

PRESS RELEASE

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Charles Taylor Consulting plc Announcement of results for year ended 31 December 2009

Consolidated financial highlights

For the year ended 31 December 2009

	2009	2008
Revenue	£96.6m	£80.8m
Profit before tax – statutory	£15.7m	£9.9m
Profit after tax - statutory	£11.9m	£8.6m
Profit before tax – adjusted	£18.7m	£13.4m
Profit after tax – adjusted	£15.9m	£12.1m
Earnings per share – statutory basic	19.04p	19.92p
Earnings per share – adjusted	29.02p	28.67p
Dividend per share – interim	5.54 p	5.28p
Dividend per share - final	9.01p	8.58p

Note:

- 1) Adjusted profit and earnings per share figures include adjustments to portray business performance excluding material non-recurring items of an exceptional nature, goodwill and intangible charges and exceptional tax. Details of adjusting items are given in note 3.
- 2) The final dividend is payable on 25 May 2010 to shareholders on the register on 16 April 2010.

“CTC's business continued to demonstrate its resilience to adverse circumstances despite economic conditions throughout most of 2009 being poor and business confidence in many areas low.”

Rupert Robson
Non-executive chairman

Business highlights

- Diverse portfolio within insurance markets proves resilient
- Management services result impacted by weak US recovery
- Excellent Adjusting services result
- Insurance support services developments
 - Acquisition of loss-making Axiom, restructured and performance improved
 - Underperforming non-life run-off business consolidated into Axiom
 - Combined business rebranded Charles Taylor Insurance Services
- Solid result for Insurance companies run-off division

Divisional results

	Management services £m	Adjusting services £m	Insurance support services £m	Insurance companies run-off £m	Inter-segment eliminations and other £m	Total £m
2009						
Revenue	36.1	46.7	11.8	4.7	(2.7)	96.6
Operating segment profit	6.0	8.2	(0.9)	7.1	0.3	20.7
Associates and joint ventures						0.0
Net finance costs						(2.0)
Profit before tax – adjusted Adjustments (see note 2)						18.7 (3.0)
Profit before tax – statutory						15.7
2008						
Revenue	36.2	39.5	4.7	4.0	(3.6)	80.8
Operating segment profit	7.2	6.3	1.7	0.8	(1.2)	14.8
Associates and joint ventures						0.1
Net finance costs						(1.5)
Profit before tax – adjusted Adjustments (see note 2)						13.4 (3.5)
Profit before tax – statutory						9.9

The Insurance companies run-off result is before pre-tax minority interests of £5.9 million (2008 - £0.6 million)

Chairman's statement

CTC's business continued to demonstrate its resilience to adverse circumstances despite economic conditions throughout most of 2009 being poor and business confidence in many areas low. The Management services division was impacted by a lower result from our Signal management contract. The performance of the Adjusting services division was excellent as was the performance from the group's insurance companies, which are, of course, in run-off. When pre-tax minority interests are excluded, the Insurance companies run-off division produced a slightly better profit than in 2008, with most of the improvement relating to the Isle of Man life business. Perhaps the most significant development during the year was the acquisition of Axiom, which has been combined with our loss making non-life run-off support operation to form Charles Taylor Insurance Services ("CTIS"). Axiom was loss-making when we acquired it and both have been extensively re-structured and are positioned to grow profitably into 2010 and beyond.

Results

Group revenues rose 19% to £96.6 million (2008 - £80.8 million). Statutory profit before tax rose 58% to £15.7 million (2008 - £9.9 million) whilst, on an adjusted basis, profit before tax rose by 40% to £18.7million (2008 - £13.4 million). Statutory basic earnings per share fell by 4% to 19.04 pence (2008 - 19.92 pence) and rose slightly by 1% on an adjusted basis to 29.02 pence (2008 - 28.67 pence). The large increase in profit before tax was not reflected in earnings per share principally because the very strong results of Cardrow, the run-off motor insurer, are largely attributable to minority interests, reflecting the nominal consideration paid by the group. As Cardrow is a UK company, the group's UK tax charge is also higher than usual. There is also an exceptional charge relating to settlement of UK tax liabilities for prior years.

Dividends

It is proposed that the final dividend be increased by 5% to 9.01 pence per share (2008 - 8.58 pence), which will increase total dividends declared for the year by 5% to 14.55 pence per share (2008 - 13.86 pence per share).

Strategy and positioning

Our aim to build one of the world's leading providers of outsourced services to the specialist insurance sector was substantially furthered in 2009 by the acquisition of Axiom. As already presented to shareholders during the year, this has led to the creation of the third of our three insurance services business lines alongside Management services and Adjusting services.

For many years now, CTC has provided full service management of insurance companies, our two largest clients at this point being the Standard Clubs and Signal Mutual. More recently, CTC has built up one of the world's leading specialist loss adjusting businesses, loss adjusting being a key link in the insurance value chain. Now, through CTIS, we have extended the range of CTC's insurance services provided to a global client base.

Insurance services, as represented by the three divisions noted above, constitute the central strategic thrust of the group. Together they account for 95% of total revenue of £96.6 million.

The search for growth in services revenue, both organically and by way of acquisition, will remain our principal objective. We will continue to acquire insurance companies in run-off where these are reasonably priced and offer the possibility of both appropriate fee streams and capital gain on closure.

We continue to believe that the global insurance sector will exhibit healthy growth in the coming years and that CTC, which is a high quality provider of services to that sector, will benefit from that. Despite recent economic vicissitudes, we believe that global trade flows will grow, benefitting the Management services division, that major insured losses will occur, benefitting the Adjusting services division, and that insurers will continue to outsource links in the value chain in order to improve efficiency, thereby benefitting the Insurance support services division.

Growth in the emerging markets will play a major role in CTC's future. The company has a significant presence in Asia and the Middle East and has ambitions to grow further in those regions.

Corporate governance

Board and board committee work in areas such as strategy, risk management, objective-setting, remuneration and succession planning has continued throughout the year. As described above, the group's strategic positioning has advanced considerably during the year. With regard to risk, CTC has now appointed a group chief risk officer, who reports to the group chief operating officer. CTC's risk management architecture has been reviewed and updated in recent months. Greater clarity has been brought to the aims and objectives of senior management and remuneration policies have been refined accordingly. In addition, we continue to identify and bring on the next generation of senior management within the group.

Michael Knight, who has chaired the Audit committee for the past 10 years, will be retiring during the year, having served the company wisely and supportively during this period and my thanks are due to him for his considerable efforts. We are currently in a search process to recruit his successor and an announcement on this will be made in due course.

Risk management

As mentioned above, we have substantially reviewed our approach to risk management. Whilst the approach to date has been sound, we continue to adapt our risk management systems to reflect changes in the group's risk profile.

CTC is first and foremost a provider of services to the insurance sector of which the group has long standing knowledge and experience. The group does not take underwriting risk on its own balance sheet in the performance of its operating activities other than in relation to the Insurance companies run-off division where exposure is minimised by severely limiting the initial purchase price and hence group capital exposure.

Gearing

Net debt at year end rose to £42.2m, principally reflecting the acquisition of Axiom. The level of banking facilities was increased during the year and year-end headroom on committed facilities of £4.3m was over £2m higher than the prior year. Interest cover remains at a comfortably high level.

Shareholder returns

CTC's principal aim continues to be to maximise returns to shareholders over the medium and long term, consistent with taking an acceptable level of risk commensurate with its activities. Total dividends paid during the year amounted to 14.12 pence per share, an increase of 3.2% over 2008. The share price performance, however, was disappointing, ending the year at 210 pence per share, having started the year at 253 pence per share.

Current trading and outlook

Current trading is in line with management expectations. CTIS is in its first year and we believe that prospects for it are good. This, combined with a recovery in those parts of the business which have been affected by the recession, should see the company well placed to build on the progress achieved in 2009.

I would like to thank all the group's personnel for their tireless enthusiasm, which they have displayed unfailingly and without which these results could not have been achieved.

Rupert Robson
Non-executive chairman
23 March 2010

BUSINESS REVIEW

MANAGEMENT SERVICES DIVISION

The principal source of revenue within this division comes from the management of mutual insurance associations, of which the most significant have historically been the shipowners' protection and indemnity mutuals within the Standard group, and two workers' compensation mutuals, Signal Mutual and SCALA. Additional revenues come from other smaller mutuals and from investment management, captive management and a small risk consultancy business, as well as from our growing but still relatively small operation writing insurance business under binding authorities for underwriters.

Revenues for 2009 in sterling were broadly similar to those for 2008 at £36.1m due to foreign exchange but the result fell from £7.2m to £6.0m. This was primarily because of the impact of the reduction in premiums received by Signal Mutual because a substantial proportion of the membership's payrolls depends on the stevedoring industry and it was therefore heavily exposed to the reduction in seaborne trade to and from the United States in 2009. This in turn led to a reduction in the US dollar management fee paid to the group.

Mutual management: 91% of management services division revenue (2008 - 91%)

Shipowners' Protection and Indemnity Mutuals

The shipping mutuals managed by the company insure approximately 9 percent of world tonnage. Membership grew during the period as shipowners were attracted by the relative financial strength of the Standard Clubs, which has become an increasingly important differentiator between shipping mutuals. Standard & Poor's ratings in relation to the largest of the Standard Clubs were reaffirmed during the year as "A" (strong) with a stable outlook. The implementation of the Solvency II directive, which impacts these mutuals in common with their competitors, will be a significant focus over the next 12 months and the group is investing in additional resource to assist with this process. The Standard Clubs are well positioned and it is reasonable to assume that further growth is possible on top of the 33% increase in tonnage achieved during 2009.

Workers' Compensation Mutuals

Our client Signal Mutual remains the largest single provider of insurance coverage to US maritime employers governed by the federally-regulated Longshore and Harbor Workers Compensation Act. Membership is at a record high level of 213 members, which includes stevedoring companies, shipyards and offshore oil and gas contractors as well as some tug and barge operators. Despite this, Signal Mutual's premiums fell in 2009, which in turn led to a reduction in management fees paid to the group. There were two factors behind this. First, stevedoring activity, which represents close to half the Mutual, substantially reduced as a result of the economic recession. Second, insurance rates fell, owing to improved loss ratios which have at least partly resulted from the continued investment in the Mutual's safety initiatives which will bring long term competitive benefits to the membership. As the US economy picks up, so should activity within the ports, and there are tentative signs that this is already occurring. Additionally, a trend of new members joining Signal Mutual has continued into 2010. A new three-year management agreement will come into effect in October 2010 and this will provide greater certainty of management revenues and should lead to an improved contribution to the group result in 2010.

SCALA is a Bermuda-based mutual which covers the workers' compensation liabilities of Canadian flag shipowners. It continues to perform satisfactorily in covering its members in respect of their evolving liabilities under the relevant Canadian Acts.

UK Public Sector Mutuals

During the course of 2009 the UK Court of Appeal held that local authorities had been acting ultra vires by becoming members of mutual insurance associations and, whilst leave to appeal to the Supreme Court has been granted, it was necessary to wind up the two mutuals which the company had been managing. The UK government has acted expeditiously to rectify the situation as far as local authority vires is concerned and the Local Democracy, Economic Development and Construction Act 2009 was amended to provide all the necessary powers. The powers contained in the Act received cross-party support and there is considerable opportunity for the group to develop further mutuals and other cost-effective mechanisms for both local authorities and other public bodies. The detailed enabling regulations are expected to be published shortly and the group hopes to have new mutual insurance clients from 2011 onwards.

Non Marine Mutuals

The Stop Loss Mutual is the sole remaining dedicated provider of personal stop loss insurance to investors at Lloyd's. It received a clear mandate from its clients to continue its activities at its last AGM, despite the continuing reduction in the number of individual names, whose affairs it has traditionally served.

Investment Management

During 2009 the group invested in Charles Taylor Investment Management ("CTIM") with another senior appointment, and intends to invest in it further. CTIM produced good returns for its clients, who are either the insurance mutuals whose affairs it manages or insurance companies in run-off which the group has acquired. Funds under management increased 10% to \$1.38 billion from \$1.25 billion at the previous year end.

Binding Authorities

Charles Taylor Underwriting Agencies ("CTUA") is a small managing general agency which writes insurance business under a number of binding authorities for Lloyd's syndicates. It had a successful 2009 and expects further progress to be made during 2010.

Captive management and risk consulting: 9% of management division services revenue (2008 - 9%)

The captive management business is principally carried out through two Bermuda-based segregated cell insurance companies. During the year, whilst a substantial new captive management client transferred its business to CTC, the US recession led to a number of our North American clients cutting back their captive management activity. This business should pick up again as the economy begins to recover. Risk consulting was also affected by the US recession as the majority of its activities are on behalf of North American corporations. It was, however, rewarded for its diversification into Latin America where further expansion of its activities is expected in 2010. It is directing its efforts towards quasi-governmental and governmental entities where it has had success in obtaining instructions, and where a variety of other opportunities have been identified for development in 2010. Whilst these two activities are relatively small, they both provide a useful service to their clients and enhance the group's profile.

ADJUSTING SERVICES DIVISION

Adjusting activities involve the provision of advice to insurers (Loss Adjusting) and to shipowners (Average Adjusting). The division's employees are spread across the four specialist business sectors of energy, marine, aviation and non marine, and CTC has a global office network which is well placed to deal with routine losses as well as man-made and weather-related catastrophes, wherever they occur.

2009 was the first full year in which Charles Taylor adjusting, an entity created by the group in 2008, operated as a fully integrated business, and the results for the year were most satisfactory. Revenue rose from £39.5m to £46.7m, and the result from £6.3m to £8.2m. Whilst foreign exchange played a part in this, the most significant factor by far was the number, variety and size of instructions received from numerous different sources around the world.

Energy – 44% of adjusting services division revenue (2008 – 44%)

Those involved in adjusting energy claims in 2009 had a very busy year, both continuing to deal with large losses from the previous year and in respect of new losses arising from claims in Africa, the North Sea and Asia. The business is a leading offshore energy adjuster and made further progress in the onshore energy sector. All our principal energy offices, in Houston, Calgary, London, Perth and Singapore, performed well and made a major contribution to an excellent result. The outlook is positive with the business seeking to expand further through its recently opened New York office and in the Asia Pacific region.

Marine – 23% of adjusting services division revenue (2008 – 21%)

2009 was a very busy year for those involved in average adjusting and other shipowner-related claims activities. All major offices made a good contribution and activity levels remain high. The group expanded its office network in Indonesia during the year in response to the expanding volume of work in that area. The business is the leading provider of average adjusting services and intends to invest further to maintain its position.

Aviation – 19% of adjusting services division revenue (2008 – 22%)

Airlines significantly cut back operations during 2009 in response to the reduction in demand for air travel. Nonetheless our surveyors and engineers were busy and were required to support underwriters in a variety of locations around the world. This part of our adjusting business is perhaps more technically based than some other parts and the expertise of its surveyors continues to be in demand. We expect it to grow as economies pick up and as we bring on line new products and capabilities. The acquisition of ASG, now renamed Charles Taylor Aviation (Asset Management), provided the basis for a new asset management business. This was our response to a growing demand for support services from the aircraft asset management industry and with demand for new aircraft likely to pick up, and most airlines leasing not buying their aircraft, we have invested in additional staff and expect this business to do well in the future. Our US operations were reorganised in 2008 and the benefit of this showed in an improved result for 2009. Overall we have identified our aviation activities where we are a leading provider of services as ones that merit further investment either through acquisition or additional recruitment in Asia and elsewhere. We expect both global aircraft numbers and air travel to grow significantly in years to come.

Non Marine – 14% of adjusting services division revenue (2008 – 13%)

This business has increased its revenues consistently over the last four years in this competitive sector. Although our non marine business still has a relatively small market share, it has benefited from its specialisation in financial institution work as well as from its reputation for dealing effectively with a variety of other complex losses. Our offices in London and Miami did particularly well and those in the Middle East made good progress. The growth prospects for this part of our business are good, if the trend of the last 12 months continues.

INSURANCE SUPPORT SERVICES DIVISION

This division was created during the year to combine the non-life services of the recently acquired Axiom with the non-life and life run-off services of LCL Services. The division enables our insurance industry clients to reduce costs, increase efficiency and manage their businesses more effectively by outsourcing specialist insurance processes to us. The group provides support to clients at Lloyd's and elsewhere in the London insurance markets. We also provide third party administration services to both life and non-life insurance companies in run-off.

Revenues for this division increased considerably in 2009 from £4.7m to £11.8m due to the acquisition of Axiom. The result however fell from a profit of £1.7m to a loss of £0.9m which mainly reflects the £2.0m bargain purchases of Cardrow and Beech Hill achieved in 2008 and in part was due to Axiom which was loss making at the time of acquisition. Although Axiom was substantially restructured and the loss reduced as the year progressed, it still recorded an overall loss for the year. The remainder of the loss arose from the non-life run-off services business where costs were reduced following the consolidation into Axiom in the latter part of the year. The life services result was profitable but well down on 2008 due to the lack of a new run-off life acquisition. The performance of the run-off services businesses should be considered in conjunction with the performance of the insurance companies in run-off which they support.

Charles Taylor Insurance Services: 85% of insurance support services division revenue

Our new non-life insurance support services business, Charles Taylor Insurance Services ("CTIS"), combines LCL Services with Axiom Holdings Limited which was acquired in May 2009.

The market for outsourced insurance services is large and growing. Insurers and brokers in the London markets are seeking opportunities to reduce their operating costs and divert more of their resources to front line business acquisition and management, presenting considerable opportunities for increased outsourcing of specialist support services. Developments in the Lloyd's market to increase efficiency and regulatory developments such as Solvency II, are also favourable drivers towards outsourcing.

The CTC group, with its origins in claims handling and management, is ideally placed to capitalise on the potential for growth in this market. The acquisition of Axiom, a specialist provider of insurance outsourcing services, increases our presence in the sector and complement the group's extensive London based operations.

At the time of the acquisition, Axiom was loss-making and during the year the business has been restructured and the headcount reduced. The significant costs of this exercise have been accounted for in 2009, although they are excluded from the group's adjusted profit and earnings per share figures. Progress has also been made in improving the quality of contract revenues.

CTIS operates in very close partnership with its clients as a preferred outsourcing partner, including at times providing services in their name. Its capabilities are wide and include:

- delivering accounting and financial reporting to 24% of Lloyd's syndicates and the majority of Lloyd's corporate members.
- administering books of insurance business in run-off, including taking measures to reduce long term liabilities, such as commutations and transfers.
- undertaking claims management and reserving consultancy with an area of particular expertise being asbestos related claims.

- operating a market services contract which undertakes 50 million transactions per annum and holds 200 million stored records and over 1 million policy images.
- performing back office functions for Lloyd's insurance brokers.
- providing outsourced processes for underwriters, such as coverholder audits, bordereaux management, credit control and data quality management services.

Following its restructuring, CTIS is well positioned to benefit from the growth potential of the outsourcing market and we are cautiously optimistic for the prospects of the business over the coming year and beyond.

LCL Services (Isle of Man): 15% of insurance support services division revenue

This business is the group's life insurance administration operation and is the leading provider of third party life insurance administration on the Isle of Man. It administers business for two life insurers in addition to its sister company, LCL International Life Assurance Company Limited ("LCLI"), and a large life reinsurance company.

Whilst no additional administration contracts were secured during 2009, leading to a lower result than in 2008, the outlook for 2010 is more promising, with a number of new opportunities already under consideration.

INSURANCE COMPANIES RUN-OFF DIVISION

Run-off is the term used to describe all the activities undertaken to manage and administer the liabilities of insurers which are no longer open to new business. The Insurance companies run-off division acquires closed insurance companies in the life and non-life sectors and runs off their outstanding liabilities in an orderly manner. In general, our business model is based on limited risk to the group's capital and benefit-sharing mechanisms which give the majority of capital surpluses to the vendors of the businesses we acquire.

This division generally performed well in 2009. While the reported results are heavily influenced by the strong profits of Cardrow, which are largely attributable to minority interests, LCL International Life Assurance and Beech Hill both improved on 2008.

Non-life business: 44% of insurance companies run-off division revenue

CTC owns three non-life insurance companies in run-off. Revenue comes principally from management fees, as well as commutation success fees and there is potential for capital surpluses if insurance assets exceed liabilities on finally winding up the company.

Bestpark is in its eighth year of run-off and was a multiline insurer. It remains relatively stable, but the remaining equity within the company is small relative to the value of claims reserves.

Cardrow is in its second year of run-off and was a UK motor insurance company primarily underwriting taxi business. The group's Enhanced Outsource Management Program ("EOMP") has been applied and resulted in claims settlements within the carried reserves. The business produced very strong results in 2009, albeit that this is largely attributable to minority interests, and appears to be running off satisfactorily.

Beech Hill is in its second year of run-off and wrote motor and household business in the UK, Northern Ireland and the Republic of Ireland, and in common with Cardrow the EOMP process has been applied. The outcome for the year was a modest profit.

The non-life run-off acquisition market remains fairly quiet at present but in the period up to the implementation of Solvency II in October 2012, we anticipate that insurers will review where best to deploy capital and this may lead them to cease some unprofitable activities and lines of business. This should in its turn provide opportunities for the group.

Life business: 56% of insurance companies run-off division revenue

The group's life insurance company, LCL International Life Assurance Company Limited ("LCLI") is an Isle of Man life insurer which has been closed to new business since 1999 and has policyholders around the world. Its products primarily have an investment or savings focus, although some provide life insurance and critical illness cover. These risks are very largely reinsured out of the company.

LCLI has acquired several closed life companies in the Isle of Man and the Channel Islands and consolidated them within it. Although the company did not acquire any new businesses during 2009, it continues to look for consolidation opportunities.

LCLI had a successful year in 2009 with funds under management increasing slightly. Strong market returns generated additional surplus and the profits for 2009 were well ahead of 2008. Impairment losses of £0.6m in the Value of Business Acquired which arose in 2008 because of falls in investment

markets have been reversed in 2009 and LCLI made a positive contribution to 2009 group cash flow of £1.3m. Both the 2008 impairment and the 2009 reversal of impairment have been added back in calculating adjusted profit and earnings per share.

FINANCIAL REVIEW

Results

Revenue in 2009 was £96.6m (2008 - £80.8m). Revenue growth was mainly attributable to the performance of the Adjusting services division and the acquisition of Axiom in May 2009, with the group's exit from discretionary mutuals during 2008 and a weaker performance from Signal affecting the Management services division's revenue trend. Adjusted profit before tax was £18.7m (2008 - £13.4m). Statutory profit before tax was £15.7m (2008 - £9.9m). The results reflect a strong performance from Adjusting services and Insurance companies run-off, with the Management services result weaker because of Signal and Insurance support services still in transition following the acquisition of Axiom. The large increase in profit before tax was not reflected in earnings per share principally because the very strong results of Cardrow, the run-off motor insurer, are largely attributable to minority interests. As Cardrow is a UK company, the group's UK tax charge is also higher than usual and there is an exceptional charge relating to settlement of UK tax liabilities for prior years.

Dividends and Earnings per Share

The proposed final dividend for 2009 is 9.01p (2008 – 8.58p) so that the total dividend for the year is 14.55p. This represents a year-on-year increase of 5%. Adjusted earnings per share were 29.02p (2008-28.67p) and statutory basic earnings per share were 19.04p (2008 – 19.92p).

Total Shareholder Return

Total shareholder return was negative 10.0% in 2009, with the share price at 210p at 31 December 2009 compared to 253p at 31 December 2008 and dividends paid in 2009 of 14.12p compared to 13.68p in 2008.

Foreign exchange

The group manages its exposure to foreign currency fluctuations by the use of forward foreign exchange contracts and options to sell currency in the future. The contracts open during the year and at the year-end were all to protect the group's exposure to movements in the US\$: £ sterling rate.

The US\$ exchange rate commenced 2009 at 1.45 to £1 Sterling but weakened from May onwards and traded in the 1.60s for most of the year thereafter (including the traditionally relatively strong fourth quarter for the group's US\$ results), closing the year at 1.62. The US\$ profits of the group were translated at 1.56 in 2009 (2008 -1.81), but the favourable effect of the year-on-year rate movement was more than offset by lower US\$ revenues from Signal. The US\$ forward foreign exchange contracts employed during the year generated a profit of £0.2m. The sensitivity of the group's results to movements in exchange rates is explained in the annual report.

Taxation

During 2009, the effective tax rate on profits was 24.4% (2008 – 13.1%). The group's tax charge for the year consists of two principal elements: the tax charge on UK and overseas profits and deferred taxation relating to the use of deferred tax assets by group companies and the minority owner of Bestpark International Limited. UK tax on Cardrow's profits and £1.0m of adjustments to UK tax relating to prior years are the reasons behind the unusually high headline tax rate for the year and if these tax items and the profits to which they relate are excluded the underlying tax rate is 14.6%.

Financing

As previously reported, the refinancing of the group's principal facilities completed in early 2009 involved a five-year facilities agreement to borrow £25m to refinance existing loans and to add £12m of revolving credit facilities for general corporate purposes. Overdraft facilities of £8m have been committed until 31 March 2011. Total headroom on committed facilities at year end was £4.3m (2008 – £2.1m).

The borrowings in £ sterling and US\$ are principally at rates that are linked to three-month LIBOR plus margins of 1.75 – 2.5%. The group entered into an interest rate swap in early 2009 which fixes LIBOR at 2.96% on the loan finance for the five-year term.

During the year, £2.4m of free cash flow was generated (2008 - £3.9m) and loan repayments of £3.1m were made against the loans drawn down in the first quarter of 2009. Net debt at year end was £42.2m (2008 - £30.6m), virtually unchanged from the £42.1m figure at 30 June 2009, with an increase over the full year of £14.2m in loans and overdrafts, a reduction of £6.3m in client funds, a reduction of £4.0m in cash and cash equivalents and a reduction of £0.2m in finance leases.

The reason for the increase in net debt over the year principally relates to the two acquisitions completed in May 2009 (see below) and in particular Axiom. The total cash consideration paid for the two businesses was £7.4m (net of cash acquired), acquisition expenses were £1.0m, £3.6m of working capital has been expended on Axiom and £1.1m has been paid in respect of non-recurring items of an exceptional nature including reorganisation costs. Axiom's financial performance has been stabilised, to the extent that it is now broadly able to pay its own costs, but the programme to settle its aged creditors, which was completed by December 2009, relied totally on other group resources.

Acquisitions

On 6 May 2009 the group completed the acquisition of ASG (Aircraft Technical Services) Limited (and its related companies), a specialist aviation asset management consultancy. ASG provides risk management, technical support and asset management services to aircraft operators, owners and financiers and their insurers. The initial consideration was £1.4m in cash. An additional £0.8m may become payable in total depending on ASG's performance to 2011.

On 7 May 2009 the group acquired Axiom Holdings Limited, the holding company of a group that provides insurance support services to Lloyd's and London insurance market businesses, for a maximum payment of £7.8m. £1.6m of this maximum amount will not now be payable as it was contingent on achievement of a revenue target for 2009 which has not been met.

Further information on these acquisitions is provided in note 4.

Retirement benefit schemes

The retirement benefit obligation in the group balance sheet at 31 December 2009 was £22.9m, compared to £23.7m at the previous year end and £21.1m at 30 June 2009. The discount rates used at 30 June 2009 and at 31 December 2008 were 50 basis points and 20 basis points respectively higher than at 31 December 2009, which has materially increased the value of liabilities, but asset values have also increased significantly. The main reasons for the increases in asset values include the reinvestment out of cash into bonds by the principal pension schemes, higher bond values and the recovery in equity markets. The excess of employer contributions (£3.3m) over service cost (£0.8m) has also narrowed the deficit over the year.

The amount recognised in profit or loss in respect of the cost of defined benefit pension plans was £2.2m, compared to £1.1m in the prior year. The increase was caused by both a lower expected return on scheme assets (affected by the depressed asset values at the prior year end and lower expected rates of return) and a higher interest charge on the opening pension obligation.

Deferred consideration and minority interests

The previous owners of the group's insurance companies in run-off retain major interests in those companies by virtue of either deferred consideration or minority interests. Deferred consideration liabilities have increased to £19.6m (from £11.3m at the previous year end), with significant factors being the new tax exemption on foreign dividends from 1 July 2009 and the improved profitability of LCL International Life Assurance. Minority interest in the group's equity has risen to £32.2m (from £28.0m at the previous year end), principally as a result of the strong performance of Cardrow during the year.

Principal Risks

The principal risks facing the Group and the processes by which they are managed are explained in the annual report.

George Fitzsimons

Finance Director
23 March 2010

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the basis of preparation set out in the report on accounting policies in the Annual Report and Financial Statements.

The directors have acknowledged the latest guidance on going concern. While the current volatility in financial and world markets has created general uncertainty, the group has a number of long-term client contracts and well-established trading relationships with many customers across a portfolio of different geographical areas and service lines. The group also has considerable financial flexibility and access to additional sources of finance. Banking facilities have recently been renewed, as explained in the Annual Report and Financial Statements. Under current forecasts the group has sufficient working capital headroom and covenant compliance. The directors have identified and considered the anticipated main areas of business risk. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Consolidated income statement

		Year to 31 December 2009 £000	Year to 31 December 2008 £000
Continuing operations	Note		
Revenue from insurance services		91,951	76,864
Revenue from insurance companies run-off			
Gross revenue		7,890	6,117
Outward reinsurance premiums		(3,237)	(2,139)
Net revenue		4,653	3,978
Total revenue	2	96,604	80,842
Expenses from insurance companies run-off			
Claims incurred		(9,022)	16,456
Reinsurance recoveries		(1,157)	(3,884)
Other gains/(losses) from insurance activities		21,792	(10,257)
Net operating expenses		(8,086)	(5,464)
Net gains/(expenses)		3,527	(3,149)
Administrative expenses		(80,485)	(65,876)
Gain on bargain purchases		-	1,992
Amounts written off goodwill		(523)	(586)
Relocation and reorganisation costs		(1,433)	(1,871)
Share of results of associates		187	111
Share of results of joint ventures		(211)	7
Profit from operations		17,666	11,470
Investment and other income		96	991
Finance costs		(2,034)	(2,536)
Profit before tax		15,728	9,925
Income tax expense		(3,839)	(1,302)
Profit for the period from continuing operations		11,889	8,623
Attributable to:			
Equity holders of the parent		7,613	7,962
Minority interest		4,276	661
		11,889	8,623
Earnings per share from continuing operations			
Statutory basic (pence)	3	19.04	19.92
Statutory diluted (pence)	3	19.03	19.88

Adjusted earnings per share figures are shown in the consolidated financial highlights on page 1.

Consolidated statement of comprehensive income

	Year to 31 December 2009 £000	Year to 31 December 2008 £000
(Losses)/gains on revaluation of available-for-sale investments taken to equity	(10)	359
Exchange differences on translation of foreign operations	(1,303)	5,032
Actuarial losses on defined benefit pension schemes	(527)	(15,885)
Tax on items taken directly to equity	(7)	4,448
Net loss recognised directly in equity	(1,847)	(6,046)
Profit for the year	11,889	8,623
Total recognised income and expense for the year	10,042	2,577
Attributable to:		
Equity holders of the parent	5,766	1,916
Minority interests	4,276	661
	<u>10,042</u>	<u>2,577</u>

Consolidated balance sheet

		At 31 December 2009 £000	At 31 December 2008 £000
Non-current assets			
Goodwill		43,574	33,233
Intangible assets		15,631	11,982
Property, plant and equipment		6,027	5,546
Investments		1,800	2,021
Deferred tax assets		6,138	6,719
		<u>73,170</u>	<u>59,501</u>
Current assets			
Total assets in insurance businesses		297,084	345,376
Trade and other receivables	5	55,875	52,558
Cash and cash equivalents		49,384	53,339
		<u>402,343</u>	<u>451,273</u>
Total assets		<u>475,513</u>	<u>510,774</u>
Current liabilities			
Total liabilities in insurance businesses		244,595	300,448
Trade and other payables	6	19,209	19,029
Tax liabilities		1,138	1,415
Obligations under finance leases		459	380
Borrowings		22,545	23,413
Client funds		38,709	45,032
		<u>326,655</u>	<u>389,717</u>
Net current assets		<u>75,688</u>	<u>61,556</u>
Non-current liabilities			
Borrowings		29,437	14,297
Retirement benefit obligation		22,909	23,712
Provisions		2,870	2,142
Obligations under finance leases		856	1,170
Deferred consideration		19,577	11,278
		<u>75,649</u>	<u>52,599</u>
Total liabilities		<u>402,304</u>	<u>442,316</u>
Net assets		<u>73,209</u>	<u>68,458</u>
Equity			
Share capital		401	401
Share premium account		29,897	29,897
Merger reserve		6,872	6,872
Capital reserve		662	662

Own shares	(310)	(310)
Retained earnings	3,530	2,975
	<hr/>	<hr/>
Equity attributable to equity holders of the parent	41,052	40,497
Minority interest	32,157	27,961
	<hr/>	<hr/>
Total equity	73,209	68,458
	<hr/>	<hr/>

The financial statements were approved by the board of directors and authorised for issue on 23 March 2010.

George Fitzsimons
 Director
 23 March 2010

Cash flow statement

		Year to 31 December 2009 £000	Year to 31 December 2008 £000
Net cash from operating activities	Note 8	(2,707)	23,749
Investing activities			
Interest received		55	571
Proceeds on disposal of property, plant and equipment		135	158
Purchases of property, plant and equipment		(818)	(1,776)
Acquisition of intangible assets		(578)	(484)
Purchases of investments		-	(1)
Proceeds from sale of investments		11	-
Acquisition of subsidiaries		(8,427)	(73)
Payment of deferred consideration		-	(715)
Net cash used in investing activities		<u>(9,622)</u>	<u>(2,320)</u>
Financing activities			
Proceeds from issue of shares		-	128
Dividends paid		(5,645)	(5,468)
Repayments of borrowings		(26,486)	(7,078)
Repayments of obligations under finance leases		(422)	(533)
New bank loans raised		38,090	1,275
Increase in bank overdrafts		4,242	4,491
Net cash from/(used in) financing activities		<u>9,779</u>	<u>(7,185)</u>
Net (decrease)/increase in cash and cash equivalents		(2,550)	14,244
Cash and cash equivalents at beginning of year		53,339	35,254
Effect of foreign exchange rate changes		(1,405)	3,841
Cash and cash equivalents at end of year		<u>49,384</u>	<u>53,339</u>

Consolidated statement of changes in equity

	Share		Merger reserve	Capital reserve	Profit			Total
	Share capital	premium account			Own shares	and loss account	Minority interest	
	£000	£000			£000	£000	£000	
At 1 January 2009	401	29,897	6,872	662	(310)	2,975	27,961	68,458
Issue of share capital	-	-	-	-	-	-	-	-
Share premium arising on issue of share capital	-	-	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	-	7,613	4,276	11,889
Dividends paid	-	-	-	-	-	(5,645)	-	(5,645)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(527)	-	(527)
Tax on items taken to equity	-	-	-	-	-	(7)	-	(7)
Unrealised losses on available-for-sale investments	-	-	-	-	-	(10)	-	(10)
Foreign currency exchange differences	-	-	-	-	-	(1,296)	(7)	(1,303)
Movement in own shares	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	427	(73)	354
At 31 December 2009	401	29,897	6,872	662	(310)	3,530	32,157	73,209

	Share		Merger reserve	Capital reserve	Profit			Total
	Share capital	premium account			Own shares	and loss account	Minority interest	
	£000	£000			£000	£000	£000	
At 1 January 2008	400	29,769	6,872	662	(309)	7,316	836	45,546
Issue of share capital	1	-	-	-	-	-	-	1
Share premium arising on issue of share capital	-	128	-	-	-	-	-	128
Profit for the financial year	-	-	-	-	-	7,962	661	8,623
Dividends paid	-	-	-	-	-	(5,468)	-	(5,468)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(15,885)	-	(15,885)
Tax on items taken to equity	-	-	-	-	-	4,448	-	4,448
Unrealised gains on available-for-sale investments	-	-	-	-	-	359	-	359
Foreign currency exchange differences	-	-	-	-	-	5,032	-	5,032
Movement in own shares	-	-	-	-	(1)	-	-	(1)
Other movements	-	-	-	-	-	(789)	26,464	25,675
At 31 December 2008	401	29,897	6,872	662	(310)	2,975	27,961	68,458

The capital reserve and merger reserve arose on formation of the group and are non-distributable capital reserves.

Own shares comprise 87,155 (2008 – 92,856) shares held by the Charles Taylor Employee Share Ownership Plan Trust (ESOP). The market value of these shares was £183,026 (2008 – £235,157) at the balance sheet date.

The trustee of the ESOP is the Codan Trust Company Limited, an independent professional trust company registered in Bermuda. The ESOP is a discretionary trust for the benefit of employees of the group and provides a source of shares to distribute to the group's employees (including executive directors and officers) under the group's various bonus and incentivisation schemes, at the discretion of the trustee acting on the recommendation of a committee of the board.

The assets, liabilities, income and costs of the ESOP are incorporated into the consolidated financial statements.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances other than company law requirements dealing with distributable profits, and in the case of the insurance companies regulatory permissions and solvency limits.

Notes to the financial statements

For the year ended 31 December 2009

1. Accounting policies

Basis of preparation

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2009 or 2008, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 498 (2) and (3) Companies Act 2006.

2. Segmental information

Identification of segments

For management and internal reporting purposes the group is currently organised into four operating divisions – management services division, adjusting services division, insurance support services division and insurance companies run-off division.

Principal activities are as follows:

- Management services division – mutual management, captive management, investment management and risk management.
- Adjusting services division – energy, aviation, non-marine and marine (including average) adjusting.
- Insurance support services division – non-life and life insurance support services.
- Insurance companies run-off division – non-life and life insurance companies closed to new business.

Management information about these divisions is regularly provided to the group's chief operating decision maker to assess their performance and to make decisions about the allocation of resources. Accordingly, these divisions correspond with the group's operating segments under IFRS 8 "Operating Segments". Businesses forming part of each division which might otherwise qualify as reportable operating segments have been aggregated where they share similar economic characteristics and meet the other aggregation criteria in IFRS 8.

In the management services division, a higher proportion of revenue arises in the second half of the financial year. There is no significant seasonality or cyclicity in the other divisions.

Measurement of segmental results and assets

Transactions between reportable segments are accounted for on the basis of the contractual arrangements in place for the provision of goods or services between segments and in accordance with the group's accounting policies. Reportable segment results and assets are also measured on a basis consistent with the group's accounting policies. Operating segment profit includes an allocation of central costs across the four divisions and excludes exceptional adjusting items. Reconciliations of segmental results to the group profit before tax are set out below.

Year to 31 December 2009

	Management services division £000	Adjusting services division £000	Insurance support services division £000	Insurance companies run-off division £000	Inter-segment eliminations £000	Amounts not allocated to segments £000	Total group £000
Revenue from insurance services	36,147	46,654	9,139	-	-	11	91,951
Revenue from insurance companies run-off	-	-	-	4,653	-	-	4,653
Revenue from other operating segments	-	-	2,653	-	(2,653)	-	-
Total revenue	36,147	46,654	11,792	4,653	(2,653)	11	96,604
Depreciation and amortisation	(563)	(1,011)	(460)	-	-	-	(2,034)
Other expenses	(29,572)	(37,438)	(12,260)	2,463	2,653	284	(73,870)
Operating segment profit	6,012	8,205	(928)	7,116	-	295	20,700
Share of results of associates and joint ventures							(24)
Investment and other income							96
Finance costs							(2,034)
Profit before tax – adjusted							18,738
Amortisation of customer relationship intangibles							(1,631)
Life insurance VOBA credit							577
Amounts written off goodwill							(523)
Relocation and reorganisation costs							(1,433)
Profit before tax							15,728

Year to 31 December 2008

	Management services division £000	Adjusting services division £000	Insurance support services division £000	Insurance companies run-off division £000	Inter-segment eliminations £000	Amounts not allocated to segments £000	Total group £000
Revenue from insurance services	36,237	39,492	1,135	-	-	-	76,864
Revenue from insurance companies run-off	-	-	-	3,978	-	-	3,978
Revenue from other operating segments	-	-	3,553	-	(3,553)	-	-
Total revenue	36,237	39,492	4,688	3,978	(3,553)	-	80,842
Depreciation and amortisation	(565)	(863)	(164)	-	-	-	(1,592)
Other expenses	(28,424)	(32,379)	(2,865)*	(3,135)	3,553	(1,153)	(64,403)
Operating segment profit	7,248	6,250	1,659	843	-	(1,153)	14,847
Share of results of associates and joint ventures							118
Investment and other income							991
Finance costs							(2,536)
Profit before tax – adjusted							13,420
Amortisation of customer relationship intangibles							(461)
Life insurance VOBA charge							(577)
Amounts written off goodwill							(586)
Relocation and reorganisation costs							(1,871)
Profit before tax							9,925

* Includes gain on bargain purchases of £1,992,000

	At 31 December 2009 £000	At 31 December 2008 £000
Total assets		
Management services division	6,728	9,675
Adjusting services division	103,111	107,228
Insurance support services division	39,852	20,869
Insurance companies run-off division*	303,467	353,950
Unallocated assets and eliminations	22,355	19,052
	<u>475,513</u>	<u>510,774</u>

* Includes related intangible assets

Geographical information

	Year to 31 December 2009 £000	Year to 31 December 2008 £000
Revenue		
United Kingdom	34,508	24,610
Other Europe	7,300	6,020
North America	13,596	12,769
Asia Pacific	8,497	8,294
Bermuda	32,703	29,149
	<u>96,604</u>	<u>80,842</u>

	At 31 December 2009 £000	At 31 December 2008 £000
Non-current assets (excluding deferred tax assets)		
United Kingdom	52,903	37,209
Other Europe	5,106	6,202
North America	5,375	5,360
Asia Pacific	1,766	1,517
Bermuda	1,882	2,494
	<u>67,032</u>	<u>52,782</u>

Information about major customers

The group derived revenue of £19.4 million (31 December 2008 - £17.9 million) from one external customer which accounts for more than 10% of group revenue, and is included within the management services division.

3. Earnings per share

Earnings per ordinary share have been calculated by dividing the profit on ordinary activities after taxation and minority interests for each period by the weighted average number of shares in issue. The shares held by the ESOP have been excluded from the calculation because the trustees have waived the right to dividends on these shares.

The calculation of the statutory basic, statutory diluted and adjusted earnings per share is based on the following data:

	Year to 31 December 2009 £000	Year to 31 December 2008 £000
Earnings		
Earnings for the purposes of adjusted earnings per share being adjusted profit after tax attributable to equity holders of the parent	11,605	11,457
Amortisation of customer relationship intangibles	(1,631)	(461)
Life insurance VOBA credit/(charge)	577	(577)
Amounts written off goodwill	(523)	(586)
Relocation and reorganisation costs	(1,433)	(1,871)
Prior years' tax settlement	(982)	-
	<hr/>	<hr/>
Earnings for the purposes of statutory basic and diluted earnings per share being net profit attributable to equity holders of the parent	7,613	7,962
	<hr/>	<hr/>
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	39,983,065	39,964,872
Effect of dilutive potential ordinary shares:		
Share options	18,217	88,400
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	40,001,282	40,053,272
	<hr/>	<hr/>

4. Acquisition of subsidiaries

ASG group

On 6 May 2009, the group acquired 100% of the issued share capital of ASG (Aircraft Technical Services) Limited, ASG (Aircraft Trading) Limited and Aviation Support Group Limited (together “ASG”) for initial cash consideration of £1.4 million and further cash payments of up to £0.8 million depending on the operating profit of the companies in the period from acquisition until 31 December 2011 and a payment of £0.3 million representing the net asset value at 31 March 2009.

The amount of ASG’s loss before tax since the acquisition date, that has been included in these accounts is £7,000. ASG (Aircraft Technical Services) Limited has been renamed Charles Taylor Aviation (Asset Management) Limited.

Axiom Holdings Limited

On 7 May 2009, the group acquired 100% of the issued share capital of Axiom Holdings Limited (“Axiom”). The consideration includes £5.9 million in cash (of which £0.3 million is held in escrow) to repay Axiom’s existing bank debt and £0.23 million in cash to acquire the shares.

The amount of Axiom’s loss before tax since the acquisition date, that has been included in these accounts is £1.1m, including reorganisation costs of £749,000.

Had both acquisitions occurred on 1 January 2009 the combined revenue for the group would have been £100.2m and the profit from operations (before intangibles) would have been £17.1m.

Goodwill has arisen in respect of both acquisitions, as set out in the table below, and is attributable to the anticipated profitability arising from new customer relationships and future operating synergies. The fair values of both acquisitions have been determined provisionally due to uncertainty surrounding the fair values of certain assets and liabilities acquired.

	ASG group			Axiom Holdings Limited		
	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000
Goodwill	-	-	-	11,902	(11,902)	-
Intangible assets	-	1,893	1,893	-	5,522	5,522
Property, plant and equipment	7	-	7	1,099	133	1,232
Trade and other receivables	164	-	164	2,704	(516)	2,188
Cash and cash equivalents	263	-	263	172	-	172
Trade and other payables	(61)	-	(61)	(4,671)	(340)	(5,011)
Tax liabilities	(48)	-	(48)	-	-	-
Obligations under finance leases	-	-	-	(1)	-	(1)
Borrowings	-	-	-	(21,276)	21,276	-
Provisions	-	-	-	-	(404)	(404)
	<u>325</u>	<u>1,893</u>	<u>2,218</u>	<u>(10,071)</u>	<u>13,769</u>	<u>3,698</u>
Goodwill arising on acquisition			<u>318</u>			<u>3,443</u>
Total estimated consideration			<u>2,536</u>			<u>7,141</u>

Total estimated consideration includes acquisition costs of £1,017,000.

5. Trade and other receivables

	At 31 December 2009 £000	At 31 December 2008 £000
Trade debtors	22,478	19,766
Amounts owed by associates	545	443
Amounts owed by insurance companies*	212	245
Other debtors	2,147	2,825
Prepayments	3,982	2,668
Accrued income	25,868	26,478
Corporation tax	643	133
	<hr/>	<hr/>
	55,875	52,558
	<hr/>	<hr/>

* A corresponding liability is included in the balance sheet within “total liabilities in insurance businesses”.

6. Trade and other payables

	At 31 December 2009 £000	At 31 December 2008 £000
Trade creditors	3,449	2,948
Amounts owed to associates	328	337
Amounts owed to insurance companies*	5,059	4,793
Other taxation and social security	1,669	2,000
Other creditors	1,504	1,114
Accruals and deferred income	7,200	7,697
Deferred consideration	-	140
	<hr/>	<hr/>
	19,209	19,029
	<hr/>	<hr/>

* A corresponding asset is included in the balance sheet within “total assets in insurance businesses”.

7. Net interest-bearing liabilities

	At 31 December 2009 £000	At 31 December 2008 £000
Cash and cash equivalents	49,384	53,339
Bank overdrafts	(18,784)	(14,542)
Current loans	(3,360)	(8,501)
Non-current bank loans	(29,437)	(14,297)
Finance leases	(1,315)	(1,550)
	<hr/>	<hr/>
	(3,512)	14,449
Client funds	(38,709)	(45,032)
	<hr/>	<hr/>
	(42,221)	(30,583)
	<hr/>	<hr/>

8. Notes to the cash flow statement

	Year to 31 December 2009 £000	Year to 31 December 2008 £000
Profit from operations	17,666	11,470
Profit from insurance companies	(8,180)	(829)
	<hr/>	<hr/>
Profit from operations (excluding insurance companies)	9,486	10,641
Adjustments for:		
Depreciation of property, plant and equipment	1,576	1,267
Gain on bargain purchases	-	(1,992)
Intangibles (non-insurance) and goodwill	2,612	1,371
Other non-cash items	309	244
Decrease in provisions	(1,563)	(715)
Share of results of associates and joint ventures	24	(118)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	12,444	10,698
Increase in receivables	(723)	(4,565)
(Decrease)/increase in payables	(4,693)	3,675
	<hr/>	<hr/>
Cash generated by operations	7,028	9,808
Income taxes (paid)/recovered	(1,348)	(1,789)
Interest paid	(2,064)	(2,601)
	<hr/>	<hr/>
Net cash before movement in client funds	3,616	5,418
Movement in client funds	(6,323)	18,331
	<hr/>	<hr/>
Net cash from operating activities	(2,707)	23,749
	<hr/>	<hr/>

Additions to tangible fixed assets during the period amounting to £190,000 (2008 – £1,171,000) were financed by new finance leases.

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly-liquid investments with a maturity of three

months or less. The cash flow statements exclude the cash flows within the group's insurance companies.

Cash includes client funds of £38,709,000 (2008 – £45,032,000).

This Press Release contains certain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations and other changes in business conditions; the actions of competitors and other factors.