22 September 2016

MITON GROUP PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Strong increase in profits driven by higher average 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 2016.

Business Highlights

- £2,542 million Assets under Management (AuM), up from £2,225 million for the same period last year.
- £2,710 million AuM as at 31 August 2016. The multi-asset fund range AuM has increased by 7.1% since 31 December (excluding CF Miton Total Return Fund) to reach £487m as at 31 August 2016.
- Adjusted Profit before tax significantly higher at £3.1m, up from £0.8m in the same period last year.
- Net management fee margin maintained across the product range.
- Significant net inflows in the first quarter were offset in the second quarter primarily due to the outflows from the CF Miton UK Value Opportunities Fund.
- Andrew Jackson joined the Group on 27 June 2016 and assumed responsibility for the management of the CF Miton UK Value Opportunities Fund from 1 July 2016.
- CF Miton European Opportunities Fund had £71 million in AuM as at 31 August 2016 after being launched in December 2015. The fund has delivered top quartile performance since inception.
- £18.4 million net cash at 31 August 2016.

Financial Highlights

	Unaudited six months to 30 June 2016 £m	Unaudited six months to 30 June 2015 £m	Audited year to 31 December 2015 £m
Closing AuM	**2,542**	2,225	2,784
Average AuM [(1)]	**2,792**	2,140	2,319
Net revenue	**9.6**	7.1	15.7
Adjusted Profit before tax [(2)]	**3.1**	0.8	3.0
Profit before tax [(3)]	**2.9**	0.6	2.1
Cash generated from operations	**4.4**	0.9	2.4
Total Cash	**17.4**	13.6	14.1
	pence	pence	pence
Adjusted earnings per share [(4)]	**1.67**	0.43	1.43
Diluted adjusted earnings per share [(5)]	**1.48**	0.37	1.18
Basic earnings per share	**1.56**	0.28	0.92
Diluted Basic earnings per share	**1.39**	0.24	0.75

Notes

[(1)] Average AuM is based on the total month end closing AuM for each product managed by the Group.
[(2)] Adjusted Profit is calculated before the deduction of amortisation, exceptionals, VAT provision relating to prior years and taxation.
[(3)] The 2016 profit before tax includes £0.04m of exceptional operating expenses (31 December 2015: £0.32m) relating to costs associated with the implementation of a new remuneration structure for the investment team. In 2015 the exceptional items related to redundancy and restructuring costs.
[(4)] Adjusted earnings per share excludes charges for amortisation, exceptionals, VAT provision and associated taxation.
[(5)] Diluted adjusted earnings per share involves a dilution of 12.5% 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 2016 had vested and had been exchanged for Miton Group plc ordinary shares at that date.

Ian Dighé, Executive Chairman of Miton Group, commented:

"We are pleased to report a significant increase in half year profits, driven by a higher level of average AUM over the period in unsettled market conditions.

"Since the half year end we have regained asset growth momentum, most pleasingly in our multi-asset fund range through a combination of inflows and performance.

"Our focus remains on continuing to grow assets by delivering distinctive active management of our funds, whilst keeping a tight control of costs. Overall, we have confidence in the outlook for the year as a whole."

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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 30 June 2016 the Group managed £2,542 million of assets including eight OEICs, two unit trusts and four investment trusts under the Miton brand.

Chairman's Statement

Overview

I am pleased to report that for the first six months of the financial year the Group has delivered an increase in profits which has been driven by higher average Assets under Management (AuM) over the period.

Strong inflows in the first quarter saw the AuM rise to £3,032m. However, these gains were more than offset in the second quarter due to net outflows of £423m experienced from the CF Miton UK Value Opportunities Fund and market volatility immediately after the EU Referendum vote at the end of June.

AuM on 30 June 2016 was £2,542m. This has subsequently grown to £2,710m as at 31 August 2016.

The net sales during the first quarter of £259m were a record for the Group. Strong performance across our fund range has aided inflows and by continuing to deliver distinctive strategies for our clients with clear and regular communication we have built on the strong foundations that are now well established.

The change to the fund managers on the CF Miton UK Value Opportunities Fund inevitably led to redemptions. The Group moved swiftly to appoint Andrew Jackson who has an impressive and consistent performance record of delivering value for clients over a number of investment cycles. Andrew's approach has been well received and he has already made progress since taking over the fund on 1 July 2016, delivering first quartile performance from that date against significant challenges post the referendum.

Miton continues to demonstrate its ability to launch funds and provide talented managers with a platform for asset gathering. Our most recent launch, the CF Miton European Opportunities Fund in December 2015, has now grown to £71m as at 31 August 2016. The managers' distinctive investment proposition has delivered first quartile performance since inception. The Miton UK MicroCap Trust plc also raised an additional £28m through a C Share issue in February. This focus on the very smallest companies continues to attract client interest and attention.

With regards to our multi-asset funds, I am pleased to report that the combination of good performance over the two year management tenure by the team and client demand has allowed us to renew the momentum in inflows for these products.

Investment Performance

Low bond yields imply that longer term returns on assets could be more limited in future. At 31 August the Group's product range continues to perform well with 9 out of 14 funds in the first quartile of their respective sectors over the tenures of the current managers.

Results

Adjusted Profit before tax was £3.1m (30 June 2015: £0.8m), an increase of 288% compared to the comparative period last year. This figure included an accounting credit of £0.43m to share-based payments reflecting the forfeitures of awards during the period.

The Group continues to be soundly financed with £17.4m of cash on hand as at 30 June 2016 (31 December 2015: £14.1m) and no long term debt.

Fund Manager Retention

Miton operates within an increasingly competitive market with remuneration and incentives on the agenda of both clients and our regulator. As announced in July, the current fund manager retention and incentive arrangement will be discontinued as the principal reward mechanism for new fund managers and for those where no value has been accrued to date. From the second half of 2016, a new remuneration structure has been introduced which is based upon a share of net revenues and adjusted for high investment performance and the achievement of our clients' objectives. It will not require the issuance of Miton Group plc shares.

Outlook

Whilst financial markets continue to be unsettled by the political landscape our experienced investment teams are delivering distinct and strong investment performance with attractive returns for investors. We will continue to take advantage of changing market trends not only with our existing range of funds but also with new products that provide solutions to our clients' future needs. Since the half year-end, we have experienced renewed momentum in asset growth giving us confidence in the outlook for the year as a whole.

Ian Dighé,
Executive Chairman
21 September 2016

Financial Review

Results for the half year

The average Assets under Management (AuM) for the period were £2,792m reflecting the significant net inflows achieved in the first quarter. Adjusted Profit before tax increased by 288% to £3.1m compared to £0.8m for the 2015 comparable period. Cash generated from operations for the period increased to £4.43m (2015: £0.88m). This is partly due to the reversal of the high trade receivables balance noted in the 2015 accounts.

AuM by asset class

	Opening AuM 1 Jan 2016 £m	Net Flows £m	Market / investment performance £m	**Closing AuM 30 June 2016 £m**
Equity funds	1,834	(101)	(135)	1,598
Multi-asset funds	477	(17)	18	478
Total funds	2,311	(118)	(117)	2,076
Investment trusts	473	28	(35)	466
Total	**2,784**	(90)	(152)	**2,542**

Net outflows were experienced in the second quarter primarily due to the CF Miton UK Value Opportunities Fund. This offset the net inflows achieved in the first quarter.

Net management fees and margins

	Unaudited six months to 30 June 2016	Unaudited six months to 30 June 2015	Audited year to 31 December 2015
Average AuM* (£m)	2,792	2,140	2,319
Net management fees (£m)	9.6	7.1	15.7
Net management fee margin (bps)	68.8	66.6	67.7

*calculated on a monthly basis based on closing AuM

Net management fee margins increased slightly to 68.8bps (2015 full year: 67.7bps). This reflects the higher margins attained on our investment trust business and the Group's maturing equity funds.

Costs

Administrative expenses (excluding share-based payments) were £6.2m for the half year. Fixed personnel costs were in line with expectations. Semi-variable personnel costs rose due to bonus accruals from a higher Adjusted Profit before tax figure. Additional bonus provisions were recognised for the fund managers relating to the introduction of the new remuneration scheme totalling £0.42m at the half year.

Overheads comprise IT, administration, sales and marketing, insurance and occupancy costs. Included within overheads were non-recurring recruitment costs amounting to £0.16m associated with the changes to the CF Miton UK Value Opportunities Fund.

Other costs consist principally of depreciation and irrecoverable VAT.

Share-based payments decreased during the period due to write-backs arising from the forfeiture of awards in accordance with IFRS. The charge for the period of £0.24m reflects a credit for these forfeitures totalling £0.43m.

Exceptional expenses of £0.04m for the period (2015: £nil) related to costs associated with the implementation of a new remuneration structure for the investment team. The Growth Share Plan will be discontinued as the principal reward and retention mechanism for new fund managers and for those where no value has been accrued to date.

Initiatives

As noted in the 2015 full year accounts, the significant infrastructure changes for the Group have now been completed. The liquidations of Miton (Hong Kong) Limited and PSigma Asset Management Limited are due to be completed by the year-end.

In February the Group completed the transition of the Miton Income Fund to the operating model adopted for all open ended funds.

The CF Miton Total Return Fund was identified as economically unviable due to its lack of critical mass. It was therefore deemed to be in the best interests of the investors to wind up the fund. This was completed on 17 May 2016.

	2016 HY £m	2015 FY £m	2014 FY £m
Net revenue	**9.6**	15.7	17.2
Administrative expenses	**(6.2)**	(11.3)	(11.3)
Share-based payments	**(0.2)**	(1.2)	(0.9)
Interest	**-**	-	0.1
Add back: VAT*	**-**	(0.2)	0.2
Adjusted Profit before tax	**3.1**	3.0	5.3
Adjusted Profit before tax margin %	**32.6**	19.1	30.6

* Provision relating to prior years

Piers Harrison
Chief Operating Officer
21 September 2016

Interim Unaudited Consolidated Statement of Comprehensive Income

for the six months to 30 June 2016

	Notes	**Unaudited Six months to 30 June 2016 £000**	Unaudited Six months to 30 June 2015 £000	Audited Year to 31 December 2015 £000
Revenue		**12,174**	10,372	22,031
Fees and commission expenses		**(2,557)**	(3,242)	(6,306)
Net revenue		**9,617**	7,130	15,725
Administration expenses		**(6,247)**	(5,505)	(11,319)
Share-based payment charge	10	**(240)**	(588)	(1,218)
Amortisation of intangible assets		**(150)**	(414)	(768)
Exceptional operating expenses	4	**(42)**	-	(317)
Operating profit		**2,938**	623	2,103
Finance revenue		**8**	10	22
Profit for the period before taxation		**2,946**	633	2,125
Taxation	5	**(585)**	(205)	(730)
Profit for the period after taxation and attributable to equity holders of the parent		**2,361**	428	1,395
		pence	pence	pence
Basic earnings per share	6(a)	**1.56**	0.28	0.92
Diluted Basic earnings per share	6(a)	**1.39**	0.24	0.75

No other comprehensive income was recognised during 2016 or 2015. Therefore the profit for the period is also the total comprehensive income.

Interim Unaudited Consolidated Statement of Changes in Equity

for the six months to 30 June 2016

	Share Capital £000	Share Premium £000	Employee Benefit Trust £000	Treasury Shares £000	Creditors' Reserve £000	Retained Earnings £000	Total £000
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
Purchase of Employee Benefit Trust shares	-	-	(10)	-	-	-	(10)
Share-based payment expense	-	-	-	-	-	240	240
Settlement for forfeiture of options	-	-	-	-	-	(59)	(59)
Deferred tax direct to equity	-	-	-	-	-	(3)	(3)
Equity dividends paid	-	-	-	-	-	(1,012)	(1,012)
At 30 June 2016 (Unaudited half year)	**171**	**2,661**	**(6,530)**	**(10)**	**-**	**63,458**	**59,750**
At 1 January 2015	171	2,661	(6,294)	(26)	3,057	57,171	56,740
Profit for the period	-	-	-	-	-	428	428
Release of Treasury Shares	-	-	-	43	-	-	43
Purchase of Treasury Shares	-	-	-	(17)	-	-	(17)
Share-based payment expense	-	-	-	-	-	588	588
Release from Creditors' Reserve	-	-	-	-	(146)	146	-
Equity dividends paid	-	-	-	-	-	(910)	(910)
At 30 June 2015 (Unaudited half year)	171	2,661	(6,294)	-	2,911	57,423	56,872
At 1 January 2015	171	2,661	(6,294)	(26)	3,057	57,171	56,740
Profit for the year	-	-	-	-	-	1,395	1,395
Release of Treasury shares			43	-	-	-	43
Purchase of Treasury shares	-	-	(17)	-	-	-	(17)
Purchase of Employee Benefit Trust Shares	-	-	(252)	-	-	-	(252)
Share-based payment charge	-	-	-	-	-	1,218	1,218
Release from Creditors' Reserve	-	-	-	-	(3,057)	3,057	-
Equity dividends paid	-	-	-	-	-	(910)	(910)
At 31 December 2015 (Audited)	171	2,661	(6,520)	(26)	-	61,931	58,217

Interim Unaudited Consolidated Statement of Financial Position

as at 30 June 2016

	Notes	**Unaudited 30 June 2016 £000**	Unaudited 30 June 2015 £000	Audited 31 December 2015 £000
Non-current assets				
Goodwill		**41,070**	41,070	41,070
Intangible assets		**957**	1,361	1,107
Investments		**100**	-	-
Property and equipment		**120**	201	161
		42,247	42,632	42,338
Current assets				
Trade and other receivables		**2,591**	4,014	4,620
Deferred tax asset		**23**	90	61
Cash and cash equivalents	7	**17,400**	13,605	14,073
		20,014	17,709	18,754
Total assets		**62,261**	60,341	61,092
Current liabilities				
Trade and other payables		**2,176**	2,650	2,554
Other payables		**-**	550	-
		2,176	3,200	2,554
Non-current liabilities				
Provisions	8	**138**	25	89
Deferred tax liability		**197**	244	232
		335	269	321
Total liabilities		**2,511**	3,469	2,875
Net assets		**59,750**	56,872	58,217
Equity				
Share capital	9	**171**	171	171
Share premium		**2,661**	2,661	2,661
Employee Benefit Trust		**(6,530)**	(6,294)	(6,520)
Treasury Shares		**(10)**	-	(26)
Creditors' reserve		**-**	2,911	-
Retained earnings		**63,458**	57,423	61,931
Total equity shareholders' funds		**59,750**	56,872	58,217

Interim Unaudited Consolidated Statement of Cash Flows

for the six months to 30 June 2016

	Notes	**Unaudited Six months to 30 June 2016 £000**	Unaudited Six months to 30 June 2015 £000	Audited Year to 31 December 2015 £000
Operating activities				
Profit after taxation		**2,361**	428	1,395
Adjustments to reconcile profit to net cash flow from operating activities:				
Tax on continuing operations	5	**585**	205	730
Net finance revenue		**(8)**	(10)	(22)
Depreciation		**44**	44	88
Loss on disposal of fixed assets		**-**	2	3
Amortisation of intangible assets		**150**	414	768
Share-based payment expense	10	**240**	588	1,218
Settlement for forfeiture of options		**(59)**	-	-
Decrease/(Increase) in trade and other receivables		**1,484**	(295)	(1,205)
Decrease in trade and other payables		**(418)**	(262)	(357)
Increase/(decrease) in provisions	8	**49**	(235)	(171)
Cash generated from operations		**4,428**	879	2,447
Income tax paid		**-**	(1,141)	(1,346)
Net cash flow from operating activities		**4,428**	(262)	1,101
Investing activities:				
Interest received		**8**	10	22
Purchase of property and equipment		**(3)**	(31)	(36)
Purchase of investments		**(100)**	-	-
Acquisition of Darwin Investment Managers Limited		**-**	(420)	(420)
Purchase of Matterley management contract		**-**	-	(650)
Net cash flow from investing activities		**(95)**	(441)	(1,084)
Financing activities:				
Purchase and release of Treasury shares and Employee Benefit Trust shares		**6**	26	(226)
Dividend paid	3	**(1,012)**	(910)	(910)
Net cash flow from financing activities		**(1,006)**	(884)	(1,136)
Increase/(decrease) in cash and cash equivalents		**3,327**	(1,587)	(1,119)
Opening cash and cash equivalents		**14,073**	15,192	15,192
Closing cash and cash equivalents	7	**17,400**	13,605	14,073

Notes to the Interim Unaudited Consolidated Financial Statements

for the six months to 30 June 2016

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 2015.

The interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Listing Rules of the Financial Conduct Authority.

The Group has sufficient financial resources and contracts with a number of customers and suppliers such that the directors believe that the Group is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report.

The Group's 2015 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 unaudited financial statements were approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 21 September 2016.

The full year accounts to 31 December 2015 were approved by the Board of Directors on 18 March 2016 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 2016 and the six months ended 30 June 2015 have not been audited.

2. Segmental Reporting

The Group has one revenue stream, fund management fees, which are derived from the United Kingdom and Europe. The Group has one cash-generating unit.

3. Dividend

The dividend for the year ended 31 December 2015 was paid on 11 May 2016, being 0.67p per share. The trustees of the Employee Benefit Trust waived their rights to part of this dividend, leading to a total distribution of £1,011,638, which is reflected in the Interim Unaudited Consolidated Statement of Changes in Equity.

4. Exceptional operating expenses	**Unaudited Six months to 30 June 2016 £000**	Unaudited Six months to 30 June 2015 £000	Audited Year to 31 December 2015 £000
Group restructuring costs	**-**	-	317
Cancellation of Growth Share Plan / New Remuneration Scheme	**42**	-	-
	42	-	317

5. Taxation

	Unaudited Six months to 30 June 2016 £000	Unaudited Six months to 30 June 2015 £000	Audited Year to 31 December 2015 £000
Corporation tax charge	**585**	288	796
Deferred tax credit	**-**	(83)	(66)
Tax charge reported in the Interim Unaudited Consolidated Statement of Comprehensive Income	**585**	205	730

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.

At the period end the issued ordinary share capital of the Company totalling 170,921,274 is reduced by the weighted average number of shares held by the Group's Employee Benefit Trust. These shares do not have 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 any potential dilutive ordinary shares that would be issued on their conversion to ordinary shares during the period.

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

	Unaudited Six months To 30 June 2016	Unaudited Six months to 30 June 2015	Audited Year to 31 December 2015
Net earnings attributable to ordinary equity holders of the parent for basic earnings (£000)	**2,361**	428	1,395
Weighted average shares in issue (No. 000)	**150,974**	151,841	151,653
Weighted average shares in issue – diluted (No. 000)	**169,851**	175,923	184,820
Basic earnings per share (pence)	**1.56**	0.28	0.92
Diluted Basic earnings per share (pence)	**1.39**	0.24	0.75

6. Earnings per share (continued)

(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, exceptional items and items relating to previous years.

Adjusted Profit for calculating adjusted earnings per share:

	Unaudited Six months to 30 June 2016 £000	Unaudited Six months to 30 June 2015 £000	Audited Year to 31 December 2015 £000
Profit before taxation for the period	**2,946**	633	2,125
Add back:			
Exceptional operating expenses	**42**	-	317
Amortisation	**150**	414	768
VAT provision relating to prior years	**-**	(185)	(185)
Adjusted Profit before tax	**3,138**	862	3,025
Taxation:			
Tax in the Consolidated Statement of Comprehensive Income	**(585)**	(205)	(730)
Tax effect of adjustments	**(38)**	(3)	(119)
Adjusted Profit after tax for the calculation of Adjusted earnings per share	**2,515**	654	2,176

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

	Unaudited Six months to 30 June 2016 pence	Unaudited Six months to 30 June 2015 pence	Audited Year to 31 December 2015 pence
Adjusted earnings per share	**1.67**	0.43	1.43
Diluted Adjusted earnings per share	**1.48**	0.37	1.18

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 2016, which will not fully vest until 2018, had vested and had been exchanged into Miton Group plc ordinary shares at 30 June 2016.

7. Cash and cash equivalents

	Unaudited 30 June 2016 £000	Unaudited 30 June 2015 £000	Audited 31 December 2015 £000
Cash at bank and in hand	**17,400**	13,605	14,073

Within cash at bank is £nil (30 June 2015: £2,911,000) held for the account of creditors to the Company.

8. Provisions

Current	Other provisions £000	Total £000
At 1 January and 30 June 2016 (Unaudited)	**-**	**-**

At 1 January 2015	260	260
Utilised	(32)	(32)
Released	(228)	(228)
At 30 June 2015 (Unaudited) and 31 December 2015 (Audited)	-	-

Non-current	Other provisions £000	Total £000
At 1 January 2016	89	89
Provided	49	49
At 30 June 2016 (Unaudited)	**138**	**138**

At 1 January 2015	-	-
Provided	25	25
At 30 June 2015 (Unaudited)	25	25

At 1 January 2015	-	-
Provided	89	89
At 31 December 2015 (Audited)	89	89

Non-current provisions at the end of the period related to dilapidations for Group's offices at 6th Floor, Paternoster House, London.

9. Share capital

Authorised:	**Unaudited 30 June 2016 £000**	Unaudited 30 June 2015 £000	Audited 31 December 2015 £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 2016, 30 June 2016 and 31 December 2015	**170,921**	**171**

10. Share-based payments
In the period to 30 June 2016 awards over 100 Growth Shares were granted (2015: 75). The fair value of the growth shares granted in the period was £93,000 (2015: £102,000) of which £10,342 was charged to the Interim Unaudited Consolidated Statement of Comprehensive Income in the period (year ended 31 December 2015: £11,000).

In the period to 30 June 2016 awards over 100,000 ordinary 0.1p MEI shares were granted (2015 full year: seven awards over 2,275,000 ordinary 0.1p shares). The fair value of the options granted in the period was £7,189 (2015: £132,000) of which £598 was charged to the Interim Unaudited Consolidated Statement of Comprehensive Income in the period (year ended 31 December 2015: £10,000).

The fair value of the Growth Shares are calculated using a Monte Carlo simulation adjusted discounted cash flow model using assumptions regarding volatility, growth in AuM, timing of exercise, employee exit and forfeiture rates and share price.

For MEI awards, the fair value was estimated as at the date of grant using a Black–Scholes model and based on employee exit and forfeiture rates, dividend yields, share price, composite volatility and performance conditions. The expected life of the incentives has been estimated taking account of the extent to which the exercise price was above or below the share price at date of grant. The annualised volatility has been based on historical trends, which have been assumed to indicate future volatility. The risk free interest rate has been based on the UK gilts rate with a maturity corresponding to the expected life of the option.

In the period to 30 June 2016 the total share-based payment charge was £240,000. This charge includes a reduction of £428,000 in the cumulative expense related to prior years from forfeiture of awards during the period, in accordance with accounting standards.

11. New Remuneration Scheme
The Growth Share Plan ('GSP') will be discontinued as the principal reward and retention mechanism for new fund managers and for those where no value has been accrued to date. Where a team has accrued value they will retain the Growth Shares and exchange them over time in accordance with the rules of the scheme.

The Board has implemented a new remuneration structure from 1 July 2016. This new structure is based on the principle of a percentage revenue share arrangement linked to the cumulative performance of each strategy. Participants will be required to invest a portion of their variable remuneration earned into their strategies, in accordance with industry standards and deferral periods. It will not require the issuance of Miton Group plc shares.

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