INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2010

THB

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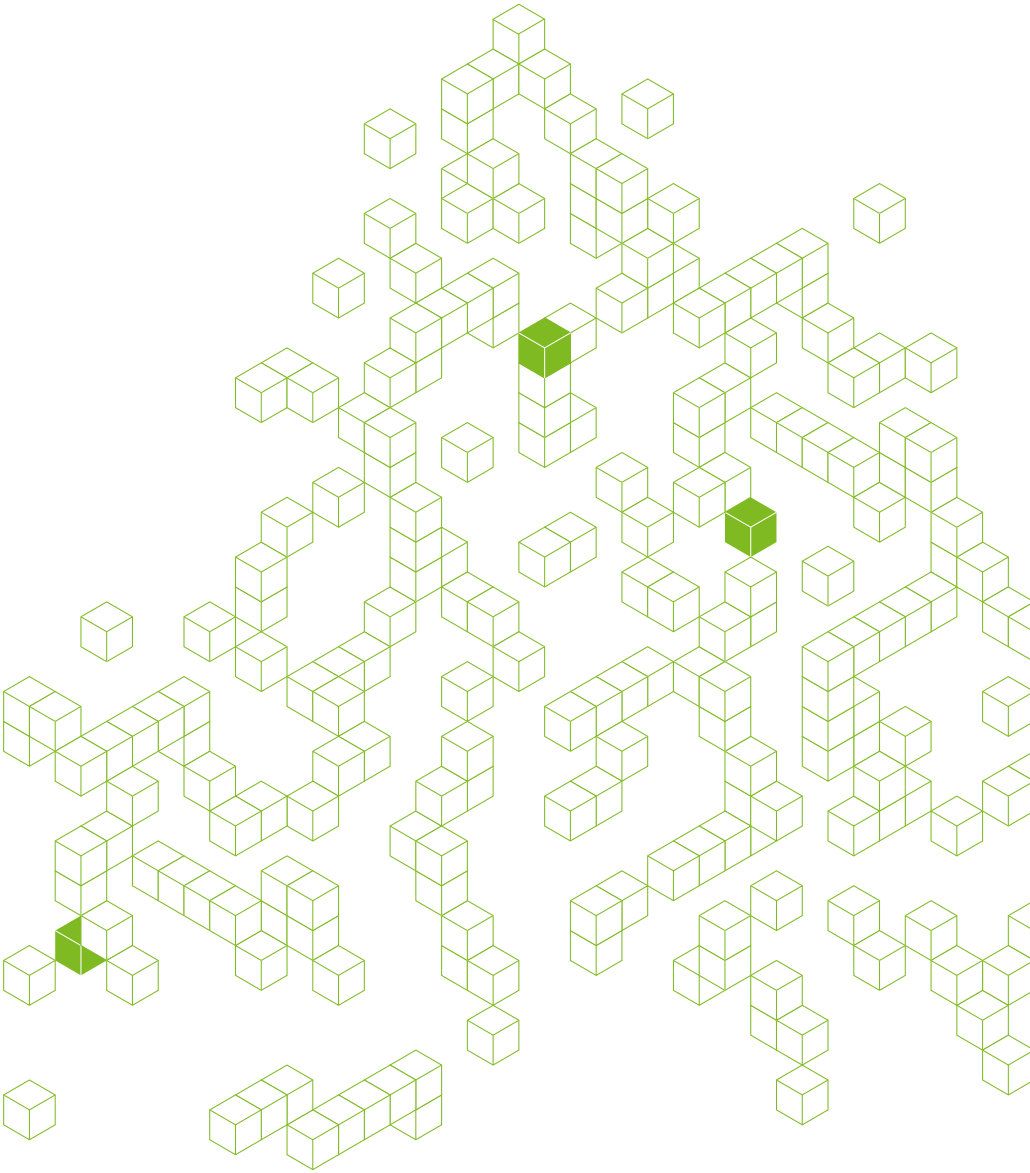
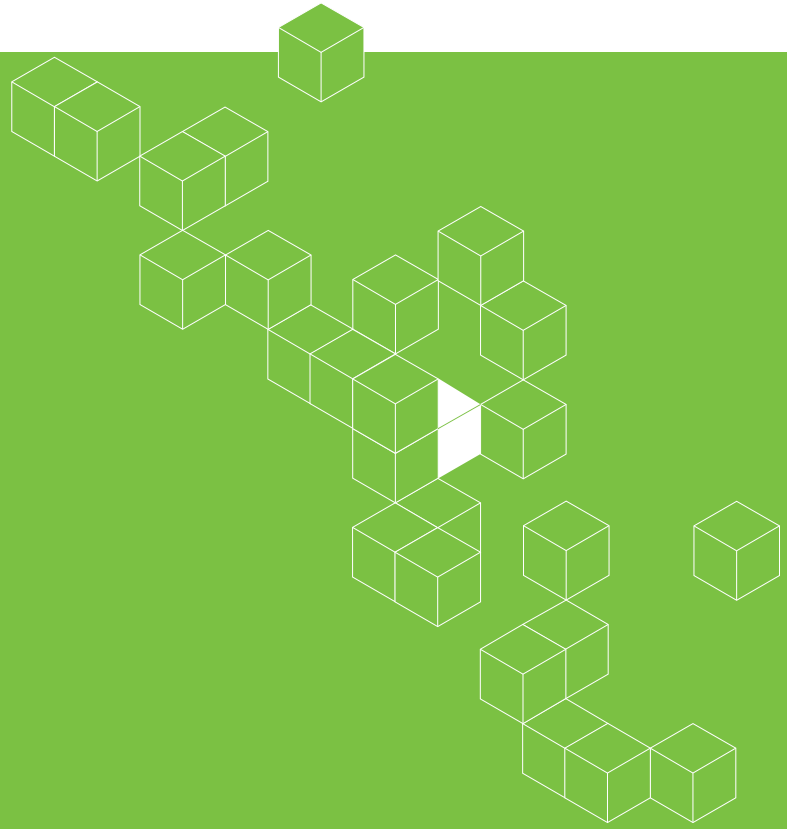


THB ■ Trusted Partners ■ Renewed Purpose



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THB GROUP PLC

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2010

FINANCIAL HIGHLIGHTS
Continued good progress reflected in a strong first half

- Fees and commissions +5%
- Broking profit +21%
- Earnings per share +31%
- Interim dividend +8%

OPERATIONAL HIGHLIGHTS

- Fees and commissions up on organic growth and stronger US dollar
- Two new teams recruited to THB in London
- Costs well controlled – systems changes planned to help drive future efficiencies

MARKET OUTLOOK

- Modest rate rises seen in motor and professional indemnity classes, but timing of a general market hardening remains difficult to predict
- Carriers may react to their unexpectedly heavy first half losses, including the Chilean earthquake and the Gulf of Mexico oil spill
- Recessionary pressure continues on insured values and excess levels

SUMMARY

This has been a constructive six months for the Group and we are very encouraged by the positive results so far. The insurance market has had an interesting year already, with catastrophic losses, particularly from the Chilean earthquake and European cyclone Cynthia, much higher than normal at this stage in the year. Certainly, the oil spill in the Gulf of Mexico has already forced underwriters to revise their rates for energy risks sharply upwards. Notwithstanding the uncertainties of both the global economy and the timing of the hard market, we believe that Lloyd's, as a financially secure subscription market, and THB, as a committed supporter of this market, remain well-placed to benefit from these conditions.

SUMMARY OF RESULTS

	6 months to 30 April 2010	6 months to 30 April 2009	12 months to 31 October 2009
Fees and commissions	£24.6 million	£23.3 million	£46.2 million
Underlying broking profit	£3.9 million	£3.3 million	£5.3 million
Underlying broking margin	16.0%	13.9%	11.5%
Profit before tax	£1.0 million	£0.8 million	£0.6 million
Underlying profit before tax	£3.1 million	£2.4 million	£3.6 million
Diluted earnings per share	1.63p	1.30p	2.42p
Underlying diluted earnings per share	6.54p	5.00p	9.42p
Dividend per share	1.35p	1.25p	2.5p

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

The Group has continued to make good progress in the six months to 30 April 2010, reporting further improvement in broking margins on steadily rising turnover. Growth of 5% in fees and commissions was achieved organically, without the benefit of any marked hardening of insurance rates in the period, and reflected the improved US dollar conversion rates anticipated in my last statement. The management team continues to focus on margins, taking steps to control costs, and grew underlying broking profit (fees and commissions less operating charges) in the period by 21%.

The Board has declared an interim dividend of 1.35p per share, which is ahead of analysts' expectations and will be payable on 5 August 2010 to shareholders on the register on 9 July 2010. The Board expects to adhere to the dividend policy set out in the last Annual Report for the full year.

STRATEGY

In my last statement, I referred to our intention to seek complementary acquisitions that build on acknowledged areas of market leadership. Whilst there are numerous opportunities in the London Market arising out of broker consolidation and increasing financial and regulatory pressure on smaller brokers particularly, THB intends to be highly selective in this process, seeking to acquire only businesses and teams with a strong strategic and cultural fit. We also continue to seek entrepreneurial underwriters interested in developing specialist books of business under our Unicorn managing agent banner. Cardinus Risk Management will continue to expand its client base throughout the UK, Europe and North America. Our international ambition remains to develop from strong bases in the Far East and Europe and to augment our presence in targeted territories in the Middle East and Central / South America.

BOARD CHANGES

On 10 May 2010, we announced the resignation of Corinne Bennett as Human Resources Director with effect from 2 July 2010. I would like to thank Corinne for her contribution to the operational development of the Group and we wish her well for the future.

PROSPECTS

Following a solid performance in our first half, we have not adjusted our view of upsides in terms of insurance rates, foreign exchange conversion rates and interest rates and remain as positive about the Group's trading prospects for the full year as we were at the time of the preliminary results in January.

Nigel Moorhouse
Non Executive Chairman

CHIEF EXECUTIVE'S REPORT

MARKET TRENDS

The cycle for insurance brokers has reached an interesting stage, with many conflicting indicators. In 2009, we argued, in the face of many commentators, that the elusive hard market in insurance rates was still some way off. We could see certain classes, notably motor fleet and professional indemnity, responding to pressure from rising levels of claims and this trend has continued. We now note that catastrophic losses have been much higher than normal at this stage in the year, particularly from the Chilean earthquake and European cyclone Cynthia. Furthermore, the US and Caribbean hurricane season has just officially started in June and is predicted to be an active one. Certainly, the oil spill in the Gulf of Mexico has already forced underwriters to revise sharply upwards their rates for energy risks.

The business model for most insurance brokers is not immune from the impact of recession in the global economy. Structural weaknesses in sovereign debt markets, particularly in certain currency zones, may threaten the global recovery and fragile business confidence tends to affect decisions made by individual insureds regarding affordable levels of insurance cover. For THB, however, this may be balanced by the future upside benefits of currency movements and interest rates.

Notwithstanding the uncertainties of both the global economy and the timing of a hard market, we believe that Lloyd's, as a financially secure subscription market, and THB, as a committed supporter of this market, remain well-placed to benefit from these conditions.

BUSINESS PERFORMANCE

Broking margins remain a key measure of performance for the management team. This involves focus on three distinct priorities – turnaround of under-performing teams, close control of costs and implementation of business process efficiencies.

Margins in the Lloyd's Broker, the largest division, improved in the period from 11.4% to 15.9%. This was the result of the improving dollar and strong organic growth in several areas, notably the European, professional indemnity and property reinsurance teams. The latter was loss-making last year and a combination of tough decisions on costs and greater focus turned this into an impressive 27% margin.

THB UK benefited from a strong performance from Risk Solutions' mainly motor fleet book, but overall the operating result for the division slipped back in the period following the sale of part of the Unicorn underwriting agency operation. Cardinus Risk Management also saw turnover dip, as deferral of spending by key government departments started to restrict the strong growth achieved in this division over recent periods. However, the business continues to attract blue-chip clients to its portfolio.

The Group's International division delivered significantly improved profit in the six months to April 2010, the result of encouraging new business levels, particularly in the Far East, and closure of the loss-making Brazilian operation. This result was all the more impressive for being achieved in spite of continuing depressed insurance rates in our key Far East markets.

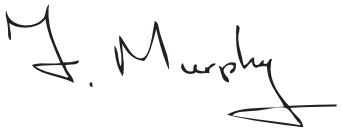
We continue actively to seek acquisition opportunities amongst quality teams and companies. A Central and South American treaty team has recently joined THB in London and a delegated authority team has also been recruited following a recent London Market merger, extending our geographical reach in European markets – a good example of building upon our existing strengths.

TRADING OUTLOOK

The Group plan is acquisitive and we continue to evaluate numerous opportunities, particularly in the London market. Many of these have not met our criteria and we have been disciplined about not pursuing businesses which would not offer a strategic or cultural fit or that would present an undue management distraction. Nonetheless, there are good operations facing succession issues or struggling under the growing regulatory burden, with which we would like to engage. The supportive and entrepreneurial approach within the Group offers an excellent home for such companies and teams looking to grow.

The improvement in the broking margin in the six months to April 2010 is pleasing, but provides no cause for complacency. There is still much work to be done, particularly in the refinement of our business processes in the UK. We believe that we can deliver greater efficiency, as well as further improvement in client service, by investing in computer systems in order to eliminate variations in the back office processing models employed in different parts of the business. This initiative will be a priority in the next twelve months and is expected to deliver long term returns.

We are determined not to be distracted by macro economic variants, focusing instead on matters within our own control. We will continue to keep operating costs under control and assess potential acquisitions against targeted investment returns. Above all, our aim is to deliver exceptional specialist product and market knowledge to our clients, thereby enhancing the reputation, growth prospects and profitability of THB.



Frank Murphy
Group Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2010

	Notes	6 months to 30 April 2010 £'000	6 months to 30 April 2009 £'000	12 months to 31 October 2009 £'000
Fees and commissions	2	24,593	23,336	46,237
Investment income		34	109	138
Salaries and associated expenses		(15,739)	(15,137)	(31,126)
Premises costs		(1,411)	(1,547)	(3,123)
Other operating charges		(4,533)	(4,050)	(8,228)
Depreciation, amortisation and impairment charges		(1,517)	(1,398)	(2,208)
Operating profit	3	1,427	1,313	1,690
ANALYSED AS:				
Operating profit before exceptional items, amortisation and impairment charges		3,588	2,911	4,666
Cost of restructuring operations		(59)	-	(120)
Exceptional bonuses		(966)	(653)	(1,452)
Amortisation charges		(1,136)	(945)	(1,897)
Impairment charges, net of credits		-	-	493
Operating profit	3	1,427	1,313	1,690
Finance income		8	52	66
Finance costs		(543)	(685)	(1,171)
Net finance cost		(535)	(633)	(1,105)
Share of results of associates after tax		71	84	(10)
Profit before taxation		963	764	575
Income tax (expense) / credit	4	(157)	(343)	263
Profit for the period		806	421	838
Attributable to:				
Shareholders of the Company		590	437	822
Minority interests		216	(16)	16
		806	421	838
Earnings per share:	5			
Basic		1.80p	1.35p	2.54p
Diluted		1.63p	1.30p	2.42p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2010

	6 months to 30 April 2010 £'000	6 months to 30 April 2009 £'000	12 months to 31 October 2009 £'000
Profit for the period	806	421	838
Other comprehensive income			
Fair value (losses) / gains:			
- cash flow hedges	(1,259)	(545)	3,991
- taxation	378	148	(1,122)
Currency translation differences	94	103	(24)
Other comprehensive income for the period, net of tax	(787)	(294)	2,845
Total comprehensive income for the period, net of tax	19	127	3,683
Attributable to:			
Shareholders of the Company	(197)	143	3,667
Minority interest	216	(16)	16
	19	127	3,683

CONSOLIDATED BALANCE SHEET
UNAUDITED AS AT 30 APRIL 2010

	Notes	30 April 2010 £'000	30 April 2009 £'000	31 October 2009 £'000
ASSETS				
Non-current assets				
Property, plant and equipment		4,465	4,749	4,684
Goodwill		30,992	29,152	30,045
Intangible assets		7,283	8,789	8,419
Investment in associates		389	522	296
Deferred tax assets		2,178	1,725	1,658
Available-for-sale financial assets		-	13	-
Derivative financial instruments		30	56	621
Other receivables		75	165	127
		45,412	45,171	45,850
Current assets				
Trade and other receivables		15,973	16,336	15,039
Current tax recoverable		-	44	299
Derivative financial instruments		206	-	457
Cash and cash equivalents		37,032	40,608	40,362
		53,211	56,988	56,157
Total assets		98,623	102,159	102,007

	Notes	30 April 2010 £'000	30 April 2009 £'000	31 October 2009 £'000
EQUITY				
Capital and reserves attributable to equity holders				
Share capital		3,775	3,708	3,728
Share premium		13,447	13,108	13,227
Fair value and hedging reserves	7	34	(2,351)	915
Capital contribution reserves	7	1,854	1,854	1,854
Cumulative translation reserve	7	192	225	98
Retained earnings		4,960	4,664	4,739
Shareholders' equity		24,262	21,208	24,561
Minority interest		452	204	236
Total equity		24,714	21,412	24,797
LIABILITIES				
Non-current liabilities				
Borrowings		13,750	15,938	14,696
Derivative financial instruments		571	1,016	4
Deferred tax liabilities		2,550	2,320	2,895
Provisions and other liabilities		6,987	6,368	6,094
		23,858	25,642	23,689
Current liabilities				
Trade and other payables		45,949	49,637	49,552
Current tax liabilities		774	31	-
Borrowings		2,028	1,642	2,049
Derivative financial instruments		765	3,417	915
Provisions and other liabilities		535	378	1,005
		50,051	55,105	53,521
Total liabilities		73,909	80,747	77,210
Total equity and liabilities		98,623	102,159	102,007

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2010

6 months to 30 April 2010	Share capital	Share premium	Other reserves (note 7)	Retained earnings	Total Shareholders' Equity	Minority Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 November 2009	3,728	13,227	2,867	4,739	24,561	236	24,797
Comprehensive Income: Profit for the period	-	-	-	590	590	216	806
Other comprehensive income:							
Fair value profits net of tax:							
- cash flow hedges	-	-	(906)	-	(906)	-	(906)
- property	-	-	25	-	25	-	25
Currency translation differences	-	-	94	-	94	-	94
Total other comprehensive income	-	-	(787)	-	(787)	-	(787)
Total comprehensive income	-	-	(787)	590	(197)	216	19
Transactions with owners:							
Dividends	-	-	-	(413)	(413)	-	(413)
Issue of ordinary share capital	47	220	-	-	267	-	267
Equity settled share based payments	-	-	-	44	44	-	44
Total transactions with owners	47	220	-	(369)	(102)	-	(102)
Balance at 30 April 2010	3,775	13,447	2,080	4,960	24,262	452	24,714

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2010

6 months to 30 April 2009	Share capital	Share premium	Other reserves (note 7)	Retained earnings	Total Shareholders' Equity	Minority Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 November 2008	3,680	12,955	22	5,042	21,699	220	21,919
Comprehensive Income: Profit for the period	-	-	-	437	437	(16)	421
Other comprehensive income:							
Fair value profits net of tax:							
- cash flow hedges	-	-	(393)	-	(393)	-	(393)
- property	-	-	(4)	-	(4)	-	(4)
Currency translation differences	-	-	103	-	103	-	103
Total other comprehensive income	-	-	(294)	-	(294)	-	(294)
Total comprehensive income	-	-	(294)	437	143	(16)	127
Transactions with owners:							
Dividends	-	-	-	(776)	(776)	-	(776)
Issue of ordinary share capital	28	153	-	-	181	-	181
Equity settled share based payments	-	-	-	(39)	(39)	-	(39)
Total transactions with owners	28	153	-	(815)	(634)	-	(634)
Balance at 30 April 2009	3,708	13,108	(272)	4,664	21,208	204	21,412

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2010

12 months to 31 October 2009	Share capital	Share premium	Other reserves (note 7)	Retained earnings	Total Shareholders' Equity	Minority Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 November 2008	3,680	12,955	22	5,042	21,699	220	21,919
Comprehensive Income:							
Profit for the period	-	-	-	822	822	16	838
Other comprehensive income:							
Fair value profits net of tax:							
- cash flow hedges	-	-	2,873	-	2,873	-	2,873
- property	-	-	(4)	-	(4)	-	(4)
Currency translation differences	-	-	(24)	-	(24)	-	(24)
Total other comprehensive income	-	-	2,845	-	2,845	-	2,845
Total comprehensive income	-	-	2,845	822	3,667	16	3,683
Transactions with owners:							
Dividends	-	-	-	(1,182)	(1,182)	-	(1,182)
Issue of ordinary share capital	48	272	-	-	320	-	320
Equity settled share based payments	-	-	-	57	57	-	57
Total transactions with owners	48	272	-	(1,125)	(805)	-	(805)
Balance at 31 October 2009	3,728	13,227	2,867	4,739	24,561	236	24,797

CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED FOR THE SIX MONTHS ENDED 30 APRIL 2010

	Notes	6 months to 30 April 2010 £'000	6 months to 30 April 2009 £'000	12 months to 31 October 2009 £'000
Cash flows from operating activities				
Net cash from operations	8	5,300	4,446	4,038
Interest paid		(206)	(567)	(559)
Taxation received / (paid)		255	(190)	(501)
Increase in insurance broking receivables		(1,647)	(2,037)	(191)
Decrease in insurance broking payables		(3,272)	(4,541)	(7,194)
Net cash from / (used in) operating activities		430	(2,889)	(4,407)
Cash flows from investing activities				
Interest received		42	161	202
Dividends received		-	-	2
Purchase of property, plant and equipment		(167)	(202)	(504)
Acquisition of businesses, net of cash acquired		(469)	(829)	(1,478)
Disposal of other investments		-	100	102
Net cash used in investing activities		(594)	(770)	(1,676)
Cash flows from financing activities				
Equity dividend paid		(413)	(776)	(1,182)
Preference dividend paid		(224)	-	(448)
Issue of ordinary shares		267	181	320
Borrowings repaid		(913)	(486)	(1,215)
Net cash used in financing activities		(1,283)	(1,081)	(2,525)
Net (decrease) / increase in cash and cash equivalents		(1,447)	(4,740)	(8,608)
Cash and cash equivalents at start of period		40,362	49,038	49,038
Exchange gains on cash and cash equivalents		(1,883)	(3,690)	(68)
Cash and cash equivalents at end of period		37,032	40,608	40,362

An analysis of cash and cash equivalents between corporate and fiduciary balances is shown in note 9.

NOTES TO THE INTERIM REPORT – 30 APRIL 2010

1 ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited interim financial information has been prepared under the historical cost convention, as modified to include the revaluation of land and buildings and derivative financial instruments, and using accounting policies and presentation consistent with those set out in the Group's statutory accounts for the year ended 31 October 2009, which comply with International Financial Reporting Standards (IFRS).

The interim financial information has not been audited nor has it been reviewed under International Standard on Review Engagements (UK and Ireland) 2410 of the Auditing Practices Board. The above unaudited financial information does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985, as amended by Companies Act 2006 Schedule 9 paragraph 1. Statutory accounts for the year ended 31 October 2009, which included an unqualified auditors' report, have been filed with the Registrar of Companies.

IAS 1 (revised), 'Presentation of financial statements' is mandatory for accounting periods commencing from 1st January 2009. The interim financial statements have been prepared under the revised disclosure requirements. The Group has elected to present two performance statements: an income statement and a statement of comprehensive income.

2 SEGMENTAL INFORMATION

Primary reporting format – Business segments
The Group is organised into three main segments: Lloyd's Broker, THB UK and International. These segments are consistent with the internal reporting structure of the Group. The Lloyd's Broker segment is based in London, Amsterdam, Orpington and Cheltenham and engages in insurance broking activities on behalf of UK and international clients, placing risks into London and international markets. THB UK segment provides insurance and risk management services to UK insurers, insurance intermediaries and other commercial clients, and is based in London, Peterborough and East Grinstead. The International segment comprises the Group's interests in insurance broking operations in a number of overseas jurisdictions including Singapore, Taiwan, Colombia and Peru.

SEGMENT RESULTS

6 months to 30 April 2010	Lloyd's Broker	THB UK	International	Group & Unallocated	Group
	£'000	£'000	£'000	£'000	£'000
Fees and commissions	18,963	3,802	1,828	-	24,593
Investment income	32	-	2	-	34
Operating charges	(15,950)	(3,205)	(1,176)	(327)	(20,658)
Exceptional costs	(966)	-	(59)	-	(1,025)
Depreciation, amortisation and impairment	(533)	(762)	(103)	(119)	(1,517)
Operating profit / (loss)	**1,546**	**(165)**	**492**	**(446)**	**1,427**

6 months to 30 April 2009	Lloyd's Broker	THB UK	International	Group & Unallocated	Group
	£'000	£'000	£'000	£'000	£'000
Fees and commissions	17,848	4,334	1,154	-	23,336
Investment income	106	-	3	-	109
Operating charges	(15,805)	(3,391)	(1,218)	333	(20,081)
Exceptional costs	(653)	-	-	-	(653)
Depreciation, amortisation and impairment	(582)	(566)	(148)	(102)	(1,398)
Operating profit / (loss)	**914**	**377**	**(209)**	**231**	**1,313**

12 months to 31 October 2009	Lloyd's Broker	THB UK	International	Group & Unallocated	Group
	£'000	£'000	£'000	£'000	£'000
Fees and commissions	35,207	8,625	2,405	-	46,237
Investment income	133	-	5	-	138
Operating charges	(31,592)	(6,620)	(2,445)	(248)	(40,905)
Exceptional costs	(1,452)	-	(120)	-	(1,572)
Depreciation, amortisation and impairment	(1,071)	(501)	(405)	(231)	(2,208)
Operating profit / (loss)	**1,225**	**1,504**	**(560)**	**(479)**	**1,690**

3 OPERATING PROFIT

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

	6 months to 30 April 2010 £'000	6 months to 30 April 2009 £'000	12 months to 31 October 2009 £'000
Realised foreign exchange loss / (gain)	(55)	1,145	1,908
Impairment charge – intangible assets	-	-	(552)
Impairment charge / (credit) – goodwill	-	-	59
Amortisation of intangible assets	1,136	945	1,897
Depreciation on property, plant and equipment			
- owned assets	317	413	723
- leased assets under finance leases	64	40	81
Operating lease rentals			
- land and buildings	839	785	1,451
- other	164	151	296
- income from land and buildings	(5)	(36)	(80)
Exceptional items			
Cost of restructuring operations	59	-	120
Exceptional bonuses	966	653	1,452

The foreign exchange gain or loss relates to the difference between the actual exchange rate on the sale of foreign currency receipts from insurance business and the exchange rate at which such business was originally recognised.

The cost of restructuring operations related to closure of the Group's operation in Brazil. The exceptional bonuses were in respect of incentivisation agreements with certain key members of the PWS International team to secure their future services following the acquisition, as a form of earnout consideration dependent on the performance of the business in the four years ending 30 April 2012. These exceptional payments will depend on the continued employment of the relevant staff and will be satisfied 50% in cash, 50% in new THB shares.

4 INCOME TAX EXPENSE

The income tax charge for the period is based upon the estimated effective tax rate for the year ending 31 October 2010.

5 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, which was 32,789,363 (2009: 32,237,009).

Diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue during the period, adjusted to take account of the potential dilutive effect of outstanding share options. There was no dilutive effect in the six months to 30 April 2010 (2009: nil) in respect of the options subsisting at that date, for which the subscription price was below the company's share price. There was a dilutive effect of 3,552,198 shares in the six months to 30 April 2010 (2009: 1,537,500) for the estimated number of shares to be issued in relation to acquisitions.

Earnings reconciliation for the six months ended 30 April

	2010 £'000	2010 Basic pence per share	2010 Diluted pence per share	2009 £'000	2009 Basic pence per share	2009 Diluted pence per share
Underlying profit	2,376	7.25	6.54	1,692	5.25	5.01
Amortisation and impairment of intangibles (net of tax)	(1,048)	(3.20)	(2.88)	(785)	(2.44)	(2.32)
Exceptional costs (net of tax)	(738)	(2.25)	(2.03)	(470)	(1.46)	(1.39)
Profit attributable to shareholders	590	1.80	1.63	437	1.35	1.30

6 DIVIDENDS

	6 months to 30 April 2010 £'000	6 months to 30 April 2009 £'000	12 months to 31 October 2009 £'000
2009 final dividend of 1.25p per share (2008: 2.4p)	413	776	776
Interim dividend in respect of 2009 of 1.25p per share	-	-	406
	413	**776**	**1,182**

An interim dividend in respect of 2010 of 1.35p per share is payable on 5 August 2010 to shareholders who are registered at the close of business on 9 July 2010. The ex-dividend date will be 7 July 2010.

7 OTHER RESERVES

6 months to 30 April 2010	Fair value & hedging reserves £'000	Capital contribution reserves £'000	Cumulative translation reserve £'000	Total other reserves £'000
Balance at 1 November 2009	915	1,854	98	2,867
Other comprehensive income:				
Fair value profits net of tax:				
- cash flow hedges	(906)	-	-	(906)
- property	25	-	-	25
Currency translation differences	-	-	94	94
Total other comprehensive income	(881)	-	94	(787)
Balance at 30 April 2010	34	1,854	192	2,080

7 OTHER RESERVES (CONTINUED)

6 months to 30 April 2009	Fair value & hedging reserves £'000	Capital contribution reserves £'000	Cumulative translation reserve £'000	Total other reserves £'000
Balance at 1 November 2008	(1,954)	1,854	122	22
Other comprehensive income:				
Fair value profits net of tax:				
- cash flow hedges	(393)	-	-	(393)
- property	(4)	-	-	(4)
Currency translation differences	-	-	103	103
Total other comprehensive income	(397)	-	103	(294)
Balance at 30 April 2009	(2,351)	1,854	225	(272)

12 months to 31 October 2009	Fair value & hedging reserves £'000	Capital contribution reserves £'000	Cumulative translation reserve £'000	Total other reserves £'000
Balance at 1 November 2008	(1,954)	1,854	122	22
Other comprehensive income:				
Fair value profits net of tax:				
- cash flow hedges	2,873	-	-	2,873
- property	(4)	-	-	(4)
Currency translation differences	-	-	(24)	(24)
Total other comprehensive income	2,869	-	(24)	2,845
Balance at 31 October 2009	915	1,854	98	2,867

8 NET CASH FLOW FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	6 months to 30 April 2010 £'000	6 months to 30 April 2009 £'000	12 months to 31 October 2009 £'000
Profit before tax	963	764	575
Investment income receivable	(42)	(161)	(204)
Interest payable on bank loans and finance leases	543	685	676
Preference dividends paid	-	-	495
Depreciation, amortisation and impairment charges	1,517	1,398	2,208
Share-based payment (credit) / expense	44	(39)	57
Loss / (profit) on disposal of investments	-	-	10
Share of results of associate undertakings	71	(84)	(10)
Decrease / (increase) in receivables – excluding insurance broking balances	813	27	(546)
(Decrease) / increase in payables – excluding insurance broking balances	(386)	(1,782)	977
Decrease in provisions for liabilities and charges	(106)	(52)	(268)
Unrealised foreign exchange gain	1,883	3,690	68
Net cash inflow from operations	5,300	4,446	4,038

9 MOVEMENT IN CASH AND CASH EQUIVALENTS

6 months to 30 April 2010	Corporate £'000	Fiduciary £'000	Total £'000
Cash and cash equivalents at 1 November 2009	3,041	37,321	40,362
Net decrease in cash and cash equivalents	(1,123)	(324)	(1,447)
Exchange gains on cash and cash equivalents	(44)	(1,839)	(1,883)
Cash and cash equivalents at 30 April 2010	1,874	35,158	37,032

6 months to 30 April 2009	Corporate £'000	Fiduciary £'000	Total £'000
Cash and cash equivalents at 1 November 2008	7,010	42,028	49,038
Net increase in cash and cash equivalents	(3,130)	(1,610)	(4,740)
Exchange gains on cash and cash equivalents	(81)	(3,609)	(3,690)
Cash and cash equivalents at 30 April 2009	3,799	36,809	40,608

12 months to 31 October 2009	Corporate £'000	Fiduciary £'000	Total £'000
Cash and cash equivalents at 1 November 2008	7,010	42,028	49,038
Net decrease in cash and cash equivalents	(4,057)	(4,551)	(8,608)
Exchange losses / (gains) on cash and cash equivalents	88	(156)	(68)
Cash and cash equivalents at 31 October 2009	3,041	37,321	40,362

10 INTERIM REPORT

Copies of this Interim Report will be available from the registered office and on the Group's website at www.thbgroup.com.

SHAREHOLDER INFORMATION

See our Group website www.thbgroup.com for information about the Group and other shareholder information, including a link to the latest share price.

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Directors:

NJ Moorhouse – non executive chairman
FM Murphy – group chief executive
J Goldsmith – non executive director
CR Keay – non executive director
CLAF Bennett – group human resources director
SLR Matanle – chief executive, Thompson Heath & Bond Limited
AJ Preston – group operations director
RS Wilkinson – group finance director

Company registration number: 1514749

Financial calendar:

7 July 2010	ex-dividend date
9 July 2010	record date
5 August 2010	interim dividend payable
January 2011	final results announcement
March 2011	next AGM
March 2011	final dividend payable

Registrars:

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Auditors:

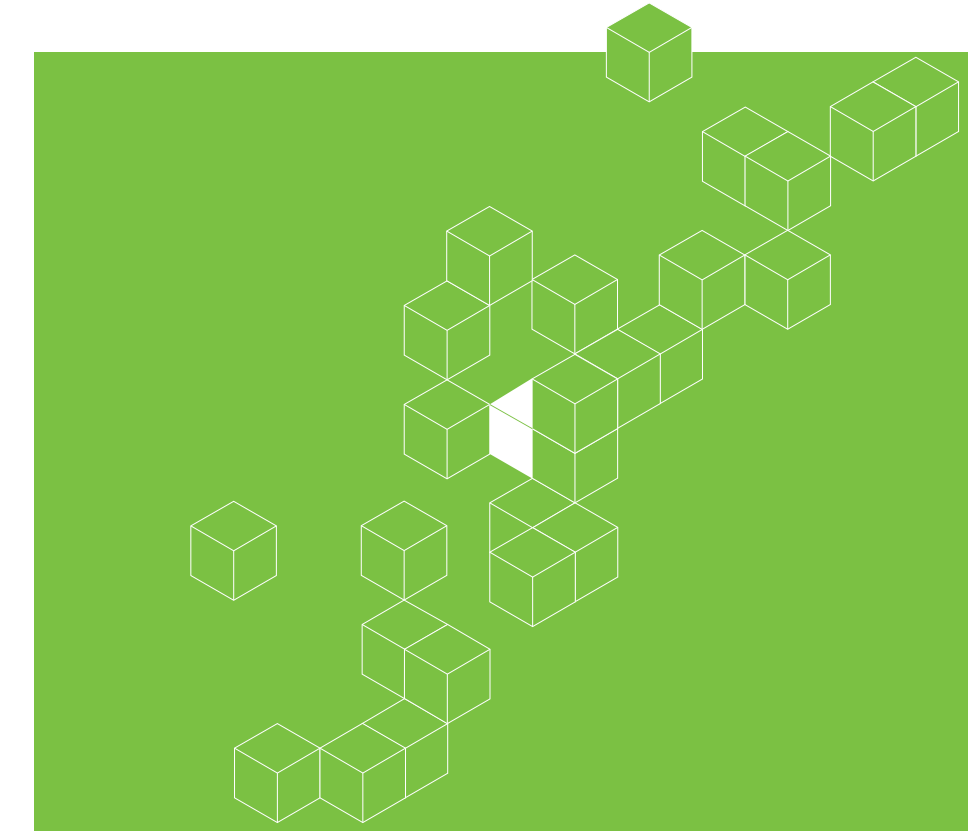
Mazars LLP

Solicitors:

Clyde & Co

Group Bankers:

Allied Irish Bank
National Westminster Bank plc
Royal Bank of Scotland plc
Bank of America
Citizens Bank
Ulster Bank plc



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