NOTES

Explanatory Notes to the Proposed Resolutions set out in the Notice

Resolution 1 – Report and Accounts
The Directors will present their report and the audited accounts for the year ended 30 June 2010. The report has attached to it the report of the auditors dated 17 November 2010.

Resolutions 2 and 3 – Re-election of Directors who have been appointed since the last AGM.
Under the Company's Articles of Association, those directors who have been appointed since the last AGM are required to retire and if eligible offer themselves for re-election. The directors are Mr R Press and Mr J T Berylson and they being eligible offer themselves for re-election.

Resolution 4 – Re-election of Mr D Kouvaris as a Director
Under the Company's Articles of Association, Mr D Kouvaris retires by rotation, and being eligible offers himself for re-election.

Resolution 5 – Appointment and Remuneration of Auditors
The Company is required to appoint auditors to hold office until the next general meeting at which the accounts are laid before it. It is proposed to re-appoint BDO LLP and to authorise the Directors to fix their remuneration.

Resolution 6 – Section 551 Authority
This resolution authorises the Directors to allot and issue ordinary shares in the Company up to a nominal value of £2,000,000.