30 March 2015

MITON GROUP PLC

FINAL RESULTS FOR YEAR ENDED 31 DECEMBER 2014

Miton Group plc (the 'Company' or 'Group'), the AIM quoted fund management group, today announces its final results for the year ended 31 December 2014.

	2014 £m	2013 £m	%
Assets under Management (AUM)	2,050	3,098	-33.8
Average AUM	2,637	2,446	+7.8
Net Revenue	17.2	15.0	+14.7
Adjusted Profit before tax(1)	5.3	4.7	+12.8
(Loss)/profit before tax(2)	(5.5)	0.7	-
Cash generated from operations	4.2	5.5	-23.6
Total Cash	15.2	11.2	+35.7

	pence	pence	%
Adjusted earnings per share(3)	2.78	2.82	-1.4
Diluted adjusted earnings per share(4)	2.53	2.79	-9.3
Basic (loss)/earnings per share	(3.27)	0.51	-
Proposed dividend per share	0.60	0.54	+11.1

Notes:

(1) Adjusted Profit before tax is calculated before the deduction of amortisation, exceptionals, taxation and a VAT provision relating to prior years.

(2) (Loss)/profit before tax includes the loss on sale of Miton Capital Partners Limited of £12.0m, which arises as a result of write-offs of goodwill and intangible assets, and a credit of £3.2m arising from a fair value adjustment for the deferred consideration for PSigma.

(3) Adjusted earnings per share excludes charges for amortisation, exceptionals, VAT provision and associated taxation.

(4) Diluted adjusted earnings per share involves a dilution of 9.0% largely as a result of the estimate of the Miton Group plc ordinary shares which would be issued if all the Growth Share Plan shares with an accrued value at 31 December 2014 had vested and had been exchanged for Miton Group plc ordinary shares at that date.

2014 Results

- Assets under Management (AUM) fell by 34% during the year due to the sale of the Liverpool business (£438m), and £503m of outflows due to the poor performance of the multi-asset funds in H1. The announcement of Bill Mott's retirement led to a further £510m reduction in AUM due to the consequential loss of a segregated mandate and two larger redemptions from the Miton Income Fund.
- Adjusted Profit before tax increased by 12.8% to £5.3m due to the increase in average AUM and an increase in net revenue margin to 65bp (2013: 63bp).
- Cash balances increased from £11.2m to £15.2m in the year, representing 8.8 pence per share.

- The loss before tax of £5.5m and basic loss per share of 3.27 pence includes the loss on sale of Miton Capital Partners Limited of £12.0m reflecting non-cash write-offs of goodwill and intangible assets and a credit of £3.2m reflecting a fair value adjustment for deferred consideration for PSigma.
- The Board is recommending an 11.1% increase in the dividend to 0.60 pence per share (2013: 0.54 pence) reflecting the Board's confidence in the Group's future prospects.

2015 Prospects

- In 2014 Miton addressed the two principal constraints to our growth - by selling the Liverpool business - and by appointing David Jane and his team to manage our multi-asset funds.
- Miton's newer funds and our strong marketing presence attracted gross inflows of £708m in 2014. We believe that the CF Miton UK Value Opportunities Fund managed by George Godber and Georgina Hamilton is likely to be one of the funds that will attract the greatest AUM inflows in the current year.
- Our two key multi-asset funds have achieved a major turnaround in performance under David Jane and his team since their appointment in June, and have recently been renamed. These funds now have much improved potential for renewed AUM growth.
- Miton has today agreed the settlement of the deferred contingent consideration relating to the acquisition of Darwin Investment Managers Limited for a cash payment of £420,000. The maximum payable under the original agreement could have been £700,000 payable over two years.
- The Miton Income Fund, under the leadership of Eric Moore, has also achieved much improved performance over the last year taking it into the top quartile, which has improved its marketability.
- Today Miton has announced its intention to raise £100m for a new investment trust: the Miton UK MicroCap Trust plc under the management of Gervais Williams and Martin Turner.

Ian Dighé, Chairman, stated, "Although 2014 was a difficult year, constraints to our growth have been addressed. Miton now has a scalable platform, an enhanced brand profile and we are unified in a single office. Added to our range of highly marketable funds, we are confident this will enable us to grow AUM considerably."

ENDS

For further information, please contact:

Miton Group plc
Ian Dighé (Chairman) 07785 703261
Gervais Williams (Managing Director) 07811 331824
Robert Clarke (Finance Director) 07766 688983

MHP Communications miton@mhpc.com
Reg Hoare / Simon Hockridge / James Morgan 020 3182 8100

Peel Hunt (Nominated adviser and Broker) 020 7418 8893
Guy Wiehahn

www.mitongroup.com

Note to Editors:

Miton Group plc is a leading multi-asset and equity fund management specialist based in London. The Group manages £2.1 billion of assets including nine OEICs, four unit trusts and three investment trusts under the Miton brand. Members of the fund management team invest in their own funds and are significant shareholders in the Company.

Chairman's Statement

Assets under Management

2014 was a difficult year and the Board consequently took clear decisions in order to facilitate future growth. Miton enters 2015 with a more scalable business ready to increase its AUM and broaden its fund offering.

Historically the Group had experienced significant challenges in developing its Liverpool business, in the main because of its location and cultural fit within the Group. Integrating this business into our now London-centric operations would have resulted in AUM outflows and significant additional costs. Consequently the business was sold on 31 March 2014 to Seneca Investment Managers Limited, a Liverpool based firm, who have used it as a base for their new asset management activities. At the point of sale the AUM was £438m.

In June 2014 we appointed David Jane and his team to manage our multi-asset funds. Prior to that date the funds were underperforming their peer group and suffering falling asset values: their positioning had become unsustainable for many clients. Our priority was to address the performance of these funds whilst maintaining their defensive positioning. David and his team delivered strong absolute performance in the second half of the year. In addition the appointment has allowed the Group to relocate the management and operations of these funds to London, ensuring integration with our marketing and distribution capabilities. In September we completed the acquisition of Darwin Investment Managers Limited (previously owned by David Jane). The PFS Darwin Multi Asset Fund is a top quartile performing fund. Its integration into Miton is important for the further development of our multi-asset capabilities in disciplines that are largely unconstrained in their ability to grow.

At the end of 2013 the Group also made changes to facilitate improvement in the performance of the Miton Income Fund (formerly the PSigma Income Fund). Despite these changes taking the fund up to first quartile in performance terms, the announcement of Bill Mott's retirement in July led to the loss of a £330m segregated mandate and two sizeable redemptions. Equity income funds are a critical part of our offering and with the improved performance this fund addresses a large and popular segment of the funds market.

The Group ended the year in robust operational health. Miton funds, particularly those that had been launched in recent years, attracted gross inflows of £708m, in spite of the considerable level of change. This helped mitigate outflows elsewhere in the Group. We believe that the highly differentiated positioning of our fund strategies has the potential to attract considerable AUM growth in the future.

Miton's position as we enter 2015

Miton is positioned to take greater market share going forward.

- The strategies of our new equity funds have been tailored so they can deliver premium returns even at times of rather lower world growth. We are pleased that many of these funds have already delivered strong returns along with top-of-the-sector risk metrics.
- Following the changes in 2014, our multi-asset funds are now delivering attractive returns and therefore have the opportunity to take greater market share too. Their prospects for AUM growth have been improved further following recent changes to pensions investment legislation.

- All our operations have been consolidated in one London office in contrast to the four offices that we had at the start of 2014.
- We place great emphasis on keeping our clients right up-to-date with the positioning of our funds. Our sales and marketing team is now at full strength so we can fully support a wide range of professional clients on a nationwide basis.
- Previously the Group's legacy systems were resource intensive and not scalable. We now operate the full functionality of the Bloomberg AIM system so our operations meet high levels of compliance and service.

Results and Dividends

In spite of the AUM outflows in 2014 and the sale of the Liverpool business at the end of the first quarter, our average AUM increased on the previous year.

Given our operational gearing this resulted in our Adjusted Profit before Tax also increasing - rising from £4.7m to £5.3m. We are particularly pleased that the Group generated £4.2m of cash during 2014 and had £15.2m of cash at the year end. Despite our lower AUM starting point in 2015, the Board is proposing to increase the annual dividend by 11% to 0.60p per share (2013: 0.54p) payable on 19 May 2015 to shareholders registered at 1 April 2015. This increase reflects the Board's confidence in the Group's future prospects.

Board

Lord Wade, 82, joined the Board in 2008 and is currently the Deputy Chairman. His extensive business experience and wise counsel have been invaluable to the Board. He has expressed a desire not to stand for re-election at the forthcoming AGM and will retire as a director thereafter. He leaves with our profound gratitude. We wish him well and continued good health.

Jim Davies joined the Board in January 2014 ably assisting the executive in working towards a satisfactory outcome for our Liverpool business. He brings considerable commercial experience to the Board having steadily grown a legal practice from a single office in Liverpool to one of the largest law firms in the UK.

As previously announced, Nicholas Hamilton stepped down from the Board in November with our thanks, after nearly nine years as a non-executive director. In May 2014 Alan Walton joined as a non-executive director and Chairman of the Audit Committee. Alan Walton is a welcome addition to the Board. His vast experience across a broad range of financial services has brought a fresh mind to our deliberations.

Brand

Many longstanding investment trends are becoming increasingly challenged in the current markets. If lower returns are going to become the norm going forward, then investment strategies will need to change to meet these challenges. Miton is well positioned to take advantage of these volatile market conditions. 'Genuinely active investing' means exactly what it says. Our fund managers have greater scope to use their skills to participate fully in those areas that are set to outperform.

Staff

In what has been a year of considerable change, our staff have worked hard and met the challenges presented to them. I am extremely grateful for their efforts.

Outlook

Miton has positioned itself so it can deliver outstanding service for clients, in all areas, including investment performance. Furthermore we have a scalable business with the advantages of operational efficiencies as we grow. We remain committed to growing the business both by capitalising on our existing skill base and by attracting new talent.

Ian Dighé
Executive Chairman
27 March 2015

Business and Financial Review

Fund Flows

	Opening AuM 1 January 2014 £m	Inflows £m	Outflows £m	Net flows £m	Other (including market) £m	MCPL sale on 31 March 2014 £m	Closing AuM 31 December 2014 £m
Equity funds and investment trusts	1,287	606	(474)	132	84	(56)	1,447
Multi-asset funds	1,373	102	(605)	(503)	21	(288)	603
Total funds	2,660	708	(1,079)	(371)	105	(344)	2,050
Segregated mandate	438	–	(330)	(330)	(14)	(94)	-
Total	**3,098**	**708**	**(1,409)**	**(701)**	**91**	**(438)**	**2,050**

Review of the Year

Acquisitions and Disposals

Miton Capital Partners Limited ('MCPL')

The sale of the Liverpool business in March to Seneca Investment Managers Limited, generating net sale proceeds of £4.2m, has allowed us to consolidate our operations in one London office. The loss on disposal of £12m resulted from a £16m write-off relating to the relevant goodwill and intangible assets of the business.

Darwin Investment Managers Limited

David Jane and his team joined Miton on 9 June 2014. Miton acquired Darwin Investment Managers Limited ('Darwin') on 12 September 2014 for consideration payable of £1.8m. Darwin was established in 2010 and had AUM of £48m on 31 December 2014.

FP Matterley Undervalued Assets Fund

Miton acquired the investment management contract for the FP Matterley Undervalued Assets Fund from Charles Stanley plc on 5 December 2014 for an estimated consideration of £1.1m. As at 31 December 2014 the Undervalued Assets Fund had AUM of £58m.

Other matters

Fund Manager Retention Scheme

The Fund Manager Retention Scheme or Growth Share Plan (the 'Plan') was launched in January 2014 with the issue of growth shares to six fund managers managing three separate strategies enabling them to share in the growth of the relevant profit and AUM for which they are responsible. After a minimum vesting period of three years, participants may elect to exchange growth shares for ordinary shares in Miton Group plc according to a specific formula. The value of the growth shares in issue can vary considerably over time due to the variability of a number of factors. The estimated value of the growth shares in issue as at 31 December 2014 was £2.66m which equates to dilution of 7.8%. In relation to the shares in issue at the time the Plan was approved by shareholders in 2013, the dilution is 8.2%.

Systems

The Bloomberg AIM system was fully implemented across the Group in Q1 2014. We have continued to develop the way we work with the system in our business, implementing additional applications such as OMGEO which improve the level of automation achievable and which have helped us to deliver straight-through-processing for Miton. This not only increases efficiency and our capacity to grow, but also reduces operational risk.

Building on in-house expertise

Throughout 2014 and early 2015 Miton has continued to build in-house expertise across all areas of the business, most notably through the recruitment of specialist Human Resources, Finance, Operations and Compliance staff, along with three fund management team members with the acquisition of Darwin. The Liverpool and Reading offices were closed and several team members chose to relocate to the London office. Policies and procedures have been strengthened in relation to recruitment, retention and performance review. A strategically linked values and behaviours framework has been created to strengthen culture and performance metrics and to drive reward transparency and consistency. HR software improvements are leading to enhanced reporting and efficiency.

Progress on Priorities

Clearly and effectively promote the Miton investment philosophy

- Our updated approach to communicating with the media which results in effective coverage of our funds and fund managers.
- In 2014 we won several high profile industry awards in a number of categories.

Develop our fund range so we can more effectively address the needs of investors with funds which are relevant and attractive

- Re-launched and re-named our two key multi-asset funds under the leadership of a new fund management team.
- Planned launch of the Miton UK MicroCap Trust plc in Q2.

Deliver attractive risk-adjusted performance over the medium to long term

- Miton funds are focused on closely managing risk in terms of variability of performance from both absolute and relative perspectives.
- The CF Miton UK Value Opportunities Fund has been particularly successful in 2014.
- Improvements in performance have also been achieved with the multi-asset funds in Q3 and Q4 and in the Miton Income Fund.

Upgrade our Group-wide fund management software systems to increase our capacity to manage additional portfolios and AUM

- We have completed the Group-wide implementation of straight-through-processing.

Continue to attract and recruit talented fund managers and others to deliver on the above objectives and to increase our effectiveness in providing excellent customer service in every aspect of our business

- The appointment of David Jane and his team to manage our multi-asset funds is a significant step forward for Miton.
- New staff have been recruited in a number of support areas including: Sales, Middle Office, Human Resources, Risk Management, Compliance and Finance.
- This influx of new talent combined with an upgraded governance structure has resulted in a step change improvement in the effectiveness of Miton’s business operations.
- We will continue to recruit talented fund managers to launch new funds.

To improve our engagement through new media so we can widen our understanding and appreciation of how our funds are positioned as market conditions evolve

- The Miton website has been refreshed and updated during the year.

Office Move

In Q4 2013 we began to consolidate four office locations into one London office. With the expiry of our current lease in Moorgate we are moving to Paternoster House, 65 St Paul's Churchyard, London EC4 8AM on 20 April 2015. The additional annual cost in relation to the new office will be approximately £300,000.

Financial Review

Income Statement

The following section examines the financial performance of the Group during 2014.

Assets Under Management

The movements in AUM during 2014 are addressed in the Chairman's Statement. They include the sale of MCPL (£438m), outflows relating to previously PSigma managed funds (£510m) and multi-asset funds (£503m). However Miton also took in £708m of gross inflows during the year. Average AUM in 2014 was 7.8% higher than in 2013.

Net Revenue

Net revenue increased by 14.7% in 2014 as the average net revenue margin of 65bp increased from 63bp in 2013. Some of the smaller funds launched in 2013 grew and matured during 2014 and their margin contribution increased.

Costs

Administrative expenses (excluding share based payments) increased by 18% compared with 2013. There has been a significant increase in the cost base over the last three years. This investment has facilitated a transformation of the Group in all areas. Miton is now able to realise the benefits of operational gearing as future growth in AUM will not require the related increase in costs which was the case in the past.

Over the last two years Miton has:

- acquired PSigma and absorbed people and roles into the Miton business
- centralised the Group in our Moorgate office from four other locations
- established a new multi-asset fund management team
- recruited new positions to improve fund management, sales, operations, finance, HR, compliance and risk management
- upgraded existing roles throughout the Group
- introduced a new governance structure
- implemented straight-through-processing
- acquired Darwin and the Matterley fund

Changes begun in 2013 have continued to have an incremental cost impact in 2014 due to the effect of a full 12 months of additional costs or savings. We have seen some reductions due to the sale of Liverpool and the closure of the Reading business and increases as a result of upgrading throughout the business.

Adjusted Profit before Tax

The Adjusted Profit margin has reduced as the cost base has grown. Now that many change projects have been completed, the profit margin should increase with future AUM growth and a stable cost base.

The loss before tax of £5.5m (2013: profit before tax of £0.7m) arises as a result of the exceptional costs of £9.4m which relate to:

- the loss on sale of MCPL of £12.0m including a write-off of goodwill and intangible assets of £16m
- a write-back of £3.2m of deferred consideration on the acquisition of PSigma
- one-off costs of £0.3m relating to the implementation of the Growth Share Plan
- acquisition costs of £0.3m relating to Darwin and the Matterley fund

Taxation

The taxation credit of £0.7m (2013: nil) largely results from a deferred tax credit of £1.6m relating to the write-off of £8.4m of intangibles on the sale of MCPL.

Earnings per share

The Adjusted earnings per share of 2.78p shows a decrease of 1.4% on 2.82p in 2013 as a result of the 5.5% increase in the weighted average number of shares and a 4.3% increase in the Adjusted Profit after tax. Diluted Adjusted earnings per share of 2.53p (2013: 2.79p) shows a dilution of 9.0% (2013: 1.1%) largely as a result of the an estimate of the Miton Group plc ordinary shares which would be issued if all the Growth Share Plan shares with accrued value at 31 December 2014 had vested and had been exchanged into Miton Group plc ordinary shares at that date. There are also dilution elements arising from the Management Equity Incentive (MEI) and the Management Incentive Plan (MIP) where the exercise prices are below the average share price during the year of 38.9p (2013: 36.0p).

Basic loss per share was 3.27p (2013: earnings per share 0.51p) due to significant exceptional costs in 2014.

Dividend

The Board is proposing to increase the annual dividend by 11% to 0.60p per share (2013: 0.54p) payable on 19 May 2015 to shareholders registered at 1 April 2015. This increase reflects the Board's confidence in the Group's future prospects. Since 2011 the dividend has increased steadily.

Goodwill and Intangible Assets

Goodwill and Intangible assets have been reduced as a result of the sale of MCPL with a £16m write-off of the relevant goodwill and intangible assets of the business. An addition to goodwill arose as a result of the acquisition of Darwin Investment Managers Limited (£1.7m) and to intangible assets as a result of the acquisition of the FP Matterley Undervalued Assets Fund (£1.1m).

Cash

The cash generated from operations in 2013 was assisted by a decrease in working capital over the year. Otherwise the underlying trend in recent years is one of increasing cashflow.

With the exception of 2013, when an additional £2m was spent on acquisitions compared with 2014, the trend in recent years is one of increasing year end cash balances.

Total cash stood at £15.2m at 31 December 2014. After making allowance for regulatory capital and other allocations free cash was £8.2m.

Principal risks and uncertainties

The Group faces a range of risks originating both externally to the Group and from within the 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 Group. 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 the Group and the revenue generated from the management charge on the value of those assets. Funds managed by the Group are invested in a wide range of asset classes under different investment mandates including multi-asset, equity and portfolios of collective investment schemes. Consequently market risk is mitigated to the extent that asset classes are likely to behave differently in times of higher volatility which affords some protection to the Group's Assets Under Management and revenues.

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 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 Act, 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 significant 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.

Approved by the Board on 27 March 2015

Roger Bennett
Company Secretary

Audited Consolidated Statement of Comprehensive Income
for the year ended 31 December 2014

	Note	**2014 £000**	2013 £000
Revenue		**26,952**	27,999
Fees and commission expenses		**(9,732)**	(13,040)
Net revenue		**17,220**	14,959
Administration expenses		**(11,297)**	(9,594)
Share-based payment charge		**(905)**	(683)
Amortisation of intangible assets		**(1,218)**	(2,974)
Exceptional operating expenses	3(c)	**(9,364)**	(1,051)
Operating (loss)/profit	3(a)	**(5,564)**	657
Finance revenue		**58**	44
(Loss)/profit for the year before taxation		**(5,506)**	701
Taxation		**679**	7
(Loss)/profit for the year after taxation and (loss)/profit for the year attributable to equity holders of the parent		**(4,827)**	708

		pence	pence
Basic (loss)/earnings per share	4	**(3.27)**	0.51

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

	Share Capital £000	Share Premium £000	Employee Benefit Trust £000	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 year	–	–	–	–	–	–	708	708
Purchase of Employee Benefit Trust shares	–	–	(1,600)	–	–	–	–	(1,600)
Shares issued on placing	7	2,308	–	–	–	–	–	2,315
Shares issued on acquisition of PSigma Asset Management Holdings	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
Set up of Creditors Reserve	–	–	–	–	–	3,799	(3,799)	–
Capital reduction	–	(29,722)	–	–	(11,562)	–	41,284	–
Dividend	–	–	–	–	–	–	(596)	(596)
At 1 January 2014	**164**	**–**	**(6,294)**	–	**–**	**3,799**	**62,464**	**60,133**
Loss for the year	–	–	–	–	–	–	(4,827)	(4,827)
Shares issued re. the acquisition of PSigma Asset Management Holdings	3	1,254	–	–	–	–	–	1,257
Shares issued on acquisition of Darwin Investment Managers	2	700	–	–	–	–	–	702
Purchase of Treasury shares				(26)				(26)
Shares issued on exercise of options	2	707	–	–	–	–	(377)	332
Share-based payment charge	–	–	–	–	–	–	905	905
Deferred tax direct to equity	–	–	–	–	–	–	(953)	(953)
Release from Creditors Reserve	–	–	–	–	–	(742)	742	–
Dividend	–	–	–	–	–	–	(783)	(783)
At 31 December 2014	**171**	**2,661**	**(6,294)**	**(26)**	**–**	**3,057**	**57,171**	**56,740**

Audited Consolidated Balance Sheet
As at 31 December 2014

	Note	2014 £000	2013 £000
Non-current assets			
Goodwill		**41,070**	46,996
Intangible assets		**1,575**	10,111
Property and equipment		**216**	253
		42,861	57,360
Current assets			
Trade and other receivables		**2,871**	3,646
Deferred tax asset		**109**	–
Cash and cash equivalents	5	**15,192**	11,211
		18,172	14,857
Total assets		**61,033**	72,217
Current liabilities			
Trade and other payables		**3,690**	6,832
Provisions		**260**	518
		3,950	7,350
Non-current liabilities			
Other payables		–	3,750
Deferred tax liability		**343**	984
		343	4,734
Total liabilities		**4,293**	12,084
Net assets		**56,740**	60,133
Equity			
Share capital		**171**	164
Share premium		**2,661**	–
Employee Benefit Trust		**(6,294)**	(6,294)
Treasury shares		**(26)**	–
Creditors reserve		**3,057**	3,799
Retained earnings		**57,171**	62,464
Total equity shareholders' funds		**56,740**	60,133

Consolidated Statement of Cash Flows
for the year ended 31 December 2014

	Note	**2014 £000**	2013 £000
Operating activities			
(Loss)/profit for the year after taxation		**(4,827)**	708
Adjustments to reconcile (loss)/profit to net cash flow from operating activities:			
Tax on continuing operations		**(679)**	(7)
Net finance revenue		**(58)**	(44)
Depreciation		**99**	74
Loss on disposal of fixed assets		**10**	-
Amortisation of intangible assets		**1,218**	2,974
Share-based payment		**905**	683
Loss on disposal of Miton Capital Partners Limited		**11,990**	-
Change in fair value of deferred contingent consideration payable		**(3,410)**	-
(Increase)/decrease in trade and other receivables		**(83)**	1,696
Decrease in trade and other payables		**(737)**	(915)
(Decrease)/increase in provisions		**(258)**	288
Cash generated from operations		**4,170**	5,457
Income tax paid		**(1,245)**	(1,131)
Net cash flow from operating activities		**2,925**	4,326
Investing activities:			
Interest received		**58**	44
Purchase of property and equipment		**(72)**	(233)
Acquisition of PSigma Asset Management Holdings Limited		**(1,672)**	(5,250)
Acquisition of Darwin Investment Managers Limited		**(645)**	–
Consideration received on disposal of Miton Capital Partners Limited		**4,614**	–
Purchase of Matterley management contract		**(750)**	–
Purchase of intangible assets		–	(17)
Net cash flow from investing activities		**1,533**	(5,456)
Financing activities:			
Purchase of Treasury shares and Employee Benefit Trust shares		**(26)**	(1,600)
Proceeds from shares issued		**332**	2,586
Dividend paid		**(783)**	(596)
Net cash flow from financing activities		**(477)**	390
Increase/(decrease) in cash and cash equivalents		**3,981**	(740)
Cash and cash equivalents at the beginning of the year		**11,211**	11,951
Cash and cash equivalents at the end of the year	5	**15,192**	11,211

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

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 2014 were authorised for issue by the Board of directors on 27 March 2015 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 2014 and 31 December 2013 on which unqualified audit reports, which did not contain a statement under s498(2) or s498(3) of the Companies Acts 2006, have been issued. The statutory accounts for the year ended 31 December 2013 were posted to shareholders on 9 April 2014 and delivered to the Registrar on 30 June 2014. 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 27 March 2015.

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 2015 in Room 411/412 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH. The address of the Company's registered office is Second Floor, 51 Moorgate, London, EC2R 6BH. With effect from 31 March 2015 the registered office will be 6th Floor, Paternoster House, 65 St Paul's Churchyard London EC4M 8AB.

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 on 31 March 2015 and posted to shareholders on 15 April 2015. They will be available to the public at the registered office from 15 April 2015.

2. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2014. 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). 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.

Segmental Reporting

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

3. Group operating (loss)/profit

(a) Operating (loss)/profit is stated after charging:	**2014** **£000**	2013 £000
Auditors' remuneration	**327**	175
Staff costs	**7,078**	6,664
Operating lease rentals – land and buildings	**400**	136
Depreciation	**99**	74
Loss on disposal of fixed assets	**10**	-
Amortisation	**1,218**	2,974
Exceptional operating expenses	**9,364**	1,051

(b) Auditors' remuneration

The remuneration of the auditors is analysed as follows:	**2014** **£000**	**2013** **£000**
Audit of the consolidated financial statements	**70**	65
Audit of company's subsidiaries pursuant to legislation	**70**	60

	140	125
Other fees to auditors — tax compliance services	**25**	25
— tax advisory services	**97**	-
— other assurance services	**65**	25
	327	175

(c) Exceptional operating expenses/(income):	**2014 £000**	**2013 £000**
Loss on disposal of Miton Capital Partners Limited	**11,990**	-
Movement in fair value of deferred contingent consideration	**(3,210)**	-
Growth Share Plan implementation costs	**309**	-
Acquisition costs	**275**	619
Group restructuring costs	**-**	432
	9,364	1,051

Movement in fair value of deferred contingent consideration includes a charge of £430,000 arising from renegotiating the terms of the settlement of Tranche 1 of the deferred contingent consideration and a credit of £3,750,000 arising from a fair value adjustment for Tranche 2 of the deferred contingent consideration for PSigma.

Acquisition costs include additional contractual payments due in respect of the acquisition of PSigma and costs relating to the acquisition of Darwin Investment Managers Limited ('Darwin'). Acquisition costs in 2013 related wholly to the acquisition of PSigma.

Restructuring costs in 2013 represented £402,000 of redundancy costs and £30,000 of dilapidation costs relating to the Reading office.

4. Earnings per share

Basic earnings per share is calculated by dividing the (loss)/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 (loss)/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.

(a) Reported earnings per share

Reported basic loss per share has been calculated as follows:

	2014			2013		
	Loss £000	**Shares No.**	**Basic loss per share pence**	Profit £000	Shares No.	Basic earnings per share pence
Net (loss)/profit attributable to ordinary equity shareholders of the parent company for basic loss	**(4,827)**			708		
Basic	**(4,827)**	**147,701,855**	**(3.27)**	708	139,968,720	0.51

No diluted earnings per share is disclosed for 2014 as the Company reported a loss in the year. No diluted 2013 figure is disclosed as it is not materially different to the reported earnings per share for that year.

(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, exceptional items and items relating to previous years.

Adjusted Profit for calculating adjusted earnings per share:	**2014 £000**	**2013 £000**
(Loss)/profit before taxation for the year	**(5,506)**	701
Add back:		
Exceptional operating expenses	**9,364**	1,051
Amortisation	**1,218**	2,974
VAT provision relating to prior years	**185**	-
Adjusted Profit before tax	**5,261**	4,726
Taxation:		
Tax credit in the Consolidated Statement of Comprehensive Income	**679**	7
Tax effect of adjustments	**(1,829)**	(791)
Adjusted Profit after tax for the calculation of Adjusted earnings per share	**4,111**	3,942

Adjusted earnings per share was as follows using the number of shares calculated above:

	2014 pence	2013 pence
Adjusted earnings per share	**2.78**	2.82

Diluted Adjusted earnings per share was as follows:	**2014 pence**	2013 pence
Diluted Adjusted earnings per share	**2.53**	2.79

The above dilution arises largely as a result of the requirement to include an estimate of the Miton Group plc shares which would be issued if all the Growth Share Plan shares with an accrued value at 31 December 2014 had vested and had been exchanged for Miton Group plc ordinary shares at that date.

	2014			2013		
	Adjusted Profit £000	**Shares No.**	**Diluted Adjusted earnings per share pence**	Adjusted Profit £000	Diluted Shares No.	Diluted Adjusted earnings per share pence
Adjusted profit after tax for the calculation of Adjusted earnings per share for diluted Adjusted earnings	**4,111**			3,942		
Diluted Adjusted	**4,111**	**162,307,233**	**2.53**	3,942	141,374,553	2.79

5. Cash and cash equivalents

	2014 **£000**	2013 £000
Cash at bank and in hand	**15,192**	11,211

Within cash at bank is £3,057,000 (2013: £3,799,000) held for the account of creditors to the Company. This amount is held in a separate escrow account.