

# DJ AFH Financial Group INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2011

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28 July 2011  
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AFH FINANCIAL GROUP PLC  
("AFH" or the "Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2011  
PBT and Revenues up 97% and 27% respectively

The Directors of AFH, a leading Discretionary Wealth Manager and Independent Financial Advisory ("IFA") firm, are pleased to report on the Company's first set of Interim Results since its shares were admitted to trading on the PLUS-quoted Market on 23 June 2011. As AFH Financial Group PLC was not formed until 18 May 2011, these results comprise the consolidated unaudited results of the Company's subsidiary, AFH Group Limited, the previous group holding company.

## Financial highlights:

- \* Increased like-for-like revenues up 27% to GBP2,582,051 (2010: GBP2,031,683)
- \* Increased like-for-like EBITDA up 103% to GBP416,094 (2010: GBP205,313)
- \* Increased like-for-like PBT up 97% to GBP329,813 (2010: GBP167,072)
- \* Recurring income increased by 68%
- \* EPS up from GBP0.28p p to GBP0.53p

## Operational highlights:

- \* Successful flotation onto PLUS-quoted Market in June 2011
- \* Successful fundraising of GBP1,757,000 to finance acquisitions
- \* IFA (adviser) numbers increased by 18%
- \* With over 50 financial advisers, AFH is one of the largest financial advisory practices in the Midlands

- \* Cash in bank and no bank debt
- \* Focus on key acquisitions over the second-half of the financial year

Commenting on the Interim Results, Alan Hudson, Chairman and CEO of AFH said:

"We are pleased with the strong first half performance, which has seen the Company grow across all aspects of its business. It is a testament to the high regard in which the business is held that we were successful in raising capital in a tough economic climate and in having our shares admitted to trading on the PLUS-quoted Market. The considerable uplift in profit before tax, revenues and EBITDA are supported by an even more encouraging increase in recurring income - reaffirming our focus on client service propositions and their delivery.

"We are extremely well placed to grow our business and, in line with the strategy set out at the time of our listing, we continue to seek to further our position through both organic and acquisitive growth. Our impressive figures today are representative of sustained hard work and I would like to thank the team and of course shareholders for their continued effort and support".

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

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Chairman and CEO Statement

I am pleased to report on the Company's first set of Interim Results since it joined PLUS-quoted, a period which has seen significant growth achieved by all operations throughout AFH.

The Company 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 protection products. The Company now has over 50 financial advisers, making AFH one of the largest

financial advisory practices in the Midlands, servicing clients across the UK.

#### Financials

In the period under review, like-for-like revenues rose by 27% to GBP2,582,051 (2010: GBP2,031,683). Like-for-like PBT was up 97% to GBP329,813 (2010: GBP167,072). EBITDA increased 103% to GBP416,094 (2010: GBP205,313) and earnings per share rose 89% to 0.53p (0.28p). The quality of our earnings is robust, with recurring income representing 47% of our turnover.

Gross margins increased from 45% to 50% on a like-for-like basis, as a result of both the success of the Company's in-house lead generation (which in turn drives higher margin work) and a number of small IFA acquisitions made, where the recurring income acquired enhances our margins. Operating costs, as a percentage of turnover were lower, falling from 35% to 34%, a drop of 1%.

Cash balances currently stand at more than GBP2,000,000 following the successful private placing on admission to PLUS-quoted in June this year. Your company has no bank debt.

Adviser numbers increased by 18% over the period. Recruitment activity is gathering pace, albeit that the Directors are only interested in selecting quality and complementary advisers.

#### Listing and successful fundraising

As announced at the time of the Company's admission to PLUS-quoted, AFH successfully raised GBP1,757,000 (gross of expenses) to provide additional working capital for the Group and to finance acquisitions. As a newly quoted public company, AFH 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.

#### Management team enhanced

At an operating level, AFH has strengthened its management team with the appointment of Barry Willis as Sales Director. Barry was previously Head of Financial Services at the West Bromwich Building Society and we are pleased to have attracted someone of Barry's expertise and experience. We are seeking to further strengthen the management team to ensure our systems can keep pace with our accelerating growth strategy and the Directors look forward to updating shareholders on progress in this respect moving forward.

#### Acquisition strategy and outlook

The Retail Distribution Review (RDR), currently timetabled to take effect from 1 January 2013, will 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.

The Directors intend to exploit this opportunity and to make acquisitions on a select and opportune basis that enhance the balance sheet and shareholder value; they look forward to updating the market in due course regarding this acquisitive growth strategy.

AFH is the only cash generative, profitable and growing IFA Wealth Management specialist on the PLUS-quoted Market. In the first half, the Company embarked on a number of initiatives across its businesses which the Directors expect will contribute to future profitability. The Directors are also encouraged by the prospects for the Company arising from the RDR and the ongoing fall-out from the peak of the recession in 2009 and 2010. The Directors therefore view the Company's prospects with confidence.

#### Consolidated Profit and Loss Account

	6 Months ended 30 April 2011 (GBP)	6 Months ended 30 April 2010 (GBP)
Turnover	2,582,051	2,031,683
Cost of sales	1,288,416	1,118,025
Gross profit	1,293,636	913,658
Administrative expenses (excl Dep & Int)	877,541	708,346
EBITDA	416,094	205,313
Interest Receivable	9	40
	9	40
Amounts written off investments	73,304	25,167
Depreciation	6,233	6,233
Interest Payable and similar charges	6,753	6,881
Profit on ordinary activities before tax	329,813	167,072
Tax on profit on ordinary activities	99,059	45,114

Profit for the period	230,753	121,959
	GBP	GBP
Earning per share	0.53	0.28
	GBP	GBP

Consolidated Balance Sheet

Consolidated  
Balance Sheet  
as at  
30 April 2011

Fixed Assets

(MORE TO FOLLOW) Dow Jones Newswires

July 28, 2011 02:00 ET (06:00 GMT)

Tangible assets	55,405
Intangible assets	851,629
Investments	828,340
	1,735,375
Current Assets	
Debtors	974,146
Cash at bank and in hand	574,297
	1,548,443
Creditors: amounts falling due within one year	1,634,914
Net current (liabilities)/assets	86,471
Total assets less current liabilities	1,648,904
Creditors: amounts falling due after more than one year	320,959
	1,327,945

Capital and Reserves	
Called up share capital	438
Share Premium Account	649,922
Profit and loss account	677,585
Shareholders' funds	1,327,945

The financial information set out above has not been reviewed by the Company's auditors.

AFH Financial Group Plc

(END) Dow Jones Newswires

July 28, 2011 02:00 ET (06:00 GMT)