

2nd March 2010

JARDINE LLOYD THOMPSON GROUP plc
PRELIMINARY RESULTS FOR THE YEAR ENDED 31st DECEMBER 2009
(UNAUDITED)

Jardine Lloyd Thompson Group plc ("JLT" or "the Group") today announces preliminary results for the year ended 31st December 2009.

Financial Summary

	2009	2008	Change
	£m	£m	
• Fees and commissions	612.9	536.1	14%
• Underlying trading profit *	97.1	76.2	28%
• Profit before tax	102.0	92.8	10%
• Underlying profit before tax *	104.8	95.2	10%
• Diluted Earnings Per Share	33.1p	29.6p	11.8%
• Underlying Diluted Earnings Per Share *	33.8p	30.4p	11.2%
• Total dividend for the year	21.0p	20.5p	2.4%

* *Underlying results exclude exceptional items.*

Highlights

- Strong trading performance with revenue up 14% including 5% organic growth
- Trading profit increased 28%
- London Market businesses achieved a 10% combined organic growth rate
- Employee Benefits completed an acquisition of £27 million
- Profit before tax increased by 10% despite investment income decreasing by £9.4 million
- Business Transformation Project to reduce annualised operating costs by approximately £14m in 2011
- Underlying diluted EPS increased by 11% to 33.8p
- Total dividend per share increased by 0.5p to 21.0p, up 2.4%

Dominic Burke, Chief Executive, commented:

"JLT achieved another year of strong growth and has good momentum. Whilst the insurance market rating environment remains soft, the Group is well positioned for continuing growth and we look forward to the future with confidence."

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A presentation to investors and analysts will take place at 9.00 am today at 6 Crutched Friars, London EC3N 2PH. A live webcast of the presentation can be viewed on the Group's website www.jltgroup.com.

FULL RELEASE FOLLOWS:

PRELIMINARY STATEMENT

JLT delivered another strong trading performance in 2009 with 5% organic revenue growth. The financial performance, including a comparison using constant rates of exchange (CRE), is summarised in the table below:

£m	Year Ended 2009							Year Ended 2008	
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
Risk & Insurance:									
Retail	269.5	14%	4%	51.0	46.4	19%	19%	45.7	19%
London Market	250.4	19%	13%	46.2	41.1	18%	17%	34.3	16%
	519.9	16%	8%	97.2	87.5	19%	18%	80.0	18%
Employee Benefits	90.5	3%	3%	14.7	14.7	16%	16%	14.9	17%
Central overheads	2.5	-	-	(14.8)	(14.7)	-	-	(18.7)	-
	612.9	14%	8%	97.1	87.5	16%	15%	76.2	14%
Trading Profit				97.1				76.2	
Investment income				6.4				15.8	
Associates after taxation				3.8				3.5	
Net finance costs				(2.5)				(0.3)	
Underlying profit before taxation				104.8				95.2	
Net exceptional items				(2.8)				(2.4)	
Profit before taxation for the year				102.0				92.8	
Taxation and minority interests				(31.1)				(29.2)	
Profit after taxation and minorities				70.9				63.6	
Underlying profit after taxation and minorities				72.4				65.3	
Diluted earnings per share				33.1p				29.6p	
Underlying diluted earnings per share				33.8p				30.4p	

Turnover increased by 14% in 2009 to £612.9 million or 8% at CRE, comprising 5% organic growth and 3% due to acquisitions.

Underlying trading profit increased by 28% to £97.1 million or 15% at CRE to £87.5 million. The trading margin increased to 16% compared to 14% in 2008. The improved trading performance reflected strong organic growth.

Underlying profit before tax and exceptional items was £104.8 million representing a 10% increase on the prior year. This was achieved notwithstanding a £9.4 million decrease in investment income to £6.4 million in 2009.

Net exceptional costs were £2.8 million in 2009 comprising mainly Business Transformation Project costs of £6.9 million offset by curtailment gains of £1.6 million on closure of overseas pension schemes to future accrual, £1.0 million deferred consideration from the disposal of our US retail business in 2006 and a £1.4 million gain on restructuring in Latin America.

After deducting net exceptional costs, profit before tax was £102.0 million compared to £92.8 million in 2008.

Profit after tax and minorities increased by £7.3 million to £70.9 million while underlying profit after tax and minorities increased by £7.1 million to £72.4 million. Diluted earnings per share were 33.1 pence per share compared to 29.6 pence in 2008. Excluding the exceptional items, underlying diluted earnings per share increased to 33.8 pence from 30.4 pence in 2008, representing an 11% increase.

OPERATIONAL REVIEW

Risk & Insurance

Risk & Insurance comprises our Retail and London Market broking businesses. Combined turnover increased by 16% to £519.9 million or 8% at CRE, comprising 6% organic growth and 2% attributable to acquisitions. Underlying trading profit increased by 22% to £97.2 million for the year representing an underlying trading margin of 19% compared to 18% for the prior year.

Retail

Turnover for our retail businesses achieved growth of 14% to £269.5 million, or 4% at CRE, comprising 3% organic growth and 1% from acquisitions. The trading margin remained at 19%.

£m	Year ended 2009						Year Ended 2008			
	Turnover			Trading Profit		Trading Margin		Trading		
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin	
Australasia	87.5	12%	2%	20.9	19.1	24%	24%	18.9	24%	
Asia	50.9	25%	8%	10.4	9.1	21%	21%	8.1	20%	
Europe	72.8	3%	0%	11.1	10.7	15%	15%	11.5	16%	
Canada	24.8	11%	0%	2.4	2.1	10%	9%	3.6	16%	
Latin America	28.5	37%	26%	5.8	5.1	20%	20%	3.5	17%	
Insurance Management	5.0	16%	1%	0.4	0.3	8%	7%	0.1	2%	
	269.5	14%	4%	51.0	46.4	19%	19%	45.7	19%	

Within our Retail businesses, all territories continued to experience competitive market conditions but in overall terms performed well, with notable performances from Asia and Latin America.

London Market

Our London Market operations achieved strong growth in turnover and trading profit. Turnover increased by 19% to £250.4 million, or 13% at CRE, comprising 10% organic growth and 3% by acquisition. The trading margin was 18% compared to 16% in 2008.

£m	Year Ended 2009			Year Ended 2008					
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
Jardine Lloyd Thompson Limited	131.5	14%	11%	24.2	22.1	18%	17%	19.0	16%
Lloyd & Partners	55.5	18%	9%	10.9	8.9	20%	17%	8.2	17%
JLT Re	63.4	30%	21%	11.1	10.1	17%	17%	7.1	15%
	250.4	19%	13%	46.2	41.1	18%	17%	34.3	16%

Jardine Lloyd Thompson, our London Market based speciality Broker, achieved good all round growth in revenue, trading profit and trading margin. Headline revenue growth was 14% including 10% organic growth, reflecting the effectiveness of new business production.

Lloyd & Partners, the Group's wholesale specialist, achieved revenue growth of 18%, or 9% at CRE, comprising 5% organic growth and 4% attributable to the acquisition of Craven in late 2008. This result was achieved notwithstanding the continued soft market conditions impacting their operations in Bermuda.

JLT Reinsurance Brokers had an exceptionally strong year with revenue growth of 30%, or 21% at CRE, with a further improvement in the trading margin from 15% to 17%. Their Aviation and Aerospace expansion has placed them at the forefront of specialist aviation brokers and the non-marine treaty reinsurance business has grown strongly following the successful integration of Harman Wicks & Swayne, acquired in 2008.

Employee Benefits

As previously reported, the Group's UK and Ireland Employee Benefits business was particularly impacted by the economic downturn due to the contraction of client work forces and a reduction in discretionary spending. Against this background, the business performed well to maintain its underlying revenue at 2008 levels. Reported revenues increased by 3% which was mainly attributable to the acquisition of HSBC Actuaries and Consultants on 1st December 2009.

Trading profit was £14.7 million compared to £14.9 million in 2008, with a trading margin of 16%, down from 17% in the prior year.

£m	Year Ended 2009						Year Ended 2008		
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
UK & Ireland	90.5	3%	3%	14.7	14.7	16%	16%	14.9	17%

Whilst the Employee Benefits business faced challenging economic conditions over the past year, it is now seeing encouraging signs of a return to improved trading.

Associates

The contribution to profit after tax from associates relates mainly to JLT's 20% owned French associate SIACI St Honore which contributed £4.1 million in 2009 compared to £4.0m in 2008.

BUSINESS TRANSFORMATION PROJECT

We commenced a major Business Transformation Project in 2009 and plan to complete it in 2011. We are currently anticipating that it will deliver approximately £14 million of annualised cost savings across the Group. The total project costs are estimated to be £18.0 million attributable to the restructure of operations. Due to the material nature of this non recurring expenditure, we intend to treat the project costs as exceptional. We incurred £6.9 million in exceptional project costs in 2009 and we expect to incur the balance of £11.1 million predominantly in 2010.

The objective of the project is to reduce the cost of doing business by streamlining back office processes whilst also seeking to enhance delivery of the services we provide to clients. Based on the 2009 results, the annualised cost savings of £14 million would represent a material improvement in our underlying trading margin of approximately 2%. We achieved underlying costs savings of £3 million in 2009 which has contributed to an underlying trading profit improvement in the year. The additional underlying cost savings of £11.0 million are projected to progressively emerge during 2010 and fully in 2011.

CASH FLOW AND BALANCE SHEET

The Group continues to have strong cash flows from a diversified range of cash generative businesses with cash generated from operations before interest and taxation increasing from £74 million to £86 million in 2009.

The balance sheet is funded predominantly by equity which increased by £7 million to £239 million in 2009.

Net debt increased from £9 million to £42 million in 2009, due to the acquisitions made during the year. The Group has committed bank facilities equivalent to £260 million to December 2011. Gross bank borrowings as at 31st December 2009 were £98 million leaving unutilised committed headroom of approximately £162 million.

Net pension liabilities before deferred taxation increased by £59 million to £88 million due to a change in assumptions used to determine the liabilities, being a decrease in the discount rate and strengthening of the mortality assumption to 'long cohort'.

FOREIGN EXCHANGE

The Group's major currency transaction exposure arises in our London Market businesses which currently earn annual US dollar denominated revenue of approximately US\$260 million which represents 27% of Group revenue. As a consequence, the Group's results are highly sensitive to changes in the Sterling/US dollar exchange rate, each one cent movement in our achieved rate, after hedging, currently translating into a change of approximately £1.0 million in revenue and a corresponding impact on trading profit equal to approximately 65% of the revenue change. Group policy is to adopt a prudent approach to the management of these exposures by maintaining a rolling hedging programme. In 2009, the Group achieved an average rate after hedging of US\$1.72 compared with the average market rate of US\$1.57. In 2008, the Group achieved an average rate after hedging of US\$1.81 compared to an average market rate of US\$1.85.

As at 1st March 2010, some 85% of anticipated dollar revenues for 2010 are hedged at an average rate of US\$1.55. For 2011 some 75% of dollar revenues are hedged at an average rate of US\$1.51 and 60% hedged for 2012 at an average rate of US\$1.55. We have now also commenced our rolling hedging for 2013, with 25% hedged at an average rate of US\$1.55.

DIVIDENDS

Subject to shareholder approval, the final dividend will be increased by 0.5p per share to 12.5p per share for the year to 31st December 2009 and will be paid on 4th May 2010 to shareholders on the register at 9th April 2010. This brings the total dividend for the year to 21.0p per share, compared to 20.5p for the prior year.

GROUP BOARD AND SENIOR MANAGEMENT CHANGES

Brian Carpenter will retire from the Board at the forthcoming Annual General Meeting. He will remain with the Group as Chairman of JLT Australia and New Zealand.

This follows the appointment to the Group Executive Committee of Warren Merritt, CEO of JLT Asia, Leo Demer, CEO of JLT Australia and New Zealand and Mike Methley as Group COO, all with effect from 4th January 2010.

The Board is grateful to Brian for the valuable contribution he has made over the years and we are pleased that he will continue to support the future development of the business in his continuing role of Chairman of JLT Australia and New Zealand.

STRATEGY AND CORPORATE DEVELOPMENTS

Employee Benefits

Our Employee Benefits business has substantially strengthened its resources in actuarial and investment consulting with the acquisition in December of HSBC Actuaries and Consultants for a cash consideration of £27.2 million. Furthermore, the business has strengthened its private client operations through the acquisition in January 2010 of iimia Wealth Management, introducing Discretionary Portfolio Management capabilities. The cash consideration for this acquisition was £7.2 million.

Our Employee Benefits strategy is based on the following principal elements: to provide services in relation to occupational pension schemes; to provide employers with the consultancy, technology and administration that enables them to deliver a range of benefits to their employees; and to bring together our Employee Benefits offerings around the world in order to offer multi-country services to multi-national clients.

Thistle

Thistle Underwriters, JLT's Managing General Underwriter, has made substantial progress during 2009: the creation of a new underwriting system; the development as underwriter for a number of lines distributed by the JLT Group in the UK and the acquisition in June 2009 of Ingham, a substantial specialist UK Managing General Agent.

Thistle provides an end-to-end service, from designing and branding insurance products to underwriting risks through to handling of claims. It does not use its own balance sheet to underwrite the risk as the required risk capital is provided by third party underwriters.

JLT is changing the structure of the Group in the UK to maximise the potential benefits which can be generated from the development of Thistle. The activities of JLT's UK retail insurance broking operations, currently reported within Europe retail, have for the last few years been undertaken by two quite separate parts of that business. The Advisory operations, which has

been a traditional broking business handling larger commercial risks requiring bespoke solutions, and the Non-Advisory operations which distribute cover principally underwritten by a single provider for smaller standard risks. During the first quarter of 2010, the Advisory operations will be merged with Jardine Lloyd Thompson Limited to capitalise upon the specialist strengths in that business. The Non-Advisory operations will at the same time be merged with Thistle Underwriters Limited, with the objective, over time, of substantially increasing the revenue stream written through this platform and increasing long term profitability for the Group through more efficient product distribution.

OUTLOOK

The insurance market rating environment remains soft against a background of generally benign claims experience. Whilst conditions vary between different segments of the market, we expect that the current conditions will continue in 2010. Despite this, our Risk & Insurance businesses continue to trade strongly with encouraging rates of organic growth. Our Employee Benefits business is seeing signs of a return to improved trading in 2010, building upon the investments we have made.

Against this background, we believe that the Group is well positioned for continuing growth and we look forward to the future with confidence.

Results follow

Jardine Lloyd Thompson Group plc
Consolidated Income Statement
For the year ended 31st December 2009

	Notes	2009 £'000	2008 £'000
Fees and commissions	3	612,918	536,093
Investment income		6,425	15,849
Salaries and associated expenses		(370,493)	(329,282)
Premises		(35,414)	(31,232)
Other operating costs		(100,036)	(90,560)
Depreciation, amortisation and impairment charges	4	(12,587)	(11,240)
Operating profit	3,4	100,813	89,628
Analysed as:			
Operating profit before exceptional items and impairment charges		103,554	91,998
Business transformation project	4	(6,919)	-
Gain on disposal of operations	4	2,397	-
Other non-recurring items	4	1,781	(2,370)
Operating Profit	3,4	100,813	89,628
Finance costs	5	(3,350)	(6,091)
Finance income	5	763	5,769
Finance costs - net	5	(2,587)	(322)
Share of profit of associates		3,785	3,502
Profit before income tax	3	102,011	92,808
Income tax expense	6	(28,745)	(27,978)
Profit for the year		73,266	64,830
Profit attributable to:			
Owners of the parent		70,889	63,611
Minority interests		2,377	1,219
		73,266	64,830
Earnings per share attributable to the equity holders of the company during the year (expressed in pence per share)			
Basic earnings per share	8	33.3	29.6
Diluted earnings per share		33.1	29.6

Jardine Lloyd Thompson Group plc
Consolidated Statement of Comprehensive Income
For the year ended 31st December 2009

	2009	2008
	£'000	£'000
Profit for the year	73,266	64,830
Other comprehensive income		
Actuarial losses recognised in post retirement benefit schemes	(73,317)	(11,577)
Taxation thereon	16,630	3,057
	(56,687)	(8,520)
Fair value (losses)/gains net of tax		
- available-for-sale	(192)	244
- cashflow hedges	32,784	(27,627)
Currency translation differences	(7,562)	35,904
Other comprehensive income net of tax	(31,657)	1
Total comprehensive income for the year	41,609	64,831
Attributable to:		
Shareholders of the Company	39,232	63,612
Minority interests	2,377	1,219
	41,609	64,831

**Jardine Lloyd Thompson Group plc
Consolidated Group Balance Sheet
As at 31st December 2009**

	Notes	2009 £'000	2008 £'000
NET OPERATING ASSETS			
Non-current assets			
Goodwill		227,627	196,992
Intangible assets		24,701	15,576
Property, plant and equipment		28,445	27,920
Investment in associates		42,050	42,764
Available-for-sale financial assets	9	7,441	10,956
Derivative financial instruments	10	7,605	3,725
Employee benefit trusts		462	517
Deferred tax assets		43,637	35,079
		381,968	333,529
Current assets			
Trade and other receivables	11	231,692	208,308
Derivative financial instruments	10	6,791	-
Available-for-sale financial assets	9	74,164	-
Cash and cash equivalents	12	437,218	511,495
		749,865	719,803
Current liabilities			
Borrowings		(1,043)	(497)
Trade and other payables	13	(633,909)	(627,669)
Derivative financial instruments	10	(2,977)	(24,101)
Current tax liabilities		(11,100)	(15,279)
Provisions for liabilities and charges	15	(21,828)	(14,365)
		(670,857)	(681,911)
Net current assets		79,008	37,892
Non-current liabilities			
Borrowings		(99,001)	(69,788)
Derivative financial instruments	10	(773)	(13,539)
Deferred tax liabilities		(17,140)	(6,451)
Retirement benefit obligations	14	(87,893)	(29,291)
Provisions for liabilities and charges	15	(16,735)	(19,853)
		(221,542)	(138,922)
TOTAL EQUITY		239,434	232,499
Capital and reserves attributable to the Company's equity holders			
Ordinary shares		10,776	10,676
Share premium	16	84,640	77,338
Fair value and hedging reserves	16	7,890	(24,702)
Exchange reserves	16	29,836	37,398
Retained earnings		99,532	126,456
Shareholders' equity		232,674	227,166
Minority interests		6,760	5,333
		239,434	232,499

Jardine Lloyd Thompson Group plc
Consolidated Statement of Changes in Equity
Unaudited results for year ended 31st December 2009

For the year ended 31st December 2009	Share capital £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Minority interest £'000	Total equity £'000
Balance at 1st January 2009	10,676	90,034	126,456	227,166	5,333	232,499
Actuarial losses recognised in post retirement benefit schemes	-	-	(56,687)	(56,687)	-	(56,687)
Fair value (losses)/gains net of tax	-	-	-	-	-	-
- available-for-sale	-	(192)	-	(192)	-	(192)
- cashflow hedges	-	32,784	-	32,784	-	32,784
Currency translation differences	-	(7,562)	-	(7,562)	(109)	(7,671)
Net gains/(losses) recognised directly in equity	-	25,030	(56,687)	(31,657)	(109)	(31,766)
Profit for the year	-	-	70,889	70,889	2,377	73,266
Total recognised income and expense for the period	-	25,030	14,202	39,232	2,268	41,500
Dividends paid	-	-	(43,767)	(43,767)	(2,332)	(46,099)
Shares acquired by the Employee Benefit Trust	-	-	(11,595)	(11,595)	-	(11,595)
Reversal of amortisation in respect of share based payments	-	-	14,236	14,236	-	14,236
Acquisitions	-	-	-	-	799	799
Change in minority interest shareholding	-	-	-	-	692	692
Issue of share capital	100	7,302	-	7,402	-	7,402
Balance at 31st December 2009	10,776	122,366	99,532	232,674	6,760	239,434
For the year ended 31st December 2008	Share capital £'000	Other reserves £'000	Retained earnings £'000	Shareholders' Equity £'000	Minority interest £'000	Total equity £'000
Balance at 1st January 2008	10,667	80,939	127,694	219,300	3,163	222,463
Actuarial gains recognised in post retirement benefit schemes	-	-	(8,520)	(8,520)	-	(8,520)
Fair value (losses) net of tax	-	-	-	-	-	-
- available-for-sale	-	244	-	244	-	244
- cashflow hedges	-	(27,627)	-	(27,627)	-	(27,627)
Currency translation differences	-	35,904	-	35,904	1,202	37,106
Net gains recognised directly in equity	-	8,521	(8,520)	1	1,202	1,203
Profit for the year	-	-	63,611	63,611	1,219	64,830
Total recognised income and expense for the period	-	8,521	55,091	63,612	2,421	66,033
Dividends paid	-	-	(44,054)	(44,054)	(775)	(44,829)
Shares buy back programme	-	-	(1,070)	(1,070)	-	(1,070)
Shares acquired by the Employee Benefit Trust	-	-	(19,000)	(19,000)	-	(19,000)
Reversal of amortisation in respect of share based payments	-	-	7,795	7,795	-	7,795
Change in minority interest shareholding	-	-	-	-	524	524
Issue of share capital	9	574	-	583	-	583
Balance at 31st December 2008	10,676	90,034	126,456	227,166	5,333	232,499

Jardine Lloyd Thompson Group plc
Consolidated Statement of Cashflows
For the year ended 31st December 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash generated from operations	17	85,995	74,277
Interest paid		(2,931)	(6,015)
Fair value gains on financial instruments		(353)	777
Interest received		7,570	18,946
Taxation paid		(21,614)	(7,115)
(Increase)/Decrease in net insurance broking creditors		(4,859)	137,213
		63,808	218,083
Dividend received from associates		124	35
Net cash from operating activities		63,932	218,118
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,374)	(9,989)
Purchase of intangible fixed assets		(13,666)	(9,515)
Proceeds from sale of property, plant and equipment		1,090	810
Proceeds from sale of intangible assets		84	803
Acquisition of businesses, net of cash acquired	18	(20,700)	(5,274)
Acquisition of associate undertakings		-	(1,709)
Proceeds from disposal of business, net of cash disposed of		-	709
Purchase of available for sale other investments		(717)	(212)
Proceeds from disposal of available for sale other investments		38	-
Net cash used in investing activities		(43,245)	(24,377)
Cash flows from financing activities			
Dividends paid to company's shareholders		(43,452)	(43,559)
Net cash flows from investments and deposits		(68,226)	1,941
Purchase of investments by Employee Benefit Trust		(11,595)	(19,000)
Share buy back programme		-	(1,070)
Proceeds from issuance of ordinary shares		7,402	583
Net increase in borrowing		26,228	15,517
Dividend paid to minority shareholding		(2,332)	(775)
Net cash used in financing activities		(91,975)	(46,363)
Net (decrease)/increase in cash and cash equivalents		(71,288)	147,378
Cash, cash equivalents and bank overdrafts at beginning of year		511,495	348,659
Exchange (losses)/gains on cash and bank overdrafts		(2,989)	15,458
Cash and cash equivalents at end of the year	12	437,218	511,495

Jardine Lloyd Thompson Group plc
Notes to the Preliminary Results
For the year ended 31st December 2009

1. Basis of preparation

The Group consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments and derivative financial instruments and using accounting policies and presentation which comply with International Financial Reporting Standards (IFRS) as required by IAS 1.

2. Alternative income statement

The format of the consolidated income statement on page 9 conforms to the requirements of IFRS. The alternative income statement set out below, which is provided by way of additional information, has been prepared on a basis that conforms more closely to the approach adopted by the Group in assessing its performance.

The Group now reports gains on disposal and intangible amortisation as part of trading profit. As a consequence, the comparative information has been restated onto a similar basis. There is no change in the reported profit before taxation.

	Year to 31st December 2009		
	Underlying profit £'000	Exceptional items £'000	Total £'000
Fees and commissions	612,918	-	612,918
Salaries and associated expenses	(367,467)	(3,026)	(370,493)
Premises	(35,417)	3	(35,414)
Other operating costs	(100,318)	282	(100,036)
Depreciation, amortisation and impairment	(12,587)	-	(12,587)
Trading profit	97,129	(2,741)	94,388
Investment income	6,425	-	6,425
Operating profit	103,554	(2,741)	100,813
Net finance income	(2,587)	-	(2,587)
Share of results of associates after tax and minority interests	3,785	-	3,785
Profit before taxation	104,752	(2,741)	102,011

Jardine Lloyd Thompson Group plc
Notes to the Preliminary Results
For the year ended 31st December 2009

2. Alternative income statement cont'd

	Year to 31st December 2008		
	Underlying profit £'000	Exceptional items £'000	Total £'000
Fees and commissions	536,093	-	536,093
Salaries and associated expenses	(328,539)	(743)	(329,282)
Premises	(29,694)	(1,538)	(31,232)
Other operating costs	(90,471)	(89)	(90,560)
Depreciation, amortisation and impairment	(11,240)	-	(11,240)
Trading profit	76,149	(2,370)	73,779
Investment income	15,849	-	15,849
Operating profit	91,998	(2,370)	89,628
Net finance costs	(322)	-	(322)
Share of results of associates after tax and minority interests	3,502	-	3,502
Profit before taxation	95,178	(2,370)	92,808

Jardine Lloyd Thompson Group plc
Notes to the Preliminary Results
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2. Alternative Income Statement cont'd

Segment information - reporting format reconciliation

	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Total £'000
Year to 31st December 2009					
Underlying trading profit	46,176	51,060	14,738	(14,845)	97,129
Exceptional items	(890)	945	(3,733)	937	(2,741)
Segment result	45,286	52,005	11,005	(13,908)	94,388
Investment income	2,743	3,670	9	3	6,425
Operating profit	48,029	55,675	11,014	(13,905)	100,813
	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Total £'000
Year to 31st December 2008					
Underlying trading profit	34,262	45,684	14,908	(18,705)	76,149
Exceptional items	(2,370)	-	-	-	(2,370)
Segment result	31,892	45,684	14,908	(18,705)	73,779
Investment income	8,896	6,893	37	23	15,849
Operating profit	40,788	52,577	14,945	(18,682)	89,628

Jardine Lloyd Thompson Group plc
Notes to the Preliminary Results
For the year ended 31st December 2009

3. Segment information

Business segment analysis

The Group is organised on a worldwide basis into four main segments: London Market, Retail, Employee Benefits and Head Office & Other operations. These segments are consistent with the internal reporting structure of the Group.

The London Market segment comprises JLT's specialist, wholesale and reinsurance broking activities. The Retail segment comprises the Group's international insurance broking and risk services activities. The Employee Benefits segment consists of pension administration, outsourcing and employee benefits consultancy. The Head Office & Other segment consists mainly of holding companies, central administration functions, the Group's captive insurance companies and the Group's principal investments in associates.

Segment results

In accordance with IFRS 8, segment results include the net income or expense derived from the trading activities of the segment, together with the investment income earned on fiduciary funds. Interest income on the Group's own funds and finance costs are excluded since the trading activities of the Group's primary segments are not of a financial nature. The standard also specifically excludes the income tax expense from segmental allocation with the consequence that the minority interest charge is also excluded.

Segment assets include:

- non current assets excluding investments in associates and deferred tax assets;
- trade and other receivables; and
- fiduciary funds

Interest bearing assets (e.g. cash & cash equivalents and investments & deposits) relating to the Group's own funds are excluded from segmental assets.

Segment liabilities include:

- trade and other payables; and
- provisions for liabilities and charges.

It excludes any interest bearing liabilities (e.g. borrowings) as well as income & deferred tax liabilities.

Items excluded from segmental allocation are referred to below as "unallocated".

Investments in associates: the Group owns 20 per cent of the French company Newstone Courtage (the holding company of Siaci Saint Honore) which operates principally in France. Although the investment and the Group's share of Newstone's net profit are excluded from the segmental analysis of assets and revenue, they are shown separately in conjunction with data from the Head Office & Other segment together with the investments and results from ICAP-JLT and JLT Re do Brazil. Group companies also own a number of small associates in Asia, which are included in the Retail segment.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Comparisons for 2008 have been restated for certain reclassifications between segments in order to better reflect management reporting. There is no change in the reported results.

Jardine Lloyd Thompson Group plc
Notes to the Preliminary Results
For the year ended 31st December 2009

3. Segment information cont'd

Year to 31st December 2009	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Unallocated £'000	Total £'000
Fees and commissions	250,380	269,486	90,474	2,578	-	612,918
Segment result	45,286	52,005	11,005	(13,908)	-	94,388
Investment income	2,743	3,670	9	3	-	6,425
Operating profit	48,029	55,675	11,014	(13,905)	-	100,813
Net finance income	-	-	-	-	(2,587)	(2,587)
Share of results of associates after tax & minority interests	-	(9)	-	3,794	-	3,785
Profit before taxation	48,029	55,666	11,014	(10,111)	(2,587)	102,011
Income tax expense	-	-	-	-	(28,745)	(28,745)
Minority interests	-	-	-	-	(2,377)	(2,377)
Profit for the year	48,029	55,666	11,014	(10,111)	(33,709)	70,889
Segment assets	518,964	344,002	86,881	39,703	-	989,550
Associates	-	-	-	42,050	-	42,050
Unallocated assets	-	-	-	-	100,233	100,233
Total assets	518,964	344,006	86,881	81,753	100,233	1,131,833
Segment liabilities	(388,272)	(200,012)	(31,221)	(143,040)	-	(762,545)
Unallocated liabilities	-	-	-	-	(129,854)	(129,854)
Total liabilities	(388,272)	(200,012)	(31,221)	(143,040)	(129,854)	(892,399)
Other segment items						
Capital expenditure	2,086	6,405	5,043	9,504	-	23,038
Depreciation, amortisation and impairment	(732)	(5,839)	(917)	(5,099)	-	(12,587)

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3. Segment information cont'd

Year to 31st December 2008	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Unallocated £'000	Total £'000
Fees and commissions	211,266	237,248	87,570	9	-	536,093
Segment result	31,892	45,684	14,908	(18,705)	-	73,779
Investment income	8,896	6,893	37	23	-	15,849
Operating profit	40,788	52,577	14,945	(18,682)	-	89,628
Net finance income	-	-	-	-	(322)	(322)
Share of results of associates after tax & minority interests	-	35	-	3,467	-	3,502
Profit before taxation	40,788	52,612	14,945	(15,215)	(322)	92,808
Income tax expense	-	-	-	-	(27,978)	(27,978)
Minority interests	-	-	-	-	(1,219)	(1,219)
Profit for the year	40,788	52,612	14,945	(15,215)	(29,519)	63,611
Segment assets	463,524	283,106	79,810	91,144	-	917,584
Associates	-	-	-	42,764	-	42,764
Unallocated assets	-	-	-	-	92,984	92,984
Total assets	463,524	283,106	79,810	133,908	92,984	1,053,332
Segment liabilities	(443,339)	(182,080)	(24,191)	(77,920)	-	(727,530)
Unallocated liabilities	-	-	-	-	(93,303)	(93,303)
Total liabilities	(443,339)	(182,080)	(24,191)	(77,920)	(93,303)	(820,833)
Other segment items						
Capital expenditure	2,776	7,624	4,701	4,403	-	19,504
Depreciation, amortisation and impairment	(665)	(5,568)	(1,057)	(3,950)	-	(11,240)

Geographical segment analysis

Although the Group manages its four business segments on a worldwide basis, they operate in five principal geographical areas of the world.

The United Kingdom is the home country of the parent company Jardine Lloyd Thompson Group plc.

The London Market segment operates in the United Kingdom, its home country. In the Americas, the London Market segment operates in Bermuda and the United States. In Europe, it operates in France and Russia.

The Retail segment operates in the United Kingdom, its home country, and also in Guernsey. In the Americas, the Retail segment operates in the following countries: Brazil, Canada, Colombia, Mexico and Peru. In Europe, it operates in the Republic of Ireland, Italy, Sweden, Norway, Spain and Poland. The Australasian segment includes operations in Australia and New Zealand and the Asian segment includes operations in Singapore, Hong Kong, Taiwan, Indonesia, Japan, Thailand, Korea, Philippines, Malaysia, China and Vietnam.

The Employee Benefits segment operates in the United Kingdom, its home country, and the Republic of Ireland.

The Head Office & Other activities segment is mainly based in the United Kingdom with minor operations in the United States, Europe and Asia. The Group's captive insurance companies, whilst located in Bermuda, are included in the United Kingdom segment.

Fees and commissions are allocated based on (1) the country in which the office is located and (2) the country in which the customer is located.

Segment non current assets, segment assets and segment liabilities are allocated based on the country in which they are located or occur.

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For the year ended 31st December 2009

3. Segment information cont'd

Year to 31st December 2009	Fees and commissions (1) £'000	Fees and commissions (2) £'000	Segment non-current assets £'000	Segment assets £'000	Segment liabilities £'000
UK	367,802	14,949	180,250	685,400	(567,600)
Americas	82,341	152,356	57,456	126,166	(73,281)
Australasia	87,516	94,699	24,551	85,608	(60,633)
Asia	52,002	66,458	13,468	54,946	(36,201)
Europe	23,257	68,397	5,510	37,430	(24,830)
Rest of World	-	16,059	-	-	-
	612,918	612,918	281,235	989,550	(762,545)
Associates				42,050	-
Unallocated assets/(liabilities)				100,233	(129,854)
Total assets/(liabilities)				1,131,833	(892,399)
Year to 31st December 2008	Fees and commissions (1) £'000	Fees and commissions (2) £'000	Segment non-current assets £'000	Segment assets £'000	Segment liabilities £'000
UK	331,306	196,799	142,615	645,388	(549,667)
Americas	63,255	127,016	57,998	106,930	(62,055)
Australasia	78,230	85,488	20,418	71,538	(51,739)
Asia	41,707	51,418	13,187	51,870	(34,630)
Europe	21,595	61,953	6,787	41,858	(29,439)
Rest of World	-	13,419	-	-	-
	536,093	536,093	241,005	917,584	(727,530)
Associates				42,764	-
Unallocated assets/(liabilities)				92,984	(93,303)
Total assets/(liabilities)				1,053,332	(820,833)

Jardine Lloyd Thompson Group plc
Notes to the Preliminary Results
For the year ended 31st December 2009

4. Operating profit

The following items have been charged/(credited) in arriving at operating profit:	2009	2008
	£'000	£'000
Foreign exchange (gains)/losses		
Fees and commissions	15,240	(3,365)
Other operating costs	(889)	(1,098)
	14,351	(4,463)
Amortisation of intangible assets:		
- software costs	2,791	1,964
- other intangible assets	608	508
Depreciation on property, plant and equipment:		
- owned assets	8,858	8,446
- leased assets under finance leases	330	322
Total depreciation, amortisation and impairment charges	12,587	11,240
Amortisation of intangible assets:		
- Employment contract payments (included in salaries and associated expenses)	2,526	2,476
Loss on disposal of property, plant and equipment:	112	76
Operating lease rentals payable:		
Minimum lease payments		
Land & Buildings	18,378	17,537
Furniture, equipment & motor vehicles	622	665
Computer equipment & software	57	53
Other	963	449
Sub-lease payments		
Land & Buildings	(2,208)	(2,376)
Available for sale financial assets		
- Fair value losses/(gains)	3	(78)
Exceptional items:		
Acquisition integration costs of which:		
- included in salaries and associated expenses	248	743
- included in premises costs	72	1,538
- included in other operating costs	115	89
	435	2,370
Business transformation project:		
- included in salaries and associated expenses	4,616	-
- included in premises costs	505	-
- included in other operating costs	1,798	-
	6,919	-
Gain on Latin American restructuring	(1,380)	-
Gain on deferred consideration in respect of 2006 sale of US businesses	(1,017)	-
Pension curtailment gains		
- curtailment gain	(1,894)	-
- professional fees	259	-
	(1,635)	-
Vacant property provision release	(581)	-
	2,741	2,370

Jardine Lloyd Thompson Group plc
Notes to the Preliminary Results
For the year ended 31st December 2009

5. Finance income and costs

	2009	2008
	£'000	£'000
Interest receivable - own funds	729	2,824
Investment income from fixed asset investments	34	190
Interest expense:		
- bank and other borrowings	(2,793)	(5,725)
- finance leases	(111)	(110)
- interest in respect of provision discounting	(154)	(256)
Pension financing:		
- expected return on post employment scheme assets	26,935	30,982
- interest on post employment scheme liabilities	(27,225)	(28,305)
- net pension financing (expenses)/income	(290)	2,677
Fair value losses/(gains) on financial instruments		
- interest rate swaps : cash flow hedges, transfer from equity	-	16
- forward contracts: fair value hedges	(2)	62
	(2,587)	(322)
Finance costs	(3,350)	(6,091)
Finance income	763	5,769
Net finance costs	(2,587)	(322)

6. Income tax expense

	2009	2008
	£'000	£'000
Current tax expense		
Current year	29,150	25,507
(Over)/under provided in prior years	(5,094)	442
	24,056	25,949
Deferred tax expense		
Origination and reversal of temporary differences	(279)	(1,765)
Reduction in tax rate	54	159
Benefit of tax losses recognised	-	746
Adjustments in respect of prior period losses	4,914	2,889
	4,689	2,029
Total income tax expense	28,745	27,978

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Notes to the Preliminary Results
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6. Income tax expense cont'd

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2009	2008
	£'000	£'000
Profit before taxation	102,011	92,808
Tax calculated at UK Corporation Tax rate of 28.0% (2008: 28.5%)	28,563	26,450
Non-deductible expenses *	889	875
Share based payments	2	(1,603)
Adjustments to tax charge in respect of prior periods	(180)	3,523
Effect of UK and non-UK tax rate differences	741	(136)
Tax on associates	(1,270)	(1,131)
Total income tax expense	28,745	27,978

* The non-deductible expenses relate principally to non-deductible entertainment expenses.

7. Dividends

	2009	2008
	£'000	£'000
Final dividend in respect of 2008 of 12.0p per share (2007: 12.0p)	25,567	25,878
Less: adjustment*	(535)	(140)
	25,032	25,738
Interim dividend in respect of 2009 of 8.5p per share (2008: 8.5p)	18,735	18,316
	43,767	44,054

* Adjustment relating to dividend equivalents accrued in respect of various performance related share awards and long-term incentive plans not currently anticipated to fully vest.

A final dividend in respect of 2009 of 12.5p per share (2008: 12.0p) amounting to a total of £26,799,000 (2008: £25,625,000) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting on 29 April 2010.

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8. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding unallocated shares held by the Trustees of the Employees' Share Ownership Plan Trust.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Additional basic and diluted earnings per share are also calculated based on underlying earnings attributable to shareholders. A reconciliation of earnings is set out below.

	2009	2008
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue	213,006,682	214,649,942
Effect of outstanding share options	958,536	439,534
Weighted average number of ordinary shares for diluted earnings per share	213,965,218	215,089,476

	£'000	2009 Basic pence per share	Diluted pence per share	£'000	2008 Basic pence per share	Diluted pence per share
Earnings reconciliation						
Underlying profit	72,366	34.0	33.8	65,306	30.4	30.4
Non-recurring items	(2,741)			(2,370)		
Taxation thereon	1,264			675		
	(1,477)	(0.7)	(0.7)	(1,695)	(0.8)	(0.8)
Profit attributable to shareholders	70,889	33.3	33.1	63,611	29.6	29.6

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9. Available-for-sale financial assets

Available for sale financial assets are categorised according to their nature into one of two categories:

- 1) Investments and deposits, which consist mainly of Bonds, Commercial Paper and Fixed Deposits - these investments are held at fair value and are classified between current and non-current assets according to maturity date.
- 2) Other investments, which include securities and other investments held for strategic purposes - these investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment.

	Other investments £'000	Investments & deposits £'000	Total £'000
At 1st January 2009	798	10,158	10,956
Exchange differences	89	1,637	1,726
Additions	717	78,877	79,594
Disposals/maturities	(10)	(10,651)	(10,661)
Revaluation deficit (included within equity)	(4)	(6)	(10)
At 31st December 2009	1,590	80,015	81,605
Analysis of available-for-sale financial assets			
Current	-	74,164	74,164
Non-current	1,590	5,851	7,441
At 31st December 2009	1,590	80,015	81,605
Analysis of available-for-sale investments and deposits			
Fiduciary		80,015	
Own funds		-	
At 31st December 2009		80,015	
At 1st January 2008	846	11,291	12,137
Exchange differences	(6)	843	837
Additions	19	9,876	9,895
Reclassification	193	(193)	-
Disposals/maturities	-	(11,624)	(11,624)
Revaluation deficit (included within equity)	(254)	(35)	(289)
At 31st December 2008	798	10,158	10,956
Analysis of available-for-sale financial assets			
Current	-	-	-
Non-current	798	10,158	10,956
At 31st December 2008	798	10,158	10,956
Analysis of available-for-sale investments and deposits			
Fiduciary		10,158	
Own funds		-	
At 31st December 2008		10,158	

Jardine Lloyd Thompson Group plc
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9. Available-for-sale financial assets cont'd

The credit quality of available for sale investments and deposits can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates:

	2009	2008
	£'000	£'000
AA	13,477	10,158
AA/A	3,123	-
A	63,415	-
Total	80,015	10,158

10. Derivative financial instruments

	31st December 2009		31st December 2008	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts - cash flow hedges	14,396	(3,750)	3,725	(37,640)
Total	14,396	(3,750)	3,725	(37,640)
Current	6,791	(2,977)	-	(24,101)
Non-current	7,605	(773)	3,725	(13,539)
Total	14,396	(3,750)	3,725	(37,640)

The credit quality of derivative financial assets can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates.

	2009	2008
	£'000	£'000
AA	14,396	3,725

Maturity analysis

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based upon the remaining period at the balance sheet date to contractual maturity. The amounts disclosed are the contractual undiscounted cash flows.

At 31st December 2009	Less than 1 year	Between 1 and 2
	£'000	years
	£'000	£'000
Forward foreign exchange contracts		
Outflow	(222,213)	(212,232)
Inflow	223,321	219,241

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10. Derivative financial instruments cont'd

At 31st December 2008	Less than 1 year £'000	Between 1 and 2 years £'000
Forward foreign exchange contracts		
Outflow	(184,998)	(147,150)
Inflow	154,578	133,475
Foreign exchange collars		
Outflow	(7,104)	-
Inflow	7,104	-

The Group's treasury policies are approved by the Board and are implemented by a centralised treasury department. The treasury department operates within a framework of policies and procedures that establishes specific guidelines to manage currency risk, liquidity risk and interest rate risk and the use of counter-parties and financial instruments to manage these. The treasury department is subject to regular internal and external audit.

The Group uses various derivative instruments including forward foreign exchange contracts, interest rate swaps and forward currency collars and options to manage the risks arising from variations in currency and interest earnings that arise from movements in exchange and interest rates. Derivative instruments purchased are primarily denominated in the currencies of the Group's main markets.

Where forward foreign exchange contracts have been entered into to manage currency risk, they are designated as hedges of currency risk on specific future cash flows, which qualify as highly probable transactions for which hedge accounting has been used. The Group anticipates that hedge accounting criteria will continue to be met on its foreign currency and interest rate hedging activities and that no material ineffectiveness will arise which will give rise to timing issues on gains or losses being recognised through the profit and loss account.

The fair value after tax of financial derivatives based upon market values as at 31st December 2009 and designated as effective cash flow hedges was an asset of £10.6 million and has been deferred in equity (2008: liability of £33.9 million). Gains and losses arising on derivative instruments outstanding as at 31st December 2009 will be released to the comprehensive income statement at various dates up to thirty six months from the balance sheet date. No material amounts were transferred to the income statement during the period in respect of the fair value of financial derivatives.

Transactions maturing within 12 months of the balance sheet date are classified in current maturities. Transactions maturing in a period in excess of 12 months of the balance sheet are classified as non-current maturities.

a) Forward Foreign Exchange Contracts

The Group's major currency transaction exposure arises in US\$ and the Group continues to adopt a prudent approach in actively managing this exposure. As at 31st December 2009 the Group had outstanding forward foreign exchange contracts, including foreign currency collars, principally in US\$, amounting to a principal value of £442,561,000 (2008: £295,156,000).

b) Interest Rate Swaps and Forward Rate Agreements

The notional principal amounts of outstanding interest rate swaps and FRAs as at 31st December 2009 was nil (2008: Nil).

c) Price Risk

The Group does not have a material exposure to commodity price risk.

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11. Trade and other receivables

	2009	2008
	£'000	£'000
Current receivables and prepayments		
Trade receivables	173,833	157,763
Less: Provision for impairment of trade receivables	(9,745)	(14,524)
Trade receivables - net	164,088	143,239
Other debtors	58,645	55,810
Prepayments	8,959	9,259
	231,692	208,308

12. Cash and cash equivalents

	2009	2008
	£'000	£'000
Cash at bank and in hand	159,324	146,578
Short-term bank deposits	277,894	364,917
	437,218	511,495
Fiduciary funds	379,419	449,853
Own funds	57,799	61,642
	437,218	511,495

The effective interest rate and average maturity in respect of short-term deposits was 0.59% (2008: 2.14%). These deposits have an average maturity of 15 days (2008: 30 days).

13. Trade and other payables

	2009	2008
	£'000	£'000
Insurance creditors	459,435	460,011
Social security and other taxes	14,706	12,219
Other creditors	90,285	92,166
Accruals and deferred income	69,483	63,273
	633,909	627,669

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14. Retirement benefit obligations

The Group operates a number of pension schemes throughout the world, the most significant of which are of the defined benefit type and operate on a funded basis. The principal pension schemes are the Jardine Lloyd Thompson Pension Scheme in the UK, the JLT (USA) Employee Retirement Plan, the Pension Plan for Employees of Jardine Lloyd Thompson Canada Inc, the Jardine Lloyd Thompson Ireland Limited Pension Fund and the Jardine Matheson Executive Staff Retirement Plan (JMESRP), the Jardine Matheson Resident Staff Retirement Plan (JMRSRP) and the Menu Plan sections of the Jardine Matheson Group Retirement Plan in Hong Kong.

During 2007 the schemes in Canada, Ireland and Hong Kong were recognised on the Group balance sheet for the first time.

The pension costs for the year are comprised as follows:

	2009			2008		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Defined benefit schemes	-	392	392	-	1,424	1,424
Defined contribution schemes	10,829	9,200	20,029	9,021	6,914	15,935
	10,829	9,592	20,421	9,021	8,338	17,359

The Jardine Lloyd Thompson Pension Scheme is based in the UK and has two sections; one providing defined benefits based primarily on Final Pensionable Salary and the other providing benefits on a defined contribution basis. The assets of the scheme are held in a trustee administered fund separate from the Company.

With effect from 1st December 2006 the Scheme was amended to eliminate future benefit accruals. Under the Scheme, as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 1st December 2006. The average compensation and length of service will be determined as at 1st December 2006. The amendment to the plan gave rise to a curtailment gain of £31,300,000 which was treated as an exceptional item in 2006. The Company agreed to make additional contributions to the scheme totalling £65m. An amount of £14million was paid in December 2006 and further amounts were paid comprising of £31m in January 2007, £10 million in January 2008 and a final payment of £10 million in July 2009.

The latest formal valuation of the Jardine Lloyd Thompson Pension Scheme was undertaken at 1st April, 2008. This was updated to 31st December 2009 by a qualified actuary employed by the Group.

The principal overseas schemes are:

a) The JLT (USA) Incentive Savings Plan which is a defined contribution scheme. Employees may contribute up to 50% of their salary subject to an IRS maximum each year – \$16,500 in 2009 – and the Group contributes at a rate of 100% of each 1% contributed by the employee up to a maximum employee contribution of 4%, up to a maximum of \$9,800. Employees aged over 50 may make "catch-up" contributions subject to an IRS maximum each year - \$5,500 in 2009.

b) The JLT (USA) Employee Retirement Plan which is a defined benefit scheme. The latest actuarial valuation was undertaken at 31st December, 2008 by independent actuaries. With effect from 31st July 2005 the Plan was amended to eliminate future benefit accruals. Under the Plan as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 31st July 2005. The average compensation and length of service will be determined as at 31st July 2005.

c) The Pension Plan for Employees of Jardine Lloyd Thompson Canada Inc.

The JLT Canada Pension Plan has two sections; one providing defined benefits based primarily on the 2007 pensionable salary and the other providing benefits on a defined contribution basis. The JLT pension contribution for the defined contribution plan ranges from 3% to 15% based on an Age and Service factor where service has twice the weight of age. The last formal valuation of the JLT Canada Pension Plan was undertaken as of 31st December 2008 by a qualified third party actuary. The defined benefits section was amended to eliminate future benefit accruals with effect from 1st January 2009.

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14. Retirement benefit obligations cont'd

d) The Jardine Lloyd Thompson Ireland Limited Pension Fund which is a defined benefit pension scheme with assets held in a separately administered fund. The contributions are agreed between the Trustees and the Company based on advice by a qualified actuary. The most recent valuation for funding purposes was carried out by a qualified independent actuary as at 1st June 2008. With effect from 30th November 2008 the scheme closed to new entrants and future service accruals. The company also operates a defined contribution scheme namely The Jardine Lloyd Thompson 2004 Retirement Benefits Scheme which is held and administered by a separate trust.

e) The Jardine Matheson Executive Staff Retirement Plan (JMESRP), Jardine Matheson Resident Staff Retirement Plan (JMRSRP) and Menu Plan section B and C of the Jardine Matheson Group Retirement Plan (JMGRP). The JMRSRP and section C of the JMGRP provided benefits based on final salary, which were solely funded by the participating employer, while the JMESRP and section B of the JMGRP provided benefits based on final salary, which were funded by both the participating employer and the members.

With effect from 31st December 2009, the participation in the JMESRP and JMRSRP (collectively JMGRP) ceased and the schemes were closed.

The accrued rights of the members in the JMGRP were transferred to the Hong Kong Mandatory Provident Fund (MPF) scheme on 1st January 2010. The MPF scheme provides benefits on a defined contribution basis. The scheme is funded by both the employer and the members. The employer contribution under the MPF scheme ranges from 5% to 15% of the member's monthly basic salary based on an age factor. The MPF scheme is held and administered by a separate trust, which are funded by both the participating employer and the members.

The principal actuarial assumptions used were as follows:

31st December 2009	UK Scheme	US Scheme	Canadian Scheme	Irish Scheme	Hong Kong Scheme
Rate of increase in salaries	n/a	n/a	4.00%	n/a	5.00%
Rate of increase of pensions in payment (retail prices limited to 5% per annum) (a)	3.50%	n/a	3.50%	3.00%	n/a
Discount rate	5.70%	5.50%	6.50%	5.10%	5.00%
Inflation rate	3.2%-3.5%	3.00%	2.50%	2.00%	n/a
Revaluation rate for deferred pensioners	3.20%	n/a	n/a	2.00%	n/a
Expected return on plan assets	6.85%	8.00%	8.00%	5.50%	7.50%
Mortality - life expectancy at age 65 for male member: (b)					
Aged 65 at 31 December	23.6	17.6	19.5	21.4	n/a
31st December 2008	UK Scheme	US Scheme	Canadian Scheme	Irish Scheme	Hong Kong Scheme
Rate of increase in salaries	n/a	n/a	4.00%	4.50%	5.00%
Rate of increase of pensions in payment (retail prices limited to 5% per annum) (a)	2.80%	n/a	3.50%	3.00%	n/a
Discount rate	6.50%	5.50%	6.00%	5.70%	6.00%
Inflation rate	2.80%	3.00%	2.50%	2.00%	n/a
Revaluation rate for deferred pensioners	2.80%	n/a	n/a	2.00%	n/a
Expected return on plan assets	6.95%	8.23%	8.00%	6.00%	7.50%
Mortality - life expectancy at age 65 for male member: (b)					
Aged 65 at 31st December	22.0	17.6	19.4	19.2	n/a

(a) The expected return on scheme assets assumption was determined as the average of the expected returns on the intended long term asset strategy or the actual assets held by the schemes on 31st December of the previous year.

(b) Mortality assumptions for the UK scheme are based on 100% PN*A00yobLC0.5%U for pensioners and 105% PN*A00yobLC0.5%U for deferreds.

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14. Retirement benefit obligations cont'd

Mortality assumptions for the US scheme are based on the RP-2000 Combined Healthy Mortality tables.

Mortality assumptions for the Canadian scheme are based on the 1994 Uninsured Pensioner Mortality Table projected generationally using Scale AA for all members.

Mortality assumptions for the Irish scheme, in respect of both active and deferred pensioners, assume that deaths before retirement will be in accordance with standard mortality table AM92 for males and AF92 for females, and deaths after retirement will be in accordance with standard mortality tables 62% PNML00 for males and 70% PNFL00 for females.

Defined Benefit obligation	UK Scheme		Overseas Schemes		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Present value of funded obligations	(480,701)	(376,859)	(54,379)	(67,006)	(535,080)	(443,865)
Fair value of plan assets	409,075	365,913	38,112	48,661	447,187	414,574
Net liability	(71,626)	(10,946)	(16,267)	(18,345)	(87,893)	(29,291)

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14. Retirement benefit obligations cont'd

Reconciliation of defined benefit liability	UK Scheme		Overseas Schemes		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Opening defined benefit liability	(10,946)	(27,252)	(18,345)	(140)	(29,291)	(27,392)
Exchange differences	-	-	1,566	(3,792)	1,566	(3,792)
Pension (expense)/income	(115)	1,820	1,328	(567)	1,213	1,253
Employer contributions	10,765	10,008	2,139	2,209	12,904	12,217
Total (loss)/gain recognised in reserves	(71,330)	4,478	(1,987)	(16,055)	(73,317)	(11,577)
Refund of surplus to Group	-	-	(968)	-	(968)	-
Net liability recognised in the balance sheet	(71,626)	(10,946)	(16,267)	(18,345)	(87,893)	(29,291)

Reconciliation of defined benefit obligation	UK Scheme		Overseas Schemes		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Opening defined benefit obligation	(376,859)	(442,751)	(67,006)	(50,106)	(443,865)	(492,857)
Exchange differences	-	-	5,365	(16,400)	5,365	(16,400)
Service cost	-	-	(392)	(1,424)	(392)	(1,424)
Interest cost	(24,005)	(25,325)	(3,220)	(2,980)	(27,225)	(28,305)
Employee contributions	(22)	-	(93)	(267)	(115)	(267)
(Loss)/gain on defined benefit obligation	(95,186)	63,804	(4,905)	1,710	(100,091)	65,514
Actual benefit payments	15,371	27,413	8,031	2,461	23,402	29,874
Settlement amount	-	-	5,946	-	5,946	-
Curtailment gain	-	-	1,895	-	1,895	-
Closing defined benefit obligation	(480,701)	(376,859)	(54,379)	(67,006)	(535,080)	(443,865)

Reconciliation of fair value of assets	UK Scheme		Overseas Schemes		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Opening value of assets	365,913	415,499	48,661	49,966	414,574	465,465
Exchange differences	-	-	(3,799)	12,608	(3,799)	12,608
Expected return on assets	23,890	27,145	3,045	3,837	26,935	30,982
Gain/(loss) on assets	23,856	(59,326)	2,918	(17,765)	26,774	(77,091)
Employer contributions	10,765	10,008	2,139	2,209	12,904	12,217
Employee contribution	22	-	93	267	115	267
Refund of surplus to Group	-	-	(968)	-	(968)	-
Actual benefit payments	(15,371)	(27,413)	(8,031)	(2,461)	(23,402)	(29,874)
Settlement	-	-	(5,946)	-	(5,946)	-
Closing value of assets	409,075	365,913	38,112	48,661	447,187	414,574

The analysis of the fair value of the scheme assets is as follows:

	UK Scheme			Overseas Schemes		
	Long term rate of return	Value £'000	Value %	Long term rate of return	Value £'000	Value %
At 31st December 2009						
Equities	7.35%	110,459	27%	9.16%	22,372	59%
Bonds	6.70%	280,546	68%	5.93%	10,393	27%
Other assets	7.35%	15,362	4%	5.58%	2,617	7%
Cash	6.70%	2,708	1%	2.70%	2,730	7%
Total market value	6.85%	409,075	100%	7.49%	38,112	100%

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14. Retirement benefit obligations cont'd

31st December 2008	UK Scheme			Overseas Schemes		
	Long term rate of return	Value £'000	Value %	Long term rate of return	Value £'000	Value %
Equities	8.00%	69,088	19%	9.34%	25,838	53%
Bonds	5.90%	274,920	75%	6.01%	15,783	32%
Other assets	8.00%	14,422	4%	5.95%	5,204	11%
Cash	5.90%	7,483	2%	3.57%	1,836	4%
Total market value	6.95%	365,913	100%	7.53%	48,661	100%

Other assets include hedge funds and property. The scheme does not hold cash as a strategic investment. Cash balances at the 31st December represent working balances.

The long-term rates of return on scheme assets at 31st December 2009 have been derived considering market conditions at 31st December 2008.

Reconciliation of return on assets	UK Scheme		Overseas Schemes		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Expected return on assets	23,890	27,145	3,045	3,837	26,935	30,982
Gain/(loss) on assets	23,856	(59,326)	2,918	(17,765)	26,774	(77,091)
Actual return on assets	47,746	(32,181)	5,963	(13,928)	53,709	(46,109)

The amounts recognised in the consolidated income statement are as follows:

	UK Scheme		Overseas Schemes		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Service cost	-	-	(392)	(1,424)	(392)	(1,424)
Settlement/curtailment	-	-	1,895	-	1,895	-
Total (included within salaries and associated expenses)	-	-	1,503	(1,424)	1,503	(1,424)
Interest cost	(24,005)	(25,325)	(3,220)	(2,980)	(27,225)	(28,305)
Expected return on assets	23,890	27,145	3,045	3,837	26,935	30,982
Total (included within finance costs)	(115)	1,820	(175)	857	(290)	2,677
(Loss)/profit before taxation	(115)	1,820	1,328	(567)	1,213	1,253

The amounts included in the consolidated statement of comprehensive income are as follows:

	UK Scheme		Overseas Schemes		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Gain/(loss) on defined benefit obligation	(95,186)	63,804	(4,905)	1,710	(100,091)	65,514
Gain/(loss) on plan assets	23,856	(59,326)	2,918	(17,765)	26,774	(77,091)
Total actuarial (gains)/losses recognised	(71,330)	4,478	(1,987)	(16,055)	(73,317)	(11,577)
Cumulative actuarial losses recognised	(144,065)	(72,735)	(23,995)	(22,008)	(168,060)	(94,743)

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14. Retirement benefit obligations cont'd

The five year history of experience adjustments is as follows:

	UK Scheme				
	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Defined benefit obligation at end of year	(480,701)	(376,859)	(442,751)	(473,916)	(477,145)
Fair value of plan assets	409,075	365,913	415,499	380,271	331,308
Deficit in the scheme	(71,626)	(10,946)	(27,252)	(93,645)	(145,837)
Difference between the expected and actual return on plan assets					
- amount (£'000)	23,856	(59,326)	(6,295)	7,173	31,642
- expressed as a percentage of the plan assets	5.83%	(16.21%)	(1.52%)	1.89%	9.55%
Experience (gains)/ losses on plan liabilities					
- amount (£'000)	(4,639)	(6,450)	(2,227)	2,063	82
- expressed as a percentage of the present value of the plan liabilities	0.97%	1.71%	0.50%	(0.44%)	(0.02%)
	Overseas Schemes				
	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Defined benefit obligation at end of year	(54,379)	(67,006)	(50,106)	(26,902)	(29,979)
Fair value of plan assets	38,112	48,661	49,966	20,732	22,625
Deficit in the scheme	(16,267)	(18,345)	(140)	(6,170)	(7,354)
Difference between the expected and actual return on plan assets					
- amount (£'000)	2,918	(17,765)	(58)	(114)	(148)
- expressed as a percentage of the plan assets	7.66%	(36.51%)	0.26%	(0.55%)	(0.65%)
Experience (gains)/ losses on plan liabilities					
- amount (£'000)	(3,060)	2,012	482	(1,291)	315
- expressed as a percentage of the present value of the plan liabilities	5.63%	(3.00%)	(1.79%)	4.80%	(1.05%)

The 2007 amounts are expressed as percentages of the overseas schemes excluding the additional overseas schemes recognised in 2007, to allow comparability.

The expected employer contributions for the year ending 31st December 2010 are as follows:

	Defined benefit sections £'000	Defined contribution sections £'000	Total £'000
Jardine Lloyd Thompson Pension Scheme	-	9,400	9,400
JLT (USA) Employee's Retirement Plan	2,488	260	2,748
Canada	587	851	1,438
Ireland	179	378	557
Hong Kong	-	443	443
Total expected contributions	3,254	11,332	14,586

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15. Provisions for other liabilities and charges

	Property related provisions	Litigation provisions	Deferred consideration	Acquisition integration provisions	Other	Total
	£'000	£'000	£'000	£'000		£'000
At 1st January 2009	8,556	17,364	7,870	428	-	34,218
Exchange adjustment	(18)	(16)	45	-	-	11
Adjustment to gross basis	-	(5)	-	-	-	(5)
Reclassification from current assets/liabilities	320	-	-	-	-	320
Utilised in the year	(1,558)	(5,291)	(5,563)	(375)	3	(12,784)
Charged to the Income Statement	(526)	8,104	(36)	(66)	66	7,542
Interest charge	130	-	11	13	-	154
Companies acquired	570	262	7,964	-	311	9,107
At 31st December 2009	7,474	20,418	10,291	-	380	38,563
	Property related provisions	Litigation provisions	Deferred consideration	Acquisition integration provisions	Other	Total
	£'000	£'000	£'000	£'000		£'000
At 1st January 2008	10,433	14,883	2,938	510	-	28,764
Exchange adjustment	59	377	534	-	-	970
Adjustment to gross basis	-	(147)	-	-	-	(147)
Utilised in the year	(1,924)	(4,836)	(547)	(82)	-	(7,389)
Charged to the Income Statement	(377)	7,087	-	-	-	6,710
Interest charge	205	-	51	-	-	256
Companies acquired	160	-	5,437	-	-	5,597
Companies disposed of	-	-	(543)	-	-	(543)
At 31st December 2008	8,556	17,364	7,870	428	-	34,218
					2009	2008
					£'000	£'000
Analysis of total provisions:						
Non-current					16,735	19,853
Current					21,828	14,365
					38,563	34,218

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15. Provisions for other liabilities and charges cont'd

Property related provisions

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provision is made for the future rental cost of vacant property. In calculating the provision required, account is taken of the duration of the lease and any recovery of cost achievable from subletting. Property provisions occur principally in the USA and UK and relate to a variety of lease commitments. The longest lease terms for each country are to 2014 and 2016 respectively.

Litigation provisions

At any point in time the Group can be involved in a variety of litigation issues. A provision is established in respect of such issues when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability. Where appropriate the Group also provides for the cost of defending or initiating such matters.

Where a litigation provision has been made it is stated gross of any third party recovery. All such recoveries are included as "other debtors" within trade and other receivables. At 31st December 2009, in connection with certain litigation matters, the Group's litigation provisions include an amount of £0.1 million (2008: £0.1 million) to reflect this gross basis and the corresponding insurance recovery has been included within trade and other receivables. This presentation has had no effect on the Consolidated Income Statement for the period ended 31st December 2009 (2008: nil).

Deferred consideration

Provision is made in respect of additional consideration payable following the initial completion of an acquisition. The value of the deferred consideration may be revised from time to time prior to final settlement.

Acquisition integration provisions

These represent costs expected to be incurred as a result of combining and restructuring operations following an acquisition. These costs are not associated with the ongoing activities of the company.

In accordance with the requirements of IAS 37 the Group has discounted certain provisions to their present value. The discount rate applied to each provision is appropriate to the nature of the provision and the location in which the liability occurs. The interest charge, represents the unwinding of the provision discounting, and has been included as part of "Finance charges" within the Consolidated Income Statement.

Other

Other provisions include provisions for Clawback of commission which arises on certain types of Employee Benefit contracts.

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16 Other reserves

	Share premium £'000	Fair value & hedging reserves £'000	Exchange reserves £'000	Total other reserves £'000
Balance at 1st January 2009	77,338	(24,702)	37,398	90,034
Fair value (losses)/gains net of tax				
- available-for-sale	-	(192)	-	(192)
- cashflow hedges	-	32,784	-	32,784
Currency translation differences	-	-	(7,562)	(7,562)
Net gains/(losses) recognised directly in equity	-	32,592	(7,562)	25,030
Issue of share capital	7,302	-	-	7,302
Balance at 31st December 2009	84,640	7,890	29,836	122,366

	Share premium £'000	Fair value & hedging reserves £'000	Exchange reserves £'000	Total other reserves £'000
Balance at 1st January 2008	76,764	2,681	1,494	80,939
Fair value gains/(losses) net of tax				
- available for sale	-	244	-	244
- cashflow hedges	-	(27,627)	-	(27,627)
Currency translation differences	-	-	35,904	35,904
Net (losses)/gains recognised directly in equity	-	(27,383)	35,904	8,521
Issue of share capital	574	-	-	574
Balance at 31st December 2008	77,338	(24,702)	37,398	90,034

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17. Cash generated from operations

	2009	2008
	£'000	£'000
Cash flows from operating activities		
Profit before taxation	102,011	92,808
Investment income receivable	(7,188)	(18,862)
Interest payable on bank loans and finance leases	2,904	5,835
Fair value gains on financial instruments	2	(78)
Pension financing net expense/(income)	290	(2,677)
Unwinding of provision discounting	154	256
Depreciation	9,188	8,768
Amortisation of intangible assets	5,925	4,947
Amortisation of share based payment	11,079	7,795
Amortisation of Employee Benefit Trust	258	586
Share of results of associates undertakings	(3,785)	(3,502)
Non cash exceptional items	(1,335)	1,027
Profit on disposal of businesses	-	(444)
Pension curtailment gain	(1,895)	-
Loss on disposal of property, plant and equipment	112	76
Profit on disposal of fixed asset investments	(6)	-
Profit on disposal of current asset investments	(22)	-
Increase in trade and other receivables	(7,649)	(38,682)
(Decrease)/increase in trade and other payables - excluding insurance broking	(7,811)	28,923
Decrease in provisions for liabilities and charges	(4,693)	(1,706)
Decrease in retirement benefit obligation	(11,544)	(10,793)
Net cash inflow from operations	85,995	74,277

18. Business combinations

During the year, the process of finalising the provisional fair values in respect of acquisitions carried out during 2008 has been completed. In addition the deferred consideration booked in 2008 has been revised.

	Fair value	Provisional fair	Change in
	acquired	value reported	fair value
	£'000	at 31 Dec 2008	fair value
		£'000	£'000
HWS Holdings Limited	4,205	4,407	(202)
Anda Insurance Group	129	802	(673)
Others	(266)	(279)	13
	4,068	4,930	(862)

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18. Business combinations cont'd

These changes in fair value affected the following balance sheet classes:

	Fair value acquired	Provisional fair value reported at 31 Dec 2008	Reduction in fair value
	£'000	£'000	£'000
Property plant and equipment	47	43	4
Intangible assets	2	2	-
Trade and other receivables	6,003	5,425	578
Cash and cash equivalents			
- Own cash	2,498	3,162	(664)
- Fiduciary cash	13,001	12,714	287
Insurance creditors	(13,001)	(12,714)	(287)
Trade and other payables	(4,273)	(3,484)	(789)
Bank overdrafts	(4)	(4)	-
Current taxation	(157)	(83)	(74)
Deferred taxation	137	29	108
Provisions for liabilities and charges	(185)	(160)	(25)
	4,068	4,930	(862)
	Consideration reported at 31st Dec 2009 £'000	Consideration reported at 31st Dec 2008 £'000	Change in consideration £'000
HWS Holdings Limited	12,498	12,094	404
Anda Insurance Group	2,724	2,580	144
Others	5,061	4,619	442
	20,283	19,293	990
	Consideration reported at 31st Dec 2009 £'000	Consideration reported at 31st Dec 2008 £'000	Change in consideration £'000
Purchase consideration:			
- cash paid	15,567	14,607	960
- deferred consideration	4,716	4,686	30
Total purchase consideration	20,283	19,293	990
Less fair value of net assets acquired	4,068	4,930	(862)
Goodwill	16,215	14,363	1,852
	Consideration reported at 31st Dec 2009 £'000	Consideration reported at 31st Dec 2008 £'000	Change in consideration £'000
Purchase consideration settled in cash	15,567	14,607	960
Cash and cash equivalents - own cash in subsidiary acquired	(2,498)	(3,162)	664
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(13,001)	(12,714)	(287)
Cash outflow on acquisition	68	(1,269)	1,337

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18. Business combinations cont'd

During the year the following new business acquisitions and additional investments were completed:

	Acquisition date	Percentage voting rights acquired	Cost £'000
Ingham Holdings Limited	June 2009	100%	13,563
JLT Re Brasil, Administracao e Corretagem de Resseguros Ltda	July 2009	25%	3,081
HSBC Actuaries and Consultants Limited	December 2009	100%	31,333
Additional investments in existing businesses	Jan - Dec 09	-	2,230
			50,207

Acquisition of Ingham Holdings Ltd

On 8th June 2009 the Group announced the acquisition of Ingham Holdings Ltd, with its two subsidiaries Ingham & Co (Liabilities) Limited and Ingham Underwriting Limited, a group of UK underwriting agencies focused on the SME market. The acquired business contributed revenue of £2,538,000 and a net profit of £816,000 to the Group for the period since acquisition. If the acquisition had taken place on the 1st January 2009 the contribution to Group revenue and net profit would have been £4,234,000 and of £1,130,000 respectively.

Purchase consideration	£'000
- cash paid	9,964
- deferred consideration	3,599
Total purchase consideration	13,563
Less fair value of net assets acquired	1,040
Goodwill	12,523

	Fair value £'000	Acquiree's carrying amount £'000
The assets and liabilities arising from the acquisition were as follows:		
Property plant and equipment	90	90
Intangible assets	53	53
Trade and other receivables	517	17
Cash and Cash Equivalents		
-Own cash	918	918
-Fiduciary cash	1,590	1,590
Insurance creditors	(1,590)	(1,590)
Trade and other payables	(532)	(532)
Current taxation	(6)	(6)
	1,040	1,040

	£'000
Purchase consideration settled in cash	9,964
Cash and cash equivalents - own cash in subsidiary acquired	(918)
	9,046
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(1,590)
Cash outflow on acquisition	7,456

As at 31st December 2009, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

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18. Business combinations cont'd

Acquisition of JLT Re Brasil, Administracao e Corretagem de Resseguros Ltda

In 2008, the group acquired 35% of JLT Re Brasil, Administracao e Corretagem de Resseguros Ltda. On 20th July 2009, the Group exchanged 39.53% of its shareholding in JLT do Brasil Corretagem de Seguros Ltda for a further 25.47% in JLT Re Brasil, Administracao e Corretagem de Resseguros Ltda. The acquired business contributed revenue of £2,244,000 and a net profit of £735,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2009 the contribution to Group revenue and net profit would have been £4,934,000 and £1,075,000 respectively.

	£'000
Purchase consideration	
- fair value of shares	1,996
- existing investment in associates	1,085
Total purchase consideration	<u>3,081</u>
Less fair value of net assets acquired (own share)	321
Investment in associates to be reversed in retained earnings	396
Goodwill	<u>3,156</u>

	Fair value	Acquiree's
	£'000	carrying
		amount
		£'000
The assets and liabilities arising from the acquisition were as follows:		
Property plant and equipment	31	31
Intangible assets	26	26
Trade and other receivables	765	765
Cash and cash equivalents		
-Own cash	1,041	1,041
Trade and other payables	(471)	(471)
Current taxation	(182)	(182)
Minority interests	(889)	(889)
	<u>321</u>	<u>321</u>

	£'000
Purchase consideration settled in cash	-
Cash and cash equivalents - own cash in subsidiary acquired	(1,041)
	<u>(1,041)</u>
Cash and cash equivalents - fiduciary cash in subsidiary acquired	-
	<u>(1,041)</u>

As at 31st December 2009, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

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18. Business combinations cont'd

Acquisitions of HSBC Actuaries and Consultants Limited

On 1st December 2009 the group acquired HSBC Actuaries and Consultants Limited (HACL), HSBC's employee benefits and actuarial consulting firm. The acquired business contributed revenue of £2,963,000 and a net profit of £315,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2009 the contribution to Group revenue and net profit would have been £36,667,000 and £156,000 respectively.

Purchase consideration	£'000
- cash paid	27,446
- deferred consideration	3,887
Total purchase consideration	<u>31,333</u>
Less fair value of net assets acquired	17,653
Goodwill	<u>13,680</u>

	Fair value £'000	Acquiree's carrying amount £'000
The assets and liabilities arising from the acquisition were as follows:		
Property plant and equipment	1,067	1,115
Intangible assets	1,580	-
Trade and other receivables	11,489	8,926
Cash and cash equivalents		
-Own cash	14,804	14,804
Trade and other payables	(10,686)	(9,235)
Deferred taxation	542	542
Provisions for liabilities and charges	(1,143)	(832)
	<u>17,653</u>	<u>15,320</u>

	£'000
Purchase consideration settled in cash	27,446
Cash and cash equivalents - own cash in subsidiary acquired	(14,804)
	<u>12,642</u>
Cash and cash equivalents - fiduciary cash in subsidiary acquired	-
Cash outflow on acquisition	<u>12,642</u>

As at 31st December 2009, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

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Notes to the Preliminary Results
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18. Business combinations cont'd

Other additional investments

Purchase consideration	£'000
- cash paid	1,717
- deferred consideration	451
- existing investment in associates	62
Total purchase consideration	<u>2,230</u>
Less fair value of net assets acquired	731
Investment in associates to be reversed in retained earnings	152
Goodwill	<u>1,651</u>

	Fair value £'000	Acquiree's carrying amount £'000
The assets and liabilities arising from the acquisition were as follows:		
Property plant and equipment	11	11
Insurance debtors	1,819	1,819
Trade and other receivables	228	228
Cash and cash equivalents		
-Own cash	824	824
-Fiduciary cash	587	587
Insurance Creditors	(2,406)	(2,406)
Trade and other payables	(430)	(430)
Deferred taxation	8	8
Minority interests	90	90
	<u>731</u>	<u>731</u>

	£'000
Purchase consideration settled in cash	1,717
Cash and cash equivalents - own cash in subsidiary acquired	<u>(824)</u>
	893
Cash and cash equivalents - fiduciary cash in subsidiary acquired	<u>(587)</u>
Cash outflow on acquisition	<u>306</u>

As at 31st December 2009, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

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18. Business combinations cont'd

Group summary of the net assets acquired and goodwill

	Ingham	JLT Re Brasil	HACL	Other	Total
	£'000	£'000	£'000	£'000	£'000
Purchase consideration					
- cash paid	9,964	-	27,446	1,717	39,127
- deferred consideration	3,599	-	3,887	451	7,937
- fair value of shares	-	1,996	-	-	1,996
- initial investment in associates	-	1,085	-	62	1,147
Total purchase consideration	13,563	3,081	31,333	2,230	50,207
Less fair value on acquisition occurring during the year	1,040	321	17,653	731	19,745
Investment in associates to be reversed in retained earnings	-	396	-	152	548
Goodwill on acquisition occurring during the year	12,523	3,156	13,680	1,651	31,010
Impact of revision to fair value adjustment and consideration in relation to acquisitions completed in 2008					1,852
Net increase in goodwill					32,862
	Ingham	JLT Re Brasil	HACL	Other	Total
	£'000	£'000	£'000	£'000	£'000
Purchase consideration settled in cash	9,964	-	27,446	1,717	39,127
Cash and cash equivalents					
- own cash in subsidiary acquired	(918)	(1,041)	(14,804)	(824)	(17,587)
- fiduciary cash in subsidiary acquired	(1,590)	-	-	(587)	(2,177)
Cash outflow/(inflow) on acquisition	7,456	(1,041)	12,642	306	19,363
Impact on cash of revision to fair value adjustment in relation to acquisitions completed in 2008					1,337
Cash outflow in the year					20,700

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19. Business disposals

On 20th July 2009 the Group disposed of 39.53% of its shareholding in JLT do Brasil Corretagem de Seguros Ltda for a further 25.47% in JLT Re Brasil, Administracao e Corretagem de Resseguros Ltda.

	Total £'000
Goodwill	290
Minority interests	<u>370</u>
Net assets at disposal	660
Gain on disposal	<u>1,336</u>
Fair value of shares	<u>1,996</u>

Other disposals

During the year we completed other disposals, none of which were individually significant.

	Total £'000
Net assets disposed of	
Goodwill	590
Minority interests	<u>322</u>
Net assets at disposal	912
Gain on disposal	<u>42</u>
Deferred proceeds	<u>954</u>

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20. Principal risks

As with all businesses, the Group is exposed to a range of financial and operational risks, not wholly within its control, which could have a material impact on the Group's financial performance.

The principal risks to which the Group is exposed are discussed on pages 32 to 34 of the Annual Report & Financial Statements for 2008. The Annual Report & Financial Statements for 2009 will contain an updated discussion on these risks and will be posted to shareholders no later than 31st March 2010.

- 21.** The financial information contained in this preliminary announcement does not constitute statutory accounts within the meaning of the Companies Act 2006. The results for the year ended 31st December 2009 are unaudited and statutory accounts have not yet been delivered to the Registrar of Companies.
- 22.** Statutory accounts for the year ended 31st December 2009 will be posted to shareholders no later than 31st March 2010 and delivered to the Registrar of Companies following the Annual General Meeting on 29th April 2010.
- 23.** The shareholders entered in the Register of Members at 4.00pm on 9th April 2010 will be entitled to the proposed final dividend of 12.5p per share which will, subject to approval at the Annual General Meeting to be held on 29th April 2010, be payable on 4th May 2010.
- 24.** Copies of the preliminary press release (and statutory accounts when available) may be obtained from the Secretary, Jardine Lloyd Thompson Group plc, 6 Crutched Friars, London EC3N 2PH.