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AFH Financial Group Plc
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AFH FINANCIAL GROUP PLC
("AFH" or the "Company")

Placing to raise £750,000 and acquisition update

Placing

The Board of AFH, a leading financial planning led investment management firm, is pleased to announce that it has raised £750,000, before expenses, through the placing of 535,716 new ordinary shares of 10 pence each (the "Placing Shares") at 140 pence per share (the "Placing"). The net proceeds of the Placing will be used by the Company to continue its acquisition-led growth strategy and for general working capital purposes.

The price of the Placing represents a discount of approximately 3.4 per cent. to the closing mid-market price on AIM of AFH's shares of 145 pence on 27 May 2015, being the latest practicable date prior to this announcement. The Placing Shares will represent approximately 2.7 per cent. of the Company's enlarged ordinary share capital immediately following Admission.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and dealings in the Placing Shares will commence at 8:00 a.m. on 3 June 2015.

The Placing Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid in respect of the Company's ordinary shares of 10 pence each ("Ordinary Shares") after the date of Admission and will otherwise rank *pari passu* in all respects with the Company's existing Ordinary Shares.

Acquisition update

The Placing follows on from the Company's acquisition of Independent Financial Services (U.K.) Limited ("IFS"), which completed on 30 April 2015 (the "Acquisition"). IFS is a national firm of IFAs based in Stroud, Gloucestershire and is the largest acquisition made by the Company to date. The acquisition of IFS brings an additional 35 independent financial advisers to the AFH group, as well as numerous national affinity Group relationships. Following the Acquisition the Company's total funds under management is approximately £1.7 billion.

As a result of the size of the Acquisition and regulatory requirements, IFS is not being immediately integrated into AFH's existing infrastructure and will be operated as a separate entity for the remainder of the financial year ending 31 October 2015. AFH will therefore incur the existing cost base of IFS during the remainder of the current financial year. The board of AFH is also expecting, as announced on 1 May 2015, to incur in the current financial year one-off restructuring and integration costs of circa £0.5 million in relation to the Acquisition. Revenue for the current financial year is expected to be in line with the board's expectations. The Company remains cash generative at the operating level and will have £4.75 million of cash following the Placing.

The Company is currently undertaking due diligence on several acquisitions which it expects to conclude in the coming months. For the remainder of the current financial year the Company will be focusing on its core business, integrating IFS and other acquisitions, and implementing operational improvements to ensure that the business can accommodate future growth.

Total voting rights

The enlarged issued share capital of the Company following the issue of the Placing Shares will be 20,033,904 Ordinary Shares with voting rights. The Company does not hold any Ordinary Shares in treasury. Following Admission the above figure of 20,033,904 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or change to their interest in, the share capital of the Company under the Disclosure and Transparency Rules.

Commenting, Alan Hudson, Chief Executive of AFH, said:

"We are delighted to be able to place these shares and to also satisfy demand from certain existing shareholders who wish to increase their investment in AFH. These funds will assist us in executing our growth strategy. Our cost base has increased in the current financial year as a result of the IFS acquisition but our shareholders will see the rewards of our investment in acquisitions in the following financial years."

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