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MILLWALL HOLDINGS PLC

COMPANY NUMBER : 02355508

Report and Accounts
for the year ended
31 May 2003

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Directors and Advisers

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

SECRETARY
Richard Edward Towner, MA

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

AUDITORS
BDO Stoy Hayward
8 Baker Street
London W1U 3LL

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

NOMINATED BROKERS
Seymour Pierce Ellis Limited
Talisman House, Jubilee Walk
Three Bridges, Crawley
West Sussex RH10 1LQ

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

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

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

Directors' Biographies

Theo Paphitis *(Chairman and Chief Executive)* is 43 years old. He is Chairman and Chief Executive of the Chancerealm Group (incorporating the Ryman and Partners retail stationery chains) and of La Senza and Contessa, the retail lingerie chains. He is also non-executive Chairman of Octagon and of Movie & Media, the sports advertising and sponsorship agency.

Peter William Mead, FIPA *(Non Executive)* is 63 years old and is Vice Chairman of the Company. He became a Director of the Football Club in 1986, and served as Chairman between 1996 and 1997. He is a past president of the Institute of Practitioners in Advertising. He is the founder of Abbot Mead Vickers PLC, the UK's largest advertising agency and Vice Chairman of Omnicom Group Inc, the worlds leading communications group and a non-executive Director of Wembley National Stadium Limited. He provides advice on media relations and sponsorship.

Timothy John Jackaman *(Non Executive)* is 45 years old. He is Chairman of the public relations consultancy Weber Shandwick Square Mile. He has considerable experience advising major public companies on their relationships with the financial community. He was appointed to the Board in June 1997 and provides advice on the financial public relations of the Group.

Richard Edward Towner *(Non Executive)* is 66 years old. He was, until his retirement, a senior corporate partner of Richards Butler, the City solicitors. He is a non-executive director of Bioquell PLC and of a number of private companies including the Chancerealm and La Senza groups and of the Millwall Community Scheme. He provides advice on the legal affairs of the Group.

Jeffrey David Burnige *(Non Executive)* is 56 years old. He became a Director of the Football Club in 1986 and a Director of the Company on its flotation in 1989.

Chairman's Statement

Results

Turnover was down from £10.6 million in the previous year to £6.5 million this year. In simple terms: £2 million of the reduction was due to the demise of ITV Digital; £1.3 million was due to the reduction in gate receipts because of lower attendances and a further £0.8 million was due to the reduction in other income due to lower attendances. It was encouraging to note that Executive seating and hospitality had increased over the previous year.

We sustained a loss before tax of just under £4.7 million (31 May 2002: profit £60,000). Excluding player trading the loss was £4.8 million (31 May 2002: loss £800,000); this highlights that the increased loss was primarily a result of the reduction in turnover explained above. The significance of this is that despite the increased costs of players wages, which had been renegotiated to a large extent based on receiving the ITV Digital funding for a further two years from 31 May 2002, we have been able to reduce other costs to partially compensate for this.

Investment

The season under review has been a difficult one due to some substantial long term injuries to key players in the 2001/2002 first team. From a goal scoring perspective, the two most notable injuries were to Richard Sadlier who scored 17 goals in the previous season and Tim Cahill, a midfielder who scored 13 goals. With the loss of key goal scorers it is not difficult to understand the effect this had on our promotion bid in the 2002/2003 season.

Richard has just announced his premature retirement as a result of his injury, and we wish him well in whatever career he subsequently takes up. Tim Cahill has made a full return to regular first team duties.

On the positive side, the various injuries meant that we were able to introduce some of our youth team stars in the shape of Paul Robinson, Mark Phillips and later on, Tony Craig and Moses Ashikodi, among others. At just 15, Moses became the youngest player in Millwall's history when he made his First Team debut for us, away at Brighton and he went on to appear a further three times before the season was out. Arguably, the biggest success story was Paul Robinson, a central defender who came into the team in January and retained his place until the end of March.

Steven Reid has now been transferred to Blackburn Rovers for a basic fee of £1.8 million which could rise to £2.45 million. An initial £1 million has been received, with a further guaranteed payment of £800,000 at the beginning of August 2004 and the balance of £650,000 dependent on appearances and team performance in the seasons 2003/4, 2004/5, 2005/6 and 2006/7.

To reiterate what I said in my letter to shareholders in the recent Open Offer, the Board believes that we should "continue with our policy of nurturing young players and seeking to achieve a strong squad, with a view to gaining promotion to the Premier League at the earliest opportunity... Our commitment to our Youth Academy and development programme is bearing fruit and during this past season 8 members of our Youth Squad have made their full debut in the First Team, whilst 9 of the Youth Squad have appeared for their national sides in their respective age groups."

We understand the importance of globalising the Millwall FC brand to complement any success we have on the pitch. Nowadays, if a football club is to compete at the highest level of the game it must be able to do so not only on the pitch but also off it. In this respect, the power of the World Wide Web is increasing our ability to reach fans as far away as Australia; but also those local fans that are not able to come to the Den in person. Our website's premium content zone, Lionsworld, contains live match commentary together with daily news roundups. There are other interactive functionalities here and it is an excellent way to keep up with all that is happening at Millwall FC. Our on-line shop sales are improving every season and this includes sales to overseas destinations in Europe, America and Australasia, among others.

Chairman's Statement

The Millwall Football in the Community Scheme is housed in the Lions Centre, next to the Stadium, which has allowed it to expand its activities in the community and schools in the area. It is important that we do not sit back and wait for the younger generation to turn up at the turnstiles; we must work to raise our profile in our own community and schools whilst making the provision of sporting opportunities for them. We are convinced that this is one of the imperatives to sustaining and building our core support.

Prospects

Season ticket sales for the current season have surpassed last season's total of 5,347 and we have hopes that they will reach 6,000 by the end of the year. We believe this is an indication that our supporters are also confident that our squad is on the verge of success and that they are eager to be part of, and contribute to, that potential.

The new season should prove to be an exciting one with the addition to the First Division of teams like Sunderland and West Ham United. We believe that by strengthening our current playing squad with players like Noel Whelan, who has substantial Premiership experience, Bob Peters, a 6ft 5in Belgian international striker, Kevin Muscat, an Australian international defender, Abou Fofana, a left sided winger from Juventus and Juan, a Brazilian on loan for three months from Arsenal, we can compete positively for promotion. Throughout the season, the squad will continue to be strengthened where possible.

This may be seen as ambitious, however your Board and I believe that this is the only credible option for Millwall FC; the alternative is that we severely reduce costs by reducing playing staff and cutting back on our Youth policy, which will result in a downward slide towards the lower divisions.

It is our intention to succeed.

Theo Paphitis
Chairman

12 September 2003

Directors' Report

The Directors present their report on the affairs of the Group, together with the accounts and auditors' report for the year ended 31 May 2003.

Principal activities

During the year 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 year and its prospects is contained in the Chairman's Statement on pages 4 and 5.

Results and dividends

The consolidated profit and loss account for the year is set out on page 13. The Directors do not recommend payment of a dividend.

Directors and their interests

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

Theodoros Paphitis
Peter William Mead
Jeffrey David Burnige
Timothy John Jackaman
Richard Edward Towner

In accordance with the Articles of Association, Mr. P W Mead retires by rotation and being eligible offers himself for re-election at the Annual General Meeting.

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

Directors shareholdings

As at 11 September 2003, Mr Paphitis either directly or through a company controlled by him owned 632,111,720 ordinary shares of 0.01p each in the Company representing 12.4% of the issued share capital.

Following the year end, Ryman entered into a sponsorship agreement with The Millwall Football and Athletic Company (1985) Plc for the football season 2003/2004. Mr. Paphitis is Chairman and Chief Executive of Ryman. In addition, LaSenza, a company which is controlled by Mr T Paphitis, made short term loans to the Group totaling £830,000 (2002: £ nil) to assist with temporary working capital requirements. The details of these loans, all of which have now been repaid, are set out in note 27 to the accounts. Other than as explained, 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 contracts, details of which are set out on pages 8 and 9.

The interests of the Directors in the shares of the Company are set out in note 6 to the accounts.

Employee involvement

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

Directors' Report

Directors' responsibilities

Accounts

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 consolidated profit or loss of the Group for that period.

After making inquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence in the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

In preparing the accounts, the Directors are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

Other matters

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

Statement of compliance with the Combined Code on Corporate Governance

The Board is committed to high standards of corporate governance. The Board confirms that throughout the year ended 31 May 2003, the Group has complied with the provisions set out in Section 1 of the Combined Code, except that:

- The offices of Chairman and Chief Executive are combined. The Board recognises the concerns about the possible negative effects of a concentration of power through a combination of the two roles but believes these do not presently apply to the company for a variety of reasons. The relative size of the Group and part-time nature of those executive duties not delegated to a team of other senior managers renders separation of these posts unnecessary.

- The audit committee consists of two non-executive directors, one of whom (R Towner) is not regarded as independent for the purposes of the Code. The Provisions of the Code require the audit committee to consist of three non-executive directors with more than 50% being independent. Taking account of the size of the Group and the nature of its operations, the current audit committee is considered adequate.

- The remuneration committee consists of two non-executive directors one of whom (R Towner) is not regarded as independent for the purposes of the Code. The Provisions of the Code require the remuneration committee to comprise as to 100%, independent non-executive directors and consequently the Company is not complient with this provision. Taking account the size of the Group and the nature of its operations, the current remuneration committee is considered adequate.

Directors' Report

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

The Group does not have a formal nomination committee; the directors consider appointments to the Board.

The Group does not currently have a formal internal audit function, taking into account the size of the Group and the nature of its operations, a matter that the Board reviews from time to time.

The Board

The Board consists of one part-time executive director and four non-executive directors. 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. Whilst Mr. Towner is not considered to be independent in that he is involved in certain other companies of which Mr. Paphitis is Chairman and/or Chief Executive, it is considered that his involvement does not affect his objective judgement. The Vice Chairman and senior independent non-executive director, Mr. P W Mead, is a former non-executive Chairman of the Company.

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.

Maintenance of a sound system of internal control

The Board has applied Principle D.2 of the Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been in place from the start of the period to the date of approval of this report and which is in accordance with Internal Control: Guidance for Directors on the Code published in September 1999. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In compliance with Provision D.2.1 of the Code, the Board continuously reviews the effectiveness of the Group's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether 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 Richard Towner (non-executive director) and Timothy Jackaman (non-executive director). The remit of the audit committee includes the discussion with the auditors of the audit approach and of reports by the auditors of the results of their work.

Remuneration Committee

The Board has a remuneration committee comprising of Peter Mead (the non-executive vice-chairman) and Richard Towner (non-executive director). None of the Directors currently receives any remuneration, having waived same, but each is entitled to reimbursement of reasonable and proper expenses. This policy is subject to periodic review.

Going concern

The Board has considered the adoption of the going concern basis and has concluded that the basis has been appropriately adopted in the accounts. The Board accepts 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. The Board does not consider that FIFA's transfer system regulating player transfers affects the going concern basis.

Directors' remuneration

Policy of remuneration

The remuneration committee has reviewed the Directors' remuneration. All the Directors have waived their entitlement to any fees as set out below, in respect of the year ended 31 May 2003.

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

During the financial year, each Director agreed to provide his services under his relevant contract free of charge. The position for the year ended 31 May 2003 is set out below:

Executive director

Mr. T Paphitis provides his services, which are on a part-time basis, as executive chairman and chief executive through Independent Managers Limited, a company which he controls. The agreement commenced on 1 July 1997 and was for a period of 2 years and thereafter terminable by not less than 12 months notice by either party. The annual remuneration under the agreement is £60,000. Independent Managers Limited agreed to waive all remuneration in respect of the year ended 31 May 2003.

Non-executive directors

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

Each non-executive director is entitled to remuneration at the rate of £12,000 per annum, the rate determined by the Board having regard to a survey of fees paid to non-executive directors of similar sized companies. However all of these non-executive directors namely, Mr. P Mead, Mr. T Jackaman, Mr. J Burnige and Mr. R Towner have agreed to waive all entitlement, in respect of the year ended 31 May 2003.

Share options and long term incentive schemes

The Company has granted Independent Managers Limited (the company providing the services of Mr. T Paphitis), an option to subscribe for 58,997,204 ordinary 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 1 pence per share.

Issue of share capital during the year

During the year, the Company issued 162,500,000 ordinary shares of 0.1p each at 0.2p per share, raising a total of £300,000 net of expenses. The shares were issued to provide working capital for the Group.

Directors' Report

Post balance sheet Open Offer

Following the year end the Company issued by way of an Open Offer, 2,500,000,000 new ordinary shares of 0.01p each (following a capital reconstruction) at 0.1p per share raising a total of £2,500,000 before expenses (£2,150,000 net of expenses). Under the capital reorganisation each ordinary share of 0.1p in issue was sub-divided into one new ordinary share of 0.01p and one deferred share of 0.09p. In addition, each of the authorised but unissued ordinary shares of 0.1p each were re-designated as 10 new ordinary shares of 0.01p each. The rights attaching to the deferred shares which will not be admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless.

Substantial shareholdings

The Directors have been notified that at 10 September 2003 there were the following shareholders, other than Directors, holding 3 per cent or more of the issued share capital of the Company:

	Number of shares	Holding %
Pershing Keen Nominees Limited<various accounts>	1,266,852,300	24.9

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 policy is to settle agreed amounts outstanding to creditors within sixty days, subject to the availability of cash resources. 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 31 May 2003 (31 May 2002: £nil).

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 28 October 2003 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 Stoy Hayward as auditors for the ensuing year.

This Report was approved by the Board of Directors on 12 September 2003.

R E Towner
Secretary

12 September 2003

Independent Auditors' Report

To the shareholders of Millwall Holdings Plc

We have audited the financial statements of Millwall Holdings Plc for the year ended 31 May 2003 on pages 13 to 30 which have been prepared under the accounting policies set out on pages 17 and 18.

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Independent Auditors' Report

Opinion

In our opinion:

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

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants and Registered Auditors
London

12 September 2003

Consolidated Profit and Loss Account

for the year ended 31 May 2003

	Notes	*Operations excluding player amortisation and trading* £000	*Player amortisation and trading* £000	*Total* £000	*Year Ended 31 May 2002 Total* £000
Turnover	1	6,496	–	6,496	10,575
Other administrative expenses		(3,529)	–	(3,529)	(4,131)
Staff costs	5	(6,708)	–	(6,708)	(6,157)
Staff costs – exceptional	5	(95)	–	(95)	(122)
Amortisation of players' registrations	10	–	(615)	(615)	(736)
Depreciation	11	(330)	–	(330)	(300)
Profit on disposal of players' registrations		–	145	145	861
Administrative expenses		(10,662)	(470)	(11,132)	(10,585)
Operating loss		(4,166)	(470)	(4,636)	(10)
Interest receivable	2			19	88
Interest payable and similar charges	3			(65)	(18)
(Loss)/profit on ordinary activities before taxation	4			(4,682)	60
Taxation	7			–	–
(Loss)/profit for the financial period taken to reserves	20			(4,682)	60
(Loss)/earnings per share – basic and diluted	8			(0.19)p	0.003p

All operations of the Group continued throughout the year and no operations were acquired or discontinued.

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

The accompanying notes form an integral part of this Consolidated Profit and Loss Account.

Consolidated Balance Sheet

31 May 2003

	Notes	*2003* *£000*	*2002* *£000*
Fixed assets			
Intangible assets	10	**901**	1,290
Tangible assets	11	**16,842**	16,754
		17,743	18,044
Current assets			
Stocks	13	**108**	217
Debtors	14	**285**	546
Cash at bank and in hand		**56**	1,289
		449	2,052
Creditors: Amounts falling due within one year	15	**(4,580)**	(1,791)
Net current (liabilities)/assets		**(4,131)**	261
Total assets less current liabilities		**13,612**	18,305
Creditors: Amounts falling due after more than one year	16	**(196)**	(437)
Deferred income	17	**(3,682)**	(3,752)
Net assets		**9,734**	14,116
Capital and reserves			
Called up share capital	19	**2,592**	2,430
Share premium	20	**5,201**	5,063
Capital reserve	20	**21,474**	21,474
Profit and loss account	20	**(19,533)**	(14,851)
Equity shareholders' funds	21	**9,734**	14,116

The accounts on pages 13 to 30 were approved by the Board of Directors on 12 September 2003.

T Paphitis
Director

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

Company Balance Sheet

31 May 2003

	Notes	***2003*** ***£000***	*2002* *£000*
Fixed assets			
Investments	12	**9,813**	14,168
Current assets			
Debtors	14	**12**	9
Cash at bank and in hand		**1**	6
		13	15
Creditors: Amounts falling due within one year	15	**(92)**	(67)
Net current liabilities		**(79)**	(52)
Net assets		**9,734**	14,116
Capital and reserves			
Called up share capital	19	**2,592**	2,430
Share premium account	20	**5,201**	5,063
Capital reserve	20	**21,416**	21,416
Profit and loss account	20	**(19,475)**	(14,793)
Equity shareholders' funds	21	**9,734**	14,116

The accounts on pages 13 to 30 were approved by the Board of Directors on 12 September 2003.

T Paphitis
Director

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

Consolidated Cash Flow Statement

for the year ended 31 May 2003

	Notes	***Year Ended 31 May 2003 £000***	*Year Ended 31 May 2002 £000*
Net cash outflow from operating activities	22	**(3,841)**	(1,285)
Returns on investments and servicing of finance			
Interest received		**19**	88
Interest paid		**(61)**	(14)
Interest element of finance lease and hire purchase payments		**(4)**	(4)
Net cash (outflow)/inflow from returns on investments and servicing of finance		**(46)**	70
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(418)**	(352)
Purchase of players' registrations		**(139)**	(237)
Proceeds of sale of tangible fixed assets		**5**	12
Proceeds of sale of players' registrations		**221**	935
Net cash (outlfow)/inflow from investing activities		**(331)**	358
Net cash outflow before financing		**(4,218)**	(857)
Financing			
Proceeds of share placements/issues		**325**	2,840
Associated costs of share issue		**(25)**	(438)
Capital grant received		**110**	–
Capital element of finance lease and hire purchase loans		**(8)**	(9)
Net cash inflow from financing		**402**	2,393
(Decrease)/increase in cash	23	**(3,816)**	1,536

The accompanying notes form an integral part of this cash flow statement.

Notes to the Accounts

for the year ended 31 May 2003

1 Accounting policies

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

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

Basis of consolidation
The group accounts consolidate the accounts of Millwall Holdings Plc and its subsidiary undertaking drawn up to 31 May.

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.

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

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

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

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

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- 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.

Notes to the Accounts

for the year ended 31 May 2003 *(continued)*

1 **Accounting policies** *(continued)*

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

Foreign currency

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

Leases

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

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

Turnover

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

Grants

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

Financial instruments

In relation to the disclosures made in note 25:

- short term debtors and creditors are not treated as financial assets or financial liabilities (other than for currency disclosures);
- the group does not hold or issue derivative financial instruments for trading purposes; and
- forward exchange contracts are used to fix the value of the related asset or liability in the contract currency and at the contract rate; any gains or losses on these instruments are offset. Where the instrument is used to hedge a committed or probable future transaction, gains and losses are deferred until the transaction occurs.

for the year ended 31 May 2003 *(continued)*

2 Interest receivable

	Year Ended 31 May 2003 £000	*Year Ended 31 May 2002 £000*
Interest receivable and similar income	**19**	88

3 Interest payable and similar charges

	Year Ended 31 May 2003 £000	*Year Ended 31 May 2002 £000*
Bank loans and overdrafts	**61**	14
Finance leases and hire purchase contracts	**4**	4
	65	18

4 (Loss)/profit on ordinary activities before taxation

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

	Year Ended 31 May 2003 £000	*Year Ended 31 May 2002 £000*
Depreciation and amounts written off tangible fixed assets		
- owned	**315**	286
- held under finance leases and hire purchase contracts	**15**	14
Amortisation of grant	**(89)**	(60)
Operating lease rentals		
- plant and machinery	**41**	12
- other	**79**	79
Auditors' remuneration		
- audit services	**25**	25
- non-audit services	**35**	5
Directors' remuneration	**-**	-
Share of deficit on Football League Pension Scheme	**95**	122
Profit on sale of fixed assets	**(5)**	(10)

Auditors' remuneration for audit services of the Company was £5,000 (2002 : £7,000).

Notes to the Accounts

for the year ended 31 May 2003 *(continued)*

5 Staff costs

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

	Year Ended 31 May 2003 Number	*Year Ended 31 May 2002 Number*
Football team management	**11**	11
Administrative and ground staff	**50**	45
Players	**53**	53
	114	109

In addition, the Group employs on average, a further 200 temporary staff on matchdays.

Aggregate remuneration comprised:

	Year Ended 31 May 2003 £000	*Year Ended 31 May 2002 £000*
Wages and salaries	**5,993**	5,502
Social security costs	**613**	590
Defined benefit pension costs – exceptional (see note 24)	**95**	122
Defined contribution pension costs	**102**	65
	6,803	6,279

6 Directors' remuneration, interests and transactions

No remuneration was received by any director during the year (2002: £nil).

Directors' share options

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

	1 June 2002	*Granted*	*Exercised*	*Lapsed*	*31 May 2003*	*Exercise price £*
Mr T Paphitis	58,997,204	–	–	–	58,997,204	1p

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

The mid market price of the ordinary shares at 31 May 2003 was 0.155p and the range during the financial period was 0.32p to 0.12p.

for the year ended 31 May 2003 *(continued)*

6 Directors' remuneration, interests and transactions *(continued)*

The interests of the current Directors and their families in the Company's ordinary shares of 0.1 p each at the beginning and end of the period are set out below:

	31 May 2003		*31 May 2002*	
	Beneficial Number	***Non-beneficial Number***	*Beneficial Number*	*Non-beneficial Number*
Theodoros Paphitis	**45,833,330**	**–**	45,833,330	–
Peter William Mead	**5,331,562**	**10,694,750**	5,331,562	10,694,750
Jeffrey David Burnige	**5,316,207**	**–**	5,316,207	–
Timothy John Jackaman	**1,833,332**	**–**	1,833,332	–
Richard Edward Towner	**2,291,665**	**–**	2,291,665	–

Included in the beneficial shareholding above for Mr Paphitis are 21,943,165 (2002: 21,943,165) shares which are held by trustees of a pension fund of which Mr Paphitis is a beneficiary.

Following the year end the Company made an Open Offer to shareholders under which 2,500,000,000 new ordinary shares of 0.01p each were issued, following which the interests of the current directors and their families in the Company's shares have increased to the following:

	25 June 2003		*31 May 2003*	
	Beneficial Number	***Non-beneficial Number***	*Beneficial Number*	*Non-beneficial Number*
Theodoros Paphitis	**632,111,720**	**–**	45,833,330	–
Peter William Mead	**29,374,025**	**10,694,750**	5,331,562	10,694,750
Jeffrey David Burnige	**13,400,517**	**–**	5,316,207	–
Timothy John Jackaman	**4,583,330**	**–**	1,833,332	–
Richard Edward Towner	**6,229,162**	**–**	2,291,665	–

Included in the beneficial shareholding above for Mr Paphitis are 54,857,912 (31 May 2003: 21,943,165) shares which are held by trustees of a pension fund of which Mr Paphitis is a beneficiary. Also included in the beneficial shareholding for Mr Paphitis are 517,528,396 shares beneficially owned by Xunely Limited, a company controlled by Mr Paphitis.

As at 11 September 2003, Mr Paphitis, either directly or through a company controlled by him, owned 632,111,720 ordinary shares of 0.01p each in the Company representing 12.4% of the issued share capital.

Notes to the Accounts

for the year ended 31 May 2003 *(continued)*

7 Tax on (loss)/profit on ordinary activities

No taxation charge arises due to the incidence of losses incurred and capital allowances claimed during the year (31 May 2002: £nil).

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year Ended 31 May £'000 2003 £000	*Year Ended 31 May £'000 2002 £000*
(Loss)/profit on ordinary activities before tax	**(4,682)**	60
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	**(1,405)**	18
Effects of:		
Expenses not deductible for tax purposes	**1**	8
Income not charged to UK corporation tax	**(27)**	(7)
Capital allowances in excess of depreciation	**89**	(25)
Other timing differences	**19**	-
Losses carried forward in year	**1,323**	6
Current tax charge for year	**-**	-

8 (Loss)/earnings per share

The calculation of (loss)/earnings per share is based on the loss for the year of £4,682,000 (31 May 2002 profit: £60,000) and on 2,499,077,299 (31 May 2002: 2,347,342,666) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the year. There is no dilution on the loss per share (2002 : no potential dilution on earnings per share).

9 Parent company loss

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 £4,682,000 (2002: £9,196,000) 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.

for the year ended 31 May 2003 *(continued)*

10 Intangible fixed assets

	Players' Registrations £000
Group	
Cost	
1 June 2002	2,708
Additions	316
Disposals	(906)
31 May 2003	**2,118**
Depreciation	
1 June 2002	1,418
Charge for the year	615
Disposals	(816)
31 May 2003	**1,217**
Net book value	
31 May 2003	901
31 May 2002	1,290

11 Tangible fixed assets

	Long leasehold premises £000	*Freehold land £000*	*Fixtures and fittings £000*	*Motor vehicles £000*	*Total £000*
Group					
Cost					
1 June 2002	17,629	300	2,694	88	20,711
Additions	-	-	418	-	418
Disposals	-	-	-	(20)	(20)
31 May 2003	**17,629**	**300**	**3,112**	**68**	**21,109**
Accumulated depreciation					
1 June 2002	1,599	-	2,299	59	3,957
Charge for the period	176	-	142	12	330
Disposals	-	-	-	(20)	(20)
31 May 2003	**1,775**	**-**	**2,441**	**51**	**4,267**
Net book value					
31 May 2003	**15,854**	**300**	**671**	**17**	**16,842**
31 May 2002	16,030	300	395	29	16,754

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

Notes to the Accounts

for the year ended 31 May 2003 *(continued)*

11 Tangible fixed assets *(continued)*

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

Included in the net book value of motor vehicles and fixtures and fittings is £30,617 (31 May 2002: £37,403) relating to assets acquired under finance lease and hire purchase agreements. The depreciation charge for the year in respect of these assets is £16,886 (31 May 2002: £14,227).

12 Fixed asset investments

	Shares in subsidiary undertakings £000	*Loans to subsidiary undertaking £000*	*Total £000*
Company			
1 June 2002	400	30,677	31,077
Additions	-	176	176
31 May 2003	**400**	**30,853**	**31,253**
Amounts written off			
1 June 2002	-	16,909	16,909
Written off	-	4,531	4,531
31 May 2003	**-**	**21,440**	**21,440**
Net book value			
31 May 2003	**400**	**9,413**	**9,813**
31 May 2002	400	13,768	14,168

At 31 May 2003, the Company's subsidiary, which is incorporated, registered and operates in England and Wales was The Millwall Football and Athletic Company (1985) Plc, a football club, 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.

13 Stocks

	Group		*Company*	
	31 May 2003 £000	*31 May 2002 £000*	***31 May 2003 £000***	*31 May 2002 £000*
Goods for resale	**108**	217	**-**	-

for the year ended 31 May 2003 *(continued)*

14 Debtors

	Group		Company	
	31 May 2003 £000	*31 May 2002 £000*	***31 May 2003 £000***	*31 May 2002 £000*
Trade debtors				
– amounts falling due within one year	**117**	244	–	–
– amounts falling due after one year	–	19	–	–
Other debtors	–	32	–	–
Prepayments and accrued income	**168**	251	**12**	9
	285	546	**12**	9

15 Creditors: Amounts falling due within one year

	Group		Company	
	31 May 2003 £000	*31 May 2002 £000*	***31 May 2003 £000***	*31 May 2002 £000*
Bank loans and overdrafts	**1,953**	–	–	–
Signing on fees	**304**	308	–	–
Obligations under finance leases and hire purchase contracts	**17**	13	–	–
Taxation and social security	**284**	258	–	–
Other creditors	**1,748**	1,106	**92**	67
Accruals	**274**	106	–	–
	4,580	1,791	**92**	67

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

Included within other creditors is an amount of £300,000 in relation to the put option for the freehold land as set out in note 11.

16 Creditors: Amounts falling due after more than one year

	Group		Company	
	31 May 2003 £000	*31 May 2002 £000*	***31 May 2003 £000***	*31 May 2002 £000*
Signing on fees	**189**	378	–	–
Other creditors	–	40	–	–
Obligations under finance leases and hire purchase contracts	**7**	19	–	–
	196	437	–	–

Notes to the Accounts

for the year ended 31 May 2003 *(continued)*

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

Financial liabilities are due:

	Finance leases		*Signing on fees*		*Total*	
	31 May 2003 £000	*31 May 2002 £000*	***31 May 2003 £000***	*31 May 2002 £000*	***31 May 2003 £000***	*31 May 2002 £000*
Amount payable						
- within one year	**17**	13	**304**	308	**321**	321
- after one year but within two years	**7**	15	**184**	239	**191**	254
- after two years but within five years	**–**	4	**5**	139	**5**	143
	24	32	**493**	686	**517**	718

17 **Deferred income**

	Group	
	31 May 2003 £000	*31 May 2002 £000*
Payments received in advance in respect of season tickets, boxes, sponsorship and television income	**303**	394
Grants received in respect of the long leasehold premises and other Fixtures and Fittings	**3,379**	3,358
	3,682	3,752

18 **Provisions for liabilities and charges**

A deferred taxation asset has not been created given the inherent uncertainty of future profits. The unprovided deferred tax asset is £7,236,753 (2002: £6,332,872).

19 **Called up share capital**

	31 May 2003 Number	*31 May 2002 Number*
Authorised		
Ordinary shares of 0.1p each	**11,021,062,328**	11,021,062,328
Allotted, called up and fully paid		
Ordinary shares of 0.1p each	**2,592,087,167**	2,429,587,167

	£000	*£000*
Authorised		
Ordinary shares of 0.1p each	**11,021**	11,021
Allotted, called up and fully paid		
Ordinary shares of 0.1p each	**2,592**	2,430

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

for the year ended 31 May 2003 *(continued)*

19 Called up share capital *(continued)*

Post year end share reorganisation

Following the year end the Company issued by way of an Open Offer 2,500,000,000 new ordinary shares of 0.01p each (following a capital reconstruction) at 0.1p per share raising a total of £2,500,000 before expenses (£2,150,000 net of expenses). Under the capital reorganisation each existing ordinary share of 0.1p in issue was sub-divided into one new ordinary share of 0.01p and one deferred share of 0.09p. In addition, each of the authorised but unissued ordinary shares of 0.1p each were re-designated as 10 new ordinary shares of 0.01p each. The rights attaching to the deferred shares which will not be admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless.

20 Reserves

	Share premium account	*Capital reserves*	*Profit and loss account*
	£000	*£000*	*£000*
Group			
1 June 2002	5,063	21,474	(14,851)
Share issues	138	–	–
Loss for the year	–	–	(4,682)
31 May 2003	**5,201**	**21,474**	**(19,533)**
Company			
1 June 2002	5,063	21,416	(14,793)
Share issues	138	–	–
Loss for the year	–	–	(4,682)
31 May 2003	**5,201**	**21,416**	**(19,475)**

21 Reconciliation of movements in shareholders' funds

	Group		*Company*	
	2003	*2002*	***2003***	*2002*
	£000	*£000*	***£000***	*£000*
Brought forward	**14,116**	11,654	**14,116**	20,956
New shares issued	**300**	2,402	**300**	2,402
Loss for the financial year	**(4,682)**	60	**(4,682)**	(9,242)
Carried forward	**9,734**	14,116	**9,734**	14,116

Notes to the Accounts

for the year ended 31 May 2003 *(continued)*

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

	Year Ended 31 May 2003 £000	*Year Ended 31 May 2002 £000*
Operating loss	**(4,636)**	(10)
Depreciation	**330**	300
Profit on sale of fixed assets	**(5)**	(10)
Amortisation of grants	**(89)**	(60)
Amortisation of players' registrations	**615**	736
Profit on disposal of players' registrations	**(145)**	(861)
Decrease/(increase) in stocks	**109**	(117)
Decrease/(increase) in debtors	**261**	(112)
Decrease in creditors and deferred income	**(281)**	(1,151)
Net cash outflow from operating activities	**(3,841)**	(1,285)

23 Analysis and reconciliation of net debt

	31 May 2002 £000	*Cash flow £000*	*Non cash Changes £000*	***31 May 2003 £000***
Cash in hand and at bank	1,289	(1,233)	-	**56**
Overdrafts	-	(1,953)	-	**(1,953)**
	1,289	(3,186)	-	**(1,897)**
Debt due within one year	-	(630)	-	**(630)**
Finance leases	(32)	16	(8)	**(24)**
	1,257	(3,800)	(8)	**(2,551)**

Reconciliation of net cash flow to movement in net (debt)/funds

	31 May 2003 £000	*31 May 2002 £000*
(Decrease)/increase in net cash in the year	**(3,816)**	1,536
Cash flow from lease financing	**16**	9
Non-cash changes	**(8)**	277
Movement in net (debt)/funds in the year	**(3,808)**	1,822
Net funds/(debt) at 1 June	**1,257**	(565)
Net (debt)/funds at 31 May	**(2,551)**	1,257

for the year ended 31 May 2003 *(continued)*

24 Financial commitments and contingent assets/liabilities

a) *Contractual commitments*

The Group is committed to pay £493,000 (2002: £686,000) 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:

	Group Land and buildings		*Group Other assets*	
	2003	*2002*	**2003**	*2002*
	£000	*£000*	**£000**	*£000*
Expiry date:				
- within one year	**-**	-	**5**	5
- between two and five years	**30**	30	**42**	8
- after five years	**49**	49	**-**	-
	79	79	**47**	13

There were no annual commitments under non-cancellable operating leases on behalf of the Company.

c) *Pensions*

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

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

The valuation carried out on 31 August 2002 was in accordance with the Statutory Minimum Funding Requirement basis laid out in the Pensions Act 1995. This valuation showed that the value of the scheme's assets had not grown in accordance with the 1999 MFR due mainly to the 25% fall in Stock Market values over the period. The increased deficit will be spread over a period of 10 years from the date the valuation was signed off. During the year ended 31 May 2003, the Company's subsidiary's share of the scheme's deficit was calculated at £131,277 (2002: £122,060). This has been provided for by the subsidiary.

At 31 May 2003, 1 (2002: 1) of the subsidiary's employees was a member of the scheme. Contributions were paid by the subsidiary being 10.4% (2002: 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 consistant and reasonable basis.

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

d) *Transfer fees payable/receivable*

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be receivable/payable by the Group if conditions as to future team selection are met. The maximum that could be receivable is £nil (2002 : £200,000). The maximum that could be payable is £97,500 (2002 : £120,000).

for the year ended 31 May 2003 *(continued)*

25 Derivatives and other financial instruments

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

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

Interest rate profile

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

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

Financial assets

Financial assets comprise of sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at 3.29%.

Maturity of financial liabilities

The overdraft facility is repayable on demand. At 31 May 2003, the Group had fully drawn borrowing facilities, in respect of which all conditions precedent had been met, of £1,500,000. The maturity profile of the Group's other financial liabilities, finance leases, is shown in note 15.

Currency exposures

The Group had no foreign currency exposures at 31 May 2003 (2002: £nil). The Group does not currently have extensive transactions denominated in foreign currencies and therefore does not engage in any form of currency hedging transactions.

Fair values

The fair value of the financial assets and liabilities at 31 May 2003 are not materially different from their book values.

26 Post balance sheet event

Following the year end the Company issued by way of an Open Offer 2,500,000,000 new ordinary shares of 0.01p each (following a capital reconstruction) at 0.1p per share raising a total of £2,500,000 before expenses (£2,150,000 net of expenses). Under the capital reorganisation each existing ordinary share of 0.1p in issue was sub-divided into one new ordinary share of 0.01p and one deferred share of 0.09p. In addition, each of the authorised but unissued ordinary shares of 0.1p each were re-designated as 10 new ordinary shares of 0.01p each. The rights attaching to the deferred shares, which will not be admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless.

27 Related Party Transactions

Mr. T Paphitis is a director and major shareholder of Ryman to which sales of £56,009 (2002 - £31,237) were made during the year. All transactions were conducted on an arm's length basis on normal trading terms. At 31 May 2003, £ nil (2002: £ nil) was due to the Group.

Following the year end, Ryman entered into a contract with The Millwall Football and Athletic Company (1985) Plc, as the main sponsor of the Club for the football season 2003/2004.

In addition, LaSenza, a company under the control of Mr T Paphitis, made short term loans to the Group totalling £830,000 (2002: £ nil) to assist with temporary working capital requirements. The loans were made interest free. The amount of the loans outstanding at 31 May 2003 was £630,000 (2002: £ nil) and this was repaid in full by 26 June 2003.