25 September 2014

MITON GROUP PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Miton Group plc ('Miton' or 'the Group'; ticker: MGR), the AIM quoted fund management group, today announces its half year results for the six months ended 30 June 2014.

Financial Highlights

- Net revenues increased by 60% to £9.6m (2013: £6.0m) which includes the benefit of a full first half year from PSigma.
- Adjusted Profit before Tax increased by 89% to £3.4m (2013: £1.8m) reflecting the benefits of operational gearing.
- Loss before Tax of £10.0m is after charging non-recurring costs of £12.5m which includes a £12.0m loss on the sale of the Liverpool business. This arises from the elimination of £16.0m of goodwill and intangible assets. Consequently intangible assets on the balance sheet have fallen from £10.1m to £0.8m during the period.
- Adjusted earnings per share* increased by 58% to 1.68p (2013: 1.06p).
- Assets under Management ('AuM') reduced to £2.64bn (30 June 2013: £2.02bn; 31 December 2013: £3.10bn) following the sale of Miton Capital Partners Limited ('MCPL' or 'Liverpool') on 31 March 2014 which reduced AuM by £0.44bn.

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- £212m of net inflows into equity funds more than offset £183m of net outflows from our defensively positioned multi-asset funds. The former included an additional £50m from a 'C' share issue in June for The Diverse Income Trust plc taking its net assets above £300m.
- Total cash balance of £16.2m as at 30 June 2014 (31 December 2013: £11.2m).

Business Highlights

- Acquisition of Darwin Investment Managers Limited ('Darwin'), majority owned by David Jane, completed on 12 September 2014 including the PFS Darwin Multi-Asset Fund (£47m).
- New multi-asset management team led by David Jane has led to improving performance and mitigating outflows. In time it is expected that this part of our business will return to growth.
- Full scope authorisation from the FCA to act as an Alternative Investment Fund Manager ('AIFM').
- Consolidation at a unified location in the City of London with the associated operational benefits.
- In September 2014 Charles Stanley plc announced that it had agreed to sell the management contract for the FP Matterley Undervalued Assets Fund to Miton. This will strengthen Miton's UK Value Opportunities Fund which is managed by George Godber and Georgina Hamilton. This is one of our most promising areas of potential growth in the second half.

Ian Dighé, Executive Chairman of Miton Group, commented: "We have addressed challenges in the first half and our business remains strong. The Group's distinctive market position, along with our demonstrable operational strengths, highly regarded fund managers and performance culture put us in a strong position to grow AuM over the coming years."

*Adjusted earnings per share is based on Adjusted Profit and excludes charges for amortisation and exceptional items.

There will be a presentation to analysts at 9.30am today at the Peel Hunt Offices, Moor House, 120 London Wall, EC2Y 5ET.To register your attendance please contact Lorena Sanchez at MHP Communications on 0203 128 8560 or lorena.sanchez@mhpc.com.

For further information, please contact:

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Notes to Editors

Miton Group plc (Miton) is an AIM-quoted leading specialist fund manager, incorporating Miton, PSigma and Darwin fund brands managed by Miton Asset Management Ltd, PSigma Unit Trust Managers Ltd, PSigma Asset Management Ltd and Darwin Investment Managers Limited: all of which are wholly owned subsidiaries within the Group.

Under the leadership of Gervais Williams, Managing Director and Fund Manager, the Group's fund management teams have a wealth of experience and are recognised for their innovative investment processes and performance. They invest in their own funds and are significant shareholders in the Group. Miton is based in the City of London.

www.mitongroup.com

Chairman's Statement

Ian Dighé, Executive Chairman of Miton Group, commented:

Adjusted Profit before Tax in the first half increased from £1.8m to £3.4m, as the benefits of year-on-year AuM growth combined with operational gearing came through. The Group ended the half year with £16.2m of cash balances, which approximates to 10p per share.

At the end of the half year AuM stood at £2.64bn. There were £183m of net outflows from our defensively positioned multi-asset funds over the period, but these were more than offset by £212m of net inflows into our range of equity funds. Also £438m of AuM was sold on 31 March 2014 as a result of the disposal of Miton Capital Partners Limited, for which we received £4m of initial consideration in the first half.

Subsequent to Martin Gray's resignation from Miton in June, it was decided to move our Reading operations to London. The Group now has all the operational benefits of a single unified location in the City.

Following the half year end, there have been some further outflows from our defensively positioned multi-asset funds given the relatively firm markets and change of fund manager. However the coincident appointment of David Jane and two colleagues from Darwin Investment Managers Limited (Darwin) has been well received by clients. Service levels remain strong and the asset values of the multi-asset funds have started appreciating in recent months. In time we anticipate that renewed inflows into these funds will more than offset any further outflows, so this part of our business will return to growth.

At the end of the year Bill Mott, who joined us with the PSigma acquisition last year, will retire. This news has led to some redemptions within the PSigma Income fund in the first months of the second half. However we anticipate further inflows elsewhere, most particularly into the CF Miton UK Value Opportunities Fund now that this fund has grown beyond £100m in AuM. Organic growth will be supplemented with the purchase of the management contract for the FP Matterley Undervalued Assets Fund, which currently has £91m in AuM from Charles Stanley plc. In addition, the completion of the acquisition of Darwin on 12 September 2014 provides an additional £47m of AuM.

We are delighted to welcome two additional Non-executive Directors who were appointed in January and May respectively. Jim Davies was previously founder and Managing Partner of national law firm DWF LLP. Alan Walton was formerly a corporate finance partner of Deloitte specialising in financial services. I am particularly grateful for the contribution they have already made.

We have addressed challenges in the first half and our business remains strong. The enhanced operational capabilities of the Group were underlined in July when we received full scope authorisation from the FCA to act as an Alternative Investment Fund Manager (AIFM) for our clients. The Group's distinctive market position, along with our demonstrable operational strengths, highly-regarded fund managers and performance culture put us in a strong position to grow AuM over the coming years.

Ian Dighé
Executive Chairman
24 September 2014

Financial Review

Assets under Management

On 30 June 2014 assets under management (AuM) were £2.64bn (30 June 2013: £2.02bn; 31 December 2013: £3.10bn) following the sale of Miton Capital Partners Limited ('MCPL' or 'Liverpool') on 31 March 2014 which resulted in AuM reducing by £438m as shown in the summary below.

Fund Flows Summary

	Audited Opening AuM 1 January 2014 £m	Inflows £m	Outflows £m	Net flows £m	Other (including market) £m	MCPL sale on 31 March 2014 £m	Unaudited closing AuM 30 June 2014 £m
Equity funds	907	365	(203)	162	17	–	1,086
Multi-asset funds	1,373	75	(258)	(183)	(54)	(288)	848
Total funds	2,280	440	(461)	(21)	(37)	(288)	1,934
Investment trusts	380	50	–	50	(6)	(56)	368
Other	438	–	–	–	(3)	(94)	341
Total	3,098	490	(461)	29	(46)	(438)	2,643

Revenue

Net revenue increased from £6.0m in H1 2013 to £9.6m in H1 2014. The average net revenue margin for the first half was 65bp compared with 63bp for H1 2013 as the more recently launched funds have matured.

Costs

With the growth of the Group over the last year and the substantial upgrade of our operating capabilities, administration expenses increased to £5.8m in the period from £3.9m in H1 2013. The changes have included:

- expansion of the fund range and fund management team
- development of sales and marketing functions
- evolution of our investment trust and AIFM resources
- implementation of a new Bloomberg portfolio management system and associated operations
- enhanced risk management processes and procedures
- upgraded compliance and HR functions

The Group now has a highly effective platform for growth.

Disposal

The MCPL sale resulted in an exceptional loss of £12.0m (£10.3m after taking into account a deferred tax credit of £1.7m). Notes 4 and 5 provide more detail of the loss which is largely due to the non-cash write-offs of goodwill (£7.6m) and intangible assets (£8.4m). For intangible assets there now only remains £0.8m to be amortised over the next two years. This is already evident in the lower amortisation charge for the period of £0.9m compared with £1.5m in H1 2013.

For the three months ended 31 March 2014, the funds managed from Liverpool generated net revenue of £701,000 and there were attributable costs before tax and amortisation of £448,000.

Other non-recurring costs

The other two non-recurring exceptional items during the period relate to:

i) the introduction of the Miton Growth Share Plan (£0.3m), the first growth shares for which were issued to fund managers in January; and

ii) changes to the multi-asset fund management team and acquisition of Darwin Investment Managers Limited (£0.2m) referred to in the Chairman's Statement.

Adjusted Profit before Tax

Adjusted Profit before Tax of £3.4m for the period increased significantly, compared with £1.8m in H1 2013, benefiting from the Group's operational gearing.

Reconciliation of Adjusted Profit before Tax

		Six months to 30 June 2014	Six months to 30 June 2013	Year to 31 December 2013
	£m	£m	£m	£m
Net revenues		9.6	6.0	15.0
Administration expenses		(5.8)	(3.9)	(9.6)
Share-based payment charge		(0.4)	(0.3)	(0.7)
Adjusted Profit before tax[1]		3.4	1.8	4.7
Amortisation		(0.9)	(1.5)	(3.0)
Exceptional non-recurring items[2]		(12.5)	–	(1.0)
Sale of MCPL	(12.0)			
Growth Share Plan	(0.3)			
Darwin acquisition	(0.2)			
(Loss)/Profit before Tax		(10.0)	0.3	0.7

[1]Adjusted Profit before tax is before amortisation, exceptional items and taxation.
[2]See Note 4 in Notes to the Consolidated Financial Statements.

Earnings per Share

Adjusted earnings per share for the period was 1.68p: an increase of 58% over 1.06p for H1 2013. Basic earnings per share of (6.20)p (H1 2013: 0.22p) were impacted by the exceptional non-recurring costs relating to the sale of MCPL, the implementation of the Growth Share Plan and the acquisition of Darwin.

Cash

At 30 June 2014 cash balances had increased to £16.2m compared with £11.2m at the start of the year, helped by proceeds from the MCPL sale. After making deductions for regulatory capital requirements, the creditors reserve and other provisions, the Group's free cash as at 30 June 2014 was £8.9m. The creditors reserve of £3.4m arose from the capital reduction in 2013 and will no longer need to be held on the balance sheet after 2015.

Unaudited Consolidated Statement of Comprehensive Income

for the period ended 30 June 2014

	Notes	Unaudited Six months to 30 June 2014 £000	Unaudited Six months to 30 June 2013 £000	Audited Year to 31 December 2013 £000
Revenue		15,253	11,757	27,999
Fees and commission expense		(5,655)	(5,727)	(13,040)
Net revenue		9,598	6,030	14,959
Administration expenses		(5,804)	(3,887)	(9,594)
Share-based payment charge	10	(392)	(311)	(683)
Amortisation of intangible assets		(895)	(1,487)	(2,974)
Operating profit before exceptional items		2,507	345	1,708
Exceptional items*	4	(12,540)	-	(1,051)
Operating (loss)/profit after exceptional items		(10,033)	345	657
Finance revenue		22	25	44
(Loss)/Profit for the period before tax		(10,011)	370	701
Taxation	5	979	(75)	7
(Loss)/Profit from operations for the period after tax		(9,032)	295	708
		pence	pence	pence
Earnings per share: basic and diluted	6	(6.20)	0.22	0.51

*The exceptional items largely relate to the non-cash write-off of goodwill and intangible assets following the sale of MCPL.

No other comprehensive income was recognised during 2014 or 2013, therefore the profit or loss is also the total comprehensive income. All items in the above statement derive from continuing operations.

Unaudited Consolidated Statement of Changes in Equity

for the period ended 30 June 2014

	Share Capital £000	Share Premium £000	MEI Treasury Shares £000	Capital Redemption Reserve £000	Creditors Reserve £000	Retained Earnings £000	Total £000
At 1 January 2014	164	–	(6,294)	–	3,799	62,464	60,133
(Loss) for the period	–	–	–	–	–	(9,032)	(9,032)
Shares issued on exercise of options	2	651	–	–	–	(322)	331
Share-based payment charge	–	–	–	–	–	392	392
Deferred tax direct to equity	–	–	–	–	–	(922)	(922)
Reduction in creditors reserve	–	–	–	–	(404)	404	–
Dividend	–	–	–	–	–	(782)	(782)
At 30 June 2014	166	651	(6,294)	–	3,395	52,202	50,120
At 1 January 2013	148	24,594	(4,694)	11,562	–	24,678	56,288
Profit for the period	–	–	–	–	–	295	295
Shares purchased for MEI	–	–	(500)	–	–	–	(500)
Shares issued on exercise of options	1	261	–	–	–	(158)	104
Share-based payment charge	–	–	–	–	–	311	311
Deferred tax direct to equity	–	–	–	–	–	(70)	(70)
Dividend	–	–	–	–	–	(596)	(596)
At 30 June 2013	149	24,855	(5,194)	11,562	–	24,460	55,832
At 1 January 2013	148	24,594	(4,694)	11,562	–	24,678	56,288
Profit for the year	–	–	–	–	–	708	708
Shares purchased for MEI	–	–	(1,600)	–	–	–	(1,600)
Shares issued on placing	7	2,308	–	–	–	–	2,315
Shares issued on acquisition of PSigma	5	1,495	–	–	–	–	1,500
Shares issued on exercise of options	4	1,325	–	–	–	(1,059)	270
Share-based payment charge	–	–	–	–	–	683	683
Deferred tax direct to equity	–	–	–	–	–	565	565
Creation of creditors reserve	–	–	–	–	3,799	(3,799)	–
Capital reduction	–	(29,722)	–	(11,562)	–	41,284	–
Dividend	–	–	–	–	–	(596)	(596)
At 31 December 2013	164	–	(6,294)	–	3,799	62,464	60,133

Unaudited Consolidated Statement of Financial Position

as at 30 June 2014

	Notes	Unaudited as at 30 June 2014 £000	Unaudited as at 30 June 2013 £000	Audited as at 31 December 2013 £000
Non-current assets				
Goodwill		39,385	34,544	46,996
Intangible assets		798	11,581	10,111
Property and equipment		273	91	253
		40,456	46,216	57,360
Current assets				
Trade and other receivables		4,385	1,477	3,646
Cash and cash equivalents	7	16,153	12,481	11,211
		20,538	13,958	14,857
Total assets		60,994	60,174	72,217
Current liabilities				
Trade and other payables		6,284	1,403	6,414
Income tax payable		734	600	418
Provisions	8	106	226	518
		7,124	2,229	7,350
Non-current liabilities				
Other payables		3,750	–	3,750
Deferred tax liabilities		–	2,113	984
		3,750	2,113	4,734
Total liabilities		10,874	4,342	12,084
Net assets		50,120	55,832	60,133
Equity				
Share capital	9	166	149	164
Share premium		651	24,855	–
MEI treasury shares		(6,294)	(5,194)	(6,294)
Capital redemption reserve		–	11,562	–
Creditors reserve		3,395	–	3,799
Retained earnings		52,202	24,460	62,464
Total equity		50,120	55,832	60,133

Unaudited Consolidated Statement of Cash Flows

for the period ended 30 June 2014

	Notes	Unaudited Six months to 30 June 2014 £000	Unaudited Six months to 30 June 2013 £000	Audited Year to 31 December 2013 £000
Operating activities				
(Loss)/Profit before Tax for the period		(10,011)	370	701
Adjustments to reconcile (Loss)/profit to net cash flow				
from operating activities:				
Net finance revenue		(22)	(25)	(44)
Depreciation		47	23	74
Amortisation of intangible assets		895	1,487	2,974
Share-based payment charge		392	311	683
Intangible assets written off on disposal of MCPL	4	16,029	–	–
Consideration receivable on disposal of MCPL		(4,150)	–	–
(Increase)/decrease in trade and other receivables		(920)	162	1,696
Increase/(decrease) in trade and other payables		52	(267)	(915)
(Decrease)/increase in provisions	8	(412)	(4)	288
Cash generated from operations		1,900	2,057	5,457
Income tax paid		(445)	(539)	(1,131)
Net cash flow from operating activities		(1,455)	1,518	4,326
Investing activities				
Interest received		22	25	44
Purchase of property and equipment		(81)	(21)	(233)
Purchase of intangible assets		–	–	(17)
Acquisition of PSigma		–	–	(5,250)
Consideration received on disposal of MCPL		4,000	–	–
Net cash flow from investing activities		3,941	4	(5,456)
Financing activities				
Purchase of treasury shares		–	(500)	(1,600)
Proceeds from share issue		328	104	2,586
Dividend paid	3	(782)	(596)	(596)
Net cash flow from financing activities		(454)	(992)	390
Increase in cash and cash equivalents		4,942	530	(740)
Cash and cash equivalents at the beginning of the period		11,211	11,951	11,951
Cash and cash equivalents at the end of the period	7	16,153	12,481	11,211

Notes to the Consolidated Financial Statements

For the period ended 30 June 2014

1. Basis of accounting

These interim condensed and consolidated financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. They have been prepared on the basis of the accounting policies as set out in the Group's Annual Report for the year ended 31 December 2013.

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

The accounting policies applied in these interim financial statements are consistent with those applied in the Group's most recent annual financial statements, except for the adoption of new standards and interpretations effective as of 1 January 2014 as listed below. None of these will have a material impact on the Group's financial statements in the period of initial application.

		Effective date
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014

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.

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

The Group's 2013 Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and is available on the Miton Group plc website (www.mitongroup.com).

These unaudited financial statements were approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 24 September 2014.

The full year accounts to 31 December 2013 were approved by the Board of Directors on 21 March 2014 and have been delivered to the Registrar of Companies. The report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. The figures for the six months ended 30 June 2014 and the six months ended 30 June 2013 have not been audited.

2. Segmental information

The Group operates as one business segment, Fund Management, which offers a number of fund management products through a variety of distribution channels. It therefore does not present information on different segments.

3. Dividend

The dividend for the year ended 31 December 2013 was paid on 15 May 2014, being 0.54p per share. The trustees of the Employee Benefit Trust waived their rights to this dividend, leading to a total distribution of £782,000, which is reflected in the Statement of Changes in Equity.

4. Exceptional Items

The following table lists three material non-recurring items which are disclosed as exceptional items in the Consolidated Statement of Comprehensive Income in order to provide clear representation of their nature.

	Notes	Six months to 30 June 2014 £000	Six months to 30 June 2014 £000	Six months to 30 June 2013 £000	Year to 31 December 2013 £000
Sale of Miton Capital Partners Limited (MCPL)					
Goodwill and intangible assets written off	(i)	16,029			
Disposal proceeds	(ii)	(6,150)			
Net assets of MCPL on disposal		2,000			
Legal and other fees		121			
Loss on sale of MCPL			12,000		
Introduction of Growth Share Plan	(iii)		343		
Changes to multi-asset fund management team and Darwin acquisition	(iv)		197		
Acquisition of PSigma					619
Group restructuring					432
Total exceptional items			12,540	–	1,051

i. The sale of MCPL (Liverpool business) is part of the Group's single operating segment or cash-generating unit, being Fund Management. Therefore the goodwill written off in relation to the sale of MCPL (£7.6m) has been calculated by applying that proportion of total Group net revenue which related to the business sold during the nine month period ending 31 March 2014 to the total goodwill balance at 31 March 2014. Intangible assets written off (£8.4m) are those directly relating to the business sold. The tax credit for the period referred to in Note 5 on page 20 includes a deferred tax credit of £1.7m relating to the write-off of intangible assets.

ii. Disposal proceeds include £650,000 received in July 2014 relating to a negotiated early settlement of deferred contingent consideration of up to £1m which was previously agreed as payable on the first and second anniversary of the completion of the sale of MCPL subject to the performance of AuM.

iii. Growth shares were issued for the first time under the Growth Share Plan on 14 January 2014. The costs of the introduction of the Miton Group plc Growth Share Plan comprise employer's National Insurance contributions of £220,000 and professional fees of £123,000.

iv. The costs relating to changes to the multi-asset fund management team and the acquisition of Darwin Investment Managers Limited comprise redundancy costs of £112,000 and professional fees of £85,000.

5. Taxation

	Six months to 30 June 2014 £000	Six months to 30 June 2013 £000	Year to 31 December 2013 £000
Current tax charge	844	500	909
Deferred tax credit	(139)	(425)	(916)
Deferred tax credit on write-off of intangible assets (note 4)	(1,684)	–	–
Tax (credit)/charge	(979)	75	(7)

6. Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. In calculating diluted earnings per share, IAS 33 Earnings Per Share requires that the profit/(loss) is divided by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of any potential dilutive ordinary shares that would be issued on their conversion to ordinary shares during the period. Diluted earnings per share, on both a Statutory and Adjusted basis, is not materially different from basic earnings per share.

(a) Statutory Earnings Per Share (EPS)

	Six months to 30 June 2014	Six months to 30 June 2013	Year to 31 December 2013
Net (loss)/profit attributable to ordinary equity holders of the parent for basic earnings (£000)	(9,032)	295	708
Shares in issue (No.000)	145,712	135,719	139,969
Basic and diluted EPS (pence)	(6.20)	0.22	0.51

(b) Adjusted Earnings Per Share (Adjusted EPS)

Adjusted EPS 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.

	Six months to 30 June 2014 £000	Six months to 30 June 2013 £000	Year to 31 December 2013 £000
(Loss)/profit for the period before taxation	(10,011)	370	701
Adjustments:			
Exceptional non-recurring items	12,540	–	1,051
Amortisation of intangible assets	895	1,487	2,974
Adjusted Profit	3,424	1,857	4,726
Taxation:			
Tax in the Statement of Comprehensive Income	979	(75)	7
Tax effect of adjustments	(1,948)	(349)	(791)
Adjusted Profit after Tax for the calculation of Adjusted Earnings Per Share	2,455	1,433	3,942

	Six months to 30 June 2014 pence	Six months to 30 June 2013 pence	Year to 31 December 2013 pence
Adjusted Earnings Per Share	1.68	1.06	2.82

7. Cash and cash equivalents

	30 June 2014 £000	30 June 2013 £000	31 December 2013 £000
Cash at bank and in hand	16,153	12,481	11,211
Included within the above are cash deposits held in a segregated account for the benefit of creditors following the capital reconstruction in December 2013	3,395	–	3,799

8. Provisions

	Restructuring £000	Fund Management £000	Total £000
At 1 January 2014	398	120	**518**
Provided	-	-	**-**
Utilised	(292)	(95)	**(387)**
Released	-	(25)	**(25)**
At 30 June 2014	**106**	**-**	**106**

At 1 January 2013	110	120	230
Utilised	(4)	-	(4)
At 30 June 2013	106	120	226

At 1 January 2013	110	120	230
Provided	322	-	322
Utilised	(24)	-	(24)
Released	(10)	-	(10)
At 31 December 2013	398	120	518

The remaining provisions at 30 June 2014 are expected to be settled by the end of 2014.

9. Share capital

Authorised:	30 June 2014 £000	30 June 2013 £000	31 December 2013 £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 2014	164,090	164
Issued on exercise of share options	1,855	2
At 30 June 2014	165,945	166

At 1 January 2013	148,328	148
Issued on exercise of share options	1,073	1
At 30 June 2013	149,401	149

At 1 January 2013	148,328	148
Issued on placing	7,470	7
Issued on acquisition of PSigma	4,838	5
Issued on exercise of share options	3,454	4
At 31 December 2013	164,090	164

10. Share-based payments

The fair value of the share incentives granted in the period to 30 June 2014 was £3.0m (2013: £nil). Of the total £392,000 (2013: £311,000) share-based payment charge in the period, £107,000 (2013: £nil) relates to incentives granted in the period.

The share incentives granted in the period relate wholly to growth shares in Miton Group Service Company Limited issued under the Miton Group plc Growth Share Plan with vesting periods of between three and five years. Participants are able to hold growth shares for up to 15 years following the date of issue. The fair value was calculated at the date of issue using a Monte Carlo simulation and adjusted discounted cash flow model using assumptions regarding volatility, growth in AuM, timing of exercise, employee exit and forfeiture rates and share price. As at the date of issue the fair value at grant date of £3m was allocated over the vesting periods referred to above.

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

11. Subsequent Events

The acquisition of PSigma Asset Management Holdings Limited

In July 2013 Miton Group plc announced the acquisition of the entire issued share capital of PSigma Asset Management Holdings Limited (PSigma) from Punter Southall Group Limited. The Tranche 1 deferred consideration payable in 2014 was originally agreed to be settled by the issue of new ordinary shares at a maximum undiscounted amount of £2,500,000. It has recently been agreed that this will be settled by a payment of £1,672,000 in cash and the issue of 3,320,000 Miton Group plc new ordinary shares.

The acquisition of Darwin Investment Managers Limited

On 9 June 2014 Miton Group plc announced the acquisition of the entire issued share capital of Darwin Investment Managers Limited (Darwin). The consideration comprises a mixture of cash and ordinary shares in Miton Group plc and will be between £1,350,000 and £2,050,000 dependent upon the growth of Darwin's assets under management and the value of Miton's multi-asset funds over two years. Following FCA approval, the acquisition completed on 12 September 2014 on which date initial cash consideration of £650,000 was paid and 1,655,424 new ordinary shares in Miton Group plc were issued.

FP Matterley Undervalued Assets Fund

On 4 September 2014 it was agreed that Miton Group plc would purchase the management contract of the FP Matterley Undervalued Assets Fund (£[91]m) from Charles Stanley plc.

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