PRESS RELEASE

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Charles Taylor plc
Announcement of results for the six months ended 30 June 2018

- Gaining traction in global insurance technology market
- Significantly oversubscribed share placing to support major insurance technology acquisition
- Improved loss adjusting operating profit and margin
- Grew assistance and travel claims management business
- Grew TPA business organically and via acquisition; recognised as a leader in the global TPA market
- Grew mutual insurance clients

David Marock, Group Chief Executive Officer, Charles Taylor plc said:

"Charles Taylor has delivered strong revenue growth combined with a solid increase in adjusted profit before tax - after the investments we have made to deliver our growth strategy. These initiatives are showing great promise with our Insurance Support Services business winning high-profile business and our Adjusting Services business showing steady progress in its ambition to increase profits and margin. Underpinning this performance is Management Services, which provides a solid core to our business with deep, long-standing client relationships and steady, reliable growth.

We are confident that our growth strategy offers shareholders the greatest potential for long-term growth in the Group's share price, along with rising income over time. We anticipate that our full year performance will be in line with the Board's expectations".

Consolidated financial highlights
For the six months ended 30 June 2018

Revenue	£123.4m increased by 21%	(2017: £102.3m[1])
Adjusted profit before tax	£8.5m increased by 10%	(2017: £7.8m[1])
Statutory profit before tax	£0.2m decreased by 95%	(2017: £4.8m[1])
Annual average net debt	£49.0m	(2017: £30.1m)
Adjusted earnings per share	10.22p decreased by 11%[3]	(2017: 11.51p[1])
Statutory earnings per share	-0.38p decreased by 105%[3]	(2017: 7.08p[1])
Dividend per share	3.48p increased by 5%	(2017: 3.31p)

	H1 2018 £m	H1 2017[1] £m
Revenue	**123.4**	**102.3**
Adjusted segmental operating profit	**9.5**	**8.5**
Share of profit of associates	(0.5)	(0.4)
Acquired intangible assets amortisation	(3.5)	(2.3)
Non-recurring costs[2]	(5.0)	(0.7)
Finance costs	(0.3)	(0.3)
Statutory profit before tax	**0.2**	**4.8**
Non-controlling interests	(0.2)	-
Adjustments	8.5	3.0
Adjusted profit before tax	**8.5**	**7.8**
Income tax[3]	(0.3)	-
Tax on adjustments[3]	(0.9)	-
Adjusted earnings	**7.3**	**7.8**
Adjusted earnings per share (p)	**10.22**	**11.51**

1. Restated to amend the recognition of revenue from the Signal Mutual contract, within the Management Services business as a result of adopting IFRS 15, no full year impact on 2018.
2. The non-recurring costs set out above largely relate to the one-off costs of relocating the Group's three London offices into a single City location (£2.4m), deferred consideration accounted for as employee remuneration (£1.5m), costs related to centralising and standardising Finance and HR operations (£0.4m) and acquisition costs (£0.7m). Further details regarding these and the other adjustments to statutory profit before tax are set out in the Financial Review.
3. Due to fully recognising deferred tax assets in respect of brought forward losses at the end of 2017, the Group will incur a full tax charge in 2018; the effective tax rate will be in the range of 15-20% on adjusted profits.

Group Chief Executive Officer's Review
Charles Taylor performed well in the first half of 2018, delivering strong revenue growth. Adjusted profit before tax, which reflects the underlying performance of the Group, also increased, although at a slower rate than revenue, as we build our teams to service recent contract wins.

Statutory profit before tax was down, largely due to:

- the increase in amortisation of intangible assets arising from acquisitions, a natural consequence of purchasing people-based, asset light businesses
- one-off costs of relocating the Group's three London offices into a single City location. The cash cost of the move is expected to be neutral and the cost of occupancy (which provides for further expansion) is expected to be marginally lower going forward
- deferred consideration following the acquisitions of Inworx, Criterion and Aasgard Summit which is accounted for as employee remuneration
- the costs of centralising and standardising elements of our Finance and HR operations to delivering efficiencies going forward

Our efforts to grow our business materially are achieving results.

Our claims management businesses, in which we have been investing over the last two years, continued to grow strongly. The Adjusting Services business increased revenue and improved margin. CEGA grew its revenue and profit contribution to the Group following recent business wins from leading UK insurers. Our other Third Party Adminstration (TPA) businesses also continued to win new business, including wins as a direct result of our recent TPA-related acquisitions.

Charles Taylor InsureTech is gaining traction as a global insurance technology provider. It has won substantial global insurance technology contracts and has acquired an insurance-focused technology consultancy and software provider. This was funded by a share placing which was significantly oversubscribed.

We are confident that our growth strategy offers shareholders the greatest potential for long-term growth in the Group's share price, along with rising income over time. We anticipate that our full year performance will be in line with the Board's expectations.

Professional Services

Our Professional Services businesses performed well overall in H1 2018:

- **Management Services** marginally decreased its revenue and marginally increased operating profit while growing the membership of our major mutual clients.
- **Adjusting Services** achieved good organic growth in both revenue (8%) and operating profit (41%). The business built on the improvement in margin achieved in 2017 improving from 5% in the six months to June 2017 to 7% margin in the six months to June 2018.
- **Insurance Support Services** delivered strong revenue growth. Operating profit was down largely because of the investment required to grow the business in line with our strategy.

Owned Insurance Companies
The Group's owned life insurance companies delivered strong revenue and profit growth.

Group results H1 2018
Continuing business

	H1 2018	H1 2017[1]
	£m	£m
Revenue (£m) [2]	123.4	102.3
Adjusted profit before tax (£m)	8.5	7.8
Statutory profit before tax (£m)	0.2	4.8
Adjusted earnings per share (p)	10.22	11.51
Statutory earnings per share (p)	-0.38	7.08
Dividend (p)	3.48	3.31
Net debt(£m)	52.7	35.6

Professional Services performance

	Revenue[2]		**Adjusted Segmental Operating Profit**	
(£m)	**Six months to 30 June 2018**	**Six months to 30 June 2017[1]**	**Six months to 30 June 2018**	**Six months to 30 June 2017**
Management Services	29.4	29.6	5.5	5.2
Adjusting Services	40.2	35.2	2.9	1.7
Insurance Support Services	52.4	37.4	0.7	1.4

Total	122.0	102.2	9.1	8.2

Owned Insurance Companies performance

	Revenue[2]		Adjusted Segmental Operating Profit	
	Six months to 30 June 2018	Six months to 30 June 2017	Six months to 30 June 2018	Six months to 30 June 2017
(£m)				
Owned Insurance Companies	**3.6**	**2.2**	**0.4**	**0.3**

Notes:
1. Restated to amend the recognition of revenue from the Signal Mutual contract, within the Management Services business as a result of adopting IFRS 15, no full year impact on 2018.
2. Revenue figures are stated before inter-segment eliminations.

Dividend
An interim dividend of 3.48p (H1 2017: 3.31p) has been declared and will be paid on 9 November 2018 to shareholders on the register on 12 October 2018.

Management Services
Management Services marginally decreased its revenue and marginally increased operating profit while growing the membership of our major mutual insurance clients. The UK and International business line also prepared The Standard Club to write European business after Brexit. The Americas business extended the reach of the SafeShore workers' compensation programme.

Management Services - UK & International
Delivered growth for The Standard Club: We have managed The Standard Club since it was founded in 1884. The Club provides Protection and Indemnity (P&I) insurance to approximately 10% of the global shipping market. Our work is focused on ensuring that The Club can provide P&I cover at the lowest sustainable premium cost, whilst providing the highest level of financial security and service to The Club's members.

We delivered positive results for The Club in H1 2018:

- Insured tonnage increased by 6% over the year to stand at 159m gross tonnes by the February 2018 renewal. This increase was a combination of new members entering The Club and existing members increasing their entries. The growth was delivered against the headwinds of increased fleet consolidation and lay-ups as the world fleet continues to face difficult trading conditions. It demonstrates that The Club's financial strength and reputation for service excellence make it an attractive choice of insurer by shipowners.
- The Club's free reserves increased by US$30m to US$461m at the February 2018 renewal. This was largely due to a strong underwriting performance and 6.5% growth in The Club's investment portfolio, which is managed by Charles Taylor Investment Management.

Enhanced operations: We have streamlined The Club's operations to increase efficiency, reorganising The Club's 'blue water' tonnage into two divisions instead of three. We are taking steps to prepare The Club for Brexit and ensure that it can continue to insure members in Europe, after the UK leaves the European Union.

Strengthened syndicate: The Standard Syndicate at Lloyd's was established as part of The Club's strategy to diversify its sources of income and is managed by Charles Taylor Managing Agency. The syndicate strengthened its underwriting team in H1 2018 with the objective of improving its underwriting performance, which has been below expectations in its early years of operation. However insurance market conditions continue to be difficult; as a result, Lloyd's has been increasingly scrutinising the performance of all Lloyd's syndicates, resulting in a more challenging operating environment for The Standard Syndicate.

Enhanced The Strike Club's operations: The Strike Club is the only dedicated mutual insurer covering the running costs of vessels delayed by strikes, shore delays, collisions, groundings and other incidents outside an owner's or charterer's control. We delivered a good renewal for The Club in February 2018 in difficult market conditions, with 98% of members renewing and securing nearly US$6m of new business during the membership year. In H1 2018 we have focused on improving The Club's operational efficiency, following the closure of the Monaco office in June 2017 and relocation of those operations to London.

The Club unfortunately experienced higher than expected levels of insurance claims. We have increased The Club's focus on its core marine delay insurance and are working with The Club's board to agree the most appropriate strategy for the mutual.

Management Services – Americas
Delivered growth for Signal Mutual: We have managed Signal Mutual since it was founded in 1986. Signal Mutual is the largest provider of Longshore workers' compensation insurance to the US maritime industry, with over 250 members.

The association continues to perform well under our management. The total payroll of members, on which Signal Mutual's calls are based, is estimated to rise by 6.1% to US$4.25bn in the 2017/18 membership year. The total advance call has increased by 4.7% and eight new members have joined since the membership renewal in October 2017.

SafeShore the Longshore Workers' Compensation Small Account programme, backed by Signal Mutual, is growing its membership steadily and now has over 200 Employers participating in the programme. We have extended SafeShore's reach by enabling its clients to insure workers through owner-controlled insurance programmes (OCIP). The OCIP is being used by a major terminal operator to insure contract workers during the renovation of a New Jersey port.

Adjusting Services

Adjusting Services achieved good revenue and strong operating profit growth. The business continued its recent trend of performance improvement, with margin in the first half of 2018 ahead of the comparable period in 2017, improving from around 5% to 7% margin year-on-year. We made further improvements in the management of the business' working capital requirement.

We made progress on the implementation of our strategy of strengthening Adjusting Services' capabilities in Property and Casualty (P&C) markets with the objective of increasing regular, recurring income streams and improving margins. We also focused on our core capabilities in Aviation, Natural Resources and Marine, where we enjoy strong market positions.

Diversified into profitable P&C lines:

- **Expanded in USA P&C market**: Our planned growth in the USA has steadily continued. We have recruited some of the industry's best in class talent. In H1 2018, we added 15 new staff members to our USA adjusting business, bringing our total USA colleague count to around 50.
- **Delivered UK Construction and Engineering (C&E) growth:** The UK C&E team, established in late 2016, increased revenue from existing clients.
- **Developed UK major loss capabilities**: We increased our focus on UK major property losses, appointing a head of specialist adjusting at the end of 2017 and recruiting two further adjusters in H1 2018 to manage and coordinate our response to major losses.
- **Established presence in HNW market**: Our entry into the high net worth loss adjusting market, through the acquisition of Criterion Adjusters in 2017, contributed to revenue and profit growth.
- **Extended reach in French market:** We entered a collaboration agreement with Cabinet Naudet, a French adjusting firm specialising in large and complex industrial and technical claims. This gives us greater access to the French market and enables us to serve French clients in international markets.
- **Grew Middle East team:** We have strengthened our P&C adjusting team in the Middle East, recruiting senior adjusters with well-established local market followings in Doha**.**
- **Implemented succession plans:** We appointed internally a new managing director for Charles Taylor General Adjusting. This UK business was formerly known as Knowles Loss Adjusters and was acquired by the Group in 2015.

Focused on core capabilities: Charles Taylor has market-leading positions in the Aviation, Natural Resources and Marine loss adjusting markets:

- **Delivered strong Aviation performance:** Our aviation team performed well in H1 2018, benefiting from an increase in claims activity, particularly through our regional aviation adjusting hub in Singapore.
- **Built Natural Resources adjusting team in USA and Middle East:** We have recruited senior natural resources adjusters in the USA and Middle East. These appointments have already resulted in new business and further strengthened our leading Global team of Natural Resource Adjusters.
- **Appointed a new managing director for Marine:** We appointed a new managing director for our marine adjusting business, following the retirement of a long-serving predecessor. The new MD transferred from a senior leadership role in the Management Services business. This appointment demonstrates the breadth of opportunity the Group can and does provide to talented individuals.
- **Secured major marine claim:** Our marine average adjusters have been appointed to handle the security collection on one of the world's largest known containership general average cases to date.

Enhanced focus on business development: We appointed a Strategy & Business Development Director, who joined from a major management consulting business to focus and drive our global business development efforts.

Responded to natural disasters: The high level of insured losses from Hurricanes Harvey, Irma and Maria and earthquakes in Mexico supported our overall performance with higher volumes of property and yacht claims handled by our adjusters. While these claims supported our performance, we are not reliant on future major natural catastrophes to achieve further business growth, due to our focus on more complex, higher value incidents across our broad business.

Improved efficiency: As highlighted in the 2017 Annual Report and Accounts, we are focused on improving the operational efficiency of the business. This programme includes restructuring teams to improve the margins of under-performing offices and strengthen management. This initiative has continued to deliver positive results in H1 2018.

Focused on working capital: Our efforts to reduce the working capital requirement of the business have continued. Work in progress improved year-on-year to 8.7 months (H1 2017: 9.0), continuing the trend of improvement noted at the full year. We have restructured our working capital team as part of a Group-wide initiative to centralise and standardise processes and thus provide a scalable platform to support the Group's growth. We believe this will enable us to continue to achieve further reductions in our overall working capital requirements.

Shortlisted for major industry award: We were shortlisted for the Cuthbert Heath (major claims) award at the prestigious Insider Honours for our response to Hurricane Irma in the British Virgin Islands. This follows our success in winning the award in 2017.

Insurance Support Services
Insurance Support Services delivered strong revenue growth. Operating profit was down because of the strategic investments made to grow the business.

The business had an exceptional first half year in 2018, winning major new insurance technology contracts, acquiring technology and TPA businesses and securing new TPA contracts. We expect these significant successes to translate into further growth in revenue and operating profit.

Charles Taylor InsureTech:

Made great strides in establishing Charles Taylor InsureTech as a global technology provider with over 500 experts: Charles Taylor InsureTech was established to help insurance businesses drive change through the delivery of technology-enabled solutions:

- **Secured major Lloyd's contract:** We won a three-year contract with the London Market Group to deliver a delegated authority solution to the Lloyd's and related London company insurance markets. The contract may be extended for up to a further seven years. The solution will be taken up by 80 Lloyd's managing agents, about 250 brokers, and over 4,000 global Managing General Agencies (MGAs) which are within the scope of this major contract win. We were a finalist for the Insurtech Honour award at the Insider Honours for our work on this project.
- **Appointed by top Latin American insurer:** We have been awarded a significant five country contract with the option for a further five countries by Seguros SURA to implement Fadata's INSIS solution as the core operating platform of a major transformation programme. Seguros SURA is a top four life, general and health insurer in Latin America.
- **Acquired Latin American insurance-focused insurance technology business:** We acquired Inworx, a Latin American-based insurance-focused technology consultancy and software provider. Inworx delivers solutions to local, regional and global insurance corporates across Latin America. Inworx significantly broadens Charles Taylor InsureTech's technology capabilities on a global basis and expands its presence in Latin America. It added over 260 technology staff and multiple international and local insurance market clients in 15 Latin American countries. We are already seeing opportunities to implement Inworx solutions for UK clients.
- **Delivered project for employee benefit provider:** We are concluding the initial phase of work on a project to transform the technology infrastructure of a global employee benefit (re)insurance provider, reported in the 2017 Annual Report and Accounts. We anticipate that this may lead to further opportunities.

Disappointingly, Fadata continues to make losses, the Group's 28.2% share of which is reflected in Share of Associates. These arise from the creation of a London-based senior management team to drive activity in London Markets, the interest charges related to the business's financing structure and, primarily, the length of time it is taking to win major implementations and convert licensing opportunities. The Group participated in a funding round in March 2018 of €1.9m and a further round in September 2018 of €0.6m. Steps are being taken to improve Fadata's performance with the appointment of a new CEO charged with undertaking a significant operational review of the business. Fadata's INSIS software is highly rated by the leading industry analysts and we remain confident in the business's long-term future.

Claims programme management:

Embedding CEGA contract wins: CEGA is a market leading provider of assistance and travel claims management services to insurers. The business delivered double digit revenue and operating profit growth as the income from the contract wins with major UK insurers, announced at the year-end, starts to flow through.

- **Growing UK assistance services:** Our new contract to provide medical assistance services to a top three UK insurer commenced in January 2018 and is now well embedded and operating effectively. This has contributed to around a 10% uplift in the number of assistance cases CEGA handles, which now exceed 45,000 annually.
- **Secured new medical screening business:** We secured new business for Antidote, our medical screening solution from a client in New Zealand. Antidote is a tool that enables underwriters to assess risk and set premiums for medical insurance products.
- **Won major industry awards:** We won the Claims Management Team of the Year and the Counter Fraud Awards at the British Claims Awards. These awards celebrate the achievements of leading professionals in the claims sector on behalf of their clients.
- **Increased automated claims handling:** Our automated claims solution, developed with Charles Taylor InsureTech saw increased throughput. The solution is already used by one of CEGA's clients and enables its customers to notify straightforward insurance claims online without needing to speak to a claims handler.

Extending TPA capabilities in the US: Charles Taylor TPA is a global Third Party Administrator (TPA), which manages claims for insurers, coverholders and self-insured employers. The business has taken a significant step forward by being recognised as a Leader in the Insurance TPA market by global consulting and research business, Everest Group, in its PEAK Matrix™ 2018. The PEAK Matrix™ assessments provide analysis and insights to enable enterprises to make selection decisions about global services providers, locations, and products and solutions within various market segments.

- **Acquired US marine TPA:** We acquired Aasgard Summit, a provider of marine claims management and technical services focusing on the US West Coast states. The acquisition embeds Charles Taylor's position as a provider of claims services to the maritime community.
- **Embedded Metro Risk Management:** We have completed the integration of Metro Risk Management into Charles Taylor TPA, providing clients with a seamless claims management service.
- **Secured high profile TPA contract:** Charles Taylor TPA has been appointed as TPA by Moor & South, the owner and manager of San Francisco's iconic Pier 39 and Blue & Gold ferry fleet. The relationships and capabilities provided by Metro Risk Management were critical in securing this new business win.

Other technical services:

Appointed Managing Agency CEO: Charles Taylor Managing Agency (CTMA), manager of The Standard Syndicate, has appointed a new Chief Executive Officer. He is currently Chief Executive of another turnkey managing agency and is expected to take up his role later in 2018. His deep knowledge of the Lloyd's market, expertise in leading a turnkey managing agency and abilities in driving strategic change will be invaluable as we look to take CTMA forward.

Delivered steady performance from other Insurance Support Services businesses: Charles Taylor Insurance Services covers two separate business lines, providing outsourced insurance services to life insurance and non-life clients. Both performed steadily during the period. Other business lines, including the Group's investment management and captive management businesses, performed in line with management's expectations.

Owned Insurance Companies

The Group's owned life insurance companies delivered strong revenue and profit growth.

Focused on integrating life businesses

We made good progress in implementing the Group's strategy to acquire and consolidate international life insurance companies. This delivers economies of scale and increased operational efficiencies, reducing reserve requirements and triggering cash releases for the Group. We completed the operational integration of the closed book of Zurich International which was transferred into LCL International Life Assurance Company Limited, the Group's wholly-owned life insurer, at the end of 2017.

Enhanced Group operations

In the first half of 2018, we took forward further initiatives to optimise our core capabilities and support services to underpin growth:

- **Completed the Group's London property strategy:** We have successfully relocated staff from three London offices into a single City location to increase efficiency and collaboration.
- **Driving business development and collaboration**: We have held two successful Business Development Forums in 2018, bringing together around 70 of the Group's senior client-facing UK staff to focus on how we drive organic growth by delivering more service to existing clients, winning new clients and working together more effectively. We have also enhanced our Group-wide disciplines for managing key client relationships and new business pipelines.
- **Reinforcing technology backbone:** Charles Taylor InsureTech is completing the Group-wide migration to Windows 10. This increases our data security and operational efficiency.
- **Creating scalable support services:** We are restructuring elements of our Finance and HR operations to provide a scalable platform to support the Group's growth.
- **Furthering Diversity and Inclusion (D&I):** We are progressing our strategy to ensure full benefit from the diversity and expertise of our people. Initiatives include holding bias awareness training for senior staff, developing career plans for talented individuals, focusing on promoting, educating and communicating about D&I, promoting wellbeing among our staff and developing inclusive recruitment practices. We were a finalist for the Inclusion and Diversity Honour award at the Insider Honours 2018 for our work in this area.
- **Prepared for GDPR:** We have delivered programmes across the Group's businesses to ensure that we have policies and procedures in place to meet the requirements of the General Data Protection Regulations.
- **Offering excellent career opportunities:** Our latest staff engagement survey reports that 88% of employees would recommend Charles Taylor as a place to work.
- **Shortlisted for HR Award:** Charles Taylor's recruitment team has been shortlisted for the "Most Effective Recruitment Strategy" at the HR Excellence Awards in 2018.
- **Insourced staff travel**: We have insourced our global staff travel service to CEGA to benefit from the Group's capabilities, capture cost savings and increase efficiency.

Current trading and outlook

Charles Taylor performed well in the first half of 2018 and we anticipate that our full year performance will be in line with the Board's expectations.

The Group has delivered strong revenue growth combined with a solid increase in adjusted profit before tax and earnings after the investments we have made to deliver our growth strategy. These initiatives are showing great promise with our Insurance Support Services business winning high-profile business and our Adjusting Services business showing steady progress in its ambition to increase profits and margin. Underpinning this performance is Management Services, which provides a solid core to our business with deep, long-lasting client relationships and steady, reliable growth.

We are well placed to deliver further growth, increased profit and greater shareholder value.

David Marock
Group Chief Executive Officer
12 September 2018

Financial Review

The results for the period are summarised in the table below and explained in more detail in the Group Chief Executive Officer's review.

	Professional Services businesses				Owned Insurance Companies	Adjustments	2018	2017[1]
	Management Services	Adjusting Services	Insurance Support Services	Total	Life	Eliminations	Total	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	**29.4**	**40.2**	**52.4**	**122.0**	**3.6**	**(2.2)**	**123.4**	**102.3**
Depreciation and amortisation	(0.1)	(0.3)	(2.5)	(3.0)	(0.1)	-	(3.1)	(2.4)
Other expenses	(23.9)	(37.0)	(49.2)	(110.1)	(3.1)	7.2	(105.9)	(90.7)
Non-recurring costs	-	-	-	0.0	-	(5.0)	(5.0)	(0.7)
Adjusted segmental operating profit	**5.5**	**2.9**	**0.7**	**9.1**	**0.4**	**-**	**9.5**	**8.5**
Share of loss of associates							(0.5)	(0.4)
Acquired intangible assets amortisation							(3.5)	(2.3)
Non-recurring costs							(5.0)	(0.7)
Finance costs							(0.3)	(0.3)
Statutory profit before tax							**0.2**	**4.8**
Non-controlling interests							(0.2)	0.0
Adjustments[2]							8.5	3.0
Adjusted profit before tax							**8.5**	**7.8**
Depreciation and amortisation							3.1	2.4
Finance costs							0.3	0.3
Non-controlling interests							0.2	0.0
Adjusted EBITDA[3]							**12.1**	**10.5**

Notes: Figures above are presented using unrounded numbers, so minor rounding differences may arise.
1. Restated to amend the recognition of revenue from the Signal Mutual contract, within the Management Services business as a result of adopting IFRS 15n full year impact on 2018.
2. Adjustments include non-recurring costs and amortisation of acquired intangible assets.
3. Adjusted EBITDA is adjusted profit before tax plus depreciation, amortisation and finance costs and before pre-tax non-controlling interests.

Adjustments

Charles Taylor is a global provider of technical services and solutions dedicated to enabling the global insurance market to do the business of insurance fundamentally better.

We operate through three Professional Services businesses: Management, Adjusting and Insurance Support Services. We also own and consolidate international life insurance businesses through our Owned Insurance Companies business.

The Professional Services businesses provide specialist services and technology solutions to the insurance market. We are continually developing new capabilities through carefully targeted acquisitions, joint ventures and business investments which have a compelling strategic and financial rationale, strong cultural fit and an acceptable risk profile. Our strategy includes the execution of selected investments; however, acquisitions are infrequent and so the associated costs of such investments are not representative of the underlying performance of these businesses.

The Owned Insurance Companies business targets life insurance businesses which are primarily in run off, creating value through consolidation and operational efficiency. Its strategy is to identify, acquire and then merge them, legally and operationally, with another insurer, achieving economies of scale in the annual running costs. This business has acquired five life companies in recent years. Profit releases on acquisitions are dependent on the merging of businesses, requiring regulatory approval, leading to profit fluctuations. Acquisition-related costs are therefore considered to be a core element of this business' underlying performance.

For these reasons, the Group adjusts statutory profit before tax to report a profit before tax which better reflects the Group's underlying performance ("adjusted profit before tax"). These adjustments, the largest of which are listed below, are as follows in H1 2018:

- The amortisation of intangible assets recognised on acquisition by the Professional Services division of £3.5m (2017: £2.3m) is adjusted because this expense does not relate to underlying performance. The increase relative to June 2017 is largely due to the acquisition of Criterion and Inworx.
- On completion of the Group's London property strategy, which relocated staff from three London offices into a single City location, the Group incurred lease exit costs and other non-recurring move costs, including dilapidations totalling £2.4m. The cash cost of the move is expected to be neutral and the cost of occupancy (which provides for further expansion) is expected to be marginally lower going forward. These costs have been adjusted.
- The Professional Services business' investment related activity in the first half of 2018 included earn-out accruals of £1.4m, specifically Inworx, Criterion and Aasgard Summit which are treated as remuneration in accordance with IFRS3, as well as acquisition related costs of £0.7m, largely in acquiring Inworx. These costs do not relate to the Group's underlying performance and have been adjusted.
- A Group initiative to centralise and standardise elements of our Finance and HR operations to provide a scalable platform to support the Group's growth has resulted in exceptional costs of £0.4m which do not reflect the Group's core cost base and underlying operating performance and are adjusted accordingly.

Net debt, cash flow and financing

Net debt at the half year was £52.7m which is lower than FY 2017 (£57.2m) due to cash incentives received on London property costs not yet incurred. Average net debt, which better reflects the Group's overall borrowing levels is £49.0m (FY 2017: £39.5m). The increase includes additional revenue growth related Adjusting working capital and capital expenditure;acquisitions and investments in this period (Inworx, Aasgard Summit and Fadata) were effectively funded through an equity raise, with net proceeds of £17.5m.

The Group's senior banking facilities comprise a revolving credit facility of £70m and an accordion facility of £25m. In addition, the Group has a US$4.75m facility with Citizen's Bank and additional local overdraft facilities. Excluding the accordion facility, Charles Taylor has total available facilities of c. £83m (Sterling equivalent).

Retirement benefit schemes

The Group's pension deficit at 30 June 2018 was £33.2m, net of deferred tax £25.7m, compared with £44.8m at the 2017 year end, net of deferred tax £37.2m. The reduction in the pension deficit since FY 2017 is primarily the result of changes in the assumptions used to value the liabilities (which are themselves a direct reflection of changes in bond yields over the period) and the payment by the Employer of deficit funding contributions. We have long-term plans in place and work closely with the schemes' trustees to manage the deficit. There are multi-year programmes in place to recover pension scheme deficits fully on a regulatory funding basis and funding costs are reflected in management fees charged by the Group where appropriate. We continue to monitor the Group's pension scheme exposures and act, as appropriate

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Fadata AD is the most material of the Group's associates. Due to Fadata's net losses to 30 June 2018 the carrying value of Group's investment in ordinary shares in Fadata of €4.1m had reduced to nil in accordance with IAS 28. The Group also holds preference shares in Fadata that, in accordance with IAS 32 are recorded as a financial liability by Fadata and a financial asset by the Group. In accordance with IAS 39, these preference shares are measured at amortised cost, because they are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. The carrying value of Group's investment in preference shares as at 30 June 2018 was €7.2m.

Dividend

An interim dividend of 3.48p per share (H1 2017: 3.31p) has been declared and will be paid on 9 November 2018 to shareholders on the register on 12 October 2018.

Foreign exchange

The Group manages its exposure to foreign currency fluctuations by use of forward foreign exchange contracts and options to sell currency in the future. Inworx deferred consideration, which is payable in US$, has been designated as a hedge of the Group's net investment, which is valued in US$. Changes in the sterling value of the deferred consideration, as a result of changes in the value of the US$ against sterling, are recorded in reserves to offset the changes in the sterling value of the Group's net investment in Inworx, which is also recorded in reserves.

Taxation

The Group recognises taxation based on management's estimate of the weighted average annual income tax rate expected for the full financial year on the Group's adjusted profits, which is expected to be within the range of 15% to 20%, together with management's estimate of the impact of non-tax deductible expenses on the statutory tax charge (H1 2017: 0%). The most significant non-tax deductible expense is remuneration paid to employees and former executive shareholders of subsidiaries acquired by the Group who remain actively engaged in the business. The impact of these non-tax deductible expenses is to increase the effective tax rate on the Group's statutory profits to 138%.

Related party transactions

There have been no related-party transactions in the period that have materially affected the financial position or performance of the Group.

Principal risks and uncertainties
The nature of the principal risks and uncertainties for the first half of 2018 fall into the three categories of business, financial and legal and regulatory risks. These remain unchanged from those explained in the 2017 Annual Report and Accounts. The Group's risk management systems are designed to manage the risk of failing to achieve our business objectives. We have an embedded and continuous process for identifying, evaluating and managing the principal risks which the Group faces.

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 this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Mark Keogh
Group Chief Financial Officer
12 September 2018

Condensed Consolidated Income Statement

	Note	Six months to 30 June 2018 £000 (Unaudited)	Six months to 30 June 2017 £000 (Unaudited)[1]	Year to 31 December 2017 £000 (Audited)
Continuing operations				
Revenue from Professional Services		**119,799**	100,158	206,237
Revenue from Owned Insurance Companies				
Gross revenue		**3,932**	2,680	5,609
Outward reinsurance premiums		**(333)**	(502)	(1,026)
Net revenue from Owned Insurance Companies		**3,599**	2,178	4,583
Total revenue	3	**123,398**	102,336	210,820
Expenses from Owned Insurance Companies				
Claims recovered/(incurred)		**11,634**	(42,267)	(52,779)
Reinsurance recoveries		**283**	217	915
Other (losses)/gains from insurance activities		**(12,086)**	43,240	55,455
Net operating expenses		**(3,055)**	(3,074)	(7,160)
Net expenses		**(3,224)**	(1,884)	(3,569)
Administrative expenses		**(119,156)**	(94,900)	(197,905)
Gain on acquisition		**–**	–	926
Share of results of associates		**(477)**	(434)	(1,780)
Operating profit		**541**	5,118	8,492
Investment and other income		**745**	447	903
Finance costs		**(1,063)**	(799)	(2,022)
Profit before tax		**223**	4,766	7,373
Income tax (expense)/credit	4	**(308)**	–	1,758
(Loss)/profit for the period from continuing operations		**(85)**	4,766	9,131
Attributable to:				
Owners of the Company		**(269)**	4,773	8,910
Non-controlling interests		**184**	(7)	221
		(85)	4,766	9,131
Earnings per share from continuing operations				
Basic earnings per share (p)	6	**(0.38)**	7.08	13.14
Diluted earnings per share (p)	6	**(0.38)**	7.00	13.01

1 Restated as a result of adopting IFRS 15 (see note 2).

Condensed Consolidated Statement of Comprehensive Income

	Six months to 30 June 2018 £000 (Unaudited)	Six months to 30 June 2017 £000 (Unaudited)[1]	Year to 31 December 2017 £000 (Audited)
(Loss)/profit for the period	**(85)**	4,766	9,131
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains on defined benefit pension schemes	**8,595**	6,227	4,740
Tax on items taken directly to equity	**(1,950)**	(1,304)	(1,310)
	6,645	4,923	3,430
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**(108)**	(566)	(1,909)
(Losses)/gains on cash flow hedges	**(516)**	474	709
	(624)	(92)	(1,200)
Other comprehensive income for the period, net of tax	**6,021**	4,831	2,230
Total comprehensive income for the period	**5,936**	9,597	11,361
Attributable to:			
Owners of the Company	**5,745**	9,688	11,283
Non-controlling interests	**191**	(91)	78
	5,936	9,597	11,361

1 Restated as a result of adopting IFRS 15 (see note 2).

Condensed Consolidated Balance Sheet

	Note	At 30 June 2018 £000 (Unaudited)	At 30 June 2017 £000 (Unaudited)[1,2]	At 31 December 2017 £000 (Audited)[1,3]
Non-current assets				
Goodwill	8	**71,760**	57,503	57,773
Other intangible assets	9	**54,621**	37,989	42,979
Property, plant and equipment		**17,155**	8,838	8,793
Investments		**1,000**	983	1,547
Financial assets		**9,683**	7,378	8,492
Deferred tax assets		**9,040**	11,374	11,909
Total non-current assets		**163,259**	124,065	131,493
Current assets				
Total assets in insurance businesses		**1,030,660**	1,135,134	1,103,032
Trade and other receivables		**107,038**	87,949	82,655
Cash and cash equivalents	13	**158,317**	138,675	146,057
Total current assets		**1,296,015**	1,361,758	1,331,744
Total assets		**1,459,274**	1,485,823	1,463,237
Current liabilities				
Total liabilities in insurance businesses		**1,017,846**	1,124,468	1,089,039
Trade and other payables		**79,677**	50,537	37,627
Deferred consideration		**3,674**	5,745	2,688
Current tax liabilities		**2,147**	180	1,934
Borrowings	13	**15,218**	21,892	15,708
Client funds	12,13	**133,684**	118,917	121,395
Total current liabilities		**1,252,246**	1,321,739	1,268,391
Net current assets		**43,769**	40,019	63,353
Non-current liabilities				
Borrowings	13	**62,101**	33,411	66,153
Deferred tax liabilities		**7,779**	6,003	3,697
Retirement benefit obligations	15	**33,249**	44,807	44,738
Provisions		**2,164**	410	435
Obligations under finance leases		–	35	28
Deferred consideration		**5,342**	3,695	1,648
Total non-current liabilities		**110,635**	88,361	116,699
Total liabilities		**1,362,881**	1,410,100	1,385,090
Net assets		**96,393**	75,723	78,147
Equity				
Share capital	11	**772**	684	689
Share premium account[1]		**88,890**	70,605	71,458
Merger reserve[1]		**11,721**	9,195	9,195
Capital reserve		**662**	662	662
Own shares		**(471)**	(399)	(369)
Accumulated losses		**(7,124)**	(7,024)	(5,269)
Equity attributable to owners of the Company		**94,450**	73,723	76,366
Non-controlling interests		**1,943**	2,000	1,781
Total equity		**96,393**	75,723	78,147

1 £2.3m has been reclassified to the Merger Reserve from Share Premium to reflect that the fair value of the shares issued over and above the par value in respect of the acquisitions of Knowles Loss Adjusters in May 2014 and CEGA in August 2016, both qualified for merger relief in accordance with the Section 612 of the Companies Act 2006.
2 Restated as a result of adopting IFRS 15 (see note 2).
3 The non-current assets, non-current liabilities and accumulated losses have been restated as a result of the remeasurement of assets acquired and liabilities assumed as part of the Criterion acquisition as permitted under IFRS 3 (revised) (see note 7).

The financial statements were approved by the board of directors and authorised for issue on 12 September 2018.

Mark Keogh

Director
12 September 2018

Condensed Consolidated Cash Flow Statement

	Note	**Six months to 30 June 2018 £000 (Unaudited)**	Six months to 30 June 2017 £000 (Unaudited)	Year to 31 December 2017 £000 (Audited)
Net cash from operating activities	12	**30,973**	8,113	7,697
Investing activities				
Interest received		**334**	204	420
Proceeds on disposal of property, plant and equipment		**149**	74	145
Purchases of property, plant and equipment		**(4,620)**	(1,216)	(2,645)
Acquisition of other intangible assets		**(2,722)**	(2,584)	(5,102)
Purchase of investments		**(3,420)**	(511)	(3,739)
Acquisition of subsidiaries – net of cash acquired		**(15,736)**	(1,852)	(7,146)
Payment of deferred consideration		**(229)**	(683)	(6,027)
Net cash used in investing activities		**(26,244)**	(6,568)	(24,094)
Financing activities				
Proceeds from issue of shares		**17,505**	137	760
Dividends paid	5	**(5,296)**	(4,974)	(7,232)
Repayments of borrowings	10	**(29,102)**	(52,756)	(78,500)
Repayments of obligations under finance leases		**(27)**	(6)	–
New bank loans raised	10	**25,054**	49,270	104,000
(Decrease)/increase in bank overdrafts		**(582)**	5,243	3,140
Net cash generated from/(used in) financing activities		**7,552**	(3,086)	22,168
Net increase/(decrease) in cash and cash equivalents		**12,281**	(1,541)	5,771
Cash and cash equivalents at beginning of period		**146,057**	141,436	141,436
Effect of foreign exchange rate changes		**(21)**	(1,220)	(1,150)
Cash and cash equivalents at end of period[1]	13	**158,317**	138,675	146,057

1 Cash and cash equivalents includes client funds of £133.7m (30 June 2017: £118.9m, 31 December 2017: £121.4m).

Condensed Consolidated Statement of Changes in Equity

	Share capital £000	Share premium account[1] £000	Merger reserve[1] £000	Capital reserve £000	Own shares £000	Accumulated losses £000	Non-controlling interests £000	Total £000
At 1 January 2018 (audited)[2]	**689**	**71,458**	**9,195**	**662**	**(369)**	**(5,269)**	**1,781**	**78,147**
Issue of share capital (note 11)	**83**	–	–	–	–	–	–	**83**
Share premium arising on issue of share capital	–	**19,958**	–	–	–	–	–	**19,958**
Merger reserve arising an acquisitions	–	**(2,526)**	**2,526**	–	–	–	–	–
Loss for the financial period	–	–	–	–	–	**(269)**	**184**	**(85)**
Dividends paid (note 5)	–	–	–	–	–	**(5,296)**	–	**(5,296)**
Actuarial gains on defined benefit pension schemes	–	–	–	–	–	**8,595**	–	**8,595**
Tax on items taken to equity	–	–	–	–	–	**(1,950)**	–	**(1,950)**
(Losses)/gains on cash flow hedges	–	–	–	–	–	**(516)**	–	**(516)**
Foreign currency exchange differences	–	–	–	–	–	**(116)**	**8**	**(108)**
Movement in share-based payments	–	–	–	–	–	**(213)**	–	**(213)**
Movement in own shares	–	–	–	–	**(102)**	–	–	**(102)**
Other movements	–	–	–	–	–	**263**	**(30)**	**233**
Adoption of IFRS 15	–	–	–	–	–	**(2,353)**	–	**(2,353)**
At 30 June 2018 (unaudited)	**772**	**88,890**	**11,721**	**662**	**(471)**	**(7,124)**	**1,943**	**96,393**

	Share capital £000	Share premium account[1] £000	Merger reserve[1] £000	Capital reserve £000	Own shares £000	Accumulated losses £000	Non-controlling interests £000	Total £000
At 1 January 2017 (audited)	674	70,049	9,195	662	(430)	(12,126)	2,138	70,162
Issue of share capital (note 11)	10	–	–	–	–	–	–	10
Share premium arising on issue of share capital	–	556	–	–	–	–	–	556
Merger reserve arising an acquisitions	–	–	–	–	–	–	–	–
Profit for the financial period[3]	–	–	–	–	–	4,773	(7)	4,766
Dividends paid (note 5)	–	–	–	–	–	(4,974)	–	(4,974)
Actuarial gains on defined benefit pension schemes	–	–	–	–	–	6,227	–	6,227
Tax on items taken to equity	–	–	–	–	–	(1,304)	–	(1,304)
Gains on cash flow hedges	–	–	–	–	–	474	–	474
Foreign currency exchange differences	–	–	–	–	–	(482)	(84)	(566)
Movement in share-based payments	–	–	–	–	–	388	–	388
Movement in own shares	–	–	–	–	31	–	–	31
Other movements	–	–	–	–	–	–	(47)	(47)
At 30 June 2017 (unaudited)	684	70,605	9,195	662	(399)	(7,024)	2,000	75,723

1 £2.3m has been reclassified to the Merger Reserve from Share Premium to reflect that the fair value of the shares issued over and above the par value in respect of the acquisitions of Knowles Loss Adjusters in May 2014 and CEGA in August 2016, both qualified for merger relief in accordance with the Section 612 of the Companies Act 2006.

2 The accumulated losses have been restated as a result of the remeasurement of assets acquired and liabilities assumed as part of the Criterion acquisition as permitted under IFRS 3 (revised) (see note 7).

3 Restated as a result of adopting IFRS 15 (see note 2).

Own shares comprise 449,436 (30 June 2017: 384,315; 31 December 2017: 324,247) shares held by the Charles Taylor Employee Share Ownership Plan Trust (ESOP). The market value of these shares was £1.4m (30 June 2017: £0.9m; 31 December 2017: £0.9m) at the balance sheet date.

The trustee of the ESOP is Summit Trust International SA, an independent professional trust company registered in Switzerland. The ESOP is a discretionary trust for the benefit of employees of the Group and provides a source of shares to distribute to the Group's employees (including executive directors and officers) under the Group's various bonus and incentive schemes, at the discretion of the trustee acting on the recommendation of a committee of the Board.

The assets, liabilities, income and costs of the ESOP are incorporated into the condensed set of financial statements.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances other than company law requirements dealing with distributable profits, and in the case of the insurance companies' regulatory permissions and solvency limits.

Notes to the Condensed Set of Financial Statements

1. General information

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the board of directors on 14 March 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

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

2. Accounting policies

Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

- The Group has adopted IFRS 15, "Revenue from Contracts with Customers", using the cumulative effect method.
  As a result, the revenue recognised from the Signal Mutual contract, within the Management Services business, has been restated to straight line recognition, previously 40% in the fourth quarter followed by 20% in each subsequent quarter. There is no overall impact on the FY2018 revenue.
  The revenue for the half year comparatives has therefore been increased by £1.7m and the impact of the cumulative timing difference of £2.3m shown as a movement in reserves in the Condensed Consolidated Statement of Changes in Equity.
- IFRS 9 Financial Instruments was effective from 1 January 2018, however it did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.
- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- The Group has adopted net investment hedge accounting for the deferred consideration recognised as part of the Inworx acquisition. The deferred consideration, which is payable in US$, has been designated as a hedge of the Group's net investment in Inworx, which is valued in US$. Changes in the sterling value of the deferred consideration, as a result of changes in the value of the US$ against sterling, are recorded in reserves to offset the changes in the sterling value of the Group's net investment in Inworx, which is also recorded in reserves.
- The Group has determined that the functional currency of Inworx is US$. Therefore, in spite of the fact that two of the legal entities acquired as part of this acquisition are resident in Argentina (which is a hyperinflationary environment), the Group does not believe that it is appropriate to adopt hyperinflationary accounting for the Inworx results.

Standards issued but not yet applied

- IFRS 16 'Leases' is effective and will be applied for the financial year beginning on 1 January 2019. The interim results for FY19 will be IFRS 16 compliant with the first annual report published in accordance with IFRS 16 being the 31 December 2019 report.
- Based on our initial view we expect there to be a material change in the balance sheet on adoption of IFRS 16, primarily because of the operating lease entered into for The Minster Building, however the Group has not yet performed a detailed review of all its operating leases to quantify the full impact. This detailed review will be performed during the second half of 2018.

3. Segmental information

Identification of segments

For management and internal reporting purposes the Group is currently organised into four operating businesses, the first three of which are considered to be professional services businesses.

- Management Services business – provides end-to-end management services to insurance companies, mutuals and associations.
- Adjusting Services business –provides loss adjusting services across the aviation, energy, marine, property & casualty and special risks sectors.
- Insurance Support Services business – provides a wide range of professional, technology and support services, enabling our clients to select the specific services they require.
- Owned Life Insurers business – consolidates life insurance businesses which are primarily in run-off, creating value through targeted acquisitions and operational efficiency.

Management information about these businesses is regularly provided to the Group's chief operating decision maker to assess their performance and to make decisions about the allocation of resources. Accordingly, these businesses correspond with the Group's operating segments under IFRS 8 Operating Segments. Businesses forming part of each business which might otherwise qualify as reportable operating segments have been aggregated where they share similar economic characteristics and meet the other aggregation criteria in IFRS 8.

Measurement of segmental results and assets

Transactions between reportable segments are accounted for on the basis of the contractual arrangements in place for the provision of goods or services between segments and in accordance with the Group's accounting policies. Reportable segment results and assets are also measured on a basis consistent with the Group's accounting policies. Operating profit for the individual segments includes an allocation of central costs. The Adjustments column includes elimination of inter-segment revenue, share of results of associates and the adjustments set out in the Financial Review. Reconciliations of segmental results to the Group profit before tax are set out below.

Information about major customers

The Group derived revenue within its Management Services business of £20.7m (to 30 June 2017: £18.0m, full year 2017: £36.1m) from one external customer which accounts for more than 10% of Group revenue.

	Professional Services businesses					Owned Life Insurers	Adjustments	Group
Six months to 30 June 2018 Continuing operations	**Management Services £000**	**Adjusting Services £000**	**Insurance Support Services £000**	**Unallocated £000**	**Total £000**	**Insurance Companies £000**	**Eliminations/ other £000**	**Total £000**
Revenue from external clients	**29,440**	**40,227**	**50,132**	**–**	**119,799**	**3,599**	**–**	**123,398**
Revenue from other operating segments	**–**	**–**	**2,218**	**–**	**2,218**	**–**	**(2,218)**	**–**
Total revenue	**29,440**	**40,227**	**52,350**	**–**	**122,017**	**3,599**	**(2,218)**	**123,398**
Depreciation and amortisation	**(121)**	**(346)**	**(2,543)**	**–**	**(3,010)**	**(113)**	**–**	**(3,123)**
Other expenses	**(23,916)**	**(36,962)**	**(49,070)**	**–**	**(109,948)**	**(3,061)**	**(6,725)**	**(119,734)**
Operating profit/(loss)	**5,403**	**2,919**	**737**	**–**	**9,059**	**425**	**(8,943)**	**541**
Investment and other income								**745**
Finance costs								**(1,063)**
Profit before tax								**223**

	Professional Services businesses					Owned Life Insurers	Adjustments	Group
Six months to 30 June 2017 Continuing operations[1]	Management Services £000	Adjusting Services £000	Insurance Support Services £000	Unallocated £000	Total £000	Insurance Companies £000	Eliminations/ other £000	Total £000
Revenue from external clients	29,553	35,228	35,371	6	100,158	2,178	–	102,336
Revenue from other operating segments	–	–	2,050	–	2,050	–	(2,050)	–
Total revenue	29,553	35,228	37,421	6	102,208	2,178	(2,050)	102,336
Depreciation and amortisation	(130)	(360)	(1,788)	–	(2,278)	(137)	–	(2,415)
Other expenses	(24,221)	(33,211)	(34,246)	(6)	(91,684)	(1,748)	(1,371)	(94,803)
Operating profit/(loss)	5,202	1,657	1,387	–	8,246	293	(3,421)	5,118
Investment and other income								447
Finance costs								(799)
Profit before tax								4,766

1 Restated as a result of adopting IFRS 15 (see note 2).

	Professional Services businesses					Owned Life Insurers	Adjustments	Group
Year to 31 December 2017 Continuing operations	Management Services £000	Adjusting Services £000	Insurance Support Services £000	Unallocated £000	Total £000	Insurance Companies £000	Eliminations/ other £000	Total £000
Revenue from external clients	58,345	74,929	72,957	6	206,237	4,583	–	210,820
Revenue from other operating segments	–	–	5,004	–	5,004	–	(5,004)	–
Total revenue	58,345	74,929	77,961	6	211,241	4,583	(5,004)	210,820
Depreciation and amortisation	(262)	(700)	(5,029)	–	(5,991)	(268)	–	(6,259)
Other expenses	(47,954)	(69,738)	(69,820)	(6)	(187,518)	(3,701)	(4,850)	(196,069)
Operating profit/(loss)	10,129	4,491	3,112	–	17,732	614	(9,854)	8,492
Investment and other income								903
Finance costs								(2,022)
Profit before tax								7,373

	At 30 June 2018 £000			At 30 June 2017 £000			At 31 December 2017 £000		
	Professional Services businesses	**Owned Life Insurers**	**Group**	Professional Services businesses[1]	Owned Life Insurers	Group	Professional Services businesses[2]	Owned Life Insurers	Group
Management Services business	**3,992**	**–**	**3,992**	6,269	–	6,269	2,890	–	2,890
Adjusting Services business	**233,387**	**–**	**233,387**	199,662	–	199,662	213,010	–	213,010
Insurance Support Services business	**160,372**	**–**	**160,372**	117,763	–	117,763	120,083	–	120,083
Unallocated assets and eliminations	**29,268**	**–**	**29,268**	25,159	–	25,159	22,514	–	22,514
Owned Insurance Companies business	**–**	**1,032,255**	**1,032,255**	–	1,136,970	1,136,970	–	1,104,740	1,104,740
Total assets	**427,019**	**1,032,255**	**1,459,274**	348,853	1,136,970	1,485,823	358,497	1,104,740	1,463,237
– Non-current assets	**161,664**	**1,595**	**163,259**	122,230	1,835	124,065	129,785	1,708	131,493
– Current assets	**265,355**	**1,030,660**	**1,296,015**	226,623	1,135,135	1,361,758	228,712	1,103,032	1,331,744
Total assets	**427,019**	**1,032,255**	**1,459,274**	348,853	1,136,970	1,485,823	358,497	1,104,740	1,463,237
Current liabilities	**(230,726)**	**(1,017,846)**	**(1,248,572)**	(191,526)	(1,124,468)	(1,315,994)	(176,664)	(1,089,039)	(1,265,703)
Deferred consideration	**(3,674)**	**–**	**(3,674)**	(5,745)	–	(5,745)	(2,688)	–	(2,688)
Net current assets	**30,955**	**12,814**	**43,769**	29,352	10,667	40,019	49,360	13,993	63,353
Non-current liabilities	**(105,261)**	**(32)**	**(105,293)**	(84,666)	–	(84,666)	(115,051)	–	(115,051)
Deferred consideration	**(5,342)**	**–**	**(5,342)**	(3,695)	–	(3,695)	(1,648)	–	(1,648)
Total liabilities	**(345,003)**	**(1,017,878)**	**(1,362,881)**	(285,632)	(1,124,468)	(1,410,100)	(296,051)	(1,089,039)	(1,385,090)
Net assets	**82,016**	**14,377**	**96,393**	63,221	12,502	75,723	62,446	15,701	78,147
Non-controlling interests	**(1,943)**	**–**	**(1,943)**	(2,000)	–	(2,000)	(1,781)	–	(1,781)
Equity attributable to owners of the Company	**80,073**	**14,377**	**94,450**	61,221	12,502	73,723	60,665	15,701	76,366

	Revenue			Non-current assets[3]		
Geographical information	**Six months to 30 June 2018 £000**	Six months to 30 June 2017 £000[1]	Year to 31 December 2017 £000	**At 30 June 2018 £000**	At 30 June 2017 £000[1]	At 31 December 2017 £000[2]
United Kingdom	**55,799**	41,088	86,798	**101,222**	96,396	104,418
Other Europe	**9,548**	9,167	18,556	**3,795**	6,866	4,870
Middle East	**2,313**	2,162	4,310	**117**	153	132
North America	**10,834**	8,390	17,449	**46,316**	6,756	7,673
Central and South America	**5,054**	4,150	7,390	**245**	182	146
Asia Pacific	**8,753**	9,286	18,326	**1,687**	1,452	1,507
Bermuda	**31,097**	28,093	57,991	**837**	886	838
	123,398	102,336	210,820	**154,219**	112,691	119,584

1 Restated as a result of adopting IFRS 15 (see note 2).

2 The non-current assets have been restated as a result of the remeasurement of assets acquired and liabilities assumed as part of the Criterion acquisition as permitted under IFRS 3 (revised) (see note 7).

3 Excluding deferred tax.

4. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year on the group's operating profits (which is expected to be within the range of 15% to 20%) plus management's estimate of the impact of non-tax deductible expenses on the statutory tax charge. The most significant non-tax deductible expense is remuneration paid to employees and former executive shareholders of subsidiaries acquired by the group who remain actively engaged in the business. The impact of these non-tax deductible expenses is to increase the effective tax rate on the Group's statutory profits to 138%.

5. Dividends

	Six months to 30 June 2018 £000	Six months to 30 June 2017 £000	Year to 31 December 2017 £000
Ordinary dividends paid comprise:			
Final dividend (2017: 7.70p)	**5,296**	4,974	4,974
Interim dividend paid	**–**	–	2,258
	5,296	4,974	7,232

The final dividend of 3.48p per share, will be paid on 9 November 2018. Dividend paid have been shown as a movement in shareholders funds.

6. Earnings per share

The earnings and weighted average number of shares used in the calculation of earnings per share are as shown below. The shares held by the ESOP have been excluded from the calculation because the trustees have waived the right to dividends on these shares.

	Six months to 30 June 2018 £000	Six months to 30 June 2017 £000[1]	Year to 31 December 2017 £000
Earnings			
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**(269)**	4,773	8,910
	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**71,186,224**	67,434,793	67,824,263
Effect of dilutive potential ordinary shares:			
Share options	**213,177**	752,853	654,371
Weighted average number of ordinary shares for the purposes of statutory diluted earnings per share	**71,339,401**	68,187,646	68,478,634

1 Restated as a result of adopting IFRS 15 (see note 2).

7. Acquisition of subsidiaries

Aasgard

On 2 March 2018 the Group acquired 100% of the equity of Bowditch Marine Inc (Washington) (“BMI”), 100% of the equity of Aasgard Summit Management Services Inc (Washington) (“ASMS”) and 51% of the equity of Employers Medical Review Services LLC (Washington) (“EMNI”). Collectively, these companies are described as “Aasgard”.

Aasgard is a provider of marine claims management and related technical services focusing on the US West Coast states.

	Aasgard		
	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000
Identifiable intangible assets	–	1,902	1,902
Trade and other receivables	197	–	197
Cash and cash equivalents	80	–	80
Trade and other payables	(58)	–	(58)
Identifiable assets and liabilities	219	1,902	2,121
Consideration			2,121
Satisfied by:			
Cash			2,121
Consideration			2,121

A further estimated £2.4m is payable in three instalments from March 2019, subject to the executive shareholders remaining actively engaged in the business over a period of at least three years.

Inworx

On 2 May 2018 Charles Taylor Insuretech Limited and Charles Taylor Insurance Services Ltd acquired 95% and 5% respectively of Inworx Argentina S.A, Softseg S.A ("the Argentinian entities") and Inworx Peru SAC. Separately, CTI Mexico SA de CV, a newly incorporated entity which is wholly owned by CT Holdings BV, acquired the Mexican and US trade of the Argentinian entities. These acquisitions are described collectively as "Inworx".

Inworx is an insurance-focused technology software provider, selling primarily to insurance brokers, insurers and other corporates in Latin America.

	Inworx		
	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000
Identifiable intangible assets	–	12,344	12,344
Deferred tax liability recognised on intangible assets	–	(4,320)	(4,320)
Trade and other receivables	1,370	–	1,370
Cash and cash equivalents	365	–	365
Trade and other payables	(678)	–	(678)
Bank loan	(128)	–	(128)
Corporation tax liabilities	(124)	–	(124)
Dividends	(489)	–	(489)
Identifiable assets and liabilities	316	8,024	8,340
Goodwill			12,759
Consideration			21,099
Satisfied by:			
Cash			14,060
Ordinary shares of the Company			2,650
Deferred consideration			4,389
Consideration			21,099

A further estimated £16.5m is payable in four instalments from May 2019, subject to the executive shareholders remaining actively engaged in the business over a period of at least four years.

A merger reserve of £2.5m was created in respect of these acquisitions in line with Section 612 of the Companies Act 2006

Criterion

On 9 August 2017 Charles Taylor acquired all of the equity of Criterion Adjusters Limited, Criterion Surveyors Limited and Criterion Claims Management Limited, which are described collectively as "Criterion". This acquisition is described in detail in the financial statements for the year ended 31 December 2017. The assets acquired are as follows:

			Criterion	
	Carrying amount before acquisition £000	Adjustments £000	Revised amount recognised at acquisition £000	Original amount recognised at acquisition £000
Identifiable intangible assets	–	6,282	6,282	10,063
Deferred tax liability recognised on intangible assets	–	(1,194)	(1,194)	(1,912)
Property plant and equipment	148	–	148	148
Trade and other receivables	771	(178)	593	383
Cash and cash equivalents	110	–	110	110
Trade and other payables	(811)	–	(811)	(811)
Tax liabilities	(16)	–	(16)	(16)
Identifiable assets and liabilities	202	4,910	5,112	7,965
Goodwill			–	3,602
Consideration			5,112	11,567
Satisfied by:				
Cash			5,112	5,112
Deferred consideration			–	6,455
Consideration			5,112	11,567

The analysis of assets acquired and liabilities assumed on acquisition, which was reported in the financial statements for the year ended 31 December 2017, was a provisional analysis. This has been restated within the remeasurement period being 12 months of the date of recognition which is permitted under IFRS 3 (revised). The revised analysis of assets acquired and liabilities assumed is shown above. A further £6.5m is payable in four instalments from September 2018, subject to the executive shareholders remaining actively engaged in the business over a period of at least five years. As required by IFRS 3 (revised) these payments will be expensed to the income statement over the relevant period of active engagement. The discounted value of this restatement is included as Revaluation within Deferred consideration.

Deferred consideration

Acquisitions include Inworx and Aasgard, as described above. £3.7m of the total deferred consideration is due within one year.

	Deferred consideration £000
At 1 January 2018 (restated)	4,336
Acquisitions	4,389
Amounts paid	(229)
Interest unwind	236
At 30 June 2018	9,016

If the above acquisitions have been completed on the first day of the period, the combined revenue and statutory profit before tax would have been £130.1m and £0.7m respectively.

8. Goodwill

Goodwill has increased by £14.0m since the year end, due to the acquisition of Inworx, £12.8m, the revised carrying value of CTMA goodwill, £1.0m and foreign exchange differences, £0.2m.

9 Other intangible assets

Other intangible assets increased by £11.6m since the year end, as a result of customer relationships of £14.2m arising on acquisitions (see note 7), IT assets capitalised of £2.7m, offset by amortisation of £5.3m.

10. Bank overdrafts and loans

Loans raised during the period amounted to £25.1m (to 30 June 2017: £49.3m, full year 2017: £104m) and repayments on loans amounted to £29.1m (to 30 June 2017: £52.8m, full year 2017: £78.5m). The Group has a senior facilities agreement with Royal Bank of Scotland, HSBC and Bank of Ireland for a five year term, which matures on 13 October 2022, but with an option to extend to October 2023.

11. Called-up share capital

	At 30 June 2018 £000	At 30 June 2017 £000	At 31 December 2017 £000
Issued and fully paid:			
77,227,747 ordinary shares of 1p each (30 June 2017: 68,405,170, 31 December 2017: 68,869,887)	**772**	684	689

The number of allotted and fully paid shares of the Company increased during the six month period to 30 June 2018 due to:

- 646,859 shares issued under employee share schemes; and
- 940,201 shares issued to former owners of the Inworx Group under deferred consideration arrangements.
- 6,770,800 shares issued to fund the acquisition of Inworx, from which £17.1m was raised and expenses of £0.5m were incurred.

12. Notes to the condensed consolidated cash flow statement

	Six months to 30 June 2018 £000	Six months to 30 June 2017 £000[1]	Year to 31 December 2017 £000
Operating profit	**541**	5,118	8,492
Adjustments for:			
Depreciation of property, plant and equipment	**1,090**	936	2,007
Amortisation of intangibles	**5,502**	3,734	9,718
Other non-cash items	**1,729**	(1,384)	(1,195)
Decrease in provisions	**(477)**	(1,442)	(3,014)
Share of results of associates and joint ventures	**477**	434	1,780
Operating cash flows before movements in working capital	**8,862**	7,396	17,788
Increase in receivables	**(20,769)**	(8,670)	(3,415)
Increase in payables	**31,767**	14,017	57
Decrease/(increase) in insurance company assets	**72,373**	385,883	(123,314)
Increase/(decrease) in insurance company liabilities	**(71,193)**	(382,430)	123,440
Cash generated by operations	**21,040**	16,196	14,556
Income taxes paid	**(1,024)**	(829)	(1,398)
Interest paid	**(1,332)**	(973)	(1,658)
Net cash before movement in client funds	**18,684**	14,394	11,500
Movement in client funds	**12,289**	(6,281)	(3,803)
Net cash from operating activities	**30,973**	8,113	7,697

1 Restated as a result of adopting IFRS 15 (see note 2).

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less. Cash includes client funds of £133.7m (30 June 2017: £118.9m, 31 December 2017: £121.4m).

13. Net debt

	At 30 June 2018 £000	At 30 June 2017 £000	At 31 December 2017 £000
Cash and cash equivalents	**158,317**	138,675	146,057
Less: client funds	**(133,684)**	(118,917)	(121,395)
Bank overdrafts	**(14,992)**	(13,979)	(15,574)
Current loans	**(226)**	(7,913)	(134)
Non-current bank loans	**(62,101)**	(33,411)	(66,153)
Finance leases	**–**	(35)	(28)
	(52,686)	(35,580)	(57,227)

14. Financial instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of the Group's financial assets and liabilities are determined as follows:

- Retirement benefit obligations are valued by independent actuaries in accordance with IFRS.
- For those financial assets and liabilities that are cash, short-term trade receivables or payables, or funds held at Lloyd's, carrying amount is a reasonable approximation of fair value.
- The preference shares investment is held to maturity.
- The Group's financial assets and liabilities are measured, subsequent to initial recognition, at fair value, and they can be grouped into Levels 1 to 3 based on the degree to which the fair value is observable:
  - 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 for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy

For each of the assets in the table below, carrying value is a reasonable approximation to fair value. Excluding financial assets and liabilities of insurance companies, there were no Level 1 assets, no transfers between Level 1 and 2 during the period, nor were there any valuation changes. All movements in the asset or liability values below are through profit or loss, including any revaluation of deferred consideration (see note 7). The deferred consideration amounts below do not include amounts held in insurance company liabilities.

	At 30 June 2018			At 30 June 2017			At 31 December 2017		
	Level 2 £000	**Level 3 £000**	**Total £000**	Level 2 £000	Level 3 £000	Total £000	Level 2 £000	Level 3 £000	Total £000
Funds at Lloyd's	**–**	**3,163**	**3,163**	–	3,585	3,585	–	3,981	3,981
Preference shares held to maturity	**–**	**6,520**	**6,520**	–	3,793	3,793	–	4,511	4,511
Trade debtors	**–**	**46,609**	**46,609**	–	37,433	37,433	–	37,627	37,627
Accrued income	**–**	**32,488**	**32,488**	–	28,683	28,683	–	29,830	29,830
Deferred consideration	**–**	**(9,016)**	**(9,016)**	–	(9,440)	(9,440)	–	(10,875)	(10,875)
FX forward contracts	**204**	**–**	**204**	78	–	78	(312)	–	(312)
	204	**79,764**	**79,968**	78	64,054	64,132	(312)	65,074	64,762

The fair values of the financial assets and liabilities included in the Level 2 category have been independently valued by the Royal Bank of Scotland and HSBC based on observable market conditions prevailing at the valuation date, including relevant foreign exchange rates and the zero-coupon yield curve.

The fair values of the financial assets and liabilities included in the Level 3 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis with the most significant inputs being the discount rate that reflects substantially the same terms and characteristics including the credit quality of the instrument:

- Trade debtors are reduced by a discount to reflect the time value of money at a discount rate of 3.25% (30 June 2017: 3.25%, 31 December 2017: 2.75%) that reflects the Group's debt funding rate over the relevant maturities.
- Adjusting business accrued income is uplifted by 5.27% for anticipated unrecorded income, which is based on average over-recovery of unrecorded income during 2018, and then discounted for the time value of money at 3.25% (30 June 2017: 3.25%, 31 December 2017: 2.75%) that reflects the Group's debt funding rate over the relevant maturities.
- Deferred consideration is reduced by a discount to reflect the time value of money of 2.79% (30 June 2017: 2.49%, 31 December 2017: 2.27%) reflecting the Group's debt funding rate over the relevant maturities.

The sensitivity of the fair values of trade debtors and accrued income to changes in the discount rate is negligible, irrespective of the change in discount rate. The sensitivity of the fair value of deferred consideration to reasonably likely changes in the discount rate is immaterial.

15. Pensions

The Group contributes to a number of defined benefit pension schemes on behalf of employees. The present value of the retirement benefit obligation at 30 June 2018 has been arrived at by recalculating the 31 December 2017 liabilities using the financial assumptions at 30 June 2018 and rolling forward the liability, allowing for interest and benefit accrual to 30 June 2018. The value of plan assets represents the bid value of invested assets at 30 June 2018 plus cash balances held.

The financial assumptions used to calculate scheme liabilities under IAS 19R *Employee benefits* are as follows:

	At 30 June 2018 %	At 30 June 2017 %	At 31 December 2017 %
Rate of increase in salaries	**3.00**	3.00	3.00
Rate of increase of pensions in payment			
– RPI			
– max 5%, min 0%	**3.10**	3.20	3.25
– max 2.5%, min 0%	**2.20**	2.20	2.20
– max 5%, min 3%	**3.65**	3.70	3.70
– CPI			
– max 5%, min 0%	**2.20**	2.30	2.35
– max 2.5%, min 0%	**1.80**	1.80	1.85
Discount rate	**2.70**	2.60	2.45
Inflation assumption			
– RPI	**3.20**	3.30	3.35
– CPI	**2.20**	2.30	2.35

Amount recognised in the balance sheet in respect of the Group's retirement benefit obligations

	At 30 June 2018 £000	At 30 June 2017 £000	At 31 December 2017 £000
Total market value of assets	**104,984**	100,443	110,080
Actuarial value of liability	**(135,319)**	(142,779)	(152,248)
Restrictions on asset recognised	**(2,566)**	(2,143)	(2,266)
Overseas retirement benefit obligation	**(348)**	(328)	(304)
Net liability recognised in the balance sheet	**(33,249)**	(44,807)	(44,738)
Related deferred tax asset	**5,593**	7,641	7,640
Pension liability net of related deferred tax asset	**(27,656)**	(37,166)	(37,098)

The restrictions on asset recognised results from one of the Group's pension schemes being in surplus under IFRS, however in practice this surplus will not be recovered by the Group. The variation in the amount of this surplus reflects fluctuations in that scheme's funding position over the course of the relevant period.

16. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no material transactions with associated undertakings in the period.

17. Events after the balance sheet date

Additional investment in Fadata of €0.6m as set out in the Group CEO's Review.

Forward-looking statements

This interim report contains certain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations and other changes in business conditions; the actions of competitors and other factors.

Responsibility Statement

The directors' confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

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

The directors of Charles Taylor plc are listed in the Charles Taylor plc Annual Report and Accounts for 31 December 2017. A list of current directors is maintained on the Charles Taylor plc website: www.ctplc.com

By order of the Board

David Marock

Group Chief Executive Officer

Mark Keogh

Group Chief Financial Officer

Independent Review Report to Charles Taylor plc

Report on the Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed Charles Taylor plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the half year report of Charles Taylor plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:
- the Condensed Consolidated Balance Sheet as at 30 June 2018;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.
A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 September 2018