Miller Portsmouth Limited

Directors' report and financial statements

For the year ended 31 December 2011

Registered number SC263305

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ending 31 December 2011.

Principal activity and business review

The principal activity of the company is that of property development.

Results and dividend

The profit amounted to £288,091 (2010: profit of £3,829). A dividend of £299,096 was paid during the year (2010: £nil). The directors do not recommend the payment of a final dividend (2010: nil).

Directors

The directors of the company during the year and at date of signing were:

Phil Miller

Andrew Sutherland

David Milloy

Donald Borland

Frederic Hewett

Euan Haggerty (appointed 1 July 2011)

Disclosure of information to auditor

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 a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

On behalf of the Board

Euan Haggerty

Director

20 June 2012

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
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Miller Portsmouth Limited

We have audited the financial statements of Miller Portsmouth Limited for the year ended 31 December 2011 set out on pages 4 to 9. 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm

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 2011 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

Hugh Harvie

Hugh Harvie 22.6 2012
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Profit and loss account
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover		**2,565**	5,581
Cost of sales		**(3,245)**	(1,752)
Gross (loss)/profit		**(680)**	3,829
Gain on sale of investment		**288,771**	
Profit on ordinary activities before taxation	*2*	**288,091**	3,829
Tax on profit on ordinary activities	*4*	-	-
Profit for the financial year		**288,091**	3,829

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

The profit for the year has been derived from continuing activities.

The notes on pages 6 to 9 form part of these financial statements.

Balance sheet
As at 31 December 2011

	Notes	**2011**	2010
		£	£
Fixed assets			
Investments	*5*	**-**	6,102
Current assets			
Debtors	*6*	**2,428**	5,397
		2,428	5,397
Creditors: amounts falling due within one year	*7*	**(2,412)**	(478)
Net current assets		**16**	4,919
Net assets		**16**	11,021
Capital and reserves			
Called up share capital	*8*	**1**	1
Profit and loss account	*9*	**(1,240,597)**	(1,528,688)
Capital Contribution	*9*	**1,240,612**	1,539,708
Shareholders' funds	*10*	**16**	11,021

The notes on pages 6 to 9 form part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf by:

Euan Haggerty

Director

20 June 2012

Notes
(forming part of the financial statements)

1 Accounting policies

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

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 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.

As the company is a wholly owned subsidiary of The Miller Group 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 consolidated financial statements of The Miller Group Limited, within which the company is included, can be obtained from the address shown in note 11.

Cash flow statement
The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement 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.

Taxation
The charge for taxation is based on the loss for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain terms 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.

Investments
Investments are stated at cost less provision for permanent impairment.

Turnover
Turnover comprises income received from investments and excludes value added tax. Turnover arises entirely in the United Kingdom.

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.

2 Profit on ordinary activities

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

3 Directors and employees

There were no emoluments paid to directors during the year (2010: nil). There were no employee or staff costs during the year (2010: nil).

Notes *(continued)*

4 Taxation

	2011 £	2010 £
Analysis of charge in year		
UK corporation tax		
Current tax on income for the year	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current period
The current tax charge for the period is less than (2010: less than) the standard rate of corporation tax in the UK (26.5%) (2010: 28%).

	2011 £	2010 £
Profit on ordinary activities before tax	**288,091**	3,829
Current tax at 26.5% (2010: 28%)	**76,344**	1,072
Group relief received for nil consideration	**(76,344)**	(1,072)
Total current tax charge (see above)	-	-

Any future liability to corporation tax will be covered by way of group relief or met by The Miller Group Limited, for which no payment will be made.

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 29 March 2011, effective from 1 April 2011 and a further reduction to 25% was substantively enacted on 5 July 2011 and will be effective from 1 April 2012. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge.

5 Investments

	Other Investments 2011 £
At beginning of the year	6,102
Disposed of during the year	(6,102)
At end of the year	-

Two properties held as investments were sold during the year for a total of £297,285

Notes *(continued)*

6 Debtors

	2011 £	2010 £
Other debtors	**16**	27
Amounts due from group companies	**2,412**	5,370
	2,428	5,397

7 Creditors: amounts falling due within one year

	2011 £	2010 £
Other creditors	**2,412**	478

8 Share capital

	2011 £	2010 £
Authorised		
100 ordinary shares of £1	**100**	100

	2011 £	2010 £
Allotted, called up and fully paid		
1 Ordinary share of £1 each	**1**	1

9 Reserves

	Capital Contribution 2011 £	Profit and loss Account 2011 £
At beginning of year	**1,539,708**	**(1,528,688)**
Profit for the year	**-**	**288,091**
Distribution from capital contribution reserve	**(299,096)**	**-**
At end of year	**1,240,612**	**(1,240,597)**

Notes *(continued)*

10 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial year	**288,091**	3,829
Dividend paid	**(299,096)**	-
Net (decrease)/increase to shareholders' funds	**(11,005)**	3,829
Opening shareholders' funds	**11,021**	7,192
Closing shareholders' funds	16	11,021

11 Immediate and ultimate parent company

At 31 December 2011, the company's immediate parent company is Miller Developments Holdings Limited and its ultimate parent company is The Miller Group Limited. Both companies are registered in Scotland and incorporated in the United Kingdom.

The largest group in which the results of the company are consolidated is that headed by The Miller Group Limited. The consolidated financial statements of The Miller Group Limited and the financial statements of Miller Developments Holdings Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, 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.

12 Post balance sheet events

In February 2012, The Miller Group Limited (*Miller Portsmouth Limited's ultimate parent company*) completed a restructuring of its existing banking facilities and secured significant new third party investment.