28 FEBRUARY 2018

Jardine Lloyd Thompson Group plc

# PRELIMINARY RESULTS

**FOR THE YEAR ENDED 31 DECEMBER 2017 (UNAUDITED)**

Jardine Lloyd Thompson Group plc ("JLT" or "the Group") announces its preliminary results for the year ended 31 December 2017.

## GROUP FINANCIAL HIGHLIGHTS

- Revenues of £1,386m, up 10%
- Organic revenue growth of 5%:
  - 6% in Specialty businesses
  - 4% in JLT Re
  - 8% in UK & Ireland Employee Benefits
- Underlying* profit before tax of £191.5m, up 11%
- Reported profit before tax of £181.6m, up 35%
- Underlying* trading margin constant at 15.4%
- Reported diluted earnings per share (EPS) increased from 37.8p to 54.7p, up 45%
  - Underlying* diluted EPS increased from 51.4p to 58.5p, up 14%
- Final cash dividend of 21.8p bringing total dividend for 2017 to 34.0p, up 5.6%

* Underlying results exclude exceptional items

## BUSINESS HIGHLIGHTS

- All businesses in the Group achieved headline revenue growth year on year, underpinned by strong organic revenue growth of 5% (2016: 2%) which was in line with historical rates.
- Trading profit in global Risk & Insurance grew 19% year on year, demonstrating the growing strength of the Group worldwide.
- US Specialty tapered the net investment loss and made further progress with the build-out, adding new clients, people and offices; the business remains on track to achieve profit in 2019.
- The recovery in UK Employee Benefits drove its profit up 40% year on year, with higher margins, and saw a number of substantial client wins in the year.

## BUSINESS STRATEGY

- Effective 1 April 2018, the Group will be aligned into three divisions to facilitate closer global coordination and enhance client delivery: Reinsurance, Specialty, and Employee Benefits.
- Group-wide Transformation Programme will deliver globally consistent processes and operational efficiencies creating opportunities for improved returns through global client solutions. Annualised savings of £40m are projected by 2020 for a one-off cost of £45m spread across 2018 and 2019.
- US Specialty build-out will focus on continuing organic growth, complemented by targeted acquisitions.
- International Employee Benefits proposition is being developed, with close coordination of existing operations and the launch of an integrated offering to multinational clients.

**Dominic Burke, Group Chief Executive, commented:**

*"2017 was an important year for the JLT Group. The decisions we took during the year and the strategic developments we have initiated will, I believe, mark the start of a new chapter in the growth of JLT."*

## 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 | Brunswick Group LLP | 020 7404 5959 |

A presentation to investors and analysts will take place at 9am 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 and it will also be available after the event.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulations.

# PRELIMINARY STATEMENT

JLT made substantial financial progress in 2017, returning to strong organic revenue growth.

Total revenues increased by 10%, or 6% at constant rates of exchange (CRE), to £1,386m with strong overall organic revenue growth of 5%, in line with historical rates.

| | Total Revenue | | | | | Underlying Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2017 | Growth | CRE | Organic | 2016 | 2017 | CRE | 2016 | 2017 | CRE | 2016 |
| **Risk & Insurance** | | | | | | | | | | | |
| Specialty Businesses | 848.7 | 11% | 6% | 6% | 765.3 | 155.5 | 148.7 | 126.1 | 18% | 18% | 16% |
| JLT Re | 217.1 | 11% | 7% | 4% | 195.6 | 42.4 | 43.5 | 40.5 | 20% | 21% | 21% |
| | **1,065.8** | **11%** | **6%** | **5%** | **960.9** | **197.9** | **192.2** | **166.6** | **19%** | **19%** | **17%** |
| **Employee Benefits** | | | | | | | | | | | |
| UK & Ireland | 172.0 | 7% | 7% | 8% | 160.0 | 17.2 | 16.9 | 12.3 | 10% | 10% | 8% |
| International EB | 148.2 | 6% | (1%) | - | 140.4 | 32.9 | 32.7 | 37.2 | 22% | 23% | 26% |
| | 320.2 | 7% | 4% | 4% | 300.4 | 50.1 | 49.6 | 49.5 | 16% | 16% | 16% |
| **Group*** | **1,386.0** | **10%** | **6%** | **5%** | **1,261.3** | **213.7** | **208.1** | **193.7** | **15.4%** | **15.6%** | **15.4%** |

Notes:

- CRE: Constant rates of exchange are calculated by translating 2017 results at 2016 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.

* Group underlying trading profit includes central costs.

JLT's Risk & Insurance businesses delivered revenue growth of 11%, or 5% on an organic revenue basis. Trading profit rose substantially, increasing from £166.6m to £197.9m, contributing to a 200 bps increase in trading margin to 19%.

JLT's Employee Benefits businesses generated revenue growth of 7%, or 4% on an organic revenue basis. Strong organic revenue growth in the UK of 8% was offset by weakness in some parts of the international Employee Benefits business.

| £m | 2017 | 2016 |
|---|---|---|
| **Underlying trading profit** | **213.7** | 193.7 |
| Underlying share of associates | 2.1 | 1.0 |
| Net finance costs | (24.3) | (22.1) |
| **Underlying profit before taxation** | **191.5** | 172.6 |
| Exceptional items | (9.9) | (37.7) |
| **Profit before taxation** | **181.6** | 134.9 |
| Underlying tax expense | (53.3) | (52.3) |
| Tax on exceptional items | 0.4 | 8.3 |
| Underlying non-controlling interests | (11.5) | (9.4) |
| Non-controlling interests on exceptional items | 1.2 | - |
| **Profit after taxation and non-controlling interests** | **118.4** | 81.5 |
| **Underlying profit after taxation and non-controlling interests** | **126.7** | 110.9 |
| **Diluted earnings per share** | **54.7p** | 37.8p |
| **Underlying diluted earnings per share** | **58.5p** | 51.4p |
| **Total dividend per share** | **34.0p** | 32.2p |

The Group's underlying trading profit increased by 10% to £213.7m, and by 7% at CRE. Underlying profit before tax increased by 11%, or 8% at CRE, to £191.5m. While foreign exchange (FX) movements provided a positive impact on underlying profit before tax during the year, the impact was significantly lower than that of 2016. However, sterling has strengthened significantly since December 2017 and should sterling remain at its highest point in the year to date, the Group anticipates that this would reduce underlying profit before tax by approximately £10m.

The trading margin was maintained at 15.4%.

Reported profit before tax increased by 35% to £181.6m, which includes the impact of exceptional items of £9.9m. Reported EPS increased to 54.7p.

## OPERATIONAL REVIEW

The Group operated two sets of businesses throughout 2017: Risk & Insurance and Employee Benefits. The results of the businesses within each of these areas are reported in more detail below.

## RISK & INSURANCE

| | Total Revenue | | | | | Underlying Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2017 | Growth | CRE | Organic | 2016 | 2017 | CRE | 2016 | 2017 | CRE | 2016 |
| JLT Europe | 399.3 | 1% | (1%) | 3% | 393.8 | 90.6 | 87.2 | 79.9 | 23% | 22% | 20% |
| JLT Re | 217.1 | 11% | 7% | 4% | 195.6 | 42.4 | 43.5 | 40.5 | 20% | 21% | 21% |
| JLT Australia & New Zealand | 125.7 | 7% | (1%) | (2%) | 117.7 | 35.5 | 32.5 | 34.1 | 28% | 28% | 29% |
| JLT Asia | 100.3 | 11% | 6% | 6% | 90.3 | 17.3 | 17.3 | 16.8 | 17% | 18% | 19% |
| JLT Latin America | 93.3 | 31% | 20% | 19% | 71.4 | 26.1 | 24.7 | 21.1 | 28% | 29% | 30% |
| JLT Middle East & Africa | 23.2 | 9% | 4% | 4% | 21.3 | 2.7 | 2.4 | 1.4 | 11% | 11% | 7% |
| JLT USA | 73.9 | 79% | 71% | 28% | 41.3 | (16.4) | (15.1) | (27.0) | (22%) | (21%) | (65%) |
| JLT Canada | 22.5 | 17% | 9% | 9% | 19.2 | 0.3 | 0.3 | (0.5) | 1% | 1% | (2%) |
| JLT Insurance Management | 10.5 | 2% | (2%) | (2%) | 10.3 | (0.6) | (0.6) | 0.3 | (6%) | (6%) | 3% |
| | **1,065.8** | **11%** | **6%** | **5%** | **960.9** | **197.9** | **192.2** | **166.6** | **19%** | **19%** | **17%** |

## JLT EUROPE

JLT Europe delivered revenues of £399.3m in 2017. After adjusting for the disposal of Thistle, which produced £20.0m of revenue and a loss of £3.6m, at the end of 2016, this represented revenue growth of 7%, of which 4% was organic. Trading profit increased by 9% to £90.6m, and the trading margin increased 100 bps to 23% on an adjusted basis.

Strong client retention and new business drove good performances from most divisions, particularly Financial Lines, Northern Europe and Credit & Political Risks. This achievement was delivered despite challenging market conditions, particularly in the Energy and Marine sectors.

The Group made investments in 2017 to strengthen JLT's representation in continental Europe, including the acquisition of Belgibo, the Belgian specialty broker, in August 2017. These investments support the Group's Brexit planning, enabling the Group to manage the consequences of different Brexit scenarios. In light of these investments, and other preparatory work, the Group does not anticipate that Brexit will materially impact JLT's ability to serve clients and access markets in the European Union.

## JLT INTERNATIONAL SPECIALTY BUSINESSES

Outside of Europe, JLT's international Specialty businesses together delivered revenues of £449.4m, a headline increase of 21% or 13% at CRE, with organic revenue growth of 8%.
The combined trading margin of the international Specialty businesses increased from 12% to 14%.

### Australia and New Zealand

The Australian and New Zealand businesses saw revenues increase by 7% to £125.7m. It is anticipated that earnings from a number of significant business wins secured in 2017 will help these businesses return to organic revenue growth in 2018.

### Asia

Asia produced a good performance in the year, with an 11% increase in revenues to £100.3m and a 6% organic revenue growth rate. Revenue performance was driven by core specialties, particularly Financial Lines and Construction.

### Latin America

JLT's Latin American operations grew revenues by 31% to £93.3m, with 19% organic revenue growth. Trading profit increased by 24% to £26.1m, a 17% increase at CRE. JLT has been making significant investments in building its Specialty capabilities across Latin America and these results demonstrate the success of that strategy.

### US Specialty

The US Specialty business continued to make good progress in the year, delivering revenue approaching USD 100m. Net investment losses reduced from £27m to £16m, delivering on the Group's previous guidance that these losses had reached the 'high-water' mark at the end of 2016.

The US Specialty business is now firmly established with 335 employees in 17 locations and an increasing market presence, now representing 5% of the Fortune 500.

## JLT RE

JLT Re delivered revenues of £217.1m, an increase of 11%, reflecting organic revenue growth of 4%. This performance was delivered despite the continued decline in pricing across most lines of reinsurance business and in most geographies across the year. This was underlined by the 1 January 2017 renewals, which saw risk-adjusted global property-catastrophe pricing reduce by almost 6%.

JLT Re's trading profit increased by 5% to £42.4m. The trading margin was 20% in the year, reflecting JLT Re's continued investment in market leading talent across all of its geographies, increasing headcount by approximately 10% year on year. Organic revenue growth in Europe and North America was offset in part by Asia Pacific, which experienced significant headwinds from the rating environment combined with reductions in facultative buying activity.

## JLT EMPLOYEE BENEFITS

| | Total Revenue | | | | | Underlying Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2017 | Growth | CRE | Organic | 2016 | 2017 | CRE | 2016 | 2017 | CRE | 2016 |
| UK & Ireland | 172.0 | 7% | 7% | 8% | 160.0 | 17.2 | 16.9 | 12.3 | 10% | 10% | 8% |
| Asia | 89.6 | 3% | (2%) | (1%) | 87.3 | 25.1 | 25.0 | 27.2 | 28% | 29% | 31% |
| Australia & New Zealand | 30.1 | 9% | 1% | 1% | 27.5 | 6.3 | 5.8 | 5.5 | 21% | 21% | 20% |
| Latin America | 23.5 | 8% | (1%) | (1%) | 21.7 | 1.2 | 1.5 | 3.7 | 5% | 7% | 17% |
| Middle East & Africa | 2.9 | 50% | 29% | 28% | 1.9 | - | 0.1 | 0.2 | (1%) | 4% | 10% |
| Canada | 2.1 | 8% | - | (5%) | 2.0 | 0.3 | 0.3 | 0.6 | 14% | 14% | 31% |
| | **320.2** | **7%** | **4%** | **4%** | **300.4** | **50.1** | **49.6** | **49.5** | **16%** | **16%** | **16%** |

## UK & IRELAND EMPLOYEE BENEFITS

JLT's UK and Ireland Employee Benefits business grew revenues to £172.0m, reflecting an impressive organic revenue growth of 8%. Trading profit for the year was £17.2m, an increase of 40% over the previous year.

At the time of its 2017 interim results, the Group indicated that the momentum seen in the first half of the year would continue, and this has proved to be the case with good performances delivered across the business.

Trading margins in the UK and Ireland Employee Benefits business improved by 200 basis points to 10%. The Group now expects to achieve its 15% trading margin target for this business in 2019, rather than in 2018, with the benefit of the Global Transformation Programme. The Group anticipates that the business will make further progress in 2018 towards this target, with the majority of the progress being made in 2019.

## INTERNATIONAL EMPLOYEE BENEFITS

JLT's international Employee Benefits businesses achieved mixed headline results, although there was improving momentum and some good performances within individual businesses.

In Asia, the Private Client Services (PCS) life assurance broking business experienced a difficult first half to the year. However, this was followed by a positive performance in the second half of the year. The business is now expanding into new geographies, including mainland China.

In Australia, a slower rate of revenue growth resulted from structural changes in the workers compensation market. However, the Group anticipates better revenue performance in Australia in 2018, building on the trading profit growth seen in 2017.

In Brazil, corporate payrolls fell as the economy remained weak, leading to slower headline revenue growth and a year on year reduction in trading profit in the region. However, Latin America Employee Benefits has been successful in winning significant volumes of new business and the Group looks forward to growth rates returning to former levels in that business as economies in the region recover.

## ASSOCIATES

The Group's income from its Associates increased by £1.1m to £2.1m.

## OPERATING COSTS

Total underlying operating costs (excluding exceptional items) increased by £104m, or 10%, to £1,172.3m. Of that increase, £48m arose from changes in foreign exchange rates. The mix of the cost base remained broadly unchanged, with staff and premises costs being the major individual expense items.  Head Office costs rose to £34.3m in the year, in line with previous guidance, and are expected to remain at a similar level in 2018, subject to any changes in provisions. The increase in the year related to rising premises costs, higher UK employment taxes and normalised self-insurance costs.

## EXCEPTIONAL ITEMS

Total net exceptional costs were £9.9m (2016: £37.7m) and related to three items:  net costs of £9.1m relating to the settlement of litigation; £2.6m of acquisition and integration costs, primarily in respect of Construction Risk Partners (CRP) and Belgibo; and £1.8m of net gains made on two small disposals.

## BALANCE SHEET AND FUNDING

The net assets of the Group increased to £398m from £351m.  The key movements were:

- an increase in goodwill of £35m, mainly due to the acquisitions of a majority stake in CRP and the entire shareholding of Belgibo, partly offset by the impact of foreign exchange.  The Group completed three acquisitions during the year for a total consideration of £61.2m;
- a net increase in working capital of £33m, which is £10m lower than the same period in 2016, despite higher overall revenues and no significant shift in seasonality;
- a decrease of £29m in the net pension liability primarily as a result of the Group's annual contributions and returns on scheme assets.  The associated deferred tax asset was recognised accordingly; and
- the derivatives position decreased by £30m, mainly due to the Group's mark to market adjustments.  The associated deferred tax asset was recognised accordingly.

Net debt, defined as own funds less total borrowings net of transaction costs, was £506m (2016: £496m).  The Group's principal measure of leverage, the Net Debt to EBITDA ratio, reduced from 2.1:1 to 1.8:1 on a reported basis and remained at 1.6:1 on a bank covenant basis.

As at 31 December 2017, the Group had committed long-term unsecured revolving credit facilities of £500m and drawn private placement loan notes equivalent to £420m, resulting in total debt facilities equivalent to £920m with maturities between 2020 and 2029.  A long term private placement loan note for USD 42m, issued in 2010, was repaid in September 2017.  Gross borrowings were £710m, which includes £691m of borrowings under the Group's committed facilities, leaving unutilised committed facilities headroom of £229m.

The Group continues to be well funded with an appropriate mix of short-term and long-term debt, with a range of maturities that extend to 2029.

Net finance costs increased by £2.2m to £24.3m as the Group continued to invest, including the acquisitions of CRP and Belgibo.

## CASHFLOW

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. In 2017, the Group generated £279m of EBITDA, reflecting an increase in underlying profit and a reduction in exceptional items.

Operational free cash flows increased to £175m, reflecting the EBITDA growth, offset by an increase in annual capex due to the fit-out of additional space in the Group's London headquarters, as well as improvements to its IT infrastructure.  Acquisition capex was primarily driven by the acquisitions of CRP and Belgibo.  Excluding discretionary spend on M&A activity, the Group was £6m net cash positive in 2017; including this activity, there was a £49m net cash outflow in the year.

## IMPACT OF NEW ACCOUNTING STANDARDS

Two new accounting standards were implemented in January 2018, IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers).

IFRS 9 is anticipated to have an immaterial impact on the Group's profit and loss account, mainly due to JLT's conservative bad debt provision policy and strong credit control.

In relation to the new revenue standard, IFRS 15, JLT has historically recognised inception date as the primary trigger for recognising revenue, a practice that has largely been upheld under the new standard. As a consequence, the restatement of 2017 underlying PBT on adoption of IFRS 15 is expected to be limited, to an overall rephasing of approximately £4.5m into subsequent years. Most of this reduction relates to JLT's UK Employee Benefits business due to the longer term nature of its contracts, and a further amount to JLT Re for similar reasons. The residual balance is split across the remainder of JLT's businesses.

Further details of the adjustments can be found in the 'Significant Accounting Policies' section of this document.

Including the Global Transformation Programme, the Group anticipates a shift in the phasing of its profits in 2018 to approximately 49% in the first half, and 51% in the second half of the financial year.

## DIVIDENDS

Subject to shareholder approval, the final dividend will be increased to 21.8p per share for the year ended 31 December 2017 (2016: 20.6p) and will be paid on 8 May 2018 to shareholders on the register at 3 April 2018. This brings the total dividend for the year to 34.0p per share, compared to 32.2p for the prior year, an increase of 5.6%.

## GROUP STRATEGY AND STRATEGIC PLANS

The Group's acquisition of TW Re in late 2013, followed by the establishment of JLT's US Specialty business in 2014, has given JLT a firm foundation in the US. As explained in the Group's 2017 interim results, that increase in scope and opportunity led the Group to conduct an extensive re-examination of its strategy in the course of 2017. The process confirmed that:

- JLT's deep specialist strength is a key differentiator between JLT and its larger competitors; and
- Representation in the US now gives JLT the opportunity to move from an international to a global business across each of Reinsurance, Specialty and Employee Benefits.

JLT re-articulated its mission, 'To become the leading global specialist risk adviser and broker", and the Group is now taking a number of important steps towards its strategic objectives.

## STRUCTURAL CHANGES

The Group is making a number of structural changes to the businesses and the management of JLT.

As announced in January 2018, Lucy Clarke has been appointed to the new role of Global CEO of the Group's Specialty business. The Group believes that bringing JLT's regional insurance broking operations together into an integrated Specialty division, with leaders appointed in each of JLT's principal industry specialities (Energy, Construction, Financial Lines, Aerospace, Marine & Cargo and Credit & Political Risks) responsible for globally coordinated sales and delivery to clients, will enable JLT to operate as a combined group of global specialists.

An integrated global management structure is already operating effectively and delivering value in JLT's Reinsurance division. The Group is confident that JLT will realise the same benefits in Global Specialty and that its Specialties will see accelerated growth, operating on a global basis.

Employee Benefits will also operate as a worldwide business. UK & Ireland and International Employee Benefits (including PCS) will be the third of JLT's three business divisions.

From the start of the second quarter, JLT's businesses will therefore be structured into three divisions, Reinsurance, Specialty and Employee Benefits, and the Group's results will be reported on this basis going forward.

## GLOBAL TRANSFORMATION PROGRAMME

The Group will be implementing a two-year plus Group-wide Global Transformation Programme which is designed to transform JLT's operational capabilities and to facilitate consistent and systematically coordinated working across the world.

The Group will streamline the operational processes used to serve clients in each of its divisions, to deliver global consistency and eliminate duplication of costs.

From 2020, JLT expects to use a consistent set of processes and core operating platforms in each of its Reinsurance, Specialty and Employee Benefits divisions.

In financial terms, the Group projects the Programme to deliver a fully sustainable £40m reduction in operating costs by the end of the 2020 financial year, secured at a one-off cost estimated at £45m, which will be treated as exceptional items over a two-year period. The table below sets out the anticipated phasing of the projected benefits and costs of the Programme:

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

* Treated as exceptional items

Operating on a consistent basis across each of JLT's global divisions will achieve significant, tangible benefits: a better client experience, improved cost efficiency and stronger controls.

## US STRATEGY

The objective of building a US Specialty business that contributes to the Group on a scale that better reflects the importance of the US to the global economy is at the heart of the Group's medium-term strategy.

The Group intends to build on the firm foundation that it has already established in the US through continuing organic revenue growth, complemented by targeted acquisitions. This began with the purchase of a controlling interest in the construction specialist, CRP, in January 2017 which has proven to be highly successful, delivering a continuing stream of domestic wins and increasing coordination throughout the Group to win and service international construction clients.

In 2017, US Specialty represented 5% of the Group's revenues. That proportion is expected to grow in the next few years. Following its move into profitability in 2019 as previously guided, the Group anticipates that trading margins in US Specialty will move broadly into line with those in JLT's other major global Specialty businesses in the medium term.

## JLT EMPLOYEE BENEFITS

The Group is confident about the momentum throughout the Employee Benefits businesses going into 2018, and the prospects for the division's revenue and profit growth.

In UK Employee Benefits, the largest business, the Group anticipates further strong growth in both revenue and trading margin as it sees a return on the investments made in recent years. This business has a strong position in the occupational pension scheme market. It is also making appropriate investments for the future so as to generate new business from today's employees.

JLT now operates Employee Benefits across the Group and through its international network, and has begun work to coordinate the presentation and marketing of its Employee Benefits activities worldwide. During 2017, the Group took advantage of its international coverage to launch a coordinated global Employee Benefits offering sold, managed and delivered by a single global team. The initial response from clients confirms that JLT can grow revenues in the international employee benefits market.

## BOARD AND SENIOR MANAGEMENT DEVELOPMENTS

There were a number of Board and senior management changes during 2017. Two Directors left the Board during the year: Bruce Carnegie-Brown stepped down from the Board on 14 June 2017, following his appointment as the Chairman of Lloyd's of London, and Jonathan Dawson retired on 3 October 2017.

Andrew Didham and Richard Meddings were appointed as Non-Executive Directors and joined the Board on 2 October 2017. Richard Meddings has become Chair of the Remuneration Committee and Andrew Didham has become Chair of the Audit & Risk Committee. Annette Court was appointed as the Company's Senior Independent Director upon Jonathan Dawson's retirement.

At a senior management level, Jonathan Palmer-Brown stepped down as a member of the Group Executive Committee at the end of the year and continues to act as an Advisor to the Group Chief Executive. Leo Demer stepped down as CEO of JLT's Australia and New Zealand business at the end of December 2017 and was succeeded by Nick Harris, who joined the Group Executive Committee on 1 January 2018. Leo assumes the new role of Head of Global Public Sector Specialties.

Lucy Clarke has been appointed as Global CEO of the Group's Specialty business with effect from 1 April 2018. In JLT's US Specialty business, with effect from 26 February 2018, Mike Rice became Executive Chairman to focus on M&A and to continue to play a lead role in driving new business development. Pat Donnelly, formerly President and Deputy CEO, assumed the role of CEO, US Specialty.

In view of the changes to the Group business and management structure, the Group Executive Committee will be reconstituted from 1 April 2018. The members of the Committee will comprise: Dominic Burke, Mark Drummond Brady, Charlie Rozes, Lucy Clarke, Ross Howard, Mike Methley, William Nabarro, Jim Pierce, Mike Reynolds and Bala Viswanathan.

## OUTLOOK

After five consecutive years of falling reinsurance rates, global property catastrophe rates have experienced some upward pressure but with significant variances across regions driven in large part by the losses experienced following hurricanes Harvey, Irma and Maria. Across most lines and most classes of reinsurance and specialty, the trend of steady price reductions through a number of years seems to have moderated or ended. However, a consistent pattern is not evident and it would be premature to refer to a hardening market.

In today's market each risk needs the broker to demonstrate real understanding of the risk and real transactional expertise to secure appropriate cover on the optimum terms for the client. This is the specialist capability that JLT has built over the past decade and the Group is confident that JLT is well placed to grow and execute on its strategy.

JLT has entered 2018 with real momentum but we do not expect a consistently hard insurance market. While the Group is positive with regards to the factors within its control, volatile currency markets present a risk. Therefore, taken together, JLT enters 2018 looking forward to continuing strong organic revenue growth and further financial progress.

## DISCLAIMER

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth, margins and market trends are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to JLT as of the date of the statement. All written or oral forward-looking statements attributable to JLT are qualified by this caution. JLT does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances.

# FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| Fees and commissions | 2 | **1,378,554** | 1,256,556 |
| Investment income | 2,4 | **7,474** | 4,730 |
| **Total revenue** | 2 | **1,386,028** | 1,261,286 |
| | | | |
| Salaries and associated expenses | 6 | **(861,189)** | (794,363) |
| Premises | | **(70,625)** | (66,849) |
| Other operating costs | | **(213,862)** | (209,518) |
| Depreciation, amortisation and impairment charges | 3 | **(36,491)** | (34,951) |
| **Operating profit** | 1,2,3 | **203,861** | 155,605 |
| | | | |
| **Analysed as:** | | | |
| **Operating profit before exceptional items** | 1,2 | **213,743** | 193,672 |
| Acquisition and integration costs | 3 | **(2,605)** | (546) |
| Restructuring costs | 3 | **-** | (13,900) |
| Net litigation costs | 3 | **(9,067)** | (21,114) |
| Net gains/(losses) on disposals | 3 | **1,835** | (1,660) |
| Other exceptional items | 3 | **(45)** | (847) |
| **Operating profit** | 1,2,3 | **203,861** | 155,605 |
| | | | |
| Finance costs | 5 | **(27,327)** | (24,225) |
| Finance income | 5 | **2,978** | 2,147 |
| Finance costs - net | 5 | **(24,349)** | (22,078) |
| Share of results of associates | | **2,149** | 1,353 |
| **Profit before taxation** | 1,2 | **181,661** | 134,880 |
| Income tax expense | 8 | **(52,980)** | (44,018) |
| **Profit for the year** | | **128,681** | 90,862 |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the parent | 2 | **118,378** | 81,466 |
| Non-controlling interests | | **10,303** | 9,396 |
| | | **128,681** | 90,862 |
| | | | |
| **Earnings per share attributable to the owners of the parent during the year (expressed in pence per share)** | 9 | | |
| Basic earnings per share | | **56.1p** | 38.6p |
| Diluted earnings per share | | **54.7p** | 37.8p |

The notes on pages 17 to 74 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Profit for the year** | | **128,681** | 90,862 |
| | | | |
| **Other comprehensive income/(expense)** | | | |
| | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurement of post-employment benefit obligations | 31 | **17,985** | (71,642) |
| Taxation thereon | | **(2,599)** | 11,850 |
| **Total items that will not be reclassified to profit or loss** | | **15,386** | (59,792) |
| | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Fair value gains net of tax: | | | |
| - available-for-sale financial assets | | **86** | 42 |
| - available-for-sale financial assets reclassified to the income statement | | **-** | (181) |
| - cash flow hedges | | **63,657** | (41,487) |
| Currency translation differences | | **(36,829)** | 105,369 |
| **Total items that may be reclassified subsequently to profit or loss** | | **26,914** | 63,743 |
| | | | |
| **Other comprehensive income net of tax** | | **42,300** | 3,951 |
| **Total comprehensive income for the year** | | **170,981** | 94,813 |
| | | | |
| **Attributable to:** | | | |
| Owners of the parent | | **162,550** | 80,889 |
| Non-controlling interests | | **8,431** | 13,924 |
| | | **170,981** | 94,813 |

The notes on pages 17 to 74 form an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

as at 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| NET ASSETS | | | |
| **Non-current assets** | | | |
| Goodwill | 11 | **577,778** | 543,013 |
| Other intangible assets | 12 | **108,954** | 101,963 |
| Property, plant and equipment | 13 | **68,645** | 64,330 |
| Investments in associates | 14 | **53,055** | 50,928 |
| Available-for-sale financial assets | 15,20 | **16,858** | 23,805 |
| Derivative financial instruments | 16,20 | **82,569** | 117,043 |
| Retirement benefit surpluses | 31 | **92** | 509 |
| Deferred tax assets | 22 | **54,266** | 70,088 |
| | | **962,217** | 971,679 |
| **Current assets** | | | |
| Trade and other receivables | 17 | **610,506** | 588,640 |
| Derivative financial instruments | 16,20 | **5,545** | 7,930 |
| Available-for-sale financial assets | 15,20 | **115,080** | 116,933 |
| Held-for-sale financial assets | 15,20 | **189** | - |
| Cash and cash equivalents | 18,20 | **1,015,087** | 939,945 |
| | | **1,746,407** | 1,653,448 |
| **Current liabilities** | | | |
| Borrowings | 20,21 | **(19,226)** | (54,729) |
| Trade and other payables | 19 | **(1,256,074)** | (1,200,397) |
| Derivative financial instruments | 16,20 | **(10,265)** | (33,136) |
| Current tax liabilities | | **(10,290)** | (5,119) |
| Provisions for liabilities and charges | 23 | **(6,865)** | (8,826) |
| | | **(1,302,720)** | (1,302,207) |
| **Net current assets** | | **443,687** | 351,241 |
| **Non-current liabilities** | | | |
| Borrowings | 20,21 | **(690,872)** | (633,103) |
| Trade and other payables | 19 | **(49,475)** | (57,385) |
| Derivative financial instruments | 16,20 | **(85,516)** | (69,652) |
| Deferred tax liabilities | 22 | **(11,411)** | (11,378) |
| Retirement benefit obligations | 31 | **(169,376)** | (198,921) |
| Provisions for liabilities and charges | 23 | **(1,549)** | (1,571) |
| | | **(1,008,199)** | (972,010) |
| | | **397,705** | 350,910 |
| TOTAL EQUITY | | | |
| **Capital and reserves attributable to the owners of the parent** | | | |
| Ordinary shares | 24 | **11,008** | 11,008 |
| Share premium | 24,26 | **104,111** | 104,111 |
| Fair value and hedging reserves | 26 | **9,290** | (54,453) |
| Exchange reserves | 26 | **48,604** | 83,561 |
| Retained earnings | | **204,781** | 183,919 |
| **Shareholders' equity** | | **377,794** | 328,146 |
| Non-controlling interests | 25 | **19,911** | 22,764 |
| | | **397,705** | 350,910 |

The notes on pages 17 to 74 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

| | 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** |
| Profit for the year | | - | - | 118,378 | **118,378** | 10,303 | **128,681** |
| Other comprehensive income/(expense) for the year | | - | 28,786 | 15,386 | **44,172** | (1,872) | **42,300** |
| **Total comprehensive income for the year** | | **-** | **28,786** | **133,764** | **162,550** | **8,431** | **170,981** |
| Dividends | 10 | | | (71,593) | **(71,593)** | (12,004) | **(83,597)** |
| Amounts in respect of share based payments: | | | | | | | |
| - reversal of amortisation net of tax | | - | - | 29,784 | **29,784** | - | **29,784** |
| - shares acquired | | - | - | (16,502) | **(16,502)** | - | **(16,502)** |
| Acquisitions | 29 | - | - | - | - | 176 | **176** |
| Disposals | 30 | - | - | - | - | 544 | **544** |
| Transactions with non-controlling interests | | - | - | (54,591) | **(54,591)** | - | **(54,591)** |
| **Balance at 31 December 2017** | | **11,008** | **162,005** | **204,781** | **377,794** | **19,911** | **397,705** |

| | Notes | Ordinary shares £'000 | Other reserves £'000 | Retained earnings £'000 | Shareholders' equity £'000 | Non-controlling interests £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2016 | | 11,008 | 73,967 | 227,362 | 312,337 | 18,465 | 330,802 |
| Profit for the year | | - | - | 81,466 | 81,466 | 9,396 | 90,862 |
| Other comprehensive income/(expense) for the year | | - | 59,215 | (59,792) | (577) | 4,528 | 3,951 |
| Total comprehensive income for the year | | - | 59,215 | 21,674 | 80,889 | 13,924 | 94,813 |
| Dividends | 10 | - | - | (67,962) | (67,962) | (8,435) | (76,397) |
| Amounts in respect of share based payments: | | | | | | | |
| - reversal of amortisation net of tax | | - | - | 24,952 | 24,952 | - | 24,952 |
| - shares acquired | | - | - | (17,809) | (17,809) | - | (17,809) |
| Acquisitions | | - | - | - | - | (1,159) | (1,159) |
| Disposals | | - | - | - | - | (31) | (31) |
| Transactions with non-controlling interests | | - | - | (4,298) | (4,298) | - | (4,298) |
| Issue of share capital | 24 | - | 37 | - | 37 | - | 37 |
| Balance at 31 December 2016 | | 11,008 | 133,219 | 183,919 | 328,146 | 22,764 | 350,910 |

The notes on pages 17 to 74 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 28 | **217,357** | 166,712 |
| Interest paid | | **(16,835)** | (17,403) |
| Interest received | | **9,973** | 6,639 |
| Taxation paid | | **(48,993)** | (46,241) |
| Increase in net insurance broking payables | | **41,525** | 137,510 |
| | | **203,027** | 247,217 |
| Dividend received from associates | | **1,084** | 935 |
| **Net cash generated from operating activities** | | **204,111** | 248,152 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 13 | **(19,127)** | (9,556) |
| Purchase of other intangible assets | 12 | **(38,676)** | (30,215) |
| Proceeds from disposal of property, plant and equipment | | **1,049** | 928 |
| Acquisition of businesses, net of cash acquired | 29 | **(44,322)** | (13,381) |
| Acquisition of associates | | **(89)** | (3,013) |
| Proceeds from disposal of businesses, net of cash disposed | 30 | **1,557** | 15,141 |
| Purchase of available-for-sale financial assets | 15 | **(115,258)** | (107,636) |
| Proceeds from disposal of available-for-sale investments and deposits | 15 | **121,855** | 20 |
| Proceeds from disposal of available-for-sale other investments | | **2,244** | 303 |
| **Net cash used in investing activities** | | **(90,767)** | (147,409) |
| | | | |
| **Cash flows from financing activities** | | | |
| Dividends paid to owners of the parent | | **(71,161)** | (66,388) |
| Purchase of shares | | **(16,502)** | (17,809) |
| Proceeds from issuance of ordinary shares | 24 | **-** | 37 |
| Proceeds from borrowings | | **110,064** | 355 |
| Repayments of borrowings | | **(28,232)** | (5,056) |
| Dividends paid to non-controlling interests | | **(12,004)** | (8,435) |
| **Net cash used in financing activities** | | **(17,835)** | (97,296) |
| **Net increase in cash and cash equivalents** | | **95,509** | 3,447 |
| Cash and cash equivalents at beginning of year | | **939,945** | 901,087 |
| Exchange (losses)/gains on cash and cash equivalents | | **(20,367)** | 35,411 |
| **Cash and cash equivalents at end of year** | 18 | **1,015,087** | 939,945 |

The notes on pages 17 to 74 form an integral part of these consolidated financial statements.

# SIGNIFICANT ACCOUNTING POLICIES (UNAUDITED)

for the year ended 31 December 2017

## BASIS OF PREPARATION

### Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to Companies reporting under IFRSs. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

### Historical cost convention

The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the following:

- available-for-sale financial assets, certain financial assets and liabilities (including derivative financial instruments) which are measured at fair value; and
- defined benefit pension plans where plan assets are measured at fair value.

## STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2017

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017 have had a material impact on the Group.

## BASIS OF CONSOLIDATION

### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If a business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been modified where necessary to ensure consistency with the policies adopted by the Group.

## SEGMENT REPORTING

Operating segments are reported in a manner 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 Chief Executive Officer.

## FOREIGN CURRENCIES

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Sterling, which is the Group's functional and presentational currency.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

### Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation exchange differences arising from the translation of net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are reclassified to the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

## GOODWILL ARISING ON CONSOLIDATION

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is shown separately on the Balance Sheet. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units, or groups of cash generating units, for the purpose of impairment testing. Cash generating units represent the lowest level of geographical and business segment combinations that the Group uses for internal reporting purposes.

## OTHER INTANGIBLE ASSETS

### Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire them and bring them to use. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Capitalised development costs are amortised over their estimated useful lives from the point when the asset is ready to use.

The rates of amortisation are between 14% and 100% per annum.

### Capitalised employment contract payments

The Group makes payments to certain key employees in recognition of them signing a long-term employment contact, usually three to five years. These payments are capitalised as intangible assets since legal rights protect the expected benefits that the Group will derive from the contracts.

The asset recognised is then amortised over the duration of the underlying contract within salaries and associated expenses.

### Other

For acquisitions completed after 1st January 2004, the business acquired is reviewed to identify assets that meet the definition of an intangible asset per IAS 38. Examples of such assets include customer contracts, expectations of business renewal and contract related customer relationships. These assets are valued on the basis of the present value of future cash flows and are amortised to the income statement over the life of the contract or their estimated economic life. The current maximum estimated economic life is fifteen years.

## IMPAIRMENT OF ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## PROPERTY, PLANT AND EQUIPMENT

Assets are stated at their net book amount (historical cost less accumulated depreciation). Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of such assets over their estimated useful lives.

The principal rates of depreciation are as follows:

- Freehold land and buildings - between 0% and 2% per annum.
- Leasehold improvements - between 10% and 20% per annum or over the life of the lease.
- Furniture and office equipment - between 10% and 20% per annum.
- Computer hardware - between 20% and 100% per annum.
- Motor vehicles - between 25% and 33 1/3% per annum.

The depreciation rates are reviewed on an annual basis.

## FINANCIAL ASSETS

The Group classifies its financial assets as loans and receivables and available-for-sale assets. The classification depends upon the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are carried at amortised cost.

### Available-for-sale financial assets

Available-for-sale financial assets are categorised into one of two categories:

1) Investments and deposits consist mainly of fixed term deposits, bonds and certificates of deposit. These investments are held at fair value and are classified as current or non-current assets depending on the maturity date.
2) Other investments include securities and other investments held for strategic purposes. These investments are held at fair value unless a fair value cannot be accurately determined in which case they are carried at cost less any provision for impairment.

Interest on deposits and interest-bearing investments is credited in the income statement as it is earned.

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale assets are subsequently carried at fair value.

The fair values of quoted investments are determined based upon current bid price.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of finance income when the Group's right to receive payments is established.

### Held-for-sale financial assets

Non-current assets are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its immediate condition.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less costs to sell. Assets classified as held-for-sale are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in the income statement.

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## INSURANCE BROKING RECEIVABLES AND PAYABLES

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Group. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

In certain circumstances, the Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection.

These advances are reflected in the consolidated balance sheet as part of trade receivables.

## TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Whilst held in the Group's non-statutory trust accounts under appropriate client money regulation, fiduciary funds held are controlled by the Group and economic benefits are derived from them. As such these funds are recognised as an asset on the Group's balance sheet.

## TRADE PAYABLES

Trade payables are initially recognised at fair value and subsequently measured at amortised cost except for contingent considerations, which is always measured at fair value based on the underlying criteria of each transaction.

## BORROWINGS

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.

## DEFERRED INCOME TAX

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is charged or credited to equity in respect of any items, which is itself either charged or credited directly to equity.

Any subsequent recognition of the deferred gain or loss in the consolidated income statement is accompanied by the corresponding deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

## EMPLOYEE BENEFITS

### Pension obligations

The Group operates a number of defined benefit pension schemes, and a number of employees are members of defined contribution pension schemes.

Full actuarial valuations of the Group's defined benefit schemes are carried out at least every three years.

A qualified actuary updates these valuations to 31 December each year. For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit credit method; these liabilities are discounted at the current rate of return of a high quality corporate bond of equivalent currency and term. The defined benefit surplus or deficit is calculated as the present value of defined benefit obligations less the fair value of the plan assets and is included on the Group's balance sheet. Surpluses are included only to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The net interest on the defined benefit surplus/deficit is included within finance costs. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised through the consolidated statement of comprehensive income.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The costs of the Group's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

### Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (at nominal value) and share premium (excess over nominal value) when the options are exercised.

## PROVISIONS FOR LIABILITIES AND CHARGES

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an interest expense within finance costs in the income statement.

## REVENUE

### Fees and commissions

Fees and commissions are derived from three principal sources:

*Insurance broking*
Income relating to insurance broking is accounted for at the later of policy inception date or when the policy placement has been completed and confirmed.

Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation.

*Employee benefits*
Income relating to employee benefits services includes fees and commissions. Fees are charged on a time-cost or fixed-fee basis and are recognised in line with the performance of the underlying service. Commission is recognised upon confirmation of the underlying policy or product.

*Other services*
Fees and other income receivable are recognised in the period to which they relate and when they can be measured with reasonable certainty.

### Investment income

Investment income arises from the holding of cash and investments relating to fiduciary funds and is recognised on an accruals basis.

## EXCEPTIONAL ITEMS

Exceptional items are separately identified to provide greater understanding of the Group's underlying performance. Items classified as exceptional items may include, but are not limited to: gains or losses arising from the sale of businesses and investments; closure costs for businesses; restructuring costs; professional fees in respect of acquisitions; post acquisition integration costs; post acquisition adjustments to balance sheet items; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into the underlying business performance. Items of a non-recurring and material nature are charged or credited to operating profit and are classified to the appropriate income statement headings.

To assist in the analysis and understanding of the underlying trading position of the Group these items are summarised within the operating profit, note 3 on page 27 under the heading “Exceptional items”.

## LEASES

Assets held under leasing agreements, which transfer substantially all the risks and rewards of ownership to the Group, are included in property, plant and equipment. The capital elements of the related lease obligations are included in liabilities. The interest elements of the lease obligations are charged to the income statement over the period of the lease term.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Group only enters into derivative financial instruments in order to hedge underlying financial and commercial exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.

The Group designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity (net investment hedges).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in equity. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the consolidated income statement and classified as income or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the income statement.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in the hedging reserves and is reclassified to the income statement when a hedge no longer meets the criteria for hedge accounting or when the committed or forecasted transaction ultimately occurs. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in the income statement.

## DIVIDEND DISTRIBUTION

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date. Final dividends are recognised as a charge to equity once approved and interim dividends are charged once paid.

## FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group’s exposure to financial risks and its financial and capital management policies will be available in the Finance Director’s Review and the Risk Management Report in the 2017 Annual Report.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

*a) Fair value estimation*

The fair value of financial instruments traded in active markets (such as available-for-sale) is based upon quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of acquired intangible assets is estimated based upon the present value of modelled related expected future cash flows.

Judgement may be applied in the determination of the growth rates, discount rates and the expected cash flows.

*b) Impairment of assets*

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations prepared on the basis of management’s assumptions and estimates. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

*c) Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*d) Pension obligations*

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumption used in determining the net cost or income for pension obligations is a discount rate based upon high quality corporate bonds.

Any changes in the assumptions may impact the carrying amount of pension obligations, the charge in the income statement, or statement of comprehensive income.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. As well as the discount rate, the inflation rates and life expectancy are also key assumptions.

To set the price inflation assumptions the Group considers market expectations of inflation at the appropriate durations. Adjustments are made to these rates where necessary to reflect an inflation risk premium.

In determining the life expectancy assumptions the Group considers the mortality assumptions used by the Trustees of the pension schemes in their latest actuarial valuations and also mortality guidance laid out by legislation. This enables the Group to determine a best estimate of life expectancy that is appropriate for accounting purposes.

*e) Litigation and other provisions*

During the ordinary course of business the Group can be subject to claims for errors and omissions made in connection with its broking activities.

A balance sheet provision is established in respect of such claims 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.

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation.

## FUTURE DEVELOPMENTS

The following standards have been published but are not mandatory for 31 December 2017 reporting period and the Group has not adopted them early.

*IFRS 9, ('Financial instruments')*

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is effective for annual periods beginning on or after 1 January 2018. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. The Group does not expect any material change in the measurement of its financial assets and liabilities.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. Under IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model will mainly affect the Group's trade receivables and contract assets. The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables and contract assets. The impact on 2017 opening retained earnings and on the 2017 results is not expected to be material.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss unless such presentation would create or enlarge an accounting mismatch in profit or loss.

On initial application of IFRS 9, an entity may elect, as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the hedge accounting requirements of the new standard. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The changes to the hedge accounting requirements are not expected to have a material impact on the Group.

*IFRS 15, ('Revenue from contracts with customers')*

IFRS 15 addresses revenue recognition for customer contracts, with particular focus on aligning revenue recognition with the separate and distinct performance obligations to the customer. The standard replaces IAS 18 ('Revenue') and IAS 11 ('Construction Contracts') and related interpretations. IFRS 15 includes prescriptive guidance to deal with specific scenarios and requires more extensive disclosures.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group will report its financial results on this basis for the half year period ending 30 June 2018, and full year period ending 31 December 2018, as well as restated comparative results for these periods.

The new standard requires that revenue is only recognised when the performance obligation has been satisfied and the customer obtains control of the asset. Under existing accounting policies, the primary trigger for revenue recognition in the Group's Risk and Insurance business is the later of policy inception date, or the date on which the placement is completed and confirmed to the customer. This remains the same under the new standard. In certain service agreements this will defer the recognition of revenue compared to the Group's current policy, but the Group will recognise a fulfilment cost asset for work performed where such cost is expected to be recovered.

The Group defers some elements of revenue currently, primarily to reflect anticipated claims handling activity. This will continue under the new standard, but will be re-measured. In addition, the Group will now recognise a deferral against cancellation, which under the Group's current policy is recognised at the point of cancellation. The Group will also defer revenue in respect of other performance obligations that are separate and distinct, which is not expected to be significant.

The new standard introduces the recognition of those costs that are directly attributable to obtaining the contract, where these are expected to be recovered. This is a new requirement for the Group and will create the recognition of a new set of assets, which will then be amortised to match the recognition of revenue. Under the Group's current policy these costs have been expensed as incurred.

The Balance Sheet will introduce new classifications being contract assets and liabilities.

Work continues on the refinement of the Group's policy, but it is expected that the change will result in a reduction of the Group's 2017 opening retained earnings in the range of £33 to £37 million, a reduction in the 2017 profit before tax of approximately £4.5 million and a reduction in profit after tax of approximately £3.5 million. Cash flows will be unaltered.

*IFRS 16 – Leases*

IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. This differs from IAS 17 'Leases' where a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet) was required.

The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Group is in the process of assessing IFRS 16's full impact.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

## 1. ALTERNATIVE INCOME STATEMENT

The format of the consolidated income statement on page 12 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.

| | Year ended 31 December 2017 | | |
|---|---|---|---|
| | **Underlying profit £'000** | **Exceptional items £'000** | **Total £'000** |
| Fees and commissions | **1,378,554** | - | **1,378,554** |
| Investment income | **7,474** | - | **7,474** |
| Salaries and associated expenses | **(860,054)** | (1,135) | **(861,189)** |
| Premises | **(70,590)** | (35) | **(70,625)** |
| Other operating costs | **(208,587)** | (5,275) | **(213,862)** |
| Depreciation, amortisation and impairment charges | **(33,054)** | (3,437) | **(36,491)** |
| **Trading profit** | **213,743** | (9,882) | **203,861** |
| Finance costs - net | **(24,349)** | - | **(24,349)** |
| Share of results of associates | **2,149** | - | **2,149** |
| **Profit before taxation** | **191,543** | (9,882) | **181,661** |

| | Year ended 31 December 2016 | | |
|---|---|---|---|
| | Underlying profit £'000 | Exceptional items £'000 | Total £'000 |
| Fees and commissions | 1,256,556 | - | 1,256,556 |
| Investment income | 4,730 | - | 4,730 |
| Salaries and associated expenses | (784,664) | (9,699) | (794,363) |
| Premises | (64,307) | (2,542) | (66,849) |
| Other operating costs | (184,173) | (25,345) | (209,518) |
| Depreciation, amortisation and impairment charges | (34,470) | (481) | (34,951) |
| Trading profit | 193,672 | (38,067) | 155,605 |
| Finance costs - net | (22,078) | - | (22,078) |
| Share of results of associates | 975 | 378 | 1,353 |
| Profit before taxation | 172,569 | (37,689) | 134,880 |

# 2. SEGMENT INFORMATION

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

## BUSINESS SEGMENT ANALYSIS

The Group is organised on a worldwide basis into three main segments: Risk & Insurance, Employee Benefits and Head Office & Other operations. These segments are consistent with the internal reporting structure of the Group.

The Risk & Insurance segment comprises JLT's global specialist and reinsurance broking activities.

The Employee Benefits segment consists of pension administration, outsourcing and employee benefits consultancy, healthcare and wealth management activities. Certain Risk & Insurance and Employee Benefits operating segments have been disclosed within the reporting segments given their individual size. 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.

Following the disposal of Thistle in 2016, the majority of what was classified as JLT Insurance Services, plus Northern Europe which was previously in JLT Europe, Middle East and Africa, both included in Other Risk & Insurance in the 2016 financial year, now together with JLT Specialty, form the business group JLT Europe. Prior period numbers have been restated to reflect this change.

JLT Re principal locations include North America, the United Kingdom and Asia.

## 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, Sterling Re Intermediaro de Reaseguro SA de CV, JLT Insurance Management Malta, JLT Energy (France) SAS and JLT Independent Insurance Brokers Private Ltd.

Subject to local regulations, the Group agreed to the disposal of its Mexican associate, Sterling Re Intermediaro de Reaseguro SA de CV, in December 2017. Details of the transactions are provided on page 39.

## OTHER SEGMENT ITEMS

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

## 2. SEGMENT INFORMATION CONTINUED

| Year ended 31 December 2017 | Risk & Insurance: JLT Europe £'000 | Risk & Insurance: JLT Re £'000 | Risk & Insurance: JLT Australia & New Zealand £'000 | Risk & Insurance: JLT USA £'000 | Risk & Insurance: Other Risk & Insurance £'000 | Employee Benefits: UK & Ireland £'000 | Employee Benefits: Asia £'000 | Employee Benefits: Other Employee Benefits £'000 | Head Office & Other £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fees and commissions | 395,766 | 215,579 | 123,986 | 73,866 | 249,190 | 171,983 | 89,668 | 58,516 | - | **1,378,554** |
| Investment income | 3,529 | 1,489 | 1,712 | 11 | 651 | 1 | 17 | 64 | - | **7,474** |
| **Total revenue** | **399,295** | **217,068** | **125,698** | **73,877** | **249,841** | **171,984** | **89,685** | **58,580** | **-** | **1,386,028** |
| **Underlying trading profit/(loss)** | **90,615** | **42,436** | **35,465** | **(16,361)** | **45,727** | **17,216** | **25,084** | **7,722** | **(34,161)** | **213,743** |
| Operating profit/(loss) | 84,625 | 42,058 | 36,085 | (25,999) | 48,939 | 20,391 | 24,360 | 7,333 | (33,931) | **203,861** |
| Finance costs - net | - | - | - | - | - | - | - | - | (24,349) | **(24,349)** |
| Share of results of associates | - | - | - | - | - | - | - | - | 2,149 | **2,149** |
| **Profit/(loss) before taxation** | **84,625** | **42,058** | **36,085** | **(25,999)** | **48,939** | **20,391** | **24,360** | **7,333** | **(56,131)** | **181,661** |
| Income tax expense | - | - | - | - | - | - | - | - | (52,980) | **(52,980)** |
| Non-controlling interests | - | - | - | - | - | - | - | - | (10,303) | **(10,303)** |
| **Net profit/(loss) attributable to the owners of the parent** | **84,625** | **42,058** | **36,085** | **(25,999)** | **48,939** | **20,391** | **24,360** | **7,333** | **(119,414)** | **118,378** |
| **Segment assets** | | | | | | | | | 2,655,569 | 2,655,569 |
| **Investments in associates** | | | | | | | | | 53,055 | **53,055** |
| **Total assets** | | | | | | | | | **2,708,624** | **2,708,624** |
| Segment liabilities | | | | | | | | | (2,310,919) | **(2,310,919)** |
| **Total liabilities** | | | | | | | | | **(2,310,919)** | **(2,310,919)** |
| **Other segment items:** | | | | | | | | | | |
| Capital expenditure | 5,449 | 4,196 | 2,487 | 3,344 | 6,036 | 17,278 | 2,668 | 181 | 16,164 | **57,803** |
| Depreciation, amortisation and impairment charges (including amounts in salaries and associated expenses) | (10,466) | (4,302) | (2,107) | (4,637) | (5,906) | (7,843) | (1,835) | (1,561) | (13,463) | **(52,120)** |

| Year ended 31 December 2016 | Risk & Insurance: JLT Europe £'000 | Risk & Insurance: JLT Re £'000 | Risk & Insurance: JLT Australia & New Zealand £'000 | Risk & Insurance: JLT USA £'000 | Risk & Insurance: Other Risk & Insurance £'000 | Employee Benefits: UK & Ireland £'000 | Employee Benefits: Asia £'000 | Employee Benefits: Other Employee Benefits £'000 | Head Office & Other £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fees and commissions | 391,918 | 195,065 | 115,950 | 41,313 | 211,993 | 160,016 | 87,260 | 53,041 | - | 1,256,556 |
| Investment income | 1,861 | 541 | 1,702 | - | 552 | 2 | 17 | 55 | - | 4,730 |
| Total revenue | 393,779 | 195,606 | 117,652 | 41,313 | 212,545 | 160,018 | 87,277 | 53,096 | - | 1,261,286 |
| Underlying trading profit/(loss) | 79,743 | 40,521 | 34,137 | (26,981) | 39,158 | 12,315 | 27,130 | 10,029 | (22,380) | 193,672 |
| Operating profit/(loss) | 60,945 | 40,589 | 34,135 | (26,981) | 41,373 | (2,390) | 23,290 | 9,851 | (25,207) | 155,605 |
| Finance costs - net | - | - | - | - | - | - | - | - | (22,078) | (22,078) |
| Share of results of associates | - | - | - | - | - | - | - | - | 1,353 | 1,353 |
| Profit/(loss) before taxation | 60,945 | 40,589 | 34,135 | (26,981) | 41,373 | (2,390) | 23,290 | 9,851 | (45,932) | 134,880 |
| Income tax expense | - | - | - | - | - | - | - | - | (44,018) | (44,018) |
| Non-controlling interests | - | - | - | - | - | - | - | - | (9,396) | (9,396) |
| Net profit/(loss) attributable to the owners of the parent | 60,945 | 40,589 | 34,135 | (26,981) | 41,373 | (2,390) | 23,290 | 9,851 | (99,346) | 81,466 |
| Segment assets | | | | | | | | | 2,574,199 | 2,574,199 |
| Investments in associates | | | | | | | | | 50,928 | 50,928 |
| Total assets | | | | | | | | | 2,625,127 | 2,625,127 |
| Segment liabilities | | | | | | | | | (2,274,217) | (2,274,217) |
| Total liabilities | | | | | | | | | (2,274,217) | (2,274,217) |
| Other segment items: | | | | | | | | | | |
| Capital expenditure | 3,693 | 7,406 | 2,821 | 3,204 | 5,464 | 11,338 | 314 | 391 | 5,140 | 39,771 |
| Depreciation, amortisation and impairment charges (including amounts in salaries and associated expenses) | (11,169) | (3,141) | (2,274) | (3,434) | (5,621) | (7,583) | (1,262) | (1,109) | (14,310) | (49,903) |

## 2. SEGMENT INFORMATION CONTINUED

### GEOGRAPHICAL SEGMENT ANALYSIS

Although the Group's two business segments are managed on a worldwide basis, they operate in five principal geographical areas of the world.

The United Kingdom is the home country of the parent company Jardine Lloyd Thompson Group plc.

The Risk & Insurance segment operates in the United Kingdom, the Group's home country. In the Americas, the Risk & Insurance segment operates in Argentina, Bermuda, the Caribbean, Brazil, Canada, Colombia, Peru, Chile, and the United States. The Australian segment includes operations in Australia and New Zealand. In Europe, it operates in the Republic of Ireland, Sweden, Finland, Norway, Denmark, Germany, Guernsey, Belgium, France, The Netherlands, Spain, Switzerland and Russia. The Asian segment includes operations in Singapore, Hong Kong, Taiwan, Indonesia, Japan, Thailand, South Korea, Philippines, Malaysia, China, Vietnam, Dubai, Qatar, Bahrain and Turkey. In Rest of the World, it operates in South Africa.

The Employee Benefits segment operates in the United Kingdom. In the Americas, the Employee Benefits segment operates in Brazil, Canada, Colombia and Peru. The Australian segment includes operations in Australia and New Zealand. In Europe, it operates in the Republic of Ireland and Switzerland. The Asian segment includes operations in Singapore, Hong Kong, Taiwan, Indonesia, Japan, Thailand, South Korea, Philippines, Malaysia, China and Vietnam. In Rest of the World, it operates in South Africa.

The Head Office & Other activities segment is mainly based in the United Kingdom with minor operations in the Americas, Europe and Asia. The Group's captive operations are included in the United Kingdom segment.

Fees and commissions are disclosed by (1) the country in which the office is located and (2) the country in which the customer is located.

Segment non-current assets, segment assets and segment liabilities are disclosed based on the country in which they are located or occur. Interest bearing assets (eg cash & cash equivalents and investments & deposits) relating to the Group's own funds, held-for-sale financial assets and deferred tax assets are excluded from segment assets. Interest bearing liabilities (eg borrowings) and current and deferred tax liabilities are excluded from segment liabilities. Items excluded from segmental allocation are referred to as "unallocated".

| **Year ended 31 December 2017** | **Fees and commissions (1) £'000** | **Fees and commissions (2) £'000** | **Segment non-current assets £'000** | **Segment assets £'000** | **Segment liabilities £'000** |
|---|---|---|---|---|---|
| UK | 608,958 | 358,430 | 368,698 | 1,360,077 | (974,822) |
| Americas | 337,336 | 463,558 | 237,430 | 513,779 | (288,038) |
| Australia | 157,297 | 172,930 | 48,552 | 141,071 | (93,302) |
| Asia | 218,740 | 221,575 | 44,289 | 228,317 | (165,319) |
| Europe | 47,878 | 117,887 | 49,169 | 132,277 | (45,906) |
| Rest of the World | 8,345 | 44,174 | 7,239 | 9,382 | (2,741) |
| | **1,378,554** | **1,378,554** | **755,377** | **2,384,903** | **(1,570,128)** |
| Investments in associates | | | | 53,055 | - |
| Unallocated assets/(liabilities) | | | | 270,666 | (740,791) |
| **Total assets/(liabilities)** | | | | **2,708,624** | **(2,310,919)** |

| Year ended 31 December 2016 | Fees and commissions (1) £'000 | Fees and commissions (2) £'000 | Segment non-current assets £'000 | Segment assets £'000 | Segment liabilities £'000 |
|---|---|---|---|---|---|
| UK | 600,837 | 360,840 | 356,861 | 1,427,263 | (1,045,964) |
| Americas | 259,226 | 375,886 | 223,614 | 462,989 | (233,192) |
| Australia | 146,958 | 158,821 | 49,651 | 141,369 | (88,657) |
| Asia | 204,504 | 199,823 | 46,660 | 218,807 | (152,245) |
| Europe | 37,717 | 107,668 | 24,711 | 38,386 | (37,531) |
| Rest of the World | 7,314 | 53,518 | 7,809 | 9,699 | (3,641) |
| | 1,256,556 | 1,256,556 | 709,306 | 2,298,513 | (1,561,230) |
| Investments in associates | | | | 50,928 | - |
| Unallocated assets/(liabilities) | | | | 275,686 | (712,987) |
| Total assets/(liabilities) | | | | 2,625,127 | (2,274,217) |

## 3. OPERATING PROFIT

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

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Foreign exchange losses/(gains):** | | |
| - fees and commissions | 25,899 | 22,056 |
| - other operating costs | 185 | (10,838) |
| | **26,084** | 11,218 |
| Amortisation of other intangible assets: | | |
| - software costs | 17,360 | 19,813 |
| - other intangible assets | 2,966 | 2,131 |
| Impairment of goodwill (included in exceptional items below) | 1,099 | 481 |
| Depreciation on property, plant and equipment: | | |
| - owned assets | 12,370 | 12,291 |
| - leased assets under finance leases | 358 | 235 |
| Impairment of available-for-sale other investments (included in exceptional items below) | 1,801 | - |
| Impairment of associates (included in exceptional items below) | 537 | - |
| **Total depreciation, amortisation and impairment charges** | **36,491** | 34,951 |
| Amortisation of capitalised employment contract payments (included in salaries and associated expenses) | 15,629 | 14,952 |
| Losses/(gains) on disposal of property, plant and equipment | 90 | (10) |
| **Operating lease rentals payable:** | | |
| - minimum lease payments: | | |
| - land and buildings | 46,816 | 41,233 |
| - furniture, equipment and motor vehicles | 1,443 | 792 |
| - computer equipment and software | 486 | 543 |
| - sub-leases receipts: | | |
| - land and buildings | (443) | (426) |
| | **48,302** | 42,142 |
| Fair value gains on derivative financial instruments | (401) | (87) |
| (Gains)/losses on disposal of available-for-sale other investments | (2,101) | 8 |
| **Exceptional items:** | | |
| Acquisition and integration costs of which: | | |
| - included in salaries and associated expenses | 751 | 228 |
| - included in premises | 7 | 70 |
| - included in other operating costs | 1,847 | 248 |
| | 2,605 | 546 |
| Restructuring costs of which: | | |
| - included in salaries and associated expenses | - | 9,355 |
| - included in premises | - | 1,689 |
| - included in other operating costs | - | 2,856 |
| | - | 13,900 |
| Net (gains)/losses on disposal of businesses of which: | | |
| - included in salaries and associated expenses | 384 | 116 |
| - included in premises | 28 | 783 |
| - included in other operating costs | (719) | 391 |
| - included in depreciation, amortisation and impairment charges | - | 370 |
| | (307) | 1,660 |
| Net (gains)/losses on disposal of investment and associates of which: | | |
| - included in other operating costs | (2,065) | - |
| - included in depreciation, amortisation and impairment charges | 537 | - |
| | (1,528) | - |
| Revision in considerations recognised in prior years: | | |
| - included in other operating costs | (419) | - |
| - included in depreciation, amortisation and impairment charges | 1,801 | - |
| | 1,382 | - |
| Impairment of goodwill (included in depreciation, amortisation and impairment charges) | 1,099 | 111 |
| **Included in other operating costs:** | | |
| Net litigation costs | 9,067 | 21,114 |
| Costs associated with regulatory reviews | 1,659 | 488 |
| Net gains on release of deferred and contingent considerations | (2,958) | (324) |
| Fair value (gains)/losses on put options | (1,137) | 699 |
| Pension curtailment gain | - | (127) |
| **Total exceptional items included within operating profit** | **9,882** | 38,067 |
| Profit on sale of associates' subsidiary - included in share of results of associates | - | (378) |
| **Total exceptional items** | **9,882** | 37,689 |

We identified that the foreign exchange gain on fees and commissions of £5,841,000 disclosed in 2016 should have been a loss of £22,056,000. This does not result in a change to the consolidated income statement.

## 4. INVESTMENT INCOME

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Interest receivable - fiduciary funds | **7,474** | 4,730 |
| Prior year investment income | **4,730** | 3,689 |
| Effect of: | | |
| - average cash balance variance | 100 | (190) |
| - interest yield variance | 2,268 | 799 |
| - foreign exchange variance | 376 | 432 |
| | **7,474** | 4,730 |

The Group's investment income arises from its holdings of cash and investments relating to fiduciary funds. Equivalent average cash and investment balances during the year amounted to £801 million (2016: £797 million) denominated principally in US dollars (57%), Sterling (13%) and Australian dollars (12%). The average return for 2017 was 0.93% (2016: 0.60%). Based upon average invested balances each 1% movement in the average achieved rate of return would impact anticipated interest income by approximately £8 million.

## 5. FINANCE INCOME AND COSTS

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Interest receivable - own funds | 2,607 | 1,938 |
| Investment income from available-for-sale other investments | 371 | 209 |
| Interest expense: | | |
| - bank and other borrowings | (16,667) | (17,434) |
| - finance leases | (71) | (57) |
| - interest in respect of liability discounting | (5,141) | (1,862) |
| Pension financing: | | |
| - expected return on retirement benefits scheme assets | 15,020 | 19,065 |
| - interest on retirement benefits scheme liabilities | (20,468) | (23,937) |
| Net pension financing expense | (5,448) | (4,872) |
| **Finance costs - net** | **(24,349)** | (22,078) |
| Finance costs | (27,327) | (24,225) |
| Finance income | 2,978 | 2,147 |
| **Finance costs - net** | **(24,349)** | (22,078) |

### INTEREST RATE RISK

The Group has both interest bearing assets, explained in note 4, and interest bearing liabilities that give rise to net exposures to changes in interest rates, primarily in US dollars and Sterling. Where appropriate, the Group uses interest rate swaps to hedge or match these interest rate exposures. The Group's policy is to continue to manage net interest rate exposures arising from the Group's cash (including fiduciary funds) and borrowings. Each 1% movement in the average achieved interest rate impacts interest expense by approximately £5.9 million based on average net borrowings in 2017.

# 6. EMPLOYEE INFORMATION (UNAUDITED)

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **a) Salaries and associated expenses** | | |
| Wages and salaries | 671,356 | 619,422 |
| Social security costs | 58,589 | 51,881 |
| Pension costs | 43,541 | 41,385 |
| Equity settled share-based payments - incentive schemes (LTIP, SESS, ESOS) | 26,804 | 25,174 |
| Other staff costs | 60,899 | 56,501 |
| | **861,189** | 794,363 |

| | 2017 | 2016 |
|---|---|---|
| **b) Analysis of employees** | | |
| Monthly average number of persons employed by the Group during the year | | |
| Geographical segment: | | |
| - UK | 3,618 | 3,878 |
| - Americas | 2,001 | 1,813 |
| - Australasia | 1,115 | 1,130 |
| - Asia | 3,413 | 3,292 |
| - Europe | 291 | 253 |
| - Rest of the world | 137 | 133 |
| | **10,575** | 10,499 |
| Business segment: | | |
| - Risk & Insurance | 6,254 | 6,174 |
| - Employee Benefits | 3,428 | 3,475 |
| - Head Office & Other | 893 | 850 |
| | **10,575** | 10,499 |

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **c) Key management compensation** | | |
| Salaries and short-term employee benefits | 17,280 | 13,792 |
| Post employment benefits | 414 | 406 |
| Other long-term benefits | 448 | 333 |
| Share-based payments | 2,702 | 2,812 |
| | **20,844** | 17,343 |

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director of the Group. This represents the Group Board of Directors and the Group Executive Committee only.

The Group's equity-settled share-based payments comprise the JLT Long Term Incentive Plan (2004/2013), Senior Executive Share Scheme and the Executive Share Option Scheme.

## JLT LONG TERM INCENTIVE PLAN (2013)

The Group operates the Long Term Incentive Plan (LTIP) for Executive Directors and persons discharging managerial responsibility (PDMRs). The scheme was renewed in 2013. Awards under the scheme are granted in the form of nil-priced options and are satisfied using market-purchased shares. The awards vest in full or in part depending on satisfaction of the performance conditions which will be set out in the Director's Remuneration Report. The awards have a 3 year performance period and have a 10 year life from the date of grant. Options attract discretionary dividend equivalents (DDEs) that are rolled up and paid, in cash, on vesting. DDEs are paid to option holders only on the options that have vested. Forfeited or lapsed options are not eligible to DDEs and the DDEs that have accrued on the balance sheet are released to equity at the date of forfeiture.

# 6. EMPLOYEE INFORMATION (UNAUDITED) CONTINUED

## SENIOR EXECUTIVE SHARE SCHEME

The Group operates a Senior Executive Share Scheme for senior management and employees. Awards under the scheme are granted in the form of nil-priced options and are satisfied using market-purchased shares. The majority of awards have no specific performance criteria attached, other than the requirement that employees remain in employment with the Group. Certain awards have been granted with specific performance targets defined for the individual executives. In general these require targets for revenue and profit growth to be met over the vesting period. The awards have a 10 year life from the date of grant. Options granted prior to 1 January 2014 attract unconditional DDEs throughout the vesting period, this means that DDEs are paid to the option holders as and when dividends are paid to ordinary shareholders, there is no clawback on the dividends in the event of a forfeiture of the options. The options granted post 1 January 2014 attract DDEs that are rolled up and paid in cash, on vesting. The Group amended the plan rules on the 8 June 2016. From that date, all vested options are no longer eligible to DDEs.

## EXECUTIVE SHARE OPTION SCHEME

Options were granted at a fixed price (usually market price) and are exercisable after the vesting period (usually 3 years). Options are satisfied by the issue of new shares or market-purchased shares. Some options carry performance conditions where they are only exercisable when earnings per share is in excess of RPI for the three consecutive financial accounting periods preceding the date of exercise. The awards have a 10 year life from the date of grant. This scheme is now closed for new grants and options were last granted under this scheme on 29 September 2006.

## FAIR VALUE OF AWARDS

Under IFRS 2 the fair value of awards granted during the year, calculated using a Black-Scholes model, is set out below:

| | | | | Black-Scholes model assumptions | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Exercise price pence | Performance period | Share price on grant date pence | Volatility % | Dividend yield % | Maturity years | Risk free Interest rate % | Fair value of one award pence |
| **JLT Long Term Incentive Plan (2013)/** | | | | | | | | | |
| **Senior Executive Share Scheme** | | | | | | | | | |
| 2017 | 05 April | - | 2017-20 | 1,133.00 | 22.02 | - | 2 - 3 | 0.23 | 1,133.00 |
| 2017 | 12 April | - | 2017-20 | 1,128.00 | 22.04 | - | 1 - 3 | 0.18 | 1,128.00 |
| 2017 | 29 September | - | 2017-21 | 1,224.00 | 20.53 | - | 1 - 4 | 0.59 | 1,224.00 |

The option holders who have awards under the JLT Long Term Incentive Plan (2004/2013) and the Senior Executive Share Scheme also receive payments equating to the dividends payable on their shares (subject to meeting the performance criteria). Assuming that the dividend yield is zero and that the options are issued with no cost to the employees, then the fair value will equal the share price at date of grant.

The volatility has been calculated based on the historical share price of the Company, using a 3 year term.

All options granted under the share option schemes are conditional upon the employees remaining in the Group's employment during the vesting period of the option, the actual period varies according to the scheme in which the employee participates. In calculating the cost of options granted, a factor is included to take account of anticipated lapse rates. For Executive Share Option this is 20%. For the JLT Long Term Incentive Plan (2004/2013) and the Senior Executive Share Scheme it is nil as both are issued with no cost to the employee.

## 6. EMPLOYEE INFORMATION (UNAUDITED) CONTINUED

| | Movement in number of options | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Options outstanding at 1 Jan 17 number** | **Granted number** | **Lapsed number** | **Exercised number** | **Options outstanding at 31 Dec 17 number** | **Weighted average exercise (sale) price (p)** | **Options exercisable at 31 Dec 17 number** | **Remaining contractual life (years)** |
| JLT Long Term Incentive Plan (2013) | **1,986,535** | 766,800 | (314,462) | (194,921) | **2,243,952** | 1,125.41 | - | 8.31 |
| Senior Executive Share Scheme | **7,926,992** | 2,218,630 | (140,938) | (2,414,935) | **7,589,749** | 1,134.97 | 504,046 | 7.91 |
| **Total** | **9,913,527** | **2,985,430** | **(455,400)** | **(2,609,856)** | **9,833,701** | **1,134.25** | **504,046** | **8.00** |

| | Movement in number of options | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Options outstanding at 1 Jan 16 number | Granted number | Lapsed number | Exercised number | Options outstanding at 31 Dec 16 number | Weighted average exercise (sale) price (p) | Options exercisable at 31 Dec 16 number | Remaining contractual life (years) |
| JLT Long Term Incentive Plan (2004/2013) | 1,927,782 | 925,700 | (492,737) | (374,210) | 1,986,535 | 873.22 | - | 8.42 |
| Senior Executive Share Scheme | 7,167,782 | 2,527,139 | (128,558) | (1,639,371) | 7,926,992 | 882.69 | 681,113 | 7.96 |
| Executive Share Option Scheme | 64,800 | - | (18,800) | (46,000) | - | 963.70 | - | - |
| Total | 9,160,364 | 3,452,839 | (640,095) | (2,059,581) | 9,913,527 | 882.78 | 681,113 | 8.05 |

## 7. SERVICES PROVIDED BY THE COMPANY'S AUDITOR AND ITS ASSOCIATES

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Fees payable to the Group's auditor for the audit of the parent Company and consolidated financial statements | 211 | 200 |
| Fees payable to the Group's auditor and its associates for other services: | | |
| - the audit of the Company's subsidiaries | 3,176 | 2,449 |
| - audit related assurance services | 274 | 254 |
| - tax compliance services | 160 | 130 |
| - tax advisory services | 91 | 46 |
| - other assurance services | - | 190 |
| - other non-audit services | 435 | 135 |
| | **4,347** | 3,404 |

In addition to the above, fees payable to the Company's auditor and its associates for audit services supplied to the Company's associated pension schemes amounted to nil (2016: £18,700).

The Audit & Risk Committee has a policy on the use of the external auditors for non-audit services to ensure that the auditor's independence is maintained and that appropriate approvals are sought for non-audit services depending upon their nature and value. Each year a limit is set on the total fees that can be paid to the external auditor in relation to non-audit services. As in prior years, the limit set by the Audit & Risk Committee of £1 million remained applicable in the year.

The audit fees increased as a result of the imminent implementation of IFRS 9 & 15, as referred to in the Significant Accounting Policies and certain component auditor scope changes.

## 8. INCOME TAX EXPENSE

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 57,609 | 51,499 |
| Adjustments in respect of prior years | (2,568) | (7,129) |
| | **55,041** | 44,370 |
| **Deferred tax (credit)/expense** | | |
| Origination and reversal of temporary differences | (3,569) | (4,912) |
| Reduction in tax rate | 174 | 240 |
| Adjustments in respect of prior years | 1,334 | 4,320 |
| | **(2,061)** | (352) |
| **Total income tax expense** | **52,980** | 44,018 |

The total income tax expense in the income statement of £52,980,000 (2016: £44,018,000) includes a tax credit on exceptional items of £422,000 (2016: £8,245,000). There were no non-recurring tax credits in the year.

The headline rate of UK corporation tax is currently 19%, this will reduce to 17% from 1 April 2020. As at 31 December 2017, 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 year ended 31 December 2017, taking into consideration when temporary differences are expected to reverse.

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:

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| **Profit before taxation** | **181,661** | 134,880 |
| Tax calculated at UK Corporation Tax rate of 19.25% (2016: 20%) | 34,970 | 26,976 |
| Non-deductible expenses | 4,387 | 4,214 |
| Non recognition of tax losses | 3,657 | 4,538 |
| Other* | (1,192) | (595) |
| Adjustments in respect of prior years | (1,234) | (2,809) |
| Effect of difference between UK and non-UK tax rates | 12,632 | 11,725 |
| Effect of reduction in tax rate | 174 | 240 |
| Tax on associates | (414) | (271) |
| **Total income tax expense** | **52,980** | 44,018 |

* Other includes the non-taxable gain on disposal of subsidiaries

# 9. EARNINGS PER SHARE

Basic earnings per share (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 to discretionary dividends 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 dividends equivalents and undistributed earnings attributable to the unvested share options carrying unconditional dividends equivalents rights.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue to take account for 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:

| | **2017 No. of shares** | 2016 No. of shares |
|---|---|---|
| Weighted average number of shares | **211,009,657** | 210,455,334 |
| Effect of outstanding share options | **5,588,334** | 5,210,752 |
| **Adjusted weighted average number of shares** | **216,597,991** | 215,666,086 |

| | **2017** | | | | |
|---|---|---|---|---|---|
| | **£'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]** | **126,710** | **(84)** | **126,626** | **60.0** | **58.5** |
| Exceptional items before tax | (9,882) | | | | |
| Taxation thereon | 422 | | | | |
| Non-controlling interests | 1,128 | | | | |
| | **(8,332)** | **5** | **(8,327)** | **(3.9)** | **(3.8)** |
| **Profit attributable to the owners of the parent** | **118,378** | **(79)** | **118,299** | **56.1** | **54.7** |

| | 2016 | | | | |
|---|---|---|---|---|---|
| | £'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] | 110,910 | (175) | 110,735 | 52.6 | 51.4 |
| Exceptional items before tax | (37,689) | | | | |
| Taxation thereon | 8,245 | | | | |
| | (29,444) | 45 | (29,399) | (14.0) | (13.6) |
| Profit attributable to the owners of the parent | 81,466 | (130) | 81,336 | 38.6 | 37.8 |

[1] Underlying excludes exceptional items

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

# 10. DIVIDENDS

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Final dividend in respect of 2016 of 20.6p per share (2015: 19.5p) | 45,087 | 42,713 |
| Less: adjustment* | (352) | (200) |
| | **44,735** | 42,513 |
| Interim dividend in respect of 2017 of 12.2p per share (2016: 11.6p) | 26,858 | 25,449 |
| | **71,593** | 67,962 |

* Adjustment relating to dividend equivalents accrued in respect of various performance related share awards and long-term incentive plans not currently anticipated to fully vest.

A final dividend in respect of 2017 of 21.8p per share (2016: 20.6p) amounting to a total of £47,700,000 (2016: £45,100,000) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting on 1 May 2018.

# 11. GOODWILL

| | Gross amount £'000 | Impairment losses £'000 | Net carrying amount £'000 |
|---|---|---|---|
| **At 31 December 2017** | | | |
| Opening net book value | **548,117** | **(5,104)** | **543,013** |
| Exchange differences | (17,942) | 282 | (17,660) |
| Impairment | - | (1,099) | (1,099) |
| Acquisitions | 53,524 | - | 53,524 |
| **Closing net book value** | **583,699** | **(5,921)** | **577,778** |
| At 31 December 2016 | | | |
| Opening net book value | 500,434 | (4,268) | 496,166 |
| Exchange differences | 47,380 | (355) | 47,025 |
| Impairment | - | (481) | (481) |
| Acquisitions | 17,854 | - | 17,854 |
| Disposals | (17,551) | - | (17,551) |
| Closing net book value | 548,117 | (5,104) | 543,013 |

# 11. GOODWILL CONTINUED

## IMPAIRMENT TESTS FOR GOODWILL

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to country of operation and business segment. A summary of the goodwill allocation is presented below.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period and are discounted using the weighted average cost of capital. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below:

| | | Key assumptions | |
|---|---|---|---|
| | **Net carrying amount** | **Growth rate (1)** | **Discount rate (2)** |
| | **£'000** | **%** | **%** |
| **At 31 December 2017** | | | |
| JLT Re | 179,774 | 1.83% | 6.13% |
| JLT Europe | 145,913 | 1.75% | 5.54% |
| UK & Ireland Employee Benefits | 80,486 | 1.75% | 5.51% |
| JLT USA | 46,794 | 1.68% | 8.96% |
| Latin America | 40,668 | 3.73% | 10.59% |
| Australia & New Zealand | 37,708 | 2.65% | 7.65% |
| Asia | 28,252 | 2.79% | 4.45% |
| Other | 18,183 | 2.59% | 5.95% |
| | **577,778** | **2.31%** | **5.73%** |
| At 31 December 2016 | | | |
| JLT Re | 188,236 | 2.10% | 7.06% |
| JLT Europe | 126,088 | 2.01% | 6.05% |
| UK & Ireland Employee Benefits | 80,336 | 2.00% | 6.05% |
| JLT USA | 18,346 | 2.34% | 9.66% |
| Latin America | 42,262 | 3.39% | 11.16% |
| Australia & New Zealand | 38,455 | 2.50% | 8.26% |
| Asia | 29,912 | 2.41% | 6.48% |
| Other | 19,379 | 3.08% | 7.86% |
| | 543,013 | 2.28% | 6.98% |

1) Average growth rate used to extrapolate cash flows beyond five years.
2) Pre-tax discount rate applied to the cash flow projections.

### The key assumptions used in value-in-use calculations were:

The budgeted trading profit growth: Management determines budgeted trading profit based on past experience and its expectation for market development.
The budgeted investment income growth is based on past experience and long-term interest rates projections.
The discount rates used are pre-tax and reflect specific risks relating to the relevant segment and country of operation.
The weighted average growth rates used are consistent with long-term economic forecasts in the countries of operation.
The value-in-use is compared to an adjusted goodwill. The adjusted goodwill is the goodwill grossed up to reflect a 100% ownership by the Group.

### The key sensitivity analysis are:

A decrease of 1% in the growth rate resulted in a reduction of 30% in the excess between the value in use and the adjusted carrying value of goodwill.

An increase of 2% in the discount rate resulted in a reduction of 50% in the excess between the value in use and the adjusted carrying value of goodwill.

A combined decrease of 1% in the growth rate and an increase of 2% in the discount rate resulted in a reduction of 58% in the excess between the value in use and the adjusted carrying value of goodwill.

## 12. OTHER INTANGIBLE ASSETS

| | Computer software £'000 | Capitalised employment contract payments £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|
| **At 31 December 2017** | | | | |
| Opening net book value | **60,059** | **19,334** | **22,570** | **101,963** |
| Exchange differences | (501) | (548) | (611) | **(1,660)** |
| Reclassification | - | 451 | (451) | **-** |
| Additions | 22,543 | 15,381 | 752 | **38,676** |
| Companies acquired | 14 | - | 6,390 | **6,404** |
| Companies disposed | (474) | - | - | **(474)** |
| Amortisation charge | (17,360) | (15,629) | (2,966) | **(35,955)** |
| **Closing net book value** | **64,281** | **18,989** | **25,684** | **108,954** |
| | | | | |
| **At 31 December 2017** | | | | |
| Cost | 167,882 | 60,602 | 39,353 | **267,837** |
| Accumulated amortisation and impairment | (103,601) | (41,613) | (13,669) | **(158,883)** |
| **Closing net book value** | **64,281** | **18,989** | **25,684** | **108,954** |
| | | | | |
| At 31 December 2016 | | | | |
| Opening net book value | 61,883 | 25,902 | 16,538 | 104,323 |
| Exchange differences | 1,234 | 1,157 | 1,783 | 4,174 |
| Reclassification | - | (455) | 455 | - |
| Additions | 20,342 | 7,682 | 2,191 | 30,215 |
| Companies acquired | 3 | - | 3,921 | 3,924 |
| Companies disposed | (3,590) | - | (187) | (3,777) |
| Amortisation charge | (19,813) | (14,952) | (2,131) | (36,896) |
| Closing net book value | 60,059 | 19,334 | 22,570 | 101,963 |
| | | | | |
| At 31 December 2016 | | | | |
| Cost | 175,155 | 61,424 | 33,573 | 270,152 |
| Accumulated amortisation and impairment | (115,096) | (42,090) | (11,003) | (168,189) |
| Closing net book value | 60,059 | 19,334 | 22,570 | 101,963 |
| | | | | |
| At 31 December 2015 | | | | |
| Cost | 159,357 | 54,892 | 25,846 | 240,095 |
| Accumulated amortisation and impairment | (97,474) | (28,990) | (9,308) | (135,772) |
| Closing net book value | 61,883 | 25,902 | 16,538 | 104,323 |

Additions to computer software during 2017 include £19,863,000 of capitalised costs in respect of internal developments (2016: £18,097,000).

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Land & buildings £'000 | Leasehold improvements £'000 | Furniture & equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|
| **At 31 December 2017** | | | | | |
| Opening net book value | **20** | **47,156** | **15,017** | **2,137** | **64,330** |
| Exchange differences | (1) | (860) | (542) | (58) | **(1,461)** |
| Additions | - | 7,623 | 10,677 | 827 | **19,127** |
| Companies acquired | - | 60 | 356 | 122 | **538** |
| Companies disposed | - | - | (22) | - | **(22)** |
| Disposals | - | (415) | (165) | (559) | **(1,139)** |
| Depreciation charge | - | (6,075) | (5,846) | (807) | **(12,728)** |
| **Closing net book value** | **19** | **47,489** | **19,475** | **1,662** | **68,645** |
| | | | | | |
| **At 31 December 2017** | | | | | |
| Cost | 70 | 81,705 | 61,004 | 5,523 | **148,302** |
| Accumulated depreciation | (51) | (34,216) | (41,529) | (3,861) | **(79,657)** |
| **Closing net book value** | **19** | **47,489** | **19,475** | **1,662** | **68,645** |
| | | | | | |
| At 31 December 2016 | | | | | |
| Opening net book value | 18 | 46,035 | 14,618 | 2,496 | 63,167 |
| Exchange differences | 2 | 3,094 | 2,112 | 359 | 5,567 |
| Additions | - | 4,667 | 3,955 | 934 | 9,556 |
| Companies acquired | - | 66 | 116 | 69 | 251 |
| Companies disposed | - | (377) | (121) | (269) | (767) |
| Disposals | - | (168) | (303) | (447) | (918) |
| Depreciation charge | - | (6,161) | (5,360) | (1,005) | (12,526) |
| Closing net book value | 20 | 47,156 | 15,017 | 2,137 | 64,330 |
| | | | | | |
| At 31 December 2016 | | | | | |
| Cost | 74 | 93,572 | 95,805 | 5,936 | 195,387 |
| Accumulated depreciation | (54) | (46,416) | (80,788) | (3,799) | (131,057) |
| Closing net book value | 20 | 47,156 | 15,017 | 2,137 | 64,330 |
| | | | | | |
| At 31 December 2015 | | | | | |
| Cost | 63 | 88,093 | 88,076 | 5,769 | 182,001 |
| Accumulated depreciation | (45) | (42,058) | (73,458) | (3,273) | (118,834) |
| Closing net book value | 18 | 46,035 | 14,618 | 2,496 | 63,167 |

The net book value of property, plant and equipment held under finance leases is as follows:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Furniture, equipment and motor vehicles | **405** | 777 |

## 14. INVESTMENTS IN ASSOCIATES

None of the associates are considered individually material to the Group. A reconciliation of the summarised financial information of the associates is presented in aggregate below.

| | **2017**<br>**£'000** | 2016<br>£'000 |
|---|---|---|
| **Opening net assets** | **39,327** | 35,072 |
| Profit for the year | 10,454 | 1,330 |
| Other comprehensive income | 62 | - |
| Dividends | (5,349) | (4,592) |
| Change in non-controlling interests | (1,490) | - |
| Capital increase | - | 2,854 |
| Exchange differences | 1,181 | 4,663 |
| **Closing net assets** | **44,185** | 39,327 |
| **Carrying value** | **53,055** | 50,928 |

Subject to local regulations, the Group disposed of its Mexican associate, Sterling Re Intermediaro de Reaseguro SA de CV, in December 2017. Details of the transactions are provided on page 39.

There are no contingent liabilities relating to the Group's interest in any of its associates.

## 15. AVAILABLE-FOR-SALE AND HELD-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are categorised into one of two categories:

1. Investments and deposits, consist mainly of fixed term deposits, bonds and certificates of deposit. These investments are held at fair value and are classified between current and non-current assets according to the maturity date.
2. Other investments include securities and other investments held for strategic purposes and some debt instruments. The investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment.

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 to be satisfied in the early part of 2018. The carrying value of the associate was reduced to £189,000 which resulted in an impairment charge of £537,000. The balance was then reclassified to held-for-sale financial assets. Together with costs on disposal, the net loss was £640,000.

On 20 December 2017, the Group disposed of its investment in Lorant, Martinez, Salas y Compañia, Agentes de Seguros y de Fianzas, S.A. de C.V.. Together with costs on disposal of £22,000, the net gain was £2,168,000.

| | Other investments £'000 | Investments & deposits £'000 | Total £'000 |
|---|---|---|---|
| **At 1 January 2017** | **13,079** | **127,659** | **140,738** |
| Exchange differences | (498) | (176) | **(674)** |
| Additions | - | 115,258 | **115,258** |
| Disposals/maturities | (54) | (121,855) | **(121,909)** |
| Revaluation deficit (included within equity) | 58 | 45 | **103** |
| Interest income | 312 | - | **312** |
| Amounts written off | (1,890) | - | **(1,890)** |
| **At 31 December 2017** | **11,007** | **120,931** | **131,938** |
| | | | |
| **Analysis of available-for-sale financial assets** | | | |
| Current | - | 115,080 | **115,080** |
| Non-current | 11,007 | 5,851 | **16,858** |
| **At 31 December 2017** | **11,007** | **120,931** | **131,938** |
| | | | |
| **Analysis of available-for-sale investments & deposits** | | | |
| Fiduciary funds | | 120,637 | |
| Own funds | | 294 | |
| **At 31 December 2017** | | **120,931** | |
| | | | |
| At 1 January 2016 | 6,436 | 9,049 | 15,485 |
| Exchange differences | 984 | 10,983 | 11,967 |
| Additions | - | 107,636 | 107,636 |
| Companies disposed | 6,301 | - | 6,301 |
| Disposals/maturities | (311) | (20) | (331) |
| Revaluation deficit (included within equity) | - | 11 | 11 |
| Amounts written off | (331) | - | (331) |
| At 31 December 2016 | 13,079 | 127,659 | 140,738 |
| | | | |
| Analysis of available-for-sale financial assets | | | |
| Current | - | 116,933 | 116,933 |
| Non-current | 13,079 | 10,726 | 23,805 |
| At 31 December 2016 | 13,079 | 127,659 | 140,738 |
| | | | |
| Analysis of available-for-sale investments & deposits | | | |
| Fiduciary funds | | 127,358 | |
| Own funds | | 301 | |
| At 31 December 2016 | | 127,659 | |

The credit quality of available-for-sale investments and deposits is assessed by reference to external credit ratings, where available, and other current and historical credit data including counterparty default rates. This is summarised as follows:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| AA | 38,265 | 49,621 |
| AA/A | 37,828 | 37,297 |
| A | 24,074 | 19,932 |
| BBB | 19,319 | 20,809 |
| Other | 1,445 | - |
| **Total** | **120,931** | 127,659 |

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

| | At 31 December 2017 | | At 31 December 2016 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| | **£'000** | **£'000** | £'000 | £'000 |
| Interest rate swaps - fair value hedges | 14,366 | (6,772) | 32,740 | (3,477) |
| Forward foreign exchange contracts - cash flow hedges | 73,748 | (12,565) | 92,233 | (69,674) |
| Redemption liabilities - option contracts | - | (76,444) | - | (29,637) |
| **Total** | **88,114** | **(95,781)** | 124,973 | (102,788) |
| Current | 5,545 | (10,265) | 7,930 | (33,136) |
| Non-current | 82,569 | (85,516) | 117,043 | (69,652) |
| **Total** | **88,114** | **(95,781)** | 124,973 | (102,788) |

The credit quality of counterparties with whom derivative financial assets are held is assessed by reference to external credit ratings, where available, and other current and historical credit data including counterparty default rates. This is summarised as follows:

| | **2017** | 2016 |
|---|---|---|
| | **£'000** | £'000 |
| AA | 43,249 | 73,169 |
| AA/A | 12,591 | 9,374 |
| BBB | 32,274 | 42,430 |
| **Total** | **88,114** | 124,973 |

### Maturity analysis

The table below analyses the Group's derivative financial instruments, which will be settled on a gross basis, into relevant maturity groupings based upon the remaining period at the balance sheet date to contractual maturity. The amounts disclosed are the contractual undiscounted cash flows.

| **At 31 December 2017** | **Less than 1 year £'000** | **Greater than 1 year £'000** |
|---|---|---|
| **Forward foreign exchange contracts** | | |
| Outflow | **(419,163)** | **(687,604)** |
| Inflow | **412,414** | **746,287** |

| At 31 December 2016 | Less than 1 year £'000 | Greater than 1 year £'000 |
|---|---|---|
| Forward foreign exchange contracts | | |
| Outflow | (477,260) | (719,936) |
| Inflow | 443,578 | 755,747 |

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 establish 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 31 December 2017 and designated as effective cash flow hedges was a net asset of £61.2 million and has been deferred in equity (2016: net asset of £22.6 million). Gains and losses arising on derivative instruments outstanding as at 31 December 2017 will be released to the income statement at various dates up to:

i) 38 months in respect of cash flow hedges on currency denominated UK earnings.

ii) 12 years in respect of specific hedges on USD denominated long-term debt drawn under the Group's USD private placement programme.

iii) 8 years in respect of interest rate hedges on Sterling denominated long term debt drawn under the Group's private placement programme.

No material amounts were transferred to the income statement during the year 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 in 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 31 December 2017 the Group had outstanding foreign exchange contracts, principally in USD, amounting to a principal value of £1,158,701,000 (2016: £1,199,325,000).

As a guide, each USD 1 cent movement in the achieved rate (taking into account the hedges in place) currently translates into a change of approximately £1.8 million in revenue, with a corresponding impact on trading profit equal to approximately 70% of the revenue change.

**b) Interest rate swaps**
The Group uses interest rate hedges, principally interest rate swaps, to mitigate the impact of changes in interest rates. The notional principal amount of outstanding cross currency interest rate swaps as at 31 December 2017 was USD458,000,000 and £75,000,000 (2016: USD500,000,000 and £75,000,000). A net gain of £7.6 million (2016: net gain £29.3 million) on these instruments was offset by a fair value loss of £7.6 million (2016: loss £29.3 million) on the private placement loans, both of which were recognised in the income statement in the year.

**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 de Seguros Ltda and Construction Risk Partners LLC. Fair value of these liabilities resulted in a gain of £1.1 million which was recognised in the income statement in the year.

The redemption liability increased in the year following the recognition of put option liabilities. These are detailed as follows:

a) options provided in the operating agreement of CRP Holding Company LLC for £47,941,000.

b) options in respect of new shareholders in JLT Specialty Insurance Services Inc. for £284,000.

The recognition of those liabilities resulted in a reduction in equity, related to transactions with non-controlling interest of £48,225,000.

**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 the derivatives on the balance sheet.

## 17. TRADE AND OTHER RECEIVABLES

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Trade receivables | 438,178 | 440,941 |
| Less: provision for impairment of trade receivables | (18,175) | (20,961) |
| **Trade receivables - net** | **420,003** | 419,980 |
| Other receivables | 163,336 | 143,703 |
| Prepayments | 27,167 | 24,957 |
| | **610,506** | 588,640 |

As at 31 December 2017, 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 concentrations 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-payment by trade counterparties that have not been provided for.

Movements on the Group's provision for impairment of trade receivables are as follows:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| **At 1 January** | **(20,961)** | (15,018) |
| Currency translation adjustments | 1,038 | (1,483) |
| Companies acquired | (102) | (243) |
| Provisions for impairment of trade receivables | (4,402) | (8,355) |
| Receivables written off during the year as uncollectible | 2,160 | 2,980 |
| Unused amounts reversed | 4,092 | 1,158 |
| **At 31 December** | **(18,175)** | (20,961) |

The creation and release of provisions for impaired trade receivables have been included in 'Other operating costs' in the income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The following table sets out details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts impaired and provided for.

| **At 31 December 2017** | **Trade receivables £'000** | **Provision for impairment £'000** | **Net trade receivables £'000** |
|---|---|---|---|
| Not overdue | 309,691 | - | **309,691** |
| Past due not more than three months | 88,220 | (53) | **88,167** |
| Past due more than three months and not more than six months | 21,668 | (2,514) | **19,154** |
| Past due more than six months and not more than one year | 7,916 | (4,925) | **2,991** |
| Past due more than one year | 10,683 | (10,683) | **-** |
| | **438,178** | **(18,175)** | **420,003** |

| At 31 December 2016 | Trade receivables £'000 | Provision for impairment £'000 | Net trade receivables £'000 |
|---|---|---|---|
| Not overdue | 324,227 | - | 324,227 |
| Past due not more than three months | 75,419 | (805) | 74,614 |
| Past due more than three months and not more than six months | 16,797 | (2,377) | 14,420 |
| Past due more than six months and not more than one year | 12,684 | (5,965) | 6,719 |
| Past due more than one year | 11,814 | (11,814) | - |
| | 440,941 | (20,961) | 419,980 |

## 18. CASH AND CASH EQUIVALENTS

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Cash at bank and in hand | 563,691 | 514,474 |
| Short-term bank deposits | 451,396 | 425,471 |
| | **1,015,087** | 939,945 |
| | | |
| Fiduciary funds | 811,247 | 748,628 |
| Own funds | 203,840 | 191,317 |
| | **1,015,087** | 939,945 |

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 credit quality of cash at bank and in hand and short-term deposits is assessed by reference to external credit ratings where available and other current and historical credit data including counterparty default rates. This is summarised as follows:

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| AAA | 12,739 | 10,685 |
| AA | 373,163 | 318,613 |
| AA/A | 129,869 | 125,247 |
| A | 129,577 | 146,111 |
| BBB | 346,761 | 322,953 |
| Other | 22,978 | 16,336 |
| **Total** | **1,015,087** | 939,945 |

The effective interest rate in respect of short-term deposits was 1.20% (2016: 0.94%). These deposits have an average maturity of 14 days (2016: 16 days).

## 19. TRADE AND OTHER PAYABLES

| Current | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Insurance payables | **931,884** | 875,986 |
| Social security and other taxes | **20,706** | 18,735 |
| Other payables | **89,165** | 108,185 |
| Accruals and deferred income | **208,321** | 191,180 |
| Deferred and contingent consideration | **5,998** | 6,311 |
| | **1,256,074** | 1,200,397 |

| Non-current | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Other payables | **35,352** | 36,199 |
| Deferred and contingent consideration | **14,123** | 21,186 |
| | **49,475** | 57,385 |

We have reclassified £53,772,000 of accruals from other payables to accruals and deferred income in 2016. In 2017, the rent free accrual within other payables and deferred and contingent consideration has been split between current and non-current liabilities. The trade and other payables include £147,675,000 of non-financial liabilities (2016: £134,587,000).

## 20. FINANCIAL INSTRUMENTS BY CATEGORY

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

| **At 31 December 2017**<br>**Assets per balance sheet** | **Loans and receivables**<br>**£'000** | **Derivatives used for hedging**<br>**£'000** | **Available-for-sale**<br>**£'000** | **Total**<br>**£'000** |
|---|---|---|---|---|
| Available-for-sale financial assets | - | - | 131,938 | **131,938** |
| Held-for-sale financial assets | - | - | 189 | **189** |
| Derivative financial instruments | - | 88,114 | - | **88,114** |
| Trade and other receivables (a) | 583,339 | - | - | **583,339** |
| Cash and cash equivalents | 1,015,087 | - | - | **1,015,087** |
| Total | **1,598,426** | **88,114** | **132,127** | **1,818,667** |

| **Liabilities per balance sheet** | **Derivatives used for hedging**<br>**£'000** | **Other financial liabilities**<br>**£'000** | **Total**<br>**£'000** |
|---|---|---|---|
| Borrowings | - | (710,098) | **(710,098)** |
| Trade and other payables (b) | - | (1,157,874) | **(1,157,874)** |
| Redemption liabilities - option contracts | (76,444) | - | **(76,444)** |
| Derivative financial instruments | (19,337) | - | **(19,337)** |
| **Total** | **(95,781)** | **(1,867,972)** | **(1,963,753)** |

| At 31 December 2016<br>Assets per balance sheet | Loans and receivables<br>£'000 | Derivatives used for hedging<br>£'000 | Available-for-sale<br>£'000 | Total<br>£'000 |
|---|---|---|---|---|
| Available-for-sale financial assets | - | - | 140,738 | 140,738 |
| Derivative financial instruments | - | 124,973 | - | 124,973 |
| Trade and other receivables (a) | 563,683 | - | - | 563,683 |
| Cash and cash equivalents | 939,945 | - | - | 939,945 |
| Total | 1,503,628 | 124,973 | 140,738 | 1,769,339 |

| Liabilities per balance sheet | Derivatives used for hedging<br>£'000 | Other financial liabilities<br>£'000 | Total<br>£'000 |
|---|---|---|---|
| Borrowings | - | (687,832) | (687,832) |
| Trade and other payables (b) | - | (1,123,195) | (1,123,195) |
| Redemption liabilities - option contracts | (29,637) | - | (29,637) |
| Derivative financial instruments | (73,151) | - | (73,151) |
| Total | (102,788) | (1,811,027) | (1,913,815) |

(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.

## 20. FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017.

| **At 31 December 2017** | **Level 1 £'000** | **Level 2 £'000** | **Level 3 £'000** | **Total £'000** |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivatives used for hedging | - | 88,114 | - | **88,114** |
| Available-for-sale financial assets | | | | |
| - equity securities | - | - | 963 | **963** |
| - debt investments | - | - | 10,044 | **10,044** |
| - fixed deposits | 120,931 | - | - | **120,931** |
| Held-for-sale financial assets | - | - | 189 | **189** |
| **Total** | **120,931** | **88,114** | **11,196** | **220,241** |
| | | | | |
| **Liabilities** | | | | |
| Contingent consideration | - | - | (13,280) | **(13,280)** |
| Redemption liabilities - option contracts | - | - | (76,444) | **(76,444)** |
| Derivatives used for hedging | - | (19,337) | - | **(19,337)** |
| **Total** | **-** | **(19,337)** | **(89,724)** | **(109,061)** |

| At 31 December 2016 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Assets | | | | |
| Derivatives used for hedging | - | 124,973 | - | 124,973 |
| Available-for-sale financial assets | | | | |
| - equity securities | - | - | 1,115 | 1,115 |
| - debt investments | - | - | 11,964 | 11,964 |
| - fixed deposits | 127,659 | - | - | 127,659 |
| Total | 127,659 | 124,973 | 13,079 | 265,711 |
| | | | | |
| Liabilities | | | | |
| Contingent consideration | - | - | (18,898) | (18,898) |
| Redemption liabilities - option contracts | - | - | (29,637) | (29,637) |
| Derivatives used for hedging | - | (73,151) | - | (73,151) |
| Total | - | (73,151) | (48,535) | (121,686) |

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 measure the fair value of an instrument are observable, the instrument is included in level 2. Level 2 includes derivatives used for hedging, which are valued using a discounted cash flow methodology incorporating observable market forward foreign exchange and interest rates.

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

Instruments included in level 3 are financial instruments for which one or more of the significant inputs is 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 1% movement in the discount rate applied in the calculation of the redemption liability in respect of Construction Risk Partners LLC, the largest item within the redemption liability, would result in a change of the overall redemption liability of 6%.

## 20. FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

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

| | Assets Level 3 £'000 | Liabilities Level 3 £'000 |
|---|---|---|
| **At 1 January 2017** | **13,079** | **(48,535)** |
| Exchange differences | (498) | 5,645 |
| Companies acquired | - | (49,757) |
| Utilised in the year | (54) | 3,969 |
| Reclassification from associates to held-for-sale | 189 | - |
| Revaluation gain (included within equity) | 58 | - |
| Charged to income statement | (1,578) | (1,046) |
| **At 31 December 2017** | **11,196** | **(89,724)** |

Of the £1,578,000 charged to the income statement, £312,000 is credited in net finance costs and £1,890,000 is charged to other operating costs.
Of the £1,046,000 charged to the income statement, £4,967,000 is charged to net finance costs and £3,921,000 is credited to other operating costs

## 21. BORROWINGS (UNAUDITED)

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Current** | | |
| Bank overdraft | 19,055 | 18,223 |
| Unsecured loan notes | - | 35,980 |
| Bank borrowings | - | 243 |
| Finance lease liabilities | 171 | 283 |
| | **19,226** | 54,729 |
| **Non-current** | | |
| Unsecured loan notes | 420,472 | 471,975 |
| Bank borrowing | 270,142 | 160,629 |
| Finance lease liabilities | 258 | 499 |
| | **690,872** | 633,103 |
| **Total borrowings** | **710,098** | 687,832 |

The borrowings include secured liabilities (finance leases) of £429,000 (2016: £782,000).

The exposure of the borrowings of the Group to interest rate changes and the periods in which the borrowings re-price are as follows:

| | 6 months or less £'000 | 6-12 months £'000 | 1-5 years £'000 | Over 5 years £'000 | Fixed rate £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 31 December 2017** | **660,339** | **-** | **-** | **-** | **49,759** | **710,098** |
| At 31 December 2016 | 632,035 | 243 | - | - | 55,554 | 687,832 |

The effective interest rates at the balance sheet date were as follows:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Bank overdraft | **-** | - |
| Unsecured loan notes - private placement | **2.61%** | 2.69% |
| Bank borrowings | **1.54%** | 1.34% |
| Finance lease liabilities | **5.06%** | 9.96% |

During 2017 and 2016 there was no interest charge on bank overdrafts. Interest is charged only to the extent that overdraft balances exceed the deposits held with the bank.

## 21. BORROWINGS (UNAUDITED) CONTINUED

Maturity of non-current borrowings (excluding finance lease liabilities):

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Between 1 and 2 years | - | - |
| Between 2 and 3 years | 61,816 | 2 |
| Between 3 and 4 years | - | 67,386 |
| Between 4 and 5 years | 300,962 | 160,626 |
| Over 5 years | 327,836 | 404,590 |
| | **690,614** | 632,604 |

Finance lease liabilities - minimum lease payments:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| No later than 1 year | 193 | 337 |
| Later than 1 year and no later than 2 years | 93 | 268 |
| Later than 2 years and no later than 3 years | 54 | 173 |
| Later than 3 years and no later than 4 years | 48 | 78 |
| Later than 4 years and no later than 5 years | 36 | 32 |
| Later than 5 years | 52 | - |
| | **476** | 888 |
| Future finance charges on finance leases | (47) | (106) |
| **Present value of finance lease liabilities** | **429** | 782 |

The present value of finance lease liabilities is as follows:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| No later than 1 year | 171 | 283 |
| Later than 1 year and no later than 2 years | 85 | 233 |
| Later than 2 years and no later than 3 years | 47 | 161 |
| Later than 3 years and no later than 4 years | 43 | 74 |
| Later than 4 years and no later than 5 years | 33 | 31 |
| Later than 5 years | 50 | - |
| | **429** | 782 |

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

## 21. BORROWINGS (UNAUDITED) CONTINUED

The carrying amount of the Group's borrowings are denominated in the following currencies:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Sterling | 372,866 | 264,657 |
| US Dollar | 335,829 | 422,148 |
| Other currencies | 1,403 | 1,027 |
| | **710,098** | 687,832 |

**Borrowing facilities**

The Group has undrawn committed borrowing facilities of:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| **Floating rate** | | |
| - expiring beyond one year | **229,000** | 337,000 |

Facilities expiring beyond one year relate to:

a) The committed unsecured £500 million revolving credit facilities in the name of JIB Group Limited which matures in February 2022. As at the balance sheet date, drawings under the revolving credit facilities are subject to a margin and fees of 115 basis points above the relevant LIBOR interest rate and additional commitment fees on the undrawn facility.

b) Senior unsecured loan notes totalling USD 83 million issued by JIB Group Limited under the Group's 2010 private placement programme with maturities of USD 42 million (£31.0 million) in September 2020 with a coupon of 5.59% and USD 41 million (£30.3 million) in September 2022 with a coupon of 5.69%. Drawings under the Group's private placement programme are swapped into Sterling floating and are subject to an equivalent spread over LIBOR of between 227 and 238 basis points.

c) Senior unsecured loan notes totalling USD 250 million issued by JIB Group Limited under the Group's 2012 private placement programme with maturities of USD 40 million (£29.5 million) in January 2020 with a coupon of 3.21%, USD 140 million (£103.4 million) in January 2023 with a coupon of 3.78% and USD 70 million (£51.7 million) in January 2025 with a coupon of 3.93%. The proceeds of this placement have been swapped into Sterling at fixed and LIBOR based floating rates and are subject to an equivalent spread over LIBOR of between 205 and 220 basis points.

d) Senior unsecured loan notes totalling £75 million issued by JIB Group Limited under the Group's April 2014 private placement programme maturing in April 2026 with a coupon of 4.27%. The proceeds of this placement have been swapped into LIBOR based floating rates and are subject to an equivalent spread over LIBOR of 150 basis points.

e) Senior unsecured loan notes totalling USD 125 million issued by JIB Group Limited under the Group's October 2014 private placement programme with maturities of USD 62.5 million (£46.1 million) in October 2026 with a coupon of 3.93% and USD 62.5 million (£46.1 million) in October 2029 with a coupon of 4.13%. The proceeds of this private placement in October 2014 have been swapped into Sterling at LIBOR based floating rates and are subject to an equivalent spread over LIBOR of between 146 and 157 basis points.

The terms and conditions of the Group's facilities include common debt and interest cover covenants with which the Group expects to continue to comply.

**Liquidity risk**

Liquidity risk arises from an inability to maintain an optimal cost of capital or meet the short term financial demands of the business. The Group has implemented the following steps to mitigate the risk:

- Management reviews of business unit balance sheets and cash flows
- Maintenance of committed credit facilities
- Compliance with regulatory minimum capital requirements and regular stress testing
- Maintenance of a conservative funding profile.

## 22. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 |
| Property, plant and equipment | 2,095 | 1,555 | (374) | (554) | 1,721 | 1,001 |
| Provisions | 10,652 | 15,937 | (990) | (5,273) | 9,662 | 10,664 |
| Losses | 2,123 | 1,858 | - | - | 2,123 | 1,858 |
| Deferred income | 421 | 879 | (5,770) | (5,386) | (5,349) | (4,507) |
| Other intangibles | 3,740 | 3,052 | (1,150) | (616) | 2,590 | 2,436 |
| Goodwill | 560 | 298 | (3,182) | (3,046) | (2,622) | (2,748) |
| Other | 1,809 | 3,407 | (1,660) | (1,826) | 149 | 1,581 |
| Pensions | 27,709 | 32,532 | (23) | (131) | 27,686 | 32,401 |
| Share based payments | 8,785 | 4,858 | - | - | 8,785 | 4,858 |
| Fair values | - | 11,166 | (1,890) | - | (1,890) | 11,166 |
| **Tax assets/(liabilities)** | **57,894** | **75,542** | **(15,039)** | **(16,832)** | **42,855** | 58,710 |
| Set-off of tax | (3,628) | (5,454) | 3,628 | 5,454 | - | - |
| **Net tax assets/(liabilities)** | **54,266** | 70,088 | **(11,411)** | (11,378) | **42,855** | 58,710 |

The majority of the deferred tax is not expected to reverse within 12 months.

The reconciliation in movements of net tax assets is provided below:

| | At 1 January 2017 £'000 | Exchange differences £'000 | Credit/ (charge) to income £'000 | Credit/ (charge) to equity £'000 | Acquisitions/ disposals of sub £'000 | At 31 December 2017 £'000 |
|---|---|---|---|---|---|---|
| Accelerated tax depreciation | 1,001 | (56) | 779 | - | (3) | 1,721 |
| Provisions | 10,664 | (340) | (662) | - | - | 9,662 |
| Losses | 1,858 | 231 | 34 | - | - | 2,123 |
| Deferred income | (4,507) | (442) | (407) | - | 7 | (5,349) |
| Other intangibles | 2,436 | (62) | 510 | - | (294) | 2,590 |
| Goodwill | (2,748) | 21 | 105 | - | - | (2,622) |
| Other | 1,581 | (1,310) | (122) | - | - | 149 |
| Pensions | 32,401 | 11 | 916 | (5,857) | 215 | 27,686 |
| Share based payments | 4,858 | 563 | 908 | 2,456 | - | 8,785 |
| Fair values | 11,166 | - | - | (13,056) | - | (1,890) |
| **Net tax assets** | **58,710** | **(1,384)** | **2,061** | **(16,457)** | **(75)** | **42,855** |

The total current and deferred income tax charged to equity during the year is as follows:

| | At 1 January 2017 £'000 | Credit/(charge) to equity £'000 | At 31 December 2017 £'000 |
|---|---|---|---|
| Pensions | 46,201 | (2,599) | **43,602** |
| Share based payments | 11,811 | 2,980 | **14,791** |
| Foreign Exchange | - | (2,929) | **(2,929)** |
| Fair values: | | | |
| - foreign exchange | 13,180 | (13,039) | **141** |
| - available-for-sale | 169 | (17) | **152** |
| | 13,349 | (13,056) | **293** |
| | **71,361** | **(15,604)** | **55,757** |

## 22. DEFERRED INCOME TAXES CONTINUED

Deferred tax assets are recognised to the extent that the realisation of the related tax benefits through the future taxable profits is considered probable. A deferred tax asset relating to tax losses of £14,030,000 (2016: £14,340,000) has not been recognised in the balance sheet in respect of certain of the Group's operations, principally US, China, Singapore and Japan, where it is considered likely that the losses will expire before use or are unlikely to be realised in the short term. A deferred tax asset relating to other deferred tax balances of £6,853,000 (2016: £7,473,000) has not been recognised in the balance sheet in respect of certain of the Group's overseas operations, principally the US, where it is considered that the asset is unlikely to be realised in the short term. Following the recent US tax reform the federal tax rate has reduced from 35% to 21%, the non recognised deferred tax assets in relation to the US have been calculated using the reduced rate of 21%.

Deferred tax liabilities have not been recognised on temporary differences of £136 million (2016: £124 million) representing the unremitted earnings of subsidiaries and joint ventures. Such amounts are permanently reinvested. Deferred tax liabilities have not been recognised on temporary differences of nil (2016: nil) representing unremitted earnings of associates.

## 23. PROVISIONS FOR LIABILITIES AND CHARGES

| | Property related provisions £'000 | Litigation provisions £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|
| **At 1 January 2017** | **2,919** | **7,442** | **36** | **10,397** |
| Exchange adjustment | (57) | (69) | - | **(126)** |
| Utilised in the year | (970) | (9,208) | - | **(10,178)** |
| (Credited)/charged to the income statement | (124) | 7,794 | - | **7,670** |
| Interest charge | 56 | - | - | **56** |
| Reclassification | 250 | (66) | - | **184** |
| Companies acquired | 30 | 381 | - | **411** |
| **At 31 December 2017** | **2,104** | **6,274** | **36** | **8,414** |
| | | | | |
| At 1 January 2016 | 1,300 | 18,223 | 114 | 19,637 |
| Exchange differences | 94 | 230 | - | 324 |
| Utilised in the year | (349) | (16,328) | - | (16,677) |
| Charged/(credited) to the income statement | 1,984 | 5,326 | (78) | 7,232 |
| Companies disposed | (110) | (9) | - | (119) |
| At 31 December 2016 | 2,919 | 7,442 | 36 | 10,397 |

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Analysis of total provisions** | | |
| Current - to be utilised within one year | 6,865 | 8,826 |
| Non-current - to be utilised in more than one year | 1,549 | 1,571 |
| | **8,414** | 10,397 |

**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 occur principally in 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.

## 23. PROVISIONS FOR LIABILITIES AND CHARGES CONTINUED

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 31 December 2017, in connection with certain litigation matters, the Group's litigation provisions include an amount of £0.1million (2016: £0.1million) 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 year ended 31 December 2017 (2016: nil).

**Other**

Other provisions include provisions for clawback of commission which arises on certain types of Employee Benefits contracts.

## 24. SHARE CAPITAL AND PREMIUM

| | Number of shares | Ordinary shares £'000 | Share premium £'000 | Total £'000 |
|---|---|---|---|---|
| **Allotted, called up and fully paid** | | | | |
| At 1 January 2016 | 220,171,007 | 11,008 | 104,074 | 115,082 |
| Issued during the year | 10,000 | - | 37 | 37 |
| At 31 December 2016 | 220,181,007 | 11,008 | 104,111 | 115,119 |
| Issued during the year | - | - | - | - |
| **At 31 December 2017** | **220,181,007** | **11,008** | **104,111** | **115,119** |

Ordinary shares carry rights to dividends, voting and proceeds on winding up and have a par value of £0.05.

During the year the Company issued nil (2016: 10,000) ordinary shares for a consideration of nil (2016: £38,250) following exercises by executives of options held under the Jardine Lloyd Thompson Group plc Executive Share Option Scheme.

As at 31 December 2017, the Employee Benefit Trust holds 7,557,229 ordinary shares (2016: 8,715,895) acquired to settle employee share based payments. Acquisitions of such shares are booked directly to equity.

## 25. NON-CONTROLLING INTERESTS

The Group's total non-controlling interest for the year is £19,911,000 of which £6,308,000 is attributed to JLT's Private Client Services group of businesses (PCS). PCS is defined as a material non-controlling interest to the Group. The non-controlling interests in respect of other entities are not individually material.

Set out below is the summarised financial information for PCS.

**Summarised Balance Sheet**

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Current** | | |
| Assets | 53,740 | 62,294 |
| Liabilities | (31,122) | (34,218) |
| **Total** | **22,618** | 28,076 |
| **Non-current** | | |
| Assets | 4,212 | 3,152 |
| Liabilities | (149) | (316) |
| **Total** | **4,063** | 2,836 |
| **Net assets** | **26,681** | 30,912 |

## 25. NON-CONTROLLING INTERESTS CONTINUED

**Summarised Statement of Comprehensive Income**

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Revenue | 63,552 | 64,018 |
| **Profit for the year** | **16,498** | 20,663 |
| Other comprehensive income | - | 550 |
| **Total comprehensive income for the year** | **16,498** | 21,213 |
| | | |
| Total comprehensive income attributable to non-controlling interests | 4,116 | 5,166 |
| Dividends paid to non-controlling interests | 5,043 | 2,229 |

**Summarised Statement of Cash Flows**

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Net cash generated from operating activities | 20,092 | 19,897 |
| Net cash used in investing activities | (2,060) | (291) |
| Net cash used in financing activities | (20,083) | (18,348) |
| **Net (decrease)/increase in cash and cash equivalents** | **(2,051)** | 1,258 |

The information above is the amount before inter-company eliminations.

## 26. OTHER RESERVES

| | **Share premium £'000** | **Fair value and hedging £'000** | **Exchange reserves £'000** | **Total £'000** |
|---|---|---|---|---|
| **At 1 January 2017** | **104,111** | **(54,453)** | **83,561** | **133,219** |
| Fair value gains net of tax: | | | | |
| - available-for-sale financial assets | - | 86 | - | 86 |
| - cash flow hedges | - | 63,657 | - | 63,657 |
| Currency translation differences | - | - | (34,957) | (34,957) |
| **Net gains/(losses) recognised directly in equity** | **-** | **63,743** | **(34,957)** | **28,786** |
| Issue of share capital | - | - | - | **-** |
| **At 31 December 2017** | **104,111** | **9,290** | **48,604** | **162,005** |

| | Share premium £'000 | Fair value and hedging £'000 | Exchange reserves £'000 | Total £'000 |
|---|---|---|---|---|
| At 1 January 2016 | 104,074 | (12,827) | (17,280) | 73,967 |
| Fair value (losses)/gains net of tax: | | | | |
| - available-for-sale financial assets | - | 42 | - | 42 |
| - available-for-sale reclassified to the income statement | - | (181) | - | (181) |
| - cash flow hedges | - | (41,487) | - | (41,487) |
| Currency translation differences | - | - | 100,841 | 100,841 |
| Net (losses)/gains recognised directly in equity | - | (41,626) | 100,841 | 59,215 |
| Issue of share capital | 37 | - | - | 37 |
| At 31 December 2016 | 104,111 | (54,453) | 83,561 | 133,219 |

## 27. QUALIFYING EMPLOYEE SHARE OWNERSHIP TRUST

During the year, the Qualifying Employee Share Ownership Trust (QUEST) allocated nil ordinary shares to employees in satisfaction of options that have been exercised under the Sharesave schemes (2016: nil).

## 28. CASH GENERATED FROM OPERATIONS

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| **Profit before taxation** | **181,661** | 134,880 |
| Investment and finance income | **(10,452)** | (6,877) |
| Interest payable on bank loans and finance leases | **16,738** | 17,491 |
| Fair value gains on financial instruments | **(401)** | (87) |
| Net pension financing expenses | **5,448** | 4,872 |
| Unwinding of liability discounting | **5,141** | 1,862 |
| Depreciation | **12,728** | 12,526 |
| Amortisation of other intangible assets | **35,955** | 36,896 |
| Amortisation of share based payments | **26,804** | 24,892 |
| Share of results of associates' undertakings | **(2,149)** | (1,353) |
| Non cash exceptional items | **893** | 5,294 |
| (Gains)/losses on disposal of businesses | **(910)** | 1,660 |
| Losses/(gains) on disposal of property, plant and equipment | **90** | (10) |
| (Gains)/losses on disposal of fixed asset investments | **(2,101)** | 8 |
| Increase in trade and other receivables | **(19,655)** | (67,160) |
| (Decrease)/increase in trade and other payables - excluding insurance broking balances | **(12,436)** | 24,788 |
| Decrease in provisions for liabilities and charges | **(3,823)** | (12,440) |
| Decrease in retirement benefit obligation | **(16,174)** | (10,530) |
| **Net cash inflow from operations** | **217,357** | 166,712 |

# 29. BUSINESS COMBINATIONS

**2016 Acquisitions**

During the year, the process of finalising the provisional fair values in respect of acquisitions carried out during 2016 has resulted in the following changes:

| | Revised fair value acquired £'000 | Provisional fair value reported at 31 Dec 2016 £'000 | Change in fair value £'000 |
|---|---|---|---|
| AssetVal Pty Ltd | 573 | 637 | (64) |
| Stonehill Reinsurance Partners, LLC | 2,122 | 2,085 | 37 |
| Risk & Reinsurance Solutions Corporation | 590 | 1,475 | (885) |
| Others | 181 | 186 | (5) |
| | **3,466** | **4,383** | **(917)** |

These changes in fair value affected the following balance sheet classes:

| | Revised fair value acquired £'000 | Provisional fair value reported at 31 Dec 2016 £'000 | Change in fair value £'000 |
|---|---|---|---|
| Property, plant and equipment | 151 | 152 | (1) |
| Other intangible assets | 3,310 | 3,168 | 142 |
| Trade and other receivables | 862 | 1,089 | (227) |
| Cash and cash equivalents | | | |
| - own cash | 1,051 | 1,121 | (70) |
| - fiduciary cash | 1,353 | 1,388 | (35) |
| Insurance payables | (1,353) | (1,388) | 35 |
| Trade and other payables | (1,380) | (1,004) | (376) |
| Current taxation | (27) | (27) | - |
| Deferred taxation | (410) | (116) | (294) |
| Non-controlling interests | (91) | - | (91) |
| | **3,466** | **4,383** | **(917)** |

| **Goodwill calculation** | At 31 Dec 2017 £'000 | At 31 Dec 2016 £'000 | Change £'000 |
|---|---|---|---|
| Purchase consideration | | | |
| - cash paid | 7,255 | 7,255 | - |
| - contingent consideration | 8,119 | 8,119 | - |
| - deferred consideration | 2,098 | 2,546 | (448) |
| **Total purchase consideration** | **17,472** | **17,920** | **(448)** |
| Less: fair value of net assets acquired | 3,466 | 4,383 | (917) |
| **Goodwill** | **14,006** | **13,537** | **469** |

| | At 31 Dec 2017 £'000 | At 31 Dec 2016 £'000 | Change £'000 |
|---|---|---|---|
| Purchase consideration settled in cash | 7,255 | 7,255 | - |
| Cash and cash equivalents - own cash in subsidiaries acquired | (1,051) | (1,121) | 70 |
| | 6,204 | 6,134 | 70 |
| Cash and cash equivalents - fiduciary cash in subsidiaries acquired | (1,353) | (1,388) | 35 |
| **Cash outflow on acquisition** | **4,851** | **4,746** | **105** |

## 29. BUSINESS COMBINATIONS CONTINUED

**Current year acquisitions**

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

| | Notes | Acquisition date | Percentage voting rights acquired | Cost £'000 |
|---|---|---|---|---|
| Construction Risk Partners LLC (CRP) | i | Jan 2017 | 50.1% | **38,650** |
| Belgibo NV | ii | Aug 2017 | 100.0% | **21,001** |
| Acquisition of other new business completed during the year | iii | Jan- Dec 2017 | 100.0% | **1,581** |
| Additional investments in existing businesses | iii | Jan- Dec 2017 | various | **7,685** |
| | | | | **68,917** |

**i) Acquisition of Construction Risk Partners LLC (CRP)**

On 27 January 2017, the Group completed the acquisition of CRP Holding Company LLC, the holding company of Construction Risk Partners LLC (CRP), one of the leading construction Risk and Surety specialty brokers in the USA, providing risk consulting and broking services. The acquired business contributed revenue of £18,325,000 and net profit, including acquisition and integration costs incurred to date, of £1,940,000 to the Group for the period since acquisition. If the acquisition had taken place on 1 January 2017, we estimate the contribution to Group revenue would have been £20,436,000 and net profit, including acquisition and integration costs incurred to date, would have been £2,413,000.

| **Goodwill calculation** | **£'000** |
|---|---|
| Purchase consideration | |
| - cash paid | 38,650 |
| **Total purchase consideration** | **38,650** |
| Less: fair value of net assets acquired | 7,244 |
| **Goodwill** | **31,406** |

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

| | Acquiree's carrying amount £'000 | Fair value £'000 |
|---|---|---|
| Property, plant and equipment | 374 | 374 |
| Other intangible assets | 2 | 3,234 |
| Trade and other receivables | 280 | 280 |
| Cash and cash equivalents | | |
| - own cash | 8,717 | 8,717 |
| - fiduciary cash | 3,197 | 3,197 |
| Insurance payables | (3,197) | (3,197) |
| Trade and other payables | (4,120) | (4,120) |
| Non-controlling interests | - | (1,241) |
| | **5,253** | **7,244** |

| | **£'000** |
|---|---|
| Purchase consideration settled in cash | 38,650 |
| Cash and cash equivalents - own cash in subsidiary acquired | (8,717) |
| | **29,933** |
| Cash and cash equivalents - fiduciary cash in subsidiary acquired | (3,197) |
| **Cash outflow on acquisition** | **26,736** |

As at 31 December 2017, 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.

## 29. BUSINESS COMBINATIONS CONTINUED

**ii) Acquisition of Belgibo NV**

On 31 August 2017, the Group acquired Belgibo NV in Belgium, a long established, highly regarded Specialty broker, with market-leading expertise in Marine, Aviation and Credit & Political risks. The acquired business contributed revenue of £2,162,000 and net loss, including acquisition and integration costs incurred to date, of £220,000 to the Group for the year since acquisition. If the acquisition had taken place on 1 January 2017, we estimate the contribution to Group revenue would have been £7,871,000 and net loss, including acquisition and integration costs incurred to date, would have been £85,000.

| **Goodwill calculation** | **£'000** |
|---|---|
| Purchase consideration | |
| - cash paid | 18,691 |
| - contingent consideration | 833 |
| - deferred consideration | 1,477 |
| **Total purchase consideration** | **21,001** |
| Less: fair value of net assets acquired | 775 |
| **Goodwill** | **20,226** |

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

| | **Acquiree's carrying amount** | **Fair value £'000** |
|---|---|---|
| Property, plant and equipment | 165 | 165 |
| Other intangible assets | 12 | 2,870 |
| Trade and other receivables | 1,291 | 1,291 |
| Cash and cash equivalents | | |
| - fiduciary cash | 11,211 | 11,211 |
| Insurance creditors | (11,211) | (11,211) |
| Trade and other payables | (1,040) | (1,040) |
| Current taxation | (247) | (247) |
| Deferred taxation | 215 | 215 |
| Borrowings | (1,434) | (1,434) |
| Provisions for liabilities and charges | (411) | (411) |
| Retirement benefit obligations | (634) | (634) |
| | **(2,083)** | **775** |

| | **£'000** |
|---|---|
| Purchase consideration settled in cash | 18,691 |
| Borrowings | 1,434 |
| | **20,125** |
| Cash and cash equivalents - fiduciary cash in subsidiary acquired | (11,211) |
| **Cash outflow on acquisition** | **8,914** |

As at 31 December 2017, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

Deferred consideration of £1,477,000 is based upon net assets shown in the completion accounts.

Contingent consideration of £833,000 is based upon expected revenue of future years.

The maximum contingent consideration is capped at €10,000,000.

None of the goodwill recognised is expected to be deductible for income tax purposes.

## 29. BUSINESS COMBINATIONS CONTINUED

**iii) Other acquisitions and additional investments in existing businesses**

| Goodwill calculation | £'000 |
|---|---|
| Purchase consideration | |
| - cash paid | 8,567 |
| - contingent consideration | 699 |
| **Total purchase consideration** | **9,266** |
| Less fair value of net assets acquired | 1,314 |
| Less equity movement on transactions with non-controlling interests | 6,529 |
| **Goodwill** | **1,423** |

The assets and liabilities arising from acquisitions were as follows:

| | Acquiree's carrying amount | Fair value £'000 |
|---|---|---|
| Other intangible assets | 158 | 158 |
| Non-controlling interests | 1,156 | 1,156 |
| | **1,314** | **1,314** |

| | £'000 |
|---|---|
| Purchase consideration settled in cash | 8,567 |
| **Cash outflow on acquisition** | **8,567** |

As at 31 December 2017, the process of reviewing the fair values of assets acquired had not been completed, consequently the fair values stated above are provisional.

**Group summary of the net assets acquired and goodwill**

The assets and liabilities arising from acquisitions were as follows:

| | CRP £'000 | Belgibo £'000 | Others £'000 | Total £'000 |
|---|---|---|---|---|
| Purchase consideration: | | | | |
| - cash paid | 38,650 | 18,691 | 8,567 | **65,908** |
| - contingent consideration | - | 833 | 699 | **1,532** |
| - deferred consideration | - | 1,477 | - | **1,477** |
| **Total purchase consideration** | **38,650** | **21,001** | **9,266** | **68,917** |
| Less fair value of net assets acquired | 7,244 | 775 | 1,314 | **9,333** |
| Less equity movement on transactions with non-controlling interests | - | - | 6,529 | **6,529** |
| **Goodwill on acquisitions occurring during the year** | **31,406** | **20,226** | **1,423** | **53,055** |
| Impact of revision to fair value adjustment in relation to acquisitions completed in 2016 | | | | 469 |
| **Net increase in goodwill** | | | | **53,524** |
| Impact of additional investments | | | | 6,529 |
| **Net decrease in equity** | | | | **6,529** |

**Group summary of cash flows**

| | CRP £'000 | Belgibo £'000 | Others £'000 | Total £'000 |
|---|---|---|---|---|
| Purchase consideration settled in cash | 38,650 | 18,691 | 8,567 | **65,908** |
| Cash and cash equivalents - own cash in subsidiary acquired | (8,717) | - | - | **(8,717)** |
| Borrowings | - | 1,434 | - | **1,434** |
| | **29,933** | **20,125** | **8,567** | **58,625** |
| Cash and cash equivalents - fiduciary cash in subsidiary acquired | (3,197) | (11,211) | - | **(14,408)** |
| **Net cash outflow** | **26,736** | **8,914** | **8,567** | **44,217** |
| Impact of revision to fair value adjustment on cash in relation to acquisitions completed in prior years | | | | 105 |
| **Net cash outflow on acquisitions during the year** | | | | **44,322** |

# 30. BUSINESS DISPOSALS

On 31 May 2017, the Group disposed its shareholdings in Expacare Limited.

**Net assets and proceeds of disposal**

| | Fair value £'000 |
|---|---|
| Other intangible assets | 8 |
| Trade and other receivables | 538 |
| Cash and cash equivalents - own cash | 235 |
| Trade and other payables | (239) |
| Current taxation | (48) |
| Deferred taxation | 3 |
| **Net assets at disposal** | **497** |
| Gain on disposal | 675 |
| **Proceeds on disposal** | **1,172** |

| | Total £'000 |
|---|---|
| Disposal consideration settled in cash | 1,172 |
| Cash and cash equivalents - own cash in subsidiary disposed | (235) |
| **Cash inflow on disposal during the year** | **937** |

# 30. BUSINESS DISPOSALS CONTINUED

**Other disposals**

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

**Net assets and proceeds of disposal**

| | Total £'000 |
|---|---|
| Property, plant and equipment | 22 |
| Other intangible assets | 466 |
| Trade and other receivables | 1,741 |
| Cash and cash equivalents | |
| - own cash | 35 |
| Trade and other payables | (67) |
| Current taxation | (22) |
| Deferred taxation | (5) |
| Non-controlling interests | 544 |
| **Net assets at disposal** | **2,714** |
| Exchange loss recycled from exchange reserves | (69) |
| Equity movement on transactions with non-controlling interests | 163 |
| Gain on disposals | 235 |
| **Proceeds on disposals** | **3,043** |

| | Total £'000 |
|---|---|
| Deferred proceeds | 2,388 |
| Cash inflow on disposals during the year | 655 |
| **Total consideration** | **3,043** |

| | Total £'000 |
|---|---|
| Disposal consideration settled in cash | 655 |
| Cash and cash equivalents - own cash in subsidiaries disposed | |
| - own cash in subsidiary disposed | (35) |
| **Cash inflow on disposals during the year** | **620** |

**Group summary of cash flows**

| | Expacare £'000 | Others £'000 | Total £'000 |
|---|---|---|---|
| Disposal consideration settled in cash | 1,172 | 655 | **1,827** |
| Cash and cash equivalents - own cash in subsidiaries disposed | | | |
| - own cash in subsidiary disposed | (235) | (35) | **(270)** |
| **Cash inflow on disposals during the year** | **937** | **620** | **1,557** |

The gain on disposal of businesses in the year of £910,000 together with costs on disposal of £603,000 result in a net gain on disposal of £307,000.

# 31. 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 and the Belgibo DB and DC Plans.

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

| | UK Schemes | | Overseas Schemes | | Total | |
|---|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 |
| Defined benefit schemes | - | - | - | 487 | - | 487 |
| Defined contribution schemes | 20,485 | 20,824 | 22,003 | 19,254 | 42,488 | 40,078 |
| | **20,485** | 20,824 | **22,003** | 19,741 | **42,488** | 40,565 |

The Jardine Lloyd Thompson UK Pension Scheme has two sections: one providing defined benefits and the other providing benefits on a defined contribution basis. The assets of the scheme are held in a trustee administered fund separate from the Company.

With effect from 1 December 2006 the defined benefit section of the Scheme was amended to cease future benefits accruals. Under the Scheme as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 1 December 2006.

The latest finalised triennial actuarial funding valuation of the Jardine Lloyd Thompson UK Pension Scheme was undertaken as at 31 March 2014, and showed a deficit of £134.2 million. The company agreed with the Trustees that annual contributions of £10.5 million would be paid each July for 14 years, from 2015 and to 2018 to fund the scheme deficit. This valuation was updated to 31 December 2017 by a qualified actuary employed by the Group. An updated triennial actuarial valuation as at 31 March 2017 is currently being carried out but results are not yet available. The weighted average duration of the defined benefit obligation is 18 years (2016: 18 years).

The principal overseas schemes are:

a) The JLT (USA) Incentive Savings Plan which is a defined contribution scheme. Employees may contribute up to 50% of their salary subject to an IRS maximum each year of USD 18,000 in 2017 and the Group contributes at a rate of 100% of each 1% contributed by the employee up to a maximum employee contribution of 4%, up to a maximum of USD 10,600. Employees aged over 50 may make "catch-up" contributions subject to an IRS maximum each year of USD 6,000 in 2017.

b) The JLT (USA) Employee Retirement Plan which is a defined benefit scheme. The latest actuarial valuation was undertaken at 1 January 2017 by independent actuaries. With effect from 31 July 2005 the plan was amended to eliminate future benefit accruals. Under the plan as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 31 July 2005. The average compensation and length of service will be determined as at 31 July 2005.

   The Group had made a settlement gain of £127,000 in 2016 relating to non-routine lump sum payments and it is disclosed under the curtailment gain.

c) The JLT (USA) Stable Value Plan. The latest actuarial valuation was undertaken as at 1 January 2017 by independent actuaries. With effect from 31 March 2016 the Plan was amended to eliminate future benefit accruals. Under the Plan as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 31 March 2016. The average compensation and length of service was determined as at 31 March 2016. The plan closed in 2016.

d) The Pension Plan for Employees of Jardine Lloyd Thompson Canada Inc. has two sections: one providing defined benefits based primarily on the 2007 pensionable salary and the other providing benefits on a defined contribution basis. The JLT pension contribution for the defined contribution plan ranges from 3% to 13% based on age and service. The company makes additional contribution to defined contribution plans, not exceeding 2% of pensionable earnings, if the member makes a matching voluntary contributions. The Defined Benefit Pension Plan was amended on 1 January 2009 in order to close the plan to new entrants and eliminate future benefit accruals from this date forward.

   The JLT Canada Defined Pension Plan's last formal valuation was undertaken as at 31 December 2016 by a qualified third party actuary.

e) The Jardine Lloyd Thompson Ireland Limited Pension Fund, which is a defined benefit pension scheme, has its assets held in a separately administered fund. The contributions to it are agreed between the Trustees and the Company, based on the advice of an appropriately qualified independent actuary. The most recent triennial actuarial valuation for funding purposes was carried out by the appropriately qualified independent actuary as at 1 January 2014. With effect from 30 November 2008, the scheme was closed to new entrants and future service accrual ceased. The company also operates a defined contribution scheme, namely The Jardine Lloyd Thompson 2004 Retirement Benefits Scheme, which is held and administered under a separate trust. The most recent triennial actuarial valuation for funding purposes was carried out by an appropriately qualified independent actuary as at 1 January 2017.

f) The Belgibo DB and DC Plans has two sections: one pension plan providing defined benefits based primarily on the pensionable salary and two pension plans providing benefits on a defined contribution basis, subject to certain guaranteed minimum asset returns. The employer pension contribution for the defined contribution plan ranges from 2% to 6% based on category and service. The defined benefit scheme was amended on 1 January 2007 in order to close the plan to new entrants. The defined benefit scheme's last formal valuation was undertaken as at 31 December 2017 by a qualified third party actuary.

## 31. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The principal actuarial assumptions used were as follows:

| At 31 December 2017 | UK Scheme | US Scheme | Canadian Scheme | Irish Scheme | US Stable Value Plan | Belgian Schemes |
|---|---|---|---|---|---|---|
| Rate of increase in salaries | n/a | n/a | n/a | n/a | n/a | 2.50% |
| Rate of increase of pensions in payment (a) | 3.16% | n/a | 2.00% | 3.00% | n/a | n/a |
| Discount rate (b) | 2.45% | 3.35% | 3.30% | 1.90% | 3.05-3.20% | 1.00-1.75% |
| Inflation rate | 3.26% | 2.00% | 2.00% | 1.50% | 2.00% | 2.00% |
| Revaluation rate for deferred pensioners | 2.26% | n/a | n/a | 1.50% | n/a | n/a |
| Mortality - life expectancy at age 65 for male members: (c) | | | | | | |
| Aged 65 at 31 December (years) | 21.7 | 21.1 | 22.0 | 22.8 | 22.0 | 20.4 |

| At 31 December 2016 | UK Scheme | US Scheme | Canadian Scheme | Irish Scheme | US Stable Value Plan | Belgian Schemes |
|---|---|---|---|---|---|---|
| Rate of increase in salaries | n/a | n/a | n/a | n/a | n/a | n/a |
| Rate of increase of pensions in payment (a) | 3.24% | n/a | 2.25% | 3.00% | n/a | n/a |
| Discount rate (b) | 2.80% | 4.00% | 3.90% | 1.90% | 3.35-3.40% | n/a |
| Inflation rate | 3.34% | 2.00% | 2.25% | 1.50% | 2.00% | n/a |
| Revaluation rate for deferred pensioners | 2.34% | n/a | n/a | 1.50% | n/a | n/a |
| Mortality - life expectancy at age 65 for male members: (c) | | | | | | |
| Aged 65 at 31 December (years) | 21.8 | 21.3 | 22.0 | 22.8 | 21.3 | n/a |

a) In respect of the UK scheme, where there are inflation linked benefits, the inflation increases are limited to a maximum of 5% per annum (some are limited to 3% per annum).

b) In line with IAS 19 (Revised) the expected return on scheme assets assumption is the same as the discount rate assumed for the liabilities.

c) Mortality assumptions for the UK scheme are based on 105% of the S2PxA tables, with improvements based on CMI 2016 tables with a 1.25% per annum long-term rate of improvement.

Mortality assumptions for the US Scheme and US Stable Value Plan are based on the RP2014 Mortality Table with MP2017 projections. Mortality assumptions for the Canadian Scheme are based on the CPM-2014 Private Table with generational projection using scale CPM-B.

Mortality assumptions for the Irish Scheme, assume that deaths after retirement will be in accordance with standard mortality tables 90% PxA92C=2004 with allowance for expected future mortality improvements. There is assumed to be no pre-retirement mortality.

Mortality assumptions for the Belgian Schemes are based on the Belgian mortality table MR-3/FR-3.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | Impact on defined benefit obligation | |
|---|---|---|
| | **Change in assumptions** | **Change to obligation** |
| Discount rate | **decrease of 0.1%** | **increase of 2.0%** |
| Inflation rate | **increase of 0.1%** | **increase of 1.0%** |
| Life expectancy | **increase of 1 year** | **increase of 4.0%** |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet. Note this sensitivity is for defined benefit obligations only and does not consider the impact that changes in assumptions may have on the assets, in particular the assets held in respect of the insured pensioners.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

# 31. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

### Defined benefit obligation

| | UK Schemes | | Overseas Schemes | | Total | |
|---|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 |
| Present value of funded obligations | (652,028) | (674,029) | (72,553) | (72,315) | (724,581) | (746,344) |
| Fair value of plan assets | 495,616 | 489,533 | 59,681 | 58,399 | 555,297 | 547,932 |
| **Net liability recognised in the balance sheet** | **(156,412)** | (184,496) | **(12,872)** | (13,916) | **(169,284)** | (198,412) |

### Reconciliation of net defined benefit liability

| | UK Schemes | | Overseas Schemes | | Total | |
|---|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 |
| Opening defined benefit liability | **(184,496)** | (118,947) | **(13,916)** | (11,440) | **(198,412)** | (130,387) |
| Exchange differences | - | - | 1,049 | (2,169) | 1,049 | (2,169) |
| Pension expense | (5,346) | (4,778) | (1,155) | (1,274) | (6,501) | (6,052) |
| Employer contributions | 16,273 | 10,952 | 956 | 886 | 17,229 | 11,838 |
| Assets acquired in a business combination | - | - | (634) | - | (634) | - |
| Total gain/(loss) recognised in reserves | 17,157 | (71,723) | 828 | 81 | 17,985 | (71,642) |
| **Net liability recognised in the balance sheet** | **(156,412)** | (184,496) | **(12,872)** | (13,916) | **(169,284)** | (198,412) |

### Reconciliation of defined benefit obligation

| | UK Schemes | | Overseas Schemes | | Total | |
|---|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 |
| Opening defined benefit obligation | **(674,029)** | (576,343) | **(72,315)** | (61,940) | **(746,344)** | (638,283) |
| Exchange differences | - | - | 4,186 | (11,626) | 4,186 | (11,626) |
| Service cost | - | - | - | (487) | - | (487) |
| Interest cost | (18,063) | (21,435) | (2,405) | (2,502) | (20,468) | (23,937) |
| Curtailment gain | - | - | - | 127 | - | 127 |
| Settlement amount | - | - | - | 1,315 | - | 1,315 |
| Loss on defined benefit obligation | (18,002) | (121,841) | (3,722) | (1,120) | (21,724) | (122,961) |
| Actual benefit payments | 58,066 | 45,590 | 4,560 | 3,918 | 62,626 | 49,508 |
| Liabilities assumed in a business combination | - | - | (2,857) | - | (2,857) | - |
| **Closing defined benefit obligation** | **(652,028)** | (674,029) | **(72,553)** | (72,315) | **(724,581)** | (746,344) |

### Reconciliation of fair value of assets

| | UK Schemes | | Overseas Schemes | | Total | |
|---|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 |
| Opening value of assets | **489,533** | 457,396 | **58,399** | 50,500 | **547,932** | 507,896 |
| Exchange differences | - | - | (3,137) | 9,457 | (3,137) | 9,457 |
| Expected return on assets | 13,119 | 17,034 | 1,901 | 2,031 | 15,020 | 19,065 |
| Actuarial gain | 35,159 | 50,118 | 4,550 | 1,201 | 39,709 | 51,319 |
| Employer contributions | 16,273 | 10,952 | 956 | 886 | 17,229 | 11,838 |
| Actual benefit payments | (58,066) | (45,590) | (4,560) | (3,918) | (62,626) | (49,508) |
| Settlement amount | - | - | - | (1,315) | - | (1,315) |
| Expenses | (402) | (377) | (651) | (443) | (1,053) | (820) |
| Assets acquired in a business combination | - | - | 2,223 | - | 2,223 | - |
| **Closing value of assets** | **495,616** | 489,533 | **59,681** | 58,399 | **555,297** | 547,932 |

# 31. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The analysis of the fair value of the scheme assets is as follows:

| At 31 December 2017 | UK Schemes Value £'000 | UK Schemes Value % | Overseas Schemes Value £'000 | Overseas Schemes Value % |
|---|---|---|---|---|
| Equities | 106,480 | 21% | 33,406 | 56% |
| Equity-linked liability driven investments (LDI) | 95,436 | 19% | - | - |
| Bonds | - | - | 14,038 | 24% |
| Investment funds | 85,993 | 17% | - | - |
| Qualifying insurance policies | 204,992 | 42% | - | - |
| Other assets | - | - | 6,367 | 10% |
| Cash | 2,715 | 1% | 5,870 | 10% |
| **Total market value** | **495,616** | **100%** | **59,681** | **100%** |

| At 31 December 2016 | UK Schemes Value £'000 | UK Schemes Value % | Overseas Schemes Value £'000 | Overseas Schemes Value % |
|---|---|---|---|---|
| Equities | 186,674 | 38% | 34,795 | 60% |
| Bonds | - | - | 10,454 | 18% |
| Investment funds | 95,360 | 19% | - | - |
| Qualifying insurance policies | 205,719 | 42% | - | - |
| Other assets | - | - | 3,827 | 6% |
| Cash | 1,780 | 1% | 9,323 | 16% |
| **Total market value** | 489,533 | 100% | 58,399 | 100% |

Other assets include hedge funds and property. The schemes do not hold cash as a strategic investment and cash balances at 31 December represent working balances.

## Reconciliation of return on assets

| | UK Schemes 2017 £'000 | UK Schemes 2016 £'000 | Overseas Schemes 2017 £'000 | Overseas Schemes 2016 £'000 | Total 2017 £'000 | Total 2016 £'000 |
|---|---|---|---|---|---|---|
| Expected return on assets | 13,119 | 17,034 | 1,901 | 2,031 | 15,020 | 19,065 |
| Actuarial gain | 35,159 | 50,118 | 4,550 | 1,201 | 39,709 | 51,319 |
| **Actual return on assets** | **48,278** | 67,152 | **6,451** | 3,232 | **54,729** | 70,384 |

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

| | UK Schemes 2017 £'000 | UK Schemes 2016 £'000 | Overseas Schemes 2017 £'000 | Overseas Schemes 2016 £'000 | Total 2017 £'000 | Total 2016 £'000 |
|---|---|---|---|---|---|---|
| Service cost | - | - | - | (487) | - | (487) |
| Settlement and curtailment gain | - | - | - | 127 | - | 127 |
| Expenses | (402) | (377) | (651) | (443) | (1,053) | (820) |
| **Total (included within salaries and associated expenses)** | **(402)** | (377) | **(651)** | (803) | **(1,053)** | (1,180) |
| Interest cost | (18,063) | (21,435) | (2,405) | (2,502) | (20,468) | (23,937) |
| Expected return on assets | 13,119 | 17,034 | 1,901 | 2,031 | 15,020 | 19,065 |
| **Total (included within finance costs)** | **(4,944)** | (4,401) | **(504)** | (471) | **(5,448)** | (4,872) |
| **Expenses before taxation** | **(5,346)** | (4,778) | **(1,155)** | (1,274) | **(6,501)** | (6,052) |

## 31. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

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

| | UK Schemes | | Overseas Schemes | | Total | |
|---|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 | **2017 £'000** | 2016 £'000 |
| Actuarial loss on defined benefit obligation | (18,002) | (121,841) | (3,722) | (1,120) | (21,724) | (122,961) |
| Actuarial gain | 35,159 | 50,118 | 4,550 | 1,201 | 39,709 | 51,319 |
| **Total actuarial gain/(loss) recognised** | **17,157** | (71,723) | **828** | 81 | **17,985** | (71,642) |
| **Cumulative actuarial loss recognised** | **(260,005)** | (277,162) | **(31,928)** | (32,756) | **(291,933)** | (309,918) |

The five year history of experience adjustments is as follows:

| | UK Schemes | | | | |
|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | 2015 £'000 | 2014 £'000 | 2013 £'000 |
| Defined benefit obligation at end of year | (652,028) | (674,029) | (576,343) | (641,759) | (583,745) |
| Fair value of plan assets | 495,616 | 489,533 | 457,396 | 479,139 | 458,727 |
| **Deficit in the schemes** | **(156,412)** | (184,496) | (118,947) | (162,620) | (125,018) |
| **Difference between the actual and expected return on plan assets** | | | | | |
| - amount (£'000) | **35,159** | 50,118 | (11,593) | 16,437 | (22,217) |
| - expressed as a percentage of the plan assets | **7.09%** | 10.24% | (2.53%) | 3.43% | (4.84%) |
| **Experience (gain)/loss on plan liabilities** | | | | | |
| - amount (£'000) | **(5,793)** | (7,009) | (8,840) | 1,592 | 1,364 |
| - expressed as a percentage of the present value of the plan liabilities | **0.89%** | 1.04% | 1.53% | (0.25%) | (0.23%) |

| | Overseas Schemes | | | | |
|---|---|---|---|---|---|
| | **2017 £'000** | 2016 £'000 | 2015 £'000 | 2014 £'000 | 2013 £'000 |
| Defined benefit obligation at end of year | **(72,553)** | (72,315) | (61,940) | (78,044) | (60,566) |
| Fair value of plan assets | **59,681** | 58,399 | 50,500 | 61,629 | 54,957 |
| **Deficit in the schemes** | **(12,872)** | (13,916) | (11,440) | (16,415) | (5,609) |
| **Difference between the actual and expected return on plan assets** | | | | | |
| - amount (£'000) | **4,550** | 1,201 | (762) | 2,450 | 6,863 |
| - expressed as a percentage of the plan assets | **7.62%** | 2.06% | (1.51%) | 3.98% | 12.49% |
| **Experience (gain)/loss on plan liabilities** | | | | | |
| - amount (£'000) | **233** | (4,450) | (1,427) | 1,265 | 377 |
| - expressed as a percentage of the present value of the plan liabilities | **(0.32%)** | 6.15% | 2.30% | (1.62%) | (0.62%) |

The expected employer contributions in respect of the year ending 31 December 2018 are as follows:

| | **Defined benefit £'000** |
|---|---|
| UK Scheme | 10,500 |
| US Scheme | 991 |
| Canadian Scheme | 42 |
| Irish Scheme | 946 |
| Belgian Schemes | 42 |
| **Total expected contributions** | **12,521** |

## 32. RELATED-PARTY TRANSACTIONS

### Transactions with the Jardine Matheson Group

As at 22 February 2018 the Jardine Matheson Group owns 40.16% of the Company's shares via its wholly-owned subsidiary JMH Investments Limited. The remaining 59.84% of the shares are widely held.

In the normal course of business a number of the Group's subsidiaries undertake, on an arm's-length basis, a variety of transactions with the Jardine Matheson Group (JMG) and its associates (JMA).

The following transactions were carried out during the year:

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | **JMG £'000** | **JMA £'000** | **Total £'000** | JMG £'000 | JMA £'000 | Total £'000 |
| **Income** | | | | | | |
| Fees and commissions | 4,673 | 2,245 | **6,918** | 3,999 | 1,941 | 5,940 |
| **Expenditure** | | | | | | |
| Administrative expenses | 1,420 | - | **1,420** | 1,598 | - | 1,598 |
| **Year-end balances arising from these transactions:** | | | | | | |
| Trade and other receivables | 1,199 | 366 | **1,565** | 962 | 642 | 1,604 |
| Trade and other payables | (17) | - | **(17)** | (82) | - | (82) |
| | **1,182** | **366** | **1,548** | 880 | 642 | 1,522 |

### Transactions with associates

The following transactions were carried out with associates during the year:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| **Income** | | |
| Fees and commissions | 2,791 | 3,238 |
| **Finance income** | | |
| Interest receivable - own funds | 65 | 8 |
| **Expenditure** | | |
| Administrative expenses | 27 | 19 |
| **Year-end balances arising from these transactions:** | | |
| Trade and other receivables | 3,096 | 4,966 |
| Trade and other payables | - | (1) |
| | **3,096** | 4,965 |

### Transactions with key management

The related-party disclosure regarding key management is detailed in note 6 on page 29.

## 33. COMMITMENTS

### Capital commitments

Capital expenditure contracted for 2018 at the balance sheet date amounts to £1,916,000 (2017: £1,293,000).

### Operating lease commitments - where a Group company is the lessee

The future aggregate minimum lease payments under a non-cancellable operating leases are as follows:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| No later than 1 year | 42,787 | 42,981 |
| Later than 1 year and no later than 5 years | 141,390 | 146,090 |
| Later than 5 years | 271,554 | 300,912 |
| | **455,731** | 489,983 |

The Group leases various offices under non-cancellable operating lease agreements. The principal lease term on the Group's headquarters at The St Botolph Building is for 21 years from the balance sheet date. Rents will be reviewed on 1 October 2018, and every 5 years thereafter, and will be calculated by reference to the prevailing market rate.

### Sub-leases

### Operating lease commitments - where a Group company is the lessor

The future aggregate minimum lease payments under non-cancellable operating sub-leases are as follows:

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| No later than 1 year | 165 | 151 |
| Later than 1 year and no later than 5 years | 156 | 231 |
| | **321** | 382 |

### 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.

As at 31 December 2017, the Group has contingent liabilities in respect of guarantees and letters of credit given on behalf of Group companies amounting to £14,385,000 (2016: £12,024,000).

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 a provision has been created for the estimated administration costs of completing the work for this review. It is too early to determine whether any further liability exists.

## 34. SUBSEQUENT EVENTS

On 14 February 2018 the Group acquired, subject to FCA approval, 100% of the issued share capital of Chartwell Healthcare Limited for a maximum consideration of £7.1 million, payable in cash in tranches from completion to 2020.

## 35. SUBSIDIARIES AND ASSOCIATED COMPANIES

The following were the subsidiaries and associated undertakings at 31 December 2017. Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation/registration.

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| **United Kingdom** | | | |
| Agnew Higgins Pickering & Company Limited | | BDO LLP, 55 Baker Street, London, W1U 7EU, England | |
| Aldgate Trustees Ltd | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Aviary Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Burke Ford Trustees (Leicester) Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| CPRM Limited | | Lochside House, 7 Lochside Avenue, Edinburgh, EH12 9DJ, Scotland | |
| Fly Fizzi Limited | 33.00 | Pyers Croft, Compton, Chichester, West Sussex, PO18 9EX, England | |
| GCube Underwriting Limited | | 155 Fenchurch Street, London, EC3M 6AL, England | |
| Gracechurch Trustees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Gresham Pension Trustees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Hayward Aviation Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| iimia (Holdings) Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Independent Trustee Services Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JIB Group Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JIB Group Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JIB Overseas Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JIB UK Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | 3 |
| JIS (1974) Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Actuaries and Consultants Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Advisory Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Benefit Consultants Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Benefit Solutions Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Colombia Retail Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Colombia Wholesale Limited | 94.37 | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Consultants & Actuaries Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Corporate Services Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT EB Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT EB Services Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Financial Consultants Ltd | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Insurance Group Holdings Ltd | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Investment Management Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT LATAM (Southern Cone) Wholesale Limited | 53.00 | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Latin American Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Management Services Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Mexico Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Nominees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Pension Trustees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Pensions Administration Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Pensions Administration Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Peru Reinsurance Solutions Limited | 80.07 | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |

# 35. SUBSIDIARIES AND ASSOCIATED COMPANIES CONTINUED

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| JLT Peru Retail Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Peru Wholesale Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Re Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Reinsurance Brokers Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Secretaries Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Specialty Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Trustees (Southern) Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Trustees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT UK Investment Holdings Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| JLT Wealth Management Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Leadenhall Independent Trustees Ltd | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Lloyd & Partners Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| M.P. Bolshaw and Company Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Marine, Aviation & General (London) Limited | 25.00 | 10 Eastcheap, London, EC3M 1AJ, England | 4 |
| Pavilion Insurance Management Limited | | BDO LLP, 55 Baker Street, London, W1U 7EU, England | |
| Pavilion Insurance Network Limited | | BDO LLP, 55 Baker Street, London, W1U 7EU, England | |
| Pension Capital Strategies Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Personal Pension Trustees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Pet Animal Welfare Scheme Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Portland Pensions Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Portsoken Trustees (No. 2) Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Portsoken Trustees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Premier Pension Trustees Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Profund Solutions Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| Renewable Energy Loss Adjusters Limited | | The St Botolph Building, 138 Houndsditch, London, EC3A 7AW, England | |
| **Angola** | | | |
| Jardines PF - Consultoria Em Gestao de Risco Lda | | Rua Kuamme Knrumah Numero 31, Ingombota, Luanda, Angola | 1 |
| **Anguilla** | | | |
| JLT Towner Insurance Management (Anguilla) Limited | | Babrow's Commercial Complex, The Valley, AI-2640, Anguilla | |
| **Argentina** | | | |
| JLT Re Argentina Corredores de Reaseguros S.A. | 53.00 | Della Paolera 265, Torre Boston, 24th Floor Retiro, C.A.B.A, Argentina | |
| JLT Insurance Brokers S.A. | 74.50 | c/o Estudio Beccar Varela, Tucuman 1, 4th Floor, Beunos Aires, Argentina | |
| **Australia** | | | |
| AssetVal Pty Ltd | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Australian Insurance Brokers Pty Ltd | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Broderick Piller Pty Ltd | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Echelon Australia Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Group Promoters Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Jardine Lloyd Thompson Australia Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| JLT Group Services Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Jardine Lloyd Thompson Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| JLT Re Pty Ltd | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |

# 35. SUBSIDIARIES AND ASSOCIATED COMPANIES CONTINUED

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| Key Underwriting Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Premium Services Australia Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| The Recovre Group Pty Ltd | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Risk Management Australia Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| Local Government Insurance Brokers Pty Limited | | Grosvenor Place, Level 37, 225 George Street, Sydney, NSW 2000, Australia | |
| **Austria** | | | |
| GrECo International Holding AG | 20.00 | 1190 Vienna, Elmargasse 2-4, Postfach 299, Vienna, Austria | 4 |
| **Barbados** | | | |
| Isosceles Insurance (Barbados) Limited | 90.91 | 1st Floor, Limegrove Centre, Holetown, St James, Barbados | |
| JLT Holdings (Barbados) Ltd | 90.91 | 1st Floor, Limegrove Centre, Holetown, St James, Barbados | |
| JLT Insurance Management (Barbados) Ltd | 90.91 | 1st Floor, Limegrove Centre, Holetown, St James, Barbados | |
| JLT Management (Barbados) Ltd | 90.91 | 1st Floor, Limegrove Centre, Holetown, St James, Barbados | |
| JLT Trust Services (Barbados) Limited | 90.91 | 1st Floor, Limegrove Centre, Holetown, St James, Barbados | |
| **Belgium** | | | |
| Belgibo N.V. | | De Gerlachekaai 20, 2000 Antwerp, Belgium | |
| CMC-Belgibo | | De Gerlachekaai 20, 2000 Antwerp, Belgium | |
| **Bermuda** | | | |
| Agnew Higgins Pickering & Co. (Bermuda) Ltd | | Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda | |
| Eagle & Crown Limited | | Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda | |
| Evolution Management Ltd | | Crawford House, 50 Cedar Avenue, Hamilton, HM11, Bermuda | |
| Isosceles Insurance Ltd | 98.36 | Crawford House, 50 Cedar Avenue, Hamilton, HM11, Bermuda | 3 |
| JLT Holdings (Bermuda) Ltd. | | Crawford House, 50 Cedar Avenue, Hamilton, HM11, Bermuda | |
| JLT Bermuda Ltd | | Crawford House, 50 Cedar Avenue, Hamilton, HM11, Bermuda | |
| JLT Insurance Management (Bermuda) Limited | | Crawford House, 50 Cedar Avenue, Hamilton, HM11, Bermuda | |
| Sail Insurance Company Limited | | Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda | |
| Secure Limited | | Jardine House, 33-35 Reid Street, Hamilton, Bermuda | |
| JLT Re Limited | | Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda | |
| **Brazil** | | | |
| JLT Brasil Holdings Participacoes Ltd | 75.72 | Avenida Beira Mar no. 200, 8º andar (parte), Centro, Rio de Janeiro, Brazil | 1 |
| JLT do Brasil Corretagem de Seguros Ltda | 75.72 | Avenida Engenheiro Luis Carlos Berrini no. 105, Condomino Thera One, Sao Paulo, Brazil | 1 |
| JLT RE Brasil, Administracao e Corretagem de Resseguros Ltda | 75.72 | Avenida Beira Mar no. 200, 8º andar (parte), Centro, Rio de Janeiro, Brazil | 1 |
| JLT SCK Affinity Administracao e Corretora de Seguros Ltda. | 56.79 | Ave. Presidente Wilson, 231, 74.107.483/0001-64, Centro, Rio de Janeiro, Brazil | 1 |
| JLT SCK Corretora e Administradora de Seguros | 56.79 | Ave. Presidente Wilson, 231, 74.107.483/0001-64, Centro, Rio de Janeiro, Brazil | 1 |
| **Canada** | | | |
| Jardine Lloyd Thompson Canada Inc | | Suite 2900, 550 Burrard Street Vancouver BC V6C 0A3, Canada | |
| **Cayman Islands** | | | |
| Colombian Insurance Broking Wholesale Limited | 74.50 | Wallkers Corporate Ltd, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1 9008, Cayman Islands | |
| **Chile** | | | |
| JLT Chile Corredores de Reaseguro Limitada | 50.10 | Costanera Sur 2730, Piso 14, Las Condes, Santiago, Chile | |
| Alta SA | 50.10 | Costanera Sur 2730, Piso 14, Las Condes, Santiago, Chile | |

## 35. SUBSIDIARIES AND ASSOCIATED COMPANIES CONTINUED

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| JLT Asesorias Ltda | 50.10 | Costanera Sur 2730, Piso 14, Las Condes, Santiago, Chile | |
| JLT Chile Holdings SpA | | Miraflores 222 piso 28 Santiago, Chile | |
| JLT-Orbital Corredores de Seguros Limitada | 50.10 | Costanera Sur 2730, Piso 14, Las Condes, Santiago, Chile | |
| **China** | | | |
| JLT Insurance Brokers Co., Limited | | The Pinnacle, 17 Zhu Jiang Road West, Tianhe District, Guangzhou 510623, China | |
| **Colombia** | | | |
| JLT Affinity Colombia Solutions SAS | 82.65 | Carrera 7 # 71- 21 , Torre B, Bogota, Colombia | |
| Beneficios Integrales Oportunos SA | 82.65 | Calle 72 N° 10 – 07 Of. 1004. Bogota, Colombia | |
| JLT Re Colombia, Corredores Colombianos de Reaseguros | 94.34 | Calle 742 No. 10-51 PH, Bogota, Colombia | |
| Jardine Lloyd Thompson Valencia y Iragorri Corredores de Seguros SA | 82.65 | Calle 72 N° 10 – 07 Of. 1004. Bogota, Colombia | |
| **Denmark** | | | |
| JLT Specialty Insurance Broker A/S | | Hellerupgardvej 18, 2900 Hellerup, Denmark | |
| **France** | | | |
| JLT France Holdings | | 94 Rue de la Victoire, 75009, Paris, France | |
| JLT Specialty France | | 94 Rue de la Victoire, 75009, Paris, France | |
| JLT Energy (France) SAS | 35.40 | 18 Rue de Courcelles, 75008, Paris, France | 4 |
| JLT PLA | | 94 Rue de la Victoire, 75009, Paris, France | |
| **Germany** | | | |
| JLT Reinsurance Brokers GmbH | | Arnulfstrabe 19, 80335, Munchen, Germany | |
| **Guernsey** | | | |
| Isosceles PCC Limited | | Mill Court, La Charroterie, St Peter Port, GY1 4ET, Guernsey | |
| JLT Insurance Management (Guernsey) Limited | | Mill Court, La Charroterie, St Peter Port, GY1 4ET, Guernsey | |
| **Hong Kong** | | | |
| JLT Agencies Limited | | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| JLT Essential Holdings Limited | 51.00 | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| Jardine ShunTak Insurance Brokers Limited | 50.00 | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| Jardine Lloyd Thompson PCS Limited | 75.00 | 20th Floor, Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Island East, Hong Kong | |
| Jardine Lloyd Thompson Limited | | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| Lambert Brothers Holdings Limited | | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| Lambert Brothers Insurance Brokers (Employee Benefits) Ltd | | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| Lambert Brothers Insurance Brokers (Hong Kong) Ltd | | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| JLT Insurance Agencies Limited | | 25th Floor Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong | |
| **India** | | | |
| JLT Independent Insurance Brokers Private Limited | 49.00 | Peninsula Corporate Park, Ganpat Rao Kadam Marg, Off, Senapati Bapat Marg, Mumbai, 400013, India | 4 |
| JLT Vantage Risk and Benefit Consulting Private Limited | 49.00 | C-6.2 Dr Herekar Park, Nehru Park, Pune, Maharashtra, 411004, India | 4 |
| Jardine Lloyd Thompson Insurance Consultants Limited | 92.61 | E-2/16, 2nd Floor, White House, Ansari Road, Darya Ganj, New Dehli, 110002, India | |
| Jardine Lloyd Thompson India Private Limited | | 1001-A, Supreme Business Park, Supreme City, Hiranandani Gardens, Powai, Mumbai, Maharashtra, 400076, India | |

## 35. SUBSIDIARIES AND ASSOCIATED COMPANIES CONTINUED

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| **Indonesia** | | | |
| PT Jardine Lloyd Thompson | 80.00 | World Trade Center, 10th Floor, Jl. Jendral Sudirman Kav. 29-31, Jakarta 12920, Indonesia | |
| PT Nexus Asia Pacific | | World Trade Center, 10th Floor, Jl. Jendral Sudirman Kav. 29-31, Jakarta 12920, Indonesia | |
| PT JLT Reinsurance Brokers | 75.00 | World Trade Center, 10th Floor, Jl. Jendral Sudirman Kav. 29-31, Jakarta 12920, Indonesia | |
| **Ireland** | | | |
| JLT Risk Management Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| Freedom Trust Services Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| JLT Intellectual Property Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| International Loss Control Services Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| Jardine Pension Trustees Ireland Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| Jardine Lloyd Thompson Ireland Holdings Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| Jardine Lloyd Thompson Ireland Unlimited Company | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| JLT Financial Planning Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| JLT Insurance Brokers Ireland Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| JLT QFM Services Limited | | Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland | |
| **Italy** | | | |
| MAG JLT SpA | 25.00 | Francesco Crispi 74, Naples, Italy | 4 |
| **Japan** | | | |
| JLT Holdings Japan Limited | | Halifax Bldg. 4F, 16-26 Roppoongi 3-chome, Minato-ku, Tokyo, Japan | |
| JLT Risk Services Japan Limited | | Halifax Bldg. 4F, 16-26 Roppoongi 3-chome, Minato-ku, Tokyo, Japan | |
| JLT Japan Limited | | Halifax Bldg. 4F, 16-26 Roppoongi 3-chome, Minato-ku, Tokyo, Japan | |
| **Republic of Korea** | | | |
| Jardine Lloyd Thompson Korea Limited | | (Gongpyeong-dong), 16th Floor, 47, Jongno-gu, Seoul, Republic of Korea | |
| **Malaysia** | | | |
| Echelon Claims Consultants Sdn Bhd | | Faber Imperial Court, 21A Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia | |
| JLT Asia Shared Services Sdn Bhd | | Menara Shell, No 211 Jalan Tun Sambathan 50470 Kuala Lumpur, Malaysia | |
| JLT Re Labuan Limited | | Saguking Commercial Building, Jalan Patau-Patau 87000 Labuan FT, Malaysia | |
| Jardine Lloyd Thompson Sdn Bhd | 49.00 | Faber Imperial Court, 21A Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia | |
| **Malta** | | | |
| JLT Insurance Management Malta Limited | 34.00 | Abate Rigord Street, Ta'Xbiex, XBX 1111, Malta | 4 |
| Manoel Management Services Ltd | 34.00 | Abate Rigord Street, Ta'Xbiex, XBX 1111, Malta | 4 |
| **Mauritius** | | | |
| Jl Holdings Limited | | c/o SGG Corporate Services (Mauritius) Ltd, Les Cascades, Edith Cavell Street, Port Louis, Republic of Mauritius | |
| **Mexico** | | | |
| JLT Mexico, Intermediario de Reaseguro, S.A. de C.V. | | Avenida Insurgentes Sur 1898, Piso 19, Colonia Florida, CP 01030 México City | |
| Sterling Re Intermediario de Reaseguro, SA de CV | 35.50 | Insurgentes, Colonia, Torre 01030, Mexico DF | 4 |
| **Netherlands** | | | |
| JLT Netherlands BV | | Schouwburgplein 30-34, 3012 CL, Rotterdam, Netherlands | |
| JLT Asia Holdings BV | | Atrium Building, Strawinskylaan 3007, 1077 ZX Amsterdam, Netherlands | |

## 35. SUBSIDIARIES AND ASSOCIATED COMPANIES CONTINUED

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| JMIB Holdings BV | | Atrium Building, Strawinskylaan 3007, 1077 ZX Amsterdam, Netherlands | |
| **New Zealand** | | | |
| Alpha Consultants Limited | | Level 5, Tower Centre, 45 Queen Street, Auckland, New Zealand | |
| Client Provide Limited | 90.10 | Level 5, Tower Centre, 45 Queen Street, Auckland, New Zealand | |
| Echelon New Zealand Limited | | Level 5, Tower Centre, 45 Queen Street, Auckland, New Zealand | |
| JLT Holdings (NZ) Limited | | Level 5, Tower Centre, 45 Queen Street, Auckland, New Zealand | |
| Jardine Lloyd Thompson Limited | | Level 5, Tower Centre, 45 Queen Street, Auckland, New Zealand | |
| Wellnz Limited | 90.10 | Level 5, Tower Centre, 45 Queen Street, Auckland, New Zealand | |
| **Norway** | | | |
| JLT Norway AS | | Strandveien 13, 1366, Lysaker, Baerum, Norway | |
| **Peru** | | | |
| JLT Corredores de Reaseguros SA | 80.10 | Avda Santa Maria 110-140, oficina 202. Miraflores, Lima, Peru | |
| JLT Peru Corredores de Seguros SA | 91.62 | Av, Santo Toribio 173, San Isidro, Lima, Peru | |
| **Philippines** | | | |
| Jardine Lloyd Thompson Insurance and Reinsurance Brokers, Inc. | | 111 Paseo de Roxas Building, Legaspi Village, Makati City 1229, Philippines | |
| **Russian Federation** | | | |
| Jardine IBR Limited | | Office 226, Building 14, 39 Leningradskiy Prospect, Moscow, Russia | |
| JLT (Insurance Brokers) Limited | | Office 226, Building 14, 39 Leningradskiy Prospect, Moscow, Russia | |
| **Singapore** | | | |
| Anda Insurance Agencies Pte Ltd | | 239 Alexandra Road, Singapore 159930 | |
| Jardine Lloyd Thompson Private Limited | | 239 Alexandra Road, Singapore 159930 | |
| Jardine Lloyd Thompson Asia Pte Ltd | | 239 Alexandra Road, Singapore 159930 | |
| JLT Interactive Pte Ltd | | 239 Alexandra Road, Singapore 159930 | |
| JLTPCS Holdings Pte. Ltd | 75.00 | 239 Alexandra Road, Singapore 159930 | |
| Jardine Lloyd Thompson PCS Pte Ltd | 75.00 | 239 Alexandra Road, Singapore 159930 | |
| JLT Specialty Pte Ltd | | 239 Alexandra Road, Singapore 159930 | |
| JLT Singapore Holdings Pte Ltd | | 239 Alexandra Road, Singapore 159930 | |
| **South Africa** | | | |
| Eikos Risk Applications (Pty) Ltd | | Block D, Nicol Main Office Park, 2 Burton Road, Bryanston, 2191, South Africa | |
| JLT Employee Benefits SA (Pty) Ltd | | Block D, Nicol Main Office Park, 2 Burton Road, Bryanston, 2191, South Africa | |
| Jardine Lloyd Thompson (Proprietary) Limited | 63.00 | Block D, Nicol Main Office Park, 2 Burton Road, Bryanston, 2191, South Africa | |
| JLT Benefit Solutions SA (Pty) Ltd | | Block D, Nicol Main Office Park, 2 Burton Road, Bryanston, 2191, South Africa | |
| JLT Employee Benefits Holding Company (Pty) LTD | | Block D, Nicol Main Office Park, 2 Burton Road, Bryanston, 2191, South Africa | |
| Jardine Lloyd Thompson South Africa IB Holding Company (Proprietary) Limited | | Block D, Nicol Main Office Park, 2 Burton Road, Bryanston, 2191, South Africa | |
| **Spain** | | | |
| March-JLT, Correduria de Seguros y Reaseguros, S.A. | 25.00 | Calle de Lagasca 88, Madrid, Spain | 4 |
| **Sweden** | | | |
| JLT Re (Northern Europe) AB | | Jakobsbergsgatan 7, 11144 Stockholm, Sweden | |
| JLT Risk Solutions AB | 65.00 | Jakobsbergsgatan 7, 11144 Stockholm, Sweden | |

# 35. SUBSIDIARIES AND ASSOCIATED COMPANIES CONTINUED

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| Lavaretus Underwriting AB | | Jakobsbergsgatan 7, 11144 Stockholm, Sweden | |
| **Switzerland** | | | |
| Jardine Lloyd Thompson PCS SA | 75.00 | Rue de Chantepoulet 1-3, 1201, Geneva, Switzerland | |
| **Taiwan** | | | |
| Jardine Lloyd Thompson Limited | | 13F, 50 Hsin Sheng S. Road, Sec 1, Taipei, Taiwan | |
| **Thailand** | | | |
| Jardine Lloyd Thompson Limited | 49.00 | The 9th Towers, 31st Floor, Rama 9 Road, Huay Khwang, Bangkok, 10310, Thailand | |
| JLT Life Assurance Brokers Limited | | The 9th Towers, 31st Floor, Rama 9 Road, Huay Khwang, Bangkok, 10310, Thailand | |
| **Turkey** | | | |
| JLT Sigorta ve Reasürans Brokerliği A.Ş. | 75.20 | Kavak Sok, Smart Plaza, No: 31/1 B Blok Kat: 4, 34805 Beykoz, Instanbul, Turkey | |
| **United Arab Emirates** | | | |
| Insure Direct (Brokers) LLC | 49.00 | Burj Al Salam , World Trade Centre Roundabout, Sheikh Zayed Road, Dubai, P.O.BOX 57006, UAE | |
| Insure Direct - Jardine Lloyd Thompson Limited | 61.30 | P.O. Box 9731, Dubai, UAE | |
| Jardine Lloyd Thompson PCS (Dubai) Limited | 75.00 | Gate Village Building 10, Dubai International Financial Centre, Dubai, PO BOX 507288, UAE | |
| **United States** | | | |
| 1763 Enterprises LLC | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| Charter Risk Management Services LLC | 35.70 | 141 Weston Street #1981, Hartford, Connecticut 06144 | |
| Construction Risk Partners LLC | 45.74 | Campus View Plaza, 1250 Route 28, Suite 201, Branchburg NJ 08876 | |
| Core Risks Ltd. LLC | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| CRP Holding Company LLC | 45.74 | Campus View Plaza, 1250 Route 28, Suite 201, Branchburg NJ 08876 | |
| GCube Insurance Services Inc | | CSC Lawyers Indorporating Service, 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA95833 | |
| Isosceles Insurance Company Limited | | 148 College Street, Suite 204, Burlington, Vermont 05401 | |
| Jardine Lloyd Thompson Capital Markets Inc. | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| Jardine Lloyd Thompson Insurance Services, Inc | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| JLT Facilities, Inc. | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| JLT Aerospace (North America) Inc | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| JLT Holdings Inc | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| JLT Re Consultants Inc | | Corporation Service Company, 1201 Hays Street, Tallahassee, FL 32301 | |
| JLT Re (North America) Inc | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| JLT Re Solutions Inc | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| JLT Specialty Insurance Services Inc | 91.30 | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |
| JLT Towner Insurance Management (USA) LLC | 70.00 | 100 Main Street, Suite 2, Barre, VT 0541 | |
| Risk and Reinsurance Solutions Corporation | | 9150 S Dadeland Blvd, Suite 1008, Miami, FL 33156 | |
| Weston Preference LLC | | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808 | |

# 35. SUBSIDIARIES AND ASSOCIATED COMPANIES CONTINUED

| Company | % Holding (if less than 100%) | Registered Office address | Notes |
|---|---|---|---|
| Worldlink Specialty Insurance Services Inc | | 22 Century Hill Drive, Suite 102, Latham, NY 12110 | |
| **Vietnam** | | | |
| Jardine Lloyd Thompson Limited | | 5th Floor, CJ Building, 6 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam | |
| **Virgin Islands, British** | | | |
| JIB Holdings (Pacific) Limited | | Skelton Building, Main Street, Road Town, Tortola, British Virgin Islands | |

*Notes*

*1 = Quotas;*

*2 = Preference shares;*

*3 = Ordinary and Preference shares;*

*4 = Associates as at 31 December 2017*

*Shares held in all companies are Ordinary shares unless where stated.*

*The proportion of voting rights held corresponds to the aggregate interest percentage held by the holding company and its subsidiary undertakings.*