

Miller Homes Special Projects Portfolio Limited

Directors' Report and Financial Statements

31 December 2005

Registered number SC244283



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Directors' Report and Financial Statements

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Directors' Report

The Directors have pleasure in presenting their report and financial statements for the year ended 31 December 2005

Result and Dividends

The result for the year is set out in the profit and loss account. The directors have recommended the payment of a dividend of £4,459,000 (2004 £3,458,358)

Review of the Business

The company acts as an investment holding company. The directors consider the year end financial position to be satisfactory.

During the year investments were made in four companies (Miller (Duloch 1) Limited, Miller (Eccles) Limited, Miller Graysmill Limited and Miller (Telford South) Limited) which were formed for the purpose of housing developments on sites in Edinburgh.

Directors and Directors' Interests

The Directors of the company during the year were

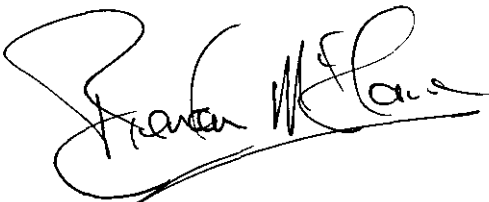
Ewan T Anderson
Brendan McShane

None of the Directors had any interest in the share capital of the company. The interests of Ewan T Anderson, Brendan McShane in the Miller Group Limited, the ultimate parent company, are shown in the accounts of Miller Homes Holdings Limited, Miller Homes Limited respectively.

Auditors

During the period the directors appointed KPMG LLP as 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



Brendan McShane
Director

26 October 2006

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.

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 Homes Special Projects Portfolio Limited

We have audited the financial statements of Miller Homes Special Projects Portfolio Limited for the year ended 31 December 2005 which comprise of the Profit and Loss Account and 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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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 2005 and of its result for the full year to 31 December 2005, and
- have been properly prepared in accordance with the Companies Act 1985

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

27 October 2006

Profit and Loss Account

For the year ended 31 December 2005

	Note	2005	2004
		£	£
Income from shares in group subsidiary undertakings		4,459,000	3,458,358
Profit on ordinary activities before taxation		4,459,000	3,458,358
Tax on profit on ordinary activities	4		
Profit on ordinary activities after taxation		4,459,000	3,458,358

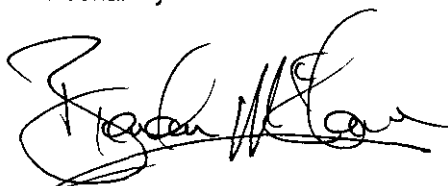
Other than the result for the period there are no recognised gains or losses

Balance sheet

As at 31 December 2005

	Note	2005 £	2004 £
Fixed Assets			
Investments	5	11	6
Current Assets			
Debtors	6	1	1
Total assets		<u>12</u>	<u>7</u>
Creditors' amounts falling due within one year	7	<u>11</u>	<u>6</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	8	<u>1</u>	<u>1</u>
Equity Shareholders' Funds	9	<u>1</u>	<u>1</u>

These financial statements were approved by the Board of Directors on 26 October 2006 and were signed on its behalf by



Brendan McShane
 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. In these financial statements the following new standards have been adopted for the first time

FRS 21 'Events after the balance sheet date',
The presentation requirements for FRS25 'Financial instruments presentation and disclosure', and
FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985. FRS 21 'Events after the balance sheet date' has had no impact on the financial statements. The presentation requirements for FRS 25 result in dividends no longer being presented on the face of the profit and loss account. The corresponding amounts in these financial statements are restated in accordance with the new policies.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

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 10.

Investments

Investments are held at cost less any provision for impairment.

2 Dividends 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.

3 Remuneration of directors

The directors did not receive any remuneration from the company during the period.

4 Taxation

No tax is payable.

Notes (continued)

5 Investments

The investments in subsidiary undertakings at 31 December 2005 were

<i>Ordinary Share</i>	<i>Principal Activity</i>	<i>Country of Registration</i>	<i>Share Capital</i>
Miller St Joseph's Limited	Property Development	Scotland	100%
Miller Craigmount Limited	Property Development	Scotland	100%
Miller Silverknowes Limited	Property Development	Scotland	100%
Miller Piershill Limited	Property Development	Scotland	100%
Miller Drylaw Limited	Property Development	Scotland	100%
Miller Kirkliston Limited	Property Development	Scotland	100%
Miller (Duloch 1) Limited	Property Development	Scotland	100%
Miller (Eccles) Limited	Property Development	Scotland	100%
Miller (Graysmill) Limited	Property Development	Scotland	100%
Miller (Telford South) Limited	Property Development	Scotland	100%

Movements in investments during the year were

<i>Investment</i>	<i>At 1 January 2005</i>	<i>Additions</i>	<i>At 31 December 2005</i>
	£	£	£
Miller St Joseph's Limited	1		1
Miller Craigmount Limited	1		1
Miller Silverknowes Limited	1		1
Miller Piershill Limited	1		1
Miller Drylaw Limited	1		1
Miller Kirkliston Limited	1		1
Miller (Duloch 1) Limited		1	1
Miller (Eccles) Limited		2	2
Miller (Graysmill) Limited		1	1
Miller (Telford South) Limited		1	1
	<u>6</u>	<u>5</u>	<u>11</u>

6 Debtors

	2005	2004
	£	£
Other debtors	1	1
	<u>1</u>	<u>1</u>

7 Creditors

	2005	2004
	£	£
Amounts due to subsidiary undertakings	11	6
	<u>11</u>	<u>6</u>

Notes (continued)

8. Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
1000 ordinary share of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up but unpaid</i>		
1 ordinary share of £1 each	1	1
	<hr/>	<hr/>

9 Reconciliation of Movement in Shareholders' Funds

	2005 £	2004 £
Profit for the year	4,459,000	3,458,358
Other movements		
Dividends payable	(4,459,000)	(3,458,358)
	<hr/>	<hr/>
Total movements during the year		
Opening shareholders' funds	1	1
	<hr/>	<hr/>
Closing shareholders' funds	1	1
	<hr/>	<hr/>

10 Immediate and ultimate parent company

The company is a subsidiary undertaking of The Miller Group Limited which is the ultimate parent company incorporated in Scotland

The largest group in which the results of the company are consolidated is that headed by The Miller Group Limited, incorporated in Scotland. The smallest group in which they are consolidated is that headed by Miller Homes Holdings Limited, incorporated in Scotland. The consolidated financial statements of these groups are available to the public and may be obtained from The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB