



Merchant Securities Group

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Merchant Securities Group plc ("Merchant Securities" or "the Group")

Acquisition of GT Independent Financial Advisers Limited

Merchant Securities, the financial services group, is pleased to announce that it has acquired GT Independent Financial Advisers Limited ("GT"), the independent wealth management firm, for an initial consideration of £2 million, payable in a mix of cash and shares (the "Acquisition"). The initial consideration is to be satisfied as to £1 million in cash, of which £750,000 was paid on completion, with a further £250,000 payable on 9 February 2012, together with the issue of 4,347,826 new Merchant Securities ordinary shares ("Consideration Shares"). A further consideration of up to £1 million, either in cash, or up to 50 per cent. in Merchant Securities ordinary shares at the option of the Company ("Performance Shares"), may become payable, dependent on the attainment of certain revenue targets for management fee income. Any performance shares which may become payable will be issued at the average mid market price of the ordinary shares of the Company, for the five dealing days prior to issue.

The acquisition is significant, more than doubling the Group's assets under advisory and discretionary management, with the total rising to approximately £485 million, from £205 million, and is in line with the Board's strategy to grow Merchant Securities' wealth management offering significantly. The Acquisition has received the approval of the Financial Services Authority.

Established in 1986 and based in Marlow, Buckinghamshire, GT provides a range of financial planning services to a client base of approximately 3,300 private clients. Currently, GT has approximately £280 million of assets under influence. The business represents a highly complementary and synergistic fit with Merchant Securities' existing wealth management activities. In particular, Merchant Securities sees strong cross-selling opportunities, including the potential to offer its own wealth management products and services to GT's client base.

For the year ended 31 May 2010, GT generated revenues of £1.25 million and a profit before taxation of £280,000 and had net assets of £132,000 at that date. GT's managing director and former major shareholder, Tim Wall, will remain with the company and will play a significant role in the ongoing development of the Group's wealth management activities. GT will change its name to Merchant Securities Wealth Management Limited as soon as practicable.

Application for admission of the Consideration Shares to AIM has been made and it is expected that admission will become effective and that dealings in the Consideration Shares will commence on 16 February 2011.

Patrick Claridge, Chief Executive of Merchant Securities, said,

"I am delighted to announce the acquisition of GT Independent Financial Advisers. The deal more than doubles Merchant Securities' assets under advisory and discretionary management, to £485m, and represents exciting progress in our ambition to grow our presence significantly in the wealth management sector."

We see considerable potential for the opportunity to bring additional products and services to GT's substantial client base. We very much look forward to working with the GT team and are very optimistic about the growth opportunities ahead for Merchant Securities Wealth Management."



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