

HML MARKETING LIMITED

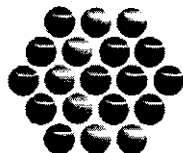
FINANCIAL STATEMENTS

31 DECEMBER 2002

COMPANY NUMBER 2123255



A COMPANY OF



**COX INSURANCE
HOLDINGS PLC**

HML MARKETING LIMITED

FINANCIAL STATEMENTS - 31 DECEMBER 2002

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HML MARKETING LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2002

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2002.

DIRECTORS

The directors who served during the year under review were as follows:

R F Boot
C D Charles
R J Inglis
M P Whitfield (resigned 17 October 2002)
C A Reilly
N A Utley
D W Mowl (resigned 13 November 2002)
P Dodds (appointed 24 December 2002)

COMPANY SECRETARY

C J Ringrose

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company was that of insurance product marketing and premium guaranteeing. The directors believe that the business has and will continue to develop satisfactorily.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2002 are set out on page 7.

A final dividend of £24.2486 per ordinary share amounting to £1,214,855 (2001 - £nil) is proposed.

EMPLOYEES

During the year all staff were employed by Cox Services Limited, a fellow subsidiary undertaking.

HML MARKETING LIMITED

DIRECTORS' REPORT (continued) for the year ended 31 December 2002

DIRECTORS' INTERESTS

None of the directors had any beneficial interests in the shares of the Company as at 31 December 2002.

Mr N A Utley is a director of Cox Insurance Holdings Plc, the company's ultimate parent company, and his interests and share options are disclosed in the financial statements of that company.

The other directors' interests in the ordinary shares of Cox Insurance Holdings Plc are as follows:

<u>Number of shares</u>	31 December 2002	31 December 2001 or date of appointment
C D Charles	65,781	28,192
P G Dodds	2,573	1,103

Number of share options

	31 December 2001 or date of appointment	Granted during period	Exercised/ Lapsed during year	31 December 2002	Exercise Price	Exercisable from	Expiry Date
C D Charles							
1995 Scheme	7,282	-	-	7,282	241.00p	Apr 2004	Apr 2008
1995 Scheme	67,491	-	-	67,491	155.00p	Mar 2002	Mar 2006
1995 Scheme	15,706	-	-	15,706	191.00p	Dec 2001	Dec 2005
1995 Scheme	44,929	-	-	44,929	137.84p	Dec 1999	Dec 2003
1996 Scheme	12,461	-	-	12,461	370.36p	May 2001	May 2005
1996 Scheme	18,793	-	-	18,793	225.16p	Oct 2000	Oct 2004
1996 Scheme	5,178	-	-	5,178	182.50p	Apr 2003	Apr 2007
1997 Scheme	13,320	-	-	13,320	225.16p	Oct 2000	Oct 2007
2001 Scheme	-	236,000	-	236,000	50.00p	May 2005	May 2012
SAYE Scheme	3,127	-	(3,127)	-	110.28p	Apr 2002	Sep 2002
SAYE Scheme	5,052	-	(5,052)	-	200.40p	Jul 2006	Dec 2006
SAYE Scheme	2,793	-	(2,793)	-	120.80p	Jun 2004	Nov 2004
SAYE Scheme	-	21,205	-	21,205	44.80p	Aug 2005	Feb 2006
Total	196,132	257,205	(10,972)	442,365			
P G Dodds							
1996 Scheme	14,689	-	-	14,689	241.00p	Apr 2004	Apr 2008
1996 Scheme	32,876	-	-	32,876	182.50p	Apr 2003	Apr 2007
1996 Scheme	32,258	-	-	32,258	186.00p	May 2003	May 2007
1997 Scheme	12,448	-	-	12,448	241.00p	Apr 2004	Apr 2008
2001 Scheme	-	99,300	-	99,300	50.00p	May 2005	May 2012
2001 Scheme	-	85,425	-	85,425	77.00p	Dec 2005	Dec 2012
SAYE Scheme	11,558	-	(11,558)	-	146.00p	Jun 2005	Nov 2005
SAYE Scheme	- *	42,410	-	42,410	44.80p	Aug 2005	Feb 2006
Total	103,829	227,135	(11,558)	319,406			
R F Boot							
1995 Scheme	77,420	-	-	77,420	155.00p	Mar 2002	Mar 2006
1997 Scheme	19,354	-	-	19,354	155.00p	Mar 2002	Mar 2009
2001 Scheme	-	93,808	-	93,808	50.00p	May 2005	May 2012
SAYE Scheme	11,175	-	(11,175)	-	120.80p	Jun 2004	Nov 2004
SAYE Scheme	1,684	-	(1,684)	-	200.40p	July 2006	Dec 2006
SAYE Scheme	-	21,205	-	21,205	44.80p	Aug 2005	Feb 2006
Total	109,633	115,013	(12,859)	211,787			

HML MARKETING LIMITED

DIRECTORS' REPORT (continued) for the year ended 31 December 2002

	31 December 2001 or date of appointment	Granted during period	Exercised/ Lapsed during year	31 December 2002	Exercise Price	Exercisable from	Expiry Date
R J Inglis							
1997 Scheme	16,129	-	-	16,129	155.00p	Mar 2002	Mar 2009
2001 Scheme	-	27,451	-	27,451	50.00p	May 2005	May 2012
SAYE Scheme	11,175	-	(11,175)	-	120.80p	Jun 2004	Nov 2004
SAYE Scheme	-	21,205	-	21,205	44.80p	Aug 2005	Feb 2006
Total	27,304	48,656	(11,175)	64,785			
C A Reilly							
1997 Scheme	16,129	-	-	16,129	155.00p	Mar 2002	Mar 2009
2001 Scheme	-	30,196	-	30,196	50.00p	May 2005	May 2012
SAYE Scheme	8,381	-	(8,381)	-	120.80p	Jun 2004	Nov 2004
SAYE Scheme	3,368	-	(3,368)	-	200.40p	July 2006	Dec 2006
SAYE Scheme	-	21,205	-	21,205	44.80p	Aug 2005	Feb 2006
Total	27,878	51,401	(11,749)	67,530			

* Note: 21,205 options are held under the SAYE scheme by Mr Dodds' spouse.

The share price at 31 December 2002 was 77.00p (2001 – 141.00p). The highest and lowest prices during the year were 147.50p and 36.00p.

LIABILITY INSURANCE FOR GROUP DIRECTORS AND OFFICERS

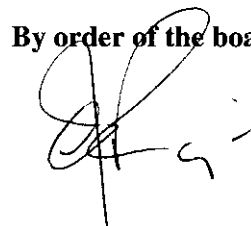
As permitted by the Companies Act 1985, the Group has maintained insurance cover for directors and officers against liabilities arising in relation to the Group.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 23 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

Elective resolutions have been made by the shareholders of the Company under Section 386 and Section 366a of the Companies Act 1985. This appointment will continue until such time as the elective resolution is withdrawn by the shareholders and their reappointment is considered at the subsequently held Annual General Meeting, the auditors resign, or are removed from office.

By order of the board



C J Ringrose
Secretary

8 April 2003

HML MARKETING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2002

Company law requires the directors to prepare financial statements for each financial year that 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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.

HML MARKETING LIMITED

INDEPENDENT AUDITORS' REPORT

to the shareholders of HML Marketing Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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.

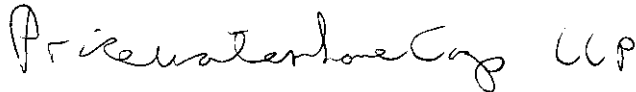
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HML MARKETING LIMITED

INDEPENDENT AUDITORS' REPORT (continued)
to the shareholders of HML Marketing Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

8 April 2003

HML MARKETING LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2002

	Note	31 December 2002 £	31 December 2001 £
TURNOVER	2	5,525,755	5,409,158
Administrative expenses		(3,909,008)	(3,698,612)
OPERATING PROFIT		1,616,747	1,710,546
Gain on current asset investment		30,193	-
Interest receivable and similar income	7	28,605	69,288
Interest payable and similar charges	17	(520,772)	(489,182)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,154,773	1,290,652
Tax on profit on ordinary activities	8	(413,608)	(530,103)
PROFIT FOR THE FINANCIAL YEAR		741,165	760,549
Dividends	10	(1,214,855)	-
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR	20	(473,690)	760,549

All amounts relate to continuing operations.

There are no recognised gains or losses other than the profits above and therefore no statement of total recognised gains and losses has been presented.

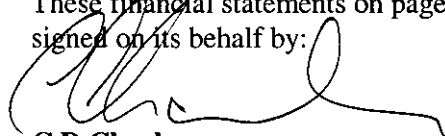
There is no difference between the profit on ordinary activities before tax and the retained profit for the year dated above, and their historical cost equivalents.

The notes on pages 9 to 19 form an integral part of these financial statements.

HML MARKETING LIMITED**BALANCE SHEET**
as at 31 December 2002

		31 December		31 December	
		2002		2001	
	Note	£	£	£	£
FIXED ASSETS					
Investments	11		400,000		450,000
Tangible assets	12		19,216		52,437
Goodwill	13		5,412,733		5,752,231
			<hr/>		<hr/>
			5,831,949		6,254,668
CURRENT ASSETS					
Debtors	14	6,120,279		2,539,327	
Deferred tax	9	106,290		-	
Investments	15	917,016		-	
Cash at bank and in hand		21,790		1,863,896	
		<hr/>	<hr/>	<hr/>	<hr/>
			7,165,375		4,403,223
CREDITORS: amounts falling due within one year	16		(3,850,890)		(1,558,539)
			<hr/>		<hr/>
NET CURRENT ASSETS			3,314,485		2,844,684
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>
			9,146,434		9,099,352
CREDITORS: amounts falling due after more than one year: Unsecured loan stock	17		(8,585,092)		(8,064,320)
			<hr/>		<hr/>
NET ASSETS			561,342		1,035,032
CAPITAL AND RESERVES			<hr/>		<hr/>
Called up share capital	19		50,100		50,100
Profit and loss account	20		511,242		984,932
			<hr/>		<hr/>
EQUITY SHAREHOLDERS' FUNDS	21		561,342		1,035,032
			<hr/>		<hr/>

These financial statements on pages 7 to 19 were approved by the board of directors on 8 April 2003 and signed on its behalf by:



C D Charles
Director

8 April 2003

The notes on pages 9 to 19 form an integral part of these financial statements.

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

1. ACCOUNTING POLICIES

a. Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention and the accounting standards set out below. The accounts have been prepared on the going concern basis which the directors believe to be appropriate.

b. Group accounts

The company's ultimate parent company is Cox Insurance Holdings Plc. In accordance with section 228 of the Companies Act 1985, it has taken advantage of the exemption to prepare and deliver group accounts to the Registrar.

c. Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) as a result of the Company being a wholly owned subsidiary of Cox Insurance Holdings Plc, the ultimate parent company.

d. Related parties

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions that are part of the Cox Insurance Holdings Plc group.

e. Investments

Shares in subsidiary undertakings are stated at cost less provisions for any permanent impairment in value. Income is recognised in the year in which it becomes receivable.

f. Current asset investments

Current asset investments are stated at the lower of cost and market value.

g. Tangible fixed assets

Tangible fixed assets are stated at cost less amounts depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value in equal annual installments over the estimated useful economic lives of the tangible fixed assets. The rates of depreciation are, on a straight line basis, as follows:

Furniture, fixtures, office and computer equipment	20% - 50% per annum
Motor vehicles	20% - 50% per annum

h. Goodwill

Purchased goodwill is stated at cost less amounts amortised. The cost of goodwill is amortised over the estimated useful life of the asset. The estimated lives of each goodwill asset acquired are separately considered on the basis of the merits of the underlying business. In the first full year following the year of acquisition an impairment review is performed. The value of the goodwill and life of the asset is reviewed and amended as necessary. The current amortisation rate for goodwill is 5% per annum on a straight line basis.

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

i. Investment income

Income is recognised in the year in which it becomes receivable.

j. Discounted loan stock

Interest is charged to the profit and loss account at a constant rate of interest of 6.46%.

The loan stock may be redeemed in full or converted into preference shares at the end of the loan term.

k. Tax

Corporation tax is provided on taxable profits at the current rate.

Deferred taxation is provided on a full provision basis on all material timing differences arising from the different treatment of items for accounting and taxation purposes. A deferred tax asset is recognised to the extent that it is estimated to be recoverable. Deferred tax balances are not discounted.

2. TURNOVER

Turnover represents insurance product marketing and premium guaranteeing income and arises entirely in the UK.

3. GUARANTEES AT YEAR-END

At 31 December 2002, the Company had issued guarantees in respect of premiums payable to insurance operations of £51,861,610 (2001 – £44,776,805).

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 December 2002 £	31 December 2001 £
Profit on ordinary activities before tax is stated after charging/(crediting):		
Depreciation	33,221	56,330
Profit on disposal of fixed assets	(2,212)	(7,916)
Amortisation of intangible fixed assets	339,498	336,674

Certain costs, including staff related costs, auditors' remuneration and operating leases, are borne by Cox Services Limited ("CSL"), a fellow subsidiary undertaking.

Disclosure of the full amount is shown in the notes to the financial statements of CSL. The amount re-charged to the Company by CSL during 2002 was £161,288 (2001 - £163,988).

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

5. DIRECTORS' EMOLUMENTS

N A Utley is remunerated for his services to the group as a whole and his remuneration is included in the financial statements of the parent company.

The emoluments of C D Charles and D W Mowl are paid by Cox Services Limited. The recharge from Cox Services Limited to HML Marketing Limited in respect of their services as directors of the Company amounted to £67,225 (2001 - £26,961) which is included in the aggregate directors' emoluments below.

The aggregate remuneration of the directors, excluding pension contributions, during the year amounted to £481,156 (2001 - £421,565). The remuneration of the highest paid director during the year amounted to £145,632 (2001 - £140,232).

The Company operates a number of pension schemes. The aggregate value of Company contributions in respect of these directors during the year amounted to £50,286 (2001 - £14,111).

Company contributions to the defined contribution pension scheme in respect of the highest paid director were £16,418 (2001 - £9,988).

There were 4 (2001 - 4) directors in the Company's defined benefit scheme and 4 (2001 - 3) directors in the Company's defined contribution scheme during the year.

6. PENSIONS SCHEMES

The Lloyd's Superannuation Scheme is a multi employer scheme and consequently the Group is not able to separate out its share of the assets and liabilities and therefore will account for the scheme as if it were a defined contribution scheme as permitted by the exemptions provided in paragraph 9 of FRS17.

The most recent valuation at 31 March 2001 indicated that the Lloyd's Superannuation Scheme had a deficit of £19.2 million.

Due to the financial status of the Lloyd's Superannuation Scheme and the potential for active employers to be responsible for non-company related deficits, the Trustee of the Lloyd's Superannuation scheme has sought legal advice on sectionalisation.

This matter is due to go before the High Court in the summer of 2003 where the Scheme and employers (subject to all employers agreeing) and some representative defendants on behalf of the various classes of membership, will seek judgment on what is a 'fair' apportionment of assets and liabilities under Trust law. Judgment will also be sought on whether the effect of this 'fair' apportionment benefits or is detrimental to any class of member at the expense or benefit of any other class of member, or to the employers. The LSF proposals submitted to the High Court would, if approved, leave a broadly neutral position to the Group. While it is possible that the Company may be required to fund a greater share of the liability of this scheme, the directors believe this is remote and no further material exposure will result.

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	31 December 2002 £	31 December 2001 £
Bank interest receivable	28,605	69,288

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in period

	31 December 2002 £	31 December 2001 £
Current tax:		
UK corporation tax on profits of the period	542,384	530,103
Adjustments in respect of previous periods	(22,486)	-
	519,898	530,103
Deferred tax:		
Origination and reversal of timing differences	(106,290)	-
Tax on profit on ordinary activities	413,608	530,103

HML MARKETING LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2002****8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)****(b) Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	31 December 2002 £	31 December 2001 £
Profit on ordinary activities before taxation	1,154,773	1,290,652
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 – 30%)	346,432	387,196
Effects of:		
Expenses not deductible for tax purposes	187,804	140,034
Depreciation for period in excess of capital allowances	8,148	2,873
Adjustments to tax charge in respect of previous periods	(22,486)	-
Current tax charge for the period (note 8 (a))	519,898	530,103

9. PROVISION FOR DEFERRED TAX

	31 December 2002 £	31 December 2001 £
The movement in deferred tax comprises:		
Current year (note 8(a))	106,290	-
Asset at end of year	106,290	-

10. DIVIDENDS

	31 December 2002 £	31 December 2001 £
Final dividend: £24.2486 per share (2001 - £nil)	1,214,855	-

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

11. INVESTMENTS

	Subsidiary undertakings £	Associated undertakings £	Total £
Cost and net book value			
At 1 January 2002	400,000	50,000	450,000
Amounts written off	-	(50,000)	(50,000)
At 31 December 2002	400,000	-	400,000

The Company owns 100% of the issued share capital of the following company incorporated in England and Wales :

Name	Nature of Business
Brokersure.co.uk Limited	Insurance distributor

During the year the Company wrote off its investment in its associated undertaking, Encompass International Holdings Plc, as a result of that company being placed into administration.

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 31 December 2001	90,485	30,795	76,942	198,222
Disposals	-	-	(21,083)	(21,083)
At 31 December 2002	90,485	30,795	55,859	177,139
Depreciation				
At 31 December 2001	54,679	24,567	66,539	145,785
Provided during the year	17,641	5,483	10,097	33,221
Disposals	-	-	(21,083)	(21,083)
At 31 December 2002	72,320	30,050	55,553	157,923
Net book value				
At 31 December 2001	35,806	6,228	10,403	52,437
At 31 December 2002	18,165	745	306	19,216

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

13. GOODWILL

	31 December 2002 £
Cost	
At 31 December 2001 and 31 December 2002	6,699,101
Amortisation	
At 31 December 2001	946,870
Amortised during the year	339,498
At 31 December 2002	1,286,368
Net book value	
At 31 December 2001	5,752,231
At 31 December 2002	5,412,733

14. DEBTORS

	31 December 2002 £	31 December 2001 £
Amounts owed by group companies	5,379,769	1,610,399
Prepayment and accrued income	656,548	695,210
Other debtors	83,962	233,718
	6,120,279	2,539,327

15. CURRENT ASSET INVESTMENTS

	31 December 2002 £	31 December 2001 £
Money market deposits	917,016	-

The market value of the money market deposit is not materially different from the carrying value.

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

16. CREDITORS: amounts falling due within one year

	31 December 2002 £	31 December 2001 £
Bank overdraft	209,733	268,509
Trade creditors	296,718	266,494
Amounts owed to group companies	1,147,732	136,530
Proposed dividend	1,214,855	-
Corporation tax	540,536	323,576
Provision against guarantee	291,631	529,415
Accruals and deferred income	149,685	34,015
	<hr/> 3,850,890 <hr/>	<hr/> 1,558,539 <hr/>

17. CREDITORS: amounts falling due after more than one year

	31 December 2002 £
Unsecured convertible redeemable loan stock repayable in two to five years:	
Balance at beginning of year	8,064,320
Accrued interest	520,772
	<hr/>
Balance at end of year	8,585,092 <hr/>

On 19 February 1999, the Company issued non-interest bearing unsecured convertible redeemable loan stock 1999 – 2004 of face value of £9,217,000 to its ultimate parent undertaking, Cox Insurance Holdings Plc. The loan stock was issued for £6,740,189, representing a discount of £2,476,811. Interest is accrued at an intrinsic rate of 6.46%. The holder of the loan stock may at any time on or after 19 February 2004 require the Company to redeem the loan stock at par or convert the loan stock into fully paid preference shares on the basis of one preference share for every £1 of loan stock held.

The loan stock was issued in order to fund the purchase of business and business assets of John Holman & Sons Limited and Sheraton Recoveries Limited.

18. CONTINGENT LIABILITIES

The Company has jointly guaranteed the bank borrowings of Cox Insurance Holdings Plc, the Company's ultimate parent company, with fellow subsidiary undertakings amounting to £75,000,000 (2001 – £nil).

HML MARKETING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2002

19. CALLED UP SHARE CAPITAL

	31 December 2002 £	31 December 2001 £
Authorised:		
50,100 ordinary shares of £1 each	50,100	50,100
9,217,000 non-redeemable cumulative preference shares	9,217,000	9,217,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
50,100 ordinary shares of £1 each	50,100	50,100
	<hr/>	<hr/>

Non-redeemable cumulative preference shares

On 18 February 1999 the authorised share capital of the company was increased by £9,217,000 by the creation of 9,217,000, new non-redeemable cumulative preference shares of £1 each. Holders of unsecured convertible redeemable loan stock 1999–2004, under the terms of the loan note instrument, may on or at any time after 19 February 2004 convert the loan stock into fully paid preference shares on the basis of one preference share for every £1 of loan stock held.

Income

Holders of the preference shares are entitled to a cumulative preferential dividend at the rate of 1% above LIBOR in priority to any payment of dividend to the holders of other class of shares and are not entitled to any further right of participation in the profits of the company.

Capital

On a return of capital on winding-up or otherwise holders of the preference shares are entitled, in priority to any payment to the holders of any other class of share, to the repayment of a sum equal to the nominal amount of paid up capital together with all arrears of the preferential dividend and are not entitled to any further right of participation in the assets of the Company.

General meetings

Holders of the preference shares are entitled to receive notice of, attend, speak and vote at a general meeting of the Company only if and when at the date of the notice convening such meeting the preferential dividend is six months or more in arrears or if a resolution is to be proposed abrogating, varying or modifying the rights or privileges of holders of the preference shares (in which case they shall only be entitled to vote on such resolution).

HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

19. CALLED UP SHARE CAPITAL (continued)

Voting

Whenever the holders of the preference shares are entitled to vote on a resolution at a general meeting of the Company, on a show of hands, every such holder who is present in person or (being a corporation) by a representative shall have one vote and, on a poll, every such holder who is present in person or by proxy shall have one vote in respect of each fully-paid preference share registered in the name of such holder.

20. PROFIT AND LOSS ACCOUNT

	31 December 2002 £	31 December 2001 £
Balance at 1 January	984,932	224,383
(Loss)/retained profit for the financial year	(473,690)	760,549
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Balance at 31 December	511,242	984,932
	<hr/>	<hr/>

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2002 £	31 December 2001 £
Profit for the year	741,165	760,549
Dividends	(1,214,855)	-
	<hr/>	<hr/>
Net (deduction)/addition to shareholders' funds	(473,690)	760,549
Opening equity shareholders' funds	1,035,032	274,483
	<hr/>	<hr/>
Closing equity shareholders' funds	561,342	1,035,032
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HML MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2002

22. POST BALANCE SHEET EVENTS

On 16 January 2003, the immediate parent company changed from Christopherson Heath Group Ltd to Hainault Securities Ltd.

At the same date, the Company made a distribution on the ordinary share capital of the Company to Hainault Securities Limited, the immediate parent company of the Company, by distributing the interest of the Company in the entire share capital in Brokersure.co.uk, comprising 1000 £1 ordinary shares valued at £400,000.

23. ULTIMATE HOLDING UNDERTAKING

The ultimate parent undertaking and controlling party is Cox Insurance Holdings Plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Cox Insurance Holdings Plc's consolidated financial statements can be obtained from the company secretary at Library House, New Road, Brentwood, Essex, CM14 4GD.

FOR THE INFORMATION OF THE DIRECTORS

HML MARKETING LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	31 December 2002	31 December 2001
	£	£
TURNOVER - Commission	5,525,755	5,409,158
ADMINISTRATION EXPENSES		
Salary including Pension Scheme contributions and National Insurance	1,811,493	1,535,400
Rent	270,188	269,728
Computer costs	231,376	170,247
Postage, printing and stationery	231,748	270,346
Motor, travel and entertainment	267,383	229,605
Legal and professional fees	88,055	34,552
Irrecoverable VAT	113,264	91,505
Sundry expenses	86,278	10,581
Provision against guarantee	275,106	529,656
Amortisation of goodwill	339,498	336,674
Depreciation	33,221	56,330
Recharge from service companies	161,288	163,988
	<hr/>	<hr/>
	3,908,898	3,698,612
	<hr/>	<hr/>
OPERATING PROFIT	1,616,857	1,710,546
INTEREST PAYABLE	(520,882)	(489,182)
INTEREST RECEIVABLE	58,798	69,288
	<hr/>	<hr/>
	(462,084)	(419,894)
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PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	1,154,773	1,290,652
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