

Annual Report 2008

Distinctive. Choice.



JARDINE LLOYD THOMPSON GROUP PLC

Our new brand



A revitalised brand for a dynamic Group

This year's annual report is the first showing of our new brand identity following a strategic review of how best to market our ever-widening range of services in an increasingly complex and competitive international marketplace.

Our aim is to communicate who we are and what we do more clearly, distinctively and in a more engaging style both verbally and visually.

We have introduced a new tagline – Distinctive. Choice. – that captures the essence of why people want to work with us as clients, partners or colleagues and this is supported by a new statement of what makes JLT different and special.

Our new look expresses the Group's renewed vigour and supports our strategy to reinforce JLT as a powerful international brand while also providing specialist expertise to meet specific market needs.

As with all great international brand developments, our new look is a balance of old and new.

By formalising 'JLT' as our brand name, we will capitalise on how we are already well known amongst clients, partners and colleagues and we've evolved our static historic triangle into a modern and dynamic symbol of energy while retaining our familiar house typeface and blue and red colours.

Our thanks go to all 300 members of staff from all around the world who contributed to our internal staff competition to design the new logo and, to help keep costs to a minimum, the Group's businesses have been planning this move to the new style for more than a year.

Over the coming 12 months, we will experience a new style JLT that better reflects both who we are and where we're going.

Contents

Introduction

- 2 Who we are
- 2 Where we operate
- 3 Key performance indicators

Operating & financial review

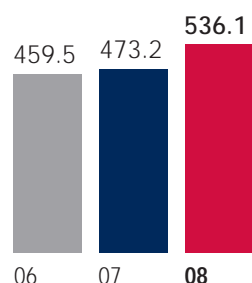
- 4 Chairman's statement
- 6 Chief Executive's report
- 10 Review of operations
- 18 Finance Director's review

22 Corporate social responsibility

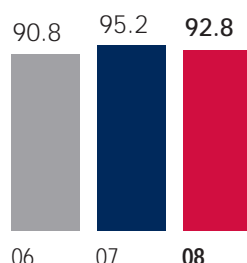
- 24 Directors' profiles
- 26 Directors' report
- 36 Remuneration report
- 44 Group financial statements
- 102 Company accounts
- 107 Group five year review
- 108 Advisers and shareholder information

Financial highlights

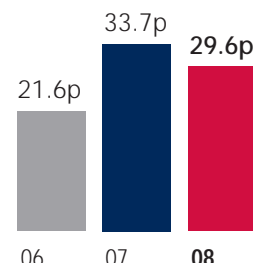
Turnover
£million



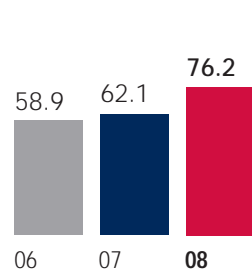
Reported profit before tax
£million



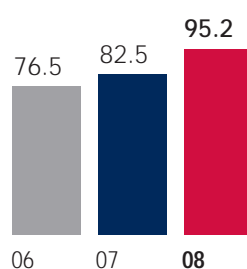
Reported diluted EPS
Pence



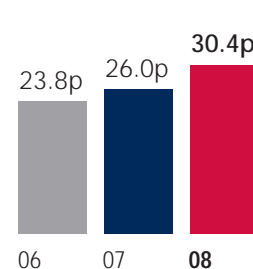
Underlying trading profit*
£million



Underlying profit before tax*
£million



Underlying diluted EPS*
Pence



£million	2008	2007	% change
Turnover	536.1	473.2	13%
Underlying trading profit*	76.2	62.1	23%
Reported profit before tax	92.8	95.2	(3%)
Underlying profit before tax*	95.2	82.5	15%

Pence	2008	2007	% change
Reported diluted EPS	29.6p	33.7p	(12%)
Underlying diluted EPS*	30.4p	26.0p	17%

*Underlying results are for continuing operations and exclude exceptional items and impairments.

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 5,500 highly motivated and skilled people.

Where we operate



More than 100 offices in
36 countries employing
over 5,500 staff

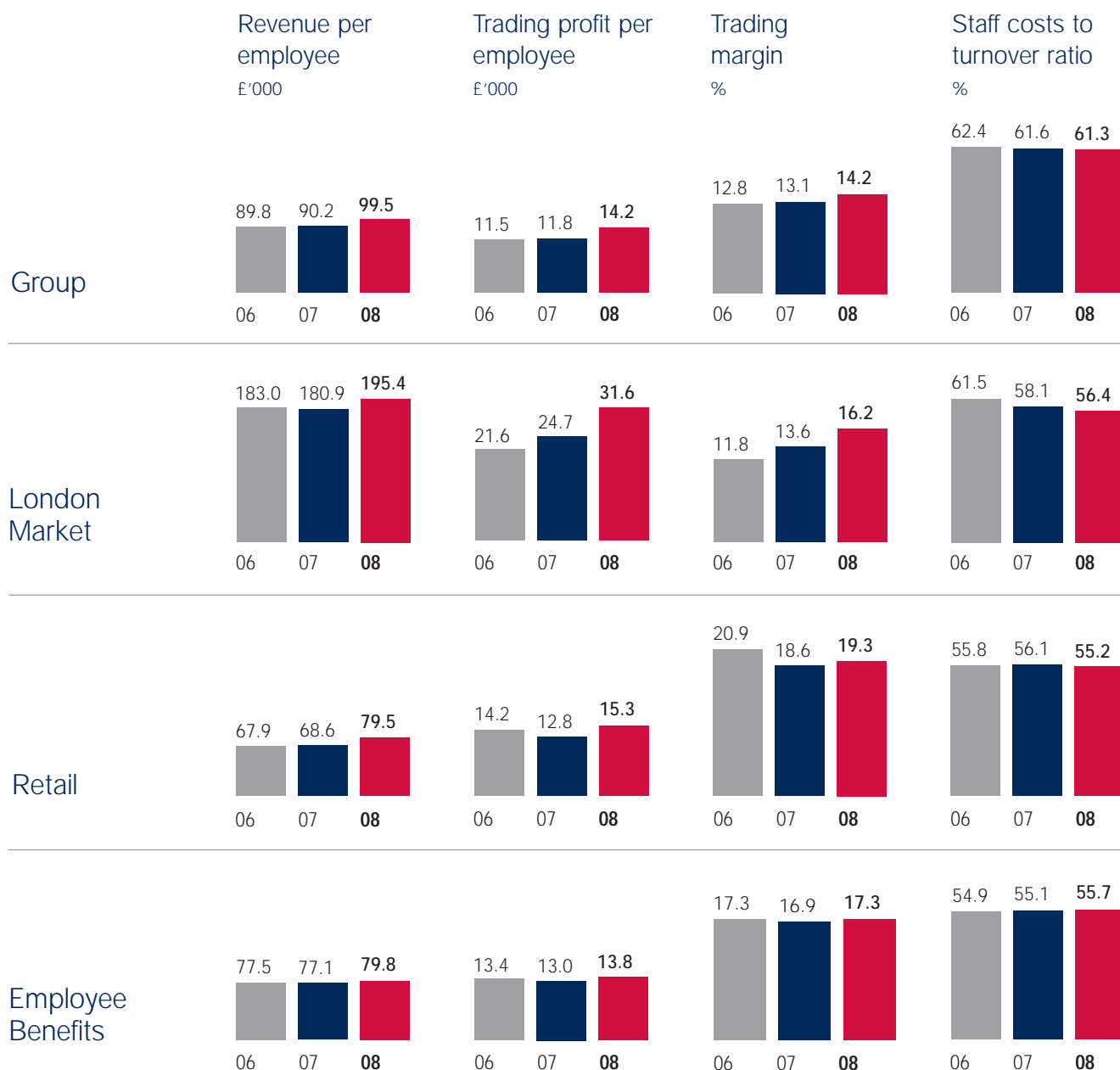
Our worldwide locations

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

Our key performance indicators

Set out below are the key performance indicators (KPIs) that we use to monitor our financial progress. The overall trend for these KPIs has been positive in 2008, reflecting a consistently good performance across all of the Group's operations and underlines the solid sustainable progress JLT has made as a group over the last three years.

The positive movement in these KPIs in 2008 reflects the good revenue growth achieved throughout the Group, including strong levels of organic growth, favourable currency movements and the effect of acquisitions. The Group also benefited from our continued tight cost control and our ongoing improvements in operational efficiencies.



Revenue per employee £'000

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

Trading profit per employee £'000

Trading profit, being turnover (fees and commissions) less operating expenses (excluding exceptional items and impairment charges), divided by the total staff numbers (average for the year).

Trading margin %

Trading profit, being turnover (fees and commissions) less operating expenses (excluding exceptional items and impairment charges), divided by turnover.

Salary costs to turnover ratio %

Direct salary costs (excluding exceptional items and impairment charges) divided by turnover (fees and commissions).

Chairman's statement

It is very pleasing to report that the Group has once again achieved a substantial improvement in its operational performance and financial results in 2008.

I referred last year to the excellent work done by Dominic Burke and his team in changing the strategy, structure and culture of the Group. This bore fruit in 2008 enabling us to make real progress across the Group and in particular to achieve good levels of organic growth.

We are currently facing a challenging economic environment across the world but morale in the Group is strong and we are well placed to make further progress in 2009.

Performance

JLT achieved strong growth in 2008. This was driven by organic growth and was enhanced by both favourable currency movements and the impact of acquisitions.

Turnover in 2008 was £536.1 million, an increase of 13%, or 8% at constant rates of exchange (CRE), reflecting organic growth of 6% and 2% by acquisition.

Underlying trading profit increased by 23% to £76.2 million or 13% at CRE. The underlying trading margin was 14.2%, compared to 13.1% in 2007.

Underlying profit before tax and exceptional items was £95.2 million, 15% ahead of the prior year. This was mainly due to a consistently good performance across all of the Group's operations and an increased profit contribution by our associate, SIACI Saint Honoré, offset by lower investment income.

Profit before tax was £92.8 million compared to £95.2 million in 2007 reflecting a net exceptional gain recognised in 2007 of £12.7 million which arose mainly from the merger of SIACI with Saint Honoré in France.

The exceptional costs of £2.4 million in 2008 relate to integration costs in respect of the acquisition in June 2008 of Harman Wicks & Swayne in London.

Underlying diluted earnings per share increased by 17% to 30.4 pence per share. Diluted earnings per share were 29.6 pence per share compared to 33.7 pence in the prior year reflecting the net exceptional gain recognised in 2007.

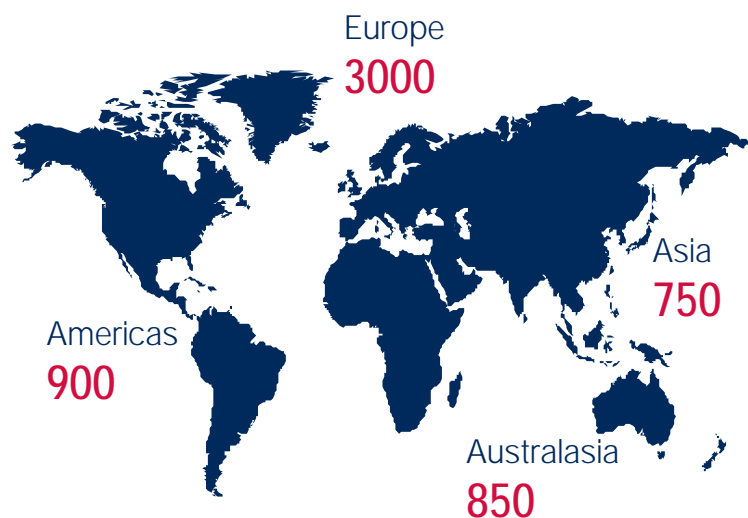
During 2008, insurance market conditions continued to be challenging and, as we enter 2009, the insurance rating environment is mixed. In some areas, such as catastrophe affected classes, financial lines and aviation, there is some evidence of rates hardening and, generally, primary insurers are becoming resistant to further reductions.

There is a general expectation that rates may harden progressively during 2009 but increases in gross premium levels may be offset by reduced economic activity, resulting in lower values at risk due to the current global economic environment.

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



Number of staff by geographical region



Strategy and corporate developments

JLT's strategy continues to be based on achieving sustainable growth by organic means and selected bolt-on acquisitions.

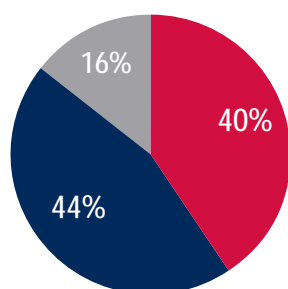
JLT's medium-term strategic goals are: to continue to build a balanced and mutually reinforcing business using bolt-on acquisitions to enhance the composition of the Group; to offer global representation, capacity and placing power through our international network, with retail operations that support our speciality strengths; to continue working with US independent brokers to provide leading risk transfer services to US corporates and to underpin these goals with high quality operational processes as efficient as any in the insurance broking industry.

The Group's investment initiatives, the ICAP-JLT joint venture, JLT Online and Thistle Underwriters are progressing well.

Selective bolt-on acquisitions remain an integral part of JLT's growth strategy. During 2008, JLT completed nine bolt-on acquisitions with anticipated aggregate net consideration of £22.8 million to acquire annualised revenue of £16.3 million.

A balanced business

2008 Turnover



Share buy-back

As noted in the Finance Director's review, we will be seeking renewal of our standing share buy-back authority at the forthcoming Annual General Meeting.

Group board changes

There have been a number of changes to the non-executive members of the Board announced over the past year.

John Paynter and Patrick Snowball were appointed on 1st October and 1st November respectively and both serve on the Audit, Remuneration and Nomination Committees.

Bob Scott retired from the Board at the end of 2008 having served as a director since January 2002 and Chris Keljik retires from the Board at the conclusion of the AGM on 30th April 2009 having been a director since November 2005.

The role of Senior Independent Director formerly undertaken by Bob Scott has been assumed by Nick MacAndrew, who also chairs the Audit Committee. John Paynter will take over from Chris Keljik as Chairman of the Remuneration Committee following his retirement.

We are delighted to welcome both John and Patrick to the JLT Board and, on behalf of the Board, I would like to thank Bob and Chris for the valuable contributions they have both made to the Group during their terms of office.

Our staff

2008 has been a very good year for JLT but this could not have happened without the tremendous hard work of our management and staff around the world. I would like to thank all of our people for an outstanding effort last year and to congratulate them on the success they have achieved for the Group. The quality and commitment of our people enables us all to face the future with great confidence.

Dividends

Subject to shareholder approval, an unchanged final dividend of 12.0p per share for the year to 31st December 2008 will be paid on 1st May 2009 to shareholders on the register at 3rd April 2009. This brings the total dividend for the year to 20.5p per share, unchanged over the prior year.

Outlook

The Group enters 2009 in good shape and this is demonstrated by the results we have reported for 2008. The current economic outlook remains difficult, but assuming no material deterioration from here, we would expect JLT to make further progress in 2009.

Geoffrey Howe
Chairman
23rd March 2009

Chief Executive's report

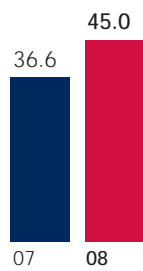
Business review

Retail

Turnover £m



Trading profit £m



Trading margin

19%

2007

19%

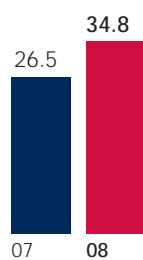
2008

London Market

Turnover £m



Trading profit £m



Trading margin

14%

2007

16%

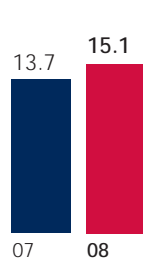
2008

Employee Benefits

Turnover £m



Trading profit £m



Trading margin

17%

2007

17%

2008

I am delighted that these financial results once again demonstrate that JLT is in good shape. They are the product of a consistently good performance across all of the Group's operations and underline the solid, sustainable progress we have made as a Group during the past three years. I see 2008's performance as both an achievement and as a platform for further progress. Set out in the Review of Operations are fuller details of how each of our business areas performed in 2008.

The Group today is once again financially strong with minimal net debt and committed facilities through to 2011. This puts us in the enviable position of not having to worry about our funding and having access to capital for strategic investments at a time when finance is generally constrained.

We made a number of investments in 2008 but they were all effected in a planned, measured and focused way and without detracting from our Group-wide emphasis on cost control.

We enter 2009 conscious of the challenging economic environment. Some of these economic factors we are facing are actually positive for JLT, such as the weakness of sterling against many other currencies and the potential for insurance rate increases as we go through 2009. However, the likelihood is that any

We are always looking for opportunities to improve the composition and balance of the Group.

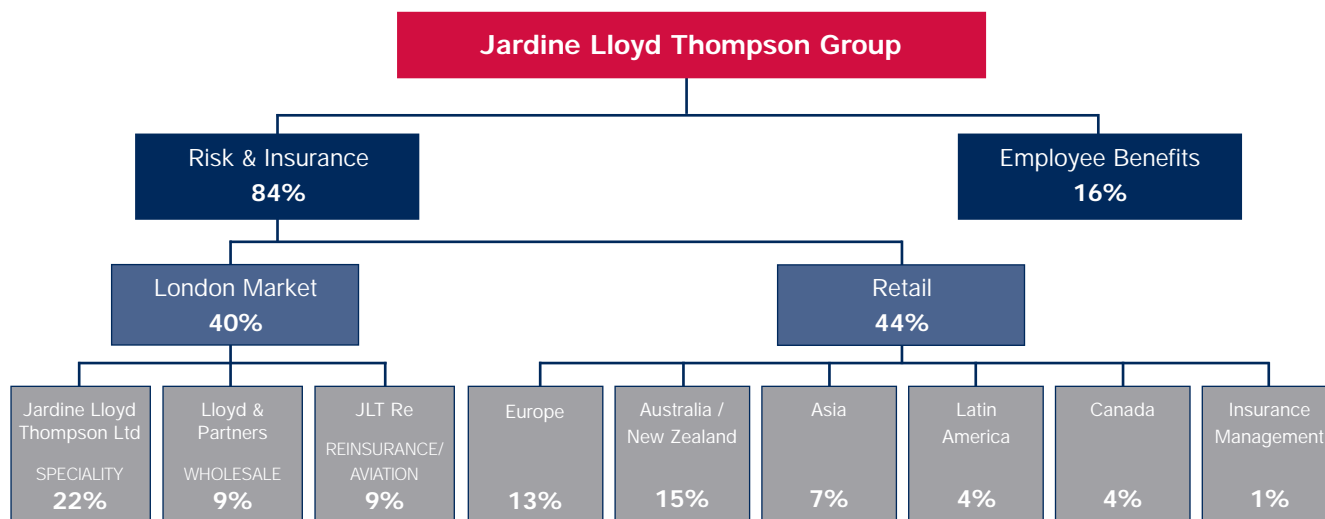
resultant benefits will be, to a considerable extent, off-set by lower interest rates earned on our cash balances and the reduced economic activity of our clients.

But JLT is in good shape as demonstrated by our 2008 results. The current economic outlook remains difficult, yet, assuming no material deterioration from here, we would expect to make further progress in 2009.

During 2008, the Group made progress in implementing its key medium-term strategic objectives. We have developed a clear articulation of these objectives, providing the senior management team with a well-defined course for the development of the Group.



Group turnover



In this report I will seek to summarise the five elements of JLT's medium-term strategy.

To maintain and enhance the balance of the Group's activities

Operating through the Group's five divisions, speciality, wholesale, reinsurance, retail and employee benefits gives the Group a secure and productive balance. Insurance broking is, of course, impacted by the cyclical nature of insurance markets as well as by the general economic environments in which our clients operate. The breadth of our activities - including Employee Benefits which is largely unaffected by insurance cycles and whose business is substantially retained on a multi-year basis - affords us considerable protection from excessive cyclical movements. Our geographical spread also gives us reduced exposure to local economic or market movements.

Balance is not just of defensive value, continuous collaboration and cross-fertilisation between operating divisions is a hallmark of the JLT Group and enables us to optimise service to our clients and to derive significant benefit ourselves. This

collaboration is made all the easier because of the size of JLT compared with our larger worldwide competitors. When all the divisions trade strongly, as they did in 2008, the results, both financial and in the morale throughout the Group, are impressive.

Nonetheless, we are always looking for opportunities to improve the composition and balance of the Group.

There is a continuous search for appropriate bolt-on acquisitions which, merged into existing strong JLT Group operations, can make a significant contribution at both the revenue and profit lines. Acquisitions can also broaden capability and improve the balance. The acquisition of Harman Wicks & Swayne, in June 2008, continued the strategic expansion of JLT Re and substantially strengthened its position in non-marine treaty broking. 2009 is the fourth year of JLT Re's initial five-year plan. The Group continues to seek to expand this business area and we are confident that we will be able to do so. We are also enthusiastic to continue the expansion of our Employee Benefits business in the UK and internationally and to grow the overall scale of our retail activities around the world so as

to improve the balance between London Market operations and the geographically diverse retail businesses serving mid-market corporates.

To take full advantage of our international reach and representation

As well as supporting the expansion of our owned businesses around the world, we also have ambitious expectations for the JLT International Network, which offers a global service proposition to multi-national companies that choose JLT to service their insurance needs in preference to the worldwide brokers. JLT has demonstrated that ownership of a broker in every country in the world is not necessary for a global offering - indeed, poor communication and inconsistent quality of delivery often suggest that it is a prescription for a less than first-rate service. In countries where we do not own operations, JLT's strategy is to select and to work actively with the best independent brokers and, over the entire network, to manage and orchestrate the delivery of first-class client service using the optimal combination of owned and associated businesses.

Chief Executive's report

The JLT global service team has considerable experience in this orchestrating role. We are continuously looking to enhance the International Network and to develop our relationship with our partners. In some cases it will be appropriate for JLT to be an investor in partner companies as in the investment in SIACI and now SIACI Saint Honoré in France. This has been both a financial success and, increasingly, a fruitful business partnership for both SIACI Saint Honoré and JLT.

To develop mutual reinforcement between the retail operations and the centres of specialism

JLT owned retail businesses in 36 countries around the world serve the full range of large corporate, mid-market and smaller commercial clients on a day-to-day basis, placing substantial premium volumes into local insurance markets. They also originate 'bigger ticket' business, particularly in the Group's industry specialist areas, such as construction, energy, marine or aviation, the placing of which requires access to the international markets in London and Europe, Bermuda or Singapore. To win this bigger ticket business, close collaboration is essential between the local company and the appropriate specialist team, often, but not always, based in London. The smooth operation of this collaborative relationship is core to the JLT model - and we are always looking for opportunities to improve it. Where possible, JLT's specialist teams also look to support our partners, the members of the International Network that are not subsidiaries within the Group, to generate such specialist business - and this further reinforces the ties that bind the network together.

To build upon JLT's position as a leading provider of risk transfer services to US insureds

The JLT Group ranks among the world's biggest brokers of US risk but, since the sale of our US retail operations in 2006, the Group has no retail broking businesses on the ground in the USA. JLT works in partnership with independent US brokers, providing them with access to international insurance markets, to our specialist skills and to our International Network. This collaboration enables them to retain clients with risk transfer requirements that cannot be met economically in the domestic insurance market. These clients would otherwise effectively be obliged to transfer some or all of their insurance business to one of the worldwide brokers.

The goal for JLT now is to take advantage of our unrivalled relationships with US independent brokers and our international speciality, wholesale and retail capabilities, to market those capabilities in a more concerted way, to underline more clearly the value we add to US domestic brokers and their clients and to accelerate the growth of our business originated in the USA.

Promoting our strengths to the US marketplace, operating through US independent brokers, is a key element in the Group's strategy, bearing in mind that the US insureds represent around one half of the world's total premium volumes.

To deliver our services as efficiently as possible and to quality levels on a par with the very best in the insurance broking industry worldwide

Many of the recent initiatives in which JLT is investing have been technology facilitated, examples include JLTOnline, Thistle Underwriters and the new online pensions and benefits offering. Using technology to improve operational quality and increase efficiency is central to our development plans. Far from 'dumbing down', this enables us to clarify the role of the adviser by defining and, where appropriate, automating roles and processes. Advisers will be freed from tasks that do not fully use their skills and allowed to focus on what they do best and what adds most value to the client.

This investment in process definition and automation is being pursued on an international basis. Similar approaches and software platforms are being used wherever practicable and development investments are being utilised in multiple countries.

Each of these groups of actions is made possible only because of the strength of JLT's financial position, with minimal net debt, committed medium-term borrowing facilities and the risks associated with final salary pension schemes now well defined and, wherever practicable, circumscribed.

JLT's is an incremental strategy. We are well placed, the task now facing the management team is to take advantage of the strength of our position to develop the very best international group of risk specialists and employee benefits consultants, attractive to clients and practitioners alike because of its non-bureaucratic approach and single-minded focus on serving clients.

We fully recognise the need for change, both to improve the business we have and to respond to structural changes in the marketplaces in which we are an adviser, service provider and intermediary. We have a series of initiatives under way, from the ICAP-JLT joint venture in London to Clear Sky, the newly-launched Canadian underwriting agency business, serving the needs of aboriginal communities and co-owned with those communities.

Initiatives such as these will help to accelerate organic growth throughout the Group. Ideas for similar ventures continue to emerge from the Group's businesses and many of them will be supported and pursued. However, taking the Group as a whole, our course is well set. We shall always be alive to new opportunities but we are unlikely to propose wholesale changes of direction or acquisitions on such a scale that the whole structure of the Group needs to be revised.

We believe that this approach puts JLT in the best position to generate sustainable growth with the right balance of risk and financial advantage.

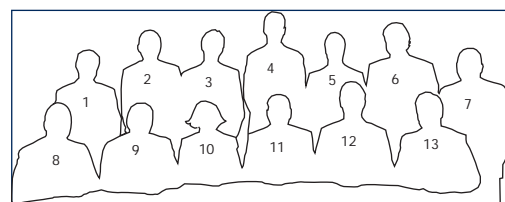


Dominic Burke
Chief Executive
23rd March 2009

Group Executive Committee

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1 Duncan Howorth
CEO, JLT UK Employee Benefits Group</p> <p>2 Adrian Girling
CEO, Jardine Lloyd Thompson - Europe</p> <p>3 Andrew Agnew
Chairman, Jardine Lloyd Thompson Ltd</p> <p>4 Robert Potter
Group HR Strategy Director</p> <p>5 Martin Hiller
CEO, Jardine Lloyd Thompson Ltd</p> <p>6 Mark Drummond Brady
International Chairman of Risk & Insurance and Deputy Chairman Jardine Lloyd Thompson Ltd</p> <p>7 Alan Griffin
Chairman and CEO, JLT Reinsurance Brokers Ltd</p> | <p>8 John Lloyd
Chairman and CEO, Lloyd & Partners Ltd</p> <p>9 Brian Carpenter*
Chairman and CEO, Asia Pacific</p> <p>10 Vyvienne Wade*
Chairman, JLT Insurance Management, CEO, Latin America operations and Group Legal Director</p> <p>11 Dominic Burke*
Group Chief Executive</p> <p>12 Jim Rush*
Group Finance Director</p> <p>13 William Nabarro*
Commercial Director and International Chairman, Employee Benefits, Chairman, Jardine Lloyd Thompson UK Ltd</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

* Board Director



Review of operations

The Group's operations are divided into two business groups, Risk & Insurance and Employee Benefits.

Risk & Insurance

What we do

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

Employing over 4,000 people, the principal lines of business are:

- 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.

All parts of our Risk & Insurance group achieved strong revenue growth with combined turnover of £448.5 million, up 15% or 8% at constant rates of exchange (CRE), comprising 6% organic growth and 2% by acquisition. Underlying trading profit increased by 26% to £79.8 million for the year, representing an underlying trading profit margin of 18% compared to 16% for the prior year.

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

During 2008 insurance markets remained very competitive with the exception of certain areas of catastrophe affected classes of business, such as oil & gas, financial lines and aviation, where there have been rate increases and some reductions in capacity.

Towards the end of 2008, there was an increasing view by some in the

industry that insurance rates were going to increase but evidence of this was limited, although primary insurers did seek to call a halt to further reductions in insurance rates. The picture was however confused as, in some lines of business, clients were still seeing their programmes renew with significantly reduced premiums.

There is, however, now a general expectation in the insurance industry that insurance rates will increase as we progress through 2009. It may, however, be hard to discern any tangible benefit from these increases in gross premium levels as any increases may well be offset by the general reduction in economic activity caused by the global economic downturn resulting in a reduction in the turnover of clients and insured values.

Our Risk & Insurance group continues to earn a proportion of its revenues in negotiated fees as opposed to commissions. Whilst this limits the potential benefits from any increase in insurance rates, the overall quality of

our earnings in recent years has improved as we become less geared to the insurance market cycle.

Incentive commissions (PSAs) received during 2008 amounted to £5.1 million, and continues to represent less than 1% of the Group's revenue.

Retail operations

Our retail businesses around the world continued the progress seen at the half year, with turnover increasing by 19% or 10% at CRE. This growth in turnover was achieved through a combination of organic growth of 7% and the contribution from acquisitions of some 3%.

All territories continued to experience competitive market conditions but in spite of this, each saw good revenue growth with particularly strong performances in Asia, Canada and Latin America. Australasia, once again, produced good revenue growth and a strong trading margin of 24%.

Europe

Our retail operations in the UK and Europe increased turnover by 12% to £67.2 million, 8% at CRE. The trading margin for the year was maintained at 17%.

These results included full-year contributions from Italy, Spain and Poland together with our Internet business, JLTOnline. Further investment in JLTOnline continued during the year with new products being developed and with the launch of our SME offering Insurantz.com.

Operating from nine offices in the UK and six in Europe and employing almost 700 staff, our business trades in two distinct areas:

- Advisory - with a general corporate and industry focus, providing a comprehensive service to a wide variety of mid-sized companies.
- 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.

Both areas are supported through our network of offices in the UK and Europe along with other parts of JLT's London Market operations.

Whilst premium rate reductions had a negative impact in our non-advisory division, good double-digit growth was achieved in our online, tenant contents and corporate recovery businesses. Our Italian business achieved significant revenue growth, again in double digits.

We have continued to experience strong competition over fees in our advisory division. However, the business performed well overall and improved its trading profit margin on 2007.

2009 will see the inclusion of our Swedish and Norwegian retail businesses which will transfer in from Jardine Lloyd Thompson Limited.

Australasia

Australia and New Zealand increased turnover by 19% to £78.2 million, an increase of 9% at CRE, generating a trading margin of 24%, compared to 25% in 2007.

Insurance markets, both in Australia and New Zealand, remained very competitive throughout 2008 with offshore capacity available to underwrite Australian portfolios. In the latter half of 2008 the financial institutions sector saw increases in premiums as a result of losses arising from the collapse in the financial institution sector. New Zealand, however, has remained competitive throughout the year.

Australia experienced excellent revenue growth in 2008, the key contributors being Echelon within the risk services operation, which provides risk management, occupational health and safety and other consultancy services. Within the retail segments, affinity achieved strong growth in revenue from health and life and new schemes being underwritten during the year. Natural resources and construction secured excellent new business wins in Queensland and New South Wales. However, in the last quarter of 2008, some projects were being put on hold due to a lack of project finance.

Two acquisitions were completed during the year, Northern Insurance Brokers based in Townsville and ACH/Workstreams in Victoria and both contributed in 2008.

The ProEx segment experienced tough trading conditions during the year. The corporate division also experienced extremely competitive conditions with fierce pressure on fees as other brokers sought to win market share.

The New Zealand operation came under severe pressure from the competitive market in most business segments with the general retail portfolio impacted by the poor economic conditions experienced in that country.

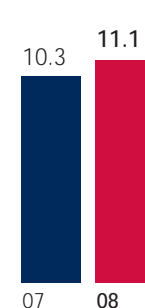
In Australasia we have 850 staff across 20 offices in Australia and 4 offices in New Zealand.

Europe

Turnover £m



Trading profit £m



Trading margin

17%
2007

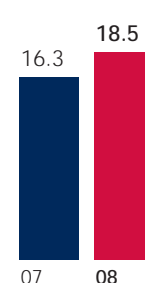
17%
2008

Australasia

Turnover £m



Trading profit £m



Trading margin

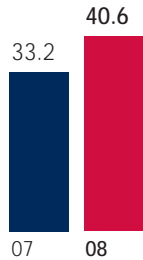
25%
2007

24%
2008

Review of operations

Asia

Turnover £m



Trading profit £m



Trading margin

21%

2007

20%

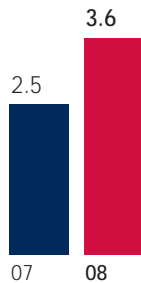
2008

Canada

Turnover £m



Trading profit £m



Trading margin

13%

2007

16%

2008

Asia

Turnover increased by 22% to £40.6 million, up from £33.2 million, with a creditable trading margin of 20%.

A further acquisition 'ANDA' was made in the third quarter of 2008 to complement our Singapore retail operation and assist in our regional affinity initiative. ANDA has a long standing and respected focus on a range of affinity products and provides a template for further potential acquisitions in other countries or territories.

JLT Private Client Services which is based in Singapore and Hong Kong contributed positively to turnover following the first full 12 months trading.

Notwithstanding the continued decline of the property and casualty rates across the region and the economic impact in the final quarter of the year, our country operations produced a positive result through penetration, new business wins and innovative service solutions. Indonesia provided an exceptional return for 2008.

We continued to invest in our existing specialist operations of construction and employee benefits. Construction activities in Singapore provided a positive contribution. Furthermore, we secured a number of long-term projects across the region which whilst having little impact on the 2008 turnover, will be a positive contributor to future turnover. Employee Benefits continued its strong growth with a 28% increase in turnover over 2007, with positive contributions in this specialty area from Hong Kong, Indonesia, Philippines, Taiwan, Thailand and Singapore.

We obtained a full broking license in Vietnam during 2008 to capture opportunities in this emerging economy.

China maintained its growth with a 31% increase in turnover and remains the largest broker in the Guangdong province. Further investment in resources occurred in Beijing and Shanghai and this will continue.

New specialties were included during the year, comprising affinity, capital risks (political risks) and strong pipelines of opportunities have been developed which will contribute positively to our future revenue.

JLT has more than 700 staff operating in 12 territories in the region.

Rates across Asia in the property and casualty sectors continued to fall, however, we saw insurance rates in the final quarter of the year stabilise with increases in rates in the credit, D&O and offshore construction markets.

With a focus on continued diversification, new initiatives and a flattening market, we expect to see continued growth in our business for 2009.

Canada

In Canada, turnover grew by 21% to £22.4 million. The trading profit grew by 46% from £2.5 million to £3.6 million. This was a very good result and we are well positioned entering 2009.

JLT has seven offices and more than 230 staff in four Canadian provinces: Quebec, Ontario, Alberta and British Columbia. In addition to our general corporate business, our specialties include natural resources, construction, public sector business, insurance for professionals, and sport/hospitality/leisure businesses. Highlights of the year include improved top line growth in most of our businesses particularly in Toronto, Calgary, Guildford and Vancouver. We continue to seek critical mass in Quebec through acquisition or recruitment.

JLT Canada's operations continue to perform well. Our specialist approach to business growth will enable us to continue growing our business across the country and in particular in Ontario. Our continued focus on process efficiency and cost control will ensure a sustained good performance for JLT in Canada.

Latin America

JLT's businesses in Latin America have performed well in 2008. Turnover has increased by 29% over 2007 to £20.8 million in 2008, with an overall trading margin of 17%, up from 8% in 2007. The Latin American businesses have also continued to provide a meaningful flow of revenue into the wholesale operations of JLT in London. Our businesses in Colombia, Peru and Brazil undertake both retail and reinsurance broking with our Mexico operation being purely a reinsurance broker.

We employ over 500 people in 17 offices. In addition we have a network of correspondent brokers within the region.

Whilst the economies in Latin America have, like others in the world, suffered a slow down due to the current economic conditions, there still appear to be opportunities for growth, particularly in areas of JLT's specialisms such as construction and energy.

The conditions in the insurance and reinsurance broking market in Latin America remain competitive both between brokers and in market rates. However, at the end of 2008 there were some signs of increases in premium in certain limited classes of business.

In terms of outlook for 2009, JLT remains positive about Latin America and will look to continue the growth of its businesses in that region.

Insurance Management

2008 has been a year of good growth for JLT's Insurance Management practice, particularly in JLT's Bermuda business. JLT continues to have Insurance Management practices in Bermuda, Guernsey, Malta and Singapore. Revenue in 2008 was £4.3 million, up from £3.4 million in 2007 and the business returned a small trading profit against a loss last year. The Insurance Management practice of JLT is positioned to provide services not only within the traditional captive insurance market but also services for

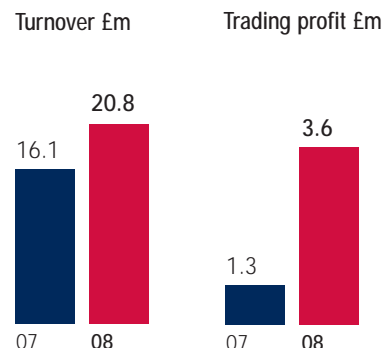
the use of captive facilities within protected cell companies, transformer vehicles and off-shore administration for off-shore reinsurance companies. The portfolio of business within the Insurance Management area is diverse and 2008 has seen a significant development in new business from the Latin American region. We view the risk management facilities which our Insurance Management practices provide as a core part of the services we offer to our clients to manage their risks proactively.

Associates

JLT's 20% owned associate in France, SIACI Saint Honoré, performed strongly in its first full year of operation following the merger of SIACI and ACSH completed in April 2007. Despite the softness of the French insurance markets, SIACI Saint Honoré generated a contribution to pre-tax profit of £4.0 million, benefiting from the sales culture established by the merged group, the two small acquisitions it successfully effected in 2007 and 2008 and integration following the merger. The balance sheet of the French group, which was substantially leveraged at the time of the merger, has benefited from a considerable reduction in the level of borrowings as a result of strong trading and timely property transactions.

ICAP-JLT, our 50:50 joint venture with ICAP, established to develop a broker of insurance-linked securities in trades involving established insurance and reinsurance market participants and new investors drawn from the capital markets, had a successful first year. ICAP-JLT broked some 60 transactions, representing over \$300 million of risk transference. The joint venture contributed a modest loss to the 2008 profit and loss account and, given the uncertain state of capital markets, it is anticipated that its contribution will remain negative in 2009.

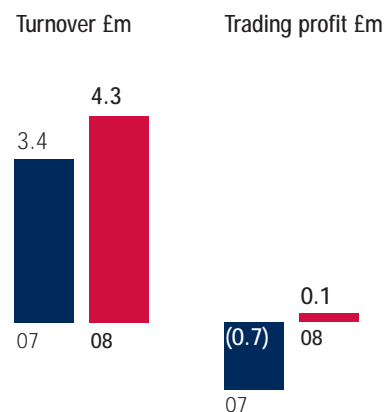
Latin America



Trading margin



Insurance Management



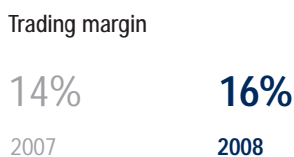
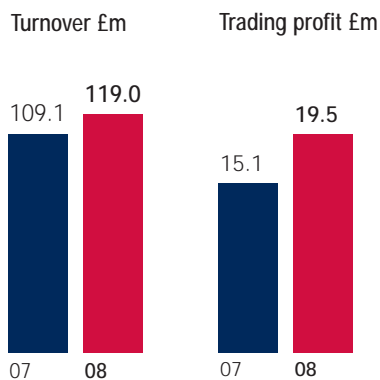
Trading margin



Review of operations

London market specialist businesses

Our London market businesses traded in very challenging market conditions throughout the year but nevertheless reported combined turnover of £215 million up 11%, or 7% at constant rates of exchange (CRE). The revenue growth of 7% was comprised of organic growth of 6% and 1% being attributable to acquisitions. The trading margin was 16% compared with 14% in 2007.



Jardine Lloyd Thompson Ltd

In Jardine Lloyd Thompson Ltd, turnover was £119 million, up 9% or 5% at CRE, producing a trading margin of 16% for the year, compared to 14% for 2007. These are pleasing results and they reinforce the continuing progress that is being made following the turnaround of last year. Encouragingly, organic growth was good at 5%, and the 20% margin target for 2011 remains in place.

The strong underlying fundamentals that prevailed for much of the year in a number of the industry specialties where we have real leadership helped underpin the year's performance. This was particularly evident in the marine sector, where we delivered most encouraging growth, in natural resources and also at GCube, our separately branded renewables platform, where significant revenue progress helped consolidate an already very healthy position as a market leader. Our global servicing proposition is proving to be compelling to a growing number of multi-national clients and our bespoke integrated product offers a most persuasive alternative to the worldwide brokers and takes advantage of our unique international network.

Regionally, new business production from the Middle East has been significant and we expect to see continuing expansion throughout the region as we benefit from our focused initiative in the area.

Trading conditions in 2009 for our clients throughout their respective industry sectors would appear a good deal more challenging, but these will hopefully be offset for the most part by the meaningful investments we have made across the business during the course of the last 12 months. These investments have been concentrated in real estate, transport, renewable energy, life sciences and UK & European retail power and we expect notable revenues to be generated from these operations through the course of 2009.

JLT Reinsurance Brokers

JLT Reinsurance Brokers Ltd consists of two distinct business streams, JLT Re, our global reinsurance broking practice and JLT Aerospace, our global aerospace insurance broking practice. In 2008, both businesses performed well reporting a turnover of £48.9 million for the year, up 11% on 2007 or 6% at CRE. The trading margin for the year was 15% or 13% at CRE, compared to 11% for 2007.

For JLT Re, 2008 was a pivotal year, being the third of our five-year investment strategy. Whilst continuing to develop capabilities in our traditionally strong areas of marine, energy and aviation reinsurance, our main focus has been on the non-marine sector which provides us with the greatest opportunity for growth. The investments made in 2006 and 2007 are beginning to bear fruit and the underlying revenue from our non-marine business units increased by 29% over 2007. In addition, in June 2008 we acquired Harman, Wicks & Swayne (HWS) which was a London based non-marine treaty operation of some twenty years standing. HWS was fully integrated into the existing JLT Re non-marine operation in the second half of 2008 creating a platform that is capable of competing with our major peers.

JLT Re currently employs 220 staff primarily located in the UK, US and Singapore.

JLT Aerospace is a mature business and represents approximately 30% of JLT Reinsurance Brokers revenue. The aviation insurance market has been in decline for the last three or more years and the airline industry is at the forefront of the global economic downturn having previously suffered directly from the volatility in oil pricing which we saw reach record highs during 2008. Despite reducing values at risk and fewer passengers being

flown, JLT Aerospace had a successful year in 2008 being appointed the Broker of Record on a number of new accounts. JLT Aerospace employs 80 staff located in the UK and US.

Lloyd & Partners

Lloyd & Partners' revenue for 2008 was £47.1 million up 14% on 2007 or 13% at CRE. Adjusting for the impact of the Park acquisition in Bermuda at the end of 2007, the underlying growth at CRE was 11%.

This result was achieved in the context of a continued softening in rates. Our cargo, healthcare & professional, international casualty and international property teams all delivered strong double-digit growth. Our energy and marine team grew at more modest levels but this was entirely as expected given market conditions.

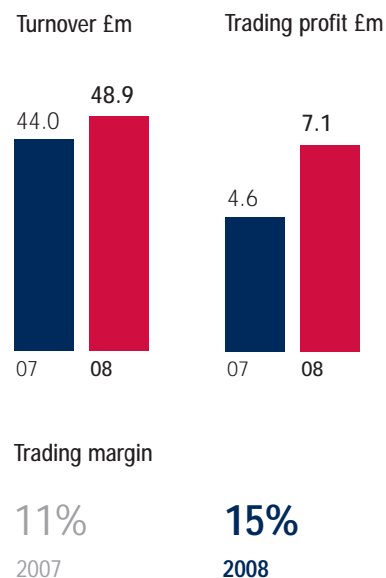
Our US property and Bermuda operations suffered most due to the repatriation of business to more competitive US markets.

Trading profit increased by 21% driven by the increase in revenue, however, the margin was maintained at 17%, the same level as 2007 due to the impact of investment in staff and an increase in our indirect costs.

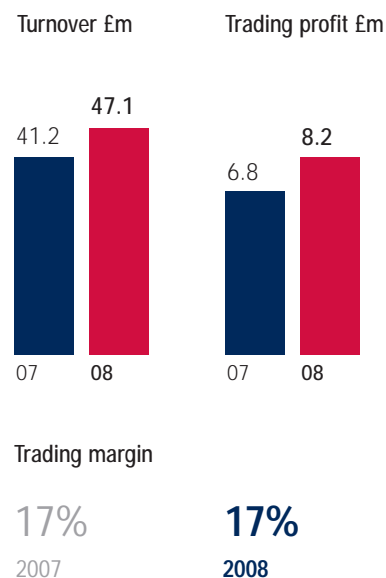
Going into 2009, there are now clear signs of market hardening although this is coming through more quickly in our catastrophe related business areas than in others. Bermuda's rating remains ahead of the curve in some areas and this is not encouraging the flow of business to Bermuda from other, more keenly priced, domestic markets.

The weakening of sterling will have a positive impact on our largely US dollar denominated revenue. However, the economic climate is creating many uncertainties for our clients and it is yet to be seen how these will affect their appetite for carrying risk.

JLT Reinsurance Brokers



Lloyd & Partners



Review of operations

Employee Benefits

The UK Employee Benefits group employs over 1,000 professional staff in eleven offices in the UK, Ireland and India.

- Consulting:** We offer a range of services to companies and Trustees in relation to the establishment, review and operation of pension schemes and employee benefit arrangements. These include scheme design, funding, investment strategy, governance, employee communication and accounting.
- Outsourcing:** We manage pension schemes and employee benefit programmes for our clients independently or connected to our consulting role. Clients include companies, pension schemes and financial institutions. These services include day-to-day administration and benefit quotation and settlement, pensions and annuity payments and preparation of accounts.
- Software:** We develop and implement software solutions to support the management of pension schemes and employee benefit arrangements. Clients include companies, pension funds and third party administrators.

Turnover for the Employee Benefits group was £87.6 million for the year, an increase of 7% over 2007. Trading profit was £15.1 million, compared to £13.7 million in 2007, producing a trading margin of 17%, unchanged on the prior year.

Market review

The pension market saw further significant developments during 2008. Our consulting services were in demand as sponsors of defined benefit schemes continue to seek solutions to these long-term liabilities and as the year progressed we also saw the developing pensions buy-out market impacted by the economic downturn. In addition to guiding trustees through the various challenges we secured a number of assignments from scheme sponsors and advised Vivendi on their £140 million buy-in. Demand for independent trusteeship services and investment consulting grew during the year.

Our administration business continued to develop during the year. We launched services for data validation for schemes in line with the Pensions Regulator's Code of Practice. Our facility in Mumbai grew, supporting increased clients and processes across our business.

We have continued to develop our services supporting pension and employee benefit provision for the future. Our Self Invested Pension business grew during the year and acquired the Arbuthnot's SIPP business. We launched our Group SIPP during the year.

Reflecting increased demand for defined contribution provision, we launched our annuity service, Premier Retirement Services offering online and advised quotations for the best annuity products for those seeking to secure income on retirement.

We have invested in the leading UK team in online benefits and are developing technology to offer clients an online employee benefit platform which will enable employees to enrol, undertake risk profiling and view pension valuations and benefit provision online through fixed and

mobile devices. This development should put us at the forefront of technology based benefit administration and advice and we are already securing new clients for this service.

Our pension software business, Profund, made further progress, with a number of new oPen product implementations. We acquired P3, a provider of pension software, further cementing our position in the pension software market.

Market outlook

We would expect to see some dampening of activity levels as clients adjust to the economic environment. However, we are well placed to assist companies as they continue to grapple with pension fund deficits and also look to review employment costs which should lead to benefit reviews and opportunities for new services.

The significant fall in financial markets will lead to a re-assessment of investment strategies for pension schemes - both defined benefit and defined contribution and to increased communication with employees about retirement saving. The Pensions Regulator continues to play an active role shaping pensions governance which should lead to further opportunities to guide clients through change.

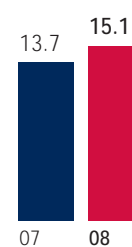
The launch of a number of new initiatives relating to defined contribution and employee benefits will enable us to play an increasing role in the delivery of solutions to these arrangements in the future.

Employee Benefits

Turnover £m



Trading profit £m



Trading margin

17%
2007

17%
2008

Finance Director's review

The Group has a strong financial position and our growth strategies have generated increased trading profits in all our businesses.



JLT achieved further good results in 2008, with growth in both turnover and trading profit in all its principal businesses. Table 1 summarises the financial performance of the Group.

Performance

Turnover increased by 13.3% to £536.1 million in 2008. At constant rates of exchange (CRE), turnover increased 8.1% comprising organic growth of 5.9% and acquisition growth of 2.2%.

Underlying trading profit increased by £14.1 million to £76.2 million, representing an improvement in the trading margin to 14.2% compared to 13.1% last year. At CRE, the trading profit increased by £7.9 million to £70.0 million and the trading margin increased to 13.7%. Central overheads in 2008 were £18.7 million, representing an increase of £4.0 million, mainly due to a combination of start-up investments for strategic new business initiatives and increases in provisioning for litigation. The improved overall trading performance reflects good organic growth, continued tight cost control and improvements in our operating efficiency.

Underlying profit before tax and exceptional items increased by 15.4% to £95.2 million. This reflects the improved trading performance together with an increased profit contribution by our associates of £3.5 million, comprising a £4.0 million profit after tax contribution from our 20% investment in SIACI Saint-Honoré offset by a loss of £0.5 million in our new 50% investment in ICAP-JLT. This was offset by lower investment income which decreased by £1.7 million to £15.8 million due to lower interest rates.

Investment income is forecast to further materially decrease in 2009 if interest rates, which have continued to fall significantly in all our major currencies in recent months, remain

at current levels.

Net finance expense was £0.3 million, reflecting our low net debt position.

Profit before tax was £92.8 million compared to £95.2 million in 2007, reflecting a net exceptional gain recognised in 2007 of £12.7 million which arose mainly from the merger of SIACI with Saint Honoré in France.

Tax expense was £28.0 million compared to £22.0 million last year. The underlying tax expense in 2008 was £28.7 million representing an effective underlying tax rate of 30.1%, down from 31.2% in 2007. This decrease was due mainly to lower corporate tax rates in the UK in 2008.

Profit after tax and minorities decreased from £72.4 million last year to £63.6 million in 2008 due mainly to the net gain recognised in 2007 on the SIACI merger. Underlying profit after tax and minorities increased 16.8% to £65.3 million, reflecting the improved trading performance.

Exceptional items

During the year the Group incurred exceptional costs of £2.4 million, representing the post acquisition integration costs in relation to Harman Wicks & Swayne.

In 2007, the net gain from exceptional items and impairments was £12.7 million. This comprised an exceptional gain of £29.1 million arising on the SIACI merger, partly offset by an impairment charge and exceptional losses totalling £16.4 million.

Cost initiatives

Achieving the appropriate cost base for our businesses is a continuous process. It involves a careful balance of considerations including the right technology, competitive pressures, strong cost control and achieving the required service quality.

Our cost initiatives are designed to simplify, standardise, automate and centralise. Key ongoing initiatives include: transfer of appropriate back

continued page 20

Table 1 - Performance summary

£ millions	2008							2007		
	Turnover	Turnover growth	Turnover growth at CRE*	Trading profit	Trading profit at CRE*	Trading margin	Trading margin at CRE*	Turnover	Trading profit	Trading margin
Risk & Insurance										
Retail businesses:										
Europe	67.2	12.0%	8.2%	11.1	10.8	16.5%	16.6%	60.0	10.3	17.2%
Australasia	78.2	19.2%	8.8%	18.5	16.8	23.6%	23.6%	65.6	16.3	24.9%
Asia	40.6	22.3%	11.1%	8.1	7.7	19.9%	20.8%	33.2	6.9	20.9%
Canada	22.4	21.1%	9.8%	3.6	3.3	16.1%	16.1%	18.5	2.5	13.4%
Latin America	20.8	29.4%	15.0%	3.6	3.2	17.3%	17.6%	16.1	1.3	8.1%
Insurance Management	4.3	26.6%	19.4%	0.1	0.1	2.1%	1.5%	3.4	(0.7)	(22.1%)
	233.5	18.7%	9.8%	45.0	41.9	19.3%	19.4%	196.8	36.6	18.6%
London Market businesses:										
Jardine Lloyd Thompson Ltd	119.0	9.1%	5.3%	19.5	17.6	16.4%	15.3%	109.1	15.1	13.8%
JLT Reinsurance	48.9	10.9%	5.5%	7.1	6.0	14.5%	12.9%	44.0	4.6	10.5%
Lloyd & Partners	47.1	14.5%	13.4%	8.2	8.1	17.4%	17.4%	41.2	6.8	16.5%
	215.0	10.6%	7.1%	34.8	31.7	16.2%	15.2%	194.3	26.5	13.6%
	448.5	14.7%	8.4%	79.8	73.6	17.8%	17.4%	391.1	63.1	16.1%
Employee Benefits	87.6	7.5%	7.3%	15.1	15.1	17.3%	17.3%	81.5	13.7	16.9%
Central Overheads	-	-	-	(18.7)	(18.7)	-	-	0.6	(14.7)	-
	536.1	13.3%	8.1%	76.2	70.0	14.2%	13.7%	473.2	62.1	13.1%
Underlying trading profit				76.2				62.1		
Investment income				15.8				17.5		
Profit on disposal of fixed asset investment and amortisation of other intangibles				-				0.1		
Operating profit before exceptional items and impairments				92.0				79.7		
Net finance costs				(0.3)				0.1		
Associates				3.5				2.7		
Underlying profit before tax				95.2				82.5		
Net exceptional gain/(costs) and impairment charges				(2.4)				12.7		
Profit before tax				92.8				95.2		
Taxation				(28.0)				(22.0)		
Minority interests				(1.2)				(0.8)		
Profit after taxation and minorities				63.6				72.4		
Underlying profit after taxation and minorities				65.3				55.9		
Diluted earnings per share (pence)				29.6p				33.7p		
Underlying diluted earnings per share (pence)				30.4p				26.0p		

*CRE (constant rates of exchange)

Finance Director's review

office functions to our Mumbai office; more efficient use of office space particularly in London; improving IT infrastructure and software applications; improved monthly reporting; tighter monitoring of key performance indicators; new performance based remuneration and improved workflows particularly with underwriters.

Acquisitions

The Group completed nine bolt-on acquisitions together with other additional investments during the year for a total consideration of £29.0 million including deferred consideration of £6.9 million. The contribution to revenue in 2008 from these acquisitions was £5.6 million and would have been approximately £16.3 million had they been acquired at the beginning of 2008.

Total consideration for acquisitions over the last three years was £54.2 million including total estimated deferred consideration of £10.1 million.

Earnings per share

Basic and diluted earnings per share were 29.6p in 2008, compared to 33.7p last year reflecting the net exceptional gains in 2007. Underlying basic and diluted earnings per share increased by 16.9% to 30.4p reflecting the improved trading performance.

Dividends

The Board is recommending a final dividend of 12.0p per share in respect of 2008 which follows an interim dividend of 8.5p per share, bringing the total unchanged dividend to 20.5p per share. This dividend is covered 1.5 times by the underlying basic earnings per share, an improvement on the 1.3 times cover of 2007.

Net debt and cash flow

The Group has strong cash flows from a diversified range of cash generative businesses.

Despite the net cash outflow for acquisitions of £5.3 million and a special pension contribution of £10.0 million during the year, net debt remains low at £8.6 million and compares to net debt of £1.0 million in 2007. Net debt comprises cash, investments and deposits, less bank borrowings and the fiduciary cash relating to insurance creditors.

Balance sheet

The Group has a strong balance sheet, funded mainly by equity. Total equity has increased by £10.0 million during 2008 to £232.5 million.

Net liabilities of the defined benefit pension schemes increased marginally by £1.9 million to £29.3 million.

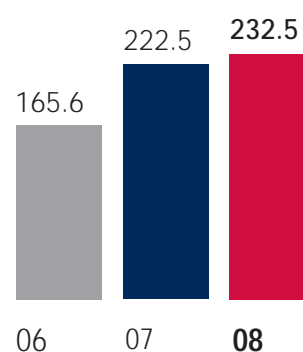
This includes the effect of a special pension contribution of £10.0 million made to the UK scheme in January 2008. A further special contribution of £10.0 million is due to be paid to the UK scheme in December 2009, subject to an updated valuation and funding plan currently being agreed with the trustees.

Share buy-back

In November 2007, the Group announced the commencement of a share buy-back programme which involved the potential purchase of up to £40 million of shares up to 30th June 2008. The Group purchased a total of 1,143,131 shares under the programme between November 2007 and April 2008 at an average purchase price of 332p per share representing a total cash consideration of £3.8 million. The shares are held as Treasury shares.

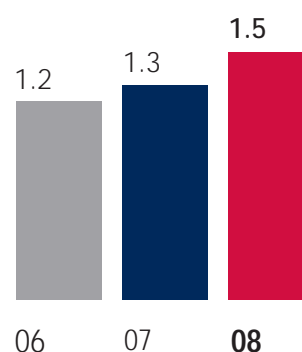
Total equity

Shareholders' funds and minority interests
£m



Dividend cover

Underlying earnings per share divided by total dividend per share



No further purchases have taken place since April 2008. We propose to renew our standing share buy-back authority at the Annual General Meeting in 2009. This would be exercised subject to market conditions and the Group's capital requirements consistent with enhancing returns to shareholders.

Financial and capital risk management

The Group's financial and capital risk management policies are covered in the Directors' Report.

Financing and liquidity

The Group is financed by a prudent mix of equity and long-term committed bank debt. This provided significant headroom and liquidity to ensure adequate funds to finance operations and growth.

The Group has long-term unsecured committed revolving credit facilities totalling £254 million comprising a £230 million multi-currency UK facility and an Australian dollar facility equivalent to £24 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 borrowing requirements of the Group are seasonal and peaked during the year with gross borrowings drawn of £102.2 million. Gross borrowings, including finance leases, amounted to £70.3 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 2008 of approximately \$250 million. This represents 26% 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 £0.75 million in profit before tax. 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 2008, the Group achieved an average rate after hedging of US\$1.81 compared with the average market rate of US\$1.85. In 2007, the Group achieved an average rate after hedging of US\$1.85 compared to an average market rate of US\$2.00.

At the end of February 2009, approximately 85% of anticipated dollar earnings for 2009 are hedged at an average rate US\$1.72, 65% of 2010 dollar earnings at US\$1.57 and 20% of 2011 dollar earnings at US\$1.46.

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 remain 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 2008, 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 Group has early adopted IFRS 8 'operating segments' under which segment information is presented on the same base as that used for internal reporting purposes.

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
23rd March 2009

Corporate social responsibility

Corporate Social Responsibility (CSR) is important to Jardine Lloyd Thompson. Increasingly, our employees, clients and shareholders are all taking a keen interest in understanding what the company is doing to minimise its impact on the environment as well as the positive actions JLT is taking to put something back into the community.

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.

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.

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.

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 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' aims to do exactly that - both in terms of donations and supporting charitable activities. The initiative 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 also encouraged to give up their lunch hours twice a week to visit a school to help with IT training and support. In 2008, JLT also supported a community project helping with cricket coaching for a school in east London. The team subsequently participated in a tournament with other schools at the Oval cricket ground in London.
- 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 Charity Committee seeks to ensure that a large proportion of its annual budget supports these employee fundraising activities. In 2008 the Group provided matching funds totalling more than £68,000. 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 £28,000 for charity in 2008.
- Thirdly, the Group Charity 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.

Our total charitable donations for 2008 in the UK amounted to £102,735.

Many of JLT's overseas offices are involved in local charity initiatives and active fundraising. For example, in Australia, for the sixth year running, money has been raised through a charity golf day for Cystic Fibrosis.

In 2008 the sum raised through this event was AUD140,000.

Australia also took part in the annual United Way Christmas Tree Appeal providing Christmas presents for over a hundred children in the Sydney area.

Our total charitable donations for 2008 amounted to £281,402.

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. Now that the policy has been in place for more than a year it has been possible to monitor the successes made to date. The recycling campaign in our head office has been particularly successful improving recycling by over 400% in 2008, substantially exceeding our target. We now hope to replicate this success across the UK.

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.

Our ten key commitments to the environment

- 1 Reduce the amount of paper we waste by default printing, where possible, to double-sided.
UK consumption was reduced by 8.75% in 2008 and a new target has been set for 2009.
- 2 Positively encourage employees to think twice before printing emails.
- 3 Print all future marketing materials and publications on recycled paper wherever possible.
- 4 Encourage the use of teleconferencing as the preferred alternative to business travel where practicable.
- 5 Limit our energy consumption.
In 2008 in the UK we reduced gas energy consumption by 11% per person and electric energy consumption by 6% per person. In 2009 we hope to achieve a further reduction in energy consumption per person in the UK.
- 6 Develop environmentally sound procurement practices incorporating environmental criteria for supplier selection.
- 7 Purchase, where practical, more products locally to reduce the environmental impact related to transportation.
- 8 Encourage employees to recycle rubbish.
By way of example, in the Group's London offices, employees recycled over 100 tonnes of rubbish in 2008 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 management company has been appointed in the UK so we can analysis and monitor our CO² emissions.
- 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.

Directors' profiles



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. He 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 Jardine Australian Insurance Brokers in 1987. He was Managing Director of JLT Australia and New Zealand between 2000 and 2007. He has been Chairman and Chief Executive of JLT Asia Pacific and a member of the Group Executive Committee since May 2005. He joined the Board in April 2006.

5. C A Keljik OBE, Non-Executive

Christopher Keljik was appointed to the Board as a non-executive director on 1st November 2005 and Chairman of the Remuneration Committee in April 2006. He is also a member of the Audit and Nominations Committees. He retired as a director of Standard Chartered plc in 2005 after 29 years, during which time he held a number of senior positions in London, Hong Kong, New York and Singapore. He is a Chartered Accountant and is also a Non Executive Director of Foreign & Colonial Investment Trust plc, Henderson TR Pacific Investment Trust plc and Millennium & Copthorne Hotels plc.

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 Ltd 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. He is a non-executive director of Fuller Smith & Turner plc, Wates Group Limited and 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. He became Chairman of JLT's UK Retail Insurance business in April 2007.

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 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.

10. V Y A C Wade

Vyvienne Wade joined JIB Group in 1987 as Group Legal Adviser. A barrister and member of the Inner Temple, she 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 was appointed Chief Executive Officer of our Latin American operations with effect from 1st January 2008.

She is also Chairman of JLT's Insurance Management Business.

11. 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, Nominations and Remuneration Committees.

A barrister, he 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.

12. P J R Snowball, Non-Executive

Patrick Snowball was appointed a non-executive director on 1st November 2008. He is a member of the Audit, Nominations and Remuneration Committees.

He is Non-Executive Chairman of Towergate Financial Services Limited and was formerly a board director of Aviva plc and Executive Chairman of Norwich Union. Before joining the insurance industry, he had a long career in the British Army at senior staff level.

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 4 to 21 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 2008, which are shown on pages 46 to 101. The profit attributable to shareholders amounted to £63,611,000 (2007: £72,402,000).

The unconsolidated financial statements for the Company to 31st December 2008, prepared in accordance with UK GAAP, are set out on pages 103 to 106.

The directors recommend the payment of a final dividend of 12.0p per share which, together with the interim dividend of 8.5p per share paid in October 2008 amounts to a total dividend of 20.5p per share (2007: 20.5p 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 Acts. 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 Acts.

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.

Substantial shareholders

At 20th March 2009 (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	64,514,916	30.37%
Silchester International Investors Limited	29,652,332	13.96%
RBC cees Trustees Limited	8,402,137	3.96%

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.

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 34 on page 99.

The board

Appointment and replacement of directors

With the exception of John Paynter and Patrick Snowball who were appointed directors during the year, the directors shown on pages 24 and 25 served throughout the year.

John Paynter and Patrick Snowball were appointed to the Board as independent non-executive directors on 1st October and 1st November 2008 respectively.

Bob Scott retired from the Board as a non-executive director on 31st December 2008 and Nick MacAndrew assumed the role of senior independent director on the same date.

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 is required to stand for re-election annually, having been in office for over nine years.

Accordingly, Lord Leach, Nick MacAndrew, John Paynter, Patrick Snowball and Vyvienne Wade will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. Chris Keljik will retire from the Board at the conclusion of the forthcoming Annual General Meeting.

The service contracts for Lord Leach and Messrs MacAndrew, Paynter and Snowball are subject to a three month notice provision.

Directors' report

The Company is required to give 364 days notice under the service contract with Mrs Wade.

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.

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 seven 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 s317 Companies Act 1985, 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 1 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 will be subject to an annual review by the Board. It is the Board's intention to report annually on the Company's procedures for ensuring that the

Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

Powers of the directors and board procedures

Subject to the Articles, the Companies Acts 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), Chris Keljik and Simon Keswick. John Paynter and Patrick Snowball joined the Committee effective from the January 2009 meeting, following their appointment to the Board on 1st October and 1st November 2008 respectively.

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 30.

The work of the Committee during 2008 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;
- Reviewing the Group's Business Continuity Plans;
- 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 prior year;
- Reviewing Group Errors & Omissions provisions;
- Reviewing Group Information Security policies;
- Reviewing work undertaken to address data protection issues in the UK;
- Reviewing the Group Business Risk Plan and in particular counter-party risk in the light of in the instability of the financial markets and the economic recession;
- 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.

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 the terms of reference of the Internal Audit department;
- 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.

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); Lord Leach; Simon Keswick; Nick MacAndrew, Bob Scott, John Paynter (from 1st October 2008) and Patrick Snowball (from 1st November 2008).

The Remuneration Committee met four 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 LLP, formerly Hewitt New Bridge Street Consultants LLP (HNBS).

Directors' report

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, Simon Keswick; Nick MacAndrew; Bob Scott; John Paynter (from 1st October 2008) and Patrick Snowball (from 1st November 2008).

The Committee met twice during the year. Its purpose is to make recommendations to the Board on the appointment of directors of 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.

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

Note: 1. Appointed 1st October 2008
2. Appointed 1st November 2008

Corporate governance

During the year the Company has been in compliance with the provisions as set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003 and amended on 1st November 2006 (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 30.37% interest in the Company.

The relationship with Jardine Matheson is maintained on an arms-length basis as detailed in note 34 on page 99. 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.

- The majority of the members of the Audit and Remuneration committees are independent. However, 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.

The Board has determined that Mr Paynter is an independent non-executive director, notwithstanding that he was formerly Vice Chairman of JP Morgan Cazenove until his

retirement in July 2008. He was not involved in the relationship between the Company and JP Morgan Cazenove as the Company's stockbrokers. The relationship between JP Morgan Cazenove and the Company is not regarded as material and the Board considers that this would not detract from the independent judgement of Mr Paynter.

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 8 on page 71.

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 2008 are set out in note 26 on page 86.

At 31st December 2008 the authorised share capital of the Company was £12,500,000 of which £10,676,895.70 had been issued and £1,823,104.30 unissued.

At 31st December 2008 the issued share capital consists of 212,394,783 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 2008, the Jardine Lloyd Thompson Employee Share Trusts held 8,254,901 shares in the Company (3.89%). At the date of this report the shares held by the Trusts was 8,402,137 (3.96%).

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 102.

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 Acts 1985/2006 and with applicable accounting standards.

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.

Directors' report

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.

Group risk management and controls

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 operating 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 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.

On an ongoing basis, management profiles the significant risks, both operational and financial, faced by the Group and reviews 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 facilitated internally by the Risk & Compliance function and assurance gained through financial, compliance and quality based auditing. Significant failures are reported to the executive directors to ensure remedial action is taken.

The Board reviewed the Group's procedures for the management of risk during the year and the Board 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 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.

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, business risk and quality control 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 of 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, business risk and quality control 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.

In the UK, JLT has an outsourced Services Agreement with Hewlett-Packard dated 28th April 2006 in respect of the Group's UK IT Infrastructure which is applicable to the Group UK operating companies.

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 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 and capital 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 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.

The total capital of the Group at 31st December 2008 and 2007 was as follows:

£'m	2008	2007
Cash and cash equivalents - own funds	61.7	50.3
Available-for-sale investments	-	0.3
Total cash and available-for-sale investments	61.6	50.6
Borrowings	(70.3)	(51.6)
Net debt	(8.6)	(1.0)
Total equity	232.5	222.5
Total capital	226.9	221.5

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 group's 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 long term credit facilities to ensure that the Group 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 Group's total available capital.

Currency risk

The Group's major currency transaction exposure arises from US dollar revenue earned in the UK. The Group's US dollar denominated revenue in 2008 represented 37% of total UK revenue compared to 39% last year. As a consequence, the Group's results are highly sensitive to changes in the sterling/US dollar exchange rate. Based on prevailing exchange rates, each one cent movement in the achieved exchange rate after hedging translating into a change of approximately £0.75 million in profit before tax. Group policy is to adopt a prudent approach to the management of these exposures by maintaining a rolling currency hedging programme. In 2008, the Group achieved an average rate after hedging of US\$1.81 compared with the average market rate of US\$1.85. In 2007, the Group achieved an average rate after hedging of US\$1.85 compared to an average market rate of US\$2.00.

At the end of February 2009, some 85% of anticipated dollar earnings for 2009 were hedged at an average rate of US\$1.72 and for 2010 some 65% of dollar earnings are hedged at an average rate of US\$1.57. For 2011, some 20% of dollar earnings are hedged at an average rate of US\$1.46.

Directors' report

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:

USD/sterling spot rate	Potential achieved average rate		
	2009	2010	2011
1.60	1.70	1.58	1.57
1.55	1.69	1.56	1.53
1.42 (current rate)	1.67	1.51	1.43
1.35	1.65	1.48	1.37
1.30	1.64	1.46	1.33

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 million.

Counterparty credit risk

The Group's gross exposure to credit risk is £734.5 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.

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 22 and 23.

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 2008 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 £281,402 (2007: £267,210). No political donations were made by the Group.

Annual general meeting

The notice convening the Annual General Meeting to be held on 30th April 2009 at 12 noon at 6 Crutched Friars, London EC3N 2PH is contained in the circular accompanying this report. The special business comprises the following items:

- i) to increase the authorised share capital of the Company;

The renewal, within prescribed limits, of:

- ii) the authority of the directors to allot securities of the Company within ABI guidelines;
- iii) the disapplication of the statutory pre-emption rights;
- iv) the authority of the Company to purchase its own shares by way of market purchases;
- v) 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 (iv) 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;

- vi) Further amendments to the Articles of Association to bring them up to date with the phased implementation of the Companies Act 2006 and to ensure they remain in alignment with the EU Shareholders' Rights Directive.

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
23rd March 2009

Remuneration report

Remuneration Committee

The Remuneration Committee comprises six non-executive directors: Chris Keljik (Chairman), Rodney Leach, Simon Keswick, Nick MacAndrew, John Paynter and Patrick Snowball.

Bob Scott was a member of the Committee until his retirement from the Board on 31st December 2008. John Paynter and Patrick Snowball were appointed directors on 1st October and 1st November 2008 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 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.

The Committee met four times in 2008 and the attendance of the Committee members is shown in the table on page 30.

Hewitt New Bridge Street LLP ("HNBS" formerly New Bridge Street Consultants LLP) acted as independent advisers to the Committee during the year, providing information and assistance. HNBS was appointed by the Committee and 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 base 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 few UK listed, directly comparable companies and that its competitors are often businesses which are part of much larger groups.

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 page 38.

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

Directors' remuneration

The various elements of the remuneration package of executive directors are set out below and in the table on page 39.

Basic salary

Basic salaries and benefits are normally reviewed annually at the beginning of April. No increases are proposed for April 2009. Please refer to the table and notes on page 39.

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 2008, 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 2008 were achieved. The bonus payments made to directors for the year detailed on page 39 reflect the extent to which both financial and individual objectives were achieved.

Since the amounts payable to the Executive Directors exceed 100% of base salary, the excess will be

delivered in the form of deferred shares. At the date of this report, the formal award of shares has not been made. There are no performance conditions attached to the deferred bonus share awards.

The Committee has reviewed the bonus plan for 2009 to ensure that it continues to comply with best practice and it remains relevant to the Company. For 2009, it has been decided that the executive directors' bonuses will continue to be based primarily on achieving Group PBT targets and, where appropriate, PBT targets in respect of the relevant business unit, in addition to the achievement of individual objectives.

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. This limit may only be exceeded in a recruitment situation.

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.

Performance condition

EPS has been chosen as an appropriate performance condition because it is a key indicator used by the Company to measure its underlying financial performance.

EPS is calculated on such a basis as the Company may specify from time to time taking into account relevant accounting standards. The current definition of EPS used in the calculation is basic EPS excluding

exceptional items and impairment charges, on a constant rates of exchange basis.

For awards made prior to 2008, EPS growth is measured based on actual achieved exchange rates over the relevant performance period. However, to take account of the volatility in exchange rates (which management has limited ability to manage over the longer term), the Committee determined that for awards made in May 2008 EPS growth would be calculated using constant rates of exchange over the relevant three year performance period. It was felt that this would provide a better reflection of underlying operational performance of the Company for the duration of the performance period under the LTIP. Profit performance under the annual bonus plan is determined on actual achieved exchange rates for each financial year.

The targets for the awards made in 2007 and 2008 require EPS (as defined above) to grow by an average of between RPI+3% per annum (at which point 15% of the awards vest) and RPI+9% per annum for full vesting.

The performance conditions attached to the awards made in 2006 for the period 2006-8 have been met in full and these awards will therefore fully vest on 24th November 2009.

The performance condition was that EPS growth over the three year period 2006 to 2008 should exceed RPI plus 2% per annum at which point 25% would vest and RPI plus 5% per annum for full vesting to occur. The calculation was based on basic EPS excluding exceptional items and impairment charges. For the purposes of the calculation, EPS was calculated on a consistent continuing operations basis, thereby providing a fair basis of measuring underlying financial performance over the performance period 2006 to 2008 following the disposal of US operations in 2006.

The earnings per share calculation is verified by the auditors.

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

Details of awards granted to executive directors during 2008 under the LTIP 2004 and in respect of former years, together with participation under other employee share schemes are set out on pages 40 to 41.

At the date of this report the awards for 2009 have not yet been made as the Remuneration Committee is reviewing whether the current arrangements continue to be appropriate.

Other benefits

Other benefits include life assurance cover equal to four times basic salary, 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 pages 42 and 43.

With effect from 1st December 2006 the defined benefit section of the 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

Remuneration report

limited to earnings of £112,800 per annum ('JLT Cap') for the 2008 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 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. 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 2008. 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 2008.

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.

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

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
C A Keljik	01.11.2008	3 months	N/A
S L Keswick	10.01.2007	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
P J R Snowball	01.11.2008	3 months	N/A
V Y A C Wade	01.07.1998	364 days	364 days salary and benefits

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.

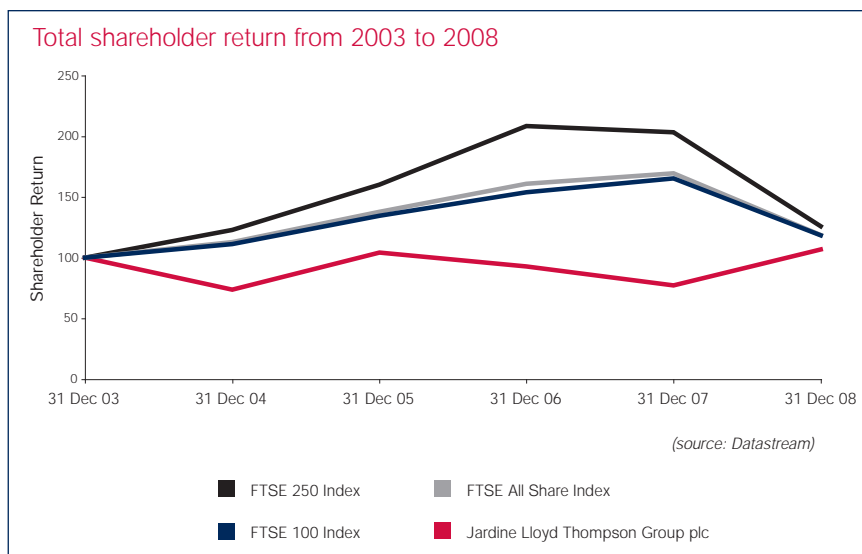
Performance graph

The Company is required to include a performance graph to measure its performance against corporate indices. Over the past five years, JLT was ranked 130th out of the remaining 259 FTSE 350 companies which were still listed at 31st December 2008 with a Total Shareholder Return (TSR) of 6.77%.

The graph plots the comparison of the TSR of JLT since 1st January 2003 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.

TSR return for JLT of 6.77% over the period compared to a TSR of 18.31% for the FTSE 100, 25.6% for the FTSE 250 and 18.65% 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.

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 2008.

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 2008 £'000	Total 2008 £'000	Total 2007 £'000
G M T Howe		200	-	-	-	1	-	201	201
D J Burke		519	79	886	15	2	10	1,511	1,347
B P Carpenter	5	298	-	332	24	32	-	686	568
C A Keljik		50	-	-	-	-	-	50	50
S L Keswick		40	-	-	-	-	-	40	40
Lord Leach		45	-	-	-	8	-	53	53
N R MacAndrew		53	-	-	-	-	-	53	53
W J N Nabarro		361	19	411	17	2	12	822	747
J G H Paynter		10	-	-	-	-	-	10	0
J W Rush	3,4	361	2	410	15	26	-	814	715
P J R Snowball		7	-	-	-	-	-	7	0
R A Scott		45	-	-	-	-	-	45	45
V Y A C Wade		349	25	407	15	1	10	807	648
		2,338	125	2,446	86	72	32	5,099	4,467

*This table has been audited by PricewaterhouseCoopers LLP

Notes

- Other benefits cash include car allowance and accumulated dividend equivalent income on share awards when they vest.
- On 1st December 2006 the salaries for the UK based Executive directors were increased to reflect the changes made in the UK pension scheme explained on page 42. 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.

- Other benefits non-cash includes life assurance cover, car benefit, medical insurance and permanent health insurance. Mr Rush received a non-cash NIC uplift of £24,290 in respect of his salary sacrifice. This is included in the pension notes on page 42.
- Mr Rush received a non-cash pension allowance to his personal pension of £11,175 which is included in the pension notes on page 42.
- Mr Carpenter participates in a separate pension fund (outside of the UK) and employer contributions of that fund are shown in the pension notes on page 42.

Remuneration report

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:

Shares*

The interests of the directors at 1st January 2008 (or upon later appointment) and at 31st December 2008 in the ordinary shares of Jardine Lloyd Thompson Group plc (excluding options and LTIP) are set out below:

	31st Dec 2008 Total holding	1st Jan 2008 (or later appt.) Total holding
D J Burke	77,725	77,311
B P Carpenter	105,026	105,026
G M T Howe	20,000	20,000
C A Keljik	6,000	6,000
S L Keswick	2,249	2,249
Lord Leach	22,500	22,500
N R MacAndrew	5,000	5,000
W J N Nabarro	61,388	50,000
J G H Paynter	-	-
J W Rush	10,823	10,411
R A Scott	4,000	4,000
P J R Snowball	-	-
V Y A C Wade	2,493	2,493

**This table has been audited by PricewaterhouseCoopers LLP.*

The middle market price of ordinary shares at 31st December 2008 was 438.0p and the range during the period 1st January to 31st December 2008 was 314p to 518p.

Between 1st January 2009 and 20th March 2009 (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 86 shares on behalf of D J Burke and 88 shares on behalf of J W Rush.

On 13th March 2009, D J Burke acquired 43,103 shares which vested under the Deferred Bonus Share Plan.

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 20th March 2009 (being the latest practicable date prior to the posting of this report), no further changes of directors' interests have been notified since the end of the year.

Option schemes and deferred shares (excluding LTIP)*

	At 1st Jan 2008	Number granted during 2008	Number vested during 2008	Exercised/ [lapsed] during the year	At 31st Dec 2008	Exercise price	Date from which exercisable	Expiry date	Note
D J Burke	1,811	-	-	-	1,811	£3.13	01 11 09	30 04 10	a)
	43,103	-	-	-	43,103	nil	13 03 09	12 04 09	e)
	54,900	-	-	-	54,900	nil	13 04 10	12 05 10	e)
	-	64,400	-	-	64,400	nil	25 03 11	24 04 11	e)
B P Carpenter	26,385	-	-	-	26,385	nil	28 03 09	27 03 13	f)
	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	A\$7.75	01 11 09	30 04 10	b)
W J N Nabarro	19,337	-	19,337	19,337	-	nil	06 04 08	05 04 15	d)
	21,876	-	-	-	21,876	nil	18 04 09	17 05 09	e)
	1,811	-	-	-	1,811	£3.13	01 11 09	30 04 10	a)
J W Rush	1,811	-	-	-	1,811	£3.13	01 11 09	30 04 10	a)

**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 Restricted Share Scheme prior to date of appointment as a director. This is an unapproved scheme. The awards are deferred bonus arrangements to which no performance criteria attach.
- d) Awards made under the Performance Share Plan 2004 prior to appointment as director. This is an unapproved scheme.
- e) 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.
- f) Award made under the JLT Restricted Share Scheme prior to appointment as director. Performance conditions were attached relating to the period 2003-5 which have been satisfied, 50% were exercised in 2006, the balance are exercisable from 28th March 2009, subject to continued employment.

Long Term Incentive Plan*

Awards to directors made under the LTIP are set out in the table below.

	At 1st Jan 2008	Date of grant	Number granted during 2008	Market value on date of grant pence	Number vested during 2008	Market value on date of vesting pence	Exercised/ [lapsed] during the year	At 31st Dec 2008	Exercise price	Date from which exercisable	Expiry date
D J Burke	138,000	31 03 05	-	383.00	-	-	[138,000]	-	Nil	31 03 08	30 03 15
	244,500	24 11 06	-	398.50	-	-	-	244,500	Nil	24 11 09	23 11 16
	219,500	13 04 07	-	455.58	-	-	-	219,500	Nil	13 04 10	12 04 17
	-	15 05 08	276,700	379.50	-	-	-	276,700	Nil	15 05 11	14 05 18
B P Carpenter	91,700	24 11 06	-	398.50	-	-	-	91,700	Nil	24 11 09	23 11 16
	82,300	13 04 07	-	455.58	-	-	-	82,300	Nil	13 04 10	12 04 17
	-	15 05 08	122,530	379.50	-	-	-	122,530	Nil	15 05 11	14 05 18
W J N Nabarro	128,400	24 11 06	-	398.50	-	-	-	128,400	Nil	24 11 09	23 11 16
	115,200	13 04 07	-	455.58	-	-	-	115,200	Nil	13 04 10	12 04 17
	-	15 05 08	144,300	379.50	-	-	-	144,300	Nil	15 05 11	14 05 18
J W Rush	128,400	24 11 06	-	398.50	-	-	-	128,400	Nil	24 11 09	23 11 16
	115,200	13 04 07	-	455.58	-	-	-	115,200	Nil	13 04 10	12 04 17
	-	15 05 08	144,300	379.50	-	-	-	144,300	Nil	15 05 11	14 05 18
V Y A C Wade	72,000	31 03 05	-	383.00	-	-	[72,000]	-	Nil	31 03 08	30 03 15
	110,000	24 11 06	-	398.50	-	-	-	110,000	Nil	24 11 09	23 11 16
	98,800	13 04 07	-	455.58	-	-	-	98,800	Nil	13 04 10	12 04 17
	-	15 05 08	144,300	379.50	-	-	-	144,300	Nil	15 05 11	14 05 18

*This table has been audited by PricewaterhouseCoopers LLP

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

Note 1

Performance conditions for awards made in 2005 required EPS growth of between RPI plus 3% p.a. for zero vesting to RPI plus 10% p.a. for full vesting measured over the three years from a base EPS of the financial year immediately preceding grant.

For awards made in 2006, 25% vests for EPS growth of RPI plus 2% p.a., rising to 100% vesting for RPI plus 5% p.a over the three year performance period of 2006-2008.

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. Please see page 37 for notes on basis of EPS growth definitions.

The LTIP awards granted in 2005 have lapsed as the performance condition was not met.

Remuneration report

Gains made on share options and LTIP*

The table below shows the gains made by individual directors from the exercise of share options during 2008.

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	Market value £	Gain £
W J N Nabarro	19,337	14 04 08	Nil	3.50	67,679.50

*This table has been audited by PricewaterhouseCoopers LLP

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 39 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

	Note	Age at 31/12/08	Pension scheme	Pension pa accrued at 31/12/08	Pension pa increase due to inflation during 2008	Pension pa increase excluding inflation during 2008	Transfer value of increase (net of inflation) after director's contributions	Transfer value of accrued pension as 31/12/08	Transfer value of accrued pension as 31/12/07	Contributions payable by director during 2008	Increase/ (decrease) in transfer value less directors' contributions payable during 2008	Retirement age	Spouse fraction	Employer's DC contribution	Employee DC contribution
D J Burke		50	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)	59	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	£38,437	£7,348
W J N Nabarro		53	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	c)	48	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	£35,465	£193,320
V Y A C Wade		47	JLT	£108,661	£3,747	-	NIL	£1,239,070	£1,512,030	Nil	(£281,960)	60	0.500	Nil	Nil

*This table has been audited by PricewaterhouseCoopers LLP

Note:

- Employer's DC - means direct contribution payments to either a JLT DC scheme or personal pension plan
- Salary sacrifice of £7,348
- 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 2008 (£189,766) be made in the form of a contribution to his personal pension plan in addition to the core employee contribution of £3,554. This amount is included in the Employee Contribution above. The Company's NIC saving was £24,290 and this amount was also paid direct to his personal pension plan. This amount, together with the employer contribution of £11,175 makes up the total employer contribution of £35,465.

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 table opposite on page 42.

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 in accordance with Actuarial Guidance Note GN11. 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

Christopher A Keljik

Chairman, Remuneration Committee
23rd March 2009

Group financial statements

Contents

- 45 Independent auditors' report
- 46 Consolidated income statement
- 47 Consolidated group balance sheet
- 48 Consolidated statement of recognised
income and expense
- 49 Consolidated cash flow statement
- 50 Accounting policies
- 58 Notes to the financial statements
- 102 Company accounts

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 2008 which comprise the Consolidated Income Statement, the Consolidated Group Balance Sheet, the Consolidated Statement of Recognised Income and Expense, the Consolidated Cash Flow Statement, the Accounting Policies and the related notes. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of (Jardine Lloyd Thompson Group plc) for the year ended 31st December 2008 and on the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group Financial Statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Principal Activities and Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Report, the Review of Operations, the Finance Director's Review, the Corporate Social Responsibility statement, the Directors' Report, the Remuneration Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31st December 2008 and of its profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Group financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London
23rd March 2009

Notes:

- *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.*
- *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 2008

	Notes	2008 £'000	2007 £'000
Fees and commissions	3	536,093	473,194
Investment income	5	15,849	17,450
Salaries and associated expenses	7	(329,282)	(298,363)
Premises		(31,232)	(31,595)
Other operating costs		(90,560)	(55,290)
Depreciation, amortisation and impairment charges	4	(11,240)	(12,978)
Operating profit	3,4	89,628	92,418
Analysed as:			
Operating profit before exceptional items & impairment charges		91,998	79,665
Other non-recurring items	4	(2,370)	(2,811)
Gain on disposal of investment in associate	4	-	29,097
Group reorganisation and rationalisation costs	4	-	(10,103)
Impairment charges	4	-	(3,430)
Operating profit	3,4	89,628	92,418
Finance costs	6	(6,091)	(5,264)
Finance income	6	5,769	5,389
Net finance (cost)/income	6	(322)	125
Share of results of associates after tax and minority interests		3,502	2,669
Profit before taxation	3	92,808	95,212
Income tax expense	9	(27,978)	(22,006)
Profit for the year		64,830	73,206
Attributable to:			
Shareholders of the Company	3	63,611	72,402
Minority interests		1,219	804
		64,830	73,206
Earnings per share			
	10		
Basic		29.6p	33.7p
Diluted		29.6p	33.7p

Notes on pages 58 to 101 form part an integral part of these financial statements.

Consolidated group balance sheet

as at 31st December 2008

	Notes	2008 £'000	2007 £'000
NET OPERATING ASSETS			
Non-current assets			
Goodwill	12	196,992	160,010
Intangible assets	13	15,576	11,101
Property, plant and equipment	14	27,920	24,473
Investment in associates	15	42,764	30,250
Available-for-sale financial assets	16,22	10,956	1,034
Derivative financial instruments	17,22	3,725	403
Employee benefit trusts	18	517	1,287
Deferred tax assets	24	35,079	26,349
Retirement benefit surpluses	33	-	4,464
		333,529	259,371
Current assets			
Trade and other receivables	19,22	208,308	160,852
Current tax assets		-	2,881
Derivative financial instruments	17,22	-	3,890
Available-for-sale financial assets	16,22	-	11,103
Cash and cash equivalents	20,22	511,495	348,659
		719,803	527,385
Current liabilities			
Borrowings	22,23	(497)	(2,078)
Trade and other payables	21,22	(627,669)	(444,508)
Derivative financial instruments	17,22	(24,101)	(730)
Current tax liabilities		(15,279)	-
Provisions for liabilities and charges	25	(14,365)	(20,473)
		(681,911)	(467,789)
Net current assets			
		37,892	59,596
Non-current liabilities			
Borrowings	22,23	(69,788)	(49,509)
Derivative financial instruments	17,22	(13,539)	(97)
Deferred tax liabilities	24	(6,451)	(6,751)
Retirement benefit obligations	33	(29,291)	(31,856)
Provisions for liabilities and charges	25	(19,853)	(8,291)
		(138,922)	(96,504)
		232,499	222,463
TOTAL EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares	26,28	10,676	10,667
Share premium	28	77,338	76,764
Fair value & hedging reserves	28	(24,702)	2,681
Exchange reserve	28	37,398	1,494
Retained earnings	28	126,456	127,694
Shareholders' equity	28	227,166	219,300
Minority interest	27	5,333	3,163
		232,499	222,463

Notes on pages 58 to 101 form an integral part of these financial statements.

Approved by the Board on 23rd March 2009 and signed on its behalf by:

Jim Rush

Finance Director

Consolidated statement of recognised income & expense

for the year ended 31st December 2008

	2008 £'000	2007 £'000
Actuarial (losses)/gains recognised in post retirement benefit schemes	(11,577)	35,268
Taxation thereon	3,057	(9,963)
	(8,520)	25,305
Fair value gains/(losses) net of tax		
- available-for-sale	244	(1,098)
- cash flow hedges	(27,627)	(3,219)
Currency translation differences	35,904	5,564
Net gains recognised directly in equity	1	26,552
Profit for the year	64,830	73,206
Total recognised income and expense for the year	64,831	99,758
Attributable to:		
Shareholders of the Company	63,612	98,954
Minority interests	1,219	804
	64,831	99,758

Consolidated cash flow statement

for the year ended 31st December 2008

	Notes	2008 £'000	2007 £'000
Cash flows from operating activities			
Cash generated from operations before interest and taxation	30	74,277	14,416
Interest paid		(6,015)	(5,025)
Fair value gains on financial instruments		777	(51)
Interest received		18,946	20,013
Taxation paid		(7,115)	(13,971)
Increase in net insurance broking creditors		137,213	20,451
		218,083	35,833
Dividend received from associates	15	35	64
Net cash from operating activities		218,118	35,897
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(9,989)	(8,336)
Purchase of intangible fixed assets	13	(9,515)	(6,060)
Disposal of property, plant and equipment		810	676
Disposal of intangible fixed assets		803	732
Acquisition of businesses, (net of cash acquired)	31	(5,274)	(17,478)
Acquisition of associate undertakings	15	(1,709)	-
Disposal of business, (net of cash disposed of)	32	709	16,671
Purchase of available for sale "other" investments		(212)	(18)
Disposal of available for sale "other" investments		-	969
Net cash used in investing activities		(24,377)	(12,844)
Cash flows from financing activities			
Equity dividend paid		(43,559)	(43,512)
Net cash flows from investments and deposits		1,941	3,010
Purchase of investments by Employee Benefit Trust	28	(19,000)	(4,827)
Share buy back programme	28	(1,070)	(2,738)
Issue of ordinary shares	28	583	2,229
Net increase in borrowings		15,517	22,490
Dividend paid to minority shareholders	27	(775)	(2,374)
Net cash used in financing activities		(46,363)	(25,722)
Net increase/(decrease) in cash and cash equivalents			
Cash & cash equivalents at beginning of year		348,659	350,339
Effects of exchange rate changes		15,458	989
Cash & cash equivalents at end of year	20	511,495	348,659

Accounting policies

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 1985 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 2008

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the group's financial statements.

IFRIC 11, 'IFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have an impact on the group's financial statements.

The following interpretation to published standards are mandatory for accounting periods beginning on or after 1st January 2008 but are not relevant to the Group's operations

IFRIC 12, 'Service concession arrangements'; and

IFRIC 13, 'Customer loyalty programmes'.

Standards and amendments early adopted by the Group

IFRS 8, 'Operating segments', was early adopted in 2008. IFRS 8 replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2007 have been restated.

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.

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.

Accounting policies

Capitalised employment contract payments

The Group makes payments to certain key employees in recognition of them signing a long-term employment contract, 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.

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.

Accounting policies

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 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 4 on page 63, 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 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.

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 33 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.

Accounting policies

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 2009 or later periods, but the Group has not early adopted them:

IAS 1 (Revised), 'Presentation of financial statements' (effective from 1st January 2009). The revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive

income). The group will apply IAS 1 (Revised) from 1st January 2009. This revision is not expected to have a significant impact on the Group's reporting.

IAS 19 (Amendment), 'Employee Benefits' (effective from 1st January 2009).

The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The Group will apply the IAS 19 (Amendment) from 1st January 2009.

IAS 27 (Revised), 'Consolidated and separate financial statements', (effective from 1st July 2009). The revised standard requires the effects of all transactions with non controlling 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 re-measured 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.

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from 1st January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for

example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the IAS 28 (Amendment) to impairment tests related to investments in associates and any related impairment losses from 1st January 2009.

IAS 36 (Amendment), 'Impairment of assets' (effective from 1st January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1st January 2009.

IFRS 2 (Amendment), 'Share-based payment' (effective from 1st January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. It also specifies the accounting treatment for all cancellations, whether by the entity or by other parties. The Group will apply IFRS 2 (Amendment) from 1st January 2009. This amendment is not expected to have a significant impact on the Group's reporting.

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 either 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.

IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1st July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1st January 2010.

IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1st October 2008). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. The Group will apply IFRIC 16 from 1st January 2009. This amendment is not expected to have a significant impact on the Group's reporting.

The following are standards and amendments to existing standards that have been published and are not yet mandatory and which the Group consider will not have any application to how the Group reports:

IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1st January 2009). – Amendments to the treatment of puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets on liquidation.

IAS 23 (Amendment), 'Borrowing costs' (effective from 1st January 2009). – The amendment requires that borrowing costs directly attributable to a qualifying asset are capitalised.

IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements' (effective from 1st January 2009). – Amendment to the definition of cost method and allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments.

IAS 38 (Amendment), 'Intangible assets' (effective from 1st January 2009). – A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.

Notes to the financial statements

for the year ended 31st December 2008

1. Comparative reclassification

IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1st January 2009 has been adopted early in the year beginning 1st January 2008. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

This has resulted in an increase in the number of reportable segments presented, as the previously reported Risk & Insurance segment has been split into London Market and Retail segments.

Operating segments are reported in a manner consistent with the internal management reporting.

Comparatives for 2007 have been restated to reflect the revised segmental reporting.

2. 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.

	Year ended 31st December 2008				
	Underlying profit £'000	Re- classification £'000	Impairment charges £'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	(90,915)	444	-	(89)	(90,560)
Depreciation, amortisation and impairment	(10,732)	(508)	-	-	(11,240)
Trading profit	76,213	(64)	-	(2,370)	73,779
Investment income	15,849	-	-	-	15,849
Profit on disposal of businesses	444	(444)	-	-	-
Amortisation of other intangibles	(508)	508	-	-	-
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

	Year ended 31st December 2007				
	Underlying profit £'000	Re- classification £'000	Impairment charges £'000	Exceptional items £'000	Total £'000
Fees and commissions	473,194	-	-	-	473,194
Salaries and associated expenses	(291,578)	-	-	(6,785)	(298,363)
Premises	(30,440)	-	-	(1,155)	(31,595)
Other operating costs	(79,980)	567	-	24,123	(55,290)
Depreciation, amortisation and impairment	(9,076)	(472)	(3,430)	-	(12,978)
Trading profit	62,120	95	(3,430)	16,183	74,968
Investment income	17,450	-	-	-	17,450
Profit on disposal of fixed asset investments	567	(567)	-	-	-
Amortisation of other intangibles	(472)	472	-	-	-
Operating profit	79,665	-	(3,430)	16,183	92,418
Net finance income	125	-	-	-	125
Share of results of associates after tax and minority interests	2,669	-	-	-	2,669
Profit before taxation	82,459	-	(3,430)	16,183	95,212

2. Alternative income statement continued

Segment information - reporting format reconciliation

	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Total £'000
Year to 31st December 2008					
Underlying trading profit	34,752	44,999	15,154	(18,692)	76,213
Profit on disposal of business	-	444	-	-	444
Amortisation of other intangibles	(47)	(207)	(254)	-	(508)
Exceptional items	(2,370)	-	-	-	(2,370)
Segment result	32,335	45,236	14,900	(18,692)	73,779
Investment income	8,921	6,868	37	23	15,849
Operating profit	41,256	52,104	14,937	(18,669)	89,628

	London Market £'000	Retail £'000	Employee Benefits £'000	Head office & Other £'000	Total £'000
Year to 31st December 2007					
Underlying trading profit	26,486	36,608	13,732	(14,706)	62,120
Profit/(loss) on disposal of fixed asset investments	-	135	488	(56)	567
Amortisation of other intangibles	(66)	(153)	(253)	-	(472)
Exceptional items	(4,046)	(3,580)	(5,143)	28,952	16,183
Segment result	22,374	33,010	8,824	14,190	78,398
Impairment charges	(30)	(3,400)	-	-	(3,430)
Investment income	10,444	6,876	98	32	17,450
Operating profit	32,788	36,486	8,922	14,222	92,418

Notes to the financial statements

for the year ended 31st December 2008

3. Segment information

Business segment analysis

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

The London Market segment comprises JLT's specialist, wholesale and reinsurance broking activities. The Retail segment comprises the Group 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.

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 & cash equivalents and investments & deposits) relating to the Group's 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 & 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.

Year to 31st December 2008	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Unallocated £'000	Total £'000
Fees and commissions	214,953	233,561	87,570	9	-	536,093
Segment result	32,335	45,236	14,900	(18,692)	-	73,779
Investment income	8,921	6,868	37	23	-	15,849
Operating profit	41,256	52,104	14,937	(18,669)	-	89,628
Net finance/(cost)	-	-	-	-	(322)	(322)
Share of results of associates after tax & MI	-	35	-	3,467	-	3,502
Profit before taxation	41,256	52,139	14,937	(15,202)	(322)	92,808
Income tax expense	-	-	-	-	(27,978)	(27,978)
Minority interests	-	-	-	-	(1,219)	(1,219)
Net profit	41,256	52,139	14,937	(15,202)	(29,519)	63,611
Segment assets	469,436	277,194	79,810	91,144	-	917,584
Associates	-	-	-	42,764	-	42,764
Unallocated assets	-	-	-	-	92,984	92,984
Total assets	469,436	277,194	79,810	133,908	92,984	1,053,332
Segment liabilities	(447,015)	(178,404)	(24,191)	(77,920)	-	(727,530)
Unallocated liabilities	-	-	-	-	(93,303)	(93,303)
Total liabilities	(447,015)	(178,404)	(24,191)	(77,920)	(93,303)	(820,833)
Other segment items						
Capital expenditure	2,852	7,548	4,701	4,403	-	19,504
Depreciation, amortisation and impairment	(748)	(5,485)	(1,057)	(3,950)	-	(11,240)

3. Segment Information continued

Year to 31st December 2007	London Market £'000	Retail £'000	Employee Benefits £'000	Head Office & Other £'000	Unallocated £'000	Total £'000
Fees and commissions	194,303	196,824	81,480	587	-	473,194
Segment result	22,374	33,010	8,824	14,190	-	78,398
Impairment charge	(30)	(3,400)	-	-	-	(3,430)
Investment income	10,444	6,876	98	32	-	17,450
Operating profit	32,788	36,486	8,922	14,222	-	92,418
Net finance cost	-	-	-	-	125	125
Share of results of associates after tax & minority interests	-	32	-	2,637	-	2,669
Profit before taxation	32,788	36,518	8,922	16,859	125	95,212
Income tax expense	-	-	-	-	(22,006)	(22,006)
Minority interests	-	-	-	-	(804)	(804)
Net profit	32,788	36,518	8,922	16,859	(22,685)	72,402
Segment assets	335,709	224,955	73,364	42,734	-	676,762
Associates	-	2,607	-	27,643	-	30,250
Unallocated assets	-	-	-	-	79,744	79,744
Total assets	335,709	227,562	73,364	70,377	79,744	786,756
Segment liabilities	(260,882)	(144,983)	(21,666)	(73,019)	-	(500,550)
Unallocated liabilities	-	-	-	-	(63,743)	(63,743)
Total liabilities	(260,882)	(144,983)	(21,666)	(73,019)	(63,743)	(564,293)
Other segment items						
Capital expenditure	4,931	6,007	756	2,702	-	14,396
Depreciation, amortisation and impairment	(560)	(8,168)	(980)	(3,270)	-	(12,978)

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, Sweden, Norway 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, 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.

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.

Notes to the financial statements

for the year ended 31st December 2008

3. Segment information continued

Year to 31st December 2008	Fees and commissions(1) £'000	Fees and commissions(2) £'000	Segment non current assets £'000	Segment total 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)
Year to 31st December 2007	Fees and commissions(1) £'000	Fees and commissions(2) £'000	Segment non current assets £'000	Segment total assets £'000	Segment liabilities £'000
UK	306,644	148,951	125,674	477,857	(375,091)
Americas	50,307	114,680	43,046	81,319	(43,116)
Australasia	65,620	72,487	15,978	59,285	(45,720)
Asia	34,342	42,809	7,452	29,642	(17,987)
Europe	16,281	83,886	4,721	28,659	(18,636)
Rest of World	-	10,381	-	-	-
	473,194	473,194	196,871	676,762	(500,550)
Associates				30,250	-
Unallocated assets/(liabilities)				79,744	(63,743)
Total assets/(liabilities)				786,756	(564,293)

4. Operating profit

	2008 £'000	2007 £'000
The following items have been charged/(credited) in arriving at operating profit :		
Foreign exchange gains:		
Fees and commissions	(3,365)	(9,208)
Other operating costs	(1,098)	(42)
	(4,463)	(9,250)
Impairment charges:		
- goodwill	-	3,400
- employment contract payments	-	30
Amortisation of intangible assets:		
- software costs	1,964	1,435
- Other intangible assets	508	472
Depreciation on property, plant and equipment:		
- owned assets	8,446	7,313
- leased assets under finance leases	322	328
Total depreciation, amortisation and impairment charges	11,240	12,978
Amortisation of intangible assets:		
- employment contract payments (included in salaries and associated expenses)	2,476	2,492
Loss/(profit) on disposal of property, plant and equipment:	76	(27)
Operating lease rentals payable :		
- minimum lease payments		
land & buildings	11,323	11,164
furniture, equipment & motor vehicles	258	195
computer equipment & software	53	20
other	449	391
- sub-lease receipts		
land & buildings	(2,376)	(2,747)
Available-for-sale financial assets		
- fair value gains	(78)	(14)
- gain on sale	(5)	(5)
	(83)	(19)
Exceptional items :		
Acquisition integration costs of which:		
- included in salaries and associated expenses	743	458
- included in premises costs	1,538	152
- included in other operating costs	89	19
	2,370	629
Reorganisation and redundancy costs of which:		
- included in salaries and associated expenses	-	6,327
- included in premises costs	-	1,003
- included in other operating costs	-	2,773
	-	10,103
Sale of associate - Courcelles Participations (included in other operating costs)	-	(29,097)
Commercial dispute settlement (included in other operating costs)	-	2,182
Total exceptional items	2,370	(16,183)

Notes to the financial statements

for the year ended 31st December 2008

5. Investment income

	2008 £'000	2007 £'000
Interest receivable - fiduciary funds	15,849	17,450
	15,849	17,450
Prior year investment income	17,450	17,170
Effect of:		
Average cash balance variance	1,829	(839)
Interest yield variance	(4,269)	1,777
Foreign exchange variance	839	(658)
	15,849	17,450

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 £375 million (2007: £340 million) denominated principally in US dollars 47%, sterling 23% and Australian dollars 11%. The average return for 2008 was 4.22% (2007: 5.15%). Based upon average invested balances each 0.5% movement in the average achieved rate of return would impact anticipated interest income by some £2 million.

6. Net finance (cost)/income

	2008 £'000	2007 £'000
Continuing operations		
Interest receivable - own funds	2,824	2,682
Investment income from fixed asset investments	190	50
Interest expense:		
- bank and other borrowings	(5,725)	(4,791)
- finance leases	(110)	(100)
- interest in respect of provision discounting	(256)	(312)
Pension financing:		
- expected return on post employment scheme assets	30,982	28,282
- interest on post employment scheme liabilities	(28,305)	(25,700)
- net pension financing income	2,677	2,582
Fair value (gains)/losses on financial instruments		
- interest rate swaps, cash flow hedges, transfer from equity	16	75
- forward contracts, fair value hedges	62	(61)
	(322)	125
Finance costs	(6,091)	(5,264)
Finance income	5,769	5,389
Net finance (costs)/income	(322)	125

7. Employee information

	2008 £'000	2007 £'000
a) Salaries and associated expenses		
Wages and salaries	250,996	222,197
Social security costs	27,818	24,591
Pension costs	17,359	15,672
Equity settled share based payments:		
- Incentive schemes (RSP, SIP, LTIP)	7,245	7,336
- Sharesave schemes (SAYE)	550	588
	7,795	7,924
Other staff costs	25,314	27,979
	329,282	298,363
	2008	2007
b) Analysis of employees		
Average number of persons employed by the Group during the year		
Geographical segment		
UK	2,788	2,763
Americas	875	876
Australasia	835	795
Asia	681	637
Europe	207	175
	5,386	5,246
Business segment		
London Market	1,100	1,074
Retail	2,938	2,871
Employee Benefits	1,098	1,057
Head Office and Other	250	244
	5,386	5,246
	2008 £'000	2007 £'000
c) Key management compensation		
Salaries and short term employee benefits	8,525	7,651
Post employment benefits	170	219
Other long term benefits	669	241
Share based payments	171	220
	9,535	8,331

Notes to the financial statements

for the year ended 31st December 2008

7. Employee information continued

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.

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	-
Sub-total		16,003,653	-	799	Note 1	-
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		995		
Sharesave Scheme						
2003	30 September - 5 Year	1,280,712	456.50	655	No	59.63
2006	9 October - 3 Year	1,226,820	313.00	1,202	No	20.00
2006	9 October - 5 Year	717,782	313.00	343	No	20.00
Sub-total		3,225,314		2,200		
Total		27,424,757		3,994		

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.

7. Employee information continued

Note 1 continued: 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.

For LTIPs awarded in 2004 and 2005 to Executive Directors of the Group the performance conditions require 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 require 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 require 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 require 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%

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.

Notes to the financial statements

for the year ended 31st December 2008

7. 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		Share price on		Dividend		Risk free		Fair value of	
price	Performance	grant date	Volatility	yield	Maturity	interest rate	one award		
p	period	p	%	%	years	%	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
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.

7. Employee information continued

		Movement in number of options				Options outstanding at 31 Dec 08 number	Weighted average exercise (sale) price (p)	Options exercisable at 31 Dec 08 number	Remaining contractual life years
		Options outstanding at 1 Jan 08 number	Granted/ adjustments number	Lapsed number	Exercised number				
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									
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

Notes to the financial statements

for the year ended 31st December 2008

7. Employee information continued

		Movement in number of options							
		Options outstanding at 1 Jan 07 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 Dec 07 number	Weighted average exercise (sale) price (p)	Options exercisable at 31 Dec 07 number	Remaining contractual life years
Restricted Share Scheme/Performance Share Plan									
2003	28 March	822,661	-	(314,832)	(139,324)	368,505	432.88	131,470	5.24
2003	8 September	76,100	-	-	(12,500)	63,600	453.29	33,650	5.69
2003	20 November	18,600	-	-	(18,600)	-	457.47	-	5.89
2004	24 September	1,774,089	-	(752,105)	(313,783)	708,201	397.47	134,547	6.74
2005	30 March	722,000	-	(204,000)	-	518,000	-	-	7.25
2005	6 April	1,663,689	-	(114,730)	(62,541)	1,486,418	377.73	14,180	7.27
2005	6 September	422,840	-	(7,500)	(208,945)	206,395	337.50	-	7.69
2006	18 April	449,673	-	-	(23,335)	426,338	393.25	18,958	8.30
2006	27 September	64,979	-	-	-	64,979	-	-	8.75
2006	29 September	155,671	-	-	-	155,671	-	-	8.75
2006	24 November	887,600	-	-	-	887,600	-	-	8.90
2007	13 April	-	909,900	-	-	909,900	-	-	9.29
2007	16 April	-	936,582	(18,657)	(19,755)	898,170	393.25	-	9.30
2007	22 August	-	10,782	-	-	10,782	-	-	9.65
Sub-total		7,057,902	1,857,264	(1,411,824)	(798,783)	6,704,559	388.46	332,805	7.98
Executive Share Option Scheme									
2003	28 March	15,000	-	-	-	15,000	-	15,000	5.24
2003	8 September	530,500	-	(48,000)	-	482,500	-	2,500	5.69
2004	8 September	791,500	-	(143,500)	(104,000)	544,000	442.34	166,500	6.70
2005	6 April	3,233,500	-	(386,500)	(174,500)	2,672,500	443.57	17,500	7.27
2005	6 September	594,990	-	(55,000)	-	539,990	-	-	7.69
2006	29 September	1,921,800	-	(161,250)	-	1,760,550	-	9,000	8.75
Sub-total		7,087,290	-	(794,250)	(278,500)	6,014,540	443.11	210,500	7.56
Sharesave Scheme									
2003	30 September - 3yr	749,367	-	(584,697)	(164,670)	-	440.79	-	-
2003	30 September - 5yr	453,724	-	(151,904)	(4,106)	297,714	422.99	6,107	1.25
2006	9 October - 3yr	1,213,901	-	(161,513)	(1,653)	1,050,735	364.41	3,020	2.27
2006	9 October - 5yr	712,615	-	(73,055)	-	639,560	-	1,384	4.27
Sub-total		3,129,607	-	(971,169)	(170,429)	1,988,009	439.62	10,511	2.76
Total		17,274,799	1,857,264	(3,177,243)	(1,247,712)	14,707,108	407.64	553,816	7.10

Options granted prior to 7th November 2002

		Movement in number of options						
		Options outstanding at 1 Jan 08 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 Dec 08 number	Weighted average exercise (sale) price (p)	Remaining contractual life years
Restricted Share Scheme		361,319	-	(15,464)	(97,916)	247,939	392.29	2.22
Share options - 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
-----------------------------------------------	--------	-----	--------	--------	--------

		Movement in number of options						
		Options outstanding at 1 Jan 07 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 Dec 07 number	Weighted average exercise (sale) price (p)	Remaining contractual life years
Restricted Share Scheme		543,708	-	(1,806)	(180,583)	361,319	469.96	3.12
Share options - Executive Share Option Scheme		1,700,481	-	(109,556)	(208,210)	1,382,715	394.36	3.83
Total		2,244,189	-	(111,362)	(388,793)	1,744,034	410.02	-

The weighted average options costs for 2007 were as follows:

Share options - Executive Share Option Scheme	465.44	n/a	505.94	216.33	490.60
-----------------------------------------------	--------	-----	--------	--------	--------

8. 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:

	2008 £'000	2007 £'000
Fees payable to the Group's auditor for the audit of the Company and consolidated accounts	232	221
Fees payable to the Group's auditor and its associates for other services:		
The audit of the Group's subsidiaries, pursuant to legislation	1,149	1,060
Other services pursuant to legislation	148	196
Tax services	136	108
All other services	52	26
Fees in respect of the Jardine Lloyd Thompson Group Pension Scheme	13	18
	1,730	1,629

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 it is involved in the decision on all such appointments where the anticipated fee exceeds £50,000. Each year a limit is set on the total fees that can be paid to the external auditor in relation to other services not referred to above. For 2008, the Audit Committee set this limit at one third of the statutory audit fees (2007: one third).

9. Income tax expense

	2008 £'000	2007 £'000
Current tax expense		
Current year	25,507	11,966
Under/(over) provided in prior years	442	(273)
	25,949	11,693
Deferred tax expense		
Origination and reversal of temporary differences	(1,765)	5,081
Reduction in tax rate	159	809
Benefit of tax losses recognised	746	4,410
Adjustments in respect of prior period losses	2,889	13
	2,029	10,313
Total income tax expense	27,978	22,006

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:

	2008 £'000	2007 £'000
Profit before taxation	92,808	95,212
Tax calculated at UK Corporation Tax rate of 28.5% (2007: 30%)	26,450	28,564
Non-deductible expenses*	875	3,103
Share based payments	(1,603)	2,005
Other adjustments to taxable profit	-	(8,733)
Adjustments to tax charge in respect of prior periods	3,523	(125)
Effect of UK and non-UK tax rate differences	(136)	(2,826)
Effect of reduction in UK tax rate	-	809
Tax on associates	(1,131)	(791)
Total income tax expense	27,978	22,006

*The non-deductible expenses for 2008 relate principally to non-deductible entertainment expenses. The non-deductible expenses for 2007 relate principally to non-deductible entertaining expenses and the impairment of goodwill.

The other adjustments to taxable profits for 2007 relate principally to the gain realised on the disposal of the Group's investment in Courcelles Participation that is not subject to tax.

With effect from 1st April 2008 the UK Corporate tax rate was reduced from 30% to 28%.

Notes to the financial statements

for the year ended 31st December 2008

10. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders 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 in issue to take account of the potential dilutive effect of outstanding share options.

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.

	2008 No of shares	2007 No of shares
Weighted average number of shares in issue	214,649,942	214,732,389
Effect of outstanding share options	439,534	474,373
Adjusted weighted average number of shares	215,089,476	215,206,762

	2008			2007		
	£'000	Basic pence per share	Diluted pence per share	£'000	Basic pence per share	Diluted pence per share
Earnings reconciliation						
Underlying profit	65,306	30.4	30.4	55,911	26.0	26.0
Impairment charges	-			(3,430)		
Taxation thereon	-			9		
	-	-	-	(3,421)	(1.6)	(1.6)
Exceptional items	(2,370)			16,183		
Taxation thereon	675			3,729		
	(1,695)	(0.8)	(0.8)	19,912	9.3	9.3
Profit attributable to shareholders	63,611	29.6	29.6	72,402	33.7	33.7

11. Dividends

	2008 £'000	2007 £'000
Final dividend in respect of 2007 of 12.0p per share (2006: 12.0p)	25,878	25,493
Less: adjustment*	(140)	(38)
	25,738	25,455
Interim dividend in respect of 2008 of 8.5p per share (2007: 8.5p)	18,316	18,057
	44,054	43,512

* 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 2008 of 12.0p per share (2007: 12.0p) amounting to a total of £25,625,000 (2007: £25,714,000) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting.

12. Goodwill

	Gross amount £'000	Impairment losses £'000	Net carrying amount £'000
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
At 31st December 2007			
Opening net book amount	145,428	(1,147)	144,281
Exchange differences	2,510	(291)	2,219
Acquisitions	16,910	-	16,910
Disposals	-	(3,400)	(3,400)
Closing net book amount	164,848	(4,838)	160,010

An impairment loss of £3,400,000 was recognised during 2007 in respect of the Latin American cash generating unit (CGU) see below for details.

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	Total £'000
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
At 31st December 2007				
Australasia	-	10,977	-	10,977
Asia	-	5,334	-	5,334
UK and Europe	52,141	22,767	34,938	109,846
Americas	15,088	18,765	-	33,853
	67,229	57,843	34,938	160,010

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:

Key assumption used for value-in-use calculations	Risk & Insurance				Employee Benefits
	Australasia	Asia	UK & Europe	Americas	UK & Europe
At 31st December 2008					
Growth rate (1) - %	2.21	3.54	0.01	3.62	0.00
Discount rate (2) - %	9.52	8.59	5.87	6.85	5.81
At 31st December 2007					
Growth rate (1) - %	6.40	6.93	4.60	6.06	4.60
Discount rate (2) - %	15.10	13.11	11.82	14.31	15.92

1) Average growth rate used to extrapolate cash flows beyond five years.

2) Pre-tax discount rate applied to the cash flow projections.

Notes to the financial statements

for the year ended 31st December 2008

12. 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 rates used are consistent with long-term economic forecasts in the countries of operation.

Impairment:

During 2007 an impairment loss of £3,400,000 was recognised in respect of the goodwill attributable to the Latin American CGU which is included in the "Americas" disclosure noted above. The impairment arose as a result of the loss of a significant business portfolio in the Group's Mexican operations. The recoverable amount of the unit containing the related goodwill was determined based on value in use calculations using a discount rate of 16.1%.

13. Intangible assets

	Computer software £'000	Capitalised employment contract payments £'000	Other £'000	Total £'000
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				
Opening net book amount	1,895	7,143	2,300	11,338
Exchange differences	61	29	16	106
Additions	1,413	4,647	-	6,060
Companies acquired	128	-	1,000	1,128
Disposals	(5)	(3,097)	-	(3,102)
Impairment charge	-	(30)	-	(30)
Amortisation charge	(1,435)	(2,492)	(472)	(4,399)
Closing net book amount	2,057	6,200	2,844	11,101
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
At 31st December 2006				
Cost	22,238	21,570	3,935	47,743
Accumulated amortisation	(20,343)	(14,427)	(1,635)	(36,405)
Closing net book amount	1,895	7,143	2,300	11,338

Additions to computer software during 2008 include £1,317,000 of capitalised costs in respect of internal developments (2007: £86,000).

14. Property, plant and equipment

	Land & buildings £'000	Leasehold improvements £'000	Furniture & equipment £'000	Motor vehicles £'000	Total £'000
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					
Opening net book amount	112	11,623	8,574	2,444	22,753
Exchange differences	20	328	357	148	853
Additions	-	3,103	3,489	1,744	8,336
Companies acquired	-	660	176	(15)	821
Disposals	-	(26)	(71)	(552)	(649)
Depreciation charge	(13)	(2,680)	(4,034)	(914)	(7,641)
Closing net book amount	119	13,008	8,491	2,855	24,473
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
At 31st December 2006					
Cost	144	25,080	56,081	4,399	85,704
Accumulated depreciation	(32)	(13,457)	(47,507)	(1,955)	(62,951)
Closing net book amount	112	11,623	8,574	2,444	22,753

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

	2008 £'000	2007 £'000
Furniture, equipment and motor vehicles	1,217	1,005

Notes to the financial statements

for the year ended 31st December 2008

15. Investments in associates

	£'000
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
Reclassified 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	
Opening net book amount	9,009
Exchange differences	2,454
Share of results after tax and minority interests	2,669
Dividends received	(64)
Acquisitions	24,569
Disposals	(8,387)
Closing net book amount	30,250
At 31st December 2007	
Cost	30,615
Provisions	(365)
Closing net book amount	30,250
At 31st December 2006	
Cost	9,381
Provisions	(372)
Closing net book amount	9,009

No impairment losses have been incurred during the year.

During 2007 following the merger of the Group's French associate SIACI SA with Assurances et Conseils Saint-Honoré the Group disposed of its shareholding in Courcelles Participations (the holding company for SIACI SA) in exchange for cash and a 20% shareholding in the new Holding company of the merged entity, Newstone Courtage.

The Group's interest in its principal associate, Newstone Courtage (2007: 9 months), is as follows:

	2008 £'000	2007 £'000
Assets	514,464	401,695
Liabilities	322,140	267,867
Turnover *	125,639	66,732
Net profit *	19,827	4,982
Percentage held	20.00%	20.00%
Country of incorporation	France	France

* Turnover and net profit figures in respect of 2007 are for the 9 month period since formation

16. Available-for-sale financial assets

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

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

	Other investments £'000	Investments & deposits £'000	Total £'000
At 1st January 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	£'000	£'000	£'000
Current	-	-	-
Non-current	798	10,158	10,956
At 31st December 2008	798	10,158	10,956

Analysis of available-for-sale investments & deposits	£'000
Fiduciary	10,158
Own funds	-
At 31st December 2008	10,158

	£'000	£'000	£'000
At 1st January 2007	2,481	13,231	15,712
Exchange differences	62	1,004	1,066
Additions	18	8,243	8,261
Disposals/maturities	(402)	(11,253)	(11,655)
Revaluation (deficit)/surplus (included within equity)	(1,313)	66	(1,247)
At 31st December 2007	846	11,291	12,137

Analysis of available-for-sale financial assets	£'000	£'000	£'000
Current	-	11,103	11,103
Non-current	846	188	1,034
At 31st December 2007	846	11,291	12,137

Analysis of available-for-sale investments & deposits	£'000
Fiduciary	10,961
Own funds	330
At 31st December 2007	11,291

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:

	2008 £'000	2007 £'000
AAA	-	194
AA	10,158	8,854
AA/A	-	2,240
Other	-	3
Total	10,158	11,291

Notes to the financial statements

for the year ended 31st December 2008

17. Derivative financial instruments

	As at 31st December 2008		As at 31st December 2007	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Interest-rate swaps - cash flow hedges	-	-	-	(402)
Forward foreign exchange contracts - cash flow hedges	3,725	(37,640)	4,293	(425)
	3,725	(37,640)	4,293	(827)
Current	-	(24,101)	3,890	(730)
Non-current	3,725	(13,539)	403	(97)
	3,725	(37,640)	4,293	(827)

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:

	2008 £'000	2007 £'000
AA/A	3,725	4,293
	3,725	4,293

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.

	Less than 1 year £'000	Between 1 and 2 years £'000
31st December 2008		
Forward foreign exchange contracts		
Outflow	(184,998)	(147,150)
Inflow	154,578	133,475
Foreign exchange collars		
Outflow	(7,104)	-
Inflow	7,104	-
	Less than 1 year £'000	Between 1 and 2 years £'000
31st December 2007		
Forward foreign exchange contracts		
Outflow	(101,127)	(4,516)
Inflow	103,889	4,624
Foreign exchange collars		
Outflow	(25,715)	(5,143)
Inflow	25,715	5,143

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

The Group uses various derivative instruments including forward foreign exchange contracts, interest rate swaps and 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 2008 and designated as effective cash flow hedges was £37.6 million and has been deferred in equity (2007: £3.5 million). Gains and Losses arising on derivative instruments outstanding as at 31st December 2008 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 2008 the Group had outstanding foreign exchange contracts, including foreign currency collars, principally in USD, amounting to a principal value of £295,156,000 (2007: £168,089,000).

b) Interest Rate Swaps and Forward Rate Agreements

The Group periodically 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 2008 was nil (2007: USD 100,000,000 at a fixed rate of 4.6% and GBP 50,000,000 at a fixed rate of 4.5%).

c) Price Risk

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

18. Employee benefit trust

	£'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
£'000	
At 31st December 2007	
Opening net book amount	2,371
Accumulated amortisation	(886)
Revaluation deficit (included within equity)	(198)
Closing net book amount	1,287
At 31st December 2007	
Cost	4,263
Accumulated amortisation	(2,976)
Closing net book amount	1,287
At 31st December 2006	
Cost	5,052
Accumulated amortisation	(2,681)
Closing net book amount	2,371

19. Trade and other receivables

	2008 £'000	2007 £'000
Current receivables and prepayments		
Trade receivables	157,763	118,882
Less: provision for bad debt	(14,524)	(11,696)
Trade receivables - net	143,239	107,186
Other debtors	55,810	45,787
Prepayments	9,259	7,879
	208,308	160,852

As at 31st December 2008, the Group had exposures to individual trade counterparties within trade receivables. In accordance with our Group policy, Group operating companies continually monitor exposures against individual clients. 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:

	2008 £'000	2007 £'000
At 1st January	(11,696)	(13,001)
Currency translation adjustments	(3,364)	(28)
Provisions acquired	-	(205)
Provisions made for receivables impairment	(3,390)	(864)
Receivables written off during the year as uncollectible	2,263	1,741
Unused amounts reversed	1,663	661
At 31st December	(14,524)	(11,696)

Notes to the financial statements

for the year ended 31st December 2008

19. Trade and other receivables continued

The following table sets forth details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts and related provisions for doubtful trade receivables:

	Trade receivables £'000	Bad debt provision £'000	Net trade receivables £'000
31st December 2008			
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
<hr/>			
	Trade receivables £'000	Bad debt provision £'000	Net trade receivables £'000
31st December 2007			
Not overdue	46,610	-	46,610
Past due not more than three months	50,155	(365)	49,790
Past due more than three months and not more than six months	8,016	(287)	7,729
Past due more than six months and not more than one year	5,331	(2,803)	2,528
Past due more than one year	8,770	(8,241)	529
	118,882	(11,696)	107,186

20. Cash and cash equivalents

	2008 £'000	2007 £'000
Cash at bank and in hand	146,578	178,581
Short term bank deposits	364,917	170,078
	511,495	348,659
<hr/>		
	£'000	£'000
Fiduciary	449,853	298,352
Own funds	61,642	50,307
	511,495	348,659

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:

	2008 £'000	2007 £'000
AAA	51,354	50,059
AA	132,070	233,587
AA/A	196,671	25,621
A	128,866	33,513
Other	2,534	5,879
	511,495	348,659

The effective interest rate and average maturity in respect of short-term deposits was 2.14% (2007: 6.34%)
These deposits have an average maturity of 30 days. (2007: 15 days)

21. Trade and other payables

	2008 £'000	2007 £'000
Insurance creditors	460,011	309,313
Social security and other taxes	12,219	9,424
Other creditors	92,166	66,939
Accruals and deferred income	63,273	58,832
	627,669	444,508

22. Financial instruments by category

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

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)	(660,314)

31st December 2007 Assets per balance sheet	Loans and receivables £'000	Derivatives used for hedging £'000	Available- for-sale £'000	Total £'000
Available-for-sale financial assets	-	-	12,137	12,137
Derivative financial instruments	-	4,293	-	4,293
Trade and other receivables	160,852	-	-	160,852
Cash and cash equivalents	348,659	-	-	348,659
	509,511	4,293	12,137	525,941

Liabilities per balance sheet	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
Borrowings	-	51,587	51,587
Trade and other payables	-	444,508	444,508
Derivative financial instruments	827	-	827
	827	496,095	496,922

Notes to the financial statements

for the year ended 31st December 2008

23. Borrowings

	2008 £'000	2007 £'000
Current		
Bank overdraft	4	1,556
Unsecured loan notes & other borrowings	4	4
Bank borrowing	4	146
Finance lease liabilities	485	372
	497	2,078
Non-current		
Bank borrowing	68,988	48,836
Finance lease liabilities	800	673
	69,788	49,509
Total borrowings	70,285	51,587

The borrowings include secured liabilities (leases and borrowings) in a total amount of £1,285,000 (2007: £1,045,000).

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 or less £'000	6-12 months £'000	1-5 years £'000	Over 5 years £'000	Fixed rate £'000	Total £'000
Total borrowings	68,996	-	-	-	1,289	70,285
Effect of interest rate swaps	-	-	-	-	-	-
At 31st December 2008	68,996	-	-	-	1,289	70,285
Total borrowings	50,538	-	-	-	1,049	51,587
Effect of interest rate swaps	-	-	-	-	-	-
At 31st December 2007	50,538	-	-	-	1,049	51,587

The effective interest rates at the balance sheet date were as follows:

	2008 £'000	2007 £'000
Bank overdraft	3.00%	8.15%
Unsecured loan notes	7.40%	7.40%
Bank borrowings	3.78%	7.15%
Finance lease liabilities	8.13%	8.16%

The carrying amounts and fair value of borrowings are as follows:

	Carrying amount 2008 £'000	Fair value 2008 £'000
Current		
Bank overdraft	4	4
Unsecured loan notes & 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

23. Borrowings continued

	Carrying amount 2007 £'000	Fair value 2007 £'000
Current		
Bank overdraft	1,556	1,556
Unsecured loan notes & other borrowings	4	4
Bank borrowing	146	146
Finance lease liabilities	372	372
	2,078	2,078
Non-current		
Bank borrowing	48,836	48,836
Finance lease liabilities	673	673
	49,509	49,509
Total borrowings	51,587	57,587

Maturity of non-current borrowings (excluding finance lease liabilities):

	2008 £'000	2007 £'000
Between 1 and 2 years	27	6
Between 2 and 3 years	68,961	-
Between 3 and 4 years	-	48,830
	68,988	48,836

Finance lease liabilities - minimum lease payments:

	2008 £'000	2007 £'000
No later than 1 year	557	425
Later than 1 year and not later than 2 years	356	427
Later than 2 year and not later than 3 years	352	204
Later than 3 year and not later than 4 years	172	89
Later than 4 year and not later than 5 years	23	16
Later than 5 years	14	25
	1,474	1,186
Future finance charges on finance leases	(189)	(141)
Present value of finance lease liabilities	1,285	1,045

The present value of finance lease liabilities is as follows:

	2008 £'000	2007 £'000
No later than 1 year	485	372
Later than 1 year and not later than 2 years	311	378
Later than 2 year and not later than 3 years	307	180
Later than 3 year and not later than 4 years	150	78
Later than 4 year and not later than 5 years	20	14
Later than 5 years	12	23
	1,285	1,045

Notes to the financial statements

for the year ended 31st December 2008

23. Borrowings continued

Borrowing facilities

The Group has undrawn committed borrowing facilities:

	2008 £'000	2007 £'000
Floating rate		
- expiring within one year	-	-
- expiring beyond one year	185,000	203,100
Fixed rate		
- expiring within one year	-	-
- expiring beyond one year	-	-
	185,000	203,100

Facilities expiring beyond one year expire in December 2011 and relate to the committed unsecured £230 million revolving credit facility in the name of Jardine Lloyd Thompson Group plc and the AUD 50m (£24.0m) committed unsecured revolving credit facility available to JLT Australia Pty Ltd. Drawings under the facilities are subject to margins between 55.0 and 60.0 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 which the Group expects to continue to comply with.

24. 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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Property, plant & equipment	2,975	3,088	(254)	(77)	2,721	3,011
Provisions	8,065	8,061	(166)	(326)	7,899	7,735
Losses	3,075	4,861	(577)	(452)	2,498	4,409
Deferred income	506	519	(3,261)	(4,321)	(2,755)	(3,802)
Intangibles other than goodwill	71	87	(17)	(186)	54	(99)
Other	2,494	1,716	(3,777)	(1,668)	(1,283)	48
Pensions	6,803	7,886	-	-	6,803	7,886
Share based payments	3,938	1,481	-	-	3,938	1,481
Fair values	8,753	-	-	(1,071)	8,753	(1,071)
Tax (assets)/liabilities	36,680	27,699	(8,052)	(8,101)	28,628	19,598
Set off of tax	(1,601)	(1,350)	1,601	1,350	-	-
Net tax (assets)/liabilities	35,079	26,349	(6,451)	(6,751)	28,628	19,598

IFRS requires deferred tax assets and liabilities to be offset where there is a legally enforceable right to do so by virtue of income taxes being levied by the same tax authority on entities which intend to realise the assets and settle the liabilities simultaneously in future periods.

	At 1 Jan 2008 £'000	Exchange differences £'000	Charge/(credit) to income £'000	Charge/(credit) to equity £'000	Acquisitions/ disposal of sub £'000	Balance at 31 Dec 2008 £'000
Accelerated tax depreciation	3,011	(89)	(201)	-	-	2,721
Provisions	7,735	498	(334)	-	-	7,899
Losses	4,409	195	(2,106)	-	-	2,498
Deferred income	(3,802)	1,025	22	-	-	(2,755)
Intangibles other than goodwill	(99)	168	(15)	-	-	54
Other	48	484	(1,795)	-	(20)	(1,283)
Pensions	7,886	(42)	43	(1,084)	-	6,803
Share based payments	1,481	(1)	2,458	-	-	3,938
Fair values	(1,071)	-	-	9,824	-	8,753
Net tax (assets)/liabilities	19,598	2,238	(1,928)	8,740	(20)	28,628

24. Deferred income taxes continued

The total current and deferred income tax charged to equity during the year is as follows:

	At 1 Jan 2008 £'000	Charge/(credit) to equity £'000	Balance at 31 Dec 2008 £'000
Pension	2,780	3,057	5,837
Fair values			
Foreign exchange	(1,099)	9,751	8,652
Interest rate hedging	133	(10)	123
Available-for-sale	(105)	83	(22)
	(1,071)	9,824	8,753
	1,709	12,881	14,590

Deferred tax assets are recognised for tax losses to the extent that the realisation of the related tax benefits through the future taxable profits is considered probable. A deferred tax asset of £571,000 (2007: £419,000) has not been recognised in the balance sheet in respect of certain of the Group's overseas operations, principally the Philippines, Norway and Taiwan where it is considered likely that the losses will expire before use.

Deferred tax liabilities have not been recognised on temporary differences of £262 million (2007: £203 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 £633,000 (2006: £140,000) representing unremitted earnings of Associates.

25. Provisions

	Property related provisions £'000	Litigation provisions £'000	Deferred consideration £'000	Acquisition integration provisions £'000	Total £'000
At 1st January 2008	10,433	14,883	2,938	510	28,764
Exchange adjustment	59	377	534	-	970
Adjustment to gross basis	-	(147)	-	-	(147)
Utilised in the year	(1,924)	(4,836)	(547)	(82)	(7,389)
Charged to the income statement	(377)	7,087	-	-	6,710
Interest charge	205	-	51	-	256
Companies acquired	160	-	5,437	-	5,597
Companies disposed of	-	-	(543)	-	(543)
At 31st December 2008	8,556	17,364	7,870	428	34,218
At 1st January 2007	9,308	28,390	4,759	736	43,193
Exchange adjustment	(7)	56	40	-	89
Reclassification from current assets/liabilities	-	-	(257)	(9)	(266)
Adjustment to gross basis	-	(10,008)	-	-	(10,008)
Utilised in the year	(1,581)	(3,660)	(2,193)	(89)	(7,523)
Charged to the income statement	2,526	105	-	(152)	2,479
Interest charge	187	-	102	24	313
Companies acquired	-	-	487	-	487
At 31st December 2007	10,433	14,883	2,938	510	28,764
				2008	2007
				£'000	£'000
Analysis of total provisions:					
Non-current - to be utilised in more than one year				19,853	8,291
Current - to be utilised within one year				14,365	20,473
				34,218	28,764

Notes to the financial statements

for the year ended 31st December 2008

25. 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 2008, in connection with certain litigation matters, the Group's litigation provisions include an amount of £0.1 million (2007: £0.2 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 2008 (2007: 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 an acquisition. These costs are not associated with the ongoing activities of the company.

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

26. Share capital

	Number of shares	Nominal value £'000
Authorised		
Ordinary shares of 5p each	250,000,000	12,500
Allotted, called up and fully paid		
At 31st December 2007	213,350,956	10,667
Allotted during the year	186,958	9
At 31st December 2008	213,537,914	10,676

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 2008 the Company issued 25,383 ordinary shares for a consideration of £104,054.75 to UK employees and 5,075 ordinary shares for a consideration of £17,772.87 (in local currency) to overseas employees following exercises by employees and former employees of options held under the Jardine Lloyd Thompson Group Sharesave Option Scheme.
- 2 Between 1st January and 31st December 2008 the Company issued 156,500 ordinary shares for a consideration of £461,926.40 following exercises by executives of options held under the Jardine Lloyd Thompson Group plc Executive Share Option Scheme.

27. Minority Interests

	£'000
At 1st January 2008	3,163
Exchange adjustment	1,202
Acquisitions	-
Minority interest change in shareholding	524
Profit for the year	1,219
Dividends	(775)
At 31st December 2008	5,333
At 1st January 2007	4,362
Exchange adjustment	171
Acquisitions	200
Profit for the year	804
Dividends	(2,374)
At 31st December 2007	3,163

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 JLT Re Colombia, Corredores Colombianos de Reaseguros SA (19%); Jardine Lloyd Thompson-Valencia y Iragorri Corredores de Seguros SA & Jardine Lloyd Thompson Valencia & Iragorri Beneficios Integrales Oportunos SA (32%); JLT Corredores de Reaseguros SA (41%) and Mariategui JLT Corredores de Seguros SA (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.

Notes to the financial statements

for the year ended 31st December 2008

28. Changes in shareholders' funds

	Share capital £'000	Share premium £'000	Fair value & other reserves £'000	Exchange reserves £'000	Retained earnings £'000	Total shareholders' equity £'000
Balance at 1st January 2008	10,667	76,764	2,681	1,494	127,694	219,300
Actuarial losses recognised in post retirement benefit schemes	-	-	-	-	(8,520)	(8,520)
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 gains/(losses) recognised directly in equity	-	-	(27,383)	35,904	(8,520)	1
Profit for the year	-	-	-	-	63,611	63,611
Total recognised income and expense for the year	-	-	(27,383)	35,904	55,091	63,612
Dividends paid	-	-	-	-	(44,054)	(44,054)
Share buy-back scheme	-	-	-	-	(1,070)	(1,070)
Shares acquired by the employee benefit trust	-	-	-	-	(19,000)	(19,000)
Reversal of amortisation in respect of share based payments	-	-	-	-	7,795	7,795
Issue of share capital	9	574	-	-	-	583
Balance at 31st December 2008	10,676	77,338	(24,702)	37,398	126,456	227,166

	Share capital £'000	Share premium £'000	Fair value & other reserves £'000	Exchange reserves £'000	Retained earnings £'000	Total shareholders' equity £'000
Balance at 1st January 2007	10,634	74,568	6,998	(4,070)	73,140	161,270
Actuarial gains recognised in post retirement benefit schemes, net of tax	-	-	-	-	25,305	25,305
Fair value losses net of tax						
- available-for-sale	-	-	(1,098)	-	-	(1,098)
- cash flow hedges	-	-	(3,219)	-	-	(3,219)
Currency translation differences	-	-	-	5,564	-	5,564
Net gains/(losses) recognised directly in equity	-	-	(4,317)	5,564	25,305	26,552
Profit for the year	-	-	-	-	72,402	72,402
Total recognised income and expense for the year	-	-	(4,317)	5,564	97,707	98,954
Dividends paid	-	-	-	-	(43,512)	(43,512)
Share buy-back scheme	-	-	-	-	(2,738)	(2,738)
Shares acquired by the employee benefit trust	-	-	-	-	(4,827)	(4,827)
Reversal of amortisation in respect of share based payments	-	-	-	-	7,924	7,924
Issue of share capital	33	2,196	-	-	-	2,229
Balance at 31st December 2007	10,667	76,764	2,681	1,494	127,694	219,300

29. Qualifying employee share ownership trust

During the period, the QUEST allocated no ordinary shares to employees in satisfaction of options that had been exercised under the Jardine Lloyd Thompson Sharesave Scheme. (2007: nil).

30. Cash flow from operations

Reconciliation of profit before taxation to cash generated from operations

	2008	2007
	£'000	£'000
Cash flows from operating activities		
Profit before taxation	92,808	95,212
Investment income receivable	(18,862)	(20,182)
Interest payable on bank loans & finance leases	5,835	4,891
Fair value gains on financial instrument	(78)	(14)
Pension financing net income	(2,677)	(2,582)
Unwinding of provision discounting	256	312
Depreciation	8,768	7,641
Amortisation of intangible assets	4,947	4,399
Amortisation of share based payments	7,795	7,924
Amortisation of employee benefit trust	586	886
Share of results of associates undertakings	(3,502)	(2,669)
Non cash exceptional items	1,027	5,751
Profit on disposal of businesses	(444)	-
Loss/(profit) on disposal of property, plant and equipment	76	(27)
Profit on disposal of fixed asset investments	-	(567)
Gain on disposal of associate investment	-	(29,097)
Impairment charges	-	3,430
Increase in trade and other receivables	(38,682)	(25,427)
Decrease in trade and other payables - excluding insurance broking balances	28,923	3,914
Decrease in provisions for liabilities and charges	(1,706)	(5,046)
Decrease in retirement benefit obligation	(10,793)	(34,333)
Net cash inflow from operations	74,277	14,416

Notes to the financial statements

for the year ended 31st December 2008

31. Business combinations

During the year, the deferred consideration booked in respect of acquisitions completed in previous years has been revised following either the final settlement of amounts due or the revision of estimates based on performance conditions.

	Year of original transaction	Deferred consideration at 31 Dec 07 £'000	Deferred consideration at 31 Dec 08 £'000	Net movements during the year £'000	Other movements during the year £'000	Change in estimated deferred consideration £'000
Park (Bermuda) Limited	2006	1,539	-	(1,539)	(34)	(1,505)

	Acquisition date	Percentage voting rights acquired	Cost £'000
Acquisition of new businesses completed during the year			
Northern Insurance Brokers Pty	May-08	100%	1,860
HWS Holdings Limited	Jun-08	100%	12,094
Anda Insurance Group	Aug-08	100%	2,580
Craven & Partners Holdings Limited	Dec-08	100%	3,100
Acquisition of new businesses completed during the year	Jan - Dec 08	100%	7,407
Additional investments in existing businesses	Jan - Dec 08	-	1,910
			28,951

Acquisition of Northern Insurance Brokers Pty

On 16th May 2008 Jardine Lloyd Thompson Pty Ltd acquired Northern Insurance Brokers Pty Ltd an Australian general insurance broker operating in North Queensland and the Northern Territories which specialises in transport and indigenous communities' insurance requirements. The acquired businesses contributed revenue of £507,000 and a net profit of £97,000 for the period from 16th May 2008 to 31st December 2008. If the acquisition had taken place on 1st January 2008 the contribution to Group revenue and net profit would have been £737,000 and £55,000 respectively.

	£'000
Purchase consideration:	
- cash paid	1,171
- deferred consideration	689
Total purchase consideration	1,860
Fair value of net liabilities acquired	(37)
Goodwill	1,897

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
Property, plant and equipment	255	255
Trade and other receivables	678	678
Cash and cash equivalents	422	422
Insurance creditors	(907)	(907)
Trade and other payables	(46)	(46)
Bank overdrafts	(453)	(453)
Current taxation	47	47
Deferred taxation	(33)	(33)
	(37)	(37)
Purchase consideration settled in cash		1,171
Cash and cash equivalents - own cash in subsidiary acquired		485
		1,656
Cash and cash equivalents - fiduciary cash in subsidiary acquired		(907)
Cash outflow on acquisition		749

As at 31st December 2008, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

31. Business combinations continued

Acquisition of HWS Holdings Limited

On 13th June 2008 the Group acquired HWS Holdings Limited (HWS), with its two Lloyd's Broker subsidiaries Harman Wicks & Swayne Limited, the London based Reinsurance Broker and Harman Wicks & Swayne International Limited, a wholesale provider of SME insurance products to the UK broker marketplace. The acquired business contributed revenue of £2,397,000 and a net profit of £26,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2008 the contribution to Group revenue and net profit would have been £5,683,000 and £398,000 respectively.

	£'000
Purchase consideration:	
- cash paid	9,382
- deferred consideration	2,712
Total purchase consideration	12,094
Less fair value of net assets acquired	4,407
Goodwill	7,687

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
Property plant and equipment	10	10
Trade and other receivables	2,451	2,451
Cash and cash equivalents	6,910	6,910
Insurance creditors	(3,616)	(3,616)
Trade and other payables	(1,203)	(1,203)
Current taxation	(42)	(42)
Deferred taxation	27	27
Provisions for liabilities and charges	(130)	(130)
	4,407	4,407
Purchase consideration settled in cash		9,382
Cash and cash equivalents - own cash in subsidiary acquired		(3,294)
		6,088
Cash and cash equivalents - fiduciary cash in subsidiary acquired		(3,616)
Cash outflow on acquisition		2,472

As at 31st December 2008, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

Acquisition of Anda Insurance Group

On 9th July 2008 the Group acquired Anda Insurance group of companies in Singapore mainly in the underwriting agency business. The acquired business contributed revenue of £957,000 and a net profit of £301,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2008 the contribution to Group revenue and net profit would have been £2,226,000 and £515,000 respectively.

	£'000
Purchase consideration:	
- cash paid	1,806
- deferred consideration	774
Total purchase consideration	2,580
Less fair value of net assets acquired	802
Goodwill	1,778

Notes to the financial statements

for the year ended 31st December 2008

31. Business combinations continued

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
Property plant and equipment	20	20
Trade and other receivables	1,205	1,205
Cash and cash equivalents	2,043	2,043
Insurance creditors	(1,967)	(1,967)
Trade and other payables	(294)	(294)
Current taxation	(199)	(199)
Deferred taxation	(6)	(6)
	802	802
Purchase consideration settled in cash		1,806
Cash and cash equivalents - own cash in subsidiary acquired		(76)
		1,730
Cash and cash equivalents - fiduciary cash in subsidiary acquired		(1,967)
Cash outflow on acquisition		(237)

As at the 31st December 2008, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

Acquisition of Craven & Partners Holdings Limited

On the 30th December 2008 the Group acquired Craven & Partners Holdings Limited with its Lloyd's broker subsidiary Craven & Partners Limited, the London based marine and energy insurance specialist. The acquired group made no contribution to Group revenue and net profit during the period of ownership in 2008. If the acquisition had taken place on the 1st January 2008 the contribution to Group revenue and net profit would have been £3,101,000 and a loss of £90,000 respectively.

	£'000
Purchase consideration:	
- cash paid	2,250
- deferred consideration	850
Total purchase consideration	3,100
Fair value of net liabilities acquired	(207)
Goodwill	3,307

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
Property, plant and equipment	13	13
Intangible assets	2	2
Trade and other receivables	1,592	1,592
Cash and cash equivalents	6,956	6,956
Insurance creditors	(7,131)	(7,131)
Trade and other payables	(1,818)	(1,818)
Bank overdrafts	(4)	(4)
Current taxation	195	195
Deferred taxation	18	18
Provisions for liabilities and charges	(30)	(30)
	(207)	(207)
Purchase consideration settled in cash		2,250
Cash and cash equivalents - own cash in subsidiary acquired		175
		2,425
Cash and cash equivalents - fiduciary cash in subsidiary acquired		(7,131)
Cash outflow on acquisition		(4,706)

As at the 31st December 2008, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

31. Business combinations continued

Other acquisitions and additional investments

	£'000
Purchase consideration:	
- cash paid	7,400
- deferred consideration	1,917
Total purchase consideration	9,317
Fair value of net liabilities acquired	(134)
Goodwill	9,451

The assets and liabilities arising from the acquisition were as follows:

	Fair value £'000	Acquiree's carrying amount £'000
Trade and other receivables	395	395
Cash and cash equivalents	404	404
Insurance creditors	(248)	(248)
Current taxation	(163)	(163)
Deferred taxation	3	3
Minority interests	(525)	(525)
	(134)	(134)
Purchase consideration settled in cash		7,400
Cash and cash equivalents - own cash in subsidiary acquired		(156)
		7,244
Cash and cash equivalents - fiduciary cash in subsidiary acquired		(248)
Cash outflow on acquisition		6,996

As at the 31st December 2008, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

Group summary of the net assets acquired and goodwill:

	HWS £'000	NIB £'000	Anda £'000	Craven £'000	Other £'000	Total £'000
Purchase consideration:						
- cash paid	9,382	1,171	1,806	2,250	7,400	22,009
- deferred consideration	2,712	689	774	850	1,917	6,942
Total purchase consideration	12,094	1,860	2,580	3,100	9,317	28,951
Less fair value of net assets/(liabilities) acquired	4,407	(37)	802	(207)	(134)	4,831
Goodwill	7,687	1,897	1,778	3,307	9,451	24,120

Impact of revisions to deferred consideration in respect of acquisitions completed in 2007. (1,505)

Net increase in goodwill 22,615

	HWS £'000	NIB £'000	Anda £'000	Craven £'000	Other £'000	Total £'000
Purchase consideration settled in cash	9,382	1,171	1,806	2,250	7,400	22,009
Cash and cash equivalents						
- own cash in subsidiary acquired	(6,910)	(422)	(2,043)	(6,956)	(404)	(16,735)
Cash outflow on acquisition	2,472	749	(237)	(4,706)	6,996	5,274

Notes to the financial statements

for the year ended 31st December 2008

32. Business disposals

During the period the Group sold Risk Solutions Limited, part of its Auckland based insurance broking business.

Net assets disposed of

	Total £'000
Goodwill	1,241
Property, plant and equipment	11
Trade and other receivables	12
Cash and cash equivalents	674
Insurance creditors	(385)
Trade and other payables	(60)
Current taxation	(10)
Deferred taxation	(1)
Provisions for liabilities and charges	(543)
Net assets at disposal	939
Gain on disposal	444
Cash proceeds	1,383
Disposal consideration settled in cash	1,383
Cash and cash equivalents - own cash in subsidiary sold	(289)
	1,094
Cash and cash equivalents - fiduciary cash in subsidiary sold	(385)
Cash outflow on acquisition	709

33. Retirement benefit obligations

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

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

The pension costs for the year are comprised as follows:

	2008			2007		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Defined benefit schemes	-	1,424	1,424	-	-	-
Defined contribution schemes	9,021	6,914	15,935	8,947	6,725	15,672
	9,021	8,338	17,359	8,947	6,725	15,672

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

With effect from 1st December 2006 the Scheme was amended to eliminate future benefit accruals. Under the Scheme as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 1st December 2006. The average compensation and length of service will be determined as at 1st December 2006. The amendment to the plan gave rise to a curtailment gain of £31,300,000 which was treated as an exceptional item in 2006. The Company agreed to make additional contributions to the scheme totalling £65m. An initial amount of £14 million was paid in December 2006 and a further amount of £31 million was paid in January 2007, £10 million was paid in January 2008 with the balance of £10 million payable no later than December 2009.

The last formal valuation of the Jardine Lloyd Thompson Pension Scheme was undertaken at 1st April, 2006. This was updated to 31st December, 2008 by a qualified actuary employed by the Group.

33. Retirement benefit obligations continued

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 – \$15,500 in 2008 – and the Group contributes at a rate of 100% of each 1% contributed by the employee up to a maximum employee contribution of 4%. Employees aged over 50 may make "catch-up" contributions subject to an IRS maximum each year - \$5,000 in 2008.
- b) The JLT (USA) Employee Retirement Plan which is a defined benefit scheme. The latest actuarial valuation was undertaken at 31st December, 2007 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 2007 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 determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation for funding purposes was carried out by a qualified independent actuary as at 1st June 2008. The scheme is based on final salary and is closed to new entrants. 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 provides benefits based on final salary, which are solely funded by the participating employer, while the JMESRP and section B of the JMGRP provide benefits based on final salary, which are funded by both the participating employer and the members.

The principal assumptions used in the valuations as at 31st December 2008, and prior year were as follows:

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

31st December 2007	UK Scheme	US Scheme	Canadian Scheme	Irish Scheme	Hong Kong Scheme
Rate of increase in salaries	n/a	n/a	4.00%	5.00%	5.00%
Rate of increase of pensions in payment (retail prices limited to 5% per annum) (a)	3.30%	n/a	2.50%	3.00%	n/a
Discount rate	5.90%	5.75%	5.50%	5.70%	4.90%
Inflation rate	3.30%	3.00%	2.50%	2.50%	n/a
Revaluation rate for deferred pensioners	3.30%	n/a	n/a	2.50%	n/a
Expected return on plan assets (b)	6.90%	8.50%	8.00%	5.90%	7.50%
Mortality - life expectancy at age 65 for male member: (c) aged 65 at 31st December	21.9	17.6	19.6	19.2	n/a

Notes to the financial statements

for the year ended 31st December 2008

33. Retirement benefit obligations continued

- a) Provision has been made for alternative pension increase guarantees where appropriate.
- 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 the 92 Medium Cohort Year Of Birth (2006: 92 series amounts table for calendar year 2020 plus an additional 5% loading to the liabilities). 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 using Scale AA to 2023 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 table PMA92/PFA92(C=2004, 90% qx) with appropriate allowance for expected future improvements in mortality. Existing pensioners have been valued using open market CPA (compulsory purchase annuity) rates.

	UK Scheme		Overseas Schemes		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Defined benefit obligation						
Present value of funded obligations	(376,859)	(442,751)	(67,006)	(50,106)	(443,865)	(492,857)
Fair value of plan assets	365,913	415,499	48,661	49,966	414,574	465,465
Net liability	(10,946)	(27,252)	(18,345)	(140)	(29,291)	(27,392)

Defined benefit obligation recognised in the balance sheet	Total	
	2008 £'000	2007 £'000
Retirement benefit surpluses	-	4,464
Retirement benefit obligations	(29,291)	(31,856)
Net liability	(29,291)	(27,392)

Reconciliation of defined benefit liability	UK Scheme		Overseas Schemes		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Opening defined benefit liability	(27,252)	(93,645)	(140)	(6,170)	(27,392)	(99,815)
Exchange differences	-	-	(3,792)	240	(3,792)	240
Pension income (expense)	1,820	2,444	(567)	138	1,253	2,582
Employer contributions	10,008	31,000	2,209	3,333	12,217	34,333
Total (gain)/loss recognised in SORIE	4,478	32,949	(16,055)	2,319	(11,577)	35,268
Net liability recognised in the balance sheet	(10,946)	(27,252)	(18,345)	(140)	(29,291)	(27,392)

Reconciliation of defined benefit obligation	UK Scheme		Overseas Schemes		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Opening defined benefit obligation	(442,751)	(473,916)	(50,106)	(26,901)	(492,857)	(500,817)
Exchange differences	-	-	(16,400)	(1,057)	(16,400)	(1,057)
Service cost	-	-	(1,424)	-	(1,424)	-
Interest cost	(25,325)	(24,224)	(2,980)	(1,476)	(28,305)	(25,700)
Employee contributions	-	-	(267)	-	(267)	-
Additional overseas schemes	-	-	-	(21,547)	-	(21,547)
Gain/(loss) on defined benefit obligation	63,804	39,244	1,710	(483)	65,514	38,761
Actual benefit payments	27,413	16,145	2,461	1,358	29,874	17,503
Closing defined benefit obligation	(376,859)	(442,751)	(67,006)	(50,106)	(443,865)	(492,857)

Reconciliation of fair value of assets	UK Scheme		Overseas Schemes		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Opening value of assets	415,499	380,271	49,966	20,731	465,465	401,002
Exchange differences	-	-	12,608	1,296	12,608	1,296
Expected return on assets	27,145	26,668	3,837	1,615	30,982	28,283
Gain/(loss) on assets	(59,326)	(6,295)	(17,765)	58	(77,091)	(6,237)
Employer contributions	10,008	31,000	2,209	3,333	12,217	34,333
Additional overseas schemes	-	-	-	24,291	-	24,291
Employee contributions	-	-	267	-	267	-
Actual benefit payments	(27,413)	(16,145)	(2,461)	(1,358)	(29,874)	(17,503)
Closing value of assets	365,913	415,499	48,661	49,966	414,574	465,465

33. Retirement benefit obligations continued

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

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

31st December 2007	UK Scheme			Overseas Scheme		
	Long-term rate of return	Value £'000	Value %	Long-term rate of return	Value £'000	Value %
Equities	8.00%	167,375	40%	9.69%	23,443	47%
Bonds	5.00%	205,845	50%	5.47%	13,093	26%
Other assets	8.00%	36,540	9%	5.95%	12,780	26%
Cash	5.00%	5,739	1%	3.14%	650	1%
Total market value	6.90%	415,499	100%	7.54%	49,966	100%

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

Reconciliation of return on assets	UK Scheme		Overseas Schemes		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Expected return on assets	27,145	26,668	3,837	1,614	30,982	28,282
Gain/(loss) on assets	(59,326)	(6,295)	(17,765)	58	(77,091)	(6,237)
Actual return on assets	(32,181)	20,373	(13,928)	1,672	(46,109)	22,045

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

	UK Scheme		Overseas Schemes		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Service cost	-	-	(1,424)	-	(1,424)	-
Total (included within salaries and associated expenses)	-	-	(1,424)	-	(1,424)	-
Interest cost	(25,325)	(24,224)	(2,980)	(1,476)	(28,305)	(25,700)
Expected return on assets	27,145	26,668	3,837	1,614	30,982	28,282
Total (included within finance costs)	1,820	2,444	857	138	2,677	2,582
Profit/(loss) before taxation	1,820	2,444	(567)	138	1,253	2,582

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

	UK Scheme		Overseas Schemes		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Gain/(loss) on defined benefit obligation	63,804	39,244	1,710	(483)	65,514	38,761
Gain/(loss) on plan assets	(59,326)	(6,295)	(17,765)	58	(77,091)	(6,237)
Additional overseas schemes	-	-	-	2,744	-	2,744
Total actuarial gains/(losses) recognised	4,478	32,949	(16,055)	2,319	(11,577)	35,268
Cumulative actuarial losses recognised	(72,735)	(77,213)	(22,008)	(5,953)	(94,743)	(83,166)

Notes to the financial statements

for the year ended 31st December 2008

33. Retirement benefit obligations continued

The five year history of experience adjustments is as follows:

	UK Scheme				
	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Defined benefit obligation at end of year	(376,859)	(442,751)	(473,916)	(477,145)	(388,499)
Fair value of plan assets	365,913	415,499	380,271	331,308	273,150
Deficit in the scheme	(10,946)	(27,252)	(93,645)	(145,837)	(115,349)
Difference between the expected and actual return on plan assets					
- amount (£'000)	(59,326)	(6,295)	7,173	31,642	3,140
- expressed as a percentage of the plan assets	(16.21%)	(1.52%)	1.89%	9.55%	1.15%
Experience (gains)/losses on plan liabilities					
- amount (£'000)	(6,450)	(2,227)	2,063	82	(2,364)
- expressed as a percentage of the present value of the plan liabilities	1.71%	0.50%	(0.44%)	(0.02%)	0.61%
	Overseas Scheme				
	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Defined benefit obligation at end of year	(67,006)	(50,106)	(26,902)	(29,979)	(25,560)
Fair value of plan assets	48,661	49,966	20,732	22,625	19,896
Deficit in the scheme	(18,345)	(140)	(6,170)	(7,354)	(5,664)
Difference between the expected and actual return on plan assets					
- amount (£'000)	(17,765)	58	(114)	(148)	(394)
- expressed as a percentage of the plan assets	(36.51%)	0.26%	(0.55%)	(0.65%)	(1.98%)
Experience (gains)/losses on plan liabilities					
- amount (£'000)	2,012	482	(1,291)	315	(165)
- expressed as a percentage of the present value of the plan liabilities	(3.00%)	(1.79%)	4.80%	(1.05%)	0.65%

The expected employer contributions for the year ending 31st December 2008 are as follows:

	Defined benefit sections £'000	Defined contributions sections £'000	Total £'000
UK Scheme	10,000	7,445	17,445
USA Scheme	1,005	296	1,301
Canadian Scheme	11	810	821
Irish Scheme	470	203	673
Hong Kong Schemes	284	129	413
Total expected contributions	11,770	8,883	20,653

34. Jardine Matheson Group

The Jardine Matheson Group owns 30.4% of the Company shares via its wholly owned subsidiary JMH Investments Limited. The remaining 69.6% 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 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
<hr/>			
	JMG 2007 £'000	JMA 2007 £'000	Total 2007 £'000
Income			
Brokerage fees and commissions	1,928	1,160	3,088
Expenditure			
Administrative expenses	482	-	482
Year end balances arising from these transactions:			
Trade and other receivables	1,128	-	1,128
Trade and other payables	(25)	-	(25)
	1,103	-	1,103

Notes to the financial statements

for the year ended 31st December 2008

35. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet

	2008 £'000	2007 £'000
Property, plant and equipment	-	15
Intangible assets	-	220
	-	235

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:

	2008 £'000	2007 £'000
Not later than 1 year	14,258	12,147
Later than 1 year and not later than 5 years	38,580	37,975
Later than 5 years	12,094	16,814
	64,932	66,936

Sub-leases

Operating lease commitments - where a Group company is the lessee

The future aggregate minimum lease payments under a non-cancellable operating sub-leases are as follows:

	2008 £'000	2007 £'000
Not later than 1 year	1,480	1,743
Later than 1 year and not later than 5 years	5,427	5,765
Later than 5 years	1,901	2,345
	8,808	9,853

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 2008, the Group has contingent liabilities in respect of guarantees and letters of credit on behalf Group companies amounting to £2,421,000 (2007: £2,245,000).

36. Principal subsidiary and associated companies

The following were the principal subsidiary and associated undertakings at 31st December 2008. 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	
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 do Brasil Corretagem de Seguros Ltda (91%)	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 (51%)	Peru	
JLT Corredores de Reaseguros SA (59%)	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 Courtag (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

Contents

- 102 Independent auditors' report
- 103 Balance sheet
- 103 Reconciliation of shareholders funds
- 104 Accounting policies
- 105 Notes to the Company accounts

Independent auditors' report

to the members of 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 2008 which comprises the Balance Sheet, the Reconciliation of Movement In Shareholders' Funds, the Accounting Policies, and the related notes. These parent company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the Group financial statements of Jardine Lloyd Thompson Group plc for the year ended 31st December 2008.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you

whether in our opinion the information given in the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Principal Activities and Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Report, the Review of Operations, the Finance Director's Review, the Corporate Social Responsibility statement, the Directors' Report, the Remuneration Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which

we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2008.
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London
23rd March 2009

- (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 2008

	Notes	2008 £'000	2007 £'000
Investment in subsidiary undertakings	c	66,814	66,814
Investment in associate undertakings	c	242	242
		67,056	67,056
Current assets			
Debtors	d	644,522	652,785
Cash		2,855	2,675
		647,377	655,460
Creditors - amounts falling due within one year	e	(455,378)	(499,622)
Net current assets		191,999	155,838
Total assets less current liabilities		259,055	222,894
Creditors - amounts falling due after one year	f	(45,000)	(26,837)
		214,055	196,057
Capital and reserves			
Called up share capital	g	10,676	10,667
Share premium account	i	77,338	76,764
Merger reserve	i	9,604	9,604
Profit and loss reserve	i	116,437	99,022
Total shareholders' funds		214,055	196,057

Notes on pages 105 to 106 form an integral part of these financial statements.

Approved by the Board on 23rd March 2009 and signed on its behalf by:

Jim Rush

Finance Director

Reconciliation of movement in shareholders' funds

for the year ended 31st December 2008

	2008 £'000	2007 £'000
Profit for the year	62,539	(18,355)
Dividends	(44,054)	(43,512)
New shares issued	583	2,229
Share buy-back scheme	(1,070)	(2,738)
Net movements in shareholders' funds	17,998	(62,376)
Opening shareholders' funds	196,057	258,433
Closing shareholders' funds	214,055	196,057

Accounting policies

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 1985 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 44 to 101.

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 2008

a. Profit and loss account

The Company has taken advantage of the exception contained in Section 230 of the Companies Act 1985 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 £62,540,000 (2007: loss £18,355,000).

b. Dividends

	2008 £'000	2007 £'000
Final dividend in respect of 2008 of 12.0p per share (2007: 12.0p)	25,878	25,493
Less: adjustment*	(140)	(38)
	25,738	25,455
Interim dividend in respect of 2008 of 8.5p per share (2007: 8.5p)	18,316	18,057
	44,054	43,512

*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 2008 of 12.0p per share (2007: 12.0p) amounting to a total of £25,625,000 (2007: £25,714,000) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting.

c. Investments

	Subsidiary undertakings £'000	Associate undertakings £'000	Total £'000
Cost			
At 1st January 2008	66,814	242	67,056
At 31st December 2008	66,814	242	67,056
At 31st December 2007	66,814	242	67,056

d. Debtors

	2008 £'000	2007 £'000
Other debtors and prepayments	13,260	13,418
Corporation tax	7	17
Amounts due from Group undertakings	631,255	639,350
	644,522	652,785

e. Creditors - amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdrafts	19,224	27,019
Dividends payable	1,093	599
Other creditors	287	366
Amounts due to Group undertakings	434,774	471,638
	455,378	499,622

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 2008

f. Creditors - amounts falling due after more one year

	2008 £'000	2007 £'000
Bank loans	45,000	26,837
Trade and other payables	45,000	26,837

Details of the Company's borrowing facilities are given in note 23 on page 82.

g. Called up share capital

Details of the Company's share capital are given in note 26 on page 86.

h. Financial risk management

Details of the Financial Risk Management for the Company are given in the Finance Director's Review on page 21 and the Directors' Report on pages 33 and 34.

i. Reserves

	Share premium account £'000	Merger reserve £'000	Profit & loss account reserve £'000	Total £'000
At 1st January 2008	76,764	9,604	99,022	185,390
Retained profit for the period	-	-	62,539	62,539
Dividends paid	-	-	(44,054)	(44,054)
Shares issued	574	-	-	574
Share buy-back scheme	-	-	(1,070)	(1,070)
At 31st December 2008	77,338	9,604	116,437	203,379

Group five year report

for the year ended 31st December 2008

	Continuing operations basis					2008
	2004	2005	2005	2006	2007	
	£'000	£'000	£'000	£'000	£'000	£'000
Fees and commissions	468,092	484,370	454,072	459,537	473,194	536,093
Investment income	9,866	13,689	13,420	16,853	17,450	15,849
Salaries and associated expenses	(273,437)	(297,447)	(276,106)	(266,300)	(298,363)	(329,282)
Premises	(25,410)	(30,007)	(28,534)	(30,292)	(31,595)	(31,232)
Other operating costs	(85,731)	(80,104)	(75,411)	(77,060)	(55,290)	(90,560)
Depreciation, amortisation and impairment charges	(10,996)	(14,305)	(13,856)	(13,311)	(12,978)	(11,240)
Operating profit	82,384	76,196	73,585	89,427	92,418	89,628
Net finance income/(cost)	312	(4,895)	(4,849)	(1,207)	125	(322)
Share of results of associates after tax and minority interests	2,261	2,505	2,505	2,543	2,669	3,502
Profit before taxation	84,957	73,806	71,241	90,763	95,212	92,808
Income tax expense	(25,915)	(22,653)	(24,046)	(29,333)	(22,006)	(27,978)
Profit for the year	59,042	51,153	47,195	61,430	73,206	64,830
Discontinued operations:						
Profit for the period from discontinued operations			3,958	1,535		
Loss on sale of US operations			-	(15,621)		
Minority interests	(3,385)	(580)	(580)	(1,178)	(804)	(1,219)
Profit attributable to shareholders	55,657	50,573	50,573	46,166	72,402	63,611
Diluted earnings per share	27.5p	23.8p	21.9p	28.2p	33.7p	29.6p
Underlying earnings per share	31.6p	24.8p	22.7p	23.8p	26.0p	30.4p
Dividends per share	20.5p	20.5p	20.5p	20.5p	20.5p	20.5p

The figures for 2004 to 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 consistent with the main body of these financial statements. Figures for 2005 are presented as originally published and on a continuing operations basis to aid comparison.

Advisers

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants
Hay's Galleria
1 Hay's Lane
London SE1 2RD

Principal bankers

The Royal Bank of Scotland

280 Bishopsgate
London EC2M 4RB

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Registrars and transfer office

Capita Registrars

Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0LA
Telephone:
(from within the UK) 0871 664 0300
(from outside the UK) +44 20 8639 3399
www.capitaregistrars.com

Stockbrokers

JPMorgan Cazenove Limited

20 Moorgate
London EC2R 6DA
Telephone: 020 7588 2828

Shareholder information

Financial calendar

Ex dividend date

1st April 2009

Record date

3rd April 2009

Annual General Meeting

30th April 2009

Final dividend payable

1st May 2009

Interim results announced

August 2009

Interim dividend payable

October 2009

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.

Secretary and registered office

D J Hickman FCIS
6 Crutched Friars
London EC3N 2PH
Telephone: 020 7528 4444
Facsimile: 020 7528 4185
Company Registration Number: 1679424

Printing

This Report has been printed by Royle Print, who are ISO 14001 registered. Under the framework of ISO 14001 a structured approach is taken to measure, improve and audit their environmental status on an ongoing basis. The main areas targeted for continual reduction arise from the use of solvents, energy consumption and waste generation.

Paper

The text paper in this Report is 100% recycled paper, made from post-consumer collected waste. The cover material is 75% recycled and both materials are manufactured to the certified environmental management system ISO 14001. They, and the printer, are also Forestry Stewardship Council (FSC) certified.

If you have finished reading this report and no longer wish to retain it, please pass it onto another interested reader or dispose of it in your recycled paper waste.

Principal offices

Head office

UK, London

Jardine Lloyd Thompson Group plc
+44 20 7528 4444

Europe

France, Paris

SIACI SAINT HONORE
+33 1 44 20 99 99

JLTRS Energy (France) SA
+33 1 44 20 98 95

Guernsey, St Peter Port

JLT Insurance Management (Guernsey) Ltd
+44 1481 737 120

Ireland, Dublin

Jardine Lloyd Thompson Ireland Ltd
+35 31 20 26 000

Italy, Milan

Jardine Lloyd Thompson S.p.A.
+39 02 30 3191

India, Mumbai

Jardine Lloyd Thompson India Pte Ltd
+91 22 4068 7500

Malta

JLT Insurance Management Malta Ltd
+35 6234 30346

Netherlands, Amsterdam

JMIB Holdings BV
+31 20 470 0258

Norway

JLT Norway A/S
+47 9389 7578

Poland, Warsaw

JLT - SIACI SP Zo.o
+48 22 31 41 200

Russia, Moscow

JLT (Insurance Brokers) ZAO
+7 495 945 8986

Spain, Madrid

JLT - SIACI España S.L.
+34 91 310 6102

Sweden, Stockholm

JLT Risk Solutions AB
+46 8 442 5730

UK, London

JLT Benefit Solutions Ltd
+44 20 7309 8100

Jardine Lloyd Thompson Ltd
+44 20 7528 4000

Jardine Lloyd Thompson UK Ltd
+44 20 7309 8100

Lloyd & Partners Ltd
+44 20 7466 6500

JLT Reinsurance Brokers Limited
+44 20 7466 1300

Americas

Bermuda, Hamilton

JLT Park Ltd
+1 441 292 4364

JLT Insurance Management (Bermuda) Ltd
+1 441 292 4364

Brazil, São Paulo

JLT do Brasil Corretagem de Seguros Ltda
+55 11 3156 3900

Canada, Calgary

Jardine Lloyd Thompson Canada Inc
+1 403 264 8600

Canada, Toronto

Jardine Lloyd Thompson Canada Inc
+1 416 941 9551

Colombia, Bogotá

Jardine Lloyd Thompson - Valencia y
Iragorri Corredores de Seguros SA
+571 326 6100

JLT Re Colombia, Corredores
Colombianos de Reaseguros SA
+571 211 2911

Mexico

JLT Mexico, Intermediario de Reaseguro
SA de CV
+52 55 8503 6700

Peru, Lima

Mariategui JLT, Corredores de Seguros SA
+511 610 9000

JLT Corredores de Reaseguros SA
+511 610 9900

USA, New York

JLT Re (North America) Inc.
+1 212 510 1800

Africa

Angola, Luanda

JLT Risk Solutions Ltd
+244 222 399 373

Middle East

Dubai

Jardine Lloyd Thompson Ltd
+971 4 360 0530

Asia

China, Ghangzhou

JLT Lixin Insurance Brokers Co Ltd
+86 20 3825 1128

Hong Kong

Jardine Lloyd Thompson Ltd
+852 2864 5333

Indonesia, Jakarta

PT Jardine Lloyd Thompson
+6221 521 1414

Japan, Tokyo

Jardine Lloyd Thompson Ltd
+81 3 3517 3030

Korea, Seoul

Jardine Lloyd Thompson Korea Ltd
+82 2 397 8100

Macau

Jardine Lloyd Thompson Ltd
+853 2875 5743

Malaysia, Kuala Lumpur

Jardine Lloyd Thompson Sdn Bhd
+60 3 2723 3388

Philippines, Makati City

Jardine Lloyd Thompson Insurance
Brokers Inc
+632 706 8500

Singapore

Jardine Lloyd Thompson Pte Ltd
+65 6333 6311

JLT Risk Solutions Asia Pte Ltd
+65 6333 6006

JLT Insurance Management (Singapore)
Pte Ltd
+65 6333 6006

JLT Re Asia
+65 6333 6006

Taiwan, Taipei

Jardine Lloyd Thompson Ltd
+886 2 2395 4611

Thailand, Bangkok

Jardine Lloyd Thompson Ltd
+662 626 2500

Vietnam, Ho Chi Minh City

Jardine Lloyd Thompson Ltd
+848 38 222 340

Australasia

Australia, Sydney

Jardine Lloyd Thompson Australia Pty Ltd
+612 9290 8000

New Zealand, Auckland

Jardine Lloyd Thompson Ltd
+649 379 5376

6 Crutched Friars London EC3N 2PH

Tel +44 (0)20 7528 4444

Fax +44 (0)20 7528 4185

www.jltgroup.com

Company Registration No: 1679424

JARDINE LLOYD THOMPSON GROUP PLC