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MLIT (NO. 2) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2004**



	Page
Report of the Directors	2
Statement of Directors' Responsibilities	4
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Accounting Policies	9
Notes to the Financial Statements	10 - 12

The Directors have pleasure in presenting this Report, together with the Financial Statements for the year ended 31 December 2004.

Results and Dividends

The loss for the year before taxation amounted to £255,812 (2003 - £5). No taxation charge arises (2003 - Tax credit £6,047), leaving a loss after taxation of £255,812 (2003 - £4).

The Directors do not recommend the payment of a dividend. (2003 - £6,046)

Review of the Business and Future Developments

The Company's principal activity was that of a corporate underwriting member of Lloyd's. The Company ceased underwriting at Lloyd's at 31 December 1997 and has not participated on the 1998 and subsequent Years of Account.

All the syndicates on which the Company participated as a corporate member have now been closed by reinsurance.

During the year the shares of the Company were transferred from MILT Holdings Limited to Nomina Services Limited.

Directors and their Interests

The Directors of the Company in office during the year were as follows:

	At 31 December 2004	At 31 December 2003
	Ordinary £1 shares	Ordinary £1 shares
JRH Evans (Appointed 29 th December 2004)	-	-
Nomina PLC (Appointed 29 th December 2004)	-	-
AS Castell (Resigned 2 nd April 2004)	-	-
AJ Gammell (Resigned 24 th February 2004)	-	-
Hackwood Directors Limited (Appointed 18 th July 2004 resigned 26 th October 2004)	-	-
Proofsecond Limited (Appointed 1 st January 2004 Resigned 29 th December 2004)	-	-
	At 31 December 2004	At 31 December 2003
	Ordinary 5p shares	Ordinary 5p shares
AS Fox (Resigned 29 th December 2004)	-	239,485

The Directors have no interest in the share capital of the Company.

Auditors

The auditors, CLB Littlejohn Frazer, will be proposed for reappointment in accordance with the elective resolution passed by the Company under Section 385 of the Companies Act 1985.

By Order of the Board

FOR AND ON
BEHALF OF
Swarak
NOMINA PLC
Director

28th July 2005

Company law requires the Directors to prepare Financial Statements for each financial year which 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 those 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 United Kingdom 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the Financial Statements and that applicable Accounting Standards have been followed.

Independent Auditors' report to the shareholders of MLIT (No. 2) Limited

We have audited the Financial Statements of MLIT (No. 2) Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, Accounting Policies and the related notes 1 to 12. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders 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 Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Report of the Director. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 of the state of the Company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CLB Littlejohn Frazer

CLB Littlejohn Frazer

Chartered Accountants
and Registered Auditors

1 Park Place
Canary Wharf
London E14 4HJ

12 August
July 2005

MLIT (NO.2) LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2004

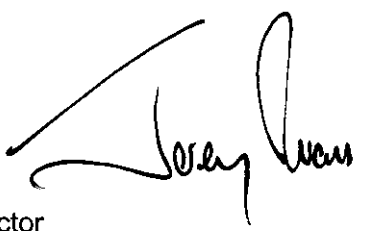
	Note	2004	2003
Investment income	1	-	12
Other charges		(255,812)	(17)
		<hr/>	<hr/>
Loss on Ordinary Activities before Taxation		(255,812)	(5)
Tax credit on ordinary activities	3	-	6,047
		<hr/>	<hr/>
(Loss) / Profit on Ordinary Activities after Taxation		(255,812)	6,042
Dividends		-	(6,046)
		<hr/>	<hr/>
(Loss) / Profit for the Financial Year		(255,812)	(4)
		<hr/>	<hr/>

The Company has no recognised gains or losses other than the £255,812 loss for the financial year stated above.

The Company's activities are all discontinued.

	Note	2004	2003
Assets			
Debtors	4	-	255,870
Cash at bank	11	59	1
		<u>59</u>	<u>255,871</u>
Liabilities and Reserves			
Called-up share capital	5	75,001	75,001
Share premium account	6	75,000	75,000
Profit and loss account	6	(149,942)	105,870
		<u>59</u>	<u>255,871</u>
Equity shareholders' funds			
		59	255,871
Creditors	8	-	-
Accruals and deferred income		-	-
		<u>59</u>	<u>255,871</u>

Approved by the Board on 28th July 2005.



Director

	Note	2004	2003
Net Cash Inflow/(Outflow) from Operating Activities	10	58	(6,484)
Returns of Investments and Servicing of Finance			
Interest received		-	12
Net Cash Inflow from Returns of Investments Servicing of finance		58	(6,472)
Taxation			
Corporation Tax recovered		-	-
Increase/(Decrease) in Cash in the Year	11	58	(6,472)

The Accounting Policies and Notes on pages 9 to 12 form part of these Financial Statements.

Accounting Policies**Basis of Accounting**

The Financial Statements are prepared under the historical cost basis of accounting and comply with applicable Accounting Standards.

The Company participated in insurance business as an underwriting member of various Syndicates at Lloyd's until 31 December 1997. The last Year of Account on which the Company participated closed by the payment of reinsurance premiums at 31 December 1999.

There are no syndicate transactions required to be reported in the General Business Technical Account for the years ended 31 December 2004 and 2003. Accordingly no General Business Technical Account has been presented.

There are no assets and liabilities arising as a result of the underwriting activities that are required to be reported in the Balance Sheet at 31 December 2004 and 2003.

The Financial Statements have been prepared on a going concern basis, recognising the support provided by Nomina plc, a group undertaking.

Deferred Taxation

Deferred Taxation is provided at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Provision is made to the extent that it is likely that a liability will crystallise in the foreseeable future.

1. Investment Income	2004	2003
Bank interest receivable	-	12
Other interest receivable	-	-
	<u>-</u>	<u>-</u>
	-	12
	<u>-</u>	<u>12</u>

2. Loss on Ordinary Activities before Taxation

This is stated after charging:

Auditors' remuneration - audit (borne by group undertaking)	£ -	£ -
- other	£ -	£ -
Directors remuneration	£ -	£ -
	<u>-</u>	<u>-</u>

The company has no employees.

3. Taxation

Corporation Tax on loss for year	-	(1)
Overprovision in respect of previous years	-	(6,046)
	<u>-</u>	<u>(6,046)</u>
	-	(6,047)
	<u>-</u>	<u>(6,047)</u>

4. Debtors

Corporation Tax	-	1
Amount owed by parent undertaking	-	255,869
	<u>-</u>	<u>255,870</u>
	-	255,870
	<u>-</u>	<u>255,870</u>

5. Called-up Share Capital	2004	2003	2004	2003
	Authorised		Allotted, called-up and fully paid	
Ordinary shares of £1 each	200,000	200,000	75,001	75,001
	<u>200,000</u>	<u>200,000</u>	<u>75,001</u>	<u>75,001</u>

6. Reserves

	Share Premium Account	Profit and Loss Account
Balance at 1 January 2004	75,000	105,870
Retained loss for the year	-	(255,812)
	<hr/>	<hr/>
Balance at 31 December 2004	75,000	(149,942)
	<hr/>	<hr/>

7. Reconciliation of Movements in Shareholder's Funds

	2004	2003
Loss for the financial year	(255,812)	(4)
Opening shareholder's funds	255,871	255,875
	<hr/>	<hr/>
Closing shareholder's funds	59	255,871
	<hr/>	<hr/>

8. Creditors

Bank overdraft	-	-
Director's loan	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

9. Contingent Liabilities

All the Years of Account on which the Company participated as a corporate member of Lloyd's have closed by reinsurance into following Years of Account on which the Company has no participation.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate is unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle the outstanding claims.

The Director regards the possibility of the Lloyd's chain of security failing as remote. If, however, it were to fail, the Company would be responsible for settling the share of any residual liability remaining on the years on which it participated.

**10. Reconciliation of Operating Loss to
Net Cash Outflow from Operating Activities**

	2004	2003
Operating loss before interest	(255,812)	(16)
(Increase)/decrease in debtors	255,870	(422)
Increase/(decrease) in creditors	-	(6,046)
	<hr/>	<hr/>
Net Cash Inflow/(Outflow) from Operating Activities	58	(6,484)
	<hr/>	<hr/>

11. Reconciliation of Net Cash Flow to Movement in Net Funds for the Year

Net funds at 1 January	1	6,473
Increase/(Decrease) in cash in the year	58	(6,472)
	<hr/>	<hr/>
Net funds at 31 December	59	1
	<hr/>	<hr/>
Analysis of Net Funds		
Cash at bank	59	1
Bank overdraft	-	
	<hr/>	<hr/>
	59	1
	<hr/>	<hr/>

12. Ultimate Undertaking

The Directors consider Nomina Services Limited, a Company registered in England and Wales, as the Company's ultimate group undertaking.