

DJ AFH Financial Group RECORD INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2013

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AFH FINANCIAL GROUP PLC
("AFH" or the "Company")

RECORD INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2013
Strong financial performance and robust balance sheet
Adviser numbers increased to 120

The Directors of AFH, a leading Independent Financial Advisory ("IFA") and discretionary wealth management firm, are pleased to report the Company's Interim Results for the six months ended 30 April 2013. These record results demonstrate further strong growth at the Company and the Directors anticipate an even stronger second half performance, as the impact of new acquisitions and advisers takes full effect.

Group highlights:

- * Like-for-like revenues up 55% to GBP4,793,072 (2012: GBP3,098,183)
- * Recurring income increased by 58%
- * EBITDA up 56% to GBP409,574 (2012: GBP262,248)
- * Strong balance sheet with net assets of GBP12,600,000 (2012: GBP11,500,000)
- * Cash at bank of GBP1,150,000 with no debt
- * Initial dividend paid
- * Three further acquisitions completed, taking total adviser numbers to 120
- * GBP50 million property fund launched

Principal operating business (AFH Independent Financial Services Limited) highlights:

- * EBITDA up 88% to GBP834,570 (2012: GBP443,874)
- * Profit before tax up 90% to GBP834,591 (2012: GBP437,641)
- * Recurring income at 51% of revenue

Commenting on today's Interim Results, Alan Hudson, Chairman and CEO of AFH, said:

"Our first half performance has been strong and highly encouraging, especially when one takes into consideration the operational disruption caused by the Retail Distribution Review.

"The Directors expect to report to shareholders an even stronger second half performance as new advisers and acquisitions start to fully contribute to the bottom line.

"Since joining the market, we have successfully integrated 14 acquisitions, moved to larger offices and continued to build our infrastructure, so that the Company is scalable, profitable and cash generative. As a result, AFH sits in a very strong position in a sector undergoing fundamental change. I would like to thank the team and, of course, all our 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 delighted to report a strong six month performance to 30 April 2013, a period which has seen considerable growth against a disruptive Retail Distribution Review ("RDR") backdrop.

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 Group's principal operating subsidiary, accounting for 100 per cent. of the Company's revenue, is AFH Independent Financial Services Limited ("AFH IFS"). Further information is available at www.afhifs.co.uk.

Since the Company's IPO in June 2011, AFH has established itself as a robust, debt-free, acquisitive and fast growing business as well as a highly-regarded local employer and investor. In that period, the Company has successfully acquired 14 complementary IFA businesses taking its adviser numbers to 120. In the six months to 30 April 2013, in addition to delivering excellent operational growth, AFH has also established a property fund and paid its first dividend; since the period end, the Company has created a new legal division.

Financials

In the period under review, like-for-like revenues rose by 55% to GBP4,793,072 (2012: GBP3,098,183). Like-for-like profit before tax at our principal operating subsidiary, AFH IFS, was GBP834,591, up 90% (2012: GBP437,641).

Recurring income, which is not reliant upon new business, was up 58% and now represents 51% of our total revenue.

Gross margins have been maintained at 50%, as have administrative overheads, at 42% of turnover. Administrative overheads will remain necessarily high in order to ensure we have sufficient staffing to support rapid growth in adviser numbers.

Funds under influence continue to grow and amount currently to circa GBP600,000,000.

At the start of the year, and in light of the Company's rapid growth, the Company moved to new 14,000 sq ft office space in Bromsgrove. The Directors believe that these new premises are more than sufficient to accommodate the significant further growth still anticipated by the Company. With 120 financial advisers, AFH has an extensive geographic reach outside of its Bromsgrove headquarters and throughout the UK.

The launch of AFH's first to market high yield GBP50 million authorised property fund in November last year, focused on industrial, office and retail investments throughout England and Wales, has gone well and the Directors are pleased to report that four properties have so far been acquired.

Outlook and Priorities

We are delighted that our business has successfully adapted to the demands of the RDR and continues to thrive. We believe that the on-going rationalisation and consolidation in the IFA sector will accelerate as many businesses come to the realisation that they are sub-scale and need to merge or sell. AFH continues to look for select and like-minded financial advisers and vendors of IFA practices whose culture fits with our own. However, it is not our intention to buy and build at any cost without due regard. What is most important to us is that we continue to place our clients, old and new at the centre of our business. Whilst there is significant multiple arbitrage that makes the sector attractive to private equity, we believe there are very few quality, debt free financial planning led acquirers in the market and we intend to capitalise on this.

The launch of AFH's legal arm in June 2013 gives the Company a further competitive advantage over similar businesses wishing to attract high quality financial planners. The Directors believe that Wills, Trusts and Estate planning forms the corner stone of professional financial planning for clients. The addition of an in-house legal services division, regulated by the Solicitors Regulatory Authority, should prove to be of tremendous added value for AFH's advisers and clients alike.

The Directors expect to report to shareholders an even stronger second half performance as new advisers and acquisitions start to fully contribute to the bottom line.

AFH sits in a very strong position. I would like to thank the team and, of course, all our shareholders for their continued effort and support.

		Period ended 30 April 2013	Period ended 30 April 2012
	Notes	GBP	GBP
Turnover	2	4,793,073	3,098,183
Cost of sales		(2,377,140)	(1,533,570)
Gross profit		2,415,932	1,564,613
Administrative expenses		(2,130,571)	(1,375,971)
Operating profit	3	285,361	188,642
Other interest receivable and similar income		22	10,380
Interest payable and similar charges	4	(6,223)	(5,625)
Profit on ordinary activities before taxation		279,160	193,397
Tax on profit on ordinary activities	5	(68,440)	(53,383)
Profit on ordinary activities after taxation		210,721	140,014
Earnings per share (pence)			
Basic	16	1. 426	0. 993
Diluted	16	1. 373	0. 956

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

(MORE TO FOLLOW) Dow Jones Newswires
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There are no recognised gains and losses other than those passing through the profit and loss account.

AFH FINANCIAL GROUP PLC
BALANCE SHEETS
AS AT 30 APRIL 2013

		Group		Company	
		2013	2012	2013	2012
	Notes	GBP	GBP	GBP	GBP
Fixed assets					
Intangible assets	8	12,490,289	11,517,224	-	-
Tangible assets	9	169,698	69,047	-	-
Investments	10	598	514	9,620,566	9,620,464
		12,660,585	11,586,785	9,620,566	9,620,464
Current assets					
Debtors	11	2,326,327	1,426,914	2,404,350	783,133
Cash at bank and in hand		1,150,421	1,075,719	171,250	776,139
		3,476,748	2,502,633	2,575,600	1,559,272
Creditors: amounts falling due within one year	12	(3,163,059)	(2,007,999)	(253,435)	(247,569)
Net current assets		313,689	494,634	2,322,165	1,311,703
Total assets less current liabilities		12,974,274	12,081,419	11,942,731	10,932,167

Creditors: amounts falling due after more than one year	13	(312,259)	(540,410)	-	-
Provisions for liabilities	14	(15,681)	(13,045)	-	-
		12,646,334	11,527,964	11,942,731	10,932,167
Capital and reserves					
Called up share capital	16	1,478,037	1,412,187	1,478,037	1,412,187
Share premium account	17	10,482,962	9,890,312	10,482,962	9,890,312
Profit and loss account	17	685,335	225,465	(18,268)	(370,332)
Shareholders' funds	18	12,646,334	11,527,964	11,942,731	10,932,167

AFH FINANCIAL GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 APRIL 2013

		Period ended 30 April 2013 GBP	Period ended 30 April 2012 GBP
Net cash inflow from operating activities		372,668	44,134
Returns on investments and servicing of finance			
Interest received	22		10,380

Interest paid	(6,223)	(5,625)	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(6,201)	4,755
Taxation		-	203
Capital expenditure and financial investment			
Payments to acquire intangible assets	(680,690)	(1,148,876)	
Payments to acquire tangible assets	(45,019)	(14,428)	
Receipts from sales of intangible assets	816,675	5,917	
Net cash inflow/(outflow) for capital expenditure		90,966	(1,157,387)
Net cash inflow/(outflow) before management of liquid resources and financing		457,433	(1,108,295)
Financing			
Issue of ordinary share capital	-	25,000	
New debenture loan	-	225,000	
Other new long term loans	252,289	354,656	
Other new short term loans	694,307	780,184	
Repayment of other long term loans	(792,907)	(56,618)	
Repayment of other short term loans	(383,658)	(866,481)	
Net cash (outflow)inflow from financing		(229,969)	461,741
(Decrease)/increase in cash in the Period		227,464	(646,554)

AFH FINANCIAL GROUP PLC

NOTES TO THE CONSOLIDATED CASH FLOW
FOR THE PERIOD ENDED 30 APRIL 2013

1	Reconciliation of operating profit to net cash inflow from operating activities		2013		2012
			GBP		GBP
	Operating profit		285,361		188,642
	Depreciation of tangible assets		19,633		6,233
	Amortisation of intangible assets		104,580		67,373
	Profit on disposal of intangible assets		(5,619)		-
	Increase in debtors		(336,068)		(488,974)
	Increase in creditors within one year		304,781		270,860
	Net cash inflow from operating activities		372,668		44,134
2	Analysis of net debt	1 November 2012	Cash flow	Other non-cash changes	30 April 2013
		GBP	GBP	GBP	GBP
	Net cash:				
	Cash at bank and in hand	922,268	227,464	-	1,149,732
	Debts falling due within one year	(956,911)	(316,899)	-	(1,273,810)
	Debts falling due after one year	(852,877)	540,618	-	(312,259)

	(1,809,788)	223,719	-	(1,586,069)
Net debt	(887,520)	451,183	-	(436,337)

3	Reconciliation of net cash flow to movement in net debt	2013	2012
		GBP	GBP
	Increase/(decrease) in cash in the Period	227,464	(646,554)
	Cash outflow/(inflow) from decrease/(increase) in debt	223,719	(442,366)
	Movement in net debt in the Period	451,183	(1,088,920)
	Opening net (debt)/funds	(887,520)	1,021,922
	Closing net debt	(436,337)	(66,998)

The information above has not been reviewed by the Company's auditor.

AFH Financial Group Plc

(END) Dow Jones Newswires
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