

Miller Maidenhead Limited

Directors' Report and Financial Statements

31 December 2007

Registered Number 05846544

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Directors' Report

The Directors have pleasure in presenting their report and financial statements for the period ended 31 December 2007

Principal activity

The principal activity of the company is that of residential property development. The directors consider the period end financial position to be satisfactory.

Results for the year

The result for the period is set out in the profit and loss account.

Directors

The directors of the company during the year were

Ewan T Anderson	
George E C Atwell	(appointed 21 May 2007, resigned 31 December 2007)
Ian P Beal	(appointed 21 May 2007)
Moir Kinniburgh	(appointed 5 September 2007)
Stanley G Mills	(appointed 21 September 2007)
Timothy Hough	(appointed 21 September 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/she ought to have taken as a director to make himself/herself 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 is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Pamela J Smyth
Secretary

30 May 2008

Statement of Directors' Responsibilities

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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting 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 the 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 Maidenhead Limited

We have audited the financial statements of Miller Maidenhead Limited for the year ended 31 December 2007 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 the Directors' Report and the 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

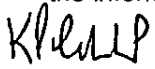
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 statement gives 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 2007 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

30 May 2008

Profit and Loss Account

For the year ended 31 December 2007

	<i>Note</i>	2007 £	6 months to 31 December 2006 £
Turnover	1	564,745	-
Cost of sales		(450,707)	-
Gross profit		114,038	-
Administrative expenses		(1,029,600)	-
Operating loss		(915,562)	-
Interest payable and similar charges	3	(655,160)	-
Loss on ordinary activities before taxation		(1,570,722)	-
Tax on loss on ordinary activities	4	465,478	-
Loss for the financial year/period	10	(1,105,244)	-

There are no recognised gains or losses other than those disclosed above

Balance Sheet

As at 31 December 2007

	Note	2007 £	2006 £
Current assets			
Stocks and work in progress	5	26,602,496	-
Debtors	6	7,066	2
		<u>26,609,562</u>	<u>2</u>
Creditors: amounts falling due within one year	7	<u>(685,954)</u>	<u>-</u>
Total assets less current liabilities		<u>25,923,608</u>	<u>-</u>
Creditors: amounts falling due out within one year	8	<u>(27,028,850)</u>	<u>-</u>
Net (liabilities)/assets		<u><u>(1,105,242)</u></u>	<u><u>2</u></u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	<u>(1,105,244)</u>	<u>-</u>
Shareholders' (deficit)/funds	11	<u><u>(1,105,242)</u></u>	<u><u>2</u></u>

These financial statements were approved by the board of directors on 30 May 2008 and were signed on its behalf by



Ewan T Anderson
 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 accounting

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

As the company's results are consolidated within its ultimate parent company, The Miller Group Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of The Miller Group Limited, within which this company is included, can be obtained from the address in note 12

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of new houses and is based on the selling price for the unit, net of any cash incentives, and is recognised on legal completion and receipt of cash

Going concern

Notwithstanding the deficit in shareholders funds at 31 December 2007, the financial statements have been prepared on the basis of a going concern as the parent undertaking has confirmed that it will for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements continue to make available such funds as are needed by the company and that it will not seek repayment of the amounts already made payable

Development work in progress

Notwithstanding the deficit in shareholder funds at 31 December 2007, the financial statements have been prepared on the basis of a going concern as the parent undertaking have confirmed that it will for the foreseeable future and for a period of at least twelve months from the date of approval of the financial statements continue to make available such funds as are needed by the company and that it will not seek repayment of the amounts already made available

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred 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

Dividend on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes (continued)

1. Accounting policies (continued)

Staff numbers and costs

The company has no employees The directors did not receive any remuneration from the company during the period

2. Auditors remuneration

	2007	6 months to 31 December 2006
	£	£
Auditors remuneration	1,100	-
Management fees payable to fellow subsidiary (included as administrative expenses)	933,600	-
	<hr/>	<hr/>

3. Interest payable and similar charges

	2007	6 months to 31 December 2006
	£	£
Interest payable on bank loan	655,160	-
	<hr/>	<hr/>

4. Tax on loss on ordinary activities

Analysis of charge for the year

	2007	6 months to 31 December 2006
	£	£
UK corporation tax:		
Group relief receivable on loss on ordinary activities	(465,478)	-
	<hr/>	<hr/>

Intercompany balances are stated after amounts due in respect of group relief receivable/ payable

Factors affecting tax charge for year

The current tax charge for the year is higher than (2006 equal to) the standard rate of corporation tax in the UK 30%

Notes *(continued)*

4. Tax on loss on ordinary activities *(continued)*

	2007 £	6 months to 31 December 2006 £
Loss on ordinary activities before tax	(1,570,722)	-
Current tax at 30%	(471,217)	-
Effect of Disallowed expenditure	5,739	-
Total current tax charge (see above)	(465,478)	-

5. Stocks and work in progress

	2007 £	2006 £
Work in progress	26,320,141	-
Part exchange properties	282,355	-
	26,602,496	-

6. Debtors

	2007 £	2006 £
Unpaid share capital	2	2
Other debtors	7,064	-
	7,066	2

7. Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to fellow subsidiary undertaking	565,047	-
Accruals and deferred income	120,907	-
	685,954	-

Notes (continued)

8. Creditors: amount falling due outwith one year

	2007 £	2006 £
Bank loan	20,111,910	-
Intercompany loan	6,916,940	-
	<u>27,028,850</u>	<u>-</u>

The bank loan is subject to interest at base rate plus 1.0% and final repayment is due to be made by March 2009. The bank loan is secured against the company's assets. The intercompany loan is not subject to any interest charge and repayment is due subsequent to the repayment of the bank loan.

9. Called up share capital

	2007 £	2006 £
<i>Authorised, called up but unpaid</i> 2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

10. Profit and loss account

	2007 £	2006 £
At beginning of year	-	-
Retained loss for the year	(1,105,244)	-
	<u>(1,105,244)</u>	<u>-</u>

11. Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Loss for the year	(1,105,244)	-
New shares issued	-	2
	<u>(1,105,244)</u>	<u>2</u>
Total movements during the year	(1,105,244)	2
Shareholders' funds at beginning of year	2	-
Deficit on shareholders' funds at end of year	<u>(1,105,242)</u>	<u>-</u>

12. Immediate and ultimate parent company

The company's immediate parent company is Miller Homes Holdings Limited and its ultimate parent company is The Miller Group Limited. Both companies are registered in Scotland and incorporated in Great Britain and their accounts can be obtained from The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.