

27 JULY 2017

Jardine Lloyd Thompson Group plc

# INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

Jardine Lloyd Thompson Group plc (JLT or the 'Group') announces its interim results for the six months ended 30 June 2017.

## FINANCIAL HIGHLIGHTS

- Total revenue growth of 11% to £689.9m
- Organic revenue growth of 3%, reflecting strong retention and new client wins
  - 3% in Specialty businesses
  - 2% in JLT Re
  - 9% in UK Employee Benefits
- Positive impact of foreign exchange movements, helping offset continued rating weakness
- Underlying\* profit before tax (PBT) of £100.1m, up 12%
  - *Underlying PBT, excluding the US investment\*\**, up £7.1m to £113.5m
- Reported PBT up 80% to £99.2m, driven by reduced exceptional charges
- Underlying trading margin maintained at 15.9%
  - *Underlying trading margin, excluding the US investment*, at 18.9%
- Reported diluted earnings per share (EPS) up 104% from 15.6p to 31.8p
  - *Underlying diluted EPS up 12% from 28.4p to 31.9p*
- Interim cash dividend of 12.2p, up 5.2%

\* Underlying results exclude exceptional items of £0.9m

\*\* Net investment in US Specialty in the six month period to 30 June 2017 was £13.4m (2016: £17.2m)

## BUSINESS HIGHLIGHTS

- Further progress made with the US Specialty build-out, as revenues more than doubled, driven by strong organic growth and the contribution from Construction Risk Partners, acquired in January 2017
- UK EB business now trading strongly following the restructure in 2016

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

*"JLT delivered a good financial performance in the first half of 2017. We have entered the second half with many of our businesses showing increasing momentum and we remain confident that we will deliver full year organic revenue growth more in line with historical rates, generating sustained year-on-year financial progress."*

## ENQUIRIES:

### Jardine Lloyd Thompson Group plc

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### Brunswick Group LLP

Tom Burns/Dania Saidam	020 7404 5959
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A presentation to investors and analysts will take place at 9.00am today at The St Botolph Building, 138 Houndsditch, London, EC3A 7AW. A live webcast of the presentation can be viewed on the Group's website [www.jlt.com](http://www.jlt.com).

# INTERIM STATEMENT

JLT made good progress in the first half of 2017, despite the continuing challenging trading and economic conditions. Total revenues increased by 11%, or 3% at constant rates of exchange (CRE), to £689.9 million. The Group achieved organic revenue growth of 3%, compared with 1% for the same period in 2016, reflecting strong business retention and new client wins.

6 months to 30 June	Total Revenue					Underlying Trading Profit			Trading Margin		
	£m	2017	Growth	CRE	Organic	2016	2017	CRE	2016	2017	CRE
Risk & Insurance	540.8	12%	3%	3%	481.8	108.7	101.1	93.7	20%	20%	19%
Employee Benefits	149.1	8%	2%	2%	137.6	17.9	16.2	17.4	12%	12%	13%
<b>Group*</b>	<b>689.9</b>	<b>11%</b>	<b>3%</b>	<b>3%</b>	<b>619.4</b>	<b>110.0</b>	<b>100.9</b>	<b>98.4</b>	<b>15.9%</b>	<b>15.8%</b>	<b>15.9%</b>

#### Notes:

- Total revenue comprises fees, commissions and investment income.
- 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.

\* Underlying trading profit figures include central costs.

The Risk & Insurance businesses, which represented nearly 78% of global turnover, grew revenues to £540.8 million, an increase of 12%, or 3% at CRE. The trading margin in Risk & Insurance was 20%, an improvement over the prior year, both on a reported and a CRE basis.

Revenues within the Employee Benefits businesses increased by 8%, or 2% at CRE, to £149.1 million. The trading margin reduced slightly year-on-year from 13% to 12%.

#### 6 months to 30 June

£m	2017	2016
<b>Underlying trading profit</b>	<b>110.0</b>	<b>98.4</b>
Underlying share of associates	2.1	1.9
Net finance costs	(12.0)	(11.1)
<b>Underlying profit before taxation</b>	<b>100.1</b>	<b>89.2</b>
Exceptional items	(0.9)	(34.0)
<b>Profit before taxation</b>	<b>99.2</b>	<b>55.2</b>
Underlying tax expense	(29.0)	(25.6)
Tax on exceptional items	0.3	6.6
Non-controlling interests	(2.2)	(2.9)
<b>Profit after taxation and non-controlling interests</b>	<b>68.3</b>	<b>33.3</b>
<b>Underlying profit after taxation and non-controlling interests</b>	<b>68.6</b>	<b>60.7</b>
<b>Diluted earnings per share</b>	<b>31.8p</b>	<b>15.6p*</b>
Underlying diluted earnings per share	31.9p	28.4p*
<b>Interim dividend per share</b>	<b>12.2p</b>	<b>11.6p</b>

\* Restated following revision to the calculation

Group underlying trading profit increased by 12% to £110.0 million, or 3% at CRE. Underlying PBT increased by 12% to £100.1 million.

The trading margin was maintained at 15.9%, however excluding the US net investment of £13.4 million in the period, the Group's trading margin would have been 18.9%.

The Group's reported PBT was £99.2 million, compared with £55.2 million for the same period in 2016, which included the impact of significant exceptional costs. As a consequence, reported EPS also increased substantially, from 15.6p to 31.8p.

## DIVIDENDS

The Board has declared an increased interim dividend of 12.2p per share for the period ended 30 June 2017 (2016: 11.6p), which will be paid on 3 October 2017 to shareholders on the register at 25 August 2017.

## OPERATIONAL REVIEW

The Group operates two principal trading divisions: Risk & Insurance and Employee Benefits. The results of the larger businesses within each of these areas are reported in more detail below:

## RISK & INSURANCE

6 months to 30 June	Total Revenue					Underlying Trading Profit			Trading Margin		
	£m	2017	Growth	CRE	Organic	2016	2017	CRE	2016	2017	CRE
JLT Europe	177.6	0%	(3%)	3%	178.5	31.6	30.2	27.0	18%	17%	15%
JLT Re	144.4	13%	5%	2%	127.7	51.6	49.4	48.0	36%	37%	38%
JLT Australia & New Zealand	69.3	12%	(3%)	(4%)	61.9	23.8	20.7	21.6	34%	34%	35%
JLT Asia	51.7	16%	4%	4%	44.6	11.0	9.7	9.5	21%	21%	21%
JLT Latin America	34.5	25%	5%	3%	27.6	3.9	3.3	4.0	11%	11%	15%
JLT Middle East & Africa	12.5	15%	(2%)	(2%)	10.9	1.8	1.2	1.3	14%	11%	12%
JLT USA	35.2	116%	92%	43%	16.3	(13.4)	(11.9)	(17.2)	(38%)	(38%)	(106%)
JLT Canada	10.5	10%	(3%)	(3%)	9.5	(1.1)	(1.0)	(0.5)	(10%)	(11%)	(5%)
JLT Insurance Management	5.1	6%	(5%)	(5%)	4.8	(0.5)	(0.5)	0.0	(9%)	(9%)	(1%)
	<b>540.8</b>	<b>12%</b>	<b>3%</b>	<b>3%</b>	<b>481.8</b>	<b>108.7</b>	<b>101.1</b>	<b>93.7</b>	<b>20%</b>	<b>20%</b>	<b>19%</b>

### JLT EUROPE

JLT Europe, consisting of what was formerly reported as JLT Specialty and the Group's Northern European businesses, is now managed as a single reporting unit.

The marginal reduction in JLT Europe's reported revenues was due to the sale of the bulk of the Thistle business at the end of 2016, which amounted to some £10 million of revenues in that period. Excluding Thistle, JLT Europe's revenues rose by 5%, of which 3% was organic.

Specialty classes continue to see some of the largest rate reductions experienced by the Group. This effect has been compounded by reduced activity in a number of industry sectors, such as Energy and Marine, which continue to operate in challenging industry trading conditions. However, the strengths of JLT Europe span a range of industries and it is not overexposed to one specific sector. The majority of its Specialty divisions have reported impressive organic revenue growth; areas such as Financial Lines, Credit, Political & Security, Aviation and Property & Casualty. The performance of the Northern European businesses has also been good, with recent investments now generating increasing levels of revenue growth.

JLT Europe continues to work closely with its Specialty colleagues in the US; of particular note has been the early success of a joint natural resources initiative which has secured two significant global accounts in the first half.

The business has entered the second half with high levels of activity and remains confident about its prospects for the year.

### JLT RE

JLT Re saw a 13% increase in revenues to £144.4 million, or 5% at CRE, with organic revenue growth of 2%.

JLT Re is building a strong reputation as a provider of complex structured solutions to insurance capital providers by the application of analysis-based intelligence.

Organic revenue growth was achieved through significant new business wins in the period, despite reinsurance rates continuing to decline. Revenues also benefitted from the contributions of the two acquisitions made in late 2016, both of which have performed in line with expectations and contributed 3% of total JLT Re revenues.

The UK, Europe and North America businesses saw strong new business wins generated both from new and existing clients and as a result of the substantial investment in the business.

JLT Re delivered trading profit of £51.6 million in the period, a 7% increase over the same period in 2016. This reflects the meaningful and steady investments made in people, geographies and infrastructure which are expected to deliver increasing returns going forward.

JLT Re has started the second half of the year strongly, despite the continued decline in property catastrophe rates. The July 1<sup>st</sup> renewal season saw good business retention and new business generation, giving the Group confidence in the outlook for the business.

### JLT AUSTRALIA AND NEW ZEALAND

On a reported basis the Australia and New Zealand businesses saw revenues increase by 12% to £69.3 million. This translates into a 3% reduction on a CRE basis, reflecting a very competitive trading environment with continued pressure on insurance rates throughout the first half. The trading margin nevertheless remains one of

the strongest in the Group, at 34%. In the second half of this year, the business will commence the management of a new scheme for municipal councils in Victoria, representing a significant new client win.

## JLT ASIA

Asia delivered a good performance in the period, with a 16% increase in revenues to £51.7 million and 4% organic revenue growth. Reported trading profits increased by 16%. Revenue performance in Hong Kong, Singapore and Japan was particularly strong in the first half.

## JLT LATIN AMERICA

The Group's Latin American operations delivered revenue growth of 25% in the period, or 5% at CRE, with a 3% organic growth rate. Significant investments are being made in building out Specialty capabilities across the region and, while the early benefit of this investment is being seen through increased revenue, trading profit has reduced year on year as a result. The business is expected to perform more strongly in the second half of the year, however, resulting in a year-on-year improvement in trading profit.

## JLT USA

Now employing over 300 people, the US Specialty business more than doubled headline revenues to £35.2 million for the period, a 92% increase on the same period last year at CRE. These results include the first contribution from Construction Risk Partners (CRP), which was acquired at the end of January 2017. Organic revenue growth, which excludes the benefit of acquisitions, was 43%. The net investment of £13.4 million in the period reduced from £17.2 million in the first half of 2016, demonstrating that the business has passed the high-water mark for losses.

The Group remains confident that US Specialty revenues will see a significant uplift in 2017 as a whole and that the business remains on track to turn to profits for the first time in 2019.

## EMPLOYEE BENEFITS

6 months to 30 June	Total Revenue					Underlying Trading Profit			Trading Margin		
	£m	2017	Growth	CRE	Organic	2016	2017	CRE	2016	2017	CRE
UK & Ireland	81.8	9%	9%	9%	74.9	5.3	5.0	0.2	6%	6%	0%
Asia	41.0	0%	(11%)	(9%)	41.2	11.8	10.3	15.0	29%	28%	36%
Australia & New Zealand	13.8	17%	2%	(1%)	11.7	1.6	1.4	1.4	12%	12%	12%
Latin America	10.1	21%	1%	0%	8.3	(1.0)	(0.7)	0.7	(10%)	(8%)	9%
Middle East & Africa	1.3	75%	34%	34%	0.8	0.0	0.0	0.0	(1%)	(1%)	1%
Canada	1.1	52%	35%	28%	0.7	0.2	0.2	0.1	17%	17%	11%
	<b>149.1</b>	<b>8%</b>	<b>2%</b>	<b>2%</b>	<b>137.6</b>	<b>17.9</b>	<b>16.2</b>	<b>17.4</b>	<b>12%</b>	<b>12%</b>	<b>13%</b>

## UK & IRELAND EMPLOYEE BENEFITS

Reported revenues in UK and Ireland Employee Benefits for the first half were £81.8 million, compared to £74.9 million for the same period in 2016, representing a 9% increase, all of which was organic and delivered across the business through strong client penetration and new business wins. Trading profit of £5.3 million for the period compared to what was effectively a breakeven position for the first half of 2016.

These results provide a further indication of how the business has returned to revenue and profit growth. The business is expected to show continued momentum in the second half, with several new business opportunities, particularly in its Pension Administration division and its wealth management platform. The Group remains confident that the trend of trading margin improvement will continue through the balance of 2017 and into 2018.

### International Employee Benefits

JLT's international Employee Benefits businesses deploy different client offerings in different parts of the world, highlighting the Group's focus on specialisation. These range from services related to workers compensation insurance in Australia to high-net-worth solutions in Asia. JLT has now put in place more extensive arrangements to coordinate both its own employee benefits operations and those of its network partners around the world. The benefits of doing this are beginning to be seen, not just in applications, process and client propositions, but also in multi-country appointments for leading regional and global clients. The aims of the business are also to facilitate cross-selling opportunities in JLT's Specialty businesses, and to export the Group's Employee Benefits capabilities to new markets.

Some short term external influences impacted the international EB businesses in the first half; however, the Group is confident about the prospects and opportunities for each of these businesses.

## ASIA

Asia EB had flat reported revenues but an 11% decline at CRE, which was attributable to the life insurance broking business. The revenue pipeline remains strong; however conversion of the pipeline slowed in the first half

in certain Southeast Asian markets as the maturing of the regulatory framework has lengthened the on-boarding process for new clients. The trading margin remains strong.

#### **AUSTRALIA AND NEW ZEALAND**

JLT's Australia and New Zealand business achieved 17% revenue growth, or 2% at CRE. While organic revenue growth was lower in the first half, it is expected to improve by the full year.

#### **LATIN AMERICA**

In Latin America, revenues increased 21% on a reported basis, largely driven by foreign exchange. JLT's business in Brazil had a particularly challenging first half, given its economic and political environment. By contrast, JLT's business in Colombia continues to perform well, delivering strong organic revenue growth in the period.

#### **ASSOCIATES**

The Group's income from its Associates increased by £0.2 million to £2.1 million. The Group anticipates that Associate earnings will remain at this level for the full year.

#### **OPERATING COSTS**

During the first half of 2017, the Group's underlying operating expenses (excluding exceptional items) increased by £58.9 million, or 11%, to £579.9 million. The foreign exchange impact included therein was £41.9 million.

There was a net reduction in costs of £4.9 million (1%) from acquisitions and disposals, primarily relating to the disposal of most of the Thistle business late in 2016, which reduced costs by £14 million. This was offset in part by the acquisitions completed in US Specialty, JLT Re and other businesses, which added £9 million of operating expenses.

The overall organic growth in the Group's cost base was £21.9 million, or 4%.

Underlying staff costs rose by £12.3 million, an increase of 3% against the equivalent period in 2016, which includes investments in people across several businesses. Headcount increased by 235 across the Group year-on-year, reflecting the net impact of acquisitions and disposals, as well as continued hiring in the US, Asia and Latin America.

There was an increase in some provisions in the Group's captive, as well as an increase in premises costs, primarily driven by the expanded space in JLT's London headquarters.

As is the case with revenue and profit, foreign exchange movements continue to have a significant impact on the Group's reported costs with the translation of overseas results into Sterling, driving costs up by 8% year-on-year.

The Group will continue to invest in the business but will remain focussed on ensuring that costs and trading margins are well-managed as the Group continues to grow.

#### **EXCEPTIONAL ITEMS**

Net exceptional items in the first half totalled less than £1 million and mainly related to acquisitions made in 2016 and year-to-date in 2017.

#### **BALANCE SHEET AND FUNDING**

The net assets of the Group increased to £355 million, from £351 million at the 2016 financial year end. The key movements were:

- Goodwill and intangibles increased by £33 million principally as a result of completed acquisitions;
- Working capital, which for balance sheet presentation includes working capital acquired, taxation and provisions, increased by £69 million. On a cash flow basis there was a working capital outflow of £82 million, the main change from the same period in 2016 being the ending of the rent free period included in the premises lease of the Group's London headquarters; and
- A decrease in the pension liability of £19 million, net of deferred tax, mainly due to changes in some of the underlying actuarial assumptions.

The factors above were offset by net debt, defined as own funds, less total borrowings net of transaction costs, of £565 million and a change in derivatives of £43 million, net of deferred tax.

As at 30 June 2017 the Group had long-term credit facilities totalling approximately £1 billion. This comprised the private placement loan note programmes of \$500 million and £75 million, with a maturity profile extending to 2029, and the committed revolving credit facilities (RCF) totalling £500 million, which are provided by the Group's relationship banks and mature in 2022.

Utilisation of the RCF stood at £259 million, compared to £248 million at June 2016. This leaves unutilised headroom of £241 million, a level consistent with prior years, as June is historically the high point during the year for the Group's net debt seasonality.

The Net Debt to EBITDA ratio was 2.1:1 on reported basis and 1.8:1 on a bank covenant basis, both of which are improvements on the same period last year, demonstrating the Group's ability to operate and grow the business within a conservative range.

## CASH FLOW

The Group monitors operational rather than statutory cash flows. Operational cash flows monitor the movement in net debt and exclude movements in fiduciary funds.

The net cash outflow in the period was £93 million, of which £40 million was in respect of acquisitions and disposals. Dividend outflows have grown in line with the increase in the final dividend declared. The other main cash outflows were consistent with prior period averages.

## FOREIGN EXCHANGE

Foreign exchange (FX) has continued to have a positive impact as a result of the movement in exchange rates due to continued Sterling weakness since the EU referendum in June 2016.

The FX market currently remains volatile, consequently it is difficult to predict the impact of foreign exchange on the Group's 2017 underlying profit before tax.

## BOARD DEVELOPMENTS

As announced at the time of the Group's preliminary results in March 2017, Bruce Carnegie-Brown stepped down from the Board on 14 June 2017, following his appointment as Chairman of Lloyd's of London. The recruitment of a new Non-executive Director is underway.

## GROUP STRATEGY

During the first half of 2017, the Group concluded that it would be appropriate to carry out a review of its strategy in order to ensure that it remains aligned with, and will deliver, future growth ambitions.

Since the start of 2014, which was a pivotal year for JLT due to the launch of JLT Specialty in the United States, the shape and profile of the Group have been materially transformed:

- The build-out of US Specialty has played a leading role in the Group's development of truly global Specialty practices, enabling multinational client wins across all of the Group's Specialty businesses; and
- The substantial investment in JLT Re has significantly bolstered the Group's global reinsurance proposition and enabled it to apply analysis-based intelligence to help meet the needs and address the issues faced by insurance capital providers across the world.

The review has validated the Group's strategy for Specialty, Reinsurance and Employee Benefits and has confirmed that JLT is on the right track to achieve its ambition, which has now been articulated as to become the 'Leading Global Specialty Risk Adviser and Broker'.

The Group is now taking further steps to deliver on this strategy, by developing the coordination between JLT's businesses around the world in how they operate; the propositions JLT offers to its clients; the information-based advice it provides; and the ways JLT delivers client service. Improved coordination will better equip JLT to develop new emerging Specialties, particularly fast-maturing 'intangible' risks such as cyber.

## OUTLOOK

The Group has entered the second half with many of its businesses showing increasing momentum and it remains confident that it will deliver full year organic revenue growth more in line with historical rates, generating sustained year-on-year financial progress.

# CONSOLIDATED INCOME STATEMENT

Unaudited Interim Results for the six months ended 30 June 2017

	Notes	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
Fees and commissions	2	686,912	617,590
Investment income	2	3,021	1,803
<b>Total revenue</b>	2	<b>689,933</b>	619,393
Salaries and associated expenses		(423,083)	(388,892)
Premises		(35,564)	(33,793)
Other operating costs		(105,469)	(115,007)
Depreciation, amortisation and impairment charges	1,3	(16,668)	(17,273)
<b>Operating profit</b>	1,2,3	<b>109,149</b>	64,428
<b>Analysed as:</b>			
<b>Operating profit before exceptional items</b>	1,2	<b>110,040</b>	98,405
Acquisition and integration costs	3	(1,022)	(414)
Restructuring costs	3	-	(10,151)
Net litigation costs	3	-	(22,000)
Other exceptional items	3	131	(1,412)
<b>Operating profit</b>	1,2,3	<b>109,149</b>	64,428
Finance costs		(13,520)	(12,156)
Finance income		1,567	1,017
Finance costs - net		(11,953)	(11,139)
Share of results of associates		2,051	1,948
<b>Profit before taxation</b>	1,2	<b>99,247</b>	55,237
Income tax expense	4	(28,730)	(19,048)
<b>Profit for the period</b>		<b>70,517</b>	36,189
<b>Profit attributable to:</b>			
Owners of the parent	2	68,316	33,328
Non-controlling interests		2,201	2,861
		<b>70,517</b>	36,189
<b>Earnings per share attributable to the owners of the parent during the period (expressed in pence per share)</b>			restated
Basic earnings per share	5	32.4p	15.8p
Diluted earnings per share	5	31.8p	15.6p

The notes on pages 12 to 35 form an integral part of these consolidated interim financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited Interim Results for the six months ended 30 June 2017

	Notes	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
<b>Profit for the period</b>		<b>70,517</b>	36,189
<b>Other comprehensive income/(expense)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post-employment benefit obligations	20	<b>25,446</b>	(66,372)
Taxation thereon		<b>(4,774)</b>	11,293
<b>Total items that will not be reclassified to profit or loss</b>		<b>20,672</b>	(55,079)
<i>Items that may be reclassified subsequently to profit or loss</i>			
<b>Fair value gains/(losses) net of tax:</b>			
- available-for-sale		<b>35</b>	(10)
- available-for-sale reclassified to the income statement		<b>-</b>	(146)
- cash flow hedges		<b>39,639</b>	(18,043)
Currency translation differences		<b>(23,097)</b>	62,767
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>16,577</b>	44,568
<b>Other comprehensive income/(expense) net of tax</b>		<b>37,249</b>	(10,511)
<b>Total comprehensive income for the period</b>		<b>107,766</b>	25,678
<b>Attributable to:</b>			
Owners of the parent		<b>106,821</b>	20,091
Non-controlling interests		<b>945</b>	5,587
		<b>107,766</b>	25,678

The notes on pages 12 to 35 form an integral part of these consolidated interim financial statements.



# CONSOLIDATED BALANCE SHEET

Unaudited Interim Results as at 30 June 2017

	Notes	As at 30 June 2017 £'000	As at 30 June 2016 £'000	As at 31 Dec 2016 £'000
<b>NET OPERATING ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	7	571,100	529,124	543,013
Other intangible assets		107,364	101,937	101,963
Property, plant and equipment		66,030	64,441	64,330
Investments in associates	2	53,401	46,981	50,928
Available-for-sale financial assets	8,13	17,343	16,821	23,805
Derivative financial instruments	9,13	92,641	95,080	117,043
Retirement benefit surpluses	20	125	-	509
Deferred tax assets		45,691	82,368	70,088
		<b>953,695</b>	<b>936,752</b>	<b>971,679</b>
<b>Current assets</b>				
Trade and other receivables	10	617,561	568,051	588,640
Derivative financial instruments	9,13	8,667	6,632	7,930
Available-for-sale financial assets	8,13	124,193	99,598	116,933
Cash and cash equivalents	11,13	965,764	929,215	939,945
		<b>1,716,185</b>	<b>1,603,496</b>	<b>1,653,448</b>
<b>Current liabilities</b>				
Borrowings	13,14	(51,093)	(22,748)	(54,729)
Trade and other payables	12	(1,240,852)	(1,148,506)	(1,257,782)
Derivative financial instruments	9,13	(17,873)	(18,194)	(33,136)
Current tax liabilities		(14,332)	(4,142)	(5,119)
Provisions for liabilities and charges	15	(12,695)	(10,829)	(8,826)
		<b>(1,336,845)</b>	<b>(1,204,419)</b>	<b>(1,359,592)</b>
<b>Net current assets</b>		<b>379,340</b>	<b>399,077</b>	<b>293,856</b>
<b>Non-current liabilities</b>				
Borrowings	13,14	(696,087)	(731,367)	(633,103)
Derivative financial instruments	9,13	(96,878)	(55,026)	(69,652)
Deferred tax liabilities		(7,423)	(34,452)	(11,378)
Retirement benefit obligations	20	(175,679)	(201,474)	(198,921)
Provisions for liabilities and charges	15	(1,798)	(837)	(1,571)
		<b>(977,865)</b>	<b>(1,023,156)</b>	<b>(914,625)</b>
		<b>355,170</b>	<b>312,673</b>	<b>350,910</b>
<b>TOTAL EQUITY</b>				
<b>Capital and reserves attributable to the owners of the parent</b>				
Ordinary shares		11,008	11,008	11,008
Share premium	16	104,111	104,077	104,111
Fair value and hedging reserves	16	(14,779)	(31,026)	(54,453)
Exchange reserves	16	61,720	42,761	83,561
Retained earnings		174,477	166,464	183,919
<b>Shareholders' equity</b>		<b>336,537</b>	<b>293,284</b>	<b>328,146</b>
Non-controlling interests		18,633	19,389	22,764
		<b>355,170</b>	<b>312,673</b>	<b>350,910</b>

The notes on pages 12 to 35 form an integral part of these consolidated interim financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Interim Results for the six months ended 30 June 2017

	Notes	Ordinary shares £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
<b>Balance at 1 January 2017</b>		<b>11,008</b>	<b>133,219</b>	<b>183,919</b>	<b>328,146</b>	<b>22,764</b>	<b>350,910</b>
Profit for the period		-	-	68,316	<b>68,316</b>	2,201	<b>70,517</b>
Other comprehensive income for the period		-	17,833	20,672	<b>38,505</b>	(1,256)	<b>37,249</b>
<b>Total comprehensive income for the period</b>		-	<b>17,833</b>	<b>88,988</b>	<b>106,821</b>	<b>945</b>	<b>107,766</b>
Dividends	6	-	-	(44,280)	<b>(44,280)</b>	(6,223)	<b>(50,503)</b>
Amounts in respect of share based payments:							
- reversal of amortisation net of tax		-	-	14,145	<b>14,145</b>	-	<b>14,145</b>
- shares acquired		-	-	(15,009)	<b>(15,009)</b>	-	<b>(15,009)</b>
Acquisitions		-	-	-	-	1,926	<b>1,926</b>
Change in non-controlling interests		-	-	(53,286)	<b>(53,286)</b>	(779)	<b>(54,065)</b>
<b>Balance at 30 June 2017</b>		<b>11,008</b>	<b>151,052</b>	<b>174,477</b>	<b>336,537</b>	<b>18,633</b>	<b>355,170</b>

	Notes	Ordinary shares £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
<b>Balance at 1 January 2016</b>		<b>11,008</b>	<b>73,967</b>	<b>227,362</b>	<b>312,337</b>	<b>18,465</b>	<b>330,802</b>
Profit for the period		-	-	33,328	33,328	2,861	36,189
Other comprehensive income/(expense) for the period		-	41,842	(55,079)	(13,237)	2,726	(10,511)
<b>Total comprehensive income/(expense) for the period</b>		-	<b>41,842</b>	<b>(21,751)</b>	<b>20,091</b>	<b>5,587</b>	<b>25,678</b>
Dividends	6	-	-	(42,550)	(42,550)	(4,514)	(47,064)
Amounts in respect of share based payments:							
- reversal of amortisation net of tax		-	-	13,402	13,402	-	13,402
- shares acquired		-	-	(8,085)	(8,085)	-	(8,085)
Acquisitions		-	-	-	-	(149)	(149)
Change in non-controlling interests		-	-	(1,914)	(1,914)	-	(1,914)
Issue of share capital		-	3	-	3	-	3
<b>Balance at 30 June 2016</b>		<b>11,008</b>	<b>115,812</b>	<b>166,464</b>	<b>293,284</b>	<b>19,389</b>	<b>312,673</b>

The notes on pages 12 to 35 form an integral part of these consolidated interim financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited Interim Results for the six months ended 30 June 2017

	Notes	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	64,708	29,305
Interest paid		(8,148)	(8,530)
Interest received		4,330	2,628
Taxation paid		(16,647)	(17,576)
Increase in net insurance broking payables		28,248	82,422
		72,491	88,249
Dividend received from associates		1,030	895
<b>Net cash generated from operating activities</b>		<b>73,521</b>	<b>89,144</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(9,096)	(4,153)
Purchase of other intangible assets		(23,947)	(13,166)
Proceeds from disposal of property, plant and equipment		750	367
Proceeds from disposal of other intangible fixed assets		122	-
Acquisition of businesses, net of cash acquired	18	(32,131)	(4,631)
Acquisition of associates		(89)	-
Proceeds from disposal of businesses, net of cash disposed	19	1,601	914
Proceeds from disposal of available-for-sale other investments		-	259
<b>Net cash used in investing activities</b>		<b>(62,790)</b>	<b>(20,410)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to owners of the parent		(44,620)	(41,653)
Purchase of available-for-sale financial assets	8	(119,467)	(99,701)
Proceeds from disposal of available-for-sale financial assets	8	117,133	19
Purchase of shares		(15,009)	(8,085)
Proceeds from issuance of ordinary shares		-	3
Proceeds from borrowings		96,379	87,360
Repayments of borrowings		(1,981)	(63)
Dividends paid to non-controlling interests		(6,223)	(4,514)
<b>Net cash generated/(used) in financing activities</b>		<b>26,212</b>	<b>(66,634)</b>
<b>Net increase in cash and cash equivalents</b>		<b>36,943</b>	<b>2,100</b>
Cash and cash equivalents at beginning of period		939,945	901,087
Exchange (losses)/gains on cash and cash equivalents		(11,124)	26,028
<b>Cash and cash equivalents at end of period</b>		<b>965,764</b>	<b>929,215</b>

The notes on pages 12 to 35 form an integral part of these consolidated interim financial statements.

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## BASIS OF ACCOUNTING

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union.

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

These financial statements should be read in conjunction with the consolidated statutory accounts of the Group for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 28 February 2017 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

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

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2016.

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

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

Full details of the audited accounts and accounting policies for the year ended 31 December 2016 are available at [www.jlt.com](http://www.jlt.com)

## 1. ALTERNATIVE INCOME STATEMENT

The format of the consolidated income statement on page 7 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.

	Underlying profit £'000	Exceptional items £'000	Total £'000
<b>6 months ended 30 June 2017</b>			
Fees and commissions	686,912	-	686,912
Investment income	3,021	-	3,021
Salaries and associated expenses	(422,051)	(1,032)	(423,083)
Premises	(35,529)	(35)	(35,564)
Other operating costs	(105,645)	176	(105,469)
Depreciation, amortisation and impairment charges	(16,668)	-	(16,668)
<b>Trading profit</b>	<b>110,040</b>	<b>(891)</b>	<b>109,149</b>
Finance costs - net	(11,953)	-	(11,953)
Share of results of associates	2,051	-	2,051
<b>Profit before taxation</b>	<b>100,138</b>	<b>(891)</b>	<b>99,247</b>

	Underlying profit £'000	Exceptional items £'000	Total £'000
<b>6 months ended 30 June 2016</b>			
Fees and commissions	617,590	-	617,590
Investment income	1,803	-	1,803
Salaries and associated expenses	(381,053)	(7,839)	(388,892)
Premises	(31,947)	(1,846)	(33,793)
Other operating costs	(90,715)	(24,292)	(115,007)
Depreciation, amortisation and impairment charges	(17,273)	-	(17,273)
<b>Trading profit</b>	<b>98,405</b>	<b>(33,977)</b>	<b>64,428</b>
Finance costs - net	(11,139)	-	(11,139)
Share of results of associates	1,948	-	1,948
<b>Profit before taxation</b>	<b>89,214</b>	<b>(33,977)</b>	<b>55,237</b>

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 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, wholesale, reinsurance broking, personal lines and SME 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 includes 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 Intermediario de Reaseguro SA de CV, JLT Insurance Management Malta, JLT Energy (France) SAS and JLT Independent Insurance Brokers Private Ltd.

### OTHER SEGMENT ITEMS

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

### BUSINESS CYCLICALITY

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

## 2. SEGMENT INFORMATION CONTINUED

6 months ended 30 June 2017	Risk & Insurance					Employee Benefits					Total £'000
	JLT Europe £'000	JLT Re £'000	JLT			Other Risk & Insurance £'000	UK & Ireland £'000	Asia £'000	Other Employee Benefits £'000	Head Office & Other £'000	
			Australia & New Zealand £'000	JLT Asia £'000	JLT USA £'000						
Fees and commissions	176,031	143,817	68,782	51,642	35,182	62,361	81,829	41,037	26,231	-	686,912
Investment income	1,598	594	500	78	6	207	1	9	28	-	3,021
<b>Total revenue</b>	<b>177,629</b>	<b>144,411</b>	<b>69,282</b>	<b>51,720</b>	<b>35,188</b>	<b>62,568</b>	<b>81,830</b>	<b>41,046</b>	<b>26,259</b>	-	<b>689,933</b>
<b>Underlying trading profit</b>	<b>31,647</b>	<b>51,581</b>	<b>23,870</b>	<b>11,005</b>	<b>(13,398)</b>	<b>4,060</b>	<b>5,271</b>	<b>11,765</b>	<b>814</b>	<b>(16,575)</b>	<b>110,040</b>
Operating profit	30,428	51,464	23,887	11,005	(14,076)	4,060	5,886	11,773	1,299	(16,577)	109,149
Finance costs - net	-	-	-	-	-	-	-	-	-	(11,953)	(11,953)
Share of results of associates	-	-	-	-	-	-	-	-	-	2,051	2,051
<b>Profit before taxation</b>	<b>30,428</b>	<b>51,464</b>	<b>23,887</b>	<b>11,005</b>	<b>(14,076)</b>	<b>4,060</b>	<b>5,886</b>	<b>11,773</b>	<b>1,299</b>	<b>(26,479)</b>	<b>99,247</b>
Income tax expense	-	-	-	-	-	-	-	-	-	(28,730)	(28,730)
Non-controlling interests	-	-	-	-	-	-	-	-	-	(2,201)	(2,201)
<b>Net profit attributable to the owners of the parent</b>	<b>30,428</b>	<b>51,464</b>	<b>23,887</b>	<b>11,005</b>	<b>(14,076)</b>	<b>4,060</b>	<b>5,886</b>	<b>11,773</b>	<b>1,299</b>	<b>(57,410)</b>	<b>68,316</b>
Segment assets										2,616,479	2,616,479
Investments in associates										53,401	53,401
<b>Total assets</b>										<b>2,669,880</b>	<b>2,669,880</b>
Segment liabilities										(2,314,710)	(2,314,710)
<b>Total liabilities</b>										<b>(2,314,710)</b>	<b>(2,314,710)</b>
<b>Other segment items:</b>											
Capital expenditure	3,978	3,051	851	321	3,610	2,956	10,861	627	61	6,727	33,043
Depreciation, amortisation and impairment charges	(4,242)	(2,123)	(1,032)	(1,243)	(2,296)	(1,755)	(3,718)	(435)	(612)	(6,757)	(24,213)

  

6 months ended 30 June 2016	Risk & Insurance					Employee Benefits					Total £'000
	JLT Europe £'000	JLT Re £'000	JLT			Other Risk & Insurance £'000	UK & Ireland £'000	Asia £'000	Other Employee Benefits £'000	Head Office & Other £'000	
			Australia & New Zealand £'000	JLT Asia £'000	JLT USA £'000						
Fees and commissions	177,683	127,434	61,450	44,539	16,278	52,681	74,851	41,165	21,509	-	617,590
Investment income	802	219	507	63	-	187	1	8	16	-	1,803
<b>Total revenue</b>	<b>178,485</b>	<b>127,653</b>	<b>61,957</b>	<b>44,602</b>	<b>16,278</b>	<b>52,868</b>	<b>74,852</b>	<b>41,173</b>	<b>21,525</b>	-	<b>619,393</b>
<b>Underlying trading profit</b>	<b>27,019</b>	<b>47,989</b>	<b>21,621</b>	<b>9,463</b>	<b>(17,215)</b>	<b>4,830</b>	<b>182</b>	<b>14,997</b>	<b>2,260</b>	<b>(12,741)</b>	<b>98,405</b>
Operating profit	27,019	47,989	21,621	9,463	(17,215)	4,829	(10,349)	13,732	2,080	(34,741)	64,428
Finance costs - net	-	-	-	-	-	-	-	-	-	(11,139)	(11,139)
Share of results of associates	-	-	-	-	-	-	-	-	-	1,948	1,948
<b>Profit before taxation</b>	<b>27,019</b>	<b>47,989</b>	<b>21,621</b>	<b>9,463</b>	<b>(17,215)</b>	<b>4,829</b>	<b>(10,349)</b>	<b>13,732</b>	<b>2,080</b>	<b>(43,932)</b>	<b>55,237</b>
Income tax expense	-	-	-	-	-	-	-	-	-	(19,048)	(19,048)
Non-controlling interests	-	-	-	-	-	-	-	-	-	(2,861)	(2,861)
<b>Net profit attributable to the owners of the parent</b>	<b>27,019</b>	<b>47,989</b>	<b>21,621</b>	<b>9,463</b>	<b>(17,215)</b>	<b>4,829</b>	<b>(10,349)</b>	<b>13,732</b>	<b>2,080</b>	<b>(65,841)</b>	<b>33,328</b>
Segment assets										2,493,267	2,493,267
Investments in associates										46,981	46,981
<b>Total assets</b>										<b>2,540,248</b>	<b>2,540,248</b>
Segment liabilities										(2,227,575)	(2,227,575)
<b>Total liabilities</b>										<b>(2,227,575)</b>	<b>(2,227,575)</b>
<b>Other segment items:</b>											
Capital expenditure	2,059	3,333	324	359	1,784	1,626	4,404	64	204	3,162	17,319
Depreciation, amortisation and impairment charges	(5,357)	(1,395)	(1,072)	(1,431)	(1,571)	(1,285)	(3,970)	(482)	(442)	(7,130)	(24,135)

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 3. OPERATING PROFIT

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

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
<b>Foreign exchange losses/(gains):</b>		
- fees and commissions	17,525	6,527
- other operating costs	(1,745)	(3,717)
	<b>15,780</b>	<b>2,810</b>
Amortisation of other intangible assets:		
- software costs	8,997	10,199
- other intangible assets	1,423	972
Depreciation on property, plant and equipment	6,248	6,102
<b>Total depreciation, amortisation and impairment charges</b>	<b>16,668</b>	<b>17,273</b>
<b>Amortisation of other intangible assets:</b>		
- employment contract payments (included in salaries and associated expenses)	7,545	6,862
Gains on disposal of property, plant and equipment	(11)	(56)
Fair value (gains)/losses on derivative financial instruments	(371)	90
<b>Available-for-sale financial assets:</b>		
- Fair value losses	122	-
- Gain on sale	-	(129)
	<b>122</b>	<b>(129)</b>
<b>Exceptional items:</b>		
Acquisition and integration costs of which:		
- included in salaries and associated expenses	606	165
- included in premises costs	7	69
- included in other operating costs	409	180
	<b>1,022</b>	<b>414</b>
Restructuring costs of which:		
- included in salaries and associated expenses	-	7,674
- included in premises costs	-	1,777
- included in other operating costs	-	700
	<b>-</b>	<b>10,151</b>
Net (gains)/losses on disposal of businesses of which:		
- included in salaries and associated expenses	426	-
- included in premises costs	28	-
- included in other operating costs	(1,340)	1,363
	<b>(886)</b>	<b>1,363</b>
Costs associated with a regulatory review	-	147
Net litigation costs	-	22,000
Release of contingent consideration	(464)	(98)
Fair value losses on available-for-sale financial assets	1,375	-
Additional deferred consideration received on a disposal of a business	(156)	-
<b>Total exceptional items included within operating profit</b>	<b>891</b>	<b>33,977</b>

We identified that the foreign exchange gain of £101,000 disclosed in 2016 should have been a loss of £6,527,000. This does not result in a change to the consolidated income statement.



## 4. INCOME TAX EXPENSE

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
<b>Current tax expense</b>		
Current period	22,094	17,774
Adjustments in respect of prior periods	(756)	(5,297)
	<b>21,338</b>	<b>12,477</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	6,140	2,289
Reduction in tax rate	515	-
Adjustments in respect of prior periods	737	4,282
	<b>7,392</b>	<b>6,571</b>
<b>Total income tax expense</b>	<b>28,730</b>	<b>19,048</b>

The total income tax expense in the income statement of £28,730,000 (2016: £19,048,000) includes a tax credit on exceptional items of £272,000 (2016: £6,560,000). There were no non-recurring tax credits in the period.

In July 2015, the UK Government announced further measures in relation to the UK corporation tax rate, reducing the headline rate of corporation tax to 19% from April 2017 and then to 18% from April 2020. A further 1% reduction in the main rate of corporation tax rate to 17% from 1 April 2020 was announced in Budget 2016. As at 30 June 2017, the additional 1% rate reduction to 17% from April 2020 has been enacted. The impact of the rate reduction to 17% has been incorporated into the income tax charge for the 6 months ended 30 June 2017, taking into consideration when timing 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:

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
<b>Profit before taxation</b>	<b>99,247</b>	<b>55,237</b>
Tax calculated at UK Corporation Tax rate of 19.25% (2016: 20%)	19,105	11,047
Non-deductible expenses	3,820	1,858
Non recognition of tax losses	2,421	2,384
Other*	(953)	3
Adjustments in respect of prior periods	(19)	(1,015)
Effect of difference between UK and non-UK tax rates	4,236	5,161
Effect of reduction in tax rate	515	-
Tax on associates	(395)	(390)
<b>Total income tax expense</b>	<b>28,730</b>	<b>19,048</b>

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

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 5. EARNINGS PER SHARE

Following changes to the terms of several share-based staff compensation schemes, whereby dividend rights eligibility were removed in certain circumstances, a comprehensive review of IAS 33 ('earnings per share' or 'EPS') was undertaken in 2016 to determine the impact of these changes. The schemes affected by this change include the JLT Long Term Incentive Plan (2004/2013), the Senior Executive Share Scheme, the Executive Share Option Scheme, and the Sharesave Scheme. The review considered whether the share options in these plans continued to qualify as participating equity instruments under IAS 33 for the purposes of calculating basic and diluted EPS. With the changes to schemes, the review concluded that only vested share options eligible to receive discretionary dividend equivalents should be included in the basic calculation. As a result, for the basic EPS calculation, the number of ordinary shares as at June 2016 should reduce from 220,013,812 to 210,291,518, resulting in an increase in basic EPS of 0.7p from 15.1p to 15.8p. The review also concluded that unvested share options should be included in the diluted EPS calculation, using the treasury stock method. This has the effect of reducing the number of ordinary shares in the June 2016 diluted EPS calculation from 220,045,514 to 214,110,761, resulting in an increase in diluted EPS of 0.5p from 15.1p to 15.6p.

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

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

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

A reconciliation of earnings is set out below:

	As at 30 June 2017 No. of shares	As at 30 June 2016 No. of shares restated
Weighted average number of shares	210,691,298	210,291,518
Effect of outstanding share options	4,388,282	3,819,243
<b>Adjusted weighted average number of shares</b>	<b>215,079,580</b>	<b>214,110,761</b>

	6 months ended 30 June 2017				
	£'000	£'000	£'000	Pence	Pence
	Earnings	Adjustments <sup>2</sup>	Adjusted earnings for basic earnings per share	Basic earnings per share	Diluted earnings per share
<b>Underlying profit after taxation and non-controlling interests<sup>1</sup></b>	<b>68,653</b>	<b>(51)</b>	<b>68,602</b>	<b>32.6</b>	<b>31.9</b>
Exceptional items before tax	(891)				
Taxation thereon	272				
Non-controlling interests thereon	282				
	<b>(337)</b>	<b>-</b>	<b>(337)</b>	<b>(0.2)</b>	<b>(0.1)</b>
<b>Profit attributable to the owners of the parent</b>	<b>68,316</b>	<b>(51)</b>	<b>68,265</b>	<b>32.4</b>	<b>31.8</b>

	6 months ended 30 June 2016				
	£'000	£'000	£'000	Pence	Pence
	Earnings	Adjustments <sup>2</sup>	Adjusted earnings for basic earnings per share	Basic earnings per share restated	Diluted earnings per share restated
<b>Underlying profit after taxation and non-controlling interests<sup>1</sup></b>	<b>60,745</b>	<b>(106)</b>	<b>60,639</b>	<b>28.8</b>	<b>28.4</b>
Exceptional items before tax	(33,977)				
Taxation thereon	6,560				
	<b>(27,417)</b>	<b>48</b>	<b>(27,369)</b>	<b>(13.0)</b>	<b>(12.8)</b>
<b>Profit attributable to the owners of the parent</b>	<b>33,328</b>	<b>(58)</b>	<b>33,270</b>	<b>15.8</b>	<b>15.6</b>

<sup>1</sup> Underlying excludes exceptional items

<sup>2</sup> Adjustments related to the dividends and undistributed earnings on unvested share options carrying dividend equivalent rights.

## 6. DIVIDENDS

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
Final dividend in respect of 2016 of 20.6p per share (2015: 19.5p)	<b>44,280</b>	42,550

An interim dividend in respect of 2017 of 12.2p per share (2016: 11.6p) amounting to a total of £26,810,000 (2016: £25,637,000) is payable on 3 October 2017 to shareholders who are registered at the close of business on 25 August 2017. The dividend proposed will not be accounted for until it is paid. The ex-dividend date will be 24 August 2017.

## 7. GOODWILL

	Gross amount £'000	Impairment losses £'000	Net carrying amount £'000
<b>At 30 June 2017</b>			
<b>Opening net book amount</b>	<b>548,117</b>	<b>(5,104)</b>	<b>543,013</b>
Exchange differences	(9,596)	(137)	(9,733)
Acquisitions	37,820	-	37,820
<b>Closing net book amount</b>	<b>576,341</b>	<b>(5,241)</b>	<b>571,100</b>
<b>At 30 June 2016</b>			
Opening net book amount	500,434	(4,268)	496,166
Exchange differences	28,339	(57)	28,282
Impairment	-	(370)	(370)
Acquisitions	6,762	-	6,762
Disposals	(1,716)	-	(1,716)
<b>Closing net book amount</b>	<b>533,819</b>	<b>(4,695)</b>	<b>529,124</b>

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 8. 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 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.

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

### Analysis of available-for-sale financial assets

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

### Analysis of available-for-sale investments & deposits

Fiduciary funds		129,849	
Own funds		303	
<b>At 30 June 2017</b>		<b>130,152</b>	

At 1 January 2016	6,436	9,049	15,485
Exchange differences	513	1,130	1,643
Additions	-	99,701	99,701
Disposals/maturities	(311)	(19)	(330)
Revaluation deficit (included within equity)	-	(10)	(10)
Amounts written off	(70)	-	(70)
<b>At 30 June 2016</b>	<b>6,568</b>	<b>109,851</b>	<b>116,419</b>

### Analysis of available-for-sale financial assets

Current	-	99,598	99,598
Non-current	6,568	10,253	16,821
<b>At 30 June 2016</b>	<b>6,568</b>	<b>109,851</b>	<b>116,419</b>

### Analysis of available-for-sale investments & deposits

Fiduciary funds		109,572	
Own funds		279	
<b>At 30 June 2016</b>		<b>109,851</b>	

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2017		As at 30 June 2016	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Interest rate swaps - fair value hedges	18,034	(4,230)	36,578	(203)
Forward foreign exchange contracts - cash flow hedges	83,274	(32,144)	65,134	(47,076)
Redemption liabilities - option contracts	-	(78,377)	-	(25,941)
<b>Total</b>	<b>101,308</b>	<b>(114,751)</b>	101,712	(73,220)
Current	8,667	(17,873)	6,632	(18,194)
Non-current	92,641	(96,878)	95,080	(55,026)
<b>Total</b>	<b>101,308</b>	<b>(114,751)</b>	101,712	(73,220)

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

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

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

The fair value of financial derivatives based upon market values as at 30 June 2017 and designated as effective cash flow hedges was an asset of £51.1 million and has been deferred in equity (2016: net assets of £18.1 million). Gains and losses arising on derivative instruments outstanding as at 30 June 2017 will be released to the income statement at various dates up to:

- 44 months in respect of cash flow hedges on currency denominated UK earnings.
- 12 years in respect of specific hedges on USD denominated long-term debt drawn under the Group's USD private placement programme.
- 9 years in respect of specific hedges on GBP denominated long-term debt drawn under the Group's private placement programme.

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

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

### a) Forward foreign exchange contracts

The Group's major currency transaction exposure arises in USD and the Group continues to adopt a prudent approach in actively managing this exposure. As at 30 June 2017 the Group had outstanding foreign exchange contracts, principally in USD, amounting to a principal value of £1,327,379,000 (2016: £1,051,545,000).

### b) Interest rate swaps

The Group uses interest rate hedges, principally interest rate swaps, to mitigate the impact of changes in interest rates. As at 30 June 2017, the notional principal amounts of outstanding cross currency interest rate swaps was USD 500,000,000 and sterling interest rate swaps was £75,000,000 (2016: USD 500,000,000 and £75,000,000). A net gain of £13.8 million (2016: net gain £36.4 million) on these instruments was offset by a fair value movement of £13.8 million (2016: £36.4 million) on the private placement loans, both of which were recognised in the income statement in the period.

### c) Redemption liabilities

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

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

- options provided in the operating agreement of CRP Holding Company LLC for £48,898,000.
- options in respect of new shareholders in JLT Specialty Insurance Services Inc. for £290,000.

The recognition of those liabilities resulted in a reduction in equity, related to transactions with non-controlling interest of £49,188,000.

### 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 derivatives in the balance sheet.

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 £'000	As at 30 June 2016 £'000
Trade receivables	429,666	414,994
Less: provision for impairment of trade receivables	(22,414)	(19,699)
<b>Trade receivables - net</b>	<b>407,252</b>	<b>395,295</b>
Other receivables	172,837	140,174
Prepayments	37,472	32,582
	<b>617,561</b>	<b>568,051</b>

As at 30 June 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 concentration of risk. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non-performance by trade counterparties that have not been provided for.

## 11. CASH AND CASH EQUIVALENTS

	As at 30 June 2017 £'000	As at 30 June 2016 £'000
Cash at bank and in hand	527,878	550,648
Short-term bank deposits	437,886	378,567
	<b>965,764</b>	<b>929,215</b>
Fiduciary funds	783,974	719,420
Own funds	181,790	209,795
	<b>965,764</b>	<b>929,215</b>

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

The effective interest rate in respect of short-term deposits was 1.03% (2016: 0.43%). These deposits have an average maturity of 14 days (2016: 15 days).

## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2017 £'000	As at 30 June 2016 £'000
Insurance payables	913,823	828,992
Social security and other taxes	21,160	20,663
Other payables	134,331	119,914
Accruals and deferred income	147,848	157,398
Deferred and contingent consideration	23,690	21,539
	<b>1,240,852</b>	<b>1,148,506</b>

All payables are considered current as the non-current portion is not material. We have reclassified £28,956,000 of accruals from other payables to accruals and deferred income in 2016. The trade and other payables include £92,639,000 of non-financial liabilities (2016: 92,331,000).

### 13. FINANCIAL INSTRUMENTS BY CATEGORY

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

At 30 June 2017	Loans and receivables	Derivatives used for hedging	Available- for-sale	Total
Assets per balance sheet	£'000	£'000	£'000	£'000
Available-for-sale financial assets	-	-	141,536	141,536
Derivative financial instruments	-	101,308	-	101,308
Trade and other receivables (a)	580,089	-	-	580,089
Cash and cash equivalents	965,764	-	-	965,764
<b>Total</b>	<b>1,545,853</b>	<b>101,308</b>	<b>141,536</b>	<b>1,788,697</b>

Liabilities per balance sheet	Derivatives used for hedging	Other financial liabilities	Total
	£'000	£'000	£'000
Borrowings	-	(747,180)	(747,180)
Trade and other payables (b)	-	(1,148,213)	(1,148,213)
Redemption liabilities - option contracts	(78,377)	-	(78,377)
Derivative financial instruments	(36,374)	-	(36,374)
<b>Total</b>	<b>(114,751)</b>	<b>(1,895,393)</b>	<b>(2,010,144)</b>

At 30 June 2016	Loans and receivables	Derivatives used for hedging	Available- for-sale	Total
Assets per balance sheet	£'000	£'000	£'000	£'000
Available-for-sale financial assets	-	-	116,419	116,419
Derivative financial instruments	-	101,712	-	101,712
Trade and other receivables (a)	535,469	-	-	535,469
Cash and cash equivalents	929,215	-	-	929,215
<b>Total</b>	<b>1,464,684</b>	<b>101,712</b>	<b>116,419</b>	<b>1,682,815</b>

Liabilities per balance sheet	Derivatives used for hedging	Other financial liabilities	Total
	£'000	£'000	£'000
Borrowings	-	(754,115)	(754,115)
Trade and other payables (b)	-	(1,056,175)	(1,056,175)
Redemption liabilities - option contracts	(25,941)	-	(25,941)
Derivative financial instruments	(47,279)	-	(47,279)
<b>Total</b>	<b>(73,220)</b>	<b>(1,810,290)</b>	<b>(1,883,510)</b>

(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.

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 13. FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2017.

	Level 1	Level 2	Level 3	Total
At 30 June 2017	£'000	£'000	£'000	£'000
<b>Assets</b>				
Derivatives used for hedging	-	101,308	-	<b>101,308</b>
Available-for-sale financial assets				
- equity securities	-	-	992	<b>992</b>
- debt investments	-	-	10,392	<b>10,392</b>
- fixed deposits	130,152	-	-	<b>130,152</b>
<b>Total</b>	<b>130,152</b>	<b>101,308</b>	<b>11,384</b>	<b>242,844</b>
<b>Liabilities</b>				
Deferred and contingent consideration	-	-	(23,690)	<b>(23,690)</b>
Redemption liabilities - option contracts	-	-	(78,377)	<b>(78,377)</b>
Derivatives used for hedging	-	(36,374)	-	<b>(36,374)</b>
<b>Total</b>	<b>-</b>	<b>(36,374)</b>	<b>(102,067)</b>	<b>(138,441)</b>
	Level 1	Level 2	Level 3	Total
At 30 June 2016	£'000	£'000	£'000	£'000
<b>Assets</b>				
Derivatives used for hedging	-	101,712	-	101,712
Available-for-sale financial assets				
- equity securities	1	-	1,279	1,280
- debt investments	-	-	5,288	5,288
- fixed deposits	109,851	-	-	109,851
<b>Total</b>	<b>109,852</b>	<b>101,712</b>	<b>6,567</b>	<b>218,131</b>
<b>Liabilities</b>				
Deferred and contingent consideration	-	-	(21,539)	(21,539)
Redemption liabilities - option contracts	-	-	(25,941)	(25,941)
Derivatives used for hedging	-	(47,279)	-	(47,279)
<b>Total</b>	<b>-</b>	<b>(47,279)</b>	<b>(47,480)</b>	<b>(94,759)</b>

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

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

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



## 13. FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

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

Instruments included in level 3 are financial instruments for which one or more of the significant inputs 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 reconciliation of the movements in level 3 is provided below:

	Assets Level 3 £'000	Liabilities Level 3 £'000
<b>At 1 January 2017</b>	<b>13,079</b>	<b>(57,134)</b>
Exchange differences	(274)	3,262
Companies acquired	-	(49,188)
Utilised in the year	-	2,973
Charged to income statement	(1,421)	(1,980)
<b>At 30 June 2017</b>	<b>11,384</b>	<b>(102,067)</b>

Of the £1,421,000 charged to the income statement, £75,000 is credited in net finance costs and £1,496,000 charged to other operating costs.

Of the £1,980,000 charged to the income statement, £2,444,000 is charged to net finance costs and £464,000 is credited to other operating costs.

## 14. BORROWINGS

	As at 30 June 2017 £'000	As at 30 June 2016 £'000
<b>Current</b>		
Bank overdraft	16,605	22,055
Unsecured loan notes	34,010	-
Bank borrowings	239	449
Finance lease liabilities	239	244
	<b>51,093</b>	<b>22,748</b>
<b>Non Current</b>		
Unsecured loan notes	439,005	482,875
Bank borrowing	256,555	248,051
Finance lease liabilities	527	441
	<b>696,087</b>	<b>731,367</b>
<b>Total borrowings</b>	<b>747,180</b>	<b>754,115</b>

The borrowings include secured liabilities (finance leases) of £766,000 (2016: £685,000).

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

	Property related provisions £'000	Litigation provisions £'000	Other £'000	Total £'000
<b>At 1 January 2017</b>	<b>2,919</b>	<b>7,442</b>	<b>36</b>	<b>10,397</b>
Exchange differences	(32)	(44)	-	(76)
Utilised in the period	(16)	(970)	-	(986)
Charged to the income statement	40	5,088	-	5,128
Interest charge	30	-	-	30
<b>At 30 June 2017</b>	<b>2,941</b>	<b>11,516</b>	<b>36</b>	<b>14,493</b>
At 1 January 2016	1,300	18,223	114	19,637
Exchange differences	47	143	-	190
Utilised in the period	(267)	(10,573)	-	(10,840)
Charged to the income statement	33	1,851	795	2,679
At 30 June 2016	1,113	9,644	909	11,666
			<b>As at 30 June 2017 £'000</b>	<b>As at 30 June 2016 £'000</b>
<b>Analysis of total provisions</b>				
Current - to be utilised within one year			12,695	10,829
Non-current - to be utilised in more than one year			1,798	837
			<b>14,493</b>	<b>11,666</b>

### 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 and dispute issues. 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.

The amount charged to the income statement in 2016 includes litigation costs related to employment contract disputes.

Where a litigation provision has been made it is stated gross of any third party recovery. All such recoveries are included as "Other receivables" within trade and other receivables. At 30 June 2017, in connection with certain litigation matters, the Group's litigation provisions include an amount of £0.1 million (2016: £0.1 million) to reflect this gross basis and the corresponding insurance recovery has been included within trade and other receivables. This presentation has had no effect on the consolidated income statement for the period ended 30 June 2017 (2016: nil).

### Other

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

## 16. OTHER RESERVES

	Share premium £'000	Fair value and hedging £'000	Exchange reserves £'000	Total £'000
<b>At 1 January 2017</b>	<b>104,111</b>	<b>(54,453)</b>	<b>83,561</b>	<b>133,219</b>
Fair value gains net of tax:				
- available-for-sale	-	35	-	35
- cash flow hedges	-	39,639	-	39,639
Currency translation differences	-	-	(21,841)	(21,841)
<b>Net gains/(losses) recognised directly in equity</b>	<b>-</b>	<b>39,674</b>	<b>(21,841)</b>	<b>17,833</b>
Issue of share capital	-	-	-	-
<b>At 30 June 2017</b>	<b>104,111</b>	<b>(14,779)</b>	<b>61,720</b>	<b>151,052</b>

	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 net of tax:				
- available-for-sale	-	(10)	-	(10)
- available-for-sale reclassified to the income statement	-	(146)	-	(146)
- cash flow hedges	-	(18,043)	-	(18,043)
Currency translation differences	-	-	60,041	60,041
Net (losses)/gains recognised directly in equity	-	(18,199)	60,041	41,842
Issue of share capital	3	-	-	3
At 30 June 2016	104,077	(31,026)	42,761	115,812

## 17. CASH GENERATED FROM OPERATIONS

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
<b>Profit before taxation</b>	<b>99,247</b>	55,237
Investment and finance income	(4,588)	(2,820)
Interest payable on bank loans and finance leases	8,235	8,804
Fair value (gains)/losses on derivative financial instruments	(371)	90
Net pension financing expenses	2,812	2,499
Unwinding of liability discounting	2,473	853
Depreciation	6,248	6,102
Amortisation of other intangible assets	17,965	18,033
Amortisation of share based payments	13,031	13,490
Share of results of associates' undertakings	(2,051)	(1,948)
Non cash exceptional items	1,054	9,134
(Gains)/losses on disposal of businesses	(1,455)	1,363
Gains on disposal of property, plant and equipment	(11)	(56)
Impairment of available-for-sale financial assets	122	-
Gains on disposal of available-for-sale financial assets	-	(129)
Increase in trade and other receivables	(24,663)	(39,209)
Decrease in trade and other payables - excluding insurance broking balances	(57,682)	(29,159)
Increase/(decrease) in provisions for liabilities and charges	3,957	(13,597)
Decrease in retirement benefit obligations	385	618
<b>Net cash inflow from operations</b>	<b>64,708</b>	29,305

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 18. BUSINESS COMBINATIONS

### Adjustments in respect of 2016 acquisitions

During the period, provisional fair values have been updated in respect of acquisitions made in 2016 and 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
Stonehill Reinsurance Partners, LLC (Stonehill)	2,123	2,085	38
AssetVal Pty Ltd	573	637	(64)
	<b>2,696</b>	<b>2,722</b>	<b>(26)</b>

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	145	146	(1)
Other intangible assets	2,366	2,038	328
Trade and other receivables	391	607	(216)
Cash and cash equivalents			
- own cash	1,078	1,078	-
- fiduciary cash	1,098	1,098	-
Insurance payables	(1,098)	(1,098)	-
Trade and other payables	(1,168)	(1,004)	(164)
Current taxation	-	(27)	27
Deferred taxation	(116)	(116)	-
	<b>2,696</b>	<b>2,722</b>	<b>(26)</b>

	At 30 June 2017 £'000	At 31 Dec 2016 £'000	Change £'000
<b>Goodwill calculation</b>			
Purchase consideration			
- cash paid	4,832	4,832	-
- contingent consideration	1,731	1,731	-
- deferred consideration	374	374	-
<b>Total purchase consideration</b>	<b>6,937</b>	<b>6,937</b>	-
Less fair value of net assets acquired	2,696	2,722	(26)
<b>Goodwill</b>	<b>4,241</b>	<b>4,215</b>	<b>26</b>

	At 30 June 2017 £'000	At 31 Dec 2016 £'000	Change £'000
Purchase consideration settled in cash	4,832	4,832	-
Cash and cash equivalents - own cash in subsidiaries acquired	(1,078)	(1,078)	-
	<b>3,754</b>	<b>3,754</b>	-
Cash and cash equivalents - fiduciary cash in subsidiaries acquired	(1,098)	(1,098)	-
<b>Cash outflow on acquisition</b>	<b>2,656</b>	<b>2,656</b>	-

## 18. BUSINESS COMBINATIONS CONTINUED

### Current period acquisitions

During the period 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%	39,417
Additional investments in existing businesses	ii	Jan- Jun 2017	various	4,877
				<b>44,294</b>

### 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 £9,111,000 and net profit, including acquisition and integration costs incurred to date, of £2,892,000 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 £10,933,000 and net profit, including acquisition and integration costs incurred to date, would have been £3,470,000.

### Goodwill calculation

	£'000
Purchase consideration	
- cash paid	39,417
- contingent consideration	-
<b>Total purchase consideration</b>	<b>39,417</b>
Less fair value of net assets acquired	1,623
<b>Goodwill</b>	<b>37,794</b>

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

	Acquiree's carrying amount £'000	Fair value £'000
Property, plant and equipment	381	381
Other intangible assets	2	2
Trade and other receivables	4,794	4,794
Cash and cash equivalents		
- own cash	2,574	2,574
- fiduciary cash	9,589	9,589
Insurance payables	(9,589)	(9,589)
Trade and other payables	(4,202)	(4,202)
Non-controlling interests	(1,926)	(1,926)
	<b>1,623</b>	<b>1,623</b>

	£'000
Purchase consideration settled in cash	39,417
Cash and cash equivalents - own cash in subsidiary acquired	(2,574)
	<b>36,843</b>
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(9,589)
<b>Cash outflow on acquisition</b>	<b>27,254</b>

As at 30 June 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.

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 18. BUSINESS COMBINATIONS CONTINUED

### ii) Other acquisitions and additional investments

<b>Goodwill calculation</b>	<b>£'000</b>
Purchase consideration	
- cash paid	4,877
<b>Total purchase consideration</b>	<b>4,877</b>
Less fair value of net assets acquired	779
Less equity movement on transactions with non-controlling interest	4,098
<b>Goodwill</b>	<b>-</b>

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

	<b>Acquiree's carrying amount</b>	<b>Fair value £'000</b>
Non-controlling interests	779	779
	<b>779</b>	<b>779</b>

	<b>£'000</b>
Purchase consideration settled in cash	4,877
<b>Cash outflow on acquisition</b>	<b>4,877</b>

As at 30 June 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

	<b>CRP £'000</b>	<b>Others £'000</b>	<b>Total £'000</b>
Purchase consideration:			
- cash paid	39,417	4,877	44,294
<b>Total purchase consideration</b>	<b>39,417</b>	<b>4,877</b>	<b>44,294</b>
Less fair value of net assets acquired	1,623	779	2,402
Less equity movement on transactions with non-controlling interests	-	4,098	4,098
<b>Goodwill on acquisitions occurring during the period</b>	<b>37,794</b>	<b>-</b>	<b>37,794</b>
Impact of revision to fair value adjustment in relation to acquisitions completed in 2016			26
<b>Net increase in goodwill</b>			<b>37,820</b>
Impact of additional investments			4,098
<b>Net decrease in equity</b>			<b>4,098</b>

### Group summary of cash flows

	<b>CRP £'000</b>	<b>Others £'000</b>	<b>Total £'000</b>
Purchase consideration settled in cash	39,417	4,877	<b>44,294</b>
Cash and cash equivalents - own cash in subsidiary acquired	(2,574)	-	<b>(2,574)</b>
	<b>36,843</b>	<b>4,877</b>	<b>41,720</b>
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(9,589)	-	<b>(9,589)</b>
<b>Cash outflow on acquisitions in the period</b>	<b>27,254</b>	<b>4,877</b>	<b>32,131</b>

## 19. BUSINESS DISPOSALS

On 31 May 2017, the Group disposed of 100% of 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
<b>Net assets at disposal</b>	<b>497</b>
Gain on disposal	682
<b>Proceeds on disposal</b>	<b>1,179</b>
<hr/>	
Cash inflow on disposal during the period	1,179
<b>Total consideration</b>	<b>1,179</b>

	Total £'000
Disposal consideration settled in cash	1,179
Cash and cash equivalents	
- own cash in subsidiary disposed	(235)
<b>Cash inflow on disposal during the period</b>	<b>944</b>

On 3 April 2017, the Group disposed of a retail book of business in Australia for a total consideration of £773,000. After costs on disposal of £501,000, the disposal resulted in a gain of £272,000. The transaction generated a cash inflow of £657,000 and the remaining consideration of £116,000 will be received in second half of the year.

### Group summary of cash flows

	Expacare £'000	Others £'000	Total £'000
Disposal consideration settled in cash	1,179	657	<b>1,836</b>
Cash and cash equivalents - own cash in subsidiary disposed	(235)	-	<b>(235)</b>
<b>Cash inflow on disposal during the period</b>	<b>944</b>	<b>657</b>	<b>1,601</b>

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 20. 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.

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

	UK Schemes		Overseas Schemes		Total	
	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
Defined benefit schemes	-	-	-	463	-	463
Defined contribution schemes	10,269	10,664	12,020	9,453	22,289	20,117
	<b>10,269</b>	<b>10,664</b>	<b>12,020</b>	<b>9,916</b>	<b>22,289</b>	<b>20,580</b>

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

	UK Schemes		Overseas Schemes		Total	
	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000
Service cost	-	-	-	(463)	-	(463)
Expenses	(180)	(170)	(205)	(48)	(385)	(218)
<b>Total (included within salaries and associated expenses)</b>	<b>(180)</b>	<b>(170)</b>	<b>(205)</b>	<b>(511)</b>	<b>(385)</b>	<b>(681)</b>
Interest cost	(9,170)	(10,783)	(1,247)	(1,209)	(10,417)	(11,992)
Expected return on assets	6,605	8,508	1,000	985	7,605	9,493
<b>Total (included within finance costs)</b>	<b>(2,565)</b>	<b>(2,275)</b>	<b>(247)</b>	<b>(224)</b>	<b>(2,812)</b>	<b>(2,499)</b>
<b>Expenses before taxation</b>	<b>(2,745)</b>	<b>(2,445)</b>	<b>(452)</b>	<b>(735)</b>	<b>(3,197)</b>	<b>(3,180)</b>

The amounts disclosed in respect of both the UK and Overseas defined benefit schemes ("the Schemes") have been projected from previous valuations of the Schemes. They do not represent the results of a full actuarial valuation. In respect of 30 June 2017 the Group has updated its assumption regarding the discount rate applicable to the Schemes' liabilities in line with current market information.



## 20. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

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

6 months ended 30 June 2017	UK Scheme		Overseas Schemes		Total
	£'000	%	£'000	%	£'000
Actual return less expected return on Scheme assets	16,433		1,999		18,432
% of period end market value of Scheme assets		3.4%		3.5%	
Experience gains arising on Scheme liabilities (1)	-		(563)		(563)
% of period end present value of Scheme liabilities (1)		-		(0.8%)	
Changes in assumptions underlying the present value of the Scheme liabilities	9,961		(2,384)		7,577
% of period end present value of Scheme liabilities		1.5%		(3.3%)	
Actuarial losses recognised in reserves (2)	26,394		(948)		25,446
% of period end present value of Scheme liabilities		4.1%		(1.3%)	

	UK Scheme		Overseas Schemes		Total	
	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended
	30 June	30 June	30 June	30 June	30 June	30 June
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Defined benefit obligation</b>						
Present value of funded obligations	(644,242)	(646,314)	(71,441)	(75,373)	(715,683)	(721,687)
Fair value of plan assets	483,395	464,946	56,734	55,267	540,129	520,213
<b>Net liability recognised in the balance sheet</b>	<b>(160,847)</b>	<b>(181,368)</b>	<b>(14,707)</b>	<b>(20,106)</b>	<b>(175,554)</b>	<b>(201,474)</b>

	Total	
	6 months ended	6 months ended
	30 June	30 June
	2017	2016
	£'000	£'000
<b>Defined benefit obligation</b>		
Retirement benefit surpluses	125	-
Retirement benefit obligations	(175,679)	(201,474)
<b>Net liability recognised in the balance sheet</b>	<b>(175,554)</b>	<b>(201,474)</b>

	UK Scheme		Overseas Schemes		Total	
	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended
	30 June	30 June	30 June	30 June	30 June	30 June
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reconciliation of defined benefit liability</b>						
<b>Opening defined benefit liability</b>	<b>(184,496)</b>	<b>(118,947)</b>	<b>(13,916)</b>	<b>(11,440)</b>	<b>(198,412)</b>	<b>(130,387)</b>
Exchange differences	-	-	609	(1,598)	609	(1,598)
Pension expense	(2,745)	(2,445)	(452)	(735)	(3,197)	(3,180)
Employer contributions	-	-	-	63	-	63
Total gain/(loss) recognised in reserves (2)	26,394	(59,976)	(948)	(6,396)	25,446	(66,372)
<b>Net liability recognised in the balance sheet</b>	<b>(160,847)</b>	<b>(181,368)</b>	<b>(14,707)</b>	<b>(20,106)</b>	<b>(175,554)</b>	<b>(201,474)</b>

(1) Calculation is only done as part of the year-end valuation of the schemes

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

# NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2017

## 21. RELATED-PARTY TRANSACTIONS

The Group has taken advantage of the exemption available under IAS 24, "Related Party Disclosures", not to disclose details of transactions with its subsidiary undertakings. For the period, the Group's related parties are the same as those disclosed on page 162 of the Group's Annual Report for 2016. The basis of the remuneration of the Directors and key management remains consistent with that reported in the Group's Annual Report for 2016.

## 22. PRINCIPAL RISKS

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

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

The outcome of the EU referendum on 23 June 2016 introduced uncertainty in future periods. Whilst there has been much speculation in the press about the scenarios the country faces, the Group continues to serve its clients' best interests. The Group continues to monitor events closely working with its insurance partners and clients, as the outcome starts to become more certain.

The principal risks to which the Group will be exposed in the second half of the financial year are substantially the same as those discussed on pages 44 and 45 of the Group's Annual Report for 2016. These are summarised below:

PRINCIPAL RISKS	NATURE OF RISK
<b>STRATEGIC RISKS</b>	
Economic Instability	JLT's business is more tied to economic activity and growth rather than (re)insurance market rates, since greater levels of corporate activity generally drive greater demand for the Group's services. There is a risk that economic instability reduces client demand.
Strategic Risks	There are risks to the Group's strategic plan arising from changes in the external environment, markets, customer behaviour and political developments such as Brexit, as well as risks arising from acquisitions and strategic change initiatives.
<b>OPERATIONAL RISKS</b>	
Loss of Key Staff	The Group's principal asset is its people; there is a risk that the organisation may not be able to attract and retain market leading talent.
Business Interruption	The Group operates from over 100 offices in 40 territories across the world, each with a unique local environment. There is a risk of a business interruption due to a large, unexpected incident.
Loss of IT Environment	The Group is reliant on the ability to process its transactions on behalf of its clients. Risks arise from non-performance or failure of an IT outsourcing provider / IT supplier, malicious act and/or cyber crime and internal operational issues.
Information Security	Intermediaries and pension administrators process and retain confidential data in the normal course of business. Risks relate to loss of customer records or breach of confidentiality due to inadequate security and other key controls.
Data Privacy	Risks arising from non-compliance with or misinterpretation of local or international data privacy regulation/legislation/laws.
Errors and Omissions	Intermediaries run a risk of incurring a loss if the operating procedures in place across the Group in relation to market security, placement and claims are not complied with or alleged negligence/breach of contract in the provision of services/advice becomes apparent.
Litigation	Litigation risk can arise from a number of different sources such as: <ul style="list-style-type: none"> <li>- M&amp;A litigation (e.g. breach of Sale &amp; Purchase Agreement).</li> <li>- Breach of Employment Law.</li> <li>- Tortious liability arising from the recruitment of individuals where appropriate recruitment controls are not adhered to.</li> </ul>
Regulatory Breach / Financial Crime (including internal and external fraud)	Risks arise from non-compliance with or misinterpretation of local and international regulations and failure to meet regulatory standards both in the present, and retrospectively, in relation to past business activities.
<b>FINANCIAL RISKS</b>	
Capital Risk and Liquidity	Risks arising from an inability to maintain an effective and efficient capital structure and ensure an optimal cost of capital, or meet the short term financial demands of the business.
Foreign Currency	The Group has foreign exchange exposures to: <ul style="list-style-type: none"> <li>- 'Translational' risk arising from the need to convert currencies into GBP for reporting purposes.</li> <li>- 'Transactional' risk arising from revenues and costs being denominated in different currencies.</li> </ul>
Counterparty Risk	There is a risk associated with a failure of a key counterparty resulting in a loss of own cash, fiduciary funds, investments and deposits, derivative assets and/or trade receivables.
Defined Benefit Pension Scheme	Risk of adverse impact on the balance sheet and income statement as a consequence of an increase in the Defined Benefit Pension Scheme deficit.

## 23. FORWARD-LOOKING STATEMENTS

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

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

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors of JLT Group plc are listed in the Annual Report of the Company for the year ended 31 December 2016, subject to the following change which has taken place since the publication of that document: Bruce Carnegie-Brown stepped down from the Board on 14 June 2017.

On behalf of the Board

**CHARLES ROZES**

Finance Director

27 July 2017

# INDEPENDENT REVIEW REPORT TO JARDINE LLOYD THOMPSON GROUP PLC

## REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENT

### Our conclusion

We have reviewed Jardine Lloyd Thompson Group plc's consolidated interim financial statements (the 'interim financial statements') in the interim results of Jardine Lloyd Thompson Group plc for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### What we have reviewed

The interim financial statements comprise:

- The consolidated balance sheet as at 30 June 2017;
- The consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- The consolidated statement of cash flows for the period then ended;
- The consolidated statement of changes in equity for the period then ended; and
- The explanatory notes to the interim financial statements.

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

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

## RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

### Our responsibilities and those of the directors

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

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

### What a review of interim financial statements involves

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

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

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

### PricewaterhouseCoopers LLP

Chartered Accountants

London

27 July 2017

- a. The maintenance and integrity of the Jardine Lloyd Thompson Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
- b. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.