JOHN LAING GROUP PLC

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

John Laing Group plc (John Laing, the Company or the Group) announces its unaudited results for the six months ended 30 June 2019

Highlights: Mixed H1 results - Full year outlook unchanged

- Net asset value (NAV) of £1,599 million or 325p[1] per share at 30 June 2019 (31 December 2018 – £1,586 million or 323p) up 0.6% since 31 December 2018 or 3.0% including dividend paid in May 2019
- Portfolio value at 30 June 2019 of £1,535 million up 3.5% on the rebased portfolio value[2] at 31 December 2018
- Good operational performance but challenges in renewable energy portfolio, mitigated by value enhancements and strong project delivery:
    - £66 million of write downs on renewable energy assets in Australia due to industry transmission problems
    - £55 million of write downs on our European wind assets
    - £78 million of value enhancements delivered through active management across the portfolio and in all regions
    - Significant progress on projects including Sydney Light Rail and New Generation Rollingstock in Australia, Denver Eagle P3 and I-77 in the US and IEP Phase 2 in the UK
- Sale of all remaining fund management activities completed
- New investments of £7 million (six months ended 30 June 2018 – £39 million)[3]. One further investment completed in August, in North America, and another agreed and expected to complete in September, our first investment in Latin America, totalling approximately £137 million
- Healthy pipeline of £2.1 billion of investment opportunities. Solar and wind investments on hold in Europe and Australia pending current issues resolution; investment in US renewable energy assets limited to recycling of capital
- Realisations of £131 million from the sale of three investments (six months ended 30 June 2018 – £242 million from the sale of two investments)
- Profit Before Tax (PBT) of £35 million (six months ended 30 June 2018 – £175 million, which included an exceptional gain on IEP Phase 1 disposal) and Earnings Per Share (EPS) of 7.1p (six months ended 30 June 2018 – 38.8p)[4]
- Interim dividend of 1.84p per share payable in October 2019 (six months ended 30 June 2018 – 1.80p per share) in line with dividend policy

1. NAV per share at 30 June 2019 calculated as NAV of £1,599 million divided by the number of shares in issue at 30 June 2019 of 491.8 million, excluding the shares held in the Employee Benefit Trust (EBT).
2. Rebased portfolio value is described in the Portfolio Valuation section.
3. Based on new investment commitments secured in the six months ended 30 June 2019; for further details see the Business Review.
4. Basic EPS; see note 7 to the Condensed Group Financial Statements.

Olivier Brousse, John Laing's Chief Executive Officer, commented:

"Our operational performance in the first half was strong, however we have had a number of challenges with our renewable energy assets in Australia and Europe. We delivered value enhancements across the portfolio, but predominantly in renewable energy, which has helped to mitigate the impact of these challenges. In addition, we made good progress on key assets in our PPP portfolio. The Denver Eagle P3 commuter rail project fully opened to the public in April, IEP Phase 2 commenced public train services in May and Sydney Light Rail and New Generation Rollingstock also progressed well in the last six months. Our asset management teams have been instrumental in successfully progressing all of these projects, protecting and enhancing the value of our investments.

We are confident in our ability to continue to generate value from our existing portfolio, to make the most of a secondary market that remains strong and capitalise on the demand for operational infrastructure. At the same time, our investment teams are actively seeking new PPP investments, supported by our strong financial resources and partner relationships. We are particularly pleased in this regard to have agreed in July our first investment in Latin America, with the Ruta del Cacao PPP road project in Colombia. New renewable energy investments have been put on hold in Europe and Australia, and limited to recycling of capital in North America, as we re-assess our approach to risk and return in these markets. Nevertheless, our pipeline remains healthy across our established geographies and in new markets and sectors.

We remain confident in delivering our full year expectations, underpinned by the value inherent in our existing portfolio and further penetration of our targeted markets."

A presentation for analysts and investors will be held at 9:00am (London time) today at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED. The presentation will be webcast on https://www.investis-live.com/john-laing/5d3b0a179add6d11006d4f04/dsfg

A conference call facility will also be available using the following dial in details:

UK: 020 3936 2999
Other locations: +44 20 3936 2999
Participant access code: 03 73 70

A copy of the presentation slides will be available at www.laing.com later today.

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This announcement may contain forward looking statements. It has been made by the Directors of John Laing in good faith based on the information available to them up to the time of their approval of this announcement and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

SUMMARY FINANCIAL INFORMATION

£ million (unless otherwise stated)	**Six months ended or as at 30 June 2019**	Six months ended or as at 30 June 2018	Year ended or as at 31 December 2018
Net asset value (NAV)	**1,599**	1,505	1,586
NAV per share[1]	**325p**	307p	323p
Profit before tax	**35**	175	296
Earnings per share (EPS)[2]	**7.1p**	38.8p	63.1p
Dividends per share	**1.84p**	1.80p	9.50p
Primary Investment portfolio	**896**	636	868
Secondary Investment portfolio	**639**	624	692
Total investment portfolio	**1,535**	1,260	1,560
Future investment commitments backed by letters of credit and cash collateral	**228**	251	296
Gross investment portfolio	**1,763**	1,511	1,856
New investment committed during the period[3]	**7**	39	302
Cash invested in projects	**89**	131	342
Proceeds from investment realisations	**131**	242	296
Cash yield from investments	**35**	17	34
PPP investment pipeline[3]	**1,883**	1,567	1,543
Renewable energy pipeline[3]	**175**	733	830

Notes:

(1) NAV per share at 30 June 2019 calculated as NAV of £1,599 million divided by the number of shares in issue at 30 June 2019 of 491.8 million, excluding the shares held in the EBT.

(2) Basic EPS; see note 7 to the Condensed Group Financial Statements.

(3) For further details, see the Business Review.

BUSINESS REVIEW

OVERVIEW AND OUTLOOK

Our NAV increased from £1,586 million at 31 December 2018 to £1,599 million at 30 June 2019. This is equivalent to 325p per share and represents growth of 3.0% after adding back dividends paid versus NAV per share of 323p per share at 31 December 2018. This growth was lower than expected, primarily as a result of industry transmission issues on three of our renewable energy assets in Australia, which led to a write down of £66 million, and performance issues for our wind assets in Europe, which led to a write down of £55 million. For more details please refer to the Regional Review section. At the same time and as part of the overall portfolio optimisation strategy, we have identified and delivered £78 million of value enhancements in the first half, which helped to mitigate these losses. Actions will continue in to the second half of the year and we expect to achieve further value enhancements in our full year results.

In line with our dividend policy, we are declaring an interim dividend for 2019 of 1.84p per share, a 2.2% increase versus 1.80p for 2018.

Our investment portfolio was valued at £1,535 million at 30 June 2019, a decrease of £25 million from £1,560 million at 31 December 2018 reflecting the realisations completed in the first half (see the Portfolio Valuation section for further details). After adjusting the portfolio value at 1 January 2019 for realisations, cash yield and cash invested into projects in the period, the value of our portfolio increased by £52 million or 3.5% of this rebased value. Cash yield from investments in the six months ended 30 June 2019 was £35 million, which included a large distribution from the Denver Eagle P3 project.

Profit before tax in the period was £35 million (six months ended 30 June 2018 - £175 million). The lower profit for the first half of 2019, compared to the same period last year, is due to the issues described above, as well as the significant one-off gain of £87 million on disposal of the Group’s investment in IEP Phase 1 in the first half of 2018.

The first half highlights included:

- Full revenue service on the Denver Eagle P3 project achieved on 26 April 2019, following substantial completion of the third and final line, the G line, in March 2019;
- The first section of road on the I-77 Managed Lanes project opened in June 2019;
- A settlement agreed by all parties on Sydney Light Rail on 7 June 2019, which included a revised project completion timetable;
- On IEP Phase 2, the first 18 trains for the East Coast mainline have been accepted into service and public train services commenced in May 2019;
- The New Generation Rollingstock project achieved Partial Fleet Acceptance in the first half of the year and the final train is due for delivery by the end of the year, in line with the delivery schedule agreed with the State of Queensland;
- Completion of the first disposals of operational assets in both Australia and the US.

Our investment commitments to date in 2019 are summarised in the table below. Since 30 June 2019, we have completed one further investment.

Investment commitments	Region	PPP £ million	Renewable energy £ million	Total £ million
University of Brighton student accommodation	Europe	7	–	7
Total at 30 June 2019		**7**	**–**	**7**
August 2019: US wind farm	North America	–	75	75
Total YTD		**7**	**75**	**82**

In addition, in July 2019, we agreed an investment in the Ruta del Cacao road project in Colombia. This investment of approximately £62 million is expected to complete in September 2019.

Our pipeline of PPP and renewable energy opportunities stood at £2,058 million at 30 June 2019 (31 December 2018 - £2,373 million). This included:

- The investment that closed in August 2019 as shown in the table above;
- The investment in Colombia expected to complete in September 2019;
- One preferred bidder position and eight shortlisted positions on PPP bids due to reach financial close in the next two years, representing a total potential investment opportunity of approximately £268 million; and
- One exclusive renewable energy position in Israel representing a potential investment opportunity of approximately £20 million.

Following the operational issues experienced with our renewable energy assets in Australia and Europe in the first half of 2019, we have put on hold investments in solar and wind assets in these regions. Investment in renewable energy assets in the US will be limited to where capital is being recycled from renewable energy disposals.

We are seeing growth in the PPP pipeline in the US and in Australia, where the PPP market is now more active after a quieter period, and the continued emergence of opportunities in Latin America. This is reflected in the pipeline shown in the table below.

The PPP pipeline comprises opportunities to invest equity in PPP projects with the potential to reach financial close over the next three years, while the renewable energy pipeline relates to the next two years.

Pipeline - estimated equity investment £ million	At 30 June 2019			At 31 December 2018		
	PPP	**Renewable energy**	**Total**	PPP	Renewable energy	Total
North America	758	155	913	691	387	1,078
Europe	349	20	369	343	73	416
Asia Pacific	471	-	471	334	370	704
Latin America	305	-	305	175	-	175
Total	**1,883**	**175**	**2,058**	**1,543**	**830**	**2,373**

The total pipeline is broken down below according to the bidding stage of each project. Our overall pipeline is constantly evolving as new opportunities are added and others drop out.

Pipeline by bidding stage at 30 June 2019	Number of projects	PPP £ million	Renewable energy £ million	Total £ million
Preferred bidder	1	28	-	**28**
Shortlisted / exclusive	10	240	95	**335**
Other	35	1,615	80	**1,695**
Total	**46**	**1,883**	**175**	**2,058**

The preferred bidder position and eight of the shortlisted positions are on PPP bids as detailed in the table below:

Preferred bidder / shortlisted PPP Projects	Financial close achieved or expected by	Region	Description
East Rockingham Waste, Australia*	Q1 2020	Asia Pacific	Waste to Energy plant in Western Australia
Redfern Communities Plus, Australia	Q1 2021	Asia Pacific	Social Housing Development in Sydney, Australia
Hurontario LRT, Ontario	Q4 2019	North America	Light rail system in the Greater Toronto area
Iowa Green Energy, Iowa	Q4 2019	North America	Utility system project for the University of Iowa
Hamilton Rail, Ontario	Q2 2020	North America	Light rail system in Hamilton, Ontario
Jefferson Parkway, Colorado	Q3 2020	North America	9.2 mile four-lane limited access toll highway in Denver, Colorado
I-10 Mobile River Bridge, Alabama	Q4 2020	North America	Highway bridge and replacement in Mobile, Alabama
Dartmouth Green Energy, New Hampshire	Q4 2020	North America	Utility system project for Dartmouth College
Via15, Netherlands	Q2 2020	Europe	12km greenfield road including a major bridge in the east of the Netherlands

* Preferred bidder position

In August 2019, we were shortlisted on a further PPP project bid in Asia Pacific.

During the first half of 2019, we completed realisations totalling £131 million from the sale of one PPP and two renewable energy investments. These included the disposal of our interest in Optus Stadium, which was our first sale of an operational asset in Australia, and the disposal of the Rocksprings and Sterling wind farms in the US, our first sales in the US. Aggregate prices achieved were in line with the 2018 year end portfolio valuation.

In June 2019, the Company completed the sale of its remaining fund management activities by way of a novation of the Investment Advisory Agreement (IAA) with JLEN Environmental Assets Group Limited ("JLEN" – previously John Laing Environmental Assets Group Limited) to Foresight Group, including the transfer of the investment advisory team. The sale will allow the Company to focus on its core business of investment in and active management of greenfield infrastructure projects. The JLEN IAA made a relatively small contribution to our profits compared to the fair value movements from our investing activities.

Looking forward:

- Investment commitments will be weighted towards the second half, including the investment already secured in the period after 30 June 2019, and we are maintaining our guidance of approximately £1 billion over the three year period 2019 - 2021;
- With further sale processes underway, we continue to expect realisations over the same period to be broadly in line with investment commitments; and
- As previously stated, we continue to assess (i) other infrastructure classes that fit our business model and (ii) new geographies where we see opportunities to invest alongside established partners at appropriate returns.

BOARD CHANGE

Luciana Germinario was appointed to the Board as Chief Financial Officer Designate on 25 April 2019 and succeeded Patrick O'D Bourke as CFO upon his retirement on 9 May 2019.

REGIONAL REVIEW

ASIA PACIFIC

At 30 June 2019, our portfolio of investments in the Asia Pacific region comprised 14 assets (31 December 2018 – 15) including eight in the Primary portfolio (31 December 2018 – eight) and six in the Secondary portfolio (31 December 2018 – seven) with a total value of £527 million (31 December 2018 – £505 million). The increase in portfolio value of £22 million in the first half of 2019 is due to cash invested in to projects of £71 million, offset by disposals and cash yields received from projects totalling £35 million and a small net overall fair value loss of £14 million for the period.

In line with industry peers, we experienced transmission issues relating to marginal loss factors ("MLFs"). MLFs are defined as the portion of energy that is lost when electricity is transmitted across the transmission and distribution networks due to resistance. MLFs for operational assets are published annually by the Australian Energy Market Operator ("AEMO"). In June 2019, AEMO published final MLFs for the July 2019 – June 2020 financial year. Based on these and draft MLFs for assets still under construction, there were unfavourable results for three of our assets, whose value together represented 11% of the Group's investment portfolio at 31 December 2018. The total reduction in value was £66 million in the first half of the year, based on forecasts obtained from an external advisor. At the same time, active asset management has led to us recognising £29 million of value enhancements across the Australian portfolio, predominantly on renewable energy assets, which have partially offset the losses. Further work in this area is underway and we would expect further value enhancements in the second half of the year. Our team in Australia heads a group of approximately 20 renewable energy developers and investors which has made a proposal supporting a rule change under a consultation process with the Australian Energy Market Commission, which, if accepted, is expected to mitigate the impact from MLFs. Additionally, the team are working with advisors to explore project specific opportunities around technical performance which could provide further mitigation.

Further renewable energy investments have been put on hold in Australia, as we re-assess our approach to risk and return on these investments.

Active asset management in the region saw good progress made on Sydney Light Rail, New Generation Rollingstock and New Royal Adelaide Hospital in the last six months.

Sydney Light Rail

- On 7 June 2019, a settlement was agreed by all parties. As part of this, we invested an additional AUD $12 million (£7 million) equity capital. The settlement also includes a revised project completion timetable.
- All track work has been completed and daytime testing of the light rail vehicles is now underway, with operation on a segment of the line expected by December 2019.

New Generation Rollingstock

- The number of accepted trains is now 63 out of a total of 75 and the project recently achieved Partial Fleet Acceptance.
- The final train is due for delivery in Q4 2019, in line with the re-based train delivery schedule agreed with the State of Queensland.
- The programme for undertaking various retrofitting and rectification issues is progressing well.

New Royal Adelaide Hospital

- Negotiations between the project company and the South Australian government, about the application of the abatement regime due to the performance of the facilities management provider, are now well progressed with the execution of a term sheet resolving historical abatement and adjusting the go forward KPI regime. The valuation at 30 June 2019 reflects the executed term sheet. The term sheet remains subject to various approvals but is a significant step in resolving these historical issues and placing the project on a sound footing for the future.
- In addition, arbitration proceedings are ongoing with regard to legacy issues arising from the construction phase.

We were pleased to have achieved our first realisation of an operational asset in Australia - the disposal of our 50% shareholding in Optus Stadium completed in March 2019.

The Primary Investment team has been successful in achieving one preferred bidder position and one shortlisted position at 30 June 2019 on PPP deals in Australia, which are typically expected to close over the next 18 months while renewable energy investments have been paused. We were recently shortlisted on a further PPP bid in Asia Pacific, pending formal announcement.

Asia Pacific pipeline by bidding stage at 30 June 2019	**Number of projects**	**PPP £ million**	**Renewable energy £ million**	**Total £ million**
Preferred bidder	1	28	-	28
Shortlisted / exclusive	1	33	-	33
Other	9	410	-	410
Total	**11**	**471**	**-**	**471**

EUROPE

At 30 June 2019, our portfolio of investments in Europe comprised 20 assets (31 December 2018 – 19) including four in the Primary portfolio (31 December 2018 – three) and 16 in the Secondary portfolio (31 December 2018 – 16) with a total value of £574 million (31 December 2018 – £580 million). The small decrease in portfolio value of £6 million in the first half of 2019 is due to a net fair value loss in the period of £11 million and cash yields received from projects of £2 million, offset by cash invested into projects of £7 million.

We experienced operational performance issues on our wind assets, mainly driven by low levels of wind, which have translated into lower long-term energy yield forecasts and resulted in write downs in the period of £55 million. We have recognised £16 million of value enhancements, of which £14 million was from the renewable energy portfolio, including extension of asset lives and savings in operating costs, which partially offset the above losses and other smaller losses on the Europe portfolio. Further value enhancement opportunities are being explored for the second half of the year.

As in Australia, new wind and solar investments in Europe have been put on hold.

On IEP Phase 2, our largest investment, the first 18 trains for the East Coast mainline, which have a similar design to IEP Phase 1, have been accepted into service and public train services commenced in May 2019.

In the first half of the year, we secured an investment of £7 million in a student accommodation project with the University of Brighton. The Primary Investment team had also secured one shortlisted PPP position in the Netherlands and one exclusive pump storage opportunity in Israel, which are expected to close over the next 18 months.

Europe pipeline by bidding stage at 30 June 2019	**Number of projects**	**PPP £ million**	**Renewable energy £ million**	**Total £ million**
Preferred bidder	-	-	-	-
Shortlisted / exclusive	2	19	20	39
Other	11	330	-	330
Total	**13**	**349**	**20**	**369**

NORTH AMERICA

At 30 June 2019, our portfolio of investments in North America comprised 12 assets (31 December 2018 – 14) including five in the Primary portfolio (31 December 2018 – six) and seven in the Secondary portfolio (31 December 2018 – eight) with a total value of £423 million (31 December 2018 - £465 million). The decrease in portfolio value of £42 million in the first half of 2019 is principally due to disposals and cash yields received from projects totalling £128 million, offset by cash invested into projects of £11 million and a positive fair value movement of £75 million, which includes £33 million of value enhancements recognised in the period.

The sale of our 95.3% shareholding in Rocksprings wind farm in Texas and our 92.5% shareholding in Sterling wind farm in New Mexico in the first half of the year represented our first disposals in the US. Proceeds are subject to customary post-completion adjustments.

The North America portfolio of investments performed in line with expectations.

Denver Eagle P3

- The A line and the B line have been operating successfully since 2016 and have achieved above 97% on-time performance.
- Substantial completion for the third line, the G line, was achieved in March 2019.
- Full revenue service of the overall project was achieved on 26 April 2019.

In August 2019, we completed an investment of £75 million in a wind farm in the US. Additionally, six of the Group's eight shortlisted PPP positions at 30 June 2019 are for potential investments in North America, including two light rail projects in Ontario, Canada and two road projects in the US.

North America pipeline by bidding stage at 30 June 2019	**Number of projects**	**PPP £ million**	**Renewable energy £ million**	**Total £ million**
Preferred bidder	-	-	-	**-**
Shortlisted / exclusive	7	188	75	**263**
Other	9	570	80	**650**
Total	**16**	**758**	**155**	**913**

LATIN AMERICA

Our pipeline at 31 December 2018 included two investment opportunities in Colombia. One of which, the Ruta del Cacao road project, was agreed in July and is expected to complete in September 2019. Our pipeline of investment opportunities has increased from £175 million at 31 December 2018 to £305 million at 30 June 2019.

Latin America pipeline by bidding stage at 30 June 2019	**Number of Projects**	**PPP £ million**	**Renewable energy £ million**	**Total £ million**
Preferred bidder	-	-	-	-
Shortlisted / exclusive	-	-	-	-
Other	6	305	-	305
Total	**6**	**305**	**-**	**305**

We have further strengthened our team in the region and now have three local employees in our Bogota office.

PORTFOLIO VALUATION

The Group's investments at 30 June 2019 were valued at £1,535 million compared to £1,560 million at 31 December 2018. After adjusting for realisations, cash yield and cash invested, this represented a positive movement in fair value of £52 million (3.5%) on the rebased portfolio valuation:

	Investments in projects £ million	**Listed investment £ million**	**Total £ million**
Portfolio valuation at 1 January 2019	1,550	10	1,560
– Cash invested	89	-	89
– Cash yield	(35)	-	(35)
– Proceeds from realisations	(131)	-	(131)
Rebased portfolio valuation	**1,473**	**10**	**1,483**
– Movement in fair value	51	1	52
Portfolio valuation at 30 June 2019	**1,524**	**11**	**1,535**

Cash investment in respect of one new PPP asset made into during the first half of 2019 totalled £7 million. In addition, equity and loan note subscriptions of £82 million were made into existing projects in the portfolio as they progressed through, or completed, construction.

During the first half of 2019, the Group completed the realisation of three investments for a total consideration of £131 million. Cash yield from the portfolio during the six months ended 30 June 2019 totalled £35 million.

The movement in fair value of £52 million is analysed in the table below:

	Six months ended 30 June 2019 £ million	Six months ended 30 June 2018 £ million	Year ended 31 December 2018 £ million
Unwinding of discounting	**53**	48	98
Reduction of construction risk premia	**35**	23	43
Value uplift on financial closes	**-**	3	43
Value enhancements	**78**	121	166
Net losses from project performance	**(44)**	(35)	(36)
Impact of industry transmission forecasts in Australia	**(66)**	-	-
Change in power and gas price forecasts	**(13)**	(3)	(12)
Impact of foreign exchange movements	**(2)**	(1)	10
Change in macroeconomic assumptions	**(1)**	(5)	(1)
Change in operational benchmark discount rates	**12**	43	43
Movement in fair value	**52**	194	354

Unwinding of discount and reduction of construction risk premia, which totalled £88 million in the first half of 2019, are factors of growth which we consider to be embedded in the portfolio value and that should continue to contribute value uplift in the future.

We have recognised £78 million of value enhancements in the first half of the year that have partially offset the losses in the period. Work in this area has continued in to the second half of the year and we expect to achieve further value enhancements in our full year results. Value enhancements in the first half of 2018 and full year included a gain of £87 million on the disposal of IEP Phase 1.

Net losses from project performance of £44 million include the losses on the European wind assets of £55 million, described in the Europe region review section above, and other smaller losses across the portfolio, offset by value uplift of £24 million from reduction in asset-specific risk premia reflecting the good progress made in the half on certain PPP projects through active asset management. As discussed in the Asia Pacific region review, we suffered losses of £66 million on three of our Australian renewable energy asset projects as a result of adverse changes in MLFs.

The net benefit of £12 million from the change in operational benchmark discount rates was on a number of renewable energy investments in Europe in response to our understanding and experience of the secondary market.

The split of the portfolio valuation between primary and secondary investments and the movements in the period within each are shown in the tables below:

	30 June 2019			31 December 2018		
	Number of projects	**£ million**	**%**	Number of projects	£ million	%
Primary Investment	**17**	**896**	**58.4**	17	868	55.7
Secondary Investment	**29**	**639**	**41.6**	31	692	44.3
Total	**46**	**1,535**	**100.0**	48	1,560	100.0

Primary Investment	**£ million**
Portfolio valuation at 1 January 2019	868
– Cash invested	81
– Transfers to Secondary Investment	(107)
Rebased portfolio valuation	**842**
– Movement in fair value	54
Portfolio valuation at 30 June 2019	**896**

Secondary Investment	£ million
Portfolio valuation at 1 January 2019	692
– Cash invested	8
– Cash yield	(35)
– Proceeds from realisations	(131)
– Transfers from Primary Investment	107
Rebased portfolio valuation	**641**
– Movement in fair value	(2)
Portfolio valuation at 30 June 2019	**639**

METHODOLOGY

The methodology for the valuation of the investment portfolio is unchanged from the methodology used as at 31 December 2018, as described in the 2018 Annual Report and Accounts.

In arriving at the valuation as at 30 June 2019, we considered and reflected changes to the two principal inputs, (i) forecast cash flows from investments in projects and (ii) discount rates.

The shareholding in JLEN was valued at its closing market price on 30 June 2019 of 119.5p per share (31 December 2018 – 105.00p per share).

The Directors have obtained an independent opinion from a third party, which has considerable expertise in valuing the type of investments held by the Group, that the investment portfolio valuation as a whole represented a fair market value in the conditions prevailing at 30 June 2019.

Discount rates

For the 30 June 2019 valuation, the overall weighted average discount rate was 8.3% compared to the weighted average discount rate at 31 December 2018 of 8.6%. The weighted average discount rate at 30 June 2019 was made up of 8.6% (31 December 2018 – 8.8%) for the Primary Investment portfolio and 7.8% (31 December 2018 – 8.1%) for the Secondary Investment portfolio. The reduction in the weighted average discount rate for primary investments was primarily the result of projects moving through construction as well as reductions in project-specific risk premia on Sydney Light Rail and New Generation Rollingstock in Australia and the managed lanes projects in the US where positive progress has been achieved. The reduction in the weighted average discount rate for secondary investments was the result of renewable energy projects progressing through their ramp-up periods as well as reductions in project-specific risk premia on New Royal Adelaide Hospital, Alder Hey Children’s Hospital, A15 Road and Denver Eagle P3, reflecting the progress made in the period, and reduction in the operational benchmark discount rates for select investments.

The discount rate ranges used in the portfolio valuation at 30 June 2019 were as set out below:

	At 30 June 2019		At 31 December 2018	
Sector	**Primary Investment**	**Secondary Investment**	**Primary Investment**	**Secondary Investment**
PPP investments	6.5% – 11.1%	6.5% – 9.0%	6.9% – 11.7%	7.0% – 9.0%
Renewable energy investments	8.2% – 8.9%	6.4% – 8.5%	8.4% – 9.1%	6.8% – 10.0%

The table below shows the sensitivity of a 0.25% change in discount rates:

Discount rate sensitivity	Portfolio valuation £ million	Increase/(decrease) in valuation £ million
+0.25%	1,479	(56)
-	1,535	-
-0.25%	1,594	59

Energy yields

Revenues and therefore cash flows from investments in renewable energy projects may be affected by the volume of power production, for example from changes in wind or solar yield.

Our valuation of renewable energy projects assumes a P50 level of electricity output based on reports by technical consultants. The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded and a 50% probability of being underachieved – both in any single year and over the long term. Hence the P50 is the expected level of generation over the long term. A P75 output means 75% probability of exceedance and a P25 output means 25% probability of exceedance.

The impact on the valuation at 30 June 2019 of a sample of renewable energy assets with total value of £304 million from changes in energy yield is shown below:

Energy yield sensitivity	Portfolio valuation of sample of assets £ million	Increase/(decrease) in valuation £ million
P75	267	(37)
P50	304	-
P25	339	35

The sensitivities shown above assume that changes in energy yields move in the same direction for all of the assets in the sample. However, across a portfolio of renewable energy assets, any actual change in forecast energy yields could be an increase for some assets and a decrease on others.

MACROECONOMIC ASSUMPTIONS

During the first half of 2019, updates for actual macroeconomic outcomes and assumptions had a net adverse impact of £1 million (first half of 2018 – £5 million net adverse impact) on the portfolio valuation. Movements of foreign currencies against Sterling over the six months to 30 June 2019 resulted in net adverse foreign exchange movements of £2 million (first half of 2018 – £1 million net adverse foreign exchange movements). Additionally, during the first half of 2019, a decrease in forecast power and gas prices resulted in a £13 million adverse fair value movement (first half of 2018 – adverse fair value movement of £3 million).

The table below summarises the main macroeconomic and exchange rate assumptions used in the portfolio valuation at 30 June 2019 and at 31 December 2018. The table also shows the impact from changes in these assumptions and from changes in power and gas prices and marginal loss factors in the period or year as well as the sensitivity to the portfolio value from changes in the future:

Assumption			**30 June 2019**	31 December 2018
Long-term inflation	UK	RPI & RPIX	**3.00%**	3.00%
	Europe	CPI	**1.75% - 2.00%**	1.75% - 2.00%
	US	CPI	**2.20% - 2.50%**	2.20% - 2.50%
	Asia Pacific	CPI	**2.00% - 2.75%**	2.00% - 2.75%
Impact recognised in the period/year			**£(3) million**	£(3) million
Sensitivity: change in value of five PPP investments with a total value of			**£545 million**	£524 million
0.25% increase in inflation			**c.£15 million**	c.£14 million
0.25% decrease in inflation			**c.£(14) million**	c.£(13) million
Exchange rates		GBP/EUR	**1.1165**	1.1134
		GBP/AUD	**1.8121**	1.8096
		GBP/USD	**1.2706**	1.2748
		GBP/NZD	**1.8924**	1.9000
Impact recognised in the period/year			**£(2) million**	£10 million
Sensitivity: 5% movement of each relevant currency against Sterling			**+/- c.£57 million**	+/- c.£59 million
Power and gas prices				
Impact in the period/year			**£(13) million**	£(12) million
Sensitivity: change in value of seven renewable energy investments with a total value of			**£272 million**	£343 million
5% increase in power and gas prices			**c.£26 million**	c.£18 million

5% decrease in power and gas prices	**c.£(25) million**	c.£(18) million
Marginal loss factors		
Impact recognised in the period/year	**£(66) million**	-
Sensitivity: change in value of a sample of renewable energy investments with a total value of	**£225 million**	-
5% increase in marginal loss factors	**c.£30 million**	-
5% decrease in marginal loss factors	**c.£(30) million**	-

The sensitivities shown above from changes in assumption is on the basis that changes are in the same direction across all assets. In reality, there could be an increase for some assets and a decrease on others and as a result offsetting impacts.

Further analysis of the portfolio valuation is shown in the following tables. The investment in JLEN is shown as "listed investment" in all tables.

BY GEOGRAPHICAL REGION

	30 June 2019		31 December 2018	
	£ million	**%**	£ million	%
Europe	**574**	**37.4**	580	37.2
Asia Pacific	**527**	**34.3**	505	32.4
North America	**423**	**27.6**	465	29.8
Listed investment	**11**	**0.7**	10	0.6
Total	**1,535**	**100.0**	1,560	100.0

There continues to be good diversification of the portfolio across our regions. While all other regions saw an increase of their portfolio values, the value of the portfolio in North America reduced since 31 December 2018 due to disposals in the six months ended 30 June 2019.

BY TIME REMAINING OF PROJECT CONCESSION/OPERATIONAL LIFE

	30 June 2019		31 December 2018	
	£ million	**%**	£ million	%
Greater than 25 years	**972**	**63.4**	1,113	71.4
20 to 25 years	**381**	**24.8**	262	16.8
15 to 20 years	**56**	**3.6**	133	8.5
10 to 15 years	**115**	**7.5**	42	2.7
Less than 10 years	**-**	**-**	-	-
Listed investment	**11**	**0.7**	10	0.6
Total	**1,535**	**100.0**	1,560	100.0

SPLIT BETWEEN PPP AND RENEWABLE ENERGY

	30 June 2019		31 December 2018	
	£ million	**%**	£ million	%
Primary PPP	**749**	**48.9**	686	44.0
Primary renewable energy	**146**	**9.5**	182	11.7
Secondary PPP	**226**	**14.7**	168	10.7
Secondary renewable energy	**403**	**26.2**	514	33.0
Listed investment	**11**	**0.7**	10	0.6
Total	**1,535**	**100.0**	1,560	100.0

The value of secondary renewable energy assets decreased during the first half of 2019 from £514 million to £403 million primarily as a result of the disposals of two wind farms in the US as part of our continuing divestment programme.

BY REVENUE TYPE

	30 June 2019		31 December 2018	
	£ million	**%**	£ million	%
Availability	**845**	**55.1**	766	49.2
Volume	**679**	**44.2**	784	50.2
Listed investment	**11**	**0.7**	10	0.6
Total	**1,535**	**100.0**	1,560	100.0

Availability-based investments continued to make up the majority of the portfolio at 30 June 2019. Renewable energy investments comprise the majority of the volume-based investments. The increase in the value of availability-based investments primarily reflects the positive progress made on assets both in construction and operation whilst the reduction in volume-based investments is primarily due to the disposal of two wind farms in the US as well as write downs on certain of the Australian and European renewable energy assets. We expect to maintain balanced availability-based investments in the portfolio in the medium-term.

BY SECTOR

	30 June 2019		31 December 2018	
	£ million	**%**	£ million	%
Transport – rail and rolling stock	**517**	**33.7**	487	31.2
Transport – roads and other	**257**	**16.8**	214	13.7
Environmental	**549**	**35.7**	697	44.7
Social infrastructure	**201**	**13.1**	152	9.8
Listed investment	**11**	**0.7**	10	0.6
Total	**1,535**	**100.0**	1,560	100.0

The disposal of two wind farms in the US in the first half of the year has contributed to the reduction in the value of environmental assets since 31 December 2018. Further cash injections and positive fair value movements have resulted in increases in value in the first half of 2019 in other sectors.

BY CURRENCY

	30 June 2019 £ million	30 June 2019 %	31 December 2018 £ million	31 December 2018 %
Sterling	**399**	**26.0**	371	23.8
US dollar	**423**	**27.7**	465	29.8
Australian and New Zealand dollar	**527**	**34.3**	505	32.4
Euro	**186**	**12.0**	219	14.0
Total	**1,535**	**100.0**	1,560	100.0

BY INVESTMENT SIZE

	30 June 2019 £ million	30 June 2019 %	31 December 2018 £ million	31 December 2018 %
Five largest investments	**620**	**40.4**	598	38.4
Next five largest investments	**265**	**17.2**	276	17.7
Remaining investments	**639**	**41.7**	676	43.3
Listed investment	**11**	**0.7**	10	0.6
Total	**1,535**	**100.0**	1,560	100.0

The valuation ranges for the five largest Primary investments and the five largest Secondary investments are shown in the tables below:

Primary

	30 June 2019 £ million
IEP Phase 2	**More than 300**
Clarence Correctional Centre	**75 – 100**
Sydney Light Rail	**50 – 75**
Finley Solar Farm	**50 – 75**
I-66 Managed Lanes	**50 – 75**

Secondary

	30 June 2019 £ million
Cypress Creek solar farms	**100 – 125**
Denver Eagle P3	**75 – 100**
Buckthorn Wind Farm	**50 – 100**
New Royal Adelaide Hospital	**50 – 75**
Klettwitz Wind Farm	**25 – 50**

At 30 June 2019, nine out of the ten largest investments were outside the UK.

INVESTMENT PORTFOLIO AS AT 30 JUNE 2019

	PRIMARY INVESTMENT			SECONDARY INVESTMENT			
SOCIAL INFRASTRUCTURE							
Health				Alder Hey Children's Hospital 40% (Europe)	New Royal Adelaide Hospital 17.26% (APAC)		
Justice and emergency services	Clarence Correctional Centre 80% (APAC)			Auckland South Corrections Facility 30% (APAC)			
Defence				DARA Red Dragon 100% (Europe)			
Other	University of Brighton Student Accommodation 85% (Europe)						
TRANSPORT							
Roads and other	A6 Parkway Netherlands 85% (Europe)	A16 Road 47.5% (Europe)	I-4 Ultimate 50% (NA)	A1 Germany 42.5% (Europe)	A15 Netherlands 28% (Europe)	A130 100% (Europe)	
	I-66 Managed Lanes 10% (NA)	I-75 Road 40% (NA)	I-77 Managed Lanes 10% (NA)				
	MBTA Automated Fare Collection System 90% (NA)						
Rail and rolling stock	IEP Phase 2 30% (Europe)	Melbourne Metro 30% (APAC)	New Generation Rollingstock 40% (APAC)	Denver Eagle P3 45% (NA)			
	Sydney Light Rail 32.5% (APAC)						
ENVIRONMENTAL							
Waste and biomass				Speyside Biomass 43.35% (Europe)	Cramlington Biomass 44.7% (Europe)		
Wind and solar	Cherry Tree Wind Farm 100% (APAC)	Finley Solar Farm 100% (APAC)	Granville Wind Farm 49.8% (APAC)	Brantley Solar Farm* 100% (NA)	Buckleberry Solar Farm* 100% (NA)	Buckthorn Wind Farm 90.05% (NA)	Fox Creek Solar Farm* 100% (NA)
	Sunraysia Solar Farm 90.1% (APAC)			Glencarbry Wind Farm 100% (Europe)	IS54 Solar Farm* 100% (NA)	IS67 Solar Farm* 100% (NA)	Horath Wind Farm 81.82% (Europe)

	Hornsdale 1 Wind Farm 30% (APAC)	Hornsdale 2 Wind Farm 20% (APAC)	Hornsdale 3 Wind Farm 20% (APAC)	Kiata Wind Farm 72.3% (APAC)
	Klettwitz Wind Farm 100% (Europe)	Nordergründe Wind Farm 30% (Europe)	Pasilly Wind Farm 100% (Europe)	Rammeldalsberget Wind Farm 100% (Europe)
	Sommette Wind Farm 100% (Europe)	St Martin Wind Farm 100% (Europe)	Svartvallsberget Wind Farm 100% (Europe)	

APAC - Asia Pacific
NA - North America
*Cypress Creek projects

FINANCIAL REVIEW

BASIS OF PREPARATION

There has been no change in the basis of preparation of the financial statements, as described in the Financial Review section of the 2018 Annual Report & Accounts, except as explained below.

There has been a change in the reportable segments under IFRS 8 Operating Segments since last year. Following an internal reorganisation, under which the Primary Investment and Asset Management teams in each of the three core geographical regions report to a single regional head, regional performance targets are set, and information is reported to the Group's Board (the chief operating decision maker under IFRS 8 Operating Segments) for the purposes of resource allocation and assessment of performance on a regional basis. Accordingly, the reportable segments under IFRS 8 are now based on regions which are currently: Asia Pacific, Europe, North America and Latin America. Further reportable segments are "Fund management", relating to the external fund management activities for Jura Infrastructure Limited ("Jura") and JLEN, which ceased in 2019, and "Central", which covers the corporate activities at the Group's headquarters.

The Group adopted IFRS 16 Leases from 1 January 2019. For further details, see note 2 to the Condensed Group Financial Statements.

RE-PRESENTED FINANCIAL RESULTS

As we have done in previous periods, we set out in this Financial Review the Condensed Group Income Statement, the Condensed Group Balance Sheet and the Condensed Group Cash Flow Statement on the management reporting basis. When set out on the management reporting basis, these statements are described as "re-presented".

Re-presented income statement

Preparing the re-presented income statement involves a reclassification of certain amounts within the Condensed Group Income Statement principally in relation to the net gain on investments at FVTPL. The net gain on investments at FVTPL in the Condensed Group Income Statement includes fair value movements from the portfolio of investments in non-recourse project companies and also comprises income and costs that do not arise directly from investments in this portfolio, including investment fees earned from project companies by recourse subsidiaries that are held at FVTPL.

Six months ended 30 June	**2019**			2018[c]
	Condensed Group Income Statement	Adjustments	**Re-presented income statement**	Re-presented income statement
	£ million	£ million	£ million	£ million
Fair value movements – investment portfolio	52	-	52	194
Fair value movements – other	(1)	(1)[a]	(2)	(1)
Investment fees from projects	2	-	2	4
Net gain on investments at fair value through profit or loss	**53**	**(1)**	**52**	197
Investment management services revenue	20	-	20	9
Project management services revenue	3	-	3	3
Recoveries on financial close	-	-	-	3
Other income	**23**	**-**	**23**	15
Operating income	**76**	**(1)**	**75**	212
Third party costs	(5)		(5)	(4)
Disposal costs	(2)		(2)	(3)
Staff costs	(20)		(20)	(18)
General overheads	(8)		(8)	(6)
Post-retirement charges	(1)	1[b]	-	-
Administrative expenses	**(36)**	**1**	**(35)**	(31)
Profit from operations	**40**	**-**	**40**	181
Finance costs	(5)	1[a,b]	(4)	(5)
Post-retirement charges	-	(1)[b]	(1)	(1)
Profit before tax (PBT)	**35**	**-**	**35**	175

Notes:

a) Adjustment comprises £1 million of finance income in recourse investment entity subsidiaries reclassified from 'fair value movements – other' to 'finance costs'.

b) Under IAS 19, the costs of the pension schemes, including the post-retirement medical benefits, comprise a service cost of £0.8 million, included in administrative expenses in the Condensed Group Income Statement, and a finance charge of £0.3 million, included in finance costs in the Condensed Group Income Statement. These amounts are combined together under management reporting.

c) For a reconciliation between the Condensed Group Income Statement and re-presented income statement for the six months ended 30 June 2018, refer to the June 2018 Interim Accounts.

Profit before tax (PBT) for the six months ended 30 June 2019 was £35 million (2018 – £175 million). The main reason for the lower PBT in the first half of 2019 compared to last year was the reduction in fair value movement in the portfolio.

The movement in fair value on the portfolio for the six months ended 30 June 2019, after adjusting for investments, cash yield and realisations, was a £52 million gain (2018 – £194 million gain). A significant contributor to the fair value movement in the six months ended 30 June 2018 was the gain of £87 million on disposal of the interest in IEP Phase 1. In contrast, despite significant value enhancements of £78 million, the fair value movement for the first half of 2019 suffered from losses of £66 million on three of our Australian renewable energy assets as a result of the impact of marginal loss factors (see the Asia Pacific section above) and from losses of £55 million on our European renewable energy assets (see the Europe section above).

Other fair value movements for the six months ended 30 June 2019 comprised a £2 million loss which primarily related to standard price adjustments on renewable energy disposals previously completed.

The Group earned IMS revenue of £20 million (2018 – £9 million) from investment advisory and asset management services primarily to Jura and JLEN. The increase from last year is due to the proceeds received from the sale of the IAA with JLEN in the first half as well as an acceleration of fee income from the second half of the year following the termination of the IAA with Jura. Going forward, the Group will only earn IMS revenue from the provision of directors to project company boards (six months ended 30 June 2019 – £1 million; six months ended 30 June 2018 – £1 million).

The Group also earned PMS revenue of £3 million (2018 – £3 million) from the provision of services to project companies under management services agreements.

The Group achieved recoveries of bidding costs on financial closes of £0.5 million in the six months ended 30 June 2019 (2018 – £3 million).

Total staff costs for the six months ended 30 June 2019 are higher than the same period last year due to: pay increases in line with inflation (c£0.5 million); increase in average headcount for the period with new recruits at higher average salaries (c£1 million); and one-off staff costs incurred in the first half of 2019 in relation to the termination of fund management activities. We expect staff costs to be lower in the second half of the year following the transfer of staff with the fund management business.

General overheads have increased from last year principally due to costs incurred in the first half of 2019 on one-off project-related costs and corporate initiatives.

Finance costs of £4 million (2018 – £5 million) include costs of the corporate banking facilities, net of any interest income, with the decrease from last year primarily due to lower investment activity in the first half of the year.

The Group's overall tax expense on profit from operations for 2019 was £0.6 million (2018 – expense of £0.2 million). This comprised a tax expense of £0.2 million (2018 – expense of £0.5 million) in recourse group subsidiary entities that are consolidated (shown in the 'Tax' line of the Condensed Group Income Statement) and a tax expense of £0.4 million (2018 – credit of £0.3 million) in recourse group subsidiary entities that are held at FVTPL (included within 'net gain on investments at fair value through profit or loss' on the Condensed Group Income Statement). The contributions made to one of the Group's defined benefit pension schemes are tax deductible when paid and, as a result, there is minimal tax payable by the UK holding and asset management activities of the Group. Capital gains from the realisation of investments in projects are generally exempt from tax under the UK's Substantial Shareholding Exemption for shares in trading companies or under the overseas equivalent. To the extent this exemption is not available, gains may be sheltered using current year losses or losses brought forward within the Group's holding companies. There are no losses in the Company but there are tax losses in recourse group subsidiary entities that are held at FVTPL (£144 million as at 31 December 2017).

The re-presented income statement for the six months ended 30 June 2019 and for the same period in 2018 by reportable segment is shown in the tables below:

	Six months ended 30 June 2019						
	Asia Pacific £ million Unaudited	**Europe £ million Unaudited**	**North America £ million Unaudited**	**Latin America £ million Unaudited**	**Fund Management £ million Unaudited**	**Central £ million Unaudited**	**Total £ million Unaudited**
Net gain/(loss) on investments at FVTPL	**(13)**	**(13)**	**75**	**–**	**–**	**3**	**52**
Other income	**1**	**1**	**1**	**–**	**20**	**–**	**23**
Operating income	**(12)**	**(12)**	**76**	**–**	**20**	**3**	**75**
Staff costs	**(4)**	**(3)**	**(4)**	**–**	**(3)**	**(6)**	**(20)**
Other administrative expenses	**(1)**	**(3)**	**(3)**	**(1)**	**(2)**	**(5)**	**(15)**
Profit/(loss) from operations	**(17)**	**(18)**	**69**	**(1)**	**15**	**(8)**	**40**
Finance costs	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Profit/(loss) before tax	**(17)**	**(18)**	**69**	**(1)**	**15**	**(13)**	**35**

	Six months ended 30 June 2018						
	Asia Pacific £ million Unaudited	Europe £ million Unaudited	North America £ million Unaudited	Latin America £ million Unaudited	Fund Management £ million Unaudited	Central £ million Unaudited	Total £ million Unaudited
Net gain/(loss) on investments at FVTPL	20	156	22	–	–	(1)	**197**
Other income	1	2	3	–	9	–	**15**
Operating income	21	158	25	–	9	(1)	**212**
Staff costs	(4)	(3)	(2)	–	(3)	(6)	**(18)**
Other administrative expenses	(1)	(5)	(2)	(1)	(1)	(3)	**(13)**
Profit/(loss) from operations	16	150	21	(1)	5	(10)	**181**
Finance costs	–	–	–	–	–	(6)	**(6)**
Profit/(loss) before tax	**16**	**150**	**21**	**(1)**	**5**	**(16)**	**175**

Asia Pacific – the loss in the first half of 2019 was mainly due to write downs of £66 million in the portfolio from adverse changes in MLFs on three of our renewable energy investments. Value enhancements of £29 million recognised in the period partially offset some of these losses. For further details, see the Asia Pacific section in the Regional Review above.

Europe – the main drivers of the loss in the six months ended 30 June 2019 were performance issues on wind assets, which resulted in write downs in the period of £55 million. Value enhancements recognised in the half of £16 million across the Europe portfolio helped to partially offset these write downs. In the same period in 2018, Europe benefited from a gain of £87 million on the disposal of our interest in the IEP Phase 1 project.

North America – good progress was made on the PPP assets in the US, which, together with value enhancements of £33 million, contributed to the higher profit in the first half of 2019 compared to 2018. Increasing staff costs in North America reflect an increase in the headcount in that region, consistent with the increase in the level of activity.

Fund management – fund management activities ceased in the first half of 2019 following the sale of the JLEN IAA at the end of June 2019 and the termination of the Jura IAA at the end of April 2019. The increase in profit from 2018 was primarily due to the proceeds from the sale of the JLEN agreement of £5 million and additional income of £4 million in the first half of 2019 from the Jura agreement when services were terminated. There will be no further income or costs from fund management activities beyond 30 June 2019.

Central – the net gain on investments at FVTPL of £3 million in the first half of 2019 was primarily due to a gain on the JLEN shares (2018 - £1 million loss primarily due to foreign exchange losses outside of the portfolio).

Re-presented balance sheet

The re-presented balance sheet is reconciled to the Condensed Group Balance Sheet at 30 June 2019 below. The re-presented balance sheet involves the reclassification of certain amounts within the Condensed Group Balance Sheet principally in relation to assets and liabilities of £135 million within certain of the Company's recourse subsidiaries. These subsidiaries are included in investments at FVTPL in the Condensed Group Balance Sheet as a result of the requirement under IFRS 10 to fair value investments in these subsidiaries.

As at	30 June 2019			31 December 2018[e]	
	Condensed Group Balance Sheet	Adjustments	**Re-presented balance sheet**	Re-presented balance sheet	**Re-presented balance sheet line items**
	£ million	£ million	**£ million**	£ million	
Non-current assets					
Right-of use assets	5	-	**5**	-	Other long term assets
Investments at FVTPL	1,670	(135)[a]	**1,535**	1,560	Portfolio value
	-	129[b]	**129**	132	Cash collateral balances
Retirement benefit asset	14	-	**14**	-	Pension surplus (IAS 19)
	1,689	(6)	**1,683**	1,692	
Current assets					
Trade and other receivables	14	(14)[c]	**-**	-	
Cash and cash equivalents	2	5[b]	**7**	8	Cash
	16	(9)	**7**	8	
Total assets	1,705	(15)	**1,690**	1,700	
Current liabilities					
	-	(6)[b,c,d]	**(6)**	(4)	Working capital and other balances
Borrowings	(74)	(3)[d]	**(77)**	(70)	Cash borrowings
Trade and other payables	(18)	18[c]	**-**	-	
	(92)	9	**(83)**	(74)	
Net current assets/(liabilities)	(76)	-	**(76)**	(66)	
Non-current liabilities					
Retirement benefit obligations	(8)	8	-	(32)	Pension deficit (IAS 19)
	-	(8)	**(8)**	(8)	Other retirement benefit obligations
Finance lease liabilities	(4)	4[c]	**-**	-	
Provisions	(2)	2[c]	**-**	-	
	(14)	6	**(8)**	(40)	
Total liabilities	(106)	15	**(91)**	(114)	
Net assets	1,599	-	**1,599**	1,586	

Notes:

a) Investments at fair value through profit or loss (FVTPL) comprise: portfolio valuation of £1,535 million and other assets and liabilities within recourse investment entity subsidiaries of £135 million (see note 9 to the Condensed Group Financial Statements).
b) Other assets and liabilities within recourse investment entity subsidiaries of £135 million referred to in note (a) include (i) cash and cash equivalents of £134 million, of which £129 million is held to collateralise future investment commitments and (ii) positive working capital and other balances of £1 million.
c) Trade and other receivables (£14 million), trade and other payables (£18 million), finance lease liabilities (£4 million) and provisions (£2 million) are combined within working capital and other balances.
d) Borrowings of £74 million comprise cash borrowings of £73 million from the main facilities and £4 million of short-term bank overdraft from uncommitted facilities less unamortised financing costs of £3 million, re-presented in working capital and other balances.
e) For a reconciliation between the Group Balance Sheet and re-presented balance sheet as at 31 December 2018, refer to the 2018 Annual Report and Accounts.

Components of net assets, including reportable segments, are shown in the table below.

	Asia Pacific		**Europe**		**North America**		**Latin America**		**Fund management**		**Central**		**Total**	
As at	**30 Jun 2019**	31 Dec 2018	**30 Jun 2019**	31 Dec 2018	**30 Jun 2019**	31 Dec 2018	**30 Jun 2019**	31 Dec 2018	**30 Jun 2019**	31 Dec 2018	**30 Jun 2019**	31 Dec 2018	**30 Jun 2019**	31 Dec 2018
	£ million	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million
Portfolio valuation	**527**	505	**574**	580	**423**	465	**–**	–	**–**	–	**11**	10	**1,535**	1,560
Other net current liabilities											**(1)**	(4)	**(1)**	(4)
Group net cash/(borrowings)[1]											**59**	70	**59**	70
Net post-retirement assets/(obligations)											**6**	(40)	**6**	(40)
Group net assets	**527**	505	**574**	580	**423**	465	**–**	–	**–**	–	**75**	36	**1,599**	1,586

Note:

(1) Comprises cash balances of £136 million (31 December 2018 - £140 million) (see below for more details) net of short-term bank overdraft of £4 million (31 December 2018 - £15 million) and short-term cash borrowings of £73 million (31 December 2018 - £55 million).

Net assets increased from £1,586 million at 31 December 2018 to £1,599 million at 30 June 2019.

The Group's portfolio of investments in project companies and listed investments was valued at £1,535 million at 30 June 2019 (31 December 2018 – £1,560 million). Further details are provided in the Portfolio Valuation section.

The Group held cash balances of £136 million at 30 June 2019 (31 December 2018 – £140 million) of which £129 million (31 December 2018 – £132 million) was held to collateralise future investment commitments (see the Financial Resources section below for more details). Of the total Group cash balances of £136 million, £134 million was held in recourse subsidiaries held at FVTPL, including the cash collateral balances, that are included within investments at FVTPL in the Condensed Group Balance Sheet. The remaining £2 million was held in the Company and recourse subsidiaries that are consolidated and shown as cash and cash equivalents in the Condensed Group Balance Sheet (see the re-presented balance sheet for further details).

Working capital and other liabilities were higher primarily because of finance lease liabilities of £5 million at 30 June 2019 following adoption of IFRS 16 Leases from 1 January 2019.

The Group operates two defined benefit pension schemes in the UK – the John Laing Pension Fund (JLPF) and the John Laing Pension Plan (the Plan). Both schemes are closed to new members and future accrual.

In December 2016, following a triennial actuarial review of JLPF as at 31 March 2016, a seven-year deficit repayment plan was agreed with the JLPF Trustee to repay the actuarial deficit of £171 million at 31 March 2016 as set out below:

By 31 March	**£ million**
2017	**25**
2018	**27**
2019	**29**
2020	**25**
2021	**26**
2022	**26**
2023	**25**

The combined net accounting surplus in the Group's defined benefit pension and post-retirement medical schemes at 30 June 2019 was £6 million (31 December 2018 – deficit £40 million). Under IAS 19, at 30 June 2019, JLPF recorded a surplus of £12 million (31 December 2018 – deficit of £35 million) and the Plan recorded a surplus of £2 million (31 December 2018 – surplus of £3 million). The liability at 30 June 2019 under the post-retirement medical scheme was £8 million (31 December 2018 – £8 million).

The pension liabilities in JLPF under IAS 19 were based on a discount rate of 2.3% (31 December 2018 – 2.85%) and long term RPI of 3.2% (31 December 2018 – 3.2%) at 30 June 2019. The amount of the liabilities is dependent on key assumptions, principally: inflation rate, discount rate and life expectancy of members. The discount rate, as prescribed by IAS 19, is based on yields from high quality corporate bonds. The surplus (under IAS 19) as at 30 June 2019 has moved from a deficit at 31 December 2018 primarily as a result of the Group's cash contribution to JLPF of £29 million in March 2019 and gains in the value of scheme assets.

Re-presented cash flow statement

The Condensed Group Cash Flow Statement includes the cash flows of the Company and certain recourse subsidiaries that are consolidated (Service Companies). The Group's recourse investment entity subsidiaries, through which the Company holds its investments in non-recourse project companies, are held at fair value in the financial statements and accordingly cash flows relating to investments in the portfolio are not included in the Condensed Group Cash Flow Statement. Investment-related cash flows are disclosed in note 9 to the Condensed Group Financial Statements.

The re-presented cash flow statement shows all recourse cash flows that arise in both the consolidated group (the Company and its consolidated subsidiaries) and in the recourse investment entity subsidiaries.

Six months ended 30 June	2019	2018
	Re-presented cash flows	Re-presented cash flows
	£ million	£ million
Cash yield	35	17
Operating cash flow	(16)	(9)
Net foreign exchange impact	3	3
Total operating cash flows	**22**	**11**
Cash investment in projects	(89)	(131)
Proceeds from realisations	133	242
Disposal costs	(2)	(5)
Net investing cash flows	**42**	**106**
Finance charges	(4)	(4)
Rights issue (net of costs)	-	210
Purchase of own shares related to share based incentives	(4)	-
Cash contributions to JLPF	(29)	(27)
Dividend payments	(38)	(35)
Net cash (outflow)/inflow from financing activities	**(75)**	**144**
Recourse group cash (outflow)/inflow	**(11)**	**261**
Recourse group opening balances	70	(28)
Recourse group closing net cash balances	**59**	**233**
Reconciliation to line items on re-presented balance sheet		
Cash collateral balances	129	134
Other cash balances	7	110
Total cash and cash equivalents	**136**	**244**
Cash borrowings	(77)	(11)
Net cash	**59**	**233**
Reconciliation of cash borrowings to Condensed Group Balance Sheet		
Cash borrowings per re-presented balance sheet	(77)	(11)
Unamortised financing costs	3	2
Borrowings per Condensed Group Balance Sheet	**(74)**	**(9)**

Cash yield comprised £35 million (2018 – £17 million) from the investment portfolio, including a large cash distribution from the Denver Eagle P3 project following construction completion in the first half of the year.

Operating cash flow in the six months ended 30 June 2019 was adverse compared to 2018 primarily due to higher staff costs in 2019 and small cash outflows in relation to tax in 2019 compared to cash inflows in 2018 from the surrender of tax losses to project companies.

Total operating cash flow was net of a favourable foreign exchange impact of £3 million (2018 – favourable impact of £3 million).

During the period, cash of £89 million (2018 – £131 million) was invested in project companies and investments in three projects were realised for total proceeds of £131 million (2018 – £242 million from the realisation of two investments), offset by disposal costs paid of £2 million (2018 – £5 million). A further £2 million of proceeds from realisations was received from the deferred consideration on the disposal of IEP Phase 1 in 2018.

In the period, the Group made a cash contribution to JLPF of £29 million (2018 – £27 million).

Dividend payments of £38 million in the six months ended 30 June 2019 comprised the final dividend for 2018 (2018 – final dividend for 2017 of £35 million).

FINANCIAL RESOURCES

At 30 June 2019, the Group held principal committed revolving credit banking facilities of £650 million (31 December 2018 – £650 million), £500 million expiring in July 2023 and £150 million expiring in January 2021, which are primarily used to back investment commitments. Net available financial resources at 30 June 2019 were £458 million (31 December 2018 – £413 million).

Analysis of Group financial resources

	30 June 2019 £ million	31 December 2018 £ million
Total committed facilities	**650**	650
Letters of credit issued under corporate banking facilities (see below)	**(99)**	(139)
Letters of credit issued under surety facilities	**(22)**	(25)
Other guarantees and commitments	**(1)**	(10)
Short-term cash borrowings	**(73)**	(55)
Bank overdraft (uncommitted)	**(4)**	(15)
Utilisation of facilities	**(199)**	(244)
Headroom	**451**	406
Available cash and bank deposits[1]	**7**	7
Net available financial resources	**458**	413

[1] Cash and bank deposits exclude cash collateral balances. Of the total cash and bank deposit balances of £7 million, £2 million was in the Company and recourse subsidiaries that are consolidated and therefore shown as cash and cash equivalents on the Condensed Group Balance Sheet, with the remaining £5 million in recourse subsidiaries held at FVTPL which are included within investments at FVTPL on the Condensed Group Balance Sheet (see the re-presented balance sheet).

Letters of credit and cash collateral represent future cash investment by the Group into underlying projects in the Primary Investment portfolio.

	30 June 2019 £ million	31 December 2018 £ million
Letters of credit issued[1]	**99**	164
Cash collateral	**129**	132
Future cash investment into projects	**228**	296

[1] A letter of credit issued under the committed facilities at 30 June 2019 of £22 million was cancelled in July 2019 after cash was invested into the project in June 2019

Cash collateral is included within 'investments at fair value through profit or loss' in the Condensed Group Balance Sheet.

FOREIGN CURRENCY EXPOSURE

The Group regularly reviews the sensitivity of its balance sheet to changes in exchange rates relative to Sterling and to the timing and amount of forecast foreign currency denominated cash flows. As set out in the Portfolio Valuation section, the Group's portfolio comprises investments denominated in Sterling, Euro, and Australian, US and New Zealand dollars. As a result of foreign exchange movements in the six months ended 30 June 2019, there was a net adverse fair value movement of £2 million in the portfolio valuation. Sterling strengthened against the Australian dollar and the Euro between 31 December 2018 and 30 June 2019, but weakened against the US and New Zealand dollars.

The Group may apply an appropriate hedge to a specific currency transaction exposure, which could include borrowing in that currency or entering into forward foreign exchange contracts. An analysis of the portfolio value by currency is set out in the Portfolio Valuation section.

Letters of credit in issue at 30 June 2019 of £121 million (31 December 2018 – £164 million) are analysed by currency as follows:

Letters of credit by currency	**30 June 2019 £ million**	31 December 2018 £ million
US dollar	**16**	15
Australian dollar	**105**	149
Total	**121**	164

Cash collateral at 30 June 2019 of £129 million (31 December 2018 – £132 million) is analysed by currency as follows:

Cash collateral by currency	**30 June 2019 £ million**	31 December 2018 £ million
US dollar	**129**	132
Total	**129**	132

PRINCIPAL RISKS AND GOING CONCERN

The Group's principal risks at 31 December 2018 were as follows:

- Governmental policy (incl. Brexit)
- Macroeconomic factors
- Liquidity in the secondary market
- Financial resources
- Pensions
- Future investment activity
- Valuation
- Counterparty risk
- Major incident
- Investment Advisory Agreement (IAA) with JLEN and Jura
- Future returns from investments
- Taxation
- Personnel

More detail on these risks can be found on pages 41 to 46 of the 2018 Annual Report & Accounts.

With the exception of the 'IAA with JLEN and Jura' risk, which is no longer applicable following the termination of the Jura IAA and the sale of the JLEN IAA, the Group does not believe there has been a material change in the Group's principal risks in the first six months of 2019, nor does it expect a material change in the remaining six months of the year.

The Group has committed corporate banking facilities which mature in July 2023 and has sufficient resources available to meet its committed capital requirements, investment commitments and operating costs for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Condensed Group Financial Statements.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 16 to the Condensed Group Financial Statements. There have been no other related party transactions in the first six months of the financial year or the comparative period in 2018 that have had a material effect on the financial position or performance of the Group.

Signed on behalf of the Directors

Olivier Brousse	**Luciana Germinario**
Chief Executive Officer	Chief Financial Officer
21 August 2019	21 August 2019

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The Condensed Group Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; and
- The Business Review includes a fair review of the information required by:
  a) the Disclosure and Transparency Rules (DTR) rule 4.2.7R, being an indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year; and
  b) DTR rule 4.2.8R, being the disclosure of related party transactions and changes therein.

By order of the Board

Olivier Brousse	**Luciana Germinario**
Chief Executive Officer	Chief Financial Officer
21 August 2019	21 August 2019

INDEPENDENT REVIEW REPORT TO JOHN LAING GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprise the Condensed Group Income Statement, the Condensed Group Statement of Comprehensive Income, the Condensed Group Statement of Changes in Equity, the Condensed Group Balance Sheet, the Condensed Group Cash Flow Statement and the related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company 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 Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS’ RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

SCOPE OF REVIEW

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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, 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 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom

21 August 2019

CONDENSED GROUP INCOME STATEMENT

for the six months ended 30 June 2019

	Notes	**Six months ended 30 June 2019 £ million Unaudited**	Six months ended 30 June 2018 £ million Unaudited	Year ended 31 December 2018 £ million Audited
Net gain on investments at fair value through profit or loss	9	**53**	198	366
Other income	5	**23**	15	31
Operating income	3	**76**	213	397
Administrative expenses (excluding GMP equalisation charge)		**(36)**	(32)	(66)
GMP equalisation charge		**–**	–	(21)
Total administrative expenses		**(36)**	(32)	(87)
Profit from operations		**40**	181	310
Finance costs		**(5)**	(6)	(14)
Profit before tax	3	**35**	175	296
Tax expense	6	**–**	(1)	–
Profit for the period attributable to the Shareholders of the Company		**35**	174	296
Earnings per share (pence)				
Basic	7	**7.1**	38.8	63.1
Diluted	7	**7.1**	38.3	62.4

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2019

	Notes	**Six months ended 30 June 2019 £ million Unaudited**	Six months ended 30 June 2018 £ million Unaudited	Year ended 31 December 2018 £ million Audited
Profit for the period		**35**	174	296
Remeasurement gain/(loss) on retirement benefit obligations	11	**18**	31	(3)
Other comprehensive income/(loss) for the period		**18**	31	(3)
Total comprehensive income for the period		**53**	205	293

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2019

	Notes	Share capital £ million	Share premium £ million	ESOP reserve £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2019		**49**	**416**	**–**	**6**	**1,115**	**1,586**
Profit for the period		**–**	**–**	**–**	**–**	**35**	**35**
Other comprehensive income for the period		**–**	**–**	**–**	**–**	**18**	**18**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**53**	**53**
Share-based incentives	8	**–**	**–**	**–**	**2**	**–**	**2**
Vesting of share-based incentives	8, 12	**–**	**–**	**–**	**(4)**	**4**	**–**
Purchase of own shares related to share-based incentives	12	**–**	**–**	**(4)**	**–**	**–**	**(4)**
Dividend paid[1]		**–**	**–**	**–**	**–**	**(38)**	**(38)**
Balance at 30 June 2019 (unaudited)		**49**	**416**	**(4)**	**4**	**1,134**	**1,599**

for the six months ended 30 June 2018

	Notes	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2018		37	218	6	863	1,124
Profit for the period		–	–	–	174	174
Other comprehensive income for the period		–	–	–	31	31
Total comprehensive income for the period		–	–	–	205	205
Share-based incentives	8	–	–	1	–	1
Vesting of share-based incentives	8, 12	–	–	(3)	3	–
Net proceeds from issue of shares	13	12	198	–	–	210
Dividend paid[1]		–	–	–	(35)	(35)
Balance at 30 June 2018 (unaudited)		49	416	4	1,036	1,505

for the year ended 31 December 2018

	Notes	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2018		37	218	6	863	1,124
Profit for the year		–	–	–	296	296
Other comprehensive loss for the year		–	–	–	(3)	(3)
Total comprehensive income for the year		–	–	–	293	293
Share-based incentives	8	–	–	3	–	3
Vesting of share-based incentives	8	–	–	(3)	3	–
Net proceeds from issue of shares	13	12	198	–	–	210
Dividends paid[1]		–	–	–	(44)	(44)
Balance at 31 December 2018 (audited)		49	416	6	1,115	1,586

[1] Dividends paid:

Dividends on ordinary shares	**Six months ended 30 June 2019 Pence Unaudited**	Six months ended 30 June 2018 Pence Unaudited	Year ended 31 December 2018 Pence Audited
Per ordinary share:			
- interim proposed	**1.84**	1.80	1.80
- interim paid	**–**	–	1.80
- final proposed	**–**	–	7.70
- final paid	**7.70**	7.17[a]	7.17[a]

[a] The final dividend for 2017 was originally reported in the 2017 Annual Report and Accounts as 8.70p. This was adjusted for the Rights Issue to 7.17p and paid in May 2018.

The total estimated amount to be paid in October 2019 in respect of the proposed interim dividend for 2019 is £9 million.

CONDENSED GROUP BALANCE SHEET

as at 30 June 2019

	Notes	30 June 2019 £ million	31 December 2018 £ million
		Unaudited	Audited
Assets			
Non-current assets			
Right-of-use assets	2	**5**	–
Investments at fair value through profit or loss	9	**1,670**	1,700
Retirement benefit assets	11	**14**	–
		1,689	1,700
Current assets			
Trade and other receivables		**14**	8
Cash and cash equivalents		**2**	6
		16	14
Total assets		**1,705**	1,714
Equity and liabilities			
Equity			
Share capital	12	**49**	49
Share premium	13	**416**	416
ESOP reserve		**(4)**	–
Other reserves		**4**	6
Retained earnings		**1,134**	1,115
Total equity		**1,599**	1,586
Non-current liabilities			
Retirement benefit obligations	11	**8**	40
Finance lease liabilities		**4**	–
Provisions		**2**	2
		14	42
Current liabilities			
Borrowings		**74**	66
Trade and other payables		**18**	20
		92	86
Total liabilities		**106**	128
Total equity and liabilities		**1,705**	1,714

CONDENSED GROUP CASH FLOW STATEMENT

for the six months ended 30 June 2019

	Notes	**Six months ended 30 June 2019 £ million Unaudited**	Six months ended 30 June 2018 £ million Unaudited	Year ended 31 December 2018 £ million Audited
Net cash outflow from operating activities	14	**(48)**	(45)	(54)
Investing activities				
Net cash transferred from investments held at fair value through profit or loss	9	**83**	106	12
Net cash from investing activities		**83**	106	12
Financing activities				
Net proceeds from issue of shares	13	**–**	210	210
Purchase of own shares related to share-based incentives		**(4)**	–	–
Dividends paid		**(38)**	(35)	(44)
Finance costs paid		**(5)**	(6)	(15)
Proceeds from borrowings		**18**	–	15
Repayment of borrowings		**(10)**	(165)	(121)
Net cash (used in) / from financing activities		**(39)**	4	45
Net (decrease) / increase in cash and cash equivalents		**(4)**	65	3
Cash and cash equivalents at beginning of the period		**6**	3	3
Cash and cash equivalents at end of the period		**2**	68	6

1 GENERAL INFORMATION

The Condensed Group Financial Statements of John Laing Group plc (the Company or the Group) have been prepared as described below. The registered office of the Company is 1 Kingsway, London, WC2B 6AN. The principal activity of the Company is the origination, investment in and management of greenfield infrastructure projects.

The Condensed Group Financial Statements are presented in Sterling and have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union.

The financial information for the year ended 31 December 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor’s report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The annual financial statements of John Laing Group plc are prepared in accordance with IFRS as adopted by the European Union. The Condensed Group Financial Statements included in this half-yearly financial report have been prepared in accordance with, and contain the information required by IAS 34 Interim Financial Reporting, as adopted by the European Union, and the disclosure guidance and transparency rules of the Financial Conduct Authority.

The same accounting policies, presentation and methods of computation are followed in these Condensed Group Financial Statements as were applied in John Laing Group plc’s latest annual audited financial statements with the exception that the Group has adopted in these Condensed Group Financial Statements IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2 ACCOUNTING POLICIES

Basis of preparation

The Condensed Group Financial Statements have been prepared on the historical cost basis except for (i) the revaluation of the investment portfolio and (ii) financial instruments that are measured at fair value at the end of each reporting period. The Company concluded that it meets the definition of an investment entity set out within IFRS 10 Consolidated Financial Statements, paragraph 27 on the basis described in the notes to the Group financial statements in the 2018 Annual Report and Accounts.

Investment entities are required to account for all investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss (FVTPL), except for those directly-owned subsidiaries that provide investment-related services or engage in permitted investment-related activities with investees (Service Companies). Service Companies are consolidated rather than recorded at FVTPL.

Project companies in which the Group invests are described as “non-recourse”, which means that providers of debt to such project companies do not have recourse to John Laing beyond its equity and/or subordinated debt commitments in the underlying projects. Subsidiaries through which the Company holds its investments in project companies, which are held at FVTPL, and subsidiaries that are Service Companies, which are consolidated, are described as “recourse”.

Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, being a period of not less than 12 months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the Condensed Group Financial Statements.

Changes in accounting policies

IFRS 16 Leases

The Group adopted IFRS 16 Leases using the modified retrospective method of adoption with a date of application of 1 January 2019. This method involves measuring the right-of-use asset at an amount equal to the lease liability at the transition date. As permitted under this method, the Group has not restated comparatives for the 2018 reporting period. The Group elected to use the practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease - at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low value assets’) being those assets with a value less than £5,000.

The Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.75%.

The effect of adoption of IFRS 16 is as follows:

	31 December 2018 £ million (Unaudited)
Assets	
Right-of-use assets	**5**
Total assets	**5**
Liabilities	
Finance lease liability	**(5)**
Total liabilities	**(5)**
Equity	
Retained earnings	**–**
Total equity	**–**

A reconciliation of the Group's outstanding commitments for future minimum lease payments under non-cancellable operating leases for land and buildings previously disclosed in the 2018 Annual Report & Accounts to the lease liability recognised under IFRS 16 is shown below.

	31 December 2018 £ million (Unaudited)
Within one year	**(1)**
In the second to fifth years inclusive	**(3)**
After five years	**(2)**
	(6)
Discount on lease liability	**1**
Total liabilities recognised under IFRS 16	**(5)**

The impact on the Condensed Group Income Statement for the six months ended 30 June 2018 from recognising an interest expense on the lease liability and depreciation of the right-to-use asset in contrast to the operating lease charge, which would have been applied under IAS 17, was a net £0.1 million credit.

Critical accounting judgements and key sources of estimation uncertainty

The Group's critical accounting judgements and key sources of estimation uncertainty are set out in note 4 of the Group's 2018 Annual Report & Accounts. The critical accounting judgements disclosed were the methodology for valuing the Group's investment portfolio (incorporating key inputs including the discount rate and the evidence available for the inclusion of value enhancements) and that there is no minimum funding requirement under IFRIC14. The key sources of estimation uncertainty in valuing the Group's investment portfolio were the discount rates adopted, the long term inflation rate and long term power prices and on the Group's pension schemes the discount, inflation and mortality rates adopted. The only change this period are the addition of key sources of estimation uncertainty for the impact of marginal loss factors impacting Australian renewable energy assets and future energy yields impacting all renewable energy assets.

3 OPERATING SEGMENTS

Following an internal reorganisation, under which the Primary Investment and Asset Management teams in each of the three core geographical regions report to a single regional head, information is now reported to the Group's Board (the chief operating decision maker under IFRS 8 Operating Segments) for the purposes of resource allocation and assessment of performance on a regional basis. Regional performance targets have also been set. Accordingly, the reportable segments under IFRS 8 are now based on regions which are currently: Asia Pacific, Europe, North America and Latin America. Further reportable segments are "Fund management", relating to the external fund management activities for Jura and JLEN, which ceased in 2019, and "Central", which covers the corporate activities at the Group's headquarters. The prior period segmental information has been restated accordingly.

The Board's primary measure of profitability for each segment is profit before tax (PBT).

The following is an analysis of the Group's operating income and PBT for the six months ended 30 June 2019 and 2018 and for the year ended 31 December 2018 for each segment:

	Six months ended 30 June 2019						
	Asia Pacific £ million Unaudited	**Europe £ million Unaudited**	**North America £ million Unaudited**	**Latin America £ million Unaudited**	**Fund Management £ million Unaudited**	**Central £ million Unaudited**	**Total £ million Unaudited**
Net gain on investments at FVTPL	**(13)**	**(13)**	**75**	**–**	**–**	**4**	**53**
Other income	**1**	**1**	**1**	**–**	**20**	**–**	**23**
Operating income	**(12)**	**(12)**	**76**	**–**	**20**	**4**	**76**
Administrative expenses	**(5)**	**(6)**	**(7)**	**(1)**	**(5)**	**(12)**	**(36)**
Profit from operations	**(17)**	**(18)**	**69**	**(1)**	**15**	**(8)**	**40**
Finance costs	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Profit before tax	**(17)**	**(18)**	**69**	**(1)**	**15**	**(13)**	**35**

	Six months ended 30 June 2018 (restated)						
	Asia Pacific £ million Unaudited	Europe £ million Unaudited	North America £ million Unaudited	Latin America £ million Unaudited	Fund Management £ million Unaudited	Central £ million Unaudited	Total £ million Unaudited
Net gain on investments at FVTPL	20	156	22	–	–	–	198
Other income	1	2	3	–	9	–	15
Operating income	21	158	25	–	9	–	213
Administrative expenses	(5)	(8)	(4)	(1)	(4)	(10)	(32)
Profit from operations	16	150	21	(1)	5	(10)	181
Finance costs	–	–	–	–	–	(6)	(6)
Profit before tax	16	150	21	(1)	5	(16)	175

	Year ended 31 December 2018 (restated)						
	Asia Pacific £ million Unaudited	Europe £ million Unaudited	North America £ million Unaudited	Latin America £ million Unaudited	Fund Management £ million Unaudited	Central £ million Unaudited	Total £ million Unaudited
Net gain on investments at FVTPL	86	188	88	–	–	4	366
Other income	2	4	6	–	19	-	31
Operating income	88	192	94	–	19	4	397
Administrative expenses (excluding GMP equalisation charge)	(10)	(17)	(9)	(1)	(9)	(20)	(66)
GMP equalisation charge	–	–	–	–	–	(21)	(21)
Profit from operations	78	175	85	(1)	10	(37)	310
Finance costs	–	–	–	–	–	(14)	(14)
Profit before tax	78	175	85	(1)	10	(51)	296

For the six months ended 30 June 2019, the Group held four (six months ended 30 June 2018 – two; year ended 31 December 2018 – two) investments from which it received more than 10% of its operating income. The operating income from the four investments was £20 million, £19 million, £16 million and £10 million, which is reported within the North America and Europe segments. The Group treats each investment in a project company as a separate customer for purposes of IFRS 8.

The Group's investment portfolio valuation is the aggregation of the values of the investment portfolios in each region where the investments are actively managed. The investment in JLEN is managed centrally. Other assets and liabilities, including cash balances and borrowings as well as retirement benefit obligations, are also predominantly managed centrally.

	30 June 2019 £ million Unaudited	31 December 2018 £ million Audited
Asia Pacific	**527**	505
Europe	**574**	580
North America	**423**	465
Central	**11**	10
Portfolio valuation	**1,535**	1,560
Other assets and liabilities	**135**	140
Investments at FVTPL	**1,670**	1,700
Retirement benefit assets	**14**	–
Other assets	**21**	14
Total assets	**1,705**	1,714
Retirement benefit obligations	**(8)**	(40)
Other liabilities	**(98)**	(88)
Total liabilities	**(106)**	(128)
Group net assets	**1,599**	1,586

Other assets and liabilities within investments at FVTPL above include cash and cash equivalents, trade and other receivables and trade and other payables within recourse investment entity subsidiaries.

4 SEASONALITY

Neither operating income nor profit are impacted by seasonality.

5 OTHER INCOME

	Six months ended 30 June 2019 £ million Unaudited	Six months ended 30 June 2018 £ million Unaudited	Year ended 31 December 2018 £ million Audited
Fees from asset management services	**18**	12	27
Sale of investment advisory agreement	**5**	–	–
Recovery of bid costs	**–**	3	4
Total other income	**23**	15	31

The Company completed the sale of its remaining fund management activities by way of a novation of the Investment Advisory Agreement with JLEN and transfer of the investment advisory team to Foresight Group.

6 TAX

The tax expense for the period comprises:

	Six months ended 30 June 2019 £ million Unaudited	Six months ended 30 June 2018 £ million Unaudited	Year ended 31 December 2018 £ million Audited
Deferred tax:			
Deferred tax expense – prior period	**–**	(1)	–
	–	(1)	–
Tax expense	**–**	(1)	–

For the six months ended 30 June 2019, a tax rate of 19.0% has been applied (six months ended 30 June 2018 and year ended 31 December 2018 – 19.0%).

7 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share (EPS) is based on the following data:

	Six months ended 30 June 2019 £ million Unaudited	Six months ended 30 June 2018 £ million Unaudited	Year ended 31 December 2018 £ million Audited
Earnings			
Profit for the purpose of basic and diluted EPS	**35**	174	296
Profit for the period	**35**	174	296
Number of shares			
Weighted average number of ordinary shares for the purpose of basic EPS	**491,189,378**	447,876,982	469,502,029
Dilutive effect of ordinary shares potentially issued under share-based incentives (note 8)	**5,105,290**	5,680,493	5,535,545
Weighted average number of ordinary shares for the purpose of diluted EPS	**496,294,668**	453,557,475	475,037,574
Earnings per share (pence)			
Basic	**7.1**	38.8	63.1
Diluted	**7.1**	38.3	62.4

8 SHARE-BASED PAYMENTS

The total expense recognised in the Condensed Group Income Statement for all awards granted under share-based incentive arrangements for the six months ended 30 June 2019 was £2 million (six months ended 30 June 2018 - £1 million; year ended 31 December 2018 – £3 million). The £2 million is charged in arriving at profit for the period and is a credit in Other reserves in the Condensed Group Statement of Changes in Equity. An amount of £4 million has been transferred from other reserves to retained earnings in respect of awards previously granted under share-based incentive arrangements that vested and were exercised in the six months ended 30 June 2019.

Long-term incentive plan (LTIP)

The Group operates share-based incentive arrangements for Executive Directors, senior executives and other eligible employees under which awards are granted over the Company's ordinary shares. Awards are conditional on the relevant employee remaining in employment from the date of grant to the vesting date (the vesting period) and are subject to the Plan Rules. The awards vest three years from the grant date, subject to the Group achieving a target share-based performance condition, total shareholder return (50% of the award), and a non-share based performance condition, NAV per share growth (50% of the award). The Group has no legal or constructive obligation to repurchase or settle the awards in cash.

The movement in the number of shares awarded under the LTIP was as follows:

	Number of shares		
	Six months ended 30 June 2019 Unaudited	Six months ended 30 June 2018 Unaudited	Year ended 31 December 2018 Audited
At beginning of the period	**5,216,928**	5,258,970	5,258,970
Granted	**1,506,698**	1,747,340	1,747,340
Adjustment for the Rights Issue bonus factor	**–**	444,565	436,067
Lapsed	**(402,558)**	(671,097)	(842,082)
Vested	**(1,878,182)**	(1,383,367)	(1,383,367)
At end of the period	**4,442,886**	5,396,411	5,216,928

In addition to the 1,878,182 shares that vested per the table above, a further 108,414 shares were awarded in lieu of dividends payable since the grant date on the vested shares (see note 12).

Deferred Share Bonus Plan (DSBP)

In accordance with the DSBP, 112,554 awards over shares were granted on 18 April 2019 to Executive Directors and certain senior executives in relation to that part of their annual bonus for 2018 which exceeded 60% of their base salary. Awards under the DSBP vest in equal tranches on the first, second and third anniversary of grant, normally subject to continued employment and are subject to the Plan Rules.

The movement in the number of shares awarded under the DSBP was as follows:

	Number of shares		
	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	Unaudited	Unaudited	Audited
At beginning of the period	**175,141**	63,121	63,121
Granted	**112,554**	138,987	138,987
Adjustment to awards granted in prior periods	**–**	(8)	(8)
Adjustment for the Rights Issue bonus factor	**–**	5,647	5,647
Vested	**(112,087)**	(32,606)	(32,606)
At end of the period	**175,608**	175,141	175,141

In addition to the 112,087 shares that vested as per the table above, a further 3,907 shares were awarded in lieu of dividends payable since the grant date on the vested shares (see note 12).

Buy-out award

In May 2019, the Chief Financial Officer was granted a buy-out award over 65,044 shares, in compensation for cash-based long-term incentive awards that were forfeited on leaving her previous employer. There are six awards which individually vest between 4 months and 3 years and 4 months from the date of grant and are subject to continued employment and the Plan Rules. There were 65,044 awards outstanding at 30 June 2019.

Employee Benefit Trust (EBT)

On 19 June 2015, the Company established an EBT to be used as part of the remuneration arrangements for employees. The purpose of the EBT is to facilitate the ownership of shares by or for the benefit of employees through the acquisition and distribution of shares in the Company. The EBT is able to acquire shares in the Company to satisfy obligations under the Company's share-based incentive arrangements. At 1 January 2019, the EBT held 811 shares. During the six months ended 30 June 2019, 2,225,000 new shares in John Laing Group plc were issued to the EBT with which to satisfy obligations under share-based incentive arrangements. 2,102,590 of share awards vested and were exercised in the period under these arrangements leaving 123,221 shares held by the EBT.

Subsequent to the awards being made, certain employees elected to sell shares in order to satisfy tax liabilities arising on the awards. Of the 1,288,377 shares elected to be sold, the EBT was able to sell 174,380 shares in the open market and acquired the remaining 1,113,997 shares. The acquisition of shares by the EBT was funded by the Company and as a result of this transaction, a charge of £4 million has been made through reserves in the Condensed Group Statement of Changes in Equity. Following this acquisition, the total number of shares held by the EBT at 30 June 2019 was 1,237,218, which are excluded for the purposes of calculating earnings per share and NAV per share.

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019				
	Project companies £ million Unaudited	**Listed investment £ million Unaudited**	**Portfolio valuation sub-total £ million Unaudited**	**Other assets and liabilities £ million Unaudited**	**Total investments at FVTPL £ million Unaudited**
Opening balance	**1,550**	**10**	**1,560**	**140**	**1,700**
Distributions	**(35)**	**–**	**(35)**	**35**	**–**
Investment in equity and loans	**89**	**–**	**89**	**(89)**	**–**
Realisations from investment portfolio	**(131)**	**–**	**(131)**	**131**	**–**
Fair value movement	**51**	**1**	**52**	**1**	**53**
Net cash transferred from investments held at FVTPL	**–**	**–**	**–**	**(83)**	**(83)**
Closing balance	**1,524**	**11**	**1,535**	**135**	**1,670**

	31 December 2018				
	Project companies £ million Audited	Listed investment £ million Audited	Portfolio valuation sub-total £ million Audited	Other assets and liabilities £ million Audited	Total investments at FVTPL £ million Audited
Opening balance	1,184	10	1,194	152	1,346
Distributions	(33)	(1)	(34)	34	–
Investment in equity and loans	342	–	342	(342)	–
Realisations from investment portfolio	(296)	–	(296)	296	–
Fair value movement	353	1	354	12	366
Net cash transferred from investments held at FVTPL	–	–	–	(12)	(12)
Closing balance	1,550	10	1,560	140	1,700

Six months ended 30 June 2019

During the six months ended 30 June 2019, the Group disposed of shares and subordinated debt in one PPP and two renewable energy project companies to third parties. Total proceeds were £131 million.

Details of investments sold in the period ended 30 June 2019 are as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Westadium Project Holdco Pty Limited	11 March 2019	50.0	50.0	–
John Laing Rocksprings Wind HoldCo Corp	2 May 2019	95.3	95.3	–
John Laing Sterling Wind HoldCo Corp	2 May 2019	92.5	92.5	–

Year ended 31 December 2018

During the year ended 31 December 2018, the Group disposed of shares and subordinated debt in three PPP and renewable energy project companies. Total proceeds were £296.1 million.

Details were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Acquired by Jura Infrastructure Limited				
Regenter Myatts Field North Holdings Company Ltd	30 May 2018	50.0	50.0	–
Sold to other parties				
Agility Trains West (Holdings) Ltd	18 May 2018	15.0	15.0	–
INEOS Runcorn (TPS) Holding Limited	21 December 2018	37.4	37.4	–

10 FINANCIAL INSTRUMENTS

The Group held the following financial instruments by category at 30 June 2019:

	Cash and cash equivalents £ million	**Loans and receivables at amortised cost £ million**	**Assets at FVTPL £ million**	**Financial liabilities at amortised cost £ million**	**Total £ million**
Fair value measurement method	**n/a**	**n/a**	**Level 1 / 3 ***	**n/a**	
30 June 2019 (unaudited)					
Non-current assets					
Investments at FVTPL	**–**	**–**	**1,670**	**–**	**1,670**
Current assets					
Trade and other receivables	–	**12**	**–**	**–**	**12**
Cash and cash equivalents	**2**	–	**–**	**–**	**2**
Total financial assets	**2**	**12**	**1,670**	**–**	**1,684**
Non-current liabilities					
Finance lease liabilities	**–**	**–**	**–**	**(4)**	**(4)**
Current liabilities					
Borrowings	**–**	**–**	**–**	**(74)**	**(74)**
Trade and other payables	**–**	**–**	**–**	**(16)**	**(15)**
Total financial liabilities	**–**	**–**	**–**	**(94)**	**(94)**
Net financial instruments	**2**	**12**	**1,670**	**(94)**	**1,590**

	Cash and cash equivalents £ million	Loans and receivables at amortised cost £ million	Assets at FVTPL £ million	Financial liabilities at amortised cost £ million	Total £ million
Fair value measurement method	n/a	n/a	Level 1 / 3 *	n/a	
31 December 2018 (audited)					
Non-current assets					
Investments at FVTPL	–	–	1,700	–	1,700
Current assets					
Trade and other receivables	–	7	–	–	7
Cash and cash equivalents	6	–	–	–	6
Total financial assets	6	7	1,700	–	1,713
Current liabilities					
Borrowings	–	–	–	(66)	(66)
Trade and other payables	–	–	–	(19)	(19)
Total financial liabilities	–	–	–	(85)	(85)
Net financial instruments	6	7	1,700	(85)	1,628

* The investments at FVTPL are split between: Level 1, JLEN, which is a listed investment fair valued at £11 million (31 December 2018 – £10 million) using a quoted market price and Level 3 investments in project companies fair valued at £1,524 million (31 December 2018 – £1,550 million). Level 1 and Level 3 investments are fair valued in accordance with the policy and assumptions set out below. The investments at FVTPL include other assets and liabilities as shown in note 9. Such other assets and liabilities are recorded at amortised cost which the Directors believe approximates to their fair value.

The table above provides an analysis of financial instruments that are measured subsequent to their initial recognition at fair value.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The investments at FVTPL, whose fair values include the use of Level 3 inputs, are valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Group at an appropriate discount rate. A base case discount rate for an operational project is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect additional project-specific risks. In addition, a risk premium is added to reflect the additional risk during the construction phase. This premium reduces over time as the project progresses through construction, reflecting the significant reduction in risk once the project reaches the operating stage. The weighted average discount rate applied as at 30 June 2019 was 8.3% (31 December 2018 – 8.6%). The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at FVTPL. As at 30 June 2019, an increase of 0.25% in the discount rate would decrease the fair value of the investments by £56 million (31 December 2018 – £52 million) and a decrease of 0.25% in the discount rate would increase the fair value of the investments by £59 million (31 December 2018 – £54 million).

Investments denominated in foreign currency are fair valued based on the spot exchange rate on the balance sheet date. As at 30 June 2019, a 5% movement of each relevant currency against Sterling would decrease or increase the value of investments in overseas projects by c.£57 million (31 December 2018 – c.£59 million).

Cash flows from investments may be affected by future changes in certain forecasts or where actual amounts differ from forecast amounts in the future. The most significant observable forecasts to which a change could have a material impact on the fair value of investments at FVTPL are as follows: inflation and, for renewable energy investments, power prices, marginal loss factors (“MLFs”) and energy yields. Sensitivities to the fair value of investments at FVTPL from changes in each of these forecasts is provided below.

A 0.25% increase in inflation on five of the larger PPP investments with a total value at 30 June 2019 of £545 million is estimated to increase their value by c.£15 million and a 0.25% decrease in inflation is estimated to decrease the value by c.£14 million. Certain of the underlying project companies utilise some inflation hedging.

A 5% increase in power price forecasts on seven of the larger renewable energy investments with a total value at 30 June 2019 of £272 million is estimated to increase their value by c.£26 million and a 5% decrease in power price forecasts is estimated to decrease the value by c.£25 million.

A 5% increase in MLFs on a sample of renewable energy investments with a total value at 30 June 2019 of £225 million is estimated to increase their value by c.£30 million and a 5% decrease is estimated to decrease their value by c.£30 million.

Our valuation of renewable energy projects assumes a P50 level of electricity output based on reports by technical consultants. The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded – both in any single year and over the long term – and a 50% probability of being underachieved. Hence the P50 is the expected level of generation over the long term. A P75 output means 75% probability of exceedance and a P25 output means 25% probability of exceedance. At a P75 level of electricity output, the valuation at 30 June 2019 of nine renewable energy assets with a total value of £304 million would reduce by £37 million and a P25 level of electricity output would increase the value by £35 million.

For all of the above sensitivities on the portfolio value as at 30 June 2019, the Group's profit before tax would be impacted by the same amounts described above. There would be no additional impact on equity.

The carrying amounts of other financial assets and financial liabilities recorded in these financial statements are approximately equal to their fair values.

11 RETIREMENT BENEFIT ASSETS/(OBLIGATIONS)

The Group operates two defined benefit pension schemes in the UK (the Schemes) – The John Laing Pension Fund (JLPF) and The John Laing Pension Plan (the Plan). The Group also provides post-retirement medical insurance benefits to 56 former employees. This scheme, which was closed to new members in 1991, is unfunded.

	30 June 2019 £ million Unaudited	31 December 2018 £ million Audited
Pension schemes	**14**	(32)
Post-retirement medical benefits	**(8)**	(8)
Net retirement benefit assets/(obligations)	**6**	(40)

Analysis of the movement in the net surplus/(deficit) on the Schemes during the period:

	30 June 2019 £ million Unaudited	31 December 2018 £ million Audited
Opening deficit in Schemes	**(32)**	(32)
Current service cost	**(1)**	(2)
GMP equalisation charge	**–**	(21)
Finance cost	**–**	(1)
Contributions	**29**	27
Remeasurement gain/(loss)	**18**	(3)
Closing surplus/(deficit) in Schemes	**14**	(32)

During the six months ended 30 June 2019, the Group made deficit reduction contributions to JLPF of £29 million in cash.

The financial assumptions used in the valuation of JLPF and the Plan under IAS 19 were:

	30 June 2019 % Unaudited	31 December 2018 % Audited
Discount rate	**2.30**	2.85
Rate of increase in non-GMP pensions in payment	**3.10**	3.10
Rate of increase in non-GMP pensions in deferment	**2.10**	2.10
Inflation – RPI	**3.20**	3.20
Inflation – CPI	**2.10**	2.10

The major categories and fair value of assets held by the Schemes were as follows:

	30 June 2019 £ million Unaudited	31 December 2018 £ million Audited
Bonds and other debt instruments	**604**	498
Equity instruments	**376**	352
Aviva bulk annuity buy-in agreement	**228**	218
Cash and cash equivalents	**12**	20
Total market value of assets	**1,220**	1,088

12 SHARE CAPITAL

	30 June 2019 No. Unaudited	31 December 2018 No. Audited
Authorised:		
Ordinary shares of £0.10 each	**493,000,636**	490,775,636

	30 June 2019		31 December 2018	
Allotted, called up and fully paid:	**No. Unaudited**	**£ million Unaudited**	No. Audited	£ million Audited
At beginning of the period	**490,774,825**	**49**	366,960,134	37
Issued	**988,593**	**–**	123,814,691	12
Shares in issue	**491,763,418**	**49**	490,774,825	49
Issued and held by the EBT	**1,237,218**	**–**	811	–
At end of the period	**493,000,636**	**49**	490,775,636	49

The Company has one class of ordinary shares which carry no right to fixed income.

	30 June 2019 No.	31 December 2018 No.
	Unaudited	Audited
Issued under:		
Rights Issue	**–**	122,320,044
LTIP	**1,878,182**	1,383,367
LTIP - granted in lieu of dividends payable	**108,414**	77,115
DSBP	**112,087**	32,606
DSBP - granted in lieu of dividends payable	**3,907**	1,559
Shares acquired by the EBT	**(1,113,997)**	-
Total shares issued	**988,593**	123,814,691

During the six months ended 30 June 2019, 2,225,000 shares were issued to the EBT to satisfy awards vesting under share-based incentive arrangements (see note 8). Of these, 1,986,596 (2018 – 1,460,482) shares were used to satisfy awards vested and exercised under the Group's LTIP and 115,994 (2018 – 34,165) shares were used to satisfy awards vested and exercised under the Group's DSBP leaving 122,410 held by the EBT. Of the 2,102,590 shares vested and exercised by employees, 1,113,997 were purchased by the EBT and deducted from equity in the Condensed Group Balance Sheet as if such shares were treasury shares as defined by IFRS. The shares held by the EBT are excluded for the purposes of calculating earnings per share and NAV per share. As at 30 June 2019, 1,237,218 shares were held by the EBT.

13 SHARE PREMIUM

	30 June 2019 £ million	31 December 2018 £ million
	Unaudited	Audited
Opening balance	**416**	218
Share premium on Rights Issue	**–**	204
Costs of Rights Issue	**–**	(6)
Closing balance	**416**	416

In March 2018, the Company undertook a one for three Rights Issue. 122,320,044 shares of £0.10 each were issued at 177p per share raising £216 million in total, being £12 million of nominal share capital (see note 12) and £204 million of share premium.

14 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Six months ended 30 June 2019 £ million Unaudited	Six months ended 30 June 2018 £ million Unaudited	Year ended 31 December 2018 £ million Audited
Profit before tax	**35**	175	296
Adjustments for:			
Net finance costs	**5**	6	14
Unrealised profit arising on changes in fair value of investments (note 9)	**(53)**	(198)	(366)
Share-based incentives expense	**2**	1	3
IAS 19 pension service cost	**1**	1	2
GMP equalisation charge	**–**	–	21
Contribution to JLPF	**(29)**	(27)	(27)
Increase in provisions	**–**	1	1
Operating cash outflow before movements in working capital	**(39)**	(41)	(56)
Increase in trade and other receivables	**(4)**	(2)	(1)
(Decrease)/increase in trade and other payables	**(5)**	(2)	3
Net cash outflow from operating activities	**(48)**	(45)	(54)

15 COMMITMENTS

At 30 June 2019, the Group held future equity and loan commitments in PPP and renewable energy projects of £228 million (31 December 2018 – £296 million) backed by letters of credit of £99 million (31 December 2018 – £164 million) and cash collateral of £129 million (31 December 2018 – £132 million).

At 30 June 2019, there were also contingent commitments, performance and bid bonds of £1 million (31 December 2018 - £10 million).

16 TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and its related parties are disclosed below:

Transactions with non-recourse entities

The Group entered into the following trading transactions with non-recourse project companies in which the Group holds interests:

	Six months ended or as at 30 June 2019 £ million Unaudited	Six months ended or as at 30 June 2018 £ million Unaudited	Year ended or as at 31 December 2018 £ million Audited
For the period ended:			
Services income*	**3**	6	9
Balances as at:			
Amounts owed by project companies	**-**	1	1
Amounts owed to project companies	**(1)**	(1)	(1)

* Services income is earned from project companies through management services agreements and recoveries of bid costs on financial close.

Transactions with recourse subsidiary entities held at FVTPL:

	Six months ended or as at 30 June 2019 £ million Unaudited	Six months ended or as at 30 June 2018 £ million Unaudited	Year ended or as at 31 December 2018 £ million Audited
For the period ended:			
Management charge payable to the Group by recourse subsidiary entities held at FVTPL	**–**	–	31
Net interest receivable by the Group from recourse subsidiary entities held at FVTPL	**–**	–	4
Net cash transferred from investments held at FVTPL (note 9)	**83**	107	12
Balances as at:			
Net amounts owed to the Group by recourse subsidiary entities held at FVTPL	**159**	140	215

Transactions with other related parties

There were no transactions with other related parties during the six months ended 30 June 2019.

17 EVENTS AFTER BALANCE SHEET DATE

In July 2019, the Group agreed an investment of approximately £62 million in the Ruta del Cacao road project in Colombia. This investment is expected to complete in September 2019.

In August 2019, the Group completed an investment of approximately £75 million in a wind farm in the US.

DIVIDEND TIMETABLE

The interim dividend is proposed to be paid on 25 October 2019 to holders of ordinary shares on the register on 27 September 2019. The ex-dividend date will be 26 September 2019.

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