MAM FUNDS PLC

27 September 2011

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

MAM Funds plc, the AIM quoted fund management group, announces its interim results for the six months ended 30 June 2011.

Financial Highlights

	Increase Year on year	Unaudited First half to 30 June 2011	Unaudited First half to 30 June 2010	Audited Year to 31December 2010
Funds under management	+9%	**£1.68 billion**	£1.54 billion	£1.68 billion
Revenue	+7%	**£10.7 million**	£10.0 million	£20.4 million
Underlying EBITA[1]	+17%	**£2.4 million**	£2.0 million	£4.4 million
Underlying earnings per share[2] (Basic and Diluted)	+32%	**1.57p**	1.19p	2.80p

[1] *Underlying earnings before interest, tax and amortisation ("Underlying EBITA"), which the directors believe allows shareholders to understand better underlying operating performance, is stated before share based payments and exceptional items.*

[2] *Underlying earnings per share ("Underlying eps") is based on Underlying EBITA after interest and tax.*

Ian Dighé, Executive Chairman, MAM Funds plc, says:

"Since the new directors were appointed in February 2011, a number of the initiatives outlined in my first statement have been successfully completed. We have transformed our balance sheet, strengthened our fund management, sales and marketing teams' capabilities and continue to invest in upgrading our marketing systems.

"Our fund management performance is strong and we are well placed to grow our funds under management. The recent market conditions highlight the opportunity for client focused fund management businesses to differentiate themselves to a greater degree through a willingness to step away from the closet index hugging mentality with deliberate asset allocation and stock picking decisions.

"Whilst the second half will continue to be demanding, we believe that MAM is well placed to make further progress in growing the business."

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Chairman's Statement

Introduction

Since the new directors were appointed in February 2011, a number of the initiatives outlined in my first statement have been successfully completed. Our balance sheet has been transformed to a net cash position. We have strengthened our fund management and marketing teams with new hires. Importantly, our fund management performance has been strong. We are therefore well placed to grow our funds under management. The recent market conditions highlight the opportunity for client focused fund management businesses to differentiate themselves to a greater degree through a willingness to step away from the closet index hugging mentality with deliberate asset allocation and stock picking decisions. Despite the challenges presented by volatile global markets, MAM continues to deliver value for its clients.

Results and trading performance

For the six months ended 30 June 2011, the financial highlights are:

- Funds under management were maintained at £1.68 billion versus the end of 2010, but increased 9% when compared to the interim period last year (2010: £1.54 billion).

- Revenue of £10.7 million was 7% ahead of the corresponding prior period (2010: £10.0 million).

- The group delivered an Underlying EBITA of £2.4 million (2010: £2.0 million), a 17% increase on the previous year

- Underlying EBITA as a percentage of net revenue improved to 42.2% versus 38.8% for the comparative period.

- The Group ended the period with £9.3 million in cash (as at 31 December 2010: £8.4 million).

Fund management performance

Our two key Miton branded funds, Special Situations and Strategic, have continued to attract client interest and their funds under management have grown by £71 million during the period. In addition, the launch of the Diverse Income Trust marked the group's first move into the single strategy sector.

Redemptions have slowed from the Midas branded funds reflecting the improved three year record in both the Midas Balanced Growth and Income funds.

Overall, MAM's funds have performed well in the volatile markets experienced so far in 2011. Out of our eight OEIC funds, six were within the first and second quartiles over the three months to the end of June 2011 while our Select Assets, Balanced Growth, and Balanced Income funds were top quartile in the six months to end of June 2011. Importantly, our Special Situations and Strategic funds were up 0.01% and 0.21% respectively against a sector average down 7.88% across the period from 1 July 2011 to 31 August, 2011. Our managers continue to invest with conviction across their specific asset classes.

Fund developments

We are committed to growing assets within existing funds, launching new products and actively developing and expanding our distribution capabilities.

On 28 April 2011, we listed the Diverse Income Trust on the London Stock Exchange, raising £50 million in difficult market conditions.

This closed-end investment company is managed by Gervais Williams and Martin Turner. Martin, who joined the group in May 2011, has over 20 years' experience and was formerly head of small-mid cap equities at Collins Stewart.

The launch represented a significant achievement in uncertain market conditions and we were particularly pleased that investors recognised the attractiveness of the investment mandate; to provide an attractive level of dividend at around 4.0% pa, coupled with capital growth over the long term from a portfolio of primarily quoted or traded UK companies, with a strong bias towards small and mid cap equities.

Reflecting the continuing investor appetite for a regular income and capital growth, we intend to launch later this year an OEIC version of the closed-end vehicle with a similar investment objective and managed by the same team.

As we look forward, we believe there are significant opportunities to enhance the group's product range and attract talented fund managers.

Sales & marketing strategy

In my Chairman's annual results statement for 2010 I made reference to the need to strengthen the fund management, sales and marketing teams.

Simon Callow and Mark Wright were promoted to Lead Manager and Deputy Manager respectively of the Midas Balanced Growth Fund in April 2011, reflecting their strong contribution to the running of the fund over a number of years.

I am pleased to report that Neil Bridge joined MAM as Head of Business Development in May. Neil is an exceptionally experienced individual having formerly worked for over 21 years with Schroders, latterly as head of UK retail sales. Neil's sales responsibilities include new business development through networks, platforms, national IFAs, private client stockbrokers and discretionary managers.

We were also fortunate to be able to appoint Mark Harper in May as Head of Marketing. Mark previously worked for Gartmore and has more than 15 years' experience in the industry having held marketing roles at Invesco Perpetual and Lloyds TSB.

The sales team has been reinvigorated by the changes we have introduced and we are optimistic that an increase in interest from the intermediary market will translate into increasing fund inflows across our funds. We have already seen significant and rising interest in our funds from Independent Financial Advisers throughout the UK as evidenced by inbound call volumes.

An important part of the group's development is ensuring that we operate the most efficient and effective systems when dealing with our customers. To this end, we are undertaking a data audit, introducing a new CRM system, developing a new website and improving the frequency, nature and content of our marketing communications.

Equity placing and repayment of all debt

As I advised in my February 2011 statement, shareholders approved the issue of 60.6 million shares at 33 pence per share, placed with institutional and other investors. Importantly, MAM now has a stable shareholder base committed to the long term future of the business. The completion of the placing afforded the group the ability to repay all the outstanding debt. We are now unencumbered by bank borrowings and covenants and have successfully restored the group's ability to pay dividends in the future.

Reflecting this and the capital reorganisation undertaken in August 2010, shareholders' funds stood at £54.8 million at 30 June 2011 (2010: £35.0 million).

Dividends

No interim dividend has been declared. However, the Board remains committed to a return to the dividend list and will review the position again at the time of the final results.

Future prospects

Our fund management performance is strong. We have transformed our balance sheet, enhanced our fund management and sales capability and continue to invest in upgrading our marketing systems. We believe that our ability to address volatility will enhance our credentials as a serious and considered fund management group. Whilst the second half will continue to be demanding, we believe that MAM is well placed to make further progress in growing the business.

Ian Dighé
Executive Chairman
27 September 2011

Consolidated Income Statement
for the period ended 30 June 2011

	Notes	Unaudited Six months to 30 June 2011 £'000	Unaudited Six months to 30 June 2010 £'000	Audited Year to 31 December 2010 £'000
Revenue	2	**10,701**	9,963	20,434
Fees and commission expense		**(5,119)**	(4,749)	(9,849)
Net revenue		**5,582**	5,214	10,585
Administration expenses		**(3,224)**	(3,193)	(6,209)
Share based payments	10	**(296)**	(112)	(438)
Amortisation		**(1,485)**	(1,484)	(2,969)
Exceptional operating expense	3(b)	**(236)**	-	(850)
Operating profit from continuing operations		**341**	425	119
Exceptional loss on restructuring and financing	4	**(325)**	-	(63)
Finance revenue		**2**	-	2
Finance costs		**(169)**	(722)	(1,336)
Loss for the period from continuing operations before taxation		**(151)**	(297)	(1,278)
Taxation		**238**	(24)	31
Profit/(loss) for the period from continuing operations after taxation		**87**	(321)	(1,247)
Discontinued operations				
Profit for the period from discontinued operations		**214**	1,416	1,633
Profit for the period attributable to equity holders of the parent		**301**	1,095	386

	Notes	pence	pence	pence
Earnings per share				
- Basic and diluted	5	**0.26**	1.58	0.56
Earnings per share from continuing operations				
- Basic and diluted	5	**0.07**	(0.46)	(1.79)

Consolidated Statement of Changes in Equity
for the period ended 30 June 2011

	Share Capital £'000	Share Premium £'000	Treasury Shares £'000	MEI Treasury Shares £'000	Warrant Reserve £'000	Capital Redemption Reserve £'000	Creditors Reserve £'000	Retained Earnings £'000	Total £'000
At 1 January 2010	**5,746**	**18,902**	**(32)**	**-**	**176**	**2,438**	**-**	**6,593**	**33,823**
Profit for the period	-	-	-	-	-	-	-	1,095	1,095
Share based payments	-	-	-	-	-	-	-	112	112
Deferred tax direct to equity	-	-	-	-	-	-	-	40	40
LTIP direct to equity	-	24	-	-	-	-	-	(64)	(40)
At 1 July 2010	**5,746**	**18,926**	**(32)**	**-**	**176**	**2,438**	**-**	**7,776**	**35,030**
Loss for the period	-	-	-	-	-	-	-	(709)	(709)
Capital reconstruction	(5,677)	(18,902)	-	-	-	(2,438)	978	26,039	-
Redemption of preference shares	-	-	-	-	-	5,527	-	(5,527)	-
Exceptional loss on restructuring	-	-	-	-	63	-	-	-	63
Movement in period	-	-	(20)	-	-	-	-	-	(20)
Shares issued on exercise of options	1	-	-	-	-	-	-	-	1
Share based payments	-	-	-	-	-	-	-	326	326
Deferred tax direct to equity	-	-	-	-	-	-	-	(16)	(16)
Transfer from creditors reserve	-	-	-	-	-	-	(179)	179	-
At 1 January 2011	**70**	**24**	**(52)**	**-**	**239**	**5,527**	**799**	**28,068**	**34,675**
Profit for the period	-	-	-	-	-		-	301	301
Placing shares issued	61	19,939	-	-	-	-	-	-	20,000
Cost of share issue	-	(557)	-	-	-	-	-	-	(557)
Exercise of warrants	2	239	-	-	(239)	-	-	-	2
Redemption of preference shares	-	-	-	-	-	6,035	-	(6,035)	-
Sale of treasury shares	-	-	52	-	-	-	-	-	52
Shares issued to Management Equity Incentive (MEI)	13	4,283	-	(4,296)	-	-	-	-	-
LTIP direct to equity	-	-	-	-	-	-	-	(48)	(48)
Share based payments	-	-	-	-	-	-	-	296	296
Deferred tax direct to equity	-	-	-	-	-	-	-	40	40
Transfer from creditors' reserve	-	-	-	-	-	-	(222)	222	-
At 30 June 2011	**146**	**23,928**	**-**	**(4,296)**	**-**	**11,562**	**577**	**22,844**	**54,761**

Consolidated Balance Sheet
As at 30 June 2011

	Notes	Unaudited Six months to 30 June 2011 £'000	Unaudited Six months to 30 June 2010 £'000	Audited Year to 31 December 2010 £'000
Non-current assets				
Goodwill		**34,544**	34,544	34,544
Intangible assets		**17,505**	20,462	18,990
Property and equipment		**139**	145	125
		52,188	55,151	53,659
Current assets				
Trade and other receivables		**1,552**	1,468	1,525
Income tax receivables		**503**	1,230	393
Cash and cash equivalents	6	**9,251**	13,027	8,407
		11,306	15,725	10,325
Total Assets		**63,494**	70,876	63,984
Current liabilities				
Trade and other payables		**1,310**	2,155	2,528
Financial liabilities	8	**-**	1,653	2,550
Income tax payable		**1,874**	1,780	1,341
Provisions	7	**1,160**	1,131	1,514
		4,344	6,719	7,933
Non-current liabilities				
Financial liabilities	8	**-**	22,924	16,013
Deferred tax liabilities		**4,259**	5,604	4,961
Provisions	7	**130**	599	402
		4,389	29,127	21,376
Total liabilities		**8,733**	35,846	29,309
Net assets		**54,761**	35,030	34,675
Equity				
Share capital	9	**146**	5,746	70
Share premium		**23,928**	18,926	24
Treasury shares		**-**	(32)	(52)
MEI treasury shares	9	**(4,296)**	-	-
Warrant reserve		**-**	176	239
Capital redemption reserve		**11,562**	2,438	5,527
Creditors reserve		**577**	-	799
Retained earnings		**22,844**	7,776	28,068
Total equity		**54,761**	35,030	34,675

Consolidated Cash Flow Statement
for the period ended 30 June 2011

	Notes	Unaudited Six months to 30 June 2011 £'000	Unaudited Six months to 30 June 2010 £'000	Audited Year to 31 December 2010 £'000
Operating activities				
Profit for the period		**301**	1,095	386
Adjustments to reconcile profit to net cash flow from operating activities				
Tax on discontinued operations		**-**	(57)	(57)
Tax on continuing operations		**(238)**	24	(31)
Net finance cost		**167**	722	1,334
Depreciation		**32**	48	88
Amortisation of intangible assets		**1,485**	1,484	2,969
Share based payments		**296**	112	438
(Increase)/decrease in trade and other receivables		**(27)**	526	466
(Decrease)/increase in trade and other payables		**(1,256)**	579	1,004
Movement in provisions	7	**(626)**	738	924
Profit on disposal of subsidiaries		**-**	(1,653)	(1,874)
Exceptional loss on restructuring and financing	4	**325**	-	63
Direct charge to equity		**(48)**	(40)	(40)
Movements in investments at fair value through profit or loss		**-**	-	(20)
Cash generated through operations		**411**	3,578	5,650
Income tax paid		**-**	-	(204)
Net cash flow from operating activities		**411**	3,578	5,446
Investing activities				
Interest received		**2**	-	2
Purchase of property and equipment		**(46)**	(75)	(94)
Purchase of intangible assets		**-**	-	(13)
Proceeds from disposal of treasury shares		**52**	-	-
Proceeds from sale of subsidiaries net of costs of disposal		**-**	6,083	6,304
Net cash flow from investing activities		**8**	6,008	6,199
Financing activities				
Proceeds from share issue		**20,002**	-	-
Costs of share issue		**(513)**	-	-
Interest paid		**(1,155)**	(688)	(1,016)
New borrowings		**-**	374	-
Repayment of borrowings		**(17,584)**	-	(5,977)
Early redemption payment		**(325)**	-	-
Settlement of loans		**-**	(744)	(744)
Net cash flow from financing activities		**425**	(1,058)	(7,737)
Increase in cash and cash equivalents		**844**	8,528	3,908
Cash and cash equivalents at the beginning of the period		**8,407**	4,499	4,499
Cash and cash equivalents at the period end	6	**9,251**	13,027	8,407

Notes

1. **Basis of preparation**

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 2010. Following the £20 million placing in February 2011, which facilitated the repayment of all the group's bank debt, the calculation of Underlying EBITA used in the Underlying earnings per share calculation has been amended for 2011 and prior periods so that it is now stated after interest.

The group's Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and is available on the MAM Funds group website (www.mamfundsplc.com).

These unaudited financial statements were approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 27 September 2011.

The full year accounts to 31 December 2010 were approved by the Board of Directors on 11 April 2011 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 2011 and 2010 have not been audited.

2. **Segmental information**

With the completion in 2010 of the disposal of all of its non-core assets the group now operates as one business segment, Fund Management, which offers a number of fund management products through a variety of distribution channels.

3. **Group profit /(loss) for the period**

(a) Underlying EBITA

Underlying earnings before interest, tax and amortisation ("Underlying EBITA"), which the directors believe allows shareholders to understand better underlying operating performance, is stated before share based payments and exceptional items.

Underlying EBITA for continuing operations was as follows:-

	Six months to 30 June 2011 £'000	**Six months to 30 June 2010 £'000**	**Year to 31 December 2010 £'000**
Profit/(loss) for the period from continuing operations	87	(321)	(1,247)
Add back tax on Income Statement	(238)	24	(31)
Adjustments:			
Share based payments	296	112	438
Amortisation	1,485	1,484	2,969
Exceptional operating expense	236	-	850
Exceptional loss on restructuring and financing	325	-	63
Net finance costs	167	722	1,334
Underlying EBITA	**2,358**	**2,021**	**4,376**

Notes
(continued)

3. **Group profit /(loss) for the period** (continued)

(b) Exceptional operating expense – continuing operations

	Six months to 30 June 2011 £'000	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Group restructuring costs	236	-	441
Capital reconstruction costs	-	-	148
Other costs	-	-	261
	236	**-**	**850**

Exceptional operating expenses of £236,000 were paid and accrued in respect of redundancy and other restructuring costs in the period.

(c) Profit for the period from discontinued operations

Within the profit for the period from discontinued operations the following exceptional operating expense was incurred:

	Six months to 30 June 2011 £'000	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Group restructuring costs	**(214)**	**-**	**764**

In 2011 the group sub-let a property that was no longer being used by the business. This sub lease has given rise to a £214,000 partial reversal of the onerous lease provision in the period.

4. **Exceptional loss on restructuring and financing**

As part of the £20 million placing and debt redemption proposals in February 2011, a £325,000 early redemption payment was made to Bank of Scotland to gain consent for the early redemption of all the group's debt and accrued interest outstanding at that time. This payment has been charged to exceptional loss on restructuring and financing in the period.

5. **Earnings per share**

Basic earnings per share from the combined, continuing and underlying operations is calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

In calculating diluted earnings per share, IAS 33 Earnings Per Share requires that the profit/(loss) of the combined, continuing and underlying operations 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.

Notes
(continued)

5. **Earnings per share** (continued)

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 under IAS 33. As a result there are no potentially dilutive ordinary shares within the definitions of IAS 33 outstanding at any of the period ends below and all of the group's earnings per share calculations are the same for both basic and diluted purposes.

Additionally, the weighted average number of shares used in the earnings per share calculations excludes Nil (June and December 2010:139,983) of the group's own shares, of which Nil (June and December 2010: 69,921) were held by Exeter Investment Group ESOP Trustee Limited and Nil (June and December 2010: 70,062) were held by Midas ESOP Limited.

(a) Reported earnings per share from the combined operations

This includes both the continuing and discontinuing operations' profit/(loss) for the period and has been calculated as follows:

	Six months to 30 June 2011			**Six months to 30 June 2010**		
	Profit £'000	**Shares No.**	**Earnings per share pence**	**(Loss)/ profit £000**	**Shares No.**	**Earnings per share pence**
Profits/(loss) from continuing operations	**87**			(321)		
Profit from discontinued operations	**214**			1,416		
Net profit attributable to ordinary equity holders of the parent for basic earnings	**301**			1,095		
Basic	**301**	**116,715,579**	**0.26**	1,095	69,480,398	1.58
Dilutive potential Ordinary shares	**-**	**-**	**-**	-	-	-
Diluted	**301**	**116,715,579**	**0.26**	1,095	69,480,398	1.58

	Year to 31 December 2010		
	(Loss)/ profit £000	**Shares No.**	**Earnings per share pence**
Loss from continuing operations	(1,247)		
Profit from discontinued operations	1,633		
Net profit attributable to ordinary equity holders of the parent for basic earnings	386		
Basic	386	69,529,364	0.56
Dilutive potential Ordinary shares	-	-	-
Diluted	386	69,529,364	0.56

Notes
(continued)

5. **Earnings per share** (continued)

On 14 February 2011 the group undertook a £20 million placing by way of an issue of 60,606,061 ordinary shares of 0.1 pence per share. An additional 2,177,161 shares were issued in respect of a warrant exercised by Bank of Scotland at that time.

(b) Reported earnings per share from continuing operations

This includes the profit/(loss) for the continuing operations in the period and was as follows:

	Six months to 30 June 2011 pence	Six months to 30 June 2010 pence	Year to 31 December 2010 pence
Basic and diluted	**0.07**	(0.46)	(1.79)

(c) Underlying earnings per share from continuing operations

Underlying earnings per share ("Underlying eps") is based on Underlying EBITA after interest and tax.

The calculation of Underlying eps has been amended for 2011 and prior periods so that it is now after net interest. This change has been made to recognise the transformation in the group's financial position following the issue of 60.6 million ordinary shares by way of a placing in February 2011. The £20 million placing proceeds were used to redeem all of the group's bank debt and this has increased the proportion of the group's profits that are now attributable to shareholders.

Underlying EBITA for calculating Underlying earnings per share:

	Note	Six months to 30 June 2011 £000	Six months to 30 June 2010 £000	Year to 31 December 2010 £000
Underlying EBITA	3 (a)	**2,358**	2,021	4,376
Net finance costs		**(167)**	(722)	(1,334)
		2,191	1,299	3,042
Taxation:				
Tax in the Income Statement for continuing operations		**238**	(24)	31
Tax effect of adjustments		**(596)**	(447)	(1,129)
Underlying EBITA after interest and tax for the calculation of Underlying earnings per share		**1,833**	**828**	**1,944**

Notes
(continued)

5. **Earnings per share** (continued)

Underlying earnings per share from continuing operations was as follows:

	Six months to 30 June 2011 pence	**Six months to 30 June 2010 pence**	**Year to 31 December 2010 pence**
Basic and diluted	**1.57**	1.19	2.80

6. **Cash and short-term deposits**

	30 June 2011 £'000	**30 June 2010 £'000**	**31 December 2010 £'000**
Cash at bank and in hand	**9,251**	13,027	8,407

Included within the cash balances at 30 June 2010 was £6.8 million in respect of the disposal of the group's Wealth Management business. The cash received from this disposal was used to redeem preference shares post 30 June 2010.

7. **Provisions**

Provisions - current

	Onerous Leases £'000	**Restructuring £'000**	**Other Fund Management Provisions £'000**	**Total £'000**
At 1 January 2011	362	787	365	1,514
Transferred from non-current	185	-	-	185
Provided	-	236	-	236
Utilised	(170)	(478)	-	(648)
Released	(127)	-	-	(127)
At 30 June 2011	**250**	**545**	**365**	**1,160**

Provisions – non current

	Onerous Leases £'000
At 1 January 2011	402
Transferred to current	(185)
Released	(87)
At 30 June 2011	**130**

Notes
(continued)

7. **Provisions** (continued)

Onerous Leases
In 2011 the group sub-let one of its premises, no longer used by the business, for the majority of the remaining term of the head lease. This sub-lease has given rise to a £214,000 release of the onerous lease provision which has been disclosed within profit for the period from discontinued operations within the Income Statement.

The two onerous lease provisions are expected to be settled over their remaining lease terms which run until December 2012 and February 2013.

Restructuring
As at 30 June 2011 a £202,000 provision was made for additional restructuring costs incurred within the period.

All the restructuring and other fund management provisions are expected to be settled within twelve months.

8. **Financial liabilities**

All of the group's financial liabilities, consisting of a variable rate bank loan and preference shares, were fully repaid out of the proceeds of the £20 million placing completed on 14 February 2011.

9. **Authorised and issued share capital**

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Authorised:			
250,000,000 ordinary shares of 0.1 pence each	250	250	250
250,000 deferred shares of 9.9 pence each	-	24,750	-
14,000,000 preference shares of £1 each	-	14,000	14,000

Allotted, called up fully paid:	**No. ordinary shares 0.1 pence each No.'000**	**Value of ordinary shares 0.1 pence each £'000**
At 1 January 2011	69,718	70
Issued on placing	60,606	61
Issued on exercise of warrants	2,177	2
Shares issued to MEI	13,117	13
At 30 June 2011	**145,618**	**146**

Group ESOPs held Nil (June and December 2010: 139,983) and the group's MEI trust held 13,117,572 (June and December 2010: Nil) of the issued shares listed above.

9. **Authorised and issued share capital** (continued)

(i) £20 million equity placing, new management team and debt redemption

The group announced at a General Meeting on 14 February 2011 that shareholders had approved the proposals for a significant extension to the group's strategy backed by a strengthening of its senior management team through the appointments of Ian Dighé as Executive Chairman, Gervais Williams as Managing Director and Graham Hooper as Distribution Director and the raising of £20 million by way of a placing.

60,606,061 shares were placed with institutional and other investors at 33 pence per share. The net proceeds of the placing were used to redeem the outstanding preference shares including accrued dividends and repay the outstanding bank debt, plus accrued interest.

In addition, 2,177,161 shares were issued in respect of a warrant exercised by Bank of Scotland at the time of the group's debt redemption.

(ii) Management Equity Incentive (MEI)

On 14 April 2011, the group granted Ian Dighé, Gervais Williams and Graham Hooper, in equal share, an equity incentive over 13,117,572 ordinary shares of 0.1 pence per share on the terms set out below:

- Half of the shares have a strike price of 33 pence per share and will vest at any time during the period commencing on the date on which the group publishes its preliminary results for the year ending 31 December 2014 and ending on the date 40 days after the date on which the group publishes its preliminary results for the year ending 31 December 2018; and

- The other half of the shares have a strike price of 50 pence per share and will vest at any time during the period commencing on the date on which the group publishes its preliminary results for the year ending 31 December 2015 and ending on the date 40 days after the date on which the group publishes its preliminary results for the year ending 31 December 2018.

The equity incentive is subject to certain good leaver/bad leaver provisions. The closing middle market price on 14 December 2010, being the last day prior to the announcement of the proposals, was 28 pence per ordinary share.

The 13,117,572 new ordinary shares were issued on 14 April 2011 to, and are held by, an employee benefit trust pursuant to the vesting conditions outlined above. The fair value of the shares at issue of £4,296,000 (equating to 32.7 pence per share), has been disclosed as MEI treasury shares in the Consolidated Statement of Changes in Equity and Balance Sheet as at 30 June 2011.

Notes
(continued)

10. **Share based payments**

The fair value of all incentives granted in the period to 30 June 2011 was £2,364,748 (2010: £664,383). Of the total £296,000 (2010: £112,000) share based payment charge in the period, £117,902 (2010: £106,000) relates to the incentives granted in the period, which were as follows:-

(i) Management Equity Incentive (MEI)

The fair value calculated for the MEI grants in the period was £2,158,616 (2010: £Nil) of which £109,996 was charged to the Income Statement in the period (2010: £Nil).

(ii) Management Incentive Plan (MIP)

The MIP was approved by shareholders at a General Meeting held on 30 June 2009. In the period to 30 June 2011, additional awards of 800,000 options were made to senior executives in the fund management and sales and marketing activities of the group. The awards made in the period have a three year vesting period which is subject to the continued employment of those executives in the group.

The fair value calculated for the awards granted in the period was £206,132 (2010: £664,383) of which £7,906 was charged to the Income Statement in the period (2010: £106,000).

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 upon 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.