Miton

Beyond
the credit boom . . .

Miton Group plc

formerly known as MAM Funds plc

Half Year Report (Unaudited)

For the six months ended 30 June 2013

... a turning point

- A credit boom is a period characterised by the widespread availability of easy borrowing
- Normally credit booms do not last long as extra inflationary pressures force up interest rates preventing over-extended leverage. But the recent credit boom has been different for two principal reasons. It has been global in scale and has persisted for over 25 years
- Credit booms distort markets. During credit booms asset prices tend to rise quickly so they favour the speculative over the prudent
- The present credit boom has been with us for so long that investors have come to treat it as normal. However, as we move beyond the credit boom investment trends are changing. We have reached a turning point
- Few funds appear well-positioned for the new investment trends beyond the credit boom. Miton's proposition is a straightforward combination of leading fund managers, along with largely unconstrained strategies that are carefully applied to take advantage of the changing market trends

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

Assets Under Management

£2,019m

Adjusted Profit

£1.8m

Total Cash balance

£12.5m

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Business

Financials

Talented People . . .

Attracting industry leading figures to Miton

Following the credit boom small and nimble businesses are able to attract industry leading figures. Talented individuals can make a real difference in a business like ours.

Following the acquisition of PSigma Bill Mott continues in his role as Manager of the PSigma Income Fund. This fund is complementary to the Miton UK MultiCap Income Fund and broadens our UK income franchise.

Over the summer we have also welcomed three key individuals at subsidiary Board level: Ian Chimes as Director of Sales and Marketing from PSigma, Jim Davies as Non-Executive Chairman of Miton Capital Partners in Liverpool and Piers Harrison as Director of Operations and Risk Management. We have also recently announced the appointment of David Barron to the plc Board as Director of Investment Trusts and Product Strategy.

Key recent appointments taking on new roles:

Ian Chimes

Director of Sales and Marketing

Ian has over 20 years of experience in the City, including 13 years as Managing Director at Credit Suisse Asset Management. He was also responsible for the UK institutional business from 2003 onwards. In 2007 Ian co-founded PSigma Asset Management with Bill Mott.

"Ian Chimes has a wealth of experience and success in building Sales & Marketing teams in his previous roles at PSigma, Credit Suisse and Henderson. He has an enviable reputation with investors and will be a real asset to our business."

Graham Hooper

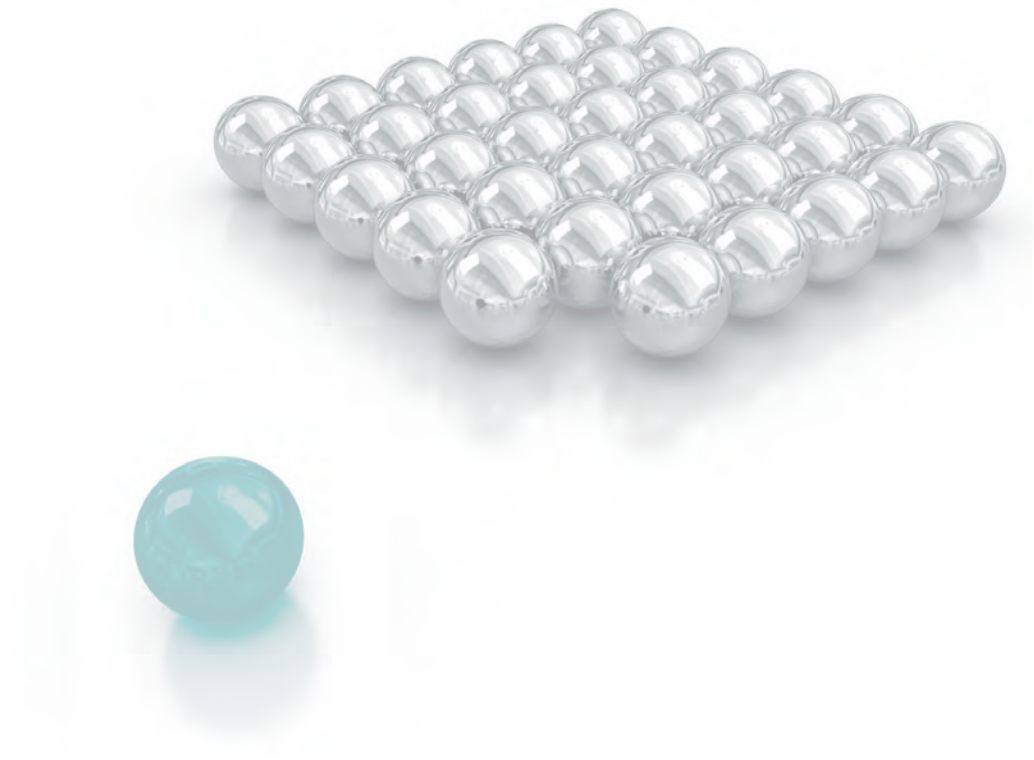
Jim Davies

Chairman of Miton Capital Partners in Liverpool

Jim has a strong career of business leadership as senior partner of law firm DWF. He co-founded DWF in 1977 with one office and six employees that has subsequently grown to 14 offices, employing 2,437 people today.

"Jim has a rare combination of skills. He is not only a highly regarded business leader, but also takes a great interest in engaging with all staff on a personal basis."

Gervais Williams



Piers Harrison

Director of Operations and Risk Management

Piers Harrison was previously Deputy Finance Director & Head of Operational Risk at Neptune Investment Management Limited. Prior to joining Neptune in 2010 he held similar roles at Matterley Services LLP and Charles Stanley & Co Limited. Piers has a very strong reputation in the industry for addressing internal bottlenecks and implementing well-crafted solutions.

"Piers is an excellent hire. Having his operational skills on board will make a significant difference as we deliver for our clients and grow the business."

Robert Clarke

David Barron

Director of Investment Trusts and Product Strategy

David brings over 30 years experience in the City including 18 years at JPMorgan Asset Management where he ran the largest investment trust business in the City. David brings great knowledge of both the investment trust industry and the wider asset management sector with comprehensive contacts in both.

"Investment trusts are a natural extension of Miton's business with their emphasis on the importance of income and long-term investing. David comes with a great reputation and track-record and with the opportunities in this sector, he is an outstanding hire and a great addition to the plc Board."

Ian Dighé

Differentiated Funds . . .

Setting up new funds with a different perspective

"Markets have been dominated by the credit boom since the 1980s and most fund strategies are optimised for these trends. But as market trends change beyond the boom, so will the optimum strategy."

- Booms are characterised by rising asset prices. During the boom, strategies focusing upon momentum, speculation and capital gain have come to predominate
- Since successful speculation relies upon both buying and selling at will, it is incompatible with those with limited liquidity which happens to the vast majority
- Momentum strategies may favour volatility in rising markets but at times of austerity they lack resilience
- Given this perspective, a post credit boom strategy will differ markedly from those popular over recent decades

Miton US Opportunities Fund performance since launch

The Miton US Opportunities Fund

The Miton US Opportunities Fund has been designed to take full advantage of the fact that the US is addressing the legacy issues of the credit boom ahead of most countries.

It's a new multi-cap fund investing freely over the whole of the Russell 3000 Universe. This offers greater opportunity to invest in domestic businesses, which are less likely to be held back by international constraints.

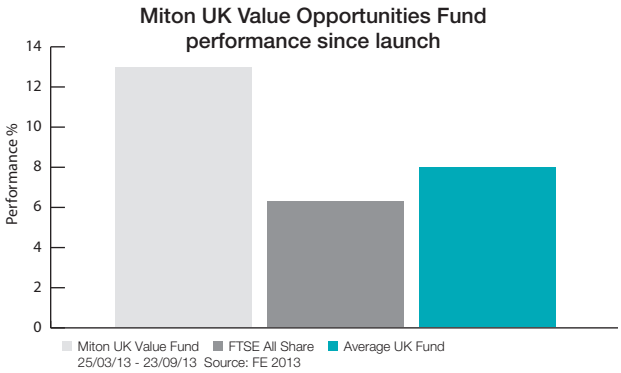
- A high conviction approach is followed as the fund will typically hold 35-50 stocks, ensuring that only the very best ideas are held
- Stock selection favours relatively underfollowed companies where there is a greater probability of undervaluation
- A more flexible approach to investing in the US; style and market cap agnostic
- Multi-cap remit provides a wider pool of investment ideas than most competitor funds
- An emphasis on individual bottom-up stock picking; important in the post credit boom world
- Ideas, not benchmarks, drive portfolio construction; an ability to focus exclusively on the best opportunities in the US market and dodge key index stock bullets
- Bias toward mid and smaller cap stocks with strong exposure to a recovering US economy
- Managers have proven track records using a bottom-up approach
- The potential for the recovery of the US dollar over the coming years

The fund was launched on 18 March and by the end of June had attracted inflows of £17m.

The Miton UK Value Opportunities Fund

- The Miton UK Value Opportunities Fund has been designed to take full advantage of the fact that few UK funds have had a laser-like focus on tangible assets during the credit boom
- A new multi-cap fund with an emphasis on those stocks that are best backed by tangible assets and robust cash flow
- The fund is not benchmark driven – it has a very different set of holdings from most core UK funds, and an ability to dodge index stocks that get caught out and exclusively focus on the best opportunities in the UK market
- There are few funds available to UK savers which follow a disciplined value approach
- Stock selection favours companies with low expectations built into their share prices, where there is the greatest scope for share price recovery
- Multi-cap remit provides a wider pool of investment ideas than most competitor funds
- The fund managers perform every stage of the analysis, exploring the entire market cap range for the best value ideas; indeed some of the real gems are often found outside the largest companies
- Managers have proven track records using a bottom-up value approach

The fund was launched on 25 March and by the end of June had attracted inflows of £28m.



New Investment Trust Mandates

- In February, we were appointed as managers of the £79m Henderson Fledgling Trust plc with an objective of realigning the strategy to that of the Diverse Income Trust plc ahead of a proposed merger once this was completed.
- In June, we were appointed as managers of The Investment Company plc to expand the scale of the £16m Trust as an investor in convertible preference, loan stocks, debentures and similar instruments. These issues tended to drop out of favour during the credit boom, but we believe they will become more plentiful in the coming years.

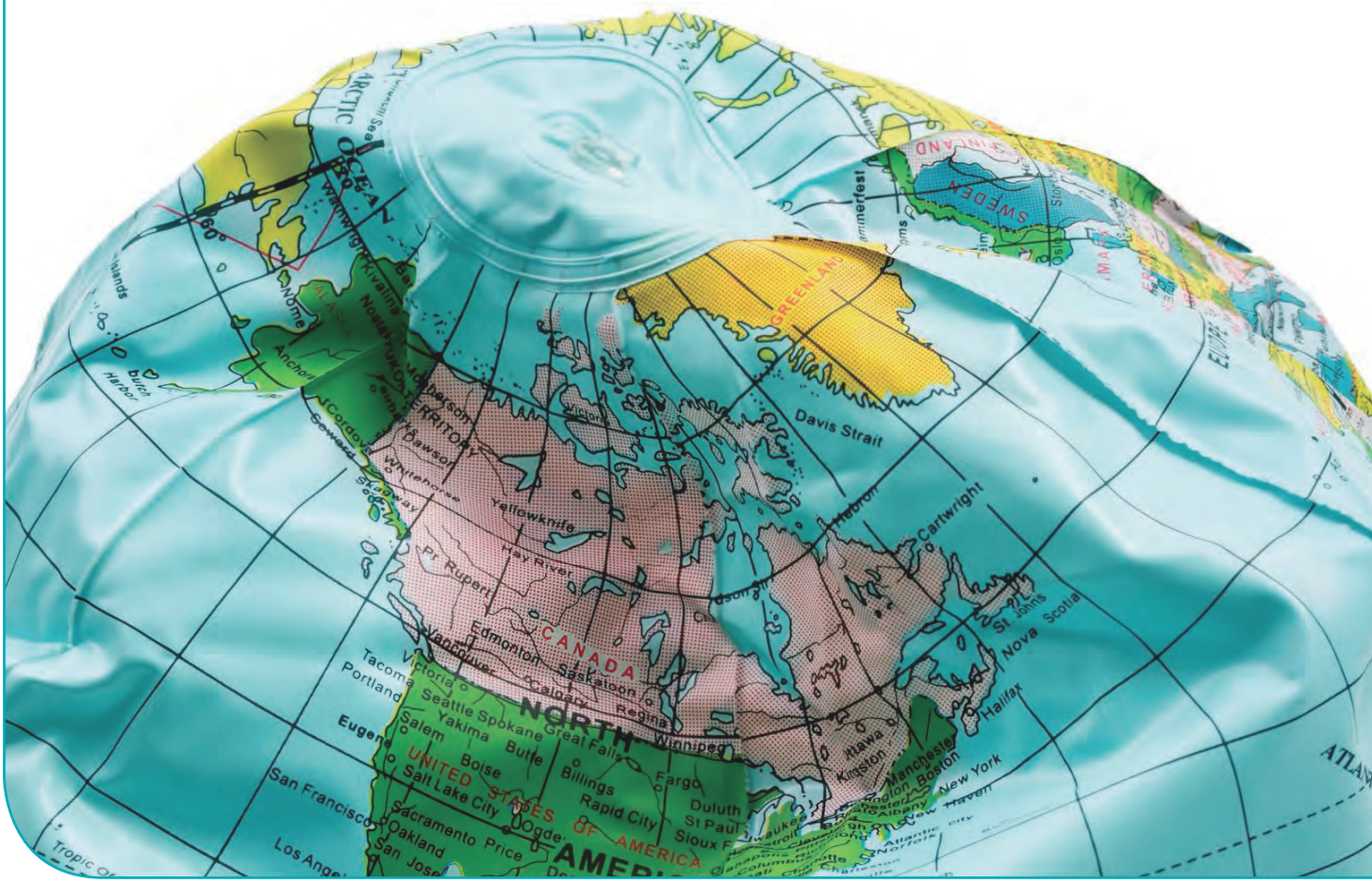
Improved Systems . . .

Upgrading our internal systems

- We are making good progress with our IT upgrade
- We have selected Bloomberg AIM as a single operating system to be employed across the Group as our portfolio and order management system
- We will also be utilising Bloomberg's Compliance package, CMGR, which will allow the Group to have fully automated pre and post-trade compliance checks over our product range
- To improve operational efficiency and to limit exposure to operational risk we will employ straight-through processing where possible
- The planned migration of funds onto the operating system is commencing in September 2013 and should be completed by the end of the year.

"Once in place, Miton will have a fully scalable system which will be able to service our operational requirements for the next phase of growth."

Piers Harrison



. . . making Miton more *distinctive*

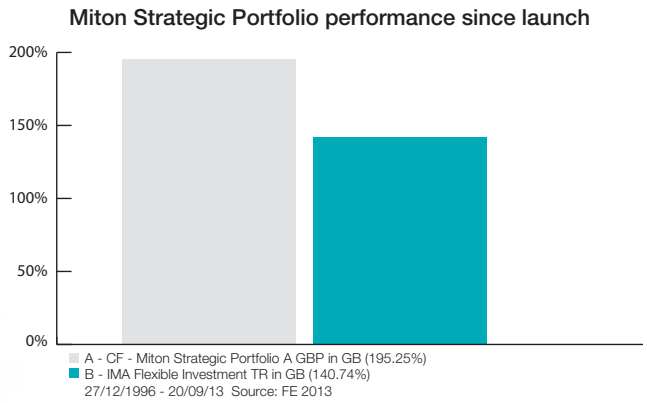
- Miton has the advantage of being an independent fund management company quoted on the AIM market. It not only has a robust balance sheet, but also the financial backing of some of the most sizable investment institutions in the UK
- With independence, Miton can be more distinctive. Many of our funds are not tied to traditional benchmarks since we believe savers are often more interested in maximising absolute returns over time, rather than chasing volatile returns relative to a limited universe of stocks in an index
- With a post credit boom perspective, Miton can propose investment strategies crafted for forthcoming trends rather than necessarily following the consensus
- Many of our funds closely manage volatility, as well as maximising return, with an aim to better sustain clients' assets through the market cycles

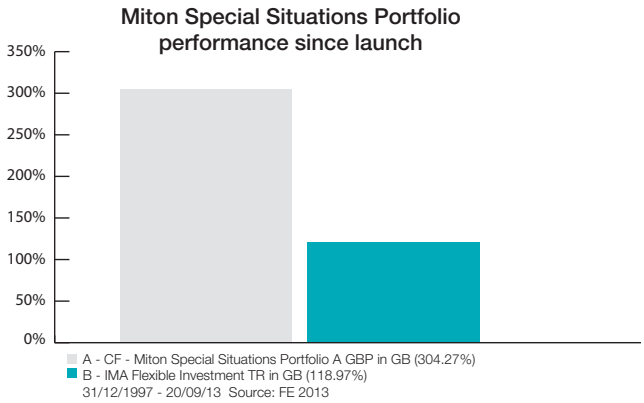
Independent thinking at Miton

We believe these factors attract some of the best talent in the industry, and with their skills we are better placed to succeed in our ambitions. These factors come together at a time when the market trends themselves are changing, with the distinctive aspects of the Group becoming more relevant to a wider range of customers at this time.

"During the six month period, market trends have begun to change as the risks of excessive credit have become more apparent. We believe the advantage of independent thinking is all the greater at times of profound change."

Martin Gray





Financial Highlights

	Unaudited Six months to 30 June 2013 £m	Unaudited Six months to 30 June 2012 £m	Audited Year to 31 December 2012 £m
Assets Under Management: End of period	**2,019**	1,724	1,786
Average	**1,921**	1,707	1,734
Net Flows	**121**	33	63
Net Revenue	**6.0**	5.6	11.6
Adjusted Profit[1]	**1.8**	2.0	3.9
Profit before Tax (after amortisation)	**0.3**	0.5	0.9
Cash generated from operations (before interest and tax)	**2.1**	1.6	3.6
Net Cash	**12.5**	10.3	12.0
	pence	pence	pence
Earnings per share	**0.22**	0.44	0.80
Adjusted EPS[2]	**1.06**	1.27	2.47

Notes
1. Adjusted Profit is before amortisation, exceptionals and taxation.
2. Adjusted EPS is based on Adjusted Profit and excludes charges for amortisation and exceptionals.

See page 10 for Financial Review

Chairman's Statement

Ian Dighé
Chairman

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 moved 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 JPMorgan 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 ongoing strong performance of both Diverse Income Trust plc and the UK MultiCap Income fund. From a combined £167m in December they have grown to £307m at the end of the half year and to £406m 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%.

	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 payment	**(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

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 above.

The Adjusted EPS in the period of 1.06p (see page 8) has 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 will 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 issue will also 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 PSigma Potential

"PSigma brings a mainstream UK Income fund that's complementary to Miton UK MultiCap Income Fund. But beyond this, there is scope for their staff to considerably improve our internal operations and our effectiveness at keeping our clients right up-to-date with the positioning of our fund range. We believe PSigma is a highly advantageous transaction."

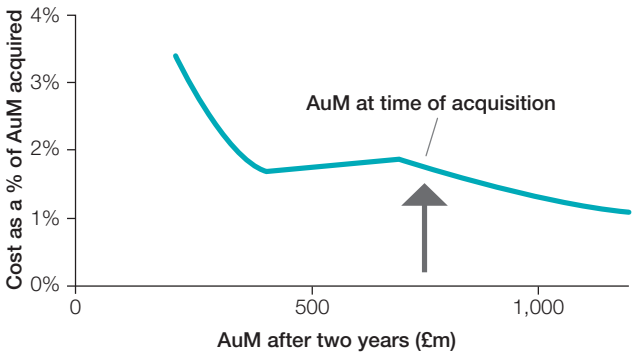
The acquisition of PSigma Asset Management

- PSigma was established to build upon Bill Mott and Ian Chimes' previous success in equity income at Credit Suisse
- By 30 June 2013 PSigma had grown to £750m of AuM through a collection of unit trusts and a segregated mandate, with the UK income strategy comprising 91% of AuM
- On 2 July this year we announced the acquisition of PSigma Asset Management Holdings Limited

What we will pay for PSigma

- The total consideration for the acquisition will be between £6.75m and £13m and will be dependent upon the scale of PSigma's assets under management retained in two years' time

The chart below illustrates the cost of the business as a percentage of PSigma AuM after two years within the Miton Group:



The four key benefits of PSigma

1. ***Consistent strategies*** — Similar investment philosophy to position funds for 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.

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		**(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

At 30 June 2013

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

The accounting policies applied in these interim financial statements are consistent with those applied in the Group's most recent annual financial statements, except for the adoption of new standards and interpretations effective as of 1 January 2013.

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 operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report.

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.

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

The profit for the period 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 payments 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 2012 £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:

	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

Notes to the Consolidated Financial Statements continued

At 30 June 2013

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 comprises 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

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.

Financial Calendar

2013 Annual Report and accounts	April 2014
Annual General Meeting	May 2014
2014 Interim Report	September 2014
Closing mid-market share price on 30 June 2013	30p
Stock code	MGR
Listing details	The Company's ordinary shares are quoted on the Alternative Investment Market. The price of the ordinary shares appears daily under the AIM section in the Financial Times and The Daily Telegraph.

Contact Details of the Secretary and Advisers

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National Westminster Bank PLC
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Nominated Adviser and Broker
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Moor House
120 London Wall
London
EC2Y 5ET

Auditors
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1 More London Place
London
SE1 2AF

Company registration number 5160210

Open-ended funds

Miton Global Diversified Income Fund
The Miton Global Diversified Income Fund aims to produce attractive levels of income in a low yield environment by investing across a wide spectrum of regions and asset classes.

CF Miton Total Return Fund
The CF Miton Total Return Fund is a multi-asset portfolio that looks to target returns of LIBOR+3% over the course of the investment cycle.

CF Miton Worldwide Opportunities Fund
The CF Miton Worldwide Opportunities Fund prioritises capital growth by investing primarily in a full range of both open ended and closed ended funds.

CF Miton Special Situations Portfolio
The CF Miton Special Situations Portfolio is a global macro, multi-asset fund that aims to achieve long-term returns above inflation over the course of a full investment cycle.

CF Miton Strategic Portfolio
The CF Miton Strategic Portfolio is a global cautious fund that prioritises capital preservation and low volatility across all market cycles.

CF Miton Diversified Growth Fund
The CF Miton Diversified Growth Fund is a balanced multi-asset portfolio, which aims to achieve long-term capital growth without taking undue risk.

CF Miton Distribution Fund
The CF Miton Distribution Fund is a multi-asset fund that aims to achieve a relatively high level of growing income in addition to capital growth without taking undue risk.

CF Miton UK MultiCap Income Fund
The CF Miton UK MultiCap Income Fund invests across the market cap spectrum of UK quoted companies, aiming to provide attractive levels of dividends coupled with capital growth over the long-term.

CF Miton UK Smaller Companies Fund
The CF Miton UK Smaller Companies Fund is an equity fund that aims to achieve long-term total returns by investing primarily in UK smaller quoted companies.

CF Miton UK Value Opportunities Fund
The new CF Miton UK Value Opportunities Fund aims to achieve capital growth by focusing on the very best value opportunities in the market, while trying to avoid stocks which look great value on the surface but on closer inspection are expensive.

CF Miton US Opportunities Fund
The CF Miton US Opportunities Fund is a new fund that aims to beat the S&P500 by 3-5% per annum over an investment cycle by investing in US equities, the largest equity market in the world.

Closed end funds

The Diverse Income Trust plc
The Company's investment objective is to provide shareholders with an attractive level of dividends coupled with capital growth over the long-term by investing across the market cap spectrum of UK quoted companies.

Midas Income & Growth Trust plc
The Company's investment objective is to outperform 3-month LIBOR by 3% over the long-term, with low volatility and the prospect of capital and income growth, through investment in a multi-asset portfolio.

Miton Worldwide Growth Investment Trust plc
The Company's investment objective is to outperform 3-month LIBOR by 2% over the long-term, principally through exploiting inefficiencies in the pricing of closed end funds.

Miton Income Opportunities Trust PLC
The Company seeks long-term growth in capital and dividends from investment predominantly in the constituents of the FTSE Fledgling (ex. Investment Companies) Index.

The Investment Company plc
The Company's investment objective is to provide an attractive level of dividends coupled with capital growth over the long-term, through investment in a portfolio of equities, preference shares, loan stocks, debentures and convertibles.

Miton

www.mitongroup.com

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