



Premier Asset Management Group PLC

Half Year Report and Unaudited Condensed Consolidated Financial Statements
for the six month period ended 31 March 2018

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Corporate information

Directors

Michael Andrew Vogel, Non-executive Chairman
Michael Patrick O'Shea, Chief Executive Officer
Neil Macpherson, Group Finance Director
Robert Charles Lumsden Colthorpe, Senior Independent Director
Luke Anton Wiseman, Non-executive Director
William Longden Smith, Non-executive Director

Secretary

Neil Macpherson

Registered office

Eastgate Court
High Street
Guildford
Surrey
GU1 3DE

Registered number

06306664

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

Lloyds Bank PLC
City Office
Corporate & Institutional
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Nominated Advisor & Joint Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Joint Broker

Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London EC27 9LY

Highlights

Assets under management

- Total assets under management (AUM) were £6.4 billion as at 31 March 2018 (31 March 2017: £5.5 billion)
- Assets under management as at close of business on 18 May 2018 were £6.8 billion

Inflows

- Total net inflows of £175m in the three months to 31 March 2018 (3 months to 31 March 2017: £170m)
- Twentieth successive quarter of positive net inflows
- Total net inflows of £411m in the six months to 31 March 2018 (6 months to 31 March 2017: £311m)
- Total net inflows of £847m for the rolling twelve months to 31 March 2018 (rolling twelve months to 31 March 2017: £667m)

Investment performance

- Continued strong investment performance net of all fund charges*:
 - Over three years to 31 March 2018: 91% of AUM were above median
 - Over five years to 31 March 2018: 97% of AUM were above median

Financials

- Adjusted EBITDA** up 44% to £9.15m (H1 FY17: £6.36m)
- Profit before tax up 90% to £7.91m (H1 FY17: £4.16m)
- Earnings per share up 95% to 5.91p (H1 FY17: 3.03p)
- Quarterly dividend per share of 1.65p vs 1.25p for the same period last year

* Performance figures represent 85% of Premier's total AUM as at 31 March 2018 and exclude absolute return funds, investment trusts and segregated mandates. Median and quartile ranking figures are shown relative to respective Investment Association sectors. Source: FE Analytics, data to 31 March 2018. Net income reinvested. Data shown net of all fund charges. C share class, or, where a C share class was not available for the full time period, the pre RDR bundled or equivalent retail share class has been used for the period the C share class was not available.

** Earnings before interest, taxation, depreciation, amortisation of intangibles, exceptional items and share based payments.

Chief Executive's statement

Premier has continued to make good progress over the period with strong net inflows and good investment performance after all fund charges.

Net flows

Despite challenging market conditions and continued economic and political uncertainty, a combination of relevant investment products, good investment results from our investment team and our strong distribution capability resulted in strong net flows over the six month period to 31 March 2018 of £411m. This compares with £311m in the six months to 31 March 2017. Inflows continue to be particularly strong across our multi-asset range but our equity funds were also positive contributors. The quarter to 31 March 2018 was the twentieth successive quarter of positive net inflows into our funds.

These inflows, plus market movements, resulted in our assets under management increasing to £6.4 billion. AUM growth was 4% over the six months ended 31 March 2018 (six months to 31 March 2017: 11%) and 15% from the AUM level twelve months ago, as at 31 March 2017.

	Quarter ended 30 June 2017	Quarter ended 30 September 2017	Quarter ended 31 December 2017	Quarter ended 31 March 2018
	£m	£m	£m	£m
Opening AUM	5,530	5,842	6,088	6,446
Sales	579	531	570	564
Redemptions	(348)	(326)	(334)	(389)
Net flows	231	205	236	175
Closures	-	-	-	-
Performance	81	41	122	(256)
Closing AUM	5,842	6,088	6,446	6,365

Assets under management as at close of business on 18 May 2018 were £6.8 billion.

Financial results

Adjusted EBITDA during the six months to 31 March 2018 totalled £9.2m, an increase of 44% on the £6.4m for the six months to 31 March 2017. The key driver behind the increase in EBITDA was the impact of higher AUM levels on management fees.

	Unaudited Six months to 31 March 2018	Unaudited Six months to 31 March 2017	Audited Year to 30 September 2017
	£000	£000	£000
Profit before tax	7,906	4,155	11,493
Add back:			
Interest payable	-	37	44
Amortisation of intangible assets	836	1,688	2,536
Share based payments	285	-	322
Exceptional items	-	371	415
Adjusted profit before tax	9,027	6,251	14,810
Add back:			
Depreciation	126	110	225
Adjusted EBITDA	9,153	6,361	15,035

Investment performance

Our investment performance continues to be strong. Based on 85% of AUM, (which means our total AUM excluding absolute return funds, investment trusts and segregated mandates), 91% of our AUM has achieved above sector median performance, net of all fund charges, over three years and the figure is 97% over five years.

Our two absolute return funds, which are not measured against a peer group, each have a 100% record of producing positive returns over rolling three-year periods. For our equity based funds, we measure performance against a relevant equity index. I am pleased to report that over the last five years to 31 March 2018, every single one of our eight equity focussed funds has outperformed its comparator index after all fund charges, with average annualised outperformance of 2.6% p.a.

Many of our multi-asset and equity funds have income as a primary objective. Over time, these funds have been able to grow their dividend distributions and continue to offer attractive yields against their comparative benchmarks and cash interest rates.

The quality of our performance and investment teams has been recognised by more awards over the period, including at the Professional Adviser Awards 2018 and Investment Week Awards 2017 where Premier was named Best Multi-Asset Fund Group of the Year. Premier Multi-Asset Distribution Fund, Premier Multi-Asset Global Growth Fund, Premier Multi-Asset Conservative Growth Fund, Premier Defensive Growth Fund and Acorn Income Fund were also recognised with awards during the period.

Business development

Our focus continues to be on our existing investment products, including our multi-asset, equity and absolute return funds.

Premier has a strong presence in the UK retail market for multi-asset funds, and offers a range of twelve funds, including ten multi-manager funds. These funds are designed to help investors meet different long term investment objectives, including income, growth, absolute returns, conservative growth and risk-managed objectives. Our range of UK equity, global equity and absolute returns have also attracted support over the period and we continue to seek development opportunities for our different investment strategies.

We have also continued to develop our product range and announced changes to our client service model for advisers during the period.

In October 2017, we relaunched the Premier Optimum Income Fund with a new target yield of 7% p.a. and a new co-fund management team following the expansion of our equity team with specialist covered call options capabilities.

In March 2018, we announced the launch of PremierConnect, a new digital portal designed to assist financial advisers investing directly in Premier's funds on behalf of their clients. The new portal, which is planned to go live later in 2018, will give advisers access to a range of features, including on-line transactions, client specific portfolio reporting, facilitating the payment of adviser charges and client illustrations, as well as real-time integration with a range of advisers' own back office solutions for greater adviser business efficiency. There will be no additional costs for advisers or their clients to use PremierConnect.

Regulation

In addition to our ongoing focus on existing regulations, over the period we made final preparations for the implementation of MiFID II regulations on 3 January 2018 and we are also preparing for the implementation date of the General Data Protection Regulation (GDPR) on 25 May 2018. Following the FCA's publication of their final report into the asset management sector, we are waiting for further output, including policy statements and consultation papers, on a number of areas including governance, share class switching, benchmarks, performance reporting and changes to objectives and all-in fee reporting.

Key risks

The key risks that the Group's business activities give rise to, and those which the Group will be exposed to in the second half of 2018, are consistent with those described in the 2017 annual report. The risks are credit risk, liquidity risk, market price risk and operational risk. These risks, if not managed properly, increase the possibility that the Group will not be able to meet its objectives. Each of these risks and the approach to mitigate the risks are described in detail within the 2017 annual report.

Dividend

The Company expects to pay three smaller, interim quarterly dividends, representing approximately half of the estimated total dividend for the full financial year, followed by a larger, final interim dividend.

The Company paid a dividend of 8p for the last financial year ended 30 September 2017. The Company paid its first interim dividend in respect of the current financial year of 1.65p on 2 March 2018. The Board of Premier has approved the payment of an interim dividend for the 3 month period ended 31 March 2018 of 1.65 pence per share, which will be paid on 1 June 2018 to shareholders who are on the register as at the close of business on 4 May 2018.

Outlook

Looking ahead, it seems likely that although interest rates will head higher as the global economy improves, they will remain much lower overall than in previous economic cycles. With equity markets now looking through the current economic upturn to what lies beyond it is likely that market volatility will be higher than in recent years and political uncertainty will continue to have an impact. In this environment, we believe there will be good opportunities for actively managed funds to produce attractive long term investment outcomes for investors. We are confident that our investment teams are well placed to navigate these challenges for our clients.

We continue to believe that our strategy of offering relevant investment products, which are designed to meet the different long-term needs of UK investors, backed by good investment returns, a strong distribution capability and scalable operating platform, positions us well to deliver for both our fund investors and our shareholders.

Mike O'Shea
Chief Executive Officer

Independent review report to Premier Asset Management Group PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2018 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flow and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the AIM Rules.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1a, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Ravi Lamba

for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London, E14 5GL
22 May 2018

Interim unaudited condensed consolidated statement of comprehensive income

For the six months ended 31 March 2018

	Note	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Revenue	3	26,293	21,795	46,046
Administrative costs		(17,551)	(15,544)	(31,558)
Amortisation of intangible assets		(836)	(1,688)	(2,536)
Exceptional items	4	-	(371)	(415)
Total operating costs		(18,387)	(17,603)	(34,509)
Operating profit		7,906	4,192	11,537
Finance costs		-	(37)	(44)
Profit on ordinary activities before taxation		7,906	4,155	11,493
Tax expense	5	(1,743)	(1,050)	(2,617)
Profit on ordinary activities after taxation		6,163	3,105	8,876
Other comprehensive income		-	-	-
Total comprehensive income		6,163	3,105	8,876
Basic earnings per share	6	5.91p	3.03p	8.53p
Diluted basic earnings per share	6	5.85p	3.03p	8.53p

All the amounts relate to continuing operations.

The notes on pages 11 to 14 form an integral part of these condensed consolidated interim financial statements.

Interim unaudited condensed consolidated statement of financial position

As at 31 March 2018

		Unaudited 31 March 2018 £000	Unaudited 31 March 2017 £000	Audited 30 September 2017 £000
	Note			
Assets				
Non-current assets				
Intangible assets		14,329	16,013	15,165
Goodwill		15,597	15,597	15,597
Property, plant and equipment		881	862	911
Deferred tax asset		828	1,580	1,097
Total non-current assets		31,635	34,052	32,770
Current assets				
Financial assets at fair value through profit and loss		873	1,170	1,354
Trade and other receivables		82,142	60,249	47,932
Cash and cash equivalents	7	18,161	11,007	16,449
Total current assets		101,176	72,426	65,735
Total assets		132,811	106,478	98,505
Equity				
Capital and reserves attributable to equity holders				
Share capital	8	50	21	21
Share premium		-	44,747	-
Treasury shares		(749)	-	-
Capital redemption reserve		4,532	4,532	4,532
Retained earnings		41,029	(7,495)	40,728
Total equity		44,862	41,805	45,281
Liabilities				
Current liabilities				
Trade and other payables		84,330	62,289	51,079
Current tax liabilities		3,619	2,384	2,145
Total current liabilities		87,949	64,673	53,224
Total liabilities		87,949	64,673	53,224
Total equity and liabilities		132,811	106,478	98,505

Company number 06306664

The financial statements were approved on behalf of the Board of Directors on 22 May 2018.

Mike O'Shea
Chief Executive Officer

Neil Macpherson
Group Finance Director

The notes on pages 11 to 14 form an integral part of these condensed consolidated interim financial statements.

Interim unaudited condensed consolidated statement of changes in equity

For the six months ended 31 March 2018

	Share capital £000	Share premium £000	Treasury shares £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1 October 2017	21	-	-	4,532	40,728	45,281
Deferred share issued	29	-	-	-	(29)	-
Equity dividends paid	-	-	-	-	(6,118)	(6,118)
Purchase of treasury shares	-	-	(749)	-	-	(749)
Share based payment expense	-	-	-	-	285	285
Profit for the financial period	-	-	-	-	6,163	6,163
At 31 March 2018 (Unaudited half year)	50	-	(749)	4,532	41,029	44,862
At 1 October 2016	14	34	-	4,532	(9,278)	(4,698)
Shares issued	7	44,713	-	-	-	44,720
Equity dividends paid	-	-	-	-	(1,322)	(1,322)
Profit for the financial period	-	-	-	-	3,105	3,105
At 31 March 2017 (Unaudited half year)	21	44,747	-	4,532	(7,495)	41,805
At 1 October 2016	14	34	-	4,532	(9,278)	(4,698)
Shares issued	7	44,713	-	-	-	44,720
Cancellation of share premium	-	(44,747)	-	-	44,747	-
Equity dividends paid	-	-	-	-	(3,939)	(3,939)
Share based payment expense	-	-	-	-	322	322
Profit for the financial year	-	-	-	-	8,876	8,876
At 30 September 2017 (Audited)	21	-	-	4,532	40,728	45,281

The notes on pages 11 to 14 form an integral part of these condensed consolidated interim financial statements.

Interim unaudited condensed consolidated statement of cash flow

For the six months ended 31 March 2018

Note	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Cash flows from operating activities			
Profit for the period	6,163	3,105	8,876
Adjustments for:			
Financial expense	-	37	44
Taxation	1,743	1,050	2,617
Depreciation	126	110	225
Share based payments	285	-	322
Gain on sale of financial assets at fair value through profit and loss	-	(32)	(16)
(Loss)/gain on revaluation of current asset investments	2	(16)	(51)
Amortisation	836	1,688	2,536
Changes in working capital:			
Increase in trade and other receivables	(34,210)	(23,625)	(11,308)
Increase in trade and other payables	33,251	22,151	10,934
Cash generated from operations	8,196	4,468	14,179
Tax paid	-	(41)	(1,364)
Net cash from operating activities	8,196	4,427	12,815
Cash flows from investing activities			
Acquisition of assets at fair value through profit and loss	(131)	(651)	(856)
Proceeds from disposal of assets at fair value through profit and loss	610	590	630
Acquisitions of property, plant and equipment	(96)	(39)	(203)
Net cash from investing activities	383	(100)	(429)
Cash flows from financing activities			
Repayment of borrowings	-	(42,670)	(42,670)
Interest paid on borrowings	-	(4,686)	(4,686)
Dividends paid to shareholders	(6,118)	(1,322)	(3,939)
Purchase of treasury shares	(749)	-	-
Proceeds from the issue of share capital	-	44,720	44,720
Net cash from financing activities	(6,867)	(3,958)	(6,575)
Net increase in cash and cash equivalents	1,712	369	5,811
Cash and cash equivalents at the beginning of the period	16,449	10,638	10,638
Cash and cash equivalents at the end of the period	18,161	11,007	16,449

The notes on pages 11 to 14 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

At 31 March 2018

1. Basis of accounting

a) General information

Premier Asset Management Group PLC (“the Group”) is the parent company of a group of companies which provide a range of investment management services in the United Kingdom and Channel Islands.

The Group’s 2017 Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and is available on the Premier Asset Management Group PLC website (www.premierfunds.co.uk).

b) Basis of Accounting

These condensed and consolidated interim financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Unless otherwise stated, they have been prepared on the basis of the accounting policies as set out in the Group’s Annual Report for the year ended 30 September 2017.

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.

These unaudited financial statements were approved and authorised for issue by the Board of Directors on 22 May 2018.

The comparative figures for the financial year ended 30 September 2017 are not the Company’s statutory accounts for the financial year.

The full year accounts to 30 September 2017 were approved by the Board of Directors on 29 November 2017 and have been delivered to the Registrar of Companies. The report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. The figures for the six months ended 31 March 2018 and the six months ended 31 March 2017 have not been audited.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

c) Forward looking statements

These condensed consolidated interim financial statements which are made by the Directors in good faith based on information available to them at the time of their approval of the accounts. Forward looking statements should be treated with caution due to the inherent uncertainties, including economic, regulatory and business risk factors underlying any such statement. We undertake no obligation to update any forward looking statement whether as a result of new information, future events or otherwise. The condensed consolidated interim financial statements have been prepared to provide information to the Group’s shareholders and should not be relied upon by any other party or for any other purpose.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through profit or loss. Costs are expensed as incurred.

3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Management fees	25,666	21,731	45,894
Commissions	40	34	83
Other income	587	30	69
Total revenue	26,293	21,795	46,046

All revenue is derived from the United Kingdom and Channel Islands.

4. Exceptional items

Exceptional items are significant items of income and expense that have been presented separately by virtue of their nature to enable a better understanding of the Group's financial performance.

Recognised in arriving at operating profit from continuing operations:

	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Staff redundancy costs	-	40	40
Listing on AIM	-	331	331
Capital reduction	-	-	44
Total exceptional items	-	371	415

Staff redundancy costs are in relation to the rationalisation and restructuring of various departments and functions. Listing on AIM represents costs associated with the admission to trading on the Alternative Investment Market.

5. Income taxes

Tax charged in the statement of comprehensive income:

	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Current income tax:			
UK corporation tax	1,474	1,050	2,106
Current income tax charge	1,474	1,050	2,106
Adjustments in respect of prior periods	-	-	29
Total current income tax	1,474	1,050	2,135
Deferred tax:			
Origination and reversal of temporary differences	269	-	482
Total deferred tax	269	-	482
Tax expense in the statement of comprehensive income	1,743	1,050	2,617

6. Earnings per share

Reported earnings per share has been calculated as follows:

The calculation of basic earnings per share is based on profit after taxation for the period and the weighted average number of ordinary shares in issue for each period.

	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Basic:			
Profit attributable to equity holders of the Group	6,163	3,105	8,876
Weighted average number of ordinary shares in issue	104,212,837	102,359,460	104,085,100
Basic earnings per share	5.91p	3.03p	8.53p

	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Diluted:			
Profit attributable to equity holders of the Group	6,163	3,105	8,876
Weighted average number of ordinary shares in issue	105,429,504	102,359,460	104,085,100
Diluted earnings per share	5.85p	3.03p	8.53p

7. Cash and cash equivalents

	Unaudited Six months to 31 March 2018 £000	Unaudited Six months to 31 March 2017 £000	Audited Year to 30 September 2017 £000
Cash at bank and in hand	18,161	11,007	16,449
Total cash and cash equivalents	18,161	11,007	16,449

8. Share capital

	Unaudited Six months to 31 March 2018	Unaudited Six months to 31 March 2017	Audited Year to 30 September 2017
Authorised			
Ordinary shares	105,801,310	105,801,310	105,801,310
Deferred share	1	-	-
Allotted, issued and fully paid			
Ordinary shares	105,801,310	105,801,310	105,801,310
Deferred share	1	-	-

On 8 February 2018, following the approval of a special resolution, one redeemable deferred share with a nominal value of £28,839.74 was issued and allotted to Eastgate Court Nominees Limited.

9. Segment reporting

The Group operates a single business segment of asset management for reporting and control purposes.

IFRS 8 Operating Segments requires disclosures to reflect the information which Group management uses for evaluating performance and the allocation of resources. The Group is managed as a single asset management business and as such, there are no additional operating segments to disclose.

Under IFRS 8, the Group is also required to make disclosures by geographical segments. As Group operations are solely in the UK and Channel Islands, there are no additional geographical segments to disclose.