24 September 2013

MITON GROUP PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 2013.

Financial Highlights

- Assets under management ('AuM') increased by 13.0% to £2.02bn (31 December 2012: £1.79bn)
- Net AuM inflows of £121m including two new investment trust mandates
- Administrative expenses increased by £0.7m largely due to the recruitment of four single-strategy fund managers, the current roll-out of a new IT system and launch costs of two new OEICs. Adjusted Profit* before tax therefore decreased from £2.0m to £1.8m
- Adjusted earnings per share* of 1.06p (2012: 1.27p) reflects a more normalised tax charge of £75,000 (2012: £40,000 credit)
- Cash generated from operations of £2.1m (before interest and tax) in the first half increased by 28%
- Net cash of £12.5m as at 30 June 2013 (31 December 2012: £12.0m)

Business Highlights

- Unified Miton brand has raised the profile of the Group
- Two investment trust mandate wins: Henderson Fledgling (£81m) and The Investment Company (£16m)
- Specific advantages of the Miton UK MultiCap Income OEIC attracting wide-ranging attention
- New OEIC launches following on with strong performance
- PSigma acquisition completed in July adding £750m of funds and bringing greater participation in mainstream UK equity income sector
- The Group continues to attract industry leading talent

Current Trading

- AuM increased to £2.8bn as at 31 August 2013, including £0.75bn acquired with PSigma
- Single-strategy fund flows are growing faster than forecast in the second half and therefore Group profitability is likely to be materially above market expectations for the year as a whole
- PSigma acquisition expected to be significantly earnings enhancing in first year after acquisition

* Adjusted numbers are stated before amortisation and exceptionals.

Ian Dighé, Chairman of Miton Group, commented:

"The pattern of markets has demonstrably changed in the last year, so our positioning as a post credit boom fund manager is becoming more relevant to clients. In that regard the PSigma acquisition widens our UK income franchise and offers greater participation in this mainstream sector in the future.

"Market conditions will no doubt remain testing, but we believe the prospects for Miton are progressively improving."

There will be a presentation to analysts at 11am today at the Peel Hunt Offices, Moor House, 120 London Wall, EC2Y 5ET .To register your attendance please contact Rosa Smith at MHP Communications on 0203 128 8560 or miton@mhpc.com

For further information, please contact:

Miton Group plc
Ian Dighé, Chairman
Gervais Williams, Managing Director
Robert Clarke, Group Finance Director & Director of Operations Tel: 0118 338 4000

Peel Hunt LLP (Nominated Adviser and Broker)
Guy Wiehahn / Andy Crossley Tel: 020 7418 8900

MHP Communications
Reg Hoare / Gay Collins / Simon Hockridge Tel: 020 3128 8100

Notes to Editors

Miton Group plc (MGR) is an AIM-quoted leading specialist fund manager, incorporating Miton and PSigma fund brands managed by Miton Asset Management Ltd, Miton Capital Partners Ltd, PSigma Unit Trust Managers Ltd and PSigma Asset Management Ltd, 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. MGR has offices in London, Reading and Liverpool.

www.mitongroup.com

Chairman's Statement

The first half of 2013 was characterised by the coming together of the ingredients of our future success.

Talented People: Towards the end of 2012 three fund managers with strong reputations joined us, with one further arriving in January. I also want to highlight the quality of our new senior management hires. Earlier this year we welcomed three key individuals at subsidiary Board level:

- Jim Davies as Non-executive Chairman of Miton Capital Partners in Liverpool. Jim started law firm DWF from a legal partnership with one office to become one of the largest in the UK.

- Ian Chimes as Director of Sales and Marketing. Ian joined with the PSigma acquisition. He has a history of growing major businesses with Henderson and Credit Suisse.

- Piers Harrison as Director of Operations and Risk Management. Piers joined from Neptune where his technical knowledge and energetic style delivered demonstrable benefits to both fund managers and clients.

In September we announced the appointment of David Barron to the plc Board as Director of Investment Trusts and Product Strategy. He was previously at JP Morgan where he ran the largest Investment Trust stable in the UK.

Differentiated Funds: The profile of our single-strategy funds has increased significantly with the on-going strong performance of both Diverse Income Trust plc and the UK Multi Cap Income fund. From a combined £167m in December they have grown to £307m at the end of the half year and to £407m at 19 September including the pending merger with Miton Income Opportunities Trust plc (formerly Henderson Fledgling Trust plc).

In March, we built on this success with the launch of the US Opportunities and UK Value Opportunities funds. Within three months these had already attracted aggregate inflows of £47m. With continuing strong performance, clear articulation of the funds' differentiation and many client meetings, both of these funds are well-placed to grow in the coming years.

The recent buoyant market conditions are less favourable for the fund flows in our multi-asset funds. Nevertheless many of these funds have exemplary long term track records and tend to attract significant inflows when market conditions are choppier. A complementary strategy provides greater sustainability to Miton's fund flows and reinforces our commercial advantage largely irrespective of potentially changeable market conditions.

Improved Systems: In the second half our operational standards will be raised further through the introduction of the Bloomberg AIM system. This will not only enhance our client information and simplify our business model with straight through processing, but will also remove bottlenecks in the business so the Group can grow without constraint.

Summary and Outlook: The pattern of markets has demonstrably changed in the last year, so our positioning as a post credit boom fund manager is becoming more relevant to clients. In that regard the PSigma acquisition widens our UK income franchise and offers greater participation in this mainstream sector in the future.

Market conditions will no doubt remain testing, but we believe the prospects for Miton are progressively improving. Single-strategy fund flows in the second half are growing faster than initially expected and consequently Group profitability is likely to be materially above market expectations for the year as a whole.

Ian Dighé
Chairman
24 September 2013

Financial Review

Results

Over the six months to 30 June 2013 AuM increased by 13% to £2.02bn. Net inflows of £121m were further enhanced by performance gains.

Average AuM during the period increased to £1.92bn compared with £1.71bn in the first half of last year. Net revenues were up by 7.4%.

In the first half our administrative expenses increased by £0.7m largely due to the recruitment of four single-strategy fund managers at the turn of the year, the current roll-out of a new groupwide IT system and launch costs of two new funds. First half Adjusted Profit was therefore modestly lower than last year at £1.8m (2012: £2.0m) as shown below.

	Six months to 30 June 2013 £m	Six months to 30 June 2012 £m	Year to 31 December 2012 £m
Net revenues	**6.0**	5.6	11.6
Administrative expense	**(3.9)**	(3.2)	(7.0)
Share-based payments	**(0.3)**	(0.4)	(0.7)
Adjusted Profit	**1.8**	2.0	3.9
Amortisation	**(1.5)**	(1.5)	(3.0)
Profit before Tax	**0.3**	0.5	0.9

The Adjusted EPS in the period of 1.06p reduced by 17% compared with the first half of last year. This percentage reduction was exacerbated by the Group tax charge moving towards a more normal effective rate.

Cashflow generated before interest and tax in the first half increased by 28% to £2.1m. As a result cash balances continued to grow during the period to £12.5m despite significant payments in the first half in respect of the dividend (£0.6m) and share purchases into the EBT (£0.5m). Out of total cash, £6.5m related to free cash balances.

Shareholder Circular

We intend to send to shareholders a circular seeking approval to establish a new fund manager growth share scheme designed to retain and attract the best industry talent. To facilitate the scheme we will establish an intermediate holding company.

Following the acquisition of PSigma we have four regulated subsidiaries. Over the next few months we intend to simplify the structure of the Group. At the half year end, we have written down the value of certain subsidiaries in the parent company balance sheet to reflect more appropriately their recoverable amount. As a result we propose a capital reduction exercise before the end of the year which should absorb the write down and maintain our capacity to pay dividends. This proposal will be included in the forthcoming circular.

Assets Under Management and Fund Flows

	Opening AUM 1 January 2013 £m	Inflows £m	Outflows £m	Net Flows £m	Other (including market) £m	**Unaudited Closing AUM 30 June 2013 £m**
Funds	1,495	230	(206)	24	87	**1,606**
Investment trusts	206	97	–	97	20	**323**
Other	85	–	–	–	5	**90**
Total	1,786	327	(206)	121	112	**2,019**

The acquisition of PSigma Asset Management

On 2 July 2013, Miton Group plc announced the acquisition of the entire issued share capital of PSigma Asset Management Holdings Limited from Punter Southall Group Limited. The total consideration will comprise a mixture of cash and ordinary shares in Miton Group plc and will be between £6.75m and £13m dependent upon PSigma's assets under management retained in two years time. The initial cash consideration totalled £5.25m and was funded from the Group's cash balances.

The PSigma transaction was driven by four key benefits for Miton:

1. ***Consistent strategies*** — Similar investment philosophy to position funds for the evolving investment trends
2. ***Complementary market positioning*** — In single-strategy funds both companies have established UK equity income franchises, but in complementary investment universes
3. ***Personnel*** — The transaction brings a number of highly regarded individuals to the Group including Bill Mott on fund management and Ian Chimes on marketing and sales
4. ***Earnings enhancement*** — The acquisition is expected to be significantly earnings enhancing in 2014 excluding exceptional items arising from transaction and transition costs

The planned integration of PSigma is on track and we are focused on delivering value for clients.

Share Placing

On 5 July 2013, Miton Group plc issued 4,383,710 initial consideration shares and 7,470,000 placing shares, both at 31.5p in order to part-fund the acquisition.

Consolidated Statement of Comprehensive Income
for the period ended 30 June 2013

	Notes	**Unaudited Six months to 30 June 2013 £000**	Unaudited Six months to 30 June 2012 £000	Audited Year to 31 December 2012 £000
Revenue		**11,757**	11,021	22,333
Fees and commission expense		**(5,727)**	(5,407)	(10,751)
Net revenue		**6,030**	5,614	11,582
Administration expenses		**(3,887)**	(3,214)	(7,014)
Share-based payments	8	**(311)**	(376)	(712)
Amortisation		**(1,487)**	(1,484)	(2,974)
Operating profit		**345**	540	882
Finance revenue		**25**	11	31
Profit for the period before taxation		**370**	551	913
Taxation		**(75)**	40	153
Profit for the period after taxation		**295**	591	1,066
Other comprehensive income		-	-	-
Total comprehensive income for the period		**295**	591	1,066
		pence	pence	pence
Earnings per share				
— Basic and diluted	4	**0.22**	0.44	0.80

Consolidated Statement of Changes in Equity
for the period ended 30 June 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 2013	148	24,594	(4,694)	11,562	–	24,678	56,288
Profit for the period	–	–	–	–	–	295	295
Shares purchased for Management Equity Incentive (MEI)	–	–	(500)	–	–	–	(500)
Shares issued on exercise of options	1	261	–	–	–	(158)	104
Share-based payments	–	–	–	–	–	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 2012	147	24,280	(4,296)	11,562	367	23,235	55,295
Profit for the period	–	–	–	–	–	591	591
Share-based payments	–	–	–	–	–	376	376
Deferred tax direct to equity	–	–	–	–	–	26	26
Transfer from Creditors Reserve	–	–	–	–	(104)	104	–
Dividend	–	–	–	–	–	(535)	(535)
At 30 June 2012	147	24,280	(4,296)	11,562	263	23,797	55,753
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	–
Dividend	–	–	–	–	–	(535)	(535)
At 31 December 2012	148	24,594	(4,694)	11,562	–	24,678	56,288

Consolidated Balance Sheet
as at 30 June 2013

	Notes	**Unaudited Six months to 30 June 2013 £000**	Unaudited Six months to 30 June 2012 £000	Audited Year to 31 December 2012 £000
Non-current assets				
Goodwill		**34,544**	34,544	34,544
Intangible assets		**11,581**	14,559	13,068
Property and equipment		**91**	139	94
		46,216	49,242	47,706
Current assets				
Trade and other receivables		**1,477**	1,929	1,638
Cash and cash equivalents	5	**12,481**	10,319	11,951
		13,958	12,248	13,589
Total assets		**60,174**	61,490	61,295
Current liabilities				
Trade and other payables		**1,403**	1,169	1,670
Income tax payable		**600**	567	638
Provisions	6	**226**	828	230
		2,229	2,564	2,538
Non-current liabilities				
Deferred tax liabilities		**2,113**	3,173	2,469
Total liabilities		**4,342**	5,737	5,007
Net assets		**55,832**	55,753	56,288
Equity				
Share capital	7	**149**	147	148
Share premium		**24,855**	24,280	24,594
MEI treasury shares	8	**(5,194)**	(4,296)	(4,694)
Capital redemption reserve		**11,562**	11,562	11,562
Creditors reserve		**–**	263	–
Retained earnings		**24,460**	23,797	24,678
Total equity		**55,832**	55,753	56,288

Consolidated Statement of Cash Flows
for the period ended 30 June 2013

	Notes	**Unaudited Six months to 30 June 2013 £000**	Unaudited Six months to 30 June 2012 £000	Audited Year to 31 December 2012 £000
Operating activities				
Profit for the period		**295**	591	1,066
Adjustments to reconcile profit to net cash flow				
from operating activities:				
Tax on Continuing Operations		**75**	(40)	(153)
Net finance revenue		**(25)**	(11)	(31)
Depreciation		**23**	29	78
Amortisation of intangible assets		**1,487**	1,484	2,974
Share-based payments		**311**	376	712
Decrease in trade and other receivables		**162**	152	38
Decrease/(increase) in trade and other payables		**(267)**	(482)	26
Movement in provisions	6	**(4)**	(521)	(1,119)
Tax charged directly to equity		**–**	26	–
Cash generated from operations		**2,057**	1,604	3,591
Income tax paid		**(539)**	(257)	(695)
Net cash flow from operating activities		**1,518**	1,347	2,896
Investing activities				
Interest received		**25**	11	31
Purchase of property and equipment		**(21)**	(20)	(24)
Net cash flow from investing activities		**4**	(9)	7
Financing activities				
Purchase of treasury shares		**(500)**	(425)	(425)
Proceeds from share issue		**104**	-	67
Dividend paid	3	**(596)**	(535)	(535)
Net cash flow from financing activities		**(992)**	(960)	(893)
Increase in cash and cash equivalents		**530**	378	2,010
Cash and cash equivalents at the beginning of the period		**11,951**	9,941	9,941
Cash and cash equivalents at the period end	5	**12,481**	10,319	11,951

Notes to the Consolidated Financial Statements

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 2012.

   The Group's 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 23 September 2013.

   The full year accounts to 31 December 2012 were approved by the Board of Directors on 15 March 2013 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 2013 and 2012 have not been audited.

   The nature and impact of each new standard/amendment is described below:

   IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1:
   The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. net gain on cash flow hedges) now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

   IFRS 13 Fair Value Measurement:
   IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.
   The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.
   IFRS 13 also requires specific disclosures on fair value, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed financial statements period.

   The Group has sufficient financial resources and contracts with a number of customers and suppliers such that the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

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 and therefore does not provide information on different segments.

3. **Dividend**

   The dividend for the year ended 31 December 2012 was paid on 15 May 2013, being 0.45p per share. The trustees of the Employee Benefit Trust waived their rights to part of this dividend, leading to a total distribution of £595,933 which is reflected in the Statement of Changes in Equity.

4. **Earnings per share**

   Basic earnings per share is calculated by dividing the profit 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.

However, options issued under the Long Term Incentive Plan (LTIP) and the Management Incentive Plan (MIP) and the shares issued under the Management Equity Incentive (MEI) have been excluded from all diluted earnings per share calculations. The conditions of the option grants fall within the definition of contingently issuable shares, and the shares issued under the MEI are treated as cancelled and non-dilutive as required by IAS 33. Certain MIP Share Options which vested during the year have not been exercised and therefore have no effect on the earnings per share calculations.

(a) Reported earnings per share from the combined operations
The profit for the period and has been calculated as follows:

	Six months to 30 June 2013			Six months to 30 June 2012		
	Profit £000	**Shares No.**	**Earnings per share pence**	Profit £000	Shares No.	Earnings per share pence
Net profit attributable to ordinary equity holders of the parent for basic earnings	**295**	**–**	**–**	591	–	–
Basic and Diluted	**295**	**135,719,206**	**0.22**	591	133,690,736	0.44

(b) Adjusted earnings per share
Adjusted Earnings Per Share (“Adjusted EPS”) is based on Adjusted Profit after tax, where Adjusted Profit is stated after charging interest and share-based payment but before amortisation and exceptional items.

Adjusted Profit for calculating Adjusted earnings per share:

	Six months to 30 June 2013 £000	Six months to 30 June 2012 £000	Year to 31 December 2011 £000
Profit/(loss) for the period before taxation	**370**	551	913
Adjustments:			
Amortisation	**1,487**	1,484	2,974
Adjusted Profit	**1,857**	2,035	3,887
Taxation:			
Tax in the Statement of Comprehensive Income	**(75)**	40	153
Tax effect of adjustments	**(349)**	(371)	(729)
Adjusted Profit after tax for the calculation of Adjusted earnings per share	**1,433**	1,704	3,311

Adjusted earnings per share was as follows:

	Six months to 30 June 2013 Pence	Six months to 30 June 2012 Pence	Year to 31 December 2012 Pence
Basic and diluted	**1.06**	1.27	2.47

5. Cash and short-term deposits

	30 June 2013 £000	30 June 2012 £000	31 December 2012 £000
Cash at bank and in hand	**12,481**	10,319	11,951

Within cash at bank are £Nil (30 June 2012: £263,000) held for the account of creditors to the Company as identified in the 23 August 2010 capital reconstruction.

6. Provisions

Provisions — current

	Restructuring £000	Other Fund Management Provisions £000	Total £000
At 1 January 2013	110	120	230
Provided	–	–	–
Utilised	(4)	–	(4)
At 30 June 2013	106	120	226

All provisions at 30 June 2013 are expected to be settled within 12 months.

7. Authorised and issued share capital

Authorised:	**30 June 2013 £000**	30 June 2012 £000	31 December 2012 £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 2012 and 30 June 2012	146,808	147
Issued on exercise of share options	1,520	1
At 31 December 2012	148,328	148
Issued on exercise of share options	1,078	1
At 30 June 2013	149,406	149

8. Share-based payments

The fair value of the incentive granted in the period to 30 June 2013 was £nil (2012: £124,566). Of the total £310,743
(2012: £376,131) share-based payment charge in the period, £nil (2012: £218) relates to the incentive granted in the period.

For both the MEI and MIP awards, the fair value was estimated as at the date of grant 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 date of grant. 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.

9. Subsequent Events

The Acquisition of PSigma Asset Management Holdings Limited

On 2 July 2013, Miton Group plc announced the acquisition of the entire issued share capital of PSigma Asset Management Holdings Limited from Punter Southall Group Limited. The consideration will be a mixture of cash and ordinary shares in Miton Group plc and will be between £6.75m and £13m dependent upon PSigma's assets under management retained in two years time.

The initial cash consideration totalled £5.25m and was funded from the Group's cash balances.

Share Placing

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