Jardine Matheson

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Press Release

www.jardines.com

To: Business Editor

26th July 2018

For immediate release

Jardine Lloyd Thompson Group plc
Interim Results for the Six Months ended 30th June 2018 (Unaudited)

The following announcement was issued today by the Company's 41%-owned associate, Jardine Lloyd Thompson Group plc.

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26 JULY 2018

JARDINE LLOYD THOMPSON GROUP PLC

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

Jardine Lloyd Thompson Group plc ("JLT" or the "Group") announces its interim results for the six months ended 30 June 2018.*

GROUP FINANCIAL HIGHLIGHTS

- Total revenue growth of 3% to £713.5m
- Organic revenue growth of 4%:
  - 4% in Specialty
  - 6% in Reinsurance
  - 4% in Employee Benefits
- Underlying** trading margin increased by 80 basis points from 15.8% to 16.6%
- Underlying** profit before tax increased by 10% to £108.8m
- Reported profit before tax decreased by 9% to £89.4m, reflecting the exceptional costs of the Global Transformation Programme
- Underlying** diluted earnings per share (EPS) rose 11% from 31.4p to 34.7p
- Reported diluted EPS decreased by 12% from 31.2p to 27.5p, reflecting the exceptional costs of the Global Transformation Programme
- Interim cash dividend of 12.7p, up 4.1%

* The Company's 2017 financial results have been restated following the implementation of IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), effective from 1 January 2018, and the Group's new segment reporting structure, in order to show prior year figures on a comparative basis. A restatement of the Full Year and Half Year 2017 financial results was published by the Company on 3 July 2018 and is available on the Company's website at http://www.jlt.com/investors.

** Underlying results exclude exceptional items.

BUSINESS HIGHLIGHTS

- The new leadership and management structure in Specialty is driving closer co-ordination and increasing global opportunities. Strong performances were delivered in Latin America, Australia and in the global Energy specialty.
- New business wins in Reinsurance across the UK, European and US markets were achieved, alongside the launch of JLT's next-generation economic capital modelling software, ANSER.
- Employee Benefits won several global mandates from large multi-national clients, accompanied by good organic revenue growth in Brazil and Asia. UK Employee Benefits remains on track to achieve a 15% trading margin in 2019.
- US Specialty delivered 17% organic revenue growth, and is on track to move into profit in 2019. The business now employs 380 people and continues to attract the best industry practitioners.
- The Global Transformation Programme delivered benefits of £6.1m in the period and remains on track to deliver annualised benefits of £40m by 2020 for a one-off cost of £45m.

Dominic Burke, Group Chief Executive, commented:

"The Group's results for the first six months of 2018 represent a robust trading performance. The strategic initiatives we are implementing are already generating tangible benefits for our clients and

for the Group. We are trading with real momentum as we move into the second half and we expect to report continued strong organic revenue growth and further financial progress for the full year."

ENQUIRIES:

Jardine Lloyd Thompson Group plc

Dominic Burke	Group Chief Executive	020 7558 3373
Charles Rozes	Group Finance Director	020 7558 3380
Paul Dransfield	Head of Investor Relations	020 7528 4933

Brunswick Group LLP

Tom Burns / Dania Saidam	020 7404 5959

A presentation to investors and analysts will take place at 9.00am today at The St Botolph Building, 138 Houndsditch, London, EC3A 7AW. A live webcast of the presentation can be viewed on the Group's website www.jlt.com.

INTERIM STATEMENT

JLT made significant progress in the first half of 2018, set against a global economic and insurance markets environment that remains inconsistent and unpredictable.

Total revenues increased by 3%, or 6% at constant rates of exchange (CRE), to £713.5m. The Group achieved organic revenue growth of 4%.

6 months to 30 June	Total Revenue					Underlying Trading Profit			Trading Margin		
£m	2018	2017	Growth	CRE	Organic	2018	CRE	2017	2018	CRE	2017
Specialty	408.3	392.9	4%	7%	4%	68.3	68.0	60.2	17%	16%	15%
Reinsurance	152.8	146.9	4%	6%	6%	49.1	48.5	43.8	32%	31%	30%
Employee Benefits	152.4	152.0	0%	4%	4%	18.6	20.7	21.7	12%	13%	14%
Head Office	-	-	-	-	-	(17.6)	(15.8)	(16.6)	-	-	-
Group	**713.5**	**691.8**	**3%**	**6%**	**4%**	**118.4**	**121.4**	**109.1**	**16.6%**	**16.5%**	**15.8%**

Notes:

- Total revenue comprises fees, commissions and investment income.
- CRE: Constant rates of exchange are calculated by translating 2018 results at 2017 exchange rates.
- Organic revenue growth is based on total revenue excluding the effect of currency, acquisitions, disposals and investment income.
- Underlying results exclude exceptional items.
- 2017 results have been restated for IFRS 15 and the new segment reporting structure.

JLT's Specialty business delivered a 4% increase in revenues to £408.3m, or 7% at CRE, with organic revenue growth of 4%. The trading margin in Specialty was 17%, an improvement on the prior year both on a reported and a CRE basis.

The Reinsurance business delivered revenue growth of 4%, or 6% on an organic revenue basis, to £152.8m. The trading margin in Reinsurance increased year-on-year from 30% to 32%.

Revenues within JLT's Employee Benefits business were £152.4m, increasing by 4% on an organic revenue basis or largely unchanged on a reported basis. The trading margin reduced year-on-year from 14% to 12%. This was largely due to the impact of the new revenue accounting standard, IFRS 15, on the phasing of profits and is expected to unwind in the second half of 2018 as explained in the 'Employee Benefits' section below.

For the Group, the negative impact of foreign exchange movements, most of which was translational, impacted revenue growth in the period by 300 basis points.

6 months to 30 June		
£m	2018	2017*
Underlying trading profit	**118.4**	109.1
Underlying share of associates	2.5	2.1
Net finance costs	(12.1)	(12.0)
Underlying profit before taxation	**108.8**	99.2
Exceptional items	(19.4)	(0.9)
Profit before taxation	**89.4**	98.3
Underlying tax expense	(29.5)	(29.3)
Tax on exceptional items	3.6	0.3
Underlying non-controlling interests	(4.3)	(2.4)
Non-controlling interests on exceptional items	0.3	0.3
Profit after taxation and non-controlling interests	**59.5**	67.2
Underlying profit after taxation and non-controlling interests	**75.0**	67.5
Diluted earnings per share	**27.5p**	31.2p
Underlying diluted earnings per share	**34.7p**	31.4p
Interim dividend per share	**12.7p**	12.2p

*2017 results have been restated for IFRS 15.

Group underlying trading profit increased by 9% to £118.4m, or 11% at CRE. Underlying profit before tax increased by 10% to £108.8m.

The underlying trading margin increased to 16.6%, up from 15.8% in the first half of 2017.

The Group's reported profit before tax was £89.4m, compared with £98.3m for the same period in 2017. This decrease reflects the exceptional costs of the Global Transformation Programme. Underlying EPS increased by 11%, to 34.7p.

DIVIDENDS

The Board has declared an increased interim dividend of 12.7p per share for the period ended 30 June 2018 (2017: 12.2p), which will be paid on 3 October 2018 to shareholders on the register at 24 August 2018.

OPERATIONAL REVIEW

The Group now operates as three global trading businesses: Specialty, Reinsurance and Employee Benefits.

SPECIALTY

6 months to 30 June			Growth		
£m	2018	2017	Reported	CRE	Organic
Revenue	408.3	392.9	4%	7%	4%
Underlying Cost	(340.0)	(332.7)	2%	6%	
Underlying Trading Profit	68.3	60.2	13%	13%	
Underlying Trading Margin	17%	15%			
CRE	16%				

Notes:

- CRE: Constant rates of exchange are calculated by translating 2018 results at 2017 exchange rates.
- Underlying results exclude exceptional items.
- 2017 results have been restated for IFRS 15 and the new segment reporting structure.

JLT's Specialty business performed well during its first period under the new leadership and management structure, achieving organic revenue growth of 4%.

Specialty's underlying trading profit grew by 13% to £68.3m, with 7% revenue growth at CRE. This was underpinned by the continued reduction of net investment losses in US Specialty and the delivery of benefits from the Global Transformation Programme.

The US Specialty business delivered organic revenue growth of 17% and recorded total revenues of US$60m for the period. The business is successfully integrating International Risk Consultants, the specialist Credit and Political Risk broker acquired in February 2018. A number of important hires were also made in the period across US Specialty, bringing the total number of employees to 380, a headcount increase of 75 since the 2017 half year.

During the period, the US Specialty net investment loss was US$11m, compared to US$17m at the same time last year. As previously guided, the Group expects that total US Specialty net investment losses will be approximately US$100m and that the business will move into profit in 2019. The US Specialty build-out will continue to focus on continuing organic development, complemented by compatible acquisitions.

Within Asia Pacific, Australia returned to organic revenue growth, achieving good business wins across Energy, Power, Sport and Analytical and Consulting Services.

In May 2018, the Group acquired OWL Marine Insurance Brokers, based in Hamburg, strengthening JLT's Global Marine specialty. The transaction complements the acquisition of Belgibo, the Belgian specialty broker, in 2017 and further reinforces JLT's representation in Continental Europe.

REINSURANCE

6 months to 30 June				Growth	
£m	2018	2017	Reported	CRE	Organic
Revenue	152.8	146.9	4%	6%	6%
Underlying Cost	(103.7)	(103.1)	1%	4%	
Underlying Trading Profit	49.1	43.8	12%	11%	
Underlying Trading Margin	32%	30%			
CRE	31%				

Notes:
- CRE: Constant rates of exchange are calculated by translating 2018 results at 2017 exchange rates.
- Underlying results exclude exceptional items.
- 2017 results have been restated for IFRS 15 and the new segment reporting structure.

JLT's Reinsurance business achieved strong organic revenue growth of 6%, with notable new business successes in the UK, European and US operations. Coupled with the delivery of benefits from the Global Transformation Programme, this resulted in underlying trading profit growth of 11% at CRE.

The business secured many new client wins in the period and also increased hiring, most notably in Cyber, Trade Credit and Analytics.

Reinsurance has successfully launched its next-generation economic capital modelling software under the ANSER brand, which has been well received by existing and prospective clients. This further enhances JLT's standing in the industry, while reinforcing its record of creating innovative client solutions.

EMPLOYEE BENEFITS

6 months to 30 June			Growth		
£m	2018	2017	Reported	CRE	Organic
Revenue	152.4	152.0	0%	4%	4%
Underlying Cost	(133.8)	(130.3)	3%	5%	
Underlying Trading Profit	18.6	21.7	(15%)	(5%)	
Underlying Trading Margin	12%	14%			
CRE	13%				

Notes:

- CRE: Constant rates of exchange are calculated by translating 2018 results at 2017 exchange rates.
- Underlying results exclude exceptional items.
- 2017 results have been restated for IFRS 15 and the new segment reporting structure.

JLT's Employee Benefits business achieved both CRE and organic revenue growth of 4%, although the negative impact of foreign exchange movements on international revenues resulted in reported revenue being flat overall.

JLT's international Employee Benefits businesses recorded significant organic revenue growth in the period, maintaining the momentum achieved in the second half of 2017.

The international sales team continued its record of successes with wins of multi-national clients, including one of the world's largest pharmaceutical companies.

Organic revenue growth of 4% in Employee Benefits did not translate into headline profit growth at the half year. In addition to foreign exchange rate movements, this was due to the variability introduced by the new revenue accounting standard adopted at the start of 2018. As explained in the Group's 2017 results restatement announcement dated 3 July 2018, IFRS 15 requires deferral of some revenues and costs, which can move profits across balance sheet dates. This has a particular effect on UK Employee Benefits due to the nature of its client contracts. This negative half year phasing is expected to unwind in the second half of the year and Employee Benefits is expected to achieve profit growth for the full year. The UK Employee Benefits business remains on track to achieve a 15% trading margin in 2019.

During the period, the business completed the substantial preparatory work necessary for it to start providing the actuarial, administration and documentation services to Lloyds Banking Group in respect of its Scottish Widows and Clerical Medical final salary pension clients. This is a portfolio of over 800 defined benefit pension and specialist schemes. The business also completed the acquisition of Chartwell Healthcare, making JLT one of the leading providers of Group Risk and Health services to mid-market clients in the UK.

ASSOCIATES

The Group's income from its Associates increased by £0.4m to £2.5m.

OPERATING COSTS

During the first half of 2018, the Group's underlying operating expenses, excluding exceptional items, increased by £12.4m, or 2%, to £595.1m. Operating expenses included a favourable foreign exchange impact of £18.0m, or 3%, and benefits from the delivery of the Global Transformation Programme of £6.1m, or 1%.

There was a net increase in costs of £7.5m (1%) from acquisitions and disposals, primarily relating to the acquisitions of Belgibo, CRP and IRC in Specialty which added £9.0m of operating expenses. This was partly offset by the disposal of Expacare and Peru Affinity in 2017. The overall organic growth in the Group's cost base, excluding benefits from the Global Transformation Programme, was £22.8m, or 4%.

The Group will continue to invest in the business, but remains focused on ensuring that costs and trading margins are well-managed as the Group continues to grow. Continued delivery of the benefits from the Global Transformation Programme, further details of which are set out below, will be a significant contributor in delivering operating leverage and enhancing the trading margin.

GLOBAL TRANSFORMATION PROGRAMME

The Global Transformation Programme achieved a total of £6.1m of cost savings in the first half of 2018, and is on track to deliver the benefits that were previously advised for the full year, as set out below. The programme generated an uplift in the Group trading margin of 85 basis points in the period and the Group expects to see further trading profit margin expansion as the programme continues to deliver benefits.

£m	Cost to achieve*	Incremental Benefit	Annualised Benefit
2018	33	16	16
2019	12	19	35
2020	-	5	40

* Treated as exceptional items.

The table below provides a breakdown of the benefits achieved in each business during the period, together with the approximate proportion of the programme's total annualised benefits to be delivered by each business over the programme period.

Business	Benefit in H1 2018 £m	Programme split by 2020 (approximation)
Specialty	3.7	55%
Reinsurance	1.7	20%
Employee Benefits	0.7	25%
Total	**6.1**	**100%**

EXCEPTIONAL ITEMS

Net exceptional items in the first half totalled £19.4m, principally driven by Global Transformation Programme expenditure of £17.0m at the half year with a further £16.0m anticipated to be charged in the second half of 2018.

BALANCE SHEET AND FUNDING

Implementation of the new revenue recognition standard, IFRS 15, effective from 1 January 2018, resulted in the 1 January 2017 retained earnings being restated with a reduction of £38.2m due to a re-phasing of profits as a consequence of the new rules. IFRS 9 ('Financial Instruments') also became effective from 1 January 2018 resulting in a £0.7m reduction to 1 January 2018 retained earnings due to the revised impairment approach for trade receivables under the new standard.

The net assets of the Group decreased by £15m, from £356m at the 2017 financial year end, as restated for IFRS 15. The key movements were:

- Goodwill and intangibles increased by £30m principally as a result of completed acquisitions for IRC, Chartwell and OWL Marine Insurance Brokers;
- Mark to market adjustments decreasing derivative fair values by £16m, net of deferred tax;
- An increase in the pension liability of £8m, net of deferred tax, mainly due to changes in actuarial assumptions and methodology arising from the triennial valuation partially offset by positive economic changes; and

- Working capital, which for balance sheet presentation includes working capital acquired, taxation and provisions, increased by £62m.

Net debt, defined as own funds, less total borrowings net of transaction costs, was £593m (30 June 2017: £565m). The Net Debt to EBITDA ratio remained at similar levels to the same period last year, at 2.2:1 (2017: 2.1:1) on a reported basis and 1.9:1 (2017: 1.8:1) on a bank covenant basis.

As at 30 June 2018, the Group had long-term credit facilities totalling approximately £1bn. This comprised the private placement loan note programmes of US$458m and £75m, with a maturity profile extending to 2029, and the committed revolving credit facilities (RCF) totalling £500m, which are provided by the Group's relationship banks and mature in 2022. Utilisation of the RCF stood at £323m leaving unutilised headroom of £177m (31 December 2017: £229m), as June is historically the high point during the year for the Group's net debt seasonality.

CASH FLOW

6 months to 30 June		
£m	**2018**	**2017**
EBITDA	145*	147
Net interest	(6)	(6)
Working capital	(82)	(82)
Annual capex	(24)	(32)
Operational free cash flow	**33**	**27**
Dividends paid	(48)	(45)
Tax paid	(21)	(17)
Net shares acquired	(19)	(15)
Other	(1)	(2)
Net cash inflow/(outflow) excl acq/disp	**(56)**	**(52)**
Acquisitions / disposals	(29)	(40)
Net cash (outflow) / inflow	**(85)**	**(92)**

Notes:
* Includes £15m Global Transformation Programme cash charges.
- 2017 has been restated for IFRS 15.

The Group primarily monitors operational cash flows, which report cash and net debt movements but exclude fiduciary funds; statutory cash flows include movements in fiduciary funds. The net cash outflow in the period was £85m, of which £29m was in relation to acquisitions and disposals. Annual capex was £24m, reduced on 2017, driven by lower expenditure on software with other cash flows at similar levels to prior periods.

EBITDA in the period was £145m, which included the cash amount of the Global Transformation Programme exceptional costs. Excluding this cash outflow of £15m, EBITDA was approximately £160m.

FOREIGN EXCHANGE

Foreign exchange movements across the Group reduced underlying profit before tax by £2.8m to £108.8m in the first half of 2018.

Foreign exchange rates remain volatile and are expected to be so as a result of Brexit-related events, as well as other macroeconomic and geopolitical developments. The Group continues to adopt a hedging strategy to mitigate transactional currency exposures.

BOARD AND SENIOR MANAGEMENT DEVELOPMENTS

As announced in March 2018, Lynne Peacock was appointed as a Non-Executive Director and joined the Board on 1 May 2018.

Derek Walsh was appointed as Group General Counsel and joined the Group Executive Committee on 4 June 2018.

OUTLOOK

The perennial softness the industry experienced in recent years would seem to have ceased, but it has not been replaced by any consistent hardening. This 'traders' market', as we described the evolving market conditions in February, plays to JLT's strengths. Turns in the insurance cycle have traditionally been led by the reinsurance sector. However, it is in the retail segment where JLT is seeing some rates rise, and in some cases, rise substantially, for particularly heavily loss affected lines or geographies. Conversely, there are many areas of the market in which conditions have not hardened at all, and attractive risks are often still able to secure material rate reductions. Across all of the market conditions in which we operate, JLT continues to improve its business and its propositions to clients.

The results for the first 6 months of 2018 demonstrate the steady progress JLT is making as it implements the decisions from last year's strategy re-examination. The Group is trading with real momentum as it moves into the second half and expects to report continued strong organic revenue growth and further financial progress for the full year.

(LEI Number: 213800XRWB6SDDCZZ434)

CONSOLIDATED INCOME STATEMENT

Unaudited Interim Results for the six months ended 30 June 2018

	Notes	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 Restated £'000
Fees and commissions	2	**708,678**	688,738
Investment income	2	**4,806**	3,021
Total revenue	2	**713,484**	691,759
Salaries and associated expenses		**(448,874)**	(424,502)
Premises		**(36,268)**	(35,564)
Other operating costs		**(108,755)**	(106,862)
Depreciation, amortisation and impairment charges		**(16,675)**	(16,668)
Impairment loss on financial assets		**(3,900)**	-
Operating profit	1,2,3	**99,012**	108,163
Analysed as:			
Operating profit before exceptional items	1,2	**118,385**	109,054
Acquisition and integration costs	3	**(793)**	(1,022)
Restructuring costs	3	**(16,996)**	-
Other exceptional items	3	**(1,584)**	131
Operating profit	1,2,3	**99,012**	108,163
Finance costs		**(13,497)**	(13,520)
Finance income		**1,389**	1,567
Finance costs - net		**(12,108)**	(11,953)
Share of results of associates		**2,549**	2,051
Profit before taxation	1,2	**89,453**	98,261
Income tax expense	4	**(25,873)**	(28,951)
Profit for the period		**63,580**	69,310
Profit attributable to:			
Owners of the parent	2	**59,509**	67,163
Non-controlling interests		**4,071**	2,147
		63,580	69,310
Earnings per share attributable to the owners of the parent during the period (expressed in pence per share)			
Basic earnings per share	5	**28.1p**	31.9p
Diluted earnings per share	5	**27.5p**	31.2p

The notes on pages 14 to 47 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited Interim Results for the six months ended 30 June 2018

	Notes	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 Restated £'000
Profit for the period		**63,580**	69,310
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	22	**(7,579)**	25,446
Taxation thereon		**1,375**	(4,774)
Total items that will not be reclassified to profit or loss		**(6,204)**	20,672
Items that may be reclassified subsequently to profit or loss			
Fair value (losses)/gains net of tax:			
- available-for-sale		**-**	35
- cash flow hedges		**(11,078)**	39,639
Currency translation differences		**(2,619)**	(22,854)
Total items that may be reclassified subsequently to profit or loss		**(13,697)**	16,820
Other comprehensive (expense)/income net of tax		**(19,901)**	37,492
Total comprehensive income for the period		**43,679**	106,802
Attributable to:			
Owners of the parent		**40,779**	105,884
Non-controlling interests		**2,900**	918
		43,679	106,802

The notes on pages 14 to 47 form an integral part of these consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET

Unaudited Interim Results as at 30 June 2018

	Notes	As at 30 June 2018 £'000	As at 30 June 2017 Restated £'000	As at 31 Dec 2017 Restated £'000
NET OPERATING ASSETS				
Non-current assets				
Goodwill	7	**604,569**	571,100	577,778
Other Intangible assets		**112,928**	107,364	108,954
Property, plant and equipment		**67,063**	66,030	68,645
Investments in associates	2	**53,047**	53,401	53,055
Available-for-sale financial assets	8,15	**-**	17,343	16,858
Other financial assets at fair value through other comprehensive income	8,15	**8,623**	-	-
Other financial assets at fair value through profit or loss	8,15	**4,890**	-	-
Other financial assets at amortised costs	8,15	**11,478**	-	-
Derivative financial instruments	9	**77,759**	92,641	82,569
Trade and other receivables	10	**22,114**	20,993	21,609
Contract assets	13	**33,120**	17,488	18,249
Retirement benefit surpluses	22	**337**	125	92
Deferred tax assets		**55,280**	54,112	63,751
		1,051,208	1,000,597	1,011,560
Current assets				
Trade and other receivables	10	**536,200**	507,154	495,725
Contract assets	13	**69,611**	66,031	68,576
Current tax assets		**20,612**	-	-
Derivative financial instruments	9	**6,155**	8,667	5,545
Available-for-sale financial assets	8,15	**-**	124,193	115,080
Other financial assets at amortised costs	8,15	**138,362**	-	-
Held-for-sale financial assets	8	**193**	-	189
Cash and cash equivalents	11,15	**1,043,365**	965,764	1,015,087
		1,814,498	1,671,809	1,700,202
Current liabilities				
Borrowings	15,16	**(19,129)**	(51,093)	(19,226)
Trade and other payables	12	**(1,281,554)**	(1,150,288)	(1,212,988)
Contract liabilities	14	**(59,303)**	(52,136)	(60,392)
Derivative financial instruments	9	**(9,465)**	(17,873)	(10,265)
Current tax liabilities		**(18,366)**	(14,332)	(10,290)
Provisions for liabilities and charges	17	**(11,962)**	(12,695)	(6,865)
		(1,399,779)	(1,298,417)	(1,320,026)
Net current assets		**414,719**	373,392	380,176
Non-current liabilities				
Borrowings	15,16	**(746,651)**	(696,087)	(690,872)
Trade and other payables	12	**(52,056)**	(52,178)	(49,475)
Contract liabilities	14	**(27,261)**	(27,868)	(27,278)
Derivative financial instruments	9	**(100,522)**	(96,878)	(85,516)
Deferred tax liabilities		**(17,351)**	(7,898)	(11,773)

	Notes	As at 30 June 2018 £'000	As at 30 June 2017 Restated £'000	As at 31 Dec 2017 Restated £'000
Retirement benefit obligations	22	**(179,458)**	(175,679)	(169,376)
Provisions for liabilities and charges	17	**(1,616)**	(1,798)	(1,549)
		(1,124,915)	(1,058,386)	(1,035,839)
		341,012	315,603	355,897
TOTAL EQUITY				
Capital and reserves attributable to the owners of the parent				
Ordinary shares		**11,008**	11,008	11,008
Share premium	18	**104,111**	104,111	104,111
Fair value and hedging reserves	18	**(1,869)**	(14,779)	9,290
Exchange reserves	18	**47,515**	61,936	48,963
Retained earnings		**163,580**	135,171	163,072
Shareholders' equity		**324,345**	297,447	336,444
Non-controlling interests		**16,667**	18,156	19,453
		341,012	315,603	355,897

The notes on pages 14 to 47 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Interim Results for the six months ended 30 June 2018

	Notes	Ordinary shares £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Balance at 31 December 2017		**11,008**	**162,005**	**204,781**	**377,794**	**19,911**	**397,705**
Change in accounting policy in respect of IFRS 15	25	-	359	(41,709)	**(41,350)**	(458)	**(41,808)**
Balance at 31 December (restated)		**11,008**	**162,364**	**163,072**	**336,444**	**19,453**	**355,897**
Change in accounting policy in respect of IFRS 9	25	-	(81)	(646)	**(727)**	(20)	**(747)**
Balance at 1 January 2018 (restated)		**11,008**	**162,283**	**162,426**	**335,717**	**19,433**	**355,150**
Profit for the period		-	-	59,509	**59,509**	4,071	**63,580**
Other comprehensive expense for the period		-	(12,526)	(6,204)	**(18,730)**	(1,171)	**(19,901)**
Total comprehensive income for the period		**-**	**(12,526)**	**53,305**	**40,779**	**2,900**	**43,679**
Dividends	6	-	-	(47,134)	**(47,134)**	(4,388)	**(51,522)**

	Notes	Ordinary shares £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Amounts in respect of share based payments:							
- reversal of amortisation net of tax		-	-	14,163	**14,163**	-	**14,163**
- shares acquired		-	-	(19,132)	**(19,132)**	-	**(19,132)**
Acquisitions		-	-	-	**-**	(1,402)	**(1,402)**
Disposals		-	-	-	**-**	124	**124**
Change in non-controlling interests		-	-	(48)	**(48)**	-	**(48)**
Balance at 30 June 2018		**11,008**	**149,757**	**163,580**	**324,345**	**16,667**	**341,012**

	Notes	Ordinary shares £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 January 2017		11,008	133,219	183,919	328,146	22,764	350,910
Change in accounting policy in respect of IFRS 15	25	-	-	(38,153)	(38,153)	(450)	(38,603)
Balance at 1 January 2017 (restated)		11,008	133,219	145,766	289,993	22,314	312,307
Profit for the period (restated)		-	-	67,163	67,163	2,147	69,310
Other comprehensive income/(expense) for the period (restated)		-	18,049	20,672	38,721	(1,229)	37,492
Total comprehensive income/(expense) for the period (restated)		-	18,049	87,835	105,884	918	106,802
Dividends	6	-	-	(44,280)	(44,280)	(6,223)	(50,503)
Amounts in respect of share based payments:							
- reversal of amortisation net of tax		-	-	14,145	14,145	-	14,145
- shares acquired		-	-	(15,009)	(15,009)	-	(15,009)
Acquisitions		-	-	-	-	1,926	1,926
Change in non-controlling interests		-	-	(53,286)	(53,286)	(779)	(54,065)
Balance at 30 June 2017 (restated)		11,008	151,268	135,171	297,447	18,156	315,603

The notes on pages 14 to 47 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited Interim Results for the six months ended 30 June 2018

	Notes	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 Restated £'000
Cash flows from operating activities			

	Notes	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 Restated £'000
Cash generated from operations	19	**60,215**	64,463
Interest paid		**(7,986)**	(7,518)
Interest received		**7,002**	4,330
Taxation paid		**(21,140)**	(16,647)
Increase in net insurance broking payables		**85,200**	28,248
		123,291	72,876
Dividend received from associates		**2,222**	1,030
Net cash generated from operating activities		**125,513**	73,906
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,780)**	(9,096)
Purchase of other intangible assets		**(19,086)**	(23,947)
Proceeds from disposal of property, plant and equipment		**208**	750
Proceeds from disposal of other intangible fixed assets		**-**	122
Acquisition of businesses, net of cash acquired	20	**(22,841)**	(32,131)
Acquisition of associates		**-**	(89)
Proceeds from disposal of businesses, net of cash disposed		**-**	1,601
Purchase of fair value through other comprehensive income financial assets	8	**(2,264)**	-
Purchase of fair value through profit or loss financial assets	8	**(20)**	-
Net cash (used) in investing activities		**(48,783)**	(62,790)
Cash flows from financing activities			
Dividends paid to owners of the parent		**(48,375)**	(44,620)
Purchase of available-for-sale financial assets	8	**-**	(119,467)
Purchase of other financial assets at amortised costs	8	**(144,179)**	-
Proceeds from disposal of available-for-sale financial assets	8	**-**	117,133
Proceeds from disposal of other financial assets at amortised costs	8	**114,851**	-
Purchase of shares		**(19,132)**	(15,009)
Proceeds from borrowings		**57,211**	95,749
Repayments of borrowings		**(1,652)**	(1,981)
Dividends paid to non-controlling interests		**(4,388)**	(6,223)
Net cash (used)/generated in financing activities		**(45,664)**	25,582
Net increase in cash and cash equivalents		**31,066**	36,698
Cash and cash equivalents at beginning of period		**1,015,087**	939,945

	Notes	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 Restated £'000
Exchange losses on cash and cash equivalents		**(2,788)**	(10,879)
Cash and cash equivalents at end of period		**1,043,365**	965,764

The notes on pages 14 to 47 form an integral part of these consolidated interim financial statements.

NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2018

BASIS OF ACCOUNTING

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 *Interim financial reporting* (IAS 34) as adopted by the European Union.

The Group has considerable financial resources and a geographically diversified business and as a consequence, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing these interim results.

These financial statements should be read in conjunction with the consolidated statutory accounts of the Group for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the Board of Directors on 28 February 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have been reviewed, not audited.

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2017, except for the adoption of IFRS 9 *Financial instruments* and IFRS 15 *Revenue from Contract with Customers*. The impact of the adoption of these standards and the new accounting policies are disclosed in note 25.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

Full details of the audited accounts and accounting policies for the year ended 31 December 2017 are available at www.jlt.com

1. ALTERNATIVE INCOME STATEMENT

The format of the consolidated income statement on page 9 conforms to the requirements of IFRS. The alternative income statement set out below, which is provided by way of additional information, has been prepared on a basis that conforms more closely to the approach adopted by the Group in assessing its performance. The statement provides a reconciliation between the underlying results used by the Group to assess performance and the IFRS income statement.

6 months ended 30 June 2018	Underlying profit £'000	Exceptional items £'000	Total £'000
Fees and commissions	**708,678**	-	**708,678**
Investment income	**4,806**	-	**4,806**

Salaries and associated expenses	**(432,283)**	(16,591)	**(448,874)**
Premises	**(36,074)**	(194)	**(36,268)**
Other operating costs	**(106,167)**	(2,588)	**(108,755)**
Depreciation, amortisation and impairment charges	**(16,675)**	-	**(16,675)**
Impairment loss on financial assets	**(3,900)**	-	**(3,900)**
Trading profit	**118,385**	**(19,373)**	**99,012**
Finance costs - net	**(12,108)**	-	**(12,108)**
Share of results of associates	**2,549**	-	**2,549**
Profit before taxation	**108,826**	**(19,373)**	**89,453**

6 months ended 30 June 2017 (restated)	**Underlying profit £'000**	**Exceptional items £'000**	**Total £'000**
Fees and commissions	688,738	-	688,738
Investment income	3,021	-	3,021
Salaries and associated expenses	(423,470)	(1,032)	(424,502)
Premises	(35,529)	(35)	(35,564)
Other operating costs	(107,038)	176	(106,862)
Depreciation, amortisation and impairment charges	(16,668)	-	(16,668)
Trading profit	109,054	(891)	108,163
Finance costs - net	(11,953)	-	(11,953)
Share of results of associates	2,051	-	2,051
Profit before taxation	99,152	(891)	98,261

2. SEGMENT INFORMATION

Management has determined its operating segments based on the analysis used to make strategic decisions.

BUSINESS SEGMENT ANALYSIS

The Group has been restructured into three global trading divisions each operating on a worldwide basis, Specialty, Reinsurance and Employee Benefits, and Head Office & Other. These segments are consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee.

The Specialty segment comprises JLT's global specialist, wholesale, personal lines and SME activities. The Reinsurance segment comprises JLT's global reinsurance and captives management activities. The Employee Benefits segment consists of pension administration, outsourcing and employee benefits consultancy, healthcare and wealth management activities. The Head Office & Other segment consists mainly of holding companies, central administration functions, the Group's captive insurance companies and the Group's investments in associates. Prior period numbers have been restated to reflect the new operating structure.

SEGMENT RESULTS

Management assesses the performance of the operating segments based upon a measure of underlying trading profit. Segment results include the net income or expense derived from the trading activities of the segment together with the investment income earned on fiduciary funds. Interest income on the Group's own funds and finance costs are excluded since the trading activities of the Group's primary segments are not of a financial nature. Income tax expense and the charge in respect of non-controlling interests are excluded from the segmental allocation.

SEGMENT ASSETS AND LIABILITIES

Assets and liabilities are not allocated to individual segments and are therefore all reported within Head Office & Other.

INVESTMENTS IN ASSOCIATES

The Group owns the following stakes in its principal associates: 20% of GrECo, which operates mainly in Austria and Eastern Europe; 25% of

MAG JLT, which operates mainly in Italy and 25% of March-JLT, which operates mainly in Spain. The investment and the Group's share of the net results of these associates are included in the Head Office & Other segment, together with the investment and results of the Group's other associates, JLT Insurance Management Malta, JLT Energy (France) SAS and JLT Independent Insurance Brokers Private Ltd.

On 20 December 2017, the Group disposed of its 35.5% stake in its Mexican associate, Sterling Re Intermediaro de Reaseguro SA de CV. The disposal is subject to certain conditions that are in the process of being completed.

OTHER SEGMENT ITEMS

Capital expenditure comprises additions to property, plant and equipment and other intangible assets.

BUSINESS CYCLICALITY

From an overall perspective, given the inherent nature and geographical spread of the Group's operations, whilst there may be an element of period on period phasing of revenue and profits, the business is not considered to be significantly cyclical between each half year period.

6 months ended 30 June 2018	**Specialty £'000**	**Reinsurance £'000**	**Employee Benefits £'000**	**Head Office & Other £'000**	**Total £'000**
Fees and commissions	404,745	151,546	152,387	-	**708,678**
Investment income	3,510	1,266	30	-	**4,806**
Total revenue	408,255	152,812	152,417	-	**713,484**
Underlying trading profit	**68,294**	**49,099**	**18,572**	**(17,580)**	**118,385**
Operating profit	59,273	44,968	12,850	(18,079)	**99,012**
Finance costs - net				(12,108)	**(12,108)**
Share of results of associates				2,549	**2,549**
Profit before taxation	**59,273**	**44,968**	**12,850**	**(27,638)**	**89,453**
Income tax expense				(25,873)	**(25,873)**
Non-controlling interests				(4,071)	**(4,071)**
Net profit attributable to the owners of the parent	**59,273**	**44,968**	**12,850**	**(57,582)**	**59,509**
Segment assets				2,812,659	**2,812,659**
Investments in associates				53,047	**53,047**
Total assets				**2,865,706**	**2,865,706**
Segment liabilities				(2,524,694)	**(2,524,694)**
Total liabilities				**(2,524,694)**	**(2,524,694)**
Other segment items:					
Capital expenditure	11,912	2,071	4,752	5,131	**23,866**
Depreciation, amortisation and impairment charges	(10,014)	(2,543)	(6,684)	(5,805)	**(25,046)**

6 months ended 30 June 2017 (restated)	**Specialty £'000**	**Reinsurance £'000**	**Employee Benefits £'000**	**Head Office & Other £'000**	**Total £'000**
Fees and commissions	390,491	146,247	152,000	-	688,738
Investment income	2,390	594	37	-	3,021
Total revenue	392,881	146,841	152,037	-	691,759
Underlying trading profit	60,182	43,717	21,730	(16,575)	109,054
Operating profit	58,302	43,600	22,838	(16,577)	108,163
Finance costs - net				(11,953)	(11,953)

Share of results of associates				2,051	2,051
Profit before taxation	58,302	43,600	22,838	(26,479)	98,261
Income tax expense				(28,951)	(28,951)
Non-controlling interests				(2,147)	(2,147)
Net profit attributable to the owners of the parent	58,302	43,600	22,838	(57,577)	67,163
Segment assets				2,619,005	2,619,005
Investments in associates				53,401	53,401
Total assets				2,672,406	2,672,406
Segment liabilities				(2,356,803)	(2,356,803)
Total liabilities				(2,356,803)	(2,356,803)
Other segment items:					
Capital expenditure	11,627	3,140	11,549	6,727	33,043
Depreciation, amortisation and impairment charges	(10,401)	(2,290)	(4,765)	(6,757)	(24,213)

3. OPERATING PROFIT

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

	6 months ended 30 June 2018 £'000	**6 months ended 30 June 2017 £'000**
Foreign exchange losses/(gains):		
- fees and commissions	286	17,525
- other operating costs	954	(1,745)
	1,240	15,780
Amortisation of other intangible assets:		
- software costs	8,893	8,997
- other intangible assets	1,711	1,423
Depreciation on property, plant and equipment	6,071	6,248
Total depreciation, amortisation and impairment charges	**16,675**	16,668
Amortisation of other intangible assets:		
- employment contract payments (included in salaries and associated expenses)	8,371	7,545
Gains on disposal of property, plant and equipment	(92)	(11)
Fair value losses/(gains) on derivative financial instruments	1,083	(371)
Available-for-sale and held-for-sale assets:		
- Fair value (gains)/losses	(4)	122
Exceptional items:		
Acquisition and integration costs of which:		
- included in salaries and associated expenses	60	606
- included in premises costs	2	7
- included in other operating costs	731	409
	793	1,022
Restructuring costs of which:		
- included in salaries and associated expenses	16,531	-

- included in premises costs	192	-
- included in other operating costs	273	-
	16,996	-
Net gains on disposal of businesses of which:		
- included in salaries and associated expenses	-	426
- included in premises costs	-	28
- included in other operating costs	-	(1,340)
	-	(886)
Net litigation costs	1,640	-
Release of contingent consideration	(56)	(464)
Fair value losses on available-for-sale financial assets	-	1,375
Additional deferred consideration received on a disposal of a business	-	(156)
Total exceptional items included within operating profit	**19,373**	891

4. INCOME TAX EXPENSE

	6 months ended 30 June 2018 £'000	**6 months ended 30 June 2017 Restated £'000**
Current tax expense		
Current period	9,523	22,094
Adjustments in respect of prior periods	(853)	(756)
	8,670	21,338
Deferred tax expense		
Origination and reversal of temporary differences	17,330	6,363
Reduction in tax rate	129	515
Adjustments in respect of prior periods	(256)	735
	17,203	7,613
Total income tax expense	**25,873**	28,951

The total income tax expense in the income statement of £25,873,000 (2017: £28,951,000) includes a tax credit on exceptional items of £3,607,000 (2017: £272,000). There were no non-recurring tax credits in the period.

The headline rate of UK corporation tax is currently 19%, this will reduce to 17% from 1 April 2020. As at 30 June 2018, the rate reduction to 17% from April 2020 has been enacted. The impact of the rate reduction to 17% has been incorporated into the income tax charge for the 6 months ended 30 June 2018, taking into consideration when temporary differences are expected to reverse.

As explained in note 25, prior period balances have been restated for IFRS 15, resulting in the recognition of higher deferred tax balances. As IFRS 15 or equivalent local standards have been recognised in local tax bases in 2018 some of those timing differences have reversed resulting in lower current tax and reversal of deferred tax temporary difference.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	6 months ended 30 June 2018 £'000	**6 months ended 30 June 2017 Restated**

		£'000
Profit before taxation	**89,453**	98,261
Tax calculated at UK Corporation Tax rate of 19.0% (2017: 19.25%)	16,996	18,915
Non-deductible expenses	2,626	3,820
Non recognition of tax losses	1,553	2,422
Other*	-	(953)
Adjustments in respect of prior periods	(1,109)	(19)
Effect of difference between UK and non-UK tax rates	6,162	4,648
Effect of reduction in tax rate	129	515
Tax on associates	(484)	(397)
Total income tax expense	**25,873**	28,951

* Other includes the non-taxable (gain)/loss on disposal of subsidiaries

5. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit attributable to shareholders by the sum of the weighted average number of ordinary shares in issue during the year and the vested share options eligible for discretionary dividend equivalents, excluding unallocated shares held by the Trustees of the Employees' Share Ownership Plan Trust, which are treated as treasury shares. The profit attributable to shareholders is the profit attributable to the owners of the parent adjusted for the dividend equivalents and undistributed earnings attributable to the unvested share options carrying unconditional dividend equivalent rights.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue to take account of the potential dilutive effect of outstanding share options.

Basic and diluted EPS are also calculated based on underlying earnings attributable to shareholders, which exclude any exceptional items.

A reconciliation of earnings is set out below:

	As at 30 June 2018	**As at 30 June 2017**
	No. of shares	**No. of shares**
Weighted average number of shares	211,781,704	210,691,298
Effect of outstanding share options	4,385,374	4,388,282
Adjusted weighted average number of shares	**216,167,078**	215,079,580

	6 months ended 30 June 2018				
	£'000	**£'000**	**£'000**	**Pence**	**Pence**
	Earnings	**Adjustments[2]**	**Adjusted earnings for basic earnings per share**	**Basic earnings per share**	**Diluted earnings per share**
Underlying profit after taxation and non-controlling interests[1]	**75,055**	**(29)**	**75,026**	**35.4**	**34.7**
Exceptional items before tax	(19,373)				
Taxation thereon	3,607				
Non-controlling interests thereon	220				
	(15,546)	**6**	**(15,540)**	**(7.3)**	**(7.2)**
Profit attributable to the owners of the parent	**59,509**	**(23)**	**59,486**	**28.1**	**27.5**

	6 months ended 30 June 2017 (restated)				
	£'000	£'000	£'000	Pence	Pence
	Earnings	Adjustments[2]	Adjusted earnings for basic earnings per share	Basic earnings per share	Diluted earnings per share
Underlying profit after taxation and non-controlling interests[1]	67,500	(50)	67,450	32.0	31.4
Exceptional items before tax	(891)				
Taxation thereon	272				
Non-controlling interests thereon	282				
	(337)	-	(337)	(0.1)	(0.2)
Profit attributable to the owners of the parent	67,163	(50)	67,113	31.9	31.2

[1] Underlying excludes exceptional items.

[2] Adjustments related to the dividends and undistributed earnings on unvested share options carrying dividend equivalent rights.

6. DIVIDENDS

	6 months ended 30 June 2018	6 months ended 30 June 2017
	£'000	£'000
Final dividend in respect of 2017 of 21.8p per share (2016: 20.6p)	**47,134**	44,280

An interim dividend in respect of 2018 of 12.7p per share (2017: 12.2p) amounting to a total of £27,818,000 (2017: £26,810,000) is payable on 3 October 2018 to shareholders who are registered at the close of business on 24 August 2018. The dividend proposed will not be accounted for until it is paid. The ex-dividend date will be 23 August 2018.

7. GOODWILL

	Gross amount	Impairment losses	Net carrying amount
	£'000	£'000	£'000
At 30 June 2018			
Opening net book amount	**583,699**	**(5,921)**	**577,778**
Exchange differences	2,087	(51)	2,036
Acquisitions	24,755	-	24,755
Closing net book amount	**610,541**	**(5,972)**	**604,569**
At 30 June 2017			
Opening net book amount	548,117	(5,104)	543,013
Exchange differences	(9,596)	(137)	(9,733)
Acquisitions	37,820	-	37,820
Closing net book amount	576,341	(5,241)	571,100

8. OTHER FINANCIAL ASSETS AND HELD-FOR-SALE

Other financial assets are categorised according to their nature into three categories:

1. Financial assets at fair value through other comprehensive income (FVOCI) mainly consist of investments in preference shares and some equity holdings held for strategic purposes.
2. Financial assets at fair value through profit or loss (FVTPL) mainly consist of contingent considerations.
3. Financial assets at amortised costs include fixed term deposits, bonds and certificates of deposit.

On 20 December 2017, the Group disposed of its Mexican associate, Sterling Re Intermediaro de Reaseguros de CV. The disposal is subject to certain conditions that are in the process of being completed. The asset is recognised under held-for-sale.

	As at 30 June 2018			
	Financial assets at fair value through other comprehensive income	**Financial assets at fair value through profit or loss**	**Financial assets at amortised cost**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2018 (restated)	**6,137**	**4,870**	**120,931**	**131,938**
Exchange differences	222	-	(419)	**(197)**
Additions	2,264	20	144,179	**146,463**
Disposals/maturities	-	-	(114,851)	**(114,851)**
At 30 June 2018	**8,623**	**4,890**	**149,840**	**163,353**
Analysis of other financial assets				
Current	-	-	138,362	**138,362**
Non-current	8,623	4,890	11,478	**24,991**
At 30 June 2018	**8,623**	**4,890**	**149,840**	**163,353**
Analysis of other financial assets				
Fiduciary funds	-	-	149,523	**149,523**
Own funds	8,623	4,890	317	**13,830**
At 30 June 2018	**8,623**	**4,890**	**149,840**	**163,353**

	As at 30 June 2017		
	Other investments	**Investments & deposits**	**Total**
	£'000	**£'000**	**£'000**
At 1 January 2017	13,079	127,659	140,738
Exchange differences	(273)	117	(156)
Additions	-	119,467	119,467
Finance income	154	-	154
Disposals/maturities	-	(117,133)	(117,133)
Revaluation deficit (included within equity)	-	42	42
Amounts written off	(1,576)	-	(1,576)
At 30 June 2017	11,384	130,152	141,536

Analysis of available-for-sale financial assets

Current	-	124,193	124,193
Non-current	11,384	5,959	17,343
At 30 June 2017	11,384	130,152	141,536

Analysis of available-for-sale investments & deposit			
Fiduciary funds	-	129,849	129,849
Own funds	-	303	303
At 30 June 2017	-	130,152	130,152

9. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2018		**As at 30 June 2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	£'000	**£'000**	**£'000**	**£'000**
Interest rate swaps - fair value hedges	9,425	(10,570)	18,034	(4,230)
Forward foreign exchange contracts - cash flow hedges	74,489	(19,377)	83,274	(32,144)
Redemption liabilities - option contracts	-	(80,040)	-	(78,377)
Total	**83,914**	**(109,987)**	101,308	(114,751)
Current	6,155	(9,465)	8,667	(17,873)
Non-current	77,759	(100,522)	92,641	(96,878)
Total	**83,914**	**(109,987)**	101,308	(114,751)

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

The Group uses various derivative instruments including forward foreign exchange contracts, interest rate swaps, and from time to time, foreign currency collars and options to manage the risks arising from variations in currency and interest rates. Derivative instruments purchased are primarily denominated in the currencies of the Group's main markets.

Where forward foreign exchange contracts have been entered into to manage currency risk, they are designated as hedges of currency risk on specific future cash flows, and qualify as highly probable transactions for which hedge accounting is applied. The Group anticipates that hedge accounting requirements will continue to be met on its foreign currency and interest rate hedging activities and that no material ineffectiveness will arise which will result in gains or losses being recognised through the income statement.

The fair value of financial derivatives based upon market values as at 30 June 2018 and designated as effective cash flow hedges was an asset of £55.1 million and has been deferred in equity (2017: net assets of £51.1 million). Gains and losses arising on derivative instruments outstanding as at 30 June 2018 will be released to the income statement at various dates up to:

a) 31 months in respect of cash flow hedges on currency denominated UK earnings.
b) 11 years in respect of specific hedges on USD denominated long-term debt drawn under the Group's USD private placement programme.
c) 8 years in respect of specific hedges on GBP denominated long-term debt drawn under the Group's private placement programme.

No material amounts were transferred to the income statement during the period in respect of the fair value of financial derivatives.

Transactions maturing within 12 months of the balance sheet date are classified in current maturities. Transactions maturing in a period in excess of 12 months of the balance sheet date are classified as non-current maturities.

a) Forward foreign exchange contracts

The Group's major currency transaction exposure arises in USD and the Group continues to adopt a prudent approach in actively managing this exposure. As at 30 June 2018 the Group had outstanding foreign exchange contracts, principally in USD, amounting to a principal value of £1,328,160,000 (2017: £1,327,379,000).

b) Interest rate swaps

The Group uses interest rate hedges, principally interest rate swaps, to mitigate the impact of changes in interest rates. As at 30 June 2018, the notional principal amounts of outstanding cross currency interest rate swaps was USD 458,000,000 and sterling interest rate swaps was £75,000,000 (2017: USD 500,000,000 and £75,000,000). A net loss of £1.1 million (2017: net gain £13.8 million) on these instruments was offset by a fair value movement of £1.1 million (2017: £13.8 million) on the private placement loans, both of which were recognised in the income statement in the period.

c) Redemption liabilities

The redemption liabilities represent the valuation of the put options provided in the shareholders agreements of JLT Specialty Insurance Services Inc., JLT Sigorta ve Reasurans Brokerligi Ltd Sirketi, JLT SCK Corretora e Administradora and Construction Risk Partners, LLC.

No new redemption liability was recognised in the period.

d) Price risk

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

The maximum exposure to credit risk at the reporting date is the fair value of derivatives in the balance sheet.

10. TRADE AND OTHER RECEIVABLES

Current	As at 30 June 2018 £'000	As at 30 June 2017 Restated £'000
Trade receivables	475,639	449,956
Less: provision for impairment of trade receivables	(20,727)	(22,414)
Trade receivables - net	**454,912**	427,542
Other receivables	40,506	42,141
Prepayments	40,782	37,471
	536,200	507,154

Non-current	As at 30 June 2018 £'000	As at 30 June 2017 Restated £'000
Trade receivables	2,706	1,700
Other receivables	19,196	19,278
Prepayments	212	15
	22,114	20,993

As at 30 June 2018, the Group had exposures to individual trade counterparties within trade receivables. In accordance with Group policy, Group operating companies continually monitor exposures against credit limits and concentration of risk. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non-performance by trade counterparties that have not been provided for.

11. CASH AND CASH EQUIVALENTS

	As at 30 June 2018 £'000	As at 30 June 2017 £'000
Cash at bank and in hand	610,882	527,878
Short-term bank deposits	432,483	437,886
	1,043,365	965,764
Fiduciary funds	870,935	783,974
Own funds	172,430	181,790
	1,043,365	965,764

Fiduciary funds represent client money held in the form of premiums due to underwriters, claims paid by insurers and due to policyholders, and funds held to defray commissions and other income. Fiduciary funds are not available for general corporate purposes.

The effective interest rate in respect of short-term deposits was 1.37% (2017: 1.03%). These deposits have an average maturity of 14 days (2017: 14 days).

12. TRADE AND OTHER PAYABLES

Current	As at 30 June 2018 £'000	As at 30 June 2017 Restated £'000
Insurance payables	**1,020,458**	913,823
Social security and other taxes	**21,097**	21,160
Other creditors and accruals	**234,136**	207,546
Deferred and contingent considerations	**5,863**	7,759
	1,281,554	1,150,288

Non-current	As at 30 June 2018 £'000	As at 30 June 2017 Restated £'000
Other creditors and accruals	**34,823**	36,247
Deferred and contingent considerations	**17,233**	15,931
	52,056	52,178

The trade and other payables include £106,633,000 of non-financial liabilities (2017: £94,307,000). At 30 June 2017, £52,178,000 of rent free accruals within other payables and deferred and contingent considerations have been split between current and non-current.

13. CONTRACT ASSETS

	As at 30 June 2018 £'000	As at 30 June 2017 Restated £'000
Estimated contract values	**78,740**	59,366
Asset recognised for costs incurred to fulfil contracts	**22,950**	21,157
Other contract values	**2,482**	2,996
	104,172	83,519
Less: Provision for loss allowance	**(1,441)**	-
Total contract assets	**102,731**	83,519
Analysis of contract assets		
Current	**69,611**	66,031
Non-current	**33,120**	17,488
Total contract assets	**102,731**	83,519

14. CONTRACT LIABILITIES

	As at 30 June 2018	As at 30 June 2017 Restated
	£'000	**£'000**
Claims handling provision	**48,293**	48,611
Other post-replacement activities	**15,865**	14,630
Cancellation and refund provision	**9,076**	9,656
Cash received in advance	**13,330**	7,107
Total contract liabilities	**86,564**	80,004
Analysis of contract liabilities		
Current	**59,303**	52,136
Non-current	**27,261**	27,868
Total contract liabilities	**86,564**	80,004

15. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Derivatives used for hedging	Total
At 30 June 2018	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Assets					
Other financial assets	8,623	4,890	149,840	-	**163,353**
Derivative financial instruments	-	-	-	83,914	**83,914**
Trade and other receivables (a)	-	1,234	516,086	-	**517,320**
Cash and cash equivalents	-	142,008	901,357	-	**1,043,365**
Total	**8,623**	**148,132**	**1,567,283**	**83,914**	**1,807,952**

	Other financial liabilities	Derivatives	Total
	£'000	**£'000**	**£'000**
Liabilities			
Borrowings	(765,780)	-	**(765,780)**
Trade and other payables (b)	(1,226,977)	-	**(1,226,977)**
Redemption liabilities - option contracts	-	(80,040)	**(80,040)**
Derivative financial instruments	-	(29,947)	**(29,947)**
Total	**(1,992,757)**	**(109,987)**	**(2,102,744)**

At 30 June 2017 (restated)	Loans and receivables £'000	Derivatives used for hedging £'000	Available-for-sale £'000	Total £'000
Assets				
Available-for-sale financial assets	-	-	141,536	141,536
Derivative financial instruments	-	101,308	-	101,308
Trade and other receivables (a)	490,661	-	-	490,661
Cash and cash equivalents	965,764	-	-	965,764
Total	1,456,425	101,308	141,536	1,699,269

	Other financial liabilities £'000	Derivatives £'000	Total £'000
Liabilities			
Borrowings	(747,180)	-	(747,180)
Trade and other payables (b)	(1,108,159)	-	(1,108,159)
Redemption liabilities - option contracts	-	(78,377)	(78,377)
Derivative financial instruments	-	(36,374)	(36,374)
Total	(1,855,339)	(114,751)	(1,970,090)

(a) Prepayments are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.

(b) Non-financial liabilities are excluded from the trade and other payables balance, as this analysis is required only for financial instruments.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2018.

At 30 June 2018	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets				
Derivatives used for hedging	-	83,914	-	**83,914**
Other financial assets at fair value through comprehensive income (FVOCI)				
- equity securities	-	-	961	**961**
- debt investments	-	-	7,662	**7,662**
Other financial assets at fair value through profit or loss (FVTPL)				
- cash equivalents	142,008	-	-	**142,008**
- other receivables	-	-	1,234	**1,234**
- other financial assets	-	-	4,890	**4,890**
Total	**142,008**	**83,914**	**14,747**	**240,669**
Liabilities				
Contingent consideration	-	-	(16,603)	**(16,603)**
Redemption liabilities - option contracts	-	-	(80,040)	**(80,040)**
Derivatives used for hedging	-	(29,947)	-	**(29,947)**
Total	-	**(29,947)**	**(96,643)**	**(126,590)**

At 30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Derivatives used for hedging	-	101,308	-	101,308
Available-for-sale financial assets				
- equity securities	-	-	992	992
- debt investments	-	-	10,392	10,392
- fixed deposits	130,152	-	-	130,152
Total	130,152	101,308	11,384	242,844
Liabilities				
Contingent consideration	-	-	(16,458)	(16,458)
Redemption liabilities - option contracts	-	-	(78,377)	(78,377)
Derivatives used for hedging	-	(36,374)	-	(36,374)
Total	-	(36,374)	(94,835)	(131,209)

Apart from where disclosed, there are no differences between the fair value and the carrying value of financial assets and liabilities.

Instruments included in level 1 are financial instruments traded in active markets for which the fair value is based upon quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Instruments included in level 2 are financial instruments that are not traded in an active market (for example, over-the-counter derivatives) and for which the fair value is determined by using internal and external models. These models maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Level 2 includes derivatives used for hedging. The valuations of which are performed using a discounted cash flow methodology incorporating observable market forward foreign exchange and interest rates.

During the period there were no transfers between level 1, 2 and 3. There were no changes in valuation techniques during the period.

Instruments included in level 3 are financial instruments for which one or more of the significant inputs are not based on observable market data. In respect of deferred and contingent consideration and redemption liabilities – option contracts, unobservable inputs include management's assessment of the expected future performance of relevant acquired businesses and are valued using a discounted cash flow methodology.

A reconciliation of the movements in level 3 is provided below:

	Level 3	
	Assets £'000	Liabilities £'000
At 1 January 2018	**11,196**	**(89,724)**
Remeasurement on adoption of IFRS 9	1,219	-
At 1 January 2018 (restated)	**12,415**	**(89,724)**
Exchange differences	252	(1,372)
Additions	2,284	-
Fair valuation	(11)	-
Utilised in the period	-	261
Companies acquired	-	(3,587)
Charged to income statement	-	(2,221)
At 30 June 2018	**14,940**	**(96,643)**

Of the £2,221,000 charged to the income statement £2,276,000 is charged to net finance costs and £55,000 is credited to other operating costs.

16. BORROWINGS

	As at 30 June 2018 £'000	As at 30 June 2017 £'000
Current		
Bank overdraft	17,709	16,605
Unsecured loan notes	-	34,010
Bank borrowings	187	239
Finance lease liabilities	1,233	239
	19,129	51,093
Non-current		
Unsecured loan notes	420,167	439,005
Bank borrowing	322,363	256,555
Finance lease liabilities	4,121	527
	746,651	696,087
Total borrowings	**765,780**	747,180

The borrowings include secured liabilities (finance leases) of £5,354,000 (2017: £766,000).

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Property related provisions £'000	Litigation provisions £'000	Other £'000	Total £'000
At 1 January 2018	**2,104**	**6,274**	**36**	**8,414**
Exchange differences	39	(9)	1	**31**
Utilised in the period	(251)	(517)	-	**(768)**
Charged to the income statement	18	5,846	-	**5,864**
Interest charge	25	-	-	**25**
Companies acquired	-	-	12	**12**
At 30 June 2018	**1,935**	**11,594**	**49**	**13,578**
At 1 January 2017	2,919	7,442	36	10,397
Exchange differences	(32)	(44)	-	(76)
Utilised in the period	(16)	(970)	-	(986)
Charged to the income statement	40	5,088	-	5,128
Interest charge	30	-	-	30
At 30 June 2017	2,941	11,516	36	14,493

	As at	As at

	30 June 2018 £'000	30 June 2017 £'000
Analysis of total provisions		
Current - to be utilised within one year	11,962	12,695
Non-current - to be utilised in more than one year	1,616	1,798
	13,578	14,493

Property related provisions

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provision is made for the future rental cost of vacant property and expected dilapidation expenses. In calculating the provision required, account is taken of the duration of the lease and any recovery of cost achievable from subletting. Property provisions principally relate to the US and UK and relate to a variety of lease commitments. The longest lease term expires in 2026.

Litigation provisions

At any point in time the Group can be involved in a variety of litigation, regulatory and other government authorities investigations and disputes around the world. A provision is established in respect of such issues when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability. Where appropriate the Group also provides for the cost of defending or initiating such matters. However, the final outcome could differ materially from the amount provided.

Where a litigation provision has been made it is stated gross of any third party recovery. All such recoveries are included as "Other receivables" within trade and other receivables. At 30 June 2018, in connection with certain litigation matters, the Group's litigation provisions include an amount of £0.1 million (2017: £0.1 million) to reflect this gross basis and the corresponding insurance recovery has been included within trade and other receivables. This presentation has had no effect on the consolidated income statement for the period ended 30 June 2018 (2017: nil).

18. OTHER RESERVES

	Share premium £'000	Fair value and hedging £'000	Exchange reserves £'000	Total £'000
At 1 January 2018	**104,111**	**9,290**	**48,604**	**162,005**
Change in accounting policy in respect of IFRS 15	-	-	359	**359**
At 1 January 2018 (restated)	104,111	9,290	48,963	**162,364**
Recycling of the fair value reserves to retained earnings (IFRS 9)	-	(81)	-	**(81)**
At 1 January 2018 (restated)	104,111	9,209	48,963	**162,283**
Fair value gains net of tax:				
- cash flow hedges	-	(11,078)	-	**(11,078)**
Currency translation differences	-	-	(1,448)	**(1,448)**
Net losses recognised directly in equity	**-**	**(11,078)**	**(1,448)**	**(12,526)**
At 30 June 2018	**104,111**	**(1,869)**	**47,515**	**149,757**

	Share premium £'000	Fair value and hedging £'000	Exchange reserves £'000	Total £'000
At 1 January 2017 (restated)	104,111	(54,453)	83,561	133,219
Fair value losses net of tax:				
- available-for-sale	-	35	-	35
- cash flow hedges	-	39,639	-	39,639
Currency translation differences (restated)	-	-	(21,625)	(21,625)
Net gains/(losses) recognised directly in equity	-	39,674	(21,625)	18,049
At 30 June 2017 (restated)	104,111	(14,779)	61,936	151,268

19. CASH GENERATED FROM OPERATIONS

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 Restated £'000
Profit before taxation	**89,453**	98,261
Investment and finance income	**(6,195)**	(4,588)
Interest payable on bank loans and finance leases	**9,050**	8,235
Fair value losses/(gains) on derivative financial instruments	**1,083**	(371)
Net pension financing expenses	**2,102**	2,812
Unwinding of liability discounting	**2,345**	2,473
Depreciation	**6,071**	6,248
Amortisation of other intangible assets	**18,975**	17,965
Amortisation of share based payments	**15,052**	13,031
Share of results of associates' undertakings	**(2,549)**	(2,051)
Non cash exceptional items	**3,487**	1,054
Gains on disposal of businesses	**-**	(1,455)
Gains on disposal of property, plant and equipment	**(92)**	(11)
Gains on held-for-sale assets	**(4)**	-
Impairment of available-for-sale financial assets	**-**	122
Increase in trade and other receivables	**(39,595)**	(11,126)
Increase in contract assets	**(16,682)**	(9,774)
Decrease in trade and other payables - excluding insurance broking balances	**(24,561)**	(57,289)
Decrease in contract liabilities	**(1,105)**	(3,415)
Increase in provisions for liabilities and charges	**3,446**	3,957
(Decrease)/increase in retirement benefit obligations	**(66)**	385
Net cash inflow from operations	**60,215**	64,463

20. BUSINESS COMBINATIONS

Adjustments in respect of prior year acquisitions

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

	Consideration at 31 Dec 17	Change in estimated consideration impacting goodwill	Consideration at 30 Jun 2018	Paid during the year
Revisions to deferred consideration impacting goodwill	**£'000**	**£'000**	**£'000**	**£'000**
Belgibo NV	1,477	42	1,519	(42)
	1,477	**42**	**1,519**	**(42)**

Current year acquisitions

During the period the following new business acquisitions and additional investments were completed:

	Notes	Acquisition dates	Percentage voting rights acquired	Cost £'000
International Risk Consultants, Inc.	i	Feb 2018	100.0%	**18,775**
Acquisition of other new businesses completed during the period	ii	Jan - Jun 2018	100.0%	**13,485**
				32,260

i) Acquisition of Insurance Risk Consultants, Inc. (IRC)

On 28 February 2018, the Group completed the acquisition of Insurance Risk Consultants, Inc. one of the leading trade credit and political risk specialty brokers in the USA. The acquired business contributed revenue of £2,583,000 and net loss, including acquisition and integration costs incurred to date, of £107,000 to the Group for the period since acquisition. If the acquisition had taken place on 1 January 2018, we estimate the contribution to Group revenue would have been £3,484,000 and net loss, including acquisition and integration costs incurred to date, would have been £287,000.

Goodwill calculation	**£'000**
Purchase consideration	
- cash paid	18,775
Total purchase consideration	**18,775**
Less fair value of net assets acquired	4,064
Goodwill	**14,711**

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

	Acquiree's carrying amount £'000	Fair value £'000
Property, plant and equipment	51	51
Other intangible assets	-	1,877
Trade and other receivables	340	340
Cash and cash equivalents		
- own cash	501	501
- fiduciary cash	857	857
Insurance payables	(857)	(857)
Trade and other payables	(124)	(124)
Current taxation	17	17
Non-controlling interests	1,402	1,402
	2,187	**4,064**

	£'000
Purchase consideration settled in cash	18,775
Cash and cash equivalents - own cash in subsidiary acquired	(501)
	18,274
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(857)
Cash outflow on acquisition	**17,417**

As at 30 June 2018, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional. Goodwill recognised is expected to be deductible for income tax purposes.

ii) Other acquisitions and additional investments

Goodwill calculation	**£'000**
Purchase consideration	
- cash paid	8,719
- contingent consideration	3,587
- deferred consideration	1,179
Total purchase consideration	**13,485**
Less fair value of net assets acquired	3,483
Goodwill	**10,002**

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

	Acquiree's carrying amount £'000	**Fair value £'000**
Property, plant and equipment	38	38
Other intangible assets	12	1,933
Trade and other receivables	1,913	1,914
Cash and cash equivalents		
- own cash	983	983
- fiduciary cash	2,519	2,519
Insurance payable	(2,519)	(2,519)
Trade and other payables	(1,009)	(1,009)
Current taxation	(196)	(196)
Deferred taxation	(3)	(3)
Borrowings	(165)	(165)
Provisions for liabilities and charges	(12)	(12)
	1,562	**3,483**

	£'000
Purchase consideration settled in cash	8,719
Cash and cash equivalents - own cash in subsidiary acquired	(983)
Borrowings	165
	7,901
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(2,519)
Cash outflow on acquisition	**5,382**

As at 30 June 2018, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

The contingent consideration of £3,587,000, of which the largest individual consideration is £3,071,000, is based upon the expected profit before tax of the business for future periods up to 2022. The deferred consideration of £1,179,000 is based upon the net assets in the completion accounts. None of the goodwill recognised is expected to be deductible for income tax purposes.

Group summary of the net assets acquired and goodwill

	IRC £'000	Others £'000	Total £'000
Purchase consideration:			
- cash paid	18,775	8,719	**27,494**
- contingent consideration	-	3,587	**3,587**
- deferred consideration	-	1,179	**1,179**
Total purchase consideration	**18,775**	**13,485**	**32,260**
Less fair value of net assets acquired	4,064	3,483	**7,547**
Goodwill on acquisitions occurring during the period	**14,711**	**10,002**	**24,713**
Impact of revisions to deferred consideration			**42**
Net increase in goodwill			**24,755**

Group summary of cash flows

	IRC £'000	Others £'000	Total £'000
Purchase consideration settled in cash	18,775	8,719	**27,494**
Borrowings	-	165	**165**
Cash and cash equivalents - own cash in subsidiary acquired	(501)	(983)	**(1,484)**
	18,274	**7,901**	**26,175**
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(857)	(2,519)	**(3,376)**
Cash outflow on acquisitions in the period	**17,417**	**5,382**	**22,799**
Impact of revision to fair value adjustment on cash in relation to prior period acquisitions			**42**
Net cash outflow on acquisitions during the period			**22,841**

21. BUSINESS DISPOSALS

During the period, the Group completed disposals, none of which were individually significant.

Net liabilities and proceeds of disposal	**Total £'000**
Non-controlling interests	(124)
Net liabilities at disposal	**(124)**
Equity movement on transaction with non-controlling interest	47
Proceeds on disposal	**77**
Deferred proceeds	77
Total consideration	**77**

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of pension schemes throughout the world, the most significant of which are of the defined benefit type and operate on a funded basis. The principal pension schemes are the Jardine Lloyd Thompson UK Pension Scheme, the JLT (USA) Incentive Savings Plan, the JLT (USA) Employee Retirement Plan, the JLT (USA) Stable Value Plan, the Pension Plan for Employees of Jardine Lloyd Thompson Canada Inc. and the Jardine Lloyd Thompson Ireland Limited Pension Fund.

An updated triennial valuation of the Jardine Lloyd Thompson UK Pension Scheme was undertaken as at 31 March 2017. The Group has agreed an updated recovery plan with the scheme trustees to eliminate the funding deficit over a period of 8 years and 3 months from 1 July 2018 by the payment of additional funding contributions of £16,500,000 per annum. The triennial valuation resulted in the recognition of a net experience loss arising from updates to financial assumptions, and experience related to actuarial factors and liability transfers over the period.

The pension service costs accrued for the period are as follows:

	UK Scheme		Overseas Schemes		Total	
	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000
Defined benefit schemes	-	-	66	-	66	-
Defined contribution schemes	10,474	10,269	11,446	12,020	21,920	22,289
	10,474	10,269	**11,512**	12,020	**21,986**	22,289

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

	UK Scheme		Overseas Schemes		Total	
	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000
Service cost	-	-	(66)	-	(66)	-
Expenses	(58)	(180)	(122)	(205)	(180)	(385)
Total (included within salaries and associated expenses)	**(58)**	(180)	**(188)**	(205)	**(246)**	(385)
Interest cost	(7,802)	(9,170)	(1,046)	(1,247)	(8,848)	(10,417)
Expected return on assets	5,897	6,605	849	1,000	6,746	7,605
Total (included within finance costs)	**(1,905)**	(2,565)	**(197)**	(247)	**(2,102)**	(2,812)
Expenses before taxation	**(1,963)**	(2,745)	**(385)**	(452)	**(2,348)**	(3,197)

The amounts disclosed in respect of both the UK and Overseas defined benefit schemes ("the Schemes") have been projected from previous valuations of the Schemes and updated for the results of the latest triennial valuation where relevant. They do not represent the results of a full actuarial valuation. In respect of 30 June 2018 the Group has updated its assumption regarding the discount rate applicable to the Schemes' liabilities in line with current market information.

The amounts included in the consolidated statement of comprehensive income are as follows:

	UK Scheme		Overseas Schemes		Total
6 months ended 30 June 2018	**£'000**	**%**	**£'000**	**%**	**£'000**
Actual return less expected return on Scheme assets	(20,969)		(23)		**(20,992)**
% of period end market value of Scheme assets		(4.6%)		-	**(4.1%)**
Experience losses arising on Scheme liabilities	(25,039)		(1,163)		**(26,202)**
% of period end present value of Scheme liabilities		(4.0%)		(1.6%)	**(3.8%)**
Changes in assumptions underlying the present value of the Scheme liabilities	36,265		3,350		**39,615**
% of period end present value of Scheme liabilities		5.8%		4.7%	**5.7%**
Actuarial losses recognised in reserves (1)	**(9,743)**		**2,164**		**(7,579)**
% of period end present value of Scheme liabilities		**(1.6%)**		**3.1%**	**(1.1%)**

	UK Scheme		Overseas Schemes		Total	
	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000

Defined benefit obligation						
Present value of funded obligations	**(626,009)**	(644,242)	**(70,770)**	(71,441)	**(696,779)**	(715,683)
Fair value of plan assets	**457,891**	483,395	**59,767**	56,734	**517,658**	540,129
Net liability recognised in the balance sheet	**(168,118)**	(160,847)	**(11,003)**	(14,707)	**(179,121)**	(175,554)

	Total	
	6 months ended 30 June 2018 £'000	**6 months ended 30 June 2017 £'000**
Defined benefit obligation		
Retirement benefit surpluses	337	125
Retirement benefit obligations	(179,458)	(175,679)
Net liability recognised in the balance sheet	**(179,121)**	(175,554)

	UK Scheme		Overseas Schemes		Total	
	6 months ended 30 June 2018 £'000	**6 months ended 30 June 2017 £'000**	**6 months ended 30 June 2018 £'000**	**6 months ended 30 June 2017 £'000**	**6 months ended 30 June 2018 £'000**	**6 months ended 30 June 2017 £'000**
Reconciliation of defined benefit liability						
Opening defined benefit liability	**(156,412)**	(184,496)	**(12,872)**	(13,916)	**(169,284)**	(198,412)
Exchange differences	-	-	(222)	609	(222)	609
Pension expense	(1,963)	(2,745)	(385)	(452)	(2,348)	(3,197)
Employer contributions	-	-	312	-	312	-
Total (loss)/gain recognised in reserves (1)	(9,743)	26,394	2,164	(948)	(7,579)	25,446
Net liability recognised in the balance sheet	**(168,118)**	(160,847)	**(11,003)**	(14,707)	**(179,121)**	(175,554)

(1)Amounts recognised in reserves have been taken through the consolidated statement of comprehensive income

23. RELATED-PARTY TRANSACTIONS

The Group has applied the exemption available under IAS 24 *Related Party Disclosures*, not to disclose details of transactions with its subsidiary undertakings. For the period, the Group's related parties are the same as those disclosed on page 160 of the Group's Annual Report for 2017. The basis of the remuneration of the Directors and key management remains consistent with that reported in the Group's Annual Report for 2017.

24. SUBSEQUENT EVENTS

On 29 June 2018, the Group acquired, subject to regulatory approval, JLT March Re, Correduria de Reaseguros, S.A.U., the Reinsurance subsidiary of the Group's associate March-JLT for a consideration of €3,211,000 payable on completion.

Also subject to regulatory approval, the Group acquired Moola Systems Limited on 18 July 2018, a digital saving and investment service business for a consideration payable on completion of £2,500,000 followed by a contingent consideration capped at £10,000,000.

25. CHANGES IN ACCOUNTING POLICIES

IFRS 9 *Financial Instruments* ('IFRS 9') and IFRS 15 *Revenue from Contract with Customers* ('IFRS 15') became mandatorily effective on 1 January 2018. The Group adopted IFRS 15 and the requirements of IFRS 9 in respect of classification and measurement and impairment on 1 January 2018 (the 'date of initial application'), which resulted in changes in the Group's accounting policies. The Group has elected to continue to apply the IAS 39 *Financial Instruments* ('IAS 39') requirements in respect of hedge accounting as provided by paragraph 7.2.21 of IFRS 9.

This note explains the impact of the adoption of IFRS 15 and IFRS 9 on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

The Group has applied IFRS 15 retrospectively and has restated comparatives for the 2017 financial period, with the cumulative impact on retained earnings recognised in the opening balance sheet as at 1 January 2017. IFRS 9 has been applied prospectively without restating comparatives for the 2017 financial period. The adjustments arising from the adoption of IFRS 9 are not reflected in the restated balance sheet as at 31 December 2017, but are recognised in retained earnings as at 1 January 2018. Consequently, the amendments to IFRS 7 *Financial Instruments: Disclosures* ('IFRS 7') disclosure requirements, which are consequential to IFRS 9 becoming effective, have been applied to the current period. The comparative period notes disclosures mandated by IFRS 7 repeat those disclosures made in the prior year.

A) NEW ACCOUNTING POLICIES IN RESPECT OF FINANCIAL INSTRUMENTS AND REVENUE RECOGNITION

Financial Instruments

The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for the recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. Set out below are the Group's accounting policies relating to financial instruments on adoption of IFRS 9. These accounting policies were applied to the Group's financial instruments from 1 January 2018. Financial instruments disclosed for the comparative 2017 financial period were accounted for in accordance with the accounting policies disclosed on pages 114 and 115 of the Group's 2017 annual report.

The Group continues to apply the accounting policy disclosed under 'Derivative Financial Instruments' on page 116 of the 2017 annual report in respect of hedge accounting.

FINANCIAL ASSETS

On initial recognition, a financial asset is measured at fair value plus, for an instrument not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. Trade receivables without a significant financing component are measured at the transaction price, rather than fair value, at initial recognition.

On initial recognition, the Group further classifies its financial assets as measured at amortised cost, fair value through other comprehensive income (debt or equity instrument) or fair value through profit or loss. The classification of financial assets is based on the business model under which a financial asset is managed, and its contractual cash flow characteristics. These classification categories also describe the measurement of financial assets subsequent to initial recognition.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets in this category are measured at amortised cost using the effective interest method. The amortised cost is reduced by accumulated impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through other comprehensive income ('FVOCI')

Debt instruments

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ('OCI'). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Such financial assets are measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI may be reclassified to another component of equity, but will never be reclassified to profit or loss.

Financial assets at fair value through profit or loss ('FVTPL')

All financial assets not classified as measured at amortised cost or FVOCI as described above are classified as measured at FVTPL.

Financial assets in this category are measured at fair value subsequent to initial recognition. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group measures credit loss allowances on credit-impaired financial assets on either of the following bases:

- Lifetime expected credit losses ('ECLs'): ECLs that result from all possible default events over the expected life of a financial instrument; and
- 12-month ECLs: The portion of lifetime ECLs that result from possible default events within the 12 months after the reporting date.

The Group measures credit loss allowances on financial assets at an amount equal to lifetime ECLs, except for the following financial assets, which are measured as 12-month ECLs:

- debt instruments that are considered to have low credit risk at the reporting date; and
- other debt instruments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial

instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default (i.e. loss incurred) when:

- there is evidence that the amount is unlikely to be paid in full, without recourse by the Group to actions such as realising collaterals (if any is held); or
- the financial asset is more than 2 years past due.

The Group applies the IFRS 9 simplified approach to measure ECLs on trade receivables and certain contract assets which represent unbilled consideration for which goods or services have been delivered, but the right to consideration is contingent on something other than passage of time. Under the simplified approach, ECLs are measured at an amount equal to lifetime ECLs.

Lifetime ECLs on trade receivables and contract assets are measured based on the actual credit loss experience over the preceding 5 years. The actual credit loss experience is adjusted, if considered significant, by scalar factors to reflect the differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the assets.

Credit loss allowances on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Credit loss allowances on financial assets measured at FVOCI are recognised in OCI, instead of reducing the carrying amount of the asset.

Credit loss allowances relating to trade and other receivables, including contract assets, are presented separately in the Income Statement.Impairment losses on financial assets other than trade and other receivables are presented as 'finance costs'.

Revenue Recognition

Revenue comprises both commission and fees for the services undertaken to place and administer contracts of insurance, employee benefits arrangements and other related services. Revenue may comprise a combination of fees, commissions and other forms of variable consideration. The transaction price considers all of the elements for each contract and applies constraints to variable consideration based on the past performance of similar contracts.

Where past performance has been volatile and has little predictive value, the constraint applied can be significant. Where appropriate, revenue is deferred to account for the possibility of a cancellation or a refund liability. Performance obligations are assessed on the basis of the specific arrangements in the contract, or where such is not defined, on the basis of each separate and distinct obligation for which a market value can be ascribed.

The Group satisfies some performance obligations at a point in time, and others over time where the customer is receiving a simultaneous benefit, or the Group has a contractual right to payment for the work both performed and transferred to the client.

For contracts where the revenue is expected to be collected more than 1 year from its recognition and is not an estimate of a variable amount, consideration is given to the time value of money. Where relevant the deemed interest is recognised as a component of finance income.

Where the value of revenue is beyond the control of the Group and it cannot be estimated reliably, it will not be recognised until the amount is known with reasonable certainty. In these cases any associated costs are expensed as incurred.

Contract warranties and indemnities are not a significant feature of the Group's business.

Incremental costs to obtain a contract and contract fulfilment costs are capitalised and amortised to profit or loss on a systematic basis to match the recognition of revenue as the service is delivered to the client. Such costs are capitalised only where the Group expects to recover these costs, and, in the case of incremental costs to obtain a contract, where the amortisation period of the asset is more than 1 year. Additionally, in respect of contract fulfilment costs, these costs must relate directly to the contract, generate assets used to satisfy the contractual performance obligations, and do not qualify to be recognised as an asset under other accounting standards.

Assets recognised on the Group's balance sheet arising from the capitalisation of incremental costs to obtain a contract and contract fulfilment costs are presented as part of contract assets.

INSURANCE BROKING AND RELATED SERVICES

Revenue may comprise a combination of fees, commissions and other forms of variable consideration. Where the contract specifically identifies the performance obligations then revenue is recognised accordingly.

Where there is no separate arrangement, revenue is considered to be wholly related to the placement activity and recognised at the later of the policy inception date, or the date on which the placement is complete and confirmed. Where there are separate arrangements or where other performance obligations are separate and distinct from placement, revenue is deferred to cover the provision of services that are more than administrative in nature and that are separate and distinct. In the main these post-placement performance obligations relate to the provision of claims related services.

Contract modifications are treated on a cumulative catch-up basis or as a new contract depending on the circumstances in each case.

A deferral of revenue is made to cover the likelihood of contract cancellation.

Fulfilment costs, which mainly represent the direct costs incurred from appointment or renewal instruction to the point at which placement is confirmed, are amortised in full when the placement revenue is recognised.

Revenue deferrals and fulfilment costs are mainly calculated on a portfolio basis, with estimates made based on past history.

Incremental costs to obtain a contract are capitalised where they can be directly identified and are expected to be recovered.

EMPLOYEE BENEFITS

Fee-based revenue is recognised in line with the distinct and separate performance obligations in the contract.

Fulfilment costs, which may include data transfer and other set up costs, are amortised in line with the recognition of revenue for the specific performance obligation.

The likelihood of cancellation is assessed based on past performance of similar contracts and a resulting deferral of revenue is made.

Commission-based remuneration follows the same recognition criteria as insurance broking and related services.

OTHER SERVICES

These are mainly fee-based arrangements and revenue is recognised in line with the distinct and separate performance obligations in the contract.

Fulfilment and other incremental costs to obtain the contract are capitalised where they are expected to be recovered and amortised as the revenue is recognised for each specific performance obligation.

B) IMPACT ON THE FINANCIAL STATEMENTS

The following tables show the adjustments recognised for each individual line item in the Group's Balance Sheet as at 31 December 2017, interim Income Statement as at 30 June 2017 and Statement of Comprehensive Income as at 30 June 2017.

CONSOLIDATED BALANCE SHEET as at 31 December 2017 and 1 January 2018

	31 Dec 2017 As previously reported £'000	31 Dec 2017 IFRS 15 adjustments £'000	31 Dec 2017 As restated £'000	1 Jan 2018 IFRS 9 adjustments £'000	1 Jan 2018 IFRS 9 carrying amounts Restated £'000
NET ASSETS					
Non-current assets					
Goodwill	577,778	-	**577,778**	-	**577,778**
Other Intangible assets	108,954	-	**108,954**	-	**108,954**
Property, plant and equipment	68,645	-	**68,645**	-	**68,645**
Investments in associates	53,055	-	**53,055**	-	**53,055**
Available-for-sale financial assets	16,858	-	**16,858**	(16,858)	**-**
Other financial assets at fair value through other comprehensive income	-	-	**-**	6,137	**6,137**
Other financial assets at fair value through profit or loss	-	-	**-**	4,870	**4,870**
Other financial assets at amortised cost	-	-	**-**	5,851	**5,851**
Derivative financial instruments	82,569	-	**82,569**	-	**82,569**
Trade and other receivables*	9,882	11,727	**21,609**	(37)	**21,572**
Contract assets	-	18,249	**18,249**	(165)	**18,084**
Retirement benefit surpluses	92	-	**92**	-	**92**
Deferred tax assets	54,266	9,485	**63,751**	310	**64,061**
	972,099	39,461	**1,011,560**	108	**1,011,668**
Current assets					
Trade and other receivables*	600,624	(104,899)	**495,725**	(104)	**495,621**
Contract assets	-	68,576	**68,576**	(610)	**67,966**
Derivative financial instruments	5,545	-	**5,545**	-	**5,545**
Other financial assets at amortised cost	-	-	**-**	115,080	**115,080**
Available-for-sale financial assets	115,080	-	**115,080**	(115,080)	**-**
Held-for-sale financial assets	189	-	**189**	-	**189**
Cash and cash equivalents	1,015,087	-	**1,015,087**	-	**1,015,087**
	1,736,525	(36,323)	**1,700,202**	(714)	**1,699,488**
Current liabilities					
Borrowings	(19,226)	-	**(19,226)**	-	**(19,226)**
Trade and other payables	(1,256,074)	43,086	**(1,212,988)**	-	**(1,212,988)**
Contract liabilities	-	(60,392)	**(60,392)**	-	**(60,392)**
Derivative financial instruments	(10,265)	-	**(10,265)**	-	**(10,265)**
Current tax liabilities	(10,290)	-	**(10,290)**	-	**(10,290)**
Provisions for liabilities and charges	(6,865)	-	**(6,865)**	-	**(6,865)**
	(1,302,720)	(17,306)	**(1,320,026)**	-	**(1,320,026)**
Net current assets	433,805	(53,629)	**380,176**	(714)	**379,462**
Non-current liabilities					
Borrowings	(690,872)	-	**(690,872)**	-	**(690,872)**
Trade and other payables	(49,475)	-	**(49,475)**	-	**(49,475)**
Contract liabilities	-	(27,278)	**(27,278)**	-	**(27,278)**
Derivative financial instruments	(85,516)	-	**(85,516)**	-	**(85,516)**
Deferred tax liabilities	(11,411)	(362)	**(11,773)**	(141)	**(11,914)**
Retirement benefit obligations	(169,376)	-	**(169,376)**	-	**(169,376)**
Provisions for liabilities and charges	(1,549)	-	**(1,549)**	-	**(1,549)**
	(1,008,199)	(27,640)	**(1,035,839)**	(141)	**(1,035,980)**
	397,705	(41,808)	**355,897**	(747)	**355,150**
TOTAL EQUITY					
Capital and reserves attributable to the owners of the parent					
Ordinary shares	11,008	-	**11,008**	-	**11,008**
Share premium	104,111	-	**104,111**	-	**104,111**
Fair value and hedging reserves	9,290	-	**9,290**	(81)	**9,209**
Exchange reserves	48,604	359	**48,963**	-	**48,963**
Retained earnings	204,781	(41,709)	**163,072**	(646)	**162,426**
Shareholders' equity	377,794	(41,350)	**336,444**	(727)	**335,717**

Non-controlling interests	19,911	(458)	**19,453**	(20)	**19,433**
	397,705	(41,808)	**355,897**	(747)	**355,150**

*£9,882,000 of other receivables have been reclassified from current to non-current.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

	As originally presented 30 June 2017 £'000	IFRS 15 adjustments 30 June 2017 £'000	**Restated 30 June 2017 £'000**
Fees and commissions	686,912	1,826	**688,738**
Investment income	3,021	-	**3,021**
Total revenue	689,933	1,826	**691,759**
Salaries and associated expenses	(423,083)	(1,419)	**(424,502)**
Premises	(35,564)	-	**(35,564)**
Other operating costs	(105,469)	(1,393)	**(106,862)**
Depreciation, amortisation and impairment charges	(16,668)	-	**(16,668)**
Operating profit	109,149	(986)	**108,163**
Analysed as:			
Operating profit before exceptional items	110,040	(986)	**109,054**
Acquisition and integration costs	(1,022)	-	**(1,022)**
Other exceptional items	131	-	**131**
Operating profit	109,149	(986)	**108,163**
Finance costs	(13,520)	-	**(13,520)**
Finance income	1,567	-	**1,567**
Finance costs - net	(11,953)	-	**(11,953)**
Share of results of associates	2,051	-	**2,051**
Profit before taxation	99,247	(986)	**98,261**
Income tax expense	(28,730)	(221)	**(28,951)**
Profit for the period	70,517	(1,207)	**69,310**
Profit attributable to:			
Owners of the parent	68,316	(1,153)	**67,163**
Non-controlling interests	2,201	(54)	**2,147**
	70,517	(1,207)	**69,310**
Earnings per share attributable to the owners of the parent during the period (expressed in pence per share)			
Basic earnings per share	32.4p	(0.5p)	**31.9p**
Diluted earnings per share	31.8p	(0.6p)	**31.2p**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017

	As originally presented 30 June 2017 £'000	IFRS 15 adjustments 30 June 2017 £'000	**Restated 30 June 2017 £'000**
Profit for the period	70,517	(1,207)	**69,310**
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss	25,446	-	**25,446**
Remeasurement of post employment benefit obligations	(4,774)	-	**(4,774)**
Total items that will not be reclassified to profit or loss	20,672	-	**20,672**
Items that may be reclassified subsequently to profit or loss			
Fair value gains/(losses) net of tax:			
- available-for-sale	35	-	**35**
- cash flow hedges	39,639	-	**39,639**
Currency translation differences	(23,097)	243	**(22,854)**
Total items that may be reclassified subsequently to profit or loss	16,577	243	**16,820**
Other comprehensive income/(expense) net of tax	37,249	243	**37,492**
Total comprehensive income for the period	107,766	(964)	**106,802**
Attributable to:			
Owners of the parent	106,821	(937)	**105,884**
Non-controlling interests	945	(27)	**918**
	107,766	(964)	**106,802**

C) IFRS 15 *Revenue from Contracts with Customers* - Impact of adoption

The Group adopted IFRS 15 from 1 January 2018. In accordance with the transition provisions in IFRS 15, the Group has applied the new rules retrospectively and restated the comparatives for the 2017 financial year, with the cumulative impact on retained earnings recognised in the opening balance sheet as at the earliest comparative period (1 January 2017). In restating the comparatives for the 2017 financial year the Group has elected to apply the transitional expedients availed in paragraph C5 of IFRS 15, the most significant of which exempts the Group from restating contracts which had been completed as at 1 January 2017, and, for contracts entered into during the 2017 financial year if they were also completed within 2017. There was no significant impact on the 2017 financials in applying these transitional expedients.

The table below summarises the adjustments recognised in the Group's Balance Sheet at the date of initial application.

	Notes	As previously reported 31 Dec 2017 £'000	IFRS 15 adjustments 31 Dec 2017 £'000	**As restated 31 Dec 2017 As Restated £'000**
NET ASSETS				
Trade receivables and other receivables (non-current)	(2)	-	11,727	**11,727**
Contract assets (non-current)	(1),(2)	-	18,249	**18,249**
Deferred tax assets		54,266	9,485	**63,751**
Trade receivables and other receivables (current)	(2)	610,506	(104,899)	**505,607**
Contract assets (current)	(1),(2)	-	68,576	**68,576**
Trade and other payables (current)	(3)	(1,256,074)	43,086	**(1,212,988)**

Contract liabilities (current)	(1),(3)	-	(60,392)	**(60,392)**
Contract liabilities (non-current)	(1),(3)	-	(27,278)	**(27,278)**
Deferred tax liabilities		(11,411)	(362)	**(11,773)**
Retained earnings	(2),(3)	(204,781)	41,709	**(163,072)**
Exchange reserves		(48,604)	(359)	**(48,963)**
Non-controlling interests		(19,911)	458	**(19,453)**

The impact on the Group's retained earnings as at 31 December 2017 and 1 January 2017 is as follows:

	Notes	31 Dec 2017 £'000	1 Jan 2017 £'000
Retained earnings - before IFRS 15 restatement		**204,781**	**183,919**
Deferral of revenues for claims handling services	(3)	(33,509)	(33,492)
Other deferral of revenues	(3)	(32,075)	(26,076)
Cancellation provision	(3)	(7,868)	(7,076)
Recognition of fulfilment cost assets	(2)	27,982	25,612
Other		(5,360)	(5,290)
Adjustment to retained earnings from adoption of IFRS 15		**(50,830)**	**(46,322)**
Taxation on adjustments		9,121	8,169
Net adjustment to retained earnings from adoption of IFRS 15		**(41,709)**	**(38,153)**
Retained earnings - restated for adoption of IFRS 15		**163,072**	**145,766**

(1) Presentation of contract assets and contract liabilities

The Group has voluntarily changed the presentation of certain amounts in the Balance Sheet to reflect the terminology in IFRS 15. IFRS 15 introduces the concepts of contract assets, fulfilment costs assets and contract liabilities.

Contract assets represent an entity's right to consideration in exchange for goods or services which have been transferred to a customer, but are not yet billed at balance sheet date. They are distinct from accrued revenue recognised on the balance sheet in that the right to consideration is contingent on something other than the passage of time. Such assets were previously presented as part of trade and other receivables.

Also included as contract assets on the Group's Balance Sheet are fulfilment costs assets. Fulfilment costs assets relate to direct costs incurred which generate assets used to satisfy the contractual performance obligations, are expected to be recovered, and which do not qualify to be recognised as an asset under other accounting standards. Previously, such costs were expensed as incurred. Fulfilment costs assets are amortised and recorded as an expense in the income statement when the related revenues are recognised.

Contract liabilities are defined as performance obligations to be satisfied in the future periods for which an entity has received consideration. These were previously presented as part of trade and other payables.

(2) Trade and other receivables, contract assets and fulfilment costs

The £104.9 million decrease in current trade and other receivables as at 31 December 2017 relates to:

- £59.1 million reclassified to contract assets in respect of our proportional treaty book in the Reinsurance division (£13.6 million as non-current and £45.5 million as current);
- £32.6 million derecognised to align the revenue recognition to the timing of satisfaction of the related performance obligations as required by IFRS 15 and;
- £11.7 million reclassified to non-current trade receivables to reflect the timing of expected settlement.
- £1.5 million of other adjustments.

As at 31 December 2017, £27.7 million of fulfilment costs were recognised on the Group's Balance Sheet, giving rise to a positive impact on cumulative retained earnings. These comprise:

- £23.0 million (presented in current contract assets) mainly relates to placement activity.
- £4.6 million (presented in non-current contract assets) in respect of pension administration and investment solution services in our Employee Benefits division. These costs are related to data transfer for the set up of the IT platform related to long term contracts.

(3) Trade and other payables and contract liabilities

On adoption of IFRS 15 the Group reclassified £43.1 million from trade and other payables to contract liabilities. These balances related to deferred revenue and claims handling and other post-placement services to be provided in future periods. Additional contract liabilities of £37 million relating to claims handling and other post placement services have been recognised as at 31 December 2017, with a negative impact on cumulative retained earnings. A further £8 million of revenues have been deferred to account for cancellation risk. The adjustment was calculated based on the Group's historical experience of contract cancellation.

D) IFRS 9 *Financial Instruments* - Impact of adoption

The Group adopted the requirements of IFRS 9 in respect of classification and measurement and impairment from 1 January 2018 on a prospective basis in accordance with the transition provisions of IFRS 9. The 2017 comparatives have not been restated; any impact to retained earnings on adoption of the new requirements has been recognised in the Group's Balance Sheet as at 1 January 2018. The Group has elected to continue to apply the IAS 39 requirements in respect of hedge accounting as provided by paragraph 7.2.21 of IFRS 9.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	1 Jan 2018
	£'000
Retained earnings - restated for adoption of IFRS 15	**163,072**
Increase in provision for trade receivables and contract assets, net of tax	(727)
Recycling of the fair value reserves to retained earnings	81
Adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018	(646)
Retained earnings - restated for adoption of IFRS 15 and IFRS 9	**162,426**

i) Classification and measurement

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 eliminates the previous IAS 39 categories for financial assets of held-to-maturity ('HTM'), loans and receivables and available-for-sale ('AFS'), and replaces these categories with two principal measurement and classification categories – fair value through other comprehensive income ('FVOCI') and amortised cost. The fair value through profit or loss ('FVTPL') classification category for financial assets has been retained. IFRS 9 has not significantly changed the classification and measurement rules in respect of financial liabilities.

On 1 January 2018, the Group's management has assessed which business models apply to the financial assets held by the Group and has reclassified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

			Closing balances as at 31 Dec 2017 (restated for IFRS 15)		Opening balances as at 1 Jan 2018		
			Original measurement category under IAS 39		New measurement category under IFRS 9		
			Available-for-sale	Loans and receivables	FVOCI (debt/ equity)	Amortised cost	FVTPL
		Notes	£'000	£'000	£'000	£'000	£'000
Investments and deposits	Reclassify fixed term deposits, bonds and certificates of deposit from AFS to amortised cost	(1)	120,931	-	-	120,931	-
Other investments	Reclassify other investments from AFS to FVOCI/FVTPL	(2)	11,007	-	6,137	-	4,870
Trade receivables	Reclassify trade receivables from loans and receivables to amortised cost	(3)	-	426,178	-	426,178	-
Other receivables	Reclassify other receivables from loans and receivables to amortised cost/FVTPL	(3)	-	63,989	-	62,770	1,219
Cash and cash equivalents	Reclassify cash and cash equivalents from loans and receivables to amortised cost/FVTPL	(4)	-	1,015,087	-	991,050	24,037
			131,938	**1,505,254**	**6,137**	**1,600,929**	**30,126**

(1) Reclassification from available-for-sale to amortised cost

Certain investments in fixed term deposits were reclassified from available-for-sale to amortised cost on adoption of IFRS 9. At the date of initial application the Group's business model is to hold these investments for the collection of the principal and the interest. As no fair value movement had been recognised in previous periods, there is no impact on retained earnings on reclassification.

(2) Reclassification from available-for-sale to fair value through other comprehensive income/fair value through profit or loss

A receivable relating to contingent consideration was classified as an available-for-sale debt instrument under IAS 39. The contractual cash flows of this receivable do not represent solely payments of principal and interest, with the result that the receivable does not qualify to be measured at amortised cost or fair value through other comprehensive income under IFRS 9. Consequently, it has been reclassified to the fair value through profit or loss measurement category on adoption of IFRS 9. As no fair value movement had been recognised in previous periods, there is no impact on retained earnings on reclassification.

(3) Reclassification from loans and receivables to amortised cost/fair value through profit or loss

These reclassifications to the appropriate IFRS 9 measurement categories have no impact on the presentation on the balance sheet.

(4) Reclassification of cash and cash equivalents from loans and receivables to amortised cost/FVTPL

These reclassifications to the appropriate IFRS 9 measurement categories have no impact on the presentation on the balance sheet. Money market funds investments are measured at fair value through profit or loss under IFRS 9 as they do not meet the criteria to be measured at amortised cost, on account of the contractual cash flows not representing solely payments of principal and interest. The investments continue to be classified as cash equivalents on the basis of their liquid nature.

ii) Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss ('ECL') model. The new impairment model applies to financial assets measured at amortised cost, certain contract assets and debt instruments measured at fair value through other comprehensive income, but not to investments in equity instruments measured at fair value through other comprehensive income. Under IFRS 9 an entity is required to make ongoing assessments of estimated ECLs to reflect the general pattern of deterioration or improvement in the credit quality of financial assets since initial recognition. One consequence of this change is that credit losses are recognised earlier than under IAS 39.

The application of IFRS 9's impairment requirements at 1 January 2018 resulted in £0.8 million at additional credit loss allowance, which has been recognised as a reduction of the Group's retained earnings as at 1 January 2018. Related net deferred tax assets amounting to £0.1 million has been recognised.

The Group applies the IFRS 9 simplified approach to measure ECLs on trade receivables and certain contract assets. Under this approach, the credit losses expected over the life of trade receivables and contract assets are recognised on the Balance Sheet at each reporting date. Contract assets within the scope of IFRS 9's impairment requirements represent unbilled consideration for which goods or services have been delivered, but the right to consideration is dependent on other additional conditions unrelated to the passage of time. They are therefore considered to possess the same risk characteristics as trade receivables, and have been assessed together with trade receivables as a single group of financial assets. The average loss rate of trade receivables is considered a reasonable approximation of the ECLs on contract assets when they are eventually invoiced.

ECLs on financial assets other than trade receivables and contract assets are calculated based on the ECLs within the next 12 months when no material increase of credit risk has occurred between the inception and the reporting period. The impact of the change in methodology on the Group's retained earnings and equity is immaterial.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The ECLs related to these assets are immaterial.

The following table analyses the ECLs recognised on trade receivables and contract assets as at 1 January 2018, by age category.

	Restated for IFRS 15			IFRS 9	
	Trade receivables	Contract assets	Total	Expected credit loss rate	Provision for impairment
1 January 2018	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Not overdue	335,408	59,137	**394,545**	1.0%	(3,939)
Past due not more than three months	68,880	-	**68,880**	1.4%	(978)
Past due more than three months and not more than six months	20,704	-	**20,704**	4.9%	(1,012)
Past due more than six months and not more than one year	7,826	-	**7,826**	38.6%	(3,020)
Past due more than one year and not more than two years	5,304	-	**5,304**	73.7%	(3,911)
Past due more than two years	6,231	-	**6,231**	100.0%	(6,231)
Opening balances at 1 January 2018 (IFRS 9/IFRS 15)	**444,353**	**59,137**	**503,490**	**3.8%**	**(19,091)**

The loss allowances for trade receivables and contract assets as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as follows:

	Trade receivables	Contract assets	Total
	£'000	**£'000**	**£'000**
Loss allowance at 31 December 2017 (IAS 39)	(18,175)	-	**(18,175)**
Amounts restated through opening retained earnings	(133)	(783)	**(916)**
Loss allowance at 1 January 2018 (IFRS 9)	**(18,308)**	**(783)**	**(19,091)**

26. PRINCIPAL RISKS

As a global company, JLT faces a range of risks, each of which has the potential to impact on the achievement of our strategic business objectives, as well as providing opportunity in the right circumstances.

The Group takes a holistic approach to risk management and the control environment with the responsibility and accountability shared across all the Group companies, and the ultimate responsibility resting with the Board.

The outcome of the EU referendum on 23 June 2016 introduced uncertainty in future periods. The future development and performance of the UK economy remains subject to volatility in the near term as the negotiation of the UK's exit from the EU accelerates. The Group has continued its preparatory work for Brexit and to strengthen its representation in the EU, including through the recent acquisitions of OWL Marine Insurance Brokers and Belgibo. JLT does not anticipate that Brexit will materially impact its ability to serve clients and access markets in the EU. The Group continues to monitor events closely working with its (re)insurance partners and clients.

The principal risks to which the Group will be exposed in the second half of the financial year are substantially the same as those discussed on pages 43 to 45 of the Group's Annual Report for 2017. These are summarised below:

PRINCIPAL RISKS	NATURE OF RISK
STRATEGIC RISKS	
Economic Instability	JLT's business is driven more by economic activity and growth than by (re)insurance market rates. There is a risk that economic instability reduces client demand.
Strategic Risks	There are risks to the Group's strategic plan arising from changes in the external environment as well as risks arising from acquisitions, strategic change initiatives and the execution of the Group's strategy. JLT is an agile organisation that seeks to ensure it maximises opportunities for the benefit of clients and other stakeholders, and is well controlled and resilient. There is a risk that the appetite of the Group for change, exceeds its capability and capacity to deliver and absorb change(s) effectively.
Reputation	JLT recognises the strategic importance and value of its reputation, and takes a wide range of measures to protect it. Damage to reputation can potentially occur as a result of any principal risk crystallising.
OPERATIONS RISKS	
Business Interruption	The Group operates from over 100 offices in 41 territories across the world. There is a risk of a business interruption due to a large, unexpected incident. The Group is also reliant on the ability to process its transactions on behalf of its clients. Risks arise from non-performance or failure of IT, whether in-house or from an outsourcing provider/IT supplier, malicious act and/or cyber-crime, and internal operational issues.
PEOPLE RISKS	
Loss of Key Staff/Teams	The Group's principal asset is its people; there is a risk that the organisation may not be able to attract and retain market leading talent.
IT RISKS	
Information Security & Cyber	Intermediaries and pension administrators process and retain confidential data in the normal course of business. Risks relate to loss of customer records or breach of confidentiality due to inadequate security and other key controls.
LEGAL AND COMPLIANCE RISKS	
Data Privacy	Risks arising from non-compliance with or misinterpretation of local or international data privacy regulation/legislation.
E&O claims	Intermediaries run a risk of incurring a loss if the operating procedures in place across the Group in relation to market security, placement and claims are not complied with or alleged negligence/ breach of contract in the provision of services/advice becomes apparent.
Litigation (Non E&O litigation)	Litigation risk can arise from the number of different sources such as M&A litigation (eg breach of Sale & Purchase Agreement), breach Employment Law and tortious liability arising from the

	recruitment of individuals.
Competition/Anti-trust	Engagement in anti-competitive/anti-trust practices could result in infringement of competition/anti-trust laws and/or regulations.
Bribery and Corruption	Risks relating to the engagement in corrupt practices could result in a breach of Bribery & Corruption legislation and regulation.
Regulatory	The Group's footprint brings with it an increasingly complex regulatory landscape to be anticipated and managed. There is a risk that JLT may fail to take into consideration the requirements leading to legal and/or regulatory breach. Risk can also arise from regulators conducting a review of past business activities which causes it to revise its view of the product/proposition and results in regulatory sanction and/or additional cost to the business for remediation which could result in sanctions, fines or remediation costs.
Sanctions	As a global Group supporting international clients, brokers run the risk of engaging with sanctioned territories and/or individuals/entities which could give rise to a breach in sanctions/export control orders.
FINANCIAL RISKS	
Liquidity/Financing	Risks arising from non-compliance with or misinterpretation of local or international data privacy regulation/legislation.
Foreign Exchange	The Group has foreign exchange exposures to: • risk arising from the need to convert currencies into GBP for reporting purposes • risk arising from revenues and costs being denominated in different currencies
Counterparty Risk	Counterparty risk can arise for JLT from two key sources: banks and (re)insurers.
Defined Benefit Pension Scheme	Risk of adverse financial impact as a consequence of an increase in the Defined Benefit Pension Scheme deficit.
Interest Rate	Risk of volatility of earnings and cash flows arising from exposure to movements in Interest Rates. This may also impact the Defined Benefit Pension Scheme assets and liabilities.
Financial Reporting	The risk of inaccurate accounting and reporting, internally and externally.
Fraud	Risks relating to the theft or mis-use of JLT and client monies.

27. LEGAL AND OTHER LOSS CONTINGENCIES

Jardine Lloyd Thompson Group plc and its subsidiaries are subject to various claims, legal proceedings, investigations by regulatory and other government authorities and disputes around the world including alleged errors and omissions in connection with the placement of insurance and reinsurance risks and consulting services.

IFRS requires that liabilities for contingencies be recorded when it is probable that a liability has been incurred before the balance sheet date and the amount can be reasonably estimated. Significant management judgement is required to comply with this guidance. The Group analyses its litigation exposure based on available information, including external legal consultation where appropriate, to assess its potential liability.

On the basis of present information, amounts already provided, availability of insurance coverages and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the consolidated financial position of the Group. However, it is possible that future results of operations or cash flows for any annual period could be materially affected by an unfavourable resolution of these matters.

In addition, in the UK, the Group is working with the UK Financial Conduct Authority following a market-wide thematic review of financial advice provided to customers who were offered enhanced transfer value products ('ETVs'). Pending the outcome of the UK Financial Conduct Authority's review provisions have been made to cover known liabilities. It is too early to determine the extent of any potential further liabilities.

28. FORWARD-LOOKING STATEMENTS

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

The Directors of Jardine Lloyd Thompson Group plc are listed in the Annual Report of the Company for the year ended 31 December 2017, subject to the following change which has taken place since the publication of that document: Lynne Peacock joined the Board as a Non-Executive Director on 1 May 2018.

On behalf of the Board

CHARLES ROZES
Finance Director
26 July 2018

INDEPENDENT REVIEW REPORT TO JARDINE LLOYD THOMPSON GROUP PLC

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENT

Our conclusion

We have reviewed Jardine Lloyd Thompson Group plc's consolidated interim financial statements (the 'interim financial statements') in the interim results of Jardine Lloyd Thompson Group plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- The consolidated balance sheet as at 30 June 2018;
- The consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- The consolidated statement of cash flows for the period then ended;
- The consolidated statement of changes in equity for the period then ended; and
- The explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
26 July 2018

a. The maintenance and integrity of the Jardine Lloyd Thompson Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.