

MITON GROUP PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Continued growth in Assets under Management ('AuM')

Miton Group plc (the 'Company' or 'Group'), the AIM quoted fund management group, today announces its half year results for the six months ended 30 June 2017.

Highlights

- £3,354 million closing AuM, up from £2,542 million for the same period last year
- £3,490 million AuM as at 31 August 2017
- Adjusted Profit before tax of £2.9 million (2016 full year £5.1 million[†])
- Trading for the full year is expected to be at least in line with current market expectations*
- Successful launch of CF Miton Global Infrastructure Income Fund with AuM of £17.3 million as at 31 August 2017
- Half year cash balances remain robust at £18.2 million (30 June 2016 £17.4 million) after payment of the annual dividend, variable compensation awards and a share buyback in the first half
- The Group acquired and cancelled 6,606,900 ordinary shares at a cash cost of £2.6 million
- Jim Pettigrew will join the Board in November as Non-Executive Chairman, subject to FCA approval. Further details are contained in the Directorate Change RNS released this morning

Financial performance

	Unaudited six months to 30 June 2017 £m	Unaudited six months to 30 June 2016 £m	%	Audited year to 31 December 2016 £m
Closing AuM	3,354	2,542	+31.9	2,905
Average AuM ⁽¹⁾	3,157	2,792	+13.1	2,783
Net revenue	10.3	9.6	+7.3	19.0
Adjusted Profit before tax ⁽²⁾	2.9	3.1 [†]	(6.4)	5.1
Profit before tax ⁽³⁾	2.4	2.9	(17.2)	4.3
Cash generated from operations	1.9	4.4	(56.8)	8.5
Total cash	18.2	17.4	+4.6	21.3
	pence	pence		pence
Adjusted earnings per share ⁽²⁾	1.53	1.67		2.67
Diluted adjusted earnings per share ⁽⁴⁾	1.35	1.48		2.40
Basic earnings per share	1.24	1.56		2.14
Diluted earnings per share	1.09	1.39		1.92

Notes

[†] The comparative period includes a write-back to share-based payments totalling £0.43m arising from the forfeiture of awards.

* Based on the 12 July 2017 Peel Hunt forecast for Adjusted Profit before tax of £5.6 million

(1) Average AuM is based on the total month end closing AuM for each product managed by the Group.

(2) Adjusted Profit and Adjusted earnings per share are calculated before the deduction of amortisation, exceptionals and taxation.

(3) Profit before tax includes £0.4m of exceptional operating expenses relating to redundancy and restructuring costs (31 December 2016: £0.598m relating to the implementation of a new remuneration structure for the investment team).

(4) Diluted adjusted earnings per share involves a dilution of 11.3% largely as a result of an estimate of the Miton Group plc shares which would be issued if all the Growth Share Plan shares with an accrued value at 30 June 2017 had vested and had been exchanged for Miton Group plc ordinary shares at that date.

David Barron, Chief Executive of Miton Group, commented:

"The Group continues to deliver strong investment performance and net inflows. We have continued to streamline the business and have demonstrated the scalability of our operating platform.

"Following a strong start, we look forward to the full year results with confidence."

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Notes to Editors:

Miton Group plc (referred to as the "Company" or "Group"), is an equity and multi-asset fund management specialist. As at 31 August 2017 the Group managed £3,490 million of assets including nine OEICs, two unit trusts and four investment trusts under the Miton brand.

Chief Executive's Statement

Introduction

I am delighted to present my first set of unaudited interim results as Miton's Chief Executive. The Group continues to deliver strong investment performance and net inflows. We have seen the growth from the end of 2016 continue to build into 2017 with our AuM reaching £3.35bn as at 30 June 2017. This progress has since continued with AuM at the end of August rising to £3.49bn.

The average AuM for the six months to 30 June 2017 was £3.16bn. Net revenues were £10.3m contributing to an Adjusted Profit before tax of £2.9m. This represented a small decrease compared to the comparative period last year, but is consistent with our expectations of making positive progress for the year as a whole. The small decrease was due to two factors:

- non-repetition of a write back to share-based payments of £0.43m that benefited last year;
- higher administrative expenses as expected due to the new fund manager remuneration plan which results in a higher charge to the Statement of Comprehensive Income but no future dilution to shareholders.

In April the directors declared a final dividend of 1p per ordinary share in respect of the 2016 financial year which was paid on 4 May 2017. The Group's cash generation remains robust with cash at the period end of £18.2m (2016 HY: £17.4m).

Business update

Miton is continuing to build a distinctive presence in the UK by creating, managing and distributing a range of differentiated, strongly performing multi-asset and single strategy products. We manage these from a scalable operating platform within a strong control environment.

As the investment management industry changes, we believe the place for a genuinely active manager is greater than ever. Passive strategies offer a cost-effective solution to many investors and continue to take market share. They will exert pressure, both on margin and on the very viability of some historic active strategies.

However, by delivering good performance from our active strategies, by growing our presence and brand awareness in the UK market and by adding capabilities where we can be distinctive, we believe we will continue to grow and be relevant to the needs of our clients.

During the period we continued to diversify. In March 2017 we launched the CF Miton Global Infrastructure Income Fund. There is a continuing demand for strategies that can deliver growing income, and by investing globally in infrastructure an active manager can add value in an asset class that has good long-term return characteristics. Our offering is a differentiated global equity income fund managed by an experienced manager with a robust process.

Distribution

We continue to increase our presence and brand awareness in the UK market. Our focus remains on meeting the needs of advisers, funds of funds and wealth managers who undertake their own asset allocation and require active funds, which have clear risk and return characteristics, and advisers who need a multi-asset proposition with each product delivering a clear outcome.

We saw positive net flows in 24 out of 26 weeks during the first half and have now seen positive flows for each of the past four quarters. The total net inflows for the rolling 12 months to 30 June 2017 are £286m.

We have added further capability to our sales team via new hires and are reinvigorating our website. We undertook a targeted advertising campaign for the first time on the launch of our CF Miton Global Infrastructure Income Fund,

highlighting the strong performance of our range of single strategy funds since launch, and our “Genuinely Active” positioning.

AuM development

We aim to convert our strong investment performance into positive fund flows and the net inflows over the six months were £195m. Since the start of the year we have seen the FTSE rise by 2.42% to reach 7,313 on 30 June 2017. This market increase, coupled with the strong investment performance of our fund management teams has added £254m in AuM growth. We saw growth in both our single strategy and multi-asset ranges.

Pleasingly the Group’s product range continued to deliver good performance with 80% of our funds being in the first or second quartile of their respective sectors since the manager’s tenure.

Board developments

As noted in the Group’s Annual Report, Ian Dighé moved to Non-Executive Chairman from 16 March 2017 and a search has been conducted for a new Non-Executive Chairman. We are pleased to announce that Jim Pettigrew has agreed to join the Board as Non-Executive Chairman. Jim has significant leadership experience in asset management and financial services firms. It is expected Jim will take up his position in November 2017, which is subject to regulatory approval. Ian Dighé will stand down at this time.

Regulation

There is much comment about the impact of regulation in our industry. Miton benefits from being a straightforward business: our funds are all relatively new, are designed for current consumers’ needs, we operate largely in a single jurisdiction and do not have legacy investment processes.

With the implementation of MiFID II taking effect on 3 January 2018 and ongoing discussions regarding the outcomes of the FCA Asset Management Study, Miton’s focus has been to ensure that it continues to balance the requirements of meeting its regulatory obligations with its commercial objectives. We believe that being a small organisation that is ambitious to gain market share gives us an advantage of being more easily able to adapt to the changing regulatory environment. Miton will continue to design products with an outcome focus and aim to make the investor journey as smooth as possible - meeting investor expectations is central to the continued growth of our firm.

Outlook

The shift to individual and consumer driven demand is a dominant factor shaping product and distribution and we believe that this trend will lead to an increased demand for ‘outcome’ orientated products where individuals and their advisers invest in strategies that can contribute to the delivery of their desired outcomes. The asset management industry continues to adapt as demographics, regulatory change and technological advancements exert their influences.

We have streamlined the business, creating a scalable operating platform for future growth without the need for a significant increase in our fixed cost base. We are optimistic that as the business continues to diversify and grow, this will translate into accelerating shareholder value.

Summary

We look forward to the full year results with confidence. The outlook for markets remains uncertain and there is potential for increased volatility due to external events. We remain focused on delivering good investment returns and service for our clients and providing relevant products which we believe are well structured to meet their changing needs.

I would like to thank all the staff at Miton for their hard work and diligence in aiding us to provide the highest standard of transparent and straightforward service to our clients. We take the responsibility of looking after our clients’ assets very seriously and without the knowledge and skill of our staff at all levels across the business we would not be in the robust position we are in today.

David Barron

Chief Executive

20 September 2017

Financial Review

Results for the half year

The average Assets under Management ('AuM') for the period were £3,157m (2016 FY: £2,783m), an increase of 13.4% on the year to 31 December 2016, reflecting the significant net inflows and market/investment performance achieved in both the first and second quarters of the year.

AuM by asset class

	Opening AuM 1 January 2017 £m	Market/ Net investment flowsperformance £m	£m	Closing AuM 30 June 2017 £m
Equity funds	1,714	150	164	2,028
Multi-asset funds	672	41	37	750
Investment Trusts	519	4	53	576
Total	2,905	195	254	3,354

Net management fees and margins

	Unaudited Six months to 30 June 2017	Unaudited Six months to 30 June 2016	Audited Year to 31 December 2016
Average AuM* (£m)	3,157	2,792	2,783
Net management fees (£m)	10.3	9.6	19.0
Net management fee margin (bps)	65.3	68.8	68.2

* Calculated on a monthly basis based on the closing AuM.

Net management fee margins reduced to 65.3bps (2016 FY: 68.2bps) as anticipated in the 2016 Annual Report. The Group continues to diversify, with new strategies initially contributing at lower founder investor margins.

Administration expenses

At the half year administration expenses totalled £7.1m, an increase on the comparative period of 15%. Fixed personnel costs were in line with expectations, including budgeted salary rises and new hires across the Group.

Overheads were up slightly on the comparative period and included a targeted spend on the Group's website totalling £0.1m. As previously highlighted variable bonus provisions were comparatively higher due to the new fund manager reward scheme implemented on 1 July 2016. Any deferral amounts paid to participants are amortised over the three year deferral period.

Share-based payments

Share-based payments were in line with expectations for the period. The comparative period includes a non-cash write-back arising from the forfeiture of awards in accordance with IFRS totalling £0.43m (see note 10).

Exceptional costs

Exceptional restructuring costs were incurred in the period totalling £0.4m (2016 HY: £0.04m related to costs associated with the new remuneration structure for the investment team).

Adjusted Profit and Profit before tax

	2017 HY £m	2016 HY £m	2016 FY £m
Net revenue	10.3	9.6	19.0
Administrative expenses	(7.1)	(6.2)	(13.1)
Share-based payments	(0.3)	(0.2)	(0.7)
Adjusted Profit before tax	2.9	3.1	5.1
Amortisation	(0.1)	(0.1)	(0.3)
Exceptional costs	(0.4)	(0.1)	(0.6)
Profit before tax	2.4	2.9	4.3

Profit before tax for the half year was lower than the comparative period at £2.4m (2016 HY: £2.9m). The reduction is primarily due to the credit to the share-based payment charge in 2016, detailed above, along with exceptional restructuring costs incurred so far in 2017 (see note 4). Adjusting for both of these factors profit before tax grew by 12% in 2017, which is a higher rate of growth than the net revenues in the period.

Balance sheet and capital

At the period end the cash balances of the Group were £18.2m (2016 HY: £17.4m). The cash balances reduced from the closing year end position of £21.3m primarily due to the seasonal nature of the Group's cash spend on variable compensation awards coupled with the payment of the annual dividend totalling £1.5m on 4 May 2017.

In addition to this, on 23 February 2017 the Group completed the share buyback that was announced on 22 December 2016. The Group acquired and cancelled 6,606,900 ordinary shares at a cash cost of £2.6m.

Cash generated from operations is lower than the comparative period due to the exceptional costs and resulting lower profitability. In addition to this, 2016 saw favourable working capital movements coming through from 2015.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Notes	Unaudited Six months to 30 June 2017 £000	Unaudited Six months to 30 June 2016 £000	Audited Year to 31 December 2016 £000
Revenue		13,115	12,174	24,067
Fees and commission expenses		(2,821)	(2,557)	(5,079)
Net revenue		10,294	9,617	18,988
Administration expenses		(7,104)	(6,247)	(13,122)
Share-based payment expense	10	(262)	(240)	(739)
Amortisation of intangible assets		(140)	(150)	(290)
Exceptional operating expenses	4	(403)	(42)	(598)
Operating profit		2,385	2,938	4,239
Finance revenue		–	8	11
Profit for the period before taxation		2,385	2,946	4,250
Taxation	5	(498)	(585)	(1,002)
Profit for the period after taxation and attributable to equity holders of the parent		1,887	2,361	3,248
		pence	pence	pence
Basic earnings per share	6(a)	1.24	1.56	2.14
Diluted earnings per share	6(a)	1.09	1.39	1.92

No other comprehensive income was recognised during 2017 or 2016. Therefore, the profit for the period is also the total comprehensive income.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Notes	Share Capital £000	Share Premium £000	Employee Benefit Trust £000	Treasury Shares £000	Capital Redemption Reserve £000	Retained Earnings £000	Total £000
At 1 January 2017		178	2,661	(6,530)	(11)	–	65,216	61,514
Profit for the period		–	–	–	–	–	1,887	1,887
Release of Treasury shares		–	–	–	7	–	–	7
Settlement for forfeiture of options		–	–	–	–	–	(220)	(220)
Share-based payment	10	–	–	–	–	–	262	262
Deferred tax direct to equity		–	–	–	–	–	43	43
Cancellation of Ordinary Shares	9	(7)	–	–	–	7	(2,554)	(2,554)
Equity dividends paid	3	–	–	–	–	–	(1,509)	(1,509)
At 30 June 2017								
(Unaudited half year)		171	2,661	(6,530)	(4)	7	63,125	59,430
At 1 January 2016		171	2,661	(6,520)	(26)	–	61,931	58,217
Profit for the period		–	–	–	–	–	2,361	2,361
Release of Treasury shares		–	–	–	16	–	–	16
Employee Benefit Trust		–	–	(10)	–	–	–	(10)
Share-based payment	10	–	–	–	–	–	240	240
Settlement for forfeiture of options		–	–	–	–	–	(59)	(59)
Deferred tax direct to equity		–	–	–	–	–	(3)	(3)
Equity dividends paid	3	–	–	–	–	–	(1,012)	(1,012)
At 30 June 2016								
(Unaudited half year)		171	2,661	(6,530)	(10)	–	63,458	59,750
At 1 January 2016		171	2,661	(6,520)	(26)	–	61,931	58,217
Profit for the year		–	–	–	–	–	3,248	3,248
Release of Treasury shares		–	–	–	15	–	–	15
Employee Benefit Trust		–	–	(10)	–	–	–	(10)
Share-based payment	10	–	–	–	–	–	1,215	1,215
Settlement of options		–	–	–	–	–	(159)	(159)
Share issues on exchange of Growth Shares	9	7	–	–	–	–	(7)	–
Equity dividends paid	3	–	–	–	–	–	(1,012)	(1,012)
At 31 December 2016								
(Audited)		178	2,661	(6,530)	(11)	–	65,216	61,514

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	Unaudited 30 June 2017 £000	Unaudited 30 June 2016 £000	Audited 31 December 2016 £000
Non-current assets				
Goodwill		41,070	41,070	41,070
Intangible assets		677	957	817
Other investments		100	100	100
Property and equipment		60	120	86
Deferred tax asset		100	23	44
Trade and other receivables		5	–	–
		42,012	42,270	42,117
Current assets				
Trade and other receivables		2,766	2,591	2,415
Cash and cash equivalents	7	18,239	17,400	21,288
		21,005	19,991	23,703
Total assets		63,017	62,261	65,820
Current liabilities				
Trade and other payables		(3,200)	(2,176)	(3,953)
		(3,200)	(2,176)	(3,953)
Non-current liabilities				
Trade and other payables		(15)	–	–
Provisions	8	(235)	(138)	(187)
Deferred tax liability		(137)	(197)	(166)
		(387)	(335)	(353)
Total liabilities		(3,587)	(2,511)	(4,306)
Net assets		59,430	59,750	61,514
Equity				
Share capital	9	171	171	178
Share premium		2,661	2,661	2,661
Employee Benefit Trust		(6,530)	(6,530)	(6,530)
Treasury shares		(4)	(10)	(11)
Capital redemption reserve		7	–	–
Retained earnings		63,125	63,458	65,216
Total equity shareholders' funds		59,430	59,750	61,514

Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	Unaudited Six months to 30 June 2017 £000	Unaudited Six months to 30 June 2016 £000	Audited Year to 31 December 2016 £000
Operating activities				
Profit after taxation		1,887	2,361	3,248
Adjustments to reconcile profit to net cash flow from operating activities:				
Tax on continuing operations	5	498	585	1,002
Finance revenue		-	(8)	(11)
Depreciation		40	44	86
Loss on disposal of fixed assets		2	-	1
Amortisation of intangible assets		140	150	290
Share-based payment expense	10	262	240	1,215
(Increase)/decrease in trade and other receivables		(334)	1,484	1,661
(Decrease)/increase in trade and other payables		(633)	(418)	934
Increase in provisions	8	48	49	98
Cash generated from operations		1,910	4,487	8,524
Income tax paid		(640)	-	(42)
Net cash flow from operating activities		1,270	4,487	8,482
Investing activities:				
Interest received		-	8	11
Purchase of property and equipment		(17)	(3)	(12)
Investments held for deferred remuneration		(19)	-	-
Purchase of other investments		-	(100)	(100)
Net cash flow from investing activities		(36)	(95)	(101)
Financing activities:				
Release of Treasury Shares		7	6	15
Employee Benefit Trust		-	-	(10)
Settlement of options		(220)	(59)	(159)
Cancellation of Ordinary Shares		(2,561)	-	-
Dividend paid	3	(1,509)	(1,012)	(1,012)
Net cash flow from financing activities		(4,283)	(1,065)	(1,166)
(Decrease)/increase in cash and cash equivalents		(3,049)	3,327	7,215
Opening cash and cash equivalents		21,288	14,073	14,073
Closing cash and cash equivalents	7	18,239	17,400	21,288

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2017

1. Basis of accounting

These interim condensed and consolidated financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. They have been prepared on the basis of the accounting policies as set out in the Group's Annual Report for the year ended 31 December 2016.

The interim unaudited consolidated financial statements to 30 June 2017 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Listing Rules of the Financial Conduct Authority.

The Group has considerable financial resources and ongoing investment management contracts. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the interim unaudited financial statements.

The Group's 2016 Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and is available on the Miton Group plc website (www.mitongroup.com).

These interim unaudited consolidated financial statements were approved by the Board of Directors on 20 September 2017.

The full year accounts to 31 December 2016 were approved by the Board of directors on 15 March 2017 and have been 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. The results for the six months ended 30 June 2017 and the six months ended 30 June 2016 have not been audited.

2. Segmental reporting

The Group has only one operating segment, fund management, which is derived from clients in the United Kingdom and Europe. Therefore, no segmental reporting is presented. The Group has one cash-generating unit.

3. Dividend

The dividend for the year ended 31 December 2016 was paid on 4 May 2017, being 1.00p per share. The Trustees of the Group's Employee Benefit Trust waived their rights to part of this dividend leading to a total distribution of £1,509,232, which is reflected in the Interim Unaudited Consolidated Statement of Changes in Equity (2016 FY: £1,011,638).

4. Exceptional operating expenses

	Unaudited Six months to 30 June 2017 £000	Unaudited Six months to 30 June 2016 £000	Audited Year to 31 December 2016 £000
Group restructuring costs	403	–	–
New fund manager remuneration plan – implementation costs	–	42	123
– acceleration of share-based payment (non-cash)	–	–	475
	403	42	598

5. Taxation

	Unaudited Six months to 30 June 2017 £000	Unaudited Six months to 30 June 2016 £000	Audited Year to 31 December 2016 £000
Corporation tax charge	539	585	1,051
Deferred tax credit	(41)	–	(49)
Tax charge reported in the Consolidated Statement of Comprehensive Income	498	585	1,002

6. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

The weighted average of issued ordinary share capital of the Company is reduced by the weighted average number of shares held by the Group's Employee Benefit Trust ('EBT').

In calculating diluted earnings per share, IAS 33 Earnings Per Share requires that the profit is divided by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares during the period.

In January 2017 the Company undertook a share buyback that was completed on 23 February 2017. The Company acquired a total of 6,606,900 ordinary 0.1p shares, which were cancelled in the period.

(a) Reported earnings per share

Reported basic and diluted earnings per share has been calculated as follows:

	Unaudited Six months to 30 June 2017	Unaudited Six months to 30 June 2016	Audited Year to 31 December 2016
Profit attributable to ordinary equity shareholders of the parent company for basic earnings (£000)	1,887	2,361	3,248
Weighted average shares in issue (No.000)	152,481	150,974	152,038
Weighted average shares in issue – diluted (No.000)	172,512	169,851	169,166
Basic earnings per share (pence)	1.24	1.56	2.14
Diluted earnings per share (pence)	1.09	1.39	1.92

(b) Adjusted earnings per share

Adjusted earnings per share is based on Adjusted Profit after tax, where Adjusted Profit is stated after charging interest and share-based payments but before amortisation and exceptional items.

Adjusted Profit for calculating adjusted earnings per share:

	Unaudited Six months to 30 June 2017 £000	Unaudited Six months to 30 June 2016 £000	Audited Year to 31 December 2016 £000
Profit before tax for the period	2,385	2,946	4,250
Add back:			
Exceptional operating expenses (see note 4)	403	42	598
Amortisation	140	150	290
Adjusted Profit before tax	2,928	3,138	5,138
Taxation:			
Tax in the Consolidated Statement of Comprehensive Income (see note 5)	(498)	(585)	(1,002)
Tax effect of adjustments	(104)	(38)	(81)
Adjusted Profit after tax for the calculation of Adjusted earnings per share	2,326	2,515	4,055

Adjusted earnings per share was as follows using the number of shares calculated at note 6(a):

	Unaudited Six months to 30 June 2017 pence	Unaudited Six months to 30 June 2016 pence	Audited Year to 31 December 2016 pence
Adjusted earnings per share	1.53	1.67	2.67
Diluted Adjusted earnings per share	1.35	1.48	2.40

The dilution arises largely as a result of the Miton Group plc shares which would be issued if all the Growth Share Plan shares with an accrued value at 30 June 2017, which will not fully vest until September 2018, had vested and had been exchanged into Miton Group plc ordinary 0.1p shares at 30 June 2017.

7. Cash and cash equivalents

	Unaudited 30 June 2017 £000	Unaudited 30 June 2016 £000	Audited 31 December 2016 £000
Cash at bank and in hand	18,174	17,400	21,288
Cash held in nominee	65	–	–
At 30 June 2017 (Unaudited)	18,239	17,400	21,288

Cash held in nominee relates to funds held on behalf of participants in the Group's remuneration schemes.

8. Provisions

	Total £000
Non-current	
At 1 January 2017	187
Provided	48
At 30 June 2017 (Unaudited)	235
At 1 January 2016	89
Provided	49
At 30 June 2016 (Unaudited)	138
At 1 January 2016	89
Provided	98
At 31 December 2016 (Audited)	187

Non-current provisions relate to dilapidations for the Group's offices at 6th Floor, Paternoster House, 65 St Paul's Churchyard, London.

9. Share capital

	Unaudited 30 June 2017 £000	Unaudited 30 June 2016 £000	Audited 31 December 2016 £000
Authorised:			
250,000,000 ordinary shares of 0.1 pence each	250	250	250

	No of ordinary shares 0.1 pence each No. 000	Value of ordinary shares 0.1 pence each £000
Allotted, called up and fully paid:		
At 1 January 2017	177,528	178
Cancelled	(6,607)	(7)
At 30 June 2017 (Unaudited)	170,921	171
At 1 January 2016 and 30 June 2016 (Unaudited)	170,921	171
At 1 January 2016	170,921	171
Issued on exchange of Growth Shares	6,607	7
At 31 December 2016 (Audited)	177,528	178

On 22 December 2016 the Group provided an instruction to Peel Hunt to acquire up to 6,606,900 ordinary shares to mitigate the dilution impact arising from the conversion of awards under the Growth Share Plan ('GSP'). The buyback commenced in January 2017 and was completed on 23 February 2017 at a cost of £2,554,355. All shares purchased as part of the process were cancelled.

10. Share-based payment

The total expense recognised for share-based payments during the period ended 30 June 2017 was £261,833 (2016 HY: £240,000). The comparative period included a credit of £428,000 associated with the forfeiture of awards in the first half of 2016, as discussed on page 5. The share-based payment expense was in respect of equity-settled share awards only, as the Company has no cash-settled share options.

An exceptional non-cash cost of £475,258 was recognised in the second half of 2016 as a result of discontinuing the GSP for all but one team. The total charge for equity-settled share-based payments for 2016 amounted to £1,214,741.

i) Management Equity Incentive ('MEI')

Following Ian Dighé stepping down from the role of Executive Chairman on 16 March 2017 to become Non-Executive Chairman, the Trustees of the Group's Employee Benefit Trust acquired Mr Dighé's interests in awards over the following ordinary 0.1p shares on 19 May 2017 for a cash consideration of £220,000:

- Award over 2,186,262 shares at a subscription price of 33p per share which could be exercised up until 40 days after the date on which the Company publishes its preliminary results for the year ending 31 December 2018; and
- Award over 2,186,262 shares at a subscription price of 50p per share which could be exercised up until 40 days after the date on which the Company publishes its preliminary results for the year ending 31 December 2018.

In the period to 30 June 2017 the Group granted three awards over 250,000 ordinary 0.1p shares (2016 HY: 1 award over 100,000 ordinary 0.1p shares) which will vest subject to market and non-market conditions.

The fair value of awards granted under the MEI is estimated as at the date of grant using the Black-Scholes model with assumptions for dividend yields, share price and composite volatility. The fair value of options granted in the period was £14,973

(2016 HY: £7,189) of which £2,168 was charged to the Consolidated Statement of Comprehensive Income in the period (2016 HY: £589).

Awards over 25,000 ordinary 0.1p shares were forfeited during the period (2016 HY: 3,213,000) by employees leaving the Group. As a result of the forfeiture of the awards the cumulative expense recognised for prior periods was reduced by £457 (2016 HY: £203,877) in accordance with accounting standards.

At the period end there were 9,697,524 awards outstanding (31 December 2016: 13,845,048) of which 5,872,524 were exercisable (31 December 2016: 8,745,048).

ii) Management Incentive Plan ('MIP')

Awards over 130,000 ordinary 0.1p shares were forfeited during the period (2016 HY: 50,000) by employees leaving the Group. As a result of the forfeiture of the awards the cumulative expense recognised for prior periods was reduced by £29,092 (2016 HY: £5,705) in accordance with accounting standards.

At the period end there were 730,000 awards outstanding (31 December 2016: 860,000) of which 530,000 were exercisable (31 December 2016: 530,000).

iii) Growth Share Plan ('GSP')

As noted in the Group's 2016 Annual Report, the GSP was discontinued from 1 July 2016 as the principal reward and retention mechanism for new fund managers and for those where no value had accrued at that date.

At the period end there was one Fund Management Unit ('FMU') remaining in the GSP (31 December 2016: 1).

In the comparative period awards over 300 subsidiary growth shares were forfeited due to employees leaving the Group. As a result of the forfeiture of the awards the cumulative expense recognised for the comparative half year period was reduced by £218,689 in accordance with accounting standards.

Conversion dates for outstanding Growth Share Plan incentives

The following conversion dates assume that the required relevant performance conditions will have already been met.

Conversion dates	Growth Shares
Convertible between September 2017 and October 2029	100
Convertible between September 2018 and October 2030	100
	200

As at 30 June 2017 the estimated accrued value of the remaining 200 Growth Shares in issue calculated according to the Plan rules was £7.1m.