

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, OR THE CONTENTS OF THIS DOCUMENT, YOU SHOULD CONSULT AN INDEPENDENT FINANCIAL ADVISOR AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000, WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES.

This Document comprises an admission document drawn up in accordance with the requirements of the PLUS Rules for Issuers and has been issued in connection with the proposed admission of AFH Financial Group PLC to the PLUS-quoted Market. This Document is not an approved prospectus for the purposes of and as defined in section 85 of FSMA and has not been prepared in accordance with the Prospectus Rules and has not been approved by the FSA or by any other competent authority which could be a competent authority for the purposes of the Prospectus Directive. Further, the contents of this Document have not been approved by an authorised person for the purposes of section 21 of FSMA.

The Directors, whose names are set out on page 7 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for all of the Company's issued and to be issued share capital to be admitted to trading on the PLUS-quoted Market. It is expected that admission to the PLUS-quoted Market will become effective and dealings in the Issued Share Capital will commence on or around 23 June 2011.

AFH FINANCIAL GROUP PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered number 7638831)



Subscription to raise up to £1,487,000 Admission to Trading on PLUS

**PLUS Corporate Adviser
ST HELENS CAPITAL PARTNERS LLP**

ISSUED SHARE CAPITAL ON ADMISSION

(assuming that the Subscription is taken up in full)

<i>Nominal Amount</i>	<i>Number</i>
£1,375,875	13,758,750

The PLUS-quoted Market, which is operated by PLUS Stock Exchange plc, a recognised investment exchange, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is not classified as a Regulated Market under EU financial services law and PLUS-quoted securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in securities on the PLUS-quoted Market and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. It is emphasised that no application is being made or has been made for admission of the Ordinary Shares to the Official List of the UK Listing Authority or to trading on AIM. The PLUS-quoted Market is not part of the London Stock Exchange.

The Company is required by PLUS Stock Exchange plc to appoint a PLUS Corporate Adviser to apply on its behalf for admission to the PLUS-quoted Market and must retain a PLUS Corporate Adviser at all times. The responsibilities and duties of a PLUS Corporate Adviser are set out in the PLUS Rules for Issuers.

St Helens Capital, which is authorised and regulated by the FSA, is acting as the Company's Corporate Adviser in connection with Admission. St Helens Capital is not acting for any other person and will not be responsible to any other person for providing the protections afforded to its customers, or for advising any other person in connection with the proposals described in this Document.

The responsibilities of St Helens Capital as PLUS Corporate Adviser are owed solely to PLUS Stock Exchange plc and to the Company. No liability whatsoever is accepted by St Helens Capital for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which the Company and the Directors are solely responsible. No warranty, express or implied, is made by St Helens Capital as to any of the contents of this Document.

The distribution of this Document outside the UK may be restricted by laws of such other jurisdictions in which the Document is distributed and therefore persons outside the UK into whose possession this Document comes should inform themselves about and observe any restrictions in relation to the Ordinary Shares and the distribution of this Document. The Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, or under the securities laws of Canada, Australia, the Republic of Ireland, South Africa or Japan and they may not be offered or sold directly or indirectly within the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or to, or for the account or benefit of, US persons or any national, citizen or resident of the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan. This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

In connection with this Document, no person is authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representation must not be relied upon as having been so authorised.

Any individual wishing to buy or sell securities which are traded on the PLUS-quoted Market must trade through a stockbroker (being a member of PLUS Stock Exchange plc and regulated by the FSA) as the market's facilities are not available directly to the public.

FORWARD LOOKING STATEMENTS

This Document contains forward-looking statements. These statements relate to the Group's prospects, developments and business strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "shall", "will" and other cognate expressions or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this Document.

The forward-looking statements in this Document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Group are specifically described in Part II of this Document headed "Risk Factors". If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected by the Directors. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. It is emphasised that this Document does not contain any financial projections of the Group and that past performance is not to be treated as a guide to future performance.

These forward-looking statements speak only as at the date of this Document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the PLUS Rules whether as a result of new information, future events or otherwise.

The text of this Document should be read in its entirety. An investment in the Company involves a high degree of risk and, in particular, attention is drawn to the Risk Factors in Part II of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in the light of such Risk Factors. An investment in the Company may not be suitable for all recipients of this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

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DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

“Admission”	admission of the Ordinary Shares and the Subscription Shares to trading on the PLUS-quoted Market, which is expected to take place on 23 June 2011
“Act”	the Companies Act 2006
“AFH” or the “Company”	AFH Financial Group PLC, whose registered office is at St Johns House, 16 Church Street, Bromsgrove, Worcestershire B61 8DN
“AFH Group”	AFH Group Limited, the former holding company of the Group
“AFH Independent Financial Services”	AFH Independent Financial Services Limited, AFH’s principal operating subsidiary
“AIM”	the AIM market of the London Stock Exchange
“Articles”	the Articles of Association of the Company
“Board”	the board of Directors of the Company as constituted from time to time
“City Code”	the City Code on Takeovers and Mergers
“CREST”	the Relevant System (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertified form which is administered by Euroclear UK & Ireland Limited
“Directors”	the directors of the Company, whose names are set out on page 7 of this Document
“Document”	this admission document
“EIS”	the Enterprise Investment Scheme and related reliefs as detailed in Part 5 of the Income Tax Act 2007 and in sections 150A to 150D and Schedule 5B and 5BA of the Taxation of Chargeable Gains Act 1992 (as amended)
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and its subsidiaries as at the date of this Document
“HMRC”	HM Revenue and Customs
“IFA”	Independent Financial Adviser
“Issued Share Capital”	the Ordinary Shares in issue at Admission
“London Stock Exchange”	the London Stock Exchange PLC

“OEIC”	Open Ended Investment Company
“Official List”	the Official List of the UK Listing Authority
“Option Schemes”	The AFH EMI Share Option Plan and The AFH Contributors Share Option Plan
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“PLUS-quoted Market” or “PLUS”	the primary market for unlisted securities operated by PLUS Stock Exchange
“PLUS Rules”	the PLUS Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission to and whose shares have been admitted to trading on PLUS
“PLUS Stock Exchange”	PLUS Stock Exchange plc, a recognised investment exchange under section 290 of FSMA
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003
“Prospectus Rules”	the rules issued by the FSA which govern offers of transferable securities to the public in the UK or a request for the admission to trading of transferable securities on a regulated market in the UK
“Shareholders”	persons registered as the holders of any part of the share capital of the Company
“St Helens Capital”	St Helens Capital Partners LLP, PLUS Corporate Adviser to the Company, which is authorised and regulated by the FSA
“Subscription”	the proposed subscription of the Subscription Shares by certain shareholders and other investors at a price of 80p per share, conditional on Admission
“Subscription Shares”	up to 1,858,750 Ordinary Shares to be issued in the Subscription
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for listing in the UK
“US”	the United States of America
“Venture Capital Trust” or “VCT”	a Venture Capital Trust for the purposes of Part 6 of the Income Tax Act 2007

SHARE CAPITAL INFORMATION

Ordinary Shares in issue as at the date of this Document	11,900,000
Maximum number of Subscription Shares to be issued	1,858,750
Subscription price	80p
Issued Share Capital on Admission (assuming the Subscription is taken up in full)	13,758,750
Market capitalisation on Admission at 80p per share	£11,007,000
PLUS Ticker	AFHP
ISIN Number	GB00B4W5WQ08

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	9 June 2011
Dealings expected to commence on PLUS	23 June 2011

DIRECTORS, SECRETARY AND ADVISERS

Directors	Alan Hudson (<i>Chairman and Chief Executive</i>) John Stefan Wheatley (<i>Finance Director</i>) Toby Ralph Seymour Denne (<i>Non-executive Director</i>)
Registered Office	St Johns House 16 Church Street Bromsgrove Worcestershire B61 8DN
Company Secretary	Anne-Marie Brown, CIMA
PLUS Corporate Adviser	St Helens Capital Partners LLP 223a Kensington High Street London W8 6SG
Solicitors to the Company	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH Regulatory Legal Brindley House Engine Lane Lye West Midlands DY9 7AQ
Auditors to the Company	Baldwins (Stourbridge) Limited First Floor, Copthall House, 1 New Road, Stourbridge, West Midlands DY8 1PH
Registrar	SLC Registrars Limited Thames House Portsmouth Road Surrey Esher KT10 9AD
Website	www.afhifs.com

PART I

INFORMATION ON AFH

1. 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, AFH is a Discretionary Wealth Manager and independent financial advisory 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 is authorised and regulated by the FSA.

2. INFORMATION ON AFH

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 AFH 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 £40 million.

3. FINANCIAL INFORMATION ON AFH

AFH's principal operating subsidiary is AFH Independent Financial Services. Set out below is a summary of AFH Independent Financial Services' results for the three years and 9 months ended 31 October 2010, extracted from the financial information in Part IV of this Document.

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>9 months ended 31 October 2010 £</i>
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 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.

An Accountant's Report on AFH is set out in Part III of this Document and financial information on AFH Group is set out in Part V of this Document.

4. FUTURE STRATEGY OF THE GROUP

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". This review 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.

5. DIRECTORS AND SENIOR MANAGEMENT

Directors

The Directors of the Company are as follows:

Alan Hudson (Chairman and Chief Executive Officer) (aged 52)

Alan Hudson (A.P.F.S) is a Chartered Financial Planner and has considerable financial planning and investment management experience. He founded AFH in 1990 but more latterly, the principal operating business, AFH Independent Financial Services, in 2002. Prior to founding AFH, Alan ran the Birmingham regional office of Target Life.

John Wheatley (Finance Director) (aged 60)

John qualified as a Chartered Accountant in 1974 with Peat Marwick Mitchell. After a three year period working as finance director of a small packaging manufacturer in West Bromwich he returned to the profession and became a partner in the Midlands Region of KPMG in 1985. He has had extensive experience of working with private companies in a wide range of industries. He left KPMG at the end of 1998 to set up his own practice. He holds a number of non-executive directorships in public and private companies.

Toby Denne (Non-executive Director) (aged 50)

Toby has over 25 years' experience as a financial services professional and has a strong knowledge of financial markets and investment products in both the institutional and retail sectors. Until January 2011, Toby was a director of Allium Capital Limited, which he co-founded in 2009 to help IFA firms build and launch their own fund management companies, thereby becoming more vertically integrated and enhancing their investment proposition. Prior to founding Allium Capital Limited, Toby was the director of Relationship Management at Octopus Investments Limited. Toby is currently engaged in raising expansion capital for a company developing 'sports gaming' software and is also a non-executive director of Flight Calibration Services Limited and Texture Restaurants Limited.

Senior Management

The Directors are supported by the following key members of staff:

Anne-Marie Brown – *Company Secretary; Finance Director of AFH Independent Financial Services*

Anne-Marie is a CIMA qualified Finance Professional with 18 years' experience. She has been with AFH since 2007, having previously worked as Financial Controller and Company Secretary at Gough Allen Stanley Ltd.

Alexis James – *Compliance*

Alexis is a 28-year old Compliance professional with an honours degree in Business Management and Information Technology. She also holds the Certificate in Financial Planning and a Diploma in Supervision in a Regulated Environment. Alexis has worked at AFH since June 2006, following a move from HSBC plc where she worked following her graduation in 2003.

6. THE SUBSCRIPTION

Conditional on Admission, the Company is proposing to raise up to £1,487,000 (gross of expenses) by the issue of the Subscription Shares to certain Shareholders and other investors at a price of 80p per share. The proceeds of the Subscription will be used to provide additional working capital for the Group and to finance acquisitions. The Subscription Shares will rank *pari passu* in all respects with the Ordinary Shares.

7. THE CITY CODE

The purpose of the City Code is to supervise and regulate takeovers and other matters to which it applies. The City Code is issued and administered by the Panel and, after Admission, the City Code will apply to the Company. Accordingly, Shareholders will be entitled to the protections afforded by the City Code.

Rule 9 of the City Code provides, *inter alia*, that where a person who holds over 50 per cent. of the voting rights of a company acquires additional interests in the shares of that company

which also carry voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of the shares not held by that person.

On Admission, Alan Hudson will hold Ordinary Shares representing more than 50 per cent. of the Company's voting share capital and may accordingly be able to increase his shareholding without incurring an obligation under Rule 9 of the City Code to make a general offer.

8. ADMISSION TO PLUS

The Company has applied for the Issued Share Capital to be admitted to PLUS. The Directors expect that Admission will take place and that dealings in the Ordinary Shares and the Subscription Shares will commence on or around 23 June 2011.

9. LOCK-IN AGREEMENT

On Admission, the Directors will, in aggregate, be interested in 9,975,086 Ordinary Shares representing approximately 72.5 per cent. of the Issued Share Capital.

Conditional on Admission and save as set out or referred to below, the Directors have agreed with the Company and St Helens Capital not to dispose of any interest in such Ordinary Shares held by them for a period of 12 months following Admission.

The provisions of the Lock-In Agreement will not apply in certain limited circumstances which include, among other things:

- the acceptance of (or granting of an irrevocable undertaking in respect of) a general offer for the whole or part of the issued equity share capital in accordance with the City Code where such disposal or agreement to dispose is either conditional upon the announcement of such offer or is by way of acceptance of such offer or the giving of an irrevocable undertaking to accept such an offer; or
- pursuant to a compromise or arrangement between the Company and its creditors; or
- for the purpose only of effecting the appointment of a trustee or new trustee of a family settlement for the benefit of members of the immediate family of a locked-in shareholder; or
- by the personal representatives of a locked-in shareholder if he should die; or
- pursuant to a court order; or
- where St Helens Capital consents to a transfer or sale.

A summary of the Lock-In Agreement is set out in section 7 of Part VII of this Document.

In order to ensure that there is an orderly market (i.e. to ensure liquidity in the Ordinary Shares) following Admission, Alan Hudson has agreed to make such number of Ordinary Shares available as may be required from time to time in order to satisfy market demand.

10. DIVIDEND POLICY

The Company has not in the past, paid any dividends. The Directors may commence the payment of dividends when it becomes commercially prudent to do so, having regard to the availability of distributable profits and the need to retain funds to finance the Company's future growth.

11. CREST AND SHARE CERTIFICATES

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the Company to issue shares in uncertificated form in CREST under the CREST Regulations. Application will be made by the Registrars for the Ordinary Shares to be admitted to CREST on Admission.

Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system, should shareholders so wish. CREST is a voluntary system and shareholders who wish to receive and retain share certificates will be able to do so. All the Ordinary Shares will be in registered form.

12. OPTION SCHEMES

AFH operates two share option schemes: The AFH EMI Share Option Plan and the AFH Contractors Share Option Plan. Additional information on the AFH Option Schemes is set out in section 8 of Part VII of this Document.

13. CORPORATE GOVERNANCE

The Directors intend to comply with the provisions of the Guidance for Smaller Companies published by the Quoted Companies Alliance to the extent that they believe is appropriate in view of the size and resources of the Company. Following Admission, due to the size of the Company, audit and risk management issues will be addressed by the Directors as a whole, rather than by separate committees. As the Company develops, the Board will consider establishing separate audit and risk management committees and will consider developing further policies and procedures which reflect the principles of good governance.

The Company has adopted a share dealing code for directors and senior executives under the same terms as the Model Code on directors' dealings in securities, published from time to time by the UK Listing Authority.

14. ENTERPRISE INVESTMENT SCHEME AND VENTURE CAPITAL TRUSTS

On 25 May 2011, the Company received notification from HMRC that the Ordinary Shares will rank as "eligible shares" for the purposes of the Enterprise Investment Scheme and are capable of being a "qualifying holding" for the purposes of investment by Venture Capital Trusts.

Neither the Company, nor the Directors, nor any of the Company's advisers give any warranties or undertakings that EIS relief will continue to be available and will not be withdrawn at a later date.

15. TAXATION

Information regarding taxation in relation to the Ordinary Shares is set out in section 12 of Part VII of this Document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. **If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.**

16. FURTHER INFORMATION AND RISK FACTORS

Investors' attention is drawn to the further information in this Document and in particular to the Risk Factors set out in Part II of this Document.

PART II

RISK FACTORS

IN ADDITION TO ALL OTHER INFORMATION SET OUT IN THIS DOCUMENT, THE FOLLOWING SPECIFIC FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING WHETHER TO MAKE AN INVESTMENT IN THE COMPANY. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PERSONAL ADVISER AUTHORISED UNDER THE FSMA WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES PRIOR TO MAKING ANY INVESTMENT.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Company's business, financial conditions, results or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Company.

The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

1. PLUS Stock Exchange

The Company's proposed admission to the PLUS-quoted Market is entirely at the discretion of PLUS Stock Exchange. The Ordinary Shares are not presently listed or traded on any stock exchange. Any changes to the market trading environment, for example the PLUS Rules, could affect the ability of the Company to maintain a trading facility on the PLUS-quoted Market.

2. Investment in PLUS-quoted securities

An investment in shares traded on PLUS is perceived to involve a higher degree of risk and to be less liquid than investment in companies whose shares are traded on AIM or listed on the Official List. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

3. Share price volatility and liquidity

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

4. Regulatory Risk

The Company's business depends substantially on being authorised by the FSA to conduct investment business pursuant to FSMA. Loss of this authorisation could have a material adverse effect on the Company's business. The regulatory regime applicable to the Company is under regular review and future changes made by a regulatory body could impose a greater burden upon the Company in terms of additional compliance costs.

5. Taxation

This Document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Statements in this Document concerning the taxation of holders of Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

6. Dependence on key personnel

The Company's future success is substantially dependent on the continued services and continuing contributions of its Directors and senior employees. The loss of the services of any of the Company's executive officers or other key employees could have a material adverse effect on the Company's business.

The Company's future success will also depend on its ability to attract and retain additional suitably qualified and experienced employees. There can be no guarantee that the Company will be able to continue to attract and retain such employees, and failure to do so could have a material adverse effect on the financial condition, results or operations of the Company. In addition, the future success of the Company may be dependent on the Company's ability to integrate new teams of professionals. There can be no guarantee that the Company will be able to recruit such teams or effect such integration. Failure to do so could have a material adverse effect on the financial condition, results or operations of the Company.

7. Dependence on availability of capital

The Company's business is dependent upon the availability of adequate funding and regulatory capital under applicable regulatory requirements. Although the Company expects to have sufficient capital to satisfy all of its capital requirements, there can be no assurance that any, or sufficient, funding or regulatory capital will continue to be available to the Company in the future on terms that are acceptable to it.

8. Dependence on Stock Market conditions

The Company's business is dependent on stock market conditions. Any decline in the stock market could have a material adverse effect on the financial condition, results or operations of the Company. The success of the Company depends largely upon the expertise of the current Directors and senior employees and their ability to identify suitable investment opportunities and implement the Company's strategy. Stock market conditions may affect the ultimate value of the Company's share price regardless of future operating performance, and the market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.

9. Risk of damage to reputation and negative publicity

The Company's ability to retain existing management contracts and client relationships and to attract new business is dependent on the maintenance of its reputation. The Company is vulnerable to adverse market perception as it operates in an industry where a high level of integrity and client trust is paramount. Any perceived, actual or alleged mismanagement, fraud or failure to satisfy the Company's responsibilities, or the negative publicity resulting from such activities or the allegation by a third party of such activities (whether well founded or not) associated with the Company, could have a material adverse effect on the financial condition, results or operations of the Company. In addition, following downturns in the equity markets and the resulting heightened consumer and media interest in the financial services industry, any negative publicity (whether well founded or not) associated with the business or operations of the Company could result in reputational damage and could have a material adverse effect on the financial condition, results or operations of the Company.

10. Inadequacy of systems and controls

The Company's ability to maintain operational and financial controls and provide high quality service to clients depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. There can be no assurance that these systems will function as required. Further, there can be no guarantee that, as the Company increases in size, its systems, including its information technology systems, will be able to be upgraded appropriately or in a timely manner, so as to function as required by the greater demands of a larger business. Any damage to, failure of, or inability to upgrade appropriately, its management information systems, could result in interruptions to the Company's financial controls and client services. Such interruption could have a material adverse effect on the financial condition, results or operations of the Company.

11. Dependence on third party service providers

The Company is reliant upon third party service providers for certain aspects of its businesses. Any interruption or deterioration in the performance of these third party service providers could impair the timing and quality of the Company's services. In addition, if the contracts with any of these third party service providers are terminated, the Company may not find alternative outsource providers on a timely basis or on equivalent terms. The occurrence of any of these events could impact upon the Company's reputation and have a material adverse effect on the financial condition, results or operations of the Company.

12. Risk of loss of business continuity

The Company's business operations, information systems and processes are vulnerable to damage or interruption from fires, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft and other similar misconduct. The same is true of third party service providers on which the Company depends. The Company has in place business continuity plans covering current business requirements, which have been tested and are considered by the Board to be adequate. However, if the disaster recovery plans are found to be inadequate, there could be an adverse impact on the Company's financial condition, results or operations.

13. Competition risks

The Company operates in a highly competitive market. Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Larger competitors are able to advertise their services on a regional or national basis. This competition could have a material adverse effect on the Company's financial condition, results or operations as well as the Company's ability to attract and retain highly skilled individuals. There can be no assurance that the Company can, or will be able to, compete effectively.

14. Litigation

Legal proceedings may arise from time to time in the course of the Company's businesses. The Directors cannot preclude that litigation may be brought against the Company and that such litigation could have a material adverse effect on the financial condition, results or operations of the Company. The Company's businesses may be materially adversely affected if the Company and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

15. Employee misconduct

The Company runs the risk that employee misconduct could occur. Misconduct by employees could include binding the Company to transactions that exceed authorised limits or present unacceptable risks, or hiding unauthorised or unsuccessful transactions from the Company, which, in either case, may result in unknown or unmanaged risks or losses. Employee misconduct could also involve improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter employee misconduct and the precautions which the Company takes to prevent and detect this activity (including an ongoing training and review processes and authorising only certain personnel to carry out certain actions on behalf of the Company) may not be effective in all cases. In addition, as the Company grows, such precautions may need to be updated and/or expanded to increase their effectiveness. Failure to do so, or to do so in a timely fashion, may lead to such precautions becoming ineffective, or less effective, against the risks against which it is intended they mitigate. The Company maintains professional indemnity insurance, but there can be no guarantee that any loss suffered by the Company would be adequately covered by such insurance, particularly in the event of employee misconduct.

16. Investment Performance

The marketplace will continually assess the Company's investment performance and the Company's ability to attract investment into the funds that it manages and the avoidance of excessive redemption levels will be a product of this continuous assessment. Failure to provide adequate and consistent returns on the funds managed by the Company could lead to increased redemptions and a loss of reputation in the marketplace. This risk may adversely affect the value of the funds managed by the Company and hence the value of the Company itself.

17. Dividends

Dividends may only be paid out of the profits of the Group. Therefore there can be no assurance as to the payment, level or frequency of future dividends.

The investment opportunity described in this Document may not be suitable for all recipients of this Document. Investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making a decision to invest.

PART III

ACCOUNTANT'S REPORT ON AFH

Section A: Financial Information on AFH

The historical financial information on AFH set out below, which has been prepared solely for the purposes of this Document, does not constitute audited statutory accounts of the Company within the meaning of the Act.

	Note	At 24 May 2011 £
Fixed assets		—
Current assets		
Cash at bank		0.20
Net assets		<u>0.20</u>
Capital and reserves		
Called up share capital	2	0.20
Share premium account		—
Shareholders' funds: equity		<u><u>0.20</u></u>

Notes to the financial information

1. Accounting policies

Basis of preparation

The financial information is based on management accounts of AFH for the period from incorporation to 24 May 2011 to which no adjustments were considered necessary.

Basis of accounting

The financial information was prepared under the historical cost convention and in accordance with applicable United Kingdom standards.

2. Called up share capital

At 24 May
2011
£

Allotted and fully paid

Equity: 2 Ordinary Shares of £0.10 each

0.20

On 18 May 2011, the Company was incorporated with an issued share capital of £0.20 divided into 2 Ordinary shares of £0.10

3. Post balance sheet events

On 9 June 2011 the Company allotted and issued 11,900,000 Ordinary Shares to the vendors of all the shares in AFH Group on the terms of a share for share agreement. Following the share for share exchange, AFH Group became a wholly owned subsidiary.

Section B: Accountant's Report on AFH

The Directors
AFH Financial Group PLC
St Johns House
16 Church Street
Bromsgrove
Worcestershire
B61 8DN

St Helens Capital Partners LLP
223A Kensington High Street
London
W8 6SG

Dear Sirs

9 June 2011

AFH Financial Group PLC (“the Company”)

We report on the financial information set out in section A of Part III of this document comprising a balance sheet and notes thereon. This information has been prepared for inclusion in the PLUS Admission document dated 9 June 2011 of AFH Financial Group PLC on the basis of the accounting policies set out in the notes to the financial information. This report is required by the PLUS Rules for Issuers and is given for the purpose of complying with those Rules and for no other purpose.

The Company was incorporated on 18 May 2011 under the name of AFH Financial Group PLC. The Company has not traded, has not prepared any financial statements for presentation to members, has incurred neither profit nor loss, and has neither declared nor paid dividends or made any other distributions since the date of incorporation. There have been no transactions other than the allotment of shares described above. Accordingly, no profit and loss information is presented in this report.

Responsibilities

The directors of AFH Financial Group PLC are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information in accordance with the applicable financial reporting framework.

Such financial information is the responsibility of the directors of the Company who approve their issue.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purpose of the PLUS Admission document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information set out in section A of Part III of this document gives, for the purposes of the PLUS Admission document dated 9 June 2011, a true and fair view of the state of affairs of AFH Financial Group PLC as at the date stated in accordance with the basis of preparation set out in notes to the financial information and in accordance with the applicable reporting framework.

Declaration

We are responsible for this report as part of the PLUS Admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Baldwins (Stourbridge) Limited

PART IV

FINANCIAL INFORMATION ON AFH INDEPENDENT FINANCIAL SERVICES

The following financial information has been extracted, without material adjustment, from the audited financial statements of AFH Independent Financial Services for the three financial years ended 31 January 2008, 31 January 2009 and 31 January 2010 and for the nine months ended 31 October 2010. The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), they do not, therefore, include a cash flow statement. The information set out in this Part IV has been extracted from previously published financial reports by AFH Independent Financial Services and does not constitute statutory accounts within the meaning of section 434 of the Act.

A. PROFIT AND LOSS ACCOUNT

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Period ended</i>
	<i>31 January</i>	<i>31 January</i>	<i>31 January</i>	<i>31 October</i>
	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2010</i>
<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Turnover	2,436,239	2,447,416	2,867,836	3,601,276
Cost of sales	(1,699,043)	(1,344,000)	(1,664,169)	(1,889,732)
Gross profit	<u>737,196</u>	<u>1,103,416</u>	<u>1,203,667</u>	<u>1,711,544</u>
Administrative expenses	(503,447)	(933,358)	(1,202,468)	(1,183,062)
Operating profit	2 233,749	170,058	1,199	528,482
Other interest receivable and similar income	3 12,075	4,121	8,947	35
Amounts written off investments	4 —	—	—	(1,000)
Interest payable and similar charges	(1,369)	(2,444)	(2,984)	(1,667)
Profit on ordinary activities before taxation	244,455	171,735	7,162	525,850
Tax on profit on ordinary activities	5 (71,090)	(65,925)	(4,511)	(150,885)
Profit for the year	14 <u>173,365</u>	<u>105,810</u>	<u>2,651</u>	<u>374,965</u>

B. BALANCE SHEET

		<i>As at</i> 31 January 2008 £	<i>As at</i> 31 January 2009 £	<i>As at</i> 31 January 2010 £	<i>As at</i> 31 October 2010 £
	<i>Notes</i>				
Fixed assets					
Tangible assets	8	42,158	58,669	52,503	50,261
Investments	9	1,000	1,000	1,000	—
		<u>43,158</u>	<u>59,669</u>	<u>53,503</u>	<u>50,261</u>
Current assets					
Debtors	10	216,672	371,278	671,547	1,567,665
Cash at bank and in hand		524,710	287,854	303,708	210,072
		<u>741,382</u>	<u>659,132</u>	<u>975,255</u>	<u>1,777,737</u>
Creditors: amounts falling due within one year	11	(426,794)	(453,963)	(600,014)	(1,021,710)
Net current assets		<u>314,588</u>	<u>205,169</u>	<u>375,241</u>	<u>756,027</u>
Total assets less current liabilities		357,746	264,838	428,744	806,288
Creditors: amounts falling due after more than one year	12	—	(7,943)	—	—
Provisions for liabilities	13	—	(8,339)	(7,536)	(10,116)
		<u>357,746</u>	<u>248,556</u>	<u>421,208</u>	<u>796,172</u>
Capital and reserves					
Called up share capital	14	100	100	170,100	170,100
Profit and loss account	15	357,646	248,456	251,108	626,072
Shareholders' funds		<u>357,746</u>	<u>248,556</u>	<u>421,208</u>	<u>796,172</u>

NOTES TO THE ACCOUNTS

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents commissions and fees receivable in relation to the Company’s role as independent financial advisors.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

The carrying value of goodwill is reviewed for impairment at the end of the financial year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	25% on reducing balance
Fixtures, fittings & equipment	20% on reducing balance
Motor vehicles	25% on reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

2 Operating profit

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Operating profit is stated after charging:				
Depreciation of tangible assets	2,816	13,138	13,262	12,310
Auditors' remuneration	4,113	4,113	6,500	15,850
Director's remuneration	—	10,000	10,000	7,500

3 Investment income

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Bank interest	12,075	4,121	4	35
Other interest	—	—	8,943	—

4 Amounts written off investments

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Permanent diminution in value	—	—	—	1,000

5 Taxation

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Domestic current year tax				
U.K. corporation tax	71,090	44,531	5,314	148,305
Adjustment for prior years	—	13,055	—	—
Total current tax	<u>71,090</u>	<u>57,586</u>	<u>5,314</u>	<u>148,305</u>
Deferred tax				
Origination and reversal of timing differences	—	8,339	(803)	2,580
	<u>71,090</u>	<u>65,925</u>	<u>4,511</u>	<u>150,885</u>

6 Dividends

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Ordinary interim paid	<u>55,000</u>	<u>215,000</u>	<u>—</u>	<u>—</u>

7 Intangible fixed assets

	<i>Goodwill £</i>
Cost	
At 1 February 2007	—
Additions	30,000
At 31 January 2008	<u>30,000</u>
Amortisation	
At 1 February 2007	—
Impairments	30,000
At 31 January 2008	<u>30,000</u>
Net book value	
At 31 January 2008	<u>—</u>
	<i>Goodwill £</i>
Cost	
At 1 February 2008 & at 31 January 2009	<u>30,000</u>
Amortisation	
At 1 February 2008 & at 31 January 2009	<u>30,000</u>
Net book value	
At 31 January 2009	<u>—</u>

	<i>Goodwill</i> £
Cost	
At 1 February 2009 & at 31 January 2010	30,000
Amortisation	
At 1 February 2009 & at 31 January 2010	30,000
Net book value	
At 31 January 2010	—

	<i>Goodwill</i> £
Cost	
At 1 February 2010 & at 31 October 2010	30,000
Amortisation	
At 1 February 2010 & at 31 October 2010	30,000
Net book value	
At 31 October 2010	—

8 Tangible fixed assets

	<i>Plant & machinery etc</i> £
Cost	
At 1 February 2007	17,642
Additions	34,145
At 31 January 2008	51,787
Depreciation	
At 1 February 2007	6,813
Charge for year	2,816
At 31 January 2008	9,629
Net book value	
At 31 January 2008	42,158

The net book value of tangible fixed assets includes £1,111 in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £190 for the year.

	<i>Plant & machinery etc</i> £
Cost	
At 1 February 2008	51,787
Additions	29,649
At 31 January 2009	<u>81,436</u>
Depreciation	
At 1 February 2008	9,629
Charge for year	13,138
At 31 January 2009	<u>22,767</u>
Net book value	
At 31 January 2009	<u>58,669</u>

The net book value of tangible fixed assets includes £23,349 in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £3,981 for the year.

	<i>Plant & machinery etc</i> £
Cost	
At 1 February 2009	81,436
Additions	14,776
Disposals	(9,160)
At 31 January 2010	<u>87,053</u>
Depreciation	
At 1 February 2009	22,767
Charge for year	13,262
On disposals	(1,479)
At 31 January 2010	<u>34,550</u>
Net book value	
At 31 January 2010	<u>52,503</u>

	<i>Plant & machinery etc</i> £
Cost	
At 1 February 2010	87,053
Additions	10,067
At 31 October 2010	<u>97,120</u>
Depreciation	
At 1 February 2010	34,549
Charge for year	12,310
At 31 October 2010	<u>46,859</u>
Net book value	
At 31 October 2010	<u>50,261</u>

9 Fixed asset investments

	<i>Shares in group undertakings £</i>
Cost	
At 1 February 2007	—
Additions	43,500
At 31 January 2008	<u>43,500</u>
Provisions for diminution in value	
At 1 February 2007	—
Charge for year	42,500
At 31 January 2008	<u>42,500</u>
Net book value	
At 31 January 2008	<u>1,000</u>
	<i>Shares in group undertakings £</i>
Cost	
At 1 February 2008	43,500
At 31 January 2009	<u>43,500</u>
Provisions for diminution in value	
At 1 February 2008	42,500
At 31 January 2009	<u>42,500</u>
Net book value	
At 31 January 2009	<u>1,000</u>
	<i>Shares in group undertakings £</i>
Cost	
At 1 February 2009	43,500
At 31 January 2010	<u>43,500</u>
Provisions for diminution in value	
At 1 February 2009	42,500
At 31 January 2010	<u>42,500</u>
Net book value	
At 31 January 2010	<u>1,000</u>

	<i>Shares in group undertakings £</i>
Cost	
At 1 February 2010	43,500
At 31 October 2010	<u>43,500</u>
Provisions for diminution in value	
At 1 February 2010	42,500
Charge for year	1,000
At 31 October 2010	<u>43,500</u>
Net book value	
At 31 October 2010	<u>—</u>

10 Debtors

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Trade debtors	204,843	336,527	589,633	662,948
Amounts owed by group undertakings	—	—	—	686,100
Other debtors	11,829	34,751	81,914	218,617
	<u>216,672</u>	<u>371,278</u>	<u>671,547</u>	<u>1,567,665</u>

11 Creditors: amounts falling due within one year

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Net obligations under hire purchase contracts	1,010	10,335	2,978	—
Trade creditors	71,575	36,707	73,065	153,392
Amounts owed to group undertakings	—	16,500	1,400	—
Taxation and social security	78,321	69,455	67,120	174,795
Other creditors	275,888	320,966	455,451	688,523
	<u>426,794</u>	<u>453,963</u>	<u>600,014</u>	<u>1,021,710</u>

12 Creditors: amounts falling due after more than one year

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Net obligations under hire purchase contracts	—	7,943	—	—
	<u>—</u>	<u>7,943</u>	<u>—</u>	<u>—</u>

13 Provisions for liabilities

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Deferred tax	—	8,339	7,536	10,116
	<u>—</u>	<u>8,339</u>	<u>7,536</u>	<u>10,116</u>

14 Share capital

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Ordinary shares	100	100	170,100	170,100
	<u>100</u>	<u>100</u>	<u>170,100</u>	<u>170,100</u>

15 Statement of movements on profit and loss account

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Balance brought forward	239,281	357,646	248,456	251,107
Profit for the period	173,365	105,810	2,651	374,965
Dividends	(55,000)	(215,000)	—	—
Balance carried forward	<u>357,646</u>	<u>248,456</u>	<u>251,107</u>	<u>626,072</u>

16 Financial commitments

The annual rental of committed operating leases at year end expire as follows:

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
In over five years	—	59,139	86,209	92,653
	<u>—</u>	<u>59,139</u>	<u>86,209</u>	<u>92,653</u>

17 Control

The ultimate parent company and controlling party was AFH Group Limited, a company incorporated in England. and Wales.

18 Transactions with directors

Included within creditors amounts due within one year were amounts due to the directors as follows:

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
A Hudson	15,232	20,317	62	67,314
	<u>15,232</u>	<u>20,317</u>	<u>62</u>	<u>67,314</u>

During the period commissions were paid to the partnership "A & F Hudson". The director, Mr A Hudson, has a material interest in this partnership. Commissions paid were as follows:

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Commissions paid	174,276	116,783	107,431	83,431
	<u>174,276</u>	<u>116,783</u>	<u>107,431</u>	<u>83,431</u>

19 Related party transactions

At the balance sheet date there were loans due from/(to) related parties as follows:

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
AFH Group Ltd	—	(16,500)	(1,400)	686,100
AFH Trust & Estates	—	—	15	15
AFH SPV1 Ltd	—	—	(7,811)	(9,761)
Judy Ward (Financial Services) Ltd	—	—	—	13,445
Bell Chambers Ltd	—	—	—	46,332

During the period commissions were paid to the related parties as follows:

	<i>Year ended 31 January 2008 £</i>	<i>Year ended 31 January 2009 £</i>	<i>Year ended 31 January 2010 £</i>	<i>Period ended 31 October 2010 £</i>
Mercury House Financial Services Ltd	7,360	7,751	8,880	4,286
Holland House Financial Services Ltd	1,180	15,644	4,000	5,197
Groucott Moor Financial Services Ltd	14,661	51,317	30,666	39,227
Price Deacon Witham Financial Services Ltd	—	—	8,114	5,905
Jones & Co Independent Financial Services Ltd	—	1,237	2,627	826
Straight Financial Services Ltd	—	—	2,452	280
Swinford Independent Financial Advisors Ltd	—	—	3,150	17,869
Cotswold Financial Advisors Ltd	—	—	18,895	15,459
Marlowe & Co Financial Management Ltd	—	—	—	1,381
PPW Financial Services Ltd	15,199	29,395	18,419	18,179

AUDIT REPORTS

Set out below are the audit reports in respect of AFH Independent Financial Services for the three financial years ended 31 January 2008, 31 January 2009 and 31 January 2010 and for the nine months ended 31 October 2010.

“PERIOD ENDED 31 OCTOBER 2010

We have audited the financial statements of AFH Independent Financial Services Limited for the period ended 31 October 2010 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Director’s Responsibilities Statement set out on pages 1 – 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 October 2010 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies regime.

**Mr S N Southall (Senior Statutory Auditor)
for and on behalf of Baldwins (Stourbridge) Limited**

1 April 2011

**Chartered Certified Accountants
Statutory Auditor**

1st Floor, Copthall House
1 New Road
Stourbridge
West Midlands
DY8 1PH"

“YEAR ENDED 31 JANUARY 2010

We have audited the financial statements of AFH Independent Financial Services Limited for the year ended 31 January 2010 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Director’s Responsibilities Statement set out on pages 1 – 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 January 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director’s Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies regime.

**Mr S N Southall (Senior Statutory Auditor)
for and on behalf of Baldwins (Stourbridge) Limited**

27 October 2010

**Chartered Certified Accountants
Statutory Auditor**

1st Floor, Copthall House
1 New Road
Stourbridge
West Midlands
DY8 1PH"

“YEAR ENDED 31 JANUARY 2009

We have audited the financial statements of AFH Independent Financial Services Limited for the year ended 31 January 2009 set out on pages 4 to 12. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company’s members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

The director’s responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the director’s report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director’s remuneration and other transactions is not disclosed.

We read the director’s report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 January 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.
the information given in the Director's Report is consistent with the financial statements.

Baldwins (Stourbridge) Limited

27 November 2009

**Chartered Certified Accountants
Registered Auditor**

1st Floor, Copthall House
1 New Road
Stourbridge
West Midlands
DY8 1PH"

“YEAR ENDED 31 JANUARY 2008

We have audited the financial statements of AFH Independent Financial Services Limited for the year ended 31 January 2008 set out on pages five to eleven. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company’s members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

The director’s responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the director’s report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director’s remuneration and other transactions is not disclosed.

We read the director’s report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 January 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Director is consistent with the financial statements. the information given in the Report of the Director is consistent with the financial statements.

Baldwins (Stourbridge) Limited

26 November 2008

Chartered Certified Accountants

1st Floor, Copthall House
1 New Road
Stourbridge
West Midlands
DY8 1PH"

PART V

FINANCIAL INFORMATION ON AFH GROUP

The following financial information has been extracted, without material adjustment, from the audited financial statements of AFH Group for the ten months ended 31 October 2010. The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), they do not, therefore, include a cash flow statement. The information set out in this Part V has been extracted from a previously published financial report by AFH Group and does not constitute statutory accounts within the meaning of section 434 of the Act.

A. BALANCE SHEET

	<i>Notes</i>	<i>As at 31 October 2010 £</i>
Fixed assets		
Intangible assets	2	882,933
Investments	3	1,066,381
		<u>1,949,314</u>
Current assets		
Debtors	4	100
Cash at bank and in hand		24,418
		<u>24,518</u>
Creditors: amounts falling due within one year	5	<u>(1,392,069)</u>
Net current assets/(liabilities)		<u>(1,367,551)</u>
Total assets less current liabilities		581,763
Creditors: amounts falling due after more than one year	6	<u>(266,410)</u>
Total assets less current liabilities		<u>315,353</u>
Capital and reserves		
Called up share capital	7	438
Share premium account	8	649,922
Profit and loss account	8	(335,007)
Shareholders' funds		<u>315,353</u>

NOTES TO THE ACCOUNTS

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

Small acquisitions where goodwill is less than £50,000 will be written off in the year of acquisition. Medium sized acquisitions where the goodwill is between £50,001 and £100,000 will be amortised over 5 years. Large acquisitions where the goodwill is over £100,001 will be amortised over 10 years.

The carrying value of goodwill is reviewed for impairment at the end of the financial year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Share-based payments

The company has issued share options to certain directors and employees. These financial statements have been prepared in accordance with Financial Reporting Standard for Small Entities which does not require equity-settled share based payment arrangements to be recognised as an expense.

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

2 Intangible fixed assets

	<i>Goodwill</i> £
Cost	
At 1 January 2010	376,500
Additions	806,585
At 31 October 2010	<u>1,183,085</u>
Amortisation	
At 1 January 2010	151,500
Charge for year	148,652
At 31 October 2010	<u>301,152</u>
Net book value	
At 31 October 2010	<u>882,933</u>

3 Fixed asset investments

	<i>Shares in</i> <i>group undertakings</i> £
Cost	
At 1 January 2010	1,066,381
Additions	—
At 31 October 2010	<u>1,066,381</u>
Net book value	
At 31 October 2010	<u>1,066,381</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

<i>Company</i>	<i>Country of registration</i> <i>or incorporation</i>	<i>Share Class</i>	<i>% Held</i>
AFH Independent Financial Services Ltd	United Kingdom	Ordinary	100
Judy Ward (Financial Services) Ltd	United Kingdom	Ordinary	100
Bell Chambers Ltd	United Kingdom	Ordinary	100
Get Invested Ltd	United Kingdom	Ordinary	100
AFH JV Holdings Ltd	United Kingdom	Ordinary	100
AFH Acquisitions Ltd	United Kingdom	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

<i>Company</i>	<i>Principal activity</i>	<i>Capital & reserves 2010</i>	<i>Profit/(loss) for the period 2010</i>
AFH Independent Financial Services Ltd	Financial advisors	797,226	376,019
Judy Ward (Financial Services) Ltd	Financial advisors	67,941	(21,762)
Bell Chambers Ltd	Financial advisors	(771)	(142,956)
Get Invested Ltd	Dormant	100	—
AFH JV Holdings Ltd	Dormant	100	—
AFH Acquisitions Ltd	Dormant	100	—

The latest relevant accounts for Judy Ward (Financial Services) Ltd were for the period ended 24 June 2009. The latest relevant accounts for Bell Chambers Ltd were for the period ended 30 September 2009.

4 Debtors

	<i>Period ended 31 October 2010</i>
	<i>£</i>
Other debtors	100
	<u>100</u>

5 Creditors: amounts falling due within one year

	<i>Period ended 31 October 2010</i>
	<i>£</i>
Amounts owed to group undertakings	850,100
Taxation and social security	61
Other creditors	541,908
	<u>1,392,069</u>

6 Creditors: amounts falling due after more than one year

	<i>Period ended 31 October 2010</i>
	<i>£</i>
Other creditors	266,410
	<u>266,410</u>

7 Share capital

	<i>Period ended 31 October 2010 £</i>
Ordinary shares	438
	<u>438</u>

8 Statement of movements on reserves

	<i>Period ended 31 October 2010 £</i>
Share premium account	
Balance brought forward	649,922
Premium on shares issued	—
Balance carried forward	<u>649,922</u>
Profit and loss account	
Balance brought forward	(184,786)
Loss for the period	(150,224)
Balance carried forward	<u>(335,007)</u>

9 Control

The company is controlled by the director and major shareholder A Hudson, by virtue of his shareholding in the company of 360,000 shares representing 82% of the total issued ordinary share capital.

10 Transactions with directors

During the period the company purchased goodwill from the partnership "A & F Hudson" for an amount of £575,000. The director, Mr A Hudson, has a material interest in this partnership.

11 Related party transactions

At the balance sheet date the following balances were due from/(to) related parties:

	<i>Period ended 31 October 2010 £</i>
AFH Independent Financial Services Ltd	(686,100)
Judy Ward (Financial Services) Ltd	(39,000)
AFH SPV1 Ltd	(125,000)

AUDIT REPORT

Set out below is the audit report in respect of AFH Group for the ten months ended 31 October 2010.

“PERIOD ENDED 31 OCTOBER 2010

We have audited the financial statements of AFH Group Limited for the period ended 31 October 2010 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors’ Responsibilities Statement set out on pages 1 – 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 October 2010 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other Matter

The prior year figures are not audited. Our opinion is not qualified in respect of this matter.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors’ Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

**Mr S N Southall (Senior Statutory Auditor)
for and on behalf of Baldwins (Stourbridge) Limited**

1 April 2011

**Chartered Certified Accountants
Statutory Auditor**

1st Floor, Copthall House
1 New Road
Stourbridge
West Midlands
DY8 1PH

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of consolidated net assets of the Group, which has been derived from the financial information on the Company and AFH Group, as adjusted as set out in the notes below. The unaudited pro forma statement has been prepared for illustrative purposes only and, because of its nature, will not represent the actual consolidated financial position of the Group.

	<i>Company</i> <i>Note 1</i> <i>£'000</i>	<i>AFH Group</i> <i>As at</i> <i>31 October</i> <i>2010</i> <i>Note 2</i> <i>£'000</i>	<i>Adjustments</i> <i>Note 3</i> <i>£'000</i>	<i>The</i> <i>Group</i> <i>£'000</i>
Fixed assets				
Tangible fixed assets	—	50	—	50
Investments	—	—	—	—
Intangible assets	—	710	—	710
	—	760	—	760
Current assets				
Debtors	37	882	—	919
Cash at bank and in hand	13	234	1,487	1,734
	50	1,116	1,487	2,653
Creditors: Amounts falling due within one year	—	(1,564)	—	(1,564)
Net current assets	50	(448)	1,487	1,089
Total assets less current liabilities	50	312	1,487	1,849
Creditors: Amounts falling due after more than one year	—	(266)	—	(266)
Provision for liabilities	—	(10)	—	(10)
Net assets	50	36	1,487	1,573
Capital and reserves				
Called up share capital	50	1	1,487	1,538
Share premium account	—	650	—	650
Profit and loss account	—	(615)	—	(615)
	50	36	1,487	1,573

NOTES

- 1 The balance sheet of the Company represents the position as at incorporation.
- 2 The financial information on AFH Group as at 31 October 2010 has been derived without material adjustment from the financial information on AFH Group in Part V of this Document and on AFH Independent Financial Services in Part IV of this Document. No account has been taken of the activities of either company subsequent to 31 October 2010.
- 3 On Admission, the Company will issue up to 1,858,750 Ordinary Shares at 80p per share for a total consideration of £1,487,000.

The Directors
AFH Financial Group PLC
St Johns House
16 Church Street
Bromsgrove
Worcestershire
B61 8DN

The Members
St Helens Capital Partners LLP
223a Kensington High Street
London
W8 6SG

9 June 2011

Dear Sirs

AFH Financial Group PLC (“the Company”)

Introduction

We report on the unaudited pro forma financial information set out in Part VI of the PLUS Admission Document (the “Document”) dated 9 June 2011 of the Company which has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how the consolidated balance sheet of the combined entity would be presented after completion of the proposals.

Responsibilities

It is the responsibility of the Directors of the Company to prepare the unaudited pro forma financial information. It is our responsibility to form an opinion on the financial information as to the proper compilation of the unaudited pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the unaudited pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors of the Company.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the unaudited pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Declaration

We are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Sawin & Edwards

PART VII

ADDITIONAL INFORMATION

1. THE COMPANY

- 1.1. The Company was incorporated and registered in England and Wales on 18 May 2011, as a public limited company under the name AFH Financial Group PLC and with company number 7638831.
- 1.2. The Company's registered office is located at St Johns House, 16 Church Street, Bromsgrove, Worcestershire, B61 8DN and its telephone number is 01527 577 775.
- 1.3. The Company is governed by the Articles and the Act (the principal legislation under which it operates).
- 1.4. The Company is a limited liability company with a share capital.

2. SHARE CAPITAL

- 2.1. There are currently 11,900,000 fully paid Ordinary Shares in issue. It is anticipated that at Admission the issued share capital of the Company will be as follows:

<i>Nominal value (£)</i>	<i>Number of Ordinary Shares</i>
1,375,875	13,758,750

- 2.2. At the date of this Document, each of the issued shares in the capital of the Company is fully paid.
- 2.3. Under the Articles, the Directors have been authorised during the period ending with the Company's annual general meeting in 2012 (and afterwards in so far as is necessary to comply with an offer or agreement made by the Company before the expiry of such authority) to allot, or grant rights to subscribe for or to convert any security into shares in the Company up to a maximum of 17,392,000 Ordinary Shares, of which the Directors are authorised to allot 15,000,600 Ordinary Shares on a non pre-emptive basis. These authorities cover (i) the allotment and issue of 11,899,998 Ordinary Shares to the vendors of AFH Group in consideration for the sale by them to the Company of the entire issued share capital of AFH Group, (ii) the allotment and issue, subject to Admission, of up to a further 1,858,750 Ordinary Shares to new subscribers under the Subscription and (iii) a reserve of 549,107 Ordinary Shares being the maximum number of Ordinary Shares over which the options referred to in section 8 below could, if the conditions for exercise are met, be exercised. Over and above these items the Directors have been granted the authority to allot a further 3,084,145 Ordinary Shares (approximately 22.4 per cent. of the Company's Issued Share Capital, assuming that the Subscription is taken up in full), of which they are authorised to allot a further 692,745 Ordinary Shares (approximately 5.0 per cent. of the Company's Issued Share Capital, assuming that the Subscription is taken up in full) on a non pre-emptive basis.

3. ARTICLES

The Articles contain, *inter alia*, provisions to the following effect:

Allotment of Shares

The Articles contain the authorities referred to in paragraph 2.3 above.

Votes of Members

Subject to any terms as to voting under which any shares may be issued, or may for the time being be held, every member present in person shall have one vote on a show of hands and, on a poll, every member shall have one vote for every Ordinary Share of which he is the holder. The duly authorised representative of a corporate member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual member. A member is not entitled to vote unless all calls due from him have been paid. A member is not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the 2006 Act and, having failed to supply the Company with the information which he knows to be, or having recklessly given information which is, false in any material particular, within the period specified in such notice (being not less than 14 days or 28 days, depending on the size of his shareholding, from the date of service of such notice) is served with a disenfranchisement notice. Such disenfranchisement notice will apply only for so long as the notice from the Company has not been complied with.

Dividends

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (“the Statutes”), the Company may by ordinary resolution declare dividends to be paid to members of the Company according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Directors. Subject to the Statutes, the Directors may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

Transfer of Shares

The Ordinary Shares are in registered form. Any member may transfer all or any of his shares by an instrument of transfer in the usual form or in such other form as the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor shall be deemed to remain the holder until the name of the transferee is entered in the register. There is no restriction on the registration of a transfer of a fully paid share provided the transfer (i) is duly stamped and lodged at the registered office, accompanied by the relevant share certificate and such other evidence of the right of the transferor to make the transfer as the Board may reasonably require, (ii) is in respect of only one class of share and (iii) is in favour of not more than four transferees. If one or more of the above conditions is not complied with, the Board has the discretion whether or not to register the transfer in question. The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares, all or any of which are not fully paid or on which the Company has a lien, provided that such

discretion may not be executed in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

Variation of Rights

Subject to the Statutes, all or any of the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled on a poll to one vote for every share of the class held by him. Except as mentioned above, such rights may not be varied. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

Share Capital

Subject to the Statutes, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued with such rights or such restrictions as the Company may from time to time determine by ordinary resolution. Subject to the provisions of the Articles and the Statutes, the power of the Company to allot and issue shares shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board may determine.

Share Warrants

The Company may, with respect to any fully paid shares, issue a share warrant stating that the bearer of the warrant is entitled to the shares specified in it and may provide (by coupons or otherwise) for the payment of future dividends or other monies on the shares included in a share warrant.

The power to issue share warrants may be exercised by the Board, which may determine and vary the conditions on which share warrants shall be issued. Subject to such conditions and to the Articles, the bearer of a share warrant shall be deemed to be a member for all purposes. The bearer of a share warrant shall be subject to the conditions for the time being in force applicable thereto, whether made before or after the issue of such share warrant.

Directors

The Board may, subject to quorum and voting requirements, authorise a matter which would otherwise involve a Director breaching his statutory duty to avoid conflicts of interest. The Director seeking authorisation must provide all relevant information to the Board and is excluded from voting and counting towards the quorum. Any authorisation is revocable and may be conditional.

Provided a Director has declared his interest in accordance with the articles and statute, that Director may:

- i) be a party to or otherwise directly or indirectly interested in any contract with the Company or in which the Company has a direct or indirect interest;
- ii) be or become a director or other officer of, or employed by, or otherwise interested in, any subsidiary company of the Company or in which the Company is otherwise interested;
- iii) hold any other office or place of profit within the Company (except that of Auditor) in conjunction with his office of director for such period and upon such terms, including as to remuneration, as the Board may decide;
- iv) act by himself or through a firm with which he is associated in a professional capacity for the Company or any other company in which the Company is interested; and/or
- v) be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company.

A Director may not vote or be counted in a quorum in relation to any resolution of the Board in respect of a contract in which he has an interest, including resolutions regarding his own appointment, unless the interest cannot reasonably be regarded as giving rise to a conflict or the interest arise only from one or more of the following matters:

- i) the giving to him or any other person of a guarantee, security, or indemnity in respect of money lent to, or an obligation undertaken by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- ii) the giving to a third party of a guarantee, security, or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- iii) the giving to him of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- iv) the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangements;
- v) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- vi) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- vii) any contract concerning any other company (not being a company in which the Director has a Relevant Interest) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;

- viii) any contract concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to Directors and employees of the Company or of any of its subsidiary undertakings and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- ix) any contract for the benefit of employees of the Company or of any of its subsidiary undertakings under which the benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- x) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any Director or Directors or for, or for the benefit of, persons who include Directors.

The Directors shall be paid such remuneration (by way of fee) for their services as may be determined by the Board. The Directors shall also be entitled to be repaid by the Company all travel, hotel and other expenses of travelling to and from Board meetings, committee meetings, general and other meetings or otherwise reasonably incurred while engaged on the business of the Company or in the discharge of his duties as a Director. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may determine.

The Board may exercise all the powers of the Company to provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office and they shall not be liable for any loss, damage or misfortune which may be incurred by the Company in or from the execution of those duties.

Other than a Director appointed to the office of chief executive, managing director or joint managing director, a Director shall retire at least once every 3 years. A retiring director shall be eligible for re-election at the annual general meeting at which he retires. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. This settlement procedure is reflected in the Articles.

4. DIRECTORS' AND OTHER INTERESTS

- 4.1. The interests of the Directors and the persons connected with them, all of which are beneficial (which have been notified to the Company pursuant to Part 22 of the Act or are required to be disclosed in the register of Directors' interests pursuant to Part 22 of the Act) as at the date of this Document and as they are expected to be immediately following Admission are as follows:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of Issued Share Capital</i>
Alan Hudson	9,780,822	71.1
John Wheatley	194,264	1.4
Toby Denne	—	—

- 4.2. Save as set out below and save as disclosed in sub paragraph 4.1 above, the Directors are not aware of any interest (within the meaning of Part 22 of the Act) in the Company's ordinary share capital which, immediately following Admission, would amount to 3 per cent. or more of the Company's issued ordinary share capital:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of Issued Share Capital</i>
Philip and Lynn Mobberley	1,478,082	10.7

Of these 1,478,082 Ordinary Shares, 489,041 are owned by P. Mobberley Carpenters Limited and 489,041 are owned by The P. Mobberley Carpenters Limited Pension Scheme. Philip and Lynn Mobberley are the beneficial owners of P. Mobberley Carpenters Limited and are also the beneficiaries of the P. Mobberley Carpenters Limited Pension Scheme.

- 4.3. Save as set out in sub paragraphs 4.1 and 4.2 above, following Admission, no Director or Shareholder is expected to have any interest (within the meaning of Part 22 of the Act) in the share capital of the Company which would amount to 3 per cent. or more of the Company's issued ordinary share capital.
- 4.4. There are no outstanding loans or guarantees provided by the Company to or for the benefit of any of the Directors.
- 4.5. Save as disclosed in this Document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

5. DIRECTORS' TERMS OF APPOINTMENT

- 5.1. On 9 June 2011, Alan Hudson entered into a service agreement with the Company under the terms of which he agreed to act as Chief Executive Officer of the Company for a salary of £250,000 per annum. The appointment shall be for an initial fixed period of one year from Admission and shall be terminable thereafter on six months' notice from either side. Under the terms of his service agreement, Mr Hudson is, *inter alia*, restricted from soliciting the services of any employee of, or business away from, the Company (or any other company in the same group) during the six-month period after he ceases to be employed by the Company. These restrictions do not prevent Mr Hudson from

carrying out certain advisory services pursuant to an agreement dated 3 December 2001 between (1) AFH Independent Financial Services Limited, (2) A & F M Hudson, and (3) Mr Hudson.

- 5.2. On 9 June 2011, John Wheatley entered into a service agreement with the Company under the terms of which he agreed to act as part-time Finance Director of the Company for a salary of £12,000 per annum. The appointment shall be for an initial fixed period of one year from Admission and shall be terminable thereafter on three months' notice from either side. Under the terms of his service agreement, Mr Wheatley is, *inter alia*, restricted from soliciting the services of any employee of, or business away from, the Company (or any other company in the same group) during the six-month period after he ceases to be employed by the Company.
- 5.3. On 9 June 2011, Toby Denne entered into a letter of appointment with the Company under the terms of which he agreed to act as a Non-Executive Director of the Company for a fee of £12,000 per annum. The appointment shall be for an initial fixed period of one year from Admission and shall be terminable thereafter on three months' notice from either side.
- 5.4. Save as disclosed in paragraphs 5.1 to 5.3 above, there are no engagement contracts or letters of appointment, existing or proposed, between any Director (or any other party agreeing to provide the Company with directorship services) and the Company, nor have any such contracts been entered into or amended in the six months prior to the date of this Document.
- 5.5. The aggregate remuneration (including any contingent or deferred compensation) and benefits in kind payable to the Directors by the Group in the financial period ending 31 October 2011 under the arrangements in force at the date of this Document are expected to amount to £274,000.

6. ADDITIONAL INFORMATION ON THE DIRECTORS

- 6.1. In addition to their directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this Document:

Alan Hudson	<i>Current Directorships/Partnerships</i>	<i>Past Directorships</i>
	AFH Independent Financial Services Limited	AFH Small Business School Limited
	AFH Group Limited	AFH Trust and Estate Planning Limited
	AFH JV (Holdings) Limited	AFH Equestrian Limited
	AFH Acquisitions Limited	AFH Mortgage & Loans Ltd
	AFH SPV1 Limited	AFH Price Pearson
	AFH SPV2 Limited	Wheatley Limited
	St Johns Asset Management Limited	A.F.H. Executive Financial Planning Limited
	Swinford Independent Financial Advisers Limited	G.R. Brickstock & Associates Financial Services Limited
	MFA Wealth Management Limited	Bell Chambers Limited
	Marlowe & Co. Financial Services Limited	Judy Ward (Financial Services) Limited
	Jones & Co Independent Financial Services Limited	Straight Financial Services Limited
	Lindasi Limited	Cherish Wealth Management Limited
	Getinvested Limited	

Alan Hudson (continued)	<i>Current Directorships/Partnerships</i>	<i>Past Directorships</i>
	Bloomer Heaven Wealth Management Limited	Barlow, Gray & Company Limited
	Cotswold Financial Advisers Limited	Brian Potter & Associates Financial Services Limited
	Price Deacon Witham Financial Services Limited	MGP Engineering Services Limited
	Mercury House Financial Services Limited	Allabusinessneeds.com Limited
	Groucott Moor Financial Services Limited	Anthony Butcher & Company Limited
	Holland House Financial Services Limited	Blythe Phillips Management Services Limited
	PPW Financial Services Ltd	
	Strand House Wealth Management Limited	
	Hudson Equestrian LLP	
John Wheatley	<i>Current Directorships/Partnerships</i>	<i>Past Directorships</i>
	AFH Price Pearson Wheatley Limited	Mentor-UK.Com Limited
	AFH Group Limited	Southern Bear Plc
	Cradley Group Holdings Plc	V Eight Limited
	PPW Financial Services Limited	Maple (183) Limited
	Bromsgrove School Foundation	MPT Holdings Limited
	CW Xperts Limited	JDR Products Limited
	Dodderhill School	Frederick Woolley Limited
	FW Cables Limited	
	FW Cables (Holdings) Limited	
	Advantage Designs Limited	
	Rowe (Kidderminster) Ltd	
	Woven Carpets of Kidderminster Ltd	
	Crofts & Assinder Holdings Limited	
	Price Pearson Wheatley Partnership	
	Hudson Equestrian LLP	
	Toby Denne	<i>Current Directorships/Partnerships</i>
Flight Calibration Services Limited		Allium Capital Limited
Texture Restaurants Limited		CHGAC Investments Limited
Leckford Partners Limited		
Census Portfolio Management Limited		

- 6.2. On 14 May 1998 and as disclosed at that time, whilst John Wheatley was acting as liquidator of W F Bannocks Ltd, he was reprimanded by the Institute of Chartered Accountants for failing to file an annual return in respect of that company and was fined £500.

6.3. Save as disclosed in paragraph 6.2 above, none of the Directors has:

- (a) any unspent convictions in relation to indictable or fraudulent offences;
- (b) been a director or partner in any company or partnership which has been placed in administration, receivership, liquidation (including voluntary arrangement) where he was a director or partner at the relevant time or within the following 12 months;
- (c) ever been declared bankrupt or entered into a voluntary arrangement;
- (d) been publicly incriminated or sanctioned by any statutory or regulatory authority (including designated professional bodies); or
- (e) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

7. MATERIAL CONTRACTS

Below is a summary of the material contracts, not being contracts entered into in the ordinary course of business, to which the Company is a party, for the two years immediately preceding the date of this Document.

- 7.1. Margetts Fund Management Limited (“ACD”) is the sole corporate director and investment manager of Margetts St. Johns Realistic Core Fund (“MGTS”). By an agreement dated 18 November 2009 between (1) ACD and (2) AFH Independent Financial Services Limited, ACD delegated its discretionary investment management functions in respect of MGTS to AFH Independent Financial Services Limited, under which AFH Independent Financial Services Limited will provide investment management and related advisory services to ACD and MGTS. Either ACD or AFH Independent Financial Services Limited may terminate the agreement by giving the other at least six months’ notice. ACD may also terminate immediately if it deems it to be in the interests of the shareholders of MGTS. AFH Independent Financial Services Limited’s fees for carrying out the services are set out in the agreement.
- 7.2. By an agreement commencing on 30 November 2009 between (1) Pershing Securities Limited (“PSL”) and (2) AFH Independent Financial Services Limited, PSL has been appointed to provide certain clearing, settlement, administrative and support services to AFH Independent Financial Services Limited. The various fees charged by PSL for carrying out the services are set out in the agreement. Subject to certain exceptions, the agreement is for an initial term of three years and is terminable by either party giving the other not less than 180 days’ written notice at any time after the end of the initial term.
- 7.3. By a share purchase agreement dated 24 June 2009 between (1) Judith Ann Ward and (2) AFH Group Limited, AFH Group Limited purchased the entire issued share capital of Judy Ward (Financial Services) Limited. The issued shares comprised 1079 A ordinary shares of £1 each, 1079 B ordinary shares of £1 each and 721 C ordinary shares of £1 each. The Consideration for the purchase was to be calculated pursuant to the Agreement and was to be based upon the net assets of the target and the renewal income generated by the clients of the target in the two years following completion. Subsequent to completion the business and assets of Judy Ward (Financial Services) Limited were transferred to AFH Independent Financial Services Limited and Judy Ward (Financial Services) Limited is currently dormant.
- 7.4. By a share purchase agreement dated 30 September 2009 between (1) Alison Rose Burgess and Jeffery Burgess and (2) AFH Group Limited, AFH Group Limited purchased the entire issued share capital of Bell Chambers Limited. The issued shares comprised

100 ordinary shares of £1 each. The Consideration for the purchase was to be calculated pursuant to the Agreement and was to be based upon the net assets of the target and the renewal income generated by the clients of the target in the two years following completion. Subsequent to completion the business and assets of Bell Chambers Limited were transferred to AFH Independent Financial Services Limited and Bell Chambers Limited is currently dormant.

- 7.5. By an asset purchase agreement dated 30 September 2009 between (1) Insync Financial Planning Limited and (2) AFH Group Limited and (3) West Bromwich Building Society, AFH Group Limited purchased the business and assets of Insync Financial Planning Limited and all client data and information held by Insync Financial Planning Limited. The purchase price was calculated by reference to the average annualised trail commission for the two year period following completion subject to a maximum of £250,000. The initial instalment of £100,000 was paid on completion.
- 7.6. By an asset purchase agreement dated 30 March 2010 between (1) Steven Wheatcroft and Peter Stephen Fox and (2) AFH Group Limited, AFH Group Limited purchased the business and assets of the partnership, Wheatcroft Fox and all client data and information held by Wheatcroft Fox. The purchase price was £130,000. The initial instalment of £65,000 was paid on completion.
- 7.7. By an asset purchase agreement dated 20 September 2010 between (1) Alan Hudson and Fiona Margaret Hudson and (2) AFH Group Limited, AFH Group Limited purchased the business and assets of the partnership, Alan Hudson IFA and all client data and information held by Alan Hudson IFA. The purchase price was £575,000.
- 7.8. A lock-in agreement dated 9 June 2011 between (1) the Directors, (2) the Company, and (3) St Helens Capital pursuant to which each of the Directors have given undertakings to the Company and to St Helens Capital that, save in certain limited circumstances, they will not dispose of any of the Ordinary Shares (or of any interest therein) held by them and/or by their connected persons for the period of 12 months from the date of Admission.
- 7.9. A share sale agreement dated 9 June 2011 between (1) Alan Hudson and others and (2) the Company for the acquisition by the Company of the entire issued share capital of AFH Group in consideration of the issue by the Company to the vendors of AFH Group of 11,900,000 Ordinary Shares. Immediately following the acquisition, the vendors of AFH Group held the same percentage shareholding in the Company as they had previously held in AFH Group.

8. OPTION SCHEMES

By resolution of the Board on 9 June 2011, the rules of The AFH EMI Share Option Plan and of The AFH Contractors Share Option Plan were approved. Only employees of AFH Group may be granted an option under The AFH EMI Share Option Plan. Selection of persons to whom options may be granted is at the absolute discretion of the Directors. In both plans there is no performance target related to the granting of an option and options do not vest until 2 years have elapsed from the date of execution of the option contract. Options over 144,002 Ordinary Shares have been granted under The AFH EMI Share Option Plan and over 405,105 Ordinary Shares under The AFH Contractors Share Option Plan. These options replace options that had been granted by AFH Group and which have been terminated.

9. MATERIAL CHANGE

There has been no material change in the financial or trading position of the Group since 31 October 2010 (the date to which the Financial Information in Parts IV and V of this Document was prepared).

10. LITIGATION

Neither the Company nor any member of the Group is involved, nor within the previous 12 months has any of them been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have, or has had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

11. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group on Admission will be sufficient for the present requirements of the Group, that is for the twelve month period following Admission.

12. UNITED KINGDOM TAXATION

12.1. The following paragraphs are intended as a general guide only and summarise advice received by the Directors about the UK tax position of shareholders who are resident (and in the case of individuals, ordinarily resident and domiciled) in the UK, holding shares as investments and not as securities to be realised in the course of a trade. Unless otherwise noted the paragraphs below are based on current UK legislation and HMRC practice. It should be noted that a number of the UK tax treatments referred to below relate to unquoted shares as shares listed on the PLUS market are generally treated as unquoted for these purposes.

12.2. An investor should consult his/her own tax professional about the tax consequences of an investment in the shares of the Company.

12.3. Taxation of dividends

- (a) Under current UK legislation, no tax is withheld from dividend payments by the Company.
- (b) Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten percent of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the dividend basic rate (10 per cent.) or the dividend higher rate (32.5 per cent.). The effect will be that the taxpayers who are otherwise liable to pay at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate tax payers will have an additional liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and the associated tax credit, or an effective rate of 25 per cent. of the dividend actually received. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit. Additional rate taxpayers, those individuals with a taxable income in excess of £150,000, will have an additional liability (after taking into account the tax credit) of 32.5 per cent. of the aggregate of the cash dividend and the associated tax credit, or an effective rate of 36.1 per cent. of the dividend actually received.

- (c) Trustees of discretionary trusts are liable to account for income tax at the dividend trust rate, currently 42.5 per cent.
- (d) Investors should consult their own tax advisers on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

12.4. *Taxation of capital gains made by shareholders*

- (a) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the company may be liable to capital gains tax in relation thereto at a rate of 18 per cent. of any chargeable gain realised falling in the basic income tax band (being £35,000 for the tax year 2011/2012) and 28 per cent. on chargeable gains above the basic rate band limit. In computing the chargeable gain, the shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).
- (b) A UK resident corporate shareholder disposing of its shares in the company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 20 per cent. – 26 per cent. for the financial year to 31 March 2012, depending on the taxable profits of the shareholder). In computing the chargeable gain liable to corporation tax, the shareholder is entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

12.5. *Inheritance tax*

The Company's shares are treated as unquoted shares for UK inheritance tax (IHT) purposes. Individuals and Trustees subject to IHT may be entitled to business property relief of up to 100 per cent. after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

12.6. *General Note on Taxation*

Investors should be aware that taxation treatment may be varied in accordance with changes made in taxation rules by H.M. Government from time to time.

13. GENERAL

- 13.1. The total costs and expenses relating to Admission payable by the Company are estimated to amount to approximately £110,000.
- 13.2. St Helens Capital has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which they appear.
- 13.3. Baldwins Accountants has given and not withdrawn its written consent to the inclusion in this Document of its name and its report in Part III of this Document and the references to its name and its report in the form and context in which they appear.
- 13.4. Sawin & Edwards has given and not withdrawn its written consent to the inclusion in this Document of its name and its report in Part VI of this Document and the references to its name and its report in the form and context in which they appear.
- 13.5. The accounting reference date of the Company is 31 October.
- 13.6. Save as disclosed in section 3 of Part I of this Document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

- 13.7. The Directors are not aware of any patents or other intellectual property rights, licenses or particular contracts which are or may be of fundamental importance to the Company's business.
- 13.8. Save as disclosed in section 7 of this Part VII, no person directly or indirectly (other than the Company's professional advisers and trade suppliers or save as disclosed in this Document) in the last 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this Document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company (as appropriate) to such value or entered into any contractual arrangements to receive the same from the Company at Admission.

14. AVAILABILITY OF DOCUMENT

Copies of this Document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the offices of St Helens Capital Partners LLP, 223a Kensington High Street, London W8 6SG, for a period of one month after Admission takes place, which is expected to be on 23 June 2011.

Dated: 9 June 2011

