

LIONTRUST ASSET MANAGEMENT PLC



ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

Contents

Financial Highlights	2
Directors and Advisers	2
Chairman's Statement	3
Business Review*	4
Board of Directors*	12
Directors' Report*	13
Corporate Governance*	16
Report on Directors' Board Attendance*	20
Directors' Remuneration Report*	21
Independent Auditors' Report	27
Consolidated Statement of Comprehensive Income	28
Consolidated Balance Sheet	29
Consolidated Cash Flow Statement	30
Consolidated Statement of Changes in Equity	31
Notes to the Financial Statements	32
Independent Auditor's Report	49
Liontrust Asset Management PLC Financial Statements	50
Liontrust Asset Management PLC Notes to the Financial Statements	54
Shareholder Information	61

*These sections make up the Directors' Report.

Forward Looking statements

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

Liontrust Asset Management PLC (“Liontrust”, the “Company” or together with its subsidiary entities the “Group”, as the context requires), is the holding company of a specialist fund management group providing process-driven portfolio management services. The Group currently manages approximately £2.1 billion in UK unit trusts, Dublin UCITS funds, Cayman Islands domiciled hedge funds, Guernsey domiciled offshore funds and institutional segregated accounts which are distributed to clients in the United Kingdom, continental Europe and internationally.



Financial Highlights

Results

Loss for the year of £0.237 million (2011: Loss of £4.552 million).

Adjusted profit before tax of £1.001 million after adding back expenses for share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs, cost reduction and restructuring, members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy (2011: Adjusted loss before tax of £1.663 million)

Performance fees of £3.383 million were earned during the financial year (2011: £1.330 million)

Net cash and financial assets of £14.2 million (2011: £12.6 million)

Basic earnings per share (0.73) pence (2011: (14.69) pence)

Assets under management and fund flows

Assets under management as at 31 March 2012 £1,529 million (2011: £1,343 million)

Net fund flows for the year to 31 March 2012 of £152 million (2011: £81 million)



Directors and Advisers

Directors, Registered Office and Company number

Adrian John Reginald Collins (Chairman)
John Stephen Ions (Chief Executive)
Vinay Kumar Abrol (Chief Operating Officer and Chief Financial Officer)
Jonathan Michael Vernon Hughes-Morgan (Executive Director)
Alastair William Stewart Barbour (Non-executive Director)
Michael John Bishop (Non-executive Director)
Glyn Vincent Hirsch (Non-executive Director)

2 Savoy Court, London WC2R 0EZ

Registered in England with Company Number 2954692

Company Secretary

Mark Jackson
Tower Bridge House
St Katharine's Way
London E1W 1DD

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Erskine House
68-73 Queen Street
Edinburgh EH2 4NH

Legal Advisers

Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Bankers

HSBC Bank PLC
60 Queen Victoria Street
London EC4N 4TR

Financial Adviser and Corporate Broker

Singer Capital Markets Limited
One Hanover Street
London W1S 1YZ

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Chairman's Statement

Introduction

I am very pleased to report that Liontrust returned to profitability (on an adjusted basis) this year. This reflects a growth in assets under management ("AuM") to £1.5 billion at the end of March 2012, an increase of 14%, and increased performance fees. We have enjoyed a growth in revenues from Continuing Operations of 54% and seven successive quarters of net inflows. I am also pleased that we have continued to deliver strong long-term relative fund performance, and continue to keep costs under control.

Liontrust has been strengthened through two acquisitions. In March 2012, we announced the proposed acquisition of Walker Crips Asset Managers Limited ("WCAM"), which adds a further complementary UK equity investment team to Liontrust. Stephen Bailey and Jan Luthman are highly rated managers with an excellent track record and a strong pedigree in the key UK Equity Income sector. The feedback from the client base following the announcement has been extremely encouraging. We are confident they will benefit from stronger distribution at Liontrust with access to platforms and other distributors they were not available through, thereby making their funds accessible to a wider audience. The acquisition of WCAM was completed on 12 April 2012, increasing Liontrust's AuM to over £2 billion and giving us one of the strongest ranges of UK equity funds and teams.

We have announced two other transactions this year. These were the sale of our Credit business to Avoca Capital Holdings for 3.75% of AuM and the acquisition of the fund management business of Occam Investment Management (Malta) Limited, Occam Asset Management LLP and Occam Investment Services Limited (together "Occam"), expanding our fund management capability into Asia and Emerging Markets equities.

I am delighted with the speed of integration and the calibre of people that have joined us from Occam and WCAM. The recent soft launch of the Liontrust Asia Income Fund has been well received and I am confident we will grow assets strongly in this fund going forward. A high quality emerging markets team also joined us from Occam, which is another asset class for which we believe there will be strong demand in the future.

As previously stated, the Group intends to build the business organically and through acquiring new fund management teams. The Group continues to have a sound platform to evaluate opportunities to accelerate further growth in AuM. However, the focus for the coming year is on capitalising on our excellent investment performance, in particular grow AuM for our Asia and Emerging Markets teams, and successfully integrate the WCAM business.

We are also very mindful of the ever changing regulatory environment and the challenges that the Retail Distribution Review ("RDR") will bring both to the Group as a product provider and to the professional advisers who use our funds. Liontrust has actively participated in the lengthy consultation process and generally welcomes the introduction of RDR at the start of 2013.

As an active, performance driven investment business, Liontrust is well positioned to make the RDR transition. In 2010, the Group undertook a full review of our fund range and structure which resulted in the introduction of non-commission paying unit classes (in October 2010) specifically for the increasing number of intermediary clients who have already adopted a fee-based business model.

Results

Loss for the year was £0.237 million (2011: loss of £4.552 million).

Adjusted profit before tax of £1.001 million after adding back expenses for share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs, cost reduction and restructuring, members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy (2011: Adjusted loss before tax of £1.663 million).

Performance fees of £3.383 million were earned in the financial year to 31 March 2012 (2011: £1.330 million). Revenues from Continuing Operations increased by 54% compared to last year. Revenues from

Continuing and Discontinued Operations increased by 41%, reflecting the impact of increased AuM and the performance fees.

Assets under management

On 31 March 2012, our AuM stood at £1,529 million and were broken down by type and process as follows:-

Process	Total £m	Institutional £m	UK Retail £m	Offshore Funds £m
Cashflow Solution	836	388	418	30
Economic Advantage	616	—	616	—
Asia	14	—	2	12
Emerging Markets	11	—	—	11
Indexed	52	—	52	—
Total	1,529	388	1,088	53

On 12 April 2012 Liontrust completed the acquisition of WCAM which added a further £581 million of assets to Group AuM.

AuM as at close of business on 18 June 2012 were £2,108 million.

Fund Flows

A reconciliation of fund flows and AuM over the year is as follows:-

	Total £m	Institutional £m	UK Retail £m	Offshore Funds £m
Opening AuM - 1 April 2011	1,343	395	843	105
Inflows	534	70	444	20
Outflows	(382)	(75)	(236)	(71)
Net flows *	152	(5)	208	(51)
Disposal of the Credit business **	(85)	—	—	(85)
Acquisition of Occam ***	84	—	—	84
Market movement	35	(2)	37	—
Closing AuM - 31 March 2012	1,529	388	1,088	53

* - Excludes credit business related flows post-13 April 2011 announcement of the sale of the credit business

** - Completed on 30 June 2011, includes credit business related outflows of £15million over the period 13 April 2011 to 30 June 2011

*** - Completed on 4 October 2011

In the current quarter from 1 April 2012 to 18 June 2012, Liontrust has recorded net inflows of £94 million.

Outlook

Liontrust is well positioned to continue to expand over the next year. We have strong fund performance, we have expanded our fund management capability into new asset classes, we have broadened our client base in the UK and internationally and we have enhanced the profile of the business, our fund managers and our products. We are not only well positioned for the changes to the distribution market following the implementation of RDR at the start of 2013 but see it as an opportunity given our strong investment processes and performance.

Our focus remains on capitalising on the potential of our existing range of funds through our strong fund performance, broadened product range and enhanced distribution capability. We will expand our fund management capability further when the right opportunities present themselves.

Adrian Collins

Chairman

19 June 2012

Our Business

Liontrust Asset Management PLC (the "Company" or "Liontrust", or together with its subsidiary entities, the "Group", as the context requires) is an independent fund management business that was founded in 1994 and listed on the London Stock Exchange in 1999. The business is focused exclusively on investment management and delivering out-performance for our clients and fellow investors. Liontrust manages UK, Europe, Asia and Emerging Markets equities for professional and private investors. These are managed in segregated institutional accounts, UK unit trusts, Dublin UCITS funds, offshore funds, individual savings accounts and hedge funds.

We have created a culture and environment to enable fund managers to perform. Fund managers can focus on running money and not get distracted by other day-to-day aspects of running a fund management business, particularly administration. We outsource many administrative functions to sharpen the focus on core areas of a fund management company – managing funds, sales and marketing.

We believe having the highest levels of professional standards, communicating clearly and frequently with our clients and the effective management of risk are also essential for Liontrust's continued growth and success.

Developments over the past year

Liontrust has made good progress during the financial year. The Group generated positive fund flows in every quarter, which has led to a second successive financial year of net inflows. Our assets under management ("AuM") have risen from £1,343 million on 31 March 2011 to £1,529 million on 31 March 2012, an increase of 14%. The acquisition of Walker Crips Asset Managers Limited, which completed on 12 April 2012, added a further £581 million to take our AuM, on a pro forma basis, to £2.1 billion.

During the year, Liontrust disposed of its credit business and acquired two fund management businesses (see section 1.2 below).

Alastair Barbour and Mike Bishop joined the Liontrust Board as Non-executive Directors. Jonathan Hughes-Morgan joined as an Executive Director on completion of the acquisition of the fund management business of Occam Investment Management (Malta) Limited, Occam Asset Management LLP and Occam Investment Services Limited (together "Occam") in October 2011.

1 Our strategy

1.1 Strategy

We aim to grow AuM organically and, where the opportunity arises, through acquisitions and recruiting fund managers and teams. Growing AuM enhances the revenue that the business generates and, in conjunction with the management of costs, increases our profitability. Together, they will maximise returns to shareholders.

Continued growth in AuM will come through out-performance by our fund management teams along with an effective and broad distribution capability. To this end, fund managers are given the freedom to manage their portfolios according to their own investment processes and market views. Fund managers invest in the funds they manage, which shows a belief in and commitment to their investment processes and aligns their interests with those of their fellow investors.

Our fund management teams have distinct investment processes that are documented. Liontrust believes investment processes that are robust, scalable and repeatable are key to long-term performance and effective risk control. As processes are documented, clients know exactly how we manage money and therefore the fund or portfolio in which they are investing. This means the way we manage money at Liontrust is predictable. This aids clients' own processes of blending our funds with others in their portfolios.

Staying true to a documented investment process helps to create an in-built risk control, especially in environments that are more challenging for our processes, by preventing us buying stocks for the wrong reasons. Robust and good investment processes have the potential to deliver excellent long-term returns punctuated by short-term periods of under-performance.

We aim to provide good quality service, including clear and frequent communication, to our clients. We seek also to maintain the highest levels of professional standards and preserve Liontrust's corporate culture.

1.2 Acquisitions and disposals

During the year, Liontrust disposed of its credit business and acquired two fund management businesses:

- On 12 April 2011, the Group entered into a conditional business purchase agreement for the sale of its credit business including its credit team to Avoca Capital Holdings. The sale completed on 30 June 2011 with Liontrust receiving £2.5 million in cash (excluding costs);
- On 2 August 2011, the Group entered into a conditional agreement to purchase the fund management business of Occam Investment Management (Malta) Limited, Occam Asset Management LLP and Occam Investment Services Limited (together "Occam"). The purchase completed on 4 October 2011 with Liontrust paying Occam £1.9 million in cash and shares (excluding costs); and
- On 13 March 2012, Liontrust entered into a conditional share purchase agreement with Walker Crips Group Plc to purchase the entire issued share capital of Walker Crips Asset Managers Limited. The purchase completed on 12 April 2012 with Liontrust paying Walker Crips Group Plc £12.7m in cash, shares and convertible loan stock (excluding costs).

1.3 Goals and objectives

Assets under management

Growing AuM is a core strategic aim of our business. This is achieved through deepening relationships with and increasing sales from existing clients, broadening our client base and limiting redemptions in the UK, continental Europe and internationally. We aim to continue to improve our sales through long-term strong performance by our fund management teams, maintaining the high profile of Liontrust, our funds and fund managers, clearly articulating our distinct investment processes and why Liontrust funds are differentiated from many of the other funds in their respective sectors and good quality service levels and frequent communication with our clients.

Profitability

Profitability will increase through continued growth in AuM and by rebuilding margin through the focused management and control of costs.

Professionalism

We believe in the highest levels of professional standards of our members and employees in all aspects of our business and especially when interacting with clients and suppliers. Our business is a "people business" and a key factor in whether clients invest in our funds is their interaction with members and employees at Liontrust along with the attention and level of service they receive. Therefore, we invest significantly in our people, including through training and qualifications.

Processes

Investment processes are the bedrock of all our funds and are integral to the culture at Liontrust. Processes are important because we believe they are key to long-term performance and effective risk control. No investment process will work 100% of the time. But robust and good processes have the potential to deliver excellent long-term returns punctuated by short-term periods of under-performance.

As the investment processes are documented, clients know exactly how we manage money and therefore how we manage our funds is predictable. Investment processes also act as a form of risk control on fund managers. Staying true to a documented process helps to create an in-built risk control by preventing fund managers from buying stocks for the wrong reasons.

Risk

Effective management of risk is essential for the Group's success. Our risk management framework is discussed further in this report on page 10 and in the risks and uncertainties section of the Directors' Report on page 14.

2 Our Principles and our business model

2.1 Stick to our business model of applying investment process to all AuM while outsourcing headcount-intensive functions

- We concentrate on fund management, marketing and sales, client relationships, compliance and risk, financial control, service and our people. These include the functions that primarily drive profits for a fund management business.
- We outsource those administrative functions that are generally headcount-intensive and can be better provided by more specialist businesses.
- The fund management teams apply each of their proprietary investment processes to the management of segregated and managed accounts, UK unit trusts, Dublin UCITS funds, offshore funds and hedge funds. The investment processes are all robust, repeatable and scalable.

2.2 Grow AuM and maintain margins

- Our distinct investment processes continue to give us a strong competitive advantage and have led to good long-term performance.
- A strong distribution capability is key to growing AuM. We engage closely with and communicate clearly to our client base, we are broadening our client base in the UK and internationally and we seek to maintain the high profile of Liontrust, our fund managers and our funds.

2.3 Preserve the Group's corporate culture

- We encourage individuals to develop their skills and be accountable and responsible for what they do.

- We want members and employees to concentrate on increasing shareholder returns and to participate in the financial success of the Group through equity ownership. Equity participation is achieved both through direct equity ownership, share options and members' incentive capital interests. Together, members and employees own around 14% of the Liontrust's equity with a further 15% through options and incentive interests (as at 31 March 2012).
- We aim for widespread participation in a bonus pool for all employees and a profits related pool for members, excluding the fund managers, who are compensated in line with management and performance fees revenues on funds and accounts that they manage.

2.4 To increase profits attributable to shareholders and dividends

- Our objective is to grow our revenues faster than our costs.
- We aim to keep a balance between portfolios charging fixed fees and those levying performance fees.
- We have a clear focus on managing and controlling costs.

2.5 To communicate progress clearly to clients and shareholders

- We aim to report our progress transparently.
- We highlight the financial ratios by which the progress of the business can be measured. The full extent of these ratios can be found on page 9.
- We communicate clearly and frequently to existing and potential clients.

2.6 Our business model

- We aim to grow AuM organically and, where the opportunity arises, through acquisitions and recruiting fund managers and teams. Growing AuM enhances the revenue that the business generates and, in conjunction with the management of costs, increases our profitability. Together, they will maximise returns to shareholders.
- Continued growth in AuM will come through out-performance by our fund management teams along with an effective and broad distribution capability. To this end, fund managers are given the freedom to manage their portfolios according to their own investment processes and market views. Fund managers invest in the funds they manage, which shows a belief in and commitment to their investment processes and aligns their interests with those of their fellow investors.
- Our fund management teams have distinct investment processes that are documented. Liontrust believes investment processes that are robust, scalable and repeatable are key to long-term performance and effective risk control. As processes are documented, clients know exactly how we manage money and therefore the fund or portfolio in which they are investing. This means the way we manage money at Liontrust is predictable. This aids clients' own processes of blending our funds with others in their portfolios.
- Staying true to a documented investment process helps to create an in-built risk control, especially in environments that are more challenging for our processes, by preventing us buying stocks for the wrong reasons. Robust and good investment processes have the potential to deliver excellent long-term returns punctuated by short-term periods of under-performance.
- We aim to provide good quality service, including clear and frequent communication, to our clients. We seek also to maintain the highest levels of professional standards and preserve Liontrust's corporate culture.

3 Our investment processes and fund performance

3.1 Investment teams

Currently, Liontrust has five fund management teams with distinct investment processes.

Economic Advantage equity team

Anthony Cross and Julian Fosh manage the Liontrust UK Growth, Liontrust Special Situations and Liontrust UK Smaller Companies funds according to the Economic Advantage investment process. Liontrust Special Situations Fund, for example, is in the first quartile of its sector over one, three and five years to 31 March 2012 and since launch on 11 November 2005.

Macro-Thematic equity team

Stephen Bailey and Jan Luthman manage the CF Liontrust Macro UK Growth, CF Liontrust Macro Equity Income and CF Liontrust Macro UK High Alpha funds according to the Liontrust Macro-Thematic investment process. CF Liontrust Macro Equity Income Fund, for example, was in the first quartile of its sector over three and five years to 31 March 2012 and since launch on 31 October 2003.

3.2 Fund performance

UK Retail Funds

% returns (Quartile Ranking) to 31 March 2012

	1 year	3 years	5 years	Since Manager tenure	Manager change/launch date
The Liontrust Economic Advantage					
UK Growth Fund (IMA UK All Companies)	10.2% (1)	94.9% (1)	–	94.0% (1)	25.03.09
Special Situations Fund (IMA UK All Companies)	12.6% (1)	135.0% (1)	56.0% (1)	122.0% (1)	11.11.05
UK Smaller Companies Fund (IMA UK Smaller Companies)	9.9% (1)	122.6% (2)	34.8% (1)	332.7% (1)	08.01.98
The Liontrust Cashflow Solution					
Income Fund (IMA UK Equity Income)	2.9% (2)	68.9% (2)	–	69.7% (2)	25.03.09
European Growth Fund (IMA Europe ex UK)	-9.4% (2)	64.3% (1)	18.2% (1)	31.9% (1)	15.11.06
European Absolute Return Fund (IMA Absolute Return)	2.7% (1)	–	–	0.5% (4)	09.07.09
The Liontrust Macro Equity					
CF Liontrust Macro Equity Income Fund (IMA UK Equity Income)	2.6% (2)	69.8% (1)	16.6% (1)	122.9% (1)	31.10.03
CF Liontrust Macro UK Growth Fund (IMA UK All Companies)	2.2% (2)	68.5% (2)	19.34% (1)	166.3% (1)	07.03.02
CF Liontrust Macro UK High Alpha Fund (IMA UK All Companies)	-2.1% (4)	61.8% (3)	17.9% (1)	17.3% (2)	27.10.03
The Liontrust Asia Equity					
Asia Income Fund (IMA Asia Pacific ex Japan)	–	–	–	-1.3% (4)	05.03.12
Index Fund					
FTSE 100 Tracker Fund (IMA UK All Companies)	0.3% (3)	63.2% (3)	8.5% (2)	168.7% (3)	14.07.95

Cashflow Solution equity team

Gary West and James Inglis-Jones manage the Liontrust Income, Liontrust European Growth, Liontrust European Absolute Return and Liontrust European Long/Short funds according to the Cashflow Solution investment process. Liontrust European Growth Fund, for example, was in the first quartile over three and five years to 31 March 2012 and since launch on 11 November 2006.

Asia equity team

Mark Williams and Carolyn Chan manage the Liontrust Asia and Liontrust Asia Income funds according to the Asia Equity investment process.

Emerging Markets equity team

Eoghan Flanagan and James Mellersh manage the Liontrust Emerging Markets Absolute Return Fund according to the Emerging Markets Equity investment process.

Offshore Funds

% Returns to 31 March 2012

	1 year	3 years	5 years	Since Manager tenure	Manager change/launch date
The Liontrust Cashflow Solution					
European Absolute Alpha Fund (Dublin UCITS fund (Euro NAV))	–	–	–	-3.0%	15.02.12
Sorbus Fund (Cayman hedge fund (Euro NAV))	–	–	–	-6.6%	05.10.11
Pan European Fund (Dublin UCITS fund (Euro NAV))	–	–	–	17.5%	05.10.11
The Liontrust Asia Equity					
Asia Fund (Dublin UCITS fund (USD NAV))	-15.2%	62.0%	–	15.4%*	06.12.06
The Liontrust Emerging Markets Equity					
Emerging Markets Absolute Return Fund (Dublin UCITS fund (USD NAV))	-18.3%	–	–	-1.4%**	06.12.06

* Data for full manager tenure is not available, data shown is from 10.09.08.

** Data for full manager tenure is not available, data shown is from 23.04.09.

It is important to remember that the price of units, and the income from them, can fall as well as rise and are not guaranteed and that past performance is not a guide to the future.

Because of the risks involved, investment in hedge funds and absolute return funds is suitable only for investors who are able to bear the loss of a substantial portion or even all of the money they invest in the funds, who understand the high risks involved, believe that investment in the funds is suitable for them based on their investment objectives and financial needs. Investors are urged to seek independent professional advice on the implications of investing in the funds.

UK RETAIL FUNDS Performance data source: *Financial Express*, Sterling terms, bid to bid basis, total return to 31 March 2012. The issue of units may be subject to an initial charge, which will have an impact on the realisable value of the investment, especially in the short term. The Funds' Prospectus or KIID are available direct from Liontrust or from our website, www.liontrust.co.uk.

OFFSHORE FUNDS Performance data sources: Liontrust Investment Partners LLP. Subscriptions must be made only on the basis of a prospectus, which is issued to authorised financial advisers and qualifying persons only.

Business Review continued

4 Review of sales and marketing

We made good progress in sales and marketing during the financial year. The Group generated net inflows in every quarter, which led to a second successive year of net inflows. Net inflows in the financial year were £152 million and our AuM increased to £1,529 million from £1,343 million over the year. The higher net inflows have come from a broader number of clients. Of the Group's AuM, 71% come from the retail intermediary and private investor market while the rest is from institutional and international investors.

The net positive inflows are attributable to continued excellent fund performance and Liontrust achieving the sales and marketing goals set out in last year's Annual Report and Financial Statements.

Since launch or manager change to 31 March 2012, six of our ten actively managed unit trusts were in the first quartile of their respective sectors and of the other four funds, two were in the second quartile.

We have enhanced our level of engagement with clients and broadened our client base over the past year. We have sought to raise our profile across the institutional and intermediary market through a more proactive marketing strategy, including through advertising, press coverage, events, presentations and frequent client communications. In January 2012, around 120 clients attended our annual investment conference at The Savoy Hotel.

These initiatives have further developed the Liontrust brand, raised awareness of our strong fund performance, fund management teams and proprietary investment processes and explained how our funds are differentiated from their peers in their respective sectors.

Having completed the acquisition of Occam in October 2011, the Group soft launched the Asia Income Fund in March 2012, which is an asset class that we believe will generate increasing interest over the long term. The Occam deal has diversified our fund management capability into emerging markets equities and enhanced our international sales team in continental Europe and other overseas markets.



5 Retail Distribution Review

At the end of 2012 and after six long years of consultation and debate, Liontrust, in common with the rest of the retail financial industry, will implement the Retail Distribution Review ("RDR"). RDR is the most significant change to the industry in a lifetime and is likely to impact the sales and marketing activity of every fund firm competing in the retail investment market.

RDR has been undertaken with the aim of:-

- Improving the standard of advice by raising professional qualifications;
- Banning commission payments in order to separate the cost of advice from the cost of products. Advisers are under an obligation to act in the best interests of each client;
- Introducing the concept of Adviser charging whereby charges for services and advice are agreed between client and adviser only; and
- Regaining trust of the investing public following a series of well publicised mis-selling cases.

At Liontrust we have actively participated in the lengthy consultation and as a consequence are well prepared for the challenges ahead. Our key client focus is on discretionary wealth managers and larger advisers who have already made the move away from the old "commission-based" model. Our active fund range is focused on the important areas of income and growth and, over the past two years, we have introduced a fund charging structure that is competitive and compatible with the market. Our fund performance continues to assist sales and we believe that our documented investment processes are sound, repeatable and scalable.

Whilst this may appear to be a "brave new world" the need for sound financial advice has never been greater and we believe that we offer products that are well suited to form the building blocks of clients' income or growth portfolios.

6 Financial review

6.1 Financial performance of the business

Loss for the year decreased to £0.237 million from a loss of £4.552 million last year, reflecting increased performance fees, sale of the credit business and lower exceptional expenses. Note 7 on page 40 shows the reconciliation of adjusted operating profit/(loss) and adjusted profit/(loss) before tax to profit/(loss) for the year.

Adjusted profit before tax increased to £1.001 million from a loss of £1.663 million last year, reflecting increased management fee revenues and performance fees.

Table (a) Analysis of financial performance

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000	Year on Year Change
Gross profit from Continuing Operations	13,638	8,849	54%
Gross profit from Discontinued Operations	275	989	(72%)
	13,913	9,838	41%
Realised gain on sale of financial assets	212	701	(70%)
Director, employee and members compensation ⁽¹⁾	(8,746)	(7,586)	15%
Other Administration expenses ⁽¹⁾	(4,400)	(4,626)	(5%)
Adjusted operating profit/(loss)	979	(1,673)	159%
Interest receivable	22	10	120%
Adjusted profit/(loss) before tax ⁽²⁾	1,001	(1,673)	160%

(1) Includes Continuing Operations and Discontinued Operations

(2) See note 7 on page 40 for reconciliation of adjusted profit before tax to profit for the year

Revenues and Profits

- Revenues from Continuing Operations increased by 54% compared to last year. Revenues from Continuing and Discontinued Operations increased by 41% compared to last year and adjusted profit before tax increased by 160% to £1.001 million (2011: loss of £1.663 million), reflecting the impact of increased assets under management and the performance fees.

Administration expenses

- The largest component of our costs, in common with other service companies, is member and employee compensation. Director, member/employee compensation increased by 15% reflecting higher fund manager compensation.
- Other administration expenses decreased by 5%, reflecting tighter cost control.

Table (b) Key Performance Indicators

	Year to 31-Mar-12	Year to 31-Mar-11	Year to 31-Mar-10	Year to 31-Mar-09	Year to 31-Mar-08
Profit/(loss) for the year	(0.237)	(4,552)	(1,120)	9,449	11,073
Basic earnings per share (pence)	(0.73)	(14.69)	3.64	28.32	26.03
Adjusted Operating profit/(loss) (£'000) ⁽²⁾	979	(1,673)	785	13,756	16,229
Adjusted Cost: income ratio (%) ⁽²⁾	93	118	95	62	60
Change in gross profit (%) ⁽¹⁾	54	(25)	(64)	(12)	36
Change in employee and members related expenses (%) ⁽¹⁾⁽³⁾	27	(1)	(43)	(16)	40
Change in other administration expenses (%) ⁽¹⁾	(3)	17	(26)	22	20
Change in adjusted operating profit/(loss) (%) ⁽²⁾	159	(313)	(94)	(15)	37
Performance related profit (£' 000)	3,383	1,330	3,449	7,309	6,659
Performance related earnings per share (pence)	7.76	4.29	8.29	17.11	15.59
AuM (£m)	1,529	1,343	1,149	1,888	4,707
Average headcount ⁽¹⁾	46	40	54	45	41
AuM per head (£m)	33	34	21	42	115
Gross profit ⁽¹⁾ per head (£'000)	296	221	242	797	996
Adjusted operating (loss)/profit ⁽²⁾ per head (£'000)	21	(42)	15	306	396
Average AuM (£m)	1,357	1,174	1,239	3,972	5,232
Adjusted operating profit/(loss) ⁽²⁾ as % of average AuM	0.07	(0.14)	0.06	0.35	0.31
Gross profit ⁽¹⁾ as % of average AuM	1.01	0.75	1.05	0.90	0.78
Adjusted profit/(loss) before tax ⁽²⁾ as % of average AuM	0.07	(0.14)	0.06	0.36	0.33

(1) from Continuing Operations.

(2) Adjusted for expenses for share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs, cost reduction and restructuring, members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

(3) Member and employee related costs are the sum of Director and employee costs, members drawings charged as an expense, and members' advance drawings (where applicable).

Performance fees

- Performance fees are included in gross profit at £3.383 million (2011: £1.330 million).

Ratios

- Table (b) below sets out these and other relevant measures. Figures contained in the table do not provide absolute measures of success but, used sensibly, are a helpful guide to how we are progressing

6.2 Dividends paid to shareholders

- Our aim is to re-introduce dividend payments to shareholders at such time as the Directors believe the business can afford to do so.
- The Board considers prospects for profits in future years, the current market environment and the future strategy of the Group in determining the level of its dividend. Given the financial performance of the business, the Board has decided not to pay a dividend this year (2011: nil pence per share).

6.3 Movement in AuM

- Average AuM over the financial year increased by 16% to £1,357 million, compared with £1,174 million last year. Actual AuM at the financial year-end have risen by 14% to £1,529 million from the beginning of the financial year.
- Maximising total margins on AuM is important.

7 Our approach to risk management

The Group takes a cautious and pro-active approach to risk management. Management recognises the importance of understanding the risks to the business and the systems and controls required to mitigate them.

7.1 Responsibility for risk oversight

The Audit & Risk Committee, on behalf of the Board, is responsible for overseeing the Group's system of internal controls, including suitable monitoring procedures, which are designed to provide reasonable, but not absolute, assurance against material loss. The FSA have noted that it is for each individual firm to determine, based on its nature, scale and complexity, as well as its attitude to exposure to risk, whether or not to establish a Risk Committee of the governing body.

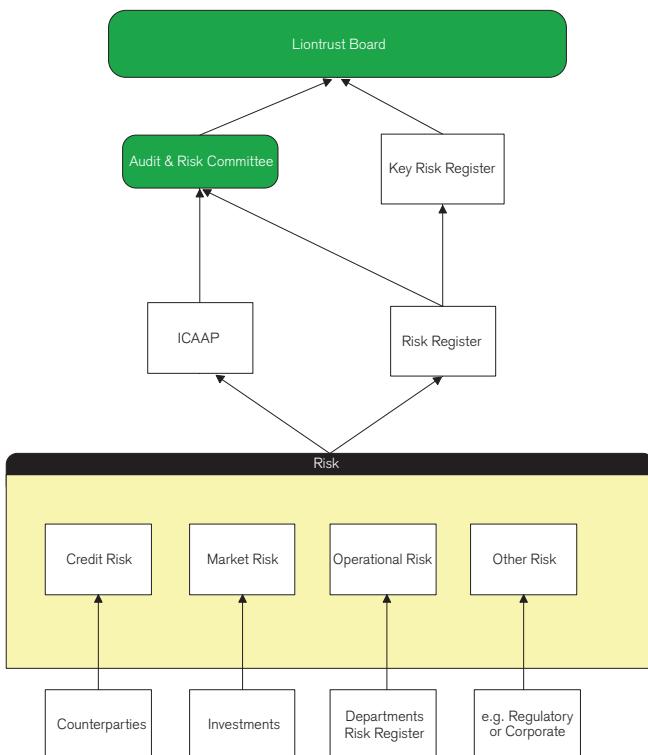
The Group has determined not to establish a separate Risk Committee, but to combine these responsibilities with the Audit Committee and have one joint Audit & Risk Committee although this is reviewed on an annual basis.

The Head of Risk is responsible for overseeing all risk management and legal functions of the Group and monitors our risks in a pro-active manner, with all departments fully aware of and managing the key risks appropriate to their responsibilities. Risk management and internal control is discussed in the Directors' Report on page 17.

7.2 Risk framework

In order to ensure that the Group regularly reviews and monitors all the potential areas of risk to the business, Liontrust has implemented a risk management framework which allows management, the Audit & Risk Committee and the Board to be kept fully informed of potential risks to the business and also how these risks would impact the group's capital adequacy. The diagram opposite summarises the Group's Risk Framework.

There are two main elements to capturing and reviewing risk within the Group; the Risk Register and the Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Register records potential risks, their materiality and their likelihood of occurrence and is updated on at least a quarterly basis with input from executives and function heads. The most material and likely risks, from the complete Risk Register, are reported to the main Board in a Key Risk Register. The ICAAP brings the Risk Register together with scenario analysis and stress testing to determine how the realisation of risks might impact on the Group's financial position.



The Group breaks risk down into four main categories that feed into the Risk Register and the ICAAP: Credit Risk, Market Risk, Operational Risk and Other Risk. Each element of risk is reviewed on a minimum of an annual basis, and the Group ensures appropriate controls are in place to manage these risks. These controls are monitored and reviewed within a comprehensive Compliance Monitoring programme alongside a monthly Risk Scorecard.

7.3 Risk breakdown

On the basis of disciplined risk assessment, the key risks to the Group's business are considered. These are detailed below and are also identified in the *Risks and uncertainties* section of the Directors' Report on Corporate Governance on page 14.

7.3.1 Risk of investment performance leading to customer loss

Our investment processes are fully documented, which enables clients to understand clearly how we manage assets. For private investors investing through intermediaries, the process documents are supplemented by simplified monthly fund factsheets, which are also clear and concise. For our institutional clients, we produce quarterly investment commentaries. Ensuring that our clients understand the product is a core element in treating them fairly. We believe our documented processes, detailed reports and literature reduce the likelihood of a product being misunderstood, reducing the risk of client losses in the event of portfolio underperformance.

7.3.2 Fund manager stability

Stability of our investment expertise is critical to the success of the business and the Group takes appropriate steps to manage expectations and minimise the loss of good quality fund managers.

7.3.3 Outsourcing

As we outsource many of our labour intensive operational functions, we commit high levels of resource to the management of these third party providers. We work hard to ensure that the relationship is a collaborative one and that both parties are working together towards the same goals, via a dedicated relationship management team and through a comprehensive monitoring programme.

7.3.4 Operational risk

The management of operational (including financial) risk is formalised in a number of ways including regular monitoring of both internal departments and external third parties who undertake outsourced functions on behalf of the Group. Various regulatory tools are used, including an Operational Risk Scorecard, risk assessments, documented procedures and compliance manuals, a comprehensive compliance monitoring programme (covering internal departments and external third parties), issue tracking and an annual assessment of third party providers.

8 Summary

- We seek to increase our AuM through organic growth and by recruiting or acquiring teams that have distinct investment processes and manage money in asset classes for which there is strong demand.
- The prospects for raising assets are healthy, particularly since the performance of our fund management teams is generally excellent over the longer term. We also have a strong distribution capability as evidenced by the increase in average AuM over the year to £1,357 million from £1,174 million in the previous financial year.
- We completed two, and announced three transactions during the financial year; the sale of the credit business, the acquisition of Occam and the acquisition of Walkers Crips Asset Managers Limited.
- Adjusted profit before tax of £1.001 million (excluding share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs, cost reduction and restructuring, members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy) (2011: Adjusted loss before tax of £1.663 million)

John Ions

Chief Executive
19 June 2012

Board of Directors

Adrian Collins, 58, (Chairman). Joined the Board in June 2009. Adrian has worked in the fund management business for over 30 years, a large part of which was at Gartmore Investment Management Limited where, latterly, he was the Managing Director. He was a consultant to Strand Partners Limited, a corporate finance business based in the West End of London. He is also the Non-executive Chairman of Bahamas Petroleum Company Plc and is also a Director of City Natural Resources High Yield Trust Plc, DouglasBay Capital Plc, New City High Yield Trust Plc and a number of other companies.

John Ions, 46, (Chief Executive). Joined the Board in May 2011. Prior to joining Liontrust in February 2011, John was Chief Executive of Tactica Fund Management since it was established in 2005. Previously, John was Joint Managing Director of SG Asset Management and Chief Executive of Société Générale Unit Trusts Limited, having been a co-founder of the business in 1998. John was also formerly Head of Distribution at Aberdeen Asset Management.

Vinay Abrol, 47, (Chief Operating Officer and Chief Financial Officer). Joined the Board in September 2004. Vinay is responsible for overseeing all finance, information technology, operations, risk and compliance of the Group. After obtaining a first class degree in computing science from Imperial College London, Vinay worked for W.I. Carr (UK) Limited specialising in the development of equity trading systems for their Far East subsidiaries, and then at HSBC Asset Management (Europe) Limited where he was responsible for global mutual funds systems. Following a short period at S.G. Warburg and Co., he joined Liontrust in 1995.

Jonathan Hughes-Morgan, 50, (Executive Director). Joined the Board in October 2011. Jonathan began his career as a trainee fund manager with Hendersons, moving after four years to Sun Life as a fund manager. Following spells at Odey Asset Management and Edmond de Rothschild, Jonathan joined Jardine Fleming to run their European business for three years. In 1998 he co-founded Thames River Capital with Charlie Porter. Jonathan was Managing Director of Thames River, leaving at the end of 2006 to set up Occam Asset Management. Jonathan graduated from the University of Warwick with a degree in Management Science.

Alastair Barbour, 59 (Non-executive Director). Joined on 1 April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of RSA Insurance Group Plc, The Bank of N.T. Butterfield & Son Limited, Standard Life European Private Equity Trust Plc and CATCo Reinsurance Opportunities Fund Ltd and private companies CATCo Reinsurance Fund Limited and Scottish Equitable Policyholders Trust Limited.

Mike Bishop, 61 (Non-executive Director). Joined on 1 May 2011. Mike has more than forty years' experience as a fund manager and is currently a Non-executive Director of Hermes Focus Asset Management and an adviser to its UK equity activist funds. Before joining Hermes in 2005, Mike was Head of Pan-European Equities at Morley Fund Management Limited and a Director and fund manager at Gartmore Investment Management.

Glyn Hirsch, 50, (Non-executive Director). Joined the board in June 1999. Glyn is chief executive of Raven Russia Limited. He holds a number of other non-executive directorships. He is a law graduate of Southampton University and qualified as a Chartered Accountant with Peat, Marwick, Mitchell & Co. He also worked for 10 years as a corporate financier at UBS Limited.



Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC.

Principal activities

Liontrust Asset Management PLC is a holding company whose shares are quoted on the Official List of the London Stock Exchange and is domiciled and incorporated in England. It has three operating subsidiaries as follows:

Subsidiary name	% owned by the Company	Subsidiary principal activities
Liontrust Fund Partners LLP	100%	A financial services organisation managing unit trusts, authorised and regulated by the Financial Services Authority.
Liontrust Investment Partners LLP	100%	A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers, which is authorised and regulated by the Financial Services Authority.
Liontrust International (Guernsey) Limited	100%	Incorporated in Guernsey, a financial services organisation managing investment funds, which is regulated by the Guernsey Financial Services Commission.

In addition to the operating subsidiaries listed above, Liontrust Asset Management PLC has six other 100% owned subsidiaries. Liontrust Investment Funds Limited and Liontrust Investment Services Limited which act as a corporate member in Liontrust Fund Partners LLP and Liontrust Investment Partners LLP respectively. Liontrust Management Services Limited, which employed all employees of the Company until 31 October 2010, Liontrust European Investment Services Limited, which acted as investment manager for certain portfolios, and Liontrust Asset Managers Limited (previously Walker Crips Asset Managers Limited) and will be liquidated in due course.

Post balance sheet event

On 13 March 2012, the Company announced that it had entered into a conditional share purchase agreement with Walker Crips Group Plc ("Walker Crips") to purchase (the "Acquisition") the entire issued share capital of Walker Crips Asset Managers Limited. The Acquisition completed on 12 April 2012 and the Company issued 1,851,719 new Ordinary shares, £4 million of convertible un-secured loan stock and £6,448 million in cash as consideration payable to Walker Crips, which included net assets of £0.448 million.

Results

Loss for the year was £0.237 million (2011: loss of £4.552 million).

Loss for the year from Continuing Operations was £1.823 million (2011: £4,568 million). Profit for the year from Discontinued Operations (including the gain on the sale of the credit business) was £1.586 million (2011: £16,000).

Adjusted profit before tax was £1.001 million after adding back expenses share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs,

cost reduction and restructuring, members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy (2011: Adjusted loss before tax of £1.663 million)

Review of the business and future developments

A review of the business and future developments is set out in the Chairman's Statement and Business Review on page 3 and 4 to 11 respectively.

Creditor Payment Policy

The Group's trade creditors arise from its role as a unit trust manager. Unit trust creations are paid for four days after the transactions and repurchase creditors are paid within four days of receipt of correctly completed renunciation documentation. Creditors arising in respect of expense costs are paid on a timely basis in the normal course of business and were not material as at 31 March 2012.

Donations

The Company made charitable donations during the year of £12,500 (2011: £nil), and made no political donations (2011: £nil).

Directors

The Directors of the Company during the year and up to the date of the signing of the financial statements were as follows:

Adrian Collins
John Ions
Vinay Abrol
Jonathan Hughes-Morgan (appointed 4 October 2011)
Alastair Barbour (appointed 1 April 2011)
Mike Bishop (appointed 1 May 2011)
Glyn Hirsch

Their interests in the share capital of the Company at 31 March 2012 are set out in the Remuneration Report on page 22.

Capital structure and voting rights

The Company's share capital comprises of ordinary shares of 1 pence each. As at 31 March 2012, 37,108,600 Ordinary shares were in issue (2011: 35,344,890), representing 100 per cent. of the total voting rights the Company. There was one change to the issued share capital of the Company during the year; on 4 October 2011 the Company issued 1,763,710 new Ordinary shares.

Subsequent to the end of the financial year on 31 March 2012, the Company issued 36,236 new Ordinary shares on 4 April 2012 and 1,851,719 new Ordinary shares on 12 April 2012, as at 19 June 2012, 38,996,555 Ordinary shares were in issue, representing 100 per cent. of the total voting rights the Company.

On 12 April 2012 the Company issued £4 million in nominal value of convertible un-secured loan stock ("CULS"). The CULS carries interest at the rate of 6 per cent. per annum of the nominal value of the CULS. This interest accrues on a daily basis and is payable quarterly in arrears. Conversion of the CULS is on the basis of one Ordinary Share for each £1 in nominal value of the CULS on the following principal terms:

- no entitlement to convert in the period from 12 April 2012 to 19 November 2012;
- no more than 4.99% of the number of Ordinary shares already admitted to trading on a regulated market situated or operated in the United Kingdom at that time in the first year after issuing; and
- no more than 9.99% per year thereafter until the maturity date, being 12 April 2017, at the CULS holder's option.

Directors' Report continued

Unless previously redeemed, the CULS falls to be redeemed in full, together with all accrued interest thereon, on 12 April 2017.

Under Resolution 12 of the Annual General Meeting held on 13 September 2011, the shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. This authority is limited to the maximum number of 5,298,199 Ordinary shares of 1 pence each (equivalent to approximately fifteen per cent of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company or 13 December 2012 (whichever is the earlier). The maximum price that may be paid for an Ordinary share will be the amount that is equal to 5 per cent above the average of the middle market prices shown in quotations for an Ordinary share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased. The minimum price which may be paid for an Ordinary share is 1 pence.

As at 31 March 2012 the Directors held the authority for the Company to purchase its own shares up to a maximum of 5,298,199 Ordinary shares of 1 pence each.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 12 September 2012. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer term benefits for shareholders.

Substantial shareholders

The Company has received notifications in accordance with the FSA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital as at 19 June 2012:

Notifier	Number of voting rights	Percentage of voting rights
Schroders Plc	7,946,638	20.38
Henderson Global Investors	3,817,899	9.79
Liontrust Asset Management Employee Trust	3,727,335	9.56
Artemis Investment Management LLP	2,310,000	5.92
Occam Asset Management LLP *	1,799,946	4.62

* Jonathan Hughes-Morgan, Executive Director, is connected to Occam Asset Management LLP

Corporate governance

A report on corporate governance appears on pages 16 to 19.

Risks and uncertainties

The Directors have identified the risk and uncertainties that affect the Group's business and these can be broken down into risks that are within the management's influence and risks that are outside it.

Risks that are within management's influence include areas such as the expansion of the business, prolonged periods of under-performance, loss of key personnel, human error, poor communication and service leading to reputation damage and fraud.

Risks outside the management's influence include falling markets, terrorism, a deteriorating UK economy, investment industry price competition and hostile takeovers.

Management monitor all material risks to the business, they record how each risk is mitigated and have warning flags to identify increased risk levels.

Management recognise the importance of risk management and view risk management as an integral part of the management process which is tied into the business model and is described further in the Risk management and internal control section on page 17.

Additionally the Group has a significant number of stakeholders whose future risks and uncertainties are linked to the Group. These significant stakeholders are: shareholders; clients; members; employees; service providers that provide the Group with outsourced functions; and industry bodies.

Each of these groups presents different risks and uncertainties and the Group ensures that there is regular contact and monitoring of the various bodies.

Corporate social responsibility

The Board recognises the Company's impact, responsibilities and obligations on and towards society and aims to reduce environmental risk.

The Company is committed to the highest standards of business conduct. Policies and procedures are in place to facilitate the reporting of suspect and fraudulent activities, including money laundering.

The Company's health and safety policy aims, insofar as it is reasonably practical, to ensure the health and safety of all employees and other persons who may be affected by the Company's operations and provide a safe and healthy working environment. The Company has a good record of safety.

Financial instruments

The Group's financial instruments at 31 March 2012 comprise cash and cash equivalents, financial assets and receivable and payable balances that arise directly from its daily operations.

Receivables arise principally in respect of fees receivable on AuM, cancellations of units in unit trusts and sales of units in unit trusts, title to which are not transferred until settlement is received. The Group's credit risk is assessed as low.

Financial assets comprise assets held at fair value through profit and loss and assets held as available-for-sale.

Assets held at fair value through profit and loss are unit trust units and shares held in the 'manager's box' to ease the calculation of daily creations and cancellations.

Assets held as available-for-sale are shares in Liontrust Umbrella Fund Plc.

Cash flow is managed on a daily basis, both to ensure that sufficient cash is available to meet liabilities and to maximise the return on surplus cash through use of overnight and monthly deposits. The Group is not reliant on income generated from cash deposits.

Deposit banks are selected on the basis of providing a reasonable level of interest on cash deposits together with a strong independent credit rating from a recognised agency. Any banks selected for holding cash deposits are approved by the Board.

Based on holding the financial instruments as noted above the Group does not feel subject to any significant liquidity risks.

Full details of the Group's financial risk management can be found in note 2 on page 35.

Annual General Meeting

The seventeenth Annual General Meeting of the Company will be held in the Pinafore Room at The Savoy, Strand, London WC2R 0EU on 12 September 2012 at 4 p.m. A notice convening this meeting will be sent to shareholders in August 2012.

Section 992, Companies Act 2006

The Following information is disclosed in accordance with section 992 of the Companies Act 2006:

- The Company's capital structure and voting rights are summarised on page 13.
- Details of the most substantial shareholders in the company are listed on page 14.
- The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 16.
- Powers to issue or buy back shares require a special resolution to be passed by the shareholders; such resolutions have been included in the notice of the seventeenth Annual General Meeting, to be sent to shareholders in August 2012.
- There are: no restrictions concerning the transfer of the securities in the Company; no special rights with the regard to control attached to securities; no agreement between holders of the securities regards their transfer known to the Company; no agreement which the Company is party to that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office as at 31 March 2012.

Statement of disclosure of information to Auditors

As so far as the Directors are aware, there is no relevant information of which the Company's independent auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's independent auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP were the independent auditors to the Company during the year and have confirmed their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the 2012 Annual General Meeting.

By order of the Board

Mark Jackson, Company Secretary.
Registered Office: 2 Savoy Court, London WC2R 0EZ.
19 June 2012

Compliance with the provisions of the Code

The Company complied throughout the year with the provisions of section 1 of the UK Corporate Governance Code (2010) ("the Code") and with the Schedules as explained below.

The Board

The Board is responsible for organising and directing the affairs of the Company and the Group in a manner that is in the best interests of the shareholders, meets legal and regulatory requirements and is also consistent with good corporate governance practices. There is a formal document setting out the way in which the Board operates, which is available upon request from the Company Secretary.

The division of responsibilities between Adrian Collins, Chairman, and John Ions, Chief Executive, has been clearly established by way of written role statements, which have been approved by the Board. The Chairman's main responsibilities are to lead the Board, ensure that shareholders are adequately informed with respect to the Company's affairs and that there are efficient relations and communication channels between management, the Board and shareholders, liaising as necessary with the Chief Executive on developments, and to ensure that the Chief Executive and his executive management team have appropriate objectives and that their performance against those objectives is reviewed.

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via three executive management committees; the Fund Management Group Committee (the "FMG"), the Asset Gathering Group Committee (the "AGG"), and the Operations Management Group Committee (the "OMG"). The OMG meets fortnightly and the AGG and FMG meet monthly with key representatives from each committee attending the other committee meetings.

The Chairman and Chief Executive are responsible, to the Board for the executive management of the Group and for liaising with the Board and keeping it informed on all material matters.

Under the Company's articles of association, one third of the Directors must retire from office by rotation at each Annual General Meeting and may offer themselves for re-election (this does not include Directors appointed to the Board since the last Annual General Meeting). Under the Company's Corporate Governance Guidelines, which reflect the provisions of the Code on Corporate Governance, Non-executive Directors must retire and may offer themselves for re-election annually once they have served nine or more years on the Board. The UK revised Corporate Governance Code which will apply from 1 April 2011 recommends that all Directors of FTSE 350 companies retire and are put up for re-election at the Annual General Meeting. Although the Company is not a FTSE 350; the Board considers this to be best practice and, accordingly, has decided to go beyond the requirements of the Company's Corporate Governance Guidelines and articles of association and require that all Directors of the Company retire and offer themselves for re-election.

The Board met seventeen times during the year. In addition, there were occasions when the Directors met as a committee of the Board in order to authorise transactions already agreed in principle at Board meetings. On those occasions, a quorum of either two or three Directors was required.

Directors

Biographical details of all current Directors can be found on page 12.

Changes to the composition of the Board during the year and up to the date of the signing of the financial statements were as follows:

1 April 2011	Alastair Barbour joined the Board as a Non-executive Director
1 May 2011	Mike Bishop joined the Board as a Non-executive Director
4 October 2011	Jonathan Hughes-Morgan joined the Board as an Executive Director

There were no other changes to the Board during the financial year and up to the date of the signing of the financial statements. Attendance at meetings of the Board and the Audit & Risk, Nomination and Remuneration Committees is shown in the table on page 20.

At all times during the year there have been at least two Non-executive Directors. The Board believes that the balance achieved between Executive and Non-executive Directors is appropriate and effective for the control and direction of the business. Given the extensive experience of the Non-executive Directors, the Board does not believe the identification of a senior Non-executive Director (Code A.3.3), is required.

The Chairman has met during the year with the Non-executive Directors both individually and collectively without the other Executive Directors.

Having duly evaluated each of the Non-executive Directors the Board considers that, notwithstanding the provisions of the Code, all such Directors are independent, in that they neither represent a major shareholder group nor have any involvement in the day to day management of the Company or its subsidiaries. As such they continue to bring objectivity and independent judgement to the Board and complement the Executive Directors' skills, experience and detailed knowledge of the business.

None of the Executive Directors and the Chairman are on the Board of a FTSE 100 company.

Non-executive Directors are aware that they have to report any change in their circumstances or those of the members of their families that might lead to the Board reconsidering whether they are independent. Directors are also aware that they have to inform the Board of any conflict of interest they might have in respect of any item of business and absent themselves from consideration of any such matter.

The Non-executive Directors have disclosed to the Company Secretary their significant commitments other than their directorship of the Company and have confirmed that they are able to meet their respective obligations to the Company.

Directors have the right to have any concerns about the running of the Company minuted and documented in a written statement on resignation.

The Company has arranged insurance cover in respect of legal action against its Directors and Officers.

Performance

The Board conducts a formal review and rigorous evaluation of individual Directors, its own performance and that of its committees. The evaluation process is constructively used to improve Board effectiveness, maximise strength and address weakness.

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in May 2012 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2012 has been reviewed by the Executive Directors. The review has confirmed that the performance of the Non-executive Directors is continuously effective and appropriate.

In addition to the individual appraisals, the Board considers its overall performance as a body and of its committees.

Professional development and training

Every Director is entitled to receive appropriate training and guidance on their duties and responsibilities. Continuing professional development is offered to all Directors and the Board is given guidance on new developments, such as new regulatory requirements.

In order to promote awareness and understanding of the Group's operations, the Chairman ensures there are additional opportunities for the Non-executive Directors to meet with senior management outside of the Board and its committees.

Communication with shareholders

The views of the investors are conveyed to Non-executive Directors by the presentation at Board meetings of surveys of shareholder opinion carried out by the Group's brokers and of analysts' reports and also by feedback from the Executive Directors who regularly meet with major shareholders.

Resources

Directors have access to the services and advice of the Company Secretary, and may take additional independent professional advice at the Group's expense in furtherance of their duties. The terms of reference of the Audit & Risk, Nomination and Remuneration Committees have been considered by their members with a view to ensuring they have available adequate resources to discharge their duties.

Committees

Details of the chairmen and membership of the Audit & Risk, Nomination and Remuneration Committees are set out in the table on page 20 together with details of attendance at meetings.

Risk management and internal control

The Audit & Risk Committee, on behalf of the Board, is responsible for overseeing the Group's financial reporting, risk management and system of internal controls, including suitable monitoring procedures, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit & Risk Committee is also responsible for keeping under review the scope, results and cost effectiveness of the audit and the independence of the external auditors. The Audit & Risk Committee assists the Board in its presentation of the Company's financial results and position through its review of the interim and full year financial statements before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgement.

The Board has reviewed the effectiveness of the Group's system of internal control for the financial year and up to the date of this annual report and financial statements. The Board has carried out an evaluation of the major risks affecting the business and has a process in place within the business to control and monitor risks on an ongoing basis, in accordance with the principles established by the Turnbull Committee.

The internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The main elements of the Group's internal control systems (including financial, operational and compliance controls and risk management) which have operated throughout the year are as follows:

- a clear division of responsibilities and lines of accountability, allowing adequate supervision of staff;
- the development and implementation of specific accounting policies;
- preparation of annual plans and performance targets in light of the overall Group objectives;
- reports from the Executive Directors to the Board on the actual performance against plans;
- reports from the Chief Operating Officer and Chief Financial Officer to the Board in respect of compliance assurance work received from the Financial Services Authority;
- reports to the Board in respect of the management of, and results of visits to, third parties to whom functions have been outsourced;
- compliance by all members of staff with the Group's statement of business conduct, which seeks to ensure business is conducted in accordance with the highest standards; and
- capture and evaluation of failings and weaknesses and confirmation that necessary action is taken to remedy the failings, particularly those categorised as 'significant'.

Internal audit

The Board considered the need to establish a separate internal audit function. It was decided that, under the direction of the Chief Operating Officer and Chief Financial Officer, the compliance department meets most of the objectives of an internal audit function. Consequently a separate internal audit function is not required.

Annual General Meeting

Notices convening Annual General Meetings are despatched to shareholders at least twenty working days before the relevant meeting and contain separate resolutions on each issue, including a resolution to adopt the annual report and financial statements. At every Annual General Meeting, the Chairman of the Group and the chairmen of the Audit & Risk, Nomination and Remuneration Committees make themselves available to take questions from shareholders.

The Company has put arrangements in place with its registrars to ensure that all proxy votes are received and accurately accounted for. The level of proxies lodged on each resolution, including votes for, against and abstained, will be available on the Company's website or upon request from the Company Secretary after the Annual General Meeting.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed on page 12 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The financial statements may be published on the www.liontrust.co.uk website, which is maintained by the Company. The maintenance and integrity of the website is the responsibility of the Directors. The work carried out by the independent auditors does not involve consideration on the maintenance and integrity of this website and, according, the independent auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. The financial statements are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

Statement under the Disclosure and Transparency Rules 4.1.12

The Directors each confirm to the best of their knowledge that:

- a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- b) this annual report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

Going concern

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, the Directors have satisfied themselves that the Group has adequate resources to continue in operation for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

Report of the Audit & Risk Committee

Composition and attendance

The membership of the Audit & Risk Committee and the attendance record of Directors during the year are shown in the table on page 20. All members of the Audit & Risk Committee are independent Non-executive Directors. All members have recent and relevant financial experience; Alastair Barbour and Glyn Hirsch are chartered accountants.

Principal duties

The Audit & Risk Committee's principal duties are as follows:

- assist the Board in its presentation of the Company's financial results and position through its review of the interim and full year financial statements before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgement;
- keep under review the effectiveness of the risk framework that is used to monitor Group's system of internal controls and risk management systems, including suitable monitoring procedures for the identification, assessment, mitigation, monitoring and management of all risks including liquidity, market, regulatory, credit, legal, operational and strategic risks, with particular emphasis on the key risks faced by the Company, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss;
- review and recommend to the Board for approval, the Company's Internal Capital Adequacy Assessment Process ("ICAAP") to fulfil its regulatory obligations under the Capital Requirements Directive and assess whether the Pillar 2 assessments and Pillar 3 disclosures remain appropriate;
- review periodically and monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements, including whistleblowing arrangements, its relationship with the relevant regulatory authorities, arrangements for the deterrence, detection, prevention and investigation of fraud, and to receive and consider special investigation reports relating to fraud or major breakdowns in internal controls or major errors and omissions including remedial action by management; and
- keep under review the scope, results and cost effectiveness of the audit and the independence of the external auditors.

The increased emphasis on risk matters is reflected in the name of the committee, which is now called the Audit & Risk Committee (previously known as the Audit Committee).

The terms of reference of the Audit & Risk Committee, which explain its role and the authority delegated to it by the Board of Directors, are published on the Company's website or are available upon request from the Company Secretary.

Activities during the year

The Audit & Risk Committee met four times for scheduled meetings during the year. The Chief Operating Officer and Chief Financial Officer is a regular attendee, as are the Head of Finance, Head of Risk and the Head of Compliance & Financial Crime.

The Audit & Risk Committee has a formal programme of issues which it covers during the year. This programme is formulated by the Audit & Risk Committee Chairman and the Company Secretary and is designed to ensure that all matters that fall within the Audit & Risk Committee's remit are reviewed during the year. The Audit & Risk Committee has access to external independent advice at the Company's expense.

Principal issues considered during year were:

- The annual financial statements for 2011 and interim financial statements for 2011;
- The appropriateness of the accounting policies used in drawing up the Group's financial statements;
- The external auditors' annual report, half yearly report and management letters;
- The external audit plan for 2012;
- Review of the Group's overall governance and risk framework;
- Review of the Group's ICAAP;
- Review of banking arrangements for the Group;
- Review of the Group's compliance monitoring programme, compliance manual (including whistle blowing arrangements), and receive and review regular reports on financial reporting, key risks, compliance and financial crime from the Head of Finance, Head of Risk and Head of Compliance & Financial Crime;
- Review of the systems and controls for the Group; and
- The performance, independence and objectivity of the external auditors, including a review of non-audit fees.

External auditors

The Audit & Risk Committee meets regularly with the external auditors without management present. The partner of the Group's external auditors who is responsible for the audit is invited to attend the meetings at which the half yearly and annual reports are reviewed and the meeting at which the external audit plan is reviewed. Each year, the Audit & Risk Committee considers the performance of the external auditors prior to proposition of a resolution on their reappointment and remuneration at the Annual General Meeting.

During the year, PricewaterhouseCoopers LLP were, on a number of occasions, engaged as advisers. The range of non-audit services provided included tax compliance advice, employee and member incentivisation advice, restructuring advice, financial due diligence work and acting as the reporting accountant in relation to the acquisition of Walker Crips Asset Managers Limited. In order to maintain their independence, such appointments are only made when the Audit & Risk Committee is satisfied that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. PricewaterhouseCoopers LLP have also considered their position and have confirmed their independence to the Company in writing. The Group's external auditors are also required to provide an annual report to the Audit & Risk Committee detailing all non-audit services, including the level of fees charged, and to have their own internal processes to ensure that the firm, its partners and its staff are independent of the Group. Annually the Audit & Risk Committee reviews a formal letter provided by the external auditors confirming its independence and objectivity within the context of applicable regulatory requirements and professional standards.

The Board has accepted the Audit & Risk Committee's recommendation that a resolution be put to the 2012 Annual General Meeting for the reappointment of PricewaterhouseCoopers LLP as external auditors.

Report of the Nomination Committee

Composition and attendance

The membership of the Nominations Committee and the attendance record of Directors during the year are shown in the table on page 20. The Nominations Committee met three times in the year under review.

Principal duties

The Nominations Committee's principal duties are as follows:

- review the structure, size and composition of the Board;
- to evaluate the Directors' skills, knowledge and experience;
- considers the leadership needs and succession planning of the Board when making decisions on new appointments;
- review annually the schedule of employees and members who carry out significance influence functions ("SIF") under the FSA's approved persons regime, and to ensure the individuals continue to be fit and proper, competent and capable; and
- consider and approve recommendations from the management committees of Liontrust Investment Partners LLP ("LIP") and Liontrust Fund Partners LLP ("LFP") for new SIF employees or members, including details of the controlled functions that they will perform and consider and approve recommendations from the management committees of LIP and LFP for amendments to the controlled functions carried out by existing SIF employees or members.

The terms of reference of the Nominations Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary. The terms and conditions of appointment of the Directors will be available for inspection at the Annual General Meeting.

Activities during the year

The Nominations Committee reviewed the size and composition of the Board and considered the position of Glyn Hirsch as an independent Non-executive Director given that at the 2012 Annual General Meeting he would have served for thirteen years. The Nominations Committee recommended that Glyn Hirsch should be considered to be independent in view of his independence of character and judgement. The Board supported the Nominations Committee's recommendation.

The Nominations Committee approved the role for a new Executive Director to strengthen international distribution experience amongst the Board following the acquisition of Occam. Following the completion of the acquisition of Occam, Jonathan Hughes-Morgan joined the Board as an Executive Director.

During the financial year the Nominations Committee considered and approved a number of recommendations from the management committees of LIP and LFP for new SIF employees and members, including details of the controlled functions that they will perform, in particular in relation to the acquisitions of Occam and Walker Crips Asset Managers Limited.

The Nominations Committee received information and support from the Chief Operating Officer and Chief Financial Officer during the year. In order to enable the Nominations Committee to carry out its duties and responsibilities effectively the Nominations Committee has the right to appoint external recruitment consultants or external advisers to fill vacancies where it believes that to be appropriate.

By order of the Board

Mark Jackson, Company Secretary.

Registered Office: 2 Savoy Court, London WC2R 0EZ.

19 June 2012

Report on Directors' Board Attendance

Board and board committee membership and attendance

The number of Board and Board committee meetings attended by Directors in the year ended 31 March 2012 was as follows:

	Board	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Total number of meetings during the year	17	4	4	3
Adrian Collins	15/17*	–	–	3/3
John Ions	17/17	–	–	3/3
Vinay Abrol	17/17	–	–	–
Jonathan Hughes-Morgan ⁽¹⁾	4/8	–	–	–
Alastair Barbour ⁽²⁾	17/17	4/4*	4/4	3/3
Mike Bishop ⁽³⁾	16/17	4/4	4/4	3/3
Glyn Hirsch	12/17	2/4	2/4*	1/3*

* Chairman of the Board or Board Committee

⁽¹⁾ Joined 4 October 2011

⁽²⁾ Joined 1 April 2011. Appointed Chairman of the Audit & Risk Committee on 1 April 2011.

⁽³⁾ Joined 1 May 2011.



Directors' Remuneration Report

Composition and attendance

During the year, the Remuneration Committee comprised entirely independent Non-executive Directors. The membership of the Remuneration Committee and the attendance record of Directors during the year are shown in the table on page 20.

Principal duties

The Remuneration Committee is charged with determining remuneration policy for, and setting pay and other benefits of, the Executive Directors of the Company, its members and employees. All its recommendations are referred to the Board. Any Director, who has an interest in the matter which is the subject of a recommendation to the Board, abstains from the Board's vote in relation to that matter and takes no part in its deliberations.

The terms of reference of the Remuneration Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary.

Key principles

The key principles of the Remuneration Committee's policy are:-

- Levels of remuneration will be competitive to comparable companies operating in similar markets;
- A pension policy is in line with the business strategy, objectives, values and long term interests of the Group. At the current time the pension contributions for the Executive Directors have been suspended; although it is the intention to reintroduce pension as soon as it is affordable for the business. If and when pension contributions are re-instated, the pension contributions normally equate to 15 per cent. of an Executive Directors' base remuneration;
- To avoid guaranteed compensation other than in exceptional circumstances. Where remuneration is guaranteed it will be limited to the first 12 months and will be delivered in the form of equity which must be held for the long term;
- Short term incentive arrangements are in line with corporate governance best practice and the code of practice on executive remuneration from the FSA. As such, up to 50% of any bonuses for the Executive Directors will be deferred into Company shares and must be held for a period of up to three years;
- The interests of all employees and members (including the Executive Directors) should be closely aligned with those of the Company's shareholders through the wide use of equity incentive programmes; and
- Provision of a total reward framework which is competitive in the asset management environment while controlling, as far as possible, the cash cost to the business by increasing the focus on performance related pay rather than base remuneration.

Activities during the year

In the financial year to 31 March 2012, the Remuneration Committee met four times and discussed, amongst other things, the subjects described below:

- Approval of the 2011 Remuneration Report;
- Review Liontrust's Remuneration Policy Statement;
- Review FSA guidance papers on Guaranteed Variable Remuneration and Retention Periods;
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2012;
- Review and approval of the fixed allocations and salaries for the Executive Directors (including the Chairman) for the financial year ending 31 March 2012;

- Review and approval of the variable allocations and bonus for the Executive Directors (including the Executive Chairman) for the financial year ending 31 March 2012;
- Review and approval of the fixed allocations, salaries, variable allocation and bonuses for members and employees for the financial year ended 31 March 2013 (for fixed allocations and salaries) and for the year ending 31 March 2012 (for variable allocations and bonuses);
- Consideration of reintroducing pension arrangements for the Executive Directors (including the Executive Chairman), members and employees; and
- Approval of allocations under the Liontrust Membership Incentive Scheme.

The Board itself determines the remuneration of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his own position. The Board has imposed a remuneration freeze for the Non-executive Directors for the financial year ending 31 March 2013. This is the fourth consecutive year in which the remuneration of the Non-executive Directors has been frozen.

To ensure that the Company's rates of remuneration are competitive, the Remuneration Committee takes account of publicly available market data. In setting policy and making decisions, the Remuneration Committee gives full consideration to the provisions on the design of performance-related remuneration set out in Schedule A of the Code. The Remuneration Committee has imposed a base remuneration freeze for the Executive Directors for the financial year ending 31 March 2013. This will be the fourth consecutive year in which the base remuneration of the Executive Directors has been frozen.

The Remuneration Committee has determined that the Executive Directors will receive no annual bonus for this financial year. This is the third consecutive year in which the Executive Directors have received no annual bonus and shows a commitment to minimise any increase in fixed costs, reflects the turnaround strategy of the Group and the current economic environment.

The annual base remuneration for each of the Directors for the financial year ending 31 March 2013 is as follows:

Director	Salary (for employees), Fixed Allocations (for members) or Fees (£)
Adrian Collins	£150,000
John Ions	£250,000
Vinay Abrol	£250,000
Jonathan Hughes-Morgan	£150,000
Alastair Barbour	£27,400
Mike Bishop	£27,400
Glyn Hirsch ⁽¹⁾	£nil

⁽¹⁾ With effect from 13 December 2011, Glyn Hirsch has agreed to waive his Directors fees

Over the past year the Company has made significant progress in executing its business strategy. While recognising the rapidly changing environment from both a shareholder and regulatory perspective for executive pay in the UK, the Remuneration Committee is currently reviewing the remuneration arrangements to:-

- ensure that key executives critical to the execution of the strategy are appropriately retained and attracted to the business;
- there is a strong link between reward and the Company's strategy and an equitable allocation of value between management and shareholders; and
- that the remuneration structure contains all aspects of best practice where relevant.

Directors' Remuneration Report continued

The Remuneration Committee will provide further details of this review and changes, if any, to the current structure, in its next Remuneration Report.

The information presented in those tables marked 'auditable' is audited by the independent auditors, PricewaterhouseCoopers LLP, whose report is presented on pages 27 and 49.

Directors detailed emoluments (auditable)

	Salary (for employees), Fixed Allocations (for members) or Fees (£'000)	Bonus (for employees) or Variable Allocations (for members) (£'000)	Benefits in kind ⁽¹⁾ (£'000)	Total for year to 31 March 2012 (£'000)	Total for year to 31 March 2011 (£'000)
Executive					
Adrian Collins	150	–	3	153	159
John Ions	250	–	3	253	235
Vinay Abrol	250	–	3	253	297
Jonathan Hughes-Morgan ⁽²⁾	73	–	1	74	–
Nigel Legge ⁽³⁾	–	–	–	–	631
Chris Edmeades ⁽⁴⁾	–	–	–	–	79
Non executive					
Alastair Barbour	27	–	–	27	–
Mike Bishop	25	–	–	25	–
Glyn Hirsch ⁽⁵⁾	28	–	–	28	27
Graham Hooper ⁽⁶⁾	6	–	–	6	33
Jim Sanger ⁽⁷⁾	–	–	–	–	29
	809	–	10	819	1,490

⁽¹⁾ Benefits in kind comprise private medical insurance

⁽²⁾ Appointed 4 October 2011

⁽³⁾ Resigned 6 May 2010

⁽⁴⁾ Resigned 1 February 2011

⁽⁵⁾ Includes consultancy fees of £8,500 in relation to advice to Liontrust International (Guernsey) Limited

⁽⁶⁾ Resigned 31 March 2011

⁽⁷⁾ Resigned 24 November 2010

Directors' share interests

The interests of the Directors and their families in the share capital of the Company at 31 March 2012 were as follows:

	Ordinary 1 pence shares held at 31 March 2012	Ordinary 1 pence shares held at 31 March 2011
John Ions	318,301	18,301
Vinay Abrol	675,576	590,756
Jonathan Hughes-Morgan ⁽¹⁾	750,000	–
Alastair Barbour	32,000	–
Mike Bishop	25,000	–
Glyn Hirsch	8,000	8,000

⁽¹⁾ Jonathan Hughes-Morgan is also connected to Occam Asset Management LLP, which is interested in a further 1,799,946 Ordinary shares

There were no changes to the Directors' interests between 1 April 2012 and 19 June 2012.

Share schemes

Liontrust Share Incentive Plan (the "ESIP")

The ESIP (previously known as the Employee Share Ownership Plan) is an HMRC approved Share Incentive Plan, established in April 2001, allows all employees of the Group to contribute part of their salary on a monthly or annual basis to the ESIP (maximum monthly contribution is £125 and maximum annual contribution is £1,500). Contributions will be used to buy and hold shares in the Company (Partnership Shares) on their behalf. The Company awards participants in the ESIP shares in the Company (Matching Shares) on a 2:1 basis (i.e. two Matching Shares awarded for each one Partnership purchased by the participant).

Share options

Liontrust Senior Incentive Plan (the "LSIP")

The LSIP was approved by shareholders of the Company at a General Meeting in January 2011. Participation in LSIP is limited to the Executive Directors of the Company. The LSIP is a long term incentive plan the aim of which is to focus Executive Directors on executing the new business strategy by incentivising them and ensuring that their interests are closely aligned with those of shareholders.

LSIP operates in conjunction with the Liontrust Asset Management Employee Trust (the "Trust"). The Company will be able to fund the Trust to acquire shares in the market and/or to subscribe for shares at nominal value in order to satisfy awards granted under the LSIP. This may result in the Trust holding in excess of 5% of the issued ordinary shares of the Company. Any shares issued to the Trust in order to satisfy LSIP awards will be treated as counting towards the dilution limits that apply to the LSIP. For the avoidance of doubt, any shares acquired by the Trust in the market will not count towards these limits.

The shares used to satisfy LSIP awards will be sourced from a mixture of the following: (i) the use of the Trust's holding of ordinary shares of the Company or shares subscribed for by the Trust for that purpose, as detailed above; (ii) through the purchase in the market of ordinary shares of the Company from existing cash resources of the Company; and/or (iii) through the issue of new ordinary shares in the Company (although shareholders will not thereby be diluted by more than 10 per cent. in any 10 year period).

The LSIP awards will be nil-price options and will be subject to share price targets measured at the end of the three year period commencing on the date of the grant by reference to a 30 business day closing market average share price prior to that date.

The following table sets out the share price targets that will apply to the LSIP awards:

Company's Share Price Target (at end of 3 year period from date of grant)	Percentage vesting of LSIP Award at this Share Price Target* (%)
Below 125p	0
125p	25
150p	75
175p	100

* Straight line vesting between 125p and 150p and between 150p and 175p. Share price calculated as the 30 business day average of the closing share price prior to the end of the three year performance period.

The price paid for the options awarded under LSIP was £nil.

Liontrust Incentive Plan (the "LIP")

LIP was adopted by the Board in November 2009, participation in LIP is limited to the senior executives within the Group, but excluding any Director (including Executive Directors) of the Company.

LIP operates in conjunction with the Liontrust Asset Management Employee Trust (the "Trust") on the basis that options will be satisfied by the purchase of shares in the market by the Trust. This is to ensure that there is no dilution of shareholders' interests. This may result in the Trust holding in excess of 5% of the issued ordinary shares of the Company.

On the grant by the Company of an award under LIP, the Company may impose a performance target and any further condition on the exercise of the award that the Company determines to be appropriate. Where these targets have not been met by the end of the performance period all LIP awards will lapse.

The price paid for the options awarded under LIP was £nil. It is a condition of participation in the LIP that any options previously granted to a participant under the LEMIS are surrendered. There have been no changes to the terms and conditions of the options during the year.

Liontrust Option Plan (the "LOP")

LOP was adopted by the Board and approved by HMRC in December 2009. The LOP provides for the granting of options up to a market value limit of £30,000 to each individual employee on the date of grant.

Participation in LOP is open to all employees of the Group, but excluding any Director (including Executive Directors) of the Company.

The LOP operates in conjunction with the Liontrust Asset Management Employee Trust (the "Trust") on the basis that options will be satisfied by the purchase of shares in the market by the Trust. This is to ensure that there is no dilution of shareholders' interests. This may result in the Trust holding in excess of 5% of the issued ordinary shares of the Company.

The price paid for the options awarded under LOP was £nil. It is a condition of participation in the LOP that any options previously granted to a participant under the LEMIS are surrendered. There have been no changes to the terms and conditions of the options during the year.

Liontrust Enterprise Management Incentive Scheme (the "LEMIS")

As approved at the Annual General Meeting in July 2002 the Company introduced the LEMIS (closed to new entrants in 2011), the LEMIS is designed to reward incentive if challenging performance targets are met. The LEMIS operates in conjunction with the Liontrust Asset Management Employee Trust (the "Trust") on the basis that options will be satisfied by the issue of new ordinary shares and by the purchase of shares in the market by the Trust. This is to ensure that the dilution of shareholders' interests is limited. This may result in the Trust holding in excess of 5% of the issued ordinary shares of the Company.

The performance conditions attaching to the LEMIS on the initial grant of options is that over three financial years starting with the year of grant, there must be an increase in the diluted earnings per share (after removing exceptional items, the performance fees and costs and related tax charges) of the Group ("EPS") by a fixed percentage per annum that is more than the increase in the Retail Prices Index ("RPI") for the same period. In respect of each fixed percentage, part of the option will become exercisable. Consequently options will be exercisable in the following circumstances:

If EPS growth exceeds RPI by 3% then 50% of the option can be exercised. If EPS growth exceeds RPI by 4% then 75% of the option can be exercised. If EPS growth exceeds RPI by 5% then 100% of the option can be exercised.

In the case of EPS, measurement of growth will be made by comparing the EPS figure for the financial year ending immediately before the start of the performance period with the figure for the latest financial year in the performance period.

The price paid for the options awarded under the LEMIS was £nil (2011: £nil). There have been no changes to the terms and conditions of the options during the year.

Incentive Interests

Liontrust Membership Incentive Scheme (the "LMIS")

Under the amended and restated LLP agreement dated 11 April 2011 made between Liontrust Investment Funds Limited ("LIF"), the several persons named therein and Liontrust Fund Partners LLP ("LFP"), as subsequently adhered to and the amended and restated LLP agreement dated 11 April 2011 made between Liontrust Investment Services Limited ("LIS"), the several persons named therein and Liontrust Investment Partners LLP ("LIP"), as subsequently adhered to (together the "LLP Agreements"), certain members of the LFP and LIP are entitled to a capital entitlement known as an "Incentive Capital Interest" pursuant to the LMIS, such Incentive Capital Interest being a reward by way of incentivisation the amount of which is determined by reference to the share price performance of Ordinary shares.

The LMIS is set out in the LLP Agreements. Certain individual members have been allocated Incentive Capital Interests, which entitle such individual member to a fixed amount on a winding-up.

The entitlement which the holder of an Incentive Capital Interest would have on a winding up of LFP or LIP is calculated on the basis of the application of a percentage (calculated in the manner described below) to the "Maximum Incentive Capital Interest" attributable to that Incentive Capital Interest.

The Maximum Incentive Capital Interest is a variable amount in Pounds Sterling equal to the number of Ordinary shares set out in his side letter multiplied by the price of Ordinary shares from time to time (by reference to a 30 day market average price).

The actual "value" of the Incentive Capital Interest is then calculated by multiplying the Maximum Incentive Capital Interest by a formula set out in the LLP Agreements. The formula operates by reference to share price targets (x, y and z, as set out in the relevant individual member's side letter) of Ordinary shares, which are calculated at the end of the 3 year period from the date of grant of the Incentive Capital Interest (the "Test Date") by reference to a 30 day market average price, giving (depending on the actual average price at the time) the percentage stated in column 2 of the table below to be multiplied by the Maximum Incentive Capital Interest (the formula operating so as to calculate a straight-line "value" of the Incentive Capital Interest between xp and yp and yp and zp).

Column (1) Company share price target	Column (2) Percentage "vesting" of the Maximum Incentive Capital Interest at this share price target (%)
Below xp	0
Xp	25
Yp	75
Zp	100

For Incentive Capital Interests awarded in the financial year; x equals 125, y equals 150 and z equals 175.

In order to enable a holder of Incentive Capital Interest to realise any value comprised therein, the LLP Agreements include "put" and "call" options pursuant to which LIS and LIF (as applicable) is entitled to require an Individual Member to sell (the "Call Option"), and the Individual Member is entitled to require LIS and LIF (as applicable) to purchase (the "Put Option", together with the Call Option, the "Option"), such Incentive Capital Interests for a cash amount equal to the "value" (as described above) thereof (the "Option Consideration"). Subject to earlier lapse, the Option is capable of exercise in the seven year period following the Test Date and will thereafter lapse. In addition, in relation to the Option, LIS and LIF would be entitled, in their absolute and sole discretion, to nominate another person to perform its obligations thereunder (a "Nominated Person"). LIS and LIF or the Nominated Person (as the case may be) further has the option to elect to satisfy the Option Consideration in whole or in part by the transfer and/or allotment and issue at the then prevailing price (comprising a 30 day market average price) of Ordinary shares and shall, in respect of any of the Option Consideration satisfied in cash, have the further option to require the relevant holder of Incentive Capital Interests to apply some or all of that cash in the subscription for, and/or the purchase of, Ordinary shares at the then prevailing market price (comprising a 30 day market average price).

LIS and LIF or the Nominated Person (as the case may be) will determine in its absolute discretion how to satisfy the Option Consideration in whole or in part, taking into account the interests of shareholders and the costs to the Company. It is the current intention to satisfy the Option Consideration by a mixture of shares already held in the Company, additional market purchased shares and/or treasury shares.

In certain circumstances, the Test Date will be earlier than the third anniversary of the date of grant of the Incentive Capital Interests, namely the date prior to such anniversary that is the earlier of: (i) the effective date of a change of control of the Company; and (ii) the date on which a holder of an Incentive Capital Interest becomes as "Good Leaver" (which, for these purposes, means when a member retires other than: (a) in the circumstances where he resigns as a member pursuant to clause 19; or (b) in circumstances where he is expelled as a member pursuant to clause 20.1, in each case of the LLP Agreements. In these circumstances, the period during which the Option will be capable of exercise will also be accelerated.

The Incentive Capital Interests and the Put Option will also lapse if an individual member retires in circumstances where he is not a "Good Leaver".

Executive Directors' share options (auditable)

The options granted to the Executive Directors were as follows:

Director	1 April 2011	Options granted	Options exercised	Options Lapsed	31 March 2012	Exercise price (pence)	Issue date	Scheme
Adrian Collins	1,000,000	–	–	–	1,000,000	1.0	1 February 2011	LSIP
John Ions	200,000	–	–	–	200,000	1.0	10 February 2010	LIP
	1,800,000	–	–	–	1,800,000	1.0	1 February 2011	LSIP
Vinay Abrol	200,000	–	–	–	200,000	1.0	1 February 2011	LSIP

Key:

LIP – Liontrust Incentive Plan, exercisable between 1 April 2012 and 31 March 2019.

LSIP – Liontrust Senior Incentive Plan, exercisable between 1 February 2014 and 31 January 2021.

The closing quotation of the Company's shares at the end of the year was 121½ pence and the range of market prices during the year was between 57 pence and 121½ pence.

Pensions

There are no pension contributions currently being made by the Company for the Executive Directors as these have been suspended by the Board. If and when these are re-instated the pension contributions normally equate to 15 per cent. of an Executive Directors' base remuneration.

Pension rights (auditable)

No contributions in respect of pension entitlements are made by the Group.

Service contracts

The Directors' employment contracts or letters of appointment or limited liability partnership membership agreements/side letters are as follows:

Director	Date of contract	Notice period
Executive		
Adrian Collins	31 December 2010	6 months
John Ions	8 July 2010	6 months
Vinay Abrol	8 July 2010	12 months
Jonathan Hughes-Morgan ⁽¹⁾	30 September 2011	6 months
Non-executive		
Alastair Barbour ⁽²⁾	1 April 2011	3 months
Mike Bishop ⁽³⁾	1 May 2011	3 months
Glyn Hirsch	13 December 2011	3 months

⁽¹⁾ Appointed 4 October 2011

⁽²⁾ Appointed 1 April 2011

⁽³⁾ Appointed 1 May 2011

None of the Directors' employment contracts or letters of appointment or limited liability partnership membership agreements/side letters contains provisions for compensation for loss of office.

Performance graph

The graph below illustrates the performance of the Group's Share Price over the period 07.05.10 to 31.03.12, compared to two indices:



The indices were chosen as follows:

- The FTSE All-Share Index, so as to put the Group's performance into the context of the UK stock market's best known index;
- The FTSE Small Cap. Index, so as to put the Group's performance into the context of similar sized companies.

Best practice

The Remuneration Committee believes that the Group has complied with Schedule B of the Code and has given full consideration to Schedule A of the Code in formulating the remuneration packages of the Executive Directors and other senior members of the Group.

The Chairman of the Remuneration Committee will attend the Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

The terms of reference of the Remuneration Committee, which explains its role and the authority delegated to it by the Board, are available upon request from the Company Secretary.

Glyn Hirsch

Chairman of the Remuneration Committee
19 June 2012

Independent Auditors' Report to the members of Liontrust Asset Management PLC

We have audited the group financial statements of Liontrust Asset Management PLC for the year ended 31 March 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2012 and of its loss, and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Liontrust Asset Management PLC for the year ended 31 March 2012 and on the information in the Directors' Remuneration Report that is described as having been audited.

Lindsay Gardiner (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 June 2012

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2012

	Notes	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Continuing Operations			
Revenue	4	13,714	8,929
Cost of sales	4	(76)	(80)
Gross profit		13,638	8,849
Realised gain on sale of financial assets		212	701
Administration expenses	5	(15,445)	(14,672)
Operating loss from Continuing Operations	6	(1,595)	(5,122)
Interest receivable	8	22	10
Loss before tax from Continuing Operations		(1,573)	(5,112)
Taxation	9	(250)	544
Loss for the year from Continuing Operations		(1,823)	(4,568)
Discontinued Operations			
Realised gain on sale of credit business	10	1,569	–
Profit after tax for the year from Discontinued Operations (attributable to equity holders of the Company)	10	17	16
Loss for the year		(237)	(4,552)
Other comprehensive income:			
Gain on financial assets net of tax		61	445
Realised gain taken to the statement of comprehensive income		(212)	(701)
Exchange differences on translating foreign operations		–	7
Other Comprehensive income for the year, net of tax		(151)	(249)
Total comprehensive income		(388)	(4,801)
		Pence	Pence
Continuing Operations			
Basic earnings per share	11	(5.65)	(14.74)
Diluted earnings per share	11	(5.62)	(13.70)
Total			
Basic earnings per share	11	(0.73)	(14.69)
Diluted earnings per share	11	(0.73)	(13.65)

The notes on pages 32 to 60 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet

as at 31 March 2012

	Notes	31-Mar-12 £'000	31-Mar-11 £'000
Assets			
Non current assets			
Intangible assets	12	1,100	600
Property, plant and equipment	13	121	123
Deferred tax assets	14	1,638	2,160
Total Non Current assets		2,859	2,883
Current assets			
Trade and other receivables	15	18,462	10,205
Financial assets	16	295	8,530
Cash and cash equivalents		12,388	4,157
Total Current assets		31,145	22,892
Liabilities			
Current liabilities			
Deferred tax liabilities	14	–	(57)
Trade and other payables	18	(16,932)	(10,277)
Accruals	19	(233)	(119)
Total Current liabilities		(17,165)	(10,453)
Net current assets		13,980	12,439
Net assets		16,839	15,322
Shareholders' equity attributable to owners of the parent			
Ordinary shares	20	371	353
Share premium		11,552	10,272
Capital redemption reserve		15	15
Revaluation reserve		–	151
Retained earnings		17,073	16,703
Own shares held	21	(12,172)	(12,172)
Total equity		16,839	15,322

Approved and authorised for issue by the Board of Directors on 19 June 2012 and signed on its behalf by

V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

The notes on pages 32 to 60 form an integral part of these consolidated financial statements.

Company Number 2954692

Consolidated Cash Flow Statement

for the year ended 31 March 2012

	Notes	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Cash flows from operating activities			
Cash inflow from operations		14,351	11,447
Cash outflow from operations		(15,914)	(18,002)
Cash outflow from changes in unit trust receivables and payables		(754)	(601)
Net cash used in operations		(2,317)	(7,156)
Interest received		22	10
Tax received		1,035	263
Net cash used in operating activities		(1,260)	(6,883)
Cash flows from investing activities			
Purchase of property and equipment		(41)	(50)
Sale of Seeding investments		7,966	703
Purchase of intangible asset	12	(2,166)	–
Sale of Credit business (net of expenses)	10	2,434	–
Net cash generated from investing activities		8,193	653
Cash flows from financing activities			
Purchase of minority interest shares		–	(2,654)
Issue of new shares		1,298	1,326
Net cash from/(used in) financing activities		1,298	(1,328)
Net increase/(decrease) in cash and cash equivalents		8,231	(7,558)
Effect of exchange rate changes		–	(7)
Opening cash and cash equivalents*		4,157	11,722
Closing cash and cash equivalents		12,388	4,157

* Cash and cash equivalents consist only of cash balances.

The notes on pages 32 to 60 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2012

	Share capital £'000	Share premium £'000	Capital redemption £'000	Revaluation £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
Balance at 1 April 2011 brought forward	353	10,272	15	151	16,703	(12,172)	15,322
Loss for the year	–	–	–	–	(237)	–	(237)
Net gains on available-for-sale financial assets net of tax	–	–	–	61	–	–	61
Amounts recycled through the Consolidated Statement of Comprehensive Income	–	–	–	(212)	–	–	(212)
Total comprehensive income for the year	–	–	–	(151)	(237)	–	(388)
Shares issued	18	1,280	–	–	–	–	1,298
Equity share options issued	–	–	–	–	607	–	607
Balance at 31 March 2012	371	11,552	15	–	17,073	(12,172)	16,839

Consolidated Statement of Changes in Equity

for the year ended 31 March 2011

	Share capital £'000	Share premium £'000	Capital redemption £'000	Revaluation £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
Balance at 1 April 2010 brought forward	337	8,962	15	407	23,881	(12,172)	21,430
Loss for the year	–	–	–	–	(4,552)	–	(4,552)
Net gains on available-for-sale financial assets net of tax	–	–	–	445	–	–	445
Amounts recycled through the Consolidated Statement of Comprehensive Income	–	–	–	(701)	–	–	(701)
Gain on foreign exchange	–	–	–	–	7	–	7
Total comprehensive income for the year	–	–	–	(256)	(4,545)	–	(4,801)
Acquisition of minority interest shares	–	–	–	–	(2,654)	–	(2,654)
Shares issued	16	1,310	–	–	–	–	1,326
Equity share options issued	–	–	–	–	21	–	21
Balance at 31 March 2011	353	10,272	15	151	16,703	(12,172)	15,322

Notes to the Financial Statements

1 Principal accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Commission, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and financial assets available-for-sale which are held at their fair value) and in accordance with applicable accounting standards.

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors of the Company to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial information and the reported income and expense during the reporting periods. Although these judgements and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ from these estimates. The accounting policies set out below have been used to prepare the financial information. All accounting policies have been consistently applied.

The financial information has been prepared based on the IFRS standards effective as at 31 March 2012.

The Group did not implement the requirements of any Standards which were issued during the year and which were not required to be implemented at the year-end date. No Standards and Interpretations endorsed by the EU that had an effect on the Group became effective during the year. Standards and Interpretations relevant to the Group that had been issued but not yet endorsed by the EU or adopted at the year end were:

IFRS 9	Financial Instruments: Classification
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair Value Measurement
IFRS 19 (Amended)	Employee Benefits

These revised standards when endorsed are unlikely to have a material impact on the Group's disclosures.

In addition, a number of other existing Standards and Interpretations have also been revised to ensure consistency with the amended Standards listed above. The Directors do not anticipate that the adoption of any of these new or revised Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

b) Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group entities are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Adjusted profit or loss

The Group provides additional disclosure in the form of an Adjusted profit/loss note (note 7, page 40) in order to provide shareholders with a clearer indication of the profitability of the Group. The Adjusted profit or loss is the total of Group profit or loss excluding the following items:

Non-cash items which include depreciation, intangible asset amortisation and IFRS2 related expenses; and

Non-recurring items which include cost reduction expenses, restructuring costs, acquisition related costs, integration costs, share incentivisation expenses, severance compensation and Financial Services Compensation Scheme Interim Levy.

The Group presents a reconciliation to the Profit or Loss for the year per the statutory financial information.

d) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Valuation and impairment of financial assets

Details of the valuation policy for financial assets can be found in note 1j) below.

Valuation and impairment of other assets

Details of the valuation policy for other assets can be found in notes 1g), 1h) and 1i) below.

1 Principal accounting policies (continued)

Taxation

The Group is subject to income taxes in a number of jurisdictions. Judgement is required in determining the total provision for income taxes. There are transactions and calculations for which the ultimate tax determination may be uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

e) Discontinued operations

A discontinued operation is a component of an entity that has been disposed of and represents an identifiable significant line of business for the Group. Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the Consolidated financial statements and related notes for all years presented.

f) Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Leasehold improvements are included at cost and are depreciated on a straight line basis over the lower of the estimated useful life and the remaining lease term.

Office equipment is depreciated on a straight line basis over the estimated useful life of the asset, which is between three and ten years.

Computer equipment is depreciated on a straight line basis over the estimated useful life of the asset which is three years.

At each reporting date management reviews the assets' residual values and useful lives, and will make adjustments if required.

g) Trade and other receivables

Trade and other receivables include prepayments as well as amounts the Group is due to receive from third parties in the normal course of business. These include fees as well as settlement accounts for transactions undertaken. These receivables are normally settled by receipt of cash. Trade and other receivables are stated after deducting provisions for bad and doubtful debts. Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expense recognised in the income statement.

h) Trade and other payables

Trade and other payables (excluding deferred income) represent amounts the Group is due to pay to third parties in the normal course of business. These include expense accruals as well as settlement accounts (amounts due to be paid for transactions undertaken). Trade creditors are costs that have been billed, accruals represent costs, including remuneration, that are not yet billed or due for payment.

i) Intangible assets

The costs of acquiring intangible assets such as fund management contracts are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

The fund management contracts are recorded initially at fair value and recorded in the financial statements as an intangible asset they are then amortised over their useful lives on a straight-line basis over 5 years. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

j) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit and loss, available-for-sale and receivables

Financial assets are classified as available-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses, together with transaction costs, on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in 'other comprehensive income' is included within 'Realised gain/(loss) on sale of financial assets' in the statement of comprehensive income. Assets categorised as available-for-sale are reviewed at the end of each reporting period for impairment.

The Group holds the following assets at fair value through profit and loss:

For the UK Authorised unit trust and the sub-funds of the Liontrust Guernsey Fund Limited (a Guernsey domiciled Open ended investment company), the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units and shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The units and shares in the 'manager's box' are accounted for on a trade date basis. These units and shares are valued on a bid price basis.

The Group holds the following assets as available-for-sale:

The Group's assets held as available-for-sale represent shares in the Liontrust European Absolute Alpha Fund and Liontrust Emerging Markets Absolute Return Fund (both sub-funds of Liontrust Umbrella Fund Plc) and are valued on a bid price basis.

Notes to the Financial Statements continued

1 Principal accounting policies (continued)

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

k) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Under IFRS cash and cash equivalents are included in the cash flow statement.

l) Own shares

Own shares held by the Liontrust Asset Management Employee Trust are valued at cost and are shown as a deduction from the Group's shareholders' equity. No gains or losses are recognised in the income statement.

m) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

n) Income and expenses

Income and expenses are accounted for on an accruals basis when they become receivable or payable. Asset management fees are accrued over the period for which the service is provided.

Front end fees received and commissions paid on the sales of units in unitised funds are amortised over the estimated life of the unit.

Performance fees are recognised in the period in which they become due and collectable. Any portion of performance fees that are not due and collectable, and whose future entitlement is not certain, is not recognised but noted as a contingent asset.

o) Deferred taxation

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

p) Pensions

The Group operates defined contribution schemes for its employees. The assets are invested with insurance companies and are held separately from the Group. The costs of the pension scheme are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred. The Group has no further payment obligations once the contributions have been paid.

q) Employee share options

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense (and credited to equity reserves) over the vesting period. The total amount to be expensed is determined at the date of grant by reference to the fair value of the options granted. A number of models have been used to calculate the fair value as follows:

– Liontrust Option Plan ('LOP')

A binomial model is used with the following assumptions having been made

The fair value for each options is spread over the vesting period which is three years;

The expected life of options issued under LOP is 6.5 years.

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39.9%

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 3.37%

– Liontrust Incentive Plan ('LIP') with no performance conditions attached

A discounted face value model has been used for valuation.

The fair value for each options is spread over the vesting period which is 2 years;

The expected life of options issued under LIP is between 2.14 and 2.29 years

1 Principal accounting policies (continued)

– Liontrust Incentive Plan ('LIP') with performance conditions

A Monte Carlo simulation model is used with the following assumptions having been made

The fair value for each options is spread over the vesting period which is 3 years;

The expected life of options issued under this LIP scheme is 2.14 years

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 58.1%

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 1.27%

– Liontrust Senior Incentive Plan ('LSIP') with performance conditions

A Monte Carlo simulation model is used with the following assumptions having been made

The fair value for each options is spread over the vesting period which is 3 years;

The expected life of options issued under this LSIP scheme is 10 years

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39%

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and is 1.82%

r) Dividends

Equity dividends to the shareholders of the Company are recognised as a liability in the period during which they are declared and approved.

s) Holiday pay accrual

Under IAS 19, all accumulating employee compensated absences that are unused at the balance sheet date are recognised as a liability. The Group's entitlement period runs for the financial year and any employees with unused holiday allowance at the period end have no contractual entitlement to this.

t) Associates

Where the Group has investments in funds over which it is able to exert significant influence but not control, the Group has applied the scope of exclusion within IAS 28, Investment in Associates, for unit trusts and similar entities and has accounted for such assets at fair value through profit and loss or assets available-for-sale.

u) Foreign currency gains/losses

Items in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (The 'functional currency'). The consolidated financial statements are presented in Sterling ('£') which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme understands the unpredictable nature of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The Group uses a number of analytical tools to measure the state of the business. The table on page 9 in the Business Review identifies some of these measures.

a) Market risk

i) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as current financial assets (either held at fair value through profit and loss or held as available-for-sale).

The Group holds the following types of investment as assets held at fair value through profit and loss or assets held as available-for-sale:

1. Units in UK Authorised unit trusts;
2. Shares in sub-funds of Guernsey domiciled Open ended investment company;
3. Shares in sub-fund of a Dublin domiciled Open ended investment company.

For UK Authorised unit trusts and the sub-funds of the Liontrust Guernsey Fund Limited (a Guernsey domiciled Open ended investment company), the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units and shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. At the end of each day's business the manager's box for each fund is reviewed. If there is a negative box position then units or shares are created to bring the box level positive. Three control levels of the manager's box exist for each fund and each level is required to be signed off by progressively more senior staff. There are clearly defined maximum limits, over which manager's box levels cannot exceed.

2 Financial risk management (continued)

The units and shares in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis and held at fair value through profit and loss.

The investment in the sub funds of Liontrust Umbrella Fund Plc, (a Dublin domiciled Open ended investment company) have been undertaken as an investment to aid incorporation and will be redeemed when the funds grow in size. The Group has a regular review process for the investment which identifies specific criteria to ensure that the investment is within agreed limits.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Umbrella Fund at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £10,000 (2011: £n/a).

The Group monitors its investments with respect to its regulatory capital requirements and reviews its investments' values with respect to overall Group capital on a monthly basis.

ii) Cash flow interest rate risk

The Group holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Group monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Management consider that given current interest rate levels a sensitivity rate of 1% is appropriate. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £108,000 increase or a decrease to nil in interest receivable (2011: £143,000).

iii) Foreign exchange risk

The Group is exposed to foreign exchange risk in the following areas: Investments denominated in Swedish Kroner, US Dollars and Swiss Francs and income receivable in Euro and US Dollars.

In calculating the sensitivity analysis below it has been assumed that expenses/income will remain stable in their relative currencies year on year.

Management consider that a sensitivity rate of 10% is appropriate given the current level of volatility in the world currency markets. In respect of investments denominated in foreign currencies a 10% movement in the UK Sterling vs. the relevant exchange rate would lead to an exchange gain or loss as follows:

Sterling vs. Swedish Kroner - a movement of 10% would lead to a movement of £5,000

Sterling vs. US Dollar - a movement of 10% would lead to a movement of less than £1,000

Sterling vs. Swiss Franc - a movement of 10% would lead to a movement of £1,000

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £48,000 (2011: £46,000) in the income statement.

In respect of Income receivable in US Dollar a 10% movement in the exchange rate would result in a movement of £30,000 (2011: £23,000) in the income statement.

b) Credit risk

Credit risk is managed at a Group level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions.

For banks and financial institutions only independently rated parties with a minimum rating of 'A' are used and their ratings are regularly monitored and are reviewed at a board level on a monthly basis.

For receivables the Group takes into account the credit quality of the client and credit positions are monitored. The Group has three main types of receivables: management and performance fees, settlement due from investors in its funds and from the funds themselves for unit/share liquidations. For management and performance fee receivables, the Group proactively manages the invoicing process to ensure that invoices are sent out on a timely basis and has procedures in place to chase for payment at pre-determined times after the despatch of the invoice to ensure timely settlement. For settlement due from the fund for liquidations, the settlement of these types of receivables are governed by regulation and are monitored on an exception basis. For receivables due from investors, the Group has rigorous procedures to chase investors by phone/letter to ensure that settlement is received on a timely basis. In all cases, detailed escalation procedures are in place to ensure that senior management are aware of any problems at an early stage.

During the year there have been no losses due to non-payment of receivables and the Group does not expect any losses from the credit counterparties as held at the balance sheet date.

2 Financial risk management (continued)

c) Liquidity risk

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Group monitors rolling forecasts of the Group's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

The Group has analysed its financial liabilities into maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Within 3 months £'000	Between 3 months and one year £'000	Over one year £'000
As at 31 March 2012			
Payables	16,932	—	—
As at 31 March 2011			
Payables	10,277	—	—

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain and optimal structure to reduce the cost of capital.

Recognised regulatory bodies, such as the Financial Service Authority in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose minimum capital requirements on the subsidiaries. The Group's policy is that its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements.

The Group is regulated by the Financial Services Authority as a UK consolidation group. The Pillar 1 minimum capital requirement is £ 1.9 million (2011: £7.3 million).

The Internal Capital Adequacy Assessment Process carried out in 2012 under Pillar 2 of the Capital Requirements Directive concluded that £2.6 million capital should be retained. Management consider capital to comprise of cash and net assets. As at 31 March 2012 the Group has cash and net assets of £14.2 million (2011: £12.6 million).

Management reviews the Group's assets on a monthly basis and will ensure that operating capital is maintained at the levels required. In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

During the period the Group complied with its capital requirements.

3 Segmental reporting

The Group operates only in one business segment – Investment Management.

Management offers different fund products through different distribution channels. All financial, business and strategic decisions are made centrally by the Board, which determines the key performance indicators of the Group. The Group reviews financial information presented at a Group level. The Board, is therefore, the chief operating decision-maker for the Group. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

Revenue by location of client from Continuing Operations

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
United Kingdom	11,052	7,000
Europe (ex UK)	970	849
Guernsey	465	318
Cayman Islands	1,001	711
USA	226	51
	13,714	8,929

The only non UK domiciled non-current assets comprise the Group's intangible asset which is domiciled in Guernsey

During the year ended 31 March 2012 the Group had one customer contributing more than 10% of total revenue (2011: no single customer).

Notes to the Financial Statements continued

4 Revenue and cost of sales (Gross profit)

Revenue from earnings includes:

Investment management, performance and administration fees; the net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts); the net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies; and foreign currency gains and losses.

The cost of sales includes:

Sales commission paid or payable and external investment advisory fees paid or payable.

Discontinued operations

Revenue relating to discontinued operations is detailed in note 10 - Discontinued operations.

5 Administration expenses - Continuing Operations

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Employee related expenses		
Director and employee costs ⁽¹⁾	4,533	4,750
Share incentivisation expense	621	433
Severance compensation	147	1,458
	5,301	6,641
Non employee related expenses		
Members drawings charged as an expense ⁽¹⁾	3,458	1,691
Global equities team closure costs	–	284
Acquisition related expenses	690	–
Cost reduction and restructuring program	515	892
Depreciation and Intangible asset amortisation	1,109	238
Financial Services Compensation Scheme Levy	–	414
Other administration expenses ⁽²⁾	4,372	4,512
	15,445	14,672
	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Share incentivisation expense		
– Share option expense	607	21
– Share incentive plan expense	4	151
– Share option related expenses	10	261
	621	433

⁽¹⁾ Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 22

⁽²⁾ Other administration expenses for Discontinued Operations can be found in note 10 - Discontinued operations

5 Administration expenses - Continuing Operations (continued)

The average number of members and employees of the Group, excluding Non-executive Directors, was 46 (2011: 40). All employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees was:

	Member and employee expenses for continuing operations*				Members Members drawings charged as an expense £'000	
	Average number of members and employees during the year	Year ended 31-Mar-12 Employees				
		Wages and salaries £'000	Social security costs £'000	Total employee expense £'000		
General management	2	205	22	227	261	
Fund management	7	2,587	353	2,940	1,124	
Fund management support	7	282	32	314	263	
Finance, Operations and IT	11	394	42	436	637	
Risk management and Compliance	3	45	5	50	217	
Sales and Marketing	16	431	49	480	956	
Non-executive Directors	3	78	8	86	-	
	49	4,022	511	4,533	3,458	

	Member and employee expenses for continuing operations*				Members Members drawings charged as an expense £'000	
	Average number of employees during the year	Year ended 31-Mar-11 Employees				
		Wages and salaries £'000	Social security costs £'000	Total employee expense £'000		
General management	1	272	13	285	-	
Fund management	6	2,041	244	2,285	382	
Fund management support	6	237	24	261	179	
Finance, Operations and IT	12	627	68	695	428	
Risk management and Compliance	2	73	8	81	111	
Sales and Marketing	13	938	102	1,040	591	
Non-executive Directors	4	93	10	103	-	
	44	4,281	469	4,750	1,691	

* member and employee expenses for Discontinued Operations are detailed in note 10 - Discontinued operations.

Notes to the Financial Statements continued

6 Operating loss from Continuing Operations

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
The following items have been included in arriving at operating loss:		
Foreign exchange gains/(losses)	(80)	(45)
Depreciation	43	38
Amortisation of initial commission asset	17	4
Amortisation of amounts accrued in relation to income received on sale of units	(114)	(6)
Operating lease costs	259	259
Costs relating to Directors, members and employees (Note 5)	8,759	9,185
Services provided by the Group's auditors:		
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	57	40
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	67	58
– Taxation services	35	28
– Other services (mainly related to Reporting Accountant and Financial Due Diligence work)	295	111

7 Adjusted profit/(loss)

Adjusted profit (as explained in note 1(c) reconciled in the table below:

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Loss for the year	(237)	(4,552)
Taxation on Continuing Operations	250	(544)
Taxation on Discontinued Operations	271	6
Profit/(loss) before tax from Continuing and Discontinued Operations	284	(5,090)
Share incentivisation expense	621	433
Severance compensation	147	1,458
Gain on sale of credit business	(1,834)	–
Acquisition related costs	690	–
Global equities team closure costs	–	284
Cost reduction and restructuring programme	515	892
Members' advance drawings	(531)	(292)
Depreciation and Intangible asset amortisation	1,109	238
Financial Services Compensation Scheme Levy	–	414
Adjustments	717	3,427
Adjusted profit/(loss) before tax	1,001	(1,663)
Interest receivable	(22)	(10)
Adjusted operating profit/(loss)	979	(1,673)

8 Interest receivable

Disclosures relating to the Group's financial instruments risk management policies are detailed in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2011: 0.0%).

9 Taxation

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 26% (2011: 28%)	(1)	10
Adjustment in respect of discontinued operations	(271)	(6)
Total current tax	(272)	4
Deferred tax:		
Deferred tax originated from timing differences	522	(548)
Total charge in period	250	(544)
(b) Factors affecting current tax		
Loss on ordinary activities before tax	(1,573)	(5,112)
Profit/(loss) on ordinary activities at UK corporation tax rate of 26% (2011: 28%)	(409)	(1,431)
Effects of:		
Expenses not deductible for tax purposes	270	262
Lower rates of tax on overseas earnings	(226)	(243)
Depreciation in excess of capital allowances	3	1
Adjustment in respect of Discontinued Operations capital gain	(265)	–
Adjustment to deferred tax in respect of tax rate change	151	166
Members drawings not taxable	355	609
Deferred tax on overseas income	–	34
Deferred tax	371	58
Total taxation	250	(544)

10 Discontinued Operations

On 12 April 2011, the Group entered into a conditional business purchase agreement for the sale of its credit business including its credit team (the "Disposal") to Avoca Capital Holdings ("Avoca"), the sale completed on 30 June 2011. The two funds that the credit team managed, the Liontrust Credit Absolute Return Fund and the Liontrust Credit Fund were transferred to Avoca. The total consideration for the Disposal was 3.75% of the assets under management transferred. The gain on this has been calculated as follows:

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Proceeds received from sale	2,490	–
Costs associated with sale	(56)	–
Cost of intangible asset held on balance sheet	(600)	–
Taxation on gain	(265)	–
Realised gain on sale of credit business	1,569	–

Notes to the Financial Statements continued

10 Discontinued Operations (continued)

Analysis as a result of Discontinued Operations is as follows:

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Revenue	275	989
Member and Employee expenses	(223)	(853)
Administrative expenses	(29)	(114)
Tax	(6)	(6)
Profit after tax from Discontinued Operations	17	16
	Pence	Pence
Basic earnings per share for Discontinued Operations	0.05	0.05
Diluted earnings per share for Discontinued Operations	0.05	0.05

Analysis of the cost of employees and members relating to the Discontinued Operations is detailed below and these amounts have been removed from note 5 Administration expenses.

	Year ended 31-Mar-12			Members Members drawings charged as an expense £'000
	Actual number of members and employees during the year	Employees Wages and salaries £'000	Social security costs £'000	
Fund management	2	—	—	—
Fund management support	2	—	—	—
Finance, Operations and IT	2	1	—	1
	6	1	—	1
				223

	Year ended 31-Mar-11			Members Members drawings charged as an expense £'000
	Actual number of members and employees during the year	Employees Wages and salaries £'000	Social security costs £'000	
Fund management	2	141	17	158
Fund management support	2	120	15	135
Finance, Operations and IT	2	68	8	76
	6	329	40	369
				484

11 Earnings per share

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of Ordinary Shares in issue for each period. The weighted average number of Ordinary Shares was 32,268,104 for the year (2011: 30,987,024). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share are calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary Shares for the effect of options to subscribe for new Ordinary Shares or Ordinary Shares held in the Liontrust Asset Management Employee Trust that were in existence during the year ended 31 March 2012. The adjusted weighted average number of Ordinary Shares so calculated for the year was 32,465,594 (2011: 33,337,489). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	2012 number	2011 number
Weighted average number of Ordinary Shares	32,268,104	30,987,024
Weighted average number of dilutive Ordinary shares under option:		
– to the Liontrust Senior Incentive Plan	–	15,978
– to the Liontrust Incentive Plan	197,490	1,186,168
– to the Liontrust Option Plan	–	–
– to the shareholders in Liontrust European Investment Services Limited	–	1,148,319
Adjusted weighted average number of Ordinary Shares	32,465,594	33,337,489

Details of the options outstanding at 31 March 2012 to Directors are set out in the Directors' Remuneration Report on page 25.

12 Intangible assets

On the 2 August 2011, the Group entered into a conditional agreement to purchase the fund management business of Occam Investment Management (Malta) Limited, Occam Asset Management LLP and Occam Investment Services Limited (together "Occam"). The purchase completed on 4 October 2011 for a consideration of £2,166,000.

Management treat the contracts for the Occam funds as intangible assets (as defined in the accounting policies) and they are held on the balance sheet of the appropriate Group entity.

	2012 £'000	2011 £'000
Balance as at 1 April	600	800
Intangible assets purchased in the year	2,166	–
Intangible assets sold in the year (see note 10)	(600)	–
Amortisation during the year	(1,066)	(200)
Balance as at 31 March	1,100	600

From 5 October 2011 to 31 March 2012 the Occam funds contributed £212,000 to the Group's profit before tax.

Had the Occam funds been owned by the Group for the full financial year to 31 March 2012, their contribution to revenue would have been £434,000. This amount is derived from actual investment management fees earned less the costs incurred by relevant members and employees, and operating expenses.

Following the annual impairment review of the intangible assets, as required by IFRS, Management took the decision to accelerate the amortisation by £874,000 to reflect a reduction in the level of AuM of the Occam funds compared to the level at the acquisition date.

Amortisation has been recorded within administration expenses.

Notes to the Financial Statements continued

13 Property, plant and equipment

Year to 31 March 2012	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2011	118	212	163	493
Additions	6	—	35	41
Disposals	—	—	—	—
At 31 March 2012	124	212	198	534
Depreciation				
At 1 April 2011	26	192	152	370
Charge for the year	14	12	17	43
Disposals	—	—	—	—
At 31 March 2012	40	204	169	413
Net Book Value				
At 31 March 2012	84	8	29	121
At 31 March 2011	92	20	11	123
Year to 31 March 2011	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2010	72	208	163	443
Additions	46	4	—	50
Disposals	—	—	—	—
At 31 March 2011	118	212	163	493
Depreciation				
At 1 April 2010	15	179	138	332
Charge for the year	11	13	14	38
Disposals	—	—	—	—
At 31 March 2011	26	192	152	370
Net Book Value				
At 31 March 2011	92	20	11	123
At 31 March 2010	57	29	25	111

Depreciation has been included in the Consolidated Statement of Comprehensive Income within administration expenses

14 Deferred tax

Deferred tax assets	2012 £'000	2011 £'000
Balance as at 1 April	2,160	711
Deferred tax relief reversed on IFRS2 Options charge	—	(58)
Deferred tax reversed on prior year losses	—	(320)
Deferred tax reversed on timing differences	(170)	—
Deferred tax prior year adjustment	(201)	—
Deferred tax on current year losses	—	1,092
Movement to deferred tax from prior year tax receivable	—	901
Movement in deferred tax on change in tax rate to 24% (2011: 26%)	(151)	(166)
Balance as at 31 March	1,638	2,160

14 Deferred tax (continued)

The following items are included in the above deferred tax balance: Deferred tax relating to timing differences from losses arising in a group company that are not eligible for group relief £nil (2011: £nil).

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £1,638,000 (2011: £2,160,000).

Deferred tax liabilities	2012 £'000	2011 £'000
Balance as at 1 April	(57)	(160)
Deferred tax on fair value gains on financial assets held as available-for-sale	57	103
Balance as at 31 March	–	(57)

The following items are included in the above deferred tax balance: Deferred tax relating to unrealised gains on investments £nil (2011: £57,000); Deferred tax on overseas income yet to be remitted £nil (2011: £nil).

A number of changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 29 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2013. Deferred tax has been recognised at 24% to reflect this reduction.

15 Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables		
– Fees receivable	3,631	1,625
– Unit trust sales and cancellations	13,189	6,769
Prepayments and accrued income	721	412
Members' advance drawings	823	292
Corporation tax receivable	51	1,076
Initial commission asset	47	31
	18,462	10,205

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

Trade receivables that are less than 3 months past due are not considered impaired. As at 31 March 2012, trade receivables of £nil (2011: £nil) were past due but not impaired.

16 Financial assets

The Group holds financial assets that have been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs into measuring the fair value. These levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at the balance sheet date all financial assets are categorised as Level 1

Assets held at fair value through profit and loss:

The Group's assets held at fair value through profit and loss represent units in the UK Authorised unit trusts and shares in sub-funds of the Liontrust Guernsey Fund Limited (a Guernsey domiciled Open ended investment company) held in the manager's box and are valued at bid price. The gain on the fair value adjustments during the year was £191,000 (2011: loss of £48,000).

Notes to the Financial Statements continued

16 Financial assets (continued)

Assets held as available-for-sale:

The Group's assets held as available-for-sale represent shares in the Liontrust European Absolute Alpha Return Fund and the Liontrust Emerging Markets Absolute Return Fund (both sub-funds of Liontrust Umbrella Fund Plc (a Dublin Open ended investment company) and are valued at bid price). The gain on the fair value adjustments during the year net of tax was £nil (2011: £445,000). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in note 19.

	2012			2011		
	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Financial assets in Level 1						
UK Authorised unit trusts	165	–	165	441	–	441
Guernsey open ended investment company	29	–	29	28	–	28
Dublin Open Ended Investment company	–	101	101	–	–	–
	194	101	295	469	–	469
Financial assets in Level 2						
Cayman open ended investment company	–	–	–	–	4,019	4,019
Forward foreign exchange contract	–	–	–	(165)	–	(165)
Luxembourg Société d'investissement à capital variable	–	–	–	–	4,207	4,207
	–	–	–	(165)	8,226	8,061
Total Financial Assets	194	101	295	304	8,226	8,530

17 Foreign currency translations

As a result of operating activities the Group has made gains and losses on foreign currency translation. The activities and the relevant foreign currency gains and losses associated with them are identified below:

	2011 £'000	2010 £'000
Foreign currency translation losses on:		
– Other operating activities	(80)	(45)
	(80)	(45)

Gain/(losses) on foreign currency translations are taken to the Statement of Comprehensive Income within Revenue.

18 Trade and other payables

	2012 £'000	2011 £'000
Trade payables – unit trust repurchases and creations	12,739	7,074
Other payables including taxation and social security	145	141
Deferred income and sundry payables	4,048	3,062
	16,932	10,277

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

19 Accruals

	2012 £'000	2011 £'000
Amounts accrued in relation to income received on the sale of units	233	119
	233	119

20 Ordinary Shares

	2012 Shares	2012 £'000	2011 Shares	2011 £'000
Authorised				
As at 1 April	60,000,000	600	60,000,000	600
Issued during the year	—	—	—	—
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid				
As at 1 April	35,344,890	353	33,665,008	337
Issued during the year	1,763,710	18	1,679,882	16
As at 31 March	37,108,600	371	35,344,890	353

21 Own shares

Approval was given at the 2002 Annual General Meeting for the grant of options to employees under the Liontrust Enterprise Management Incentive Scheme (the "LEMIS"). Approval was given at a General Meeting in January 2011 for the grant of options under the Liontrust Senior Incentive Plan (the "LSIP"). The Board adopted the Liontrust Incentive Plan (the "LIP") in November 2009 and the Liontrust Option Plan (the "LOP") in December 2009. The options granted under the LEMIS, LSIP, LIP and LOP, including the Executive Directors (in the case of LEMIS, LIP and LSIP), were as follows:

Issue Date	1 April 2011	Options Granted	Options Exercised	Lapsed	31 March 2012	Exercise price	Scheme
3 December 2009	1,000,000	—	—	1,000,000	—	1.0 pence	LIP
10 February 2011	750,000	—	—	750,000	—	1.0 pence	LIP
10 February 2011	186,301	—	—	63,347	122,954	110.5 pence	LOP
15 April 2011	200,000	—	—	—	200,000	1.0 pence	LIP
1 February 2012	3,000,000	—	—	—	3,000,000	1.0 pence	LSIP

Issue Date	1 April 2010	Options Granted	Options Exercised	Lapsed	31 March 2011	Exercise price	Scheme
30 July 2002	445,183	—	—	445,183	—	287.5 pence	LEMIS
26 June 2003	114,295	—	—	114,295	—	417.5 pence	LEMIS
5 November 2003	107,228	—	—	107,228	—	445.0 pence	LEMIS
15 December 2004	428,277	—	—	428,277	—	290.0 pence	LEMIS
3 December 2009	1,000,000	—	—	—	1,000,000	1.0 pence	LIP
10 February 2010	1,100,000	—	—	350,000	750,000	1.0 pence	LIP
10 February 2010	451,772	—	—	265,471	186,301	110.5 pence	LOP
15 April 2010	—	200,000	—	—	200,000	1.0 pence	LIP
1 February 2011	—	3,000,000	—	—	3,000,000	1.0 pence	LSIP

No options under LEMIS, LIP, LOP and LSIP were exercised during the year.

Under the Liontrust Members Incentive Scheme ("LMIS") certain individual members have been allocated Incentive Capital Interests, which entitle such individual member to a fixed amount. The entitlement which the holder of an Incentive Capital Interest would have is calculated on the basis of the application of a percentage to the "Maximum Incentive Capital Interest" ("MICI") attributable to that Incentive Capital Interest. The MICI is a variable amount in Pounds Sterling equal to the number of Ordinary shares set out in his side letter multiplied by the price of Ordinary shares from time to time (by reference to a 30 day market average price). The MICI allocated, in terms of number of Ordinary shares, to individual members were as follows:

Issue Date	1 April 2011	Granted	Exercised	Lapsed	31 March 2012	Exercise price	Scheme
14 April 2011	—	1,475,000	—	—	1,475,000	Nil	LMIS
22 November 2011	—	1,000,000	—	—	1,000,000	Nil	LMIS
28 March 2012	—	75,000	—	—	75,000	Nil	LMIS

No Incentive Capital Interests under LMIS were exercised during the year.

Notes to the Financial Statements continued

21 Own shares (continued)

Details of the Directors' share options can be found in the Directors' Remuneration report on page 25.

LEMIS, LIP, LOP and LSIP operate in conjunction with the Liontrust Asset Management Employee Trust on the basis that at least 50% of the options for LEMIS, 100% of the options for LIP and LOP, and a percentage determined by the Remuneration Committee for LSIP will be satisfied by market purchased shares. This is to ensure that dilution of shareholders' interest is limited. Further shares have been purchased to provide a hedge against the employer's national insurance liability that will arise if the market price of the shares exceeds the option price on exercise of unapproved options. At 31 March 2012 the weighted average remaining life of the options was 8.7 years (2011: 9.1 years).

At 31 March 2012, the Liontrust Asset Management Employee Trust owned 3,727,335 shares (2011: 3,727,335) at a cost of £12,172,000 (2011: £12,172,000). Dividends on these shares have been waived and they are treated as cancelled for the purposes of calculating the earnings per share of the Group. As at 31 March 2012 the market value of the shares was £4,286,000 (2011: £3,094,000).

22 Operating lease commitments

The Group and Company are committed to making the total of future minimum lease payments under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Amounts due:		
Within one year	259	259
Between one year and five years	1,038	1,038
Later than five years	173	432
	1,470	1,729

23 Related party transactions

During the year the Group received fees from unit trusts under management of £11,902,000 (2011: £10,099,000). Transactions with these unit trusts comprised creations of £378,606,000 (2011: £158,692,000) and liquidations of £164,816,000 (2011: £158,267,000). Directors can invest in unit trusts managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2012 the Group owed the unit trusts £12,737,000 (2011: £4,462,000) in respect of unit trust creations and was owed £14,428,000 (2011: £2,274,000) in respect of unit trust cancellations and fees.

Compensation to key management personnel (executive Directors) is disclosed in the Directors' Remuneration Report on page 22.

24 Contingent assets and liabilities

As previously explained, the Group can earn performance fees on some of the segregated and hedge fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable or offset against future underperformance on that account. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element (if any) deferred beyond 31 March 2012 has not been recognised in the results for the year.

Contingent liabilities as at 31 March 2012 amount to £nil (2011: £nil).

25 Post balance sheet date event

On 13 March 2012, Liontrust Asset Management PLC ("Liontrust"), announced that it had entered into a conditional share purchase agreement with Walker Crips Group Plc ("Walker Crips") to purchase (the "Acquisition") the entire issued share capital of Walker Crips Asset Managers Limited. The Acquisition completed on 12 April 2012 and Liontrust issued 1,851,719 new Ordinary shares, £4 million of convertible un-secured loan stock and £6,447,853 in cash as consideration payable to Walker Crips, which included net assets of £0.448 million.

Independent Auditors' Report to the members of Liontrust Asset Management PLC

We have audited the financial statements of Liontrust Asset Management PLC for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Liontrust Asset Management PLC for the year ended 31 March 2012.

Lindsay Gardiner (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 June 2012

Company Statement of Comprehensive Income

for the year ended 31 March 2012

	Notes	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Revenue		114	199
Gross profit		114	199
Realised gain on sale of financial assets		212	701
Administration expenses	29	(2,263)	(3,317)
Operating loss	30	(1,937)	(2,417)
Interest receivable	31	5	–
Loss before tax		(1,932)	(2,417)
Taxation	32	(423)	315
Loss for the year		(2,355)	(2,102)
Other comprehensive income:			
Net gains on available-for-sale financial assets net of tax		61	442
Amount recycled through the statement of comprehensive income		(212)	(701)
Other Comprehensive income for the year, net of tax		(151)	(259)
Total comprehensive income		(2,506)	(2,361)

The notes on pages 54 to 60 form an integral part of these Company financial statements.

Company Balance Sheet

as at 31 March 2012

	Notes	31-Mar-12 £'000	31-Mar-11 £'000
Assets			
Non current assets			
Property, plant and equipment	33	121	123
Investment in subsidiary undertakings	34	11,690	11,690
Deferred tax assets	35	792	1,215
Loan to Employee Benefit Trust	28	4,360	4,360
Total Non current assets		16,963	17,388
Current assets			
Trade and other receivables	36	1,746	395
Financial assets	37	101	8,061
Cash and cash equivalents		872	88
Total Current assets		2,719	8,544
Liabilities			
Current liabilities			
Deferred tax liabilities	35	–	(57)
Trade and other payables	39	(1,053)	(6,371)
Total Current liabilities		(1,053)	(6,428)
Net current assets		1,666	2,116
Net assets		18,629	19,504
Shareholders' equity attributable to owners of the parent			
Ordinary shares	40	371	353
Share premium		11,552	10,272
Capital redemption reserve		15	15
Revaluation reserve		–	151
Retained earnings		6,691	8,713
Total equity		18,629	19,504

Approved by the Board of Directors on 19 June 2012 and signed on its behalf by

V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

The notes on pages 54 to 60 form an integral part of these Company financial statements.

Company Number 2954692

Company Cash Flow Statement

for the year ended 31 March 2012

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Cash flows from operating activities		
Cash inflow from operations	603	10,334
Cash outflow from operations	(9,166)	(10,071)
Net cash (used in)/generated from operations	(8,563)	263
Interest received	5	–
Net cash (used in)/generated from operating activities	(8,558)	263
Cash flows from investing activities		
Purchase of property and equipment	(41)	(50)
Investment in subsidiaries	–	(3,978)
Sale of seeding investments	7,965	661
Net cash generated from/(used in) investing activities	7,924	(3,367)
Cash flows from financing activities		
Issue of shares	1,298	1,326
Dividends received	120	–
Net cash used in financing activities	1,418	1,326
Net increase/(decrease) in cash and cash equivalents	784	(1,778)
Effect of exchange rate changes	–	–
Opening cash and cash equivalents*	88	1,866
Closing cash and cash equivalents	872	88

* Cash and cash equivalents consist only of cash balances.

The notes on pages 54 to 60 form an integral part of these Company financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2012

	Share capital £'000	Share premium £'000	Capital redemption £'000	Revaluation £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2011 brought forward	353	10,272	15	151	8,713	19,504
Profit for the year	—	—	—	—	(2,355)	(2,355)
Net gains on available-for-sale financial assets net of tax	—	—	—	61	—	61
Amounts recycled through the Statement of Comprehensive Income	—	—	—	(212)	—	(212)
Total comprehensive income for the year	—	—	—	(151)	(2,355)	(2,506)
Shares issued	18	1,280	—	—	—	1,298
Equity share options issued	—	—	—	—	333	333
Balance at 31 March 2012	371	11,552	15	—	6,691	18,629

Company Statement of Changes in Equity

for the year ended 31 March 2011

	Share capital £'000	Share premium £'000	Capital redemption £'000	Revaluation £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2010 brought forward	337	8,962	15	410	10,759	20,483
Profit for the year	—	—	—	—	(2,102)	(2,102)
Net gains on available-for-sale financial assets net of tax	—	—	—	442	—	442
Amounts recycled through the Statement of Comprehensive Income	—	—	—	(701)	—	(701)
Total comprehensive income for the year	—	—	—	(259)	(2,102)	(2,361)
Shares issued	16	1,310	—	—	—	1,326
Equity share options issued	—	—	—	—	56	56
Balance at 31 March 2011	353	10,272	15	151	8,713	19,504

The notes on pages 54 to 60 form an integral part of these Company financial statements.

Notes to the Financial Statements continued

26 Significant Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Financial Reporting Interpretations Committee or their predecessors, which have been approved by the European Commission as at 31 March 2011.

The financial statements have been prepared on the going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and financial assets available-for-sale which are held at their fair value) and in accordance with applicable accounting standards. The principle accounting policies are the same as those set out in note 1.

Investment in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes 26 to 44 reflect the information for the Company.

27 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Company is covered by the Group's overall risk management programme. The risk management policies are the same as those set out in note 2 and elsewhere in the report and financial statements.

The specific risks affecting the Company are as follows:

Market risk

The investments in Liontrust Umbrella Fund are valued on a daily basis at bid price. The investments are held as an asset available-for-sale and is held at fair value and any permanent impairment in the value of the shares held would be taken to revenue.

Based on the holdings in Liontrust Umbrella Fund at the balance sheet date a price movement of 1% would result in a movement in the value of the investment of £1,000 (2011: n/a).

Cash flow interest rate risk

The Company holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Company monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £27,000 increase or decrease in interest receivable (2011: £6,000).

In addition to the risks covered by the Group risk management policies. The Company is subject to some specific risks relating to its interaction with other group companies. The company reviews its balances due to and from other group companies on a regular basis.

28 Loan to the Employee Benefit Trust

The company is the sponsor of Liontrust Asset Management Employee Trust (the 'Trust'). An annual impairment review was carried out under the appropriate accounting standards and the value of the loan to the EBT was calculated at £4,360,000 (2011: £4,360,000). The current value of the shares in the trust are disclosed in Note 21.

29 Administration expenses

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Employee costs		
– Director, member and employee costs	502	536
– Share incentivisation expense	381	385
– Termination costs	101	598
	984	1,519
Non employee costs		
Other administration expenses	1,279	1,798
	2,263	3,317

The average number of members and employees engaged in business for the Company excluding Non-executive Directors, was 5 (2011: 5). All members and employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees was:

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000		
Share incentivisation expense				
– Share option expense	333	56		
– Share incentive plan expense	25	75		
– Share option NI liability	–	–		
– Share option related administration expenses	23	254		
	381	385		
	Year ended 31-Mar-12			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	2	215	28	243
Finance, Operations and IT	3	156	4	160
Non-executive Directors	3	91	8	99
	8	462	40	502
			Year ended 31-Mar-11	
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	2	282	16	298
Finance, Operations and IT	3	137	8	145
Non-executive Directors	4	88	5	93
	9	507	29	536

Notes to the Financial Statements continued

30 Operating loss

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
The following items have been included in arriving at operating loss:		
Foreign exchange (losses)/gains	(22)	(5)
Depreciation	43	38
Staff costs (note 29)	984	1,519
Services provided by the Company's auditors:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	10	10

Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company are not disclosed in the financial statements because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis (see note 6).

31 Interest receivable

The Company follows the same risk management policies as detailed for the Group in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2011: 0.0%).

32 Taxation

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 26% (2011: 28%)	–	–
Adjustments in respect of prior year	–	–
Total current tax (note (b))	–	–
Deferred tax	423	(315)
Total charge in period	423	(315)
(b) Factors affecting current tax		
Loss on ordinary activities before tax	(1,932)	(2,417)
Loss on ordinary activities at UK corporation tax rate of 28% (2011: 28%)	(502)	(677)
Effects of:		
Group dividends not deductible for tax purposes	–	234
Expenses not deductible for tax purposes	269	–
Depreciation in excess of capital allowances	3	1
adjustment in respect of deferred tax recoverability rate to 24% (2011: 26%)	66	93
Taxation relieved from other group companies	230	–
Deferred tax on overseas income	–	34
Deferred tax	357	–
Total Taxation	423	(315)

33 Property, plant and equipment

	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Year to 31 March 2012				
Cost				
At 31 March 2011	118	212	163	493
Additions	6	—	35	41
Disposals	—	—	—	—
At 31 March 2012	124	212	198	534
Depreciation				
At 31 March 2011	26	192	152	370
Charge for the year	14	12	17	43
Disposals	—	—	—	—
At 31 March 2012	40	204	169	413
Net Book Value				
At 31 March 2012	84	8	29	121
At 31 March 2011	92	20	11	123
Year to 31 March 2011				
Cost				
At 31 March 2010	72	208	163	443
Additions	46	4	—	50
Disposals	—	—	—	—
At 31 March 2011	118	212	163	493
Depreciation				
At 31 March 2010	15	179	138	332
Charge for the year	11	13	14	38
Disposals	—	—	—	—
At 31 March 2011	26	192	152	370
Net Book Value				
At 31 March 2011	92	20	11	123
At 31 March 2010	57	29	25	111

Depreciation has been included in the Statement of Comprehensive Income within administration expenses.

Notes to the Financial Statements continued

34 Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests (unless otherwise stated) in the ordinary shares, capital, voting rights and redeemable preference shares (unless stated otherwise) of Liontrust Investment Funds Limited, Liontrust Investment Services Limited, Liontrust European Investment Services Limited (100%), and Liontrust Management Services Limited, all registered in England; and Liontrust International (Guernsey) Limited, incorporated in Guernsey.

	2012 £'000	2011 £'000
Balance at 1 April	11,690	7,712
Additions during the year	–	3,978
Write downs during the year	–	–
Balance at 31 March	11,690	11,690

35 Deferred tax

Deferred tax assets	2012 £'000	2011 £'000
Balance as at 1 April	1,215	231
Deferred tax on current year losses	–	408
Deferred tax on prior year losses	–	669
Deferred tax adjustment on prior year	(357)	–
Adjustment in respect of tax rate change	(66)	(93)
Balance as at 31 March	792	1,215

The following items are included in the above deferred tax balance: Deferred tax relating to losses which are expected to be credited to taxation payable on future profits: £792,000 (2011: £1,215,000).

Deferred tax liabilities	2012 £'000	2011 £'000
Balance as at 1 April	(57)	(160)
Deferred tax reversed on overseas income to be remitted	–	–
Deferred tax on fair value gains on financial assets held as available-for-sale	57	103
Balance as at 31 March	–	(57)

The following items are included in the above deferred tax balance: Deferred tax relating to unrealised gains on investments £nil (2011: £57,000).

A number of changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 29 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2013. Deferred tax has been recognised at 24% to reflect this reduction.

36 Trade and other receivables

	2012 £'000	2011 £'000
Receivables due from subsidiary undertakings	1,602	349
Prepayments and accrued income	144	46
	1,746	395

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

37 Financial assets

Assets held as available-for-sale:

The Company's financial assets held as available-for-sale represent shares in the sub funds of the Liontrust Umbrella Fund Plc and are valued at bid price. The assets are all categorized as Level 2 in line with the categorization detailed in note 17.

	2012			2011		
	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Financial assets						
Dublin Open Ended Investment Company	–	101	101	–	–	–
Luxembourg SICAV	–	–	–	–	4,207	4,207
Forward foreign exchange contract	–	–	–	(165)	–	(165)
Cayman open ended investment company	–	–	–	–	4,019	4,019
	–	101	101	(165)	8,226	8,061

38 Foreign currency translations

	2012 £'000	2011 £'000
Foreign currency translation gain/(losses) on:		
- Other operating activities	(22)	16
	(22)	16

Gain/(losses) on foreign currency translations are taken to the income statement within Revenue.

39 Trade and other payables

	2012 £'000	2011 £'000
Other payables including taxation and social security	–	–
Payables due to subsidiary undertakings	137	5,945
Deferred income and sundry payables	916	426
NI liability on share options	–	–
	1,053	6,371

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

40 Ordinary Shares

	2012 Shares	2012 £'000	2011 Shares	2011 £'000
Authorised				
As at 1 April	60,000,000	600	60,000,000	600
Issued during the year	–	–	–	–
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid				
As at 1 April	35,344,890	353	33,665,008	337
Issued during the year	1,763,710	18	1,679,882	16
As at 31 March	37,108,600	371	35,344,890	353

Notes to the Financial Statements continued

41 Operating lease commitments

The Company is committed to making the total of future minimum lease payments under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-12 £'000	Year ended 31-Mar-11 £'000
Amounts due		
within one year	259	259
Between one year and five years	1,038	1,038
Later than five years	173	432
	1,470	1,729

42 Related Party Transactions

As at 31 March 2012 the Company owed the following intercompany balances to:

Liontrust Investment Funds Limited - £nil (2011: £588,000);
Liontrust Investment Services Limited - £849,000 (2011: £697,000); and
Liontrust Investment Partners LLP - £nil (2011: £3,261,000); and
Liontrust European Investment Services Limited - £nil (2011: £1,399,000); and
Liontrust International (Guernsey) Limited - £316,000 (2011: £nil), these amounts arose from Group operations.
The Liontrust Asset Management Employee Trust - £4,360,000 (2011: £4,360,000).

As at 31 March 2012 the Company was owed the following intercompany balances by:

Liontrust Management Services Limited - £330,000 (2011: £252,000); and
Liontrust Fund Partners LLP - £1,589,000 (2011: £91,000); and
Liontrust Investment Partners LLP - £815,000 (2011: £nil); and
Liontrust European Investment Services Limited - £33,000 (2011: £nil); and
Liontrust International (Guernsey) Limited - £nil (2011: £5,000); these amounts arose from Group operations.

43 Contingent assets and liabilities

Contingent assets as at 31 March 2012 amount to £nil (2011: £nil).

Contingent liabilities as at 31 March 2012 amount to £nil (2011: £nil).

44 Post balance sheet event

On 13 March 2012, Liontrust Asset Management PLC ("Liontrust"), announced that it had entered into a conditional share purchase agreement with Walker Crips Group Plc ("Walker Crips") to purchase (the "Acquisition") the entire issued share capital of Walker Crips Asset Managers Limited. The Acquisition completed on 12 April 2012 and Liontrust issued 1,851,719 new Ordinary shares, £4 million of convertible un-secured loan stock and £6,447,853 in cash as consideration payable to Walker Crips, which included net assets of £0.448 million.

Forward Looking Statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of the Group. 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 factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

Shareholder information

Financial Calendar:

Year End	31 March
Half Year End	30 September
Results announced	Full year: June, half year: November
Interim report available	December
Annual Report available	June
Annual General Meeting	September

Share price information:

The Company's shares are quoted on the London Stock Exchange and the price appears daily in The Financial Times, (listed under 'General Financial').

UK authorised unit trusts:

Liontrust UK Growth Fund
Liontrust Income Fund
Liontrust UK Smaller Companies Fund
Liontrust Special Situations Fund
Liontrust FTSE 100 Tracker Fund
Liontrust European Growth Fund
Liontrust European Absolute Return Fund
Liontrust Asia Income Fund

CF Liontrust Macro Equity Income Fund
CF Liontrust Macro UK Growth Fund
CF Liontrust Macro UK High Alpha Fund

Dublin domiciled open-ended investment company:

Liontrust Umbrella Fund Plc, comprising four sub funds:
Liontrust Asia Fund
Liontrust Emerging Markets Absolute Return Fund
Liontrust European Absolute Alpha Fund
Liontrust Pan European Fund

Guernsey domiciled open-ended investment company:

Liontrust Guernsey Fund Limited, comprising two sub funds:
Liontrust First Equity Fund
Liontrust Dynamic Income Fund

Cayman domiciled open-ended multi-class investment companies:

Liontrust Sorbus Fund inc.
Liontrust Diversity Fund inc.

Unit trust prices:

The prices of Liontrust's range of authorised unit trusts are listed on our website www.liontrust.co.uk.

Further information:

For further information on the Company's range of funds and services please contact our Broker Services Department at:

Liontrust Fund Partners LLP
2 Savoy Court
London WC2R 0EZ

Telephone: 020 7412 1700
Facsimile: 020 7412 1779
e-mail: info@liontrust.co.uk
or visit: www.liontrust.co.uk

Shareholder information continued

Group subsidiary entities – Board members:

Liontrust Investment Funds Limited

V.K. Abrol J.S. Ions

Liontrust Fund Partners LLP

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

Liontrust Investment Services Limited

V.K. Abrol J.S. Ions

Liontrust Investment Partners LLP

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

Liontrust International (Guernsey) Limited

E.J.F. Catton S. McMahon

G. M. Harrison

Investment companies – Board members:

Liontrust Guernsey Fund Limited

E.J.F. Catton S. McMahon

G. M. Harrison

Liontrust Umbrella Fund Plc

E.J.F. Catton S. O'Sullivan

D.J. Hammond

Liontrust Diversity Fund Inc. and Liontrust Diversity General Partner Inc.

E.J.F. Catton D. McGeough

G. M. Harrison D.J. Sheppard

S. McMahon

Liontrust Sorbus Fund Inc. and Liontrust Sorbus General Partner Inc.

E.J.F. Catton D. McGeough

G. M. Harrison D.J. Sheppard

S. McMahon

NOTES

NOTES

LIONTRUST ASSET MANAGEMENT PLC
2 SAVOY COURT, LONDON WC2R 0EZ
TELEPHONE: +44 (0)20-7412 1700 FACSIMILE: +44 (0)20-7412 1779
E-MAIL: INFO@LIONTRUST.CO.UK WEB SITE: WWW.LIONTRUST.CO.UK