Contents

Directors and Advisers

DIRECTORS
Theodoros Paphitis *(Chairman and Chief Executive)*
Peter William Mead, FIPA *(Non-Executive Vice Chairman)*
Jeffrey David Burnige, BA (Hons) *(Executive)*
Timothy John Jackaman *(Non-Executive)*
Steven Barry David Ring, FCA *(Executive)*
Richard Edward Towner *(Non-Executive)*

SECRETARY
Richard Edward Towner

REGISTERED OFFICE
The Den
Zampa Road
London SE16 3LN

AUDITORS
Arthur Andersen
17 Lansdowne Road
Croydon CR9 2PL

STOCKBROKERS
Townsley & Co
44 Worship Street
London EC2A 2JT

SOLICITORS
Richards Butler
Beaufort House
15 St Botolph Street
London EC3A 7EE

PRINCIPAL BANKERS
Bank of Cyprus UK Limited
75 Newman Street
London W1P 3LA

REGISTRARS AND TRANSFER OFFICE
Harford Registrars
Harford House
101/103 Great Portland Street
London W1N 6BH

Non-Executive Directors

Peter William Mead, FIPA is 58 years old and is vice chairman of the company. He became a director of the football club in 1986, and chairman in 1996. He is a past president of the Institute of Practitioners in Advertising, a director of London Docklands Development Corporation, and is the chairman of Abbott Mead Vickers PLC, a major advertising group. He provides advice on media relations and sponsorship.

Timothy John Jackaman is 41 years old. He is managing director of Square Mile Communication Limited, the City public relations firm. He has considerable experience advising major public companies in respect of their financial public relations. He was appointed to the Board in June 1997. He provides advice on the financial public relations of the group.

Richard Edward Towner is 62 years old. He was, until his retirement, a senior corporate partner of Richards Butler, the City solicitor. He is a non-executive director of the Kynoch Group plc, Tamaris plc, Movie and Media Sports (Holdings) plc and of a number of private companies including the Ryman and Contessa group of companies. He provides advice on the legal affairs of the group.

Chairman's Statement

Results

Turnover for the period was £2.923 million (18 months ended 30 November 1997: £4.999 million), and the loss for the period was £3.077 million (18 months ended 30 November 1997: £94,000) giving a loss per share of 0.3 pence (1997: 0.01p).

Review of Operations and Prospects

These financial statements cover the second half of the 1997/8 season and the first half of the season 1998/9. Following the appointment of Keith Stevens as Manager and Alan McLeary as assistant manager we have undergone a period of rebuilding which has shown itself on the pitch with the promising group of youngsters now breaking through into the first team. I reported in my previous Chairman's Statement that our aim is to contain our costs in order to alleviate the pressure of having to sell our most promising youngsters which we have gone a long way in achieving.

A loss of £3 million is disappointing but this does include a substantial figure for depreciation of fixed assets and amortisation of players' contracts. The carrying value of the whole squad in the balance sheet is some £1 million. In the directors' view this is substantially below the true market value of our successful and promising young squad, to which real value has been added during the period. Also included in the figures are re-organisation costs arising from historic contracts inherited from the Administrator and start up costs of our very successful Youth Academy, which is already showing promise in its short period of existence.

Since the year end, our successful run in the Auto Windscreens Shield culminated in our appearance at Wembley for the first time in the club's history. I am also delighted to report that the results for the six months to 31 May 1999, which will be announced in due course, will show a substantially improved position. This was only made possible by our policy of retaining young talent in the face of temptation of selling for short term profits.

Our visit to Wembley was amazing – 48,000 Millwall fans! Our average gate last season was about 7,000, with gate receipts ranging from a high of £113,000 to a low of £18,000. An extra 1,000 on the average gate would increase revenues by about £200,000 with the incremental cost, and it is interesting to note that if only 25 per cent of the people we took to Wembley came to our league games, our average crowd would be 12,000 adding an extra £975,000 to turnover.

There is little doubt that the club would be far better positioned in the First division giving a larger average crowd and a substantially larger league award emanating from TV monies – the difference on all aspects of income would be remarkable. Furthermore, in our handling of the Auto Windscreens Final, I believe we showed that we have the infrastructure to cope at a higher level.

I am particularly pleased that during the year an official supporters club was founded at Millwall for the first time. This recognition of the importance of our supporters views and the formation of a forum for them to take part in the future development of the club is a major step forward.

I have high hopes for the coming season and I would like to thank everybody at the club for all their hard work during the year, and to all our 48,000 fans who came to Wembley – to borrow a Millwall catchphrase "Let 'em all come down to The Den."

Theo Paphitis
Chairman

Directors' Report

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report for the year ended 30 November 1998.

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Principal activities

During the period under review the company was the holding company of a group engaged primarily in the operation of a professional football club and related activities.

A review of the group's business and activities during the period and its future prospects is contained in the Chairman's Statement on page 4.

Results and dividends

The consolidated profit and loss account for the period is set out on page 12. The directors do not recommend payment of a dividend.

Directors and their interests

The directors who served during the year were as follows:

Theodoros Paphitis
Peter William Mead
Jeffrey David Burnige
John Hedley Burrows, OBE (Resigned 5th August 1998)
Timothy John Jackaman
Steven Barry David Ring, FCA
Richard Edward Towner

In accordance with the Articles of Association, Timothy John Jackaman retires by rotation and being eligible offers himself for re-election at the Annual General Meeting.

Short biographical notes on each independent non-executive director are given on page 3.

The interests of the present directors in the shares of the company are set out in note 24 to the accounts.

Directors' Report

No director had, during the year or at the end of the year, any material interest in any contract of any significance to the group's businesses, save by way of service or services contracts, details of which are set out on page 7.

Employee involvement

The group's business 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. There are restrictions placed upon the professional football club operated by the group in respect of its employment of women as professional footballers. It is the group's policy to offer equal opportunity to disabled persons wherever appropriate, having regard to their aptitudes and abilities.

Corporate Governance

Statement of compliance

The directors have reviewed the group's compliance with the Code of Best Practice ("the Code") of the Cadbury Committee on the financial aspects of corporate governance having regard to the CISCO recommendations affecting smaller companies.

Internal control

The board has overall responsibility for ensuring that the group maintains systems of internal financial control that provide them with reasonable assurance regarding the financial information both for use within the business and for external publication, and that the assets are safeguarded. There are inherent limitations in any system of financial control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of the financial information and the safeguarding of the assets. The board has reviewed the system of internal financial controls, which operated throughout the year and which involves:

- managing a controlled environment through the setting at board level of a budget for revenue and capital expenditure;
- monitoring risk conditions; and
- establishing procedures to minimise risk where possible.

The board will continue to monitor the effectiveness of financial control by reference to internally prepared reports.

Going concern

The Board has considered the adoption of going concern basis and has concluded that the basis has been appropriately adopted in the accounts. The Board accept that it is an integral part of the Group's activities to trade in player registrations and that the disposal of such registrations may be made as the Group's financial position requires.

Remuneration and nomination committee

The board has established a remuneration and nomination committee comprising Peter Mead (the non-executive vice-chairman) and Richard Towner (non-executive director).

Audit Committee

The board has established an audit committee comprising Richard Towner (non-executive director) and Timothy Jackaman (non-executive director).

Directors' remuneration

Policy of remuneration

The remuneration committee has reviewed the remuneration received by the executive directors and believes that the levels are commensurate with those for services provided and comparable companies. However, certain executive and other directors have waived their entitlement to certain fees as set out below.

Compliance

The constitution and operation of the committee is in compliance with the principles which are now incorporated in section A and B of the best practice provisions derived from the Code, as amended by the London Stock Exchange Listing Rules.

Service contracts

Executive directors

Mr T Paphitis provides his services as executive chairman through Independent Managers Limited. The agreement commenced on 1 July 1997 and is for a period of 2 years and thereafter by the expiry of not less than 12 months notice by either party. The annual remuneration under the agreement is £60,000. Independent Managers Limited agreed to waive half the annual remuneration due in respect of the year ending 30 November 1998. It then further agreed to waive all remuneration from 1 April 1998 in respect of the year to 30 November 1998 and has agreed to waive all remuneration in respect of the year ended 30 November 1999.

Mr J Burnige has a fixed term service agreement for a period of 6 months. The agreement automatically terminates on the expiration of the period. The agreement was renewed on 1 January 1999, the previous agreement having expired on 31 December 1998. Remuneration is payable under this agreement at the rate of £30,000 per annum.

Mr S Ring provides his services through SR/NR Services Limited. The contract is identical to that of the non-executive directors contracts described below. SR/NR Services Limited agreed to waive all of its annual emoluments from 1 April 1998 to 30 November 1998 and all of its remuneration for the year ended 30 November 1999.

Non-executive directors

The non-executive directors have contracts (either directly or through companies providing their services) which are for no fixed period and are determinable on 6 months notice by either party.

Each non-executive director is remunerated at the rate of £12,000 per annum which is the rate determined by the board having regard to a survey of fees paid to non-executive directors of similar sized companies. Each non-executive director waived their entitlement from 1 April 1998 during the year and have agreed to waive all entitlement in respect of the year ended 30 November 1999.

Share options and long term incentive schemes

The company has granted Independent Managers Limited (the company through which the services of Mr T Paphitis are provided), an option to subscribe for 58,997,204 shares. The option is exercisable in part or in whole at any time between 25 October 1998 and 2 December 2004. The exercise price is 1p per share.

Directors' Report

Issue of share capital

On 17 December 1997, the deferred shares were cancelled by way of Special Resolution dated 17 December 1997, as confirmed by an Order of the High Court of Justice, Chancery Division. The amount due on the deferred shares has been credited to the Capital Reserve (see note 20).

On 16 February 1999, the company raised £300,000 before expenses by the issue of 30,000,000 ordinary shares at 1p, at which time the middle market price stood at 1.125p.

Substantial shareholdings

The directors have been notified that at 21 May 1998 there were the following shareholders, other than directors, holding 3 per cent or more of the issued share capital of the company:

	Holding Number of shares	%
The Equitable Life Assurance Company	65,340,000	5.40
Philidrew Nominees	39,233,800	3.24

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. The properties are carried in the accounts at cost less depreciation.

Annual general meeting

At the annual general meeting the following will be proposed as special business:

(a) an ordinary resolution to renew the directors' authority to allot relevant securities in respect of an aggregate nominal amount of £4,811,118 (representing approximately 40 per cent of the existing issued share capital of the company); and

(b) a special resolution to waive the statutory pre-emption provisions of Section 89(1) of the Companies Act 1985 in respect of rights issues and other cash issues up to an aggregate nominal amount of £604,972 (representing approximately 5 per cent of the existing issued share capital of the company) to give the company future flexibility.

The Crest System

In accordance with the Uncertificated Security Regulations 1996 ('The Regulations') title to the ordinary shares of 1p each in the capital of the company, whether in issue or to be issued, may be transferred by means of a relevant system.

Payment of creditors

The company's policy is to settle agreed amounts outstanding to creditors within sixty days, or subject to the availability of cash resources. This policy is made known to staff who handle payments to suppliers and is made known to all suppliers on request. The period end trade creditors expressed as a number of days was 62.

Directors' Report

Year 2000

The company has instigated a programme to establish the scope of the risks posed to the company by the consequences of the Year 2000 date change and to address those risks. The company's objective is to ensure business continuity through the Year 2000 date change and for all systems to be compliant. The company is also enquiring of its suppliers to ensure that their computer systems achieve the same or equivalent.

Euro costs

The directors do not foresee the Euro having a major effect on the group's business in the short term.

Auditors

During the year Binder Hamlyn, who are part of Andersen Worldwide, were replaced as auditors by Arthur Andersen. The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

This report was approved by the Board of Directors on 14 June 1999.

R E Towner
Secretary

Auditors' Report

To the shareholders of Millwall Holdings PLC

We have audited the accounts on pages 12 to 28 which have been prepared under the historical cost convention and the accounting policies set out on pages 17 to 18. We have also examined the amounts disclosed relating to the emoluments and share options of the directors which form part of the remuneration committee report on page 7.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 November 1998 and of the group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Chartered Accountants and Registered Auditors

17 Lansdowne Road
Croydon
CR9 2PL

14 June 1999

Report by the Auditors to Millwall Holdings PLC on Corporate Governance matters

In addition to our audit of the accounts, we have reviewed the directors' statements on pages 7 and 8 concerning the company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures nor on the ability of the company and group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control on page 6 and going concern on page 6, in our opinion the directors have provided the disclosures required by the Listing Rules referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 6 appropriately reflects the company's compliance with the other aspects of the Code specified for our review by Listing Rule 12.43(j).

Arthur Andersen

Arthur Andersen

Chartered Accountants

17 Lansdowne Road
Croydon
CR9 2PL

14 June 1999

Consolidated Profit and Loss Account

for the year ended 30 November 1998

	Notes	***Year ended 30 November 1998 £000***	*18 months ended 30 November 1997 £000*
Turnover		**2,923**	4,999
Other operating income		**17**	62
		2,940	5,061
External charges		**(2,088)**	(5,953)
Staff costs	5	**(2,952)**	(4,311)
Amortisation of players' registrations	9	**(659)**	(1,709)
Depreciation	10	**(429)**	(965)
Profit on disposal of players' registrations		**105**	3,703
Operating loss		**(3,083)**	(4,174)
Net effect of voluntary arrangement before interest		**–**	4,504
Loss on ordinary activities before interest		**(3,083)**	330
Investment income	2	**37**	65
Interest payable and similar charges	3	**(31)**	(489)
Loss on ordinary activities before taxation	4	**(3,077)**	(94)
Taxation	7	**–**	–
Loss for the financial period	20	**(3,077)**	(94)
Loss per share	8	**(0.3p)**	(0.01p)

All operations of the company continued throughout both periods and no operations were acquired or discontinued.

The accompanying notes form an integral part of this consolidated profit and loss account.

Statement of Total Recognised Gains and Losses

for the year ended 30 November 1998

There are no recognised gains and losses in the year, other than the loss for that year.

Consolidated Balance Sheet

As at 30 November 1998

	Notes	*1998* *£000*	*1997* *£000*
Fixed assets			
Intangible assets	9	**1,003**	737
Tangible assets	10	**17,127**	17,518
		18,130	18,255
Current assets			
Stocks	13	**254**	219
Debtors	14	**348**	796
Cash at bank and in hand		**45**	1,932
		647	2,947
Creditors: *Amounts falling due within one year*	15	**(2,650)**	(1,648)
Net current (liabilities)/assets		**(2,003)**	1,299
Total assets less current liabilities		**16,127**	19,554
Creditors: Amounts falling due after more than one year	16	**(511)**	(726)
Deferred income	17	**(3,692)**	(3,827)
Net assets		**11,924**	15,001
Capital and reserves			
Called up share capital	19	**11,800**	13,599
Share premium	20	**6,936**	6,936
Capital reserve	20	**1,857**	58
Profit and loss account	20	**(8,669)**	(5,592)
Shareholders' funds	21	**11,924**	15,001
Shareholders' funds may be analysed as:			
Equity interests		**11,924**	13,202
Non-equity interests		–	1,799
		11,924	15,001

The accounts on pages 12 to 28 were approved by the Board of Directors on 14 June 1999.

Steven Ring
Director

The accompanying notes form an integral part of this consolidated balance sheet.

Company Balance Sheet

As at 30 November 1998

	Notes	*1998* *£000*	*1997* *£000*
Fixed assets			
Tangible assets	10	–	–
Investments	11	**21,370**	20,801
		21,370	20,801
Current assets			
Debtors	14	**14**	–
Cash at bank and in hand		**1**	1,921
		15	1,921
Creditors: Amounts falling due within one year	15	**(102)**	(238)
Net current (liabilities)/assets		**(87)**	1,683
Total assets less current liabilities		**21,283**	22,484
Creditors: Amounts falling due after more than one year	16	–	(1,000)
Net assets		**21,283**	21,484
Capital and reserves			
Called up share capital	19	**11,800**	13,599
Share premium account	20	**6,936**	6,936
Capital reserve	20	**1,799**	–
Profit and loss account	20	**748**	949
Shareholders' funds	21	**21,283**	21,484
Shareholders' funds may be analysed as:			
Equity interests		**21,283**	19,685
Non-equity interests		–	1,799
		21,283	21,484

The accounts on pages 12 to 28 were approved by the Board of Directors on 14 June 1999.

Steven King
Director

The accompanying notes form part an integral part of this balance sheet.

Consolidated Cash Flow Statement

for the year ended 30 November 1998

	Notes	***1998*** ***£000***	*1997* *£000*
Net cash outflow from operating activities	22	**(2,085)**	(3,892)
Returns on investments and servicing of finance			
Interest received		**37**	65
Interest paid		**(25)**	(352)
Interest element of finance lease rental payments		**(6)**	(137)
Net cash outflow from returns on investments and servicing of finance		**(6)**	(424)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(16)**	(174)
Purchase of players' registrations		**(851)**	(3,849)
Proceeds on sale of tangible fixed assets		**23**	78
Proceeds of players' registrations		**98**	5,186
Net cash (outflow)/inflow from investing activities		**(746)**	1,241
Net cash outflow before financing		**(2,837)**	(3,075)
Financing			
Proceeds of share issue		**–**	(9,736)
Grants		**–**	(10)
Repayment of borrowings		**40**	1,930
Capital element of hire and lease purchase loans		**35**	821
Net cash outflow/(inflow) from financing		**75**	(6,995)
(Decrease)/increase in cash	23	**(2,762)**	3,920

Notes to the Accounts

for the year ended 30 November 1998

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

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

The company has taken advantage of the exemption in the Companies Act 1985 S230 not to present its own profit and loss account. A loss of £201,405 (1997: profit: £1,979,000) 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.

Basis of consolidation
The group accounts consolidate the accounts of Millwall Holdings PLC and its subsidiary undertakings drawn up to 30 November. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

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

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

Interest has been capitalised on the construction of major facilities up to the point of practical completion.

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

Investments
Fixed asset investments are shown at cost less provision for permanent diminution in value.

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

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

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

Pension costs and other post retirement benefits
For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

for the year ended 30 November 1998 *(continued)*

1 Accounting policies *(continued)*

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

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

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

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

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

Players' registrations
The cost of players' registrations, comprising transfer fees payable and signing on fees, is capitalised and the cost is amortised over the period of the contract to which the registration relates. The carrying value is reviewed to take into account any perceived impairment of the value of the registrations.

Transfer fees receivable are recognised in the period in which they are receivable, and any profit or loss arising is dealt with in the profit and loss account.

2 Investment income

	Year ended 30 November 1998 £000	*18 months ended 30 November 1997 £000*
Other interest receivable and similar income	**37**	65

Notes to the Accounts

for the year ended 30 November 1998 *(continued)*

3 Interest payable and similar charges

	Year ended 30 November 1998 £000	*18 months ended 30 November 1997 £000*
Bank loans and overdrafts	**25**	137
Finance leases and hire purchase contracts	**6**	352
	31	489

4 Loss on ordinary activities before taxation

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

	Year ended 30 November 1998 £000	*18 months ended 30 November 1997 £000*
Depreciation and amounts written off tangible fixed assets		
- owned	**411**	940
- held under finance leases and hire purchase contracts	**18**	25
Amortisation of grant	**(38)**	(58)
Operating lease rentals		
- plant and machinery	**7**	–
- other	**76**	119
Auditors' remuneration		
- audit services	**29**	30
- non-audit services	**7**	37
Directors' remuneration	**60**	152
Loss on sale of fixed assets	**–**	101
Amortisation of players' registrations	**659**	1,709
Profit on sale of players' registrations	**(105)**	(3,703)

5 Staff costs

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

	Year ended 30 November 1998 Number	*18 months ended 30 November 1997 Number*
Football team management	**9**	10
Administrative and ground staff	**35**	33
Players	**46**	49
	90	92

Notes to the Accounts

for the year ended 30 November 1998 *(continued)*

5 **Staff costs** *(continued)*

Their aggregate remuneration comprised:

	Year ended 30 November 1998 £000	*18 months ended 30 November 1997 £000*
Wages and salaries	**2,622**	3,815
Fees	**30**	50
Social security costs	**295**	423
Pension costs	**5**	23
	2,952	4,311

6 ***Directors' remuneration, interests and transactions***

Directors' emoluments

	Fees/basic salary £	*Taxable benefits £*	*Pension contributions £*	***1998 Total £***	*1997 Total £*
Executive directors					
Mr G Hortop	–	–	–	–	67,884
Mr J Burnige	30,000	2,400	–	**32,400**	33,657
Mr T Paphitis	10,000	–	–	**10,000**	25,000
Mr S Ring	4,000	–	–	**4,000**	5,000
Non-executive directors					
Mr J Burrows (resigned 5 August 1998)	4,000	–	–	**4,000**	5,000
Mr T Jackaman	4,000	–	–	**4,000**	5,000
Mr R Towner	4,000	–	–	**4,000**	5,000
Mr P Mead	4,000	–	–	**4,000**	5,000
Aggregate emoluments	60,000	2,400	–	**62,400**	151,541

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors. Details of the options are as follows:

	1 December 1997	*Granted*	*Exercised*	*Lapsed*	***30 November 1998***	*Exercise price £*	***Gains on exercise 1998 £***	*Gains on exercise 1997 £*
Mr T Paphitis	58,997,204	–	–	–	**58,997,204**	0.01	–	–

7 **Tax on loss on ordinary activities**

No taxation charge arises due to the incidence of losses during the year (1997: £nil).

for the year ended 30 November 1998 *(continued)*

8 Loss per share

The calculation of loss per share is based on the loss for the year of £3,077,000 (1997: loss £94,000) and on 1,179,944,088 (1997: 645,790,000) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

9 Intangible fixed assets

	Players' Registrations £'000
Group	
Cost	
1 December 1997	3,333
Additions	1,007
Disposals	(1,972)
30 November 1998	**2,368**
Depreciation	
1 December 1997	2,596
Charge for the period	659
Disposals	(1,890)
30 November 1998	**1,365**
Net book value	
30 November 1998	**1,003**
30 November 1997	737

10 Tangible fixed assets

	Long leasehold premises £000	*Short leasehold premises £000*	*Fixtures and fittings £000*	*Motor vehicles £000*	*Total £000*
The group					
Cost					
1 December 1997	17,629	300	2,282	157	20,368
Additions	–	–	11	50	61
Disposals	–	–	–	(28)	(28)
30 November 1998	**17,629**	**300**	**2,293**	**179**	**20,401**
Accumulated depreciation					
1 December 1997	746	–	2,025	79	2,850
Charge for the period	175	–	215	39	429
Disposals	–	–	–	(5)	(5)
30 November 1998	**921**	**–**	**2,240**	**113**	**3,274**
Net book value					
30 November 1998	**16,708**	**300**	**53**	**66**	**17,127**
30 November 1987	16,883	300	257	78	17,518

Notes to the Accounts

for the year ended 30 November 1998 *(continued)*

10 Tangible fixed assets *(continued)*

Long leasehold premises represents costs to date associated with the building of a new football stadium at Senegal Fields. Costs include interest capitalised amounting to £982,000 (1997: £982,000).

Short leasehold land represents costs associated with the purchase and subsequent sale and leaseback by a subsidiary company of training facilities. The sale and leaseback agreement includes a put option exercisable by the lessor between years five and ten of the lease, subject to certain conditions being met, at a price of £300,000. The transaction has been accounted for as a financing arrangement, and as such, an asset is recorded and a corresponding loan of £300,000, repayable after more than one year, is included under hire and lease purchase loans. The lease rentals are treated as a financing cost.

Included in the net book value is £72,735 (1997: £41,246) relating to assets acquired under hire and lease purchase agreements. The depreciation charge for the period in respect of these assets is £17,720 (1997: £24,748).

	Fixtures and fittings £000
The company	
Cost	
1 December 1997 and 30 November 1998	3
Accumulated depreciation	
1 December 1997 and 30 November 1998	3
Net book value	
30 November 1998	–
30 November 1997	–

11 Fixed asset investments

	Shares in subsidiary undertakings £000	*Loans to subsidiary undertakings £000*	*Total £000*
The company			
1 December 1997	1,400	19,401	20,801
Additions	–	1,569	1,569
Disposals	(1,000)	–	(1,000)
30 November 1998	**400**	**20,970**	**21,370**

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.

Notes to the Accounts

for the year ended 30 November 1998 *(continued)*

12 Tangible fixed assets *(continued)*

At 30 November 1998 the company's subsidiaries, all of which are incorporated, registered and operate in Great Britain were:

Company name	*Principal activity*	*Percentage owned*
The Millwall Football and Athletic Company (1985) plc	Football Club	100%
Lakerose Properties Limited	In liquidation	100%
Oprimar Limited	Non trading	100%

Lakerose Properties Limited was placed into liquidation during the year and the investment has been removed from the balance sheet.

Oprimar Limited has been dormant since incorporation and application has been made under S652 Companies Act 1985 to have it removed from the register of companies.

The shares held in the subsidiaries are all ordinary shares and voting rights are in the same proportion as the shareholdings. All companies are consolidated in the group accounts.

13 Stocks

	The Group		*The Company*	
	1998	*1997*	***1998***	*1997*
	£000	*£000*	***£000***	*£000*
Goods for resale	**254**	219	–	–

14 Debtors

	The Group		*The Company*	
	1998	*1997*	***1998***	*1997*
	£000	*£000*	***£000***	*£000*
Amounts falling due within one year				
Trade debtors	**161**	215	–	–
Other debtors	**63**	432	**9**	–
Prepayments and accrued income	**124**	149	**5**	–
	348	796	**14**	–

15 Creditors: Amounts falling due within one year

	The Group		*The Company*	
	1998	*1997*	***1998***	*1997*
	£000	*£000*	***£000***	*£000*
Bank loans and overdrafts	**1,066**	116	–	–
Loans	**40**	40	–	–
Transfer fees	**82**	87	–	–
Signing on fees	**239**	311	–	–
Obligations under finance leases and hire purchase contracts	**21**	16	–	–
Taxation and social security	**236**	170	–	81
Other creditors	**670**	710	**5**	116
Accruals	**296**	198	**97**	41
	2,650	1,648	**102**	238

for the year ended 30 November 1998 *(continued)*

16 **Creditors:** Amounts falling due after more than one year

	The Group		*The Company*	
	1998	*1997*	***1998***	*1997*
	£000	*£000*	***£000***	*£000*
Loans	–	40	–	–
Signing on fees	**177**	108	–	–
Obligations under finance leases and hire purchase contracts	**334**	328	–	–
Other creditors	–	250	–	–
Amounts owed to subsidiary undertaking	–	–	–	1,000
	511	726	–	1,000

Loans

(1) Analysis

The outstanding loan represents the balance of a loan from The Football Trust of £39,996 (1997: 79,992). It is interest free and repayable in monthly instalments over 5 years to 5 December 2000. Loans consist of the following:

	The Group	
	1998	*1997*
	£000	*£000*
Football trust loan	40	80

(2) Maturity

Amounts due at 30 November 1998 are repayable as follows:

	The Group		*The Company*	
	1998	*1997*	***1998***	*1997*
	£000	*£000*	***£000***	*£000*
Amounts payable				
- on demand or within one year	**40**	40	–	–
- between one and two years	–	40	–	–
	40	80	–	–

Obligations under financial leases and hire purchase contracts

	The Group	
	1998	*1997*
	£000	*£000*
Amount payable		
- within one year	**21**	16
- between one and two years	**22**	16
- between two and five years	**312**	312
	355	344

for the year ended 30 November 1998 *(continued)*

17 Deferred income

	The Group	
	1998	*1997*
	£000	*£000*
Payments received in advance in respect of season tickets, boxes and sponsorship	**177**	274
Grants received in respect of the new stadium (less amounts credited to the profit and loss account)	**3,510**	3,546
Grants received in respect of the shop (less amounts credited to the profit and loss account)	**5**	7
	3,692	3,827

18 Provisions for liabilities and charges

No provision has been made for deferred taxation as no potential liability arises.

19 Called up share capital

	1998	*1997*
	Number	*Number*
Authorised		
Ordinary shares of 1p each	**1,691,055,912**	1,691,055,912
Deferred shares of 1p each	**179,944,088**	179,944,088
Allotted, called up and fully paid		
Ordinary shares of 1p each	**1,179,944,088**	1,179,944,088
Deferred shares of 1p each	**—**	179,944,088

	£000	*£000*
Authorised		
Ordinary shares of 1p each	**16,911**	16,911
Deferred shares of 1p each	**1,799**	1,799
Allotted, called up and fully paid		
Ordinary shares of 1p each	**11,800**	11,800
Deferred shares of 1p each	**—**	1,799
	11,800	13,599

Changes

During the period the company transferred the amount outstanding on the deferred ordinary shares to a capital reserve following approval by the Court on 5 December 1997.

Notes to the Accounts

for the year ended 30 November 1998 *(continued)*

20 Reserves

	Share premium account £000	*Capital reserves £000*	*Profit and loss account £000*	*Total £000*
Group				
1 December 1997	6,936	58	(5,592)	1,402
Cancelled deferred shares	–	1,799	–	1,799
Loss for the period	–	–	(3,077)	(3,077)
30 November 1998	**6,936**	**1,857**	**(8,669)**	**124**
Company				
1 December 1997				
as previously stated	6,936	–	949	7,885
Cancelled deferred shares	–	1,799	–	1,799
Loss for the period	–	–	(201)	(201)
30 November 1998	**6,936**	**1,799**	**748**	**9,483**

21 Reconciliation of movements in shareholders' funds

	1998 £000
Group	
1 December 1997	**15,001**
Loss for the period	**(3,077)**
30 November 1998	**11,924**
Company	
1 December 1997	**21,484**
Loss for the period	**(201)**
30 November 1998	**21,283**

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

	1998 £000	*1997 £000*
Operating loss	**(3,083)**	(4,174)
Depreciation	**429**	965
Loss on sale of fixed assets	**–**	101
Amortisation of grants	**(38)**	(58)
Amortisation of players' registrations	**659**	1,709
Profit on disposal of players' registrations	**(105)**	(3,703)
Increase in stocks	**(35)**	(132)
Decrease/(increase) in debtors	**373**	(398)
(Decrease) in creditors and deferred income	**(285)**	(2,706)
Net effect of CVA	**–**	4,504
Net cash outflow from operating activities	**(2,085)**	(3,892)

for the year ended 30 November 1998 *(continued)*

22 Reconciliation of operating loss to net cash outflow from operating activities *(continued)*

	1998
	£000
Reconciliation of net cash flow to movement in net debt	
Decrease in cash	**(2,837)**
New Finance Leases	**(45)**
Cash outflow from decrease in debt and lease financing	**75**
Movement in debt in the period	**(2,807)**
30 November 1997	**1,391**
Net funds at 30 November 1998	**(1,416)**

23 Analysis of changes in net debt

	30 November 1997	*Cash flow*	*Non Cash changes*	***30 November 1998***
	£	*£*	*£*	***£***
Cash in hand and at bank	1,932	(1,887)	–	**45**
Overdrafts	(116)	(950)	–	**(1,066)**
	1,816	(2,837)	–	**(1,021)**
Debt due within one year	(40)	40	(40)	**(40)**
Debt due after one year	(40)	–	40	**–**
Finance leases	(345)	35	(45)	**(355)**
	1,391	(2,762)	(45)	**(1,416)**

24 Directors' interests

The interests of the directors and the families in the company's 1p ordinary shares at the beginning and end of the year are set out below:

	1998		*1997*	
	Beneficial	***Non-beneficial***	*Beneficial*	*Non-beneficial*
	£	***£***	*£*	*£*
Theodoros Paphitis	**25,000,000**	**–**	25,000,000	–
Peter William Mead	**5,816,200**	**5,833,500**	2,908,125	2,916,750
Jeffrey David Burnige	**2,899,750**	**–**	3,399,750	–
Timothy John Jackaman	**1,000,000**	**–**	1,000,000	–
Steven Barry David Ring	**1,000,000**	**11,969,000**	1,000,000	11,969,000
Richard Edward Towner	**1,000,000**	**–**	1,000,000	–

for the year ended 30 November 1998 *(continued)*

25 Financial commitments

a) *Contractual commitments*

The group is committed to pay £416,331 (1997: £725,000) in respect of players' signing on fees under current contracts. These amounts have been capitalised as a component of players' registrations and the cost is accrued in these accounts.

b) *Operating lease commitments*

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

	The Group Land and buildings		*The Group Other assets*	
	1998	*1997*	***1998***	*1997*
	£000	*£000*	***£000***	*£000*
Expiry date:				
- within one year	**9**	9	**—**	2
- between two and five years	**—**	—	**—**	6
- after five years	**49**	49	**12**	—
	58	58	**12**	8

c) *Pensions*

The football club is one of 54 participating employers in The Football League Pension and Life Assurance Scheme, a contracted out defined benefit pension scheme.

At 30 November 1998, 1 (1997: 2) of the company's employees were members of the scheme. Contributions were paid by the company being 10.4% (1997: 10.4%) of the members' pensionable salary for the period.

Contributions to the scheme are determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted on 1 September 1994 scheme data using main assumptions of 9% yield and 7% salary increases.

This valuation showed that the market value of the total scheme's assets at that date amounted to £29,243,000 representing a Funding level of 101%. The surplus is being amortised over 10 years by reducing the company contribution rate.

Certain other employees of the group are eligible to be members of defined contribution schemes except football players who are responsible for their own pension arrangements.

The assets of all schemes are held in funds separate from the group.

Millwall Holdings PLC

(Registered no. 2355508)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Millwall Holdings PLC for 1998 will be held at The Den, Zampa Road, London SE16 3LN at 11 am on Wednesday 18 August 1999 for the following purposes.

As ordinary business

ORDINARY RESOLUTIONS

1 To receive the report of the directors and the audited Accounts for the year ended 30 November 1998.

2 To re-elect Mr Timothy John Jackaman as director.

3 To re-appoint Arthur Andersen as Auditors and to authorise the directors to determine their remuneration.

As special business

To consider and, if thought fit, pass the following resolutions of which Resolution No. 4 will be proposed as an Ordinary Resolution and Resolution No. 5 as a Special Resolution:

ORDINARY RESOLUTION

4 The directors be generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to allot relevant securities (as defined in the said Section 80) up to an aggregate amount of £4,811,118 at any time on or before the conclusion of the annual general meeting of the Company to be held in 2000 or 15 months after the passing of this Resolution (whichever is the earlier) provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired and so that his authority shall be in substitution for all previous authorities conferred upon the directors pursuant to the said Section 80 but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

SPECIAL RESOLUTION

5 That the directors of the Company be and they are hereby generally and unconditionally authorised and empowered pursuant to Section 95 of the Companies Act 1985 or any re-enactment thereof at any time during the period commencing on the date of the passing of this Resolution and expiring at the conclusion of the annual general meeting of the Company to be held in 2000, or 15 months after the passing of this Resolution (whichever is the earlier), and notwithstanding that this authority has expired, pursuant to any offer or agreement made by the Company before the expiry of such period to allot any equity securities (within the meaning of Section 94 of the Act) of the Company under any general authority conferred on them from time to time pursuant to Section 80 of the Act as if Section 89(1) of the Act did not apply thereto, provided that such authority and power shall be limited as follows:

(a) in connection with any rights issue or issues or offers of equity securities to the holders of relevant shares of the Company in proportion (as nearly as may be) to their respective holdings of such shares or (where applicable) in accordance with the rights for the time being attached to such shares (but subject to such exclusions or other arrangements as the directors may consider appropriate, necessary or expedient to deal with any fractional entitlements or with any legal or practical difficulties arising under the laws of any territory or the requirement of any regulatory body or stock exchange, or otherwise) to the respective numbers of ordinary shares held by such holders; and

(b) any other allotment for cash of equity securities up to a maximum aggregate nominal value of £604,972.

By Order of the Board
RE Towner
Secretary

Registered Office:
The Den
Zampa Road
London SE16 3LN

14 June 1999

Notes:

(1) Holders of Ordinary Shares are entitled to attend and vote at this Meeting and are entitled to appoint one or more proxies and, on a poll, to vote in his stead. A proxy need not be a member of the Company.

(2) A proxy card is enclosed. To be valid, the completed proxy card and the authority, if any, under which it is signed must be lodged with Harford Registrars, Harford House, 101/103 Great Portland Street, London W1N 6LL, not less than 48 hours before the time fixed for the Meeting.

(3) On a show of hands each holder of Ordinary Shares present in person shall have one vote and on a poll (and whether present or by proxy) each such holder shall have one vote for each such Ordinary Share held.

(4) Copies of the directors' service contracts and 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.

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Millwall Holdings PLC

FORM OF PROXY

Annual General Meeting

I/We ....
(BLOCK CAPITALS PLEASE)

Address..

being a member(s) of Millwall Holdings PLC hereby appoint the Chairman of the Meeting or (see Note 1)...........................

....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11 am on Wednesday 18 August 1999 and at every adjournment thereof in relation to the Resolutions to be considered at the Meeting. I/We direct my/our proxy to vote as follows (see Note 2):

ORDINARY BUSINESS

	FOR	AGAINST
1 To receive the Report of the Directors and the audited Accounts		
2 To re-elect Mr Timothy John Jackaman as Director		
3 To re-appoint Arthur Andersen as Auditors		

SPECIAL BUSINESS

4 Section 80 Authority		
5 Section 95 Authority		

Signature..

Dated 1999

Notes:

1 If it is desired to appoint a person other than the Chairman as proxy the words "the Chairman of the Meeting or" should be deleted and the name of the proxy (who need not be a member of the Company) inserted into the appropriate space. Any alteration to the form of proxy should be initialled by the person(s) signing the form.

2 Please indicate with an X how you wish your proxy to vote. Unless otherwise directed the proxy will vote or abstain as he or she thinks fit.

3 To be valid this form of proxy together with the Power of Attorney (if any) under which it is signed (or a notarially certified copy thereof) must be lodged at the Company's Registrars not less than 48 hours before the time of the Meeting.

4 A corporation must execute this form of proxy under its common seal or under its common seal or under the hand of a duly aurthorised officer or attorney or as a deed.

5 In the case of joint holders the signature of any holder will be sufficient but the names of the joint holders should be stated and in the event of more than one joint holder voting in person or by proxy the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority will be determined by the order in which the names stand in the Company's Register of Members.

6 Every holder of Ordinary Shares present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary Share held.

7 A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote on his behalf and a proxy need not be a member of the Company.

Third Fold (Tuck in)

Affix
postage
here

Harford Registrars
Harford House
101/103 Great Portland Street
London W1N 6LL

Second Fold