JOHN LAING GROUP PLC

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

John Laing Group plc (John Laing or the Company or the Group) announces its unaudited results for the six months ended 30 June 2016.

Highlights

- Net asset value (NAV) £963.7 million, up 8.3% from £889.6 million at 31 December 2015
- NAV per share at 30 June 2016 of 263p (31 December 2015 – 242p)
- £76.0 million in investment commitments (six months ended 30 June 2015 - £72.1 million)
- Realisations of £57.7 million from the sale of investments in project companies
- Profit before tax of £108.3 million (six months ended 30 June 2015 - £32.6 million pro forma[1])
- 12.5% increase in external Assets under Management to £1,277.5 million[2] since 31 December 2015
- Cash yield from investment portfolio of £18.3 million (six months ended 30 June 2015 - £11.4 million)
- Sale of UK activities of Project Management Services announced on 21 June 2016
- Interim dividend of 1.85p per share payable in October 2016

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

"We made good progress in the first half and are maintaining our full year guidance for investment commitments and realisations. These results demonstrate that our business model is delivering consistent results, and has the ability to cope with today's changing macro-economic environment, including the impact of Brexit."

Note:

(1) Pro forma financial information prepared on the basis described in the Financial Review section

(2) Based on portfolio values of JLIF and JLEN at 31 March 2016

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.

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

http://www.investis-live.com/john-laing/57a88e7b123a7b060067fcc8/sd4th4

Conference call dial in details:

UK: 020 3059 8125
Other locations: +44 (0)20 3059 8125
Participant password: John Laing

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 is an international originator, active investor and manager of infrastructure projects. Our business is focused on major transport, social and environmental infrastructure projects awarded under governmental Public-Private Partnership (PPP) programmes, and renewable energy projects, across a range of international markets comprising the UK, Europe, Asia Pacific and North America. Our business, which integrates origination, investment and asset management capabilities, has three key 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 PPP and renewable energy projects which have recently reached financial close and/or are in the construction phase.
- **Secondary Investment:** we own a substantial portfolio of interests in operational PPP and renewable energy projects, almost 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 listed funds, John Laing Infrastructure Fund (JLIF) and John Laing Environmental Assets Group (JLEN), through our FCA-regulated subsidiary, John Laing Capital Management (JLCM), as well as in respect of a small number of PPP assets held by John Laing Pension Fund (JLPF).

Further information is available at www.laing.com.

Basis of preparation – the financial information for the six months ended and as at 30 June 2016 has been prepared on a statutory basis. The financial information for the six months ended 30 June 2015 and for the year ended 31 December 2015 is pro forma financial information which was prepared on the basis that the restructuring associated with the Company's admission to listing in February 2015 had been in place throughout the year ended 31 December 2015. See the Financial Review section and note 2 of the Condensed Group Financial Statements for further details of the basis of preparation.

SUMMARY FINANCIAL INFORMATION

£ million (unless otherwise stated)	**Six months ended or as at 30 June 2016**	Six months ended or as at 30 June 2015	Year ended or as at 31 December 2015
Net asset value	963.7	821.7	889.6
NAV per share	263p	224p	242p
Pension fund deficit	(35.9)	(38.6)	(38.9)
Profit before tax	108.3	32.6	106.6[1]
Earnings per share (EPS)[2]	29.1p	9.3p	27.6p
Dividends per share	1.85p	1.60p	6.90p
Primary Investment portfolio	486.8	357.2	405.9
Secondary Investment portfolio	458.4	355.6	435.5
Total investment portfolio	945.2	712.8	841.4
Future investment commitments backed by letters of credit and cash collateral	295.3	257.4	278.1
Gross investment portfolio	1,240.5	970.2	1,119.5
New investment committed during the period	76.0	72.1	180.5
Proceeds from investment realisations	57.7	54.1	86.3
Cash yield from investments	18.3	11.4	38.9
PPP investment pipeline	1,337	959	1,135
Renewable energy pipeline	441	309	359
Asset Management			
Internal Assets under Management[3]	1,225.3	953.8	1,103.4
External Assets under Management	1,277.5[4]	1,102.6	1,135.6
Total Assets under Management	2,502.8	2,056.4	2,239.0

Notes:

(1) Profit before tax from continuing operations of £100.9 million and from discontinued operations of £5.7 million.

(2) Basic EPS from continuing operations (see note 7 to the Condensed Group Financial Statements).

(3) Gross investment portfolio less £15.2 million shareholding in JLEN (30 June 2015 – £16.4 million; 31 December 2015 – £16.1 million).

(4) Based on portfolio values of JLIF and JLEN at 31 March 2016.

BUSINESS REVIEW

OVERVIEW AND OUTLOOK

During the first half, we continued to focus on: investment commitments and realisations; enhancing our investment portfolio; and maintaining a strong pipeline of future opportunities.

Our NAV increased from £889.6 million at 31 December 2015 to £963.7 million at 30 June 2016. This increase represents growth of 8.3%. In line with the dividend policy set out in our IPO prospectus, we are declaring an interim dividend for 2016 of 1.85p per share.

Our investment portfolio was valued at £945.2 million at 30 June 2016. After adjusting for realisations, cash yield and new investments made in the period, the value of our portfolio increased by £128.2 million or 15.7%. In absolute terms, the portfolio increased by £103.8 million from £841.4 million at 31 December 2015 (see the Portfolio Valuation section for further details). Cash yield from investments was in line with our expectations.

The first half highlights included:

- £76.0 million committed to new infrastructure projects in Australia and Europe;
- Realisations of £57.7 million from the sale of investments; and
- 12.5% increase in external Assets under Management to £1,277.5 million since 31 December 2015.

We have a strong and diversified pipeline of both PPP and renewable energy opportunities. While the PPP market has been subdued in some jurisdictions, we are currently part of eight shortlisted PPP bids due to close in 2016 or 2017.

On 21 June 2016, we announced the sale of the business and assets of our Project Management Services (PMS) activities in the UK to HCP Management Services Limited ("HCP"). The background to the sale is that whereas our PMS activities are mainly provided under Management Services Agreements (MSAs) to UK operational projects, in which JLIF and JLEN are investors, our future investment pipeline is focused on greenfield opportunities. As part of the sale, it is expected that approximately 90 staff roles and 62 MSAs will transfer to HCP. The planned sale strengthens our focus on our core greenfield investment activities and we expect completion to occur in the fourth quarter.

Group profit before tax in the period was £108.3 million (six months ended 30 June 2015 – £32.6 million pro forma). This was higher than the first half last year primarily because of a higher fair value movement which in turn was largely due to a combination of positive foreign exchange movements in the portfolio in the first half of 2016 and adverse foreign exchange movements in the first half of 2015.

Our external Assets under Management grew to £1,277.5 million. Both JLIF and JLEN acquired investments from John Laing and other parties during the first half.

Looking to the second half, we are maintaining our full year guidance for investment commitments. Based on our current work-in-progress and the time required for projects to reach financial close, we expect that investment commitments in 2016 will be in line with the total in 2015 of £180.5 million. This compares with average investment commitments over the last five years of £143 million per annum. Separately, and in line with previous guidance, we expect asset disposals for the full year to be close to £100 million, excluding the £19.5 million transaction agreed in February 2016.

Looking further forward, we operate in a market for infrastructure which is mainly driven by population growth, urbanisation and climate change, but is also affected by external factors such as government policy, interest rates, exchange rates and, for renewable assets, energy prices. We remain confident in our business model and its ability to address these challenges, including change in any particular jurisdiction, such as that caused by the EU referendum in the UK. As we look to maintain the momentum from the first half, our focus is on growing our investments while keeping an appropriately balanced portfolio. We will also continue to take advantage of opportunities for realisation of assets in what remains a strong secondary market.

PRIMARY INVESTMENT

Our Primary Investment portfolio of interests in 14 PPP and seven renewable energy projects was valued at £486.8 million at 30 June 2016 (31 December 2015 – £405.9 million). The increase resulted principally from positive movements in fair value in the six months ended 30 June 2016 (see the Portfolio Valuation section below for further details).

Our Primary Investment team is responsible for the Group's bid development activities. The team targets 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, public sector accommodation and social housing.

During the first half of 2016, the Primary Investment team successfully achieved four investment commitments totalling £76.0 million:

- In the PPP sector, we made a £9.0 million investment commitment to the A6 Parkway road project in the Netherlands;
- In the renewable energy sector, we committed to two onshore wind farm investments totalling £30.0 million, with combined generation capacity of 126MW, in Australia and the UK; and
- We acquired a further 6% stake in the Intercity Express Programme (Phase 1) project and now hold a 30% investment.

Since 30 June 2016, we have committed £36.7 million for a 30% shareholding in the Nordergründe wind farm project in Germany. This is our first investment in offshore wind, in what is a substantial market largely focused on the UK and Germany.

Our investment commitments for the first half of 2016 are summarised in the table below:

Investment commitments	**Region**	**PPP £ million**	**Renewable energy £ million**	**Total £ million**
A6 Parkway	Europe	9.0	–	9.0
Hornsdale Wind Farm Phase 2	Asia Pacific	–	6.0	6.0
Llynfi Wind Farm	Europe	–	24.0	24.0
Intercity Express Programme (IEP) Phase 1	Europe	37.0	-	37.0
Totals		**46.0**	**30.0**	**76.0**

At 30 June 2016, our total pipeline of investment opportunities was higher than at 31 December 2015. The PPP pipeline, which comprises opportunities to invest equity in projects with the potential to reach financial close over the next three years, stood at £1,337 million, compared to £1,135 million at 31 December 2015.

PPP pipeline at 30 June 2016	Estimated equity investment £ million
UK	115
Continental Europe	320
North America	460
Asia Pacific	442
Total	1,337

The renewable energy pipeline at 30 June 2016 was £441 million, higher than the £359 million pipeline at 31 December 2015.

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 2016	Number of projects	PPP £ million	Renewable energy £ million	Total £ million
Preferred bidder / committed	1	11	-	11
Shortlisted / exclusive	16	255	142	397
Other active bids	5	180	-	180
Pipeline	55	891	299	1,190
	77	1,337	441	1,778

As at mid-August 2016, we were part of PPP bids which were shortlisted or had preferred bidder status as summarised in the table below:

Shortlisted PPP Projects	Financial close expected	Region	Description
High Capacity Metropolitan Trains	2016	Asia Pacific	New trains and maintenance depot for the Melbourne urban rail network
National Broadband	2017	Europe	Broadband roll-out project in the Republic of Ireland
Grafton Prison	2017	Asia Pacific	Prison facility in New South Wales
NZ Schools III	2017	Asia Pacific	New schools in Auckland, Hamilton and Christchurch
Central 70 Road	2017	North America	Availability-based road in Colorado
Gordie Howe Bridge	2017	North America	Bridge across the Detroit river between the US and Canada
Two PPP bids	2016/2017	Asia Pacific	Not yet disclosable under confidentiality agreements

We continue to monitor further PPP markets which offer potential in the medium to long term, including certain countries in Latin America. In renewable energy, our main focus is on European countries which offer attractive support mechanisms, but our teams are also seeing opportunities in both Australia, following our first

investment in that jurisdiction last year, and in North America. In addition, we are assessing potentially attractive opportunities in infrastructure sectors closely linked to our existing PPP and renewable energy sectors.

SECONDARY INVESTMENT

At 30 June 2016, our Secondary Investment portfolio comprised investments in 14 PPP projects and four renewable energy projects with a book value of £443.2 million (31 December 2015 – £419.4 million). The Secondary Investment portfolio also included a 6% shareholding in JLEN valued at £15.2 million (31 December 2015 – 7% shareholding valued at £16.1 million).

During the first half, the New Albion Wind Farm (UK) and the Rammeldalsberget Wind Farm (Sweden) investments transferred from the Primary Investment portfolio to the Secondary Investment portfolio.

Also during the first half, we received proceeds of £57.7 million from realisations, achieving returns consistent with our historic track record:

- Our investment in one renewable energy project, Dungavel Wind Farm (100%), was sold to JLEN for £38.2 million
- Our investments in two PPP projects, Oldham Housing and British Transport Police, were sold to JLIF for £19.5 million

On 21 July 2016, we sold our 100% shareholding in New Albion Wind Farm for proceeds of £11.8 million (before costs). Further realisations are in progress and we are maintaining our guidance for total realisations in 2016 of approximately £100 million, excluding the sale of our investments in Oldham Housing and British Transport Police for £19.5 million.

Our realisations for the first half of 2016 are summarised in the table below:

Realisations	Shareholding	Purchaser	Total £ million
British Transport Police	54.17%	JLIF	19.5
Oldham Housing	95%		
Dungavel Wind Farm	100%	JLEN	38.2
Total			**57.7**

ASSET MANAGEMENT

The Asset Management team manages our Primary and Secondary Investment portfolios, and also generates fee income from the provision of (i) Investment Management Services (IMS) to JLIF, JLEN and JLPF and (ii) Project Management Services (PMS) directly to project companies.

Key projects under construction, which made up 77% of the Primary Investment portfolio by value at 30 June 2016, are moving forward:

- Intercity Express Programme (IEP) – five trains are now undergoing testing on the UK rail network for Phase 1;
- I-4 Ultimate road project – while construction is currently running a few months behind schedule, the expected completion date in 2021 has not changed;
- New Royal Adelaide Hospital – construction is close to completion but the contractor is incurring delays in achieving commercial acceptance. We have reflected the estimated impact in our portfolio valuation at 30 June 2016;
- Denver Eagle P3 – following opening of the first stage of the project, the University of Colorado "A" Line in April 2016, the next stage, the North West Electrified Section, opened in July 2016;
- New Perth Stadium – the programme is 50% complete and is on schedule to achieve completion at the end of 2017; and
- Hornsdale 1 Wind Farm – construction is on schedule and the first energy generation occurred during June 2016.

We earned revenues of £8.0 million from the provision of IMS during the first half of the year (six months ended 30 June 2015 – £6.6 million). These revenues principally represent fees earned from investment advisory agreements with JLIF and JLEN. As at 30 June 2016, John Laing had external Assets under Management, based on the latest published portfolio values of JLIF and JLEN at 31 March 2016, of £1,277.5 million, a 12.5% increase since 31 December 2015. External Assets under Management also included a small number of PPP investments held by JLPF.

We earned revenues of £7.8 million from the provision of PMS during the first half of the year (six months ended 30 June 2015 – £7.5 million), in respect of administrative and financial services provided under MSAs directly to project companies in which John Laing, JLIF or JLEN are investors. PMS revenue can also include development management fees from property-related investments.

On 21 June 2016, the Group announced the sale of the business and assets of its PMS activities in the UK to HCP, a leading specialist in the delivery of project management services to the UK PPP industry. Completion is expected to occur in the fourth quarter following receipt of a number of consents at project level. As part of the sale, it is expected that approximately 90 staff roles and 62 MSAs will transfer to HCP. The activities to be sold contributed £4.7 million of the £7.8 million PMS revenues for the six months ended 30 June 2016 referred to above and had attributable costs of c.£4.0 million.

PORTFOLIO VALUATION

The portfolio valuation at 30 June 2016 was £945.2 million compared to £841.4 million at 31 December 2015. After adjusting for realisations, cash yield and cash invested, this represented a positive movement in fair value of £128.2 million (15.7%):

	Investments in projects £ million	Listed investment £ million	Total £ million
Portfolio valuation at 1 January 2016	825.3	16.1	841.4
– Cash invested	51.6	-	51.6
– Cash yield	(17.8)	(0.5)	(18.3)
– Proceeds from realisations	(57.7)	-	(57.7)
Rebased valuation	**801.4**	**15.6**	**817.0**
– Movement in fair value	128.6	(0.4)	128.2
Portfolio valuation at 30 June 2016	**930.0**	**15.2**	**945.2**

Cash investment in respect of three new projects (one PPP and two renewable energy) entered into during the first half of 2016 totalled £18.7 million. An additional stake in one existing PPP project was acquired in June 2016 for £19.8 million (with an additional cash injection to the project made in July). In addition, equity and loan note subscriptions of £13.1 million were injected into existing projects in the portfolio as they progressed through, or completed, construction.

During the first half of 2016, the Group completed the realisation of three investments for a total consideration of £57.7 million. Cash yield during the first half of 2016 totalled £18.3 million.

The movement in fair value of £128.2 million is analysed in the table below. The fair value movement includes a net benefit of £27.5 million from the amendment of benchmark discount rates for a number of investments in response to our understanding and experience of the secondary market.

	Six months ended 30 June 2016 Total £ million	Six months ended 30 June 2015 Total £ million	Year ended 31 December 2015 Total £ million
Unwinding of discount	**36.6**	29.5	61.0
Reduction of construction risk premia	**17.4**	11.0	22.8
Impact of foreign exchange movements	**49.4**	(21.0)	(9.2)
Change in operational benchmark discount rates	**27.5**	19.3	19.5
Change in power and gas price forecasts	**(16.3)**	(7.3)	(10.7)
Value enhancements and other changes	**13.6**	13.0	48.7
Movement in fair value	**128.2**	44.5	132.1

The net movement in fair value comprised unwinding of discounting (£36.6 million), the reduction of construction risk premia (£17.4 million), the reduction in operational benchmark discount rates (£27.5 million), value enhancements (including from new investment commitments) and other changes (£13.6 million) and favourable foreign exchange movements of £49.4 million, offset by adverse movements from lower power and gas price forecasts (£16.3 million). Foreign exchange movements are addressed further in the Financial Review section.

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

	30 June 2016		31 December 2015	
	£ million	**%**	£ million	%
Primary Investment	**486.8**	**51.5**	405.9	48.2
Secondary Investment	**458.4**	**48.5**	435.5	51.8
Portfolio valuation	**945.2**	**100.0**	841.4	100.0

The increase in the Primary Investment portfolio is due to a movement in fair value of £59.1 million, including value enhancements and financial closes achieved during the period, and cash invested of £51.6 million, offset by transfers to the Secondary Investment portfolio of £28.6 million and cash yield of £1.2 million.

	Primary Investment £ million
Portfolio valuation at 1 January 2016	405.9
– Cash invested	51.6
– Cash yield	(1.2)
– Transfers to Secondary Investment	(28.6)
Rebased valuation	**427.7**
– Movement in fair value	59.1
Portfolio valuation at 30 June 2016	**486.8**

The increase in the Secondary Investment portfolio is due to transfers from the Primary Investment portfolio of £28.6 million and a movement in fair value of £69.1 million, offset by investment realisations during the year of £57.7 million and cash yield of £17.1 million.

	Secondary Investment £ million
Portfolio valuation at 1 January 2016	435.5
– Cash yield	(17.1)
– Proceeds from realisations	(57.7)
– Transfers from Primary Investment	28.6
Rebased valuation	**389.3**
– Movement in fair value	69.1
Portfolio valuation at 30 June 2016	**458.4**

METHODOLOGY

A full valuation of the investment portfolio is prepared every six months, at 30 June and 31 December, with a review at 31 March and 30 September, principally using a discounted cash flow methodology. 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, risk premia are added to reflect the additional risk during the construction phase. The construction risk premia reduce over time as the project progresses through its construction programme, reflecting the significant reduction in risk once the project reaches the operating stage.

The discounted cash flow valuation was based on future cash distributions from projects forecast as at 30 June 2016, derived from detailed financial models for each underlying project. These incorporate the Group's expectations of likely future cash flows including value enhancements.

For the 30 June 2016 valuation, the overall weighted average discount rate was 9.1% compared to the weighted average discount rate at 31 December 2015 of 9.5%. The decrease was primarily due to changes in operational discount rates for a number of investments. The weighted average discount rate at 30 June 2016 was made up of 9.3% (31 December 2015 – 9.7%) for the Primary Investment portfolio and 8.5% (31 December 2015 – 8.9%) for the Secondary Investment portfolio.

The overall weighted average discount rate of 9.1% reflects 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 weighted average discount rate of 8.5% for the Secondary Investment portfolio reflects (i) the impact of renewable energy projects which tend to have higher discount rates than PPP projects and (ii) a few PPP projects with above average discount rates because of location or an element of volume/technology risk.

The discount rate ranges used in the portfolio valuation at 30 June 2016 were as set out below:

Sector	Primary Investment %	Secondary Investment %
PPP projects	7.3 – 11.6	7.0 – 11.0
Renewable energy projects	7.6 – 12.0	7.0 – 9.3

The shareholding in JLEN was valued at its closing market price on 30 June 2016 of 97.0p per share (31 December 2015 – 103.0p 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 2016.

MACRO - ECONOMIC ASSUMPTIONS

During the first half of 2016, lower than previously forecast inflation and deposit rates receivable on cash balances within projects had a negative impact on the majority of forecast project cash flows within the portfolio. Deposit rates are anticipated to remain at low levels in the short-term. As mentioned above, strengthening of foreign currencies against Sterling over the six months to 30 June 2016 resulted in favourable foreign exchange movements of £49.4 million (excluding the effect of foreign exchange hedges as described in the Financial Review section).

Investments in overseas projects are fair valued based on the spot exchange rate on the balance sheet date. As at 30 June 2016, a 10% movement of each relevant currency against Sterling would decrease or increase the value of investments in overseas projects by c.£50 million.

The table below summarises the main macro-economic assumptions used in the portfolio valuation:

Assumption			**30 June 2016**	31 December 2015
Long term inflation	UK	RPI & RPIX	2.75%	2.75%
	Europe	CPI	2.00%	2.00%
	US	CPI	2.25% - 2.50%	2.25% - 2.50%
	Australia	CPI	2.00% - 2.75%	2.00% - 2.75%
Exchange rates		GBP/EUR	1.2086	1.3592
		GBP/AUD	1.8166	2.0340
		GBP/USD	1.3410	1.4833
		GBP/NZD	1.8871	2.1692

DISCOUNT RATE SENSITIVITY

The weighted average discount rate applied at 30 June 2016 was 9.1% (31 December 2015 – 9.5%). The table below shows the sensitivity of each 1% change in this rate of up to plus or minus 3.0%.

Discount rate sensitivity	Portfolio valuation £ million	Increase/(decrease) in valuation £ million
+3.0%	654.5	(290.7)
+2.0%	736.0	(209.2)
+1.0%	831.8	(113.4)
-	945.2	-
-1.0%	1,080.7	135.5
-2.0%	1,243.9	298.7
-3.0%	1,442.3	497.1

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

BY TIME REMAINING ON PROJECT CONCESSION/LIFE

	30 June 2016		31 December 2015	
	£ million	**%**	£ million	%
Greater than 25 years	**465.2**	**49.2**	402.6	47.8
20 to 25 years	**275.7**	**29.2**	245.0	29.1
15 to 20 years	**117.8**	**12.5**	108.3	12.9
10 to 15 years	**52.0**	**5.5**	47.6	5.7
Less than 10 years	**19.3**	**2.0**	21.8	2.6
Listed investment	**15.2**	**1.6**	16.1	1.9
	945.2	**100.0**	841.4	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, 49.2% of the portfolio by value had a greater than 25-year unexpired concession term or useful economic life remaining at 30 June 2016, compared to 47.8% at 31 December 2015. The investment in JLEN, which represented 1.6% (31 December 2015 – 1.9%) of the portfolio valuation, is shown separately.

SPLIT BETWEEN PPP AND RENEWABLE ENERGY

	30 June 2016		31 December 2015	
	£ million	%	£ million	%
Primary PPP	**405.5**	**42.9**	329.9	39.2
Primary renewable energy	**81.3**	**8.6**	76.1	9.0
Secondary PPP	**348.8**	**36.9**	328.0	39.0
Secondary renewable energy	**94.4**	**10.0**	91.3	10.9
Listed investment	**15.2**	**1.6**	16.1	1.9
	945.2	**100.0**	841.4	100.0

Primary PPP investments made up the largest part of the portfolio, representing 42.9% of the portfolio valuation at 30 June 2016, with Secondary PPP investments representing a further 36.9%.

BY REVENUE TYPE

	30 June 2016		31 December 2015	
	£ million	%	£ million	%
Availability	**701.9**	**74.3**	611.0	72.6
Shadow toll	**42.5**	**4.5**	38.3	4.6
Volume	**185.6**	**19.6**	176.0	20.9
Listed investment	**15.2**	**1.6**	16.1	1.9
	945.2	**100.0**	841.4	100.0

Availability-based investments continued to make up the majority of the portfolio, representing 74.3% of the portfolio valuation at 30 June 2016. Renewable energy investments comprised the majority of the volume-based investments. The investment in JLEN, which holds investments in PPP and renewable energy projects, is shown separately.

BY SECTOR

	30 June 2016		31 December 2015	
	£ million	%	£ million	%
Social infrastructure	**118.0**	**12.5**	125.4	14.9
Transport – other	**337.5**	**35.7**	277.4	33.0
Transport – rail rolling stock	**196.2**	**20.8**	158.7	18.9
Environmental – renewable energy	**175.7**	**18.6**	167.4	19.9
Environmental – waste	**102.6**	**10.8**	96.4	11.4
Listed investment	**15.2**	**1.6**	16.1	1.9
	945.2	**100.0**	841.4	100.0

Investments in the transport sector (excluding rail rolling stock) continued to make up the largest proportion of the portfolio valuation, representing 35.7% of the portfolio at 30 June 2016, with rail rolling stock investments accounting for a further 20.8%. Renewable energy investments made up 18.6% of the portfolio by value, social infrastructure investments – 12.5% and waste investments – 10.8%. The portfolio underlying the JLEN shareholding consists of a mix of renewable energy and environmental projects.

BY CURRENCY

	30 June 2016		31 December 2015	
	£ million	**%**	£ million	%
Sterling	**438.8**	**46.4**	437.8	52.0
Euro	**271.8**	**28.8**	213.0	25.3
Australian dollar	**112.7**	**11.9**	88.2	10.5
US dollar	**101.2**	**10.7**	83.7	10.0
New Zealand dollar	**20.7**	**2.2**	18.7	2.2
	945.2	**100.0**	841.4	100.0

The percentage of investments denominated in foreign currencies increased from 48.0% to 53.6%. This was partly caused by the weakness of Sterling in the first half but is also consistent with our pipeline and the overseas jurisdictions we target.

BY GEOGRAPHICAL REGION

	30 June 2016		31 December 2015	
	£ million	**%**	£ million	%
UK	**423.6**	**44.8**	421.7	50.1
Continental Europe	**271.8**	**28.8**	213.0	25.3
North America	**101.2**	**10.7**	83.7	10.0
Asia Pacific	**133.4**	**14.1**	106.9	12.7
Listed investment	**15.2**	**1.6**	16.1	1.9
	945.2	**100.0**	841.4	100.0

Investments in the UK continued to make up the largest single region in the portfolio valuation, representing 44.8% of the portfolio at 30 June 2016. Continental Europe remained the next largest category with 28.8%. Investments in projects located in the Asia Pacific region made up 14.1% and investments in North America 10.7%. A substantial majority of the JLEN portfolio consists of investments in UK based projects.

BY INVESTMENT SIZE

	30 June 2016		31 December 2015	
	£ million	**%**	£ million	%
Five largest projects	**434.5**	**46.0**	358.3	42.6
Next five largest projects	**217.3**	**23.0**	202.7	24.1
Other projects	**278.2**	**29.4**	264.3	31.4
Listed investment	**15.2**	**1.6**	16.1	1.9
	945.2	**100.0**	841.4	100.0

The top five investments in the portfolio made up 46.0% of the portfolio at 30 June 2016. The next five largest investments made up a further 23.0%, with the remaining investments in the portfolio comprising 29.4%. The shareholding in JLEN made up 1.6% of the portfolio.

INVESTMENT PORTFOLIO AS AT 30 JUNE 2016

SOCIAL INFRASTRUCTURE

	PRIMARY INVESTMENT			SECONDARY INVESTMENT			
Health	New Royal Adelaide Hospital 17.26%			Alder Hey Children's Hospital 40%			
Justice and Emergency Services				Auckland South Corrections Facility 30%			
Defence				DARA Red Dragon 100%			
Regeneration	Lambeth Housing 50%						
Other Accommodation	Hastings Property Development 50%	New Perth Stadium 50%					

TRANSPORT

	PRIMARY INVESTMENT			SECONDARY INVESTMENT			
Roads	A15 Netherlands 28%	I-4 Ultimate 50%	I-77 Managed Lanes 10%	A1 Germany 42.5%	A1 Gdansk Poland 29.69%	Severn River Crossing 35%	M6 Hungary 30%
	A6 Parkway 80%			A55 100%	A130 100%		
Rail	IEP (Phase 1) 30%	Denver Eagle P3 45%	New Generation Rollingstock 40%	Coleshill Parkway 100%	Aylesbury Vale Parkway 50%	City Greenwich Lewisham (DLR) 5%	
	IEP (Phase 2) 30%	Sydney Light Rail 32.5%					
Street Lighting	Croydon & Lewisham SL 50%						

ENVIRONMENTAL

Waste				Manchester Waste VL Co 50%	Manchester Waste TPS Co 37.43%	
Renewable Energy	Speyside Biomass 51%	Glencarbry Wind Farm 100%	Cramlington Biomass 44.7%	Svartvallsberget Wind Farm 100%	Rammeldalsberget Wind Farm 100%	Klettwitz Wind Farm 100%
	Llynfi Wind Farm 100%	Hornsdale 1 Wind Farm 30%	Hornsdale 2 Wind Farm 30%	New Albion Wind Farm 100%		
	Pasilly Wind Farm 100%					

FINANCIAL REVIEW

BASIS OF PREPARATION

Statutory financial information for the six months ended 30 June 2016 is presented in the Condensed Group Income Statement, the Condensed Group Statement of Comprehensive Income and the Condensed Group Statement of Changes in Equity alongside comparative pro forma financial information for the six months ended 30 June 2015 and the year ended 31 December 2015. The comparative pro forma financial information was prepared on the basis that the restructuring associated with the Company's admission to listing in February 2015 (Admission), as described in more detail in the Financial Review section of the 2015 Annual Report and Accounts, had been in place throughout the year ended 31 December 2015 . In the opinion of the Directors, presenting pro forma information for 2015 was necessary in order to give a true and fair view of the state of the Company's affairs for that year. Note 18 to the Condensed Group Financial Statements provides details of the statutory financial information for the 2015 financial year, which is the last year for which pro forma financial information will be presented, including how it differs from pro forma financial information.

The statutory and pro forma financial information has been prepared on the historical cost basis except for the revaluation of the investment portfolio and financial instruments that are measured at fair value at the end of each reporting period. The Company meets the definition of an investment entity set out in IFRS 10. 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 beyond John Laing's 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".

The comparative financial information in this Financial Review is pro forma financial information unless stated otherwise.

RESULTS FOR THE SIX MONTH PERIOD

Profit before tax for the six month period ended 30 June 2016 was £108.3 million (six months ended 30 June 2015 – £32.6 million).

Six months ended	**Primary Investment 30 June 2016 £ million Statutory**	Primary Investment 30 June 2015 £ million Pro forma	**Secondary Investment 30 June 2016 £ million Statutory**	Secondary Investment 30 June 2015 £ million Pro forma	**Asset Management 30 June 2016 £ million Statutory**	Asset Management 30 June 2015 £ million Pro forma	**Total 30 June 2016 £ million Statutory**	Total 30 June 2015 £ million Pro forma
Profit before tax for reportable segments	**43.5**	28.2	**59.2**	3.0	**9.0**	7.7	**111.7**	38.9
Post retirement charges							**(1.4)**	(2.8)
Other net loss							**(2.0)**	(3.5)
Profit before tax							**108.3**	32.6

Net asset value increased from £889.6 million at 31 December 2015 to £963.7 million at 30 June 2016.

As at	**Primary Investment 30 June 2016 £ million Statutory**	Primary Investment 31 Dec 2015 £ million Statutory	**Secondary Investment 30 June 2016 £ million Statutory**	Secondary Investment 31 Dec 2015 £ million Statutory	**Asset Management 30 June 2016 £ million Statutory**	Asset Management 31 Dec 2015 £ million Statutory	**Total 30 June 2016 £ million Statutory**	Total 31 Dec 2015 £ million Statutory
Portfolio valuation	**486.8**	405.9	**458.4**	435.5	**–**	–	**945.2**	841.4
Other net current liabilities							**(15.7)**	(16.0)
Group net cash[1]							**77.8**	110.4
Post-retirement obligations							**(43.6)**	(46.2)
Group net assets							**963.7**	889.6

Note:

(1) includes cash balances held to collateralise future investment commitments of £145.2 million (31 December 2015 - £123.9 million) and is presented net of short-term cash borrowings of £100.0 million (31 December 2015 - £19.0 million).

- The main profit contributor in the first half of 2016 was the Secondary Investment division. Its contribution was higher than the first half last year primarily because of a higher fair value movement, which in turn was principally as a result of favourable foreign exchange rate movements and higher value enhancements and other changes to project cashflows.
- The higher contribution in 2016 from the Primary Investment division was also primarily as a result of foreign exchange gains on the portfolio, offset by lower value enhancements and other changes to project cashflows.
- The higher contribution in the first half of 2016 from the Asset Management division was principally due to higher fee income from IMS as a result of increased external Assets under Management.

Profit before tax shown above is net of the following staff costs:

Six months ended	Primary Investment 30 June 2016 £ million	Primary Investment 30 June 2015 £ million	Secondary Investment 30 June 2016 £ million	Secondary Investment 30 June 2015 £ million	Asset Management 30 June 2016 £ million	Asset Management 30 June 2015 £ million	Central 30 June 2016 £ million	Central 30 June 2015 £ million	Total 30 June 2016 £ million	Total 30 June 2015 £ million
	Statutory	Pro forma	**Statutory**	Pro forma	**Statutory**	Pro forma	**Statutory**	Pro forma	**Statutory**	Pro forma
Staff costs	**4.8**	3.6	**-**	-	**8.7**	9.2	**3.3**	2.4	**16.8**	15.2

Included within Asset Management staff costs are costs relating to:

Six months ended	Investment Management Services 30 June 2016 £ million	Investment Management Services 30 June 2015 £ million	Project Management Services 30 June 2016 £ million	Project Management Services 30 June 2015 £ million	Total Asset Management 30 June 2016 £ million	Total Asset Management 30 June 2015 £ million
	Statutory	Pro forma	**Statutory**	Pro forma	**Statutory**	Pro forma
Staff costs	**4.5**	3.8	**4.2**	5.4	**8.7**	9.2

The principal matters affecting the financial performance, financial position and cash flows of the Group in the first half of 2016 were:

- The net gain on investments at FVTPL of £123.1 million (six months ended 30 June 2015 - £49.8 million) (see below);
- Total investment commitments of £76.0 million across four projects (six months ended 30 June 2015 – three projects with investment commitments of £72.1 million);
- Cash investment of £51.6 million into existing projects during and at the end of their construction phase or on acquisitions of projects;
- Realisation of investments in three projects (comprising two investments to JLIF and one investment to JLEN) for proceeds of £57.7 million. In the first half of 2015, there were realisations of investments in four projects (comprising one investment to JLIF and three investments to JLEN), resulting in proceeds of £54.1 million; and
- The combined deficit (under IAS 19) of the Group's defined benefit pension and post-retirement medical schemes at 30 June 2016 decreased to £43.6 million (31 December 2015 – £46.2 million) due to cash contributions to JLPF of £18.1 million in line with the agreed schedule of contributions, partly offset by a lower discount rate for JLPF's liabilities.

Condensed Group Income Statement

The Condensed Group Income Statement includes:

- the consolidated results of the Company and the Company's recourse subsidiaries that perform service related activities;
- the movement in the fair value of the Company's investment in its recourse investment entity subsidiaries through which it invests in both non-recourse project companies and listed investments.

The net gain on investments at FVTPL for the six months ended 30 June 2016 was £123.1 million (six months ended 30 June 2015 - £49.8 million). This includes a value uplift on the investment portfolio, after adjusting for the impact of investments, cash yield and realisations, of £128.2 million (six months ended 30 June 2015 – £44.5 million). The higher value uplift in the first half of 2016 is primarily due to favourable foreign exchange movements in the first half of 2016 compared to adverse foreign exchange movements in the comparable period last year. There was also a fair value gain in respect of non-portfolio investments in small joint ventures of £1.0 million (six months ended 30 June 2015 - £0.1 million) and other net losses in recourse group subsidiaries held at FVTPL of £6.1 million (six months ended 30 June 2015 – gain £5.2 million).

The Group earned other income of £17.6 million (six months ended 30 June 2015 - £14.6 million) primarily from IMS and PMS as well as from a recovery on financial close of £1.0 million in the six months ended 30 June 2016 (six months ended 30 June 2015 – net nil recovery with £0.6 million of income earned on the financial close of Sydney Light Rail offset by costs incurred on the resolution of the East West Link project). This was earned on the financial closes of Glencarbry Wind Farm and A6 Parkway.

Finance costs include costs arising on the corporate banking facilities and interest on the pension fund deficit. These resulted in a net finance cost of £4.4 million in the six months ended 30 June 2016 (six months ended 30 June 2015 – £7.1 million) with the decrease in the period being primarily due to lower interest on the pension fund deficit in the six months ended 30 June 2016 as well as reduced finance costs due to lower average usage of the corporate banking facilities.

The Group's overall tax credit on profit on continuing activities for the first half of 2016 was £2.9 million (six months ended 30 June 2015 – £nil). This comprised a tax charge of £1.6 million (six months ended 30 June 2015 – £nil) in recourse group subsidiary entities that are consolidated (shown in the 'Tax' line of the Condensed Group Income Statement), primarily in relation to group relief payable to entities held at FVTPL, and a tax credit of £4.5 million (six months ended 30 June 2015 – £nil) 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), including group relief receivable from recourse group subsidiary entities that are consolidated together with group and 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 May 2016, HM Treasury published a consultation on Base Erosion and Profit Shifting (BEPS) following the UK Government's announcement in March 2016 that it would be introducing legislation to restrict tax deductible interest to 30% of a Company's earnings before interest, tax, depreciation and amortisation (EBITDA). The consultation included a Public Benefit Project Exemption for projects where it is public policy to provide for the benefit of the public. The Company has made a provision as at 30 June 2016 on the basis that the proposals had been enacted at 30 June 2016; this provision is not material in the context of the Company's net asset value at 30 June 2016. The Company has responded to HM Treasury's consultation as part of industry representative forums.

Condensed Group Balance Sheet

The Condensed Group Balance Sheet includes the assets and liabilities of the Company, the assets and liabilities of the Company's recourse subsidiaries that perform service related activities (Service Companies) consolidated on a line by line basis and the fair value of the Company's investment in its recourse investment entity subsidiaries through which it invests in non-recourse project companies and listed investments.

The Group's portfolio of investments in project companies and listed investments was valued at £945.2 million at 30 June 2016 (31 December 2015 – £841.4 million). The valuation methodology is set out in the Portfolio Valuation section.

The portfolio value is reconciled to the Condensed Group Balance Sheet as follows:

	30 June 2016 £ million	31 December 2015 £ million
Portfolio valuation	**945.2**	841.4
Value of other investments not included in portfolio valuation	**0.5**	0.5
Other assets and liabilities within recourse investment entity subsidiaries[1]	**165.2**	123.4
Investments at FVTPL on the Condensed Group Balance Sheet	**1,110.9**	965.3

Note:

(1) include cash and cash equivalents of £176.1 million (31 December 2015 – £128.3 million), of which £145.2 million (31 December 2015 – £123.9 million) is held to collateralise future investment commitments, and trade and other receivables less trade and other payables.

The combined accounting deficit in the Group's defined benefit pension and post-retirement medical schemes at 30 June 2016 was £43.6 million (31 December 2015 – £46.2 million). The Group operates two defined benefit 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.

Within the combined accounting deficit of £43.6 million, the pension deficit in JLPF at 30 June 2016 was £35.9 million (31 December 2015 – £38.9 million), based on a discount rate applied to pension liabilities of 2.85% (31 December 2015 – 3.75%). The amount of the deficit is dependent on key assumptions, principally: inflation; the discount rate used; and the anticipated longevity of members. The discount rate, as prescribed by IAS 19, is based on yields from high quality corporate bonds.

In December 2013, a schedule of contributions was agreed with the JLPF trustee over a period of ten years, comprising annual contributions of £26.1 million, increasing by 3.55% annually, payable each March, starting from March 2014. As part of the IPO process in February 2015, the Group made a special contribution satisfied by the transfer of assets, including cash, valued at £100 million to JLPF and agreed a reduction in contributions payable in March 2016 and March 2017. In line with this amended schedule, the Company made cash contributions of £18.1 million in the first half of 2016 (six months ended 30 June 2015 – £27.0 million). The next triennial actuarial valuation of JLPF as at 31 March 2016 is currently underway and is expected to be finalised later in the year.

Financial Resources

At 30 June 2016, the Group had committed corporate banking facilities of £400.0 million, expiring in March 2020 (31 December 2015 – £350.0 million), which are primarily used to back investment commitments. The Group increased its committed facilities by £50.0 million in June 2016. Net available financial resources at 30 June 2016 were £179.1 million (31 December 2015 – £180.1 million).

Analysis of Group financial resources (recourse)

	30 June 2016 £ million	31 December 2015 £ million
Committed corporate banking facilities	**400.0**	350.0
Letters of credit issued under corporate banking facilities	**(100.1)**	(154.2)
Other guarantees and commitments	**(2.5)**	(1.1)
Short term cash borrowings	**(100.0)**	(19.0)
Facility utilisation	**(202.6)**	(174.3)
Facility headroom	**197.4**	175.7
Less: letters of credit issued under additional surety facilities (see below)	**(50.0)**	-
Cash and bank deposits	**32.6**	5.5
Less unavailable cash	**(0.9)**	(1.1)
Net available financial resources	**179.1**	180.1

Cash and bank deposits shown above, which exclude cash collateral balances, are included in the Condensed Group Balance Sheet within the following lines:

	30 June 2016 £ million	31 December 2015 £ million
Amounts in fair valued entities included within investments at fair value through profit or loss	**30.9**	4.4
Amounts in consolidated entities shown as cash and cash equivalents	**1.7**	1.1
Total cash and bank deposits	**32.6**	5.5

Letters of credit issued under the committed corporate banking facilities of £100.1 million (31 December 2015 - £154.2 million) and under additional surety facilities of £50.0 million (31 December 2015 - £nil) and cash collateral together represent future cash investment by the Group into underlying projects in the Primary Investment portfolio.

	30 June 2016 £ million	31 December 2015 £ million
Letters of credit issued	**150.1**	154.2
Cash collateral	**145.2**	123.9
Future cash investment into projects	**295.3**	278.1

The table below shows the letters of credit issued analysed by investment and the date or dates when cash is expected to be invested into the underlying project at which point the letter of credit would expire:

Project	Letter of credit issued £ million	Expected date of cash investment
IEP (Phase 1), UK	**10.0**	July 2016
A15, Netherlands	**13.2**	August 2016
Croydon & Lewisham SL, UK	**4.3**	October 2016
New Generation Rollingstock, Australia	**22.9**	Dec 2016 to Oct 2017
Cramlington Biomass, UK	**27.0**	December 2017
IEP (Phase 2), UK	**72.7**	March 2018
Total	**150.1**	

The table below shows the cash collateral balances at 30 June 2016 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
IEP (Phase 1), UK	**75.8**	July 2016
New Perth Stadium, Australia	**6.3**	July 2016 to Dec 2017
Sydney Light Rail, Australia	**44.6**	Sep 2016 to Nov 2016
I-77 Managed Lanes, US	**18.5**	Nov 2017 to Nov 2018
Total	**145.2**	

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

The Group tends not to be a cash borrower at the corporate level for significant periods of time and does not, therefore, generally seek to hedge its exposure to interest rate movements. However, there are significant non-recourse borrowings within the project companies in which the Group invests. The interest rate exposure on the debt of such project companies is, in almost all 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 has not been, and is unlikely to be, significant in the context of the Condensed Group Income Statement.

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 2016, there was a favourable fair value movement of £49.4 million in the portfolio valuation between 31 December 2015 and 30 June 2016. This positive impact was partly offset by net losses, both realised and unrealised, included within net gain on investments at FVTPL in the Group Income Statement, of £11.4 million from foreign exchange hedges held by

the Group at 30 June 2016 on part of its Euro-denominated investments (£93 million) and on part of its New Zealand Dollar-denominated investment (£10 million). Net losses of £7.8 million on other hedges held by the Group against cash collateral balances in foreign currencies were offset by foreign exchange translation gains of £7.8 million on those balances.

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 2016 of £150.1 million (31 December 2015 – £154.2 million) are analysed by currency as follows:

Letters of credit by currency	**30 June 2016 £ million**	31 December 2015 £ million
Sterling	114.0	122.1
Euro	13.2	11.7
Australian dollar	22.9	20.4
	150.1	154.2

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 principal internal controls that operated throughout the first half of 2016 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 controls.

In addition, a management risk committee, comprising senior members of management and chaired by the Group Finance Director, assists the Board, Audit & Risk Committee and Executive Committee in formulating and enforcing the Group's risk management policy.

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.

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 2015 Annual Report and Accounts. These risks are not expected to change significantly in the second half of 2016. 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:

Risk	Link to Strategic objectives (note)	Mitigation	Change in risk since 31 December 2015
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 opportunities.	1, 2, 3	The Board limits its exposure to any single jurisdiction. Thorough due diligence is carried out in order to assess a specific country's risk (for example economic and political stability, tax policy and local practices) before any investment is made.	No change

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 the terms applying to existing projects for example to introduce new policies or legislation that result in higher tax obligations on existing PPP or renewable energy projects or otherwise affect existing or future projects. Changes to legislation or public policy relating to renewable energy could negatively impact the economic returns on the Group's 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.		Where possible the Group seeks specific contractual protection from changes in government 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 a project, the Group takes a view on an appropriate level of return to cover the risk of non-discriminatory changes in law. During the bidding process for 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 120 investment commitments, the Group has developed significant expertise in compliance with public tender regulations.	
Macroeconomic factors To the extent such factors cannot be hedged, inflation, interest rates and foreign exchange all potentially impact the return generated from an investment and its valuation. Weakness in factors which affect energy prices, such as 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 impact adversely 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 approval process. 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 government support mechanisms and/or off take 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.	Increased

		Where possible, specific clauses relating to potential currency change within a particular jurisdiction are incorporated in project documentation.	
Liquidity in the secondary market Weakness in the secondary markets for investments in PPP or renewable energy, for example as the result of a lack of economic growth in relevant markets, regulatory changes in the banking sector, liquidity in financial markets, changes in interest and exchange rates and project finance market conditions, and the recent difficulties in parts of the Eurozone, 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.	1, 2, 3	Projects are appraised on a number of bases, in particular 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. In particular, several new environmental funds have been launched. While JLIF and JLEN are natural buyers of the Group's PPP and renewable energy investments respectively, the size and breadth of secondary markets provide the Group with confidence that it can sell investments to other purchasers.	No change
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, 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	1, 3	In February 2015, the Group entered into corporate banking facilities totalling £350 million which mature in March 2020. In June 2016, these facilities were increased to £400 million. 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 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. 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	No change

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 loan 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 enable project finance debt providers to declare default on the financing terms and exercise their security.		financial institutions. Projects in which the Group has invested in PPP markets such as Australia and New Zealand, where the tenor of project finance facilities at financial close tends to be medium term, will need to be refinanced in due course. 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 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 deficit in 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 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. Other hedging is also in place. The actuarial valuation of JLPF as at 31 March 2016 is currently underway and is expected to be finalised later in the year.	Increased
Competition The Group operates in competitive markets and may not be able to compete effectively or profitably.	1	The Group believes that its experience and expertise as an active investor 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.	No change
Valuation The valuation of an investment in a project may not reflect its ultimate realisable value.	3		No change

In circumstances where the revenue derived from a project is related to patronage (i.e. customer usage), 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), 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 to 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 or cost overruns, which may adversely affect the valuation of and return on the Group's investments. The Group is reliant on the performance of third parties in constructing an asset to an appropriate standard as well as operating it in a manner consistent with contractual requirements. Poor performance by, or failure of, such third parties may result in the impairment or loss of an investment.		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 their sensitivities in detail prior to any investment commitment. The Group's intention is to maintain a majority of availability – based investments by value in its portfolio. 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. The Group typically hedges cash flows arising from investment realisations or significant distributions in currencies other than Sterling. 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 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 terms of the sub-contracts into which project companies enter provide significant 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.	
Counterparty risk The Group is exposed to counterparty credit risk with regards to (i) governmental entities, sub-contractors, lenders and suppliers at a project level and (ii) consortium partners, financial institutions and suppliers at a Group level. In overseas jurisdictions, the Group's investments backed by governmental entities may ultimately be subject to sovereign risk.	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. In establishing project contractual arrangements prior to making an investment, the credit standing and relevant experience of a sub-contractor are considered. Post contract award, the financial standing of key counterparties is monitored to provide an early warning of possible financial distress. 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. Counterparties for 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.	No change

		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. Detailed business continuity plans have been designed and are tested at frequent/regular intervals. Business continuity procedures are also regularly updated in order to maintain their relevance. John Laing operates to independent, third party-certified management systems in respect of health and safety (OHSAS 18001:2007) and environmental management (ISO 14001:2004). In addition, it routinely monitors health, safety and environmental issues in the projects it invests in or manages. Cyber risk is addressed through (i) the Group's organisational structure which includes segregation of responsibilities, delegated lines of accountability, delegated authorities and outsourced IT arrangements, as well as (ii) specific controls, including controls over payments and access to IT systems.	No change
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.	No change
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 rate of return. At the investment appraisal stage, 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 October 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 (iii) the way in which future project-financed infrastructure investments are structured, in each case in such jurisdictions.	1, 3	Tax positions taken by the Group are based on industry practice and/or external tax advice. At the investment appraisal stage, projects are tested for their sensitivity to changes in tax rates. Project valuations are regularly updated for changes in tax rates. In March 2016, in response to the OECD recommendations, the UK Government announced proposals for the introduction of a Fixed Ratio Rule to cap the amount of tax deductible net interest to 30% of a company's UK EBITDA. This was followed by a detailed consultation paper in May 2016 to which the Group responded on 4 August 2016 through industry representative forums. (For further information, see the Financial Review section). The Group's understanding is that not all governments will implement the OECD recommendations in the same way. Some believe their existing rules are adequate to limit the scope for BEPS. Others may take advantage of grandfathering provisions or the potential for exemptions for projects with a public benefit. The Group's effective tax rate tends to be lower than the standard rate of UK corporation tax principally because the contributions the Group makes to JLPF are deductible for tax purposes.	Increased
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. As a result of the outcome of the UK referendum on the EU, there is some uncertainty as to the position of certain EU nationals living and working in the UK. 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

Note:

The Group's three strategic objectives, as set out in the Chief Executive Officer's review in the 2015 Annual Report and Accounts, 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, 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.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 16 to the Condensed Group Financial Statements.

Other than transactions specifically linked to the Company's IPO in February 2015, and as disclosed in note 16, there have been no other related party transactions in the first six months of the financial year or the comparative period in 2015 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 March 2020 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
Chief Executive Officer

24 August 2016

Patrick O'D Bourke
Group Finance Director

24 August 2016

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; and
- The Interim Management Report 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
24 August 2016	24 August 2016

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 2016 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 18. 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 Auditing Practices Board. 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 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 Auditing Practices Board 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 Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

24 August 2016

CONDENSED GROUP INCOME STATEMENT

for the six months ended 30 June 2016

	Notes	**Six months ended 30 June 2016 £ million Unaudited**	Six months ended 30 June 2015 £ million Unaudited	Year ended 31 December 2015 £ million Audited
		Statutory	Pro forma	Pro forma
Continuing operations				
Net gain on investments at fair value through profit or loss	9	**123.1**	49.8	133.1
Other income	5	**17.6**	14.6	34.5
Operating income	3	**140.7**	64.4	167.6
Cost of sales		**–**	–	(0.1)
Gross profit		**140.7**	64.4	167.5
Administrative expenses		**(28.0)**	(24.7)	(55.3)
Profit from operations		**112.7**	39.7	112.2
Finance costs		**(4.4)**	(7.1)	(11.3)
Profit before tax	3	**108.3**	32.6	100.9
Tax	6	**(1.6)**	–	(2.1)
Profit from continuing operations		**106.7**	32.6	98.8
Discontinued operations				
Profit from discontinued operations (after tax)		**–**	–	5.7
Profit for the period attributable to the Shareholders of the Company		**106.7**	32.6	104.5
Earnings per share (pence)				
From continuing operations				
Basic	7	**29.1**	9.3	27.6
Diluted	7	**28.9**	9.3	27.5
From continuing and discontinued operations				
Basic	7	**29.1**	9.3	29.2
Diluted	7	**28.9**	9.3	29.1

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2016

	Six months ended 30 June 2016 Accumulated profit/(loss) £ million Unaudited	Six months ended 30 June 2015 Accumulated profit/(loss) £ million Unaudited	Year ended 31 December 2015 Accumulated profit/(loss) £ million Audited
	Statutory	Pro forma	Pro forma
Profit for the period	**106.7**	32.6	104.5
Exchange difference on translation of overseas operations	**0.2**	(0.2)	–
Actuarial (loss)/gain on post retirement obligations	**(14.4)**	14.6	15.8
Other comprehensive (loss) /income for the period	**(14.2)**	14.4	15.8
Total comprehensive income for the period	**92.5**	47.0	120.3

The only movement which could subsequently be recycled to the Group Income Statement is the exchange difference on translation of overseas operations.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2016	**36.7**	**218.0**	**0.7**	**634.2**	**889.6**
Profit for the period	**–**	**–**	**–**	**106.7**	**106.7**
Other comprehensive loss for the period	**–**	**–**	**–**	**(14.2)**	**(14.2)**
Total comprehensive income for the period	**–**	**–**	**–**	**92.5**	**92.5**
Share-based incentives (note 8)	**–**	**–**	**1.0**	**–**	**1.0**
Dividend paid	**–**	**–**	**–**	**(19.4)**	**(19.4)**
Balance at 30 June 2016 (unaudited) - Statutory	**36.7**	**218.0**	**1.7**	**707.3**	**963.7**

for the six months ended 30 June 2015

	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2015	**30.0**	**100.0**	**–**	**519.8**	**649.8**
Profit for the period	**–**	**–**	**–**	**32.6**	**32.6**
Other comprehensive income for the period	**–**	**–**	**–**	**14.4**	**14.4**
Total comprehensive income for the period	**–**	**–**	**–**	**47.0**	**47.0**
Shares issued in the period	**6.7**	**123.8**	**–**	**–**	**130.5**
Costs associated with the issue of shares	**–**	**(5.8)**	**–**	**–**	**(5.8)**
Share-based incentives (note 8)	**–**	**–**	**0.2**	**–**	**0.2**
Balance at 30 June 2015 (unaudited) – Pro forma	**36.7**	**218.0**	**0.2**	**566.8**	**821.7**

for the year ended 31 December 2015

	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2015	30.0	100.0	–	519.8	649.8
Profit for the year	–	–	–	104.5	104.5
Other comprehensive income for the year	–	–	–	15.8	15.8
Total comprehensive income for the year	–	–	–	120.3	120.3
Shares issued in the period	6.7	123.8	–	–	130.5
Costs associated with the issue of shares	–	(5.8)	–	–	(5.8)
Share-based incentives (note 8)	–	–	0.7	–	0.7
Dividends paid	–	–	–	(5.9)	(5.9)
Balance at 31 December 2015 (audited) – Pro forma	36.7	218.0	0.7	634.2	889.6

	Six months ended 30 June 2016 pence Unaudited	Six months ended 30 June 2015 pence Unaudited	Year ended 31 December 2015 pence Audited
	Statutory	Pro forma	Pro forma
Dividends on ordinary shares			
Per ordinary share:			
- interim proposed	1.85	1.60	–
- interim paid	–	–	1.60
- final proposed	–	–	5.30
- final paid	5.30	–	–

CONDENSED GROUP BALANCE SHEET

as at 30 June 2016

	Notes	**30 June 2016 £ million Unaudited Statutory**	31 December 2015 £ million Audited Statutory
Non-current assets			
Intangible assets		**0.1**	0.2
Plant and equipment		**0.7**	1.0
Investments at fair value through profit or loss	9	**1,110.9**	965.3
Deferred tax assets		**1.4**	1.4
		1,113.1	967.9
Current assets			
Trade and other receivables		**7.7**	8.3
Cash and cash equivalents		**1.7**	1.1
		9.4	9.4
Total assets		**1,122.5**	977.3
Current liabilities			
Trade and other payables		**(12.1)**	(19.6)
Borrowings		**(96.1)**	(14.9)
Current tax liabilities		**(4.3)**	(2.7)
		(112.5)	(37.2)
Liabilities directly associated with assets classified as held for sale		**(2.7)**	(4.2)
Net current liabilities		**(105.8)**	(32.0)
Non-current liabilities			
Retirement benefit obligations	11	**(43.6)**	(46.2)
Provisions		**-**	(0.1)
		(43.6)	(46.3)
Total liabilities		**(158.8)**	(87.7)
Net assets		**963.7**	889.6

Equity			
Share capital	12	**36.7**	36.7
Share premium	13	**218.0**	218.0
Other reserves		**1.7**	0.7
Retained earnings		**707.3**	634.2
Equity attributable to the Shareholders of the Company		**963.7**	889.6

CONDENSED GROUP CASH FLOW STATEMENT

for the six months ended 30 June 2016

	Notes	**Six months ended 30 June 2016 £ million Unaudited**	Six months ended 30 June 2015 £ million Unaudited	Year ended 31 December 2015 £ million Audited
		Statutory	Pro forma	Pro forma
Net cash outflow from operating activities	14	**(34.3)**	(66.2)	(70.5)
Investing activities				
Net cash transferred to investments held at fair value through profit or loss	9	**(22.5)**	(47.6)	(54.0)
Purchase of plant and equipment		**–**	(0.5)	(0.6)
Net cash used in investing activities		**(22.5)**	(48.1)	(54.6)
Financing activities				
Dividends paid		**(19.4)**	–	(5.9)
Finance costs paid		**(4.5)**	(10.7)	(13.7)
Proceeds from borrowings		**100.0**	50.0	50.0
Repayment of borrowings		**(19.0)**	(50.0)	(31.0)
Proceeds on issue of share capital		**–**	124.7	124.7
Net cash from financing activities		**57.1**	114.0	124.1
Net increase/(decrease) in cash and cash equivalents		**0.3**	(0.3)	(1.0)
Cash and cash equivalents at beginning of the period		**1.1**	2.2	2.2
Effect of foreign exchange rate changes		**0.3**	–	(0.1)
Cash and cash equivalents at end of the period		**1.7**	1.9	1.1

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

for the six months ended 30 June 2016

1 GENERAL INFORMATION

The interim 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 international infrastructure projects.

The statutory and pro forma financial information is presented in pounds sterling and has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. The annual financial statements of John Laing Group plc are prepared in accordance with IFRS as adopted by the European Union.

The information for the year ended 31 December 2015 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 House. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2 ACCOUNTING POLICIES

Basis of preparation

Statutory financial information for the six months ended 30 June 2016 has been presented in the Condensed Group Income Statement, the Condensed Group Statement of Comprehensive Income and the Condensed Group Statement of Changes in Equity alongside pro forma financial information for the six months ended 30 June 2015 and the year ended 31 December 2015. The pro forma financial information has been prepared on the basis that the restructuring associated with the Company's admission to listing in February 2015 (Admission), as described in more detail in the Financial Review section of the 2015 Annual Report and Accounts, had been in place throughout the year ended 31 December 2015. In the opinion of the Directors, presenting pro forma information for 2015 was necessary in order to give a true and fair view of the state of the Company's affairs for that year. Statutory financial information for 2015 corresponding to the pro forma financial information is presented separately in note 18 to the Condensed Group Financial Statements.

There is no difference in the balance sheet as at 31 December 2015 prepared on a pro forma basis and that prepared on a statutory basis. However, there is a difference in the income statement relating to the 27-day period between 1 January 2015 and 27 January 2015 when the Company only owned 22.46% of the John Laing Holdco Limited group (the Company acquired the remaining 77.54% of the John Laing Holdco Limited group on 27 January 2015). The statutory income statements for 2015 included an additional £3.4 million fair value loss within 'net gain on investments at fair value through profit or loss' that arose on the Company's acquisition of John Laing Holdco Limited on 27 January 2015, from the difference between the acquisition price of £630.0 million and the net assets of the John Laing Holdco group at the date of acquisition of £626.6 million. The net assets of the John Laing Holdco Limited group at the date of acquisition were lower than the net assets at 31 December 2014 of £649.8 million on a pro forma basis primarily as a result of an increase in the deficit on the John Laing Holdco Limited group's pension schemes between 1 January 2015 and the date of acquisition.

The statutory and pro forma financial information has been prepared on the historical cost basis except for the revaluation of the investment portfolio and financial instruments that are measured at fair value at the end of each reporting period. The Company meets the definition of an investment entity set out

within IFRS 10. 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. On 17 February 2015, the legal ownership of certain Service Companies in the John Laing Holdco Limited group was transferred to the Company and these transfers are also reflected in the pro forma financial information as if they had been in place throughout the year ended 31 December 2015. In the 2015 statutory financial information, the results of the Service Companies are only consolidated from 17 February 2015. For the period from 1 January 2015 to 17 February 2015, the results of the Service Companies are reflected in net gains on investments at FVTPL in the Condensed Group Income Statement.

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 financial statements.

Changes in accounting policies

There have been no changes to the accounting policies followed in the Condensed Group Financial Statements since the 2015 Annual Report and Accounts with the exception of the adoption of amendments resulting from Annual Improvements to IFRS (2012-14). These are amendments to existing standards which have not had a material impact on the Condensed Group Financial Statements.

3 OPERATING SEGMENTS

Information is reported to the Group's Board (the chief operating decision maker under IFRS 8) 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 – investment returns from and growth in the value of the Primary Investment portfolio, net of associated costs; costs and cost recoveries associated with sourcing, bidding for and winning greenfield infrastructure projects.

- 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 both the Primary and Secondary Investment portfolios and in respect of JLIF's and JLEN's portfolios; fee income and associated costs from Project Management Services.

The Board's primary measure of profitability for each segment is adjusted 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 2016 and 2015 and for the year ended 31 December 2015:

	Six months ended 30 June 2016						
	Reportable segments						
	Primary Investment £ million Unaudited	Secondary Investment £ million Unaudited	Asset Management £ million Unaudited	Segment Sub-total £ million Unaudited	Inter-segment £ million Unaudited	Non-segmental results £ million Unaudited	Total £ million Unaudited
Continuing operations							
Net gain on investments at FVTPL	**60.0**	**63.2**	**-**	**123.2**	**-**	**(0.1)**	**123.1**
Other income	**1.0**	**-**	**22.4**	**23.4**	**(6.6)**	**0.8**	**17.6**
Operating income	**61.0**	**63.2**	**22.4**	**146.6**	**(6.6)**	**0.7**	**140.7**
Cost of sales	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross profit	**61.0**	**63.2**	**22.4**	**146.6**	**(6.6)**	**0.7**	**140.7**
Administrative expenses	**(15.2)**	**(3.4)**	**(13.4)**	**(32.0)**	**6.6**	**(2.6)**	**(28.0)**
Profit from operations	**45.8**	**59.8**	**9.0**	**114.6**	**-**	**(1.9)**	**112.7**
Finance costs	**(2.3)**	**(0.6)**	**-**	**(2.9)**	**-**	**(1.5)**	**(4.4)**
Profit before tax from continuing operations	**43.5**	**59.2**	**9.0**	**111.7**	**-**	**(3.4)**	**108.3**
Profit before tax - statutory							**108.3**

	Six months ended 30 June 2015						
	Reportable segments						
	Primary Investment £ million Unaudited	Secondary Investment £ million Unaudited	Asset Management £ million Unaudited	Segment Sub-total £ million Unaudited	Inter-segment £ million Unaudited	Non-segmental results £ million Unaudited	Total £ million Unaudited
Continuing operations							
Net gain on investments at FVTPL	44.9	6.1	-	51.0	-	(1.2)	49.8
Other income	0.6	-	20.3	20.9	(6.3)	-	14.6
Operating income	45.5	6.1	20.3	71.9	(6.3)	(1.2)	64.4
Cost of sales	-	-	-	-	-	-	-
Gross profit	45.5	6.1	20.3	71.9	(6.3)	(1.2)	64.4
Administrative expenses	(13.0)	(2.6)	(12.6)	(28.2)	6.3	(2.8)	(24.7)
Profit from operations	32.5	3.5	7.7	43.7	-	(4.0)	39.7
Finance costs	(4.3)	(0.5)	-	(4.8)	-	(2.3)	(7.1)
Profit before tax from continuing operations	28.2	3.0	7.7	38.9	-	(6.3)	32.6
Profit before tax from discontinued operations							-
Profit before tax – pro forma							32.6
Reconciliation to statutory results:							
Fair value loss on acquisition of John Laing Holdco Limited on 27 January 2015							(3.4)
Profit before tax – statutory (note 18)							29.2

	Year ended 31 December 2015						
	Reportable segments						
	Primary Investment £ million Audited	Secondary Investment £ million Audited	Asset Management £ million Audited	Segment Sub-total £ million Audited	Inter-segment £ million Audited	Non-segmental results £ million Audited	Total £ million Audited
Continuing operations							
Net gain on investments at FVTPL	82.9	49.4	–	132.3	–	0.8	133.1
Other income	3.4	–	42.4	45.8	(12.0)	0.7	34.5
Operating income	86.3	49.4	42.4	178.1	(12.0)	1.5	167.6
Cost of sales	–	–	–	–	–	(0.1)	(0.1)
Gross profit	86.3	49.4	42.4	178.1	(12.0)	1.4	167.5
Administrative expenses	(29.3)	(5.9)	(26.9)	(62.1)	12.0	(5.2)	(55.3)
Profit from operations	57.0	43.5	15.5	116.0	–	(3.8)	112.2
Finance costs	(6.3)	(0.5)	–	(6.8)	–	(4.5)	(11.3)
Profit before tax from continuing operations	50.7	43.0	15.5	109.2	–	(8.3)	100.9
Profit before tax from discontinued operations							5.7
Profit before tax – pro forma							106.6
Reconciliation to statutory results:							
Fair value loss on acquisition of John Laing Holdco Limited on 27 January 2015							(3.4)
Profit before tax – statutory (note 18)							103.2

For the six months ended 30 June 2016, more than 10% of operating income was derived from IEP (Phase 1) and IEP (Phase 2) (six months ended 30 June 2015 - IEP (Phase 1) and IEP (Phase 2); year ended 31 December 2015 – IEP (Phase 1)).

The Group's investment portfolio, comprising investments in project companies and one listed fund and included within investments at FVTPL (see note 9), is allocated between primary and secondary investments. The Primary Investment portfolio includes investments in projects which have yet to reach financial close or have recently reached financial close and/or are in the construction phase. The Secondary Investment portfolio comprises investments in operational projects.

Segment assets	**30 June 2016 £ million Unaudited**	31 December 2015 £ million Audited
	Statutory	Statutory
Primary Investment	**486.8**	405.9
Secondary Investment	**458.4**	435.5
Total investment portfolio	**945.2**	841.4
Other investments	**0.5**	0.5
Other assets and liabilities	**165.2**	123.4
Total investments at FVTPL	**1,110.9**	965.3
Other assets	**11.6**	12.0
Total assets	**1,122.5**	977.3
Retirement benefit obligations	**(43.6)**	(46.2)
Other liabilities	**(115.2)**	(41.5)
Total liabilities	**(158.8)**	(87.7)
Group net assets	**963.7**	889.6

4 SEASONALITY

Neither operating income nor profit are impacted by seasonality.

5 OTHER INCOME

	Six months ended 30 June 2016 £ million Unaudited	Six months ended 30 June 2015 £ million Unaudited	Year ended 31 December 2015 £ million Audited
	Statutory	Pro forma	Pro forma
Fees from asset management services	**16.6**	14.0	31.1
Recovery of bid costs	**1.0**	0.6	3.4
Total other income	**17.6**	14.6	34.5

6 TAX

The tax charge for the period comprises:

	Six months ended 30 June 2016 £ million Unaudited	Six months ended 30 June 2015 £ million Unaudited	Year ended 31 December 2015 £ million Audited
	Statutory	Pro forma	Pro forma
Current tax:			
UK corporation tax charge – current period	**(1.5)**	–	(2.0)
Foreign tax charge	**(0.1)**	–	–
	(1.6)	–	(2.0)
Deferred tax charge	**–**	–	(0.1)
Tax charge on continuing operations	**(1.6)**	–	(2.1)

For the six months ended 30 June 2016, a tax rate of 20% has been applied (six months ended 30 June 2015 and year ended 31 December 2015 – 20.5%).

The Group expects that the majority of its deferred tax assets will be realised after 1 April 2020 and therefore the Group has measured its deferred tax assets and liabilities at both 30 June 2016 and 31 December 2015 at 18% (30 June 2015 – 20%). The announced reduction in corporation tax rates for UK companies to 17% from 1 April 2017 had not been substantively enacted as at 30 June 2016.

7 EARNINGS PER SHARE

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

	Six months ended 30 June 2016 £ million Unaudited Statutory	Six months ended 30 June 2015 £ million Unaudited Pro forma	Year ended 31 December 2015 £ million Audited Pro forma
Earnings			
Profit from continuing operations for the purpose of basic and diluted earnings per share	**106.7**	32.6	98.8
Profit from discontinued operations for the purpose of basic and diluted earnings per share	–	–	5.7
Profit for the period	**106.7**	32.6	104.5
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	**366,923,076**	**349,545,261**	358,305,584
Dilutive effect of ordinary shares potentially issued under share-based incentives (note 8)	**2,699,254**	**754,050**	1,255,857
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**369,622,330**	**350,299,311**	359,561,441
Earnings per share from continuing operations (pence/share)			
Basic	**29.1**	9.3	27.6
Diluted	**28.9**	9.3	27.5
Earnings per share from continuing and discontinued operations (pence/share)			
Basic	**29.1**	9.3	29.2
Diluted	**28.9**	9.3	29.1

8 SHARE-BASED INCENTIVES

The Group operates share-based incentive arrangements for the executive directors, senior executives and other eligible employees under which awards are granted over the Company's ordinary shares. 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 (net asset value growth - 50% of the

award). Awards are also conditional on the relevant employee completing three years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the awards in cash.

The movement in the number of shares awarded is as follows:

	Number of shares awarded		
	Six months ended 30 June 2016 Unaudited	Six months ended 30 June 2015 Unaudited	Year ended 31 December 2015 Audited
	Statutory	Pro forma	Pro forma
At beginning of the period	**1,763,030**	–	–
Granted in period	**2,178,899**	1,795,830	1,795,830
Lapsed	**–**	–	(32,800)
At end of the period	**3,941,929**	1,795,830	1,763,030

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 2016 was £1.0 million (six months ended 30 June 2015 - £0.2 million; year ended 31 December 2015 – £0.7 million).

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016				31 December 2015
	Project companies £ million Unaudited	**Listed investments £ million Unaudited**	**Other assets and liabilities £ million Unaudited**	**Total £ million Unaudited**	Total £ million Audited
	Statutory	**Statutory**	**Statutory**	**Statutory**	Statutory
At 1 January	**825.8**	**16.1**	**123.4**	**965.3**	858.2
Distributions	**(19.1)**	**(0.5)**	**19.6**	–	–
Investment in equity and loans	**51.9**	–	**(51.9)**	–	–
Realisations	**(57.7)**	–	**57.7**	–	–
Investments transferred to JLPF	–	–	–	–	(80.0)
Fair value movement	**129.6**	**(0.4)**	**(6.1)**	**123.1**	133.1
Net cash transferred to investments held at FVTPL	–	–	**22.5**	**22.5**	54.0
Closing balance	**930.5**	**15.2**	**165.2**	**1,110.9**	965.3

Six months ended 30 June 2016

During the six months ended 30 June 2016, the Group disposed of shares and subordinated debt in three PPP and renewable energy project companies. Sale proceeds were £57.7 million in cash.

Details of investments sold in the period ended 30 June 2016 are as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Sold to John Laing Infrastructure Fund Limited (JLIF)				
Inspiral Oldham Holdings Company Limited	27 May 2016	95.0	95.0	–
Services Support (BTP) Holdings Limited	29 February 2016	54.17	54.17	–
Sold to John Laing Environmental Assets Group Limited (JLEN)				
Dreachmhor Wind Farm (Holdings) Limited	29 June 2016	100.0	100.0	–

Year ended 31 December 2015

During the year ended 31 December 2015, the Group disposed of shares and subordinated debt in seven PPP and renewable energy project companies. Sale proceeds were £86.3 million in cash. The Group also made a contribution of £80.0 million to JLPF in part settled by a transfer of shares in JLEN and shares in one PPP project company.

Details of investments sold or transferred in the year ended 31 December 2015 were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Sold to John Laing Environmental Assets Group Limited (JLEN)				
Carscreugh Holdings Limited	31 March 2015	100.0	100.0	–
Wear Point Wind Holdco Limited	31 March 2015	100.0	100.0	–
Branden Solar Parks Holdings Limited	31 March 2015	100.0	64.0	36.0
Branden Solar Parks Holdings Limited	30 July 2015	36.0	36.0	
Burton Wold Extension Limited	2 December 2015	100.0	100.0	–
Sold to John Laing Infrastructure Fund Limited (JLIF)				
Healthcare Support (Erdington) Holdings Limited	30 June 2015	100.0	100.0	–
Sold to other parties				
Dhule Palesner Tollway Limited	31 October 2015	36.0	36.0	–
Services Support (Cleveland) Holdings Limited	5 November 2015	27.08	27.08	–
Transferred to JLPF				
City Greenwich Lewisham Rail Link plc	17 February 2015	52.0	47.0	5.0

John Laing Environmental Assets Group Limited (JLEN)	17 February 2015	39.7	29.9	9.8*

* shareholding reduced to 6.0% following equity issues by JLEN in July 2015 and June 2016.

10 FINANCIAL INSTRUMENTS

The Group held the following financial instruments at fair value at 30 June 2016. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

Financial instruments by category

Continuing operations	Loans and receivables £ million	Assets at FVTPL £ million	Financial liabilities at amortised cost £ million	Total £ million
Fair value measurement method	**n/a**	**Level 1 / 3**	**n/a**	
30 June 2016 (unaudited) - Statutory				
Non-current assets				
Investments at FVTPL	–	**1,110.9**	–	**1,110.9**
Current assets				
Trade and other receivables	**7.7**	–	–	**7.7**
Cash and cash equivalents	**1.7**	–	–	**1.7**
Total financial assets	**9.4**	**1,110.9**	–	**1,120.3**
Current liabilities				
Interest-bearing loans and borrowings	–	–	**(96.1)**	**(96.1)**
Trade and other payables	–	–	**(11.2)**	**(11.2)**
Total financial liabilities	–	–	**(107.3)**	**(107.3)**
Net financial instruments	**9.4**	**1,110.9**	**(107.3)**	**1,013.0**

Continuing operations	Loans and receivables £ million	Assets at FVTPL £ million	Financial liabilities at amortised cost £ million	Total £ million
Fair value measurement method	n/a	Level 1 / 3	n/a	
31 December 2015 (audited) - Statutory				
Non-current assets				
Investments at FVTPL	–	965.3	–	965.3
Current assets				
Trade and other receivables	8.1	–	–	8.1
Cash and cash equivalents	1.1	–	–	1.1
Total financial assets	9.2	965.3	–	974.5
Current liabilities				
Interest-bearing loans and borrowings	–	–	(14.9)	(14.9)
Trade and other payables	–	–	(17.6)	(17.6)
Total financial liabilities	–	–	(32.5)	(32.5)
Net financial instruments	9.2	965.3	(32.5)	942.0

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

- 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).

The investments at FVTPL are split between: Level 1, JLEN, which is a listed investment fair valued at £15.2 million (31 December 2015 – £16.1 million) using a quoted market price and Level 3, investments in project companies and non-portfolio companies fair valued at £930.5 million (31 December 2015 – £825.8 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 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 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, risk premia are added to reflect the additional risk during the construction phase. These premia reduce 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 was 9.1% (31 December 2015 – 9.5%). 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. An increase of 1% in the discount rate would cause a decrease in the fair value of the investments of £113.4 million (31 December 2015 – £97.8 million) and a decrease of 1% in the discount rate would cause an increase in fair value of investments of £135.5 million (31 December 2015 – £116.7 million).

Investments denominated in foreign currency are fair valued based on the spot exchange rate on the balance sheet date. As at 30 June 2016, a 10% movement of each relevant currency against Sterling would decrease or increase the value of investments in overseas projects by c.£50.0 million.

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 OBLIGATIONS

The Group operates two defined benefit schemes in the UK (the Schemes) – The John Laing Pension Fund (JLPF) and The John Laing Pension Plan (the Plan).

Retirement benefit obligations:

	30 June 2016 £ million Unaudited	31 December 2015 £ million Audited
	Statutory	Statutory
Pension schemes	**(35.9)**	(38.9)
Post-retirement medical benefits	**(7.7)**	(7.3)
Retirement benefit obligations	**(43.6)**	(46.2)

Analysis of the movement in the net deficit on the Schemes during the period:

	30 June 2016 £ million Unaudited	31 December 2015 £ million Audited
	Statutory	Statutory
Opening deficit in Schemes	**(36.2)**	(174.6)
Current service cost	**(0.7)**	(1.3)
Other finance cost	**(0.5)**	(2.4)
Contributions	**18.1**	127.4
Actuarial (loss)/gain	**(13.4)**	14.7
Closing deficit in Schemes	**(32.7)**	(36.2)
Less unrecoverable surplus in the Plan	**(3.2)**	(2.7)
Pension deficit	**(35.9)**	(38.9)

During the six months ended 30 June 2016, the Group made deficit reduction contributions of £18.1 million in cash.

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

	30 June 2016 % Unaudited	31 December 2015 % Audited
	Statutory	Statutory
Discount rate	**2.85**	3.75
Rate of increase in non-GMP pensions in payment	**2.70**	2.90
Rate of increase in non-GMP pensions in deferment	**1.70**	2.00
Inflation – RPI	**2.70**	3.00
Inflation – CPI	**1.70**	2.00

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

	30 June 2016 £ million Unaudited	31 December 2015 £ million Audited
	Statutory	Statutory
Bonds and other debt instruments	**458.7**	364.2
UK equity instruments	**144.8**	147.5
Overseas equity instruments	**202.5**	189.6
Aviva bulk annuity buy in agreement	**229.8**	214.2
Property	**2.2**	2.3
Derivatives	**(34.1)**	(8.3)
Cash and cash equivalents	**17.6**	5.8
UK PPP investments	**39.5**	41.4
Total market value of assets	**1,061.0**	956.7

12 SHARE CAPITAL

	30 June 2016 No. Unaudited Statutory	31 December 2015 No. Audited Statutory
Authorised:		
Ordinary shares of £0.10 each	**366,923,076**	366,923,076

	£ million	£ million
Allotted, called up and fully paid:		
366,923,076 ordinary shares (30 June 2015 and 31 December 2015 – 366,923,076) of £0.10 each	**36.7**	36.7

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

13 SHARE PREMIUM

On 26 January 2015 the Company allotted to its then shareholder 100,000,000 ordinary shares of £0.00000001 each credited as fully paid to rank pari passu with its existing ordinary shares. On 27 January 2015 all the ordinary shares were consolidated into 20 ordinary shares of £0.10 each, each share having the same rights and being subject to the same restrictions (except as to nominal value) as the existing ordinary shares of £0.00000001 each in the Company as set out in the Articles of Association of the Company. On the same day the Company allotted and issued to its shareholder a further 299,999,980 ordinary shares of £0.10 each at a premium of £2.00 per share, each to rank pari passu with the existing ordinary shares of £0.10 each in the capital of the Company. In addition, the Company undertook a reduction of its share premium account by £500 million from £600 million to £100 million.

On 17 February 2015 the Company issued 66,923,076 new ordinary shares of £0.10 each at a premium of £1.85 per share in connection with admission of its shares to listing.

	30 June 2016 £ million Unaudited Statutory	31 December 2015 £ million Audited Statutory
Opening balance	**218.0**	-
Premium arising on issue of equity shares	–	723.8
Reduction of share premium account	–	(500.0)
Costs associated with the issue of equity shares	–	(5.8)
Closing balance	**218.0**	218.0

14 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	30 June 2016 £ million Unaudited	30 June 2015 £ million Unaudited	31 December 2015 £ million Audited
	Statutory	Pro forma	Pro forma
Profit before tax from continuing operations	**108.3**	32.6	100.9
Adjustments for:			
Finance costs	**4.4**	7.1	11.3
Discontinued operations' cash flows	**–**	(0.2)	1.1
Unrealised profit arising on changes in fair value of investments in project companies (note 9)	**(123.1)**	(49.8)	(133.1)
Depreciation of plant and equipment	**0.3**	0.4	0.7
Amortisation of intangible assets	**0.1**	0.3	0.5
Contribution to JLPF (including Pension Protection Fund levy)	**(18.1)**	(47.2)	(47.5)
Decrease in provisions	**(1.6)**	(0.2)	(1.9)
Operating cash outflow before movements in working capital	**(29.7)**	(57.0)	(68.0)
Decrease/(increase) in trade and other receivables	**0.7**	0.1	(1.0)
Decrease in trade and other payables	**(5.3)**	(9.3)	(1.5)
Net cash outflow from operating activities	**(34.3)**	(66.2)	(70.5)

15 COMMITMENTS

At 30 June 2016 the Group had future equity and loan commitments of £295.3 million (31 December 2015 – £278.1 million) to PPP and renewable energy projects backed by letters of credit of £150.1 million (31 December 2015 – £154.2 million) and collateralised cash of £145.2 million (31 December 2015 – £123.9 million).

At 30 June 2016 there were also other guarantees and commitments of £2.5 million (31 December 2015 - £1.1 million).

16 TRANSACTIONS WITH RELATED PARTIES

Group

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

Trading transactions

The Group entered into the following trading transactions with project companies:

	Six months ended or as at 30 June 2016 £ million Unaudited	Six months ended or as at 30 June 2015 £ million Unaudited	Year ended or as at 31 December 2015 £ million Audited
	Statutory	Pro forma	Statutory and pro forma
Services income *	**5.2**	5.5	13.5
Amounts owed by project companies	**1.5**	1.3	3.1
Amounts owed to project companies	**(0.6)**	(0.8)	(0.7)

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

Investment transactions

	30 June 2016 £ million Unaudited	30 June 2015 £ million Unaudited	31 December 2015 £ million Audited
	Statutory	Pro forma	Pro forma
Net cash transferred to investments held at FVTPL	**(22.5)**	(47.6)	(54.0)

Transactions with other related parties

In earlier years, the Group transferred ownership of certain interests in PPP investments to JLPF as partial consideration for agreed deficit reduction contributions. There were no such transfers in the six months ended 30 June 2016.

17 EVENTS AFTER BALANCE SHEET DATE

On 21 July 2016, the Group disposed of its shares and subordinated debt in the New Albion Wind Farm project.

On 16 August 2016, the Group invested £36.7 million for a 30% shareholding in the Nordergründe offshore wind farm project in Germany.

Since 30 June 2016, the Group has declared an interim dividend of 1.85p per share, payable on 28 October 2016 to shareholders on the register on 30 September 2016.

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

18 STATUTORY FINANCIAL INFORMATION

The statutory financial information for the six months ended 30 June 2015 and the year ended 31 December 2015 reflects the following:

- the movement in the fair value of the Company's 22.46% investment in John Laing Holdco Limited from 1 January 2015 to 27 January 2015, when the restructuring related to the Company's IPO took place.
- the results of the Service Companies on a consolidated line by line basis from 17 February 2015, when the Services Companies were transferred from John Laing Limited to the Company, to 30 June 2015.
- the fair value of the 22.46% investment in John Laing Holdco Limited at 31 December 2014. This investment was valued at £nil because John Laing Holdco Limited had net liabilities at 31 December 2014 arising from shareholder loans from Henderson Infrastructure Holdco (Jersey) Limited (HIHJ).

There is no difference in the balance sheet as at 31 December 2015 between that prepared on a pro forma basis and that prepared on a statutory basis. However, there is a difference in the income statement relating to the 27-day period between 1 January 2015 and 27 January 2015 when the Company only owned 22.46% of the John Laing Holdco Limited group (the Company acquired the remaining 77.54% of the John Laing Holdco Limited group on 27 January 2015). The statutory income statement for 2015 includes an additional £3.4 million fair value loss within 'net gain on investments at fair value through profit or loss' that arose on the Company's acquisition of John Laing Holdco Limited on 27 January 2015, from the difference between the acquisition price of £630.0 million and the net assets of the John Laing Holdco group at the date of acquisition of £626.6 million. The net assets of the John Laing Holdco Limited group at the date of acquisition were lower than the net assets at 31 December 2014 of £649.8 million on a pro forma basis primarily as a result of an increase in the deficit on the John Laing Holdco Limited group's pension schemes between 1 January 2015 and the date of acquisition. The increase in other comprehensive income between the pro forma and the statutory financial information arising from this increase in deficit is set out below.

	Six months ended 30 June 2015 £ million Unaudited	Year ended 31 December 2015 £ million Audited
Condensed Group Income Statement		
Profit for the period - pro forma	**32.6**	104.5
Fair value loss on acquisition of John Laing Holdco Limited	**(3.4)**	(3.4)
Profit for the period - statutory	**29.2**	101.1
Condensed Group Statement of Comprehensive Income		
Other comprehensive income for the period - pro forma	**14.4**	15.8
Increase in the deficit on the John Laing Holdco Limited group's pension schemes between 1 January 2015 and 27 January 2015	**23.2**	23.2
Other comprehensive income for the period - statutory	**37.6**	39.0

The statutory financial information in the Condensed Cash Flow Statement for the six months ended 30 June 2015 and the year ended 31 December 2015 additionally included cash acquired on acquisition of subsidiaries of £2.2 million (pro forma - £nil) and an opening cash and cash equivalents balance of £nil (pro forma - £2.2 million).

DIVIDEND TIMETABLE

The interim dividend is proposed to be paid on 28 October 2016 to holders of ordinary shares on the register on 30 September 2016. The ex-dividend date will be 29 September 2016.

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Group Finance Director

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