



REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 1998

Company No. 3584320



MARKETFORM MANAGING AGENCY LIMITED

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MARKETFORM MANAGING AGENCY LIMITED

COMPANY INFORMATION

Directors	H J C Bellingham J W Young A A Barwick A G Bishop P J Cooper R A G Jackson B P D Kellett S P Lotter I G Sinclair	Chairman Managing Director
Secretary	T R Smith	
Company Number	3584320	
Registered Office	40 Lime Street London EC3M 5EA	
Auditors	Littlejohn Frazer 1 Park Place Canary Wharf London E14 4HJ	
Solicitors	Messrs Clyde & Co Beaufort House Chertsey Street Guildford Surrey GU1 4HA	
Bankers	Coutts & Co 15 Lombard Street London EC3V 9AU	

MARKETFORM MANAGING AGENCY LIMITED

CHAIRMAN'S STATEMENT

Marketform Managing Agency Limited was incorporated in June 1998, as a consequence of Marketform Limited's strategic alliance in May 1998 with Unionamerica Acquisition Company Limited (Unionamerica) (a subsidiary of the US-based MMI Companies, Inc.).

At that time, it was announced that it was intended to create in partnership with Unionamerica a new managing agency, a dedicated Lloyd's corporate capital vehicle, both subject to Lloyd's approval, and a new Marketform group holding company.

On 10th November 1998 it was announced that Lloyd's had given its approval for the formation of a new non-marine liability syndicate, number 2468, to be managed by Marketform Managing Agency Limited. Simon Lotter was appointed the active underwriter of the Syndicate which will write general and products liability, professional indemnity, and medical professional indemnity insurance, whilst also participating in a consortium arrangement with the syndicates that subscribe to the established Marketform Limited medical malpractice facilities.

Following receipt of the Lloyd's approvals, the newly incorporated Marketform Holdings Limited acquired all of the issued share capital of Marketform Managing Agency Limited, together with the issued equity share capital of Marketform Limited. Key executives and employees of the Marketform Group hold 51% of the issued shares of Marketform Holdings Limited and Unionamerica holds the remaining 49%.

Looking forward to 1999, Syndicate 2468 will specialise in niche classes of insurance which are more resilient to market pressures than commodity insurance business. The fundamental objective of the Syndicate will be consistent top quality performance from the underwriting of manageable risk, from which good stable profits can be attained in both the medium and long term.

MARKETFORM MANAGING AGENCY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST DECEMBER 1998

The directors present their report together with the audited financial statements for the period ended 31st December 1998.

Principal Activities

The Company was incorporated on 15 June 1998.

The Company's principal activity is that of a managing agent of Lloyd's Syndicate 2468.

Results and review of business

The results for the period are set out in the profit and loss account on page 7.

The directors do not recommend the payment of a dividend.

Directors

The current directors of the Company are shown on page 1. The directors who served during the period under review are as follows:

	<u>Date of Appointment</u>
C W Duffy	15th June 1998 (resigned 22nd June 1998)
D W Page	15th June 1998 (resigned 22nd June 1998)
H J C Bellingham	22nd June 1998
P J Cooper	22nd June 1998
A A Barwick	5th November 1998
A G Bishop	5th November 1998
R A G Jackson	5th November 1998
B P D Kellet	5th November 1998
S P Lotter	5th November 1998
I G Sinclair	5th November 1998
J W Young	5th November 1998

MARKETFORM MANAGING AGENCY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31ST DECEMBER 1998

Directors' Interests

None of the directors had a beneficial interest in the issued share capital of the Company at 31st December 1998. The directors' interests, where applicable, in the share capital of the parent company, Marketform Holdings Limited, were as follows:

	<u>"B" Voting Shares of 10p</u>		<u>"B" Non-Voting shares of 10p</u>	
	31.12.98	At date of Appointment	31.12.98	At date of Appointment
H J C Bellingham	117,337	-	852,966	-
J W Young	117,337	-	852,966	-
S P Lotter	-	-	201,806	-

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the Company's affairs 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;

State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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.

MARKETFORM MANAGING AGENCY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31ST DECEMBER 1998

Year 2000

Marketform Managing Agency Limited is required to demonstrate its compliance under the Lloyd's Year 2000 Certification Scheme.

The Company has not only made a commitment to allocate sufficient resources but has also put in place a structured and systematic programme to achieve Year 2000 compliance as set out by the British Standards Institute in DISC PD/2001-1.

Senior Management is involved at all stages of the project and will continue to monitor developments at the monthly Board meetings.

Where appropriate, IT hardware and software is being upgraded, along with the replacement of certain other equipment between December 1998 and June 1999 in order to meet the Lloyd's Year 2000 Certification Scheme.

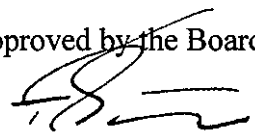
The Company is currently contacting Business Partners, Vendors and Suppliers to enquire about their readiness for the Year 2000. Results from this exercise are expected by July 1999, when as required by the Lloyd's Year 2000 Certification Scheme, Marketform Limited will be developing contingency plans as appropriate.

Given the complex nature of the issue, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some levels of failure may occur. However, based on progress to date, the directors believe that an acceptable state of readiness will be achieved within the timeframe required by Lloyd's.

Auditors

The Company in General Meeting has passed Elective Resolutions dispensing with the need to hold Annual General Meetings and to re-appoint Auditors annually. Accordingly, Messrs. Littlejohn Frazer, who were appointed during the period under review as the first Auditors to the Company, continue to act as Auditors of the Company.

Approved by the Board of Directors and signed on behalf of the Board.



T R Smith FCIS
Company Secretary

29th April 1999

MARKETFORM MANAGING AGENCY LIMITED

AUDITORS' REPORT TO THE

SHAREHOLDERS OF MARKETFORM MANAGING AGENCY LIMITED

We have audited the financial statements on pages 7 to 11 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4, the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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 the 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 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlejohn Frazer
Chartered Accountants
and Registered Auditors

29th April 1999

MARKETFORM MANAGING AGENCY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 1998

	Notes	1998 £
Administrative expenses		2,000
Operating Loss	2	2,000
Interest receivable		4,249
Profit on ordinary activities before taxation		2,249
Taxation on profit on ordinary activities	3	500
Profit for the Financial Period		1,749
Retained Profit Brought Forward		-
Retained Profit Carried Forward		1,749

All amounts relate to continuing activities.

There were no recognised gains or losses for 1998 other than the profit for the financial period stated above.

There were no movements in shareholders' funds other than the profit for the financial period.

MARKETFORM MANAGING AGENCY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1998

	Notes	1998 £	1998 £
Current Assets			
Debtors	4	267,901	
Cash at bank and in hand		456,979	
		<u>724,880</u>	
Creditors: Amounts Falling Due Within One Year	5	<u>223,131</u>	
Net Current Assets			<u>501,749</u>
			<u>501,749</u>
Capital and reserves			
Share capital - equity	6		500,000
Profit and loss account			1,749
Shareholders' funds			<u>501,749</u>

The financial statements were approved by the Board on 29 April 1999

J W Young)

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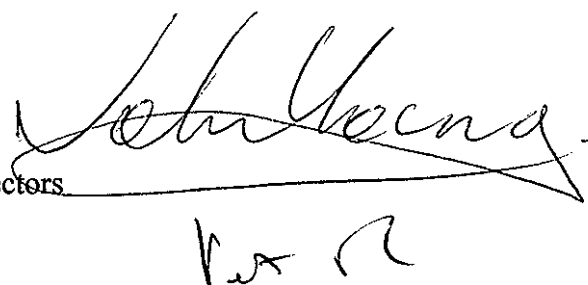
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P J Cooper)

Directors



MARKETFORM MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31ST DECEMBER 1998

1. Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

The Company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

2. Operating Loss

<i>The operating loss is arrived at after charging:</i>	1998
	£
Auditors' remuneration - audit	<u>1,250</u>

3. Taxation

	1998
	£
Based on the profit for the period	
UK Corporation Tax at 21%	<u>500</u>
	<u>500</u>

4. Debtors

	1998
	£
Other debtors	644
Deferred expenditure	<u>267,257</u>
	<u>267,901</u>

Included in deferred expenditure is an amount of £196,408 relating to Syndicate 2468.

MARKETFORM MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PERIOD ENDED 31ST DECEMBER 1998

5. Creditors: Amounts Falling Due Within One Year

	1998 £
Amounts owed to group undertakings	220,631
Corporation tax	500
Accruals and deferred income	2,000
	<u>223,131</u>

6 Share Capital

	1998 £
Authorised	
500,000 Ordinary Shares of £1 each	<u>500,000</u>
Allotted	
500,000 Ordinary Shares of £1 each; fully paid	<u>500,000</u>

On 5 November 1998 the authorised share capital of the Company was increased from £100 to £500,000 by the creation of an additional 499,900 Ordinary Shares of £1 each and 499,998 Ordinary Shares of £1 each were issued to Marketform Holdings Limited at par for cash.

7. Parent Undertaking

The Company's parent undertaking is Marketform Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. Group accounts are drawn up by Marketform Holdings Limited, copies of which are available from its registered office, 40 Lime Street, London EC3M 5EA.

MARKETFORM MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PERIOD ENDED 31ST DECEMBER 1998

8. Related Party Transactions

The Company has taken advantage of the exemption, permitted by Financial Reporting Standard No. 8 ("FRS 8"), from the requirement to disclose related party transactions with the parent company, Marketform Holdings Limited, and any of its fellow subsidiary undertakings.

Transactions with Syndicate 2468 have already been disclosed in the financial statements.

The Directors are satisfied that there are no other material related party transactions requiring disclosure under the FRS8.