JOHN LAING GROUP PLC

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

John Laing Group plc (John Laing, the Company or the Group) announces its unaudited results for the six months ended 30 June 2018.

Highlights

- Net asset value (NAV) per share at 30 June 2018 of 307p (31 December 2017 – 281p[1])
  - 9.3% increase since 31 December 2017
  - 11.7% increase including dividend paid in May 2018
- NAV of £1,505.4 million at 30 June 2018 (31 December 2017 - £1,123.9 million)
- £39.2 million in investment commitments (six months ended 30 June 2017 - £111.3 million)[2]
- Strong pipeline of £2.3 billion of investment opportunities, including 12 shortlisted PPP positions representing c.£325 million of potential investment
- Realisations of £241.5 million from the sale of investments in project companies (six months ended 30 June 2017 - £151.3 million)
- Profit before tax of £174.3 million (six months ended 30 June 2017 - £36.6 million) and earnings per share (EPS) of 38.8p (six months ended 30 June 2017 – 9.4p)[3]
- Portfolio value at 30 June 2018 of £1,259.7 million representing 18.2% increase on rebased portfolio value[4] at 31 December 2017
- Interim dividend of 1.80p per share payable in October 2018 (six months ended 30 June 2017 – 1.75p per share[5])
- 1 for 3 rights issue in March 2018 raising £210.5 million, net of costs (the Rights Issue)
- 2018 guidance for investment commitments and realisations maintained

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

"We are pleased with our performance in the first half of 2018. John Laing is growing as an international expert investor in greenfield infrastructure, in Europe, North America, Asia Pacific and beyond. Our pipeline of opportunities continues to grow, whilst our exposure to the UK market continues to reduce. The recent Rights Issue has given us the financial credibility to team up with the best international infrastructure players. At the same time we will retain our risk analysis and investment discipline to continue to grow safely and in a scalable way. Our pipeline should continue to drive our investment growth, whilst the quality of our secondary portfolio and the dynamism of the market for operational assets should continue to fund that growth. The recent reorganisation around our three regions will ensure scalability of our growth and cost base while reinforcing local presence. We are confident about our business model and our future performance."

Notes:

(1) NAV per share at 31 December 2017 of 281p is the previously reported NAV per share of 306p multiplied by the Rights Issue bonus factor[6]
(2) Based on new investment commitments secured in the six months ended 30 June 2018; for further details see the Primary Investment section of the Business Review
(3) Basic EPS (adjusted for the Rights Issue); see note 7 to the Condensed Group Financial Statements
(4) Rebased portfolio value is described in the Portfolio Valuation section
(5) Interim dividend per share for the six months ended 30 June 2017 of 1.75p is the 1.91p paid in October 2017 multiplied by the Rights Issue bonus factor[6]
(6) For details of the Rights Issue bonus factor see note 7 to the Condensed Group Financial Statements

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. A webcast of the presentation and a conference call facility will be accessible using the details below.

Conference call dial in details:

UK: 020 3936 2999
Other locations: +44 (0) 20 3936 2999
Participant access code: 39 57 10

Participant URL for live access to the on-line presentation:

https://www.investis-live.com/john-laing/5b58540205eeee1000fe20b4/thgs

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.

John Laing aims to create value for shareholders through originating, investing in and managing greenfield infrastructure assets internationally.

We are focused on major transport, energy, social and environmental infrastructure projects in regions of the world where we have expertise and where there is a legal and commercial environment supportive of long-term investment. We hold a portfolio of investments in projects awarded under government-backed Public-Private Partnership (PPP) programmes and renewable energy projects and have developed capabilities in other sectors which have similar operational and financial characteristics.

We typically invest in infrastructure projects at the greenfield, pre-construction stage. We apply our management, engineering and technical expertise and invest equity and subordinated debt into special purpose companies which have rights to the underlying infrastructure asset. These special purpose companies are typically also financed with ring-fenced medium to long-term debt.

Our business, which integrates origination, investment and asset management capabilities, has three areas of activity:

- **Primary Investment:** we source, originate, bid for and win greenfield infrastructure projects, typically as part of a consortium in the case of PPP projects. Our Primary Investment portfolio comprises interests in infrastructure projects which are in the construction phase.
- **Secondary Investment:** we own a substantial portfolio of investments in operational infrastructure projects, all of which were previously part of our Primary Investment portfolio.
- **Asset Management:** we actively manage our own Primary and Secondary Investment portfolios and provide investment advice and asset management services to two external funds, John Laing Infrastructure Fund (JLIF) and John Laing Environmental Assets Group (JLEN), through John Laing Capital Management Limited (JLCM) which is regulated by the Financial Conduct Authority (FCA).

We focus on three core geographical regions: North America; Asia Pacific; and Europe, including the UK.

Further information is available at www.laing.com.

SUMMARY FINANCIAL INFORMATION

£ million (unless otherwise stated)	**Six months ended or as at 30 June 2018**	Six months ended or as at 30 June 2017	Year ended or as at 31 December 2017
Net asset value	**1,505.4**	1,040.4	1,123.9
NAV per share[1, 2]	**307p**	261p	281p
Net retirement benefit assets/(obligations)	**16.5**	(38.2)	(40.3)
Profit before tax	**174.3**	36.6	126.0
Earnings per share (EPS)[3]	**38.8p**	9.4p	31.9p
Dividends per share	**1.80p**	1.75p[7]	8.92p[8]
Primary Investment portfolio	**636.2**	656.5	580.3
Secondary Investment portfolio	**623.5**	462.8	613.5
Total investment portfolio	**1,259.7**	1,119.3	1,193.8
Future investment commitments backed by letters of credit and cash collateral	**250.9**	220.5	335.4
Gross investment portfolio	**1,510.6**	1,339.8	1,529.2
New investment committed during the period[4]	**39.2**	111.3	382.9
Proceeds from investment realisations (before costs)	**241.5**	151.3	289.0
Cash yield from investments	**17.4**	14.7	40.2
PPP investment pipeline[4]	**1,567**	1,383	1,585
Renewable energy pipeline[4]	**733**	502	565
Asset Management			
Internal Assets under Management[5]	**1,500.9**	1,329.7	1,518.9
External Assets under Management	**1,808.1**[6]	1,581.7	1,648.5
Total Assets under Management	**3,309.0**	2,911.4	3,167.4

Notes:

(1) NAV per share at 30 June 2018 calculated as NAV of £1,505.4 million divided by the number of shares in issue at 30 June 2018 of 490.78 million.

(2) NAV per share at 30 June 2017 and 31 December 2017 of 261p and 281p is the previously reported NAV per share of 284p and 306p, respectively, multiplied by the Rights Issue bonus factor[9].

(3) Basic EPS (adjusted for the Rights Issue); see note 7 to the Condensed Group Financial Statements.

(4) For further details, see the Primary Investment section of the Business Review.

(5) Gross investment portfolio, less shareholding in JLEN valued at £9.7 million (30 June 2017 – £10.1 million; 31 December 2017 – £10.3 million).

(6) Based on published portfolio values of JLIF (£1,378.6 million) and JLEN (£429.5 million) as at 31 March 2018.

(7) Interim dividend per share for the six months ended 30 June 2017 of 1.75p is the 1.91p paid in October 2017 multiplied by the Rights Issue bonus factor[9].

(8) The dividends per share for the year ended 31 December 2017 comprise an interim dividend of 1.75p (see note 7 above) and a final dividend of 7.17p paid after the Rights Issue.

(9) For details of the Rights Issue bonus factor see note 7 to the Condensed Group Financial Statements.

BOARD

As part of our succession planning, at the Annual General Meeting in May 2018, Phil Nolan stepped down as Chairman and as a Director of the Company. On the same date, Will Samuel became Chairman.

The Company also announced in May 2018 the appointment of Andrea Abt as a non-executive director. Andrea has also become a member of the Audit & Risk, Remuneration and Nomination Committees.

BUSINESS REVIEW

OVERVIEW AND OUTLOOK

Our NAV increased from £1,123.9 million at 31 December 2017 to £1,505.4 million at 30 June 2018. This is equivalent to 307p per share and represents growth of 9.3% versus NAV per share of 281p per share at 31 December 2017 (as adjusted for the Company's one for three rights issue in March 2018 (the Rights Issue)). The gain on disposal of the Group's remaining 15% investment in Intercity Express Programme (IEP) Phase 1, which was announced in March 2018 and completed in May 2018, was a significant contributor to this performance.

After adding back dividends paid, growth in adjusted NAV per share in the first half of 2018 was 11.7%. In line with our dividend policy, we are declaring an interim dividend for 2018 of 1.80p per share, a 2.9% increase versus 1.75p for 2017 (as adjusted for the Rights Issue bonus factor). For the three years to 31 December 2017, the Company delivered a compound annual growth rate (CAGR) in NAV per share, including dividends paid, of 15.5%.

Our investment portfolio was valued at £1,259.7 million at 30 June 2018, an increase of £65.9 million from £1,193.8 million at 31 December 2017 reflecting principally fair value growth and cash invested, net of realisations completed in the first half (see the Portfolio Valuation section for further details). After adjusting for realisations, cash yield and cash invested into projects in the period, the value of our portfolio increased by £193.9 million or 18.2% of the rebased value. Cash yield from investments of £17.4 million was in line with expectations.

The first half highlights included:

- The Rights Issue which was 97% taken up by shareholders;
- Proceeds of £241.5 million from the disposal of our investments in two PPP projects – IEP Phase 1 and Lambeth Social Housing; and
- Investment commitments of £39.2 million to two PPP projects – MBTA Automated Fare Collection System in Massachusetts and the A16 Road in the Netherlands.

Since 30 June 2018, we have committed £30.0 million to two solar farms in North Carolina.

The Rights Issue has enhanced the Group's standing with its partners and this is reflected in the increased pipeline of opportunities at 30 June 2018. As flagged in the end-June 2018 pre-close update, bidding activity was lower in the early part of 2018, but has since picked up significantly. The Primary Investment teams in each region have been and are actively bidding on a number of projects, while maintaining their focus on investment discipline. We remain confident in our ability to deploy the funds available to us.

Our pipeline of PPP and renewable energy opportunities stood at £2.3 billion at 30 June 2018 (31 December 2017 - £2.15 billion). This included:

- 12 shortlisted PPP bids due to reach financial close in the next two years, representing a total potential investment opportunity of approximately £325 million; and
- Six exclusive renewable energy positions, representing a total potential investment opportunity of approximately £185 million.

Profit before tax in the period was £174.3 million (six months ended 30 June 2017 - £36.6 million). The gain on disposal of the Group's investment in IEP Phase 1 was a significant contributor as referred to above.

Our external Assets under Management grew to £1,808.1 million (31 December 2017 - £1,648.5 million). On 3 August 2018, the Board of JLIF recommended a cash offer for its entire issued share capital from a consortium comprising funds managed by Dalmore Capital Limited and Equitix Investment Management Limited at 142.5p per share plus a dividend of 3.57p per share for the six months ended 30 June 2018. The offer is expected to become effective in late September/early October 2018. During this period, the Group expects to discuss with the acquiring consortium the future of its asset management services to JLIF. As previously disclosed, the Investment Advisory Agreement between JLIF and JLCM is terminable by either side with 12 months' notice.

Looking forward:

- We expect investment commitments to be weighted towards the second half and we are maintaining our full year guidance of approximately £250 million;
- With further sale processes underway, full year guidance for realisations is also maintained at approximately £250 million; and
- We continue to assess (i) other infrastructure classes that might fit our business model and (ii) new geographies where we see potential opportunities to invest alongside established partners at appropriate returns.

Our overall strategy remains to create value for shareholders through originating, investing in and managing greenfield infrastructure assets internationally. In that respect, we see NAV per share growth and dividends as key measures of our success.

PRIMARY INVESTMENT

Our Primary Investment portfolio of shareholdings in 12 PPP and 2 renewable energy projects was valued at £636.2 million at 30 June 2018 (31 December 2017 – £580.3 million). The increase resulted principally from cash invested into existing and new projects in the portfolio and the fair value movement in the first half of 2018 (see the Portfolio Valuation section below for further details), net of realisations.

Our Primary Investment teams, operating within each of our core regions, are responsible for the Group's bid development activities. The teams target a wide range of infrastructure sectors in Europe (including the UK), North America and Asia Pacific:

- Transport – rail (including rolling stock), roads, street lighting and highways maintenance;
- Environmental – renewable energy (including wind power, solar power and biomass), water treatment and waste management; and
- Social infrastructure – healthcare, education, justice, stadiums, public sector accommodation, broadband and social housing.

During the first half of 2018, the Primary Investment teams successfully made two investment commitments in the PPP sector totalling £39.2 million; £21.7 million in the A16 Road project in the Netherlands and £17.5 million in the MBTA Automated Fare Collection System in Massachusetts, US.

Since 30 June 2018, we have committed £30.0 million to two solar farms in North Carolina.

Our investment commitments to date in 2018 are summarised in the table below. Since 31 December 2017, we have converted one shortlisted position into an investment (A16 Road, Netherlands) and added four new positions in North America.

Investment commitments	**Region**	**PPP £ million**	**Renewable energy £ million**	**Total £ million**
MBTA Automated Fare Collection System	North America	17.5	–	17.5
A16 Road	Europe	21.7	–	21.7
Total at 30 June 2018		**39.2**	**–**	**39.2**
August 2018: Fox Creek/Brantley solar farms	North America	**–**	30.0	30.0
Total YTD		**39.2**	**30.0**	**69.2**

At 30 June 2018, our total pipeline of investment opportunities stood at £2,300 million, higher than at 31 December 2017 (£2,150 million). The PPP pipeline, which comprises opportunities to invest equity in PPP projects with the potential to reach financial close over the next three years, amounted to £1,567 million, compared to £1,585 million at 31 December 2017. The renewable energy pipeline at 30 June 2018 was £733 million, compared to £565 million at 31 December 2017.

Pipeline - estimated equity investment £ million	**At 30 June 2018**			At 31 December 2017		
	PPP	**Renewable energy**	**Total**	PPP	Renewable energy	Total
North America	641	415	1,056	631	233	864
Europe (including the UK)	466	231	697	523	158	681
Asia Pacific	460	87	547	431	174	605
Total	**1,567**	**733**	**2,300**	**1,585**	**565**	**2,150**

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 other opportunities drop out.

Pipeline by bidding stage at 30 June 2018	**Number of projects**	**PPP £ million**	**Renewable energy £ million**	**Total £ million**
Preferred bidder	1	7	-	7
Shortlisted / exclusive*	18	323	185	508
Pipeline	56	1,237	548	1,785
Total	**75**	**1,567**	**733**	**2,300**

* includes exclusive positions on six renewable energy projects.

As at 30 June 2018, we were part of 12 shortlisted PPP bids as summarised in the table below:

Shortlisted PPP Projects	Financial close achieved or expected by	Region	Description
Gordie Howe International Bridge, Ontario*	Q3 2018	North America	Bridge between the US (Detroit) and Canada (Windsor, Ontario)
I-75 Road, Michigan	Q4 2018	North America	Modernisation of a section of the I-75 highway near Detroit, Michigan
LAX CONRAC, California*	Q4 2018	North America	Facility to accommodate multiple car rental outlets at Los Angeles airport
Hurontario LRT, Ontario	Q2 2019	North America	Light rail system in the Greater Toronto area
Michigan Labs	Q2 2019	North America	Laboratory facility in Michigan
Pennsylvania Broadband	Q2 2019	North America	Fibre optic installation along Pennsylvania Turnpike
Belle Chasse, Louisiana	Q3 2019	North America	Replacement of the Belle Chasse Bridge and Tunnel near New Orleans, Louisiana
Hamilton Rail, Ontario	Q4 2019	North America	Light rail system in Hamilton, Ontario
I-10 Mobile River Bridge, Alabama	Q4 2019	North America	Highway bridge and replacement in Mobile, Alabama
Santa Clara Water, California	Q2 2020	North America	Waste water treatment plant and pipeline in Santa Clara, California
National Broadband, RoI	Q4 2018	Europe	Project to bring high speed broadband to rural premises in the Republic of Ireland
Silvertown Tunnel, UK	Q2 2019	Europe	Tunnel below the Thames linking Greenwich and Silvertown in East London

* Since 30 June 2018, this bid has been awarded to another party.

SECONDARY INVESTMENT

At 30 June 2018, our Secondary Investment portfolio comprised investments in 10 PPP projects and 17 renewable energy projects with a book value of £613.8 million (31 December 2017 – £603.2 million). The Secondary Investment portfolio also included a 2.4% shareholding in JLEN valued at £9.7 million (31 December 2017 – 2.5% shareholding valued at £10.3 million). The increase in the Secondary Investment portfolio between 31 December 2017 and 30 June 2018 is primarily due to fair value movements in the period.

During the first half of 2018, one investment, St Martin Wind Farm, transferred from the Primary Investment portfolio to the Secondary Investment portfolio.

Also during the first half, we received proceeds of £241.5 million from realisations (before costs) of two investments, achieving returns consistent with our historic track record:

- Sale of our remaining 15% shareholding in IEP Phase 1 for consideration of £232.0 million, which was in excess of the valuation at 31 December 2017.
- Sale of our 50% shareholding in the Lambeth Social Housing project, announced in late 2017 but not completed until May 2018, with proceeds of £9.5 million.

Our realisations are summarised in the table below:

Realisations	Shareholding	Purchaser	Total £ million
IEP Phase 1*	15%	Third party	232.0
Lambeth Social Housing	50%	JLIF	9.5
Total			**241.5**

* A primary investment at the time of the sale.

A number of further disposal processes are currently underway.

ASSET MANAGEMENT

We actively manage our Primary and Secondary Investment portfolios and also generate fee income from the provision of (i) Investment Management Services (IMS) to JLIF and JLEN and (ii) Project Management Services (PMS) directly to project companies.

Asset Management teams in each of our core regions actively monitor and manage each project we invest in. A number of these projects are large, sophisticated infrastructure assets, and therefore delays and other issues do occur. In all instances, a judgement as to potential outcomes is taken into account when preparing John Laing's portfolio valuation. Projects include:

- IEP Phase 2, UK – the first trains for the East Coast mainline, which have the same design as IEP Phase 1, are scheduled to be accepted into service in Q4 2018;
- Denver Eagle P3, Colorado, US – the project company has made good progress in H1 2018 to obtain the necessary approvals for the level crossings on the "A" and "G" lines. Subject to final certification, full revenue service is expected to be achieved by the end of the year;
- Optus Stadium (formerly New Perth Stadium), Perth, Australia - the stadium has performed well during a number of high capacity, high profile events in H1 2018, with over 1,000,000 spectators to date. The project was the winner of the 2018 Australian Construction Achievement Award;
- Sydney Light Rail, New South Wales, Australia – the programme is approximately 12 months behind the contract schedule, but remains within the overall long-stop date. Part of the delay is attributable to the presence of below ground utility services not identified before construction commenced. This has led to various claims by the principal contractor, which are currently the subject of negotiations between the contractor and the public sector client, facilitated by the project company;
- New Royal Adelaide Hospital, South Australia – the project company continues to monitor the performance of the facilities management services provider. Whilst performance has been improving, the project company and the South Australian government are currently in discussions about the application of the abatement regime resulting from service under-performance;
- New Generation Rollingstock, Queensland, Australia – whilst the programme is currently behind schedule, a further 18 trains were accepted during the first half of 2018, bringing the total number of accepted trains to 24. The operating performance of the trains in service has been in line with forecast during the period; and
- I-4 Ultimate, Florida, US – this availability-based road project in central Florida is approximately eight months behind the contract schedule. All parties are currently discussing schedule optimisation approaches in order to further mitigate any potential delays.

We earned revenues of £9.4 million from the provision of IMS during the first half of the year (six months ended 30 June 2017 – £9.1 million). These revenues principally represent fees earned from investment advisory agreements with JLIF and JLEN. As at 30 June 2018, John Laing had external Assets under Management, based on the latest published portfolio values of JLIF and JLEN as at 31 March 2018, of £1,808.1 million, a 9.7% increase since 31 December 2017.

We earned revenues of £2.9 million from the provision of PMS during the first half of the year (six months ended 30 June 2017 – £2.8 million), in respect of administrative and financial services provided under Management Services Agreements directly to project companies in which John Laing, JLIF or JLEN are investors.

PORTFOLIO VALUATION

The Group's investments at 30 June 2018 were valued at £1,259.7 million compared to £1,193.8 million at 31 December 2017. After adjusting for realisations, cash yield and cash invested, this represented a positive movement in fair value of £193.9 million (18.2%) on the rebased portfolio valuation:

	Investments in projects £ million	Listed investment £ million	Total £ million
Portfolio valuation at 1 January 2018	1,183.5	10.3	1,193.8
– Cash invested	130.9	-	130.9
– Cash yield	(17.1)	(0.3)	(17.4)
– Proceeds from realisations	(241.5)	-	(241.5)
Rebased portfolio valuation	**1,055.8**	**10.0**	**1,065.8**
– Movement in fair value	194.2	(0.3)	193.9
Portfolio valuation at 30 June 2018	**1,250.0**	**9.7**	**1,259.7**

Cash investment in respect of two new PPP assets entered into during the first half of 2018 totalled £39.2 million. In addition, equity and loan note subscriptions of £91.7 million were injected into existing projects in the portfolio as they progressed through, or completed, construction.

During the first half of 2018, the Group completed the realisation of two investments for a total consideration of £241.5 million. Cash yield on the portfolio during the six months ended 30 June 2018 totalled £17.4 million.

The movement in fair value of £193.9 million is analysed in the table below.

	Six months ended 30 June 2018 £ million	Six months ended 30 June 2017 £ million	Year ended 31 December 2017 £ million
Unwinding of discounting	**47.8**	37.8	80.0
Reduction of construction risk premia	**23.2**	21.6	53.6
Impact of foreign exchange movements	**(0.9)**	3.2	(11.0)
Change in macroeconomic assumptions	**(5.4)**	(2.1)	4.1
Change in power and gas price forecasts	**(3.4)**	(22.9)	(54.8)
Change in operational benchmark discount rates	**43.2**	20.2	23.6
Value uplift on financial closes	**3.1**	4.4	50.1
Value enhancements and other changes	**86.3**	(8.9)	15.1
Movement in fair value	**193.9**	53.3	160.7

The net benefit of £43.2 million from the change in operational benchmark discount rates for a number of investments is in response to our understanding and experience of the secondary market. The net benefit from value enhancements and other changes of £86.3 million is primarily due to the gain on the disposal of the Group's investment in IEP Phase 1 which completed in May 2018.

The split of the portfolio valuation between primary and secondary investments is shown in the table below:

	30 June 2018 £ million	**%**	31 December 2017 £ million	%
Primary Investment	**636.2**	**50.5**	580.3	48.6
Secondary Investment	**623.5**	**49.5**	613.5	51.4
Total	**1,259.7**	**100.0**	1,193.8	100.0

The increase in the Primary Investment portfolio is due to a positive movement in fair value of £176.8 million, including value enhancements and financial closes achieved during the year, and cash invested of £116.8 million, offset by the transfer to the Secondary Investment portfolio of £5.7 million in relation to St Martin Wind Farm and investment realisations of £232.0 million relating to IEP Phase 1.

Primary Investment	**£ million**
Portfolio valuation at 1 January 2018	580.3
– Cash invested	116.8
– Cash yield	-
– Proceeds from realisations	(232.0)
– Transfers to Secondary Investment	(5.7)
Rebased portfolio valuation	**459.4**
– Movement in fair value	176.8
Portfolio valuation at 30 June 2018	**636.2**

The increase in the Secondary Investment portfolio is due to a positive movement in fair value of £17.1 million, cash investment of £14.1 million and the transfer from the Primary Investment portfolio of £5.7 million offset by cash yield of £17.4 million and investment realisations of £9.5 million.

Secondary Investment	**£ million**
Portfolio valuation at 1 January 2018	613.5
– Cash invested	14.1
– Cash yield	(17.4)
– Proceeds from realisations	(9.5)
– Transfers from Primary Investment	5.7
Rebased portfolio valuation	**606.4**
– Movement in fair value	17.1
Portfolio valuation at 30 June 2018	**623.5**

METHODOLOGY

A full valuation of the investment portfolio is prepared every six months, as at 30 June and 31 December, with a review as at 31 March and 30 September, principally using a discounted cash flow methodology. The two principal inputs are (i) forecast cash flows from investments in projects and (ii) discount rates. The valuation is carried out on a fair value basis assuming that forecast cash flows from investments are received until maturity of the underlying assets.

Under the Group's valuation methodology, 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. The construction risk premium reduces over time as the project progresses through its construction programme, reflecting the significant reduction in risk once the project reaches the operational stage.

The discounted cash flow valuation is based on future cash flows to and from investments forecast as at 30 June 2018, derived from detailed financial models for each underlying project. These incorporate the Group's expectations of likely future cash flows, which are stated net of project tax where applicable, and therefore reflect changes in tax legislation as at 30 June 2018 in the jurisdictions in which the Group operates, including such changes in the US effective in early 2018. Expectations of future cash flows also include expected value enhancements and the Group's expectations of future macroeconomic factors such as inflation and, for renewable energy projects, power and gas prices.

For the 30 June 2018 valuation, the overall weighted average discount rate was 8.7% compared to the weighted average discount rate at 31 December 2017 of 8.8%. The decrease was primarily due to reductions in operational discount rates for certain investments and progress by projects in construction, partially offset by the impact of new investments. The weighted average discount rate at 30 June 2018 was made up of 9.0% (31 December 2017 – 9.3%) for the Primary Investment portfolio and 7.9% (31 December 2017 – 7.9%) for the Secondary Investment portfolio.

The overall weighted average discount rate of 8.7% is closer to the weighted average discount rate for the Primary Investment portfolio, reflecting the fact that project cash flows for investments in the Primary Investment portfolio tend to have a longer duration than for investments in the Secondary Investment portfolio.

The discount rate ranges used in the portfolio valuation at 30 June 2018 and 31 December 2017 were:

Sector	At 30 June 2018 Primary Investment	Secondary Investment	At 31 December 2017 Primary Investment	Secondary Investment
PPP investments	7.3% – 11.8%	7.0% – 9.0%	7.6% – 11.8%	7.0% – 9.0%
Renewable energy investments	10.1%	6.8% – 10.0%	8.0% – 10.2%	6.8% – 10.0%

The shareholding in JLEN was valued at its closing market price on 30 June 2018 of 103.5p per share (31 December 2017 – 109.25p 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 represented a fair market value in the market conditions prevailing at 30 June 2018.

MACROECONOMIC ASSUMPTIONS

During the first half of 2018, updates for actual macroeconomic outcomes and assumptions had a negative impact of £5.4 million on the portfolio valuation. Additionally, as mentioned above, movements of foreign currencies against Sterling over the six months to 30 June 2018 resulted in net adverse foreign exchange movements of £0.9 million (2017 - £3.2 million net favourable foreign exchange movements).

Investments in overseas projects are fair valued based on the spot exchange rate on the balance sheet date. As at 30 June 2018, a 5% movement of each relevant currency against Sterling would decrease or increase the value of investments in overseas projects by c.£40 million.

Based on a sample of five of the larger PPP investments by value at 30 June 2018, a 0.25% increase in inflation is estimated to increase the value of PPP investments by c.£16 million and a 0.25% decrease in inflation is estimated to decrease the value of PPP investments by c.£15 million. Certain of the underlying project companies incorporate some inflation hedging.

On each valuation and review of the portfolio, the Group updates the detailed financial model of each renewable energy project to reflect the impact of the latest forecast power and gas prices on the project's revenue to the extent that prices are not fixed by governmental support mechanisms and/or offtake arrangements. The Group obtains forecasts for power and gas prices from external parties who are recognised as experts in the market in the relevant region, including by potential secondary market buyers. During the first half of 2018, a small decrease in forecast power and gas prices resulted in a £3.4 million adverse fair value movement (2017 – adverse fair value movement of £22.9 million). Based on a sample of six of the larger renewable energy investments by value at 30 June 2018, a 5% increase in power price forecasts is estimated to increase the value of renewable energy investments by c.£9.4 million and a 5% decrease in power price forecasts is estimated to decrease the value of renewable energy investments by c.£9.5 million.

The table below summarises the main macroeconomic assumptions used in the portfolio valuation:

Assumption			30 June 2018	31 December 2017
Long-term inflation	UK	RPI & RPIX	2.75%	2.75%
	Europe	CPI	1.75% - 2.00%	1.75% - 2.00%
	US	CPI	2.25% - 2.50%	2.25% - 2.50%
	Asia Pacific	CPI	2.00% - 2.75%	2.00% - 2.75%
Exchange rates		GBP/EUR	1.1307	1.1252
		GBP/AUD	1.7841	1.7311
		GBP/USD	1.3199	1.3527
		GBP/NZD	1.9477	1.9055

DISCOUNT RATE SENSITIVITY

The weighted average discount rate applied at 30 June 2018 was 8.7% (31 December 2017 – 8.8%). The table below shows the sensitivity of a 0.25% change in this rate.

Discount rate sensitivity	Portfolio valuation £ million	Increase/(decrease) in valuation £ million
+0.25%	1,217.1	(42.6)
-	1,259.7	-
-0.25%	1,304.5	44.8

Further analysis of the portfolio valuation is shown in the following tables:

BY TIME REMAINING ON PROJECT CONCESSION/OPERATIONAL LIFE

	30 June 2018		31 December 2017	
	£ million	**%**	£ million	%
Greater than 25 years	**665.7**	**52.9**	740.1	62.0
20 to 25 years	**359.4**	**28.5**	247.3	20.7
15 to 20 years	**185.6**	**14.7**	167.9	14.1
10 to 15 years	**38.9**	**3.1**	19.4	1.6
Less than 10 years	**0.4**	**–**	8.8	0.7
Listed investment	**9.7**	**0.8**	10.3	0.9
Total	**1,259.7**	**100.0**	1,193.8	100.0

PPP projects are based on long-term concessions and renewable energy assets have long-term useful economic lives. As demonstrated in the table above, 52.9% of the portfolio by value had a greater than 25-year unexpired concession term or useful economic life remaining at 30 June 2018, compared to 62.0% at 31 December 2017. This change was principally as a result of the sale of our interest in IEP Phase 1 in the first half of 2018.

SPLIT BETWEEN PPP AND RENEWABLE ENERGY

	30 June 2018		31 December 2017	
	£ million	**%**	£ million	%
Primary PPP	**599.7**	**47.6**	541.7	45.4
Primary renewable energy	**36.5**	**2.9**	38.6	3.2
Secondary PPP	**222.2**	**17.6**	229.0	19.2
Secondary renewable energy	**391.6**	**31.1**	374.2	31.3
Listed investment	**9.7**	**0.8**	10.3	0.9
Total	**1,259.7**	**100.0**	1,193.8	100.0

Primary PPP investments made up the largest part of the portfolio, representing 47.6% of the portfolio value at 30 June 2018, with Secondary renewable energy investments representing a further 31.1%.

BY REVENUE TYPE

	30 June 2018		31 December 2017	
	£ million	**%**	£ million	%
Availability	**741.5**	**58.8**	702.2	58.8
Volume	**488.3**	**38.8**	461.9	38.7
Shadow toll	**20.2**	**1.6**	19.4	1.6
Listed investment	**9.7**	**0.8**	10.3	0.9
Total	**1,259.7**	**100.0**	1,193.8	100.0

Availability-based investments continued to make up the majority of the portfolio, representing 58.8% of the portfolio value at 30 June 2018. Renewable energy investments comprise the majority of the volume-based investments. The investment in JLEN, which holds investments in renewable energy and environmental projects, is shown separately.

BY SECTOR

	30 June 2018		31 December 2017	
	£ million	**%**	£ million	%
Transport – other	**344.0**	**27.3**	288.1	24.1
Transport – rail rolling stock	**283.0**	**22.4**	296.8	24.9
Environmental – wind and solar	**381.4**	**30.3**	369.2	30.9
Environmental – waste and biomass	**103.0**	**8.2**	89.0	7.4
Social infrastructure	**138.6**	**11.0**	140.4	11.8
Listed investment	**9.7**	**0.8**	10.3	0.9
Total	**1,259.7**	**100.0**	1,193.8	100.0

Wind and solar investments represented 30.3% of the portfolio value at 30 June 2018, with other transport (excluding rail rolling stock) accounting for a further 27.3%. Rail rolling stock investments made up 22.4% of the portfolio by value, while social infrastructure investments and waste and biomass investments made up 11.0% and 8.2% respectively. The portfolio underlying the JLEN shareholding consists of investments in a mix of renewable energy and environmental projects.

BY CURRENCY

	30 June 2018		31 December 2017	
	£ million	**%**	£ million	%
Sterling	**395.6**	**31.4**	415.3	34.8
US dollar	**336.9**	**26.8**	283.2	23.7
Australian dollar	**284.4**	**22.6**	269.4	22.6
Euro	**221.0**	**17.5**	204.1	17.1
New Zealand dollar	**21.8**	**1.7**	21.8	1.8
Total	**1,259.7**	**100.0**	1,193.8	100.0

The percentage of investments denominated in foreign currencies increased from 65.2% to 68.6%. This is consistent with our pipeline and the overseas jurisdictions we target.

BY GEOGRAPHICAL REGION

	30 June 2018 £ million	%	31 December 2017 £ million	%
UK	**385.9**	**30.6**	405.0	33.9
North America	**336.9**	**26.8**	283.2	23.7
Asia Pacific	**306.2**	**24.3**	291.2	24.4
Continental Europe	**221.0**	**17.5**	204.1	17.1
Listed investment	**9.7**	**0.8**	10.3	0.9
Total	**1,259.7**	**100.0**	1,193.8	100.0

Investments in the UK decreased to 30.6% of the portfolio value at 30 June 2018. North America was the next largest category at 26.8%. Investments in projects located in Asia Pacific made up 24.3% and investments in Continental Europe made up 17.5%. A substantial majority of the JLEN portfolio consists of investments in UK-based projects.

BY INVESTMENT SIZE

	30 June 2018 £ million	%	31 December 2017 £ million	%
Five largest investments	**520.0**	**41.3**	469.4	39.3
Next five largest investments	**234.7**	**18.6**	233.8	19.6
Remaining investments	**495.3**	**39.3**	480.3	40.2
Listed investment	**9.7**	**0.8**	10.3	0.9
Total	**1,259.7**	**100.0**	1,193.8	100.0

The top five investments in the portfolio made up 41.3% of the portfolio at 30 June 2018, an increase from 39.3% at 31 December 2017. The next five largest investments made up a further 18.6%, with the remaining investments in the portfolio comprising 40.1%.

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

Primary

	30 June 2018 £ million
IEP Phase 2	**More than 225**
Denver Eagle P3	**75 – 100**
Sydney Light Rail	**50 – 75**
New Generation Rollingstock	**25 – 50**
Cramlington Biomass	**25 – 50**

Secondary

	30 June 2018 £ million
Rocksprings Wind Farm	**50 – 100**
New Royal Adelaide Hospital	**50 – 75**
Buckthorn Wind Farm	**50 – 75**
Manchester Waste TPS Co	**50 – 75**
Klettwitz Wind Farm	**25 – 50**

At 30 June 2018, the Group's largest investment was its shareholding in IEP Phase 2. Seven out of its ten largest investments were outside the UK.

INVESTMENT PORTFOLIO AS AT 30 JUNE 2018

	PRIMARY INVESTMENT			SECONDARY INVESTMENT			
SOCIAL INFRASTRUCTURE							
Health				Alder Hey Children's Hospital 40%	New Royal Adelaide Hospital 17.26%		
Justice and emergency services	Clarence Correctional Centre (formerly New Grafton Correctional Centre) 80%			Auckland South Corrections Facility 30%			
Defence				DARA Red Dragon 100%			
Other accommodation				Optus Stadium 50%			
TRANSPORT							
Other	A6 Parkway Netherlands 85%	A16 Road 47.5%	Denver Eagle P3 45%	A1 Germany 42.5%	A15 Netherlands 28%	A130 100%	Severn River Crossing 35%
	I-4 Ultimate 50%	I-66 Managed Lanes 10%	I-77 Managed Lanes 10%				
	MBTA Automated Fare Collection System 90%	Melbourne Metro 30%	Sydney Light Rail 32.5%				
Rail rolling stock	IEP Phase 2 30%	New Generation Rollingstock 40%					
ENVIRONMENTAL							
Waste and biomass	Cramlington Biomass 44.7%			Manchester Waste TPS Co 37.43%	Speyside Biomass 43.35%		
Wind and solar	Solar House 80%			Buckthorn Wind Farm 90.05%	Glencarbry Wind Farm 100%	Horath Wind Farm 81.82%	Hornsdale 1 Wind Farm 30%
				Hornsdale 2 Wind Farm 20%	Hornsdale 3 Wind Farm 20%	Kiata Wind Farm 72.3%	Klettwitz Wind Farm 100%
				Nordergründe Wind Farm 30%	Pasilly Wind Farm 100%	Rammeldalsberget Wind Farm 100%	Rocksprings Wind Farm 95.3%

	Sommette Wind Farm 100%	St Martin Wind Farm 100%	Sterling Wind Farm 92.5%	Svartvallsberget Wind Farm 100%

FINANCIAL REVIEW

BASIS OF PREPARATION

The interim financial information has been prepared on the historical cost basis except for (i) the revaluation of the Group's investment in its subsidiary John Laing Holdco Limited, through which the Group holds its 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 in IFRS 10 Consolidated Financial Statements paragraph 27 on the following basis:

(i) as an entity listed on the London Stock Exchange, the Company is owned by a number of investors;
(ii) the Company holds a substantial portfolio of investments in project companies through intermediate holding companies. The underlying projects have a finite life and the Company has an exit strategy for its investments which is either to hold them to maturity or, if appropriate, to divest them. Investments take the form of equity and/or subordinated debt;
(iii) the Group's strategy is to originate, invest in, and manage infrastructure assets. It invests in PPP and renewable energy projects and aims to deliver predictable returns and consistent growth from its investment portfolio. The underlying project companies have businesses and activities that the Group is not directly involved in. The Group's returns from the provision of management services are small in comparison to the Group's overall investment-based returns; and
(iv) the Group measures its investments in PPP and renewable energy projects on a fair value basis. Information on the fair value of investments forms part of monthly management reports reviewed by the Group's Executive Committee, who are considered to be the Group's key management personnel, and by its Board of Directors.

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 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".

RE-PRESENTED FINANCIAL RESULTS

As described above, the Company meets the criteria for being an investment entity under IFRS 10 and accordingly the Company is required to fair value its investments in its subsidiaries, joint ventures and associates except for those directly-owned subsidiaries that provide investment-related services, and do not themselves qualify as investment entities; it consolidates such subsidiaries on a line by line basis.

Included within the subsidiaries that the Company fair values in its financial statements are recourse subsidiaries through which the Company holds its investments in non-recourse project companies. These recourse subsidiaries have, in addition to investments in non-recourse project companies, other assets and liabilities, including recourse cash balances, which are included within the Company's investments at FVTPL. For management reporting purposes, these other assets and liabilities are reported separately from the investments in non-recourse project companies as are certain income and costs that do not arise directly from these investments. Under management reporting, it is the investments in non-recourse project companies that are considered as investments of the Group.

The Directors of the Company use the management reporting basis when making business decisions, including when reviewing the level of financial resources and deciding where these resources should be utilised. Therefore, the Directors believe it is helpful to readers of these financial statements to 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	**2018**			2017[c]
	Condensed Group Income Statement	Adjustments	**Re-presented income statement**	Re-presented income statement
	£ million	£ million	£ million	£ million
Fair value movements – investment portfolio	193.9	–	193.9	53.3
Fair value movements – other	0.1	(1.3)[a]	(1.2)	(1.4)
Investment fees from projects	3.8	–	3.8	2.3
Net gain on investments at fair value through profit or loss	**197.8**	**(1.3)**	**196.5**	54.2
IMS revenue	9.4	–	9.4	9.1
PMS revenue	2.9	–	2.9	2.8
Recoveries on financial close	3.0	–	3.0	1.4
Other income	**15.3**	–	**15.3**	13.3
Operating income	**213.1**	**(1.3)**	**211.8**	67.5
Third party costs	(4.2)	–	(4.2)	(2.5)
Disposal costs	(3.4)		(3.4)	(1.0)
Staff costs	(17.8)	–	(17.8)	(17.0)
General overheads	(5.6)	–	(5.6)	(6.3)
Other net (costs)/income	(0.5)	–	(0.5)	1.9
Post-retirement charges	(0.6)	0.6[b]	–	–
Administrative expenses	**(32.1)**	**0.6**	**(31.5)**	(24.9)
Profit from operations	**181.0**	**(0.7)**	**180.3**	42.6
Finance costs	(6.7)	1.6[a,b]	(5.1)	(4.7)
Post-retirement charges	–	(0.9)[b]	(0.9)	(1.3)
Profit before tax	**174.3**	**–**	**174.3**	36.6

Notes:

a) Adjustment comprises £1.3 million of finance income 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 £0.6 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 2017, refer to the June 2017 Interim Accounts.

The results for the period are shown by reportable segment in the table below.

Six months ended	**Primary Investment**		**Secondary Investment**		**Asset Management**		**Total**	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017
	£ million	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million
Profit before tax for reportable segments	**164.3**	59.9	**12.5**	(26.1)	**(0.8)**	–	**176.0**	33.8
Post-retirement charges							**(0.9)**	(1.3)
Other net (loss)/gain							**(0.8)**	4.1
Profit before tax							**174.3**	36.6

Profit before tax for the six months ended 30 June 2018 was £174.3 million (2017 – £36.6 million). A significant contributor to the higher profit before tax was the gain on disposal of the interest in IEP Phase 1, which completed in May 2018.

The main profit contributor in the first half of 2018 was the Primary Investment division principally due to the IEP Phase 1 gain.

The higher contribution in the first half of 2018 from the Secondary Investment division was primarily due to the reduction in value of the two Manchester Waste investments of £25.5 million in the first half of 2017 together with a less adverse impact from changes in power and gas price forecasts in the first half of 2018.

The movement in fair value on the portfolio for the six months ended 30 June 2018, after adjusting for investments, cash yield and realisations, was a £193.9 million gain (2017 - £53.3 million gain). The higher value uplift is primarily due to the gain on disposal of the interest in IEP Phase 1, as mentioned above. For further details of the movement in fair value on the portfolio, see the Portfolio Valuation section.

Other fair value movements for the six months ended 30 June 2018 comprised a £1.2 million loss which primarily related to net foreign exchange losses outside of the investment portfolio of £1.0 million. For the six months ended 30 June 2017, other negative fair value movements of £1.4 million primarily comprised net foreign exchange losses offset by group relief surrendered.

The Group earned IMS revenue of £9.4 million (2017 - £9.1 million) for investment advisory and asset management services primarily to the external funds JLIF and JLEN, with the increase from last year due to higher external Assets under Management.

The Group also earned PMS revenue of £2.9 million (2017 - £2.8 million).

The Group achieved recoveries of bidding costs on financial closes of £3.0 million in the six months ended 30 June 2018 (2017 – £1.4 million).

Staff costs by division are shown below:

Six months ended	**Primary Investment**		**Secondary Investment**		**Asset Management**		**Central**		**Total**	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017
	£ million	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million
Staff costs	**4.5**	5.3	**-**	-	**8.1**	7.3	**5.2**	4.4	**17.8**	17.0

Included within Asset Management staff costs are costs relating to:

Six months ended	**Investment Management Services**		**Project Management Services**		**Total Asset Management**	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017
	£ million	£ million	**£ million**	£ million	**£ million**	£ million
Staff costs	**5.9**	5.4	**2.2**	1.9	**8.1**	7.3

Total staff costs have remained broadly constant after taking account of inflationary pay increases.

Finance costs of £5.1 million (2017 – £4.7 million) include costs arising on the corporate banking facilities net of any interest income, with the increase from last year primarily due to an increase in facilities in October 2017.

The Group's overall tax expense on profit from operations for 2018 was £0.2 million (2017 – credit of £4.0 million). This comprised a tax expense of £0.5 million (2017 – credit of £0.8 million) in recourse group subsidiary entities that are consolidated (shown in the 'Tax' line of the Condensed Group Income Statement), primarily in relation to deferred tax, and a tax credit of £0.3 million (2017 – £3.2 million credit) 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), comprising group/consortium relief received from project companies. The contributions made to JLPF 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.

In January 2018, the Group initiated an internal reorganisation under which the Primary Investment and Asset Management teams in each of the three core geographical regions now report to a single regional head. The principal objective behind this revised structure is to enable the Group to focus more effectively on value creation in each region. Accordingly, certain regional performance targets for 2018 have been set, principally in relation to the investment portfolio in each region, including fair value movements thereon.

The fair value movements on the investment portfolio by geographical region are shown in the table below:

Six months ended	Europe		North America		Asia Pacific		Listed investment		Total	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017	**30 June 2018**	30 June 2017
	£ million	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million
Fair value movements – investment portfolio	**155.2**	17.7	**20.6**	5.8	**18.4**	29.4	**(0.3)**	0.4	**193.9**	53.3

Re-presented balance sheet

The re-presented balance sheet is reconciled to the Condensed Group Balance Sheet at 30 June 2018 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 £178.0 million (31 December 2017 - £152.6 million) within certain of the Company's recourse subsidiaries that 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 2018			31 December 2017[g]	
	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					
Plant and equipment	0.1	-	**0.1**	2.1	Other long term assets
Investments at FVTPL	1,437.7	(178.0)[a]	**1,259.7**	1,193.8	Portfolio value
	-	134.4[b]	**134.4**	133.1	Cash collateral balances
	-	0.4[b]	**0.4**	0.3	Non-portfolio investments
Retirement benefit assets	24.0	-	**24.0**	-	Pension surplus (IAS 19)
	1,461.8	(43.2)	**1,418.6**	1,329.3	
Current assets					
Trade and other receivables	10.1	(10.1)[c]	**-**	-	
Cash and cash equivalents	68.4	41.7[b]	**110.1**	14.6	Cash
	78.5	31.6	**110.1**	14.6	
Total assets	1,540.3	(11.6)	**1,528.7**	1,343.9	
Current liabilities					
Current tax liabilities	(0.6)	0.6[c]	**-**	-	
Borrowings	(8.9)	(2.1)[d]	**(11.0)**	(176.0)	Cash borrowings
Trade and other payables	(16.4)	16.4[c]	**-**	-	
	-	(4.8)[b,c,d]	**(4.8)**	(3.7)	Working capital and other balances
	(25.9)	10.1	**(15.8)**	(179.7)	

Net current assets/(liabilities)	52.6	41.7	**94.3**	(165.1)	
Non-current liabilities					
Retirement benefit obligations	(7.5)	7.5	-	(32.3)	Pension deficit (IAS 19)
	-	(7.5)	**(7.5)**	(8.0)	Other retirement benefit obligations
Provisions	(1.5)	1.5[c]	**-**	-	
	(9.0)	1.5	**(7.5)**	(40.3)	
Total liabilities	(34.9)	11.6	**(23.3)**	(220.0)	
Net assets	1,505.4	-	**1,505.4**	1,123.9	

Notes:

a) Investments at fair value through profit or loss (FVTPL) comprise: portfolio valuation of £1,259.7 million and other assets and liabilities within recourse investment entity subsidiaries of £178.0 million (see note 9 to the Condensed Group Financial Statements).

b) Other assets and liabilities within recourse investment entity subsidiaries of £178.0 million referred to in note (a) include (i) cash and cash equivalents of £176.1 million, of which £134.4 million is held to collateralise future investment commitments, (ii) positive working capital and other balances of £1.5 million and (iii) other small investments at FVTPL not included in the portfolio valuation of £0.4 million.

c) Trade and other receivables (£10.1 million), current tax liabilities (£0.6 million), trade and other payables (£16.4 million) and provisions (£1.5 million) are combined within working capital and other balances.

d) Borrowings of £8.9 million comprise cash borrowings of £11.0 million less unamortised financing costs of £2.1 million, re-presented in working capital and other balances.

e) For a reconciliation between the Condensed Group Balance Sheet and re-presented balance sheet as at 31 December 2017, refer to the 2017 Annual Report and Accounts.

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

As at	**Primary Investment** **30 June 2018**	Primary Investment 31 December 2017	**Secondary Investment** **30 June 2018**	Secondary Investment 31 December 2017	**Asset Management** **30 June 2018**	Asset Management 31 December 2017	**Total** **30 June 2018**	Total 31 December 2017
	£ million	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million
Portfolio valuation	**636.2**	580.3	**623.5**	613.5	**–**	–	**1,259.7**	1,193.8
Other net current liabilities							**(4.3)**	(1.3)
Group net cash/(borrowings)[1]							**233.5**	(28.3)
Net post-retirement assets/(obligations)							**16.5**	(40.3)
Group net assets							**1,505.4**	1,123.9

Note:

(1) Cash balances of £244.5 million (31 December 2017 - £147.7 million), of which £134.4 million (31 December 2017 - £133.1 million) was held to collateralise future investments commitments, net of short-term cash borrowings of £11.0 million (31 December 2017 - £176.0 million).

The portfolio valuation by geographical region is shown in the table below.

As at	Europe		North America		Asia Pacific		Listed investment		Total	
	30 June 2018	31 Dec 2017	**30 June 2018**	31 Dec 2017	**30 June 2018**	31 Dec 2017	**30 June 2018**	31 Dec 2017	**30 June 2018**	31 Dec 2017
	£ million	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million	**£ million**	£ million
Portfolio valuation	**606.9**	609.1	**336.9**	283.2	**306.2**	291.2	**9.7**	10.3	**1,259.7**	1,193.8

Net assets increased from £1,123.9 million at 31 December 2017 to £1,505.4 million at 30 June 2018 principally as a result of (i) the Rights Issue and (ii) the Group's profitability in the first half of 2018.

The Group's portfolio of investments in project companies and listed investments was valued at £1,259.7 million at 30 June 2018 (31 December 2017 – £1,193.8 million). The valuation methodology and details of the portfolio value are described in the Portfolio Valuation section.

The Group held cash balances of £244.5 million at 30 June 2018 (31 December 2017 - £147.7 million) of which £134.4 million (31 December 2017 - £133.1 million) was held to collateralise future investment commitments (see the Financial Resources section below for more details). Of the total Group cash balances of £244.5 million, £176.1 million was held in recourse subsidiaries held at FVTPL, including the cash collateral balances, that are included within investments at FVTPL on the Condensed Group Balance Sheet. The remaining £68.4 million was held in the Company and recourse subsidiaries that are consolidated and shown as cash and cash equivalents on the Condensed Group Balance Sheet (see the re-presented balance sheet for further details).

Working capital and other balances (a negative amount) were a slightly higher liability primarily because of higher fair value liabilities on foreign exchange hedges offset by higher receivables at 30 June 2018.

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. It was agreed to repay the actuarial deficit of £171 million at 31 March 2016 as set out below. The discount rate used for the actuarial deficit is lower than the IAS 19 discount rate (see below).

By 31 March	**£ million**
2017	**24.5**
2018	**26.5**
2019	**29.1**
2020	**24.9**
2021	**25.7**
2022	**26.4**
2023	**24.6**

Under IAS 19, at 30 June 2018, JLPF had a surplus of £21.0 million (31 December 2017 – deficit of £35.2 million) and the Plan had a surplus of £3.0 million (31 December 2017 – surplus of £2.9 million). The liability at 30 June 2018 under the post-retirement medical scheme was £7.5 million (31 December 2017 – £8.0 million).

The pension liabilities in JLPF under IAS 19 are based on a discount rate of 2.75% (31 December 2017 – 2.50%) and long term RPI of 3.10% (31 December 2017 – 3.10%). 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 2018 has moved from a deficit at 31 December 2017 primarily as a result of the Group's cash contribution to JLPF of £26.5 million in March 2018 and the higher discount rate.

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	**2018**	2017
	Re-presented cash flows £ million	Re-presented cash flows £ million
Cash yield	17.4	15.1
Operating cash flow	(8.6)	(5.3)
Net foreign exchange impact	2.5	(0.1)
Total operating cash flow	**11.3**	9.7
Cash investment in projects	(130.9)	(57.7)
Proceeds from realisations	241.5	151.3
Disposal costs	(4.5)	(1.7)
Net investing cash flows	**106.1**	91.9
Finance charges	(4.4)	(4.4)
Rights issue (net of costs)	210.5	-
Cash contributions to JLPF	(26.5)	(24.5)
Dividend payments	(35.2)	(23.1)
Net cash inflow/(outflow) from financing activities	**144.4**	(52.0)
Recourse group cash inflow	**261.8**	49.6
Recourse group opening net debt balances	(28.3)	(88.2)
Recourse group closing net cash/(debt) balances	**233.5**	(38.6)
Reconciliation to line items on re-presented balance sheet		
Cash collateral balances	134.4	20.5
Other cash balances	110.1	5.6
Total cash and cash equivalents	**244.5**	26.1

Cash borrowings	(11.0)	(64.7)
Net cash/(debt)	**233.5**	(38.6)

Reconciliation of cash borrowings to Condensed Group Balance Sheet		
Cash borrowings as per re-presented balance sheet	(11.0)	(64.7)
Unamortised financing costs	2.1	3.0
Borrowings as per Condensed Group Balance Sheet	**(8.9)**	(61.7)

Cash yield comprised £17.4 million (2017 – £14.7 million) from the investment portfolio and £nil (2017 - £0.4 million) from non-portfolio investments.

Operating cash flow in the six months ended 30 June 2018 was adverse compared to 2017 primarily due to deferred consideration of £2.1 million in relation to the sale of the PMS UK business received in the first half of 2017.

Total operating cash flow was net of a favourable foreign exchange impact of £2.5 million (2017 – adverse impact of £0.1 million).

During the period, cash of £130.9 million (2017 – £57.7 million) was invested in project companies. In the same period, investments in two projects were realised for total proceeds of £241.5 million (2017 – £151.3 million from the realisation of three investments), offset by disposal costs paid of £4.5 million (2017 - £1.7 million).

In the period, the Group made a cash contribution to JLPF of £26.5 million (2017 – £24.5 million).

Dividend payments of £35.2 million in the six months ended 30 June 2018 comprised the final dividend for 2017 (2017 – final dividend for 2016 of £23.1 million).

FINANCIAL RESOURCES

At 30 June 2018, the Group had principal committed corporate banking facilities of £475 million (31 December 2017 – £475 million), expiring in March 2020, which are primarily used to back investment commitments. The Group also had additional liquidity facilities of £50 million (31 December 2017 – £50 million) committed until February 2019. Net available financial resources at 30 June 2018 were £504.0 million (31 December 2017 – £153.1 million).

In July 2018, the Group refinanced its existing borrowing facilities, including additional liquidity facilities, and entered into new facilities totalling £650 million, of which £500 million is committed until July 2023 and £150 million for 18 months until January 2020.

Analysis of Group financial resources

	30 June 2018 £ million	31 December 2017 £ million
Total committed facilities	**525.0**	525.0
Letters of credit issued under corporate banking facilities	**(91.3)**	(152.3)
Letters of credit issued under liquidity facilities	**(25.2)**	(50.0)
Other guarantees and commitments	**(3.0)**	(7.5)
Short term cash borrowings	**(11.0)**	(176.0)
Facility utilisation	**(130.5)**	(385.8)
Facility headroom	**394.5**	139.2
Cash and bank deposits[1]	**110.1**	14.6
Less unavailable cash	**(0.6)**	(0.7)
Net available financial resources	**504.0**	153.1

[1] Cash and bank deposits exclude cash collateral balances. Of the total cash and bank deposit balances of £110.1 million, £68.4 million was held 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 £41.7 million held 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 issued under the committed corporate banking facilities of £91.3 million (31 December 2017 - £152.3 million) and under additional liquidity facilities of £25.2 million (31 December 2017 - £50.0 million) together with cash collateral represent future cash investment by the Group into underlying projects in the Primary Investment portfolio.

	30 June 2018 £ million	31 December 2017 £ million
Letters of credit issued	**116.5**	202.3
Cash collateral	**134.4**	133.1
Future cash investment into projects	**250.9**	335.4

The letters of credit issued will reduce and ultimately expire as cash is invested into the underlying projects, expected to be over the period from December 2018 to December 2019.

The table below shows the cash collateral balances at 30 June 2018 analysed by investment and the date when the cash collateral is expected to be invested into the underlying project:

Project	**Cash collateral amount £ million**	Expected date of cash investment
I-77 Managed Lanes	**16.7**	July 2018 – Nov 2018
I-66 Managed Lanes	**117.7**	May 2020 – Dec 2022
Total	**134.4**	

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

There are significant non-recourse borrowings within the project companies in which the Group invests. The interest rate exposure on the borrowings of such project companies is, in most circumstances, fixed on financial close, through a long-dated bond or fixed rate debt, or through the fixing of floating rate bank debt via interest rate swaps. Given this, the impact on the Group's returns from investments in project companies of changes in interest rates on project borrowings is minimal. There is an impact from changes in interest rates on the investment income from monies held on deposit both at Group level and within project companies but such an effect is not material in the context of 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 2018, there was a net adverse fair value movement of £0.9 million in the portfolio valuation. In the first half of 2018, Sterling strengthened against the Euro and Australian and New Zealand Dollars, but weakened against the US Dollar.

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 2018 of £116.5 million (31 December 2017 – £202.3 million) are analysed by currency as follows:

Letters of credit by currency	**30 June 2018 £ million**	31 December 2017 £ million
Sterling	-	72.7
US dollar	-	9.5
Australian dollar	**116.5**	120.1
Total	**116.5**	202.3

Cash collateral at 30 June 2018 of £134.4 million (31 December 2017 – £133.1 million) is analysed by currency as follows:

Cash collateral by currency	**30 June 2018 £ million**	31 December 2017 £ million
US dollar	**134.4**	133.1
Total	**134.4**	133.1

PRINCIPAL RISKS AND RISK MANAGEMENT

The effective management of risks within the Group is essential to the successful delivery of the Group's objectives. The Board is responsible for ensuring that risks are identified and appropriately managed across the Group and has delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks. The Group's risk appetite when making decisions on investment commitments or potential realisations is assessed by reference to the expected impact on NAV.

The principal internal controls that operated throughout the first half of 2018 and up to the date of this announcement include:

- an organisational structure which provides adequate segregation of responsibilities, clearly defined lines of accountability, delegated authority to trained and experienced staff and extensive reporting;
- clear business objectives aligned with the Group's risk appetite;
- risk reporting, including identification of risks through Group-wide risk registers, that is embedded in the regular management reporting of business units and is communicated to the Board; and
- an independent Internal Audit function, which reports to the Audit & Risk Committee. The external auditor also reports to the Audit & Risk Committee on the effectiveness of financial controls relevant to the audit.

The Group's Internal Audit function's objectives are, inter alia, to provide:

- independent assurance to the Board, through the Audit & Risk Committee, that internal control processes, including those related to risk management, are relevant, fit for purpose, effective and operating throughout the business;
- a deterrent to fraud;
- another layer of assurance that the Group is meeting its FCA regulatory requirements; and
- advice on efficiency improvements to internal control processes.

Internal Audit is independent of the business and reports functionally to the Group Finance Director and directly to the Chairman of the Audit & Risk Committee. The Head of Internal Audit meets regularly with senior management and the Audit & Risk Committee to discuss key findings and management actions undertaken. The Head of Internal Audit can call a meeting with the Chairman of the Audit & Risk Committee at any time and meets privately with the Audit & Risk Committee, without senior management present, as and when required, but at least annually.

A Management Risk Committee, comprising senior members of management and chaired by the Chief Risk Officer, assists the Board, Audit & Risk Committee and Executive Committee in formulating and enforcing the Group's risk management policy. The Head of Internal Audit attends each meeting of the Management Risk Committee, which reports formally to the Audit & Risk Committee.

The Group risk register is reviewed at every meeting of the Audit & Risk Committee and Management Risk Committee and every six months by the Board.

The above controls and procedures are underpinned by a culture of openness of communication between operational and executive management. All investment decisions are scrutinised in detail by the Investment Committee and, if outside the Investment Committee's terms of reference, also by the Board. All divestment decisions are scrutinised by the Divestment Committee and approved by the Board.

The Directors' assessment of the principal risks applying to the Group is set out below, including the way in which risks are linked to the three strategic objectives set out in the Chief Executive Officer's Review in the 2017 Annual Report and Accounts. These risks are not expected to change significantly in the second half of 2018. Additional risks and uncertainties not presently known to the Directors, or which they currently consider not to be material, may also have an adverse effect on the Group.

As set out in the 2017 Annual Report and Accounts, the Group's three strategic objectives are:

1. Growth in primary investment volumes (new capital committed to greenfield infrastructure projects) over the medium term.
2. Growth in the value of external AuM and related fee income.
3. Management and enhancement of the Group's investment portfolio, with a clear focus on active management during construction, accompanied by realisations of investments which, combined with the Group's corporate banking facilities and operational cash flows, enable it to finance new investment commitments.

Risk	Link to strategic objectives above	Mitigation	Change in risk since 31 December 2017
Governmental policy Changes to legislation or public policy in the jurisdictions in which the Group operates or may wish to operate could negatively impact the volume of potential opportunities available to the Group and the returns from existing investments. The use of PPP programmes by governmental entities may be delayed or may decrease thereby limiting opportunities for private sector infrastructure investors in the future, or be structured such that returns to private sector infrastructure investors are reduced. Governmental entities may in the future seek to terminate or renegotiate existing projects by introducing new policies or legislation that result in higher tax obligations on existing PPP or renewable energy projects or otherwise affect existing or future PPP or renewable energy projects. Changes to legislation or public policy relating to renewable energy could negatively impact the economic returns on the Group's existing or future	1, 2, 3	Thorough due diligence is carried out in order to assess a specific country's risk (for example economic and political stability, tax policy, legal framework and local practices) before any investment is made. The Group seeks to limit its exposure to any single governmental or public sector body. Where possible the Group seeks specific contractual protection from changes in governmental policy and law for the projects it invests in. General change of law is considered to be a normal business risk. During the bidding process for investment in a project, the Group takes a view on an appropriate level of return to cover the risk of non-discriminatory changes in law. PPP projects are normally structured so as to provide significant contractual protection for equity investors (see also counterparty risk).	No change

potential investments in renewable energy projects, which would adversely affect the demand for and attractiveness of such projects. Compliance with the public tender regulations which apply to PPP projects is complex and the outcomes may be subject to third party challenge and reversed.		During the bidding process for investment in a project, the Group assesses the sensitivity of the project's forecast returns to changes in factors such as tax rates and/or, for renewable energy projects, governmental support mechanisms. The Group targets jurisdictions which have a track record of support for renewable energy investments and which continue to demonstrate such support. Through its track record of more than 130 investment commitments, the Group has developed significant expertise in compliance with public tender regulations.	
Macroeconomic factors To the extent such factors are not hedged, changes in inflation and interest rates and foreign exchange all potentially impact the return generated from an investment and its valuation. Changes in factors which affect energy prices, such as the future energy demand/supply balance and the oil price, could negatively impact the economic returns on the Group's investments in renewable energy. Weakness in the political and economic climate in a particular jurisdiction could impact the value of, or the return generated from, any or all of the Group's investments located in that jurisdiction.	1, 2, 3	Factors which have the potential to adversely impact the underlying cash flows of an investment, and hence its valuation, are hedged wherever possible at a project level and sensitivities are considered during the investment appraisal process. In particular, prior to investment, renewable energy projects are assessed for their sensitivity to a number of variables, including future power prices. Systemic risks, such as potential deflation, or appreciation/depreciation of Sterling versus the currency in which an investment is made, are assessed in the context of the portfolio as a whole. The Group seeks to reduce the extent to which its renewable energy investments are exposed to energy prices through governmental support mechanisms and/or offtake arrangements. The Group monitors closely the level of investments it has exposed to foreign currencies, including regularly testing the sensitivity of the financial covenants in its corporate banking facilities to a significant change in the value of individual currencies. Where possible, specific clauses relating to potential currency change within a particular jurisdiction are incorporated in project documentation.	No change
Liquidity in the secondary market	1, 2, 3		No change

Weakness in the secondary markets for investments in PPP or renewable energy projects, for example as the result of a lack of economic growth in relevant markets, actual or potential governmental policy, regulatory changes in the banking sector, liquidity in financial markets, changes in interest and exchange rates and project finance market conditions may affect the Group's ability to realise full value from its divestments. The secondary market for investments in renewable energy projects may be affected by, inter alia, changes in energy prices, in governmental policy, in the value of governmental support mechanisms and in project finance market conditions. The ability of JLIF and JLEN to raise finance for further investments may have an impact on both the Group's ability to sell investments in PPP and renewable energy projects and on the Group's asset management business more generally.		Projects are appraised on a number of bases, including being held to maturity. Projects are also carefully structured so that they are capable of being divested, if appropriate, before maturity. Over recent years, the secondary markets for both PPP and renewable energy investments have grown. While JLIF and JLEN are potential buyers of certain of the Group's PPP and renewable energy investments respectively, the size and breadth of secondary markets and the growth of operational infrastructure as an asset class, plus the Group's recent experience, all provide the Group with confidence that it can sell investments to other purchasers.	
Financial resources Any shortfall in the financial resources that are available to the Group to satisfy its financial obligations may make it necessary for the Group to constrain its business development, refinance its outstanding obligations, forego investment opportunities and/or sell existing investments. Inability to secure project finance could hinder the ability of the Group to make a bid for an investment opportunity, or where the Group has a preferred bidder position, could negatively impact whether an underlying project reaches financial close. The inability of a project company to satisfactorily refinance existing maturing medium-term project finance facilities periodically during the life of a project could affect the Group's projected future returns from investments in such projects and hence their valuation in the Group's Balance Sheet. Adverse financial performance by a project company which affects the financial covenants in its project finance debt documents may result in the project company being unable to make distributions to the Group and other investors, which would impact the valuation of the Group's investment in such project company, and may ultimately enable public-sector counterparties (through cross default links to other project agreements) and/or project finance debt providers to declare default and, in the latter case, to exercise their security.	1, 3	The Group has corporate banking facilities totalling £500 million which mature in July 2023 as well as additional facilities (£150 million) committed until January 2020. Available headroom is carefully monitored and compliance with the financial covenants and other terms of these facilities is closely observed. The Group also monitors its working capital, cash collateral and letter of credit requirements and maintains an active dialogue with its banks. It operates a policy of ensuring that sufficient financial resources are maintained to satisfy committed and likely future investment requirements. A Divestment Committee was set up in 2017 to provide oversight and recommendations on all potential divestments that were previously under the remit of the Executive Committee. In March 2018, the Group undertook the Rights Issue, raising £210.5 million net of costs. The Group believes that there is currently sufficient depth and breadth in project finance markets to meet the financing needs of the projects it invests in. The Group works closely with a wide range of project finance providers, including banks and other financial institutions. In markets such as Australia and New Zealand, where the tenor of project finance facilities at financial close tends to be medium term, certain PPP projects in which the	Decreased

		Group has invested are due for refinancing in due course. One such project, Auckland South Corrections Facility, was successfully refinanced in late 2017. Prior to financial close, all proposed investments are scrutinised by the Investment Committee. This scrutiny includes a review of sensitivities to adverse performance of investment returns and financial ratio tests as well as an assessment of a project's ability to be refinanced if the tenor of its project finance debt is less than the term of the concession or the project's useful life. The Group maintains an active dialogue with the banks and other financial institutions which provide project finance to the projects in which it invests. Monitoring of compliance with financial covenant ratios and other terms of loan documents continues throughout the term of the project finance loan.	
Pensions The amount of the surplus/deficit on the Group's main defined benefit pension scheme (JLPF) can vary significantly due to gains or losses on scheme investments and movements in the assumptions used to value scheme liabilities (in particular life expectancy, discount rate and inflation rate). Consequently the Group is exposed to the risk of increases in cash contributions payable, volatility in the surplus/deficit reported in the Group Balance Sheet, and gains/losses recorded in the Group Statement of Comprehensive Income.	1, 3	The Group's two defined benefit pension schemes are overseen by corporate trustees, the directors of which include independent and professionally qualified individuals. The Group works closely with the trustees on the appropriate funding strategy for the schemes and takes independent actuarial advice as appropriate. Both schemes are closed to future accrual and accordingly have no active members, only deferred members and pensioners. A significant proportion of the liabilities of JLPF is matched by a bulk annuity buy-in agreement with Aviva. As at 30 June 2018, JLPF's liabilities, as measured on a self-sufficiency basis, were 72% hedged in respect of both interest rates and inflation. The next actuarial valuation of JLPF is due as at 31 March 2019.	No change
Future investment activity The Group operates in competitive markets and may not be able to compete effectively or profitably. The Group's investment pipeline is not a guarantee of actual bidding activity or future investments. The Group's historical win rate for PPP projects may decline and is an uncertain indicator of new investments by the Group.	1	The Group believes that its experience and expertise as an active investor and asset manager accumulated over more than 20 years, together with its flexibility and ability to respond to market conditions will continue to enable it to compete effectively and secure attractive investments. Both the PPP and the renewable energy pipelines are diversified by geography and number of and type of project.	No change

		The Group budgets a 30% win rate for PPP projects and achieved an average win rate for the three years ended 31 December 2017 ahead of this.	
Valuation The valuation of an investment in a project may not reflect its ultimate realisable value, for instance because of changes in operational benchmark discount rates. In circumstances where the revenue derived from a project is related to volume (i.e. customer usage or wind energy yield), actual revenues may vary materially from assumptions made at the time the investment commitment is made. In addition, to the extent that a project company's actual costs incurred differ from forecast costs, for example, because of late construction, and cannot be passed on to sub-contractors or other third parties, investment returns and valuations may be adversely affected. Revenues from renewable energy projects may be affected by the volume of power production (e.g. from changes in wind or solar yield), the availability of fuel (in the case of biomass projects), operational issues, restrictions on the electricity network, the reliability of electrical connections or other factors such as noise and other environmental restrictions, as well as by changes in energy prices and to governmental support mechanisms. The valuation of the Group's investment portfolio is affected by movements in foreign exchange rates, which are reflected through the Group's financial statements. In addition, there are foreign exchange risks associated with conversion of foreign currency cash flows relating to an investment into and out of Sterling. The valuation of the Group's investment portfolio could be affected by changes in tax legislation, for instance changes which limit tax-deductible interest (see Taxation section). During the construction phase of an infrastructure project, there are risks that either the works are not completed within the agreed time-frame or that construction costs overrun. Where such risks are not borne by sub-contractors, or sub-contractors fail to meet their contractual obligations, this can result in delays in the receipt of project income and/or cost overruns, which may adversely affect the valuation of and return on the	3	The discount rates used to value investments are derived from publicly available market data and other market evidence and are updated regularly. The Group has a good track record of realising investments at prices consistent with the fair values at which they are held. The Group's investments are in projects which are principally availability-based (where the revenue does not generally depend on the level of use of the project asset). Where patronage or volume risk is taken, the Directors review revenue assumptions and sensitivities thereto in detail prior to any investment commitment. Where the revenue from investments is related to patronage or volume (e.g. with regard to investments in renewable energy projects), risks are mitigated through a combination of factors, including (i) the use of independent forecasts of future volumes (ii) lower gearing versus that of availability-based projects (iii) stress-testing the robustness of project returns against significant falls in forecast volumes. In addition, where possible, fixed-price arrangements are entered into to mitigate the impact of changes in future energy prices. The Group typically hedges cash flows arising from investment realisations or significant distributions in currencies other than Sterling. During the bidding process for investment in a project, the Group assesses the sensitivity of the project's forecast returns to changes in tax rates. The intention is that projects are structured such that (i) day-to-day service provision is sub-contracted to qualified sub-contractors supported by appropriate security packages (ii) cost and price inflation risk in relation to the provision of services lies with sub-contractors (iii) performance deductions in relation to	No change

Group's investments. If construction or other long stop dates are exceeded, this may enable public sector counter-parties and/or project finance debt providers to declare a default and, in the case of the latter, to exercise their security. The Group is reliant on the performance of third parties in constructing an asset to an appropriate standard as well as subsequently operating it in a manner consistent with contractual requirements. Consistent under-performance by, or failure of, such third parties may result in the ability of public sector counter parties and/or project finance debt providers to declare a default resulting in the impairment or loss of the Group's investment. A significant portion of the Group's portfolio valuation is, and may in the future be, in a small number of investments, and changes to the value of these investments could materially affect the Group's financial position and results of operations. A project company or a service provider to a project company may fail to manage contracts efficiently or effectively.		project non-availability lie with sub-contractors (iv) future major maintenance costs and ongoing project company costs are reviewed annually and cost mitigation strategies adopted as appropriate. The Group has procedures in place to ensure that project companies in which it invests appoint competent sub-contractors with relevant experience and financial strength. If project construction is delayed, sub-contracting arrangements contain terms enabling the project company to recover liquidated damages, additional costs and lost revenue, subject to limits. In addition, the project company may terminate its agreement with a sub-contractor if the latter is in default and seek an alternative sub-contractor. The Group seeks to limit its exposure to any single sub-contractor. The terms of the sub-contracts into which project companies enter provide some protections for investment returns from the poor performance of third parties. The ability to replace defaulting third parties is supported by security packages to protect against price movement on re-tendering. If long stop dates are exceeded, the Group has significant experience as an active manager in protecting the value of its investments by working with all parties to a project to agree revised timetables and/or other restructuring arrangements. The Group monitors the concentration risk within its portfolio. Since 31 December 2014, the percentage of its portfolio value attributable to UK investments has reduced from 58% to 30% at 30 June 2018. The performance of project companies and service providers to project companies is regularly monitored by the Asset Management team.	
Counterparty risk The Group is exposed to counterparty credit risk with regards to (i) governmental entities, sub-contractors, lenders and suppliers at a project	3	The Group works with multiple clients, joint venture partners, sub-contractors and institutional investors so as to reduce the probability of systemic counterparty risk in its investment portfolio.	No change

level and (ii) consortium partners, financial institutions and suppliers at a Group level. Public sector counter-parties to PPP projects may seek to renegotiate contract terms and/or terminate contracts, as a result of changes in governmental policy or otherwise, in a way which impacts the valuation of one or more of the Group's investments. In overseas jurisdictions, the Group's investments backed by governmental entities may ultimately be subject to sovereign risk. Project companies are exposed to counterparty credit risk and counterparty performance risk with regards to public sector bodies, sub-contractors, lenders, suppliers and consortium partners. Worsening of general economic conditions in the UK as a result of the UK's withdrawal from the European Union could affect project companies in the UK through, for example, heightened counterparty risk.		In establishing project contractual arrangements prior to making an investment, the credit standing and relevant experience of a sub-contractor are considered. Post financial close, the financial standing of key counterparties is monitored to provide an early warning of possible financial distress. PPP projects are normally structured so as to provide significant contractual protection for equity investors. Such protection may include "termination for convenience" clauses which enable public sector counter-parties to terminate projects subject to payment of appropriate compensation, including to equity investors. PPP projects are normally supported by central and local government covenants, which significantly reduce the Group's risk. Risk is further reduced by the increasing geographical spread of the Group's investments. The performance of service providers to project companies is regularly monitored by the Asset Management team. Counterparties for cash deposits at a Group level, project debt swaps and deposits within project companies are required to be banks with a suitable credit rating and are monitored on an ongoing basis. Entry into new geographical areas which have a different legal framework and/or different financial market characteristics is considered by the Board separately from individual investment decisions. Typically, a substantial proportion of the revenue generated by renewable energy projects is backed by governmental support mechanisms.	
Major incident A major incident at any of the Group's main locations or any of the projects invested in by the Group, such as a terrorist attack, war or significant cyber-attack, could lead to a loss of crucial business data, technology, buildings and reputation and harm to the public, all of which could collectively or individually result in a loss of value for the Group.	2, 3	At financial close, projects benefit from comprehensive insurance arrangements, either directly or through contractors' insurance policies.	No change

Such an incident affecting any of the projects invested in by the Group could also affect the Group's ability to sell its investment in that project. Failure to maintain secure IT systems and to combat cyber and other security risks to information and to physical sites could adversely affect the Group.		Business continuity plans at project level are tested at frequent/regular intervals. Business continuity procedures are also regularly updated in order to maintain their relevance. The Group is committed to ensuring the health, safety and welfare of all its employees and all other persons who may be affected by its direct activities, or those under its control. John Laing believes that proper attention to the health and safety of its employees, sub-contractors, and the community within which the Group operates is a key element of effective business management and essential to its reputation. The projects in which the Group invests each have their own health and safety policies and business continuity plans. The Group's IT requirements are outsourced to a third party. Following a re-tender process, a new provider, CDW, was appointed in May 2018. Within the outsourced arrangements, cyber risk is addressed through (i) the Group's organisational structure which includes segregation of responsibilities, delegated lines of accountability, delegated authorities and (ii) specific controls, including controls over payments and access to IT systems.	
Investment adviser agreements with JLIF and JLEN A loss of JLCM's investment adviser agreements with JLIF and/or JLEN respectively would be detrimental to the Group's Asset Management business.	2	Through JLCM, and supported by other parts of the Asset Management division, the Group focuses on delivering a high quality service to both funds. On 3 August 2018, the Board of JLIF recommended a cash offer for its entire issued share capital from a consortium comprising funds managed by Dalmore Capital Limited and Equitix Investment Management Limited at 142.5p per share plus a dividend of 3.57p per share for the six months ended 30 June 2018. The offer is expected to become effective in late September/early October 2018. During this period, the Group expects to discuss with the acquiring consortium the future of its asset management services to JLIF. As previously disclosed, the Investment Advisory Agreement between JLIF and JLCM is terminable by either side with 12 months' notice.	Increased

Future returns from investments The Group's historical returns and cash yields from investments may not be indicative of future returns. The Group's expected hold-to-maturity internal rates of return from investments are based on a variety of assumptions which may not be correct at the time they are made and may not be achieved in the future.	1, 2, 3	In bidding for new projects, the Group sets a target internal rate of return taking account of historical experience, current market conditions and expected returns once the project becomes operational. The Group continually looks for value enhancement opportunities which would improve the target internal rate of return and projected annualised return. At the appraisal stage, investments in projects are tested for their sensitivity to changes in key assumptions.	No change
Taxation The Group may be exposed to changes in taxation in the jurisdictions in which it operates, or it may cease to satisfy the conditions for relevant reliefs. Tax authorities may disagree with the positions that the Group has taken or intends to take. Project companies may be exposed to changes in taxation in the jurisdictions in which they operate. In 2015, the OECD published its recommendations for tackling Base Erosion and Profit Shifting (BEPS) by international companies. It identified the use of tax deductible interest as one of the key areas where there is opportunity for BEPS by international companies. It is up to the governments of OECD countries to decide how to implement the OECD's recommendations into their domestic law. To the extent that one or more of the jurisdictions in which the Group operates changes its rules to limit tax deductible interest, this could significantly impact (i) the tax payable by subsidiaries of the Group, (ii) the valuation of existing investments and (iii) the way in which future project-financed infrastructure investments are structured, in each case in such jurisdictions. In late 2017, the UK Government enacted legislation, effective from 1 April 2017, which introduced a Fixed Ratio Rule to cap the amount of tax deductible net interest to 30% of a company's UK EBITDA. In the US, new legislation came into effect on 1 January 2018, including a restriction on interest deductibility for certain US entities paying interest to foreign entities.	1, 3	Tax positions taken by the Group are based on industry practice and/or external tax advice. At the appraisal stage, investments in projects are tested for their sensitivity to changes in tax rates. Project valuations are regularly updated for changes in tax rates. The impact of changes to UK and US tax rules has been taken into account in the fair value at 30 June 2018 of the Group's investments in those jurisdictions. The Group monitors closely the way in which other governments, including in Australia and the Netherlands, are implementing the OECD recommendations.	Increased

The Australian Treasury published draft legislation in May 2018 which included proposals to (i) increase tax on foreign investors in certain stapled structures and (ii) tighten the Australian thin capitalisation regime. In the Netherlands, the tax authorities released in early 2018 a policy statement confirming their intention to implement the EU Anti-Tax Avoidance Directive so as to restrict tax deductible interest to 30% of a company's EBITDA.			
Personnel The Group may fail to recruit or retain key senior management and skilled personnel in, or relocate high-quality personnel to, the jurisdictions in which it operates or seeks to expand. Following the decision to leave the EU, the UK Government has made some proposals regarding EU nationals living and working in the UK but their position has not been fully resolved. This uncertainty could impact the Group's ability to recruit and retain EU nationals in the UK.	1, 2, 3	The Group regularly reviews pay and benefits to ensure they remain competitive. The Group's senior managers participate in long-term incentive plans. The Group plans its human resources needs carefully, including appropriate local recruitment, when it bids for overseas projects. The Group has the ability to recruit EU nationals in its Amsterdam office or could open further offices in other EU jurisdictions if necessary.	No change

CORPORATE RESPONSIBILITY

The John Laing Group remains committed to its corporate responsibility agenda. We are proud of the fact that many of the projects we invest in or have invested in have a positive environmental and/or social impact. These include:

- Renewable energy projects (wind farms, solar farms, biomass and energy-from-waste) which help to reduce CO_2 emissions;
- Waste processing plants which divert waste away from landfill;
- Electric rolling stock and light rail transit systems which help to reduce inner city pollution;
- Social housing projects; and
- Hospitals.

The Company encourages staff in each of its three core geographical regions to involve themselves in activities that benefit their local communities, both related and unrelated to projects John Laing might invest in. Amounts raised by John Laing employees through charitable activities are frequently matched by the John Laing Charitable Trust (JLCT), a registered charitable trust which is independent of the Company. During 2018, to celebrate 170 years since John Laing was founded, JLCT plans to increase its donations to staff and project initiatives to up to £1.5 million.

John Laing is an internationally diverse group. The number of staff located outside the UK has been growing and now stands at 40% of our 165 employees at 30 June 2018. In terms of nationality, some 40% are British; the other 100 or so employees come from approximately 25 other nationalities.

The Group recognises it has further work to do on gender diversity. Our overall gender balance was 27% female, 73% male at 30 June 2018. In our central functions (largely UK-based), the split is more even at 41% female, 59% male. We have therefore been focusing in particular on redressing the balance outside the UK by taking a number of positive steps and are pleased that the number of female staff being hired has been increasing. Further initiatives, including “unconscious bias” training and mentoring for female staff across the Group, are being rolled out in the second half of the year.

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 2017 that have had a material effect on the financial position or performance of the Group.

GOING CONCERN

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.

Signed on behalf of the Directors

Olivier Brousse	**Patrick O’D Bourke**
Chief Executive Officer	Group Finance Director
22 August 2018	22 August 2018

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	**Patrick O’D Bourke**
Chief Executive Officer	Group Finance Director
22 August 2018	22 August 2018

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 2018 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 2018 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

22 August 2018

CONDENSED GROUP INCOME STATEMENT

for the six months ended 30 June 2018

	Notes	**Six months ended 30 June 2018 £ million Unaudited**	Six months ended 30 June 2017 £ million Unaudited	Year ended 31 December 2017 £ million Audited
Net gain on investments at fair value through profit or loss	9	**197.8**	54.8	166.3
Other income	5	**15.3**	15.0	30.4
Operating income	3	**213.1**	69.8	196.7
Administrative expenses		**(32.1)**	(27.8)	(58.9)
Profit from operations		**181.0**	42.0	137.8
Finance costs		**(6.7)**	(5.4)	(11.8)
Profit before tax	3	**174.3**	36.6	126.0
Tax (expense)/credit	6	**(0.5)**	0.8	1.5
Profit for the period attributable to the Shareholders of the Company		**173.8**	37.4	127.5
Earnings per share (pence)				
Basic	7	**38.8**	9.4	31.9
Diluted	7	**38.3**	9.2	31.5

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2018

	Six months ended 30 June 2018 £ million Unaudited	Six months ended 30 June 2017 £ million Unaudited	Year ended 31 December 2017 £ million Audited
Profit for the period	**173.8**	37.4	127.5
Exchange difference on translation of overseas operations	**-**	0.1	0.1
Remeasurement of retirement benefit assets and obligations	**31.0**	7.6	6.4
Other comprehensive income for the period	**31.0**	7.7	6.5
Total comprehensive income for the period	**204.8**	45.1	134.0

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

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		**36.7**	**218.0**	**5.9**	**863.3**	**1,123.9**
Profit for the period		**–**	**–**	**–**	**173.8**	**173.8**
Other comprehensive income for the period		**–**	**–**	**–**	**31.0**	**31.0**
Total comprehensive income for the period		**–**	**–**	**–**	**204.8**	**204.8**
Share-based incentives	8	**–**	**–**	**1.4**	**–**	**1.4**
Vesting of share-based incentives	8, 12	**0.2**	**–**	**(2.5)**	**2.3**	**–**
Net proceeds from issue of shares	13	**12.2**	**198.3**	**–**	**–**	**210.5**
Dividend paid[1]		**–**	**–**	**–**	**(35.2)**	**(35.2)**
Balance at 30 June 2018 (unaudited)		**49.1**	**416.3**	**4.8**	**1,035.2**	**1,505.4**

for the six months ended 30 June 2017

	Notes	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2017		36.7	218.0	2.7	759.4	1,016.8
Profit for the period		–	–	–	37.4	37.4
Other comprehensive income for the period		–	–	–	7.7	7.7
Total comprehensive income for the period		–	–	–	45.1	45.1
Share-based incentives	8	–	–	1.6	–	1.6
Dividend paid[1]		–	–	–	(23.1)	(23.1)
Balance at 30 June 2017 (unaudited)		36.7	218.0	4.3	781.4	1,040.4

for the year ended 31 December 2017

	Notes	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2017		36.7	218.0	2.7	759.4	1,016.8
Profit for the year		–	–	–	127.5	127.5
Other comprehensive income for the year		–	–	–	6.5	6.5
Total comprehensive income for the year		–	–	–	134.0	134.0
Share-based incentives	8	–	–	3.2	–	3.2
Dividends paid[1]		–	–	–	(30.1)	(30.1)
Balance at 31 December 2017 (audited)		36.7	218.0	5.9	863.3	1,123.9

[1] Dividends paid:

Dividends on ordinary shares	**Six months ended 30 June 2018 Pence Unaudited**	Six months ended 30 June 2017 Pence Unaudited	Year ended 31 December 2017 Pence Audited
Per ordinary share:			
- interim proposed	1.80	1.91[a]	1.91[a]
- interim paid	–	–	1.91[a]
- final proposed	–	–	7.17[b]
- final paid	7.17[b]	6.30	6.30

[a] The interim dividend for 2017 of 1.91p paid in October 2017 becomes 1.75p after adjustment for the Rights Issue.

[b] 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 2018 in respect of the proposed interim dividend for 2018 is £8.8 million.

CONDENSED GROUP BALANCE SHEET

as at 30 June 2018

	Notes	**30 June 2018 £ million Unaudited**	31 December 2017 £ million Audited
Non-current assets			
Plant and equipment		**0.1**	0.1
Investments at fair value through profit or loss	9	**1,437.7**	1,346.4
Deferred tax assets		**-**	0.5
Retirement benefit assets	11	**24.0**	-
		1,461.8	1,347.0
Current assets			
Trade and other receivables		**10.1**	7.6
Cash and cash equivalents		**68.4**	2.5
		78.5	10.1
Total assets		**1,540.3**	1,357.1
Current liabilities			
Current tax liabilities		**(0.6)**	(1.4)
Borrowings		**(8.9)**	(173.2)
Trade and other payables		**(16.4)**	(17.3)
		(25.9)	(191.9)
Net current assets/(liabilities)		**52.6**	(181.8)
Non-current liabilities			
Retirement benefit obligations	11	**(7.5)**	(40.3)
Provisions		**(1.5)**	(1.0)
		(9.0)	(41.3)
Total liabilities		**(34.9)**	(233.2)
Net assets		**1,505.4**	1,123.9
Equity			
Share capital	12	**49.1**	36.7
Share premium	13	**416.3**	218.0
Other reserves		**4.8**	5.9
Retained earnings		**1,035.2**	863.3
Equity attributable to the Shareholders of the Company		**1,505.4**	1,123.9

CONDENSED GROUP CASH FLOW STATEMENT

for the six months ended 30 June 2018

	Notes	**Six months ended 30 June 2018 £ million Unaudited**	Six months ended 30 June 2017 £ million Unaudited	Year ended 31 December 2017 £ million Audited
Net cash outflow from operating activities	14	**(44.9)**	(37.6)	(47.3)
Investing activities				
Net cash transferred from investments held at fair value through profit or loss	9	**106.5**	165.6	77.4
Purchase of plant and equipment		**-**	-	(0.1)
Net cash from investing activities		**106.5**	165.6	77.3
Financing activities				
Net proceeds from issue of shares	13	**210.5**	-	-
Dividends paid		**(35.2)**	(23.1)	(30.1)
Finance costs paid		**(6.0)**	(4.5)	(10.0)
Proceeds from borrowings		**-**	0.7	11.0
Repayment of borrowings		**(165.0)**	(101.0)	-
Net cash from/(used in) financing activities		**4.3**	(127.9)	(29.1)
Net increase in cash and cash equivalents		**65.9**	0.1	0.9
Cash and cash equivalents at beginning of the period		**2.5**	1.6	1.6
Cash and cash equivalents at end of the period		**68.4**	1.7	2.5

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

for the six months ended 30 June 2018

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 2017 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 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

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 following basis:

(i) as an entity listed on the London Stock Exchange, the Company is owned by a number of investors;

(ii) the Company holds a substantial portfolio of investments in project companies through intermediate holding companies. The underlying projects have a finite life and the Company has an exit strategy for its investments which is either to hold them to maturity or, if appropriate, to divest them. Investments take the form of equity and/or subordinated debt;

(iii) the Group's strategy is to originate, invest in, and manage infrastructure assets. It invests in PPP and renewable energy projects and aims to deliver predictable returns and consistent growth from its investment portfolio. The underlying project companies have businesses and activities that the Group is not directly involved in. The Group's returns from the provision of management services are small in comparison to the Group's overall investment-based returns; and

(iv) the Group measures its investments in PPP and renewable energy projects on a fair value basis. Information on the fair value of investments forms part of monthly management reports reviewed by the Group's Executive Committee, who are considered to be the Group's key management personnel, and by its Board of Directors.

Although the Group has a net defined benefit pension asset, IFRS 10 does not exclude companies with non-investment related assets from qualifying as investment entities.

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

The Group has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The adoption of IFRS 15 has had no impact on these Condensed Group Financial Statements as the Group's principal revenue stream is the fair value movement on investments held at FVTPL which is outside the scope of the standard.

The Group does not hold any material financial assets not already held at fair value and therefore credit risk is not considered material. The Group also does not apply hedge accounting. The adoption of IFRS 9 has therefore not had an impact on these Condensed Group Financial Statements.

IFRS 16 Leases is effective from 1 January 2019. The adoption of IFRS 16 will require the Group to bring its operating leases on to the balance sheet. The Group does not have material operating leases and therefore adopting the standard is not expected to have a material impact. Total outstanding commitments under operating leases at 30 June 2018 were £5.8 million.

3 OPERATING SEGMENTS

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 segment performance based on the category of activities undertaken within the Group. The principal categories of activity, and thus the reportable segments under IFRS 8, are: Primary Investment, Secondary Investment and Asset Management.

The results included within each of the reportable segments comprise:

- Primary Investment – costs and cost recoveries associated with originating, bidding for and winning greenfield infrastructure and renewable energy projects; investment returns from and growth in the value of the Primary Investment portfolio, net of associated costs.

- Secondary Investment – investment returns from and growth in the value of the Secondary Investment portfolio, net of associated costs.
- Asset Management – fee income and associated costs from Investment Management Services in respect of JLIF's and JLEN's portfolios and, until late 2017, the PPP assets in JLPF's portfolio plus fee income and associated costs from Project Management Services.

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

The following is an analysis of the Group's operating income and profit before tax for the six months ended 30 June 2018 and 2017 and for the year ended 31 December 2017 for each segment:

	Six months ended 30 June 2018					
	Reportable segments					
	Primary Investment £ million Unaudited	**Secondary Investment £ million Unaudited**	**Asset Management £ million Unaudited**	**Segment Sub-total £ million Unaudited**	**Non-segmental results £ million Unaudited**	**Total £ million Unaudited**
Net gain on investments at FVTPL	**180.3**	**16.2**	**-**	**196.5**	**1.3**	**197.8**
Other income	**3.0**	**-**	**12.3**	**15.3**	**-**	**15.3**
Operating income	**183.3**	**16.2**	**12.3**	**211.8**	**1.3**	**213.1**
Administrative expenses	**(14.9)**	**(2.7)**	**(13.1)**	**(30.7)**	**(1.4)**	**(32.1)**
Profit from operations	**168.4**	**13.5**	**(0.8)**	**181.1**	**(0.1)**	**181.0**
Finance costs	**(4.1)**	**(1.0)**	**-**	**(5.1)**	**(1.6)**	**(6.7)**
Profit before tax	**164.3**	**12.5**	**(0.8)**	**176.0**	**(1.7)**	**174.3**

	Six months ended 30 June 2017					
	Reportable segments					
	Primary Investment £ million Unaudited	Secondary Investment £ million Unaudited	Asset Management £ million Unaudited	Segment Sub-total £ million Unaudited	Non-segmental results £ million Unaudited	Total £ million Unaudited
Net gain on investments at FVTPL	74.0	(22.9)	-	51.1	3.7	54.8
Other income	1.4	-	11.9	13.3	1.7	15.0
Operating income	75.4	(22.9)	11.9	64.4	5.4	69.8
Administrative expenses	(12.0)	(2.0)	(11.9)	(25.9)	(1.9)	(27.8)
Profit from operations	63.4	(24.9)	-	38.5	3.5	42.0
Finance costs	(3.5)	(1.2)	-	(4.7)	(0.7)	(5.4)
Profit before tax	59.9	(26.1)	-	33.8	2.8	36.6

	Year ended 31 December 2017					
	Reportable segments					
	Primary Investment £ million Audited	Secondary Investment £ million Audited	Asset Management £ million Audited	Segment Sub-total £ million Audited	Non-segmental results £ million Audited	Total £ million Audited
Net gain on investments at FVTPL	179.9	(21.5)	–	158.4	7.9	166.3
Other income	3.7	–	25.1	28.8	1.6	30.4
Operating income	183.6	(21.5)	25.1	187.2	9.5	196.7
Administrative expenses	(24.4)	(4.4)	(23.6)	(52.4)	(6.5)	(58.9)
Profit from operations	159.2	(25.9)	1.5	134.8	3.0	137.8
Finance costs	(8.4)	(2.2)	–	(10.6)	(1.2)	(11.8)
Profit before tax	150.8	(28.1)	1.5	124.2	1.8	126.0

Since 1 January 2018, the Group's Asset Management segment has not charged an internal fee to the Primary Investment and Secondary Investment segments. Therefore the segmental results for the six months ended 30 June 2017 and for the year ended 31 December 2017 as originally reported in the 2017 Interim Accounts and the 2017 Annual Report and Accounts respectively have been restated above to exclude this internal fee. The effect of the restatement is shown below:

	Six months ended 30 June 2017			Year ended 31 December 2017		
	As previously reported £ million Unaudited	Adjustment £ million Unaudited	Restated £ million Unaudited	As previously reported £ million Audited	Adjustment £ million Audited	Restated £ million Audited
Primary Investment – administrative expenses	(18.6)	6.6	(12.0)	(37.9)	13.5	(24.4)
Secondary Investment – administrative expenses	(3.6)	1.6	(2.0)	(8.2)	3.8	(4.4)
Asset Management – other income	20.1	(8.2)	11.9	42.4	(17.3)	25.1

For the six months ended 30 June 2018, the Group had two (six months ended 30 June 2017 – three; year ended 31 December 2017 – three) investments from each of which it received more than 10% of its operating income. The operating income from the two investments was £93.1 million and £50.9 million, all of which was reported within the Primary Investment segment. The Group treats each investment in a project company as a separate customer for purposes of IFRS 8.

The Group's investment portfolio, comprising investments in project companies and JLEN included within investments at FVTPL (see note 9), is allocated between primary and secondary investments. The Primary Investment portfolio includes investments in projects which are in the construction phase. The Secondary Investment portfolio includes investments in operational projects.

	30 June 2018 £ million Unaudited	31 December 2017 £ million Audited
Primary Investment	**636.2**	580.3
Secondary Investment	**623.5**	613.5
Portfolio valuation	**1,259.7**	1,193.8
Other assets and liabilities	**178.0**	152.6
Investments at FVTPL	**1,437.7**	1,346.4
Retirement benefit assets	**24.0**	-
Other assets	**78.6**	10.7
Total assets	**1,540.3**	1,357.1
Retirement benefit obligations	**(7.5)**	(40.3)
Other liabilities	**(27.4)**	(192.9)
Total liabilities	**(34.9)**	(233.2)
Group net assets	**1,505.4**	1,123.9

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.

In January 2018, the Group initiated an internal reorganisation under which the Primary Investment and Asset Management teams in each of the three core geographical regions now report to a single regional head. The principal objective behind this revised structure is to enable the Group to focus more effectively on value creation in each region. Accordingly, certain regional performance targets for 2018 have been set, principally in relation to the investment portfolio in each region and including movement in fair value. Additional analysis, based on the regional reorganisation, is presented below showing net gain on investments at FVTPL and portfolio valuation by region.

	Net gain/(loss) on investments at FVTPL		Portfolio valuation	
	Six months ended 30 June 2018 £ million Unaudited	Six months ended 30 June 2017 £ million Unaudited	30 June 2018 £ million Unaudited	31 December 2017 £ million Audited
Europe	**155.2**	17.7	**606.9**	609.1
North America	**20.6**	5.8	**336.9**	283.2
Asia Pacific	**18.4**	29.4	**306.2**	291.2
Investment in JLEN	**(0.3)**	0.4	**9.7**	10.3
Other	**3.9**	1.5	-	-
Total	**197.8**	54.8	**1,259.7**	1,193.8

4 SEASONALITY

Neither operating income nor profit are impacted by seasonality.

5 OTHER INCOME

	Six months ended 30 June 2018 £ million Unaudited	Six months ended 30 June 2017 £ million Unaudited	Year ended 31 December 2017 £ million Audited
Fees from asset management services	**12.3**	13.6	26.7
Recovery of bid costs	**3.0**	1.4	3.7
Total other income	**15.3**	15.0	30.4

6 TAX

The tax (expense)/credit for the period comprises:

	Six months ended 30 June 2018 £ million Unaudited	Six months ended 30 June 2017 £ million Unaudited	Year ended 31 December 2017 £ million Audited
Current tax:			
UK corporation tax (expense)/credit – current period	**–**	(0.5)	0.5
UK corporation tax credit – prior period	**–**	1.9	1.6
Foreign tax expense	**–**	(0.1)	(0.1)
	–	1.3	2.0
Deferred tax:			
Deferred tax expense – prior period	**(0.5)**	(0.5)	(0.5)
	(0.5)	(0.5)	(0.5)
Tax (expense)/credit	**(0.5)**	0.8	1.5

For the six months ended 30 June 2018, a tax rate of 19.0% has been applied (six months ended 30 June 2017 and year ended 31 December 2017 – 19.25%).

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 2018 £ million Unaudited	Six months ended 30 June 2017 £ million Unaudited	Year ended 31 December 2017 £ million Audited
Earnings			
Profit for the purpose of basic and diluted EPS	**173.8**	37.4	127.5
Profit for the period	**173.8**	37.4	127.5
Number of shares			
Weighted average number of ordinary shares for the purpose of basic EPS	**447,876,982**	399,779,697	399,828,392
Dilutive effect of ordinary shares potentially issued under share-based incentives (note 8)	**5,680,493**	4,843,379	5,330,145
Weighted average number of ordinary shares for the purpose of diluted EPS	**453,557,475**	404,623,076	405,158,537
Earnings per share (pence)			
Basic	**38.8**	9.4	31.9
Diluted	**38.3**	9.2	31.5

In accordance with IAS 33 Earnings Per Share, the EPS for all periods shown above have been calculated as if the bonus element of the Rights Issue in March 2018 had arisen proportionately at the start of each respective period. In the calculation of the number of shares used to calculate EPS, the number of shares in issue (and potentially issued for the purposes of the diluted EPS) prior to the Rights Issue has been adjusted by a bonus factor ("the Rights Issue bonus factor") of 0.918. This bonus factor is calculated as follows:

$$\frac{\text{Theoretical ex-rights fair value per share (pence)}}{\text{Closing share price on the day the Rights Issue was announced (pence)}} = \frac{241.95}{263.60} = 0.918$$

8 SHARE-BASED INCENTIVES

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 completing three years' service (the vesting period). 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-market 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 2018 Unaudited	Six months ended 30 June 2017 Unaudited	Year ended 31 December 2017 Audited
At beginning of the period	**5,258,970**	3,774,330	3,774,330
Granted	**1,747,340**	1,557,430	1,557,430
Adjustment to awards granted in prior periods	**(290,747)**	–	35,500
Adjustment for the Rights Issue bonus factor	**444,565**	–	–
Lapsed	**(380,350)**	(93,660)	(108,290)
Vested	**(1,383,367)**	–	–
At end of the period	**5,396,411**	5,238,100	5,258,970

In addition to the 1,383,367 shares that vested as per the table above, a further 77,115 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, 138,987 shares were awarded on 18 April 2018 to Executive Directors and certain senior executives in relation to that part of their annual bonus for 2017 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.

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

	Number of shares		
	Six months ended 30 June 2018 Unaudited	Six months ended 30 June 2017 Unaudited	Year ended 31 December 2017 Audited
At beginning of the period	**63,121**	84,439	84,439
Granted	**138,987**	9,762	9,762
Adjustment to awards granted in prior periods	**(8)**	5,000	5,000
Adjustment for the Rights Issue bonus factor	**5,647**	–	–
Vested	**(32,606)**	(36,080)	(36,080)
At end of the period	**175,141**	63,121	63,121

In addition to the 32,606 shares that vested as per the table above, a further 1,559 shares were awarded in lieu of dividends payable since the grant date on the vested shares (see note 12).

The total expense recognised in the Condensed Group Income Statement for awards granted under share-based incentive arrangements for the six months ended 30 June 2018 was £1.4 million (six months ended 30 June 2017 - £1.6 million; year ended 31 December 2017 – £3.2 million). The £1.4 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 £2.3 million has been transferred from other reserves to retained earnings in respect of awards granted under share-based incentive arrangements that vested in the six months ended 30 June 2018.

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. During the six months ended 30 June 2018, 1,495,458 shares in John Laing Group plc were issued to the EBT and after satisfying obligations under share-based incentive arrangements for 1,494,647 shares, 811 shares remained. These shares were held by the EBT as at 30 June 2018.

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018				
	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	**1,183.5**	**10.3**	**1,193.8**	**152.6**	**1,346.4**
Distributions	**(17.1)**	**(0.3)**	**(17.4)**	**17.4**	–
Investment in equity and loans	**130.9**	–	**130.9**	**(130.9)**	–
Realisations	**(241.5)**	–	**(241.5)**	**241.5**	–
Fair value movement	**194.2**	**(0.3)**	**193.9**	**3.9**	**197.8**
Net cash transferred from investments held at FVTPL	–	–	–	**(106.5)**	**(106.5)**
Closing balance	**1,250.0**	**9.7**	**1,259.7**	**178.0**	**1,437.7**

The total fair value movement in the six months ended 30 June 2018 of £197.8 million includes the gain on disposal of the Group's investment in IEP Phase 1.

	31 December 2017				
	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	1,165.9	10.0	1,175.9	81.6	1,257.5
Distributions	(39.6)	(0.6)	(40.2)	40.2	–
Investment in equity and loans	209.9	–	209.9	(209.9)	–
Realisations	(289.0)	–	(289.0)	289.0	–
Proceeds received on acquisition of investment in Manchester Waste VL Co by GMWDA	(23.5)	–	(23.5)	23.5	–
Fair value movement	159.8	0.9	160.7	5.6	166.3
Net cash transferred from investments held at FVTPL	–	–	–	(77.4)	(77.4)
Closing balance	1,183.5	10.3	1,193.8	152.6	1,346.4

Six months ended 30 June 2018

During the six months ended 30 June 2018, the Group disposed of shares and subordinated debt in two PPP project companies. Total proceeds were £241.5 million.

Details of investments sold in the period ended 30 June 2018 are as follows:

	Date of completion	**Original holding %**	**Holding disposed of %**	**Retained holding %**
Acquired by John Laing Infrastructure Fund Limited (JLIF)				
Regenter Myatts Field North Holdings Company Limited	30 May 2018	50.0	50.0	–
Sold to other parties				
Agility Trains West (Holdings) Limited	18 May 2018	15.0	15.0	–

Year ended 31 December 2017

During the year ended 31 December 2017, the Group disposed of shares and subordinated debt in eight PPP and renewable energy project companies for £289.0 million (including £1.9 million deferred to 2018). In addition, the Group's shareholding in Viridor Laing (Greater Manchester) Limited was acquired by the Greater Manchester Waste Development Authority (GMWDA) for £23.5 million.

Details were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Acquired by John Laing Environmental Assets Group Limited (JLEN)				
Llynfi Afan Renewable Energy Park (Holdings) Limited	12 December 2017	100.0	100.0	–
Acquired by John Laing Infrastructure Fund Limited (JLIF)				
Aylesbury Vale Parkway Limited	20 October 2017	50.0	50.0	–
City Greenwich Lewisham Rail Link plc	20 October 2017	5.0	5.0	–
Croydon & Lewisham Lighting Services (Holdings) Limited	1 June 2017	50.0	50.0	–
John Laing Rail Infrastructure Limited	20 October 2017	100.0	100.0	–
Rail Investments (Great Western) Limited*	26 October 2017	80.0	30.0	50.0
Acquired by GMWDA				
Viridor Laing (Greater Manchester) Limited	28 September 2017	50.0	50.0	–
Sold to other parties				
Gdansk Transport Co. SA	2 March 2017	29.69	29.69	–
MAK Mecsek Autopálya Koncessziós Zrt.	29 March 2017	30.0	30.0	–

* This entity held a 30% interest in IEP Phase 1 at the time of this disposal.

10 FINANCIAL INSTRUMENTS

The Group held the following financial instruments by category at 30 June 2018.

	Cash and cash equivalents £ million	Loans and receivables £ 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 2018 (unaudited)					
Non-current assets					
Investments at FVTPL	–	–	**1,437.7**	–	**1,437.7**
Current assets					
Trade and other receivables	–	**8.2**	–	–	**8.2**
Cash and cash equivalents	**68.4**	–	–	–	**68.4**

Total financial assets	**68.4**	**8.2**	**1,437.7**	**–**	**1,514.3**
Current liabilities					
Borrowings	–	–	–	**(8.9)**	**(8.9)**
Trade and other payables	–	–	–	**(15.4)**	**(15.4)**
Total financial liabilities	–	–	–	**(24.3)**	**(24.3)**
Net financial instruments	**68.4**	**8.2**	**1,437.7**	**(24.3)**	**1,490.0**

	Cash and cash equivalents £ million	Loans and receivables £ 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 2017 (audited)					
Non-current assets					
Investments at FVTPL	–	–	1,346.4	–	1,346.4
Current assets					
Trade and other receivables	–	6.9	–	–	6.9
Cash and cash equivalents	2.5	–	–	–	2.5
Total financial assets	2.5	6.9	1,346.4	–	1,355.8
Current liabilities					
Borrowings	–	–	–	(173.2)	(173.2)
Trade and other payables	–	–	–	(16.5)	(16.5)
Total financial liabilities	–	–	–	(189.7)	(189.7)
Net financial instruments	2.5	6.9	1,346.4	(189.7)	1,166.1

* The investments at FVTPL are split between: Level 1, JLEN, which is a listed investment fair valued at £9.7 million (31 December 2017 – £10.3 million) using a quoted market price and Level 3 investments in project companies fair valued at £1,250.0 million (31 December 2017 – £1,183.5 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 its construction programme, reflecting the significant reduction in risk once the project reaches the operating stage. The weighted average discount rate applied as at 30 June 2018 was 8.7% (31 December 2017 – 8.8%). 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 2018, an increase of 0.25% in the discount rate would decrease the fair value of the investments by £42.6 million (31 December 2017 – £40.7 million) and a decrease of 0.25% in the discount rate would increase the fair value of the investments by £44.8 million (31 December 2017 – £42.6 million).

Investments denominated in foreign currency are fair valued based on the spot exchange rate on the balance sheet date. As at 30 June 2018, a 5% movement of each relevant currency against Sterling would decrease or increase the value of investments in overseas projects by c.£40 million (31 December 2017 – c.£38 million).

Based on a sample of five of the larger PPP investments by value at 30 June 2018, a 0.25% increase in inflation is estimated to increase the value of PPP investments by c.£16 million and a 0.25% decrease in inflation is estimated to decrease the value of PPP investments by c.£15 million. Certain of the underlying project companies incorporate some inflation hedging.

Based on a sample of six of the larger renewable energy investments by value at 30 June 2018, a 5% increase in power price forecasts is estimated to increase the value of renewable energy investments by c.£9.4 million and a 5% decrease in power price forecasts is estimated to decrease the value of renewable energy investments by c.£9.5 million.

For all of the above sensitivities on the portfolio value as at 30 June 2018, 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 57 former employees. This scheme, which was closed to new members in 1991, is unfunded.

	30 June 2018 £ million Unaudited	31 December 2017 £ million Audited
Pension schemes	**24.0**	(32.3)
Post-retirement medical benefits	**(7.5)**	(8.0)
Net retirement benefit assets/(obligations)	**16.5**	(40.3)

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

	30 June 2018 £ million Unaudited	31 December 2017 £ million Audited
Opening deficit in Schemes	**(32.3)**	(61.3)
Current service cost	**(0.6)**	(1.3)
Finance cost	**(0.2)**	(1.1)
Contributions	**26.5**	24.7
Remeasurement gain	**30.6**	6.7
Closing surplus/(deficit) in Schemes	**24.0**	(32.3)

During the six months ended 30 June 2018, the Group made deficit reduction contributions of £26.5 million in cash.

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

	30 June 2018 % Unaudited	31 December 2017 % Audited
Discount rate	**2.75**	2.50
Rate of increase in non-GMP pensions in payment	**3.00**	3.00
Rate of increase in non-GMP pensions in deferment	**2.00**	2.00
Inflation – RPI	**3.10**	3.10
Inflation – CPI	**2.00**	2.00

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

	30 June 2018 £ million Unaudited	31 December 2017 £ million Audited
Bonds and other debt instruments	**501.5**	434.2
Equity instruments	**403.8**	405.8
Aviva bulk annuity buy-in agreement	**220.6**	231.0
Property	**2.4**	2.1
Cash and cash equivalents	**16.6**	82.9
Total market value of assets	**1,144.9**	1,156.0

12 SHARE CAPITAL

	30 June 2018 No. Unaudited	31 December 2017 No. Audited
Authorised:		
Ordinary shares of £0.10 each	**490,775,636**	366,960,134

Allotted, called up and fully paid:	30 June 2018 No. Unaudited	£ million Unaudited	31 December 2017 No. Audited	£ million Audited
At beginning of the period	**366,960,134**	**36.7**	366,923,076	36.7
Issued under Rights Issue	**122,320,044**	**12.2**	–	–
Issued under LTIP	1,383,367		–	
Issued under LTIP – granted in lieu of dividends payable	77,115		–	
Issued under DSBP	32,606		36,080	
Issued under DSBP – granted in lieu of dividends payable	1,559		978	
Retained by EBT	811		–	
Issued under share-based incentive arrangements - total	**1,495,458**	**0.2**	37,058	–
At end of the period	**490,775,636**	**49.1**	366,960,134	36.7

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

As shown in the table above, during the six months ended 30 June 2018, 122,320,044 shares were issued as part of the Rights Issue in March 2018. Additionally 1,495,458 shares were issued to the EBT to satisfy awards vesting under share-based incentive arrangements (see note 8). Of these, 1,460,482 (2017 – nil) shares were issued under the Group's LTIP and 34,165 (2017 - 37,058) shares were issued under the Group's DSBP. As at 30 June 2018, 811 shares were retained by the EBT.

13 SHARE PREMIUM

	30 June 2018 £ million Unaudited	31 December 2017 £ million Audited
Opening balance	**218.0**	218.0
Share premium on Rights Issue	**204.3**	–
Costs of Rights Issue	**(6.0)**	–
Closing balance	**416.3**	218.0

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 £216.5 million in total, represented by £12.2 million of nominal share capital (see note 12) and £204.3 million of share premium.

14 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Six months ended 30 June 2018 £ million Unaudited	Six months ended 30 June 2017 £ million Unaudited	Year ended 31 December 2017 £ million Audited
Profit before tax	**174.3**	36.6	126.0
Adjustments for:			
Finance costs	**6.7**	5.4	11.8
Unrealised profit arising on changes in fair value of investments (note 9)	**(197.8)**	(54.8)	(166.3)
Depreciation of plant and equipment	**0.1**	0.2	0.3
Share-based incentives expense	**1.4**	1.6	3.2
IAS 19 pension service cost	**0.6**	0.6	1.3
Contribution to JLPF	**(26.5)**	(24.5)	(24.7)
Increase/(decrease) in provisions	**0.5**	–	(0.5)
Operating cash outflow before movements in working capital	**(40.7)**	(34.9)	(48.9)
(Increase)/decrease in trade and other receivables	**(1.6)**	0.2	0.6
(Decrease)/increase in trade and other payables	**(2.6)**	(2.9)	1.0
Net cash outflow from operating activities	**(44.9)**	(37.6)	(47.3)

15 COMMITMENTS

At 30 June 2018, the Group had future equity and loan commitments in PPP and renewable energy projects of £250.9 million (31 December 2017 – £335.4 million) backed by letters of credit of £116.5 million (31 December 2017 – £202.3 million) and cash collateral of £134.4 million (31 December 2017 – £133.1 million).

At 30 June 2018, there were also contingent commitments, performance and bid bonds of £3.0 million (31 December 2017 - £7.5 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 2018 £ million Unaudited	Six months ended or as at 30 June 2017 £ million Unaudited	Year ended or as at 31 December 2017 £ million Audited
For the period ended:			
Services income*	**5.9**	3.7	9.3
Balances as at:			
Amounts owed by project companies	**1.2**	0.7	3.0
Amounts owed to project companies	**(0.6)**	(0.6)	(0.6)

* 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 2018 £ million Unaudited	Six months ended or as at 30 June 2017 £ million Unaudited	Year ended or as at 31 December 2017 £ million Audited
For the period ended:			
Management charge payable to the Group by recourse subsidiary entities held at FVTPL	**-**	-	27.1
Net interest receivable by the Group from recourse subsidiary entities held at FVTPL	**-**	-	0.7
Net cash transferred from investments held at FVTPL (note 9)	**106.5**	165.6	77.4
Balances as at:			
Net amounts owed to the Group by recourse subsidiary entities held at FVTPL	**140.4**	41.8	48.9

Transactions with other related parties

There were no transactions with other related parties during the six months ended 30 June 2018.

17 EVENTS AFTER BALANCE SHEET DATE

In August 2018, the Group committed £30.0 million for a 100% shareholding in the Fox Creek and Brantley solar farm projects in North Carolina.

Since 30 June 2018, the Group has declared an interim dividend of 1.80p per share, payable on 26 October 2018 to shareholders on the register on 28 September 2018.

In July 2018, the Group refinanced its existing borrowing facilities, including additional liquidity facilities, and entered into new facilities totalling £650 million, of which £500 million is committed until July 2023 and £150 million for 18 months until January 2020.

On 3 August 2018, the Board of JLIF recommended a cash offer for its entire issued share capital from a consortium comprising funds managed by Dalmore Capital Limited and Equitix Investment Management Limited at 142.5p per share plus a dividend of 3.57p per share for the six months ended 30 June 2018. The offer is expected to become effective in late September/early October 2018. During this period, the Group expects to discuss with the acquiring consortium the future of its asset management services to JLIF.

Other than transactions in the normal course of business, there were no other significant subsequent events.

DIVIDEND TIMETABLE

The interim dividend is proposed to be paid on 26 October 2018 to holders of ordinary shares on the register on 28 September 2018. The ex-dividend date will be 27 September 2018.

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