



Jardine Lloyd Thompson Group plc 
Interim Report 2003 



JARDINE LLOYD THOMPSON
Group plc


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JLT has made an excellent start to the year, building on the record results achieved in 2002.

Risk & Insurance has achieved strong growth in the first half and we expect to make good progress in the second half of the year.

We have continued to build solid foundations for our Employee Benefits operation, particularly in the UK, and we remain confident about the long term prospects for this business.

We believe JLT is in excellent shape to deliver sustained growth for its shareholders in 2003 and beyond.



Report to shareholders

Results and Dividend

JLT has continued to build on the success of 2002 and the results for the first half of 2003 reflect excellent progress in our chosen business sectors. For the six months to 30th June 2003, brokerage and fees grew by 11% to £216.1 million, trading profit by 20% to £47.5 million and profit before tax, exceptional items and goodwill amortisation increased by 16% to £59.0 million. Profit before tax increased by 8% to £57.3 million; however, 2002 included an exceptional gain of £3.9 million. Excluding the prior year exceptional gain the adjusted growth in 2003 would be 16%.

The Board has declared an interim dividend of 8.5p per share to be paid on 13th October 2003 to shareholders on the register on 12th September 2003. This represents a 13% increase over the prior year and maintains JLT's unbroken record of dividend growth.

There has continued to be an excellent level of activity across the Group in both Risk & Insurance and Employee Benefits. The trading outlook on both sides of the business is very encouraging with excellent opportunities for JLT to increase market share and develop new revenue streams in the future.

Operational Review

The 11% increase in Group turnover reflects both organic growth and new business wins within Risk & Insurance and Employee Benefits.

The Group's trading profit was £47.5 million, an increase of 20% over the prior year and 22% at constant rates of exchange, and giving an expense ratio of 78%, down from 80%.

Risk & Insurance Group

Risk & Insurance revenue for continuing operations increased by 14% to £177.7 million (15% at constant rates of exchange), with the trading margin up to 28% from 27% in the prior year. These strong results reflect not only good organic growth and JLT's ability to win new business but also a continued focus on cost control.

Risk Solutions produced strong turnover growth of 12% to £109.5 million (13% at constant rates of exchange). Substantial growth was achieved by Cargo, Energy, Marine, Industry Risks and Non-Marine Reinsurance. Agnew Higgins Pickering, the London based natural resources specialist, once again produced a strong performance as did our operations in Bermuda, together with our developing Financial & Professional Risks, Captive Management and Claims Consultancy businesses.

In the UK and Ireland our focus on the mid market retail sector has produced good growth led by new business and improved trading margins.

In Asia we had strong growth on the top line and significant improvement in trading margins despite the adverse impact of SARS.

Once again Australasia has produced significant growth on both the top and bottom line with the further development of our local government business and some significant wins in the major corporate accounts sector.

In Canada, we achieved strong top line growth as we continue with the transformation of this business.

These excellent results have been achieved in a market that remains relatively hard despite some well publicised rate moderations, particularly for property, energy and aviation risks, with these reductions following a heavy increase in these areas over the previous renewals. Casualty rates are generally up on this time last year although there has been some levelling off since the beginning of the year. We continue to believe that rates will not soften significantly before 2005, reflecting the investment climate and the need for industry capital to be rebuilt together with continued pressure and scrutiny from the rating agencies.

JLT operates most effectively in changing market conditions, and this is demonstrated by the performance of our Energy operations which have shown very strong growth despite a moderation of rates from last year's highs.

Within Risk & Insurance we have made two acquisitions since the beginning of the year, as well as the purchase of the outstanding minority interests in our Financial Solutions operations in Bermuda and Sweden. In March, Capital Risk in the USA announced the acquisition of Texas Specialty Insurance Agency to increase the scope of its operations, particularly in specialist areas such as energy and healthcare. This underpins our growing commitment to the US market, provides more choice for clients and gives JLT the opportunity to win business from our main competitors. Very encouraging progress has been made over the past few months in the development of Capital Risks' business.

This month, we acquired Thomas Winter which is a specialist in insurance for UK housing associations and has obvious synergies with our existing UK public sector book of business.

Across the Group, we will continue to develop our business with selective acquisitions and the hiring of quality professionals to build on our strengths.

Employee Benefits Group

The Employee Benefits Group has made good progress in the first half of the year. Whilst revenue for the period was up 1% to £38.4 million (5% at constant rates of exchange), there has been good underlying growth in the UK and an improvement in profit margin in the USA.

Revenue in the UK increased by 6%, although underlying growth was 17% excluding the effect of pensions review work which is now substantially at an end.

Whilst the trading margin remained at 11% for the period, we expect this to improve in the second half and our goal of a 15% trading margin for this business is now likely to be achieved in 2004 as the full benefit of new contracts begins to show through.

The UK Government's proposed pension reforms should benefit JLT. As the pension landscape continues to change, there will also be increasing opportunities as life companies seek assistance to manage pension related run-off which is an area where we already have a leading market position.

With employers' needs changing, we are positioning ourselves to design and support more flexible benefit schemes. In the coming years, we intend to provide an even broader service proposition including human resource advisory services and administration.

In the USA we have been re-engineering the business to improve margins and we continue to see excellent opportunities to grow our claims and benefits administration operations. Underlying revenue grew by 4% at constant rates of exchange for the period whilst the trading margin improved from 8% to 11%.

Foreign Exchange and Interest Rate Exposures

The Group continues its prudent approach to managing both foreign exchange and interest rate exposures. As at 30th June 2003 some 96% of 2003 US dollar revenue expected to arise in the UK has been hedged at an average rate of \$1.48, while for 2004 66% has been hedged at \$1.47.

For the six months to 30th June 2003 interest earnings fell by 4% due to the impact of lower interest and foreign exchange rates, offset in part by interest rate hedging and an increased level of funds invested. Significant interest rate hedges have been put in place to mitigate the impact of falling interest rates. For the second half of 2003 the Group has covered 47% of its estimated US dollar interest earnings at an average rate of 4% and 45% of estimated Sterling interest earnings at 4.8%. For 2004 the comparable figures for US dollars are 16% at 2.9% and for Sterling 24% at 3.8%.

Management Changes

Effective from 1st September 2003 we are making some senior management changes to help us consolidate our progress and ensure that we capitalise on the opportunities of the future.

Steve McGill will relinquish his role as Chief Executive of JLT Risk Solutions in order to concentrate on the management of the Group as a whole. Dominic Collins, currently Chairman of JLT Risk Solutions, will become Chairman and Chief Executive.

John Hastings-Bass, currently Chairman of our Employee Benefits business, will also become Chairman of our retail Insurance Broking operations, other than in the United States.

Prospects

JLT has made a very encouraging start to the year and the trading outlook as we enter the second half remains favourable.

In the Risk & Insurance Group, JLT has a first class service proposition and is well positioned to win new business in its chosen areas of expertise.

The Employee Benefits Group has good growth opportunities in the pensions consulting and administration fields as a result of the rapidly changing environment and JLT is well placed to make further progress in this area.

We remain confident about our ability to deliver strong results in 2003 and beyond.

Ken Carter

Chairman

28th July 2003

Consolidated profit and loss account

Unaudited results for the six months ended 30th June 2003

| | Notes | 2003 £'000 | 2002 £'000 |
|--|-------|------------------|---------------|
| Turnover | 3 | 216,059 | 194,223 |
| Investment income | | 8,875 | 9,270 |
| Operating revenue | | 224,934 | 203,493 |
| Trading expenses (excluding goodwill amortisation and exceptional items) | | (168,609) | (154,669) |
| Goodwill amortisation | | (1,752) | (1,600) |
| Operating expenses | | (170,361) | (156,269) |
| Operating profit | | 54,573 | 47,224 |
| Share of operating profit in associates | | 3,623 | 3,160 |
| Profits on the sale or closure of operations - exceptional | 4 | - | 3,895 |
| Interest payable and similar charges | | (913) | (1,105) |
| Profit on ordinary activities before taxation | 2,3 | 57,283 | 53,174 |
| Taxation on profit on ordinary activities | 5 | (18,078) | (16,420) |
| Profit on ordinary activities after taxation | | 39,205 | 36,754 |
| Minority interests | | (1,492) | (505) |
| Profit attributable to shareholders | | 37,713 | 36,249 |
| Dividends | 6 | (17,007) | (14,891) |
| Retained profit for the period | | 20,706 | 21,358 |
| Dividends per share | | | |
| Interim | 6 | 8.5p | 7.5p |
| Earnings per share | 8 | | |
| Basic | | 19.3p | 18.8p |
| Diluted | | 18.9p | 18.1p |
| Basic, excluding exceptional items | | 19.3p | 16.8p |
| Diluted, excluding exceptional items | | 18.9p | 16.2p |
| Basic, excluding exceptional items and goodwill amortisation | | 20.2p | 17.6p |
| Diluted, excluding exceptional items and goodwill amortisation | | 19.8p | 17.0p |

Consolidated balance sheet

Unaudited as at 30th June 2003

| | Notes | As at 30 June 2003 £'000 | As at 30 June 2002 £'000 | As at 31 Dec 2002 £'000 |
|---|-------|--------------------------------|--------------------------------|-------------------------------|
| Fixed assets | | | | |
| Intangible assets | | 54,228 | 52,911 | 50,993 |
| Tangible assets | | 27,252 | 27,867 | 26,924 |
| Investments in associated undertakings | | 9,081 | 6,432 | 7,208 |
| Other investments | | 1,694 | 1,576 | 1,540 |
| Employee benefit trusts | | 27,570 | 12,517 | 12,966 |
| | | 119,825 | 101,303 | 99,631 |
| Current assets | | | | |
| Debtors | 9 | 1,963,589 | 2,130,925 | 1,913,491 |
| Investments and deposits | | 322,652 | 337,184 | 325,021 |
| Cash | | 139,036 | 94,093 | 97,507 |
| | | 2,425,277 | 2,562,202 | 2,336,019 |
| Creditors – amounts falling due within one year | 10 | (2,322,135) | (2,443,586) | (2,190,791) |
| Net current assets | | 103,142 | 118,616 | 145,228 |
| Total assets less current liabilities | | 222,967 | 219,919 | 244,859 |
| Creditors – amounts falling due after more than one year | 11 | (5,589) | (10,716) | (5,515) |
| Provisions for liabilities and charges | 12 | (29,990) | (56,495) | (77,112) |
| Minority interests | | (4,809) | (3,761) | (5,336) |
| | | 182,579 | 148,947 | 156,896 |
| Capital and reserves | | | | |
| Called up share capital | | 10,041 | 9,953 | 9,981 |
| Share premium account | | 30,934 | 25,699 | 26,897 |
| Profit and loss account | | 141,604 | 113,295 | 120,018 |
| Shareholders' funds | | 182,579 | 148,947 | 156,896 |

Statement of total recognised gains and losses

Unaudited for the six months ended 30th June 2003

| | 2003 £'000 | 2002 £'000 |
|--|---------------|---------------|
| Profit for the period | | |
| Group companies | 35,980 | 34,681 |
| Share of associates | 1,733 | 1,568 |
| | 37,713 | 36,249 |
| Currency translation differences on foreign currency net investments | 2,765 | 365 |
| Total recognised gains relating to the period | 40,478 | 36,614 |

Reconciliation of movement in shareholders' funds

Unaudited for the six months ended 30th June 2003

| | 2003 £'000 | 2002 £'000 |
|---|----------------|----------------|
| Profit for the period | | |
| Group companies | 35,980 | 34,681 |
| Share of associates | 1,733 | 1,568 |
| | 37,713 | 36,249 |
| Dividends | (17,007) | (14,891) |
| Goodwill movements | - | 302 |
| Currency translation and other items | 2,765 | 365 |
| Contribution to QUEST (refer note 7 on page 15) | (1,885) | (5,000) |
| New shares issued | 4,097 | 5,965 |
| Net movement in shareholders' funds | 25,683 | 22,990 |
| Opening shareholders' funds | 156,896 | 125,957 |
| Closing shareholders' funds | 182,579 | 148,947 |

Consolidated cashflow statement

Unaudited results for the six months ended 30th June 2003

| | Notes | 6 months to 30 June 2003 £'000 | 6 months to 30 June 2002 £'000 |
|---|-------|--------------------------------------|--------------------------------------|
| Operating activities | | | |
| Net cash inflow from operating activities | 13 | 52,660 | 35,124 |
| Dividends from joint ventures and associates | | | |
| Dividends received from associates | | 278 | 791 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 9,855 | 10,055 |
| Interest paid – other loans and finance leases | | (157) | (228) |
| Dividends paid to minority shareholders | | (12) | (8) |
| Taxation | | | |
| UK corporation tax paid | | (10,323) | (3,546) |
| Overseas tax paid | | (4,644) | (2,805) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (3,846) | (9,636) |
| Sales of tangible fixed assets | | 335 | 1,919 |
| Acquisitions and disposals | | | |
| Purchase of investments by Employee Benefit trusts | | (17,124) | (3,646) |
| Purchase of subsidiary undertakings | 13 | (5,719) | (2,317) |
| Net cash acquired with subsidiaries | 13 | 1 | 155 |
| Disposal of businesses | 13 | - | 5,707 |
| Purchase of fixed asset investments | | - | (8) |
| Sale of fixed asset investments | | 5 | - |
| Issue of shares to minority shareholders in subsidiary | | - | 27 |
| Equity dividends paid | | | |
| Dividends paid | | (21,880) | (18,532) |
| Net cash (outflow)/inflow before use of liquid resources & financing | | (571) | 13,052 |
| Management of liquid resources | | | |
| Net cashflows out of/(into) investments and deposits | | 2,369 | (21,152) |
| Financing | | | |
| Issue of ordinary shares | 7,13 | 2,212 | 965 |
| Movement in debt | 13 | (4,823) | (77) |
| Decrease in cash (excluding insurance broking funds) | | (813) | (7,212) |
| Increase in net insurance broking creditors | | 40,493 | 9,940 |
| Net insurance broking cash at date of acquisition | 13 | 367 | - |
| Increase in cash in the period | | 40,047 | 2,728 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

1 Basis of accounting

The unaudited results for the six months ended 30th June 2003 have been prepared under the historical cost convention using the accounting policies adopted in respect of the year ended 31st December 2002 except as set out in note 2 below.

The financial information for the year ended 31st December 2002 relating to the Group set out above has been extracted from the audited accounts of the Company for that period. Such financial information does not constitute statutory accounts of the Company for that period within the meaning of section 240 of the Companies Act 1985. Consolidated statutory accounts for the Company for that period, upon which the auditors have given an unqualified report and which did not contain any statement under section 237 of the Act, have been delivered to the Registrar of Companies.

2 Alternative profit statement

The format of the profit and loss account on page 7 conforms to the requirements of the Companies Act 1985. The alternative profit 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.

| | 6 months to 30 June 2003 £'000 | 6 months to 30 June 2002 £'000 |
|---|--------------------------------------|--------------------------------------|
| Turnover | 216,059 | 194,223 |
| Trading expenses (excluding exceptional items) | (168,609) | (154,669) |
| Trading profit | 47,450 | 39,554 |
| Investment income | 8,875 | 9,270 |
| Share of operating profit in associates | 3,623 | 3,160 |
| Interest payable and similar charges | (913) | (1,105) |
| Profit on ordinary activities before taxation, exceptional items and goodwill amortisation | 59,035 | 50,879 |
| Goodwill amortisation | (1,752) | (1,600) |
| Profit on ordinary activities before taxation and exceptional items | 57,283 | 49,279 |
| Profits on the sale or closure of operations - exceptional | - | 3,895 |
| Profit on ordinary activities before taxation | 57,283 | 53,174 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

3 Segmental information

Turnover

| | Risk & Insurance 2003 £'000 | Employee Benefits 2003 £'000 | Total 2003 £'000 |
|---|--------------------------------------|---------------------------------------|------------------------|
| 30th June 2003 | | | |
| Geographical analysis by location of operation: | | | |
| United Kingdom | 110,921 | 24,591 | 135,512 |
| Americas | 19,353 | 13,150 | 32,503 |
| Australasia | 26,935 | - | 26,935 |
| Asia | 16,205 | - | 16,205 |
| Europe | 4,225 | 679 | 4,904 |
| | 177,639 | 38,420 | 216,059 |
| 30th June 2002 | | | |
| Geographical analysis by location of operation: | | | |
| United Kingdom | 99,624 | 23,304 | 122,928 |
| Americas | 17,574 | 14,027 | 31,601 |
| Australasia | 21,734 | - | 21,734 |
| Asia | 14,306 | - | 14,306 |
| Europe | 3,020 | 634 | 3,654 |
| | 156,258 | 37,965 | 194,223 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

3 Segmental information (continued)

Profit on ordinary activities before taxation

| | Risk & Insurance | Employee Benefits | Head office/ other | Associates | Exceptional items | Total |
|---|---------------------|----------------------|-----------------------|------------|----------------------|--------|
| 30th June 2003 | 2003 | 2003 | 2003 | 2003 | 2003 | 2003 |
| Geographical analysis by location of operation: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| United Kingdom | 36,853 | 2,278 | (5,548) | - | - | 33,583 |
| Americas | 2,572 | 1,509 | (296) | - | - | 3,785 |
| Australasia | 10,504 | - | - | - | - | 10,504 |
| Asia | 4,161 | - | 2 | 255 | - | 4,418 |
| Europe | 1,277 | 243 | 567 | 2,906 | - | 4,993 |
| | 55,367 | 4,030 | (5,275) | 3,161 | - | 57,283 |
| 30th June 2002 | 2002 | 2002 | 2002 | 2002 | 2002 | 2002 |
| Geographical analysis by location of operation: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| United Kingdom | 34,712 | 1,442 | (4,927) | 31 | 3,990 | 35,248 |
| Americas | 2,858 | 1,154 | (399) | - | (95) | 3,518 |
| Australasia | 7,653 | - | - | - | - | 7,653 |
| Asia | 2,374 | - | 17 | 255 | - | 2,646 |
| Europe | 1,010 | 309 | 433 | 2,357 | - | 4,109 |
| | 48,607 | 2,905 | (4,876) | 2,643 | 3,895 | 53,174 |

The profit before tax for associates represents the Group share of operating profits of £3,623,000 (2002: £3,160,000) less interest payable of £462,000 (2002: £517,000).

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

4 Profit/(losses) on the sale or closure of operations - exceptional

| | 6 months to 30 June 2003 £'000 | 6 months to 30 June 2002 £'000 |
|--|--------------------------------------|--------------------------------------|
| Sale of Professional Affinity Group Services Limited | - | 3,490 |
| Sale of investment in TDF Credit Insurance Limited | - | 500 |
| Sale of JLT Insurance Services Company | - | 207 |
| Sale of Jardine Insurance Services (Chile) Limited | - | (302) |
| | - | 3,895 |

During the prior period the Group sold or closed a number of operations. The resulting profits and losses from these transactions were treated as exceptional items.

5 Taxation on profit on ordinary activities

| | 6 months to 30 June 2003 £'000 | 6 months to 30 June 2002 £'000 |
|---|--------------------------------------|--------------------------------------|
| UK corporation tax | | |
| Current tax on income for the period | 11,449 | 10,891 |
| Deferred taxation | (488) | 121 |
| Foreign tax | | |
| Current tax on income for the period | 5,469 | 4,403 |
| Deferred taxation | 237 | (67) |
| Tax on share of operating profit in associates | | |
| Current tax on income for the period | 1,413 | 1,043 |
| Deferred taxation | (2) | 29 |
| | 18,078 | 16,420 |
| Taxation on profit before exceptional items | 18,078 | 16,331 |
| Taxation on exceptional items | - | 89 |
| | 18,078 | 16,420 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

6 Dividend

The interim dividend of 8.5p per share (2002: 7.5p) is payable on 13th October 2003 to shareholders who are registered at the close of business on 12th September 2003. The ex-dividend date will be 10th September 2003.

7 Qualifying Employee Share Ownership Trust

During the period, a further 544,464 ordinary shares (2002: 839,630) were subscribed for by the Jardine Lloyd Thompson Group plc Qualifying Employee Share Ownership Trust (the "QUEST") at a market value of £3.0m (2002: £5.0m). The Company has provided an additional £3.0m (2002: £5.0m) to the QUEST for this purpose. These shares are to be allocated to employees in satisfaction of options that may be exercised under the Jardine Lloyd Thompson Sharesave Schemes. During the period the QUEST has allocated 901,398 ordinary shares to employees for this purpose. The cost of the additional contribution has been transferred by the Company directly to the profit and loss account reserve together with the exercise proceeds of £1,115,000, giving a net charge of £1,885,000.

8 Earnings per share

- i) Basic earnings per share are calculated by dividing the profit after taxation and minority interests by the weighted average number of shares in issue.
- ii) Diluted earnings per share are calculated by dividing the profit after taxation and minority interests by the adjusted weighted average number of shares in issue.
- iii) Basic earnings per share, excluding exceptional items, are calculated by dividing the adjusted profit excluding exceptional items by the weighted average number of shares in issue.
- iv) Diluted earnings per share, excluding exceptional items, are calculated by dividing the adjusted profit, excluding exceptional items, by the adjusted weighted average number of shares in issue.
- v) Basic earnings per share, excluding exceptional items and goodwill amortisation are calculated by dividing the adjusted profit excluding exceptional items and goodwill amortisation by the weighted average number of shares in issue.
- vi) Diluted earnings per share, excluding exceptional items and goodwill amortisation are calculated by dividing the adjusted profit excluding exceptional items and goodwill amortisation by the adjusted weighted average number of shares in issue.

The weighted average number of shares in issue has been calculated after excluding the Group's share of Marot's (SIACI's) interest in the share capital of Jardine Lloyd Thompson Group plc together with the shares held by the Trustees of the Employees' Share Ownership Plan Trust in respect of the Jardine Lloyd Thompson Group Restricted Share Scheme and shares held by the Group's Qualifying Employee Share Ownership Trust.

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

8 Earnings per share (continued)

| | 6 months to 30 June 2003 | 6 months to 30 June 2002 |
|--|-----------------------------|-----------------------------|
| | No. of shares | No. of shares |
| Weighted average number of shares in issue | 195,577,022 | 193,496,002 |
| Effect of outstanding share options | 3,680,972 | 7,271,959 |
| Adjusted weighted average number of shares | 199,257,994 | 200,767,961 |

| Earnings reconciliation | 6 months to 30 June 2003 | | | 6 months to 30 June 2002 | | |
|--|--------------------------|-----------------------------|-------------------------------|--------------------------|-----------------------------|-------------------------------|
| | £'000 | Basic pence per share | Diluted pence per share | £'000 | Basic pence per share | Diluted pence per share |
| Profit after taxation and minority interests | 37,713 | 19.3 | 18.9 | 36,249 | 18.8 | 18.1 |
| Profits on the sale or closure of operations – exceptional | - | | | (3,895) | | |
| Taxation charge on exceptional items | - | | | 89 | | |
| | - | - | - | (3,806) | (2.0) | (1.9) |
| Adjusted profit excluding exceptional items | 37,713 | 19.3 | 18.9 | 32,443 | 16.8 | 16.2 |
| Goodwill amortisation | 1,752 | 0.9 | 0.9 | 1,600 | 0.8 | 0.8 |
| Adjusted profit excluding exceptional items and goodwill amortisation | 39,465 | 20.2 | 19.8 | 34,043 | 17.6 | 17.0 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

9 Debtors

| | As at 30 June 2003 £'000 | As at 30 June 2002 £'000 | As at 31 Dec 2002 £'000 |
|---|--------------------------------|--------------------------------|-------------------------------|
| Amounts falling due within one year | | | |
| Insurance debtors | 1,907,591 | 2,052,494 | 1,806,491 |
| Other debtors and prepayments | 50,512 | 74,407 | 101,813 |
| | 1,958,103 | 2,126,901 | 1,908,304 |
| Amounts falling due after more than one year | | | |
| Deferred tax | 5,486 | 4,024 | 5,187 |
| | 1,963,589 | 2,130,925 | 1,913,491 |

10 Creditors - amounts falling due within one year

| | As at 30 June 2003 £'000 | As at 30 June 2002 £'000 | As at 31 Dec 2002 £'000 |
|-------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Bank and other loans and overdrafts | - | 55 | - |
| Other borrowings | 223 | - | 5,000 |
| Unsecured loan notes | 263 | 5,864 | 303 |
| Insurance creditors | 2,207,896 | 2,340,809 | 2,066,490 |
| Obligations under finance leases | 435 | 467 | 390 |
| Proposed dividends | 17,020 | 14,858 | 21,893 |
| Corporation tax | 21,701 | 20,818 | 19,512 |
| Social Security and other taxes | 5,579 | 4,429 | 4,930 |
| Other creditors | 69,018 | 56,286 | 72,273 |
| | 2,322,135 | 2,443,586 | 2,190,791 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

11 Creditors - amounts falling due after more than one year

| | As at 30 June 2003 £'000 | As at 30 June 2002 £'000 | As at 31 Dec 2002 £'000 |
|----------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Obligations under finance leases | 589 | 716 | 515 |
| Other borrowings | 5,000 | 10,000 | 5,000 |
| | 5,589 | 10,716 | 5,515 |

12 Provision for liabilities and charges

| | Property related provisions £'000 | Pension holiday provisions £'000 | Pension mis-selling provisions £'000 | Litigation provisions £'000 | Deferred consideration £'000 | Acquisition integration provisions £'000 | Deferred taxation £'000 | Total £'000 |
|--|--|---|---|-----------------------------------|------------------------------------|---|-------------------------------|----------------|
| At 1st January 2003 | 13,657 | 7,081 | 1,246 | 53,354 | 624 | 520 | 630 | 77,112 |
| Exchange movement | (9) | (68) | - | 22 | 78 | (13) | 67 | 77 |
| Reclassification from current assets | - | - | - | - | - | - | 162 | 162 |
| Utilised in the year | (1,663) | - | (1,115) | (46,309) | (147) | (37) | - | (49,271) |
| Transfer from/(to) profit and loss account | - | (609) | - | 1,559 | - | (513) | (90) | 347 |
| Notional interest charge | 288 | - | - | - | - | 18 | - | 306 |
| Acquisitions | - | - | - | - | 167 | 1,090 | - | 1,257 |
| At 30th June 2003 | 12,273 | 6,404 | 131 | 8,626 | 722 | 1,065 | 769 | 29,990 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

13 Notes to the consolidated cashflow statement

a) Net cash inflow from operating activities

| | 6 months to 30 June 2003 £'000 | 6 months to 30 June 2002 £'000 |
|---|--------------------------------------|--------------------------------------|
| Reconciliation of profit on ordinary activities before taxation to net cash inflow/outflow from operating activities | | |
| Profit on ordinary activities before taxation | 57,283 | 53,174 |
| Investment income receivable | (8,875) | (9,270) |
| Interest payable on other loans and finance leases | 146 | 267 |
| Unwinding of provision discounting | 306 | 322 |
| Depreciation | 4,092 | 4,384 |
| ESOP amortisation | 2,520 | 1,870 |
| Goodwill amortisation | 1,752 | 1,600 |
| Profit on sale of tangible fixed assets | (75) | (155) |
| Share of results of associated undertakings | (3,161) | (2,643) |
| Profits on the sale or closure of operations - exceptional | - | (3,895) |
| Decrease/(increase) in debtors excluding insurance broking balances | 5,571 | (21,112) |
| Decrease in creditors excluding insurance broking balances | (3,067) | (10,033) |
| (Decrease)/increase in provisions for liabilities and charges | (3,832) | 20,615 |
| Net cashflow from operating activities (excluding insurance broking funds) | 52,660 | 35,124 |

b) Analysis of changes in financing during period

| | Share capital including premium £'000 | Loans and finance lease obligations £'000 |
|------------------------------------|--|--|
| Balance at 1st January 2003 | 36,878 | 11,208 |
| Cashflows from financing | 4,097 | (4,823) |
| Exchange | - | 124 |
| Balance at 30th June 2003 | 40,975 | 6,509 |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

13 Notes to the consolidated cashflow statement (continued)

c) Analysis of net funds

| | At 1 Jan 2003 £'000 | Cashflow £'000 | Acquisitions £'000 | Exchange movements £'000 | At 30 June 2003 £'000 |
|--------------------------------------|---------------------------|-------------------|-----------------------|--------------------------------|-----------------------------|
| Cash | 97,507 | 39,680 | 368 | 1,481 | 139,036 |
| Investments & deposits | 325,021 | (2,369) | - | - | 322,652 |
| Loan notes | (303) | 40 | - | - | (263) |
| Finance leases | (905) | 6 | - | (124) | (1,023) |
| Other borrowings due within one year | (5,000) | 4,777 | - | - | (223) |
| Other borrowings due after one year | (5,000) | - | - | - | (5,000) |
| | 411,320 | 42,134 | 368 | 1,357 | 455,179 |

d) Acquisitions

During the period the following acquisitions and additional investments in existing businesses were completed:

| | Cost £'000 |
|---|---------------|
| Texas Specialty Insurance Agency Inc | 2,978 |
| Additional investments in existing businesses | 3,069 |
| | 6,047 |

| | Texas Specialty Insurance Agency | | Total £'000 |
|--|-----------------------------------|------------------------------------|----------------|
| | Assets at acquisition £'000 | Fair value adjustments £'000 | |
| Tangible fixed assets | 322 | - | 322 |
| Insurance broking debtors | 701 | - | 701 |
| Debtors | 250 | - | 250 |
| Cash at bank | 1 | - | 1 |
| Cash at bank - insurance broking funds | 367 | - | 367 |
| Insurance broking creditors | (514) | - | (514) |
| Creditors | (307) | - | (307) |
| Provisions for liabilities and charges | - | (1,090) | (1,090) |
| | 820 | (1,090) | (270) |

Notes to the interim report

Unaudited results for the six months ended 30th June 2003

13 Notes to the consolidated cashflow statement (continued)

Assets and liabilities of businesses acquired - summary

| | Texas Specialty Insurance Agency £'000 | Other businesses £'000 | 6 months to 30 June 2003 £'000 | 6 months to 30 June 2002 £'000 |
|--|--|------------------------------|--------------------------------------|--------------------------------------|
| Tangible fixed assets | 322 | - | 322 | (10) |
| Insurance broking debts | 701 | - | 701 | - |
| Debtors | 250 | - | 250 | - |
| Cash at bank | 1 | - | 1 | 155 |
| Cash at bank - insurance broking funds | 367 | - | 367 | - |
| Insurance broking creditors | (514) | - | (514) | - |
| Creditors | (307) | - | (307) | (31) |
| Taxation | - | - | - | (124) |
| Provision for liabilities and charges | (1,090) | - | (1,090) | - |
| Minority interests | - | 2,038 | 2,038 | 216 |
| | (270) | 2,038 | 1,768 | 206 |
| Goodwill | 3,248 | 1,031 | 4,279 | 2,111 |
| Cost of acquisition | 2,978 | 3,069 | 6,047 | 2,317 |
| Cost of acquisition comprised | | | | |
| Cash | 2,978 | 2,741 | 5,719 | 2,317 |
| Deferred consideration | - | 328 | 328 | - |
| | 2,978 | 3,069 | 6,047 | 2,317 |

Except as disclosed above, all assets and liabilities are stated at their fair value, no adjustment has been made to their book value.

e) Disposals

There have been no disposals in the period to 30th June 2003. However, in the comparative period for 2002 the following disposals were completed.

| | Proceeds £'000 |
|--|-------------------|
| Professional Affinity Group Services Limited | 5,000 |
| Other small businesses none of which were individually significant | 707 |
| | 5,707 |

Shareholder information

Please see our Group website www.jltgroup.com for information about the Group and other shareholder information, including share price updates and a video of our most recent presentation to analysts made on 28th July 2003.

Using the website shareholders can also register to receive by email copies of future JLT press releases, including results announcements, on the day they are released.

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www.capitaregistrars.com

Stockbrokers

HSBC Bank plc
8 Canada Square
London EC14 5HQ
Tel: 020 7991 8888

Financial calendar

10th September 2003 - Ex-dividend date
12th September 2003 - Record date
13th October 2003 - Interim dividend payable
February 2004 - Final results announcement
April 2004 - Final dividend payable
April 2004 - Next AGM

Independent review report to Jardine Lloyd Thompson Group plc

Introduction

We have been instructed by the Group to review the financial information which comprises profit and loss account, the balance sheet, the cashflow statement, the statement of total recognised gains and losses, and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Group for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Independent review report to Jardine Lloyd Thompson Group plc (continued)

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30th June 2003.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors
London
28th July 2003

Notes:

- a) The maintenance and integrity of the Jardine Lloyd Thompson Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.