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**MLIT (NO. 1) LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2006**

THURSDAY



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The Directors have pleasure in presenting this Report, together with the Financial Statements for the year ended 31 December 2006

**Results and Dividends**

The loss for the year before taxation amounted to £1,175, (2005 – £5)

**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.

**Directors and their Interests**

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

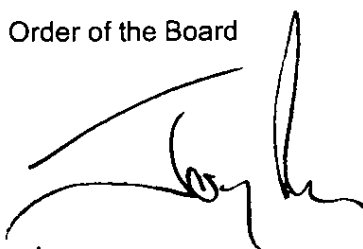
JRH Evans  
Nomina PLC

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



Director

14<sup>th</sup> September 2007

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. 1) Limited**

We have audited the Financial Statements of MLIT (No 1) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes 1 to 7. These Financial Statements have been prepared under 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**

As described by the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of 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.

**Independent Auditors' report (Continued)**

**Opinion**

In our opinion

the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,

and have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Report of the Directors is consistent with the Financial Statements

A handwritten signature in black ink, appearing to read 'CLB Littlejohn Frazer', with a stylized flourish at the end.

**CLB Littlejohn Frazer**

Chartered Accountants  
and Registered Auditors

24 September 2007

1 Park Place  
Canary Wharf  
London E14 4HJ

	Note	2006	2005
Other charges		(1,175)	(5)
		<hr/>	<hr/>
<b>Loss on Ordinary Activities before Taxation</b>		(1,175)	(5)
Tax credit on ordinary activities		-	-
		<hr/>	<hr/>
<b>Loss on Ordinary Activities after Taxation</b>		(1,175)	(5)
		<hr/>	<hr/>
<b>Loss for the Financial Year</b>		(1,175)	(5)
		<hr/>	<hr/>

The Company has no recognised gains or losses other than the £1,175 loss for the financial year stated above

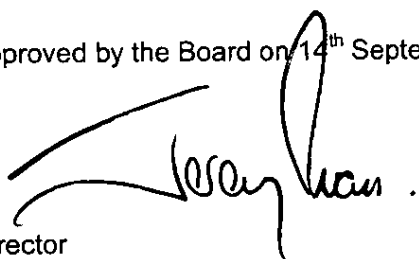
The Company's activities are all discontinued

The Accounting Policies and Notes on pages 9 to 11 form part of these Financial Statements

	Note	2006	2005
<b>Assets</b>			
Cash at bank		-	-
		<u>          </u>	<u>          </u>
		-	-
		<u>          </u>	<u>          </u>
<b>Liabilities and Reserves</b>			
Called-up share capital	1	75,001	75,001
Share premium account	2	75,000	75,000
Profit and loss account	2	(151,176)	(150,001)
		<u>          </u>	<u>          </u>
Equity shareholders' funds		(1,175)	-
Creditors – amounts fully due within one year	3	1,175	-
		<u>          </u>	<u>          </u>
		-	-
		<u>          </u>	<u>          </u>

Approved by the Board on 14<sup>th</sup> September 2007

Director



The Accounting Policies and Notes on pages 9 to 11 form part of these Financial Statements

**Cash Flow Statement**

No movement of cash has occurred during the year and accordingly no cash flow statement has been presented

The Accounting Policies and Notes on pages 9 to 11 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 2006 and 2005. 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 2006 and 2005.

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 Called-up Share Capital	2006	2005	2006	2005
	Authorised		Allotted, called-up and fully paid	
Ordinary shares of £1 each	200,000	200,000	75,001	75,001
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>2 Reserves</b>				
			<b>Share Premium Account</b>	<b>Profit and Loss Account</b>
Balance at 1 January 2006			75,000	(150,001)
Retained loss for the year				(1,175)
			<u>          </u>	<u>          </u>
Balance at 31 December 2006			75,000	(151,176)
			<u>          </u>	<u>          </u>
<b>3 Creditors</b>				
			<b>2006</b>	<b>2005</b>
Intercompany Loan (MLIT No 7) Limited			1,175	-
			<u>          </u>	<u>          </u>
<b>4 Reconciliation of Movements in Shareholder's Funds</b>				
			<b>2006</b>	<b>2005</b>
Loss for the financial year			(1,175)	(5)
Opening shareholder's funds			-	5
			<u>          </u>	<u>          </u>
Closing shareholder's funds			(1,175)	-
			<u>          </u>	<u>          </u>

**5 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

**6 Ultimate Undertaking**

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

**7 Related party disclosure**

Mr J R H Evans, a director of the company, is also a director of Nomina plc which administers the conversion scheme in which the company participates. Nomina plc charged a fixed management fee of £1,175 (2005 £-) to cover all the costs of basic administration of the company