

Miller Mining Limited

Directors' Report and Financial Statements

For the year ended 31 December 2014

Registered Number SC090434

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Directors' report and financial statements

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Directors' Report

The directors have pleasure in presenting their report together with the accounts of the company for the year ended 31 December 2014.

Activity and business review

The company manages the Miller Group's mining operations. The results are considered satisfactory. No dividend was paid.

Directors

The Directors of the company during the year and up to the date of this report were:

Keith M Miller	Resigned 31 st March 2015
Donald W Borland	
Richard Hodsden	Resigned 4 th December 2014
Ian Murdoch	Appointed 10 th March 2015

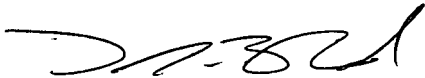
Disclosure of information to auditors

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

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

By order of the Board



Donald W Borland
Director

30 April 2015

**Miller House
2 Lochside View
Edinburgh Park
Edinburgh
EH12 9DH**

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).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLER MINING LIMITED

We have audited the financial statements of Miller Mining Limited for the year ended 31 December 2014 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

30 April 2015

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit and Loss Account

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover	2	271	533
Administrative expenses		(335)	(646)
Operating (loss)/profit	3	(64)	(113)
Interest receivable/(payable) and similar income/ charges	4	<u>577</u>	<u>811</u>
Profit on ordinary activities before tax		513	698
Taxation	6	<u>-</u>	<u>-</u>
Profit after tax for the financial year	10	<u><u>513</u></u>	<u><u>698</u></u>

The company has no recognised gains or losses other than the results for the above financial years.

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

The notes on pages 6 to 10 form part of these financial statements.

Balance Sheet
 at 31 December 2014

	<i>Notes</i>	2014 £000	2013 £000
Fixed assets	7	<u>22,579</u>	<u>31,091</u>
Current assets			
Debtors	8	61	93
Bank		283	280
		<u>344</u>	<u>373</u>
Creditors: Amounts falling due within one year	9	<u>(16,258)</u>	<u>(25,312)</u>
Net current liabilities		<u>(15,914)</u>	<u>(24,939)</u>
Net assets		<u>6,665</u>	<u>6,152</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss reserve	10	<u>6,665</u>	<u>6,152</u>
Shareholders' funds	11	<u>6,665</u>	<u>6,152</u>

The notes on pages 6 to 10 form part of these financial statements.

These accounts were approved by the Board of Directors on 30 April 2015 and were signed on its behalf by:



Donald W Borland
 Director

NOTES

1. Accounting Policies

Basis of Accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement on the grounds of its size.

As the company is a wholly-owned subsidiary of The Miller Group (UK) Limited, 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 financial statements of The Miller Group (UK) Limited, within which this company is included, can be obtained from the address given in note 14.

Basis of Preparation

The financial statements have been prepared on the going concern basis. The day to day working capital requirements of the company are funded by the ultimate parent undertaking, The Miller Group (UK) Limited. In addition, the directors of The Miller Group (UK) Limited have indicated to the directors of the company that it will continue to make available to the company such funds as are necessary to enable it to continue to trade and meet its liabilities as they fall due. As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based upon the undertaking of financial support 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. The financial statements do not include any adjustments that that would result from the going concern basis of preparation being inappropriate.

Investments

Investments are held at costs less provision for permanent impairment.

Turnover

Turnover represents management fees charged to joint ventures and recharges of expenditure incurred on behalf of joint ventures.

2. Turnover

Turnover, all of which is generated in the United Kingdom, comprises:

	2014 £000	2013 £000
Management fees	271	533
	<u> </u>	<u> </u>

Notes (continued)

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2014 £000	2013 £000
Audit fee	<u>2</u>	<u>2</u>

4. Interest receivable/(payable)

	2014 £000	2013 £000
Payable to group companies	(178)	(881)
Receivable from joint ventures	754	1,692
Bank interest receivable	1	-
	<u>577</u>	<u>811</u>

5. Staff Numbers and Costs

The directors did not receive any remuneration from the company during the year and were not due remuneration in respect of this company.

The average number of persons employed by the company, including Directors, during the year was as follows:

	2014 Number	2013 Number
Administration	<u>1</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	240	408
Social security costs	31	49
Other pension costs	-	42
	<u>271</u>	<u>499</u>

Notes (continued)

6. Taxation

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 22.5% (2013:23.75%). The differences are explained below.

	2014	2013
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	513	698
	<hr/>	<hr/>
Current tax at 21.5% (2013: 23.75%)	110	166
Effects of:		
Group relief for which no consideration is given	(110)	(166)
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

7. Fixed asset investments

	2014	2013
	£000	£000
Cost		
At the start of the year	31,091	40,586
Repayment of loan amounts treated as investments	(8,512)	(9,495)
	<hr/>	<hr/>
At the end of the year	<u>22,579</u>	<u>31,091</u>

The company owns 50% of Miller Argent Holdings Limited. This represents share capital in and loans to the company.

Notes (continued)

8. Debtors

	2014 £000	2013 £000
Amounts due from other group parties	<u>61</u>	<u>93</u>

9. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts due to parent company	16,018	25,068
Accruals	228	223
Other taxes	12	21
	<u>16,258</u>	<u>25,312</u>

Cross guarantees

At 31 December 2014 the company has, with certain other subsidiaries, jointly guaranteed the bank facilities available to the ultimate parent company, The Miller Group (UK) Limited, and certain of its subsidiaries.

The Group's banks have security by way of a debenture over the whole assets and undertakings of the company.

10. Profit and Loss reserve

	2014 £000	2013 £000
At beginning of year	6,152	5,454
Profit for year	513	698
At end of year	<u>6,665</u>	<u>6,152</u>

Notes (continued)

11. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Profit for the year	513	698
Opening shareholders' funds	6,152	5,454
Closing shareholders' funds	<u>6,665</u>	<u>6,152</u>

12. Share Capital

	2014 £	2013 £
<i>Allotted, called up and fully paid:</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. Related party transactions

The company recharged management fees and directly attributable costs of £270,755 (2013: £226,307) to Miller Argent (South Wales) Limited.

The company charged £753,895, (2013: £1,691,486) of interest on shareholder loans held by Miller Argent (South Wales) Limited. At 31 December 2014 loans of £2,579,322 (2013: £11,091,517), and £60,280 (2013: £60,280) in relation to expenditure incurred on behalf of the joint venture were owed by Miller Argent (South Wales) Limited.

14. Ultimate parent company

The company's ultimate parent company and the largest group in which the results are consolidated is The Miller Group (UK) Limited, a company registered in Scotland. The accounts of The Miller Group (UK) Limited can be obtained from the Registrar of Companies, 4th Floor Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

At the date of approval of these financial statements the company was controlled by GSO Capital Partners LP, a division of the Blackstone Group LP.