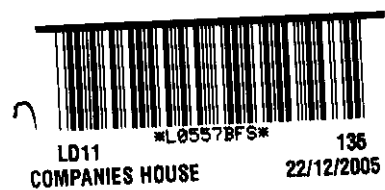


**Mill Capital Limited
(formerly Mill Finance Limited)**

Report and Financial Statements

Year Ended

31 December 2004



IBDO

BDO Stoy Hayward
Chartered Accountants

Mill Capital Limited

Annual report and financial statements for the year ended 31 December 2004

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Directors

S N Phillips
D H S Toplas
J R Tilford

Secretary and registered office

T B Symes, 6-8 Old Bond Street, London, W1S 4PH.

Company number

2887393

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Mill Capital Limited

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Change of name

The company changed its name from Mill Finance Limited to Mill Capital Limited on 4 January 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend a dividend for the year (2003 - £Nil).

Principal activities, trading review and future developments

The principal activity of the company is to provide general advisory services in relation to Public Private Partnerships. The directors consider the results for the year to be satisfactory and do not anticipate any significant changes in the activities of the company.

The directors have reviewed the activities of the business for the year and the position as at 31 December 2004 and consider them to be satisfactory.

Directors

The directors of the company during the year were:

S N Phillips
J R Tilford
D H S Toplas
A S Robertson (resigned 17 November 2004)

The directors held no beneficial interests in the shares of the company in 2003 and 2004. However, certain directors have an indirect interest in the company by virtue of their following interests in Mill Group UK Holdings Limited, the ultimate parent company of Mill Funds Limited:

- S N Phillips owns 100 (2003 – nil) ordinary £1 shares;
- J R Tilford owns 130 (2003 – nil) ordinary £1 shares; and
- Hexworth Investments Limited, which is owned by the D H S Toplas Settlement, owns 370 (2003 – nil) ordinary £1 shares, 1 'A' £1 share, and 800,000 Founder Shares of £1 each. D H S Toplas has a life time interest in the D H S Toplas Settlement.

Mill Capital Limited

Report of the directors for the year ended 31 December 2004 (*Continued*)

Directors' responsibilities

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 period. In preparing those 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; 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 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.

Auditors

Thompson Taraz LLP resigned as auditors of the company and BDO Stoy Hayward LLP were appointed in their place. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the annual general meeting.

By order of the Board



T B Symes
Secretary

Date

14/12/2005

Mill Capital Limited

Report of the independent auditors

To the shareholders of Mill Capital Limited

We have audited the financial statements of Mill Capital Limited for the year ended 31 December 2004 on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit 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 judgements 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.

Mill Capital Limited

Report of the independent auditors (*Continued*)

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants

and Registered Auditors

London

Date 14 December 2005

Mill Capital Limited**Profit and loss account for the year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover	1	229,471	-
Cost of sales		(217,997)	-
Gross profit		11,474	-
Administrative expenses		(25)	(41)
Operating profit/(loss)	2	11,449	(41)
Interest receivable		229	3
Profit/(loss) on ordinary activities before taxation		11,678	(38)
Tax on profit/(loss) on ordinary activities	3	-	-
Profit/(loss) for the financial year		11,678	(38)
Retained loss brought forward		(16,366)	(16,328)
Retained loss carried forward		(4,688)	(16,366)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 9 form part of these financial statements.

Mill Capital Limited

Balance sheet at 31 December 2004

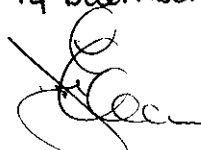
	Note	2004 £	2003 £
Current assets			
Debtors	4	524	512
Cash at bank		921	158
		<hr/>	<hr/>
		1,445	670
Creditors: amounts falling due within one year	5	(6,122)	(17,025)
		<hr/>	<hr/>
Net current liabilities		(4,677)	(16,355)
		<hr/>	<hr/>
Total assets less current liabilities		(4,677)	(16,355)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	11	11
Profit and loss account		(4,688)	(16,366)
		<hr/>	<hr/>
Shareholders' funds - equity	7	(4,677)	(16,355)
		<hr/>	<hr/>

These financial statements were approved by the Board on

14 December 2005.



D H S Toplas
Director



DM Eilbeck
Director

The notes on pages 7 to 9 form part of these financial statements.

Mill Capital Limited

Notes forming part of the financial statements for the year ended 31 December 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover, which excludes Value Added Tax, represents income earned for the provision of services in connection with the development of Investors in the Community Fund II LP ('IIC Fund II LP'). The partnership is a limited partnership which invests in a variety of projects under the Government's Private Finance Initiative scheme.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Operating profit/(loss)

	2004	2003
	£	£
This has been arrived at after charging:		
Directors' emoluments	-	-
	<hr/>	<hr/>

Mill Capital Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

3 Tax on profit/(loss) from ordinary activities

	2004 £	2003 £
<i>Current tax</i>		
UK corporation tax on profits of the year	-	-
	<u> </u>	<u> </u>
The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:		
	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	11,678	(38)
	<u> </u>	<u> </u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 – 30%)	3,503	(11)
Effects of:		
Group relief	(3,503)	11
	<u> </u>	<u> </u>
Current tax charge for year	-	-
	<u> </u>	<u> </u>

4 Debtors

	2004 £	2003 £
Amounts owed by group undertakings	524	501
Amount owed by fellow subsidiary undertakings	-	11
	<u> </u>	<u> </u>
	524	512
	<u> </u>	<u> </u>

5 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts due to fellow subsidiary undertakings (see note 8)	6,122	17,025
	<u> </u>	<u> </u>

The company has received confirmation from its fellow subsidiary undertaking, Mill Asset Management Group Limited, that it will continue to provide financial support to the company for a period of not less than one year from the date of approval of these financial statements.

Mill Capital Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

6 Share capital

			2004 £	2003 £
<i>Authorised</i>				
1,000 ordinary shares of £1 each			1,000	1,000
	2004 Number	2004 £	2003 Number	2003 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	11	11	11	11

7 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit/(loss) for the financial year	11,678	(38)
Opening shareholders' equity deficit	(16,355)	(16,317)
Closing shareholders' equity funds	(4,677)	(16,355)

8 Related party transactions

As at 31 December 2004, the company owed £6,122 (2003 - £17,025) and earned income during the period of £229,471 (2003 - £nil) from Mill Asset Management Group Limited for the provision of modelling services. Mill Asset Management Group Limited is a related party by virtue of it having the same ultimate parent company, Mill Group UK Holdings Limited.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Mill Funds Limited.

9 Ultimate parent company

A reorganisation of the Group took place immediately prior to the year end. As a result, the immediate parent company changed from IIC Funds Limited (formerly Mill Funds Limited: company number – 4936261) to Mill Funds Limited (company number – 5257961), which is registered in England and Wales.

The ultimate parent company is Mill Group UK Holdings Limited, which is incorporated in the British Virgin Islands and is under the ultimate control of the D H S Toplas Settlement.