

DJ AFH Financial Group Admission to PLUS-quoted

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Admission to PLUS-quoted

23 June 2011
GB00B4W5WQ08

AFH FINANCIAL GROUP PLC
("AFH" or the "Company"; together with its subsidiaries, the "Group")

Admission to PLUS-quoted and commencement of trading
Successful subscription raising GBP1,757,000

The Directors of AFH (the "Directors"), a leading Discretionary Wealth Manager and Independent Financial Advisory ("IFA") firm, are pleased to announce that the Company's issued ordinary shares of 10p each ("Ordinary Shares") have today been admitted to trading on the PLUS-quoted Market.

Issued share capital on admission	13,636,250 Ordinary Shares
Market capitalisation on admission at 80p per share	GBP10,909,000
PLUS Ticker	AFHP
ISIN Number	GB00B4W5WQ08

Introduction

The original business of AFH was founded by Chartered Financial Planner, Alan Hudson, in 1990. Through its principal operating subsidiary, AFH Independent Financial Services Limited, AFH is a Discretionary Wealth Manager and IFA firm. The Group is based in Bromsgrove, Worcestershire, and currently has approximately 50 financial advisers, making it one of the largest financial advisory practices in the Midlands. Although it is based in the Midlands, AFH advises clients across the UK.

Since its formation, AFH has grown organically and through a number of strategic acquisitions. The Directors intend to use the Company's existing platform and its status as a company traded on the PLUS-

quoted Market to capitalise on available opportunities and continue its growth.

AFH Independent Financial Services Limited is authorised and regulated by the FSA.

AFH's Business

AFH is a specialist IFA serving the mass affluent and high net worth market, focussed on providing unbiased advice on a comprehensive range of financial products. AFH's advisory services encompass discretionary and advisory investment management, pensions, tax and financial planning, mortgages and life cover.

Since its establishment, AFH has grown through the recruitment of individual IFAs and the acquisition of smaller IFA practices which complement the Group's offering. In 2009, for example, AFH acquired the IFA-arm of the West Bromwich Building Society, following which an arrangement has been in place under which clients of the Building Society who wish to have independent financial advice are referred by the Building Society to AFH. AFH's growth has also been driven by the formation of strategic alliances with, for example, solicitors and accountancy practices.

AFH is authorised to carry out Discretionary Portfolio Management on behalf of its clients - only approximately 2% of the IFA's in the UK have this authorisation. As a further differentiation from many other IFAs, AFH has developed an in-house stockbroking service, so that it can take advantage of investment opportunities and provide its clients with the widest possible range of investment and wealth management services.

AFH utilises its own technical and investment teams to conduct in-depth research into specific investment opportunities and product providers. This independent capacity allows AFH to offer unbiased advice and to select the most appropriate investments for its clients.

AFH is represented on the Advisers Fund Index (AFI) Panel, which provides the industry benchmark for advisers to measure their investment performance. AFH is one of only 20 investment specialists on the AFI Panel in the UK and the Directors believe that this is an accolade which reflects the Company's credibility and status within the IFA community.

Sources of revenue

AFH derives its revenue from customer-agreed commissions and fees for financial planning and the related management of client funds. Recurring income accounts for approximately 40 per cent. of AFH's annual revenue.

Funds Managed by AFH

AFH has its own OEIC, the Margetts St Johns Realistic Core Fund, launched in November 2009. The fund invests in a combination of active and passive investments and allows AFH, on behalf of its clients, to access investments which might otherwise not be available to retail investors. As at 31 May 2011, the fund had assets of over GBP40 million.

Financial Information on AFH

AFH's principal operating subsidiary is AFH Independent Financial Services Limited. Set out below is a summary of AFH Independent Financial Services Limited's results for the three years and 9 months ended 31 October 2010.

	Year ended 31 January 2008 GBP	Year ended 31 January 2009 GBP	Year ended 31 January 2010 GBP	9 months ended 31 October 2010 GBP
Turnover	2,436,239	2,447,416	2,867,836	3,601,276
Operating profit	233,749	170,058	1,199	528,482
Profit before taxation	244,455	171,735	7,162	525,850

In common with many financial services companies, the performance of AFH Independent Financial Services Limited in the year ended 31 January 2010 was impacted by the global economic downturn. An increase in the number of advisers and support staff during the year was not matched by increased productivity and profits were therefore below expectations. Overheads at the company have since been re-aligned and adviser productivity enhanced.

Future Strategy

The IFA sector is mainly comprised of small firms, many of which are sole traders or partnerships and the Directors believe that the principals at many of these firms are approaching retirement. The IFA sector is also undergoing a wholesale review, instigated by the Financial Services Authority, known as the Retail Distribution Review ("RDR"). The RDR will, amongst other things, result in financial advisers having to obtain further qualifications and increase the capital base of their businesses. The Directors believe that many IFAs will not wish to incur the increased costs and regulatory burden and that the IFA sector is therefore ripe for rationalisation and consolidation, with smaller IFA's being absorbed or acquired by larger ones.

Following Admission, the Group intends to focus on organic growth, through the continued acquisition or recruitment of new IFAs, and also to use its position as a quoted vehicle to accelerate its acquisition

strategy. The Directors believe that this will facilitate earnings enhancement and also deliver a rapid expansion of funds under management.

Subscription

The Company has received firm commitments to subscribe for a total of 2,196,250 Ordinary Shares at a price of 80p per share (the "Subscription Shares"), being the 1,858,750 Ordinary Shares envisaged in the Company's Admission Document and a further 337,500 Ordinary Shares. Of the Subscription Shares, 1,736,250 have already been issued to subscribers and the remaining 460,000 are expected to be issued by 4 July 2011, following receipt of cleared funds.

Pending the allotment of the additional Subscription Shares, the Company's issued share capital therefore comprises 13,636,250 Ordinary Shares.

The proceeds of the subscription and the additional fund raising amount to GBP1,757,000 (gross of expenses) and will be used to provide additional working capital for the Group and to finance acquisitions.

Admission Document

Copies of the Company's Admission Document are available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company's Corporate Adviser, St Helens Capital Partners LLP, 223a Kensington High Street, London W8 6SG and will also be available via AFH's page on the PLUS Stock Exchange website, www.plus-sx.com.

Commenting on today's flotation, Alan Hudson, Chairman and Chief Executive of AFH Financial Group PLC, said:

"We have been delighted with investors' response to the fundraising and believe PLUS will provide us with an excellent platform as we seek to further our position through both organic and acquisitive growth. This is a major step forward in terms of delivering growth to our shareholders."

The directors of AFH Financial Group PLC are responsible for the content of this announcement.

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