

Miller Triumph Properties Limited

Directors' Report and Financial Statements

For the year ended 31 December 2006

Registered Number 5192995

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Directors' report

The directors present their first annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is that of property management

Business review

The net loss for the year after providing for taxation amounted to £55,066 (2005 profit of £936,270)

Proposed dividend

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year were as follows

P H Miller	
M Wood	
D Milloy	(appointed 4 July 2007)
Julie Jackson	(appointed 4 July 2007)
Andrew Sutherland	(appointed 4 July 2007)
D Borland	(appointed 20 August 2007)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company will be proposed at the forthcoming annual general meeting

By order of the board



P J Smyth
Secretary
22 October 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accountancy Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Miller Triumph Properties Limited

We have audited the financial statements of Miller Triumph Properties Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

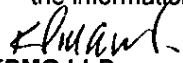
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

Date

31 October 2007

**Profit and loss account
for the year ended 31 December 2006**

	<i>Note</i>	12 months to 31 December 2006 £	17 months to 31 December 2005 £
Turnover	2	161,170	19,319,835
Cost of sales		(637,901)	(17,117,675)
Gross (loss)/profit		(476,731)	2,202,160
Administrative expenses		(169)	(7,270)
Other operating income		-	2,147
Operating (loss)/profit		(476,900)	2,197,037
Interest receivable and similar income	6	160,407	11,174
Interest payable and similar charges	7	(139,831)	(870,683)
Loss on ordinary activities before taxation	3	(456,324)	1,337,528
Tax on profit on ordinary activities	8	401,258	(401,258)
Loss for the financial year	14	(55,066)	936,270


The company has no recognised gains or losses other than the loss for the above financial year

The loss for the year has been derived from continuing activities

**Balance sheet
at 31 December 2006**

	<i>Note</i>	2006 £	2005 £
Current assets			
Stocks	9	2,000,000	2,849,600
Debtors	10	762,241	41,322
Cash at bank and in hand		392,233	7,053,891
		<u>3,154,474</u>	<u>9,944,813</u>
Creditors: amounts falling due within one year	11	<u>(2,273,269)</u>	<u>(6,808,542)</u>
Net current assets		881,205	3,136,271
Creditors: amounts falling due after more than one year	12	-	(2,200,000)
Net assets		<u>881,205</u>	<u>936,271</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	881,204	936,270
Shareholders' funds	15	<u>881,205</u>	<u>936,271</u>

These financial statements were approved by the board of directors on 22 October 2007 and were signed on its behalf by



D Borland
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statements as it is a wholly owned subsidiary undertaking of The Miller Group Limited and its cash flows are included within the consolidated cash flow statement of that company

As the company is a wholly owned subsidiary of The Miller Group, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Miller Group Limited, within which the company is included, can be obtained from the address given in note 16

Development work in progress

Development work in progress has been valued at the lower of cost plus attributable overheads or net realisable value

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Profit recognition

Profits in respect of sales of commercial properties are taken at the time of legal completion

2 Turnover

Turnover represents income received from the rental of commercial property and development sales and excludes value added tax. Turnover arises entirely in the United Kingdom

3 (Loss)/profit on ordinary activities before taxation

Auditors remuneration is paid by a fellow subsidiary company, Miller Developments Limited and is disclosed in the accounts of that company

4 Remuneration of directors

There were no emoluments paid to directors during the year

Notes (continued)

5 Staff number and costs

The company had no employees during the year

6 Interest receivable and similar income

	12 months to 31 December 2006 £	17 months to 31 December 2005 £
Bank interest	160,407	9,690
Other interest	-	1,484
	<u>160,407</u>	<u>11,174</u>

7 Interest payable and similar charges

	12 months to 31 December 2006 £	17 months to 31 December 2005 £
On bank loans and overdrafts	<u>139,831</u>	<u>870,683</u>

8 Taxation

Analysis of charge in period

	12 months to 31 December 2006 £	17 months to 31 December 2005 £
<i>UK corporation tax</i>		
Current tax on income for the period	-	401,258
Adjustment relating to prior period	<u>(401,258)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(401,258)</u>	<u>401,258</u>

Factors affecting the tax credit for the current period

The current tax charge for the period is less than (2005 equal to) the standard rate of corporation tax in the UK (30%)

	2006 £	2005 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	<u>(456,324)</u>	<u>1,337,528</u>
Current tax at 30%	<u>(136,897)</u>	<u>401,258</u>
Group relief surrendered for nil consideration	136,897	-
Adjustment relating to prior period	<u>(401,258)</u>	<u>-</u>
Total current tax charge (see above)	<u>(401,258)</u>	<u>401,258</u>

The company's liability for corporation tax will be met by group relief for which no payment will be made

Notes (continued)

9. Stocks

	2006 £	2005 £
Work in progress	2,000,000	2,849,600

10 Debtors

	2006 £	2005 £
Trade debtors	-	8,299
Other debtors	762,241	33,023
	<u>762,241</u>	<u>41,322</u>

11 Creditors' amounts falling due within one year

	2006 £	2005 £
Trade creditors	833	4,626
Amounts due to group undertakings	-	4,645,435
Taxation and social security	1,136	1,307,880
Other creditors	-	5,392
Corporation tax	-	401,258
Accruals and deferred income	71,300	443,951
Bank loan	2,200,000	-
	<u>2,273,269</u>	<u>6,808,542</u>

12 Creditors' amounts falling due after more than one year

	2006 £	2005 £
Bank loan	-	2,200,000
Analysis of debt		
	2006 £	2005 £
Debt can be analysed as falling due		
In one year or less, or on demand	2,200,000	-
Between one and two years	-	2,200,000
	<u>2,200,000</u>	<u>2,200,000</u>

Notes (continued)

12 Creditors: amounts falling due after more than one year (continued)

The bank loan is repayable in full by June 2007. Interest is payable on the outstanding balance at 1.5% above Libor. The bank loan is secured by a bond and a floating charge over the company and a legal charge over the specific property to which it relates.

13 Called up share capital

	2006 £	2005 £
Authorised		
Equity Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and unpaid		
Equity Ordinary shares of £1 each	1	1
	<hr/>	<hr/>

14 Profit and loss account

	2006 £	2005 £
At beginning of year	936,270	-
(Loss)/profit for the year	(55,066)	936,270
	<hr/>	<hr/>
At end of year	881,204	936,270
	<hr/>	<hr/>

15 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
(Loss)/profit for the financial year	(55,066)	936,270
New share capital subscribed	-	1
	<hr/>	<hr/>
Net (reduction)/addition to shareholders funds	(55,066)	936,271
Opening shareholders' funds	936,271	-
	<hr/>	<hr/>
Closing shareholders' funds	881,205	936,271
	<hr/>	<hr/>

16 Ultimate parent company

The company is a subsidiary undertaking of Miller Developments Holdings Limited, a company registered in Scotland. The ultimate parent company is The Miller Group Limited. The accounts of The Miller Group Limited can be obtained from the Register of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2GB.