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MITON GROUP PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 ('MAR').

Further progress made on the diversification of the Group's revenue

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 2019.

Highlights

- £4,724 million closing AuM, up from £4,376 million at the start of the period
- £4,686 million AuM as at 31 August 2019
- Increase in AuM driven by positive market movements and investment performance
- Further growth in our equity funds investing outside the UK
- Trading in line with management expectations; profit before tax of £3.9 million (2018 half year: £4.2 million)
- Half year cash balances remain robust at £23.0 million (30 June 2018: £21.0 million)
- Recommended all-share merger with Premier Asset Management Group plc ('Premier') announced on 4 September 2019

Financial performance

	Unaudited six months to 30 June 2019 £m	**Unaudited six months to 30 June 2018 £m**	Audited year to 31 December 2018 £m
Closing AuM	**4,724**	**4,539**	4,376
Average AuM(1)	**4,601**	**4,126**	4,369
Net revenue	**14.1**	**12.8**	27.5
Adjusted profit before tax(2)	**4.0**	**4.4**	9.2
Profit before tax	**3.9**	**4.2**	8.9
Cash generated from operations	**1.8**	**4.1**	12.4
Total cash	**23.0**	**21.0**	25.6
	pence	**pence**	pence
Adjusted earnings per share(2)	**2.11**	**2.25**	4.69
Dividend per share	**4.9**(3)	n/a	2.0

Notes
(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 stated before amortisation, exceptionals and associated taxation.
(3) Special dividend conditional on merger becoming effective.

David Barron, Chief Executive of Miton Group, commented:
"The first half of 2019 saw the Group continue to deliver against its strategic objectives with further organic growth driven by positive market movements and investment performance; the business has become more diversified over the past two years and we now have four portfolio management teams, each managing in excess of £600 million, all with significant further potential. We have a range of further strategies which have scope to grow.

"We believe that the proposed combination with Premier will result in a broader investment offering to address the needs of a wider range of clients and create a platform better positioned for future growth than Miton could achieve on a stand-alone basis in the short term."

The person responsible for releasing this announcement on behalf of Miton Group plc is Catriona Fletcher, Company Secretary.

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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 2019 the Group managed £4,686 million of assets across eleven OEICs, two unit trusts, three investment trusts and one segregated mandate.

Chairman's Introduction

The first half of 2019 saw the Group continue to deliver against its strategic objectives with further organic growth driven by positive market movements and investment performance.

On 4 September 2019, the Boards of Miton and Premier Asset Management Group plc ('Premier') announced the terms of a recommended all-share merger. The proposed merger is subject to shareholder and regulatory approval and will be implemented by way of a court-sanctioned scheme of arrangement. The scheme is expected to become effective in the fourth quarter of 2019.

The Board has declared a special dividend of 4.9p per share which is conditional on the merger becoming effective.

Documents relating to the merger were sent to shareholders on 17 September 2019. These set out full details of the proposed merger, and the reasons why the Board has unanimously recommended shareholders to vote in favour. All the documents relating to the proposed merger are available on the website and available at www.mitongroup.com/announcements.

The Miton Board continues to believe that there remains a very substantial opportunity within the UK marketplace for high quality actively managed investment offerings, but also recognises the wider challenges and headwinds facing the industry more generally. Whilst the Miton Board believes the Group is well placed to develop strongly and its prospects remain undiminished as an independent company, the proposed merger with Premier represents an exceptional opportunity to transform the competitive positioning of both companies whilst retaining the key attributes and characteristics to which Miton's clients, staff and shareholders are attracted.

I would like to thank my colleagues across all areas of the business for their hard work and dedication. Whilst the proposed merger may bring uncertainties, I am confident that the enlarged business will allow for the talent in Miton to flourish and grow.

Jim Pettigrew
Chairman
20 September 2019

Chief Executive Officer's Report

Introduction
As at 30 June 2019, the AuM of the Group stood at £4.7 billion, an increase of 8.0% over the six month period. There were modest outflows across our range of funds of £82 million, but within this overall figure is further growth in our equity funds investing outside the UK.

The business has become more diversified over the past two years. We now have four portfolio management teams, each managing in excess of £600 million, all with significant further potential. We have a range of further strategies which have scope to grow. Being a more broadly based business decreases our reliance on client allocations to a single market or asset class.

I am also pleased to report continuing growth in net revenues which increased by 10% over the comparative period to £14.1 million. Profit before tax was £3.9 million (2018 HY: £4.2 million); this decrease was as expected, reflecting the alignment of all fund manager remuneration to the revenues and performance of the Group from 1 October 2018. See pages 10 to 11 for further detail.

Investment performance
The long-term investment performance of our strategies remains strong. At 30 June 2019, 75% of Miton funds were performing above the median in their respective sectors, since launch or tenure.

Balance sheet
The Group remains soundly financed. Our cash balances at the half year were £23.0 million (30 June 2018: £21.0 million).

Business update
Since June 2016, the implications of the Brexit vote have been a significant factor for investors and savers to consider, when looking at the UK equity market. The intervening period has been one of significant political uncertainty. For 24 consecutive months prior to May 2019, this was reflected in outflows from UK equity funds across the industry totalling £8.4 billion.

The initial single strategy funds we launched were invested in UK equities; which is an area of significant strength for the firm. Our focus on income, value and investing across the market capitalisation range has positioned our funds as being different from many of our peers and enabled them to build strong track records. We were able to attract clients at times when many more mainstream funds were seeing outflows. In the financial year 2018, we saw inflows into our UK equity funds of £0.43 billion. This pattern of inflows into our funds slowed in the final quarter of last year, a trend which has become more established in the first half of this financial year.

However, more recently, the disparity in performance of different parts of the UK stock market has become more pronounced. All of Miton's funds are actively managed, this is central to what we do, and therefore there will be periods when their performance differs from the peer group.

As an example, our largest fund, LF Miton UK Multi Cap Income, ranks in the fourth quartile of funds in the IA Equity Income sector over one year to 30 June 2019. Over five years and since its launch on 14 October 2011, it ranks in the first quartile. Since launch it is the second best performing fund out of 70 in its sector to 30 June 2019.

UK equities remain a cornerstone of portfolios for many advisers and their clients. We believe the funds run by all our UK equity managers are well placed to grow given their strong track records and differentiated approaches.

On the other hand, many of our non-UK funds have fared better and several of the newer funds we have launched continued to develop well in the first half. The three most recently launched equity funds, LF Miton European Opportunities, LF Miton Global Infrastructure Income and LF Miton US Smaller Companies, all saw strong performance and positive inflows. Our specialist strategy investing in listed closed ended funds continued to develop and are the type of uncorrelated strategy that reinforces our strength as an active investor.

At 30 June 2019, our US portfolio management team managed in excess of $1 billion and the European team in excess of £600 million. Both teams have established track records with Miton and are well positioned to take further market share. The European strategy ranks amongst the very best in its peer group over the period since its launch in December 2016. Our infrastructure fund has a developing track record, and whilst somewhat newer, is well poised as a differentiated income-generating strategy.

Miton's ability to launch, position and build critical mass for new strategies, across a range of asset classes, is a key strength of the business. Identifying talented portfolio management teams, with strong proven processes, has been, and will continue to be, a key part of our growth strategy. We do not seek to be a waterfront firm that offers solutions to clients across all asset classes, but instead we continue to focus on finding the right talent that will flourish in a straightforward and uncluttered business. Our focus is therefore as much on finding the right people, with strong processes rather than targeting specific asset classes or strategies where we feel we need to have a capability.

Our strategy has been to meet both the needs of fund selectors and those who want an outcome-based strategy. We believe these are complementary approaches to the UK savings and retirement markets. The long-term track record of our multi-asset funds is strong.

The pressure of regulation of financial advisers means that many will continue to outsource some part of their investment offering to clients, either by selecting a Discretionary Fund Manager or a Managed Portfolio Service. We believe many will continue to use collective funds, with their transparency and tax efficiency.

Outlook
After several quarters of very strong inflows it is disappointing to report on a period when fund flows were modestly negative. As the Group grows there will also be periods when some strategies are less in favour than others. Our funds have robust processes and aim to deliver long-term performance. We have strong and proven distribution and an effective operating platform. These all stand us in good stead.

As I said at the start of this statement, the UK has been through a period of some political upheaval since June 2016. When we reported our half-year results for the period ending just after the Brexit vote our AuM was £2.5 billion. We have made significant progress since then.

Over the past years, we have set out our strategy to grow and prosper as an independent business. As detailed in the Chairman's Introduction, we believe that the proposed combination with Premier will result in a broader investment offering to address the needs of a wider range of clients and create a platform better positioned for future growth than Miton could achieve on a stand-alone basis in the short term.

David Barron
Chief Executive Officer
20 September 2019

Financial Review

Assets under Management ('AuM')

AuM ended the period at £4,724 million (2018 FY: £4,376 million), an increase of 8.0% on the opening position for the period. The increase was driven by positive market movements and investment performance achieved in the period.

Average AuM for the period was £4,601 million, an increase of £475 million (11.5%) on the comparative period.

AuM and flows by asset class and fund type

	Opening AuM 1 January 2019 £m	**Half year net flows £m**	Market/ investment performance £m	**Closing AuM 30 June 2019 £m**
Equity funds	3,015	**(3)**	372	3,384
Multi-asset funds	847	**(80)**	57	824
Investment trusts	514	**1**	1	516
Total	4,376	**(82)**	430	4,724

In common with much of the industry, the Group experienced outflows from the UK equity funds, reflecting both wider concerns about the UK market and the divergence in returns from different parts of the market post the 2016 Brexit vote. These outflows were offset by net inflows totalling £155 million in the non-UK focused equity funds.

Net management fees and margins

	Unaudited six months to 30 June 2019	Unaudited six months to 30 June 2018	Audited year to 31 December 2018
Average AuM[1] (£m)	4,601	4,126	4,369
Net management fees (£m)	14.1	12.8	27.5
Net management fee margin (bps)	61.3	62.1	63.0

1 Calculated on a monthly basis on closing AuM.

Net revenues for the period were £14.1 million, an increase of 10% over the comparative period. Net management fee margin reduced to 61.3bps (2018 HY: 62.1bps), a trend which was anticipated in the 2018 Annual Report. While the Group continues to broaden its product range, less mature products contribute at lower founder investor margins.

As noted in the 2018 Annual Report, with effect from 1 January 2019, the Group absorbs the costs associated with external research for the multi-asset fund range. The cost of this is budgeted at £0.22 million for the full year and is recognised within net revenue.

Administration expenses

Administration expenses (excluding share-based payments) for the period were £10.1 million (2018 HY: £8.3 million), an increase of 21.7%.

2019 is the first full year when all fund managers are remunerated through the fund manager remuneration scheme. Accrued variable awards to fund managers in the period totalled £2.0 million (2018 HY: £1.0 million). The scheme rewards participants based on net revenues generated by the funds they manage.

Fixed personnel costs rose by £0.3 million, reflecting additional staff compared to the comparative period and annual base salary reviews across the Group.

Overheads rose by £0.4 million, primarily due to continued investment in digital marketing, product promotion and events. In addition to this, the Group continued to embed its new CRM system to support the sales function. These initiatives totalled £0.2 million. Additional spend on IT systems and an increase in the Financial Services Compensation Scheme levies accounted for the majority of the balance.

IFRS 16 'Leases'

The Group has commenced accounting for IFRS 16 from 1 January 2019 and now recognises a right-of-use ('ROU') asset and a corresponding lease liability in the balance sheet. The nature of the expense has also changed with the recognition of a depreciation charge to unwind the ROU and an interest expense on the lease liabilities rather than a lease rental expense as in previous years. Lease rental payments are now reflected in the cash flow statement under financing activities as and when they are paid. The Group has applied the modified retrospective approach, meaning any cumulative effect at 1 January 2019 is reflected in the retained earnings with no restatement of the comparatives.

Adjusted profit and profit before tax

	2019 HY £m	2018 HY £m	2018 FY £m
Net revenue	14.1	12.8	27.5
Administrative expenses	(10.1)	(8.3)	(18.1)
Share-based payments	(0.0)	(0.1)	(0.3)
Adjusted profit before tax	4.0	4.4	9.2
Amortisation	(0.1)	(0.2)	(0.3)
Profit before tax	3.9	4.2	8.9

Adjusted profit for the six months to 30 June 2019 decreased to £4.0 million (2018 HY: £4.4 million), reflecting the change in the basis of the fund manager remuneration as detailed on page 10.

Earnings per share

	2019 HY pence	2018 HY pence	% change	2018 FY pence
Earnings per share – basic	2.04	2.18	(6.4)	4.54
Earnings per share – diluted	2.02	2.04	(1.0)	4.47

Dilution arises from the Management Equity Incentive ('MEI') and the Management Incentive Plan ('MIP') (note 9) where the exercise prices are below the average share price of 52.28p for the period to 30 June 2019 (2018 HY: 45.34p).

The theoretical dilution has fallen from the comparative period as a result of the cessation of the Growth Share Plan ('GSP') in the second half of 2018. At 30 June 2018 there were 100 Growth Shares with an estimated accrued value of £4.95 million, which equated to a dilution of 5.1%. On 10 October 2018, the outstanding Growth Shares were elected to be exchanged into Miton Group plc ordinary 0.1p shares and the scheme terminated.

Balance sheet and cash management

At 30 June 2019, the Group's cash balances totalled £23.0 million (2018 HY: £21.0 million). Cash generated after taxation for the period was £0.95 million (2018 HY: £3.2 million). The decrease reflects the change in remuneration mix and the move to cash settled variable awards for fund managers rather than dilutive share-based awards under the GSP. Variable awards accrue to 31 December annually and are settled in the subsequent March payroll, including all associated taxation. Fixed assets increased by £0.34 million in the period primarily relating to the office refit at Paternoster House following the lease renewal.

Events after the balance sheet date

On 4 September 2019, the Board of Directors and the Board of Premier Asset Management Group PLC announced that they had agreed the terms of a recommended all-share merger of both companies, to be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The proposed merger requires the approval by shareholders at the court meeting and general meeting on 9 October 2019 and the sanction of the court. It is also subject to regulatory and Premier shareholder approval.

Under the terms of the scheme, should it become effective, shareholders will receive 0.30186 new Premier shares for each Miton share held.

Dividend

Under the terms of the recommended all-share merger, the Board has declared a special dividend of 4.9p per share. Payment is conditional on the merger becoming effective and payable within ten business days thereafter. Should the merger not proceed, the Board would revert to the previously stated policy of the introduction of an interim dividend.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2019

	Notes	**Unaudited six months to 30 June 2019 £000**	Unaudited six months to 30 June 2018 £000	Audited year to 31 December 2018 £000
Revenue		**18,679**	17,044	36,174
Fees and commission expenses		**(4,592)**	(4,206)	(8,649)
Net revenue		**14,087**	12,838	27,525
Administration expenses		**(9,849)**	(8,344)	(18,116)
Share-based payment expense	9	**(32)**	(148)	(303)
Depreciation - leases		**(172)**	–	–
Amortisation of intangible assets		**(140)**	(140)	(280)
Operating profit		**3,894**	4,206	8,826
Finance revenue		**34**	14	53
Finance expense		**(38)**	–	–
Profit for the period before taxation		**3,890**	4,220	8,879
Taxation	4	**(707)**	(890)	(1,867)
Profit for the period after taxation attributable to equity holders of the parent		**3,183**	3,330	7,012

		pence	pence	pence
Basic earnings per share	5(a)	**2.04**	2.18	4.54
Diluted earnings per share	5(a)	**2.02**	2.04	4.47

No other comprehensive income was recognised during 2019 or 2018. 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 2019

	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 2019		**173**	**2,661**	**(5,332)**	**–**	**21**	**64,410**	**61,933**
IFRS 16 Leases opening adjustment		–	–	–	–	–	51	51
At 1 January 2019, restated		**173**	**2,661**	**(5,332)**	**–**	**21**	**64,461**	**61,984**
Profit for the period		–	–	–	–	–	3,183	3,183
Share-based payment	9	–	–	–	–	–	32	32
Exercise of options		–	–	55	–	–	–	55
Deferred tax direct to equity		–	–	–	–	–	(52)	(52)
Dividends paid	3	–	–	–	–	–	(3,129)	(3,129)
At 30 June 2019 (Unaudited half year)		**173**	**2,661**	**(5,277)**	**–**	**21**	**64,495**	**62,073**
At 1 January 2018		**173**	**2,661**	**(6,530)**	**(4)**	**15**	**63,065**	**59,380**
Profit for the period		–	–	–	–	–	3,330	3,330
Release of Treasury shares		–	–	–	4	–	–	4
Share-based payment	9	–	–	–	–	–	148	148
Deferred tax direct to equity		–	–	–	–	–	104	104
Dividends paid	3	–	–	–	–	–	(2,136)	(2,136)
At 30 June 2018 (Unaudited half year)		**173**	**2,661**	**(6,530)**	**–**	**15**	**64,511**	**60,830**
At 1 January 2018		**173**	**2,661**	**(6,530)**	**(4)**	**15**	**63,065**	**59,380**
Profit for the year		–	–	–	–	–	7,012	7,012
Release of Treasury shares		–	–	–	4	–	–	4
Share-based payment	9	–	–	–	–	–	303	303
Deferred tax direct to equity		–	–	–	–	–	30	30
Share issue on exchange of Growth Shares	9	6	–	1,198	–	–	(1,204)	–
Cancellation of ordinary shares	8	(6)	–	–	–	6	(2,660)	(2,660)
Dividends paid	3	–	–	–	–	–	(2,136)	(2,136)
At 31 December 2018 (Audited)		**173**	**2,661**	**(5,332)**	**–**	**21**	**64,410**	**61,933**

Consolidated Statement of Financial Position

as at 30 June 2019

	Notes	Unaudited 30 June 2019 £000	Unaudited 30 June 2018 £000	Audited 31 December 2018 £000
Non-current assets				
Goodwill		**41,070**	41,070	41,070
Intangible assets		**117**	397	257
Other investments		**100**	100	100
Property and equipment		**527**	55	186
Right-of-use assets		**1,421**	–	–
Deferred tax asset		**2**	164	69
Trade and other receivables		**120**	4	85
		43,357	41,790	41,767
Current assets				
Trade and other receivables		**3,731**	3,512	3,471
Cash and cash equivalents	6	**23,037**	21,005	25,539
		26,768	24,517	29,010
Total assets		**70,125**	66,307	70,777
Current liabilities				
Trade and other payables		**(6,102)**	(5,128)	(8,455)
Lease liabilities		**(166)**	–	–
Provisions	7	**–**	(15)	(15)
		(6,268)	(5,143)	(8,470)
Non-current liabilities				
Provisions	7	**(389)**	(334)	(374)
Lease liabilities		**(1,395)**	–	–
Total liabilities		**(8,052)**	(5,477)	(8,844)
Net assets		**62,073**	60,830	61,933
Equity				
Share capital	8	**173**	173	173
Share premium		**2,661**	2,661	2,661
Employee Benefit Trust		**(5,277)**	(6,530)	(5,332)
Capital redemption reserve		**21**	15	21
Retained earnings		**64,495**	64,511	64,410
Total equity shareholders' funds		**62,073**	60,830	61,933

Consolidated Statement of Cash Flows

for the six months ended 30 June 2019

	Notes	Unaudited six months to 30 June 2019 £000	Unaudited six months to 30 June 2018 £000	Audited year to 31 December 2018 £000
Cash flows from operating activities:				
Profit after taxation		**3,183**	3,330	7,012
Adjustments to reconcile profit to net cash flow from operating activities:				
Tax on continuing operations	4	**707**	890	1,867
Finance revenue		**(34)**	(14)	(53)
Interest payable on leases		**38**	–	–
Depreciation - fixed assets		**48**	15	38
Depreciation - leases		**172**	–	–
Increase in employee benefit liability		**959**	136	136
Purchase of plan assets (held for employee benefit liability)		**(959)**	(136)	(136)
Amortisation of intangible assets		**140**	140	280
Share-based payment expense	9	**32**	148	303
Increase in trade and other receivables		**(295)**	(480)	(520)
(Decrease)/increase in trade and other payables		**(2,199)**	(23)	3,384
Increase in provisions	7	**–**	49	89
Cash generated from operations		**1,792**	4,055	12,400
Income tax paid		**(845)**	(816)	(1,852)
Net cash flow from operating activities		**947**	3,239	10,548
Cash flows from investing activities:				
Interest received		**34**	14	53
Purchase of property and equipment		**(390)**	(18)	(172)
Net cash flow from investing activities		**(356)**	(4)	(119)
Cash flows from financing activities:				
Release of Treasury shares		**–**	4	4
Lease payments		**(19)**	–	–
Exercise of options		**55**	–	–
Acquisition and cancellation of ordinary shares		**–**	–	(2,660)
Dividend paid	3	**(3,129)**	(2,136)	(2,136)
Net cash flow from financing activities		**(3,093)**	(2,132)	(4,792)
(Decrease)/increase in cash and cash equivalents		**(2,502)**	1,103	5,637
Opening cash and cash equivalents		**25,539**	19,902	19,902
Closing cash and cash equivalents	6	**23,037**	21,005	25,539

Notes to the Consolidated Financial Statements
for the six months ended 30 June 2019

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 2018, with the exception of IFRS 16, as discussed below.

The interim unaudited consolidated financial statements to 30 June 2019 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 consolidated financial statements.

The Group's 2018 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 and authorised for issue by the Board acting through a duly appointed committee of the Board of Directors on 20 September 2019.

The full-year accounts to 31 December 2018 were approved by the Board of Directors on 15 March 2019 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 figures for the six months ended 30 June 2019 and the six months ended 30 June 2018 have not been audited.

IFRS 16 'Leases'
The Directors have applied the IFRS 16 modified retrospective approach with the cumulative effect of adopting IFRS 16 being recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative information.

2. Segmental reporting
The Group has only one operating segment, fund management, which is derived from clients in the United Kingdom. Therefore, no segmental reporting is presented. The Group has one cash-generating unit ('CGU').

3. Dividend
The dividend for the year ended 31 December 2018 was paid on 21 May 2019, being 2.0p per share. The Trustees of the Group's Employee Benefit Trust ('EBT') waived their rights to this dividend (2018 FY: waived) leading to a total distribution of £3,128,618, which is reflected in the Consolidated Statement of Changes in Equity (2018 FY: £2,136,498).

4. Taxation

	Unaudited six months to 30 June 2019 £000	Unaudited six months to 30 June 2018 £000	Audited year to 31 December 2018 £000
Corporation tax charge	**692**	895	1,851
Deferred tax charge/(credit)	**15**	(4)	16
Tax charge reported in the Consolidated Statement of Comprehensive Income	**707**	890	1,867

5. 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. These shares have waived their dividend rights.

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.

During the period the Group did not undertake any share buybacks. In 2018 the Group undertook one share buyback. On 13 December 2018, the Group acquired and cancelled 5,502,180 ordinary 0.1p shares for a cash cost of £2.66 million.

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

	Unaudited six months to 30 June 2019	Unaudited six months to 30 June 2018	Audited year to 31 December 2018
Profit attributable to ordinary equity shareholders of the Parent Company for basic earnings (£000)	**3,183**	3,330	7,012
Weighted average shares in issue (No.000)	**156,338**	152,637	154,421
Weighted average shares in issue – diluted (No.000)	**157,797**	163,005	156,967
Basic earnings per share (pence)	**2.04**	2.18	4.54
Diluted earnings per share (pence)	**2.02**	2.04	4.47

(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 2019 £000	Unaudited six months to 30 June 2018 £000	Audited year to 31 December 2018 £000
Profit before taxation	**3,890**	4,220	8,879
Add back:			
Amortisation	**140**	140	280
Adjusted profit before tax	**4,030**	4,360	9,159
Taxation:			
Tax in the Consolidated Statement of Comprehensive Income	**(707)**	(890)	(1,866)
Tax effect of adjustments	**(27)**	(27)	(54)
Adjusted profit after tax for the calculation of adjusted earnings per share	**3,296**	3,443	7,239

Adjusted earnings per share was as follows using the number of shares calculated at note 5(a):

	Unaudited six months to 30 June 2019 pence	Unaudited six months to 30 June 2018 pence	Audited year to 31 December 2018 pence
Adjusted earnings per share	**2.11**	2.25	4.69
Diluted adjusted earnings per share	**2.09**	2.11	4.61

6. Cash and cash equivalents

	Unaudited 30 June 2019 £000	Unaudited 30 June 2018 £000	Audited 31 December 2018 £000
Cash at bank and in hand	**22,982**	21,005	25,539
Cash held in the Employee Benefit Trust	**55**	–	–
	23,037	21,005	25,539

7. Provisions

	£000
At 1 January 2019	**389**

Provided	**–**
At 30 June 2019 (Unaudited)	**389**
Current	**–**
Non-current	**389**
	389
At 1 January 2018	300
Provided	49
At 30 June 2018 (Unaudited)	349
Current	15
Non-current	334
	349
At 1 January 2018	300
Provided	89
At 31 December 2018 (Audited)	389
Current	15
Non-current	374
	389

Provisions primarily relate to dilapidations for the offices at 6th Floor, Paternoster House, London, and the Group's disaster recovery office in Reading. The lease on Paternoster House runs to 28 November 2023 and the provision for dilapidations on this office has been disclosed as non-current.

8. Share capital

Authorised:	Unaudited 30 June 2019 £000	Unaudited 30 June 2018 £000	Audited 31 December 2018 £000
250,000,000 ordinary shares of 0.1 pence each	**250**	250	250

Allotted, called up and fully paid:	No of ordinary shares 0.1 pence each No. 000	Value of ordinary shares 0.1 pence each £000
At 1 January 2019	**172,635**	**173**
Cancelled	**–**	**–**
At 30 June 2019 (Unaudited)	**172,635**	**173**
At 1 January 2018	172,635	173
Cancelled	–	–

At 30 June 2018 (Unaudited)	172,635	173
At 1 January 2018	172,635	173
Cancelled	(5,502)	(6)
Issued on exchange of Growth Shares	5,502	6
At 31 December 2018 (Audited)	172,635	173

No share buybacks were completed in the period (2018 FY: one buyback completed), see note 5 for further details.

At the period end, 16,204,517 (31 December 2018: 16,329,944) shares were held by the Group's EBT.

The cost of the shares held by the EBT of £5.28 million (31 December 2018: £5.33 million) equating to an average of 32.57p per share (31 December 2018: 32.65p) has been disclosed as Employee Benefit Trust in the Consolidated Statement of Changes in Equity and the Consolidated Statement of Financial Position.

9. Share-based payment

The total expense recognised for share-based payments in respect of employee services received during the period to 30 June 2019 was £31,975 (2018 HY: £147,780, of which £109,593 related to the Growth Share Plan).

(a) Management Equity Incentive ('MEI')
During the period to 30 June 2019 the Group granted three MEI awards over a total of 850,000 ordinary 0.1p shares (2018 HY: seven awards over 1,100,000 ordinary 0.1p shares). 350,000 awards made in the period were to an Executive Director (2018 HY: nil).

- The awards have an exercise price of 63p and vest subject to non-market conditions on the date at which the Company publishes its results for the year ending 31 December 2021.

- 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 £77,027 (2018 HY: £47,950) of which £2,319 was charged to the Consolidated Statement of Comprehensive Income in the period (2018 HY: £3,119).

At the period end there were 7,100,000 awards outstanding (31 December 2018: 10,747,524) of which 4,950,000 were exercisable (31 December 2018: 7,122,524).

On 28 March 2019 two participants elected to exercise their vested awards over 125,000 ordinary 0.1p shares.

On 30 April 2019 awards held by an Executive Director over 4,372,524 ordinary 0.1p shares lapsed.

(b) Management Incentive Plan ('MIP')
No MIP awards over ordinary 0.1p shares were granted, forfeited, exercised or lapsed during the period (2018 HY: no awards).

At the period end there were 730,000 awards outstanding (31 December 2018: 730,000) which were all exercisable.

(c) Growth Share Plan ('GSP')
The GSP ceased during 2018 and no Fund Management Unit ('FMU') remained in the scheme (30 June 2018: one).

On 10 October 2018 the remaining participants of the GSP elected to exercise their rights to exchange the outstanding 100 Growth Shares into Miton Group plc ordinary 0.1p shares. Accordingly, the Company issued and allotted 5,502,180 new ordinary shares and the Trustees of the EBT transferred 3,668,120 shares from the EBT at the market price of 70.2p per ordinary share on the day.

(d) Share Incentive Plan ('SIP')
The SIP scheme is an HMRC-approved scheme which was established in 2014. Participants' contributions are matched by the Company up to a maximum contribution of £1,800 per year. The contributions are used to acquire ordinary 0.1p shares in the Company.

The total expense recognised for share-based payments in respect of the SIP during the period to 30 June 2019 was £12,781 (2018 HY: £2,546).