

JIB UK Holdings Limited
Annual Report
for the Year Ended 31st December 2004



Directors' Report for the Year Ended 31st December 2004

The directors present their report and the audited financial statements of the Company for the year ended 31st December 2004.

Directors and their Interests

The following served as directors during the year

G W Stuart-Clarke
V Y A C Wade

A statement of directors' interests is set out in note 2 to the accounts on page 6.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31st December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activities and Review of the Business

The Company acted as a holding company for companies in the Jardine Lloyd Thompson Group throughout the year. The directors anticipate that the Company will continue trading for the foreseeable future.

Share Capital

On 30th January 2004 2,230 'A2' preference shares were redeemed for cash. On 14th December 2004 46,890 'B1' preference shares were redeemed for cash. The remaining 3,110 'B1' Preference shares were converted, on the same day, to 'B2' preference shares.

On 22nd December 2004 the company received an application from JIB Group Holdings Limited for 506,914 ordinary shares of £1.00 each, which were allotted for a consideration of £4,912,000.

Results and Dividends

The profit for the year before taxation amounts to £34,773,000 (2003: £42,290,000). Details are shown in the profit and loss account on page 4, which shows that the total dividend paid for the year is £40,096,000 (2003: £42,462,000).

Directors' Report for the Year Ended 31st December 2004

Auditors

The company has elected in pursuance of section 379A of the Companies Act 1985;

- i) To dispense with the obligation to appoint auditors annually in accordance with s386 of the Companies Act 1985.
It is proposed PricewaterhouseCoopers LLP be reappointed auditors of the Company, having signified their willingness to continue in office, and
- ii) Not to lay accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that the accounts are laid before the company in general meeting.

6 Crutched Friars
London EC3N 2PH

By order of the Board


D. J. Hickman
Secretary

27th July 2005

Independent Auditors' Report to the Members of JIB UK Holdings Limited for the Year Ended 31st December 2004

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

Respective Responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

27 July 2005

Profit and Loss Account for the year ended 31st December 2004

	Note	2004 £'000	2003 £'000
Continuing Operations			
Income from shares in group undertakings		37,500	42,300
Operating Profit	4	37,500	42,300
Interest Receivable	5	9,020	-
Interest Payable	6	(11,747)	(10)
Profit on ordinary activities before taxation		34,773	42,290
Taxation on ordinary activities	7	3	-
Profit on ordinary activities after taxation		34,776	42,290
Dividends	8	(40,096)	(42,462)
Retained loss for the financial year	14	(5,320)	(172)

The Company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 6 to 10 form an integral part of these financial statements.

Balance Sheet as at 31st December 2004

	Note	2004 £'000	2003 £'000
Fixed Assets			
Investments	10	312,439	312,439
Current Assets			
Debtors	11	213,549	172,234
Creditors – Amounts falling due within one year	12	(310,319)	(263,684)
Net Current Liabilities		(96,770)	(91,450)
Net Assets		215,669	220,989
Capital and Reserves			
Share Capital	13	37,459	36,952
Share Premium	14	102,514	103,021
Profit and loss account	14	75,696	81,016
Total Shareholders' Funds - equity	15	215,669	220,989

Approved by the Board of Directors on 27th July 2005 and signed on its behalf by:



G W Stuart-Clarke
Director

The notes on pages 6 to 10 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31st December 2004**1. Accounting Policies****a) Basis of Preparation**

These financial statements are prepared on the 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.

b) Consolidated Accounts

Consolidated accounts have not been prepared since the Company is a wholly owned subsidiary of another company incorporated in the United Kingdom which prepares consolidated financial statements.

c) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

d) 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.

e) Cash Flow Statement and Related Party Transactions

The Company is a wholly owned subsidiary of Jardine Lloyd Thompson Group plc and is included in the consolidated financial statements of Jardine Lloyd Thompson Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Jardine Lloyd Thompson Group or investees of the Jardine Lloyd Thompson Group. All related party transactions external to the group are disclosed in the consolidated financial statements of Jardine Lloyd Thompson Group plc.

f) Investments

Shares in fixed asset investments are shown at cost less amounts provided.

2. Directors' Interests

Mr G W Stuart-Clarke and Mrs V Y A C Wade are directors of Jardine Lloyd Thompson Group plc. Any relevant directors' interests that are disclosable in accordance with Section 324 Companies Act 1985 are disclosed in the accounts of that company.

3. Directors' Emoluments

Mr G W Stuart-Clarke and Mrs V Y A C Wade are directors of Jardine Lloyd Thompson Group plc and their remuneration are disclosed in the financial statements of that company as at 31st December 2004. They did not receive any additional remuneration for their services to JIB UK Holdings Limited during 2004 (2003 - £ nil).

The highest paid director for the period has not been disclosed as the aggregate emoluments do not exceed £200,000 in accordance with section 246 of the Companies Act 1985.

4. Operating Profit

The costs incurred in respect of the Auditors' remuneration including non-audit fees were settled by a fellow subsidiary of Jardine Lloyd Thompson Group plc.

Notes to the Financial Statements for the Year Ended 31st December 2004

5. Interest Receivable

	2004 £'000	2003 £'000
Interest receivable - Group undertakings	9,020	-

6. Interest Payable

	2004 £'000	2003 £'000
Interest payable - Third Parties	1	-
- Group undertakings	11,746	-
	11,747	-

7. Taxation on Ordinary Activities

	2004 £'000	2003 £'000
Current tax		
UK Corporation tax on profits of the period	-	-
Adjustment in respect of previous periods	(3)	-
Total current tax	(3)	-

The taxation charge for the period is lower (2003: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	34,773	42,290
Profit on ordinary activities before tax multiplied by standard rate in the UK 30% (2003 : 30%)	10,432	12,687
Effects of:		
Permanent additions to taxable result (principally entertainment expenses and surrender of losses to other group companies)	818	-
Permanent deductions from taxable result (principally UK dividends received)	(11,250)	(12,687)
Adjustments to current tax change for prior periods	(3)	-
Current tax charge for the period	(3)	-

8. Dividends

	2004 £'000	2003 £'000
Ordinary shares	40,000	42,300
Preference shares	96	162
	40,096	42,462

9. Employees

There were no employees during the year (2003 – nil)

Notes to the Financial Statements for the Year Ended 31st December 2004

10. Investments

	Subsidiary Undertakings £'000
At 1st January 2004	312,439
Acquisition	1
Disposal	(1)
At 31st December 2004	<u>312,439</u>

In the opinion of the directors, the value of group undertakings is not less than the amount at which they are shown in the balance sheet.

The principal group undertakings, all of which are intermediate holding companies with the exception of JLT Management Services Limited which is a service company to other JLT Group plc companies, are wholly owned unless otherwise stated, are as follows:

Subsidiary Undertakings	Country of Incorporation
Jardine Lloyd Thompson Reinsurance Holdings Limited	England
JLT Corporate Risks & Services Limited	England
JIS (1974) Limited	England
JLT Insurance Group Holdings Limited	England
JLT Management Services Limited	England
Jardine Lloyd Thompson UK Holdings Limited	England

11. Debtors

	2004 £'000	2003 £'000
Amounts Receivable within one year		
Amounts owed by group undertakings	169,699	129,884
Dividends owed by group undertakings	37,500	36,000
Amounts Receivable after more than one year		
Amounts owed by group undertakings	6,350	6,350
	<u>213,549</u>	<u>172,234</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date for repayment with the exception of certain amounts owed by a group undertaking of £172,268,771, on which an interest rate of 5.45% has been charged.

12. Creditors

	2004 £'000	2003 £'000
Amounts falling due within one year		
Unsecured loan notes	-	259
Amounts due to group undertakings	270,319	221,107
Dividends due to group undertakings	40,000	42,300
Corporation tax payable on behalf of group undertakings	-	3
Other creditors and accruals	-	15
	<u>310,319</u>	<u>263,684</u>

Amounts due to group undertakings are unsecured, interest free and have no fixed date for payment with the exception of certain amounts owed to group undertakings totalling £222,286,439, on which an interest rate of 5.45% has been charged.

Notes to the Financial Statements for the Year Ended 31st December 2004

13. Share Capital

	Number of Shares	Nominal Value £
Authorised		
Ordinary shares of £1 each	39,998,999	39,998,999
A1 Redeemable Preference shares of £0.01 each	50,000	500
B1 Redeemable Preference shares of £0.01 each	50,000	500
C Preference shares of £0.01 each	100	1
	<u>40,099,099</u>	<u>40,000,000</u>
Issued		
Ordinary shares of £1 each	37,458,592	37,458,592
A2 Redeemable Preference shares of £0.01 each	0	0
B2 Redeemable Preference shares of £0.01 each	3,110	31
C Preference shares of £0.01 each	1	-
	<u>37,461,703</u>	<u>37,458,623</u>

On 14th December 2001 50,000 A1 Redeemable Preference shares, 50,000 B1 Redeemable Preference shares and 1 C Preference share were allotted. The consideration for the allotment was the acquisition of the minority shareholdings in Jardine Lloyd Thompson UK Holdings Limited. On 14th December 2004 the remaining B1 Preference shares were converted into B2 Preference shares.

The A1 Redeemable Preference shares had

- Priority for any payment of dividend to the holders of Ordinary shares and rank *pari passu* with any payment of dividend to the holders of B1 Redeemable Preference shares or C Preference shares.
- The right to fixed cumulative preferential dividend at 2% per annum until 14 May 2004.
- On 14 May 2003 could be converted into A2 Preference Shares.
- The right, if the Company was wound up or a liquidator, receiver, administrator or administrative receiver was appointed prior to 14 May 2004, to redeem some or all of the shares.

The A2 Redeemable Preference shares had

- priority for any payment of dividend to the holders of Ordinary shares and rank *pari passu* with any payment of dividend to the holders of B or B2 Redeemable Preference shares or C Preference shares.
- The right to fixed cumulative preferential dividend at 3% per annum.
- The right to redeem the shares by 14 December 2006.

The B1 Redeemable Preference shares had

- Priority to any payment of dividend to the holders of Ordinary shares and *pari passu* with any payment to A1 Redeemable Preference or C Preference share holders.
- The right to a fixed cumulative preferential dividend at 2% per annum until 14 December 2004.
- On 14 December 2004 could be converted into B2 Preference Shares.
- The right, if the Company was wound up or a liquidator, receiver, administrator or administrative receiver was appointed prior to 14 December 2004, to redeem some or all of the shares.

The B2 Redeemable Preference shares have

- Priority to any payment of dividend to the holders of Ordinary shares and *pari passu* with any payment to A1, A2 Redeemable Preference or C Preference share holders.
- The right to a fixed cumulative preferential dividend at 3% per annum until 14 December 2006.
- The right, if the Company is wound up or a liquidator, receiver, administrator or administrative receiver is appointed prior to 14 December 2006, to redeem some or all of the shares.

Notes to the Financial Statements for the Year Ended 31st December 2004

14. Reserves

	Profit and Loss £'000	Share Premium £'000	Total £'000
At 1st January 2004	81,016	103,021	184,037
Retained loss for the year	(5,320)	-	(5,320)
Shares Issued	-	4,405	4,405
Redemption of shares	-	(4,912)	(4,912)
At 31st December 2004	<u>75,696</u>	<u>102,514</u>	<u>178,210</u>

15. Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Profit attributable to shareholders	34,776	42,290
Dividends	(40,096)	(42,462)
New shares issued	4,912	4,777
Redemption of shares	(4,912)	(4,775)
Net movement in shareholders' funds	<u>(5,320)</u>	<u>(170)</u>
Opening shareholders' funds	220,989	221,159
Closing shareholders' funds	<u>215,669</u>	<u>220,989</u>

16. Parent Undertakings

The company's immediate parent undertaking is JIB Group Holdings Limited.

The Company's ultimate parent is Jardine Lloyd Thompson Group plc, a Company incorporated in England, which is also the largest and smallest group for which group consolidated accounts are prepared and of which the Company is a member.

Copies of the consolidated financial statements can be obtained from:

6 Crutched Friars
London
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