

# DJ AFH Financial Group Audited Results for the period 23 June 2011 to 31 October 2011

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AFH Financial Group PLC  
("AFH" or the "Group")

Audited Results  
for the period from 23 June 2011 to 31 October 2011

AFH, PLUS-SX Newcomer of the Year 2012 and a leading discretionary wealth management and independent financial advisory (IFA) firm, today announces consolidated audited results representing the 131 day period from its flotation on PLUS-SX on 23 June 2011 to its financial year end on 31 October 2011. AFH's October year end coincides with that of its principal operating subsidiary, AFH Independent Financial Services Ltd (trading as AFH Wealth Management), which generates over 90 per cent of the Group's revenue and whose results for the 12 months ended 31 October 2011 are reflected below.

## Group highlights

- \* Strong balance sheet with net assets of GBP11.3m and cash of GBP1.7m with no bank debt
- \* EBITDA of GBP227,387 (before exceptional items, share option costs and flotation costs)
- \* Adviser numbers up 32% from 53 at flotation to 70 today
- \* Six acquisitions completed since June 2011
- \* AFH voted as PLUS-SX Newcomer of the Year at the 2012 PLUS Awards

## Main operating business highlights

- \* Strong performance from AFH Independent Financial Services Ltd.
- \* Gross revenue up 12% (on an annualised basis) to GBP5.4m for the 12 months ended 31 October 2011

- \* Recurring income at 49% of revenue
- \* EBITDA of GBP827,000 (up 15% on an annualised basis)

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

"I am delighted to be able to report a strong performance by the Group in such a challenging financial climate. At flotation, we set out our strategy of driving growth both organically and by way of acquisition. The 32% increase in adviser numbers and the six acquisitions completed since June 2011 are strong evidence that we are successfully implementing this strategy. The Group's management team has been strengthened considerably to accommodate the further rapid expansion we envisage for AFH."

"We expect the Group's robust performance to continue, with the integration of the new advisers and the acquired businesses having a real impact in the second half of the financial year."

"AFH is cash generative and profitable, with a strong balance sheet. The Board believes that the Group is therefore well placed to prosper in the years ahead."

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

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Chairman and Chief Executive's Statement

I am pleased to report the consolidated audited results for the 131 day period from AFH's flotation on 23 June 2011 to its financial year end on 31 October 2011. AFH's October year end coincides with that of AFH

Independent Financial Services Ltd, the Group's principal operating subsidiary trading as AFH Wealth Management. This principal subsidiary generates over 90 per cent of the Group's revenue and its results for the 12 months ended 31 October 2011 are reflected below.

The Board is pleased with the Group's performance during the period, given the impact of the flotation costs and the inevitable distraction of management's time. I am delighted to report that, despite this and the ongoing macro-economic uncertainty, the Group traded profitably throughout the period and ended it with cash of GBP1.7m and no bank debt.

Three acquisitions were made in October 2011, with a further three acquisitions made since the period end. The three businesses acquired in 2012 have added more than 1,300 new clients to the Group and I am pleased to report that all acquisitions made since June 2011 have been successfully integrated into the Group. The Board anticipates that the Group will make further complementary acquisitions in due course as it takes advantage of opportunities arising out of the wider economic downturn and the Retail Distribution Review discussed below. As previously stated, the principal benefit for AFH lies in the opportunity to provide advice and investment services to the newly acquired clients and deliver an incremental increase in AFH's recurring revenues.

The Board is also pleased that the successful execution of its strategy has compensated for the challenging wider economic conditions. In its financial year ended 31 October 2011, AFH Independent Financial Services Ltd increased gross revenue to GBP5.4m (up 12% on an annualised basis) and EBITDA to GBP827,000 (up 15% on an annualised basis). Recurring income, which is not reliant upon new business, now represents nearly half of the Group's revenue.

Organic growth, through the recruitment of new, high quality, independent financial advisers, is accelerating and the Group has been active in growing adviser numbers, up a third, from 53 at the date of our 2011 flotation to 70 today.

The Retail Distribution Review (RDR) comes into effect in January 2013 and will change the retail financial services landscape considerably. Whilst it represents a threat to a significant proportion of IFA businesses, we nevertheless continue to see the RDR as a huge opportunity for AFH, which is well placed to take advantage of the transformation.

On behalf of the AFH Board, I would like to formally thank our staff and shareholders for their continued support. Each year we set ourselves challenging targets across the Group, and each year our team reacts positively to the challenges set. Although we have been active in recruiting new advisers, we also continue to develop and promote our people from within at every opportunity. 2012 remains an exciting year for the Group and I look forward to reporting on further progress throughout the new financial year.

At flotation, we set out our strategy of driving growth both organically and by way of acquisition. The 32%

increase in adviser numbers and the six acquisitions completed since June 2011 are strong evidence that we are successfully implementing this strategy. The Group's management team has been strengthened considerably to accommodate the further rapid expansion we envisage for AFH.

We expect the Group's robust performance to continue, with the integration of the new advisers and the acquired businesses having a real impact in the second half of the financial year.

AFH is cash generative and profitable, with a strong balance sheet. The Board believes that the Group is therefore well placed to prosper in the years ahead.

AFH FINANCIAL GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 OCTOBER 2011

	Period ended 31 October 2011 GBP
Turnover	2,107,966
Cost of sales	(1,053,835)
	-----
Gross profit	1,054,131
Administrative expenses	(950,386)
	-----
Operating profit	103,745
Other interest receivable and similar income	54
Interest payable and similar charges	(4,945)
	-----
Profit on ordinary activities before taxation	98,854

Tax on profit on ordinary activities	(55,538)
	-----
Profit on ordinary activities after taxation	43,316
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Earnings per share (pence)	
Basic	0.311

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