Embargoed until 0700 hours, Wednesday 21 November 2018

LIONTRUST ASSET MANAGEMENT PLC
HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

Liontrust Asset Management Plc ("**Liontrust**", the "**Company**", or the "**Group**"), the independent fund management group, today announces its Half Yearly Report for the six months ended 30 September 2018.

Results:

- Adjusted profit before tax* of £14.5 million (2017: £12.0 million), an increase of 21%

- Profit before tax of £7.8 million (2017: £3.1 million (restated – see note 10)), an increase of 149%. This includes costs of £6.7 million (2017: £8.4 million) relating to the amortisation of the related intangible asset and other non-cash and non-recurring costs (see note 5 below)

- Gross Profit of £41 million (2017: £35 million), an increase of 19%.

Dividend:

- First Interim dividend per share of 7.0 pence (2017: 5.0 pence), which will be payable on 4 January 2019, the shares going ex-dividend on 29 November 2018.

Assets under management:

- On 30 September 2018, assets under management ("**AuM**") were £12.0 billion.
- Assets under management as at close of business on 19 November 2018 were £11.5 billion

*This is an Alternative Performance Measure ('APM') see note 2.

Flows:

- Net inflows for the period to 30 September 2018 of £723 million (2017: £178 million)

Commenting on the results, John Ions, Chief Executive, said:

"It has been another successful six months for Liontrust in which we have continued to make progress in growing and developing the business. We have had strong sales, increased profits and invested across the Company to enable us to continue our expansion.

Net inflows for the first half of our financial year were £723 million. This was a strong performance given the environment of investor, economic and political uncertainty. The level of this achievement is shown by the fact that for the third quarter of 2018, Liontrust had the 5th highest net onshore and offshore sales across institutional and retail markets.*

These sales demonstrate the demand for truly active fund managers with proven track records of adding value to investors' portfolios. Even with the IA UK All Companies being out of favour with investors, the Liontrust Special Situations Fund continues to attract large net inflows and was the 4th best-selling fund in onshore and offshore markets over the third quarter of 2018.*

Increased volatility, which we have seen in equity and bond markets, is usually a positive for us. Investors become more discerning and look for fund managers who have a robust process, a good track record of being able to handle such an environment and of superior stock selection. With the gradual withdrawal of central bank support, for example, active management and having the ability to be flexible will become increasingly important when investing in bond markets.

We are benefiting from the growing demand for sustainable investment, with the AuM of our team growing from £2.5 billion when we acquired them on 1 April 2017 to £3.4 billion. This is because an increasing number of institutions and investors realise sustainable is a proven investment style and an ever growing number of people care about how they make their money as well as how much money they make.

We are confident the AuM will continue to increase given the experience and long track record of our Sustainable Investment team, their extensive knowledge and expertise and the integration of ESG with their investment decisions.

Our brand awareness and perception is strong, which is reiterated by the independent recognition Liontrust receives. We won the Specialist Management Group of the Year (over £10bn in AuM) Award at the IW Specialist Investment Awards in October, with the judges highlighting the successful integration of new teams at Liontrust and our community engagement programme.

To support and aid the continued growth of Liontrust, we have been strengthening the infrastructure of the business. We are consolidating all outsourced fund services for our UK and Ireland ranges into one provider: Bank of New York Mellon (International) Limited (BNYM). Our acquisition of Alliance Trust Investments last year resulted in a total of five asset servicing relationships across the Liontrust business and moving to a single partner will help us to achieve our strategic objectives.

The development of the infrastructure of the business, the excellence of our fund management capability and the strength of our distribution gives me great confidence about the future growth of Liontrust."

*Source: The Pridham Report, which is published by Pridham and Pridham Ltd on a quarterly basis.

Non-executive Chairman Retirement

The Board of Liontrust announces that Adrian Collins will retire as Non-executive Chairman of the Company at its 2019 AGM. Alastair Barbour becomes Non-executive Deputy Chairman with immediate effect and will succeed Adrian Collins as Non-executive Chairman immediately after the 2019 AGM.

Adrian Collins, Non-executive Chairman, said: "I have had a wonderful nine years as Chairman of Liontrust. It has been exciting, and a lot of fun, to transform the business and successfully grow Liontrust into the high profile and respected company it is today. I am confident that with John Ions and Vinay Abrol at the helm, and a great team working with them, Liontrust will continue to flourish. I would like to thank my fellow Non-executive Directors, John, Vinay and everyone else at Liontrust for their hard work and support. I will continue to follow Liontrust with interest."

John Ions, Chief Executive, said: "I want to thank Adrian Collins for his outstanding contribution to the Board and Company over a period of time that has seen significant change for our business. I would also personally like to express my thanks for the support and advice Adrian has given me since becoming Chief Executive, this has been invaluable.

I'm delighted that Alastair Barbour will succeed Adrian as Non-executive Chairman. He has considerable experience of both asset management and finance, which will be key as we continue to invest in and grow the business."

Alastair Barbour, Non-executive Deputy Chairman, said: "I am delighted to become Non-executive Deputy Chairman, and from the 2019 AGM Non-executive Chairman. Adrian has made a fantastic contribution to Liontrust and I look forward to working with the Board to ensure the business maintains its growth."

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Chairman's Statement

Introduction

When Liontrust announced the full year results on 16 June 2016, our AuM was £4.8 billion with net inflows of £255 million for the financial year. Exactly a week later, the UK went to the polls and voted to leave the EU. We have experienced an unprecedented period of political turbulence over the subsequent past two and a half years with still no certainty over how we will be leaving the EU and what kind of deal we will secure. The political unpredictability and consequential economic uncertainty, however, have not stopped the progress of investment markets or the development of Liontrust since 2016.

This development of the business is shown by the strong results that Liontrust has delivered for the first half of the financial year to 30 September 2018. Our AuM has increased to £12 billion, our net flows for the past six months have been £723 million and adjusted profit before tax is £14.538 million. The success over the past six months means we are declaring a First Interim dividend of 7.0 pence per share, an increase from 5.0 pence last year.

This success has been driven by the quality of our management team, the strength of our fund management capability and the power of our distribution. The rolling 24-hour news service means there is increasing political, economic and market noise. It is vital for our fund managers and the business not to get distracted by this. Our fund management teams have rigorous and robust investment processes to ensure the way they manage money is repeatable and predictable for investors.

Likewise, the business must remain focused, knowing when to take advantage of opportunities and knowing when not to make a decision to do something. We continue to focus on those areas of investment where we believe we can add long-term value for investors, on providing top-quality service for our clients and communicating in a clear and timely manner.

I have decided to retire as Non-executive Chairman of Liontrust at the AGM in 2019. By announcing my retirement now, we can ensure a smooth succession. I will be replaced by Alastair Barbour, who will be an excellent Non-executive Chairman.

I am delighted that over the nine years I have been Chairman we have been able to transform and grow the business so successfully. I would like to thank my fellow Non-executive Directors for their dedication and support. John Ions and Vinay Abrol have done a fantastic job in driving the business forward and putting in place such a strong group of people across the Company.

I will be leaving the Company in excellent hands when I retire next year.

Results

Profit before tax is £7.820 million (2017: £3.138 million (restated – see note 10)).

Adjusted profit before tax was £14.538 million (2017: £12.002 million). Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (depreciation, intangible asset amortisation and share incentivisation related) expenses and non-recurring (professional fees relating to acquisition, cost reduction, restructuring, share incentivisation and severance compensation related) expenses ("Adjustments"), see note 5 below for a reconciliation of adjusted profit (or loss) before tax.

Dividend

In accordance with the Company's dividend policy, and to create more balance between the First and Second Interim dividends, the Board is declaring a First Interim dividend of 7.0 pence per share (2017: 5.0 pence) which will be payable on 4 January 2019 to shareholders who are on the register as at 30 November 2018, the shares going ex-dividend on 29 November 2018.

The Company has a Dividend Reinvestment Plan ("**DRIP**") that allows shareholders to reinvest dividends to purchase additional shares in the Company. For shareholders to apply the proceeds of this and future dividends to the DRIP, application forms must be received by the Company's Registrars by no later than 14 December 2018. Existing participants in the DRIP will automatically have the dividend reinvested. Details on the DRIP can be obtained from Link Asset Services on 0371 664 0381 or at www.signalshares.com. (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales).

Funds under Management

On 30 September 2018, our AuM stood at £12.045 billion and were broken down by type and process as follows:-

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi-Asset (£m)	Offshore Funds (£m)
Cashflow Solution	**1,008**	553	334	-	121
Economic Advantage	**5,962**	397	5,467	-	98
Macro Thematic	**261**	84	165	-	12
European Income	**199**	-	199	-	-
Asia	**122**	-	112	-	10
Sustainable Investment	**3,390**	30	3,203	-	157

Global Fixed Income	**272**	-	126	-	146
Multi-Asset	**786**	-	-	786	-
Indexed	**45**	-	45	-	-
Total	**12,045**	**1,064**	**9,651**	**786**	**544**

On 19 November 2018, our AuM was £11.507 billion.

Funds Flows

The net inflows over the six months to 30 September 2018 are £723 million (2017: £178 million). A reconciliation of fund flows and AuM over the half year is as follows:-

	Total £m	Institutional £m	UK Retail £m	Multi-Asset £m	Offshore Funds £m
Opening AuM - 1 April 2018	**10,475**	**1,144**	**8,201**	**700**	**430**
Net flows	**723**	(134)	707	61	89
Market and Investment performance	**847**	54	743	25	25
Closing AuM - 30 September 2018	**12,045**	**1,064**	**9,651**	**786**	**544**

Fund Performance (Quartile ranking)

	Quartile ranking – Since Launch/Manager Appointed	Quartile ranking - 5 year	Quartile ranking - 3 year	Quartile ranking - 1 year	Launch Date/Manager Appointed
Liontrust UK Growth Fund	1	1	1	1	25/03/2009
Liontrust Special Situations Fund	1	1	1	1	10/11/2005
Liontrust UK Smaller Companies Fund	1	1	1	1	08/01/1998
Liontrust UK Micro Cap Fund	1			1	09/03/2016
Liontrust Macro Equity Income Fund	1	3	4	4	31/10/2003
Liontrust Macro UK Growth Fund	2	4	4	4	01/08/2002
Liontrust European Growth Fund	1	1	1	1	15/11/2006
Liontrust Asia Income Fund	2	3	3	4	05/03/2012
Liontrust European Income Fund	4	4	4	4	15/12/2005
Liontrust European Enhanced Income Fund (Hedged)	4	4	4	4	30/04/2010
Liontrust Global Income Fund	4	4	3	3	03/07/2013
Liontrust Monthly Income Bond Fund	1	1	1	1	12/07/2010

Liontrust SF Absolute Growth Fund	3	1	1	1	19/02/2001
Liontrust SF Corporate Bond Fund	1	1	1	2	20/08/2012
Liontrust SF Cautious Managed Fund	1		2	1	23/07/2014
Liontrust SF Defensive Managed Fund	1		1	1	23/07/2014
Liontrust SF European Growth Fund	2	2	3	4	19/02/2001
Liontrust SF Global Growth Fund	4	2	1	1	19/02/2001
Liontrust SF Managed Fund	2	1	1	1	19/02/2001
Liontrust UK Ethical Fund	2	1	1	1	01/12/2000
Liontrust SF UK Growth Fund	2	1	1	1	19/02/2001

Source: Financial Express, total return (income reinvested and net of fees), to 30 September 2018 unless otherwise stated, based on primary share classes. The above funds are all UK authorised unit trusts or UK authorised ICVCs (primary share class). Liontrust FTSE 100 Tracker Fund (index fund) not included. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed. Quartile rankings correct as at 2 October 2018.

Outlook

We have successfully integrated the Global Fixed Income team into the business, having raised £272 million by 30 September, since they joined at the start of 2018 and have seen increasing demand for and flows into our Sustainable Investment team's funds. Over the past 18 months, these two teams have added to the excellent fund management capability we already had and have further diversified our offering.

With our enhanced distribution and broader client base in the UK and internationally, along with our investment across the business, I am confident Liontrust will continue to grow.

Adrian Collins
Non-executive Chairman

Consolidated Statement of Comprehensive Income
Six months ended 30 September 2018

	Notes	Six months to 30-Sep-18 (unaudited) *£'000*	Six months to 30-Sep-17 (unaudited) (restated) *£'000*	Year ended 31-Mar-18 (audited) *£'000*
Revenue	4	46,326	34,572	76,861
Cost of sales	4	(5,150)	(25)	(50)
Gross profit		41,176	34,547	76,811
Realised profit on sale of financial assets		1	2	3
Unrealised profit on financial assets		-	-	(142)

Contingent consideration on ATI acquisition	10	(44)	(456)	(912)
Administration expenses	5	(33,316)	(30,957)	(63,450)
Operating profit		7,817	3,136	12,310
Interest receivable		3	2	3
Profit before tax		7,820	3,138	12,313
Taxation	7	(1,892)	(954)	(3,590)
Profit for the period		**5,928**	**2,184**	**8,723**
Other comprehensive income		-	-	33
Total comprehensive income		**5,928**	**2,184**	**8,756**
		Pence	*Pence*	*Pence*
Basic earnings per share	8	11.81	4.44	17.76
Diluted earnings per share	8	11.39	4.31	16.78

Consolidated Balance Sheet
As at 30 September 2018

		30-Sep-18 (unaudited)	30-Sep-17 (unaudited) (restated)	31-Mar-18 (audited)
	Notes	*£'000*	*£'000*	*£'000*
Assets				
Non current assets				
Intangible assets	9	12,514	14,530	13,521
Goodwill	10	11,872	11,872	11,872
Property, plant and equipment		615	263	207
Deferred tax assets		-	-	-
Total non current assets		**25,001**	**26,665**	**25,600**
Current assets				
Trade and other receivables		139,766	48,564	79,080
Financial assets	11	3,411	1,545	2,076
Cash and cash equivalents		21,881	22,619	30,775
Total current assets		**165,058**	**72,728**	**111,931**
Liabilities				
Non current liabilities				
DVBAP liability		(398)	(788)	(918)
Deferred tax liabilities		(804)	(998)	(838)
ATI acquisition related contingent consideration	10	(2,956)	(2,456)	(2,912)
Total non current liabilities		**(4,158)**	**(4,242)**	**(4,668)**
Current liabilities				
Trade and other payables		(138,600)	(51,831)	(83,104)
Corporation tax payable		-	(58)	(1,403)
Total current liabilities		(138,600)	(51,889)	(84,507)
Net current assets		**26,458**	**20,839**	**27,424**

Net assets	**47,301**	**43,262**	**48,356**
Shareholders' equity			
Ordinary shares	505	495	495
Share premium	19,745	15,796	15,796
Deferred consideration	-	3,959	3,959
Capital redemption reserve	19	19	19
Retained earnings	30,924	26,677	31,853
Own shares held	(3,892)	(3,684)	(3,766)
Total equity	**47,301**	**43,262**	**48,356**

Consolidated Cash Flow Statement
Six months ended 30 September 2018

	Six months to 30-Sep-18 (unaudited) *£'000*	Six months to 30-Sep-17 (unaudited) *£'000*	Year ended 31-Mar-18 (audited) *£'000*
Cash flows from operating activities			
Cash inflow from operations	44,222	48,944	88,032
Cash outflow from operations	(36,816)	(38,835)	(60,783)
Cash (outflow)/inflow from changes in unit trust receivables and payables	(3,155)	4,233	92
Net cash from operations	4,251	14,342	27,341
Interest received	3	2	3
Tax paid	(3,409)	(1,403)	(2,774)
Net cash from operating activities	845	12,941	24,570
Cash flows from investing activities			
Purchase of property, plant and equipment	(490)	(146)	(159)
Acquisition of Alliance Trust Investments net of cash	-	(929)	(929)
Purchase of DBVAP Financial Asset	(1,629)	-	(920)
Sale of Financial Assets	752	-	-
Purchase of seeding investments	(323)	-	-
Sale of seeding investments	106	54	54
Net cash used in investing activities	(1,584)	(1,021)	(1,954)
Cash flows from financing activities			
Purchase of own shares	(126)	(848)	(930)
Dividends paid	(8,029)	(5,409)	(7,867)
Net cash used in financing activities	(8,155)	(6,257)	(8,797)
Net (decrease)/increase in cash and cash equivalents	(8,894)	5,663	13,819
Opening cash and cash equivalents*	30,775	16,956	16,956
Closing cash and cash equivalents	21,881	22,619	30,775

* Cash and cash equivalents consists only of cash balances.

Consolidated Statement of Change in Equity
Six months ended 30 September 2018

	Share capital	Share premium	Deferred consideration	Capital redemption	Retained earnings	Own shares held	Total Equity
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 April 2018 brought forward	495	15,796	3,959	19	31,853	(3,766)	48,356
Profit for the period	-	-	-	-	5,928	-	5,928
Total comprehensive income for the period	-	-	-	-	5,928	-	5,928
Dividends paid	-	-	-	-	(8,029)	-	(8,029)
Shares issued	10	3,949	(3,959)	-	-	-	-
Purchase of own shares	-	-	-	-	-	(126)	(126)
Equity share options issued	-	-	-	-	1,172	-	1,172
Balance at 30 September 2018	**505**	**19,745**	**-**	**19**	**30,924**	**(3,892)**	**47,301**

Consolidated Statement of Change in Equity
Six months ended 30 September 2017 (restated)

	Share capital	Share premium	Deferred consideration	Capital redemption	Retained earnings	Own shares held	Total Equity
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 April 2017 brought forward	454	-	-	19	28,936	(2,859)	26,550
Profit for the period	-	-	-	-	2,184	-	2,184
Total comprehensive income for the period	-	-	-	-	2,184	-	2,184
Dividends paid	-	-	-	-	(5,409)	-	(5,409)
Shares issued	41	15,796	-	-	-	-	15,837
Deferred consideration - ATI acquisition	-	-	3,959	-	-	-	3,959
Purchase of own shares	-	-	-	-	-	(825)	(825)
Equity share options issued	-	-	-	-	966	-	966
Balance at 30 September 2017	**495**	**15,796**	**3,959**	**19**	**26,677**	**(3,684)**	**43,262**

Consolidated Statement of Change in Equity
Year ended 31 March 2018

	Ordinary shares	Share Premium	Deferred consideration	Capital redemption	Retained earnings	Own shares held	Total Equity
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000

Balance at 1 April 2017 brought forward	454	-	-	19	28,936	(2,859)	26,550
Profit for the year	-	-	-	-	8,723	-	8,723
Other comprehensive income	-	-	-	-	33	-	33
Total comprehensive income for the year	-	-	-	-	8,756	-	8,756
Dividends paid	-	-	-	-	(7,867)	-	(7,867)
Shares issued	41	15,796	-	-	-	-	15,837
Purchase of own shares	-	-	-	-	-	(965)	(965)
Deferred consideration ATI	-	-	3,959	-	-	-	3,959
EBT share option settlement	-	-	-	-	(58)	58	-
Equity share options issued	-	-	-	-	2,086	-	2,086
Balance at 31 March 2018	**495**	**15,796**	**3,959**	**19**	**31,853**	**(3,766)**	**48,356**

Notes to the Financial Statements

1. Principal accounting policies

This Half Yearly Report is unaudited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The financial information for the half years ended 30 September 2018 and 2017 has not been audited or reviewed by the auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The statutory accounts for the year ended 31 March 2018, which were prepared in accordance with International Financial Reporting Standards, comprising standards and interpretations approved by either the International Accounting Standards Board or the International Financial Reporting Interpretations Committee or their predecessors, as adopted by the European Union ("**IFRS**"), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and did not contain a statement made under s498 of the Companies Act 2006.

The financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Sourcebook and with IAS 34 'Interim Financial Reporting'.

The accounting policies applied in this Half Yearly Report are consistent with those applied in the Group's most recent annual accounts other than the implementation of IFRS9 and IFRS15 as noted in the 2018 annual report and accounts.

Forthcoming accounting standards applicable to the Group:
IFRS 16 'Leases' will become applicable from 1 January 2019. The expected impact of these standards is being assessed and further quantitative information will be included within the Group’s 2019 Annual Report and Accounts.

2. Alternative Performance Measures

The Group assess its performance using a variety of measures that are not defined under IFRS and are therefore termed alternative performance measures ("**APM's**"). The APMs that we use may not be directly comparable with similarly named measures used by other companies.

The Group uses the APM's to present its financial performance, in a manner which is aligned with the requirements of our stakeholders. By presenting these APM's it enables comparison with our peers who may use different accounting policies.

The Group uses the following APM's:

Alternative Performance Measure	**Definition**	**Reconciliation**
Adjusted profit before tax	Profit before tax, before depreciation, amortisation, non-recurring items* and share incentivisation schemes	Note 6

Adjusted profit before tax is used to present a measure of profitability which excludes the effects of non-recurring and non-cash items and capital investment (depreciation and amortisation), enabling comparison with our peers and to provide a consistent measure of the businesses performance.

Adjusted operating profit	Adjusted profit before tax, before interest.	Note 6
Adjusted basic earnings per share	Adjusted profit before tax divided by the weighted average number of shares in issue for the period	n/a
Adjusted diluted earnings per share	Adjusted profit before tax divided by the diluted weighted average number of shares in issue for the period	n/a

* Non-recurring items include cost reduction expenses, restructuring costs, acquisition related costs, integration costs, severance compensation and non-recurring legal expenses.

3. Segmental reporting

The Group's operates only in one business segment - Investment management.

The Group offers different fund products through different distribution channels. All financial, business and strategic decisions are made centrally by the Board, which determines the key performance indicators of the Group. The Group reviews financial information presented at a Group level. The Board, is therefore, the chief operating decision-maker for the Group. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

4. Revenue

	Six months to 30-Sep-18 (unaudited) *£'000*	Six months to 30-Sep-17 (unaudited) *£'000*	Year ended 31-Mar-18 (audited) *£'000*
Revenue			
- Revenue*	46,326	34,514	72,411
- Performance fee revenue	-	58	4,450

Total Revenue	**46,326**	**34,572**	**76,861**

Revenue from earnings includes:

1. Investment management on unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts, net of rebates and commissions paid;
2. Performance fees on unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts;
3. Fixed administration fees on unit trusts and open-ended investment companies sub-funds;
4. Net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts);
5. Net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies sub-funds;
6. Box profits on unit trusts; and
7. Foreign currency gains and losses.

The cost of sales includes:

1. Operating expenses (including but not limited to keeping a record of investor holdings, paying income, sending annual and interim reports, valuing fund assets and calculating prices, maintaining fund accounting records, depositary and trustee oversight and auditors;
2. Sales commission paid or payable; and
3. External investment advisory fees paid or payable.

*Following the implementation of IFRS 15 on 1 April 2018 Management Fees are now shown gross, with rebates and commissions disclosed in Cost of Sales.

5. Administration expenses

	Six months to 30-Sep-18 (unaudited)	Six months to 30-Sep-17 (unaudited)	Year ended 31-Mar-18 (audited)
	£'000	*£'000*	*£'000*
Employee related expenses			
Director and employee costs	5,001	3,905	9,721
Pension costs	277	318	585
Share incentivisation expense	1,003	1,677	2,929
DBVAP expense[1]	3,309	505	805
Severance compensation	15	1,469	430
	9,605	**7,874**	**14,470**
Non employee related expenses			
Members' drawings charged as an expense	13,653	11,127	25,357
Members' share incentivisation expense	436	999	1,296
Member severance compensation	-	338	339
Professional services[2]	821	2,017	5,840
Depreciation and Intangible asset amortisation	1,090	1,403	2,481
Other administration expenses	7,711	7,199	13,667
Total administration expenses	**33,316**	**30,957**	**63,450**

[1] includes £2.4 million relating to 2015 DBVAP. The Remuneration Committee chose to settle this award with cash rather than using Liontrust shares held by the Liontrust Asset Management Employee Benefit Trust ("EBT"), so that the EBT holds onto Liontrust shares to reduce future dilution on awards under the Liontrust Long Term Incentive Plan.

[2] includes costs relating to the consolidation of all outsourced fund services for our UK and Ireland ranges into one provider: Bank of New York Mellon (International) Limited.

6. Adjusted profit before tax

Adjusted profit before tax is reconciled in the table below:

	Six months to 30-Sep-18 (unaudited)	Six months to 30-Sep-17 (unaudited) (restated)	Year ended 31-Mar-18 (audited)
	£'000	*£'000*	*£'000*
Profit for the period	5,928	2,184	8,723
Taxation	1,892	954	3,590
Profit before tax	7,820	3,138	12,313
Share incentivisation expense	1,439	2,676	4,225
Other comprehensive income	-	-	33
DBVAP expense[1]	3,309	505	805
Contingent consideration on ATI acquisition	44	456	912
Severance compensation	15	1,807	769
Professional services[2]	821	2,017	5,840
Depreciation, Intangible asset amortisation and impairment	1,090	1,403	2,481
Adjustments	6,718	8,864	15,065
Adjusted profit before tax	**14,538**	**12,002**	**27,378**
Interest receivable	(3)	(2)	(3)
Adjusted operating profit	**14,535**	**12,000**	**27,375**
Adjusted basic earnings per share	23.47	19.77	45.14
Adjusted diluted earnings per share	22.62	19.17	42.67

[1] includes £2.4 million relating to 2015 DBVAP. The Remuneration Committee chose to settle this award with cash rather than using Liontrust shares held by the Liontrust Asset Management Employee Benefit Trust ("EBT"), so that the EBT holds onto Liontrust shares to reduce future dilution on awards under the Liontrust Long Term Incentive Plan.
[2] Includes costs relating to the consolidation of all outsourced fund services for our UK and Ireland ranges into one provider: Bank of New York Mellon (International) Limited.

7. Taxation

The half yearly tax charge has been calculated at the estimated full year effective UK corporation tax rate of 19% (2017: 19%).

8. Earnings per share

The calculation of basic earnings per share is based on profit after taxation and the weighted average number of Ordinary Shares in issue for each period. The weighted average number of Ordinary Shares for the six months ended 30 September 2018 was 50,180,286 (30 September 2017: 49,168,235, 31 March 2018: 49,125,724). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share is calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary Shares for the effect of options to subscribe for new Ordinary Shares that were in existence during the six months ended 30 September 2018. The adjusted weighted average number of Ordinary Shares so calculated for the period was 52,061,284

(30 September 2017: 50,719,938, 31 March 2018: 51,977,398). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	30-Sep-18	30-Sep-17	31-Mar-18
Weighted average number of Ordinary Shares	50,180,286	49,168,235	49,125,724
Weighted average number of dilutive Ordinary shares under option:			
- to Liontrust Long Term Incentive Plan	1,704,393	1,173,750	1,463,856
- to the DBVAP	176,605	377,953	372,620
- shares related to the ATI acquisition	-	-	1,015,198
Adjusted weighted average number of Ordinary Shares	52,061,284	50,719,938	51,977,398

9. Intangible assets

Intangible assets represent investment management contracts that have been capitalised upon acquisition and are amortised on a straight-line basis over a period of 5 years or 10 years depending on the type of contracts acquired. The intangible asset on the balance sheet represents investment management contracts as follows:

	30-Sep-18 *£'000*	30-Sep-17 *£'000*	31-Mar-18 *£'000*
Investment management contracts acquired from Argonaut	2,314	3,130	2,721
Investment management contracts acquired from ATI	10,200	11,400	10,800
	12,514	14,530	13,521

10. Restatement

As detailed in Note 13 of the 2018 Annual Report and accounts - Acquisition of Alliance Trust Investments Limited.

There is an additional contingent consideration that may become payable if, on the second anniversary of the completion date, the average assets under management managed by the Sustainable Investment team (the investment team acquired pursuant to the Acquisition) for the 3 month period prior to this date is in excess of £3 billion then the Group will pay an additional £3,000,000 in cash to AT Plc.

Based on facts and circumstances known at the previous interim accounting date (30 September 2017) the fair value of the contingent consideration was assessed as nil and and no liability recorded. Prior to the year end, with the assets under management having grown considerably, the fair value of this liability was reassessed. Based on the assessment, it was identified that at acquisition date, certain conditions existed which were not previously considered when assessing the fair value of the liability.

Following the completion of the acquisition, the positive fund flows were significantly higher than initially expected. The perception of corporate instability surrounding AT Plc and to what extent it would suppress demand for ATI's retails funds had not been fully considered. UK investment consumer demand for 'Sustainable' investments had been underestimated.

These two factors were considered in the re-evaluation of whether a liability should be recognised on acquisition date. Based on a probability assessment model a measurement period adjustment was recorded at a discounted value of £2,000,000 (£2,175,000 undiscounted value) which increased the Goodwill by a corresponding amount. Further, £175,000 is expected to be recorded over a period of 2 years through the Statement of Comprehensive Income to account for the difference between the discounted and undiscounted values. Further, the balance of £825,000 is recorded through the Statement of Comprehensive Income to reflect that the entire £3,000,000 will be payable.

Goodwill on acquisition is allocated to the Sustainable funds cash generating unit ('CGU'). An assessment was made in relation to impairment of the Goodwill where the recoverable amount was calculated using an earnings model which used key assumptions such as growth rate and discount rate. A reasonably possible change in these assumptions would not result in an impairment.

11. Financial Assets

The Group holds financial assets that have been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs into measuring the fair value. These levels are based on the degree to which the fair value is observable and are defined as follows:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at the balance sheet date all financial assets are categorised as Level 1.

Financial assets are classified as held at fair value through profit or loss if their carrying amounts will be recovered through continuing use. These financial assets consist of units held in the Group's collective investment schemes as part of a 'manager's box (as detailed below), assets held by the EBT in respect of the Liontrust DBVAP and assets held in Liontrust Global Funds plc to assist administration.

The Group holds the following assets at fair value through profit or loss:
For the UK Authorised unit trusts, the units held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The units in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis.

For the UK ICVC's, the shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The shares in the 'manager's box' are accounted for on a trade date basis. These shares are valued on a mid-price basis.

Units in Liontrust UK Authorised unit trusts, shares in the sub funds of the Liontrust Global Funds Plc and shares in the Liontrust ICVCs are held by the Liontrust EBT in respect of The DVBAP, the units and shares are accounted for on a trade date basis. The holdings are valued on a mid or bid basis.

12. Related party transactions

During the six months to 30 September 2018 the Group received fees from unit trusts under management of £27,428,000 (2017: £22,371,000). Transactions with these unit trusts comprised creations of £659,174,000 (2017: £384,521,000) and liquidations of £284,888,000 (2017: £181,329,000). Directors can invest in unit trusts managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 30 September 2018 the Group owed the unit trusts £105,270,000 (2017: £28,149,000) in respect of unit trust creations and was owed £105,172,000 (2017: £27,360,000) in respect of unit trust cancellations and fees.

During the six months to 30 September 2018 the Group received fees from ICVC's under management of £6,863,000 (2017: £5,284,000). Transactions with these ICVC's comprised creations of £400,039,000 (2017: £542,208,000) and liquidations of £87,615,000 (2017: £243,365,000). Directors can invest in ICVC's managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 30 September 2018 the Group owed the ICVC's £20,496,000 (2017: £13,859,000) in respect of creations and was owed £20,045,000 (2017: £14,009,000) in respect of cancellations and fees.

During the six months to 30 September 2018 the Group received fees from offshore funds under management of £1,236,000 (2017: £1,087,000). Transactions with these funds comprised purchases of £323,000 (2017: £0) and sales of £106,000 (2017: £54,000). As at 30 September 2018 the Group was owed £254,000 (2017: £177,000) in respect of management fees.

During the six months to 30 September 2018 remuneration paid to key decision makers (the Executive Directors) was £338,000 (2017: £338,000).

13. Key risks

The Directors have identified the risks and uncertainties that affect the Group's business and believe that they will be substantially the same for the second half of the year as the current risks as identified in the 2018 Annual Report. These can be broken down into risks that are within the management's influence and risks that are outside it.

Risks that are within management's influence include areas such as the expansion of the business, prolonged periods of under-performance, loss of key personnel, human error, poor communication and service leading to reputational damage and fraud.

Risks outside the management's influence include falling markets, terrorism, a deteriorating UK economy, investment industry price competition and hostile takeovers.

Management monitor all risks to the business, they record how each risk is mitigated and have warning flags to identify increased risk levels. Management recognise the importance of risk management and view it as an integral part of the management process which is tied into the business model and is described further in the Risk management and internal control section on page 47 of the 2018 Annual Report and Note 2 "Financial risk management" on page 87 of the 2018 Annual Report.

14. Contingent assets and liabilities

The Group can earn performance fees on some of the segregated and fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable or offset against future underperformance on that account. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element (if any) deferred beyond 30 September 2018 has not been recognised in the results for the year.

There were no contingent liabilities.

15. Directors' responsibilities

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the Half Yearly Report herein includes a fair review of the information required by DTR 4.2.7, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and DTR 4.2.8, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of the Group in the past six months of the current financial year.

By Order of the Board

John Ions	Vinay Abrol
Chief Executive	**Chief Operating Officer and Chief Financial Officer**

20 November 2018

Forward Looking Statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of the Group. 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 factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

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