

DJ AFH Financial Group Audited Results for the year ended 31 October 2012

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26 March 2013
GB00B4W5WQ08

AFH Financial Group PLC
("AFH", the "Company" or, together with its subsidiaries, the "Group")

Audited Results for the year ended 31 October 2012

Maiden Dividend, Strong Balance Sheet, No Debt

The Directors of AFH, a leading Independent Financial Advisory ("IFA") firm, today announce the Group's consolidated audited results for the year ended 31 October 2012 (the first full 12 month period since the Company's 2011 flotation), including the declaration of a maiden dividend of 1p per ordinary share.

Financial highlights:

- * Gross revenues of GBP7.2 million (2011*: GBP2.1 million);
- * Strong performance from the Group's principal operating business, AFH Independent Financial Services Limited, increasing its gross revenue by 34% and generating EBITDA of GBP1.2 million (before non-recurring costs) up 45 per cent. on the previous year;
- * Group EBITDA of GBP0.8 million (2011*: GBP0.2 million) before costs of share options and non-recurring office move;
- * Profit before taxation of GBP0.34 million (2011*: GBP0.1 million);
- * Recurring income represents 50% of Group revenue;

- * Strong balance sheet with net assets of GBP12.4 million and no borrowings; and
- * Proposed maiden dividend of 1p per ordinary share.

*2011 comparisons are for the 131 day period from 22 June 2011 (the date of the Company's flotation) to 31 October 2011

Operational highlights:

- * Adviser numbers increased by 60% to a total of 94 at the year end;
- * Eleven acquisitions made during the year, with a further three completed since the year end; and
- * Successful move to new 14,000 sq ft. offices to accommodate significant anticipated growth.

Commenting, Alan Hudson, Chairman and Chief Executive of AFH Financial Group PLC, said:

"The Board views the prospects for the remainder of 2013 and beyond with confidence. Our strategy is to continue driving forward in our traditional areas of strength whilst further enhancing our offerings to drive increased profitability. The Board continues to monitor the external market place for appropriately priced acquisition opportunities which will generate incremental opportunities for the Group. Our long term aim is to grow adviser numbers and build an outstanding IFA firm.

The strong performance over the last 12 months is another important step in this direction and our proposed maiden dividend underlines our confidence in the Group's future."

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

Enquiries:

AFH Financial Group PLC
Alan Hudson, Chairman and Chief Executive
www.afhifs.co.uk

01527 577 775

Peterhouse Corporate Finance Limited
Mark Anwyl and Duncan Vasey

020 7220 9796

Yellow Jersey PR Limited

020 3664 4087

Dominic Barretto or Anna Legge

Chairman's Statement

I am pleased to report the results for our first full financial year since the Company's June 2011 flotation, a period which has seen strong organic and strategic growth across the Group.

Operational Growth

The Group's principal operating subsidiary, accounting for 100 per cent. of the Group's revenue, is AFH Independent Financial Services Limited ("AFH IFS"). In the year ended 31 October 2012, AFH IFS delivered an outstanding performance, increasing revenues by 34 per cent. and generating EBITDA of GBP1.2 million (before non-recurring costs), up 45 per cent. on the previous year.

Although a direct year-on-year comparison at Group level is not possible due to the corporate restructuring undertaken ahead of the Company's flotation, the Directors are pleased to report that the achievements of AFH IFS were reflected in similar levels of improved performance across the Group.

The Directors are particularly pleased with these results in light of the disruption caused by our advisers having to achieve further qualifications ahead of the Retail Distribution Review ("RDR") deadline of 31 December 2012. The delivery of such strong results in that context, whilst also seamlessly integrating a number of acquisitions, some of which were substantial, demonstrates the robustness of the Group, its advisers and its systems.

Recurring income, which is not reliant upon new business, represents half of the Group's revenue, providing the Group with a stable platform from which further growth can be delivered.

RDR

The RDR came into force on 1 January 2013 and has already changed the retail financial services landscape considerably. As anticipated, AFH is exceptionally well placed to benefit from these changes and the Directors remain confident that AFH will continue to prosper as the IFA sector contracts.

Eleven acquisitions integrated

During the period, the Group successfully completed eleven acquisitions of complementary IFA practices. The most important of these acquisitions fell in the second half of our year and have therefore not yet had a material impact on the Group's performance. A further three acquisitions were completed in December 2012.

The acquisitions completed to date have contributed significant numbers of a new advisers and clients to the Group, as well as broadening its geographic presence. AFH intends to make additional acquisitions in due course as it continues to take advantages of the opportunities arising from the RDR and ongoing economic difficulties.

During the period we have also moved to new offices of some 14,000 sq ft. The Directors believe that these new premises are more than sufficient to accommodate the significant further growth still anticipated by the Company.

Adviser numbers up 60%

Organic growth, through the recruitment of new quality IFAs, has resulted in a 60% increase to 94 advisers in the period. Since flotation I am pleased to report that adviser numbers has increased by 77%.

Maiden dividend

In light of the Group's robust operating performance and reflecting the Directors' confidence in the future, I am pleased to announce the declaration of a maiden dividend of 1p per ordinary share in respect of the year ended 31 October 2012. Subject to shareholders' approval at the forthcoming Annual General Meeting, the dividend will be paid on 10 May 2013 to shareholders on the register of members at the close of business on 12 April 2013.

Having commenced dividend payments, it is the Directors' intention that the Company will maintain a progressive dividend policy going forward.

Launch of tax efficient property fund

Shortly after the year end, in November 2012, the Group launched a first to market open-ended high yield fund, The St. John's High Yield Property Fund (the "Fund"), to invest up to GBP50 million in industrial, office and retail properties throughout England and Wales. The Fund is believed to be the first Property Authorised Investment Fund to be available to retail investors in the UK and is being offered to AFH clients seeking to diversify their investment portfolios and gain exposure to a low volatility asset class with yields of between 6 and 9%. The Fund has evaluated a number of opportunities since its launch and expects to complete the acquisition of the first properties for its portfolio shortly.

Outlook

For many companies, the challenges posed by the state of the economy, the demands of the RDR and the need to assimilate multiple acquisitions would have proved insurmountable. The fact that AFH has delivered excellent growth despite these challenges is testament to the strength and quality of staff across the Group and the Directors would like to thank them all for their contribution.

AFH is profitable and cash generative with a strong balance sheet. The Board views the prospects for the remainder of 2013 and beyond with confidence. Our strategy is to continue driving forward in our traditional areas of strength whilst further enhancing our offerings to drive increased profitability. The Board continues to monitor the external market place for appropriately priced acquisition opportunities which will generate incremental opportunities for the Group.

Our long term aim is to grow adviser numbers and build an outstanding IFA firm. The strong performance over the last 12 months is another important step in this direction and our proposed maiden dividend underlines our confidence in the Group's future.

AFH FINANCIAL GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2012

	2012 GBP	2011 GBP
Turnover	7,200,950	2,107,966
Cost of sales	(3,471,201)	(1,053,835)
Gross profit	3,729,749	1,054,131
Administrative expenses	(3,391,735)	(950,386)

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Operating profit	338,014	103,745
Other interest receivable and similar income	13,494	54
Interest payable and similar charges	(12,631)	(4,945)
Profit on ordinary activities before taxation	338,877	98,854
Tax on profit on ordinary activities	(137,144)	(55,538)
Profit on ordinary activities after taxation	201,733	43,316
Earnings per share (pence)		
Basic	1. 413	0. 311
Diluted	1. 365	0. 304

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BALANCE SHEETS AS AT 31 OCTOBER 2012

Group		Company	
2012	2011	2012	2011
GBP	GBP	GBP	GBP

Fixed assets				
Intangible assets	12,725,235	10,441,638	-	-
Tangible assets	144,312	60,402	-	-
Investments	598	514	9,620,566	9,620,464
	12,870,145	10,502,554	9,620,566	9,620,464
Current assets				
Debtors	1,990,259	938,143	2,116,153	3,000
Cash at bank and in hand	922,957	1,722,273	651,925	1,502,162
	2,913,216	2,660,416	2,768,078	1,505,162
Creditors: amounts falling due within one (24,966) year	(2,479,190)	(1,544,603)	(247,930)	
Net current assets	434,026	1,115,814	2,520,148	1,480,196
Total assets less current liabilities	13,304,171	11,618,367	12,140,714	11,100,660
Creditors: amounts falling due after more - than one year	(852,877)	(242,372)	-	

Provisions for liabilities	(15,681)	(13,045)	-	
-				
	12,435,613	11,362,950	12,140,714	11,100,660
Capital and reserves				
Called up share capital	1,478,037	1,409,687	1,478,037	1,409,687
Share premium account	10,482,962	9,867,812	10,482,962	9,867,812
Profit and loss account	474,614	85,451	179,715	
(176,839)				
Shareholders' funds	12,435,613	11,362,950	12,140,714	11,100,660

The Chairman's statement and figures above are extracted from the Group's audited accounts for the year ended 31 October 2012.

END

AFH Financial Group Plc

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