MILLER DEVELOPMENTS REGENERATION LIMITED

Directors' report and financial statements

For the year ended 31 December 2008

Reaistered number SC207809

Contents

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is property development.

Business review

The result for the year after providing for taxation amounted to a loss of £96,016 *(2007: profit of £42,698)*.

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
A Sutherland
M Wood
D Borland
D Milloy

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

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the Board

D Borland
Director
24th April 2009

Edinburgh

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 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 year.

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.

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Miller Developments Regeneration Limited

We have audited the financial statements of Miller Developments Regeneration Limited for the year ended 31 December 2008 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 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 2008 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

KPMG LLP
Chartered Accountants
Registered Auditor

Date
30.4.2009

Profit and loss account
For the year ended 31 December 2008

	Note	**2008**	2007
		£	£
Turnover	2	**-**	16,549,772
Cost of sales		**(127,766)**	(16,535,031)
Gross (loss)/profit		**(127,766)**	14,741
Administrative expenses		**5,970**	(6,680)
Operating (loss)/profit		**(121,796)**	8,061
Interest receivable	5	**25,780**	28,147
Interest payable	6	**-**	(17,775)
(Loss)/profit on ordinary activities before taxation	4	**(96,016)**	18,433
Tax on (loss)/profit on ordinary activities	7	**-**	24,265
(Loss)/profit for the financial year		**(96,016)**	42,698

There are no recognised gains or losses other than the loss/profits for the above financial years.

The loss for the financial year has been derived from continuing activities.

Balance sheet
at 31 December 2008

	Note	**2008**	2007
		£	£
Current assets			
Work in progress	8	**-**	85,669
Debtors	9	**12,528,212**	12,125,262
Cash at bank and in hand		**1**	644,725
		12,528,213	12,855,656
Creditors: amounts falling due within one year	10	**(43,867)**	(275,294)
Net current assets		**12,484,346**	12,580,362
Creditors: amounts falling due after more than one year	11	**(14,600,000)**	(14,600,000)
Net liabilities		**(2,115,654)**	(2,019,638)
Capital and reserves			
Share capital	12	**100**	100
Profit and loss account	13	**(2,115,754)**	(2,019,738)
Shareholders' deficit	14	**(2,115,654)**	(2,019,638)

These financial statements were approved by the board of directors on 24th April 2009 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 to the company's financial statements, except as noted below.

Basis of preparation

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

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The working capital requirements of the company have been provided by its parent undertaking, The Miller Group Limited.

Having reviewed the company's cash flow forecasts, the directors are satisfied the company has sufficient resources available to it to be able to continue to fund the company's operations and accordingly, the financial statements continue to be prepared on a going concern basis. The Miller Group Limited has indicated to the directors of this company it will not seek repayment of the amounts currently made available.

Based upon the undertaking outlined above, and after making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual financial statements.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement, as it qualifies as a small company.

Development work in progress

Development work in progress is carried at cost plus attributable overheads or net realisable value if lower.

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.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's

Notes *(continued)*

b) exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2 Turnover

Turnover represents development sales and rental income. Turnover is stated net of Value Added Tax.

3 Remuneration of directors

There were no emoluments paid to directors during the year. There were no employee costs during the year.

4 (Loss)/Profit on ordinary activities before taxation

	2008	2007
	£	£
(Loss)/Profit on ordinary activities before taxation is stated after charging:		
Depreciation	-	404
Auditors' remuneration:		
Audit of these financial statements	-	1,250
Other services	**920**	-

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

5 Interest receivable

	2008	2007
	£	£
Bank interest	**25,606**	28,147
Other interest	**174**	-
	25,780	28,147

6 Interest payable

	2008	2007
	£	£
Interest on bank loans and overdrafts	-	17,775

Notes *(continued)*

7 Taxation

	2008	2007
	£	£
Analysis of charge in year		
UK Corporation tax		
Total current tax charge	-	(24,265)
Tax on profit on ordinary activities	-	(24,265)

The current tax charge for the year is lower than *(2007: higher than)* the standard rate of corporation tax in the UK 28.5% *(2007: 30%)*. The differences are explained below:

	2008	2007
	£	£
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(96,016)**	18,433
Current tax at 28.5% *(2007: 30%)*	**(27,365)**	5,530
Effects of:		
Utilisation of losses brought forward	-	(5,530)
Adjustment in respect of prior year	**(49)**	-
Consortium relief received in relation to prior year losses	-	(24,265)
Group Relief	**27,414**	-
Total current tax charge (see above)	-	(24,265)

Notes *(continued)*

8 Development work in Progress

	2008	2007
	£	£
Development sites	**-**	85,669

9 Debtors

	2008	2007
	£	£
Amounts due from group companies	**12,524,412**	12,107,007
Trade debtors	**1**	6,571
Other debtors	**-**	7,885
VAT	**3,799**	3,799
	12,528,212	12,125,262

10 Creditors: amounts falling due within one year

	2008	2007
	£	£
Other creditors	**43,397**	51,713
Amounts due to group companies	**-**	223,581
Accruals & Deferred Income	**470**	-
	43,867	275,294

11 Creditors: amounts falling due in more than one year

	2008	2007
	£	£
Shares classified as liabilities	**14,600,000**	14,600,000
	14,600,000	14,600,000

Shares classified as liabilities comprise preference shares which carry no right to participate in the profits of the company. The shares are redeemable on the tenth anniversary of the date of issue, but may be redeemed at the discretion of the directors, at any time before such date.

On a winding up, the holders have priority over the Ordinary shares to receive repayment at the rate of £1 per share.

Notes *(continued)*

12 Called up share capital

	2008	2007
	£	£
Authorised:		
A Ordinary shares of £1 each	**50**	50
B Ordinary shares of £1 each	**50**	50
	100	100

	2008	2007
Allotted, called up and fully paid:	**£**	£
A Ordinary shares of £1 each	**50**	50
B Ordinary shares of £1 each	**50**	50
	100	100

The A and B shares have equal voting rights and rank pari-passu in all respects as set out in the articles of the company.

13 Profit and loss account

	2008
	£
At beginning of year	**(2,019,738)**
Loss for the year	**(96,016)**
At end of year	**(2,115,754)**

Notes *(continued)*

14 Reconciliation of movement in shareholders' deficit

	2008 £	2007 £
(Loss)/profit for the year	**(96,016)**	42,698
Net (increase)/reduction in shareholders' deficit	**(96,016)**	42,698
Opening shareholders' deficit	**(2,019,638)**	(2,062,336)
Closing shareholders' deficit	**(2,115,654)**	(2,019,638)

15 Ultimate Parent Company

The company's ultimate parent company is The Miller Group Limited, a company registered in Scotland. The accounts of The Miller Group Limited can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.