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

Final Results

Proposed Dividend up 20%; Robust Financial Performance; Strong Balance Sheet

The Directors of AFH (the "Directors"), a leading financial planning led investment management firm, today announces the Group's consolidated audited results for the period ending 31 October 2014 reflecting continued growth of the Group during 2014.

Highlights:

- Revenue up 40% to £15.0m (2013: £10.7m);
- Recurring revenue increased to 55% of total revenue (2013: 50%);
- Gross margins at 51%;
- Profit before tax increased to £1,057,000 (2013: £1,049,000);
- Proposed dividend of 1.5p per share, up 20% (2013 dividend: 1.25p per share);
- Cash and cash equivalents of £5.7m at 31 October 2014 (31 October 2013: £4.3m) with no bank or other secured debt;
- Total advisers increased to 136 (31 October 2013: 122);
- Funds under management now exceed £1 billion;
- Seven acquisitions completed, expanding operations into Scotland, Cornwall and East Anglia; and
- Strong acquisition pipeline - from single person businesses to small-to-medium corporates.

Commenting, John Wheatley, Chairman of AFH and Alan Hudson, Chief Executive of AFH, said:

"The current year has started in line with trading levels experienced during the second half of 2014 with recurring revenue continuing to grow in line with the Directors' expectations. The Group's acquisition pipeline remains strong and the Group's cash reserves will allow it to take advantage of the active M&A market in the IFA sector to meet its strategic aims in 2015 and future periods."

"The profitable growth of AFH is due to the hard work and professional approach of our staff and advisers. I would like to formally thank all the team for the contribution they have made in a transformational year where we have continued to grow our business successfully as well as listing on AIM. It is our aim to become the employer of choice for staff and it is in response to the support we receive from our staff that we continue to develop and promote our people from within at every opportunity so that many key positions are occupied by home grown talent. It is the enthusiasm, dedication and creativity of our staff and advisers that allows the Group to realise the delivery of our strategy each year."

Enquiries:

AFH Financial Group PLC **01527 577 775**
Alan Hudson, Chief Executive Officer
Paul Wright, Chief Financial Officer
www.afhfinancialgroup.com

Allenby Capital Limited **020 3328 5656**
(Nominated Adviser and Broker)
Nick Naylor
Chris Crawford
Nick Athanas

Yellow Jersey PR Limited **07799 003 220**
Dominic Barretto
Kelsey Traynor

Chairman's Report

I am pleased to report that during the period under review AFH successfully transitioned the listing of its shares to the AIM market and met its financial targets as set out by the Directors in the admission document published in June 2014. Our financial progress has been achieved through a combination of organic and acquisitive growth, the latter being funded by the new share issues in April 2014 and June 2014 and from cash generated by our trading operations. Further, during the year, the Board was strengthened by the appointment of three new directors: Paul Wright as CFO and Sue Lewis and Mark Chambers, who bring considerable corporate and commercial experience, as non executive directors. As previously reported, we have also invested in our technology and infrastructure, as well as in our staff, to ensure that the Group is appropriately resourced for the planned expansion in 2015 and beyond.

During the year, the Group completed seven acquisitions, expanding operations from its West Midlands heartland into Scotland, Cornwall and East Anglia - as well as increasing its footprint in its traditional client areas. These acquisitions included asset purchases and, in the case of AG Financial Planning, a corporate acquisition. During recent years, the Group has established an effective model for integrating multiple acquisitions of varying sizes, and the Board believes that this will enable the Group to accelerate the rate of acquisitions in the future as appropriate opportunities arise from single person businesses to small-to-medium corporates.

The two fundraising exercises undertaken during the year successfully raised over £3m for the Group, under the Enterprise Investment Scheme ("EIS") to enable qualifying investors to subscribe for new shares under a favourable tax structure. As noted above, these funds have been used to finance asset purchases in addition to providing capital to fund the organic growth of the business.

Admission to AIM

On 30 June 2014 the Group's shares were admitted to trading on AIM. The Board of AFH considers this to be an important step change in the development of the Group in providing access to the wider capital markets, enhancing the standing and credibility of AFH in the Independent Financial Adviser ("IFA") sector and in creating a potential currency for larger acquisitions in the future. Whilst trading volumes since June unsurprisingly have been low, the successful admission of the shares to trading on AIM introduced institutional investors to our shareholder register for the first time and allowed the Group to meet with a number of institutional investors and market its profile as a leading financial planning led investment manager.

Financial Results

Like-for-like revenue for the year increased by approximately 40% to £15.0m compared to the corresponding year ending 31 October 2013. Gross margins remained at 51%, whilst recurring revenue increased to 55% of total revenue (2013: 50%).

The Group reported an increase in profit before tax (as adjusted to exclude the exceptional one-off IPO costs) to £1,057,000 (2013: £1,049,000). The tax charge for the year was also increased to 30% as a result of the non-tax deductibility of these exceptional IPO costs.

Earnings per share were impacted by the April and June share issues, the net proceeds of which were used for acquisitions in quarter four of the period under review and the first half of the new financial year, the benefits of which will be realised in 2015 and future years. Adding back the effect of the exceptional IPO costs adjusted EPS fell to 4.7p per share (2013: 5.3p).

At 31 October 2014, the Group remained free of bank or other secured debt and held cash and cash equivalents of £5.7m (31 October 2013: £4.3m) reflecting both the positive cash generation of the business during the year and the balance of the funds raised in April 2014 and June 2014. As a result, the Group is well placed to make further suitable acquisitions as opportunities arise in the future.

Dividend

As previously announced the Group intends to maintain a progressive dividend policy whilst recognising the requirement to maintain cash within the business to fund its growth strategy. The Directors have considered these opposing requirements and in light of the performance during the year under review, they propose a dividend of 1.5p per share, an increase of 20% over the 2014 dividend (1.25p per share). Subject to shareholders' approval at AFH's forthcoming Annual General Meeting, the dividend will be paid on 22 May 2015 to shareholders on the register of members at the close of business on 24 April 2015.

Employees

The profitable growth of AFH is due to the hard work and professional approach of our staff and advisers. I would like to formally thank all the team for the contribution they have made in a transformational year where we have continued to grow our business successfully. It is our aim to become the employer of choice for staff and it is in response to the support we receive from our staff that we continue to develop and promote our people at every opportunity so that many key positions are occupied by home grown talent. It is the enthusiasm, dedication and creativity of our staff and advisers that allows the Group to realise the delivery of our strategy each year.

Outlook

The Directors believe that there is a growing requirement for a professional, financial planning led approach to wealth management delivered by trusted personal advisers. Furthermore they recognise that there is a continuing consolidation of the IFA market at many levels within the sector. This has been particularly apparent since the summer months of 2014 with a number of medium sized IFA practices now considering their future as part of larger organisations.

The Group has proven consistent profitability and cash generation and maintains a strong balance sheet for the current size of its business. The Board believe that it has implemented the appropriate infrastructure to support its growth plans for 2015 and beyond and will actively seek appropriately priced acquisition opportunities during 2015 to generate additional revenue, drive increased profitability and grow funds under management.

Our long-term aim continues to be focused on growing our client base through both organic and acquisitive expansion, supported by our centralised support functions.

The progress made in 2014, and into the early months of the 2015 financial year, allows the Directors to view the prospects for the future with confidence.

John Wheatley

Non-Executive Chairman

Chief Executive's Report

I am pleased to report the continued growth of the Group during 2014, through new business generated by our team of IFAs supplemented by the recurring income acquired from our seven acquisitions during the period. During the period total revenue grew by £4.2m to £15.0m whilst gross margins were held at 51%. Recurring revenue remains strong and during the year accounted for £8.2m of total revenue (2013: £5.5m) This increase in recurring revenue as a percentage of total revenue can be attributed in part to the acquisitions completed during the year but also reflects a trend that has been previously highlighted as a development of the Retail Distribution Review ("RDR"), introduced in January 2013. The increase in recurring revenue of £2.7m reflects our organic growth together with the contribution of acquisitions made during 2014 and the previous year. £385,000 of recurring revenue was attributed to acquisitions completed during the year ended 31 October 2014.

The Group successfully completed the acquisition and integration of seven IFA businesses during the year of which six were asset purchases, making use of the funds raised from EIS qualifying shares raised by the Group during the last two years. These acquisitions incurred an initial cash outlay of £864,000 with the balance of the consideration of up to £1.15m being on a deferred basis depending on trading of the acquired businesses during the next two year period. In addition, the Group made one company acquisition for a potential maximum price of £422,000 of which £195,000 was paid during the year. Deferred consideration totalling £649,000 was also paid in respect of prior year acquisitions reflecting the buyout value attributable to the actual recurring revenue and EBIT generated by these acquisitions. The current year acquisitions diversified the Group into Scotland and expanded the footprint in England and Wales. It is anticipated that these acquisitions will act as a seed for organic growth in the future and enable the Group to recruit additional IFAs in these new areas.

At 31 October 2014, the number of advisers had increased to 136 (31 October 2013: 122) reflecting both advisers joining with acquisitions and those recruited individually, net of retiring IFAs. The internal market that I outlined in my last report continues to allow retiring advisers to realise the growth in the value of their client base whilst enabling younger advisers within the Group to acquire client portfolios in a transparent and controlled environment and is expected to develop further in the future.

During the year funds under management ("FUM") grew to £850m. This figure was increased to over £900m by the acquisition of Knight O'Byrne on 3 November 2014 and, on 11 January 2015, the Group announced that FUM exceeded the £1billion level.

Administrative expenses of £6.8m includes the non-recurring IPO costs of listing on AIM, of which £197,000 was written off during the year in accordance with IFRS requirements. Administrative expenditure, before depreciation and amortisation of tangible and intangible assets and IPO costs increased to £6.2m (2013: £4.4m) reflecting the previously reported recruitment and investment in our infrastructure to support the growth in 2014 and the projected growth in 2015. The Group continues to support its operations from one office in Bromsgrove through a centralised administrative function.

Amortisation of intangible assets increased significantly to £343,000 (2013: £91,000) as the impact of a full year charge on our 2013 acquisitions was reflected. Following a review of all acquisitions to date, using discounted cash flow modelling, the Directors' have not deemed it necessary to impair the value of any of the Group's investments.

The Group strengthened its balance sheet during the year through several equity fundraisings and profitable trading and at 31 October 2014 had net assets of £10.5m (31 October 2013: £7.3m) and cash and cash equivalents of £5.7m (31 October 2013: £4.3m). At that date the maximum deferred earn out liabilities on existing acquisitions was £4.2m, payable during 2015 and 2016. Due to the structure of these acquisitions the earn outs are expected to be self-funding during these periods.

Property Fund

During the period, AFH's Property Fund invested in 4 properties in a range of sectors including warehousing, leisure and office premises. At 31 October 2014 the fund had grown to £26m (2013: £17m) and has now invested in 9 properties each valued between £2m and £5m. The fund continues to generate returns in line with its 6% to 8% target.

Post Year End

Since 31 October 2014, the Group has raised £2.14m from the issue of a 7.5% unsecured 4 year bond with warrants attached exercisable at 200p, and a further £207,000 from the issue of new shares to a number of our IFAs who were not already shareholders at a price of 150p.

Since 31 October 2014 the Group has completed 5 acquisitions of which three were asset purchase deals and two were share purchases, the details of which have been announced to the market. Completion of several of these transactions was delayed by the increasing time required by the FCA to transfer the existing authorisations of advisers to AFH. It appears that this trend is consistent across the market and is likely to continue during 2015 with a consequential adverse effect on the timing of future acquisitions.

The pipeline for both suitable acquisitions and IFA recruitment remains strong and whilst there was upward pressure on price multiples within the sector during 2014 the Group continues to find high quality IFAs at prices consistent with the AFH model. As set out in the December 2014 bond documentation, the Group continues to expand nationally without any loss of focus on our traditional West Midlands client base and remains focused on both small and larger IFAs looking to benefit from being part of a wider group. It is expected to be a feature of our acquisition strategy in 2015 to expand the business nationally with an emphasis on the South and North West of England.

In January 2015, the Group announced that it had exceeded £1 billion FUM. This demonstrates the growing status of AFH and will be used by the Group to negotiate improved charging structures on behalf of clients and advisers. As the market forecasts a period of low inflation and lower investment returns than in previous years the ability to provide cost effective investment propositions will establish key differentiators in the IFA market and the Board believes that AFH is well placed to benefit from these changes.

Current year trading

The current year has started in line with trading levels experienced during the second half of 2014, with recurring revenue continuing to grow in line with the Directors' expectations. As noted above, a number of acquisitions that were forecast to complete during Q1 2015 were delayed as a result of changes in regulatory authorisation procedures and whilst three of these deals completed in February 2015, and will increase the ongoing revenue run rate to the expected level, they will have minimal impact in H1 2015 and this will have a short term impact on our first half revenue growth. The Group's acquisition pipeline remains strong and the Group's cash reserves will allow it to take advantage of the active M&A market in the IFA sector to meet its strategic aims in 2015 and future periods.

Alan Hudson

Chief Executive Officer

AFH FINANCIAL GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2014

	2014	*2013*
	£'000	*£'000*
Revenue	**15,037**	**10,797**
Cost of sales	(7,326)	(5,165)
Gross profit	**7,711**	**5,632**
Administrative expenses	(6,811)	(4,561)
Operating profit	**900**	**1,071**
Finance income	25	1
Finance costs	(64)	(23)
Profit before tax	**861**	**1,049**
Income tax expense	(260)	(245)
Profit for the year attributable to owners of the parent	**601**	**804**
Other comprehensive income	-	-
Total comprehensive income for the year attributable to owners of the parent	**601**	**804**
Earnings per share (in pence)		
Basic	3.31	5.33
Diluted	3.10	5.19

AFH FINANCIAL GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2014

	2014	*2013*
	£'000	*£'000*
Assets		
Non-current assets		
Intangible assets	9,707	7,376
Property, plant and equipment	279	251
Investments	1	1
	9,987	**7,628**
Current assets		
Trade and other receivables	2,474	2,625
Cash and cash equivalents	5,653	4,334
	8,127	**6,959**
Total assets	**18,114**	**14,587**
Liabilities		
Current liabilities		
Trade and other payables	4780	4,047
Current tax liabilities	136	198
Financial liabilities - Borrowings	-	50
	4,916	**4,295**
Net current assets	**3,211**	**2,664**
Non-current liabilities		
Trade and other payables	1,866	2,220
Financial liabilities - Borrowings	752	752
Deferred tax liability	42	34
	2,660	**3,006**
Total liabilities	**7,576**	**7,301**
Net assets	**10,538**	**7,286**
Shareholders' equity		
Share capital	1,932	1,712
Share premium account	7,097	4,477

Merger reserve	(540)	(540)
Share-based payment reserve	269	230
Retained earnings	1,780	1,407
Total Shareholders' equity	**10,538**	**7,286**

Approved by the Board of Directors 13 March 2015

AFH FINANCIAL GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 OCTOBER 2014

	Share capital £'000	*Share premium £'000*	*Merger reserve £'000*	*Share-based payment reserve £'000*	*Retained earnings £'000*	*Total £'000*
Balance at 1 November 2012	1,478	2,153	(540)	230	751	4,072
Profit for the year	-	-	-	-	804	804
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**804**	**804**
	1,478	**2,153**	**(540)**	**230**	**1,555**	**4,876**

Issue of share capital	234	2,324	-	-	-	2,558
Dividend	-	-	-	-	(148)	(148)
Balance at 31 October 2013	**1,712**	**4,477**	**(540)**	**230**	**1,407**	**7,286**
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Profit for the year	-	-	-	39	601	640
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income				39	**601**	**640**
Issue of share capital	220	2,620	-	-	-	2,840
Dividend	-	-	-	-	(228)	(228)
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Balance at 31 October 2014	1,932	7,097	(540)	269	1,780	**10,538**

AFH FINANCIAL GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 OCTOBER 2014

	2014	*2013*
	£'000	*£'000*
Cash flows from/(used in) operating activities		
Cash generated from operations	1,895	998
Tax paid	(314)	(187)
Net cash inflow/(outflow) from operating activities	**1,581**	**811**
Cash flows from investing activities		
Purchase of property, plant and equipment	(112)	(161)
Purchase of other intangible assets, net of cash	(2,674)	(1,458)
Proceeds from disposals of other intangible assets	-	1,080
Rental Income received	10	-
Interest received	15	1
Net cash outflow from investing activities	**(2,761)**	**(538)**
Cash flows from financing activities		
Proceeds from issue of shares	3,082	2,588
Share issue costs	(242)	(31)
Proceeds from borrowings	-	752
Repayment of borrowings	(50)	-
Interest paid	(63)	(23)
Dividends	(228)	(148)
Net cash inflow from financing activities	**2,499**	**3,138**
Net increase/(decrease) in cash and cash equivalents	1,319	3,411
Cash and cash equivalents at the beginning of the year	4,334	923
Cash and cash equivalents at the end of the year	**5,653**	**4,334**

AFH FINANCIAL GROUP PLC

NOTES TO THE CONSOIDATED FINANCIAL STATEMENTS

The following selected notes have been extracted from the Company's audited report and accounts.

1. General Information

AFH Financial Group is a company incorporated in England and Wales under the Companies Act 2006 and is registered at AFH House, Buntsford Drive, Stoke House, Bromsgrove, Worcestershire, B60 4JE.

The Group is principally engaged in the provision of independent financial advice to the retail market.

This financial information has been prepared for the year ended 31 October 2014.

2. Revenue and segmental analysis

The Board of Directors is considered to be the chief operating decision maker of the Group.

The Board has determined that there is one operating segment of Independent Financial Advisery services based on reports reviewed by the Board that are used to make strategic decisions.

The total revenue of the Group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

No customer is defined as a major customer by revenue, contributing more than 10% of the Group revenues (2013 - £nil).

3. Employees

Employee costs (including salaried directors) for the Group were as follows:

	2014	*2013*
	£'000	*£'000*
Wages and salaries	3,833	2,546
Social security costs	358	237
Share based payments	39	-
	4,230	2,783

The average number of employees (including directors) during the year were as follows:

	2014	*2013*
	Number	*Number*
Directors	5	3
Office	136	98
Total	141	101

4. Income Tax expense

	2014	*2013*
	£'000	*£'000*
Current tax		
– Current year	235	228
– Prior year	10	
Deferred tax		
– Relating to origination and reversal of temporary differences	15	17
Income tax expense reported in the Statement of Comprehensive Income	260	245

Reconciliation of profit before tax to total tax expense for the year:

	2014	2013
	£'000	*£'000*
Profit before tax	861	1,049
Profit become income tax multiplied by the rate of Corporation tax in the UK 22.86% (2013), 20% (2014)	172	241
Effect of:		
Non-deductible expenses	65	3
Prior year deferred tax adjustment	23	2
Tax effect of unrecognised accelerated capital allowances	-	-
Income tax expense reported in the Statement of Comprehensive Income	260	245

Changes in the applicable tax rates over the periods are due to the reduction in Corporation tax rates.

5. Dividends

	2014	*2013*
	£'000	*£'000*
Ordinary interim paid	228	148
Ordinary final paid	-	-
Dividend per share	1.25 pence	1 pence

6. Intangible assets

	Goodwill	*Acquired client portfolios*	*Total*
	£'000	*£'000*	*£'000*
Cost			
At 1 November 2012	2,477	2,301	4,778
Additions	-	4,190	4,190
Disposals	-	(284)	(284)
Revaluations	(12)	(779)	(791)
At 31 October 2013	2,465	5,428	7,893
Additions	-	2,674	2,674
Disposals	-	-	-
Revaluations	-	-	-
At 31 October 2014	2,465	8,102	10,567

Amortisation			
At 1 November 2012	375	51	426
Charge for the year	-	91	91
At 31 October 2013	375	142	517
Charge for the year	-	343	343
At 31 October 2014	375	485	860
Net book value			
At 31 October 2014	2,090	7,618	9,707
At 31 October 2013	2,090	5,286	7,376

Goodwill believed to have an indefinite useful life is carried at cost. The determination of whether goodwill is impaired requires an assessment of the fair value less cost to sell. The recoverable amount of goodwill on a fair value less costs to sell calculation is based on the discounted cash flows expected from the intangible assets of each acquisition, assuming no future growth in revenue generated cash flows, discounted at an implied factor of 10%. On this basis the directors believe the value of goodwill is not impaired at 31 October 2014.

7. Trade and other receivables

	2014	*2013*
	£'000	*£'000*
Trade receivables	2,009	2,054
Corporation tax	-	11
Other receivables	184	369
Prepayments	274	180
Deferred tax asset	7	11
	2,474	2,625

There are no bad or doubtful receivables.

8. Borrowings

	2014	*2013*
	£'000	*£'000*
8% Unsecured bonds	752	752
Convertible loan notes	-	50
	752	802

Analysis of borrowings

Current borrowings

Convertible loan notes	-	50
	-	50
Non-current borrowings		
8% Unsecured bonds	752	752

The financial liabilities are recognised at amortised cost. There is no material difference between the fair value and the carrying value.

Convertible loan notes issued relate to the acquisition of Acquired Client Portfolios on 3 April 2012 and are treated in accordance with the accounting policy on contingent consideration. During the year to 31 October 2014 £50,000 loan notes were cancelled as a result of earn out targets not being achieved and this cancellation has been taken through the income statement.

The 8% unsecured bond is due in 2020.

9. Trade and other payables

	2014	*2013*
	£'000	*£'000*
Current		
Trade payables	359	225
Contingent consideration	2,266	1,839
Loan	-	139
Commissions payable	1,683	1,403
Other payables	154	114
Accruals	318	327
	4,780	4,047
Non-current		
Contingent consideration	1,866	2,220
	1,866	2,220

10. Cash generated from operations

	2014	*2013*
	£'000	*£'000*
Profit before tax	861	1,049
Adjustments for:		
Interest and dividend income	(25)	(1)
Interest expenses	63	23
Depreciation, amortisation and impairment	427	145
Profit on disposal of intangible assets	-	(6)
Equity settled share based payment expense	39	-

Cancellation of loan notes	-	(175)
Movements in working capital:		
- Trade and other receivables	151	(486)
- Trade and other payables	379	448
Cash generated from operations	1,895	997

11. Events subsequent to the Statement of Financial Position

On 3 November 2014 the Company announced the acquisition of the assets of chartered financial planners Knight O'Byrne Limited ("Knight O'Byrne), headquartered in Cornwall, for a maximum consideration payable of £1.2 million, satisfied by an initial cash payment upon completion of £525,000, followed by a further cash consideration of up to £675,000, payable over the next 26 months in three tranches and dependent upon performance criteria of Knight O'Byrne over the next two years

On 2 February 2015 the Company announced the acquisition of Roxborough Consultancy Limited ("Roxborough") based in Didcot, Oxfordshire, and the acquisition of the assets of First Class Financial Management Ltd ("First Class"), based in West Bromwich. Under the terms of the acquisition of Roxborough, the maximum consideration payable by AFH is £911,760, satisfied by an initial cash payment upon completion of £476,760, followed by a further cash consideration of up to £435,000, payable over the next 26 months in two tranches and dependent upon performance criteria of Roxborough over the next two years. Under the terms of the acquisition of the assets of First Class the maximum consideration payable by AFH is £84,000

On 5 February 2015 the Company announced that it had raised £2.14m of 7.5% Unsecured Loan Notes repayable December 2018 together with warrants to subscribe for 200 new ordinary shares in the Company at a price of £2-00 on redemption of the Loan Notes. The Company also announced that it had issued 137,997 ordinary shares at a price of 150p.

On 10 February 2015 the Company announced the acquisition of K.L. Plester Financial Services Holdings Limited ("Plester"), based in Kidderminster, Worcestershire. Under the terms of the acquisition, the maximum consideration payable by AFH is £1,717,200 in cash. This will be satisfied by a cash payment on completion of £745,200, followed by a further cash consideration of up to £972,000, payable over the next 26 months in two tranches, dependent upon the performance of Plester over the next two years.

On 2 March 2015 the Company announced the acquisition of CIB Wealth Management LLP ("CIB"), based in Rochester Kent. Under the terms of the acquisition, the maximum consideration payable by AFH is £973,350. The initial consideration will be satisfied by a cash payment upon completion of £453,600 satisfied from the Company's existing cash resources, and the issue of 31,500 ordinary shares of 10p each in the Company (the "Consideration Shares") at a price of 150p per Consideration Share. Further deferred consideration of up to £472,500 will be payable over the next 26 months in two tranches and dependent upon performance criteria of CIB over the next two years. The deferred consideration is expected to be settled 90% through cash and 10% through the issue of new ordinary shares of AFH based on the prevailing mid-market price of AFH's ordinary shares on the date the deferred consideration is paid.