

3106865

**COYLE HAMILTON WILLIS HOLDINGS LIMITED**

*Phoenix House, 7-9 South Leinster Street, Dublin 2*

25 October 2007

TO: Whom it may concern

RE: Argosy Insurance Company Limited  
Period from 1 January 2006 to 31 December 2006.

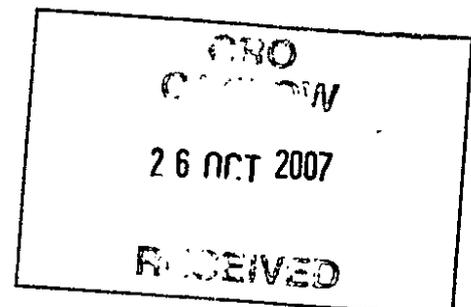
Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986 we the undersigned do hereby formally guarantee all such liabilities of Argosy Insurance Company Limited as are referred to in Section 5 (c) (ii) of the Companies (Amendment) Act, 1986.

Any and all claims arising on foot of this Guarantee should be submitted in writing to this company at the above address.

Present when the common seal of  
**COYLE HAMILTON WILLIS HOLDINGS LIMITED**  
Was affixed thereto

  
Director

  
Secretary



**Argosy Insurance Company Limited**

We, the undersigned being the sole Shareholder of the above named Company on the date of the holding of the Annual General Meeting in respect of the period from 1 January 2006 to 31 December 2006 do hereby consent to the Company availing of the exemption from filing accounts as provided by Section 17 of the Companies (Amendment) Act, 1986.

Dated : 25<sup>th</sup> October 2007

A handwritten signature in black ink, appearing to be 'P. Hamilton', written over a horizontal line.

For and on behalf of  
**COYLE HAMILTON WILLIS LIMITED**

**Argosy Insurance Company Limited**

*Phoenix House, 7-9 South Leinster Street, Dublin 2*

25 October 2007

TO: The Shareholder

Notice is hereby given that this company intends to avail of the exemption from filing accounts as provided by Section 17 of the Companies (Amendment) Act, 1986 and accordingly we wish to advise you that Coyle Hamilton Willis Holdings Limited has agreed to guarantee the obligations of the Company in respect of the period from 1 January 2006 to 31 December 2006 in respect of those liabilities of the Company referred to in Section 5 (c) of the aforesaid Companies (Amendment) Act, 1986 which liabilities include all liabilities and losses which have arisen or are likely to arise in respect of the period from 1 January 2006 to 31 December 2006 or a previous financial year which said liabilities include those liabilities and losses which may become apparent between the said 31 December 2006 and the date on which the accounts were signed pursuant to the provisions of Section 156 of the Companies Act, 1963.

  
Secretary

**Argosy Insurance Company Limited**  
*Phoenix House, 7-9 South Leinster Street, Dublin 2*

25 October 2007

The Registrar of Companies  
Companies Registration Office  
Parnell House  
14 Parnell Square  
Dublin 1

Dear Sir

**Argosy Insurance Company Limited**

We would like to advise you that **Argosy Insurance Company Limited** has, pursuant to Section 17 of the Companies (Amendment) Act, 1986, availed of the exemption available to it in respect of the period from 1 January 2006 to 31 December 2006 by reason of the issuance of a Guarantee from Coyle Hamilton Willis Holdings Limited giving guarantee in respect of liabilities of **Argosy Insurance Company Limited** during the financial period mentioned above.

Attached to this letter are a copy of a Guarantee from **Coyle Hamilton Willis Holdings Limited** and a copy of the Notice sent to Shareholders of this company pursuant to Section 17 (1) (b) of the above mentioned Act.

We declare that the provisions of paragraph (a), sub-section (1) of Section 17 of the above mentioned Act have been complied with.

Yours faithfully,  
For and on behalf of  
**Argosy Insurance Company Limited**

  
Secretary

**REPORTS AND CONSOLIDATED  
FINANCIAL STATEMENTS**

**COYLE HAMILTON WILLIS HOLDINGS  
LIMITED AND SUBSIDIARIES**

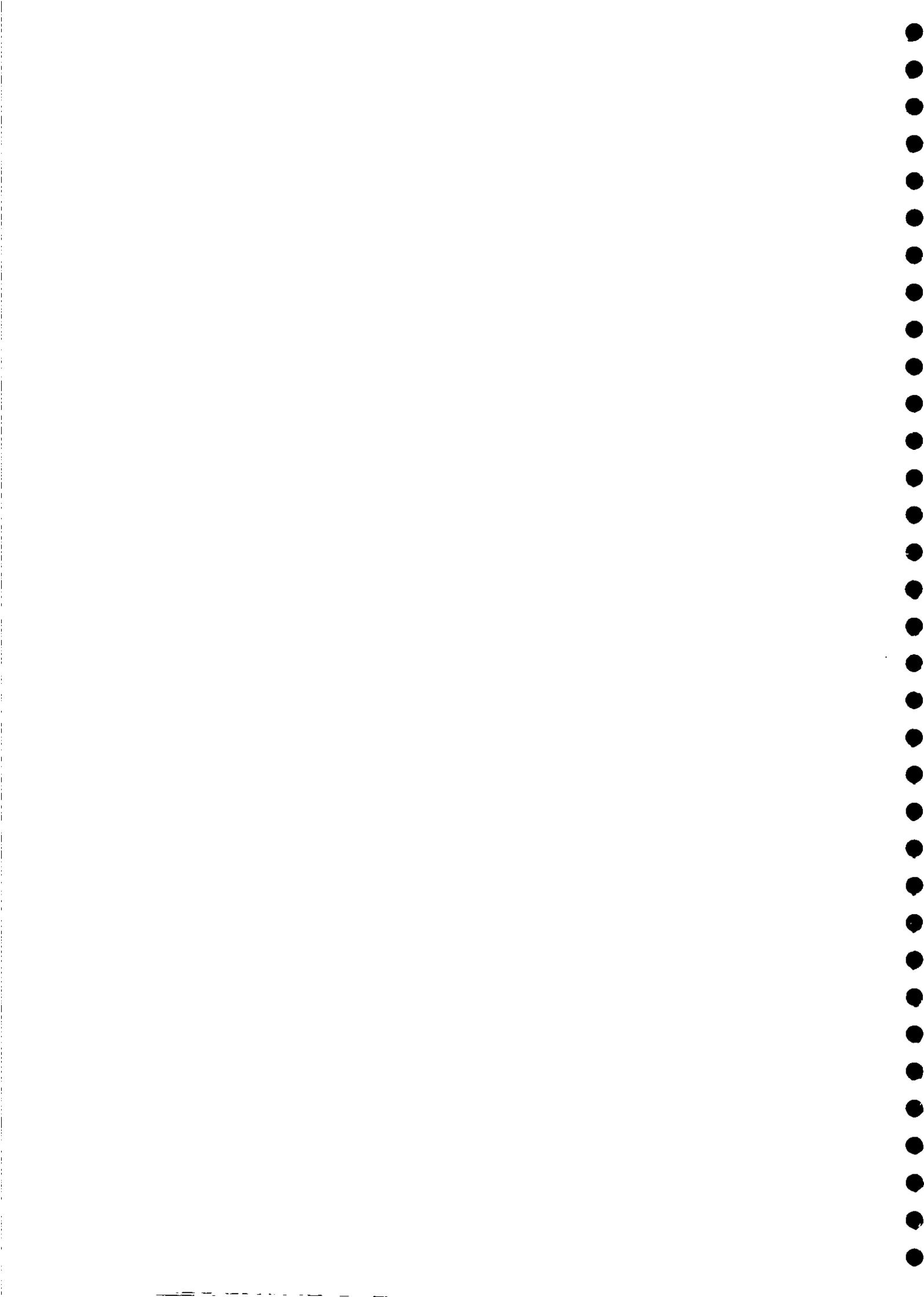
**FOR THE YEAR ENDED 31 DECEMBER 2006**

*Registered Number: E0226656*

**CRO  
CARLOW**

**26 OCT 2007**

**RECEIVED**



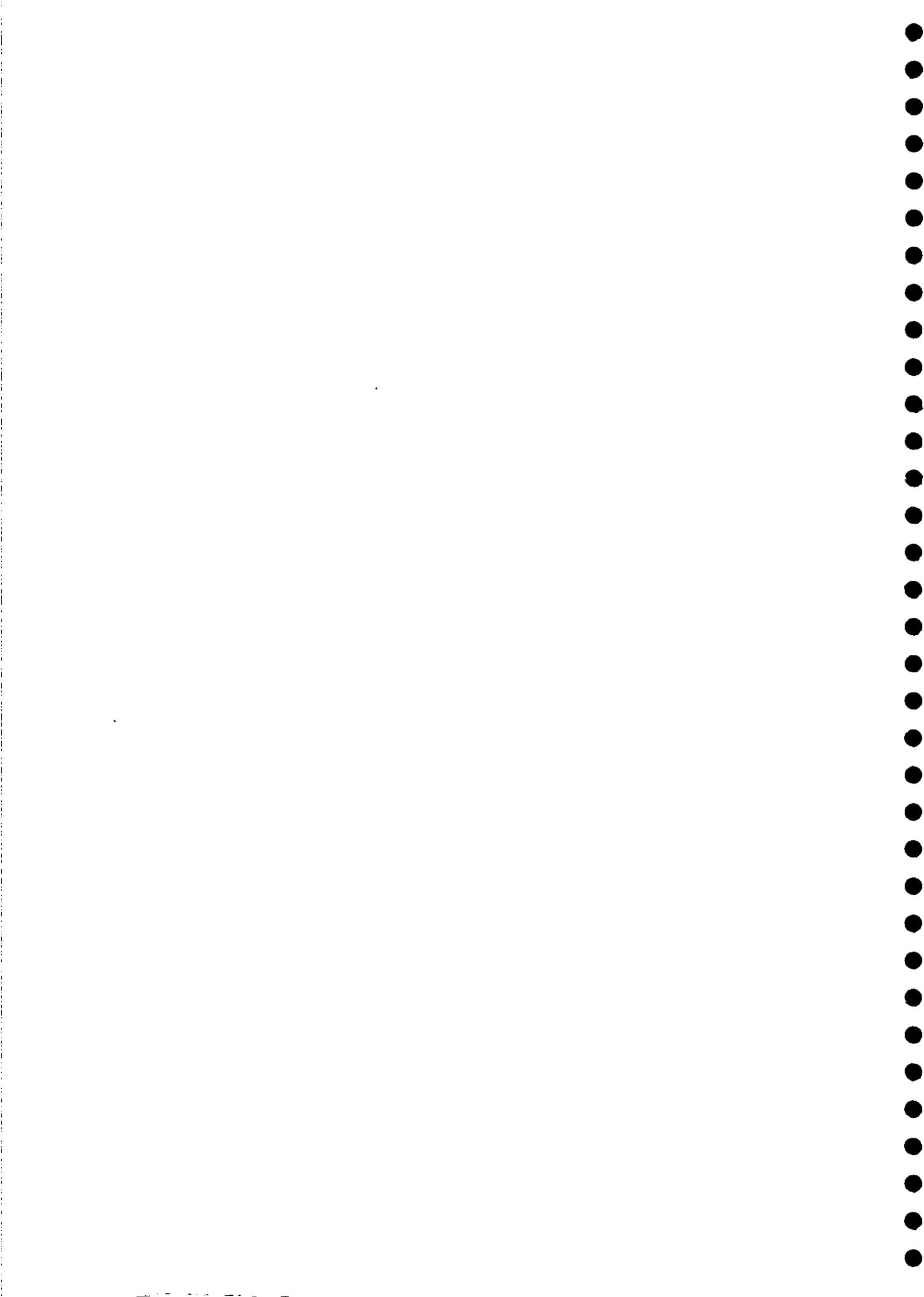
**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**CONTENTS**

	PAGE
DIRECTORS AND OTHER INFORMATION	2
DIRECTORS' REPORT	3 - 6
STATEMENT OF DIRECTORS' RESPONSIBILITIES	7
INDEPENDENT AUDITORS' REPORT	8 - 9
STATEMENT OF ACCOUNTING POLICIES	10 - 12
CONSOLIDATED PROFIT AND LOSS ACCOUNT	13
CONSOLIDATED BALANCE SHEET	14
COMPANY BALANCE SHEET	15
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	16
CONSOLIDATED CASH FLOW STATEMENT	17
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	18 - 34

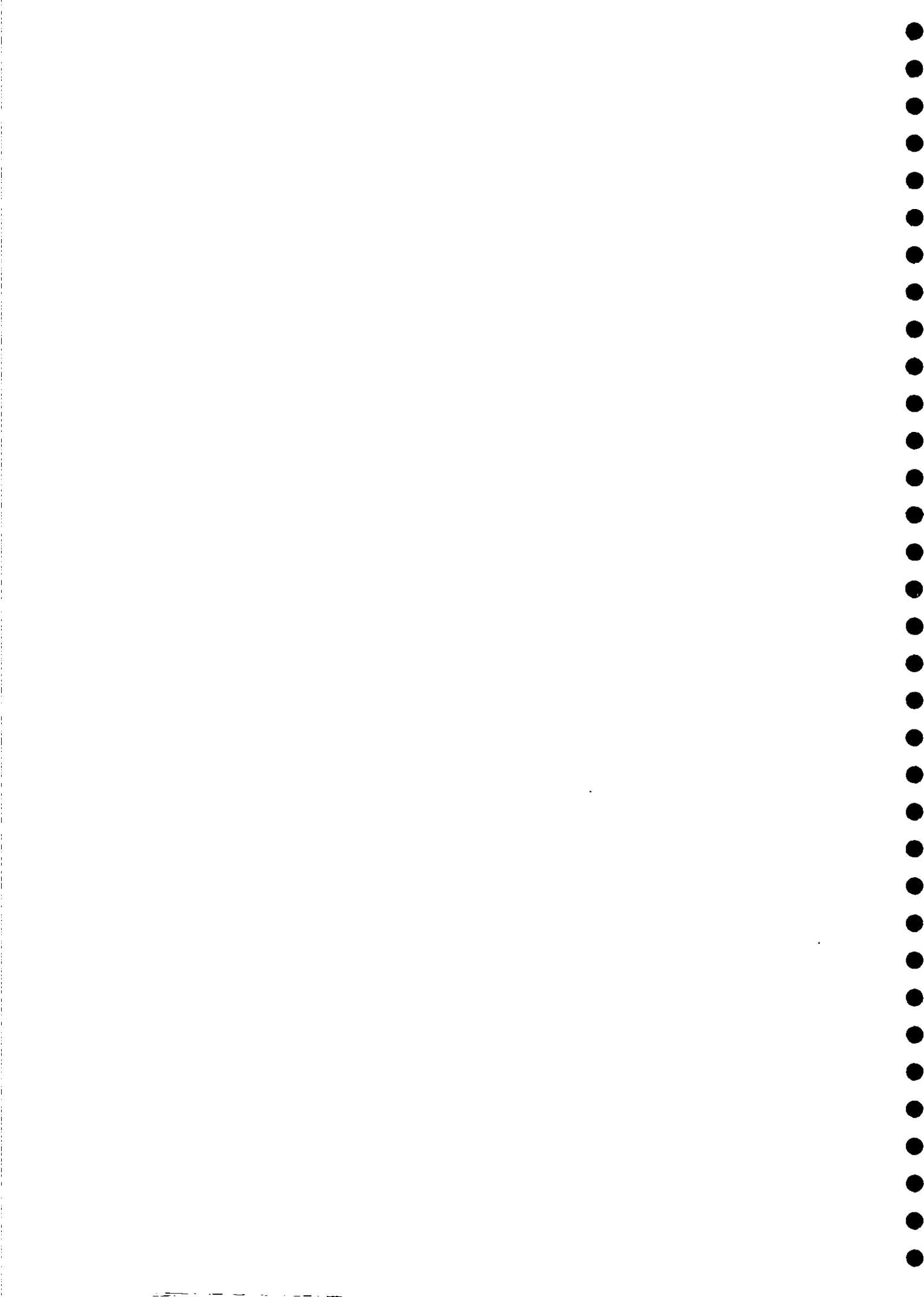


**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**DIRECTORS AND OTHER INFORMATION**

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<b>DIRECTORS</b>	<b>Executive</b>	J. E. O'Mahoney (Chief Executive) K. F. Kelly K. V. Mahony
	<b>Non-executive</b>	A. A. Burke (Non-Executive Chairman) R. J. S. Bucknall (UK) A. C. A. Gribben (UK) P. A. White H. D. Governey
<b>SECRETARY</b>		R. J. McNally
<b>BANKERS</b>		Bank of Ireland College Green Dublin 2
<b>SOLICITORS</b>		Arthur Cox Solicitors Earlsfort Centre Earlsfort Terrace Dublin 2
<b>AUDITORS</b>		Deloitte & Touche Chartered Accountants Deloitte & Touche House Earlsfort Terrace Dublin 2
<b>REGISTERED OFFICE</b>		Phoenix House 7/9 South Leinster Street Dublin 2



# COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

## DIRECTORS' REPORT

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The directors present their annual report and audited consolidated financial statements of Coyle Hamilton Willis Holdings Limited and Subsidiaries ("the group") for the year ended 31 December 2006.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The group, through its subsidiaries, is engaged in insurance, reinsurance broking and related activities. The group continues to expand its business as insurance and reinsurance brokers, employee benefit consultants, risk and captive insurance managers and corporate trustees.

On 1 July 2006, the group disposed of its entire shareholding in Loss Control Services Limited, a subsidiary providing health and safety training and consulting. The group continues to provide risk management services through another subsidiary company, Willis Risk Management (Ireland) Limited (Note 1).

During the year the group performed satisfactorily in all its principal areas of operations. The group made a profit before tax of €14.8m for the year (operating margin of 31.9%) compared to a profit of €7.6m (operating margin of 17.5%) in the year ended 31 December 2005.

### RESULTS AND DIVIDENDS

The consolidated profit and loss account for the year ended 31 December 2006 and the consolidated balance sheet as at that date are set out on pages 13 and 14 respectively.

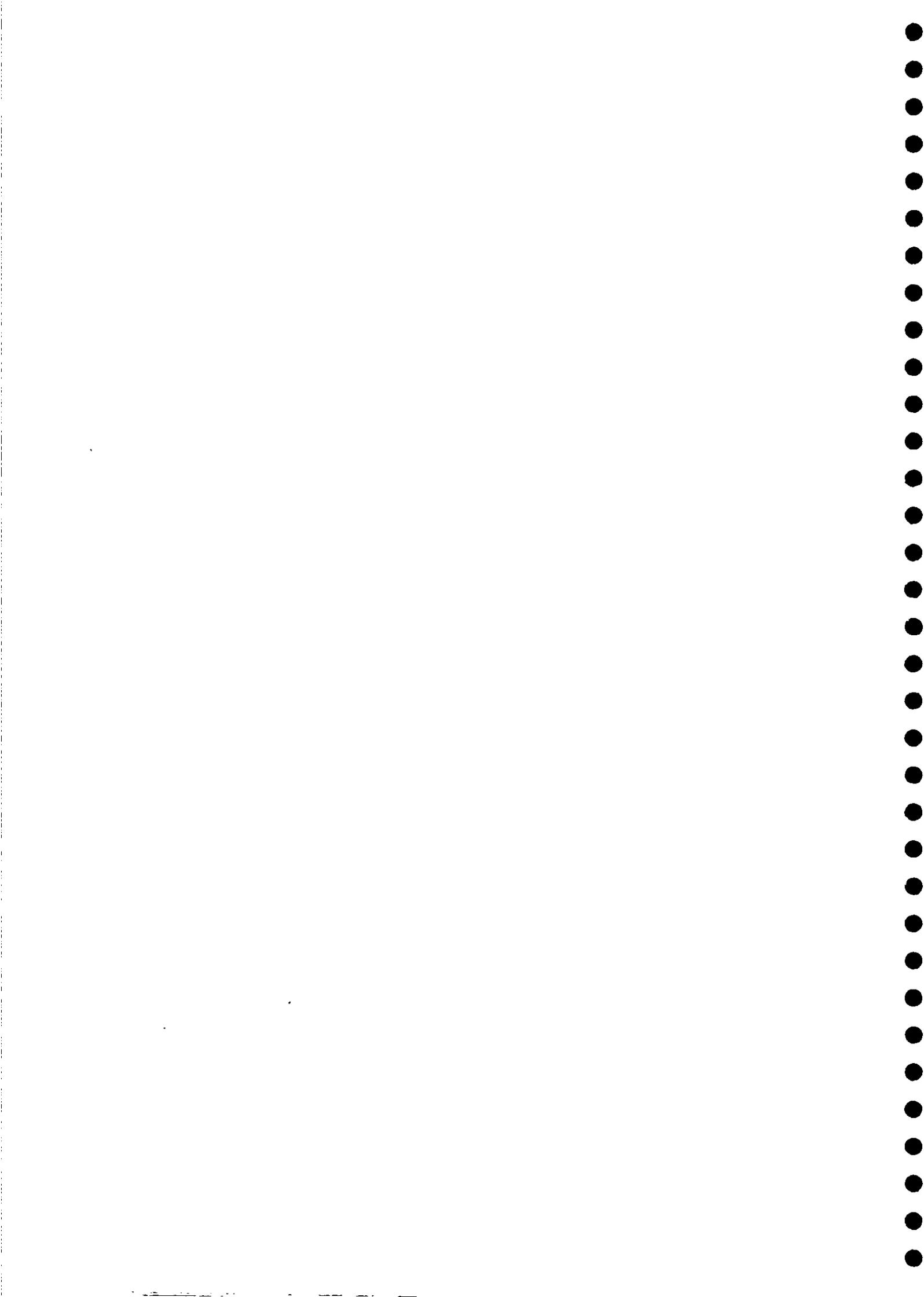
An interim dividend of €0.12 per €0.125 ordinary share was declared during the year (2005: €0.08 per €0.125 ordinary share) at a total cost of €410,000 (2005: €273,000). A final dividend of €0.2022 per €0.125 ordinary share is being proposed at a total cost of €691,000 (2005: €355,000).

### EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, the group entered into a 25 year lease on new premises in Barrow Street, Dublin 4 at a total annual rental cost of €1,663,000. The company offices are intended to be relocated to Barrow Street such that the lease on Barrow Street will replace existing commitments rather than being in addition to the current offices.

### FUTURE DEVELOPMENT OF THE BUSINESS

The directors continue to review potential development opportunities for the group.



# COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

## DIRECTORS' REPORT (CONTINUED)

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### RISKS AND UNCERTAINTIES

The key operational risks, including professional indemnity exposure, facing the group are covered through Willis Group's insurance programme.

### POLITICAL DONATIONS

Neither Coyle Hamilton Willis Holdings Limited nor any other group company made any political donations which require to be disclosed (2005: €Nil).

### DIRECTORS

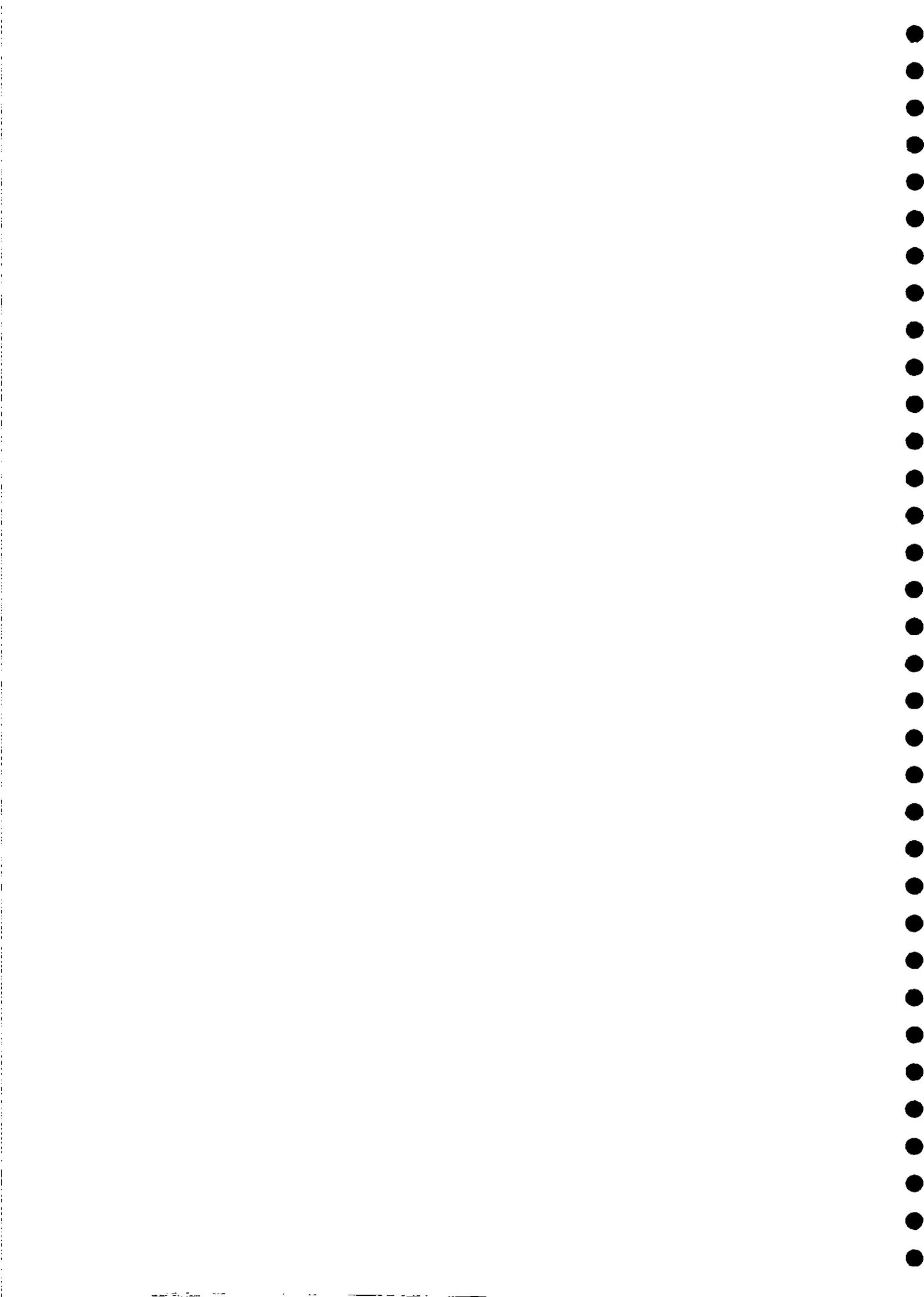
The directors as at 31 December 2006 are listed on page 2. All directors served for the entire year.

### DIRECTORS' AND SECRETARY'S INTERESTS

The interests (all of which are beneficially owned) of the directors and company secretary in office at 31 December 2006 and their families, in the share capital of the company and its subsidiaries at 31 December 2006 and 31 December 2005, were as follows:

	Coyle Hamilton Willis Holdings Limited Ordinary Shares of €0.125 each	
	31/12/2006	31/12/2005
K. F. Kelly	149,558	149,558
R. J. McNally	26,533	26,533
J. E. O'Mahoney	103,615	103,615

	Coyle Hamilton Willis Holdings Limited Options over Ordinary Shares of €0.125 each	
	31/12/2006	31/12/2005
K. F. Kelly	27,430	27,430
J. E. O'Mahoney	132,580	132,580



# COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' AND SECRETARY'S INTERESTS (CONTINUED)

The interests (all of which are beneficially owned) of the directors and company secretary in office at 31 December 2006, in the share capital of the ultimate parent company at 31 December 2006 and 31 December 2005, were as follows:

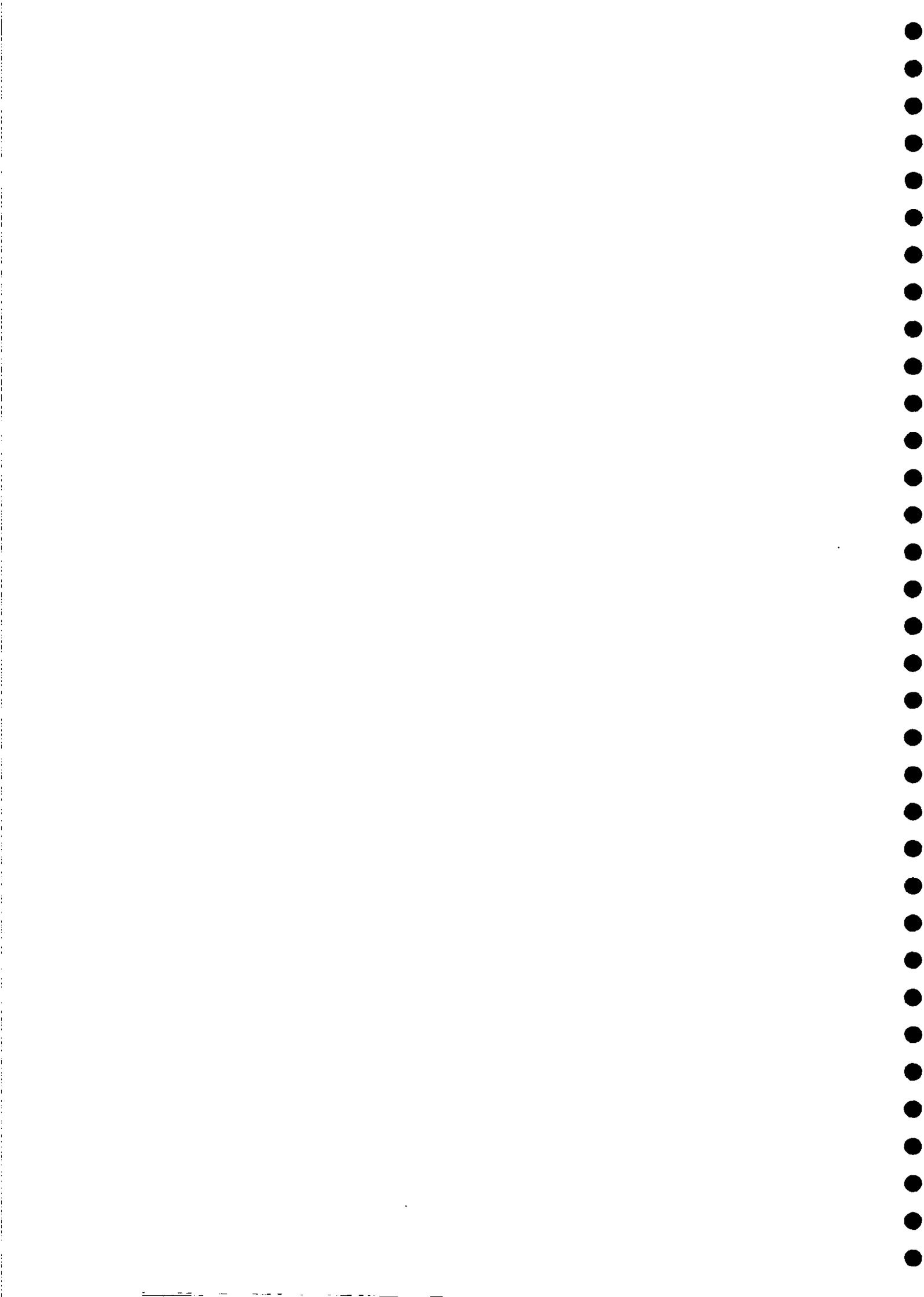
Name of director/secretary	Willis Group Holdings Limited Common Shares of \$0.000115 each	
	31/12/2006	31/12/2005
R. J. S. Bucknall	291,909	291,909
H. D. Governey	64,427	96,427
A. C. A. Gribben	3,494	3,494
K. F. Kelly	29,916	29,916
R. J. McNally	4,613	4,613
J. E. O'Mahoney	28,389	28,389

Name of director/secretary	Willis Group Holdings Limited Options over Common Shares of \$0.000115 each	
	31/12/2006	31/12/2005
R. J. S. Bucknall	325,493	75,493
A. C. A. Gribben	192,334	67,132
K. F. Kelly	183	183
K. V. Mahony	15,000	15,000
R. J. McNally	379	379
J. E. O'Mahoney	7,142	-

There have been no contracts or arrangements entered into during the financial period in which a director of the company was materially interested and which were significant in relation to the group's business.

### ACCOUNTING RECORDS

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's office at Phoenix House, 7/9 South Leinster Street, Dublin 2.



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**DIRECTORS' REPORT (CONTINUED)**

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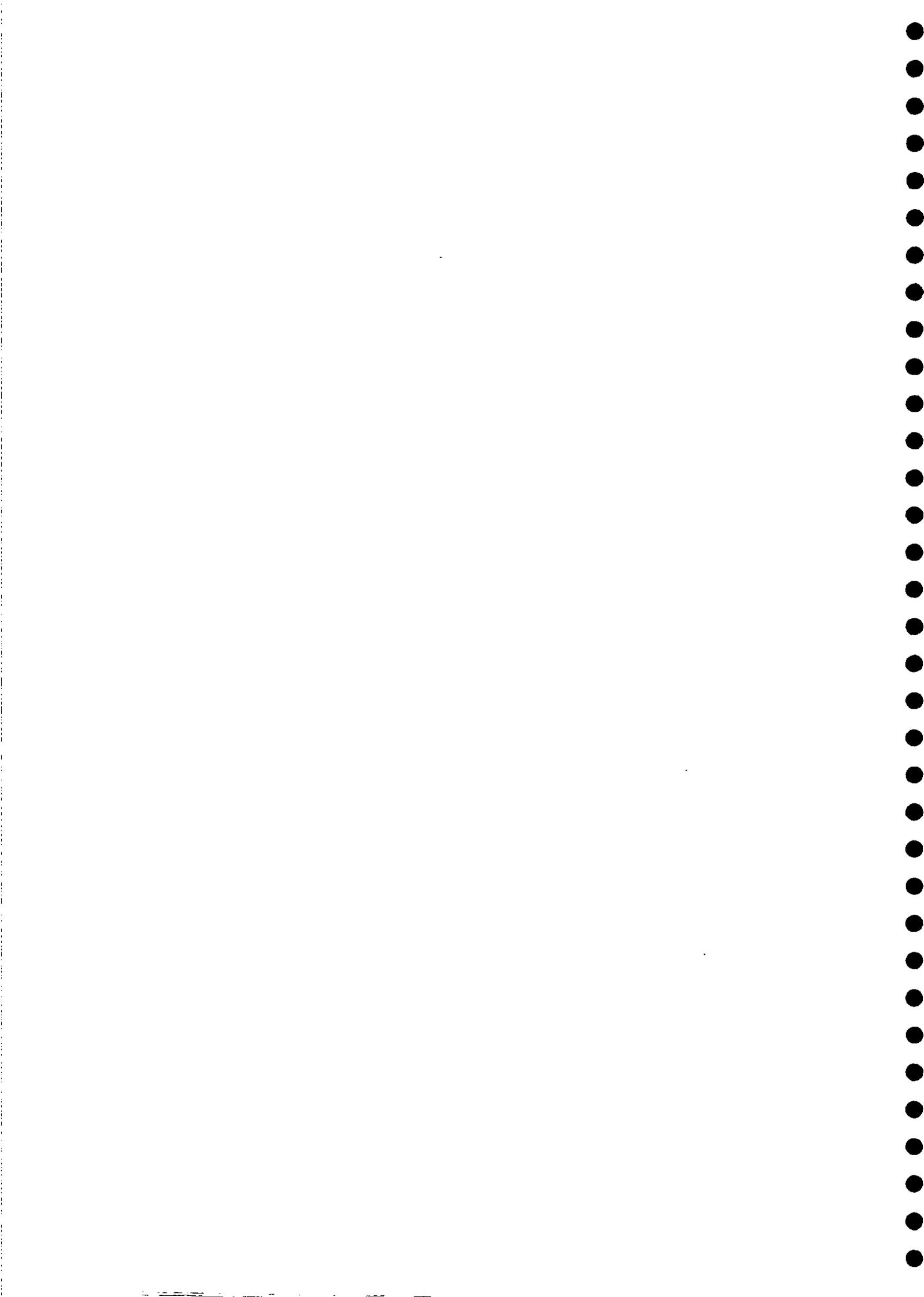
**AUDITORS**

The auditors, Deloitte and Touche, Chartered Accountants, have signified their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

Signed on behalf of the Board:

Adrian Burke	)	
	)	DIRECTORS
Jim O'Mahoney	)	

Date: 19<sup>th</sup> April 2007



# COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

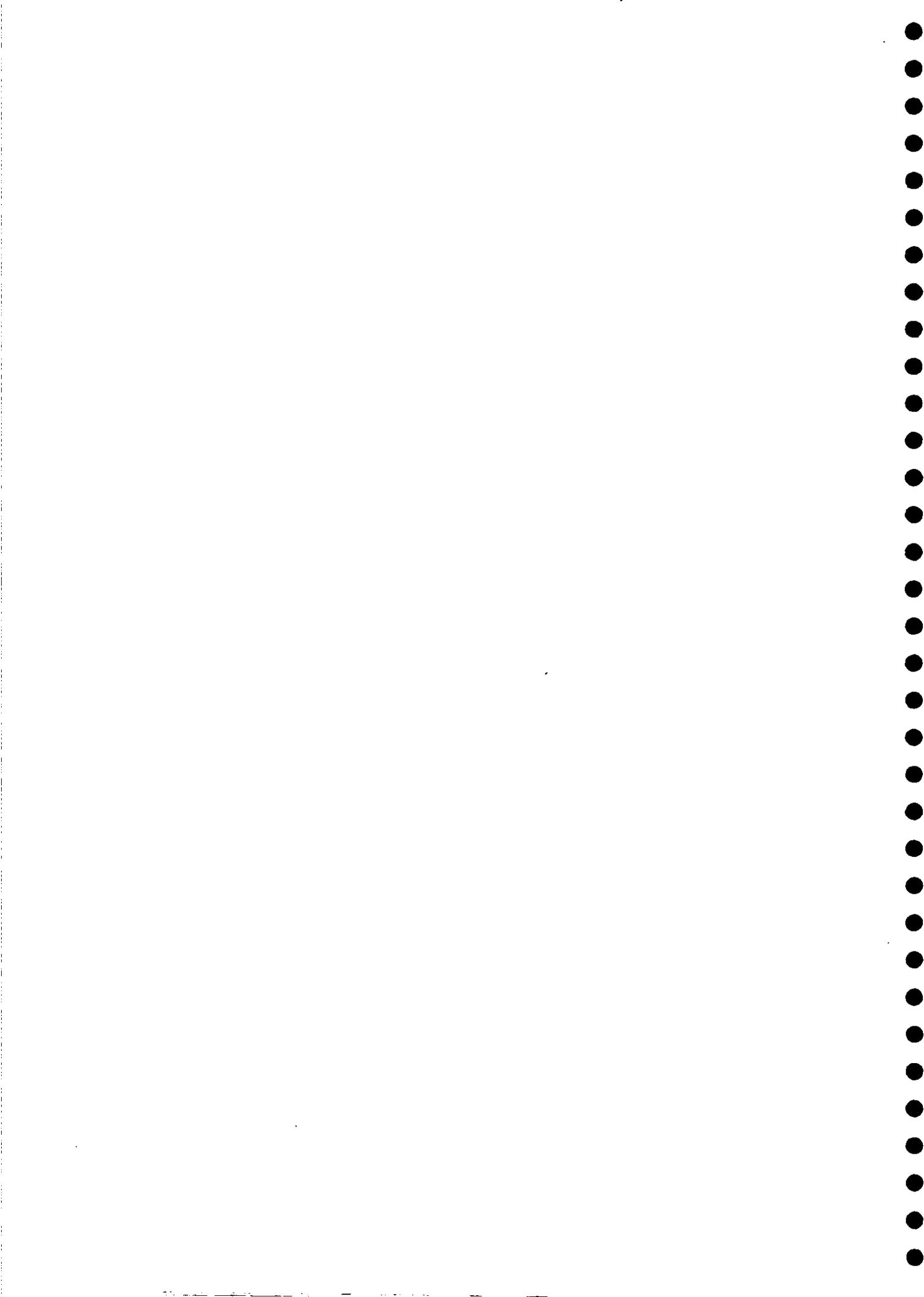
## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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Irish company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the group and to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

We have audited the consolidated financial statements of Coyle Hamilton Willis Holdings Limited and Subsidiaries for the year ended 31 December 2006 which comprise the Statement of Accounting Policies, the Consolidated Profit and Loss, the Consolidated Balance Sheet, the Company Balance, the Statement of Total Recognised Gains and Losses, the Consolidated Cash Flow Statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the financial statements, as set out in the Statement of Directors' Responsibilities, in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

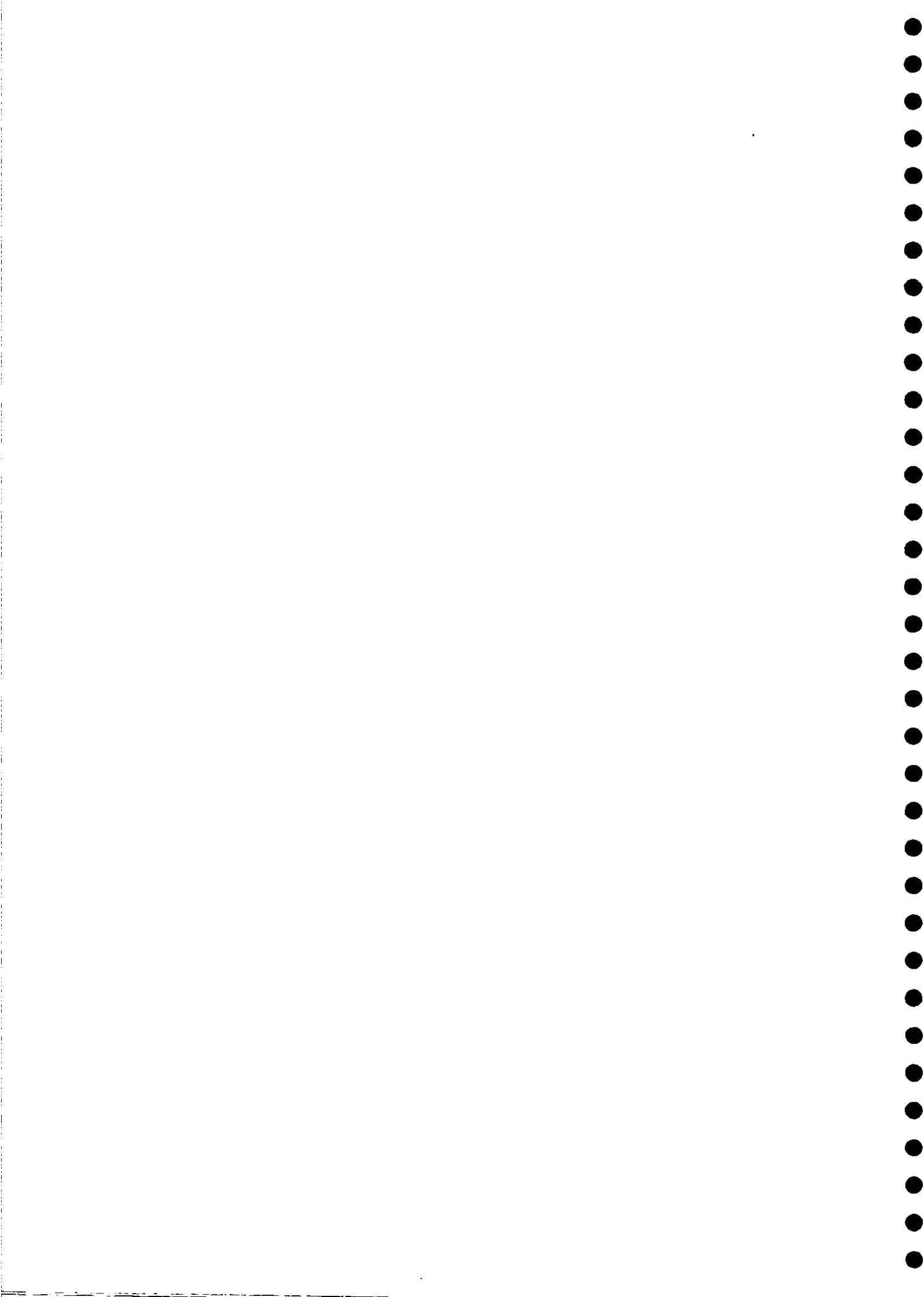
Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006, and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company and the group as at 31 December 2006 and of the profit of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet is in agreement with the books of account.

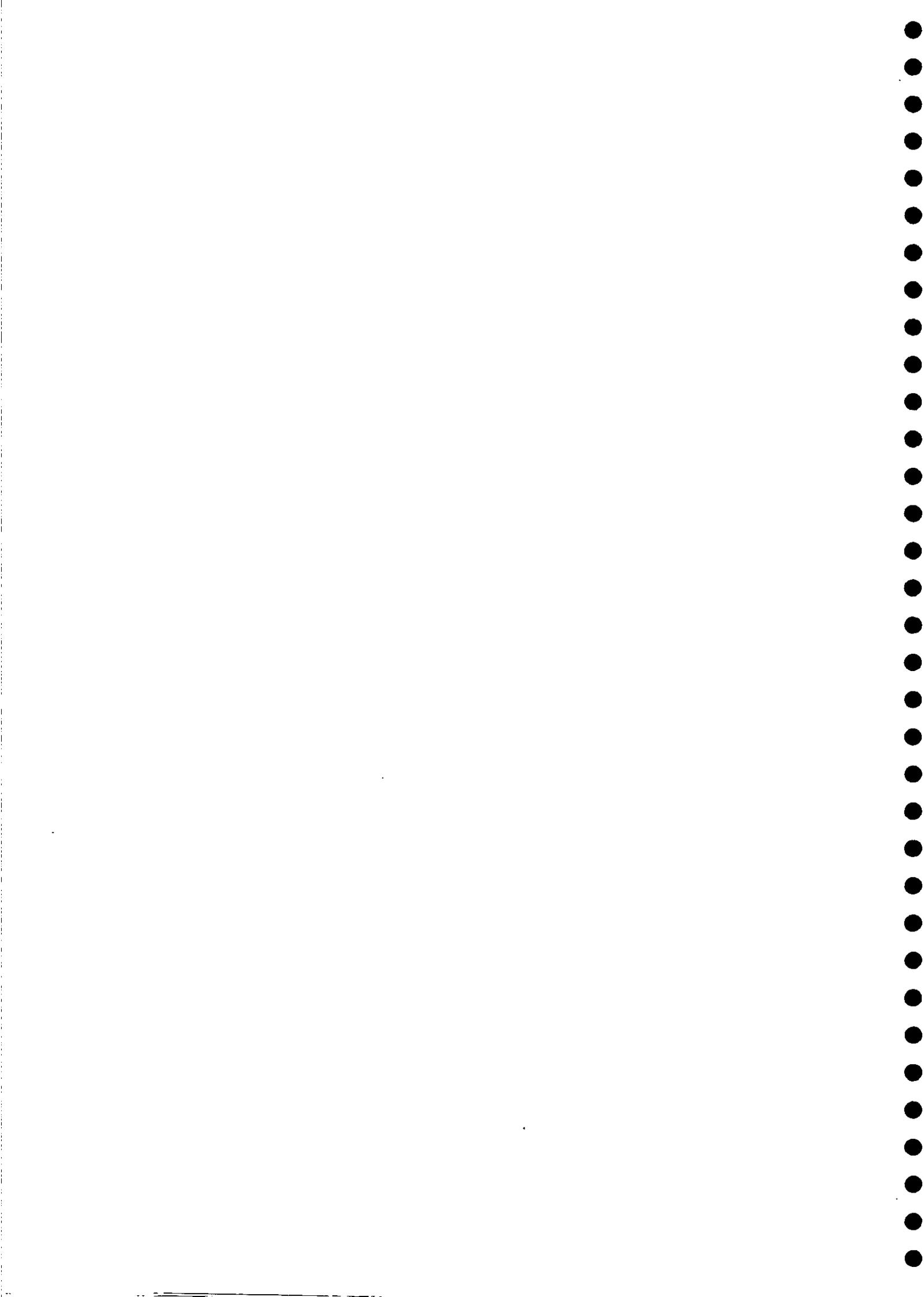
In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet, are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2006 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

### **Deloitte & Touche**

Chartered Accountants and Registered Auditors  
Dublin

19<sup>th</sup> April 2007



# COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

## STATEMENT OF ACCOUNTING POLICIES

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The principal accounting policies adopted by the group are set out below. Except as set out below, all of these policies have been applied consistently throughout the year and the preceding year.

### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992. The financial statements are presented in Euro.

### **PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the company and all of its subsidiaries. All inter-company transactions and balances have been excluded in their preparation. The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from the date of acquisition. Purchased goodwill and goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, is capitalised and amortised to the profit and loss account over a period of twenty years (being the estimated useful life of goodwill on each acquisition).

Reviews are performed regularly to determine whether circumstances exist which indicate that the carrying value of goodwill is impaired. The group assesses the recoverability of goodwill by comparing the projected discounted cash flows of the entity acquired against the respective carrying amount of goodwill. Impairment, if any, is based on the fair value of the goodwill and will result in the carrying value of the goodwill being reduced by the estimated shortfall of cash flows.

In the company's own balance sheet, interests in subsidiaries are stated at cost less, where necessary, amounts written off. Only dividends received or receivable are credited to the company's profit and loss account.

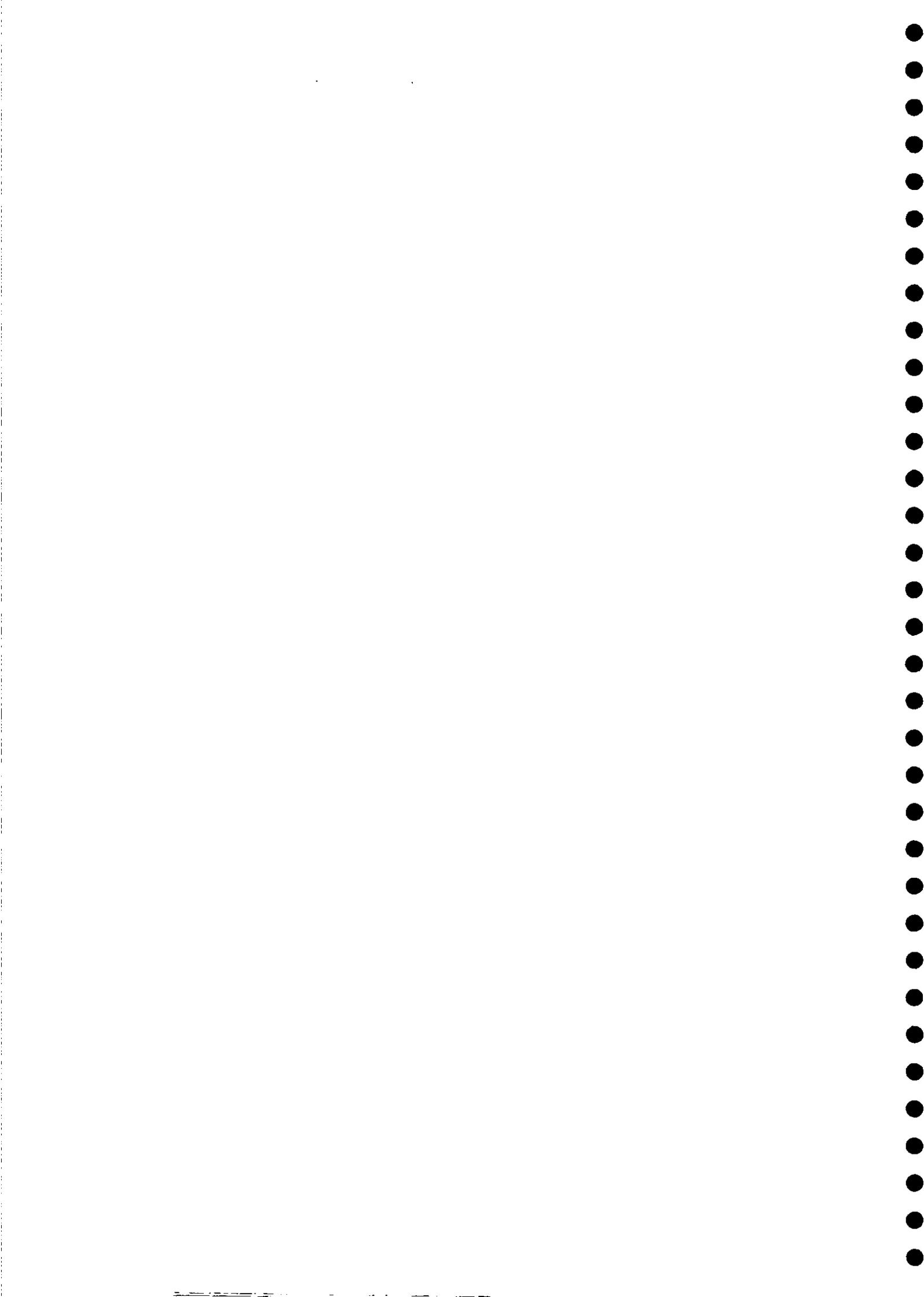
### **TURNOVER**

Turnover comprises net brokerage income, fee income and investment income earned.

### **BROKERAGE INCOME**

Revenue includes insurance commissions, fees for services rendered, certain commissions receivable from insurance carriers and interest income.

Commission income (or fees negotiated in lieu of commission) in respect of insurance placements is recognised at the date when the insured is billed or at the inception date of the policy, whichever is the later.



# COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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### INSURANCE BROKING ASSETS AND LIABILITIES

In accordance with generally accepted accounting practice for insurance intermediaries, the group shows debtors and creditors relating to general insurance, life, pensions and reinsurance business as assets and liabilities of the group itself. The group's reinsurance broking subsidiaries, in the ordinary course of their business, normally settle on the basis of the net balance due to or from clients, underwriters or their intermediaries. In accordance with Financial Reporting Standard No. 5: Reporting the substance of transactions, the amounts included in trade debtors and creditors are the gross balances owing at the period end.

### TAXATION

Corporation tax is provided on taxable profits at current attributable rates. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

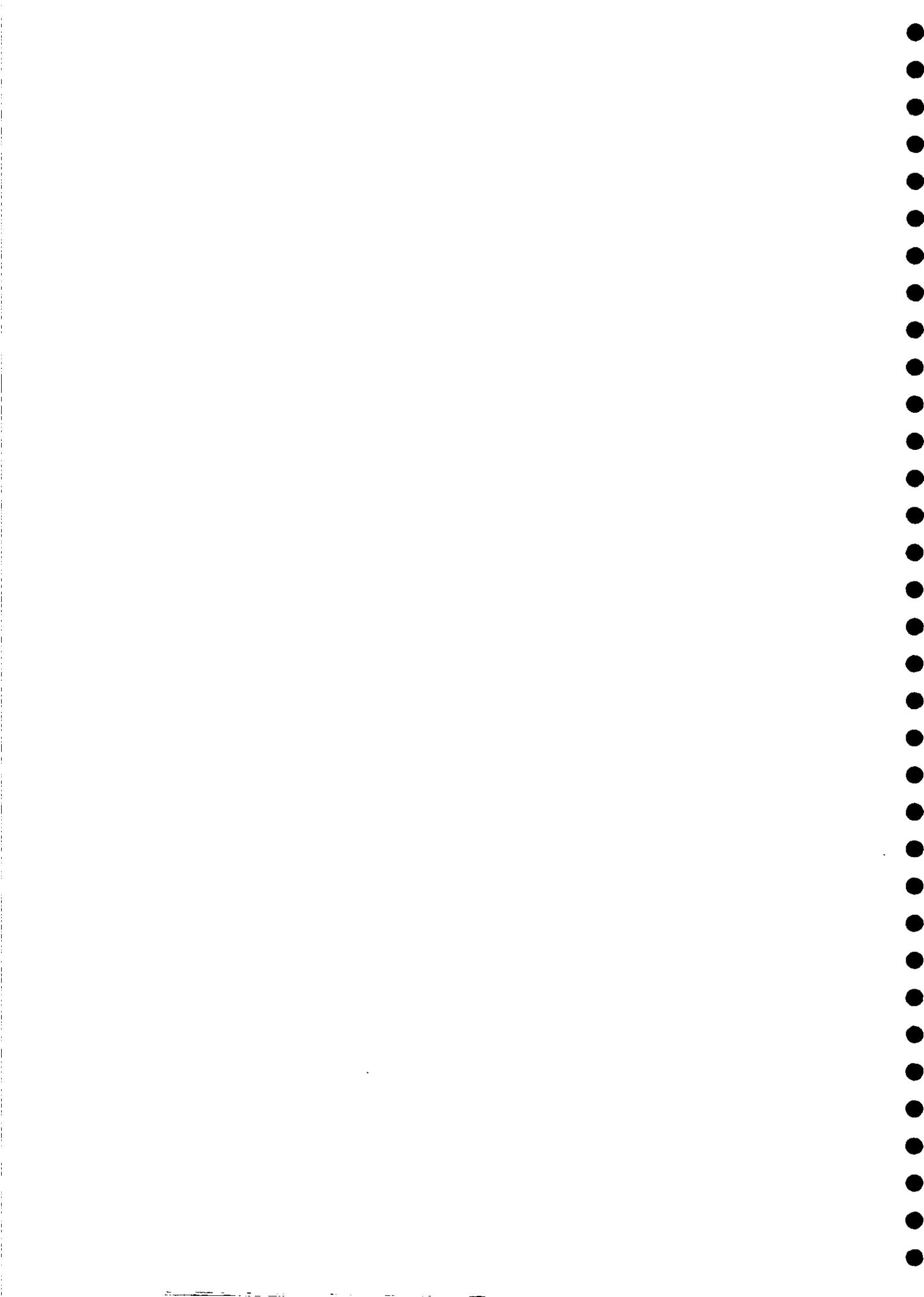
### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided at annual rates calculated to write off the cost, less estimated residual value, of each asset on the following basis over its expected useful life:

Office equipment	33%	Straight line
Furniture and fittings	20%	Straight line
Motor vehicles	25%	Straight line
Leasehold improvements	10%	Straight line

### FOREIGN CURRENCIES

Normal trading activities denominated in foreign currencies are recorded in Euro at actual exchange rates at the date of the transactions. Monetary assets and liabilities, denominated in foreign currencies at the period end, are translated at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is reported as an exchange gain or loss in the profit and loss account.



## COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

### STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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#### **PENSIONS**

The group provides pensions to the majority of employees through contributions to a number of separately administered schemes, the majority of which are defined benefit schemes. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries to enable the trustees to meet from the scheme the benefits accruing in respect of current and future services.

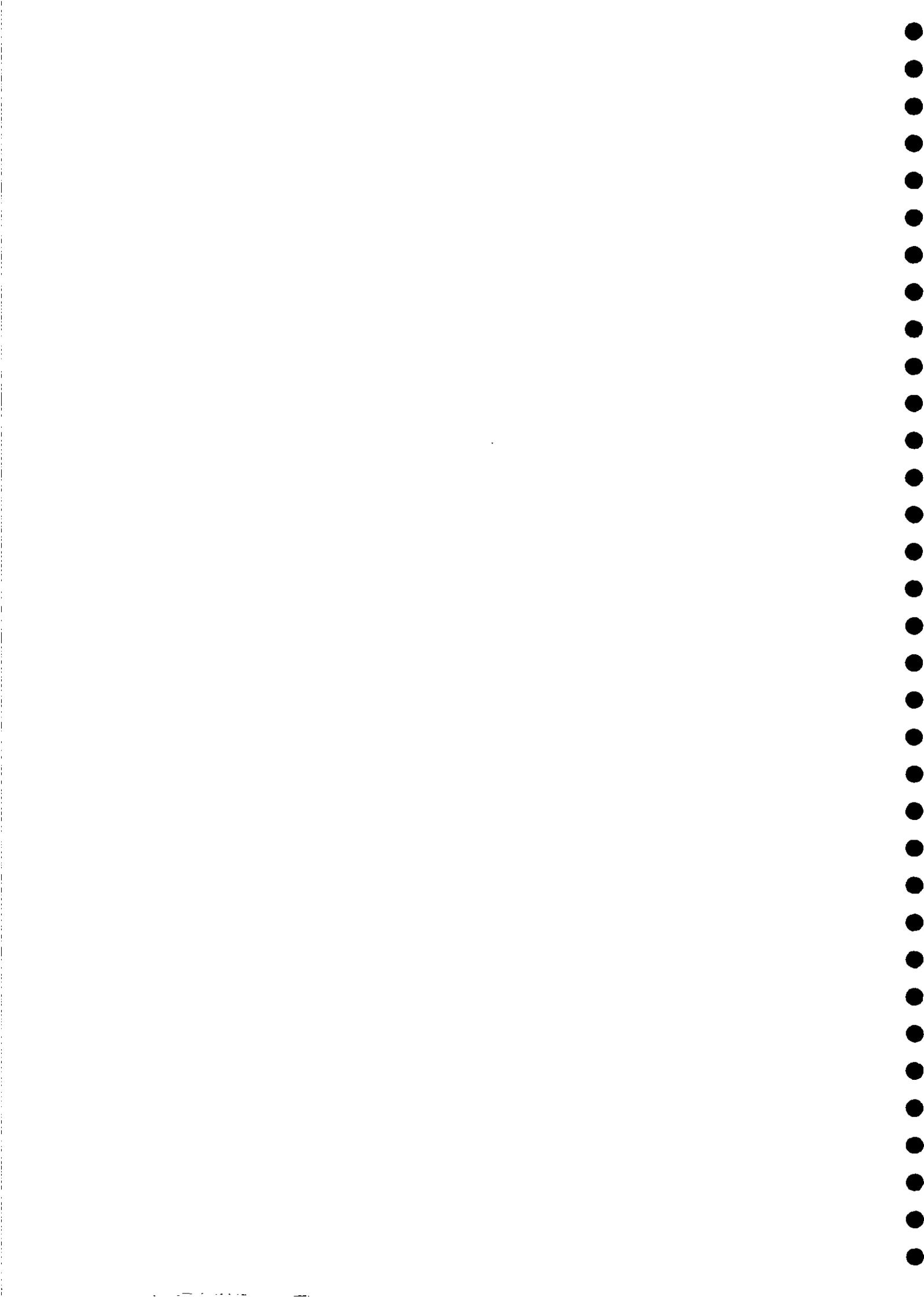
Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to profit before taxation. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension schemes' surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet.

The costs of the group's defined contribution scheme are expensed as incurred.

#### **SHARE-BASED PAYMENTS**

Effective from 1 January 2006 the Company adopted FRS 20: Share Based Payments. The cost resulting from all equity rewards are recognised in the financial statements at fair value estimated at the grant date. The fair value is calculated using the Black Scholes option pricing model or equivalent model and the fair value is charged to the profit and loss account over the vesting period of the equity rewards.



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

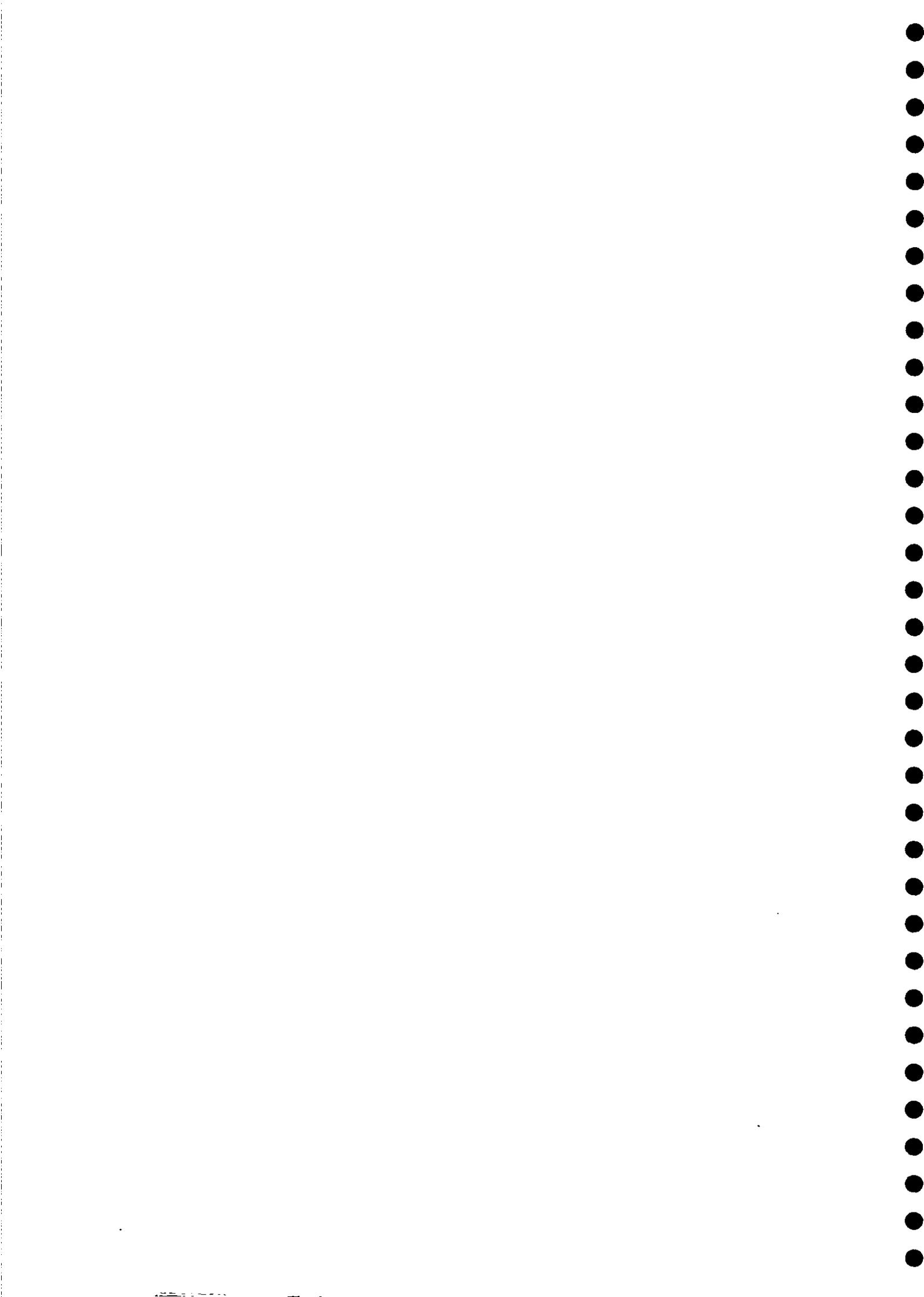
**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 Discontinued Operations €'000	2006 Continuing Operations €'000	2006 Total €'000	2005 Total (As restated) €'000
<b>TURNOVER</b>	2	1,955	44,564	46,519	43,068
Operating expenses		(1,912)	(31,171)	(33,082)	(33,569)
<b>OPERATING PROFIT</b>		<u>43</u>	<u>13,393</u>	<u>13,437</u>	<u>9,499</u>
Cost of fundamental reorganisation	4	-	(1,108)	(1,108)	(2,322)
Gain on disposal of subsidiary	5	2,084	-	2,084	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<u>2,127</u>	<u>12,285</u>	<u>14,413</u>	<u>7,177</u>
Other finance income	22			429	397
Interest payable	6			(17)	(13)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	7			<u>14,825</u>	<u>7,561</u>
Tax on profit on ordinary activities	8			(2,063)	(1,231)
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO GROUP SHAREHOLDERS</b>	9			<u>12,762</u>	<u>6,330</u>

All turnover and operating expenses during the year arose as a result of continuing operations except as disclosed above.

The financial statements were approved by the Board of Directors on 19<sup>th</sup> April 2007 and signed on its behalf by:

Adrian Burke	)	
Jim O'Mahoney	)	DIRECTORS
	)	



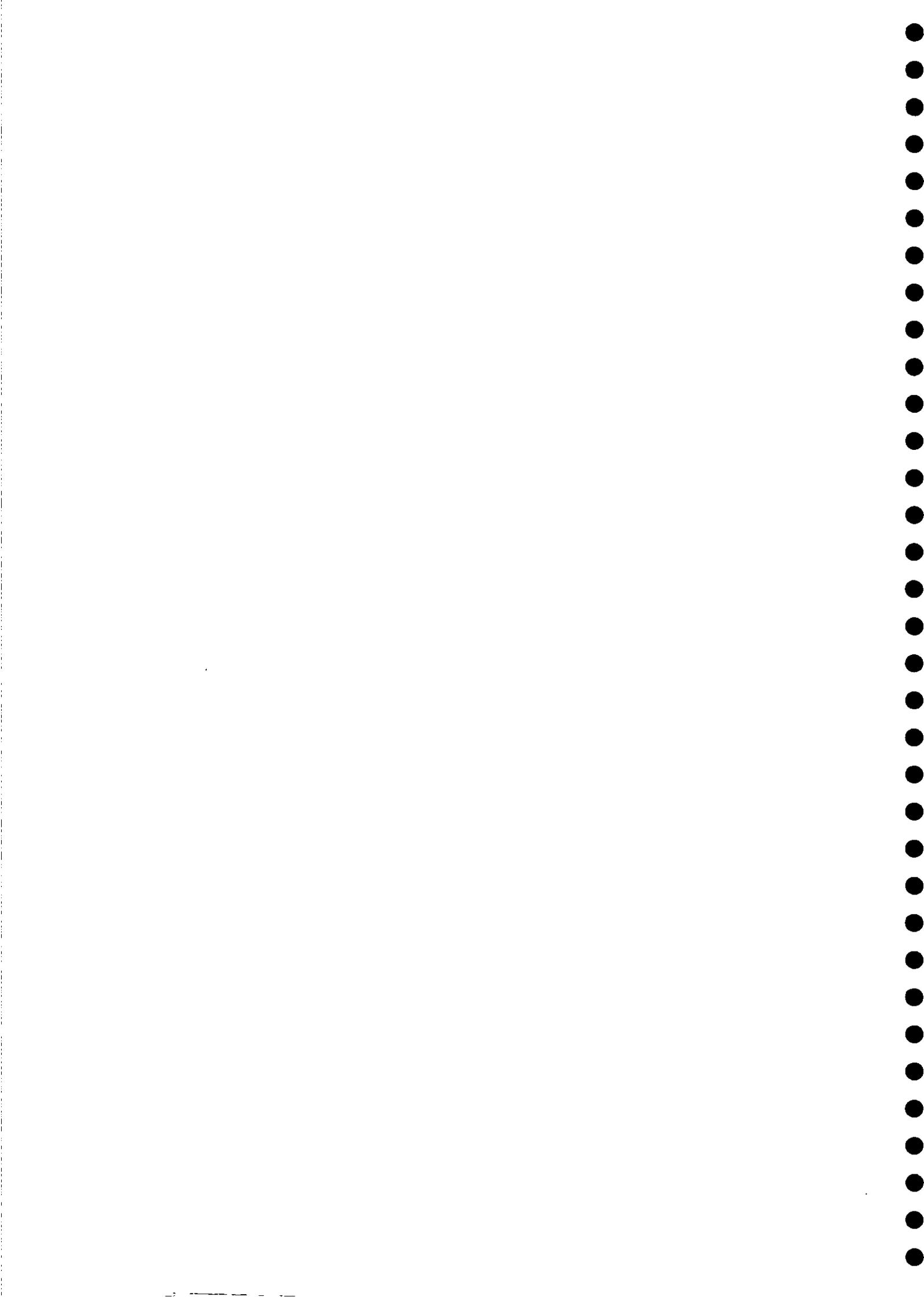
**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	Notes	2006 €'000	2005 (As restated) €'000
<b>FIXED ASSETS</b>			
Intangible fixed assets	10	7,975	8,597
Tangible fixed assets	11	835	1,311
		<u>8,810</u>	<u>9,908</u>
<b>CURRENT ASSETS</b>			
Debtors	13	47,771	43,017
Cash at bank and in hand		25,809	24,714
		<u>73,580</u>	<u>67,731</u>
<b>CREDITORS: (Amounts falling due within one year)</b>	14	(55,119)	(61,921)
<b>NET CURRENT ASSETS</b>		<u>18,461</u>	<u>5,810</u>
<b>NET ASSETS EXCLUDING PENSION ASSET/(LIABILITY)</b>		27,271	15,718
<b>PENSION ASSET/(LIABILITY)</b>	22	456	(6,077)
<b>NET ASSETS</b>		<u>27,727</u>	<u>9,641</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	427	427
Share premium	17	6,435	6,435
Capital redemption reserve	17	1,491	1,491
Other reserves	17	278	166
Profit and loss account	17	19,136	1,162
<b>SHAREHOLDERS' FUNDS – all equity interests</b>	17	<u>27,767</u>	<u>9,681</u>
<b>MINORITY INTEREST</b>		(40)	(40)
<b>TOTAL CAPITAL EMPLOYED</b>		<u>27,727</u>	<u>9,641</u>

The financial statements were approved by the Board of Directors on 19<sup>th</sup> April 2007 and signed on its behalf by:

Adrian Burke )  
Jim O'Mahoney ) **DIRECTORS**



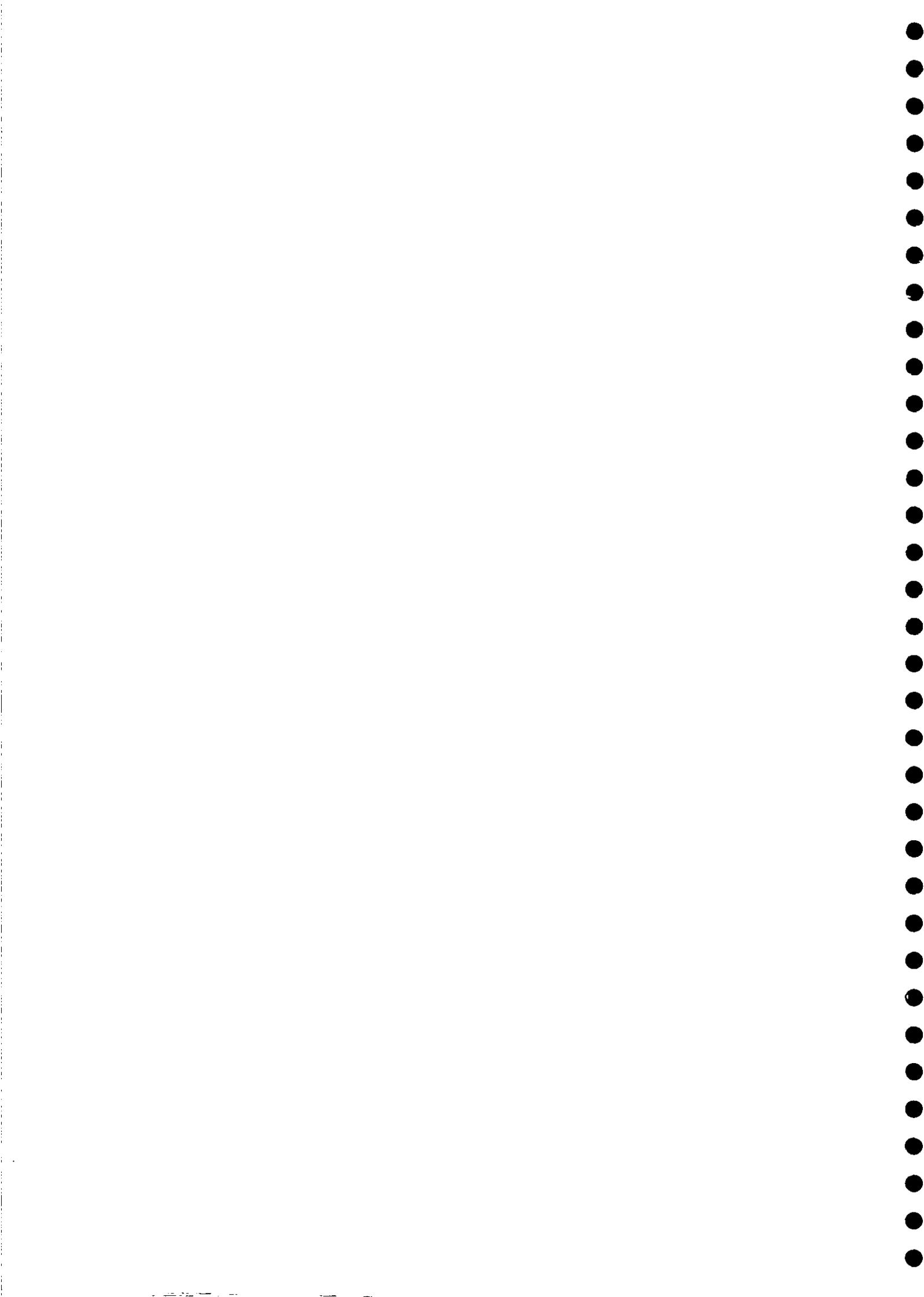
**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	Notes	2006 €'000	2005 €'000
<b>FIXED ASSETS</b>			
Financial assets	12	15,702	15,702
<b>CURRENT ASSETS</b>			
Debtors	13	-	273
<b>CREDITORS:</b> (Amounts falling due within one year)	14	(7,349)	(7,622)
<b>NET CURRENT LIABILITIES</b>		<u>(7,349)</u>	<u>(7,349)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,353</u>	<u>8,353</u>
<b>NET ASSETS</b>		<u>8,353</u>	<u>8,353</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	427	427
Share premium		6,435	6,435
Capital redemption reserve		1,491	1,491
Profit and loss account		-	-
<b>SHAREHOLDERS' FUNDS – all equity interests</b>		<u>8,353</u>	<u>8,353</u>

The financial statements were approved by the Board of Directors on 19<sup>th</sup> April 2007 and signed on its behalf by:

Adrian Burke	)	
Jim O'Mahoney	)	DIRECTORS
	)	

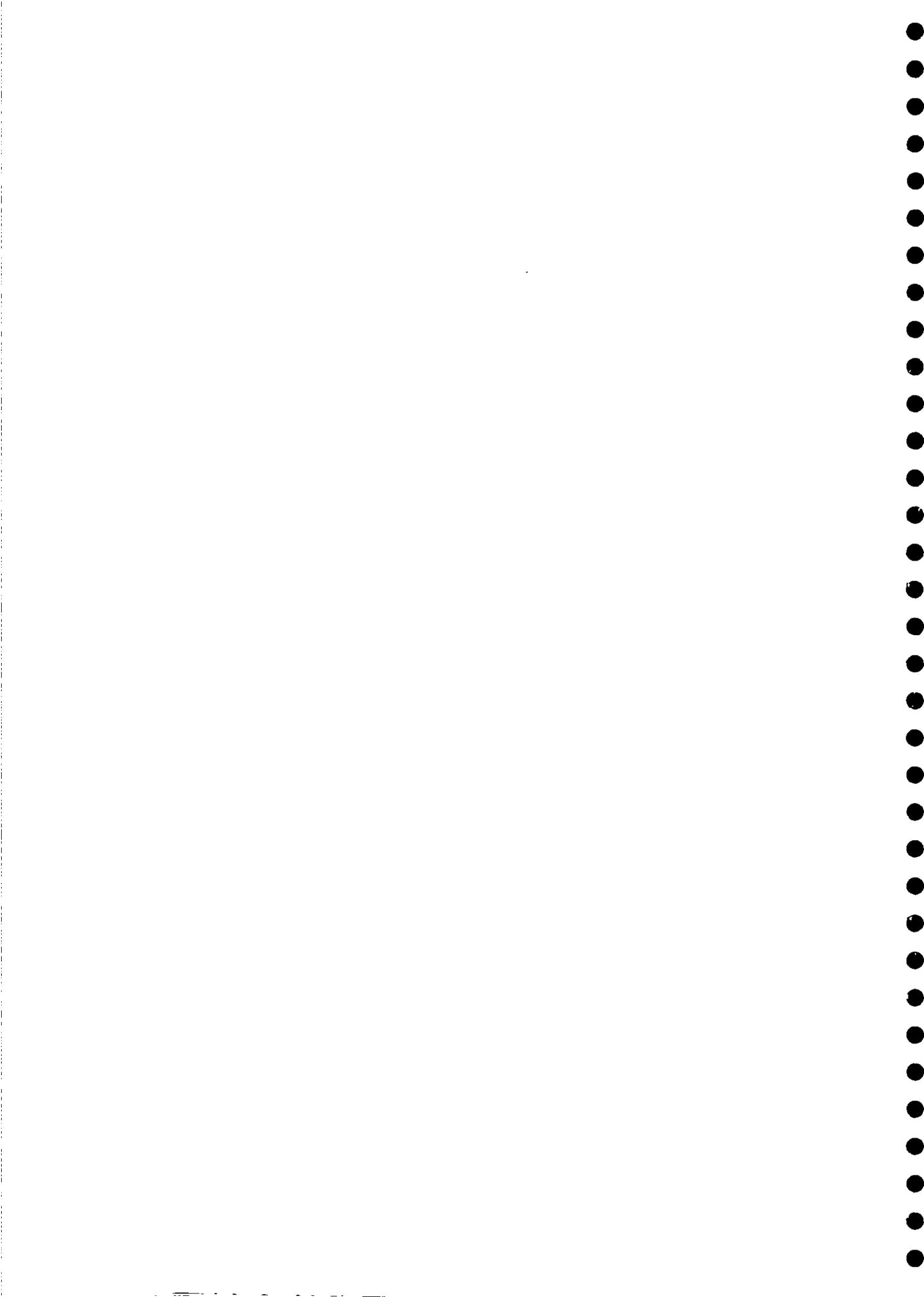


COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2006

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	Notes	2006 €'000	2005 (As restated) €'000
Profit for the year		12,762	6,330
Translation adjustment		-	(33)
Actuarial gains/(losses)	22	6,831	(4,900)
Deferred taxation relating to actuarial (gains)/losses		(854)	615
Total recognised gains for the year		<u>18,739</u>	<u>2,012</u>



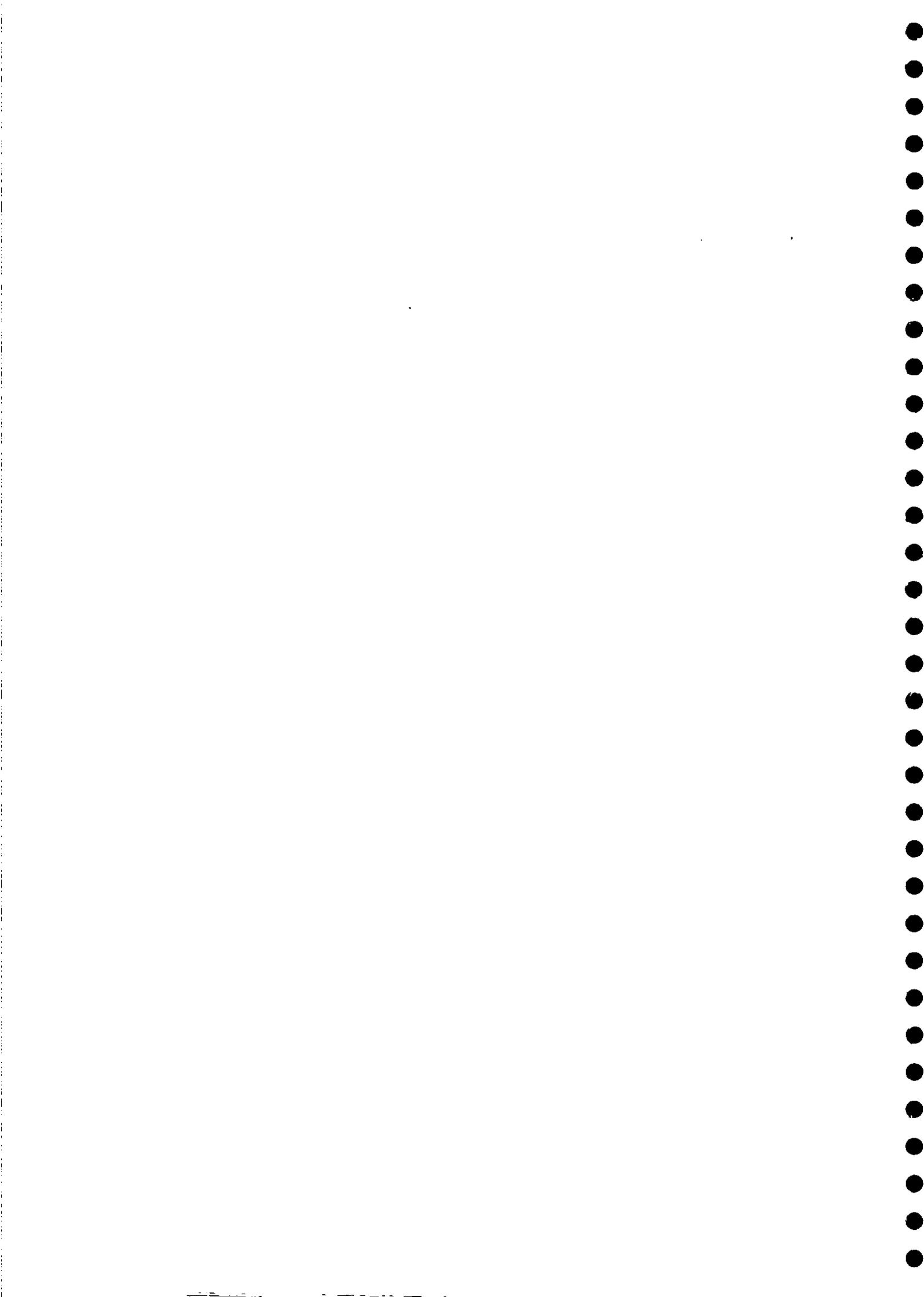
**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 €'000	2005 €'000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	19(a)	4,641	(9,041)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	19(b)	(17)	(13)
<b>TAXATION</b>	19(c)	(1,817)	(285)
<b>CAPITAL EXPENDITURE</b>	19(d)	(260)	196
<b>ACQUISITIONS AND DISPOSALS</b>	19(e)	2,559	-
<b>PENSION CONTRIBUTIONS PAID</b>	22	(2,352)	(2,703)
<b>EQUITY DIVIDENDS PAID</b>	18	(765)	(273)
<b>INCREASE/(DECREASE) IN CASH</b>	20	<u>1,989</u>	<u>(12,119)</u>

**RECONCILIATION OF NET CASH FLOW  
TO MOVEMENT IN NET CASH**

<b>INCREASE/(DECREASE) IN CASH DURING THE YEAR</b>		1,989	(12,119)
<b>NET FUNDS AT START OF YEAR</b>		22,390	34,509
<b>NET FUNDS AT END OF YEAR</b>	20	<u>24,379</u>	<u>22,390</u>



# COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### 1. GROUP STRUCTURE AND OPERATIONS

The company, through its subsidiaries, is engaged in insurance, reinsurance broking and related activities.

The company's principal subsidiaries, which are incorporated in the Republic of Ireland and have their registered office at Phoenix House, 7/9 South Leinster Street, Dublin 2, are as follows:

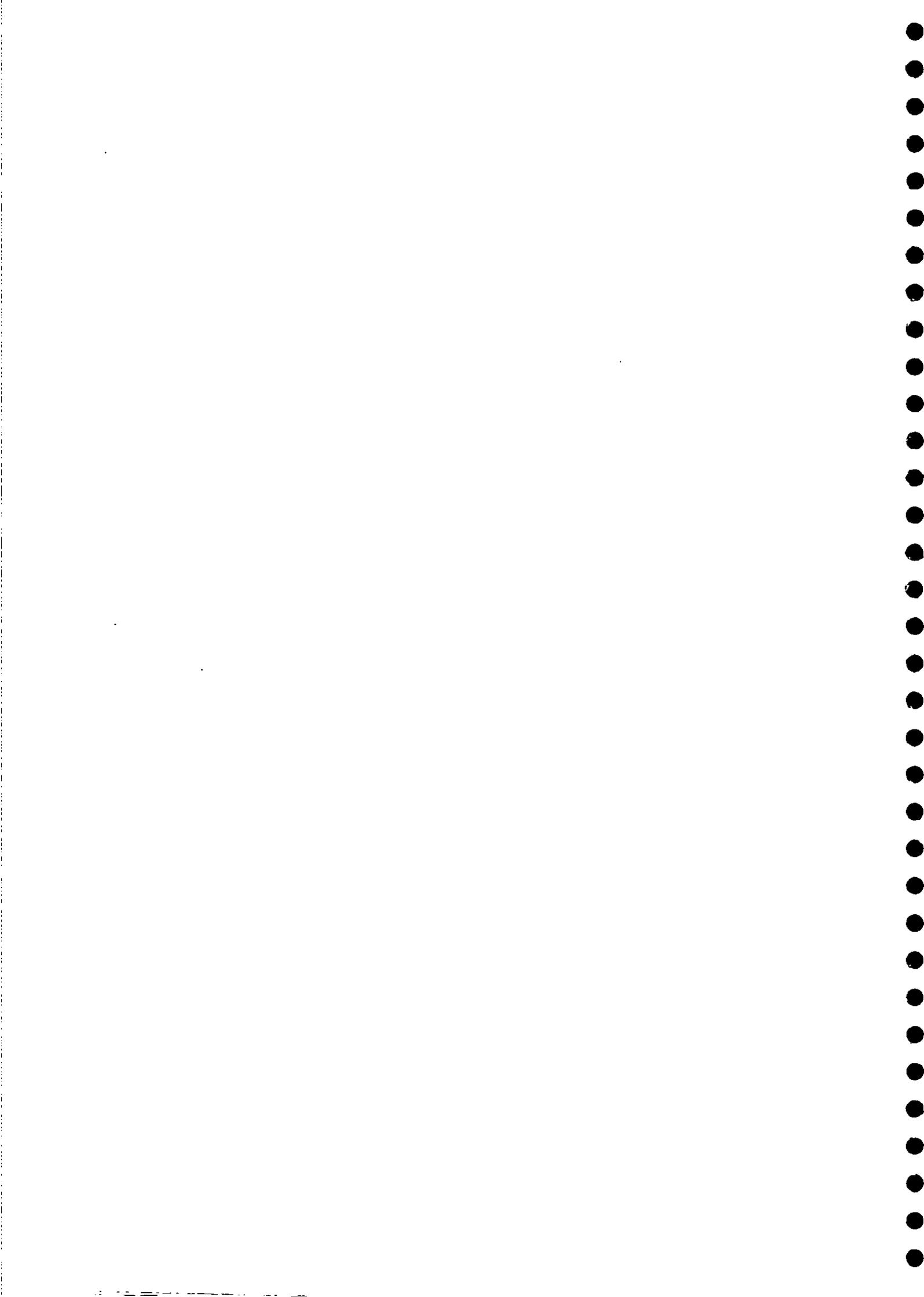
Name	Activity	Interest in ordinary voting share capital
Coyle Hamilton Willis Limited	Holding Company Insurance and Reinsurance Broking	100%
Coyle Hamilton Trustees Limited	Pension Trustees	100%
Coyle Hamilton Investment Intermediaries Limited	Investment Business	100%
Coyle Hamilton Software Limited	Provision of Software and related support services	100%
Willis Risk Management (Ireland) Limited	Risk Management Services	100%

In presenting details of the principal subsidiary undertakings the exemption permitted by section 16(3)(a) of the Companies (Amendment) Act, 1986 has been availed of and, in accordance with the Act, Coyle Hamilton Willis Holdings Limited will annex a full listing of subsidiary undertakings to its annual return to the companies registration office.

On 1 July 2006, the group disposed of its entire shareholding in Loss Control Services Limited, a subsidiary company providing health and safety training and consulting. The group continues to provide risk management services through another subsidiary company, Willis Risk Management (Ireland) Limited.

### 2. TURNOVER

An analysis of turnover is not presented as, in the opinion of the directors, its disclosure would be seriously prejudicial to the interests of the group.



COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

3. EMPLOYEES AND REMUNERATION

The average number of persons employed by the group during the year was as follows:

	2006	2005
Broking and consultants	239	280
Administration	88	97
	<u>327</u>	<u>377</u>

Total payroll costs (including directors' remuneration) during the year amounted to:

	2006 €'000	2005 €'000
Wages and salaries	21,825	22,583
Social welfare costs	1,977	1,862
Pension costs	2,854	2,416
	<u>26,656</u>	<u>26,861</u>

4. COST OF FUNDAMENTAL REORGANISATION

During the year the group incurred various costs as a consequence of a reorganisation of its business.

5. GAIN ON DISPOSAL OF SUBSIDIARY

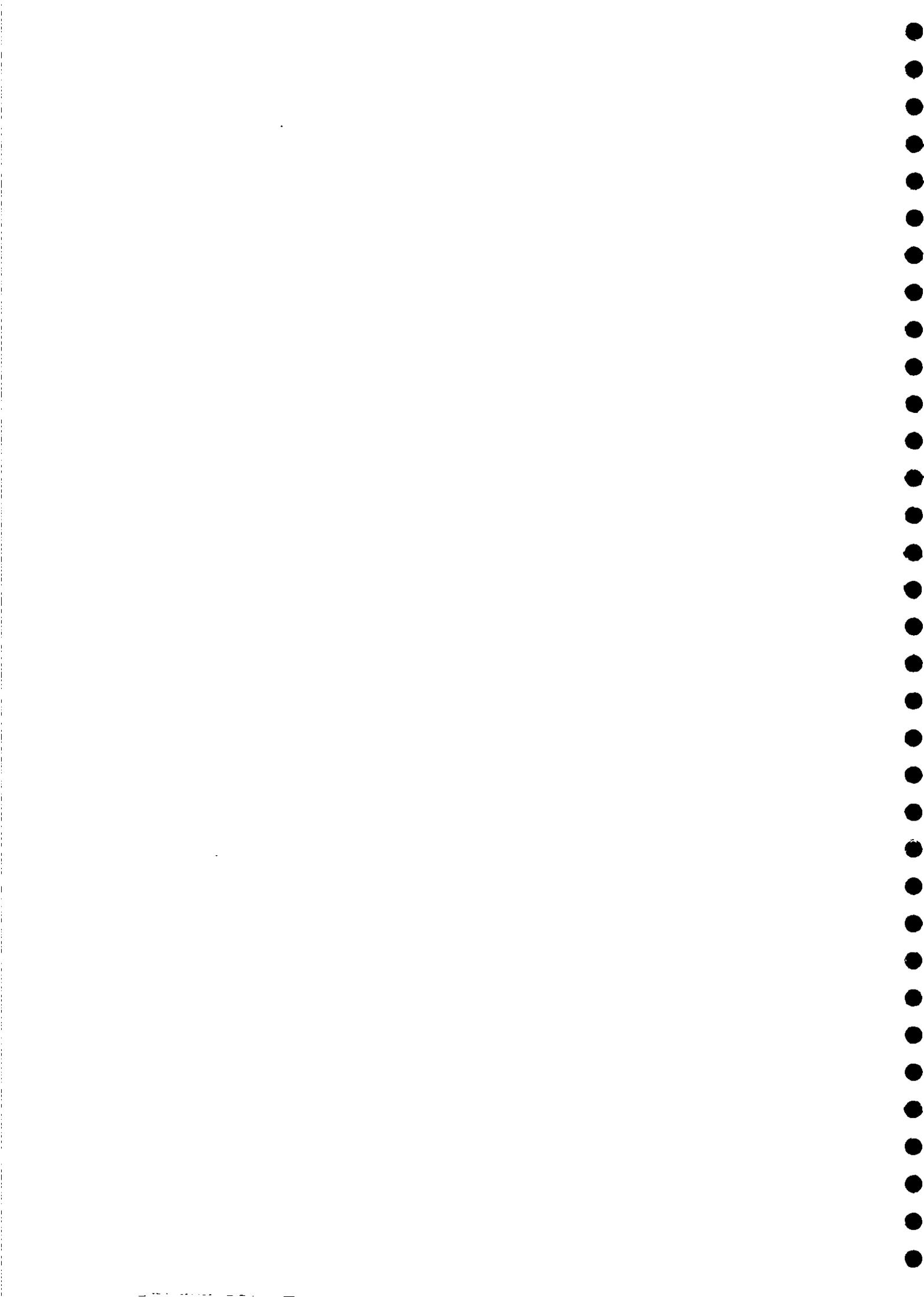
On 1 July 2006, Coyle Hamilton Willis Limited disposed of the entire share capital of Loss Control Services Limited (Note 1).

The proceeds on the disposal of the subsidiary were €3,000,000 of which €2,250,000 was received in cash and the remaining €750,000 is deferred until 2007.

The operating profit of the subsidiary included in the accounts of Coyle Hamilton Willis Holdings Limited for 2006 was €43,000 (2005:€493,000).

6. INTEREST PAYABLE

	2006 €'000	2005 €'000
Interest on bank overdrafts	<u>17</u>	<u>13</u>



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

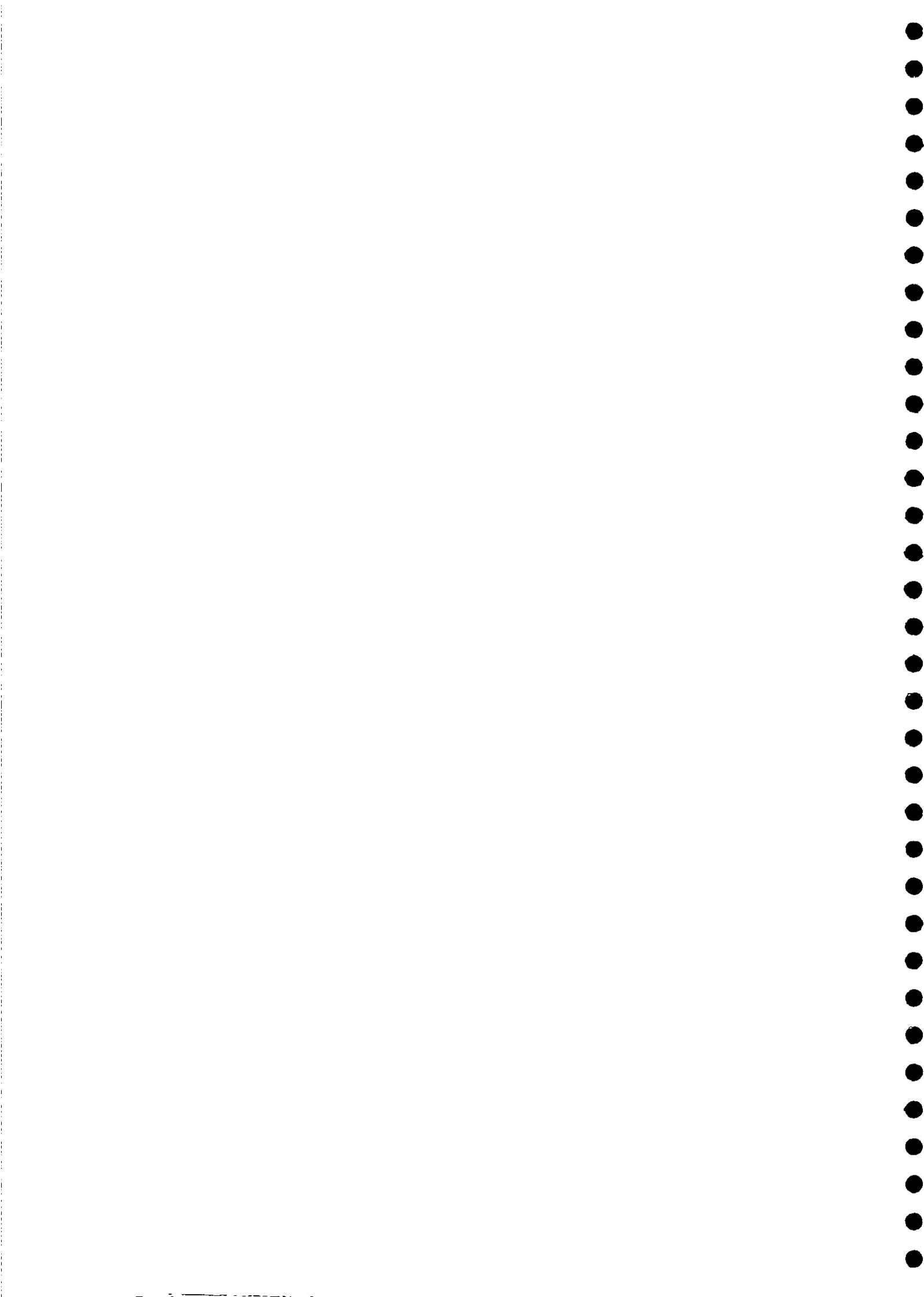
**7. STATUTORY AND OTHER INFORMATION**

The profit on ordinary activities before taxation has been determined after charging/(crediting) the following:

	2006 €'000	2005 €'000
Directors' remuneration:		
- Fees	70	70
- Other emoluments	922	1,335
Depreciation	510	809
Profit on disposal of fixed assets	(1)	-
Auditors' remuneration	125	125
Operating lease rentals – premises	1,583	1,653
Rental income	(283)	(330)
Goodwill amortised	622	620
	<u>          </u>	<u>          </u>

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2006 €'000	2005 €'000
Irish corporation tax	1,259	805
Under accrual relating to prior periods	725	277
	<u>1,984</u>	<u>1,082</u>
Deferred tax	79	149
	<u>2,063</u>	<u>1,231</u>
<b>Factors affecting tax charge for year</b>		
Profit on ordinary activities before taxation	14,825	7,561
	<u>          </u>	<u>          </u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in Ireland of 12.5%	1,853	945
<b>Effects of:</b>		
Expenses not deductible for tax purposes	37	30
Income not subject to Irish Corporation Tax	(314)	-
Capital allowances for year in excess of depreciation	(20)	(19)
Other timing differences	(312)	-
Higher Irish rate due on non-trading income	1	5
Adjustments to the tax charge in respect of previous periods	725	277
Deferred tax pension adjustment	-	(170)
Deferred tax FRS20 adjustment	14	14
	<u>1,984</u>	<u>1,082</u>
Current tax charge for year	<u>          </u>	<u>          </u>



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**9. PROFIT FOR FINANCIAL YEAR ATTRIBUTABLE  
TO GROUP SHAREHOLDERS**

Under the provisions of Section 3 of the Companies (Amendment) Act, 1986, the company has not presented its own profit and loss account. The profit for the financial year attributable to group shareholders is analysed as follows:

	2006	2005
	€'000	(As restated) €'000
Company	-	338
Subsidiaries	12,762	5,992
	<u>12,762</u>	<u>6,330</u>

**10. INTANGIBLE FIXED ASSETS**

**Goodwill arising on  
Consolidation  
€'000**

**Cost:**

Balance at 31 December 2006 and at 31 December 2005 15,047

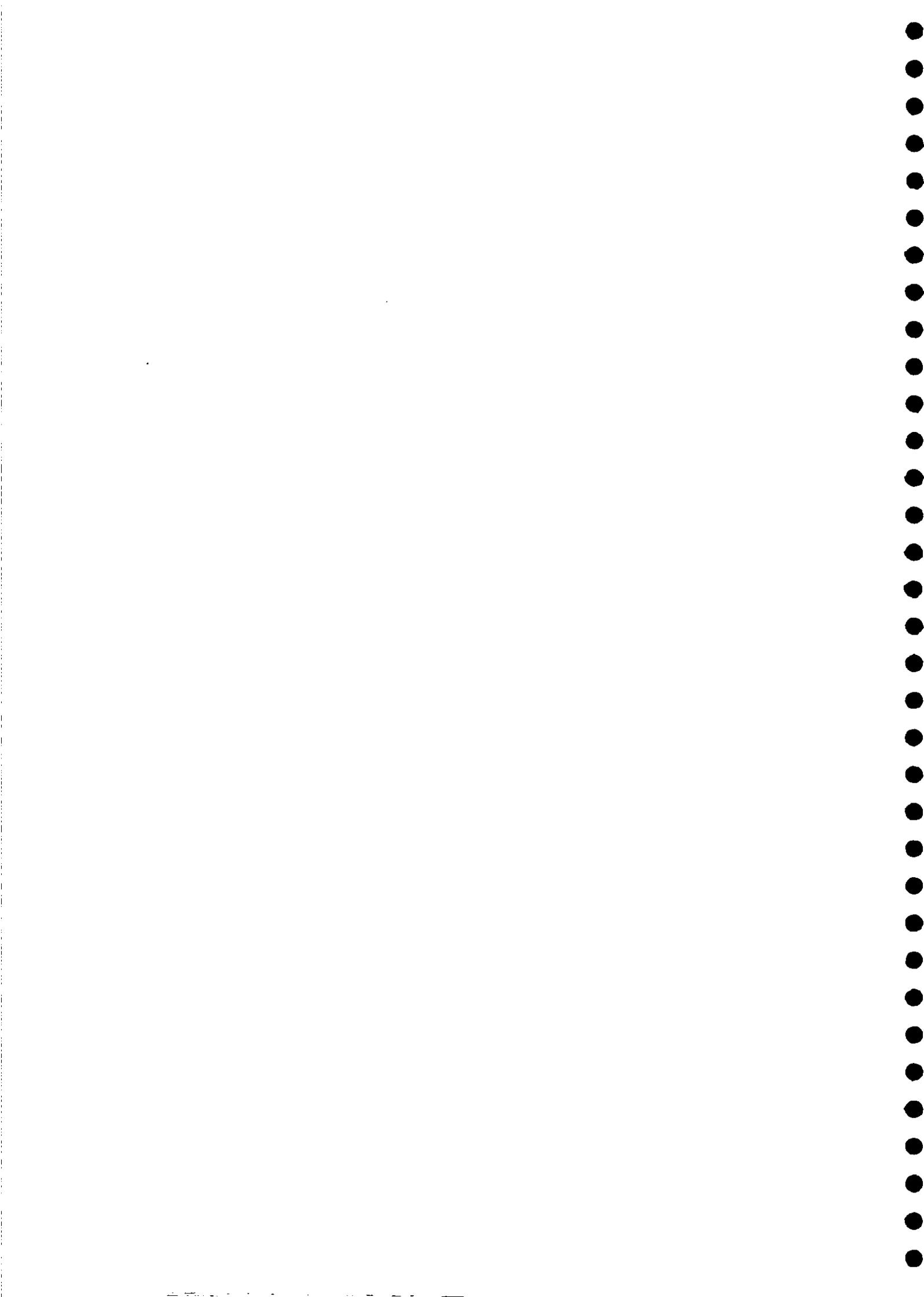
**Amortisation:**

Balance at 31 December 2005 6,450  
Charge for the year 622

Balance at 31 December 2006 7,072

**Net Book Value at 31 December 2006** 7,975

**Net Book Value at 31 December 2005** 8,597



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

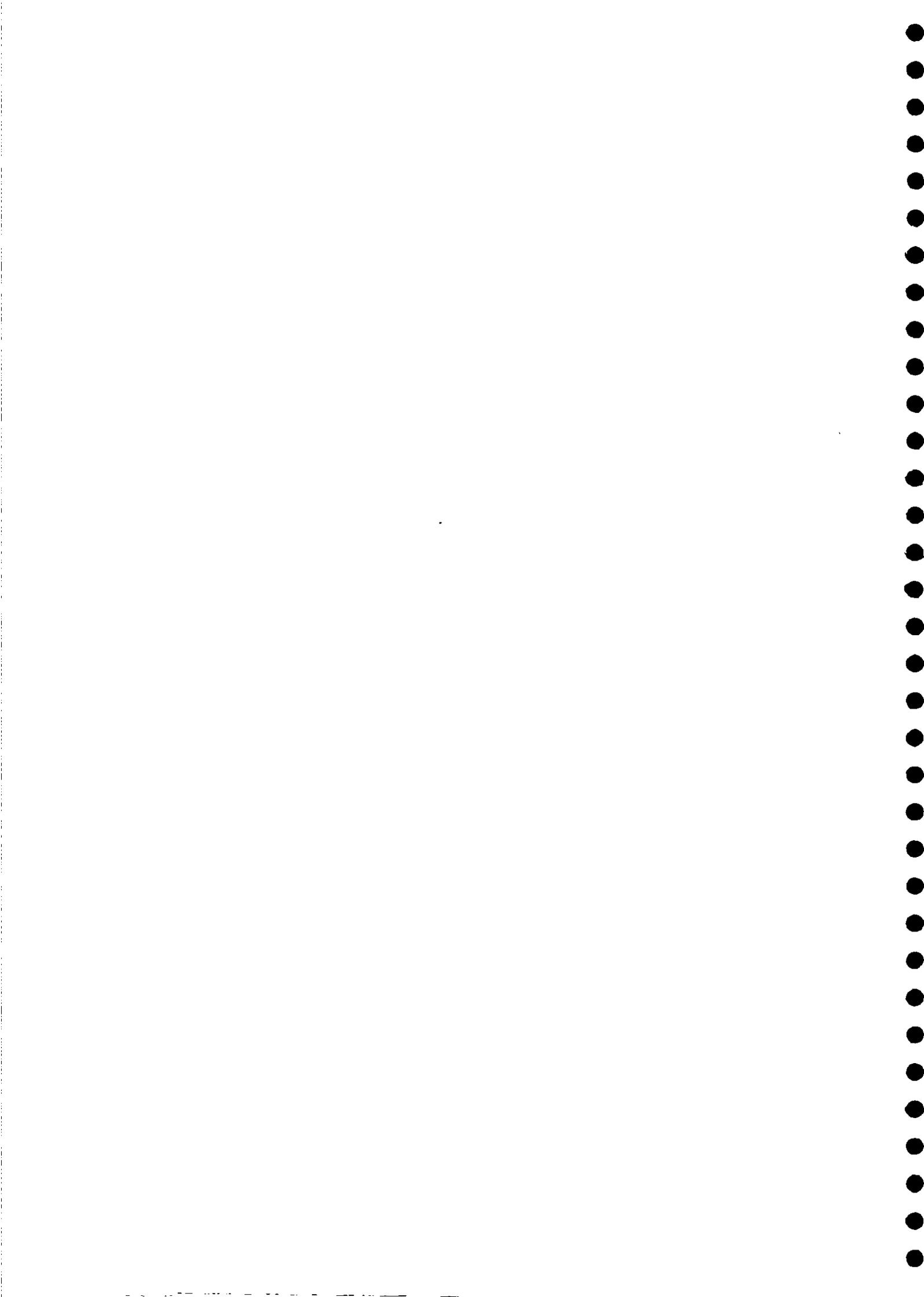
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**11. TANGIBLE FIXED ASSETS**

	31 December 2005 €'000	Additions/ charges €'000	Disposals €'000	31 December 2006 €'000
<b>Cost:</b>				
Office furniture, fittings and equipment	6,785	320	(618)	6,487
Motor vehicles	1,117	-	(692)	425
Leasehold improvements	149	222	(150)	221
	<u>8,051</u>	<u>542</u>	<u>(1,460)</u>	<u>7,133</u>
<b>Accumulated Depreciation:</b>				
Office furniture, fittings and equipment	6,042	348	(435)	5,955
Motor vehicles	669	158	(484)	343
Leasehold improvements	29	3	(32)	-
	<u>6,740</u>	<u>509</u>	<u>(951)</u>	<u>6,298</u>
<b>Net Book Value</b>	<u>1,311</u>			<u>835</u>

The Group had no capital commitments at 31 December 2006 (2005: €Nil).

12. FINANCIAL FIXED ASSETS	2006 €'000	2005 €'000
<b>Company</b>		
Investments in subsidiaries	<u>15,702</u>	<u>15,702</u>



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

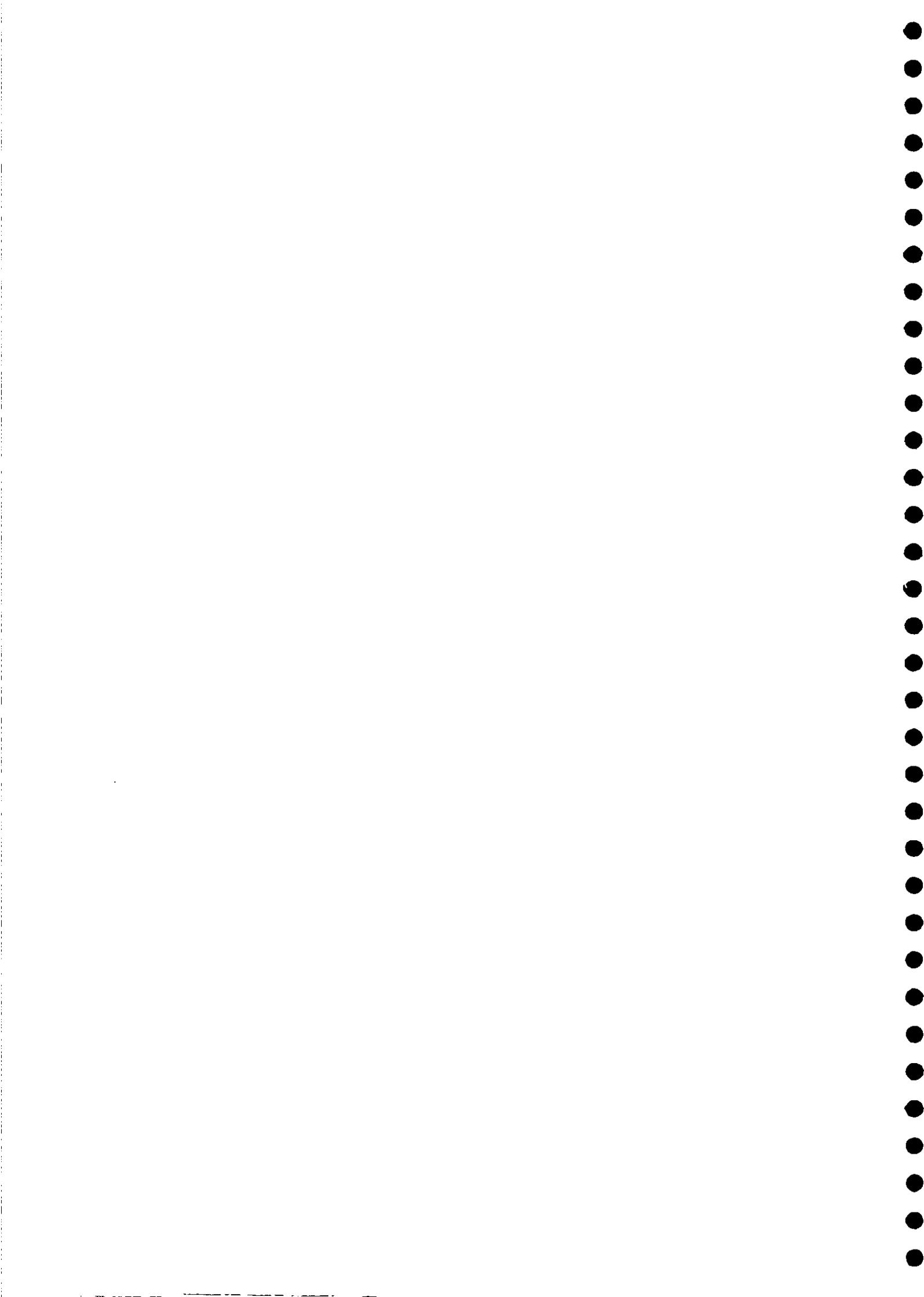
13. DEBTORS	Group		Company	
	31/12/2006	31/12/2005 (As restated)	31/12/2006	31/12/2005
	€'000	€'000	€'000	€'000
<b>Amounts falling due within one year:</b>				
Trade debtors	24,731	32,997	-	-
Prepayments and accrued income	1,389	2,520	-	-
Due from group undertakings (a)	17,710	6,331	-	273
Deferred tax	115	114	-	-
Other debtors	579	128	-	-
SARs receivable (Note 25)	3,247	927	-	-
	<u>47,771</u>	<u>43,017</u>	<u>-</u>	<u>273</u>

(a) Amounts due from group undertakings consist of amounts due from companies within the Willis group.

14. **CREDITORS:** (Amounts falling due within one year)

	Group		Company	
	31/12/2006	31/12/2005 (As restated)	31/12/2006	31/12/2005
	€'000	€'000	€'000	€'000
Trade creditors	33,481	41,200	-	-
Amounts owed to group undertakings (a)	1,385	964	7,349	7,371
Irish corporation tax (Note 8)	610	442	-	25
VAT	588	140	-	-
PAYE/PRSI	436	406	-	-
Accruals and deferred income	13,942	15,518	-	226
SARs liability (Note 25)	3,247	927	-	-
Bank overdraft	1,430	2,324	-	-
	<u>55,119</u>	<u>61,921</u>	<u>7,349</u>	<u>7,622</u>

(a) Amounts owed to group undertakings consist of amounts due to companies within the Willis group.



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**15. PRIOR YEAR ADJUSTMENT**

During 2006 the company fully implemented FRS 20 "Share based payments" for the first time (Note 25). As a result the profit and loss account has been adjusted to reflect all share based payments.

	€'000
Profit and loss account as at 31 December 2005 per prior year financial statements	1,328
Profit and loss account as at 31 December 2005 restated	1,162
	<u>166</u>
Prior year adjustment	<u>166</u>

Year ended  
31/12/05

**Explained by:**

First time adoption of FRS 20

€'000

166

166

**16. CALLED-UP SHARE CAPITAL**

**31/12/2006**  
€'000

**31/12/2005**  
€'000

**Authorised:**

7,200,000 ordinary shares of €0.125 each

900

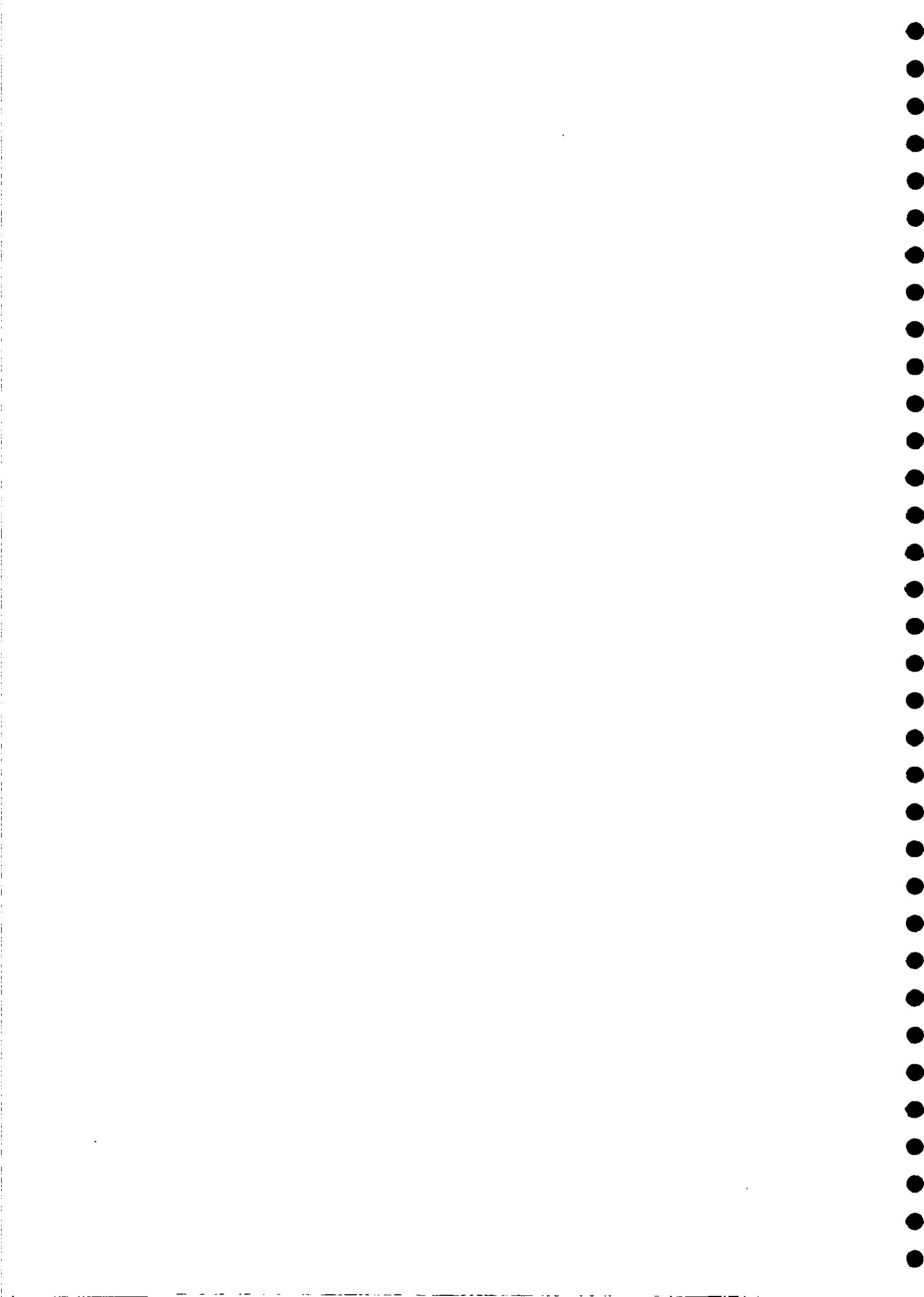
900

**Allotted, called-up and fully paid:**

3,415,982 ordinary shares of €0.125 each

427

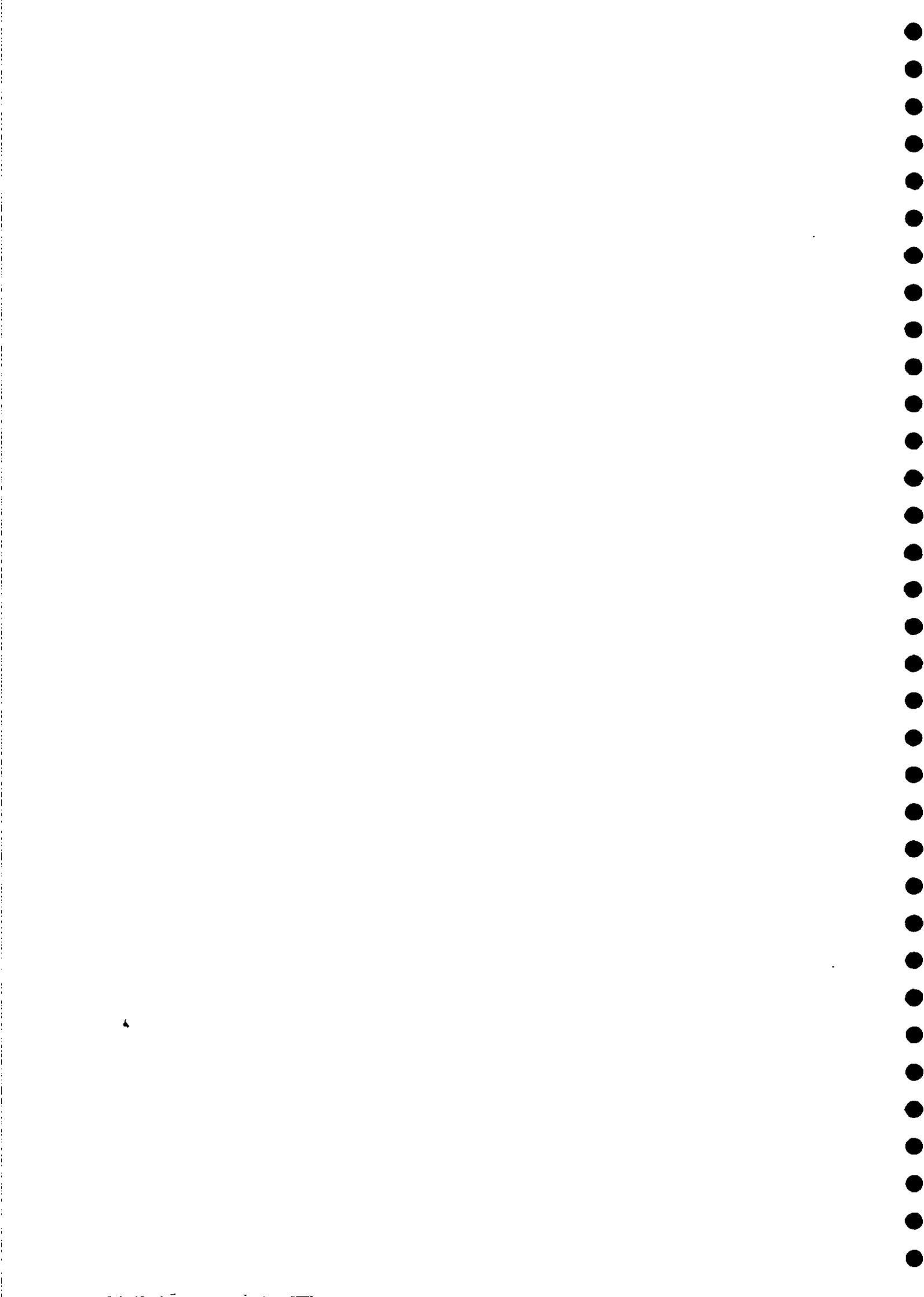
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**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

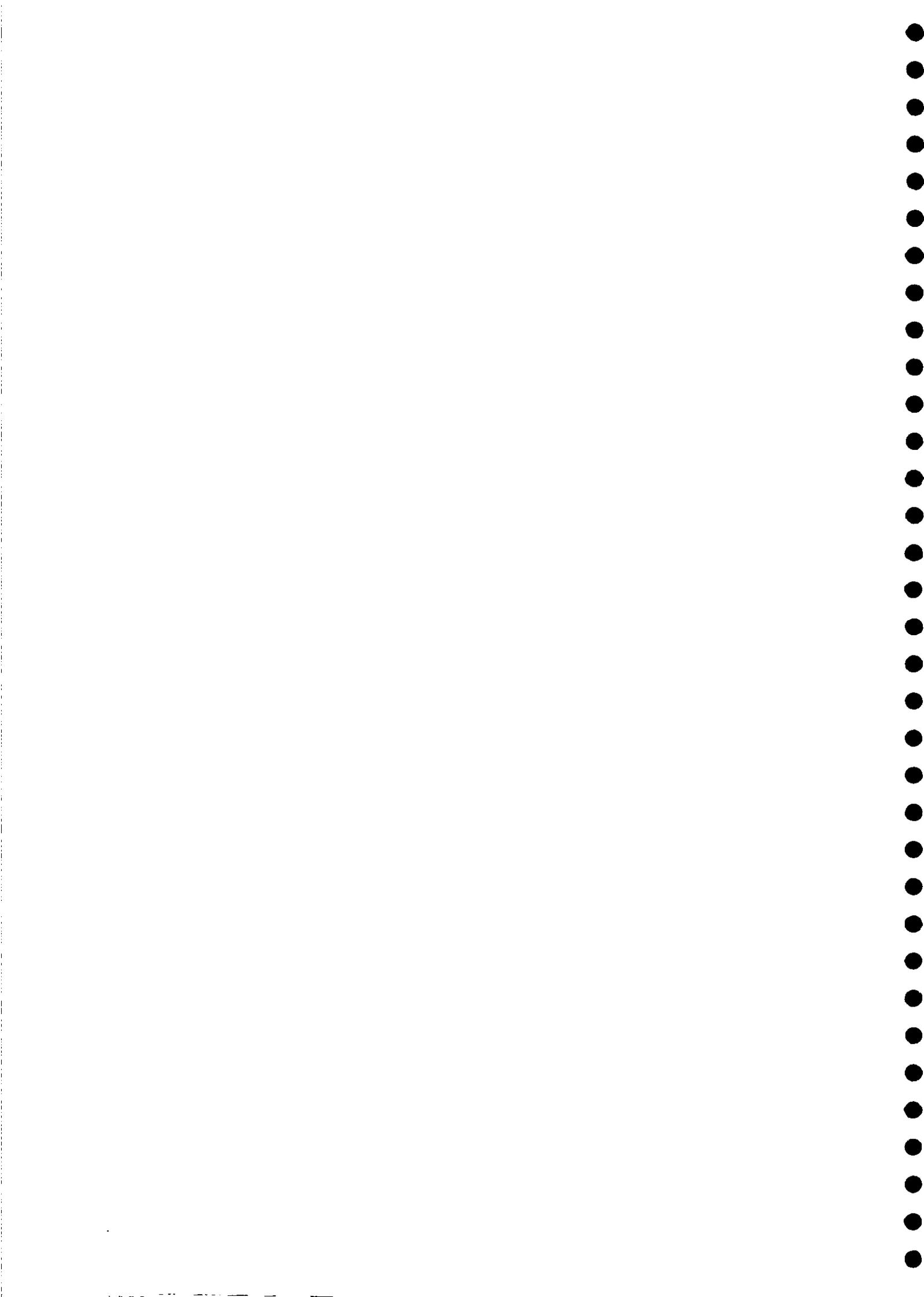
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2006 €'000	2005 €'000
<b>Shareholders' Funds</b>		
<b>Share Capital</b>		
Opening balance	427	427
Closing balance	<u>427</u>	<u>427</u>
<b>Share Premium</b>		
Opening balance	6,435	6,435
Closing balance	<u>6,435</u>	<u>6,435</u>
<b>Capital Redemption Reserve</b>		
Opening balance	1,491	1,491
Closing balance	<u>1,491</u>	<u>1,491</u>
<b>Other Reserves</b>		
Opening balance as previously reported	-	-
Prior year adjustment:		
First time adoption of FRS 20	166	51
Charge for the year	112	115
Closing balance	<u>278</u>	<u>166</u>
<b>Profit and Loss Account</b>		
Opening balance as previously reported	1,328	(526)
Prior year adjustment:		
First time adoption of FRS 20	(166)	(51)
Opening balance restated	1,162	(577)
Profit for the year	12,762	6,330
Dividends paid (Note 18)	(765)	(273)
Translation adjustment	-	(33)
Actuarial gain/(loss) on defined benefit pension scheme	6,831	(4,900)
Deferred tax on actuarial (gains)/losses	(854)	615
Closing balance	<u>19,136</u>	<u>1,162</u>
<b>Shareholders' Funds</b>	<u>27,767</u>	<u>9,681</u>



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

<b>Analysis of Profit and Loss Account Balance</b>	2006	2005 (As restated)
	€'000	€'000
Balance on profit and loss account excluding pension asset/(liability)	19,090	7,239
Pension asset/(liability)	456	(6,077)
Balance on profit and loss account	<u>19,136</u>	<u>1,162</u>
<b>18. DIVIDENDS</b>	2006	2005
	€'000	€'000
Ordinary:		
- Interim 2006 dividend paid of €0.12 per €0.125 share (2005: €0.08)	410	273
- Final 2005 dividend paid of €0.1039 per €0.125 share (2004: €Nil)	355	-
	<u>765</u>	<u>273</u>
<b>19.(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	2006	2005 (As restated)
	€'000	€'000
Operating profit	13,437	9,499
FRS 20 charge	112	115
Depreciation charge	510	809
(Profit)/loss on sale of tangible fixed assets	(1)	25
Goodwill amortised	622	620
Pension scheme	2,146	1,735
Translation adjustment	-	(33)
Decrease/(increase) in debtors	(2,938)	(8,076)
Decrease in creditors	(8,139)	(11,413)
Costs of fundamental reorganisation	(1,108)	(2,322)
Net cash inflow/(outflow) from operating activities	<u>4,641</u>	<u>(9,041)</u>
<b>19.(b) RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	2006	2005
	€'000	€'000
Interest paid	<u>(17)</u>	<u>(13)</u>



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

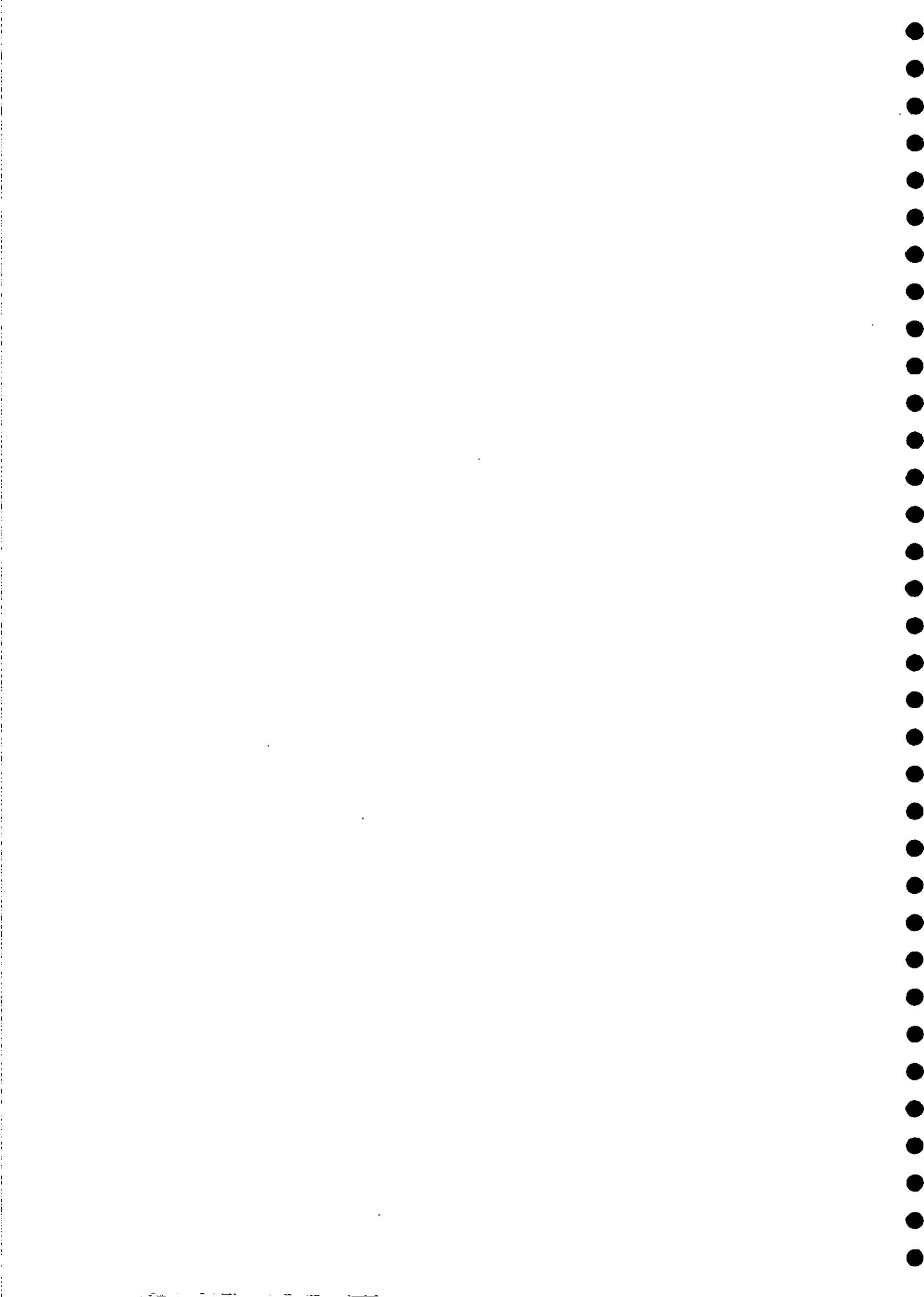
<b>19.(c) TAXATION</b>	2006 €'000	2005 €'000
Irish corporation tax paid	(1,817)	(285)
	<u>                    </u>	<u>                    </u>

<b>19.(d) CAPITAL EXPENDITURE</b>	2006 €'000	2005 €'000
Purchases of tangible fixed assets	(542)	(86)
Proceeds from sale of tangible fixed assets	282	282
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	(260)	196

<b>19.(e) ACQUISITION AND DISPOSALS</b>	2006 €'000	2005 €'000
Proceeds from sales of investments in subsidiaries	2,976	-
Net cash disposed of with subsidiaries	(417)	-
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	2,559	-

**20. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 31 December 2005 €'000</b>	<b>Cash Flows €'000</b>	<b>At 31 December 2006 €'000</b>
Cash	24,714	1,095	25,809
Bank overdraft	(2,324)	894	(1,430)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	22,390	1,989	24,379



## COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

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#### 21. CONTINGENT LIABILITIES

The company and certain of its subsidiaries have provided irrevocable guarantees in respect of the liabilities (as defined in Section 5(c) (ii) of the Companies (Amendment) Act, 1986) of certain of its wholly owned Irish subsidiaries, listed in Note 1, for the year ended 31 December 2006. Thus, these subsidiaries will avail of the exemption set out in Section 17 of the Companies (Amendment) Act, 1986 in relation to the filing of financial statements.

#### 22. PENSION PLAN

The group operates a number of defined contribution schemes. Total contributions charged to the profit and loss account in respect of the defined contribution schemes amounted to €25,000 (2005: €70,000), and there was no significant amount due to the defined contribution schemes at the year end (2005: €Nil).

However, the principal pension schemes operated by the group are defined benefit, non-contributory schemes separately covering both executives and employees.

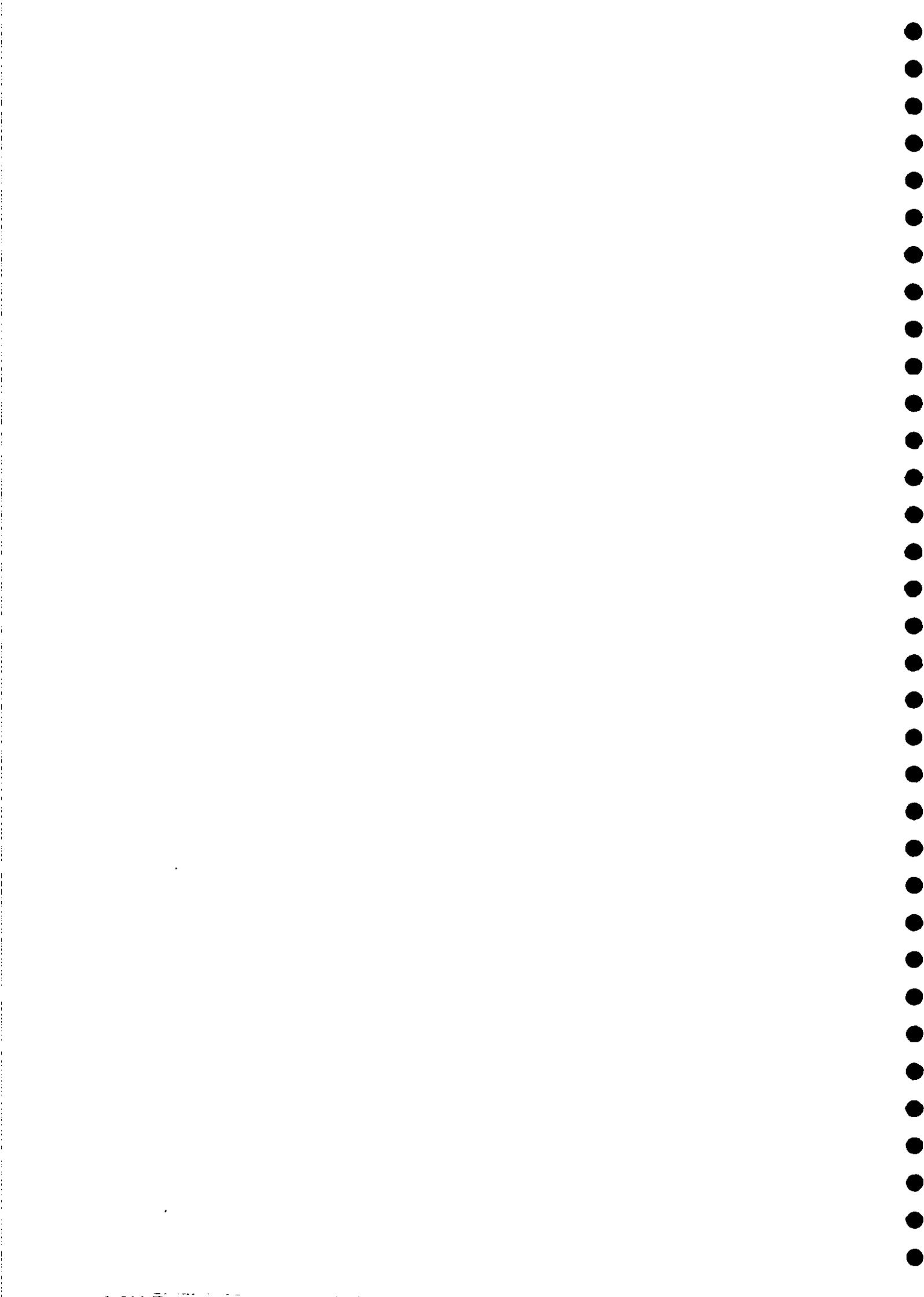
The latest completed actuarial review of these schemes was carried out at 1 January 2005. The actuarial reviews were undertaken using the attained age method of funding to calculate a contribution rate. The primary financial assumptions underlying these reviews are set out below.

The assumptions, which have the most significant effect on the results of the actuarial valuations, are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the rate of return on investments would on average exceed annual salary increases by 2%. A smoothed actuarial basis was used to value assets rather than the market value of the assets held, as this basis produces asset values which are more consistent with the value placed on liabilities.

After allowing for expected future increases in salaries, the actuarial values of the various scheme's assets were sufficient to cover between 92% and 137% (Group weighted average cover of 107%) of the benefits that had accrued to the members of the individual schemes.

A Funding Proposal in relation to the defined benefit executive pension scheme was submitted to the Pensions Board in October 2005. This proposal provides for an increase in the funding rate from 32.8% to 44.6% up to 2013. This Funding Proposal is designed to ensure that the plan can reasonably be expected to meet the Pensions Board Funding Standard as at 1 January 2014.

In general, actuarial valuations are not available for public inspection, although the results of valuations are advised to the members of the various pension schemes.



COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

22. PENSION PLAN (Continued)

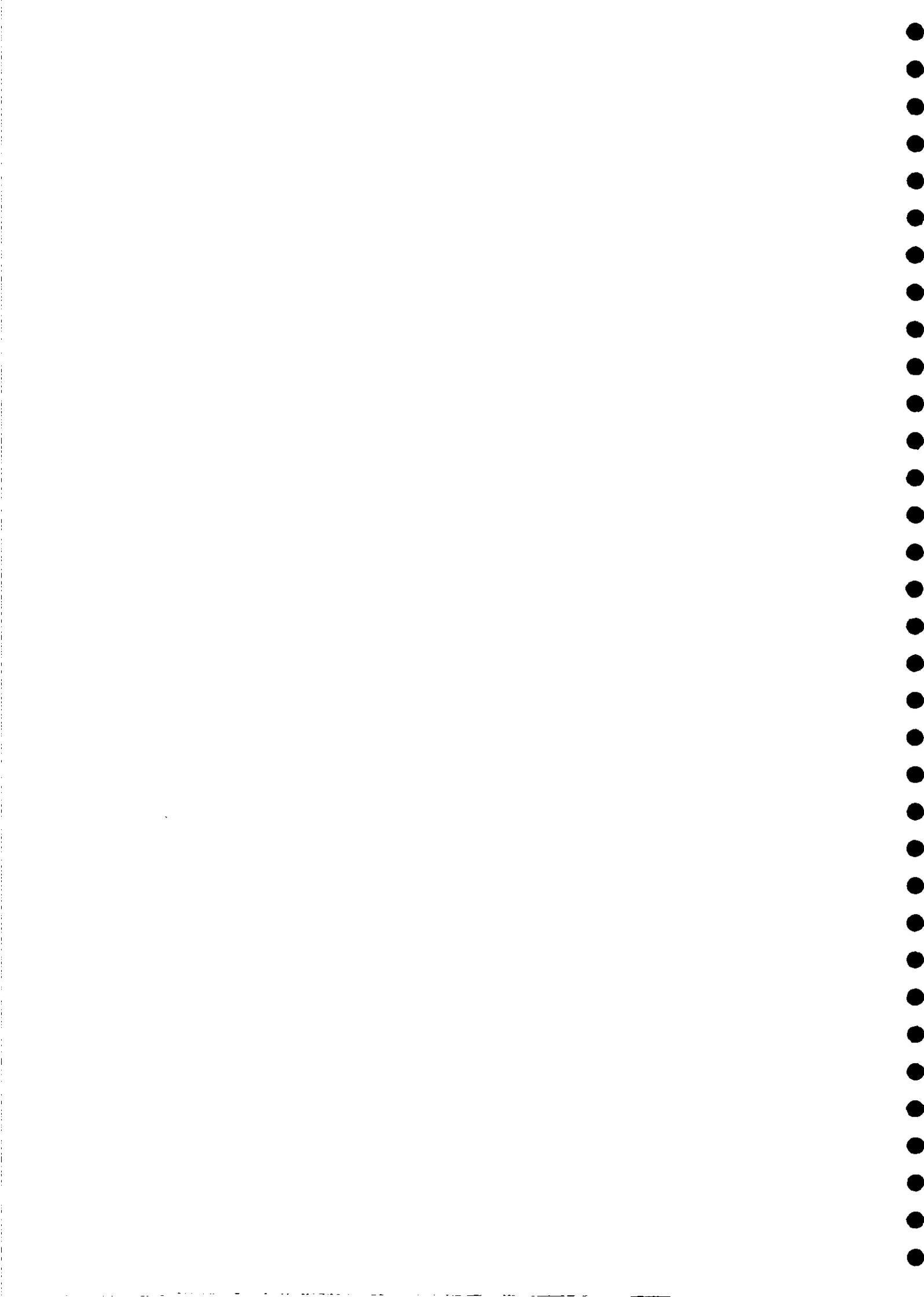
Financial Reporting Standard 17 "Retirement Benefits" Disclosures

The group operates two principal defined benefit schemes. Full actuarial valuations were carried out at 1 January 2005 and have been updated to 31 December 2006 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The major assumptions used by the actuary at 31 December 2006 were:

	31/12/2006	31/12/2005	31/8/2004
Discount rate	4.50% p.a.	4.25% p.a.	4.75% p.a.
Inflation assumption	2.00% p.a.	2.00% p.a.	2.00% p.a.
Rate of increase in pensionable salaries	3.25% p.a.	3.25% p.a.	3.25% p.a.
Rate of increase in pensions in payment	2.00% p.a.	2.00% p.a.	2.00% p.a.

Market value and expected rates of return on scheme assets at 31 December 2006 were as follows:

	31/12/2006 %	31/12/2006 €'000 Value	31/12/2005 %	31/12/2005 €'000 Value	31/8/2004 %	31/8/2004 €'000 Value
	Long-term expected rate of return		Long-term expected rate of return		Long-term expected rate of return	
Equities	7.10	39,556	6.60	33,894	7.00	26,547
Bonds	4.10	7,558	3.60	6,797	4.00	5,436
Other	5.10	4,292	4.60	3,150	5.00	7,064
		<hr/>		<hr/>		<hr/>
Total market value of assets		51,406		43,841		39,047
Value of annuity contracts held		3,605		3,893		2,792
		<hr/>		<hr/>		<hr/>
Total scheme assets		55,011		47,734		41,839
Present value of scheme liabilities		(54,490)		(54,679)		(45,249)
		<hr/>		<hr/>		<hr/>
Surplus/(deficit) in the schemes		521		(6,945)		(3,410)
Related deferred tax (liability)/asset		(65)		868		426
		<hr/>		<hr/>		<hr/>
Pension asset/(liability)		456		(6,077)		(2,984)
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**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

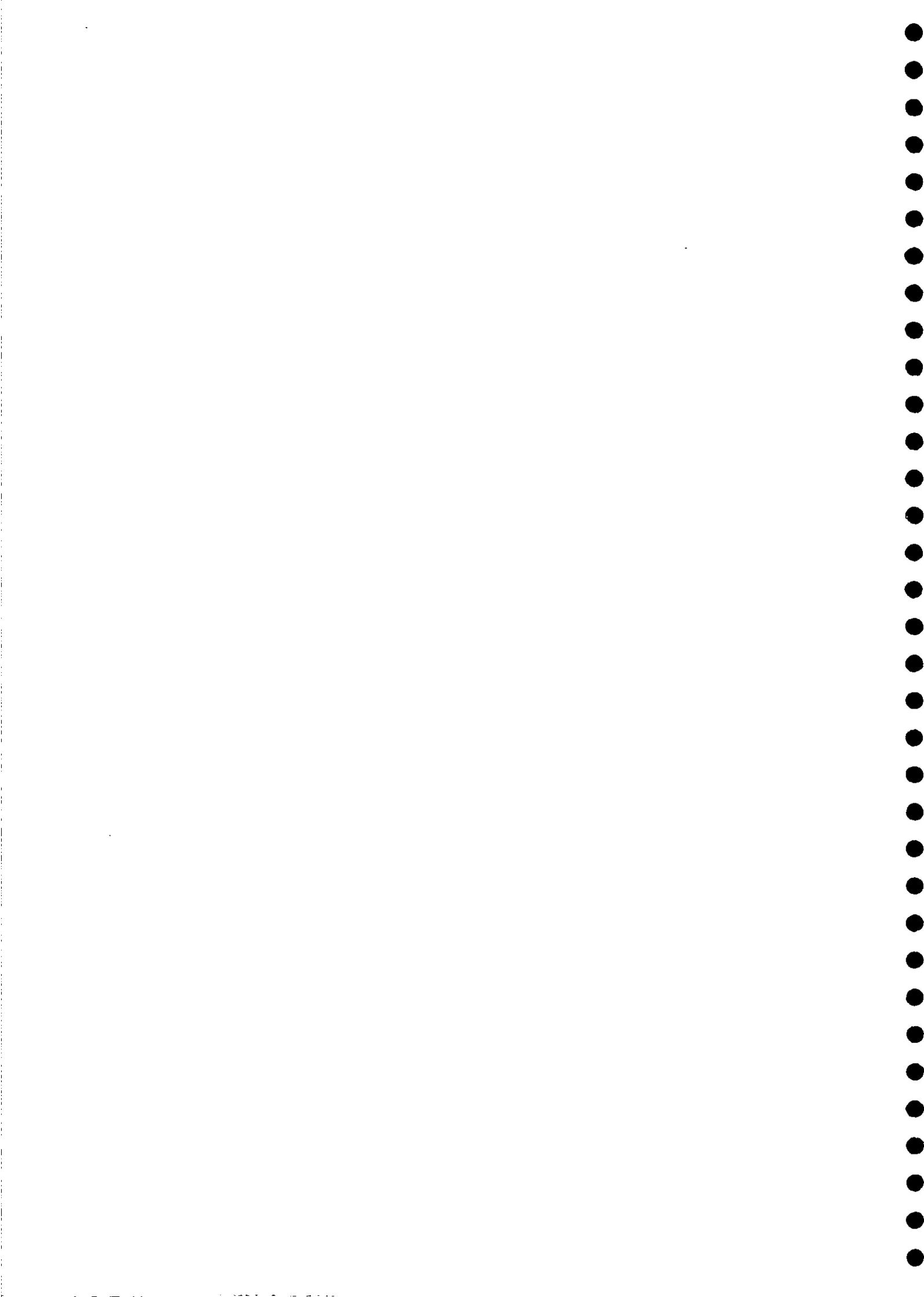
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**22. PENSION PLAN (Continued)**

<b>Movement in combined surplus (deficit) during the year</b>	<b>€'000</b>
Combined deficit in the schemes at beginning of the year	(6,945)
Movement in the year:	
Current service cost	(2,146)
Contributions	2,351
Other finance income	429
Actuarial gain	6,830
<b>Combined surplus in the schemes at end of the year</b>	<u>521</u>

The following are the amounts that have been included in the Profit and Loss Account and the Statement of Total Recognised Gains and Losses:

	2006 €'000	2005 €'000
<b>Included in payroll costs</b>		
Current service cost	2,146	1,735
Death in service costs	287	317
<b>Total operating charge</b>	<u>2,433</u>	<u>2,052</u>
<b>Included in finance income</b>		
Expected return on pension scheme assets	2,664	2,441
Interest on pension scheme liabilities	(2,235)	(2,044)
<b>Net finance income</b>	<u>429</u>	<u>397</u>



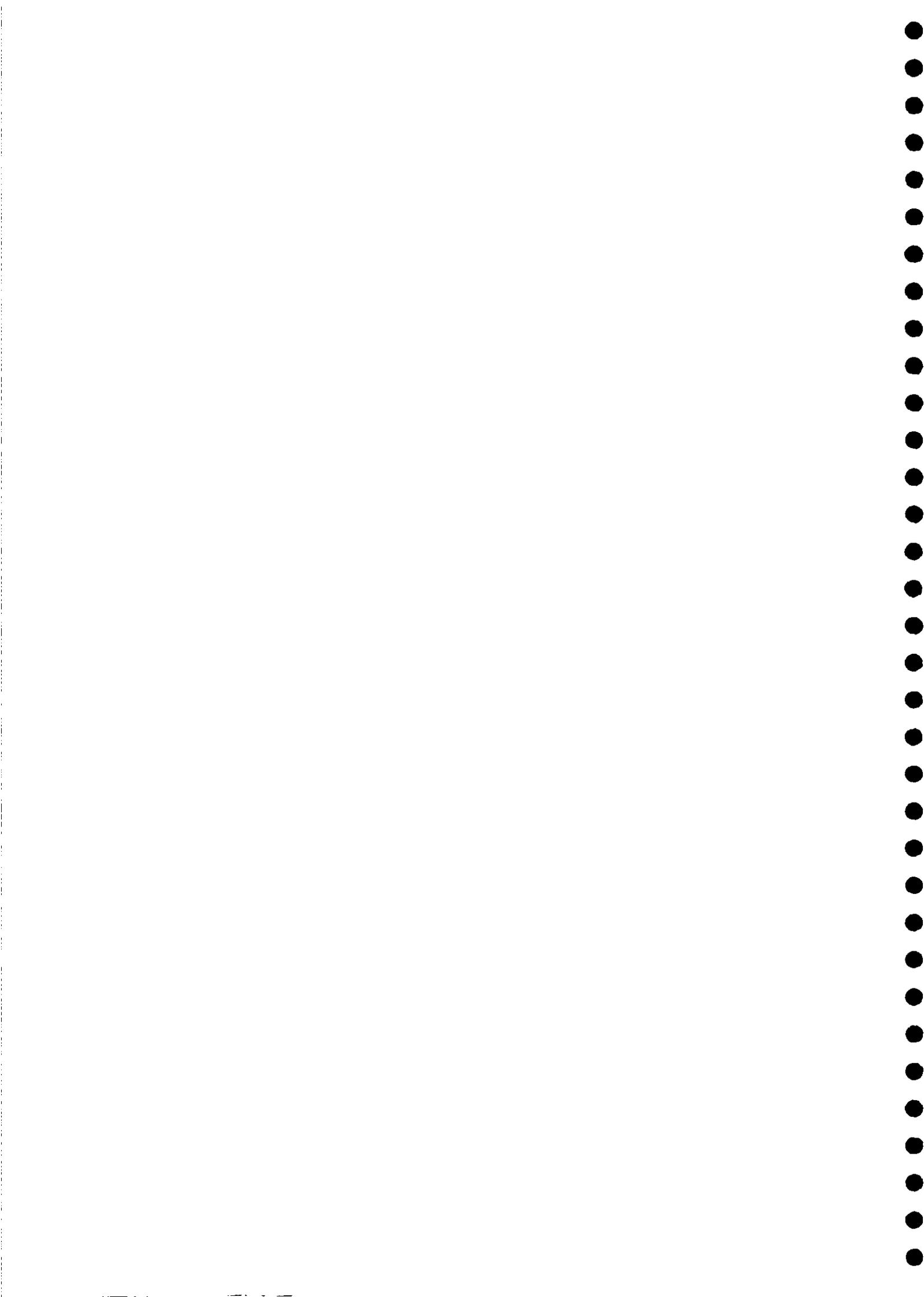
**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**22. PENSION PLAN (Continued)**

	2006 €'000	2005 €'000			
<b>Included in statement of total realised gains and losses</b>					
Actual return less expected return on pension scheme assets	3,266	5,852			
Experience gains and losses arising on the scheme liabilities	699	172			
Changes in assumptions underlying the present value of the scheme liabilities	2,866	(10,924)			
<b>Net gain/(loss) in statement of total realised gains and losses</b>	<u>6,831</u>	<u>(4,900)</u>			
			2006	2005	2004
			€'000	€'000	€'000
			2003	2002	
			€'000	€'000	
<b>History of combined experience gains and losses</b>					
Difference between the expected and actual return on schemes' assets:					
Amount (€'000s)	3,266	5,852	2,129	(739)	(6,047)
Percentage of schemes' assets	6%	12%	5%	(2%)	(21%)
Experience gains and losses on schemes' liabilities:					
Amount (€'000s)	699	172	(386)	(1,597)	(588)
Percentage of the present value of the schemes' liabilities	1%	0%	(1%)	(4%)	(2%)
Total amount recognised in statement of Total Recognised Gains and Losses:					
Amount (€'000s)	6,831	(4,900)	(2,314)	(3,323)	(8,790)
Percentage of the present value of the schemes' liabilities	13%	(9%)	(5%)	(9%)	(27%)

The information presented in respect of prior periods represents all comparative information available to the company.



COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

23. COMMITMENTS

Operating lease commitments payable by the group in respect of premises and motor vehicles in the next twelve months amount to €1,334,000 (31/12/2005: €1,752,000). These commitments are in respect of leases which expire as follows:

	2006 €'000	2005 €'000
Within one year	9	542
Within two to five years	649	-
After five years	676	1,210
	<u>1,334</u>	<u>1,752</u>

The amounts payable under these leases are subject to amendment at various intervals specified in the leases and in general, the group is responsible for all insurances, maintenance and repairs under the leases.

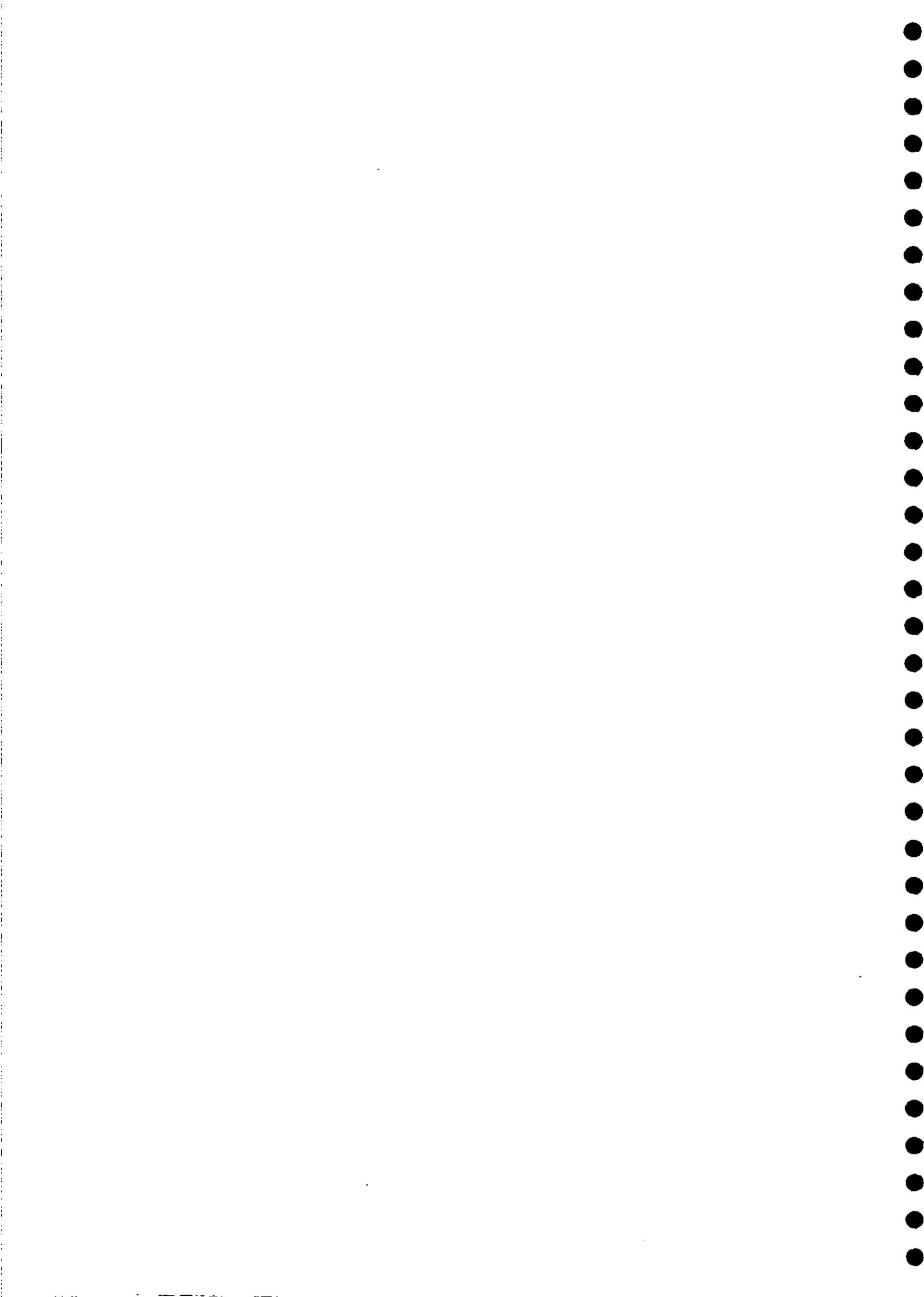
24. RELATED PARTIES

The financial statements of Coyle Hamilton Willis Holdings Limited and Subsidiaries are consolidated into the results of the parent holding company, Willis Group Holdings Limited.

Transactions between the company and its subsidiaries which are related parties of the company have been eliminated on consolidation and are not disclosed in this note.

During the year, group entities entered into trading transactions with Willis Limited (a subsidiary of Willis Group Holdings Limited) in the normal course of business. Income earned under these transactions during the year was €61,000. An amount of €2,318,000 was owed to Willis Limited at the year end.

As part of the group cash management policy the company places available funds on deposit with Willis Group. As at 31 December 2006 the company had €17,710,000 on deposit with Willis Group (2005: €6,331,000). The funds deposited earn interest at the market rate of interest.



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**25. EMPLOYEE SHARE BASED COMPENSATION**

On 31 December 2006 the group had two share-based employee compensation schemes.

**Willis Option Scheme**

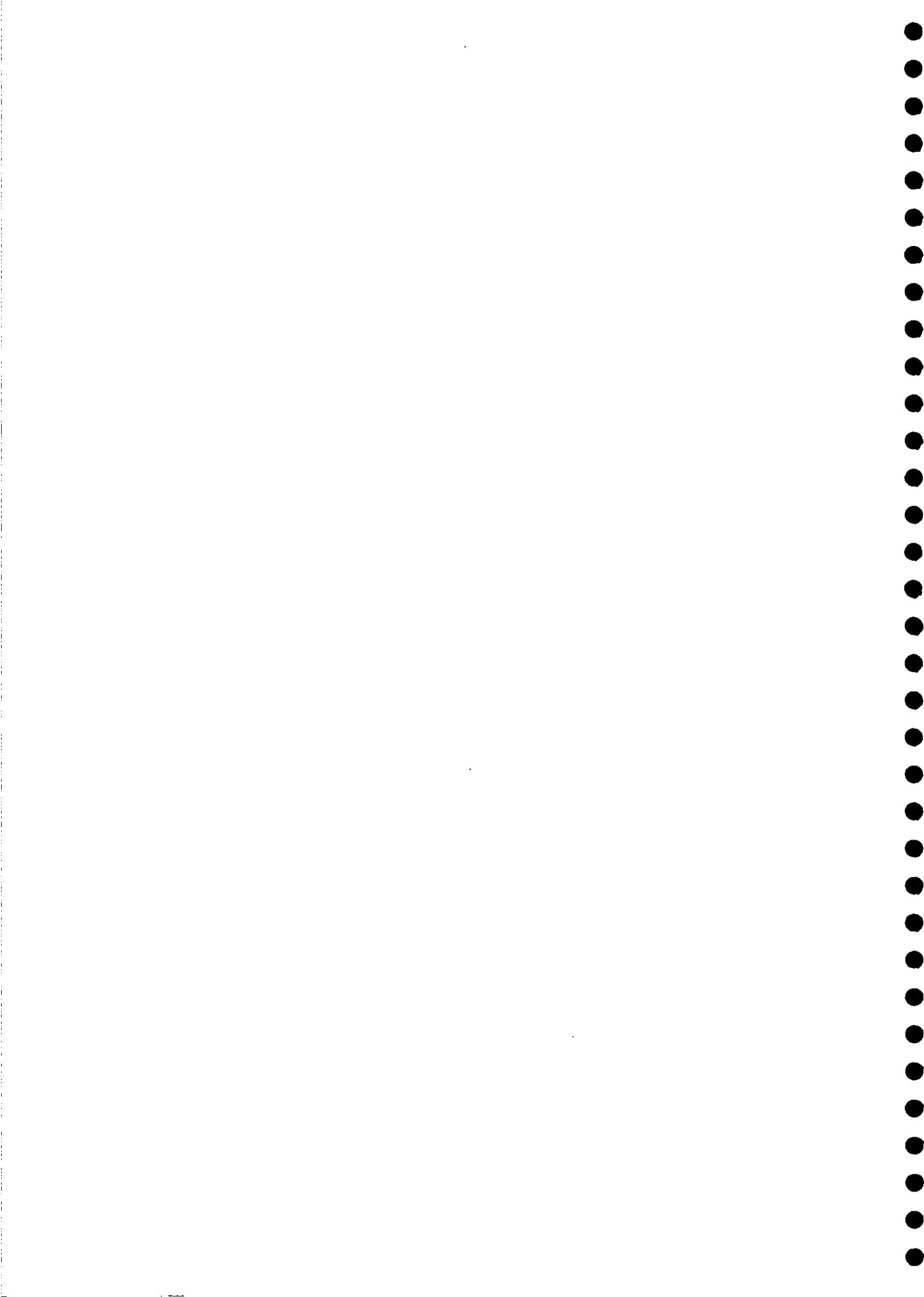
The first scheme is a Willis Option Scheme providing options to certain employees of the group to acquire shares in Willis Group Holdings Limited. The employee must remain with the group throughout the vesting period to be entitled to exercise the options. The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table.

	31/12/2006	31/12/2005	31/12/2004
Expected volatility	30%	26%	23%
Expected dividends	2.5%	2.0%	2.0%
Expected life (years)	6	5	3
Risk free interest rate	5.34%	4.27%	2.77%

A summary of option activity under the Scheme at 31 December 2006, and changes during the year is presented below.

	2006 Number of Options	2006 Weighted Average Exercise Price	2006 Weighted Average Fair Value	2005 Number of Options	2005 Weighted Average Exercise Price	2005 Weighted Average Fair Value
Outstanding at 1 January	70,000	€20.18	€4.25	70,000	€20.18	€4.25
Granted	7,142	€0.00	€22.35	-	-	-
Exercised	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Balance at 31 December	<u>77,142</u>	<u>€18.31</u>	<u>€5.92</u>	<u>70,000</u>	<u>€20.18</u>	<u>€4.25</u>

The range of exercise prices of the outstanding options is between €Nil and €28.62 while the weighted average share price during the year was €27.02.



**COYLE HAMILTON WILLIS HOLDINGS LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**Share Appreciation Rights Scheme**

The second scheme is a Share Appreciation Rights Scheme providing certain employees with share appreciation rights (SAR's) over shares in Coyle Hamilton Willis Holdings Limited. The fair value of each SAR is estimated on the date of grant based on the expected appreciation value, adjusted to take into account a risk factor.

All SARs will vest and settle between April 2007 and April 2009. The settlement of these transactions will be made under the terms of the acquisition agreement between Willis Group Holdings Limited and Coyle Hamilton Holdings Limited which will not result in a direct cost to Coyle Hamilton Willis Holdings Limited or any subsidiary companies.

A summary of activity under the Scheme at 31 December 2006, and changes during the year is presented below.

	31/12/2006 Number of SAR's	31/12/2006 Weighted Average Fair Value	31/12/2005 Number of SAR's	31/12/2005 Weighted Average Fair Value
Outstanding at 1 January	153,500	€18.19	177,750	€18.19
Granted	204,000	€16.74	-	-
Exercised	-	-	-	-
Forfeited	(26,500)	€17.62	(24,250)	€18.19
Expired	-	-	-	-
Balance at 31 December	<u>331,000</u>	<u>€17.34</u>	<u>153,500</u>	<u>€18.19</u>

**26. COMPARATIVE AMOUNTS**

Comparative amounts have been restated to reflect the adoption of FRS 20 (Note 15).

**27. EVENTS AFTER THE BALANCE SHEET DATE**

Subsequent to the year end, the group entered into a 25 year lease on new premises in Barrow Street, Dublin 4 at a total annual rental cost of €1,663,000. The company offices are intended to be relocated to Barrow Street such that the lease on Barrow Street will replace existing commitments rather than being in addition to the current offices.

**28. APPROVAL OF FINANCIAL STATEMENTS**

The board of directors approved these financial statements on 19<sup>th</sup> April 2007.

