Annual Report 2009

Distinctive. Choice.

JARDINE LLOYD THOMPSON GROUP plc

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Cover photo: JLT's main office at
6 Crutched Friars, London

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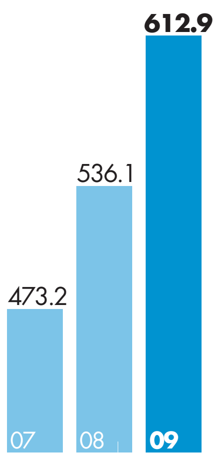
2009 was another successful year of growth

The Group is well positioned for continued growth and we look forward to the future with confidence.

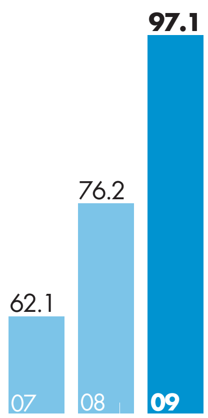
£million	2009	2008	% change
Turnover	612.9	536.1	14%
Underlying trading profit*	97.1	76.2	28%
Reported profit before tax	102.0	92.8	10%
Underlying profit before tax*	104.8	95.2	10%

Pence per share	2009	2008	% change
Reported diluted EPS	33.1p	29.6p	11.8%
Underlying diluted EPS*	33.8p	30.4p	11.2%
Total dividend	21.0p	20.5p	2.4%

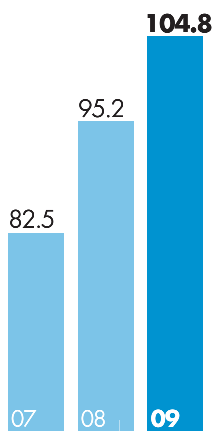
Turnover
£million



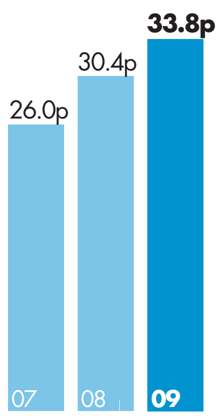
Underlying trading profit*
£million



Underlying profit before tax*
£million



Underlying diluted EPS*
Pence



Underlying results exclude exceptional items and impairment charges.

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Who we are

Distinctive. Choice.

JLT is an international group of risk specialists and employee benefits consultants and one of the largest companies of its type in the world. We offer a distinctive choice to our clients and partners through our combination of independence, scale and specialism.

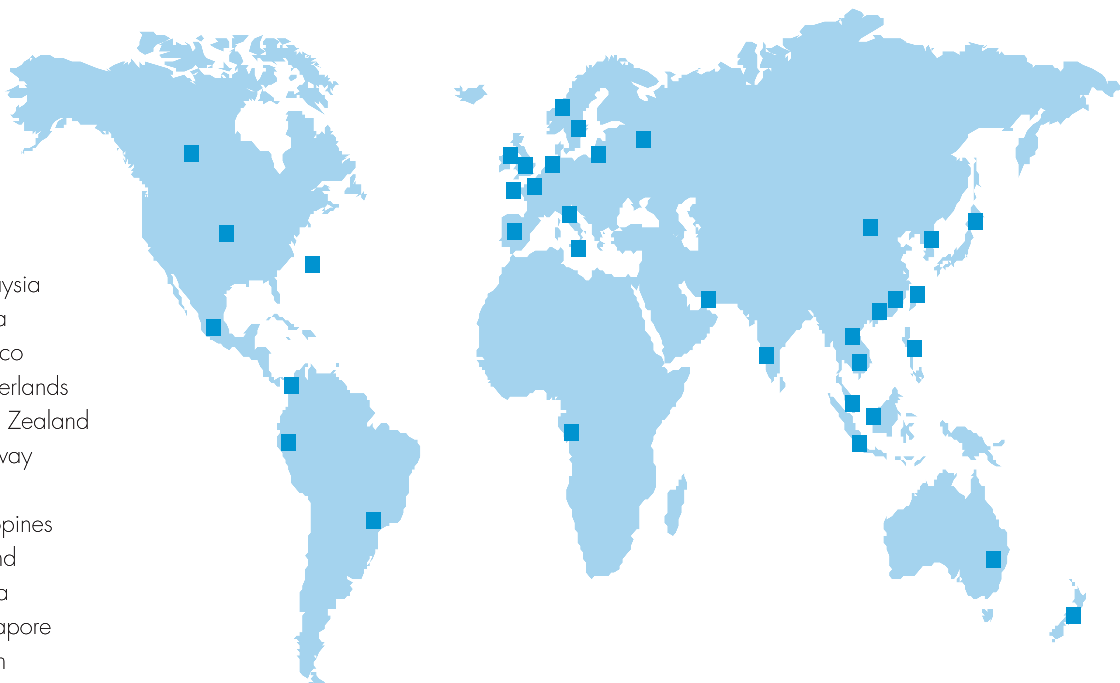
As an independent business, we are able to operate with autonomy and flexibility. We have the scale to provide solutions to the complex demands of the world's leading companies and to deliver global servicing whilst recognising that the needs of each of our clients are unique.

By developing highly specialised services, we provide our clients with a depth of expertise and experience.

The value we create is driven through the personal determination of our 6,000 highly motivated and skilled people.

Where we operate

More than 100 offices in 36 countries employing over 6,000 staff



Angola	Malaysia
Australia	Malta
Bermuda	Mexico
Brazil	Netherlands
Canada	New Zealand
China	Norway
Colombia	Peru
Dubai (UAE)	Philippines
France	Poland
Guernsey	Russia
Hong Kong	Singapore
India	Spain
Indonesia	Sweden
Ireland	Taiwan
Italy	Thailand
Japan	UK
Korea	USA
Macau	Vietnam

Key performance indicators

Revenue per employee showed a positive trend across the Group. The trend was particularly strong in our Risk & Insurance group, comprising Retail and London Market, due to market leading organic growth and the benefit of currency movements. The Employee Benefits group had a challenging year in difficult trading conditions but maintained its underlying revenue and benefitted from the revenue contribution of HSBC Actuaries & Consultants Ltd, which was acquired at the beginning of December.

The trading margin of the Group increased 1.6 percentage points to 15.8% building on the 1.1 percentage point increase delivered in 2008. The key driver for this was the 2.2 percentage points increase in the trading margin of our London Market operations within the Risk & Insurance group. Our Retail operations and Employee Benefits business saw a small reduction in their trading margins due to a combination of competitive trading conditions and investments for future growth.

Most areas of the business delivered a reduction in staff costs as a proportion of turnover. This was driven by strong organic growth, currency benefits and the initial benefits of the Business Transformation Programme. This ratio compares favourably with our two largest competitors.

Revenue per employee
£'000

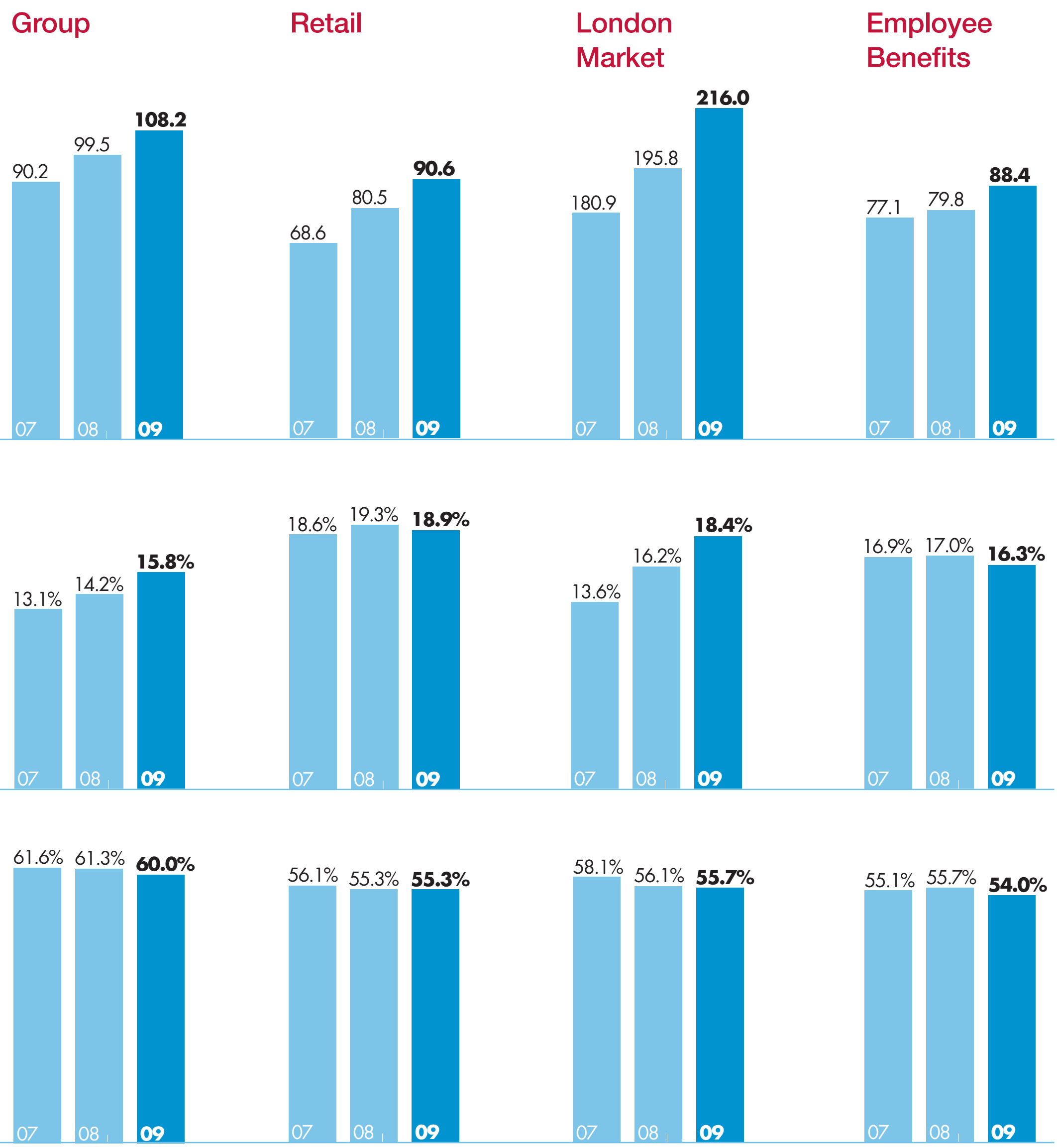
Turnover (fees and commissions), divided by the total staff numbers (average for the year).

Trading margin
%

Trading profit, being turnover (fees and commissions) less operating expenses, divided by turnover.

Staff costs to turnover ratio
%

Direct salary costs divided by turnover (fees and commissions).



Our vision

To differentiate JLT as the best, though not the biggest, international group of risk specialists and employee benefits consultants.

To achieve this we offer our clients and business partners a distinctive choice through a combination of independence, flexibility of approach, scale and specialisation.

Central to our culture is the primary importance we place on the needs of our clients. We look to succeed by responding to their needs.

Continuous investment in people, products and software platforms, together with accretive acquisitions, enhances our capacity to serve our clients.

Successful fulfillment of our vision will result in sustained growth in revenues, profits, dividends and the delivery of long-term shareholder value.

To achieve our vision we have set the following strategic priorities:

Reinforcing JLT's distinctive identity

How are we doing this?

- Building on the successful introduction of the new JLT brand and continuing to reinforce it both externally and internally.
- Differentiating JLT from our competitors through a single-minded focus on both understanding and meeting the needs of our clients.
- Continuing to demonstrate and build on JLT's distinctive values and culture, enabling us to attract and retain the very best industry professionals.

Recognising and rewarding the contribution of our people

How are we doing this?

- Supporting and developing the capabilities and careers of our people.
- Incentivising employees through results related remuneration which reflects the performance of the individual, the business area and the wider JLT Group.
- Encouraging employee share ownership wherever possible throughout the Group.

Focusing and building the Group's activities where we can develop market leadership positions

How are we doing this?

- Making a clear choice to develop as a leader in the geographic locations and areas of activity where we excel.
- Developing the composition of the Group and accelerating growth by continuing to invest in carefully targeted recruitment, market leading products and platforms, and targeted accretive acquisitions.

Expanding our international reach and representation

How are we doing this?

- Offering multi-national companies flexible global service tailored to their needs through the JLT Network of owned and associated firms that is worldwide and agile.
- Developing an international employee benefits capability, taking full advantage of our market leading, online delivery platform.

Working as a single Group to give all clients access to our specialist professionals

How are we doing this?

- Meeting the needs of clients in the industries we target through specialist teams that bring together world leading professionals in major insurance centres.
- Integrating our retail representation around the world with these professional teams to provide a seamless service to clients wherever they are located.

Providing the very best risk transfer services to independent US brokers

How are we doing this?

- Through a clear focus on enabling independent brokers to tap into our industry specialist teams.
- Providing US independents with the unique combination of access to international markets for large or complex risks, plus worldwide retail coverage for their multi-national clients.

Providing clients with the solutions to deliver today's and tomorrow's employee benefits

How are we doing this?

- Providing consultancy, delivery and administration that enable employers both to address historic problems and provide the right benefits for present and future employees.
- Creating a market leading benefits platform - BenPal - to provide international online delivery of benefits.

Investing in quality and efficiency of systems and delivery

How are we doing this?

- By committing to automated back-office and delivery processes where these can benefit our clients.
- In 2009 launching a Business Transformation Programme designed to improve the quality and efficiency of administration and deliver enhanced performance across the Group.
- Streamlining activities where this can be shown to improve quality of delivery.

Operating with the very best practices and the highest ethical standards

How are we doing this?

- Through a Group-wide philosophy of never cutting corners.
- Comprehensively integrating risk management into the strategic and operational decision making process throughout the Group.

JLT combines the scale and resource necessary to serve the world's leading companies and the flexibility of a smaller group ensuring fast moving and open internal communications and a flexible response to our clients' needs.

Chairman's statement

Geoffrey Howe
Chairman

I concluded my statement last year by saying that, notwithstanding the difficult economic outlook, I expected JLT to make further progress in 2009. I am delighted to be able to report that 2009 was indeed another very successful year for JLT. Significant progress has been made in all parts of the business and we have been able to announce a strong set of financial results.

Furthermore, this progress was achieved in the face of poor overall economic conditions, the failure of insurance rates to harden progressively through 2009, as had been anticipated, and a major reduction in our investment income as a result of the low prevailing interest rates.

I would highlight particularly our organic revenue growth which was substantially ahead of our principal competitors. In addition, we have made significant progress in implementing our strategy across all areas of our business and we are now seeing real benefits flowing from the targeted acquisitions and selective recruitment that we have undertaken. Overall, I believe that all our businesses are in good shape, morale is high and we have a strong foundation for the future. I am very confident therefore that we will continue to grow in 2010 and beyond, notwithstanding current economic conditions and soft insurance markets.

Performance

Turnover increased by 14% in 2009 to £612.9 million, or 8% at constant rates of exchange (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 the strong organic growth.

Underlying profit before tax and exceptional items was £104.8 million, representing a 10% increase on the previous year. This was achieved in spite of 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 £1.3 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 11.2% increase.

The report of the Chief Executive, review of operations and Finance Director's review cover the performance of the Group in more detail.

Dividends

I am pleased to report that after six years of unchanged dividend payments, the directors have resolved to recommend an increased final dividend of 12.5 pence per share for the year to 31st December 2009 which 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 21.0 pence per share, an increase of 2.4%.

This decision to increase the dividend reflects our confidence in the future prospects of JLT.

Share buy-back

We will be seeking renewal of our standing share buy-back authority at the forthcoming Annual General Meeting.

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 role as Chairman of JLT Australia and New Zealand.

Patrick Snowball, who joined the Board in 2008, resigned in July last year to take up an executive position outside of the Group in Australia. On behalf of the Board, I would like to thank him for his contribution and we wish him well in his new role. We are delighted to welcome to the Board Richard Harvey, who was appointed in December 2009 and will serve on the Audit, Remuneration and Nominations Committees.

Strategy and corporate developments

While the overall strategy of the Group remains unchanged, there have been two areas of the Group where there are significant developments taking place.

Employee Benefits

Our Employee Benefits business has substantially strengthened its resources in actuarial and investment consulting with the acquisition in December 2009 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.

Despite a slowdown in growth as a result of economic conditions in the UK in 2009, we are confident that this business will resume its growth in 2010.

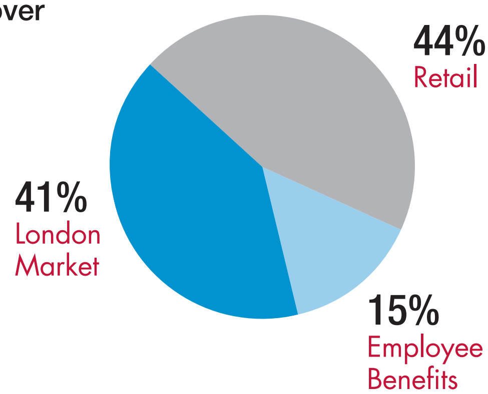
Thistle

Thistle Underwriters, JLT's Managing General Underwriter, has made substantial progress during 2009: the creation of a new underwriting software 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.

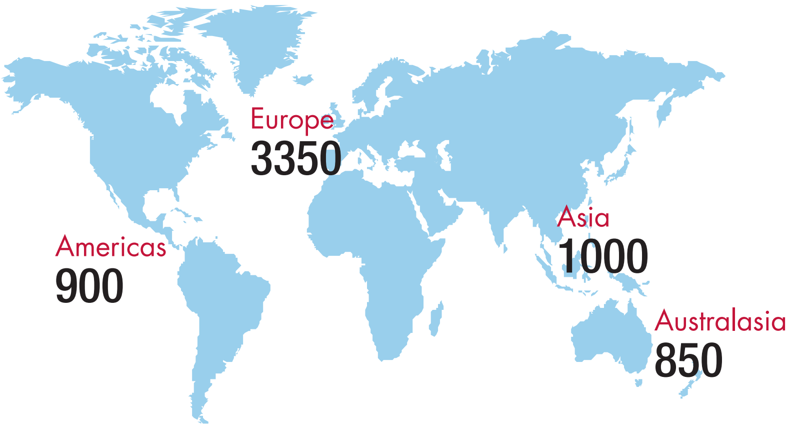
Thistle provides an end-to-end service from designing and branding insurance products and underwriting risks through to handling of claims. It does not use its own balance sheet to underwrite the risk, as the required risk capital is provided by third party underwriters.

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 have for the last few years been undertaken by two quite separate parts of the 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 on 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

2009 Turnover



Number of staff by region



through this platform and increasing long-term profitability for the Group through more efficient product distribution.

Our staff & culture

It has always been apparent to me that a great strength of JLT has been the quality, commitment and client focus of our people. Our success in 2009 could not have been achieved without their dedication and commitment for which I would like to offer my heartfelt thanks. It is their willingness to go the extra mile in order to achieve the best possible outcome for our clients that, I believe, sets us apart.

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 continued growth and we look forward to the future with confidence.

Geoffrey Howe
Chairman
22nd March 2010

Chief Executive's report

Dominic Burke
Chief Executive

We entered the year in good shape and, despite the difficult worldwide economic environment and the continuing softness of the insurance markets, delivered a strong set of financial results. Moving into 2010, JLT is well placed to build momentum, benefitting from a series of major business developments, which are coming to fruition, and our improving marketplace positioning and differentiation. This is reflected in the growing sense of confidence amongst my colleagues across the businesses of the Group.

2009 proved another year of good financial performance and substantial strategic progress for JLT.

The rate of organic revenue growth (excluding currency effects and acquisitions) recorded by the Group in 2009 was 5.0%. This is significantly higher than our larger competitors and demonstrates how the success of our sales efforts is enabling us to win market share.

Competitive performance

Our Risk & Insurance group achieved strong revenue growth of 16% in 2009, or 8% at constant rates of exchange (CRE). This growth was achieved through a combination of organic growth of 6% and a contribution from acquisitions of 2%. Within the Risk & Insurance group, our London market operations performed particularly well with revenues increasing 19%, or 13% at CRE, driven by an impressive organic growth rate of 10%. Our retail broking operations traded in unusually competitive market conditions in 2009, nevertheless they delivered revenue growth of 14%, 4% at CRE, with particularly good performances in Asia and Latin America. Our combined retail operations also maintained their trading margin of 19%.

As I highlighted at the time of our interim report in July, our Employee Benefits business has been affected by the general contraction in corporate discretionary spend on employee benefits. Despite this, the business maintained its underlying revenue and delivered a 3% increase in reported revenues mainly due to the acquisition of HSBC Actuaries & Consultants on 1st December 2009 and the contribution it made over that month. Whilst our Employee Benefits business has faced challenging economic conditions over the past year, it is now seeing encouraging signs of a return to improved trading.

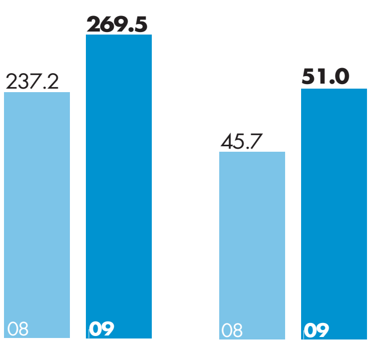
Details of the performance of each individual business area are set out in the Review of Operations.

Distinctive brand

Clear differentiation is key to the success of JLT, as the fourth of the international Risk Specialist and Employee Benefits Consultants groups. During 2009 we took advantage of the opportunity created by the introduction of new Group branding to clarify both internally and externally the characteristics that are distinctive to JLT and the reasons why clients and colleagues choose to work with us. It is now well understood by our clients, our employees and in the insurance industry at large, that

Retail

Turnover £million — Trading profit £million

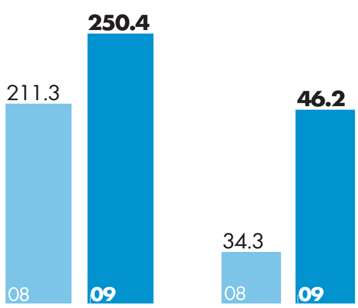


Trading margin

19% 19%
2008 2009

London Market

Turnover £million — Trading profit £million

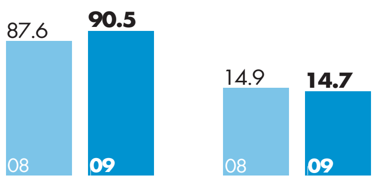


Trading margin

16% 18%
2008 2009

Employee Benefits

Turnover £million — Trading profit £million



Trading margin

17% 16%
2008 2009

JLT's culture is built on the imperative of meeting the needs of each and every client. We stand apart because of the single-minded yet flexible way in which we respond to that imperative.

Prospective clients fully understand that JLT provides a genuine alternative to the three larger brokers. Our colleagues are proud of what JLT stands for and across the Group, morale is high. This does not go unnoticed within the industry. It provides us with a strong platform to retain and attract market leading professionals, be they individual recruits or new colleagues joining the Group as a result of an acquisition.

Investing in growth

JLT's businesses are cash generative. This allows us to invest substantially for future growth and in 2009 we made significant investments in the business through accretive acquisitions, the development of new products and platforms and by recruitment. During the year we were able to strengthen specialist teams substantially by attracting some of the very best professionals in the industry in areas such as aviation and financial institutions.

Despite the impact of adverse economic conditions on our Employee Benefits business in 2009, we anticipate long-term growth and in this area we are committed to further investment. Our strategy is to develop our business in the UK and worldwide to succeed both by serving today's marketplace (principally centred on the occupational pension scheme 'legacy' in the UK) and delivering the employee benefits and retirement savings requirements of the future.

The acquisition in December of HSBC Actuaries and Consultants Limited (HACL), followed by the acquisition of iimia Wealth Management division of Midas Capital in January this year, are significant steps in the fulfilment of this strategy.

With its strength in actuarial and investment consulting HACL added substantially to our capacity to respond to the demand for advice in relation to defined benefit pension schemes. Additionally, looking to the marketplace of the future, HACL's strength, in consulting and arranging both money purchase pension schemes and group personal pensions, has added to our existing capabilities in relation to these savings media. The iimia acquisition adds further strength in advising and providing discretionary portfolio management to individual savers. With all aspects of pension arrangements becoming increasingly a matter of personal choice, JLT offers the range of capabilities demanded by today's pensions and savings marketplace.

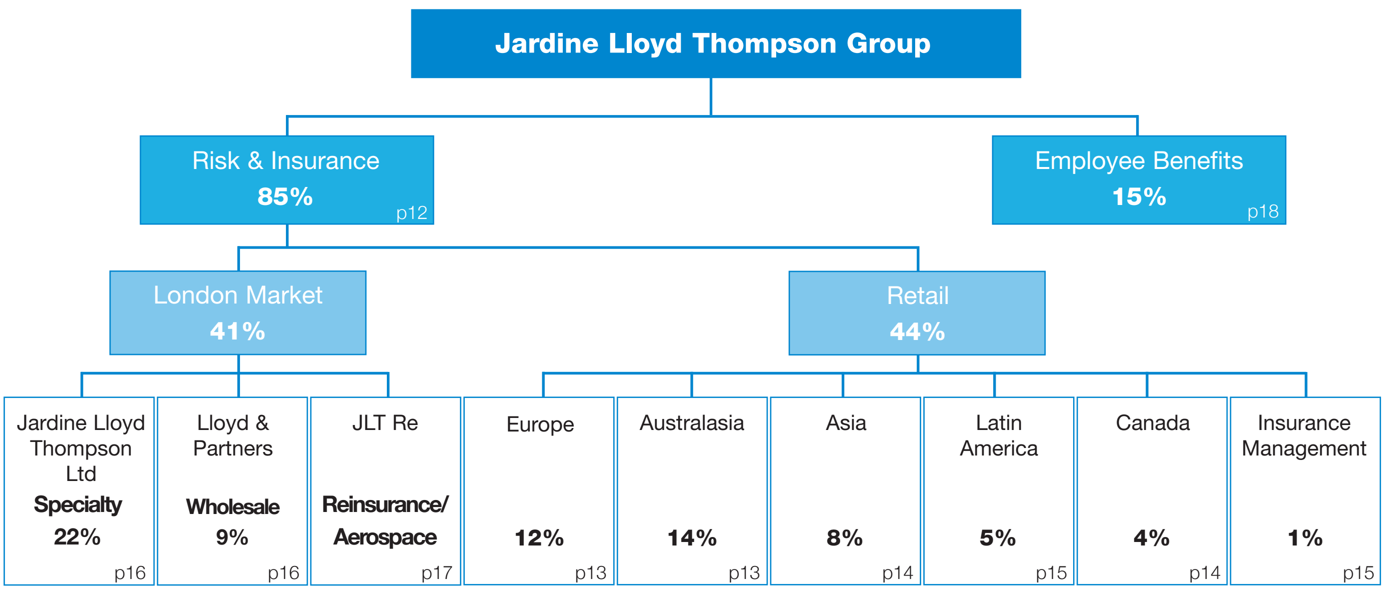
A further strand of our Employee Benefits strategy has been to strengthen the international coordination of our operations around the world in order to provide the multi-country service that is increasingly demanded by multi-national clients. Significant progress has been made in this area with a number of major wins secured in Asia, Australasia and Latin America. BenPal, the on-line benefits platform that has been developed by JLT, has played an important role in this development: BenPal is inherently suited to multi-country application and is attracting considerable interest from a number of multi-national companies.

We expect to complete the integration of HACL by the end of the first half of 2010. With the benefits of this integration and the improved strategic positioning of the business, we anticipate that 2010 will show a return to historic trading margins for our Employee Benefits business, with the momentum for improvement building once again into 2011.

Thistle

2009 was an important year for Thistle Underwriters Limited as it develops into the 'third leg' of the JLT Group. Thistle, which was started from scratch in late 2008, is a Managing General Underwriter (MGU), focused on the 'portfolio underwriting' of high volume, comparatively low value insurance cover as a series of standard products. Thistle provides an end-to-end service, from designing and branding the products, to underwriting the risk and

Group Turnover 2009



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Chief Executive's report continued

handling claims. Thus the business performs all the activities of an underwriter, except that it uses third-party capital rather than that of the JLT Group. Its remuneration model is substantially weighted towards a share of underwriting profit, aligning Thistle's interest closely to that of the capital provider.

Key to the success of Thistle is access to comprehensive data that can be managed and interpreted at the core of the underwriting process. During the year we invested in the development of software systems to provide this data.

The premium flow generated by Thistle in 2009 followed the acquisition of Ingham, a UK underwriting agency, in June, and the progressive introduction of Thistle as product provider for a number of UK business streams in the second half of the year. The opportunity for Thistle to revolutionise 'product manufacture' in other existing Group business streams and other overseas operations is substantial. The restructuring of our UK retail operation, to be effected in the first quarter of 2010, represents our first step in taking advantage of this opportunity.

Advisory and non-advisory

In recent years, the operations of JLT UK have tended to polarise into two areas: an advisory and a non-advisory business. The advisory business is a traditional broker, serving and providing advice to larger corporate clients and accessing a range of markets to secure the right cover for them on the best terms. This advisory business has increasingly relied upon and benefited from the expertise and specialist industry focus of Jardine Lloyd Thompson Limited (JLTL), our London market specialty business.

The second business stream has provided small-ticket insurance cover as a more-or-less standard product, for policyholders such as very small businesses, caravan owners or professional cameramen and musicians. This separate, non-advisory capability distributes cover, principally underwritten by a single insurance capacity provider, with JLT holding substantial delegated authority as to whether, at what price and on what terms to provide the product.

With effect from the end of the first quarter 2010, the advisory operations of JLT UK are joining forces with JLTL. This will concentrate management focus on broking as a specialised activity in its own right and will facilitate the exploitation of JLTL's industry specialist strengths, be it in Construction, Life Sciences or Telecoms, in order to add an extra dimension to what we do for our corporate clients in the UK.

The non-advisory business will be combined with Thistle. The strong, well-differentiated positions held by JLT UK's non-advisory business in clearly defined markets results in highly profitable underwriting and this combines naturally with Thistle's underwriting capabilities.

The overall impact of these changes will be a slight 'lag' in growth as the business moves from a front-loaded commission remuneration model to greater reliance on the share of underwriting profits. However, over a two or three year perspective, the new focus will generate significant economic advantage to JLT together with greater control and 'ownership' of our portfolio overall.

International network

The international network operated by JLT is an important strategic asset. It is composed of Group members – wholly and majority owned and some in which we own significant minority interests – and of selected partners in countries in which we have not, to date, chosen to invest. While actively managed, the JLT Network is not a monolithic structure: we take pride in configuring it flexibly to deliver international retail service in the way that best meets the needs of each particular client. A substantial continuing programme is underway to reinforce the JLT Network but its value is already demonstrated by the clients we are able to win.

A unique differentiator of the JLT Network is that it is not solely used for international retail insurance broking and servicing. It plays an increasingly important role in the coordinated international delivery of employee benefits services. It also provides producing brokers and clients with access to specialist expertise in dealing with the complex risks specific to their industries and, where appropriate, to the risk transfer capacity of London and international markets. This combination of retail and speciality delivery through a single network is a distinctive JLT offering – and we are positioning ourselves to utilise this more comprehensively.

The success recorded in 2009 by JLT's subsidiary in Brazil demonstrates the two distinct facets of our international representation. Our reinsurance broker in Brazil, which flourishes by collaborating closely with our international specialist teams and is a substantial producer of business for our London market brokers, has established itself as market leader. Its success generates a positive environment within which our retail business in Brazil, recently strengthened following the recruitment of a number of new senior colleagues, is now growing rapidly both as an insurance broker and in employee benefits. In line with our strategy for Latin America and in reinforcing the alignment between retail and reinsurance, a substantial minority shareholding in JLT Brazil is shared by the top management across both businesses.

Business Transformation Programme

During the second half of 2009 the Group started a Business Transformation Programme. This Group wide initiative was launched to build on the successes we have already recorded by automating administration and delivery processes through our Mumbai office. It is expected we will have approximately 400 staff employed in this office by the end of 2010, making it JLT's largest facility outside London.

The new three year programme will improve the quality and efficiency of administration and delivery in every Group operation. Details of the financial impact of this programme are contained in the Finance Director's review but, in summary, we anticipate total exceptional costs spread over three years of some £18 million, providing annualised savings of at least £14 million by 2011.

The benefits of this programme will be efficiency gains and a further improvement in the service we provide to our clients. The programme will free up client facing professionals who will no longer see their time absorbed by process and operational demands that can more readily be met by other colleagues. The culture of JLT - to focus on serving our clients and not to seek to shoehorn them into a process - is reflected in the way we are approaching this project. Processes will be streamlined only where this improves quality and not where delivery might be impaired. Client contact is not being transferred to an offshore location.

Our emphasis on improving the quality of processes is also apparent in the work undertaken during 2009 to ensure that our risk management is fully in line with best practice and is fully integrated into the strategic and operational decision taking processes throughout the Group.

Today each of the Group's businesses and every one of our colleagues has a clear vision of what JLT stands for. Strategically, we are firmly committed to our individual lines of business and we will continue to invest where we see potential for growth. Equally importantly, all our clients and those working within our industry now have a clear understanding of JLT and what we have to offer.

Large companies, including some of the world's largest with the most complex risk-management issues, come to JLT for innovative solutions. JLT devotes its considerable expertise to address each client's particular needs rather than seeking to impose a pre-prepared package. To achieve this JLT has to attract and retain the very best in the industry. And we are now establishing the market position that allows us to do precisely that.

I would like to add a few words on recent developments concerning contingent commissions. JLT is of course interested in ensuring a level of playing field for brokers and insurers and we will continue to observe, monitor and analyse the results of the current debate on the reintroduction of contingent commissions with a view to ensuring that JLT is not disadvantaged by developments within its peer group.

Meanwhile, we will continue to put the interests of our clients first and observe our responsibilities of transparency as well as our regulatory obligations, whilst always seeking to optimise our earnings from the market.

To support our belief in transparency, JLT has for many years disclosed, in its annual report, earnings received by way of incentive commissions (PSAs). In 2009, PSAs received amounted to £6.9 million and this represents approximately 1% of the Group's revenue for the year.

Future growth

Our success in winning new business and therefore creating organic growth gives us great confidence that the regions of the world and the areas of activity in which we have chosen to operate are the right ones for JLT. Our strategy of not seeking to have an owned presence in every part of the world enables us to focus our attention and resources where we believe the greatest potential lies. Regions such as Latin America and Asia, where our new management team is recording substantial progress with the implementation of our 2008 medium-term strategy, represent great opportunities for the future of JLT.

The prevailing economic conditions around the world and the soft insurance markets will of course present challenges. We have, however, taken clear and decisive action to develop and grow each of our core activities.

Visiting JLT's businesses around the world and working with colleagues from the various operations, I am struck by how strongly momentum is building across the Group. We therefore, feel positive about JLT's prospects for 2010.

Dominic Burke
Chief Executive
22nd March 2010

Group Executive Committee

Left to right, back row to front row

Leo Demer
CEO, Australia and New Zealand

Warren Merritt
CEO, Asia Pacific

Adrian Girling
Chairman, Thistle Insurance Services Ltd
CEO, Jardine Lloyd Thompson - Europe

Mike Methley
Group COO

Mark Drummond Brady
International Chairman of Risk & Insurance

Andrew Agnew
Chairman, Jardine Lloyd Thompson Ltd

Martin Hiller
CEO, Jardine Lloyd Thompson Ltd

Duncan Howorth
CEO, JLT UK Employee Benefits Group

William Nabarro*
Commercial Director and International Chairman of Employee Benefits.

Jim Rush*
Group Finance Director

Dominic Burke*
Group Chief Executive

Vyvienne Wade*
Chairman, JLT Insurance Management, CEO, Latin American operations and Group Legal Director

John Lloyd
Chairman and CEO, Lloyd & Partners Ltd

Alan Griffin
Chairman and CEO, JLT Reinsurance Brokers Ltd

** Board Director*

Introduction

Business Review

Corporate Governance

Financial Statements

Review of operations

For the period under review, the Group's operations were divided into two business groups, Risk & Insurance and Employee Benefits.

Risk & Insurance

Risk & Insurance provides broking and risk management services for clients across an extensive range of business sectors.

Principal lines of business

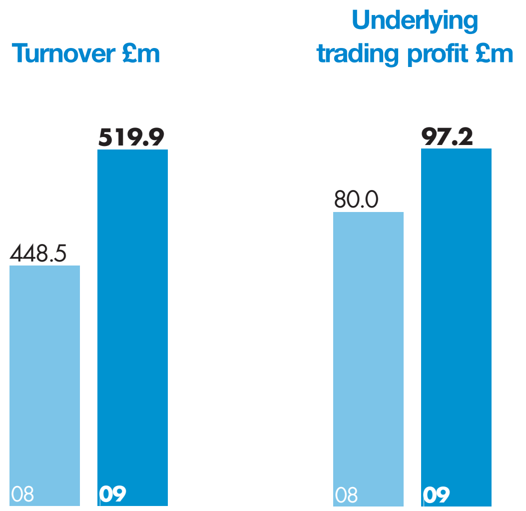
Retail
An international group of retail businesses successful in their local, national and international markets.

Specialist
A world-class group of specialist teams, serving the particular needs of clients in selected industries.

Wholesale
One of the largest dedicated wholesalers providing brokers in the US and elsewhere with access to insurance capacity in London, Bermuda and Continental Europe.

Reinsurance
A reinsurance broker with established areas of specialist expertise, a commitment to bring a more analytical approach and a wider variety of risk management solutions.

Financial highlights



Trading margin

18% 2008

19% 2009

The Risk & Insurance group comprises our retail broking operations around the world and our predominately London market based reinsurance broking, specialist risk and wholesale insurance broking business.

In early 2009, there was a general expectation by the market that, as we progressed through that year, insurance rates would increase. However, by the time of our interim results in July, the industry as a whole was taking a more cautious view and the position remains similar today.

Against these competitive market conditions, the performances of our Risk & Insurance businesses are all the more creditable. Revenues in 2009 increased by 16%, or 8% at constant rates of exchange (CRE), to £519.9 million and trading profit of £97.2 million increased by 22%, driven by strong organic growth of 6%.

Each of our London market operations performed particularly well, with reported revenue growth of 19% or 13% at CRE and organic growth of 10%.

We are continuing to see a trend toward the greater involvement of the London market as the subscription market for large corporate programmes, where clients are seeking a greater spread in their risk transfer strategies.

Our retail broking operations in all territories were affected by competitive market conditions but nevertheless performed well as a whole, with particularly noteworthy performances coming from our substantial businesses in Australia and Asia and growing presence in Latin America.

Assuming that the current benign claims experience continues, there is little reason to expect any change to the competitive market conditions in 2010. JLT will continue to nurture its track record of growing revenues despite soft market conditions.

On pages 13 to 17 there is a more detailed commentary on the activities and performance of each of our businesses in the Risk & Insurance group.

Risk & Insurance
Retail operations

Europe

Principal lines of business

- Corporate
- Schemes
- Affinity

Europe achieved positive results when set against a background of economic recession in all of the European retail markets in which we operate. Our operations increased turnover by 3% to £72.8 million, but were flat at constant rates of exchange (CRE). The trading margin for the year declined by 1 percentage point to 15%.

Our business trades in two distinct areas:

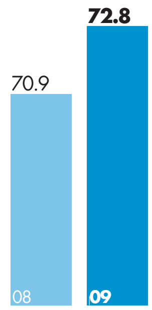
- **Advisory** - with a general corporate and industry focus, providing a comprehensive service to a wide variety of large to mid-sized organisations.
- **Non-advisory** - specialist schemes and affinity businesses offering services across diverse markets, ranging from professions, social housing and service industries to the leisure and veterinary care industries.

Significant growth was achieved within our non-advisory division led by our online business. Our advisory division also benefited from our counter-cyclical corporate recovery business working with insolvency practitioners which grew by over 100% as a result of the adverse economic climate. Our offices in Italy, Spain and Sweden also achieved strong growth.

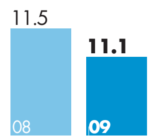
Trading conditions throughout our European offices were more challenging than expected with premium rates remaining soft despite efforts by the market to move in the other direction.

Financial highlights

Turnover £m



Underlying trading profit £m



16% 2008 | 15% 2009

Revenue in our online business grew year on year by **44%**

Australasia

Principal lines of business

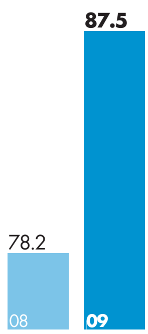
- Government
- Corporate
- Natural resources & construction
- Financial lines
- Affinity
- Enterprise risk management

The growth in consolidated revenue for 2009 was strong considering the economic climate. Revenue of £87.5 million was up 12% or 2% at CRE on the previous year. Trading profit of £20.9 million was up 10% on 2008. Overall, revenue growth was restricted by the recessionary conditions, aggressive competition and cost cutting by clients as well as by the domestic insurance market.

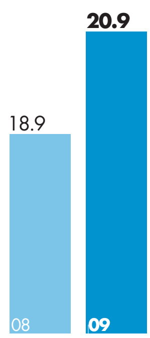
Despite the limited growth in revenue, we managed to maintain the trading margin of 24%. Risk Services divisions continued to produce excellent results with strong growth in revenue and trading profit.

Financial highlights

Turnover £m



Underlying trading profit £m



Trading margin

24% 2008 | 24% 2009

Managing the insurance portfolios of over **95%** of Local Authorities in Australia and New Zealand

The retail divisions had mixed results with reductions in trading profit in the natural resources & construction (NRC) and ProEx segments.

NRC was particularly affected by the contraction of construction activity and ProEx suffered from the collapse of some major clients and decline in activity in the financial services industry.

There was good revenue growth in affinity and regional offices where trading profits and margins were maintained or improved over their 2008 levels.

The corporate risks segment had a minor reduction in operating revenues but improved trading profit and margins through cost cutting and restructuring their operations especially in Sydney, Adelaide and Brisbane.

New Zealand results were adversely affected by aggressive competition and a continuation of the soft market conditions.

Risk & Insurance
Retail operations

Asia

Principal lines of business

- Aviation
- Construction
- Capital risks
- Energy
- Property
- Employee benefits

Asia registered strong growth, on the back of continued expansion of its business lines. Turnover increased by 25%, 8% at CRE, while trading profit increased by 29%, 13% at CRE.

Growth in Singapore's core business was driven by employee benefits and the major corporate property casualty businesses. The 2007 and 2008 acquisitions of the Private Client Services and Anda Insurance Group (affinity and personal lines) businesses respectively provided impetus to this strong showing.

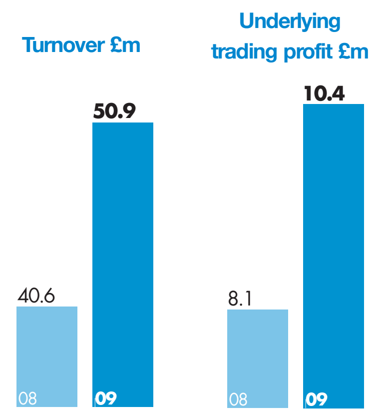
The impact of the poor economic environment on Anda was controlled by a review and rationalisaton process which resulted in minimal effect on trading profits, particularly as the economy showed signs of improvement in late 2009.

Hong Kong operations finished the year strongly. The acquisition of a small JV company was completed in the final quarter of 2009 and full integration of staff and processes will be completed in the first quarter of 2010.

Asia continues to invest strategically in promising growth areas and in acquiring businesses that are a strategic fit. In 2009, we focused on strengthening our businesses across all lines and exploring new areas for expansion. The proactive recruitment of new talent in areas such as aviation, capital risks, life, Pro Ex and construction has delivered strong results and we have secured several large accounts in the region. We have recruited further senior energy and property professionals who will join us in 2010 and add significantly to our depth and profile.

Employee Benefits continues to be a key growth area for Asia, notwithstanding the impact in 2009 from the financial crisis. The Asian business is at present dominated by clients seeking medical products but there is strong potential for expansion into other employee benefit product lines. JLT's established reputation in this sector is enabling us to explore the considerable opportunities in the Asian market.

Financial highlights



Trading margin

20% 2008

21% 2009

One of the top 3 brokers across Asia, continuing to invest in its chosen specialties.

Canada

Principal lines of business

- Construction
- Natural resources & energy
- Corporate
- Sport, hospitality & leisure

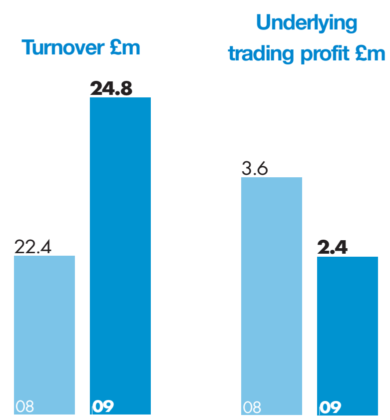
Canada produced a disappointing turnover of £24.8 million which, whilst a 11% increase over 2008, was flat at CRE. These results reflected an overall general marketplace slow down. A significant impact came from an economic retrenchment in two of JLT Canada's largest core specialty areas of business: construction and natural resources & energy. The impact on revenue and a significant increase in staffing to deliver new programmes and sales opportunities were responsible for the fall-off in profits.

Our public sector area continued to expand with a growth in client numbers in this professional practice group sector.

Our seven offices, across British Columbia, Alberta, Ontario and Quebec, expanded their presence in the areas of natural resources, sport, hospitality & leisure and general corporate business.

Good progress continues to be made in our Business Transformation Programme, which will enable us to implement optimal back office support to meet client needs more cost effectively. JLT Canada is positioning itself to expand its market position significantly in existing specialist areas by integrating local opportunities with global JLT initiatives. This, combined with winning new clients, will produce significant gains as the economic conditions improve.

Financial highlights



Trading margin

16% 2008

10% 2009

A leading broker to the natural resources industry in Canada.

Latin America

Principal lines of business

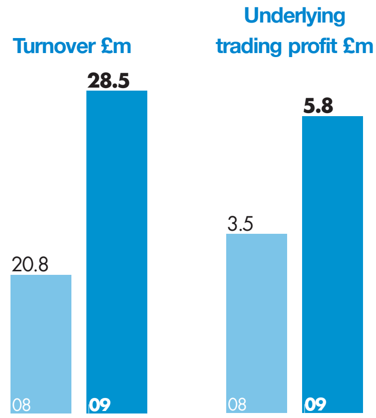
- Energy, oil & power
- Industrial risk
- Employee benefits
- Aviation
- Construction

JLT's Latin American (LATAM) business has made good progress in 2009 with strong growth in revenue of 37%, or 26% at CRE. Strong organic growth of 15.5% was recorded and trading profit increased by two thirds.

JLT LATAM has expanded in all lines of its business with particular progress in the construction and energy fields, as well as in employee benefits. In addition we continued to produce significant revenue streams to the JLT London market businesses. We have welcomed a number of new colleagues, particularly in Brazil where we continue to focus on growing our business in both the retail and reinsurance sector.

Trading conditions and competition remain challenging although the LATAM economies generally have not suffered as severely as others throughout the world during the downturn. Ongoing public infrastructure investment is significant and should offer JLT good opportunities in view of its regional specialisms.

Financial highlights



Trading margin

17%	20%
2008	2009

Working with the majority of the leading oil & energy companies in Latin America

Insurance Management

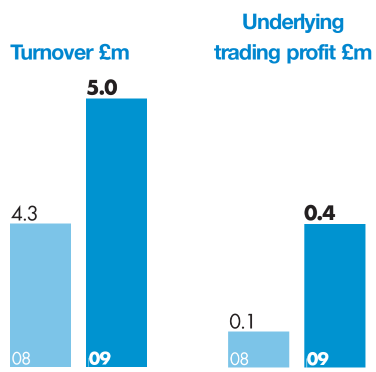
Principal lines of business

- Classic captive management
- Protected cell vehicles
- Transformer type transactions

This has been a year of good growth for JLT Insurance Management against a backdrop of challenging market conditions. The financial crisis has adversely impacted the number of bank/transformer type deals and clients have been less inclined to invest in the establishment of captives because of the pressures on their financial resources. This has been particularly evident in Guernsey with few new entities being formed. The Insurance Management business provides important insurance 'tools' to our larger corporate clients.

JLT Insurance Management operates in Bermuda, Guernsey, Barbados and in Malta through a joint venture.

Financial highlights



Trading margin

2%	8%
2008	2009

Managing captives with premiums in excess of US$1.6 billion

Review of operations continued

Risk & Insurance

London Market operations

Jardine Lloyd Thompson Limited

Principal lines of business

- Construction
- Real estate
- Marine
- Energy
- Life sciences
- Financial & professional lines
- Communications and technology
- Transport & utilities
- Credit & political risks service
- Sport & entertainment
- Accident & health
- Global support
- Business continuity
- Claims advocacy

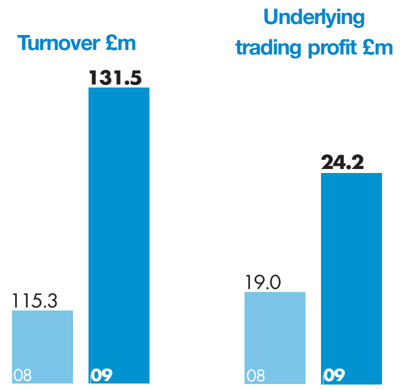
For Jardine Lloyd Thompson Limited (JLTL) the year was characterised by good all round growth. Turnover of £131.5 million increased by 14% or 11% at CRE. Trading profit increased by 28% and the trading margin increased by 2 percentage points to 18%.

The last three years have seen a notable turnaround in this business, with the benefits from a revitalised new business initiative coupled with detailed strategic planning clearly evident across the business.

There were strong performances in our marine, energy renewables, financial lines and major corporate retail practices.

JLTL continues to set itself apart through its position of leadership in chosen specialist industry sectors. Continuing significant investment in expertise that has stimulated the broadening and deepening of the product offering, combined with our unique international JLT Network, provides a compelling alternative to both the global brokers and the boutique independents.

Financial highlights



Trading margin

16% 2008 | 18% 2009

JLT provides services to 10 of the top 20 global pharmaceuticals

Lloyd & Partners

Principal lines of business

- Property
- Healthcare & professional
- Energy & marine
- Cargo, fine art & specie
- Programmes
- Casualty

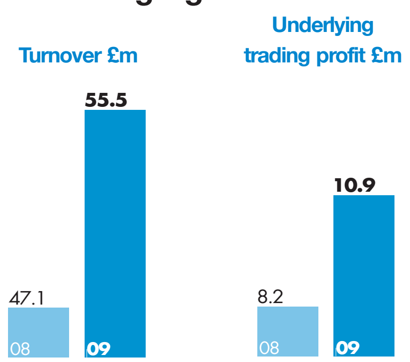
Lloyd & Partners comprises our London and Bermuda wholesale businesses. In 2009, a year of considerable turmoil both within financial markets and the economy as a whole, a very creditable 18% top-line growth was achieved. This is particularly pleasing since the market hardening that we expected at the outset of 2009 was, in the event, short-lived. At CRE, revenue growth was 9% including 5% organic growth, after adjustment for the acquisition of Craven & Partners at the end of 2008.

The London business grew by 19%. Our energy & marine and international property teams delivered particularly strong levels of growth. US property and healthcare & professional achieved good growth levels whilst our cargo team delivered more modest growth due to the volatility of commodity prices.

The Bermuda business showed some contraction due to the market conditions that continue to prevail in Bermuda resulting from the softer rates available in the US.

Trading profit increased by 33% and we improved our trading profit margin by three points to 20%.

Financial highlights



Trading margin

17% 2008 | 20% 2009

Lloyd & Partners' energy team arrange insurance for 50% of the world's offshore drilling rigs

JLT Reinsurance Brokers

Principal lines of business

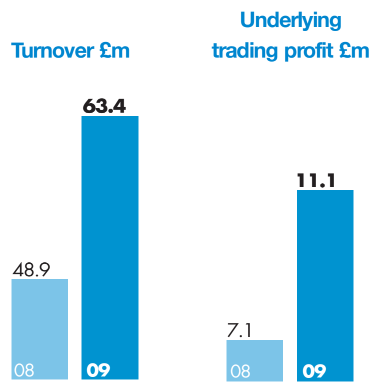
- All classes of treaty and facultative reinsurance
- All classes of aerospace insurance

Significant progress was achieved in both our reinsurance (JLT Re) and aerospace insurance broking (JLT Aerospace) businesses. Overall our revenue grew by 30% including 15% organic growth with a trading margin of 17% against 15% for 2008.

Difficult trading conditions, encompassing increased capital adequacy requirements in both the primary and reinsurance markets, coupled with limited insured catastrophe loss experience, has led to a general softening of rates. In spite of this, JLT Re is reaping the benefits of investments made in recent years. Our expansion strategy has been focused on the non-marine segment for which revenue has increased by some 60% year on year, including 21% organic growth. Our core marine, energy and aviation revenue also grew by 24% including 9% organic growth.

Whilst JLT Aerospace has cemented its position as the world's fourth largest broker in the segment, 2009 was an exceptional year for two main reasons. Firstly, we achieved 28% revenue growth, including 19% organic, and secondly, we were successful in hiring a number of leading market practitioners from our major competitors. This expansion, including the establishment of key regional hubs, comes at a time when the aerospace market is looking to increase rates to offset underwriting losses suffered in two of the last three years. It is our ambition to become the market leader for aerospace insurance broking and we see 2010 as an important year in our quest to achieve that goal.

Financial highlights



Trading margin

15% 2008

17% 2009

JLT Re has secured its position among the top

4 International Reinsurance Brokers

Review of operations continued

Employee Benefits

Against a difficult economic backdrop, 2009 was a challenging year for Employee Benefits. We delivered a creditable performance, with underlying revenue maintained and reported revenue increasing by 3% due to the contribution earned in the month of December from the acquisition of HSBC Actuaries and Consultants at the beginning of that month.

Trading profit was impacted by both the investment in our new technology, BenPal, and loss of interest related revenues from client banking services.

2009 saw a continuation, and indeed an acceleration, of recent trends in UK occupational pension schemes. Sponsors continue to close and de-risk defined benefit schemes. This provides good consulting opportunities and leads to an increased focus on the success of defined contribution schemes which increasingly need to demonstrate higher levels of member understanding and engagement. We believe that technology will play a key part in meeting this challenge.

The Pensions Regulator continues to make its influence felt on the market: both in the form of specific interventions in scheme funding debates as well as in raising standards of governance. Both of these are positive developments to our business and play to our market position.

We continued to grow our revenues in our pension consulting division, securing new clients during the year. Pension Capital Strategies enjoyed a further year of growth securing a number of new appointments. Our administration division also secured new clients and we launched the pension module for BenPal and in November the Flexible Benefits module. BenPal secured ten new clients in 2009.

Our independent trustee business made further progress, cementing its leading position in this segment of the market. We increased our utilisation of our Mumbai facilities which now support a range of operations including administration, actuarial, finance and investment research.

Financial highlights

Turnover £m

Underlying trading profit £m

Trading margin

17%	16%
2008	2009

During the year we took a number of strategic steps to position ourselves for the ongoing changes in our market, namely:

- the launch of BenPal – our integrated benefits management system allowing online access to, and management of employee benefit programmes by employees and employers;
- the acquisition of HSBC Actuaries and Consultants – providing both scale to our operations and further strength, particularly in our investment and defined contribution consulting practices; and
- the acquisition of iimia wealth management in January 2010 – providing capability in discretionary portfolio management as well as additional resources in financial planning.

As a consequence of this activity, we have organised the business into distinct client service business groups.

Employee Benefits continued

Principal lines of business

Trustee solutions
Offering a range of services designed to meet the requirements of pension scheme trustees including actuarial and investment consulting, administration, governance and communications.

Corporate and investment consulting
Providing a range of services to meet the needs of sponsors in managing and de-risking pension liabilities.

Defined contribution consulting
Giving advice on the design, implementation and operation of defined contribution schemes.

Technology and systems
Providing a range of systems and web based solutions to occupational pension schemes and third party administrators.

Online benefits
Advising on implementing client solutions for pensions, reward and flexible benefit plans. Benpal offers an integrated benefits management solution for companies.

Wealth management
As individual responsibility for retirement savings increases, we offer to individual clients advice, support and portfolio management services.

Administrator to **1,200** pension schemes with **1.7** million members

Associates

SIACI Saint Honoré (S2H), our 20% owned associate company headquartered in Paris, continues to flourish as a leading provider of insurance broking and employee benefits services to leading French companies and multi-national corporations. In 2009 S2H consolidated revenues grew by 3% to Euros 159 million and pre-tax profits increased 25% to Euros 27 million.

A number of important new business wins have been recorded including Alstom, the major engineering company, secured as a result of close collaboration between S2H and JLTL's London based specialists. The value of these collaborations and their impact in bringing business to the London market has increased considerably in 2009.

The international healthcare insurance and claims handling operation of S2H, principally based in Calgary, Paris and Dubai, was expanded in 2009 following the acquisition of an established international healthcare operation in Shanghai.

The acquisition gives S2H access to a proven network of healthcare providers in China and a claims handling facility for Asia. S2H is now establishing itself as a leader in meeting the requirements of expatriates and, increasingly, locals in a large number of countries around the world. JLT's retail operations contribute significantly as introducers of this business and JLTL also provides valuable access to insurance markets and contacts.

Finance Director's review

JLT delivered another strong trading performance in 2009 and is well placed to continue to grow its revenues and profits.

Jim Rush
Finance Director

Performance

The financial performance of the Group is summarised in table 1.

Turnover increased by 14.3% to £612.9 million. Excluding the impact of favourable currency movements of 6.4%, the turnover increase at constant rates of exchange (CRE) was 7.9% comprising good organic growth of 5.0% and growth from acquisitions of 2.9%.

The underlying trading margin improved to 15.8% compared to 14.2% in the prior year resulting in the underlying trading profit increasing by 27.6% to £97.1 million. At CRE, the underlying trading profit increased by £11.3 million to £87.5 million and the trading margin increased from 14.2% to15.1%. In 2009, central overheads decreased by £3.9 million to £14.8 million mainly because the 2008 year was adversely impacted by a combination of start-up expenditure for strategic new business initiatives and increases in provisioning for litigation.

As anticipated at the half year, investment income materially decreased by £9.4 million to £6.4 million in 2009. This reflects the historically low interest rates earned on our fiduciary cash deposits. Despite the impact of lower investment income, operating profit before exceptional items increased by 12.6% to £103.5 million due to the improved trading performance.

The profit contribution from our associates increased from £3.5 million to £3.8 million relating mainly to the profit after tax contribution from our 20% investment in SIACI Saint-Honoré based in France.

Net finance expense increased from £0.3 million to £2.5 million in 2009 reflecting higher net pension costs.

Underlying profit before tax increased by 10.1% to £104.8 million in 2009.

Net exceptional costs in 2009 were £2.8 million comprising the Group's Business Transformation Project costs of £6.9 million offset by overseas pension curtailment gains and other net exceptional gains of £4.1 million.

After deducting the net exceptional items, profit before tax was £102.0 million in 2009 compared to £92.8 million last year.

Tax expense was £28.7 million representing an effective tax rate of 28.2% compared to 30.1% last year. Excluding the impact of exceptional items, the underlying tax expense in 2009 was £30.0 million representing an improved underlying effective tax rate of 28.6% down from 30.1% in 2008 reflecting lower corporate tax rates in 2009.

Profit after tax and minorities was £70.9 million compared to £63.6 million last year. Underlying profit after tax and minorities increased 10.8% to £72.4 million.

Exceptional items

Net exceptional expenses in 2009 were £2.8 million. This comprised Business Transformation Programme costs of £6.9 million and acquisition integration costs of £0.4 million, offset by curtailment gains on closure of defined benefit pension schemes to future accrual of £1.6 million, deferred consideration from the sale of our US retail business in 2006 of £1.0 million, gain on restructuring in Latin America of £1.3 million and release of a vacant property provision of £0.6 million.

Business Transformation Programme

We commenced a major Business Transformation Programme in 2009 and plan to complete this project in 2011. We are currently anticipating that the project will deliver approximately £14.0 million of annualised cost savings focused mainly in our larger businesses.

The total Programme 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 plan to incur the balance of £11.1 million predominantly in 2010.

The objective of the Programme is to reduce the cost of doing business by streamlining back office processes whilst also enhancing delivery of the services we provide to clients. Based on the 2009 results, the total annualised cost savings would represent a two percentage point improvement in the underlying trading margin.

continued on page 22

Performance summary

Table 1

£ millions	2009 Turnover	2009 Turnover growth	2009 Turnover growth at CRE*	2009 Trading profit	2009 Trading profit at CRE*	2009 Trading margin	2009 Trading margin at CRE*	2008 Turnover	2008 Trading profit	2008 Trading margin
Risk & Insurance										
Retail businesses:										
Europe	72.8	2.7%	(0.1)%	11.1	10.7	15.3%	15.1%	70.9	11.5	16.2%
Australasia	87.5	11.9%	2.5%	20.9	19.1	23.8%	23.8%	78.2	18.9	24.2%
Asia	50.9	25.5%	7.9%	10.4	9.1	20.5%	20.8%	40.6	8.1	20.0%
Canada	24.8	10.6%	0.0%	2.4	2.1	9.7%	9.2%	22.4	3.6	16.1%
Latin America	28.5	37.1%	25.6%	5.8	5.1	20.5%	19.7%	20.8	3.5	16.8%
Insurance Management	5.0	16.0%	0.6%	0.4	0.3	7.8%	7.1%	4.3	0.1	2.1%
	269.5	13.6%	4.4%	51.0	46.4	18.9%	18.7%	237.2	45.7	19.3%
London Market businesses:										
Jardine Lloyd Thompson Ltd	131.5	14.0%	10.9%	24.2	22.1	18.4%	17.3%	115.3	19.0	16.5%
Lloyd & Partners	55.5	17.8%	8.8%	10.9	8.9	19.6%	17.5%	47.1	8.2	17.4%
JLT Reinsurance	63.4	29.8%	20.7%	11.1	10.1	17.5%	17.0%	48.9	7.1	14.5%
	250.4	18.5%	12.7%	46.2	41.1	18.4%	17.3%	211.3	34.3	16.2%
	519.9	15.9%	8.3%	97.2	87.5	18.7%	18.0%	448.5	80.0	17.8%
Employee Benefits	90.5	3.3%	3.2%	14.7	14.7	16.3%	16.3%	87.6	14.9	17.0%
Central Overheads	2.5	-	-	(14.8)	(14.7)	-	-	-	(18.7)	-
	612.9	**14.3%**	**7.9%**	**97.1**	**87.5**	**15.8%**	**15.1%**	536.1	76.2	14.2%

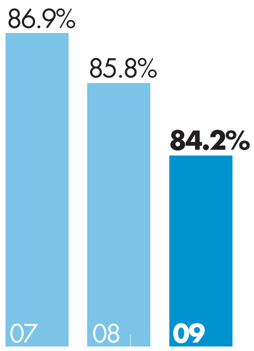
	2009	2008
Underlying trading profit	97.1	76.2
Investment income	6.4	15.8
Operating profit before exceptional items	103.5	92.0
Net finance costs	(2.5)	(0.3)
Associates	3.8	3.5
Underlying profit before tax	104.8	95.2
Net exceptional costs	(2.8)	(2.4)
Profit before tax	102.0	92.8
Taxation	(28.7)	(28.0)
Minority interests	(2.4)	(1.2)
Profit after taxation and minorities	**70.9**	63.6
Underlying profit after taxation and minorities	72.4	65.3
Diluted earnings per share (pence)	33.1p	29.6p
Underlying diluted earnings per share (pence)	33.8p	30.4p
Total dividend per share (pence)	21.0p	20.5p

*CRE (Constant rates of exchange)

Finance Director's review continued

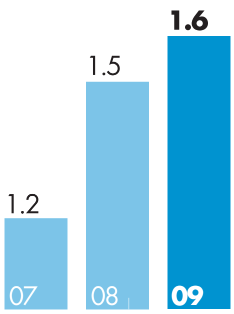
Operating cost ratio

Underlying operating costs divided by turnover



Dividend cover

Underlying diluted earnings per share divided by total dividend per share



We achieved net underlying costs savings of £3 million in 2009 which has already contributed to our improved underlying trading profit in the year. The additional net underlying cost savings of £11 million are projected to progressively emerge during 2010 and fully in 2011.

Operating costs

Tight cost control is a major focus at JLT. The underlying operating cost ratio improved a further 1.6 percentage points to 84.2% in 2009.

Acquisitions

The Group continued to make accretive acquisitions during 2009 for total consideration of £50.2 million including deferred consideration of £7.9 million. The contribution to revenue in 2009 from these acquisitions was £7.7 million and would have been approximately £45.8 million had they been acquired at the beginning of 2009.

On 8th June 2009, Thistle, the Group's managing general underwriting business, acquired the Ingham underwriting business for an initial cash consideration of £10.0 million and a deferred consideration of up to £3.6 million subject to future performance.

On 1st December 2009, the Group's Employee Benefits business acquired HSBC Actuaries and Consultants Limited for initial consideration of £27.2 million subject to an adjustment for surplus net assets on completion.

Earnings per share

Diluted earnings per share increased by 11.8% to 33.1p in 2009. Underlying diluted earnings per share increased by 11.2% to 33.8p.

Basic earnings per share was 33.3p in 2009 representing an increase of 12.5%. Underlying basic earnings per share increased to 34.0p compared to 30.4p in the previous year.

Dividends

The Board is recommending an increased final dividend of 12.5p per share in respect of 2009 which follows the interim dividend of 8.5p per share, bringing the total dividend to 21.0p per share, an increase of 2.4% on 2008.

This represents an improved dividend cover of 1.6 times based on underlying diluted earnings per share compared to 1.5 times in 2008.

The recommended dividend reflects our strong performance in 2009 and positive outlook.

Net debt and cash flow

The Group continues to have strong cash flows from a diversified range of cash generative businesses with cash flow from operations before interest and tax increasing from £74.3 million to £86.0 million in 2009.

Net debt increased from £8.6 million to £42.2 million in 2009, due to the acquisitions made during the year.

Net debt comprises of cash, investments and deposits, less borrowings and the fiduciary cash relating to insurance creditors.

Balance sheet

The Group retains a strong balance sheet funded mainly by equity.

Total equity has increased by £6.9 million during 2009 to £239.4 million.

Goodwill increased £30.6 million due to the acquisitions made in 2009.

The net pension deficit before deferred tax assets increased by £58.6 million to £87.9 million in 2009. We have now closed all our defined benefit schemes for future accruals including Ireland and Hong Kong which were closed during the year. Despite the pension asset portfolios producing a creditable actual return of 12% in 2009, the net pension deficit increased due mainly to the discount rate used to value the present value of liabilities of our UK scheme moving to 5.7% in 2009 from 6.5% in 2008. We have also updated our other assumptions and further increased the mortality assumption in our UK scheme from medium to long cohort which has also contributed to the overall deficit increase.

Financial risk management

The Group's financial and capital risk management policies are covered under Risk Management on pages 32 to 34.

Financing and liquidity

The Group is financed by a prudent mix of equity and committed bank facilities which provides significant headroom and liquidity to ensure adequate funds to finance operations and growth.

The Group has unsecured committed revolving credit facilities totalling £258 million comprising a £230 million multi-currency UK facility and an Australian dollar facility equivalent to £28 million. Both facilities mature in December 2011 with all-in pricing of up to 65bps above LIBOR. The Group continues to operate comfortably within its two financial covenants comprising a minimum net interest coverage ratio and a net debt to EBITDA ratio.

The Group's borrowing requirements are seasonal and peaked during the year with gross borrowings drawn of £132 million. Gross borrowings, including finance leases, amounted to £100 million at the year end.

Foreign exchange risk

The Group has a significant currency transaction exposure arising in our London Market businesses which earned US dollar-dominated revenue in 2009 of approximately $260 million. This represents 27% of Group revenue. Based on the current US dollar exchange rate, each one cent movement in our achieved sterling/US dollar rate, after hedging, translates into a change of approximately £0.65 million in trading profit. The Group continues to have a prudent hedging policy to manage this currency exposure and the details of our US dollar hedging programme are set out in the Directors' Report.

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 earnings for 2010 are hedged at an average rate US$1.55, 75% of 2011 dollar earnings at an average rate of US$1.51 and 60% of 2012 dollar earnings 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.

Counterparty credit risk

The Group maintains an investment and counterparty policy agreed by the Board of directors and, in respect of fiduciary funds, in accordance with all relevant regulatory guidelines. Our policy continues to be prudent, placing fiduciary funds with carefully selected, high quality financial institutions, on short-term cash deposits.

Further details of our counterparty risk policy are included in the Directors' Report.

Basis of presentation

The Group's financial statements include a consolidated income statement, balance sheet, statement of recognised income and expense and cash flow statement for the year ended 31st December 2009, together with comparative figures for the previous year. These statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The statutory accounts of individual companies within the Group continue to be prepared where necessary in accordance with local accounting standards and in this regard the balance sheet for the parent company, Jardine Lloyd Thompson Group plc, which is included in the Annual Report, has been prepared in accordance with UK Generally Accepted Accounting Principles.

Jim Rush
Finance Director
22nd March 2010

Directors' Profiles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1. G M T Howe, Chairman, Non-Executive

Geoffrey Howe was appointed a non-executive director in January 2002, became Joint Deputy Chairman in November 2004 and the Senior Independent Director in April 2005.

He was appointed Chairman in April 2006 when he relinquished the appointments as Senior Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee.

He remains a member of the Nominations Committee.

He is Chairman of the Nationwide Building Society and a director of Investec plc. He was formerly Chairman of Railtrack Group plc, a director and group general counsel of Robert Fleming Holdings and managing partner of Clifford Chance.

2. D J Burke, Chief Executive

Dominic Burke joined Jardine Lloyd Thompson in 2000, when the Burke Ford Group of companies, of which he was Chief Executive and co-founder, became part of JLT.

Dominic is Chairman of the Group Executive Committee and was Chief Executive of the UK and Ireland Insurance Broking and the Group's Employee Benefits businesses until December 2005. He was appointed a director and Chief Operating Officer of Jardine Lloyd Thompson Group plc on 1st January 2005.

He was appointed Group Chief Executive on 1st December 2005, standing down as Chief Operating Officer on that date.

3. Lord Leach of Fairford, Deputy Chairman, Non-Executive

Rodney Leach was Chairman of Jardine Insurance Brokers, latterly JIB Group plc, between 1988 and 1997. He was appointed Deputy Chairman of the Company in February 1997.

He is Chairman of the Nominations Committee and a member of the Remuneration Committee. Other directorships include Jardine Matheson Holdings, Rothschild Continuation AG and various listed Jardine Matheson Group companies.

4. B P Carpenter

Brian Carpenter joined the Board in April 2006. He joined Jardine Australian Insurance Brokers in 1987 and was Managing Director of JLT Australia and New Zealand between 2000 and 2007. He was Chairman and Chief Executive of JLT Asia Pacific and a member of the Group Executive Committee from May 2005 to December 2009. He is Executive Chairman of JLT's operations in Australasia. He will retire from the Board at the forthcoming Annual General Meeting.

5. R J Harvey, Non-Executive

Richard Harvey was appointed a non-executive director on 17th December 2009. He is a member of the Audit, Nominations and Remuneration Committees.

He enjoyed a long and successful career in the insurance industry principally with Norwich Union where he was Chief Executive from 1998 to 2000 and subsequently with Aviva plc where he was Group Chief Executive from 2001 to 2007. He was also Chair of the Association of British Insurers from 2003 to 2005.

He is a non-executive director and Chairman Elect of PZ Cussons plc.


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6. S L Keswick, Non-Executive

Simon Keswick was a non-executive director of JIB Group plc between 1988 and 1997 and was appointed a director of the Company in January 2001.

His other directorships include Jardine Matheson Holdings Limited and other Jardine Matheson Group companies. He is a member of the Audit, Remuneration and Nominations Committees.

7. N R MacAndrew, Non-Executive

Nick MacAndrew was appointed a non-executive director on 1st July 2005. He is Chairman of the Audit Committee and a member of the Remuneration and Nominations Committees and is Senior Independent Director. Nick is a non-executive director of Fuller Smith & Turner plc, Wates Group Limited and Chairman of F&C Asset Management plc. A chartered accountant, he was previously finance director of Schroders plc and Chairman of Save the Children.

8. W J N Nabarro

William Nabarro joined the Group in 2003 following a career in merchant banking. He was appointed Executive Chairman of JLT Employee Benefits in January 2006 and joined the Board as Commercial Director in April 2006.

William is also Chairman of JLT's UK Retail Insurance business and member of the Group Executive Committee.

He is also a non-executive director of ICAP plc and a member of the Strategic Advisory Board of SVG, the investment management business.

9. J G H Paynter, Non-Executive

John Paynter was appointed a non-executive director on 1st October 2008. He is a member of the Audit and Nominations Committee and was appointed Chairman of the Remuneration Committee on 30th April 2009.

A barrister, John joined Cazenove & Co in 1979 and became a partner in the firm in 1986 and Head of Corporate Finance in 1995. He became Vice Chairman of the JP Morgan Cazenove investment banking joint venture on its creation in March 2005 and retired in July 2008 following a 29 year career in the City during which he advised on many landmark transactions and advised some of the UK's largest companies, including many in the banking and insurance sectors.

10. J W Rush, Finance Director

Jim Rush, an Australian chartered accountant, was appointed Finance Director of the Group on 1st August 2006. He is a member of the Group Executive Committee. He joined JLT from Jardine Matheson, where he was Group Treasurer, having held a number of senior management roles within the Jardine Matheson Group. Prior to joining Jardine Matheson, he was with Price Waterhouse for 12 years.

11. V Y A C Wade

Vyvienne Wade joined JIB Group in 1987 as Group Legal Adviser.

A barrister and member of the Inner Temple, Vyvienne has been Group Legal Director of Jardine Lloyd Thompson Group plc since 1997 and is a member of the Group Executive Committee. She was appointed a director of Jardine Lloyd Thompson Group plc in January 2002. She is also Chief Executive Officer of our Latin American operations and Chairman of JLT's Insurance Management Business.

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Directors' Report

Principal activities and business review

Jardine Lloyd Thompson Group plc is a holding company.

Its principal subsidiary and associated undertakings are engaged in risk management advice, insurance & reinsurance broking and the provision of employee benefit services.

The Operating & Financial Review, comprising the Chairman's Statement, Chief Executive's Report, Review of Operations and Finance Director's Review on pages 6 to 23 report on the Group's development during the year under review and on the outlook for the future. These fulfil the requirements of the Business Review and are incorporated in this report by reference.

Results and dividends

The financial statements deal with the consolidated results of the Group for the year ended 31st December 2009, which are shown on pages 46 to 104. The profit attributable to shareholders amounted to £70,889,000 (2008: £63,611,000).

The unconsolidated financial statements for the Company to 31st December 2009, prepared in accordance with UK GAAP, are set out on pages 107 to 110.

The directors recommend the payment of a final dividend of 12.5 pence per share which, together with the interim dividend of 8.5 pence per share paid in October 2009 amounts to a total dividend of 21.0 pence per share (2008: 20.5 pence per share).

Shareholders' rights

Dividends and distributions

Shareholders can declare final dividends by passing an ordinary resolution but the amount of the dividend cannot exceed the amount recommended by the Board. The Board can pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board can withhold payment of all or any part of any dividend or other monies payable in respect of the Company's shares from any person with a 0.25 per cent interest (as defined in the Articles) if that person has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Act. In addition, the Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares of the Company. The Directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Voting rights

On a show of hands at a general meeting, every member present in person has one vote and on a poll every member who is present in person or by proxy has one vote for each share held. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the share. Voting rights in relation to Treasury shares are suspended and the voting rights are not normally exercised in respect of the shares held in the employee benefit trusts.

Restrictions on voting

No member, unless the directors otherwise determine, is entitled to vote either in person or by proxy at any general meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition, no member is entitled to vote if he has been served with a notice after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Deadlines for exercising voting rights

Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting and the notice of Annual General Meeting will specify the deadline for exercising voting rights.

Variation of rights

If at any time the capital of the Company is divided into different classes of shares then, subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of at least 75% (nominal value) of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meetings as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company.

Substantial shareholders

At 19th March 2010 (being the latest practicable date prior to the posting of this report), the Company had been notified of the following major interests, each representing 3% or more of the existing issued ordinary share capital (see table below). Jardine Matheson Holdings Limited's interest is held through its wholly owned subsidiary JMH Investments Limited. Jardine Strategic Holdings Limited is interested in the shares of Jardine Matheson Holdings Limited under Section 823(1)(b) of the Companies Act 2006.

Shareholder	Ordinary shares	% Held
JMH Investments Limited	65,155,665	30.26%
Silchester International Investors Limited	34,337,073	15.94%
RBC cees Trustees Limited	8,611,170	4.00%

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer must be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members of the Company. The directors may, at any time after the allotment of any share, but before any person has been entered in the Register of Members as the holder, recognise a renunciation by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the directors may think fit to impose. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The directors may refuse to register a transfer of certificated shares that are not fully paid provided that the refusal does not prevent dealings in that class of shares from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they must within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee a notice of the refusal.

The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and when submitted for registration is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require.

Subject to statutes and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Relationship with Jardine Matheson Group

During the year, the Group continued to have a number of arms-length trading links with Jardine Matheson Group companies, the financial implications of which are given in note 33 on page 102.

The Board

Appointment and replacement of Directors

With the exception of Richard Harvey who was appointed a director during the year, the directors shown on pages 24 and 25 served throughout the year.

Richard Harvey was appointed to the Board as an independent non-executive director on 17th December 2009.

Chris Keljik retired from the Board as a non-executive director on 30th April 2009 and John Paynter assumed the role of Chairman of the Remuneration Committee on the same date. Patrick Snowball retired from the Board on 1st July 2009.

The rules relating to the appointment and replacement of directors are set out in the Articles of Association, under which the minimum number of directors must be no less than 2 and this number may be increased or reduced by ordinary resolution.

The Board can appoint any person to be a director and any person so appointed must stand for re-election at the next Annual General Meeting.

In addition, the Articles of Association and the Combined Code require each director to stand for re-election at least once every three years and Lord Leach and Simon Keswick are required to stand for re-election annually, having been in office for over nine years.

Accordingly, Richard Harvey, Lord Leach, Simon Keswick, William Nabarro and Jim Rush will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. Brian Carpenter will retire from the Board at the conclusion of the forthcoming Annual General Meeting. The service contracts for Lord Leach and Messrs Harvey and Keswick are subject to a three month notice provision.

The Company is required to give 364 days notice under the service contracts with Messrs Nabarro and Rush.

During the past twelve months, a formal evaluation of the Board, its committees and individual directors has been undertaken.

The Board performance evaluation was undertaken by means of individual questionnaires that were summarised and debated by the board or the relevant Committee.

Board attendance

The number of Board and Committee meetings attended by Board or appropriate Committee members in the year is shown in the table below.

	Note	Board meeting 7 x in period	Audit Committee 5 x in period	Remuneration Committee 3 x in period	Nominations Committee 3 x in period
G M T Howe		7	-	-	3
D J Burke		7	-	-	-
B P Carpenter		6	-	-	-
C A Keljik	2	3	2	1	-
S L Keswick		6	4	2	2
Lord Leach		7	-	3	3
N R MacAndrew		7	5	3	3
W J N Nabarro		7	-	-	-
J G H Paynter		7	5	3	3
J W Rush		7	-	-	-
P Snowball	3	4	3	1	-
R J Harvey	1	1	-	1	-
V Y A C Wade		6	-	-	-

Note: 1. Appointed to the Board on 17th December 2009
2. Retired from the Board on 30th April 2009
3. Retired from the Board on 1st July 2009

Directors' Report continued

The non-executive directors, led by the senior independent director, also carried out a performance evaluation of the Chairman during this period.

Full details of the directors' remuneration and interests are shown in the Remuneration Report.

Directors are not required to hold any shares of the Company by way of qualification.

At the date of this report the Board is comprised of five executive directors and six non-executive directors including the Chairman.

Directors' interests and potential conflicts

During the period, no director had any material interest in a contract, disclosable pursuant to s175 Companies Act 2006, to which the Company or any of its subsidiary undertakings was a party.

Following the changes made to the Company's Articles at the 2008 Annual General Meeting and the subsequent introduction of Section 175 of the Companies Act, 2006 on 1st October 2008 which gave Boards the statutory power to authorise conflicts of interest, formal conflict management procedures have been prepared and approved by the Board. The Board is responsible for reviewing and authorising any conflict declarations arising and these are subject to periodic review by the Board. These procedures remain in place for the year and no Conflicts of Interest have been reported.

Powers of the Directors and Board procedures

Subject to the Articles, the Companies Act 2006 and any directions given by special resolution, the business of the Company is managed by the Directors who may exercise all the Company's powers, including borrowing money, mortgaging or charging any of its undertaking, property and uncalled capital and issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

There are established formal procedures for the structure and authorities through which the Board discharges its responsibilities for the direction and management of the Group.

The Board meets at least six times a year, to review the performance of the Group and to discuss the matters reserved for its decisions, which include, inter alia, the approval of Group strategy and budget plans, material expenditure authorisations and any other matters that are referred to it.

The Board has established a number of standing committees including an Audit Committee, a Nominations Committee and a Remuneration Committee. The terms of reference of these Committees are available on the Company's website.

Relationship with shareholders

The Board endeavours to maintain dialogue with institutional shareholders and carries out a programme of meetings and presentations each year following the publication of interim and final results and at other times as appropriate. At the Annual General Meeting the Chairmen of the Audit, Nominations and Remuneration Committees will be available to answer questions.

Committees of the Board

The Audit Committee

The Committee members are non-executive directors, a majority of whom are independent. The membership of the Committee during the year comprised: Nick MacAndrew (Chairman), Simon Keswick, John Paynter and Patrick Snowball (until he retired from the Board on 1 July 2009). Richard Harvey joined the Committee effective from the January 2010 meeting, following his appointment to the Board on 17th December, 2009.

Mr MacAndrew is a chartered accountant and his profile is noted on page 25. The Board considers that the members of the Committee have, collectively, the requisite skills and experience to enable it to discharge its responsibilities in a proper manner.

The Committee met five times during the year, with representatives from the external and internal auditors, and the Group Finance Director and Group Legal Director normally in attendance at each meeting. The Chairman and the Group Chief Executive may also attend, subject to availability.

In addition, the Committee meets separately with the external and internal auditors. Details of the attendance of each member are set out on page 27.

The work of the Committee during 2009 and to the date of this Report included:

- Reviewing the drafting of the Interim Report, Preliminary Announcement and the Annual Report and Accounts before their submission to the Board;
- Receiving regular reports from management on UK IT issues including the outsourced services for IT Infrastructure and governance thereof;
- Reviewing areas where control weaknesses had been identified by internal/external audit and monitoring mitigation/remediation plans of management;
- Reviewing the regular reports of the external auditors including internal control issues;
- Receiving and reviewing reports from business risk & compliance and internal audit functions on a regular basis;
- Approving the external audit plan and fee proposal and considering auditor independence in relation to non-audit services provided;
- Evaluating the performance of the external auditors;
- Reviewing the progress of the UK general insurance intermediaries within the Group in respect of the Risk Mitigation Programme following the FSA risk assessment visits in 2009;
- Reviewing Group Errors & Omissions provisions;
- Review of the Group's Risk Management functions and structure;
- Considering the Group's overall risk management profile and controls; and
- Reviewing the effectiveness of the Committee.

External auditors

The Committee is responsible for overseeing the relationship with the external auditor.

During the year, the Committee:

- Approved their remuneration for both audit and non-audit services, including satisfying itself that the level of audit fee is appropriate to enable an adequate audit to be conducted;
- Approved terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- Assessed their independence;
- Approved the annual audit plan and ensured that it was consistent with the scope of the audit engagement;
- Reviewed the findings of the audit, including discussion of any major issues arising, any accounting and audit judgements and the internal control reports, including responses from management and any proposed remedial action; and
- Reviewed the effectiveness of the external auditors.

The Audit Committee held meetings with the external auditors without management present. The Committee schedules this into its timetable as a matter of course and the Chairman of the Committee may meet privately with external auditors at other times.

The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness. Accordingly, it has not considered it necessary to date to require the firm to tender for the audit work.

Internal audit function

The Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy of the resourcing and plans of the Internal Audit department. To fulfil these duties, the Committee:

- Reviewed and assessed the annual internal audit plan;
- Reviewed all reports on the Group from the internal auditors;
- Reviewed the co-ordination between internal and external auditors;
- Reviewed and monitored management's responsiveness to the findings and recommendations of the internal auditor;
- Reviewed a report by the head of internal audit on Risk Management & Control; and
- Met the head of internal audit, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

The Terms of Reference of the Audit Committee cover all matters indicated by the Combined Code and include responsibility for providing advice to the Board on the Group's interim and financial statements; on accounting policies and on the control of its financial and business risks as well as reviewing the work of the internal and external auditors.

The Terms of Reference of the Committee were amended with effect from 1st March 2010 to reflect the committee's responsibilities for the review of the Group's Risk Management framework, risk appetite and strategy to ensure that they are appropriate to the activities of the Group and to make recommendations to the Board. The Committee was renamed the Audit and Risk Committee at the same date.

A copy of the Terms of Reference can be obtained from the Company Secretary and is displayed on the Group's website (at http://www.jltgroup.com).

In addition the Audit Committee, through its Chairman, formally reports to the Board on its activities.

Remuneration Committee

The Committee consists of non-executive directors, a majority of whom are independent. The membership of the Committee during the year comprised: Chris Keljik (Chairman to 30th April 2009); John Paynter (Chairman from 30th April 2009) Lord Leach; Simon Keswick; Nick MacAndrew, and Patrick Snowball (to 1st July 2009). Richard Harvey joined the Committee upon his appointment to the Board on 17th December 2009.

The Remuneration Committee met three times during the year. It is responsible, inter alia, for setting the remuneration and terms and conditions of the executive directors and setting overall remuneration policy for senior management of the Group. It also approves the allocations under all long term incentive plans and share option schemes.

Assistance was provided to the Committee by the Chairman, Chief Executive and HR Strategy Director, none in relation to their own remuneration, and by Hewitt New Bridge Street (HNBS, a trading name of Hewitt Associates).

HNBS were appointed by the Remuneration Committee to act as advisers to the Committee and they have no other connection with the Company.

Nominations Committee

The membership of the Committee during the year comprised: Lord Leach (Chairman); Geoffrey Howe; Chris Keljik (to 30th April 2009), Simon Keswick; Nick MacAndrew; John Paynter and Patrick Snowball (to 1st July 2009). Richard Harvey joined the Committee effective from the January 2010 meeting, following his appointment to the Board on 17th December 2009.

The Committee utilised network contacts for the recruitment of Richard Harvey and external advisers were not engaged for this process as a similar search had recently been carried out.

The Committee met three times during the year. Its purpose is to make recommendations to the Board on the appointment of directors of the Company and to consider succession plans for senior management positions in the Company. The terms of reference of the committee are available on the Company's website.

Group Executive Committee

The Group Executive Committee is an advisory group to the Chief Executive who has primary responsibility for the day-to-day management of the Group's operations.

Corporate governance

During the year the Company has been in compliance with the provisions as set out in the 2008 Combined Code on Corporate Governance (the "Code") except for the following:

- Lord Leach (Deputy Chairman) and Simon Keswick both served as non-executive directors and both are directors of Jardine Matheson Holdings Limited, which has a 30.26% interest in the Company.

  The relationship with Jardine Matheson is maintained on an arms-length basis as detailed in note 33 on page 102.

Directors' Report continued

However neither director can be regarded as independent in the context of the Code.

- The Board believes that the presence of Lord Leach and Mr Keswick on the Board and its committees (subject to re-election under the Articles) continues to be appropriate and in the interests of shareholders generally and does not detract from their independence and judgment on any relevant issue.

  The non-executive directors bring to the Board a broad range of experience and expertise.

  The knowledge held by Lord Leach and Mr Keswick built from the long standing relationship between Jardine Matheson and JLT continues to be of particular value.

- Apart from the period between 1st July 2009 and 17th December 2009, the majority of the members of the Audit and Remuneration committees were independent. In addition Lord Leach served on the Remuneration Committee and Simon Keswick served on both these committees during the year, and therefore the Group did not comply with the Code in relation to the membership of these Committees.

Both the Board and the external auditors have safeguards in place to prevent the compromise of the auditors' independence and objectivity. Details of services provided by the Group's auditors are set out in note 7 on page 70.

The Audit Committee also have a policy on the engagement of external auditors and the supply of non-audit services to the Group, including an annual review of the auditors' independence.

The external auditors also report regularly on the actions that they have taken to comply with professional and regulatory requirements and current best practice in order to maintain that independence.

The directors are able to consult the Company's legal, financial and other professional advisers on any matter relating to the Company's affairs.

Any director may make use of this facility subject to notifying the Chairman or Finance Director.

If independent advice is sought, this is subject to prior consultation with the Chairman or a non-executive director as appropriate. All directors also have access to the advice and services of the Company Secretary.

The Company maintains appropriate directors' and officers' liability insurance in respect of legal actions against its directors.

Share capital

Movements in the share capital of the company during the year ended 31st December 2009 are set out in note 25 on page 86.

At 31st December 2009 the issued share capital consisted of 214,390,366 ordinary shares of 5p each with voting rights and 1,143,131 shares are held as Treasury shares for which voting rights would not be exercised.

The Company has one class of share capital being ordinary shares of 5p each and all the shares rank pari passu. There are no special control rights in respect of the Company's shares.

The board has power to implement the purchase by the Company of its own shares in accordance with the power granted at the AGM each year, and will be seeking renewal of that power at the forthcoming AGM within the limits set out in the notice of that meeting.

All the Company's share schemes contain provisions relating to a change of control. Outstanding options and awards would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

At 31st December 2009, the Jardine Lloyd Thompson Employee Share Trusts held 9,234,143 shares in the Company (4.30%). At the date of this report the shares held by the Trusts was 8,611,170 (4.00%).

Accountability and audit

The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness.

The implementation and maintenance of the risk management and internal control systems are the responsibility of the Executive Directors and senior management. The systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable assurance, but not absolute assurance, against material mis-statement or loss.

Directors' responsibilities

The following statement should be read in conjunction with the Independent Auditors' Reports on page 45 and 106.

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

The directors are required to present for each accounting period financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss of the Group for that period.

These statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 2006, with applicable accounting standards and, as regards the Group financial statements, Article 4 of the IAS Regulation.

It is also the responsibility of the directors to ensure that arrangements are made for the maintenance of adequate accounting records, to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and

functions are listed on pages 24 and 25 confirm that, to the best of each person's knowledge and belief:

- the financial statements of the Group, prepared in accordance with IFRSs as adopted by the EU, and of the Company, prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the Group website, www.jltgroup.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Risk management

The Group's approach to risk management is set out on pages 32 to 34 and form part of this report.

Going concern

The directors consider that the Group and the Company have adequate resources to continue in operational existence in the foreseeable future. Consequently, the financial statements have been prepared on a going concern basis.

Employment policies

It is the policy of the Group to provide an environment in which individual talents can excel. Employee commitment is encouraged with wide share ownership and participation in share option schemes.

Employees are kept informed of the performance of the Group and all matters affecting them as employees by means of regular briefings and consultation and, where possible, using the JLT intranet both in the UK and overseas.

The Group is an equal opportunities employer and encourages diversity across its workforce.

Applications for employment by disabled persons will always be fully considered, having regard to their particular aptitudes and abilities. Should employees become disabled, every effort will be made to ensure that their employment with the Group continues and, in the event that they are unable to continue to work, that their financial interests are safeguarded. It is the intention of the Group that opportunities for training, career development and promotion of disabled persons should, as far as possible, be identical with those for other employees.

Environmental policy

JLT remains committed to minimising any adverse impact its businesses has on the environment.

To this end, guidelines have been issued within the Group, to:

- carefully manage waste so as to minimise its production where possible, or suitably dispose of it through recycling schemes;
- control and, where possible, restrict polluting emissions;
- ensure appropriate regulatory compliance;
- design and operate facilities taking into account the efficient use of energy and materials; and
- encourage the adoption of these guidelines by contractors acting on behalf of the Company. This is discussed in more detail in the Corporate Social Responsibility statement on pages 42 and 43.

Suppliers

The Group agrees payment terms with suppliers when it enters into contracts for the purchase of goods or services and seeks to abide by those terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

At 31st December 2009 the Company did not have any direct external supplier creditors.

The Group does not have a standard or code that deals specifically with the payment of suppliers.

Donations

During the period the Group made charitable donations totalling £229,062 (2008: £281,402).

No political donations were made by the Group.

Annual General Meeting

The notice convening the Annual General Meeting to be held on 29th April 2010 at 12 noon at 6 Crutched Friars, London EC3N 2PH is contained in the circular accompanying this report.

The special business includes the following items:

The renewal, within prescribed limits, of:

i) the authority of the directors to allot securities of the Company within ABI guidelines;

ii) the disapplication of the statutory pre-emption rights;

iii) the authority of the Company to purchase its own shares by way of market purchases;

iv) a waiver of the requirement arising under Rule 9 of the City Code on Takeovers and Mergers, that Jardine Matheson Holdings Limited, together with parties deemed to be acting in concert with it, be required to make a general offer for the Company by reason of the change in its percentage holding in the capital of the Company arising from any such purchase under (iii) above.

The directors will only consider making purchases of the Company's shares if they believe that it would be in the best interests of shareholders and would result in an improvement in earnings per share;

v) Adoption of new Articles of Association in line with Companies Act 2006, the Shareholder Rights Directive and best practice.

Auditors

It is proposed that the auditors, PricewaterhouseCoopers LLP, having signified their willingness to continue in office, be reappointed auditors of the Company. A resolution proposing their reappointment will be put to the Annual General Meeting.

By order of the Board
David Hickman
Company Secretary
22nd March 2010

Risk Management

The Group takes an holistic approach to risk management and the control environment with responsibility and accountability shared across all Group companies with ultimate responsibility resting with the Board.

The identification and mitigation of major business risks is the responsibility of operational management and the Board.

Each operating company maintains controls and procedures appropriate to its own business environment while conforming to Group standards and guidelines.

These include procedures to identify and then investigate all types of material risk.

In accordance with the Combined Code, a process has been established for identifying, evaluating and managing risks faced by the Group. This process has been in place for the full financial year and up to the date the financial statements were approved.

Management profiles the significant risks on an ongoing basis. Operational, financial and strategic risks faced by the Group are reviewed for the effectiveness of risk management controls including loss prevention and recovery planning.

The principal risks facing the Group are discussed below

Monitoring of risk is carried out internally by the Risk & Compliance function and assurance gained through financial, operational, compliance and quality based auditing. Significant failures are reported to the executive directors to ensure that remedial action is taken.

The Board reviewed the Group's procedures for the management of risk during the year and is satisfied that appropriate processes and procedures are in place in order to identify and manage the significant risks faced by the Group.

The overall responsibility for internal controls within the Company and its subsidiary undertakings rests with the Board. Reviewing and monitoring the effectiveness of such controls forms part of the duties of the Audit Committee. Monitoring procedures include detailed reviews of operating company systems and controls which are routinely undertaken by internal audit.

The responsibility for internal controls within associated undertakings rests essentially with the senior management of those operations, the role of the Group being to monitor its investments and to exert influence, normally through Board representation.

The directors acknowledge that they are responsible for the Group's systems of internal control and for reviewing their effectiveness and this review has been undertaken during the year.

During the year the Group's risk management framework, reporting structure and responsibilities were reviewed. As a result, from 1st March 2010, the Group has an independent Group Risk Management function to further enhance the Group's approach to risk management and ensure it remains in line with best practise.

The principal operational and financial risks facing the Group and controls are noted below.

Operational risk management

Errors & omissions

These risks principally arise from non-compliance with operating procedures that are in place across the Group, or alleged negligence in provision of services/advice.

The Group's legal and compliance departments establish operating procedures and compliance policy and regular audits are carried out by both internal audit and business risk. The scope of work includes ensuring compliance with operating procedures, training all staff in errors & omissions avoidance and operating standards for the conduct of business which is reported to the Board and Audit Committee. Training programmes are in place to support operating procedures.

The Group maintains an insurance programme against errors & omissions liabilities.

Regulatory sanctions/loss of trading licenses

The Group's objectives here are to ensure compliance with all legal and regulatory requirements. The potential risk in this area arises mainly from misinterpretation of regulatory requirements and failure to meet regulatory standards.

The Group's legal and compliance departments establish a framework to ensure compliance with all legal and regulatory requirements. Operating procedures include detailed standards staff must adhere to. Regular monitoring is undertaken and audits completed by the business risk and internal audit departments.

Loss of IT environment

The loss of IT environment can arise from a number of causes including non-performance of an IT supplier, malicious act, cyber crime and staff not following correct IT procedures. The Group seeks to mitigate these risks by putting in place appropriate limits of authority, systems controls, restricted access, security policies and procedures and monitoring of IT suppliers through detailed formal service level agreements.

Information security, breach of security

These risks arise from, inter alia, loss of records, breach of confidentiality or inadequate security measures being in place. These risks are mitigated through appropriate policies and procedures, limits of authority and access.

The Group's business risk and compliance department, with the assistance of internal audit, undertake regular monitoring.

Loss of key staff

The Group seeks to mitigate this risk with succession planning processes, effective appraisal and development plans and robust contracts of employment for all key staff.

Strategic risks

Strategic risks include, inter alia, failure of business planning and inadequate integration of acquisitions.

The Group seeks to mitigate these risks with effective due diligence, robust integration planning and ensuring that acquisitions are made in line with agreed strategy.

Financial risk management

The nature of the Group's international operations and debt profile expose it to a variety of financial risks including the effects of changes in foreign currency exchange, interest rates and counterparty credit risks.

There are clearly defined areas of responsibility and limits of authority within the Group. Annual budgets are approved by the Board following detailed reviews by management. Group results are reviewed against budget and reported to the Board on a regular basis.

Treasury policy is reviewed and approved by the Board. The Finance Director is responsible for monitoring treasury activity and performance. The Group has policies in place to cover the key treasury activities of investment of funds, counterparty risk, cash management, foreign exchange exposure management and interest rate risk management.

Major items of capital expenditure require Board approval.

The Board is also responsible for the overall strategy of the Group, including acquisitions and related due diligence requirements.

The total capital of the Group at 31st December 2009 and 2008 was as follows:

£'m	**2009**	2008
Total cash	**(57.8)**	(61.7)
Borrowings	**100.0**	70.3
Net debt	**42.2**	8.6
Total equity	**239.4**	232.5
Total capital	**281.6**	241.1

The Group has in place financial risk management policies, which are approved by the Board, and uses various financial instruments, including derivatives, to manage these risks.

It is Group policy to not engage in speculative activity or enter into transactions unrelated to underlying commercial exposures.

The Group's centralised treasury department is subject to regular internal and external audit reviews.

Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue, as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to ensure an optimal cost of capital.

In order to achieve these objectives, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group classifies net debt and equity as capital and manages its balance sheet through monthly management reviews, controls and financial reporting.

The Group has adequate, committed, credit facilities to ensure that it is well positioned to meet the variances of the seasonal capital requirements and to support the strategic growth of the businesses.

There are no restrictions on the use of these facilities in the normal course of business.

The insurance broking operations within the Group operate in a number of jurisdictions where local regulation requires a minimum level of capital to be maintained. The total regulatory capital to be held by the Group is not considered significant in the context of the total available capital.

Currency risk

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.

Risk Management continued

The table below illustrates the sensitivity of the achieved average rate after hedging for US dollar revenue earned in the UK if the balance of current unhedged forecast revenue was sold forward based off a range of spot rates:

	Potential achieved average rate		
USD/sterling spot rate	2010	2011	2012
1.70	1.57	1.55	1.61
1.65	1.56	1.54	1.59
1.49 (22nd March 2010)	1.54	1.50	1.53
1.45	1.53	1.49	1.51
1.40	1.53	1.48	1.48

The table above illustrates the potential sensitivities of the achieved rate, taking into account hedging, if the balance of forecast US dollar revenue was sold at various sterling/US dollar rates.

Given the sensitivity of the outcome, significant movements in the US dollar would have a meaningful impact on the Group's results. The objective of the Group's hedging policy is to mitigate the impact of such volatility but it cannot eliminate the long-term effect of a permanent movement in exchange rates.

Transactional currency exposures, other than the above US dollar revenue exposure in the UK, include the Euro and Australian dollar and are selectively hedged through forward foreign currency transactions.

The Group does not hedge exposure to currency movements that affect the translation of the profits earned in foreign currencies, except to the extent that those profits are expected to be distributed to the holding company. The Group has significant investments in overseas operations. Movements in exchange rates between balance sheet dates may affect the sterling value of the Group's consolidated balance sheet.

The currency profile of the Group's borrowings is managed to mitigate exposure to translation exposures where practicable and cost effective.

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities that give rise to net exposures to changes in interest rates, primarily in US dollars and sterling. Where appropriate, the Group uses interest rate swaps and forward rate agreements to hedge future interest rate exposures, increasing the proportion of fixed rate interest.

The Group's policy is to continue to adopt a prudent approach to the management of net interest rate exposures arising from the Group's cash and borrowings.

Each 0.5% movement in the average achieved rate of return impacts interest income receivable by approximately £2.5 million.

Counterparty credit risk

The Group's gross exposure to credit risk at 31st December 2009 is £696 million: being own cash, fiduciary funds, investments and deposits, derivative assets and trade receivables. The Group maintains a counterparty policy based on published rating criteria to limit the concentration of funds and the exposure with any one party. Monetary limits are assigned to each counterparty based on an agreed scale in relation to their credit rating.

The financial profiles of counterparties are kept under continual review with reference to published financial and credit data.

The Group manages its cash and investment balances in the form of deposits with investment grade banks, AAA money market funds and other secure short term money market instruments in accordance with this investment and counterparty policy, which is agreed by the Board of Directors, and, in respect of fiduciary funds, all relevant regulatory guidelines. Investment and banking counterparties are subject to pre-approval at Board level.

The Group's approval criteria requires financial institutions with a minimum long-term rating of A. All exposures to individual counterparties are subject to a limit to control concentrations of credit exposure and default risk. Counterparty limits, ratings, credit default spread rates and utilisation levels are reviewed regularly and reported to the Board and Audit Committee.

The respective credit quality of each class of financial asset is included within the notes to these accounts.

Commodity price risk

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

Remuneration Report

Remuneration Committee

The Remuneration Committee comprises five non-executive directors: John Paynter (Chairman from 30th April 2009) Rodney Leach, Simon Keswick, Nick MacAndrew and Richard Harvey who joined the committee from 1st January 2010, following his appointment as a director on 17th December 2009. Chris Keljik (former chairman) and Patrick Snowball retired from the Committee on 30th April and 1st July respectively.

The principal purpose of the Committee is to determine the Company's policy on the remuneration of the Chairman, executive directors and other members of the Group Executive Committee and to approve specific remuneration packages for each of them. The terms of reference of the Committee, which were carefully reviewed during the course of the year, are available on the Group's website.

The Committee is directly accountable to shareholders and the Chairman of the Committee attends the Annual General Meeting to answer shareholders' questions regarding remuneration.

In addition to several ad hoc meetings throughout the year the Committee met formally three times in 2009 and the attendance of the Committee members at those formal meetings is shown in the table on page 27.

Hewitt New Bridge Street (HNBS, a trading name of Hewitt Associates) acted as independent advisers to the Committee during the year, providing information and assistance. HNBS was appointed by the Committee. Hewitt Associates/HNBS does not provide any other services to the Company.

In addition Geoffrey Howe (Chairman), Dominic Burke (Chief Executive) and Robert Potter (Group HR Strategy Director) provided advice that assisted the Remuneration Committee, but not in relation to their own remuneration.

Remuneration Policy

Executive Directors

The Group operates in a highly competitive sector and its policy on the remuneration of executive directors is to provide terms and conditions which enable it to recruit, retain and motivate individuals of sufficient expertise and commitment to further the success of the Group.

In considering appropriate levels of remuneration (including basic salary levels), the Committee considers appropriate remuneration data relevant to similarly sized UK public companies and also financial organisations, including insurance companies, whilst recognising that there are no UK listed, directly comparable companies and that its competitors are often businesses which are part of much larger groups.

In setting Directors' remuneration for 2009, the Committee had full regard to the pay and employment conditions of other employees within the Group.

A substantial proportion of directors' potential remuneration is linked to the Company's performance, with Group Profit Before Tax (PBT) determining a significant proportion of the annual bonus and the Group's Earnings Per Share (EPS) performance determining the vesting of long term incentive awards.

The Company's policy in relation to share incentive schemes is to provide the necessary mechanisms for its employees and executive directors to participate in the long term success of the Group by schemes which can be operated both in the UK and in overseas jurisdictions where local legislation permits. The operation of these schemes is seen by the Board as an essential tool in aligning the interests of key staff with those of the shareholders. These are summarised on pages 37 and 38.

The Committee has given full consideration to the Combined Code provisions on directors' remuneration.

The Committee has considered the structure of directors' remuneration packages from a risk perspective. It is satisfied that the packages, which include a market-competitive base salary, an annual bonus (with significant deferral) and substantial long-term incentives, do not encourage inappropriate risk taking.

Directors' Remuneration

The various elements of the remuneration package of executive directors are set out below and in the table on page 38.

Basic salary

When setting basic salaries, the Committee take into account market data and the experience and capabilities of the individual. Please refer to the table and notes on page 38.

Performance related remuneration

Annual bonus

The Company's policy on bonus payments is to ensure that they are appropriately linked to challenging Group, business unit and individual performance targets, and enable the Company to deliver remuneration packages which are competitive in the market, particularly in the insurance industry, and allow it to retain and incentivise key executives. Each executive director has a target bonus varying between 100% and 150% of salary and, in exceptional circumstances, a maximum of 200% of salary. Any bonus awarded in excess of 100% of salary is deferred into Company shares for three years. If the director ceases employment before vesting, the deferred shares will be forfeited other than in 'good leaver' circumstances. Bonus payments are not pensionable.

For 2009, the elements of the bonus were specific to each director, comprising performance against Group PBT, individual objectives and (where appropriate) the PBT of the relevant business unit.

The Group's financial objectives for 2009 were achieved. The bonus payments made to directors for the year detailed on page 38 reflect the extent to which both financial and individual objectives were achieved.

Since the amount payable to the Chief Executive exceeds 100% of base salary, the excess will be delivered in the form of deferred shares. At 19th March 2010, being the latest practicable date prior to the posting of the report, the formal award of shares has not been made.

Remuneration Report continued

Long-term incentives

All awards to executive directors are made under the Long-term Incentive Plan (LTIP) 2004. Under this plan, a director can annually receive an award of shares worth up to 200% of base salary, as determined at the Committee's discretion. The Rules of the Scheme provide that this limit may only be exceeded in exceptional circumstances.

The current policy is to make awards to the chief executive of 200% of base salary and to other executive directors of 150% of base salary.

Awards are in the form of rights to acquire shares in the Company for a zero amount. Subject to the satisfaction of a performance condition, awards will be exercisable between the third and tenth anniversary of grant. They are neither pensionable nor transferable.

The Rules of the LTIP provide the Committee with discretion in the event of a participant leaving the Group before vesting of an award.

Performance condition

During 2009, the Committee thoroughly reviewed the structure and operation of the LTIP to ensure that, five years on from its approval and adoption in 2004, the plan continued to fulfil its purposes of the incentivisation and retention of senior executive directors, and acting as an important recruitment tool.

The Committee concluded that EPS remains an appropriate performance condition, not least because it is used by the Company as a key indicator for measuring underlying financial performance. It further concluded that the calculation of EPS (verified by the Company's auditors) should be basic EPS, excluding exceptional items and impairment charges and measured on actual achieved exchange rates. Finally, the committee concluded that the performance condition hurdle rates for awards granted in 2009 and to be granted in 2010 should be tightened from RPI + 3% (15% vests) to 9% (100% vests) to RPI + 5% (16.67% vests) to 10% (100% vests).

The performance conditions attached to the awards made in 2007 for the period 2007 to 2009 were met in full and these awards will fully vest on 30th March 2010.

The performance condition was that EPS growth over the three year period 2007 to 2009 should exceed RPI plus 3% per annum (at which point 15% would vest) and RPI plus 9% per annum for full vesting to occur. The calculation was based on basic EPS excluding exceptional items and impairment charges.

The target for the LTIP award made in 2008 required EPS to grow by an average of between RPI + 3% per annum (at which point 15% of the award would vest) and RPI + 9% for full vesting. The definition of EPS used for the 2008 Award was basic EPS excluding exceptional items and impairment charges on a constant rate of exchange basis.

As noted above, the target for the LTIP awards made in 2009 was revised upwards and requires EPS to grow by an average of RPI plus 5% per annum (at which point 16.67% would vest) and RPI + 10% per annum (for full vesting).

Details of awards granted to executive directors during 2009 under the LTIP 2004 and in respect of former years, together with participation under other employee share schemes are set out on pages 39 and 40.

At the date of this report, the formal awards for 2010 have not yet been made.

Executive directors are also eligible to participate in all employee share schemes on the same terms as other employees.

Other benefits

Other benefits include life assurance, company cars which may be used for private purposes, or a cash alternative in lieu thereof, private medical and permanent health cover for the executive directors and their families and accumulated dividend equivalent income on share awards when they vest.

Pensions policy

Details of the pension arrangements for the executive directors are described on page 41.

With effect from 1st December 2006 the defined benefit section of the UK Pension Scheme was closed to future accruals for all members, who were invited to join the defined contribution section of the Pension Scheme.

For members who elected to join the defined contribution section of the Pension Scheme, their contributions are matched by a Company contribution equivalent to 2.5 times the amount paid by the member subject to a maximum of 5% to 15% of basic salary (dependent on age). Such contributions to the defined contribution section of the Scheme are limited to earnings of £112,800 per annum (JLT Cap) for the 2009 financial year.

Since the closure of the Defined Benefit Pension Scheme in 2006, affected employees, including some executive directors, receive a salary supplement, which is calculated as a fixed percentage of salary and determined at the time the scheme was closed based on each individual's circumstances (taking into account age and salary of the individual).

The salary supplement paid to the executive directors, where relevant, is shown as "additional salary" within the remuneration tables and is ignored for the purposes of calculating any bonus payment or LTIP award.

Employees who applied for Enhanced Protection under the Finance Act 2004 or whose basic salary exceeds the JLT Cap are permitted to take their employing company's contribution as a cash pension allowance to be paid through payroll less employer's NIC.

Non-Executive Directors

The fees of non-executive directors are reviewed by the Board excluding the non-executive directors. The fees of the Non-Executive Chairman are reviewed by the Remuneration Committee. From 1st January 2009, the fee payable to the Non-Executive Chairman increased from £200,000pa to £215,000pa.

Non-executive directors only receive fees and they do not participate in any bonus or share incentive schemes, enjoy any pension benefits nor, save for a company car provided to Lord Leach and a club subscription for Geoffrey Howe, receive any other benefits.

The fees for the non-executive directors are reviewed periodically to reflect market rates and respective responsibilities.
The fees were reviewed effective from 1st January 2009, the previous review date was 1st January 2006.

Directors' contracts

	Contract date	Notice period	Contractual termination payments
G M T Howe	11.01.2006	6 months	N/A
D J Burke	14.12.2001	364 days	364 days salary and benefits
B P Carpenter	01.01.1996	364 days	364 days salary and benefits
R J Harvey	17.12.2009	3 months	N/A
S L Keswick	10.01.2010	3 months	N/A
Lord Leach	06.02.2009	3 months	N/A
N R MacAndrew	01.07.2008	3 months	N/A
W J N Nabarro	31.12.2006	364 days	364 days salary and benefits
J G H Paynter	01.10.2008	3 months	N/A
J W Rush	14.08.2006	364 days	364 days salary and benefits
V Y A C Wade	01.07.1998	364 days	364 days salary and benefits

The basic fee was increased from £40,000 p.a. to £45,000 p.a. from 1st January 2009. Additional fees paid as follows:

Chairman of Audit Committee increased from £12,500 p.a. to £15,000 p.a.; Chairman of Remuneration Committee increased from £10,000 p.a. to £12,000 p.a.; Deputy Chairman and Senior Independent Director each £5,000 p.a. (unchanged).

External Non-Executive Directorships

Mr Nabarro is a non-executive director of ICAP plc. He retains the fee paid by ICAP plc of £65,000 in 2009.

He is also a member of the Strategic Advisory Board of SVG, the investment management business. He retains the fee paid by SVG of £10,000 for 2009.

No other executive directors hold outside posts.

Service contracts and notice periods

It is the Company's policy that executive directors should have contracts with an indefinite term which can be terminated by the Company or the director by giving notice not exceeding one year.

Non-executive directors are appointed for a three year term, which is renewable, with three months notice on either side, no contractual termination payments being due and subject to retirement pursuant to the Articles & Association at the Annual General Meeting.

The contract for the Chairman is subject to a six month notice provision on either side.

Other share schemes

Apart from the LTIP, the Group operates various other share option and incentive schemes for employees based in the UK and certain overseas jurisdictions.

The Sharesave schemes have a three or five year vesting period and the price of options is subject to a maximum discount of 20% to the market value at the date of award.

The schemes operate in the UK and certain overseas jurisdictions and are open to all employees (including executive directors) in those jurisdictions.

In the UK the Group operates All Employee Share Plans (open to all employees including executive directors) under the rules established by the Finance Act 2000.

Performance graph

The Company is required to include a performance graph to measure its performance against corporate indices. Over the past five years, JLT was ranked 76th out of the remaining 263 FTSE 350 companies which were still listed at 31st December 2009 with a Total Shareholder Return (TSR) of 67.59%.

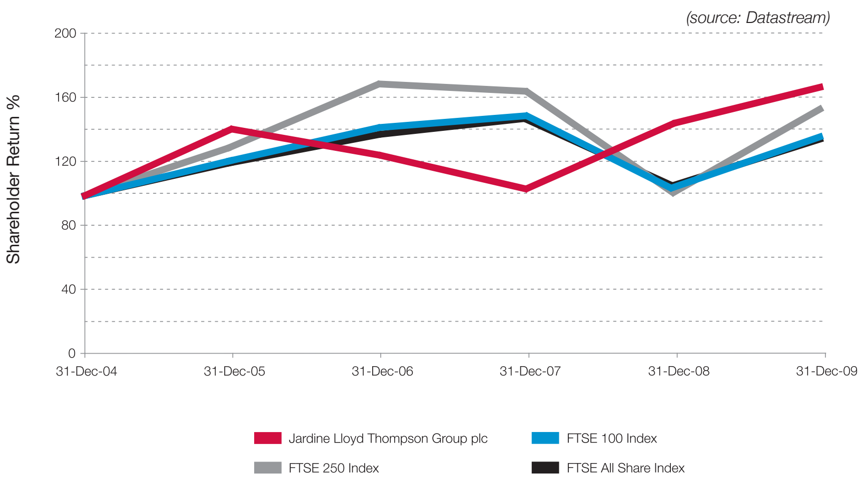
The graph plots the comparison of the TSR of JLT since 31st December 2004 against the TSR of the FTSE 100, 250 and All Share Indices (rebased to JLT's actual TSR value at that date).

TSR refers to share price growth and assumes dividend is reinvested over the relevant period.

The TSR return for JLT of 67.59% over the period compared to a TSR of 35.41% for the FTSE 100, 54.1% for the FTSE 250 and 36.82% for the All Share Indices (source: Datastream).

In the opinion of the directors, the FTSE 100, 250 and All Share Indices are the most appropriate indices against which the TSR of JLT should be measured, as there is no directly comparable quoted peer group for the Company in the UK.

Total shareholder return from 2004 to 2009



Remuneration Report continued

The Performance Share Plan, introduced in 2004, is generally used as a mechanism for the delivery of deferred bonus payments and incentive awards for senior executives within the Group (excluding executive directors). The awards consist of options to purchase shares in the Company, normally for a nil consideration, and are exercisable up to ten years from date of grant subject to their vesting periods and performance conditions (which may vary in respect of particular awards).

The Jardine Lloyd Thompson Restricted Share Scheme was used as the vehicle for a number of plans, including the Long Term Incentive Plan until 2003. However, this scheme is in run-off and no new awards have been made under this scheme since September 2003.

Remuneration*

The table below analyses the salary, benefits, bonus and other elements of remuneration for the directors who held office during the year ended 31st December 2009.

Director	Notes	Salary and fees £'000	Additional salary (pensions) note 2 £'000	Performance related bonus £'000	Other benefits cash note 1 £'000	Other benefits non-cash note 3 £'000	Pension allowance 2009 £'000	Total 2009 £'000	Total 2008 £'000
G M T Howe		215	-	-	-	1	-	216	201
D J Burke		525	79	788	189	25	12	1,618	1,522
B P Carpenter	5	321	-	318	66	11	6	722	686
R J Harvey		2	-	-	-	-	-	2	-
C A Keljik		19	-	-	-	-	-	19	50
S L Keswick		45	-	-	-	-	-	45	40
Lord Leach		50	-	-	-	8	-	58	53
N R MacAndrew		65	-	-	-	-	-	65	53
W J N Nabarro		365	19	360	108	7	13	872	828
J G H Paynter		53	-	-	-	-	-	53	10
J W Rush	3,4	365	2	365	96	32	-	860	819
P J R Snowball		23	-	-	-	-	-	23	7
V Y A C Wade		365	25	365	84	7	10	856	812
		2,413	125	2,196	543	91	41	5,409	5,081

**This table has been audited by PricewaterhouseCoopers LLP*

Notes

1. Other benefits cash include car allowance and accumulated dividend equivalent income on share awards when they vest.
2. On 1st December 2006 the salaries for the UK based executive directors were increased to reflect the changes made in the UK pension scheme. This is shown in the above table as additional salary to base salary. From that date the directors have received an age related pension allowance to harmonise with the pension benefits offered to the members of the Defined Contribution Scheme.
3. Other benefits non-cash includes life assurance cover, car benefit, medical insurance and permanent health insurance. The figures for 2008 have been restated to include the cost of life assurance cover and permanent health insurance cover afforded to directors.
4. Mr Rush received a non-cash NIC uplift of £25,736 in respect of his salary sacrifice. This is included in the pension notes on page 41.

   Mr Rush received a non-cash pension allowance to his personal pension of £11,640 which is included in the pension notes on page 41.
5. Mr Carpenter participates in a separate pension fund (outside of the UK) and employer contributions for that fund are shown in the pension notes on page 41. Mr Carpenter, as an Australia based employee, received an allowance of £6,287 in 2009 to allow for the change in legislation which reduced the maximum superannuation contributions that a company can make under superannuation tax concessions. There was no change in overall remuneration.

   Mr Carpenter also received a non-cash NIC uplift of £6,400 in respect of his salary sacrifice in relation to his UK services. This is included in the pension notes on page 41.

Share interests

The interests of the directors in the Company's various share option schemes and long-term incentive plans are as detailed in the following tables.

The interests of the directors at 1st January 2009 (or upon later appointment) and at 31st December 2009 in the ordinary shares of Jardine Lloyd Thompson Group plc (excluding options and LTIP) are set out in the table opposite.

Between 1st January 2010 and 19th March 2010 (being the latest practicable date prior to the posting of this report) the trustees of the Jardine Lloyd Thompson Group plc All Employee Share Plan have acquired 84 shares on behalf of each of D J Burke and J W Rush.

On 3rd March 2010 B P Carpenter acquired 1680 shares which had vested under the Jardine Lloyd Thompson Group Overseas Sharesave Scheme at a price of AUS$ 7.75 per share.

With the exception of the directors' interests disclosed in this Report, no director had any additional interest in the share capital of the Company during the year.

At 19th March 2010 (being the latest practicable date prior to the posting of this report), no further changes of directors' interest have been notified since the end of the year.

Shares*

	31st Dec 2009 total holding	1st Jan 2009 (or later appointment) total holding
D J Burke	175,065	77,725
B P Carpenter	116,426	105,026
R J Harvey	-	-
G M T Howe	30,000	20,000
S L Keswick	2,249	2,249
Lord Leach	22,500	22,500
N R MacAndrew	5,000	5,000
W J N Nabarro	106,899	61,388
J G H Paynter	10,000	-
J W Rush	88,654	10,823
V Y A C Wade	62,302	2,493

This table has been audited by PricewaterhouseCoopers LLP

The middle market price of ordinary shares at 31st December 2009 was 483.6p and the range during the period 1st January to 31st December 2009 was 393.5p to 509p.

Option schemes (excluding LTIP)*

	At 1st Jan 2009	Number granted during 2009	Number vested during 2009	Exercised during the year	At 31st Dec 2009	Exercise price	Date from which exercisable	Expiry date	Note
D J Burke	1,811	-	1,811	1,811	-	£3.13	01 11 09	30 04 10	a)
	43,103	-	43,103	43,103	-	nil	13 03 09	12 04 09	d)
	54,900	-	-	-	54,900	nil	30 03 10	29 04 10	d)
	64,400	-	-	-	64,400	nil	25 03 11	24 04 11	d)
	-	83,300	-	-	83,300	nil	27 03 12	26 04 12	d)
B P Carpenter	26,385	-	26,385	3,401	22,984	nil	28 03 09	27 04 13	e)
	1,667	-	-	1,667	-	nil	08 04 04	07 04 12	c)
	6,332	-	-	6,332	-	nil	28 03 05	27 03 13	c)
	1,680	-	1,680	-	1,680	A$7.75	01 11 09	30 04 10	b)
	-	7,800	-	-	7,800	nil	27 03 12	26 04 12	d)
W J N Nabarro	21,876	-	21,876	21,876	-	nil	18 04 09	17 05 09	d)
	1,811	-	1,811	1,811	-	£3.13	01 11 09	30 04 10	a)
	-	10,600	-	-	10,600	nil	27 03 12	26 04 12	d)
J W Rush	1,811	-	1,811	1,811	-	£3.13	01 11 09	30 04 10	a)
	-	10,400	-	-	10,400	nil	27 03 12	26 04 12	d)
V Y A C Wade	-	9,700	-	-	9,700	nil	27 03 12	26 04 12	d)

This table has been audited by PricewaterhouseCoopers LLP

a) Options held under the Jardine Lloyd Thompson Group Sharesave Scheme 1997. This is an all employee Inland Revenue approved scheme to which performance criteria are not attached.

b) Options held under the Jardine Lloyd Thompson Group Overseas Sharesave Scheme 1997. This is an all employee scheme to which performance criteria are not attached.

c) Awards made under the Performance Share Plan 2004. This is an unapproved scheme. The awards are deferred bonus arrangements to which no performance criteria attach.

d) Awards made under the Deferred Bonus Share Plan. This is an unapproved scheme and all awards are deferred bonus arrangements to which no performance criteria attach.

e) Award made under the JLT Restricted Share Scheme. Performance conditions were attached relating to the period 2003-5 which have been satisfied, 50% are exercisable from 31.03.2006, the balance in March 2009, subject to continued employment.

Remuneration Report continued

Long Term Incentive Plan*

Awards to directors made under the Long Term Incentive Plan and LTIP 2004 are set out in the table below.

	At 1st Jan 2009	Date of grant	Number granted during 2009	Market value on date of grant pence	Number vested during 2009	Market value on date of vesting pence	Exercised during the year	At 31st Dec 2009	Exercise price	Date from which exercisable	Expiry date
DJ Burke	244,500	24 11 06	-	398.50	244,500	-	244,500	-	Nil	24 11 09	23 11 16
	219,500	13 04 07	-	455.58	-	-	-	219,500	Nil	30 03 10	12 04 17
	276,700	15 05 08		379.50	-	-	-	276,700	Nil	15 05 11	14 05 18
	-	05 08 09	241,500	438.40	-	-	-	241,500	Nil	05 08 12	04 08 19
BP Carpenter	91,700	24 11 06	-	398.50	91,700	-	-	91,700	Nil	24 11 09	23 11 16
	82,300	13 04 07	-	455.58	-	-	-	82,300	Nil	30 03 10	12 04 17
	122,530	15 05 08	-	379.50	-	-	-	122,530	Nil	15 05 11	14 05 18
		05 08 09	110,100	438.40	-	-	-	110,100	Nil	05 08 12	04 08 19
WJN Nabarro	128,400	24 11 06	-	398.50	128,400	-	128,400	-	Nil	24 11 09	23 11 16
	115,200	13 04 07	-	455.58	-	-	-	115,200	Nil	30 03 10	12 04 17
	144,300	15 05 08	-	379.50	-	-	-	144,300	Nil	15 05 11	14 05 18
	-	05 08 09	125,900	438.40	-	-	-	125,900	Nil	05 08 12	04 08 19
JW Rush	128,400	24 11 06	-	398.50	128,400	-	128,400	-	Nil	24 11 09	23 11 16
	115,200	13 04 07	-	455.58	-	-	-	115,200	Nil	30 03 10	12 04 17
	144,300	15 05 08	-	379.50	-	-	-	144,300	Nil	15 05 11	14 05 18
	-	05 08 09	125,900	438.40	-	-	-	125,900	Nil	05 08 12	04 08 19
VYAC Wade	110,000	24 11 06	-	398.50	110,000	-	110,000	-	Nil	24 11 09	23 11 16
	98,800	13 04 07	-	455.58	-	-	-	98,800	Nil	30 03 10	12 04 17
	144,300	15 05 08	-	379.50	-	-	-	144,300	Nil	15 05 11	14 05 18
	-	05 08 09	125,900	438.40	-	-	-	125,900	Nil	05 08 12	04 08 19

**This table has been audited by PricewaterhouseCoopers LLP*

The performance conditions relating to these awards are set out in the notes below.

Note1

Performance conditions for awards made in 2006 required EPS growth of between RPI plus 2% pa for 25% vesting to RPI plus 5% pa for full vesting measured over the three years from a base EPS of the financial year immediately preceding grant.

For awards made in 2007 and 2008, 15% vests for EPS growth of RPI plus 3% rising to 100% vesting for RPI plus 9% pa over the relevant three year performance period. For the awards made in 2008, EPS growth will be calculated using Constant Rates of Exchange for the relevant 3 year performance period.

For awards made in 2009, the performance condition was revised upwards and requires EPS growth of RPI plus 5% pa for 16.67% vesting to RPI plus 10% pa for full vesting. EPS growth will be calculated on an actual basis.

Please refer to the notes on page 36.

The performance conditions for the LTIP awards in 2006 and 2007 were met in full.

Gains made on share options and LTIP*

The table below shows the gains made by individual directors from the exercise of share options during 2009. The gains are calculated as at the exercise date, although the shares were retained in certain cases.

	Number of options	Date of exercise	Option cost p	Market value p	Gain £
D J Burke	43,103	13 03 09	-	464.25	200,106
W J N Nabarro	21,876	20 04 09	-	407.71	89,191
B P Carpenter	1,667	09 06 09	-	419.50	6,993
B P Carpenter	6,332	09 06 09	-	419.50	26,563
B P Carpenter	3,401	09 06 09	-	419.50	14,267
D J Burke	244,500	04 12 09	-	438.55	1,072,255
J W Rush	128,400	04 12 09	-	438.55	563,098
W J N Nabarro	128,400	04 12 09	-	438.55	563,098
V Y A C Wade	110,000	04 12 09	-	438.55	482,405
W J N Nabarro	1,811	02 11 09	313	451.00	2,499
D J Burke	1,811	04 12 09	313	445.00	2,391
J W Rush	1,811	04 12 09	313	445.00	2,391

**This table has been audited by PricewaterhouseCoopers LLP*

Pensions

	Note	Age at 31/12/09	Pension scheme	Pension pa accrued at 31/12/09	Pension pa increase due to inflation during 2009	Pension pa increase excluding inflation during 2009	Transfer value of increase (net of inflation) after director's contributions	Transfer value of accrued pension as 31/12/09	Transfer value of accrued pension as 31/12/08	Contributions payable by director during 2009	Increase/(decrease) in transfer value less directors' contributions payable during 2009	Retirement age	Spouse fraction	Employer's DC contribution	Employee DC contribution
D J Burke		51	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
B P Carpenter	b)	60	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	£45,576	£50,000
W J N Nabarro		54	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
J W Rush	b)	49	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	£37,376	£205,101
V Y A C Wade		48	JLT	£114,081	£5,420	Nil	Nil	£1,777,687	£1,239,070	Nil	£538,617	60	0.5	Nil	Nil

This table has been audited by PricewaterhouseCoopers LLP

Note:

a) Employer's DC - means direct contribution payments to either a JLT DC scheme or personal pension plan.

b) The Group operates a "Salary and Bonus Sacrifice" arrangement which affords a saving of 12.8% in respect of Employer's National Insurance Contributions (NIC) to the Group, the benefit of which is used to enhance pension contributions for the employees who take part in the arrangement. This arrangement was available to all JLT employees in the UK.

Under this arrangement, Mr Rush requested that a proportion of his salary for 2009 (£201,063) be made in the form of a contribution to his personal pension plan in addition to the core employee contribution of £4,038. This amount is included in the Employee Contribution above. The Company's NIC saving was £25,736 and this amount was also paid direct to his personal pension plan. This amount, together with the employer contribution of £11,640 makes up the total employer contribution of £37,376.

Also under this arrangement, Mr Carpenter requested that his UK salary for 2009 (£50,000) be made in the form of a contribution to his personal pension plan. The Company's NIC saving was £6,400 and this amount was also paid direct to his personal pension plan. This amount together with the employer contribution from his Australian pension scheme of £39,176 makes up the total employer contribution of £45,576.

Share Ownership Guidelines

The JLT Share Ownership Guidelines maintain the objective of executive directors building up long term share interests equivalent to 100% of base salary. In summary, the guidelines are for Executive Directors to retain 50% of shares acquired on the vesting of share awards after the payment of income tax and national insurance, until such time as the value of shares held is equivalent in value to annual base salary. Executive shareholdings will be reviewed by the Remuneration Committee annually to reflect movements in share price and changes in base salary.

Pensions

With the exception of Mr Carpenter, during the year executive directors were provided with pension benefits from either personal pension allowances or membership of the Group's principal pension scheme, the Jardine Lloyd Thompson Pension Scheme. In respect of service prior to 1st December 2006, this Scheme provided benefits on a final salary basis (except for individuals with pension allowances and Mr Rush who was a member at the defined contribution scheme from August to November 2006 inclusive). From 1st December 2006 the defined benefit section of the Scheme closed to future accrual with members' benefits based on their final pensionable salary at that time.

In respect of service after 1st December 2006, the Scheme provides benefits on a defined contribution basis.

The table of Remuneration on page 38 sets out for each director the adjustments made to salaries to reflect the changes made to the Pension Scheme effective 1st December 2006.

Mr Carpenter participates in a separate fund which accumulates contributions at a rate of 15.5% of salary, payable to the member as a lump sum on termination of employment or retirement. There are no post employment retirement benefits.

The details for each director serving during the year are set out in the above table.

Pension Scheme

JLT indicates that the director accrued benefits up to 30th November 2006 on the scale provided by the main section of the Jardine Lloyd Thompson Pension Scheme (formerly the Jardine Insurance Brokers Pension Scheme).

Pension increases

JLT pensions accrued before 6th April 1997, are guaranteed to increase in payment as follows:

- Pension in excess of the Guaranteed Minimum Pension: 3% per annum compound;
- Guaranteed Minimum Pension accrued after 6th April 1988: in line with the Retail Prices Index subject to a maximum of 3% per annum compound.

JLT pensions accrued after 6th April 1997 are guaranteed to increase in payment in line with the Retail Prices Index subject to a maximum of 5% per annum compound.

Discretionary benefits

There are no discretionary benefits taken into account when calculating transfer values.

Retirement rights

The directors have no guaranteed right to early retirement.

Accrued pension

The accrued pension entitlement is the amount that the director would receive from retirement age if they left service on that date.

The increase in the accrued entitlement is the difference between the accrued benefit at the year end and that at the previous year end.

Transfer values

All transfer values have been calculated on the basis of actuarial advice and approved by the Scheme Trustees. The transfer value of the accrued entitlement represents the 'cash equivalent' of the directors' pension benefits which would be offered by the Trustees of Jardine Lloyd Thompson Pension Scheme to another pension scheme as consideration for the other scheme taking on the liability for providing the directors' pension benefits at retirement. The transfer value itself does not represent an actual sum payable to the individual director as part of pay and, therefore, cannot be added meaningfully to annual remuneration.

The increase in the transfer value less directors' contributions is the increase in the transfer value of the accrued benefits during the year after deducting the director's personal contributions to the scheme.

The company contribution to the DC scheme is 10% (age 40-49) and 12.5% (age 50-59) of pensionable earnings up to the current Scheme Earnings Cap of £112,800.

Where an employee opts for the cash alternative, the contribution is reduced to reflect the Company's additional National Insurance liability.

For and on behalf of the Board

John Paynter

Chairman, Remuneration Committee

22nd March 2010

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is important to Jardine Lloyd Thompson. We operate our business in line with industry best practice striving to ensure that the impact of our operations has a positive impact on the environment whilst maintaining a strong competitive edge.

The workplace

JLT's goal is to create a stimulating, innovative and dynamic working environment where talented individuals are rewarded and recognised for their contribution to the success of the business, both professionally and personally.

Our continuing aim is to attract and retain the best professionals, welcome new talent and encourage employees to look at career development opportunities within JLT. We promote flexibility and encourage diversity amongst the workforce, both in recruitment and across all areas of employment, recognising the benefits that this brings to the Group.

Employee involvement is encouraged through wide share ownership and participation in share option schemes.

Employees are kept informed of the performance of the Group and all matters affecting them as employees by means of regular briefings and consultation. Wherever possible, the Group regularly communicates with its employees via the JLT intranet both in the UK and overseas. Most recently the Group's CEO was interviewed for a staff video, the key theme of which was the Group's 2009 financial results.

JLT continues to respond to the constant changes within the Group and the external economic environment. Training and development at all levels is fundamental to this and is embedded in the culture of JLT. We continue to commit resources equally to technical training and personal development in the firm belief that our employees are key to our future success.

We operate within a strong health and safety culture, with trained health and safety representatives being present at all our sites dealing with local issues. We support a healthy work/life balance and promote good health and wellbeing. Very recently the Group introduced a new flexible benefits scheme, initially in the UK, called BenPal, the online system has been developed by JLT's Employee Benefits group and has already been successfully implemented with several clients. The system allows employees to tailor their benefits to best suit their lifestyle.

We are committed to maintaining standards of excellence across the Group and will continue to invest in our employees.

Charity and the community

Our charity initiative 'JLT Making a Difference' focuses JLT's efforts in three ways:

- Firstly, all UK staff are able to take advantage of a 'Charity Day', this gives them one day every year when they can spend company time helping a charity or working in the local community. As a Lloyd's Community Programme partner, employees from our London offices are encouraged to give up their lunch hours twice a week to visit a school to help with IT training and support.
- Secondly, JLT will match pound for pound any amount raised by our UK staff in fundraising activities they undertake for charity up to a maximum of £5,000. Each year the Group Charities Committee seeks to ensure that a large proportion of its annual budget supports these employee fundraising activities. In 2009 the Group provided matching funds totalling more than £78,000. In the UK, the Give-As-You-Earn scheme enables employees to make regular charitable donations in a tax efficient manner. Donations under this scheme raised in excess of £30,000 for charity in 2009.

  Our total charitable donations in 2009 in the UK amounted to £105,731.
- Thirdly, the Group Charities Committee will consider the many requests received for donations from a wide variety of local and national charities. All requests are considered carefully on their merits, however, we do take a particular interest in charities connected to communities local to our offices.

The Charities Committee also seeks to act promptly and make significant donations when world events require.

The Charities Committee also supports various employee charitable fundraising events which are designed to raise funds and encourage greater staff engagement.

Many of JLT's overseas offices are involved in local charity initiatives and active fundraising. Several of which have been supported by the Group Charities Committee.

Our total charitable donations for 2009 amounted to £229,062.

Environmental policy

JLT remains committed to minimising any adverse impact its businesses have on the environment.

In support of this commitment the Group introduced a new environmental policy in 2007. The policy is annually reviewed to ensure that the set objectives and targets are met.

The recycling campaign in our London offices has been particularly successful improving recycling by over 500% in 2009 in comparison to our 2007 figures. During 2009 we commenced recycling waste paper in all our UK regional offices and are now monitoring progress. We are now also working with our UK regional sites to address the different waste streams required by their local authorities.

To encourage employee participation we have deliberately avoided producing lengthy policy documents and have instead agreed ten key commitments, set out opposite. These are also available on the JLT Group's intranet site where they have been endorsed by the Group's CEO.

In addition to these Group commitments, local business management is responsible for enforcing standards in line with legal responsibilities and obligations and managing risks associated with environmental matters.

1. Reduce the amount of paper we use by setting our printers to default printing, where possible, to double-sided

UK paper consumption was reduced by over 10% in 2009 and this figure will improve as more sites remove their desktop and laser jet printers, replacing them with multi-functional devices, which print, scan and copy all in one, these devices are typically also more energy efficient.

2. Positively encourage employees to think twice before printing emails

Promoting this by adding a short reminder to the end of emails.

3. Print all future marketing materials and publications on recycled paper wherever possible

All of the Group's standard copier paper across the UK comes from recycled sources and from forests managed by the Forest Stewardship Council.

4. Encourage the use of teleconferencing as the preferred alternative to business travel where practicable

This is also extended to training courses where e-learning is actively promoted and encouraged.

5. Limit our energy consumption

In 2009 we have shown a reduction of 12% per person in electrical energy consumption and 3% of gas use per person in the UK.

6. Develop environmentally sound procurement practices incorporating environmental criteria for supplier selection

The supplier used for all stationery procurement in the UK is now a Carbon Neutral Company and has a sound Ethical and Environmental Policy.

7. Purchase, where practical, more products locally to reduce the environmental impact related to transportation

This requirement is now incorporated into our purchasing process.

8. Encourage employees to recycle rubbish

By way of example, in the Group's London offices, employees recycled over 110 tonnes of rubbish in 2009 compared to just 20 tonnes in 2007.

9. Identify and measure our greenhouse gas emissions and look to introduce a targeting and monitoring scheme

An energy manager has been appointed to prepare environmental performance reports of all the UK buildings where we have control of energy consumption. JLT will be registering with The Carbon Reduction Commitment scheme in the UK in April 2010 and seeks to continue to reduce its Carbon Footprint.

10. Seek to raise awareness, encourage and enable our staff to make an effective contribution to environmental improvement, both at work and within the community

In the UK this includes a separate staff environmental intranet site which sets out these commitments and progress against set targets. The environmental performance targets that have been introduced within the Group are to help ensure that meaningful progress is made in reducing our impact on the environment.

Group financial statements

Contents

Independent auditors' report

to the members of Jardine Lloyd Thompson Group plc

We have audited the Group financial statements of Jardine Lloyd Thompson Group plc for the year ended 31st December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Group Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Accounting Policies and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 30 and 31, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31st December 2009 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 31, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matters

We have reported separately on the parent company financial statements of Jardine Lloyd Thompson Group plc for the year ended 31st December 2009 and on the information in the Directors' Remuneration Report that is described as having been audited.

Andrew Kail (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
22nd March 2010

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 financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

for the year ended 31st December 2009

	Notes	2009 £'000	2008 £'000
Fees and commissions	2	**612,918**	536,093
Investment income	4	**6,425**	15,849
Salaries and associated expenses	6	**(370,493)**	(329,282)
Premises		**(35,414)**	(31,232)
Other operating costs		**(100,036)**	(90,560)
Depreciation, amortisation and impairment charges	3	**(12,587)**	(11,240)
Operating profit	2,3	**100,813**	89,628
Analysed as:			
Operating profit before exceptional items		**103,554**	91,998
Business transformation programme	3	**(6,919)**	-
Gain on disposal of operations	3	**2,397**	-
Other non-recurring items	3	**1,781**	(2,370)
Operating profit	2,3	**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 results of associates after tax and minority interests	14	**3,785**	3,502
Profit before taxation	2	**102,011**	92,808
Income tax expense	8	**(28,745)**	(27,978)
Profit for the year		**73,266**	64,830
Profit attributable to:			
Owners of the parent	2	**70,889**	63,611
Minority interests	26	**2,377**	1,219
		73,266	64,830
Earnings per shares attributable to the equity holders of the company during the year (expressed in pence per share)	9		
Basic earnings per share		**33.3p**	29.6p
Diluted earnings per share		**33.1p**	29.6p

The notes on pages 58 to 104 form an integral part of these consolidated financial statements.
The profit for the parent company for the year was £229,057,000 (2008: £62,539,000).

Consolidated statement of comprehensive income

for the year ended 31st December 2009

	2009 £'000	2008 £'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
- cash flow 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:		
Owners of the parent	**39,232**	63,612
Minority interests	**2,377**	1,219
	41,609	64,831

The notes on pages 58 to 104 form an integral part of these consolidated financial statements.

Consolidated Group balance sheet

as at 31st December 2009

	Notes	2009 £'000	2008 £'000
NET OPERATING ASSETS			
Non-current assets			
Goodwill	11	**227,627**	196,992
Intangible assets	12	**24,701**	15,576
Property, plant and equipment	13	**28,445**	27,920
Investments in associates	14	**42,050**	42,764
Available-for-sale financial assets	15,21	**7,441**	10,956
Derivative financial instruments	16,21	**7,605**	3,725
Employee benefit trusts	17	**462**	517
Deferred tax assets	23	**43,637**	35,079
		381,968	333,529
Current assets			
Trade and other receivables	18,21	**231,692**	208,308
Derivative financial instruments	16,21	**6,791**	-
Available-for-sale financial assets	15,21	**74,164**	-
Cash and cash equivalents	19,21	**437,218**	511,495
		749,865	719,803
Current liabilities			
Borrowings	21,22	**(1,043)**	(497)
Trade and other payables	20,21	**(633,909)**	(627,669)
Derivative financial instruments	16,21	**(2,977)**	(24,101)
Current tax liabilities		**(11,100)**	(15,279)
Provisions for liabilities and charges	24	**(21,828)**	(14,365)
		(670,857)	(681,911)
Net current assets		**79,008**	37,892
Non-current liabilities			
Borrowings	21,22	**(99,001)**	(69,788)
Derivative financial instruments	16,21	**(773)**	(13,539)
Deferred tax liabilities	23	**(17,140)**	(6,451)
Retirement benefit obligations	32	**(87,893)**	(29,291)
Provisions for liabilities and charges	24	**(16,735)**	(19,853)
		(221,542)	(138,922)
		239,434	232,499
TOTAL EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares	25	**10,776**	10,676
Share premium	25,27	**84,640**	77,338
Fair value and hedging reserves	27	**7,890**	(24,702)
Exchange reserves	27	**29,836**	37,398
Retained earnings		**99,532**	126,456
Shareholders' equity		**232,674**	227,166
Minority interests	26	**6,760**	5,333
		239,434	232,499

The notes on pages 58 to 104 form an integral part of these consolidated financial statements.

Approved by the Board on 22nd March 2010 and signed on its behalf by:

Jim Rush
Finance Director

Consolidated statement of changes in equity

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)**
- cash flow 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 year	**-**	**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**

	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 losses recognised in post retirement benefit schemes	-	-	(8,520)	(8,520)	-	(8,520)
Fair value gains/(losses) net of tax:						
- available-for-sale	-	244	-	244	-	244
- cash flow hedges	-	(27,627)	-	(27,627)	-	(27,627)
Currency translation differences	-	35,904	-	35,904	1,202	37,106
Net gains/(losses) 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 year	-	8,521	55,091	63,612	2,421	66,033
Dividends paid	-	-	(44,054)	(44,054)	(775)	(44,829)
Share 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

The notes on pages 58 to 104 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31st December 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash generated from operations	29	**85,995**	74,277
Interest paid		**(2,931)**	(6,015)
Fair value (gains)/losses on financial instruments		**(353)**	777
Interest received		**7,570**	18,946
Taxation paid		**(21,614)**	(7,115)
(Decrease)/increase in net insurance broking creditors		**(4,859)**	137,213
		63,808	218,083
Dividends received from associates	14	**124**	35
Net cash generated from operating activities		**63,932**	218,118
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(9,374)**	(9,989)
Purchase of intangible assets	12	**(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	30	**(20,700)**	(5,274)
Acquisition of associate undertakings	14	**-**	(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	25	**7,402**	583
Net increase in borrowings		**26,228**	15,517
Dividends paid to minority interests	26	**(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 year	19	**437,218**	511,495

The notes on pages 58 to 104 are an integral part of these consolidated financial statements.

Accounting policies

for the year ended 31st December 2009

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The 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.

Standards, amendments and interpretations effective in 2009

The Group has adopted the following new and amended IFRSs as of 1st January 2009:

IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1st January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, the amendment does not have a impact on the Group or company's financial statements.

IAS 1 (revised). 'Presentation of financial statements' – effective 1st January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'nonowner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, the amendment does not have an impact on the Group or Company's financial statements.

IFRS 2 (amendment), 'Share-based payment' (effective 1st January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted IFRS 2 (amendment) from 1st January 2009.

IAS 23 (Amendment), 'Borrowing costs' (effective from 1st January 2009) - the amendment require that borrowing costs directly attributable to a qualifying are capitalised. The amendment does not have an impact on the Group or Company's financial statements.

Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings. The profits and losses of subsidiary undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain economic benefits and generally accompany a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post-acquisition profits or losses are recognised in the income statement, and its share of post-acquisition movements in reserves are recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting policies

for the year ended 31st December 2009

Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').
The consolidated financial statements are presented in Sterling, which is the Parent Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.
Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Goodwill arising on consolidation

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is shown separately on the Balance Sheet. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill arising on acquisitions completed prior to 1st January 1998 is written off directly to reserves. Following the adoption of IFRS this goodwill remains written off to reserves and no adjustment would be made on subsequent disposal. For acquisitions completed on or after 1st January 1998 and before 1st January 2004, goodwill is stated on the Balance Sheet at its previously amortised net book value.

For acquisitions completed on or after 1st January 2004, goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. Cash generating units represent the lowest level of geographical and business segment combinations that the Group uses for internal reporting purposes.

Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Capitalised employment contract payments

The Group makes payments to certain key employees in recognition of them signing a long-term employment contact, usually three to five years. These payments are capitalised as intangible assets since legal rights protect the expected benefits that the Group will derive from the contracts.

The asset recognised is then amortised over the duration of the underlying contract.

Other

For acquisitions completed after 1st January 2004 the business acquired is reviewed to identify assets that meet the definition of an intangible asset per IAS 38. Examples of such assets include customer contracts and expectations of business renewal. These assets are valued on the basis of the present value of future cash flows and are amortised to the income statement over the life of the contract or their estimated economic life. The current maximum estimated economic life is ten years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Property, plant and equipment

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets over their estimated useful lives.

The principal rates of depreciation are as follows:

- Freehold land and buildings: - between 0% and 2% per annum.
- Leasehold improvements: - between 10% and 20% per annum or over the life of the lease.
- Furniture and office equipment: - between 10% and 20% per annum.
- Computer hardware: - between 20% and 100% per annum.
- Motor vehicles: - between 25% and 33 1/3% per annum.

Financial assets

The Group classifies its financial assets as loans and receivables and available-for-sale investments. The classification depends upon the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

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 Fixed Deposits, Bonds and Commercial Paper - 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 fair at value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment.

Interest on deposits and interest-bearing investments is credited as it is earned.

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale assets are subsequently carried at fair value.
Loans and receivables are carried at amortised cost.

The fair values of quoted investments are determined based upon current bid price.

Changes in the value of securities classified as available-for-sale are recognised in equity.

Employee benefit trust

The Group operates a deferred compensation scheme by way of a discretionary, employee benefit trust. Investments held by this scheme, which are principally represented by Unit Trusts, are classified as fixed assets on the balance sheets and charged to the Group profit and loss account over the vesting periods of the award.

Insurance broking debtors and creditors

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Group. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.
In certain circumstances, the Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the consolidated balance sheet as part of trade receivables.

Accounting policies

for the year ended 31st December 2009

Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment.
A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings are recognised initially at fair value, net of transaction costs incurred, they are subsequently stated at amortised cost using the effective interest rate method.

Deferred income tax

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is charged or credited to equity in respect of any items, which is itself either charged or credited directly to equity. Any subsequent recognition of the deferred gain or loss in the consolidated income statement is accompanied by the corresponding deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Employee benefits

Pension costs

The Group operates a number of defined benefit pension schemes, and a number of employees are members of defined contribution pension schemes.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Full actuarial valuations of the Group's main defined benefit schemes are carried out at least every three years.
A qualified actuary updates these valuations to 31st December each year. For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return of an AA corporate bond of equivalent currency and term. The defined benefit surplus or deficit is included on the Group's balance sheet. Surpluses are included only to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the income statement within salaries and associated expenses and the expected return on the schemes' assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within finance costs. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised through the Statement of Recognised Income and Expense.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.
The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The costs of the Group's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.
The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Provisions for liabilities and charges

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an "interest charge" within finance costs in the income statement.

Fees and commissions

Fees and commissions are derived from two principal sources:

Insurance broking

Income relating to insurance broking is brought into account at the later of, the policy inception date or when the policy placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation.

Other services

Fees and other income receivable are recognised in the period which they relate and when they can be measured with reasonable certainty.

Non-recurring items

Non-recurring items are separately identified to provide greater understanding of the Group's underlying performance. Items classified as exceptional items include: gains or losses arising from the sale of businesses and investments; closure costs for businesses; restructuring costs; post acquisition integration costs; and other credits and charges of non-recurring nature that require inclusion in order to provide additional insight into the underlying business performance.

Items of a non-recurring and material nature are charged or credited to operating profit and are classified to the appropriate income statement headings. To assist in the analysis and understanding of the underlying trading position of the Group these items are summarised within the Operating Profit, note 3 on page 62, under the heading of "exceptional items".

Leases

Assets held under leasing agreements, which transfer substantially all the risks and rewards of ownership to the Group are included in property, plant and equipment. The capital elements of the related lease obligations are included in liabilities. The interest elements of the lease obligations are charged to the income statement over the period of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying commercial exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.
The Group designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity (net investment hedges).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the consolidated income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in equity. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the consolidated income statement and classified as income or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the consolidated income statement. The gain or loss relating to the ineffective portion is recognised instantly in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in the hedging reserves and is recognised when the committed or forecasted transaction ultimately is recognised in the consolidated income statement. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale) is based upon quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Dividend distribution

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date. Final dividends are recognised as a charge to equity once approved and interim dividends are charged once paid.

Accounting policies

for the year ended 31st December 2009

Financial and capital risk management

The Group's exposure to financial risks and its financial and capital management policies are detailed in the Directors' Report on pages 32 to 34.

Critical accounting estimates and judgments

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

a) Property, plant and equipment

Assets are carried at historical cost less depreciation calculated to write off the cost of such assets over their estimated useful lives.

Management determines the estimated useful lives and related depreciation charges at acquisition. The estimated useful life is reviewed annually and the depreciation charge is revised where useful lives are subsequently found to be different to those previously estimated.

b) Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on value-in use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

d) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the expected long-term rate of return on the relevant plans' assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The expected return on plan assets assumption is determined on a uniform basis, taking into consideration long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

e) Errors and omissions liability

During the ordinary course of business the Group can be subject to claims for errors and omissions made in connection with its broking activities.

A balance sheet provision is established in respect of such claims 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.

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation.

Future developments

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2010 or later periods, but the group has not early adopted them:

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1st July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and company will apply IFRIC 17 from 1st January 2010. It is not expected to have a material impact on the Group or company's financial statements.

IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1st July 2009). The revised standard requires the effects of all transactions with noncontrolling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1st January 2010.

IFRS 3 (revised), 'Business combinations' (effective from 1st July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1st January 2010.

IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group or Company's financial statements.

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

The Group and Company will apply IFRS 5 (amendment) from 1st January 2010. It is not expected to have a material impact on the Group or Company's financial statements.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group and company will apply IAS 1 (amendment) from 1st January 2010. It is not expected to have a material impact on the Group or Company's financial statements.

IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

Notes to the financial statements

for the year ended 31st December 2009

1. Alternative income statement

The format of the consolidated income statement on page 46 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 disposals 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 ended 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**

	Year ended 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 income	(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

1. Alternative income statement continued

Segment information - primary reporting format reconciliation

Year to 31st December 2009	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Total £'000
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**

Year to 31st December 2008	London Market £'000	Retail £'000	Employee Benefits £'000	Head office & Other £'000	Total £'000
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

2. Segment information

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

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 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 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 Groups 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
- fiduciary funds

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

Segment liabilities include:

- trade and other payables
- provisions for liabilities and charges

It excludes any interest bearing liabilities (e.g. borrowings) as well as income and 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 Honoré) which operates principally in France. Although the investment and the Group's share of Newstones' 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 investment and results from ICAP-JLT and JLT Re Do Brazil. Group companies also own a number of small associates in Australia and Asia which are included in the Retail segment.

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

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

Notes to the financial statements

for the year ended 31st December 2009

2. Segment information continued

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
Finance cost - net	-	-	-	-	(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)
Net profit	**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**	**344,002**	**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)

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
Finance cost - net	-	-	-	-	(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)
Net profit	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)

2. Segment information continued

Geographical segment analysis

Although the Group's four business segments are managed 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, Spain, Sweden, Norway 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 operations 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.

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	214,949	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)

Notes to the financial statements

for the year ended 31st December 2009

3. Operating profit

The following items have been charged/(credited) in arriving at operating profit:

	2009 £'000	2008 £'000
Foreign exchange losses/(gains):		
- 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 and buildings	**18,378**	17,537
- furniture, equipment and motor vehicles	**622**	665
- computer equipment and software	**57**	53
- other	**963**	449
- sub-lease receipts		
- land and 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 of which:		
- 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)**	-
Total exceptional items	**2,741**	2,370

4. Investment income

	2009 £'000	2008 £'000
Interest receivable - fiduciary funds	**6,425**	15,849

Prior year investment income	**15,849**	17,450
Effect of:		
Average cash balance variance	**1,534**	1,829
Interest yield variance	**(11,513)**	(4,269)
Foreign exchange variance	**555**	839
	6,425	15,849

The Group's investment income arises from its holdings of cash and investments relating to fiduciary funds. Equivalent average cash and investment balances during the year amounted to £504 million (2008: £375 million) denominated principally in US dollars 51%, Sterling 21% and Australian dollars 11%. The average return for 2009 was 1.27% (2008: 4.22%). Based upon average invested balances each one half percent movement in the average achieved rate of return would impact anticipated interest income by some £2.5 million.

5. Finance income and costs

	2009 £'000	2008 £'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 (gains)/losses on financial instruments		
- interest rate swaps: cash flow hedges, transfer from equity	**-**	16
- forward contracts: fair value hedges	**(2)**	62
Net finance costs	**(2,587)**	(322)

Finance costs	**(3,350)**	(6,091)
Finance income	**763**	5,769
Net finance costs	**(2,587)**	(322)

Notes to the financial statements

for the year ended 31st December 2009

6. Employee information

	2009 £'000	2008 £'000
a) Salaries and associated expenses		
Wages and salaries	**288,388**	250,996
Social security costs	**30,879**	27,818
Pension costs	**18,584**	17,359
Equity settled share based payments:		
- Incentive schemes (RSP, SIP, LTIP)	**10,723**	7,245
- Sharesave schemes (SAYE)	**355**	550
	11,078	7,795
Other staff costs	**21,564**	25,314
	370,493	329,282

	2009	2008
b) Analysis of employees		
Average number of persons employed by the Group during the year		
Geographical segment		
UK	**2,785**	2,788
Americas	**883**	875
Australasia	**848**	835
Asia	**929**	681
Europe	**220**	207
	5,665	5,386
Business segment (continuing operations)		
London Market	**1,209**	1,100
Retail	**2,996**	2,938
Employee Benefits	**1,147**	1,098
Head Office and Other	**313**	250
	5,665	5,386

	2009 £'000	2008 £'000
c) Key management compensation		
Salaries and short-term employee benefits	**9,281**	8,525
Post employment benefits	**220**	170
Other long-term benefits	**263**	669
Share based payments	**3,869**	171
	13,633	9,535

The Group's equity-settled share-based payments comprise the Restricted Share Scheme, Executive Share Option Scheme and the Sharesave Scheme. "Restricted Share Scheme" for the purposes of this note includes awards made under the JLT Restricted Share Scheme, JLT Performance Share Plan 2004 and the JLT Long Term Incentive Plan 2004.

6. Employee information continued

IFRS 2 applies to grants made after 7th November 2002, the issue date of the original exposure draft. Since that date the Company has made grants under a number of share-based payment arrangements, which are described below:

Summary of grants made

		Options granted	Option price p	Number of employees	Performance criteria	Assumed lapse rate %
Restricted Share Scheme/Performance Share Plan						
2003	28 March	2,597,897	-	132	Note 1,2	-
2003	8 September	584,469	-	28	Note 1,2	-
2004	24 September	3,091,124	-	178	Note 1	-
2005	30 March	939,000	-	8	Note 1	-
2005	6 April	1,860,148	-	150	Note 1	-
2005	6 September	463,840	-	19	Note 1	-
2006	18 April	465,506	-	40	Note 1	-
2006	27 September	64,979	-	2	Note 1	-
2006	29 September	155,671	-	4	Note 1	-
2006	24 November	887,600	-	8	Note 1	-
2007	13 April	909,900	-	9	Note 1	-
2007	16 April	936,582	-	97	Note 1	-
2007	22 August	10,782	-	1	Note 1	-
2008	25 March	64,400	-	1	Note 1	-
2008	21 April	1,646,456	-	105	Note 1	-
2008	15 May	1,235,930	-	11	Note 1	-
2008	6 August	89,369	-	6	Note 1	-
2009	25 March	1,923,603	-	151	Note 1	-
2009	27 March	157,100	-	10	Note 1	-
2009	5 August	1,169,000	-	13	Note 1	-
2009	9 September	46,221	-	3	Note 1	-
Sub-total		19,299,577				
Executive Share Option Scheme						
2003	28 March	70,000	568.50	6	Note 3	35.70
2003	8 September	661,000	578.00	166	Note 3	25.64
2004	8 September	971,500	422.00	169	Note 3	15.03
2005	6 April	3,915,500	387.85	304	Note 3	24.71
2005	6 September	645,990	400.25	66	Note 3	14.63
2006	29 September	1,931,800	382.50	284	Note 3	13.68
Sub-total		8,195,790				
Sharesave Scheme						
2003	30 September - 5yr	1,280,712	456.50	655	No	59.63
2006	9 October - 3yr	1,226,820	313.00	1,202	No	20.00
2006	9 October - 5yr	717,782	313.00	343	No	20.00
Sub-total		3,225,314				
Total		30,720,681				

Note 1: Options granted under the Long Term Incentive Plan (LTIP) in 2003 are subject to a variety of performance conditions.

LTIPs awarded to executives of operating subsidiaries have performance conditions relating to the growth in trading profit and profit before tax over a three year period from the date of the award. In general terms the annual average growth must exceed the regional RPI by a margin of at least 2%.

LTIPs awarded to Executive Directors of the Group in 2003 have performance conditions based on the Company's earnings per share (EPS). For 50% of each award, EPS growth is measured over three years. Full vesting occurs if average annual EPS growth exceeds inflation by at least 10% and vesting only starts if average annual EPS growth exceeds inflation by 2%, with pro rata vesting between 2% and 10%. If the minimum EPS growth hurdle has not been achieved over the 3 years there is discretion to extend the measurement periods for a further year.

The other 50% of the award vests depending on EPS growth (using the same 2% - 10% range) over a single year, although shares cannot normally be acquired until after 3 years. However, if the condition was not satisfied in full, the remaining proportion of the award could vest depending on the performance over the remainder of the three year period.

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6. Employee information continued

For LTIPs awarded in 2004 and 2005 to Executive Directors of the Group the performance conditions required growth in the Company's EPS over the single 3 year period from 2004 to 2006 and 2005 to 2007 as follows:

Growth of EPS in excess of the RPI over 3 years	Proportion of awards vesting
RPI + 3% per annum (or less)	0%
Between RPI + 3% and 10% per annum	Pro rata between 0% and 100%
RPI + 10% per annum (or more)	100%

For LTIPs awarded in 2006 to Executive Directors of the Group the performance conditions required growth in the Company's EPS over the single 3 year period from 2006 to 2008 as follows:

Growth of EPS in excess of the RPI over 3 years	Proportion of awards vesting
RPI + less than 2% per annum	0%
RPI + 2% per annum	25%
Between RPI + 2% and 5% per annum	Pro rata between 25% and 100%
RPI + 5% per annum (or more)	100%

For LTIPs awarded in 2007 to Executive Directors of the Group the performance conditions required growth in the Company's EPS over the single 3 year period from 2007 to 2009 as follows:

Growth of EPS in excess of the RPI over 3 years	Proportion of awards vesting
RPI + less than 3% per annum	0%
RPI + 3% per annum	15%
Between RPI + 3% and 9% per annum	Pro rata between 15% and 100%
RPI + 9% per annum (or more)	100%

For LTIPs awarded in 2008 to Executive Directors of the Group the performance conditions required growth in the Company's EPS at a constant rate of exchange (CRE) over the single 3 year period from 2008 to 2010 as follows:

Growth of EPS in excess of the RPI over 3 years at CRE	Proportion of awards vesting
RPI + less than 3% per annum	0%
RPI + 3% per annum	15%
Between RPI + 3% and 9% per annum	Pro rata between 15% and 100%
RPI + 9% per annum (or more)	100%

For LTIPs awarded in 2009 to Executive Directors of the Group the performance conditions required growth in the Company's EPS over the single 3 year period from 2009 to 2011 as follows:

Growth of EPS in excess of the RPI over 3 years	Proportion of awards vesting
RPI + less than 5% per annum	0%
RPI + 5% per annum	16.67%
Between RPI + 5% and 10% per annum	Pro rata between 16.67% and 100%
RPI + 10% per annum (or more)	100%

Note 2: Certain other awards have been granted with specific performance targets defined for the individual executives. In general these require targets for revenue and profit growth to be met over the vesting period.

Note 3: These options may only be exercised if there has been growth in the earnings per share in excess of RPI for the three consecutive financial accounting periods preceding the date of exercise.

6. Employee information continued

Fair value of awards

Under IFRS 2 the fair value of awards granted since 7th November 2002, calculated using a Black-Scholes model, is shown on the following table:

		Black-Scholes model assumptions							
		Exercise price p	Performance period	Share price on grant date p	Volatility %	Dividend yield %	Maturity years	Risk free interest rate %	Fair value of one award p
Restricted Share Scheme/ Performance Share Plan									
2003	28 March	-	2003 - 09	568.50	23.99	-	3 - 9	4.21	568.50
2003	8 September	-	2003 - 12	578.00	23.99	-	3 - 9	4.21	578.00
2004	24 September	-	2004 - 13	423.00	21.49	-	3 - 9	4.88	423.00
2005	30 March	-	2005 - 08	380.50	24.34	-	3 - 9	4.70	380.50
2005	6 April	-	2005 - 10	387.85	24.24	-	3 - 9	4.59	387.85
2005	6 September	-	2005 - 10	400.25	24.45	-	3 - 9	4.88	400.25
2006	18 April	-	2006 - 13	344.63	25.54	-	3 - 9	4.55	344.63
2006	27 September	-	2006 - 09	378.00	27.02	-	3 - 9	4.72	378.00
2006	29 September	-	2006 - 11	390.00	27.13	-	3 - 9	4.72	390.00
2006	24 November	-	2006 - 09	398.50	27.01	-	3 - 9	4.82	398.50
2007	13 April	-	2007 - 10	458.50	27.69	-	3 - 9	5.29	458.50
2007	16 April	-	2007 - 13	453.50	27.69	-	3 - 9	5.29	453.50
2007	22 August	-	2007 - 10	397.50	28.97	-	3 - 9	5.21	397.50
2008	25 March	-	2008 - 11	363.75	31.46	-	3 - 9	4.14	363.75
2008	21 April	-	2008 - 11	359.75	31.56	-	3 - 9	4.45	359.75
2008	15 May	-	2008 - 11	364.75	31.60	-	3 - 9	4.72	364.75
2008	6 August	-	2008 - 11	443.00	32.04	-	3 - 9	4.73	443.00
2009	25 March	-	2009 - 14	427.00	35.28	-	3 - 9	2.42	427.00
2009	27 March	-	2009 - 12	440.00	35.32	-	3 - 9	2.47	440.00
2009	5 August	-	2009 - 12	439.80	33.68	-	3 - 9	3.00	439.80
2009	9 September	-	2009 - 14	481.90	33.43	-	3 - 9	2.75	481.90
Executive Share Option Scheme									
2003	28 March	568.50	2003 - 06	568.50	23.99	3.50	5	4.21	106.86
2003	8 September	578.00	2003 - 06	578.00	23.99	3.50	5	4.21	108.65
2004	8 September	422.00	2004 - 07	422.00	21.49	4.80	5	4.88	62.79
2005	6 April	387.85	2005 - 08	387.85	24.24	5.25	5	4.59	59.32
2005	6 September	400.25	2005 - 08	400.25	24.45	5.13	5	4.09	60.10
2006	29 September	382.50	2006 - 09	390.00	27.13	5.26	5	4.82	67.06
Sharesave Scheme									
2003	30 September - 5yr	456.50	2003 - 08	570.72	23.99	3.50	5	4.33	154.64
2006	9 October - 3yr	313.00	2006 - 09	391.25	31.24	5.26	3	4.82	100.34
2006	9 October - 5yr	313.00	2006 - 11	391.25	27.13	5.26	5	4.72	94.73

The option holders who have awards under the Restricted Share Scheme also receive discretionary payments equating to the dividends payable on their shares (subject to meeting the performance criteria). Under the Black-Scholes model if the dividend yield is assumed to be zero then the fair value will equal the share price at date of grant.

The volatility has been calculated based on the historical share price of the Company, using either a 3 or 5 year term.

All options granted under the share option schemes are conditional upon the employees remaining in the Group's employment during the vesting period of the option, the actual period varies according to the scheme in which the employee participates. In calculating the cost of options granted, a factor is included to take account of anticipated lapse rates.

Notes to the financial statements

for the year ended 31st December 2009

6. Employee information continued

		Options outstanding at 1st Jan 09 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31st Dec 09 number	Weighted average exercise (sale) price (p)	Options exercisable at 31st Dec 09 number	Remaining contractual life years
		Movement in number of options							
Restricted Share Scheme/ Performance Share Plan									
2003	28 March	242,654	-	(879)	(105,683)	136,092	465.70	126,415	3.24
2003	8 September	63,600	-	-	(8,650)	54,950	464.25	54,950	3.69
2004	24 September	451,177	-	(1,977)	(93,785)	355,415	458.22	275,311	4.73
2005	6 April	833,752	-	-	(227,807)	605,945	471.91	491,147	5.27
2005	6 September	77,460	-	-	(49,968)	27,492	456.19	27,492	5.68
2006	18 April	357,733	-	-	(140,754)	216,979	446.84	196,265	6.30
2006	27 September	64,979	-	-	(64,979)	-	445.22	-	6.74
2006	29 September	155,671	-	-	(16,490)	139,181	443.00	-	6.75
2006	24 November	887,600	-	-	(795,900)	91,700	438.55	91,700	6.90
2007	13 April	909,900	-	-	-	909,900	-	-	7.28
2007	16 April	778,544	-	(38,999)	(43,047)	696,498	458.43	5,487	7.29
2007	22 August	10,782	-	-	-	10,782	-	-	7.64
2008	25 March	64,400	-	-	-	64,400	-	-	8.24
2008	21 April	1,638,449	-	(46,876)	(33,911)	1,557,662	474.55	7,102	8.31
2008	15 May	1,235,930	-	-	-	1,235,930	-	-	8.38
2008	6 August	89,369	-	-	-	89,369	-	-	8.60
2009	25 March	-	1,923,603	(25,123)	(10,491)	1,887,989	470.60	5,155	9.24
2009	27 March	-	157,100	-	-	157,100	-	-	9.24
2009	5 August	-	1,169,000	-	-	1,169,000	-	-	9.60
2009	9 September	-	46,221	-	-	46,221	-	-	9.70
Sub-total		7,862,000	3,295,924	(113,854)	(1,591,465)	9,452,605	449.55	1,281,024	7.99
Executive Share Option Scheme									
2003	28 March	15,000	-	(10,000)	-	5,000	-	5,000	3.24
2003	8 September	440,500	-	(34,000)	-	406,500	-	406,500	3.69
2004	8 September	505,000	-	(17,500)	(87,750)	399,750	439.85	399,750	4.69
2005	6 April	2,396,500	-	(50,000)	(865,299)	1,481,201	465.84	1,481,201	5.27
2005	6 September	519,990	-	(60,000)	(77,500)	382,490	461.00	382,490	5.68
2006	29 September	1,637,050	-	(87,300)	(415,200)	1,134,550	488.95	1,084,550	6.75
Sub-total		5,514,040	-	(258,800)	(1,445,749)	3,809,491	470.64	3,759,491	5.52
Sharesave Scheme									
2003	30 September - 5yr	221,942	-	(220,222)	(1,720)	-	438.86	-	-
2006	9 October - 3yr	898,160	-	(67,478)	(456,577)	374,105	451.63	374,105	0.27
2006	9 October - 5yr	571,247	-	(36,986)	(8,296)	525,965	455.39	5,753	2.27
Sub-total		1,691,349	-	(324,686)	(466,593)	900,070	451.65	379,858	1.44
Total		**15,067,389**	**3,295,924**	**(697,340)**	**(3,503,807)**	**14,162,166**	**458.53**	**5,420,373**	**6.91**

6. Employee information continued

		Movement in number of options: Options outstanding at 1st Jan 08 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31st Dec 08 number	Weighted average exercise (sale) price (p)	Options exercisable at 31st Dec 08 number	Remaining contractual life years
Restricted Share Scheme/ Performance Share Plan									
2003	28 March	368,505	-	(28,847)	(97,004)	242,654	417.70	114,461	4.24
2003	8 September	63,600	-	-	-	63,600	-	63,600	4.69
2004	24 September	708,201	-	(44,663)	(212,361)	451,177	374.88	125,844	5.73
2005	30 March	518,000	-	(518,000)	-	-	-	-	6.25
2005	6 April	1,486,418	-	(104,416)	(548,250)	833,752	411.79	718,954	6.27
2005	6 September	206,395	-	-	(128,935)	77,460	404.18	77,460	6.68
2006	18 April	426,338	-	(51,834)	(16,771)	357,733	460.07	2,916	7.30
2006	27 September	64,979	-	-	-	64,979	-	-	7.74
2006	29 September	155,671	-	-	-	155,671	-	-	7.75
2006	24 November	887,600	-	-	-	887,600	-	-	7.90
2007	13 April	909,900	-	-	-	909,900	-	-	8.28
2007	16 April	898,170	-	(102,615)	(17,011)	778,544	445.01	-	8.29
2007	22 August	10,782	-	-	-	10,782	-	-	8.64
2008	25 March	-	64,400	-	-	64,400	-	-	9.24
2008	21 April	-	1,646,456	(8,007)	-	1,638,449	-	-	9.31
2008	15 May	-	1,235,930	-	-	1,235,930	-	-	9.38
2008	6 August	-	89,369	-	-	89,369	-	-	9.60
Sub-total		6,704,559	3,036,155	(858,382)	(1,020,332)	7,862,000	405.06	1,103,235	8.06
Executive Share Option Scheme									
2003	28 March	15,000	-	-	-	15,000	-	-	4.24
2003	8 September	482,500	-	(42,000)	-	440,500	-	-	4.69
2004	8 September	544,000	-	(39,000)	-	505,000	-	-	5.69
2005	6 April	2,672,500	-	(256,000)	(20,000)	2,396,500	403.32	25,000	6.27
2005	6 September	539,990	-	(20,000)	-	519,990	-	-	6.68
2006	29 September	1,760,550	-	(105,500)	(18,000)	1,637,050	428.83	6,500	7.75
Sub-total		6,014,540	-	(462,500)	(38,000)	5,514,040	415.40	31,500	6.56
Sharesave Scheme									
2003	30 September - 5yr	297,714	-	(54,077)	(21,695)	221,942	469.15	221,942	0.24
2006	9 October - 3yr	1,050,735	-	(142,541)	(10,034)	898,160	414.66	5,076	1.27
2006	9 October - 5yr	639,560	-	(68,313)	-	571,247	-	2,115	3.27
Sub-total		1,988,009	-	(264,931)	(31,729)	1,691,349	451.92	229,133	1.81
Total		14,707,108	3,036,155	(1,585,813)	(1,090,061)	15,067,389	406.78	1,363,868	6.81

Options granted prior to 7th November 2002

	Movement in number of options: **Options outstanding at 1st Jan 09 number**	**Granted/ adjustments number**	**Lapsed number**	**Exercised number**	**Options outstanding at 31st Dec 09 number**	**Weighted average exercise (sale) price (p)**	**Remaining contractual life years**
Restricted Share Scheme/ Performance Share Plan	247,939	-	-	(145,762)	102,177	467.24	1.63
Executive Share Option Scheme	1,145,631	-	(89,362)	(73,970)	982,299	468.85	2.11
Total	**1,393,570**	**-**	**(89,362)**	**(219,732)**	**1,084,476**	**468.70**	**2.06**
The weighted average options costs for 2009 were as follows:							
Share options - Executive Share Option Scheme	519.67	n/a	527.05	341.06	536.86		

	Movement in number of options: Options outstanding at 1st Jan 08 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31st Dec 08 number	Weighted average exercise (sale) price (p)	Remaining contractual life years
Restricted Share Scheme/ Performance Share Plan	361,319	-	(15,464)	(97,916)	247,939	392.29	2.22
Executive Share Option Scheme	1,382,715	-	(118,584)	(118,500)	1,145,631	433.49	3.01
Total	1,744,034	-	(134,048)	(216,416)	1,393,570	426.16	2.87
The weighted average options costs for 2008 were as follows:							
Share options - Executive Share Option Scheme	494.15	n/a	475.36	266.25	519.67		

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7. Services provided by the Group's auditor and network firms

During the year the Group obtained the following services from the Group's auditor at the costs detailed below:

	2009 £'000	2008 £'000
Fees payable to the Group's auditor for the audit of the Company and Consolidated accounts	**288**	232
Fees payable to the Group's auditor and its associates for other services:		
- the audit of the Group's subsidiaries, pursuant to legislation	**1,406**	1,149
- other services pursuant to legislation	**209**	148
- tax services	**121**	136
- all other services	**559**	52
- fees in respect of the Jardine Lloyd Thompson Group Pension Scheme	**13**	13
	2,596	1,730

The Audit Committee has a policy on the use of the external auditors for non-audit services to ensure that the auditor's independence is maintained and that appropriate approvals are sought for non-audit services depending upon their nature and value. Each year a limit is set on the total fees that can be paid to the external auditor in relation to services other than audit and audit related services. For 2009, the Audit Committee has set this limit at £1 million. (2008: one third of statutory audit fee).

8. Income tax expense

	2009 £'000	2008 £'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 years	**4,914**	2,889
	4,689	2,029
Total income tax expense	**28,745**	27,978

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 £'000	2008 £'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 years	**(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.

9. Earnings per share

Basic earning 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 No of shares	2008 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
Adjusted weighted average number of ordinary shares for diluted earnings per share	**213,965,218**	215,089,476

	2009			2008		
	£'000	Basic pence per share	Diluted pence per share	£'000	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

10. Dividends

	2009 £'000	2008 £'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 29th April 2010.

Notes to the financial statements

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11. Goodwill

	Gross amount £'000	Impairment losses £'000	Net carrying amount £'000
At 31st December 2009			
Opening net book amount	**201,951**	**(4,959)**	**196,992**
Exchange differences	**(1,501)**	**154**	**(1,347)**
Acquisitions	**32,862**	**-**	**32,862**
Disposals	**(880)**	**-**	**(880)**
Closing net book amount	**232,432**	**(4,805)**	**227,627**
At 31st December 2008			
Opening net book amount	164,848	(4,838)	160,010
Exchange differences	15,729	(121)	15,608
Acquisitions	22,615	-	22,615
Disposals	(1,241)	-	(1,241)
Closing net book amount	201,951	(4,959)	196,992

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to country of operation and business segment. A summary of the goodwill allocation is presented below.

	London Market £'000	Retail £'000	Employee Benefits £'000	Head office and other £'000	Total £'000
At 31st December 2009					
Australasia	**-**	**17,692**	**-**	**-**	**17,692**
Asia	**-**	**10,090**	**-**	**-**	**10,090**
UK and Europe	**64,557**	**23,518**	**51,684**	**12,523**	**152,282**
Americas	**18,133**	**29,430**	**-**	**-**	**47,563**
	82,690	**80,730**	**51,684**	**12,523**	**227,627**
At 31st December 2008					
Australasia	-	15,076	-	-	15,076
Asia	-	10,089	-	-	10,089
UK and Europe	63,642	23,707	37,476	-	124,825
Americas	20,134	26,868	-	-	47,002
	83,776	75,740	37,476	-	196,992

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 5 year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below:

	Risk & Insurance				Employee Benefits
Key assumption used for value-in-use calculations	Australasia	Asia	UK & Europe	Americas	UK & Europe
At 31st December 2009					
Growth rate (1) - %	**1.97**	**3.71**	**0.79**	**4.66**	**0.90**
Discount rate (2) - %	**6.85**	**7.54**	**4.57**	**9.54**	**5.22**
At 31st December 2008					
Growth rate (1) - %	2.21	3.54	0.01	3.62	-
Discount rate (2) - %	9.52	8.59	5.87	6.85	5.81

1) Average growth rate used to extrapolate cash flows beyond five years.
2) Pre-tax discount rate applied to the cash flow projections.

11. Goodwill continued

The key assumptions used in value in use calculations were:
The budgeted trading profit growth:- management determines budgeted trading profit based on past experience and its expectation for the market development.

The budgeted IBA interest income growth:- this is based on past experience and long-term interest rates projections.

The discount rates used are pre-tax and reflect specific risks relating to the relevant segment and country of operation. The weighted average growth rate used are consistent with long-term economic forecasts in the countries of operation.

12. Intangible assets

	Computer software £'000	Capitalised employment contract payments £'000	Other £'000	Total £'000
At 31st December 2009				
Opening net book amount	**4,664**	**5,447**	**5,465**	**15,576**
Exchange differences	**(110)**	**(77)**	**(4)**	**(191)**
Reclassification	**2,960**	**-**	**(2,960)**	**-**
Additions	**11,909**	**1,757**	**-**	**13,666**
Companies acquired	**79**	**-**	**1,580**	**1,659**
Disposals	**(32)**	**(52)**	**-**	**(84)**
Amortisation charge	**(2,791)**	**(2,526)**	**(608)**	**(5,925)**
Closing net book amount	**16,679**	**4,549**	**3,473**	**24,701**
At 31st December 2009				
Cost	**44,194**	**16,255**	**6,831**	**67,280**
Accumulated amortisation	**(27,515)**	**(11,706)**	**(3,358)**	**(42,579)**
Closing net book amount	**16,679**	**4,549**	**3,473**	**24,701**
At 31st December 2008				
Opening net book amount	2,057	6,200	2,844	11,101
Exchange differences	393	285	31	709
Additions	4,779	1,638	3,098	9,515
Companies acquired	2	-	-	2
Disposals	(603)	(200)	-	(803)
Amortisation charge	(1,964)	(2,476)	(508)	(4,948)
Closing net book amount	4,664	5,447	5,465	15,576
At 31st December 2008				
Cost	30,134	16,785	8,391	55,310
Accumulated amortisation	(25,470)	(11,338)	(2,926)	(39,734)
Closing net book amount	4,664	5,447	5,465	15,576
At 31st December 2007				
Cost	23,787	16,105	5,001	44,893
Accumulated amortisation	(21,730)	(9,905)	(2,157)	(33,792)
Closing net book amount	2,057	6,200	2,844	11,101

Additions to computer software during 2009 include £1,725,000 of capitalised costs in respect of internal developments. (2008: £1,317,000).

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13. Property, plant and equipment

	Land & buildings £'000	Leasehold improvements £'000	Furniture & equipment £'000	Motor vehicles £'000	Total £'000
At 31st December 2009					
Opening net book amount	**126**	**14,975**	**9,265**	**3,554**	**27,920**
Exchange differences	**(2)**	**(61)**	**188**	**213**	**338**
Additions	**6**	**2,472**	**5,086**	**1,810**	**9,374**
Companies acquired	**-**	**747**	**455**	**-**	**1,202**
Disposals	**(10)**	**(81)**	**(231)**	**(880)**	**(1,202)**
Depreciation charge	**(20)**	**(3,399)**	**(4,593)**	**(1,175)**	**(9,187)**
Closing net book amount	**100**	**14,653**	**10,170**	**3,522**	**28,445**
At 31st December 2009					
Cost	**200**	**36,383**	**71,312**	**6,579**	**114,474**
Accumulated depreciation	**(100)**	**(21,730)**	**(61,142)**	**(3,057)**	**(86,029)**
Closing net book amount	**100**	**14,653**	**10,170**	**3,522**	**28,445**
At 31st December 2008					
Opening net book amount	119	13,008	8,491	2,855	24,473
Exchange differences	24	1,534	902	379	2,839
Additions	-	3,427	4,732	1,830	9,989
Companies acquired	-	-	83	201	284
Companies disposed of	-	-	(11)	-	(11)
Disposals	-	(136)	(186)	(564)	(886)
Depreciation charge	(17)	(2,858)	(4,746)	(1,147)	(8,768)
Closing net book amount	126	14,975	9,265	3,554	27,920
At 31st December 2008					
Cost	205	33,264	66,671	6,387	106,527
Accumulated depreciation	(79)	(18,289)	(57,406)	(2,833)	(78,607)
Closing net book amount	126	14,975	9,265	3,554	27,920
At 31st December 2007					
Cost	166	28,654	60,122	4,913	93,855
Accumulated depreciation	(47)	(15,646)	(51,631)	(2,058)	(69,382)
Closing net book amount	119	13,008	8,491	2,855	24,473

The net book value of property, plant and equipment held under finance leases is as follows:

	2009 £'000	2008 £'000
Furniture, equipment and motor vehicles	**970**	1,217

14. Investments in associates

	£'000
At 31st December 2009	
Opening net book amount	**42,764**
Exchange differences	**(3,686)**
Share of results after tax and minority interests	**3,785**
Dividends received	**(124)**
Shareholding restructure	**(689)**
Closing net book amount	**42,050**
At 31st December 2009	
Cost	**42,524**
Provisions	**(474)**
Closing net book amount	**42,050**
At 31st December 2008	
Opening net book amount	30,250
Exchange differences	10,094
Share of results after tax and minority interests	3,502
Dividends received	(35)
Acquisitions	1,709
Reclassification to trade and other receivables	(2,756)
Closing net book amount	42,764
At 31st December 2008	
Cost	43,359
Provisions	(595)
Closing net book amount	42,764
At 31st December 2007	
Cost	30,615
Provisions	(365)
Closing net book amount	30,250

No impairment losses have been incurred during the year.

The Group's interest in its principal associate, Newstone Courtage, is as follows:

	2009 £'000	2008 £'000
Assets	**453,065**	514,464
Liabilities	**(262,447)**	(322,140)
Turnover	**142,897**	125,639
Net profit	**21,697**	19,827
Percentage held	**20.00%**	20.00%
Country of incorporation	**France**	France

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15. 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 and 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 avaible-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**
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
Available-for-sale investments and deposits			
Fiduciary		10,158	
Own funds		-	
At 31st December 2008		10,158	

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

16. Derivative financial instruments

	As at 31st December 2009		As at 31st December 2008	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Forward foreign exchange contracts - cash flow hedges	**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 £'000	2008 £'000
AA/A	**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.

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

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 audit.

The Group uses various derivative instruments including forward foreign exchange contracts, interest rate swaps and foreign 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 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 date are classified as non-current maturities.

a) Forward Foreign Exchange Contracts

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

b) Interest Rate Swaps and Forward Rate Agreements

The Group uses interest rate hedges, principally interest rate swaps, to mitigate the impact upon interest earnings and expense of changes in interest rates. 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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17. Employee benefit trust

	£'000
At 31st December 2009	
Opening net book amount	**517**
Amortisation charge	**(258)**
Revaluation deficit (included within equity)	**203**
Closing net book amount	**462**
At 31st December 2009	
Cost	**1,803**
Accumulated amortisation	**(1,341)**
Closing net book amount	**462**

	£'000
At 31st December 2008	
Opening net book amount	1,287
Amortisation charge	(585)
Revaluation deficit (included within equity)	(185)
Closing net book amount	517
At 31st December 2008	
Cost	2,133
Accumulated amortisation	(1,616)
Closing net book amount	517
At 31st December 2007	
Cost	4,263
Accumulated amortisation	(2,976)
Closing net book amount	1,287

18. Trade and other receivables

	2009 £'000	2008 £'000
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

As at 31st December 2009, the Group had exposures to individual trade counterparties within trade receivables. In accordance with our Group policy, Group operating companies continually monitor exposures against credit limits and concentration of risk. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non-performance by trade counterparties that have not been provided for.

Movements on the Group provision for impairment of trade receivables are as follows:

	2009 £'000	2008 £'000
At 1st January	**(14,524)**	(11,696)
Currency translation adjustments	**1,734**	(3,364)
Provisions acquired	**(1,361)**	-
Provisions for receivables impairment	**(1,432)**	(3,390)
Receivables written off during the year as uncollectible	**3,361**	2,263
Unused amounts reversed	**2,477**	1,663
At 31st December	**(9,745)**	(14,524)

18. Trade and other receivables continued

The creation and release of provision for impaired receivables have been included in 'other operating costs' in the income statement (note 4).
The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.
The following table sets forth details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts impaired and provided for.

At 31st December 2009	Trade receivables £'000	Provision for impairment £'000	Net trade receivables £'000
Not overdue	**110,448**	**(229)**	**110,219**
Past due not more than three months	**46,223**	**(107)**	**46,116**
Past due more than three months and not more than six months	**8,540**	**(2,017)**	**6,523**
Past due more than six months and not more than one year	**4,431**	**(3,201)**	**1,230**
Past due more than one year	**4,191**	**(4,191)**	**-**
	173,833	**(9,745)**	**164,088**

At 31st December 2008	Trade receivables £'000	Provision for impairment £'000	Net trade receivables £'000
Not overdue	93,288	(179)	93,109
Past due not more than three months	38,550	(149)	38,401
Past due more than three months and not more than six months	10,783	(501)	10,282
Past due more than six months and not more than one year	5,857	(4,410)	1,447
Past due more than one year	9,285	(9,285)	-
	157,763	(14,524)	143,239

19. Cash and cash equivalents

	2009 £'000	2008 £'000
Cash at bank and on hand	**159,324**	146,578
Short-term bank deposits	**277,894**	364,917
	437,218	511,495

	£'000	£'000
Fiduciary	**379,419**	449,853
Own funds	**57,799**	61,642
	437,218	511,495

The credit quality of cash at bank and short-term deposits can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates:

	2009 £'000	2008 £'000
AAA	**92,243**	51,354
AA	**79,582**	132,070
AA/A	**68,157**	196,671
A	**194,890**	128,866
Other	**2,346**	2,534
	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).

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20. Trade and other payables

	2009 £'000	2008 £'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

21. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

At 31st December 2009 Assets per balance sheet	**Loans and receivables £'000**	**Derivatives used for hedging £'000**	**Available-for-sale £'000**	**Total £'000**
Available-for-sale financial assets	**-**	**-**	**81,605**	**81,605**
Derivative financial instruments	**-**	**14,396**	**-**	**14,396**
Trade and other receivables	**231,692**	**-**	**-**	**231,692**
Cash and cash equivalents	**437,218**	**-**	**-**	**437,218**
	668,910	**14,396**	**81,605**	**764,911**

Liabilities per balance sheet	**Derivatives used for hedging £'000**	**Other financial liabilities £'000**	**Total £'000**
Borrowings	**-**	**(100,044)**	**(100,044)**
Trade and other payables	**-**	**(633,909)**	**(633,909)**
Derivative financial instruments	**(3,750)**	**-**	**(3,750)**
	(3,750)	**(733,953)**	**(737,703)**

At 31st December 2008 Assets per balance sheet	Loans and receivables £'000	Derivatives used for hedging £'000	Available-for-sale £'000	Total £'000
Available-for-sale financial assets	-	-	10,956	10,956
Derivative financial instruments	-	3,725	-	3,725
Trade and other receivables	208,308	-	-	208,308
Cash and cash equivalents	511,495	-	-	511,495
	719,803	3,725	10,956	734,484

Liabilities per balance sheet	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
Borrowings	-	(70,285)	(70,285)
Trade and other payables	-	(627,669)	(627,669)
Derivative financial instruments	(37,640)	-	(37,640)
	(37,640)	(697,954)	(735,594)

21. Financial instruments by category continued

As at 31st December 2009	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Derivatives used for hedging	-	14,396	-	14,396
Available-for-sale financial assets				
- equity securities	75	-	1,282	1,357
- debt investments	233	11,604	-	11,837
- fixed deposits	68,411	-	-	68,411
Total assets	**68,719**	**26,000**	**1,282**	**96,001**
Liabilities				
Derivatives used for hedging	-	(3,750)	-	(3,750)
Total liabilities	**-**	**(3,750)**	**-**	**(3,750)**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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for the year ended 31st December 2009

22. Borrowings

	2009 £'000	2008 £'000
Current		
Bank overdraft	**671**	4
Unsecured loan notes and other borrowings	**-**	4
Bank borrowing	**-**	4
Finance lease liabilities	**372**	485
	1,043	497
Non-current		
Bank borrowing	**98,328**	68,988
Finance lease liabilities	**673**	800
	99,001	69,788
Total borrowings	**100,044**	70,285

The borrowings include secured liabilities (leases and borrowings) in a total amount of £1,045,000 (2008: £1,285,000).

The exposure of the borrowings of the Group to interest rate changes and the periods in which the borrowings reprice are as follows:

	6 months £'000	6-12 or less months £'000	1-5 years £'000	Over 5 years £'000	Fixed rate £'000	Total £'000
Total borrowings	98,999	372	673	-	-	100,044
At 31st December 2009	**98,999**	**372**	**673**	**-**	**-**	**100,044**
Total borrowings	68,996	-	-	-	1,289	70,285
At 31st December 2008	68,996	-	-	-	1,289	70,285

The effective interest rates at the balance sheet date were as follows:

	2009 £'000	2008 £'000
Bank overdraft	**6.10%**	3.00%
Unsecured loan notes	**-**	7.40%
Bank borrowings	**1.91%**	3.78%
Finance lease liabilities	**8.12%**	8.13%

The carrying amounts and fair value of borrowings are as follows:

	Carrying amount 2009 £'000	Fair value 2009 £'000
Current		
Bank overdraft	**671**	**671**
Finance lease liabilities	**372**	**372**
	1,043	**1,043**
Non-current		
Bank borrowing	**98,328**	**98,328**
Finance lease liabilities	**673**	**673**
	99,001	**99,001**
Total borrowings	**100,044**	**100,044**

22. Borrowings continued

	Carrying amount 2008 £'000	Fair value 2008 £'000
Current		
Bank overdraft	4	4
Unsecured loan notes and other borrowings	4	4
Bank borrowing	4	4
Finance lease liabilities	485	485
	497	497
Non-current		
Bank borrowing	68,988	68,988
Finance lease liabilities	800	800
	69,788	69,788
Total borrowings	70,285	70,285

Maturity of non-current borrowings (excluding finance lease liabilities):

	2009 £'000	2008 £'000
Between 1 and 2 years	**98,328**	27
Between 2 and 3 years	**-**	68,961
Between 3 and 4 years	**-**	-
Between 4 and 5 years	**-**	-
Over 5 years	**-**	-
	98,328	68,988

Finance lease liabilities - minimum lease payments:

	2009 £'000	2008 £'000
No later than 1 year	**421**	557
Later than 1 year and not later than 2 years	**434**	356
Later than 2 year and not later than 3 years	**265**	352
Later than 3 year and not later than 4 years	**44**	172
Later than 4 year and not later than 5 years	**11**	23
Later than 5 years	**-**	14
	1,175	1,474
Future finance charges on finance leases	**(130)**	(189)
Present value of finance lease liabilities	**1,045**	1,285

The present value of finance lease liabilities is as follows:

	2009 £'000	2008 £'000
No later than 1 year	**374**	485
Later than 1 year and not later than 2 years	**386**	311
Later than 2 year and not later than 3 years	**236**	307
Later than 3 year and not later than 4 years	**39**	150
Later than 4 year and not later than 5 years	**10**	20
Later than 5 years	**-**	12
	1,045	1,285

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22. Borrowings continued

Borrowing facilities

The Group has undrawn committed borrowing facilities:

	2009 £'000	2008 £'000
Floating rate		
- expiring within one year	**-**	-
- expiring beyond one year	**159,581**	185,000
	159,581	185,000

Facilities expiring beyond one year expire in December 2011 and relate to the committed unsecured £230 millon revolving credit facility in the name of JLT Group plc and the AUD 50 million (£28 million) committed unsecured revolving credit facility available to JLT Australia pty Ltd. Drawings under the facilities are subject to margins between 55.0 and 65.0 basis points above the relevant LIBOR interest rate and additionally incur commitment fees on the undrawn facility. The facilities terms and conditions include common debt and interest cover covenants with which the Group expects to continue to comply.

23. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

	Assets		Liabilities		Net	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Property, plant and equipment	**3,321**	2,975	**(141)**	(254)	**3,180**	2,721
Provisions	**7,259**	8,065	**(23)**	(166)	**7,236**	7,899
Losses	**182**	3,075	**-**	(577)	**182**	2,498
Deferred income	**39**	506	**(385)**	(3,261)	**(346)**	(2,755)
Intangibles other than goodwill	**71**	71	**(130)**	(17)	**(59)**	54
Goodwill	**163**	64	**(2,521)**	(1,864)	**(2,358)**	(1,800)
Other	**5,326**	2,430	**(12,464)**	(1,913)	**(7,138)**	517
Pensions	**20,921**	6,803	**-**	-	**20,921**	6,803
Share based payments	**7,968**	3,938	**-**	-	**7,968**	3,938
Fair values	**-**	8,753	**(3,089)**	-	**(3,089)**	8,753
Tax assets/(liabilities)	**45,250**	36,680	**(18,753)**	(8,052)	**26,497**	28,628
Set off of tax	**(1,613)**	(1,601)	**1,613**	1,601	**-**	-
Net tax assets/(liabilites)	**43,637**	35,079	**(17,140)**	(6,451)	**26,497**	28,628

	At 1st Jan 2009 £'000	Exchange differences £'000	Charge/(credit) to income £'000	Charge/(credit) to equity £'000	Acquisitions/ disposal of sub £'000	Balance at 31st Dec 2009 £'000
Accelerated tax depreciation	**2,721**	13	342	-	104	**3,180**
Provisions	**7,899**	(300)	(766)	-	403	**7,236**
Losses	**2,498**	129	(2,445)	-	-	**182**
Deferred income	**(2,755)**	(258)	2,667	-	-	**(346)**
Intangibles other than goodwill	**54**	2	(115)	-	-	**(59)**
Goodwill	**(1,800)**	-	(558)	-	-	**(2,358)**
Other	**517**	(90)	(7,673)	-	108	**(7,138)**
Pensions	**6,803**	-	830	13,288	-	**20,921**
Share based payments	**3,938**	9	3,057	930	34	**7,968**
Fair values	**8,753**	-	-	(11,842)	-	**(3,089)**
Net tax assets/(liabilities)	**28,628**	**(495)**	**(4,661)**	**2,376**	**649**	**26,497**

23. Deferred income taxes continued

The total current and deferred income tax charged to equity during the year is as follows:

	At 1 Jan 2009 £'000	Charge/(credit) to equity £'000	Balance at 31 Dec 2009 £'000
Pension	**5,837**	**16,663**	**22,500**
Share based payments	**-**	**3,157**	**3,157**
Fair values:			
- foreign exchange	**8,652**	**(11,652)**	**(3,000)**
- interest rate hedging	**123**	**(123)**	**-**
- available-for-sale	**(22)**	**(67)**	**(89)**
	8,753	**(11,842)**	**(3,089)**
	14,590	**7,978**	**22,568**

Deferred tax assets are recognised to the extent that the realisation of the related tax benefits through the future taxable profits is considered probable. A deferred tax asset relating to tax losses of £4,321,000 (2008: £571,000) has not been recognised in the balance sheet in respect of certain of the Group's operations, principally the UK, Norway, Vietnam and Japan, where it is considered likely that the losses will expire before use. A deferred tax asset relating to other deferred tax balances of £7,146,000 (2008: £783,000) has not been recognised in the balance sheet in respect of certain of the Group's overseas operations, principally the US, where it is considered likely that the asset is unlikely to be realised in the short term.

Deferred tax liabilities have not been recognised on temporary differences of £17 million (2008: £262 million) representing the unremitted earnings of subsidiaries and joint ventures. Such amounts are permanently reinvested. Deferred tax liabilities have not been recognised on temporary differences of £nil (2008: £633,000) representing unremitted earnings of Associates. The calculation of the unrecognised liabilities as at 31st December 2009 reflects recent changes to the taxation of earnings remitted to the UK.

24. Provisions

	Property related provisions £'000	Litigation provisions £'000	Deferred consideration £'000	Acquisition integration provisions £'000	Other £'000	Total £'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)
(Credited)/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**
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)
(Credited)/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 £'000	2008 £'000
Analysis of total provisions:		
Non-current - to be utilised in more than one year	**16,735**	19,853
Current - to be utilised within one year	**21,828**	14,365
	38,563	34,218

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24. Provisions continued

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 balance sheet 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 year 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

Represent costs expected to be incurred as a result of combining and restructuring operations following a 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 costs" within the consolidated income statement.

Other

Other provisions include provisions for claw-back commissions which arise on certain types of Employee Benefit contracts.

25. Share capital

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
Allotted, called up and fully paid				
At 1st January 2008	213,350,956	10,667	76,764	87,431
Allotted during the year	186,958	9	574	583
At 31st December 2008	213,537,914	10,676	77,338	88,014
Allotted during the year	1,995,583	100	7,302	7,402
At 31st December 2009	**215,533,497**	**10,776**	**84,640**	**95,416**

Ordinary shares carry rights to dividends, voting and proceeds on winding up.

During the year there have been the following changes in the share capital of the Company:

1 Between 1st January and 31st December 2009 the Company issued 417,869 ordinary shares for a consideration of £1,308,526.93 to UK employees and 49,995 ordinary shares for a consideration of £185,820.50 (in local currency) to overseas employees following exercises by employees and former employees of options held under the Jardine Lloyd Thomson Group Sharesave Option Scheme.

2 Between 1st January and 31st December 2009 the Company issued 1,527,719 ordinary shares for a consideration of £5,906,794.12 following exercises by executives of options held under the Jardine Lloyd Thompson Group plc Executive Share Option Scheme.

26. Minority interests

	£'000
At 1st January 2009	**5,333**
Exchange adjustment	(109)
Acquisitions	799
Minority interest change in shareholding	692
Profit for the year	2,377
Dividends	(2,332)
At 31st December 2009	**6,760**
At 1st January 2008	3,163
Exchange adjustment	1,202
Minority interest change in shareholding	524
Profit for the year	1,219
Dividends	(775)
At 31st December 2008	5,333

On 28th July 2004 the Group entered into agreements with Heath Lambert Holdings Limited to acquire its majority shareholdings in its insurance and reinsurance businesses in Colombia and Peru.

On the same date the Group entered into put and call options with the active minority shareholders of the HLH businesses in Colombia and Peru for the possible acquisition of up to 80% of their shareholdings over a period from 2006 to 2010 (or 2013 in respect of certain shares that were acquired within 6 months of July 2004). The total consideration, to be satisfied by cash or in Group shares, for these interests has been capped at US$96 million (when combined with performance related payments based on the levels of turnover and profit achieved over a three year period). The minority shareholdings are in Heath Lambert de Colombia Corredores Colombianos de Reaseguros S.A. (13.84%); Heath Lambert Corredores de Seguros S.A. & Heath Lambert Beneficios Integrales Optorunos S.A. (32%); Heath Lambert Peru Corredores de Reaseguros S.A. (41.2%) and Mariategui Heath Lambert Corredores de Seguros S.A. (49%)

The acquisition of the final 20% of the minority shareholdings may also be ultimately acquired upon retirement of the relevant shareholder or in certain other circumstances.

On 20th July, Group entered into put and call options with the active minority shareholders of JLT Brasil Holdings Participacoes Ltda, the holding company of the Group's Brazilian operations, for the possible acquisition of up to 50% of their shareholdings at any time after the finalisation of the 2013 consolidated JLT Brasil Holdings Participacoes Ltda accounts. The total consideration for these interests has been capped at US$30 million (when combined with performance related payments based on the levels of profit achieved over a two year period).

The acquisition of the final 50% of the minority shareholdings may also be ultimately acquired upon retirement of the relevant shareholder or in certain other circumstances.

27. Other reserves

	Share premium £'000	Fair value and 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)
- cash flow 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 and 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
- cash flow 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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28. Qualifying employee share ownership trust

During the period, QUEST allocated no ordinary shares to employees in satisfaction of options that have been exercised under the Jardine Lloyd Thompson Sharesave Schemes (2008: nil).

29. Cash generated from operations

	2009 £'000	2008 £'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 losses/(gains) on financial instrument	**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 payments	**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 balances	**(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

30. 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 consideration booked in 2008 has been revised.

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

30. Business combinations continued

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

	Fair value acquired £'000	Provisional fair value reported at 31st Dec 2008 £'000	Change in fair value £'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/(liabilities) 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
	13,069	11,445	1,624
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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30. Business combinations continued

During the period 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 £1,130,000 respectively.

	£'000
Purchase consideration	
- 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**

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
Property, plant and equipment	**90**	**90**
Intangible assets	**53**	**53**
Trade and other receivables	**517**	**517**
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.

30. Business combinations continued

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**
- initial investment in associates	**1,085**
Total purchase consideration	**3,081**
Less fair value of net assets acquired (own share)	**321**
Investment in associates to be reversed in retained earnings	**396**
Goodwill	**3,156**

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
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)**
	321	**321**

	£'000
Purchase consideration settled in cash	**-**
Cash and cash equivalents - own cash in subsidiary acquired	**(1,041)**
	(1,041)
Cash and cash equivalents - fiduciary cash in subsidiary acquired	**-**
Cash inflow on acquisition	**(1,041)**

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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30. Business combinations continued

Acquisition 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.

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

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
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)**
	17,653	**15,320**

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

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.

30. Business combinations continued

Other additional investments

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

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
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**
	731	**731**

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

Notes to the financial statements

for the year ended 31st December 2009

30. Business combinations continued

Group summary of the net assets acquired and goodwill

	Ingham £'000	JLT Re Brasil £'000	HACL £'000	Other £'000	Total £'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 £'000	JLT Re Brasil £'000	HACL £'000	Other £'000	Total £'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 during the year	**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**

Post balance sheet acquisition

On 25th January 2010 the Group acquired 100% of the share capital of iimia (Holdings) Limited and John K Miln and Company Limited, collectively iimia Wealth Management a discretionary portfolio management business, for a consideration of £7,250,000.

At the date of this report the accounting for this acquisition has not been finalised and therefore it is not possible to detail the acquired identifiable assets and liabilities or the related goodwill.

31. 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.

Net assets disposed of

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

Other disposals

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

Net assets disposed of

	Total £'000
Goodwill	**590**
Minority interests	**322**
Net assets at disposal	**912**
Gain on disposal	**42**
Deferred proceeds	**954**

32. 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 have been 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

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32. Retirement benefit obligations continued

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 £65 million. An initial amount of £14million was paid in December 2006 and further amounts were paid comprising £31 million in January 2007, £10 million in January 2008 and a final payment of £10 million in July 2009.

The last 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.

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 accrual. 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, JMRSRP and JMGRP (collectively the plans) ceased and the schemes were closed.

   The employee benefits of the members in the plans 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, funded by both the participating employer and the members.

32. Retirement benefit obligations continued

The principal actuarial assumptions used were as follows:

At 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 (b)	**6.85%**	**8.00%**	**8.00%**	**5.50%**	**7.50%**
Mortality - life expectancy at age 65 for male member: (c) aged 65 at 31st December	**23.6**	**17.6**	**19.5**	**21.4**	**n/a**

At 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 (b)	6.95%	8.23%	8.00%	6.00%	7.50%
Mortality - life expectancy at age 65 for male member: (c) 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) The expected return on scheme assets assumption was determined as the average of the expected returns on the assets held by the schemes on 31st December of the previous year.

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

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.

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32. Retirement benefit obligations continued

	UK Scheme		Overseas Schemes		Total	
Defined benefit obligation	**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)

	UK Scheme		Overseas Schemes		Total	
Reconciliation of defined benefit liability	**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)**	-	**(1,987)**	-	**(73,317)**	-
Refund of surplus to Group	**-**	4,478	**(968)**	(16,055)	**(968)**	(11,577)
Net liability recognised in the balance sheet	**(71,626)**	(10,946)	**(16,267)**	(18,345)	**(87,893)**	(29,291)

	UK Scheme		Overseas Schemes		Total	
Reconciliation of defined benefit obligation	**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)

32. Retirement benefit obligations continued

Reconciliation of fair value of assets	UK Scheme 2009 £'000	UK Scheme 2008 £'000	Overseas Schemes 2009 £'000	Overseas Schemes 2008 £'000	Total 2009 £'000	Total 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 contributions	**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/curtailment	**-**	-	**(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:

At 31st December 2009	UK Scheme Long-term rate of return	UK Scheme Value £'000	UK Scheme Value %	Overseas Scheme Long-term rate of return	Overseas Scheme Value £'000	Overseas Scheme Value %
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%**

At 31st December 2008	UK Scheme Long-term rate of return	UK Scheme Value £'000	UK Scheme Value %	Overseas Scheme Long-term rate of return	Overseas Scheme Value £'000	Overseas Scheme 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 repre-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.

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32. Retirement benefit obligations continued

Reconciliation of return on assets	UK Scheme 2009 £'000	UK Scheme 2008 £'000	Overseas Schemes 2009 £'000	Overseas Schemes 2008 £'000	Total 2009 £'000	Total 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 2009 £'000	UK Scheme 2008 £'000	Overseas Schemes 2009 £'000	Overseas Schemes 2008 £'000	Total 2009 £'000	Total 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 2009 £'000	UK Scheme 2008 £'000	Overseas Schemes 2009 £'000	Overseas Schemes 2008 £'000	Total 2009 £'000	Total 2008 £'000
(Loss)/gain 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 (losses)/gains 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)

32. Retirement benefit obligations continued

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 Scheme				
	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%**	(36.15%)	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 £'000	Defined contribution £'000	Total £'000
UK Scheme	-	9,400	9,400
USA Scheme	2,488	260	2,748
Canadian Scheme	587	851	1,438
Irish Scheme	179	378	557
Hong Kong Scheme	-	443	443
Total expected contributions	**3,254**	**11,332**	**14,586**

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for the year ended 31st December 2009

33. Jardine Matheson Group

At the date of this report, the Jardine Matheson Group owns 30.26% of the Company shares via its wholly owned subsidiariy JMH Investments Limited. The remaining 69.74% of the shares are widely held.

In the normal course of business a number of the Group's subsidiaries undertake, on an arms-length basis, a variety of transactions with the Jardine Matheson Group (JMG) and its associates (JMA)

The following transactions were carried out during the year:

	JMG 2009 £'000	JMA 2009 £'000	Total 2009 £'000
Income			
Brokerage fees and commissions	**2,811**	**1,385**	**4,196**
Expenditure			
Administrative expenses	**713**	**-**	**713**
Year end balances arising from these transactions:			
Trade and other receivables	**2,018**	**-**	**2,018**
Trade and other payables	**(15)**	**-**	**(15)**
	2,003	**-**	**2,003**

	JMG 2008 £'000	JMA 2008 £'000	Total 2008 £'000
Income			
Brokerage fees and commissions	2,151	1,422	3,573
Expenditure			
Administrative expenses	244	-	244
Year end balances arising from these transactions:			
Trade and other receivables	2,845	-	2,845
Trade and other payables	(20)	-	(20)
	2,825	-	2,825

34. Commitments

Capital commitments

There was no capital expenditure contracted as at 31st December 2009 (2008: nil).

Operating lease commitments - where a Group company is the lessee

The future aggregate minimum lease payments under a non-cancellable operating leases are as follows:

	2009 £'000	2008 £'000
Not later than 1 year	**21,887**	21,428
Later than 1 year and not later than 5 years	**54,964**	65,082
Later than 5 years	**6,170**	12,736
	83,021	99,246

Sub - leases

Operating lease commitments - where a group company is the lessor

The future aggregate minimum lease payments under a non-cancellable operating sub - leases are as follows:

	2009 £'000	2008 £'000
Not later than 1 year	**2,007**	1,480
Later than 1 year and not later than 5 years	**6,993**	5,427
Later than 5 years	**508**	1,901
	9,508	8,808

Legal and other loss contingencies

Jardine Lloyd Thompson Group plc and its subsidiaries are subject to various claims and legal proceedings principally consisting of alleged errors and omissions in connection with the placement of insurance/reinsurance and consulting services.

IFRS requires that liabilities for contingencies be recorded when it is probable that a liability has been incurred before the balance sheet date and the amount can be reasonably estimated. Significant management judgement is required to comply with this guidance. The Group analyses its litigation exposure based on available information, including external legal consultation where appropriate, to assess its potential liability.

On the basis of present information, amounts already provided, availability of insurance coverages and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the consolidated financial position of the Group. However, it is possible that future results of operations or cash flows for any annual period could be materially affected by an unfavourable resolution of these matters. At 31st December 2009, the Group has contingent liabilities in respect of guarantees and letters of credit on behalf Group companies amounting to £5,682,000 (2008: £2,421,000).

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35. Principal subsidiary and associated companies

The following were the principal subsidiary and associated undertakings at 31st December 2009. Unless otherwise shown, the capital of each company is wholly owned, is in ordinary shares and the principal country of operation is the country of incorporation/registration. Where a company is not wholly owned, the percentage of the capital held is shown in brackets.

	Country of incorporation/registration	Notes
PRINCIPAL SUBSIDIARY UNDERTAKINGS		
Insurance broking and consulting		
JLT Benefit Solutions Limited	England	
Jardine Lloyd Thompson UK Limited	England	
Expacare Limited	England	
Jardine Lloyd Thompson Limited	England	
JLT Reinsurance Brokers Limited	England	
Profund Solutions Limited	England	
Lloyd & Partners Limited	England	
JLT Actuaries and Consultants Limited	England	
Thistle Underwriters Limited	England	
Jardine Lloyd Thompson Ireland Limited	Eire	
JLT Risk Solutions AB	Sweden	
Jardine Lloyd Thompson Australia Pty Limited	Australia	
Jardine Lloyd Thompson Limited	New Zealand	
JLT Lixin Insurance Brokers Co., Limited (51%)	China	
Jardine Lloyd Thompson Limited	Hong Kong	
Jardine Lloyd Thompson Limited	Japan	
Jardine Lloyd Thompson Korea Limited	Korea	
Jardine Lloyd Thompson Insurance Brokers Inc.	Philippines	
Jardine Lloyd Thompson Pte Limited	Singapore	
JLT Risk Solutions Asia Pte Limited	Singapore	
Jardine Lloyd Thompson Sdn Bhd (49%)	Malaysia	a
Jardine Lloyd Thompson Taiwan Limited	Taiwan	
Jardine Lloyd Thompson Limited (49%)	Thailand	a, b
PT Jardine Lloyd Thompson (80%)	Indonesia	
JLT Park Limited	Bermuda	
JLT Insurance Management (Bermuda) Limited	Bermuda	
Jardine Lloyd Thompson Canada Inc.	Canada	
JLT Brasil Holdings Participacoes Limited (59%)	Brazil	
Jardine Lloyd Thompson - Valencia y Iragorri Corredores de Seguros SA (68%)	Colombia	
JLT Re Colombia, Corredores Colombianos de Reaseguros SA (81%)	Colombia	
JLT Mexico, Intermediario de Reaseguro, SA de CV (96%)	Mexico	
Mariategui JLT Corredores de Seguros SA (56%)	Peru	
JLT Corredores de Reaseguros SA (56%)	Peru	
Group insurance		
Eagle & Crown Limited	Bermuda	
Intermediate holding company		
JIB Group Limited	England	
JLT Latin American Holdings Limited	England	
JMIB Holdings BV	Netherlands	
JLT Holdings (Bermuda) Limited	Bermuda	
JLT Holdings Inc	USA	
Associated undertakings		
Newstone Courtage (20%) (holding company of SIACI Saint Honoré)	France	

Notes

Share capital divided into:

a ordinary and preferred shares

b 100% of common stock owned by the Group

Company accounts

prepared in accordance with UK GAAP

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Independent auditors' report

to the members of the Jardine Lloyd Thompson Group plc

We have audited the parent company financial statements of (Jardine Lloyd Thompson Group plc for the year ended 31st December 2009 which comprise the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes a) to i). The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 30 and 31, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2009;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the Group financial statements of Jardine Lloyd Thompson Group plc for the year ended 31st December 2009.

Andrew Kail (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
22nd March 2010

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 financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Balance sheet

as at 31st December 2009

	Notes	2009 £'000	2008 £'000
NET OPERATING ASSETS			
Non-current assets			
Investment in subsidiary undertakings	c	**66,814**	66,814
Investment in associate undertakings	c	**242**	242
		67,056	67,056
Current assets			
Debtors	d	**518,518**	644,522
Cash		**2,920**	2,855
		521,438	647,377
Creditors - amounts falling due within one year	e	**(105,747)**	(455,378)
Net current assets		**415,691**	191,999
Total assets less current liabilities		**482,747**	259,055
Creditors - amounts falling due within one year	f	**(76,000)**	(45,000)
		406,747	214,055
Capital and reserves			
Ordinary shares		**10,776**	10,676
Share premium	i	**84,640**	77,338
Merger reserve	i	**9,604**	9,604
Profit and loss account	i	**301,727**	116,437
Shareholders' funds		**406,747**	214,055

The notes on pages 109 and 110 form an integral part of these financial statements.
Approved by the Board on 22nd March 2010 and signed on its behalf by :

Jim Rush
Finance Director

Reconciliation of movements in shareholders' funds

for the year ended 31st December 2009

	Notes	2009 £'000	2008 £'00
Profit for the year		**229,057**	62,539
Dividends	b	**(43,767)**	(44,054)
New shares issued		**7,402**	583
Share buy-back scheme		**-**	(1,070)
Net movements in shareholders' funds		**192,692**	17,998
Opening shareholders funds		**214,055**	196,057
Closing shareholders' funds		**406,747**	214,055

Accounting policies

for the year ended 31st December 2009

Basis of preparation

The Board has decided that the continued use of UK GAAP at the entity level is a more appropriate method of accounting rather than the application of IFRS as required to be used for the preparation of the Group consolidated accounts.

These separate entity level accounts have been produced on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

A summary of the principal accounting policies is set out below.

Foreign currencies

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss account to the extent that the Company is exposed to exchange differences arising on such assets and liabilities.

Taxation

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax.

Full provision for deferred tax, without discounting, is made for all timing differences that have arisen but not reversed at the balance sheet date.

Consolidated accounts

Separate consolidated accounts have been prepared and are presented on pages 45 to 104.

Subsidiary and associated undertakings

Investments in subsidiary and associated undertakings are stated in the balance sheet of the Company at cost less any provisions for permanent diminution in value.

Investment income

Interest on deposits and interest-bearing investments is credited as it is earned.

Dividends distribution

Dividends proposed or declared after the balance sheet dates are not recognised as a liability at the balance sheet date. Final dividends are recognised as a charge to shareholders' funds once approved and interim dividends are charged once paid.

Notes to the Company accounts

for the year ended 31st December 2009

a. Profit and loss account

The Company has taken advantage of the exception contained in Section 408 of the Companies Act 2006 not to present its own profit and loss account and there are no recognised gains or losses other than the loss for the year. The profit for the year dealt with in the accounts of the Company is £229,057,000 (2008: profit £62,539,000).

b. Dividends

	2009 £'000	2008 £'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 anticiapted 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 29th April 2010.

c. Investments

	Subsidiary undertakings £'000	Associate undertakings £'000	Total £'000
Cost			
At 1st January 2009 and 31st December 2009	**66,814**	**242**	**67,056**

d. Debtors

	2009 £'000	2008 £'000
Other debtors and prepayments	**13,082**	13,260
Corporation tax	**3,312**	7
Amounts due from Group undertakings	**502,124**	631,255
	518,518	644,522

e. Creditors - amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdrafts	**15,686**	19,224
Dividends payable	**1,409**	1,093
Other creditors	**331**	287
Amounts due to Group undertakings	**88,321**	434,774
	105,747	455,378

The bank overdraft arises in connection with the Group's UK bank pooling facility and is offset by cash balances held by other Group companies in the UK.

Notes to the Company accounts

for the year ended 31st December 2009

f. Creditors - amounts falling due after more than one year

	2009 £'000	2008 £'000
Bank loans	**76,000**	45,000

Details of the Company's borrowing facilites are given in note 22 on pages 82 to 84.

g. Share capital

Details of the Company's share capital are given in note 25 on page 86.

h. Financial risk management

Detials of the Financial Risk Management for the Company are given in the Directors' Report on pages 32 to 34.

i. Reserves

	Share premium account £'000	Merger reserve £'000	Profit & loss account reserve £'000	Total £'000
At 1st January 2009	**77,338**	**9,604**	**116,437**	**203,379**
Retained profit for the period	-	-	229,057	229,057
Dividends paid	-	-	(43,767)	(43,767)
Shares issued	7,302	-	-	7,302
At 31st December 2009	**84,640**	**9,604**	**301,727**	**395,971**

Group five year review

for the year ended 31st December 2009

	2005 £'000	Continuing operations basis 2005 £'000	Continuing operations basis 2006 £'000	2007 £'000	2008 £'000	**2009 £'000**
Fees and commissions	484,370	454,072	459,537	473,194	536,093	**612,918**
Investment income	13,689	13,420	16,853	17,450	15,849	**6,425**
Operating revenue						
Trading expenses:						
Salaries and associated expenses	(297,447)	(276,106)	(266,300)	(298,363)	(329,282)	**(370,493)**
Premises	(30,007)	(28,534)	(30,292)	(31,595)	(31,232)	**(35,414)**
Other operating costs	(80,104)	(75,411)	(77,060)	(55,290)	(90,560)	**(100,036)**
Depreciation, amortisation and impairment charges	(14,305)	(13,856)	(13,311)	(12,978)	(11,240)	**(12,587)**
Operating profit	76,196	73,585	89,427	92,418	89,628	**100,813**
Net finance (cost)/income	(4,895)	(4,849)	(1,207)	125	(322)	**(2,587)**
Share of results of associates after tax and minority interests	2,505	2,505	2,543	2,669	3,502	**3,785**
Profit before taxation	73,806	71,241	90,763	95,212	92,808	**102,011**
Income tax expense	(22,653)	(24,046)	(29,333)	(22,006)	(27,978)	**(28,745)**
Profit for the year (continuing operations 2005 & 2006)	51,153	47,195	61,430	73,206	64,830	**73,266**
Discontinued operations:						
Profit for the year from discontinued operations		3,958	1,535			
Loss on sale of US operations		-	(15,621)			
Minority interests	(580)	(580)	(1,178)	(804)	(1,219)	**(2,377)**
Profit attributable to shareholders	50,573	50,573	46,166	72,402	63,611	**70,889**
Diluted earnings per share	23.8p	21.9p	28.2p	33.7p	29.6p	**33.1p**
Underlying diluted earnings per share	24.8p	22.7p	23.8p	26.0p	30.4p	**33.8p**
Dividends per share	20.5p	20.5p	20.5p	20.5p	20.5p	**21.0p**

IFRS based figures for 2005 and 2006 have been revised to reflect the reclassification of interest income on own funds from "Investment income" to "net finance income/(cost). There is no net effect on the profit before taxation reported for these years.

The figures for 2006 are presented on a "continuing operations" basis and figures for 2005 are presented as originally published and on a continuing operations basis to aid comparison.

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Shareholder information

Financial calendar

Ex dividend date
7th April 2010

Record date
9th April 2010

Annual General Meeting
29th April 2010

Final dividend payable
4th May 2010

Interim results announced
July 2010

Interim dividend payable
October 2010

Dividend mandates
Shareholders who wish dividends to be paid directly into a bank or building society account should contact Capita Registrars or complete the dividend mandate form attached to their dividend cheque.

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