MITON GROUP PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

Seven consecutive quarters of positive net inflows drives growth in Assets under Management (‘AuM’)

Miton Group plc (the ‘Company’ or ‘Group’), the AIM quoted fund management group, today announces its half year results for the six months ended 30 June 2018.

Highlights

- £4,539 million closing AuM, up from £3,354 million for the same period last year
- £4,814 million AuM as at 31 August 2018
- Seven consecutive quarters of positive net inflows
- Adjusted Profit before tax of £4.4 million (2017 half year £2.9 million)
- Half year cash balances remain robust at £21.0 million (30 June 2017 £18.2 million)

Financial performance

	Unaudited six months to 30 June 2018 £m	**Unaudited six months to 30 June 2017 £m**	%	Audited year to 31 December 2017 £m
Closing AuM	**4,539**	3,354	+35.3	3,823
Average AuM[1]	**4,126**	3,157	+30.7	3,361
Net revenue	**12.8**	10.3	+24.3	21.8
Adjusted Profit before tax[2]	**4.4**	2.9	+51.7	6.8
Profit before tax[3]	**4.2**	2.4	+75.0	6.2
Cash generated from operations	**4.1**	1.9	+115.8	7.3
Total cash	**21.0**	18.2	+15.4	19.9
	pence	pence		pence
Adjusted earnings per share[2]	**2.25**	1.53		3.60
Diluted adjusted earnings per share[4]	**2.11**	1.35		3.38
Basic earnings per share	**2.18**	1.24		3.27
Diluted earnings per share	**2.04**	1.09		3.06

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 calculated before the deduction of amortisation, exceptionals and taxation.
(3) There were no exceptional operating expenses during the period (31 December 2017: £0.4m relating to redundancy and restructuring costs).
(4) Diluted adjusted earnings per share involves a dilution of 6.8% 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 2018 had vested and had been exchanged for Miton Group plc ordinary shares at that date.

David Barron, Chief Executive of Miton Group, commented:

“The results of the first half reflect increasing interest in the genuinely active positioning of our range of funds, the strength of our distribution across the UK and the growing profile of Miton. We continue to concentrate on diversifying the product range, building our brand and distribution, communicating the strengths of our offering and assisting our clients in meeting their aims – and we do this from a scalable platform with clear controls.”

“The momentum of our fund flows and performance are strong. The outlook for the remainder of the year is encouraging.”

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 2018 the Group managed £4,814 million of assets across eleven OEICs, two unit trusts, three investment trusts and one segregated mandate.

Chief Executive's Statement

Introduction

Miton has moved forward over the period with good fund flows across a range of strategies, strong investment performance and continued investment in our platform. We have seen the growth continue from the end of 2017 into 2018 with our AuM reaching £4.5bn as at 30 June 2018.

AuM growth was 19% over the half year ended 30 June 2018 (six months to 30 June 2017: 15%), and 35% from the position 12 months ago. The growth was primarily driven by strong net inflows of £616m achieved in the period across both our single-strategy and multi-asset ranges. This compares with £494m of net inflows in the year to 31 December 2017.

I am also pleased to report a strong period of growth in our net revenues which increased by 24% to £12.8m (2017 HY: £10.3m). Profit before tax for the period was £4.2m (2017 HY: £2.4m) representing an increase of 77%. See pages 10 to 11 for further detail.

Business update

The results of the first half reflect increasing interest in the genuinely active positioning of our funds, the strength of our distribution across the UK and the growing profile of the firm. In a period of significant market uncertainty we grew our fund flows. There were net outflows from the three UK sectors, as defined by the Investment Association, whereas in aggregate our UK strategies had positive net flows.

Both our US and European strategies saw good inflows. We see this as further evidence that clients are looking for differentiation from the active funds they select. All of the three long-standing multi-asset funds we manage saw positive flows and the AuM across the range is now in excess of £900m.

Further growth is driven by launching additional strategies run by our existing teams, and via recruitment of fund managers that set up new funds. Over the last three years we have launched four new funds, including the LF Miton US Smaller Companies Fund and the LF Miton Balanced Multi-Asset Fund in the half year. Together these strategies have grown to reach £400m of AuM. We were selected to run a sub-advised mandate for a major UK wealth manager who relaunched their managed portfolio service during the period.

We see scope for Miton to take greater market share in the UK without material change to our operating model or the immediate need for any overseas expansion in either our distribution footprint or in the domicile of our product range.

We manage strategies that are particularly suited to the UK wholesale and retail markets and believe that meeting the needs of the UK savings market should be the focus of our activities. Miton is responsive and agile because we are focused on a single, large market (the UK) and do not have to manage the challenges of external change on operations in multiple jurisdictions. International distribution may bring opportunities but it may also bring complexity and risk to our business model, at a time when the benefits to a new entrant, as we would be, are harder to assess.

Regulatory change will continue to be a constant factor; we completed our preparations for the General Data Protection Regulation ('GDPR') in the period. We have been operating since January under the Markets In Financial Instruments Directive II ('MiFID II'). We continue to monitor client feedback on our approach to paying for research.

As I mentioned in our 2017 Annual Report, we welcome the FCA's focus on consumer outcomes and transparency in the Asset Management Industry Study. Whilst their remedies will involve significant work across the asset management sector, our simple structure, focus on portfolio management, distribution and oversight should mean we can respond positively to these proposed changes with minimal disruption to our business.

Miton relies on its people and providing an attractive working environment is part of our commitment to them. I am pleased that we have been able to agree a lease renewal on our offices at Paternoster House.

Investment performance

Miton's investment performance remains strong and illustrates the value to clients of our active propositions. For the 11 funds/unit trusts that have a track record of one year or more, 91% are either first or second quartile since launch or fund manager tenure[1].

The LF Miton UK Multi Cap Income Fund has outperformed the median fund in the IA UK Equity Income sector by 76.8 percentage points since its launch in 2013.

LF Miton Cautious Multi Asset Fund has delivered annualised returns of 6.8% since the current team took over the management in June 2014. This compares with 5.2% for the median fund in the comparable Mixed Asset sector.

LF Miton US Opportunities Fund has a record since its launch in March 2014 of outperforming both peers but also the highly competitive S&P 500 Index. We have achieved this performance by adopting an approach that differs significantly from the wider market.

In the shorter period since its launch in December 2015, LF Miton European Opportunities is the best performing fund in the IA Europe ex UK sector.

These particular funds are reflective of strong active performance across the range and of responsible autonomy for proven fund managers with distinctive approaches. We believe UK investors and their advisers will continue to invest in active funds that follow a strong process and deliver good returns after all costs.

Whilst there is significant capacity in the majority of our strategies, we assess the capacity at a fund level on a regular basis to ensure the strategies continue to be managed in line with their investment objectives.

[1]At 30 June 2018.

AuM market updates

Historically, Miton has provided information on our AuM in January and July each year and alongside the announcement of the interim and final results. In the future, we will make two additional quarterly announcements on our AuM in October and April, in line with the practice of the majority of the listed asset management sector.

Balance sheet

The Group remains soundly financed with £21m in cash balances at 30 June 2018 and nil debt. On 25 September 2018 the final tranche of Growth Shares become eligible for exchange into new Miton Group plc ordinary 0.1p shares. The Board has historically sought to mitigate the dilutive impact of share issues through the buyback and cancellation of shares. It is our intention to continue with this approach for this final tranche of Growth Shares.

Outlook

We continue to concentrate on diversifying the product range, building our brand and distribution, communicating the strengths of our offering and assisting our clients in meeting their aims. We do this from a scalable platform with clear controls. By these measures, we are making good progress and are well-positioned to deliver for our clients and shareholders. The impact of interest rate rises, particularly in the US, is unclear and equity markets remain volatile against a backdrop of heightened geopolitical risk. However, the momentum of our fund flows and performance are strong. The outlook for the remainder of the year is encouraging.

I would like to thank all the staff at Miton for their hard work and commitment. Asset management firms rely on excellence in investment management, distribution and management and control; we recognise the importance of all of our people in delivering a first-rate fiduciary service to our clients. Without their skill and knowledge we would not be in the robust position we are in today.

David Barron
Chief Executive Officer
21 September 2018

Financial Review

Assets under Management ('AuM')

AuM ended the period at £4,539m (2017 FY: £3,823m), an increase of 18.7% on the position at 31 December 2017. The increase was largely driven by positive net flows across a wide range of strategies totalling £616m (2017 HY: £195m net inflows).

Average AuM for the period was £4,126m, an increase of £969m (30.7%) on the comparative period.

AuM and flows by asset class and fund type

	Opening AuM 1 January 2018 £m	Q1 net flows £m	Q2 net flows £m	**Half year net flows £m**	Market/ investment performance £m	**Closing AuM 30 June 2018 £m**
Equity funds	2,379	269	266	**535**	107	**3,021**
Multi-asset funds	839	61	47	**108**	(18)	**929**
Investment trusts	605	(14)	(13)	**(27)**	11	**589**
Total	3,823	316	300	**616**	100	**4,539**

Equity funds experienced growth of 27% in the period. As noted in the 2017 Annual Report, diversification of the Group's fund range remains a key strategic objective. In the first half of 2018 two new funds were launched, the most recent being the LF Miton US Smaller Companies Fund on 14 March 2018 which had reached £88m in AuM at 30 June 2018.

The multi-asset suite of funds achieved positive net flows of £108m during the period with AuM managed by the team increasing by 10.7% to £929m.

Net management fees and margins

	Unaudited six months to 30 June 2018	Unaudited six months to 30 June 2017	Audited year to 31 December 2017
Average AuM[1] (£m)	**4,126**	3,157	3,361
Net management fees (£m)	**12.8**	10.3	21.8
Net management fee margin (bps)	**62.1**	65.3	64.9

1 Calculated on a monthly basis on closing AuM.

Net management fee margin for the period reduced to 62.1bps, a trend which was anticipated in the 2017 Annual Report. While the Group continues to broaden its product range, less mature products contribute at lower founder investor margins in their early asset gathering phases. This results in a lower blended fee margin being achieved by the Group.

Administration expenses

Administration expenses (excluding share-based payments) for the period were £8.3m (2017 HY: £7.1m), an increase of 17%.

The increase is primarily due to higher variable personnel costs driven by increased net revenues and underlying profitability. Subject to the performance of the Group, this trend is expected to continue. From 1 October all fund managers will be remunerated through the fund manager remuneration scheme, details of which can be found on page 35 of the 2017 Annual Report.

Total variable personnel costs were 19.5% of net revenues for the half year (2017 FY: 15.6%).

Overheads rose by £0.1m due to continued investment in the Group's digital identity and levies paid to the Financial Services Compensation Scheme ('FSCS').

Share-based payments

The share-based payment expense for the period was £0.14m (2017 HY: £0.3m). Of this charge £0.1m (2017 HY: £0.3m) related to the Growth Share Plan ('GSP').

Exceptional costs

There were no exceptional costs in the period (2017 HY: £0.4m restructuring costs).

Adjusted Profit and Profit before Tax

	2018 HY £m	2017 HY £m	2017 FY £m
Net revenue	**12.8**	10.3	21.8
Administrative expenses	**(8.3)**	(7.1)	(14.4)
Share-based payments	**(0.1)**	(0.3)	(0.6)
Adjusted Profit before tax	**4.4**	2.9	6.8
Amortisation	**(0.2)**	(0.1)	(0.3)
Exceptional costs	**–**	(0.4)	(0.4)
Profit before tax	**4.2**	2.4	6.2

Adjusted profit for the six months to 30 June 2018 increased to £4.4m (2017 HY: £2.9m) reflecting the Group's higher average AuM achieved in the period.

Earnings per share

	2018 HY pence	2017 HY pence	% change	2017 FY pence
Earnings per share – basic	**2.18**	1.24	76	3.27
Earnings per share – diluted	**2.04**	1.09	87	3.06

The diluted earnings per share reflects the theoretical dilution arising from the GSP. The estimated accrued value of the remaining 100 Growth Shares at 30 June 2018 was £4.95m, equating to a dilution of 5.1%. The Growth Shares become eligible for exchange into new Miton Group plc ordinary 0.1p shares from 25 September 2018.

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 for the period to 30 June 2018 of 45.34p.

Balance sheet and cash management

At 30 June 2018 the Group's cash balances totalled £21.0m (2017 HY: £18.2m). Cash generated after taxation for the period was £3.2m (2017 HY: £1.3m).

During the period the Group did not undertake any share buybacks. In 2017, the Group undertook two share buybacks to ameliorate the dilutive impact of shares issued to participants under the GSP. The total number of shares purchased and cancelled during 2017 was 15,152,963 for a cash cost of £6m.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Notes	**Unaudited six months to 30 June 2018 £000**	Unaudited six months to 30 June 2017 £000	Audited year to 31 December 2017 £000
Revenue		**17,044**	13,115	27,789
Fees and commission expenses		**(4,206)**	(2,821)	(5,983)
Net revenue		**12,838**	10,294	21,806
Administration expenses		**(8,344)**	(7,104)	(14,440)
Share-based payment expense	10	**(148)**	(262)	(548)
Amortisation of intangible assets		**(140)**	(140)	(280)
Exceptional operating expenses	4	**–**	(403)	(352)
Operating profit		**4,206**	2,385	6,186
Finance revenue		**14**	–	3
Profit for the period before taxation		**4,220**	2,385	6,189
Taxation	5	**(890)**	(498)	(1,184)
Profit for the period after taxation attributable to equity holders of the parent		**3,330**	1,887	5,005

		pence	pence	pence
Basic earnings per share	6(a)	**2.18**	1.24	3.27
Diluted earnings per share	6(a)	**2.04**	1.09	3.06

No other comprehensive income was recognised during 2018 or 2017. 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 2018

	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 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	10	–	–	–	–	–	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 2017		178	2,661	(6,530)	(11)	–	65,216	61,514
Profit for the period		–	–	–	–	–	1,887	1,887
Release of Treasury shares		–	–	–	7	–	–	7
Settlement for forfeiture of options		–	–	–	–	–	(220)	(220)

Share-based payment	10	–	–	–	–	–	262	262
Deferred tax direct to equity		–	–	–	–	–	43	43
Cancellation of ordinary shares	9	(7)	–	–	–	7	(2,554)	(2,554)
Dividends paid	3	–	–	–	–	–	(1,509)	(1,509)
At 30 June 2017 (Unaudited half year)		171	2,661	(6,530)	(4)	7	63,125	59,430
At 1 January 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	10	–	–	–	–	–	548	548
Share issues on exchange of Growth Shares		10	–	–	–	–	(10)	–
Cancellation of ordinary shares	9	(15)	–	–	–	15	(5,965)	(5,965)
Dividends paid	3	–	–	–	–	–	(1,509)	(1,509)
At 31 December 2017 (Audited)		173	2,661	(6,530)	(4)	15	63,065	59,380

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	**Unaudited 30 June 2018 £000**	Unaudited 30 June 2017 £000	Audited 31 December 2017 £000
Non-current assets				
Goodwill		**41,070**	41,070	41,070
Intangible assets		**397**	677	537
Other investments		**100**	100	100
Property and equipment		**55**	60	52
Deferred tax asset		**164**	100	55
Trade and other receivables		**4**	5	20
		41,790	42,012	41,834
Current assets				
Trade and other receivables		**3,512**	2,766	3,016
Cash and cash equivalents	7	**21,005**	18,239	19,902
		24,517	21,005	22,918
Total assets		**66,307**	63,017	64,752
Current liabilities				
Trade and other payables		**(5,128)**	(3,200)	(5,072)
Provisions	8	**(15)**	–	(285)
		(5,143)	(3,200)	(5,357)
Non-current liabilities				
Trade and other payables		**–**	(15)	–
Provisions	8	**(334)**	(235)	(15)
Deferred tax liability		**–**	(137)	–
		(334)	(387)	(15)
Total liabilities		**(5,477)**	(3,587)	(5,372)
Net assets		**60,830**	59,430	59,380
Equity				
Share capital	9	**173**	171	173
Share premium		**2,661**	2,661	2,661
Employee Benefit Trust		**(6,530)**	(6,530)	(6,530)
Treasury shares		**–**	(4)	(4)
Capital redemption reserve		**15**	7	15

Retained earnings	**64,511**	63,125	63,065
Total equity shareholders' funds	**60,830**	59,430	59,380

Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	**Unaudited six months to 30 June 2018 £000**	Unaudited six months to 30 June 2017 £000	Audited year to 31 December 2017 £000
Cash flows from operating activities:				
Profit after taxation		**3,330**	1,887	5,005
Adjustments to reconcile profit to net cash flow from operating activities:				
Tax on continuing operations	5	**890**	498	1,184
Finance revenue		**(14)**	–	(3)
Depreciation		**15**	40	66
Loss on disposal of fixed assets		**–**	2	2
Increase in employee benefit liability		**136**	–	83
Purchase of plan assets (held for employee benefit liability)		**(136)**	–	(83)
Amortisation of intangible assets		**140**	140	280
Share-based payment expense	10	**148**	262	548
Increase in trade and other receivables		**(480)**	(334)	(622)
(Decrease)/increase in trade and other payables		**(23)**	(633)	770
Increase in provisions	8	**49**	48	113
Cash generated from operations		**4,055**	1,910	7,343
Income tax paid		**(816)**	(640)	(1,011)
Net cash flow from operating activities		**3,239**	1,270	6,332
Cash flows from investing activities:				
Interest received		**14**	–	3
Purchase of property and equipment		**(18)**	(17)	(34)
Investments held for deferred remuneration		**–**	(19)	–
Net cash flow from investing activities		**(4)**	(36)	(31)
Cash flows from financing activities:				
Release of Treasury shares		**4**	7	7
Settlement of options		**–**	(220)	(220)
Acquisition and cancellation of ordinary shares		**–**	(2,561)	(5,965)
Dividend paid	3	**(2,136)**	(1,509)	(1,509)
Net cash flow from financing activities		**(2,132)**	(4,283)	(7,687)
Increase/(decrease) in cash and cash equivalents		**1,103**	(3,049)	(1,386)
Opening cash and cash equivalents		**19,902**	21,288	21,288
Closing cash and cash equivalents	7	**21,005**	18,239	19,902

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2018

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 based on the accounting policies as set out in the Group's Annual Report for the year ended 31 December 2017.

The interim unaudited consolidated financial statements to 30 June 2018 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Listing Rules of the Financial Conduct Authority.

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

The Group's 2017 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 21 September 2018.

The full year accounts to 31 December 2017 were approved by the Board of directors on 16 March 2018 and have been delivered to the Registrar of Companies. The report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. The results for the six months ended 30 June 2018 and the six months ended 30 June 2017 have not been audited.

2. Segmental reporting

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

3. Dividend

The dividend for the year ended 31 December 2017 was paid on 4 May 2018, being 1.4p per share. The Trustees of the Group's Employee Benefit Trust ('EBT') waived their rights to this dividend (2017 FY: waived) leading to a total distribution of £2,136,498, which is reflected in the Consolidated Statement of Changes in Equity (2017 FY: £1,509,232).

4. Exceptional operating expenses

	Unaudited six months to 30 June 2018 £000	Unaudited six months to 30 June 2017 £000	Audited year to 31 December 2017 £000
Internal reorganisation/redundancy	**–**	403	352

5. Taxation

	Unaudited six months to 30 June 2018 £000	Unaudited six months to 30 June 2017 £000	Audited year to 31 December 2017 £000
Corporation tax charge	**895**	539	1,361
Deferred tax credit	**(4)**	(41)	(177)
Tax charge reported in the Consolidated Statement of Comprehensive Income	**890**	498	1,184

6. Earnings per share

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

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

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

During the period the Group did not undertake any share buybacks. In 2017 the Company undertook two share buybacks. The first was completed on 23 February 2017; the Company acquired a total of 6,606,900 ordinary 0.1p shares. The second was completed on 6 December 2017; the Company acquired a total of 8,546,063 ordinary 0.1p shares. The ordinary shares totalling 15,152,963 acquired by the above process were cancelled during 2017. The cash cost of the share buybacks completed in 2017 was £5,965,004.

(a) Reported earnings per share

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

	Unaudited six months to 30 June 2018	Unaudited six months to 30 June 2017	Audited year to 31 December 2017
Profit attributable to ordinary equity shareholders of the parent company for basic earnings (£000)	**3,330**	1,887	5,005
Weighted average shares in issue (No.000)	**152,637**	152,481	153,199
Weighted average shares in issue – diluted (No.000)	**163,005**	172,512	163,362
Basic earnings per share (pence)	**2.18**	1.24	3.27
Diluted earnings per share (pence)	**2.04**	1.09	3.06

(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 2018 £000	Unaudited six months to 30 June 2017 £000	Audited year to 31 December 2017 £000
Profit before taxation	**4,220**	2,385	6,189
Add back:			
Exceptional operating expenses	**–**	403	352
Amortisation	**140**	140	280
Adjusted Profit before tax	**4,360**	2,928	6,821
Taxation:			
Tax in the Consolidated Statement of Comprehensive Income	**(890)**	(498)	(1,184)
Tax effect of adjustments	**(27)**	(104)	(122)
Adjusted Profit after tax for the calculation of Adjusted earnings per share	**3,443**	2,326	5,515

	Unaudited six months to 30 June 2018 pence	Unaudited six months to 30 June 2017 pence	Audited year to 31 December 2017 pence
Adjusted earnings per share	**2.25**	1.53	3.60
Diluted Adjusted earnings per share	**2.11**	1.35	3.38

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

The dilution arises largely as a result of the Miton Group plc shares which would be issued if all the Growth Shares with an accrued value at 30 June 2018, which will not fully vest until 24 September 2018, had vested and had been exchanged into Miton Group plc ordinary shares at 30 June 2018.

7. Cash and cash equivalents

	Unaudited 30 June 2018 £000	Unaudited 30 June 2017 £000	Audited 31 December 2017 £000
Cash at bank and in hand	**21,005**	18,174	19,902
Cash held in nominee	**–**	65	–
At 30 June 2018 (Unaudited)	**21,005**	18,239	19,902

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

8. Provisions

	Total £000
At 1 January 2018	**300**
Provided	**49**
At 30 June 2018 (Unaudited)	**349**
Current	**15**
Non-current	**334**
	349

At 1 January 2017	187
Provided	48
At 30 June 2017 (Unaudited)	235
Current	-
Non-current	235
	235
At 1 January 2017	187
Provided	113
At 31 December 2017 (Audited)	300
Current	285
Non-current	15
	300

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

9. Share capital

Authorised:	**Unaudited 30 June 2018 £000**	Unaudited 30 June 2017 £000	Audited 31 December 2017 £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 2018	**172,635**	**173**
Cancelled	**-**	**-**

At 30 June 2018 (Unaudited)	**172,635**	**173**
At 1 January 2017	177,528	178
Cancelled	(6,607)	(7)
At 30 June 2017 (Unaudited)	170,921	171
At 1 January 2017	177,528	178
Cancelled	(15,153)	(15)
Issued on exchange of Growth Shares	10,260	10
At 31 December 2017 (Audited)	172,635	173

No share buybacks have been completed in the period (2017: two buybacks completed), see note 6 for further details.

10. Share-based payment

The total expense recognised for share-based payments in respect of employee services received during the period to 30 June 2018 was £147,780 (2017 HY: £261,833), of which £109,593 related to the Growth Share Plan ('GSP') (2017 HY: £206,696).

(a) Management Equity Incentive ('MEI')

During the period to 30 June 2018 the Group granted seven MEI awards over a total of 1,100,000 ordinary 0.1p shares (2017 FY: three awards over 250,000 ordinary 0.1p shares).

- The awards have an exercise price of 49.2p and vest subject to non-market conditions on the date at which the Company publishes its results for the year ending 31 December 2020.

- 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 £47,950 (2017 HY: £14,973) of which £3,119 was charged to the Consolidated Statement of Comprehensive Income in the period (2017 HY: £2,168).

No awards over ordinary 0.1p shares were forfeited during the period (2017 HY: 25,000) by employees leaving the Group. As a result of the forfeiture of the awards the cumulative expense recognised for prior periods was reduced by £Nil (2017 HY: £457) in accordance with accounting standards.

No interests in awards were acquired for a cash consideration in the period (2017 HY: awards over 4,372,524 ordinary 0.1p shares were acquired from a former Director for a cash consideration of £220,000).

At the period end there were 10,797,524 awards outstanding (31 December 2017: 9,697,524) of which 7,122,524 were exercisable (31 December 2017: 5,872,524).

(b) Management Incentive Plan ('MIP')

No awards over ordinary 0.1p shares were forfeited during the period (2017 HY: 130,000) by employees leaving the Group. As a result of the forfeiture of the awards the cumulative expense recognised for prior periods was reduced by £Nil (2017 HY: £29,092) in accordance with IFRS 2.

At the period end there were 730,000 awards outstanding (31 December 2017: 730,000) which were all exercisable.

(c) Growth Share Plan ('GSP')

At the period end there was one Fund Management Unit ('FMU') remaining in the GSP (31 December 2017: one).

Conversion dates for outstanding GSP incentives

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

	Growth Shares
Convertible between September 2018 and October 2030	100
	100