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MITON GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

"Strong financial performance and progress in 2017 – significant momentum carried into 2018"

Miton Group plc (the 'Company' or 'Group'), the AIM quoted asset management group, today announces its final results for the year ended 31 December 2017.

2017 Results

- £3,823 million closing Assets under Management ('AuM'), up from £2,905 million at the start of 2017.
- Average AuM up by 21% for the year at £3,361 million (2016: £2,783 million).
- Positive net inflows of £494 million across a range of strategies (2016: £1 million).
- Adjusted profit before tax increased by 33% to £6.8 million for the year (2016: £5.1 million).
- Proposed dividend of 1.4p, up 40% reflecting confidence in future prospects and momentum in AuM.
- A total of 15,152,963 shares acquired and cancelled at a cash cost of £6 million.
- Group remains robustly financed with total cash of £19.9m (2016: £21.3 million).

Fund highlights

- 87% of funds are first or second quartile* (2016: 86%).
- The equity fund range grew by 37% to end the year at £2,350 million (2016: £1,714 million).
- The multi-asset fund range grew by 29% to end the year at £868 million (2016: £672 million).
- The LF Miton UK Value Opportunities Fund saw positive inflows of £32 million during the year.
- The LF Miton US Opportunities Fund ended the year above £380 million.

* Since launch or manager tenure up to 31 December 2017

Current Trading

- £4,057 million unaudited closing AuM at 15 March 2018.
- Positive net inflows of £190 million in the two months to 28 February 2018.
- Two new funds launched to date in 2018.

David Barron, Chief Executive Officer of Miton Group, said:

"I am pleased to report on a year of significant progress for Miton. Positive net flows of £494 million demonstrated the appeal of our genuinely active investment strategies. We have produced good long-term investment performance across a range of funds as well as making our operating platform even more efficient to grow the AuM"

"2018 has commenced strongly. We have seen positive net flows with AuM passing £4 billion"

	2017	2016	
	£m	£m	%
Closing AuM	**3,823**	2,905	+32
Average AuM(1)	**3,361**	2,783	+21
Net revenue	**21.8**	19.0	+15
Adjusted Profit before tax(2)	**6.8**	5.1	+33
Profit before tax(3)	**6.2**	4.3	+44
Total cash	**19.9**	21.3	-7
	pence	pence	%
Adjusted earnings per share(2)	**3.60**	2.67	+35
Diluted adjusted earnings per share(4)	**3.38**	2.40	+41
Basic earnings per share	**3.27**	2.14	+53
Proposed dividend per share	**1.40**	1.00	+40

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 and associated taxation.
(3) Profit before tax includes exceptional operating expenses of £0.352m relating predominantly to changes in the Board structure completed in the year. In 2016 the exceptional items related to the implementation of a new remuneration structure for the fund management team and the cancellation of the Growth Share Plan for those participants who had no value accrued in the scheme.
(4) Diluted adjusted earnings per share involves a dilution of 7% 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 31 December 2017 had vested and had been exchanged for Miton Group plc ordinary shares at that date.

ENDS

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Note to Editors:
Miton Group plc (referred to as the "Company" or "Group"), is a multi-asset and equity asset management specialist based in London. As at 15 March 2018 the Group managed £4.1 billion* of assets including eleven OEICs, two unit trusts and four investment trusts.
www.mitongroup.com

*estimated unaudited balance

Chairman's Statement

I am delighted to be taking up the role of Chairman at Miton Group plc at such an exciting point in the Group's evolution and particularly pleased to introduce the Annual Report and to present a strong set of full year results.

Results

The Group has enjoyed a very positive year both in terms of investment performance and organic growth in assets. At the end of 2016 Assets under Management ('AuM') stood at £2.9bn and, pleasingly, this figure rose to £3.8bn at the year end, a 32% increase.

Average AuM over the year was £3,361m, up from £2,783m in 2016, representing an increase of 21% with growth spread across the product range. Assets in the multi-asset range have grown by 29%, UK equities by 27%, US equities by 60% and European equities by 121%.

87% of Miton's funds are first or second quartile since launch or fund manager tenure. This strong performance is coupled with the fact that our equity funds have an average active share of 84% or greater, underlining our commitment to genuinely active investing.

The Group's strategic position is clear: it has a broad and distinctive range of investment strategies, good investment performance, growing distribution capability and a scalable operating platform. In an ever competitive landscape these characteristics are important to achieve growth.

In March the Group continued to diversify its product range with the launch of a global infrastructure income fund. In January 2018 we launched a new multi-asset fund followed by a US smaller companies fund in March.

Our ambition is straightforward: to be recognised as a leading active investment management firm delivering value to our clients through investment outperformance.

By delivering our goal "to make more money for more investors through genuinely active investing and a relentless pursuit of exceptional standards" and continuing to build a culture that puts our customers at the heart of our business model we will be well positioned to meet our ambitions and continue to grow.

People

I take over the Chairmanship at a time when high aspirations are paired with energy and ambition of the Board, the management team and our employees and I would like to acknowledge their skill and commitment in delivering these results. I would also like to thank Ian Dighé for his stewardship of the Company in his capacity as Chairman over the last seven years.

Charitable activity

Upon my appointment I was pleased to see that the Group has historically supported the National Youth Advocacy Service ('NYAS'). NYAS is a rights-based charity operating across England and Wales for children, young people and adults, providing them with advocacy and legal representation when important decisions are being made about them. During the three-year partnership the Group has worked with NYAS and spread the word of the vital role it plays in society. Since 2014 the Group has hosted a series of fundraising events and has donated £78,233 to support the NYAS national helpline.

Dividend

The Group's continuing strong cash generation enables the Board to maintain a progressive dividend policy whilst continuing to invest in the business. The Board is proposing an annual dividend of 1.4p (2016: 1.00p), which is an increase of 40%. If approved by the shareholders at the Annual General Meeting on 8 May 2018, the dividend will be paid on 11 May 2018 to shareholders on the register at the close of business on 3 April 2018.

With increasing levels of profit after taxation, the Group can continue to increase the level of distribution made to shareholders while retaining appropriate working capital for further investment and expansion. The Group remains soundly financed with no debt and cash balances as at 31 December 2017 of £19.9m (2016: £21.3m).

Outlook

We continue to diversify the base of the business where we emphasise the complementary nature of our products to the growing passive investment market. We recognise that we now operate in a more regulated environment and welcome the opportunity to exhibit best in industry practices in adopting new regulation.

The Board and Senior Executive Group are encouraged by the current progress of the Group and are ambitious to capitalise on this to grow the business further.

I look forward to working with my new colleagues, across all areas of the business, to build on the solid achievements made in 2017 and to deliver future value for our shareholders.

Jim Pettigrew
Chairman
16 March 2018

Chief Executive Officer's Report

I am pleased to report on a year of significant progress for Miton in this, my first Annual Report as Chief Executive. Positive net flows of £494m demonstrated the appeal of our genuinely active investment strategies. We have produced good long-term investment performance across a range of funds as well as making our operating platform even more efficient to grow the Assets under Management ('AuM').

Our strategy and performance

We see a number of forces shaping the asset management industry and recognise the growing importance of individual investors and their advisers as the source of new flows into our funds. Employer or government-supported pension schemes continue to diminish in importance leading to a greater focus by regulators on creating a regulatory framework where the interests of individual savers are protected, such that investors can have confidence and trust in the savings market. Technology will impact asset management in many areas, not least in enabling the delivery of low-cost passive or quasi-passive strategies on an industrial scale.

Against this backdrop, we believe that an active manager offering access to differentiated, active strategies that are straightforward with the prospect of good long-term returns after taking into account all costs, will prosper. Miton's clients are principally fund of fund managers, advisers and discretionary managers in the UK who have stewardship of the savings on behalf of individuals and pensioners. We offer active equity funds, which can complement more benchmark-aware strategies. Our multi-asset funds offer a range of solutions that meet the needs of advisers who seek transparent long-term investments with differing risk and return characteristics.

We believe this combination of single-strategy equity funds and multi-asset funds is a source of real strength for the Company. The demand for single-strategy funds may rise and fall with wider market conditions, and whilst we aim to offer strongly performing equity funds that have appeal as long-term investments, the multi-asset range meets differing client expectations and brings diversity to the business.

Miton invests without regard to benchmark weightings, allocating our clients' savings to companies and assets that we believe deliver good returns with proper regard to risk and preservation of capital. The performance record of our funds is outstanding with 13 from 15 funds being in the first or second quartiles since inception or the date the current managers took over.

Distribution and customer service

The second key element of our strategy comes from understanding what our clients want from an active manager. We have developed a strong and effective distribution force, with gross inflows of £1.1bn in the financial year being testament to our strengths. We are seen by clients as having strong offerings in many of the key asset classes to which they allocate funds. We have added to our distribution capability during the year and relaunched our website which will improve our engagement with clients. We believe our strong distribution capability across the adviser and wealth manager markets is a key part of our success.

We have invested significantly in the infrastructure of the business over the past three years to support the next phase of our growth strategy.

Regulation and the business environment

Our industry is subject to significant external scrutiny. The FCA's Asset Management Market Study put forward a series of measures to improve transparency, particularly around costs and product governance. We welcome these measures and are confident our business model will enable us to embrace any final recommendations from the study with little operating or financial impact.

More widely there is much talk of fee pressure on active managers. The dominant forces shaping the industry will mean that clients continue to look closely at whether the costs, including management fees, are justified by the expected returns. Many of our clients are themselves subject to similar scrutiny on fees and costs and they will in turn look for their suppliers to offer value for money to the end client. Over time, we expect to see much more variability in pricing of fund management services as investors look to pay fees that reflect the value of the investment decisions driving returns. We believe our primary competition to be other active strategies rather than passive products which are less expensive and which offer market returns.

We focus on continuing to deliver good investment performance, after costs, by providing excellence in distribution, transparency in all we do and by engendering trust and confidence in our business and brand.

Preparation for the implementation of MiFID II consumed much energy and time in the sector. One of the most focused on elements of MiFID II was the unbundling of the research and trading elements of brokerage commission. We took the decision to seek to agree a specific charge with our clients to cover external research. External research is an important input to our investment processes and we regard our approach of having a transparent budget agreed with clients as offering the strongest assurance to clients that the integrity of our investment approaches is not compromised by the unforeseen consequences of regulatory change. We recognise that many, often larger firms, have adopted a different approach. In our view, the debate has become over simplified without recognising that different approaches to research will suit different firms and their investment processes. We continue to monitor this area and client responses carefully.

Business performance

At the end of 2016 AuM stood at £2.9bn so it is gratifying to see this extend beyond £3.8bn at the year end. The momentum behind this 32% increase is high, along with the potential for the business to grow further in 2018 and beyond.

Average AuM over the year was £3,361m, up from £2,783m in 2016, representing an increase of 21%, further exemplifying our trajectory.

The net management fee margin declined slightly from 68.2bps to 64.9bps; however, the Group's operating margin increased from 26.8% to 31.2%, reflecting the benefits of greater scale.

By streamlining the business and focusing on efficiency, we have maintained overheads at a similar level to previous years. Fixed personnel costs have remained broadly static in 2017.

Much of the focus of our distribution efforts has been on the continued diversification of our business to build resilience. The first of our single-strategy funds launched in 2011, LF Miton UK Multi Cap Income Fund, now has over £1bn in client assets which is a testament to its differentiation, performance since launch and our distribution strengths. The net positive flows from funds launched thereafter accounted for some two-thirds of Group net flows as these strategies gained longer performance records. The multi-asset range saw positive net flows in excess of £127m and creations in 49 out of 52 weeks. At the year end we managed over £868m across the multi-asset range.

Miton has launched six single-strategy funds since 2011 which had a combined AuM at the year end of £2,168m. All these funds and the FP Miton Income Fund, which we acquired, have clearly defined objectives and are differentiated from the mainstream.

The LF Miton US Opportunities Fund passed £380m in AuM (five years since launch) and the LF Miton European Opportunities Fund reached £181m in AuM in less than two years since launch. It is also encouraging that, on the back of exceptional performance, the LF Miton UK Value Opportunities Fund saw a return to net creations and ended the year with £389m of AuM. These three single-strategy funds have significant capacity and we are optimistic about their prospects and those of our other strategies.

We are confident that our operating platform is scalable and when we see client demand we can deliver additional strategies from our existing capabilities efficiently.

We believe our remuneration and reward structures are competitive and transparent. The final tranche of Growth Shares will be eligible to exchange into plc shares in September 2018, thereafter all fund manager remuneration will be recognised via profit and loss rather than through share dilution.

We have made good quality hires across all areas of our business and enabled our people to expand their roles in the firm. We believe Miton offers an attractive working environment.

Outlook

I believe Miton is fundamentally well-placed in a rapidly changing sector. In my first year it has been important to deliver increased profitability, higher operating margin and improved returns to shareholders.

My focus is on ensuring:

- our clients and partners recognise that Miton has strengths in many product areas and that the firm is a stable long-term partner;
- the business is streamlined and efficient, transparently led and can capitalise on our natural advantages of size and nimbleness to make good, timely decisions;
- we continue to diversify the base of the business through selling more funds to a broader customer base;
- investment in our distribution capability (further sales hires and our new website being tangible examples); and
- we embrace technological developments and ensuring the Group can meet changes in regulation and reporting requirements.

This year we have delivered solid organic growth, strong cash generation and the completion of two share buybacks. There is significant scope for further growth from our existing strategies. The attractions of Miton, we believe, will be increasingly recognised.

2018 has commenced strongly. Net flows were £190m in the first two months of the year with closing AuM at 28 February 2018 of £3,963m. We have launched two new funds from existing capabilities demonstrating further scope for organic growth.

Markets remain volatile, and there could be further setbacks, which may impact client confidence. However, by the key measures of the health of an asset management firm, investment performance and whether clients wish to commit more investment to our strategies, Miton is performing well.

As always, our staff are key to Miton's success. We are greater than the sum of our parts and it is a genuine team effort. I would like to thank all staff for their hard work and diligence and I look forward to building on this over the coming years.

David Barron
Chief Executive Officer
16 March 2018

Financial and Operating Review

Assets under Management ('AuM')

AuM ended the year at £3,823m, an increase of £918m (32%) over the comparative period. The increase was driven by positive net flows and strong market/investment performance achieved consistently throughout the year.

Average AuM for 2017 was £3,361m, an increase of £578m (21%) on the previous year.

AuM and flows	2017 £m	2016 £m	% change
Opening AuM	**2,905**	2,784	
Net flows	**494**	1	
Market/investment performance	**424**	120	
Closing AuM	**3,823**	2,905	+32%
Average AuM	**3,361**	2,783	+21%

Positive net flows were experienced across all asset classes managed by the Group.

AuM by asset class and fund type	2017 £m	2016 £m	% change
Equity funds	**2,350**	1,714	+37%
Multi-asset funds	**868**	672	+29%
Investment trusts	**605**	519	+17%
Total	**3,823**	2,905	+32%

Equity funds

The focus on diversification of the fund range remains a key priority. 2017 saw the launch of a global infrastructure income fund which had attracted £20m in AuM as at 31 December 2017.

The AuM of the US Opportunities Fund increased by 60% to end the year at £381m. Since inception this fund has delivered first quartile performance. On 14 March 2018 the Group expanded its US product range with the launch of a new US Smaller Companies Fund drawing on the team's track record in this area of the market.

Pleasingly, the European Opportunities Fund launched in December 2015 ended the year with £181m of AuM, an increase of 121%.

The UK Multi Cap Income Fund reached the landmark of passing through £1bn in AuM during the year.

Multi-asset funds
The multi-asset franchise achieved positive net flows of £127m for the year with the total AuM managed by the team increasing by 29% to £868m.

In January 2018, the Group continued to broaden its multi-asset suite of products with the launch of a balanced multi-asset fund in the IA Mixed Investment 40%-85% shares sector.

Net management fees and margins
Net management fees for 2017 were £21.8m (2016: £19.0m), an increase of 15%.

The net management fee margin reduced to 64.9bps (2016: 68.2bps) primarily due to the change in the product mix and early stage products contributing at lower founder investor margins.

Net management fees and margins	2017	2016	% change
Net management fees (£m)	**21.8**	19.0	+15%
Average AuM (£m)	**3,361**	2,783	+21%
Net management fee margin (bps)	**64.9**	68.2	-5%

Administration expenses
Administration expenses (excluding share-based payments) for the year were £14.4m, an increase of £1.3m (10%). As in previous years staff costs represented the major component, totalling £10.1m (2016: £8.8m).

Staff costs consist of two elements, the first being ‘fixed’ (base salaries, pension, NI, fixed settlement amounts and indirect costs of employment), which rose by 5% to £6.7m. Included within this amount is £0.16m of non-recurring staff costs.

The second ‘variable’ element includes discretionary bonus arrangements and the fund management remuneration scheme. Variable staff costs increased by £0.8m to £3.0m reflecting the increased net revenues generated by the Group and the underlying profitability.

Overheads rose by £0.2m mainly due to targeted investment in the Group’s digital assets and updated visual identity, including the new website and annual report.

Other costs consist principally of depreciation and irrecoverable VAT.

Adjusted Profit and Profit before Tax
Adjusted profit increased to £6.8m from £5.1m in the comparative year; the increase reflects the higher average AuM for the year.

	2017 £m	2016 £m
Net revenue	**21.8**	19.0
Administrative expenses	**(14.4)**	(13.1)
Share-based payments	**(0.6)**	(0.7)
Adjusted Profit before tax	**6.8**	5.1
Amortisation	**(0.3)**	(0.3)
Exceptional costs	**(0.4)**	(0.6)
Profit before tax	**6.2**	4.3

Share-based payments
The share-based payment expense for the year was £0.6m (2016: £0.7m).

Exceptional costs
Exceptional restructuring costs incurred during the year amounted to £0.4m. These costs predominantly related to the changes in the Board structure (2016: £0.6m relating to the cancellation of the Growth Share Plan (‘GSP’) and costs associated with the implementation of the new remuneration structure for the fund management team).

Earnings per share
The adjusted earnings per share of 3.6p represents an increase of 35% (2016: 2.67p).

Basic earnings per share was 3.27p (2016: 2.14p).

Diluted adjusted earnings per share of 3.38p (2016: 2.40p) shows a theoretical dilution of 7% (2016: 11%) largely from an estimate of the number of Miton Group plc shares which would have been issued if the 100 outstanding Growth Shares with accrued value at 31 December 2017 (2016: 200 Growth Shares) had been converted at that date.

The theoretical dilution has fallen as a result of an exchange notice being served on 100 Growth Shares during the year and the subsequent issue of Miton Group plc shares.

Dilution also arises from the Management Equity Incentive (‘MEI’) and the Management Incentive Plan (‘MIP’) where the exercise prices are below the average share price during the year of 38.64p (2016: 27.32p).

Dividend
The Board is proposing to increase the annual dividend by 40% to 1.4p per share (2016: 1.0p). The proposed dividend payment totals £2.1m (2016: £1.5m).

The Group’s policy is to have a progressive dividend, which reflects an appropriate level of dividend cover, taking into account the Board’s overall confidence in the Group’s growth prospects, resilience of the balance sheet and the macro environment.

The dividend cover was 2.34 times (profit after taxation divided by proposed dividend amount) (2016: 2.15 times).

Balance sheet and cash management

At 31 December 2017 the Group's cash balances totalled £19.9m (2016: £21.3m).

The Group generated positive operating cash flows after taxation of £6.3m (2016: £8.5m). These have been substantially utilised in the year to facilitate distributions to shareholders in the form of the annual dividend and two share buyback programmes completed in the year.

The buybacks were undertaken to ameliorate the dilutive impact of shares issued to participants under the GSP.

On 23 February 2017 the Group acquired and cancelled 6,606,900 ordinary 0.1p shares at a cash cost of £2.6m.

On 6 December 2017 the second buyback was completed. 8,546,063 ordinary 0.1p shares were acquired and cancelled at a cash cost of £3.4m.

Piers Harrison
Chief Operating Officer
16 March 2018

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	**2017 £000**	2016 £000
Revenue		**27,789**	24,067
Fees and commission expenses		**(5,983)**	(5,079)
Net revenue		**21,806**	18,988
Administration expenses		**(14,440)**	(13,122)
Share-based payment expense		**(548)**	(739)
Amortisation of intangible assets		**(280)**	(290)
Exceptional operating expenses	3(c)	**(352)**	(598)
Operating profit	3(a)	**6,186**	4,239
Finance revenue		**3**	11
Profit for the year before taxation		**6,189**	4,250
Taxation		**(1,184)**	(1,002)
Profit for the year after taxation attributable to equity holders of the parent		**5,005**	3,248

		pence	pence
Basic earnings per share	4(a)	**3.27**	2.14
Diluted earnings per share	4(a)	**3.06**	1.92

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	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 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
Purchase of Employee Benefit Trust shares	–	–	(10)	–	–	–	(10)
Share-based payment	–	–	–	–	–	1,215	1,215
Settlement of options	–	–	–	–	–	(159)	(159)
Share issues on exchange of Growth Shares	7	–	–	–	–	(7)	–
Dividends paid	–	–	–	–	–	(1,012)	(1,012)
At 1 January 2017	**178**	**2,661**	**(6,530)**	**(11)**	**–**	**65,216**	**61,514**
Profit for the year	–	–	–	–	–	5,005	5,005
Release of Treasury shares	–	–	–	7	–	–	7
Settlement of options	–	–	–	–	–	(220)	(220)
Share-based payment	–	–	–	–	–	548	548
Share issues on exchange of Growth Shares	10	–	–	–	–	(10)	–
Cancellation of ordinary shares	(15)	–	–	–	15	(5,965)	(5,965)
Dividends paid	–	–	–	–	–	(1,509)	(1,509)
At 31 December 2017	**173**	**2,661**	**(6,530)**	**(4)**	**15**	**63,065**	**59,380**

Consolidated Statement of Financial Position

as at 31 December 2017

	Notes	**2017 £000**	2016 £000
Non-current assets			
Goodwill		**41,070**	41,070
Intangible assets		**537**	817
Other investments		**100**	100
Property and equipment		**52**	86
Deferred tax asset		**55**	44
Trade and other receivables		**20**	–
		41,834	42,117
Current assets			
Trade and other receivables		**3,016**	2,415
Cash and cash equivalents	5	**19,902**	21,288
		22,918	23,703
Total assets		**64,752**	65,820
Current liabilities			
Trade and other payables		**(5,072)**	(3,953)
Provisions		**(285)**	–
		(5,357)	(3,953)
Non-current liabilities			
Provisions		**(15)**	(187)
Deferred tax liability		–	(166)
		(15)	(353)
Total liabilities		**(5,372)**	(4,306)
Net assets		**59,380**	61,514
Equity			
Share capital		**173**	178
Share premium		**2,661**	2,661
Employee Benefit Trust		**(6,530)**	(6,530)
Treasury shares		**(4)**	(11)
Capital redemption reserve		**15**	–
Retained earnings		**63,065**	65,216
Total equity shareholders' funds		**59,380**	61,514

David Barron
Chief Executive Officer
16 March 2018

Consolidated Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year after taxation		**5,005**	3,248
Adjustments to reconcile profit to net cash flow from operating activities:			
Tax on continuing operations		**1,184**	1,002
Finance revenue		**(3)**	(11)
Depreciation		**66**	86
Loss on disposal of fixed assets		**2**	1
Increase in employee benefit liability		**83**	–
Purchase of plan assets (held for employee benefit liability)		**(83)**	–
Amortisation of intangible assets		**280**	290
Share-based payment expense		**548**	1,215
(Increase)/decrease in trade and other receivables		**(622)**	1,661
Increase in trade and other payables		**770**	934
Increase in provisions		**113**	98
Cash generated from operations		**7,343**	8,524
Income tax paid		**(1,011)**	(42)
Net cash flow from operating activities		**6,332**	8,482
Cash flows from investing activities:			
Interest received		**3**	11
Purchase of property and equipment		**(34)**	(12)
Purchase of other investments		**–**	(100)
Net cash flow from investing activities		**(31)**	(101)
Cash flows from financing activities:			
Release of Treasury shares		**7**	15
Purchase of Employee Benefit Trust shares		**–**	(10)
Settlement of options		**(220)**	(159)
Acquisition and cancellation of ordinary shares		**(5,965)**	–
Dividend paid		**(1,509)**	(1,012)
Net cash flow from financing activities		**(7,687)**	(1,166)
(Decrease)/increase in cash and cash equivalents		**(1,386)**	7,215
Cash and cash equivalents at the beginning of the year		**21,288**	14,073
Cash and cash equivalents at the end of the year	5	**19,902**	21,288

Notes to the Consolidated Financial Statements
for the year ended 31 December 2017

1. Authorisation of financial statements and statement of compliance with IFRS
The financial statements of Miton Group plc and its subsidiaries (the 'Group') for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 16 March 2018 and the Consolidated Statement of Financial Position was signed on the Board's behalf by the Chief Executive, David Barron. Miton Group plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

This financial information does not constitute statutory accounts, but has been extracted from the statutory accounts for the years ended 31 December 2017 and 31 December 2016 on which unqualified audit reports, which did not contain a statement under s498(2) or s498(3) of the Companies Acts 2006, have been issued. The statutory accounts for the year ended 31 December 2016 were posted to shareholders on 27 March 2017 and delivered to the Registrar on 1 June 2017. The results announcement has been prepared on the same basis as that used in the preparation of the previous year's annual report and was approved for issue by the Board of Directors on 16 March 2018.

The statutory accounts will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held at 10.30am on 8 May 2018 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London, EC2M 7SH.

Copies of the Annual Report and Accounts will be published on the Group's website www.mitongroup.com on 19 March 2018 and posted to shareholders on or before 29 March 2018.

2. Accounting policies
Basis of preparation
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2017. The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which have been measured at fair value. The consolidated financial statements are presented in Sterling and all values rounded to the nearest thousand pounds (£000). This results announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses and plans for Miton Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that have not yet occurred. There are a number of different factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. Nothing in this statement should be construed as a profit forecast.

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. Group operating profit
(a) Operating profit is stated after charging:

	Notes	**2017 £000**	2016 £000
Auditors' remuneration	3(b)	**149**	170
Staff costs		**10,610**	9,486
Operating lease rentals – land and buildings		**485**	487
Depreciation		**66**	86
Loss on disposal of fixed assets		**2**	1
Amortisation of intangible assets		**280**	290
Exceptional operating expenses	3(c)	**352**	598

The operating lease rentals charged to the Consolidated Statement of Comprehensive Income include the service charges associated with each lease.

(b) Auditors' remuneration
The remuneration of the auditors is analysed as follows:

	2017 £000	2016 £000
Audit of the consolidated financial statements	**40**	40
Audit of the Company's subsidiaries	**67**	77
	107	117
Other fees to auditors – tax compliance services	**25**	38
– tax advisory services	**8**	7
– other assurance services	**9**	8
	149	170

(c) Exceptional operating expenses

	2017 £000	2016 £000
Internal reorganisation/redundancy	**352**	–
Fund manager remuneration plan – implementation costs	–	123
– acceleration of share-based payment (non-cash)	–	475
	352	598

Restructuring costs in 2017 totalling £352,000 represented £315,000 of redundancy costs and £37,000 of associated legal costs. These costs predominantly related to the changes in the Board structure completed in the year.

Exceptional costs of £598,000 in 2016 arose from the cancellation of the GSP for those participants who had no accrued value in the scheme as at 30 June 2016 along with costs associated with the implementation of the new remuneration structure for the fund management team.

4. Earnings per share

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

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 year 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 year.

The Group undertook two share buybacks during the year. The first was completed on 23 February 2017; the Group acquired a total of 6,606,900 ordinary 0.1p shares. The second was completed on 6 December 2017; the Group acquired a total of 8,546,063 ordinary 0.1p shares. The ordinary shares totalling 15,152,963 acquired by the above processes were cancelled during the year. The cash cost of the share buybacks completed in the year was £5.965m.

(a) Reported earnings per share

Reported basic earnings per share has been calculated as follows:

	2017			2016		
	Profit £000	**Shares No.**	**Basic earnings per share pence**	Profit £000	Shares No.	Basic earnings per share pence
Profit attributable to ordinary equity shareholders of the parent company for basic earnings	**5,005**			3,248		
Basic earnings per share	**5,005**	**153,198,768**	**3.27**	3,248	152,037,715	2.14

Diluted earnings per share has been calculated as follows:

	2017			2016		
	Profit £000	**Diluted shares No.**	**Diluted earnings per share pence**	Profit £000	Diluted shares No.	Diluted earnings per share pence
Profit attributable to ordinary equity shareholders of the parent company for diluted earnings	**5,005**			3,248		
Diluted earnings per share	**5,005**	**163,362,452**	**3.06**	3,248	169,165,834	1.92

Reconciliation of weighted average number of ordinary shares:

	2017 shares no.	2016 shares no.
Weighted average number of ordinary shares for basic EPS*	**153,198,768**	152,037,715
Effects of dilution from share options	**10,163,684**	17,128,119
Weighted average number of ordinary shares adjusted for the effect of dilution*	**163,362,452**	169,165,834

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

(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:

	2017 £000	2016 £000
Profit before taxation for the year	**6,189**	4,250
Add back:		
Exceptional operating expenses	**352**	598
Amortisation	**280**	290
Adjusted Profit before tax	**6,821**	5,138
Taxation:		
Tax charge in the Consolidated Statement of Comprehensive Income	**(1,184)**	(1,002)
Tax effect of adjustments	**(122)**	(81)
Adjusted Profit after tax for the calculation of Adjusted earnings per share	**5,515**	4,055

Adjusted earnings per share was as follows using the number of shares calculated at note 4(a):

	2017 pence	2016 pence
Adjusted earnings per share	**3.60**	2.67

Diluted Adjusted earnings per share was as follows:

	2017 pence	2016 pence
Diluted Adjusted earnings per share	**3.38**	2.40

The dilution arises largely as a result of the Miton Group plc shares which would be issued if all Growth Shares with an accrued value at 31 December 2017, which will not fully vest until September 2018, had vested and had been exchanged into Miton Group plc ordinary shares at 31 December 2017.

5. Cash

	2017 £000	2016 £000
Cash at bank and on hand	**19,902**	21,288