RNS Announcement for 2013 results

24 March 2014

MITON GROUP PLC

FINAL RESULTS FOR YEAR ENDED 31 DECEMBER 2013

Miton Group plc, the AIM quoted fund management group, announces its annual results for the year ended 31 December 2013.

	2013 £m	2012 £m	%
Assets under Management as at 31 December	3,098	1,786	+73.5[(1)]
Average Assets under Management during period	2,446	1,726	+41.7
Net Revenue	15.0	11.6	+29.3
Adjusted Profit before tax[(2)]	4.7	3.9	+20.5
Profit before Tax[(3)]	0.7	0.9	- 22.2
Cash generated from operations	5.5	3.6	+52.8
Total Cash Balances as at 31 December	11.2	12.0	- 6.7

	pence	pence	%
Adjusted earnings per share[(4)]	2.82	2.47	+14.2
Basic earnings per share	0.51	0.80	-36.2
Proposed dividend per share	0.54	0.45	+20.0

Notes:
1. Organic growth of 31% supplemented by the acquisition of PSigma.
2. Adjusted Profit is calculated before the deduction of amortisation, exceptionals and taxation.
3. Profit before Tax includes exceptional operating expenses of £1.0m relating to the PSigma acquisition and consequent Group restructuring, but is stated before the deduction of taxation.
4. Adjusted earnings per share which excludes amortisation and exceptionals has increased by 14.2% despite a 4% increase in the weighted average number of shares during the year and after taking account of a tax adjustment relating to exceptional costs.

2013 Results

- Assets under Management (AuM) increased from £1.8bn to £3.1bn and includes:
  - net inflows of £351m into the Miton funds and investment trusts
  - £749m from the PSigma acquisition.

- Adjusted Profit increased by 20.5% in spite of planned step up in cost base to accelerate growth trajectory.

- Administrative costs, including share-based payments, increased by 33% to support growth, with annualised increase in personnel costs from a full year of new joiners in 2012 and further new staff hired in 2013, upgrading of systems and PSigma staff acquired for half of the year.

- Statutory profit before tax and earnings per share fell in 2013 owing to incidence of £1.0m of exceptional costs to include restructuring following acquisition of PSigma.

- Proposed 20% annual dividend increase to 0.54p per share (2012: 0.45p), reflects growth over the last year and the Board's confidence in the Group's future prospects.

Business Developments in 2013

- Two new Miton equity funds successfully launched during 2013, on top of another launched at the end of 2012. All three are now well above £50m of AuM

- Two investment trust mandate wins being Henderson Fledgling plc (£81m), which was merged with Diverse Income Trust plc during the year, and The Investment Company plc (£18m). Our investment trust portfolio has increased to four mandates with £380m AuM

- Moved into the mainstream UK equity income fund arena with the acquisition of PSigma at a time when the largest competitor funds have been losing market share

- Our fund management teams have been strengthened in US and UK equities through additional hires and the arrival of Bill Mott and his PSigma team

- Substantial step up in the scale of our sales and marketing across the UK under the leadership of Ian Chimes

- The PSigma acquisition has also brought experienced staff that have accelerated the implementation of operational improvements in trading, reporting and compliance systems across the Group

- Implemented a highly competitive fund manager retention plan to attract and retain market-leading talent

- Miton equity fund managers and many operational functions brought together in our new central London office

Ian Dighé, Executive Chairman said: "The sale of the Liverpool fund management business is expected to complete on 31 March 2014. The transaction both reduces our regulatory capital requirement and further boosts our free cash balances."

"Over the last three years the Group has decisively scaled up for growth with some of the most highly regarded people in the industry joining the group. 2013 saw a step up in interest in our 'Beyond the credit boom' investment strategies which delivered significant organic growth. As at 28 February 2014, total AuM stood at £3.2bn. We have made a good start to 2014 and therefore look forward to a year of further progress."

ENDS

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Chairman's Statement

Results and dividend

2013 was marked by a growing interest in our "Beyond the credit boom" investment strategies. We achieved significant organic AUM growth of 31%, during the year, including net inflows and investment trust mandate wins of £351m. Overall AuM rose from £1.8bn to £3.1bn in 2013, including the £749m that was added in July with the PSigma acquisition.

This AuM growth led to Adjusted Profit before tax increasing from £3.9m to £4.7m. The cash generated within the Group reflected the same trend, rising from £3.6m in 2012 to £5.5m in 2013. The Board is proposing to increase the annual dividend by 20% to 0.54p per share (2012: 0.45p), payable on 19 May 2014 to shareholders registered as at 4 April 2014. The increase reflects our growth over the last year and the Board's confidence in the Group's future prospects.

Planning for further growth

In the last 12 months Miton has decisively scaled up for further growth and we believe we now have some of the most highly regarded people in the industry leading our teams:

- Our team of fund managers is already well-regarded for its thought leadership and includes Gervais Williams, Martin Gray and now Bill Mott who joined the company with the PSigma acquisition.

- Ian Chimes has been promoted to Head of Sales and Marketing following the acquisition of PSigma in July. We have scaled up our client team further with the appointment of three new regional sales managers, providing a major sales and marketing operation that gives our clients nationwide coverage.

- David Barron leads our investment trust business and directs product strategy. Investment trusts are an area of the collective funds market where we intend to take advantage of what we perceive to be significant shifts in market sentiment.

- Piers Harrison, our Head of Operations and Risk Management, has overseen our Bloomberg software rollout across the Group. With the experienced staff who came with PSigma and new hires, we believe our operational platform is now comparable with the very best in the industry.

At the end of 2013 our equity fund managers moved into our new offices in Moorgate along with many of the support staff and those who joined with PSigma. We also introduced a fund manager retention scheme to help retain current teams and attract further talented managers going forward.

Board changes

David Barron joined the Board in the summer of 2013 as Director of Investment Trusts and Product Strategy. He was previously head of investment trusts at JP Morgan and has over 30 years' experience in the City.

In January 2014, we welcomed Jim Davies as new non-executive director. Jim was Managing Partner of law firm DWF LLP which he co-founded in 1977 and which has subsequently grown to be a national practice of 12 offices employing over 2,500 people.

Graham Hooper, Distribution Director, stepped down from the Board in January 2014. He initiated building a strong sales, marketing and distribution team that has lifted the trajectory of Miton's AUM growth. He leaves the Board with our gratitude and we wish him well for the future.

After nearly nine years as a non-executive director, Nick Hamilton has decided that it is the appropriate time for him to stand down as a director in November 2014. I would like to place on record my thanks for his work as Chairman of the Audit Committee and as Senior Independent Director during a period which has seen significant change within the business.

Post year end disposal

In January 2014 we announced the sale of the Liverpool fund management business which we expect to complete on 31 March 2014. Although this will initially lower AuM by £450m, the underlying growth momentum within Miton is continuing to drive up our profitability. In addition the transaction both reduces our regulatory capital requirement and boosts our free cash balances.

Outlook

The focus over the last three years has been to ensure that we are able to take on a growing number of clients. We believe the business is well positioned to take advantage of prevailing market conditions.

- Net inflows during 2013 were boosted by our multi-cap income funds (the Diverse Income Trust plc & CF Miton UK Multi Cap Income) which grew from £167m to £631m. Our decision to restrict flows to these funds to retain their investment integrity has further enhanced the credibility of the Miton brand in the minds of our clients.

- We are also pleased with the scale of client interest in the three new funds incubated during 2013, each of which is now comfortably over £50m of AuM. We believe they will continue to contribute to AuM growth in the coming year.

- Our multi-asset funds have continued to see some outflows, as they did during the second half of 2013. We continue to believe their defensive characteristics will make them attractive at times when clients fear a setback in markets.

- There is renewed client interest in the PSigma Income Fund, where the introduction of some of the Miton disciplines has greatly enhanced performance. In time this fund could be substantially larger since we still have a very modest share of the sizeable UK Equity Income sector where our distinctive strategies are becoming more relevant.

- With our experience, systems, people and Alternative Investment Fund Manager (AIFM) platform, we believe we are well placed to offer an outstanding investment trust management service.

- The fund management sector is becoming more unsettled. We believe Miton is increasingly attractive to highly-regarded fund managers who share our investment culture.

We have made a good start to 2014 and therefore look forward to another year of progress.

Ian Dighé
Chairman
21 March 2014

Business and Financial Review

Fund Flows

	AuM 1 Jan 2013 £m	PSigma acquisition £m	Inflows £m	Outflows £m	Net inflows £m	Other including markets £m	AuM 31 Dec 2013 £m
Funds	1,495	438	724	(543)	181	166	**2,280**
Investment Trusts	206	-	97	-	97	77	**380**
Other	85	311	-	-	-	42	**438**
Total	1,786	749	821	(543)	278	285	**3,098**

Review of the year

2013 has been another year of strong progress for Miton Group on a number of fronts including:
- strong organic growth of our funds and investment trusts;
- an accretive corporate acquisition;
- introduction of a new fund manager retention scheme;
- unification of the Midas and Acuim funds under the Miton brand;
- implementation of a new group-wide Bloomberg system;
- move to a larger London office;
- recruitment of new staff and the adoption of a new governance framework.

PSigma Asset Management Holdings Limited (PSigma)
PSigma was acquired in July 2013, and is now fully integrated into Miton. Bill Mott, Ian Chimes and their team are now operating from our new London office. Ian Chimes is Head of Sales & Marketing for the Group and other experienced PSigma staff have roles in operations, compliance and marketing.

The benefits of the acquisition that we foresaw at the time of the transaction have begun to be realised:
1. Similar investment philosophy: the advantages of the PSigma Income strategy are becoming more recognised
2. Market positioning: the PSigma Income Fund has an investment universe which is complementary to that of the existing Miton UK equity income franchise
3. Financial impact: we have already begun to see the benefits of the acquisition in our results.

The total consideration for the acquisition will be between £6.75m and £13m, dependent upon the scale of PSigma's assets under management retained in June 2014 and 2015. The initial consideration of £6.75m was paid in July 2013. On current AuM and fund flows we expect the first instalment of deferred consideration due in July 2014 to be close to the maximum under the agreement. A second instalment is due in July 2015. At the time of the transaction on 5 July 2013, the PSigma AuM acquired was £749m and on 31 December 2013 it was £736m.

Organic Growth

In total, Miton's assets under management increased by 73.5% during 2013. Once an adjustment is made for the PSigma acquisition, organic growth amounted to 31.5%. This largely resulted from three main areas:

1. UK Multi Cap Income fund: increasing from £49m to £370m.
2. The Diverse Income Trust portfolio increasing from £119m to £261m.
3. The launches in March 2013 of the US Opportunities fund and the UK Value Opportunities fund, together with the growth since launch in December 2012 of the UK Smaller Companies fund: all three of which are now above £50m.
4. The overall AuM growth was offset somewhat by £150m of net outflows from our defensive multi-asset funds.

Investors, wealth managers and other intermediaries have recognised that our funds offer diversified portfolios, low volatility and good performance.

Miton Group plc Growth Share Plan

We are committed to attracting and retaining market leading talent over the long-term. Following shareholder approval in November 2013 we have implemented a new fund manager retention scheme. It enables fund managers to share directly in the value generated by the growth in profit and assets under management for which they are responsible.

Governance Structure

Since the year end the Board has approved changes to the corporate governance structure which are being implemented over the first half of 2014. As noted in the Half Year Report, we have established an intermediate holding company, Miton Group Service Company Limited (MGSC). During the first half of 2014 we applied to the FCA to become an Alternative Investment Fund Manager. The terms of reference of the Risk Management Committee have been revised. A new Product Strategy Committee has been established and committees for Operations and Fair Value Pricing have been adopted on a Group basis. In due course MGSC will act as the central service company for the Group.

New Systems

After a phase of planning and specification in the first half of 2013, the roll out of the new Bloomberg AIM system occurred in the second half with appropriate staff training being carried out. The main benefits of the new system include enhanced functionality for fund managers, consolidated reporting, automatic pre and post trade compliance and other risk management controls. A new accounting system was implemented with effect from 1 January 2014 and will provide more sophisticated functionality for reporting and analysis.

Recruitment

Miton has developed significantly over the last 12 months which in large part is due to the influx of new talent, skills and experience. During 2013 we welcomed a total of 15 new employees to Miton, including eight from PSigma, in almost all areas of the business including fund management, operations, compliance, sales and marketing. Early in 2014, we have had new joiners in sales, finance and risk management.

New office

Our new head office at 51 Moorgate in the City of London accommodates our equity fund management team and support functions. Together with the new systems and governance framework mentioned above, the business is well placed to develop our product range and grow AuM.

Miton Capital Partners Limited (MCPL) / Liverpool

Over the last three years performance of the funds managed in our Liverpool office has improved and net outflows have reduced. However, last year we received an unsolicited offer for the business and consequently reviewed our plans in detail. As a result, in January 2014 we announced the proposed sale of the Liverpool fund management business (MCPL) which is due to complete on 31 March 2014. The transaction will reduce the Group's regulatory capital requirement, increase our cash balances by £3.5m and by up to a further £1m of deferred consideration over a two year period. The disposal will enable us to focus on our complementary equity and multi asset fund specialisations.

Progress on Priorities

We provide an update on the progress made in 2013 on those priorities identified in last year's annual report:

- **Clearly and effectively promote the Miton investment philosophy**
  - The strong progress with organic growth in 2013 is in part due to the ongoing success of our various communication activities.
  - Miton's investment philosophy and details of our specific funds are promoted via the trade press, broadcast media, publications, our Group website and not least through meetings with financial advisers, private wealth managers and directly with investors.
  - As a result we have raised Miton's profile and have gained market share.

- **Stem the outflow of funds from the OEICs managed by our Liverpool office**
  - Although the net outflows from our Liverpool office reduced during 2013, we have accepted an offer for the business.
  - We concluded that the sale would be in Miton's best interest to allow us to focus on, and invest in, our most distinctive equity and multi asset specialisations.

- **Increase our fund range so our strategies are matched to a wider range of clients' needs / launch new funds managed by our new teams**
  - In 2013 we launched two new equity funds which have been well received by investors and are both currently above £50m.
  - We have also grown the UK Smaller Companies fund launched in December 2012 to over £100m in the first quarter of 2014.
  - We have added three complementary funds as part of the PSigma acquisition.

- **Upgrade our group-wide fund management software systems to scale up our capacity to manage additional portfolios**
  - The implementation of the new Bloomberg AIM system enhances the functionality available to fund managers and the nature of the control and reporting environment managed by our compliance and risk teams.

- **Continue to bring in talented and enthusiastic staff to increase our effectiveness as a company to deliver excellent customer service in every aspect of our business**
  - As noted above, we welcomed 15 new joiners in 2013.
  - In November 2013 shareholders approved the introduction of the Miton Group plc Growth Share Plan (the Plan) as a retention and incentive scheme for fund managers. The Plan allows successful participants to share in the growth of the relevant profit and assets under management for which they are responsible. Not only will the Plan help to retain our existing fund management team but will also help to attract new talented fund managers to Miton.

- **to improve our engagement through new media so we can widen the understanding and appreciation of how our clients' funds are positioned as market conditions evolve**

  - We have actively increased our effective engagement with new media.

Financial Review

The summary below shows Adjusted Profit before exceptionals, amortisation and tax increasing by 20.5% to £4.7m from £3.9m in 2012.

	2013 £m	**2012 £m**
Net revenue	15.0	11.6
Administrative expenses	(9.6)	(7.0)
Share based payments	(0.7)	(0.7)
Adjusted Profit	**4.7**	**3.9**
Exceptional charges	(1.0)	–
Amortisation	(3.0)	(3.0)
Profit before Tax	**0.7**	**0.9**

Income Statement
Average AuM during 2013 increased by 41.7% to £2,446m. Net Revenue increased by 29.3% to £15.0m. The average revenue margin reduced from 67bp to 61bp as a result of the lower average margin relating to the PSigma business and a growing proportion of AuM attributable to smaller funds on lower initial margins.

Administrative expenses increased by 37.1% to £9.6m in three main areas:
1. the acquisition of PSigma half-way through the year;
2. personnel costs included a full year of 2012 joiners and recruitment and other associated costs for new joiners in 2013;
3. costs associated with the various initiatives during the year including new systems, changes to funds and investment trusts, the introduction of the growth share plan, capital reduction and new office.

Exceptional costs of £1.0m in 2013 all relate to the acquisition of PSigma and include redundancy costs and professional fees.

Basic earnings per share of 0.51p reduced by 36.2% compared with 2012 as a result of the exceptional costs. Adjusted earnings per share increased by 14.2% to 2.82p despite a 4% increase in the weighted average number of shares in issue during the year and a tax adjustment relating to exceptional costs.

Cash
Cash generated from operations was £5.5m in 2013 – an increase of 52.8% from £3.6m in 2012. During the year Miton expended £3.0m on the PSigma acquisition (after raising net proceeds of £2.3m from the issue of shares). We paid £1.1m in corporation tax, £1.6m on purchasing shares into the employee benefit trust (Treasury) in connection with share incentives for directors and senior management and £0.6m to shareholders in a dividend.

As a result, at the end of the year our Group cash balances were down slightly from 2012 at £11.2m. The Group's total regulatory capital requirement at 31 December 2013 was £4.4m.

On completion of the sale of Miton Capital Partners Limited expected to take place on 31 March 2014, initial cash consideration of £3.5m will be received and thereafter a further deferred amount of up to £1m will be receivable over a two year period. In addition, the Group's cash balances are expected to grow as a result of the cash generated from operations. These funds will be used to invest in the business and to deliver our growth strategy.

Capital Reduction

Following a review at the half year we wrote down the value of subsidiaries in the parent company balance sheet by £39.5m to reflect more appropriately recoverable amounts. In November shareholders approved a resolution to effect a capital reduction, subject to the confirmation of the Court. In December the Court approved the cancellation of the share premium account and the capital redemption reserve following the setting up of a Creditors Reserve of £4.0m. As a result of this, at 31 December 2013 £3.8m was held in an escrow account. The reserve is expected to reduce over the next year or so as the relevant liabilities are paid.

Other Balance Sheet Items

The consolidated balance sheet includes £47.0m of goodwill which has increased by £12.5m since 2012 as a result of the PSigma acquisition. There is also £10.1m of intangible assets which are being amortised over their useful lives through an annual amortisation charge of £3.0m. An annual review of goodwill and intangible assets is carried out to assess the value in use of the relevant business assets. At 31 December 2013 these were assessed as being in excess of the combined carrying value and therefore no impairment write-down was required.

Provisions outstanding at the end of the year of £0.5m include redundancies, the formal liquidations of dormant companies and office dilapidations.

£6.3m of Miton shares are held in treasury under the Management Equity Incentive scheme (MEI) in an employee benefit trust pending possible vesting between 2015 and 2019. They are required to be shown as a deduction from total equity funds.

Aggregated Fund Investment Holdings

With the acquisition of PSigma and the organic growth of our equity funds, the composition of our aggregated holdings has changed. Equities represented 69% of the total compared with 46% at the end of 2012; client cash balances accounted for 12% of the total as at 31 December 2013 compared with 21% the previous year.

Principal risks and uncertainties

The Group faces a range of risks both external to the Group and from within our fund management business. The Risk Management Committee is responsible for identifying, evaluating and managing business risks faced by the Group whilst the Operations Committee is responsible for identifying, evaluating and managing operational risk faced by the Group. Both Committees report to the Senior Executive Committee. The principal risks are listed below, together with relevant mitigating factors where appropriate.

Market risk

Market risk arises in relation to the investments held by funds managed by us and the revenue generated from the management charge on the value of those assets. Our funds are invested in a wide range of asset classes under different investment mandates including multi-asset, equity and portfolios of collective investment schemes. Market risk is diversified away from specific market dependencies. To the extent that asset classes behave differently in times of higher volatility, our Assets under Management and revenues are likely to be less affected than would be the case in a business more focused on a single asset class.

Operational risk
Operational risk is the risk of loss arising from a failure in internal systems, procedures or in outsourced functions. Three fundamental elements of our operational structure are people, information technology and outsourced services. We rely on all our staff for the day-to-day running of the business and seek to attract and retain the best qualified individuals.

The Group is an equal opportunities employer and actively encourages employee involvement at all levels, both through regular employee briefings and by direct access to managers and the directors. Equity share incentives are provided to help retain and incentivise senior employees and directors.

Key priorities for our technology and systems are to maintain operational integrity, performance and reliability. The various outsourced services are monitored on an ongoing basis and reviewed at regular intervals both internally and through meetings with the relevant organisations. Comprehensive business continuity planning is in place to ensure the ongoing operation of key business functions in the event of normal systems being interrupted. These arrangements are tested at least annually.

Regulatory risk
The Group operates in a complex and dynamic regulatory environment. Risks also arise from legal and regulatory obligations. The failure to interpret correctly law or changes in the law may materially and adversely impact the Group. We may also be subject to regulatory sanction or loss of reputation from failure to comply with regulations. The management of legal and regulatory risk is the responsibility of senior management, supported by the governance, compliance and risk teams.

The governance and compliance teams are responsible for tracking legal and regulatory developments to ensure that the Group is well prepared for changes. As well as developing policies, delivering training and performing monitoring checks, they also provide advice to ensure we remain compliant with legal and regulatory requirements.

Statutory risk
Statutory risk arises from non-adherence to relevant regulations and legislation and any changes as they occur. The Companies Acts, the Financial Conduct Authority Handbook and the Rules of the Alternative Investment Market of the London Stock Exchange on which we are listed, are especially relevant. We pay particular attention to comply with all relevant investment, taxation and operational regulatory laws and rules including various reporting requirements. Specific controls, reporting procedures and review processes have been established to prevent, detect and address any non-compliance.

Credit risk
The Group is subject to credit risk arising as a result of counterparty exposure in the Group's receivable balances from fund management clients and in relation to the cash balances placed with financial institutions. We monitor closely the creditworthiness of all relevant counterparties both directly and through third-party reports. We have a diversification policy of allocating cash deposits between at least two suitable institutions.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost. The Group's objective in managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities as they fall due, under both normal and adverse conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's policy is to maintain free cash balances in excess of its regulatory capital requirements.

Robert Clarke
Group Finance Director

21 March 2014

Audited Consolidated Statement of Comprehensive Income
for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Revenue		27,999	22,333
Fees and commission expenses		(13,040)	(10,751)
Net revenue		14,959	11,582
Administration expenses		(9,594)	(7,014)
Share-based payment		(683)	(712)
Amortisation of intangible assets		(2,974)	(2,974)
Exceptional operating expense	4c	(1,051)	–
Operating profit	4	657	882
Finance revenue		44	31
Profit for the year before taxation		701	913
Taxation		7	153
Profit for the year after taxation and Profit for the year attributable to equity holders of the parent		708	1,066
		pence	pence
Basic earnings per share	5a	0.51	0.80

Audited Consolidated Statement of Changes in Equity
for the year ended 31 December 2013

	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 2012	147	24,280	(4,296)	11,562	367	23,235	55,295
Profit for the year	–	–	–	–	–	1,066	1,066
Shares purchased for Management Equity Incentive (MEI)	–	–	(398)	–	–	–	(398)
Shares issued on exercise of options	1	314	–	–	–	(248)	67
Share-based payments	–	–	–	–	–	712	712
Deferred tax direct to equity	–	–	–	–	–	81	81
Transfer from Creditors Reserve	–	–	–	–	(367)	367	–
Dividends	–	–	–	–	–	(535)	(535)
At 1 January 2013	**148**	**24,594**	**(4,694)**	**11,562**	**–**	**24,678**	**56,288**
Profit for the year	-	-	-	-	-	708	708
Shares purchased for Management Equity Incentive (MEI)	-	-	(1,600)	-	-	-	(1,600)
Shares issued on placing	7	2,308	-	-	-	-	2,315
Shares issued on acquisition of PSigma Asset Management Holdings Ltd	5	1,495	-	-	-	-	1,500
Shares issued on exercise of options	4	1,325	-	-	-	(1,059)	270
Share-based payments	-	-	-	-	-	683	683
Deferred tax direct to equity	-	-	-	-	-	565	565
Transfer to Creditors Reserve	-	-	-	-	3,799	(3,799)	-
Capital Reduction	-	(29,722)	-	(11,562)	-	41,284	-
Dividends	-	-	-	-	-	(596)	(596)
At 31 December 2013	**164**	**-**	**(6,294)**	**-**	**3,799**	**62,464**	**60,133**

Audited Consolidated Balance Sheet
as at 31 December 2013

	Notes	2013 £000	2012 £000
Non-current assets			
Goodwill		46,995	34,544
Intangible assets		10,112	13,068
Property and equipment		253	94
		57,360	47,706
Current assets			
Trade and other receivables		3,646	1,638
Cash and cash equivalents	6	11,211	11,951
		14,857	13,589
Total assets		72,217	61,295
Current liabilities			
Trade and other payables		6,414	1,670
Income tax payable		418	638
Provisions		518	230
		7,350	2,538
Non-current liabilities			
Other payables		3,750	-
Deferred tax liabilities		984	2,469
		4,734	2,469
Total liabilities		12,084	5,007
Net assets		60,133	56,288
Equity			
Share capital		164	148
Share premium		-	24,594
Treasury shares		(6,294)	(4,694)
Capital redemption reserve		-	11,562
Creditors reserve		3,799	–
Retained earnings		62,464	24,678
Total equity shareholders' funds		60,133	56,288

Audited Consolidated Statement of Cash Flows
for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Operating activities			
Profit for the year		708	1,066
Adjustments to reconcile profit to net cash flow from operating activities:			
Tax on continuing operations		(7)	(153)
Net finance revenue		(44)	(31)
Depreciation		74	78
Amortisation of intangible assets		2,974	2,974
Share-based payment		683	712
Decrease in trade and other receivables		1,696	38
(Decrease)/increase in trade and other payables		(915)	26
Increase/(decrease) in provisions		288	(1,119)
Cash generated from operations		5,457	3,591
Income tax paid		(1,131)	(695)
Net cash flow from operating activities		4,326	2,896
Investing activities			
Interest received		44	31
Purchase of property and equipment		(233)	(24)
Acquisition of PSigma Asset Management Holdings Limited		(5,250)	-
Purchase of intangible assets		(17)	–
Net cash flow from investing activities		(5,456)	7
Financing activities			
Purchase of treasury shares		(1,600)	(425)
Proceeds from shares issued		2,586	67
Dividends paid		(596)	(535)
Net cash flow from financing activities		390	(893)
(Decrease)/increase in cash and cash equivalents		(740)	2,010
Cash and cash equivalents at the beginning of the year		11,951	9,941
Cash and cash equivalents at the end of the year	6	11,211	11,951

Notes
At 31 December 2013

1. Authorisation of financial statements and statement of compliance with IFRSs
The financial statements of Miton Group plc and its subsidiaries (the "Group") for the year ended 31 December 2013 were authorised for issue by the Board of directors on 21 March 2014 and the balance sheet was signed on the Board's behalf by Ian Dighé. Miton Group plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

This financial information does not constitute statutory accounts, but has been extracted from the statutory accounts for the years ended 31 December 2013 and 31 December 2012 on which unqualified audit reports, which did not contain a statement under s498(2) or s498(3), have been issued. The statutory accounts for the year ended 31 December 2012 were posted to shareholders on 9 April 2013 and delivered to the Registrar on 26 June 2013 and the statutory accounts for the year ended 31 December 2013 will be delivered to the Registrar following their adoption at the Annual General Meeting. The results announcement has been prepared on the same basis as that used in the preparation of the previous year's Annual Report and was approved for issue by the board of directors on 21 March 2014.

The statutory accounts will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held at 10.30am on 14 May 2014 in Room 420 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH.

The address of the Company's registered office is 10 – 14 Duke Street, Reading, RG1 4RU. With effect from 31 March 2014 the registered office will be Second Floor, 51 Moorgate, London, EC2R 6BH.

Copies of the Annual Report and Accounts and the Notice of Annual General Meeting will be published on the Group's website www.mitongroup.com and posted to shareholders on 8 April 2014. They will be available to the public at the registered office from the same time.

2. Accounting policies - basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2013.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which have been measured at fair value.

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

This results announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses and plans for Miton Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that have not yet occurred. There are a number of different factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. Nothing in this statement should be construed as a profit forecast.

3.Segmental Reporting
The Group has one revenue stream, fund management fees, which are derived almost entirely from Europe.

4. Group operating profit

(a) Operating profit from continuing operations is stated after charging:

		2013 £000	2012 £000
Auditors' remuneration		175	144
Staff costs		6,664	5,185
Operating lease rentals – land and buildings		136	106
Depreciation		74	78
Amortisation		2,974	2,974
Exceptional operating expenses	4c	1,051	–

(b) Auditors' remuneration

The remuneration of the Auditors is analysed as follows:

	2013 £000	2012 £000
Audit of the consolidated financial statements	65	57
Audit of company's subsidiaries pursuant to legislation	60	27
Other fees to Auditors— taxation compliance services	25	25
— other assurance services	25	35
	175	144

(c) Exceptional operating expenses

	2013 £000	2012 £000
Acquisition costs	619	–
Group restructuring costs	432	–
	1,051	–

Acquisition costs of £619,000 were incurred on the purchase of PSigma Asset Management Holdings Limited.

Restructuring costs include £402,000 of redundancy costs and £30,000 of dilapidation costs relating to changes to office accommodation in Reading of which £120,000 were paid during the year.

5. Earnings per share

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

In calculating diluted earnings per share, IAS 33 Earnings Per Share requires that the profit is divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of any potential dilutive ordinary shares that would be issued on their conversion to ordinary shares during the year. Diluted earnings per share is not materially different from basic earnings per share.

(a) Reported earnings per share
Reported earnings per share has been calculated as follows:

	2013			2012		
	Profit £000	Shares No.	Earnings per share pence	Profit £000	Shares No.	Earnings per share pence
Net profit attributable to ordinary equity shareholders of the parent company for basic and diluted earnings	708			1,066		
Basic	708	139,968,720	0.51	1,066	134,092,866	0.80

(b) Adjusted earnings per share
Adjusted earnings per share is based on Adjusted Profit after tax, where Adjusted Profit is stated after charging interest and share-based payments but before amortisation and exceptional items.

Adjusted Profit for calculating adjusted earnings per share:

	2013 £000	2012 £000
Profit before taxation for the year	701	913
Add back:		
Exceptional operating expenses	1,051	–
Amortisation	2,974	2,974
Adjusted Profit	4,726	3,887
Taxation:		
Tax in the Statement of Comprehensive Income for continuing operations	7	153
Tax effect of adjustments	(791)	(729)
Adjusted Profit after tax for the calculation of Adjusted earnings per share	3,942	3,311

Adjusted earnings per share was as follows:	2013 pence	2012 pence
Basic	2.82	2.47

6. Cash and short-term deposits

	2013 £000	2012 £000
Cash at bank and in hand	11,211	11,951

Within cash at bank is £3,799,000 (2012: £Nil) held for the account of creditors to the company as identified in the 18 December 2013 capital reduction and disclosed in note 21. This amount was held in a separate escrow account.