EDISON

AFH Financial Group

H115 interim results

Deploying the capital as promised

Financial services

AFH has both organic and inorganic strands to its strategy. H115 on H114 delivered 13% revenue growth of which more than half was organic, despite the election uncertainty affecting customer volumes in H115. Looking forward, AFH will benefit from the seven deals completed in H115 (and two in July) with more of the H215 growth coming from acquisitions. We have upgraded our estimates to include these deals.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
10/13	10.8	1.1	5.80	1.25	25.2	0.9%
10/14	15.0	1.4	5.83	1.50	25.0	1.0%
10/15e	19.7	2.3	9.36	1.75	15.6	1.2%
10/16e	25.5	3.3	13.16	2.00	11.1	1.4%

Note: *PBT and EPS are normalised, excluding intangible amortisation (a significant item for trends in AFH), exceptional items and share-based payments.

H115 key trends

AFH delivered 13% revenue growth H115 on H114, 55% of the revenue growth over this period came from advisors with the company at the start of FY15. Statutory pre-tax profits grew 13%, with a reduction in cost of sales as a percentage of revenue offset by rising administration and amortisation charges. Basic EPS fell from 2.47p to 2.20p with the company prudently raising equity before it made acquisitions. The group remains lowly gearing (26% debt:equity at H115).

Outlook

While the majority of H115 on H114 revenue growth was organic, we now expect to see a greater inorganic effect. AFH completed seven acquisitions in H115 (and a further two in July), the benefit of which will only be felt in H215 and 2016. IFS, the largest deal to date, only completed on the final day of FY H115. The effect of including acquisitions more than offsets a reduction in the forecast rate of organic growth due to slower adviser hiring. Net, we have upgraded our normalised 2016e pre-tax profits estimates by 10%. Over time, the market is likely to see increased demand from investors for advice as and when the government further changes its treatment of pensions (a likely development given the review announced in the recent budget).The group is expected to be significantly cash generative at the operational level. We believe the outstanding deferred consideration will be more than covered by the existing cash balance, and we forecast 2016e gross cash at £3.1m (net cash £0.3m). Debt is long duration (2018/21 maturity). AFH has raised financing before committing to deals, which we expect to continue.

Valuation: Material upside

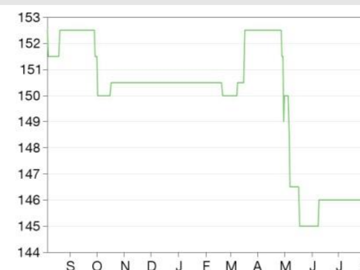
Our valuation is based on the business as it stands today. We only include deals as they are completed. The average of our valuation approaches is 206p (previously 201p). Since the last report we have: included the effect of announced acquisitions; seen a reduction in existing business growth forecasts; and increased the number of shares following the May 2015 £750k placing.

6 August 2015

Price	**146.00p**
Market cap	**£29m**

Net gross cash (£m) at June 2015	4.3
Shares in issue	20.0m
Free float	43%
Code	AFH
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.0	(2.67)	(4.26)
Rel (local)	(2.14)	(0.98)	(7.44)
52-week high/low		152.50p	145.00p

Business description

AFH Financial Group is a national independent financial advisory (IFA) and discretionary wealth management firm based in Bromsgrove. It has actively consolidated in the fragmented IFA market, making 12 acquisitions since its AIM listing in June 2014 (seven in H115, two in H215).

Next event

Trading update	November 2015

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H115 key features

The key features from the H115 results were:

- Revenues were up £0.9m to £8.2m (H114: £7.3m, up 13%). Within this, recurring revenue rose from £3.9m to £5.4m (up 38%) and accounted for 66% of income (H114 54%), while non-recurring revenue fell from £3.4m to £2.8m. New business levels fell during the period, in part due to clients deferring pension advice and investment before the 5 April 2015 changes to pension rules and in part due to slower adviser recruitment. Management is confident that customers will need advice on long-term financial planning whatever the pension regime and the H115 lag should be less of an issue for FY15 given the clear election result. New initiatives were started in H115 to better generate business from historic relationships and the early signs are encouraging that this will deliver organic growth.
- We note that Hargreaves Lansdown, which is primarily execution only and focused on investors with smaller portfolios than AFH, said it had seen advice requests more than doubled after the pension changes came into force in April (reported in the FT on 27 July). However, this growth is specifically related to people with defined benefits pensions pots valued at over £30k looking to transfer to a personal scheme. AFH views this area with caution given the potential for mis-selling allegations should the defined benefit scheme member in due course be financially disadvantaged having made the switch. The review of pensions announced in the recent budget may see some customers pause, but any changes are likely to see an increased demand for advice.
- Management reports that 55% of revenue growth during the period was generated organically.
  - The company made seven acquisitions in the period for a maximum consideration of £9.4m. The inorganic growth reported by AFH is consistent with the incremental income generated from deals assuming its long run pricing of acquisitions at 3x recurring revenue. The largest acquisition IFS (UK) (maximum consideration £4.1m) was completed on 30 April and had no effect on the period revenue.
  - Organic growth was somewhat disappointing. In H115 the group did not hire as many advisers as originally expected. Management has prioritised resources to developing acquisition opportunities given the relative growth available from this source. Management has changed the business development team and focused resources on alternative lead generation channels. It has, for example, revised the way it data mines historic relationships (especially for its buy to go acquisitions). Customers that had taken advice in the past, but not done so recently, are now approached through an outsourced professional lead generator. The indications after two months of this procedure are that active lead generation has increased nearly tenfold compared with previous in-house managed approaches.
- Cost of sales (primarily the fees paid to the advisers) rose by 4% to £3.7m but as a percentage of revenue fell to 45.4% (H114 49.2%). The improving cost of sales to revenue ratio reflects the effects of acquisitions. Where the adviser leaves on acquisition, there is no further cost of sales for recurring income, lowering this ratio. Looking forward, H215 margins will reflect the IFS deal which we detail below before returning to more 'normal' levels in 2016 (we estimate 46.5%).
- Administration costs (excluding amortisation) rose 17% and accounted for 42.5% of revenue (H114 40.8%). The cost growth reflected central control costs being built ahead of expected future growth as well as volume-related increases. IFS will again distort H215 before we see a more normal ratio in 2016.
- Amortisation, depreciation and impairment charges rose from £238k to £336k and accounted for 4.1% of revenue (up from 2.2% in H114). This was primarily driven by amortisation of acquired client portfolios which rose from £161k to £288k, reflecting the growth in acquired

books. Looking forward, the acquisitions made in H115 and July 2015 will see a further rise in the charge in H2 (we estimate £501k) and in 2016.

- EBITDA increased by 36% to £1.10m (2014: £0.81m) and pre-tax profits by 13% to £0.61m (2014: £0.54m). The gross profit margin increased to 55% (H114: 51%).
- AFH has net assets of £11.3m, an increase of 20% on H114 and gross cash reserves at 30 April 2014 of £4.3m (H114: £4.9m). A further £750k was raised in an equity placement after the year end. Financial debt includes a £2.14m corporate bond launched in January 2015 and is just two thirds of gross cash and a quarter of equity. We believe that there is scope for further leverage in the future.

Acquisitions

H115 summary

In H115, AFH made seven acquisitions (detailed below). We believe that the timing of deals completed reflected market bottlenecks in the FCA, which has to approve authorisation of advisers. The maximum consideration for these deals is £9.8m, of which the upfront consideration paid was £3.3m. Of the residual deferred consideration, £1.9m could be paid for in shares. The acquisitions have generally been around AFH's traditional multiples (c 3x recurring revenue, upfront consideration around half the consideration, under 2.5% of funds under management). AFH has also showed a broadening geographic footprint although this is front office – all processing will in due course be centralised in the company's head office.

Exhibit 1: Key financial dynamics (£000s)

Date	Name	Income multiplier	Recurring income	Max consideration	Upfront	Deferred	Upfront	Consideration as % FUM
30/1/2015	Roxborough Consultancy	N/D	N/D	970.0	535.0	545.0	55%	1.8%
09/02/2015	K.L. Plester Financial Services	3.1	600	1,833.0	860.2	972.8	47%	n/d
01/04/2015	Clarendon Financial Solutions	N/D	N/D	483.0	252.5	230.5	52%	1.9%
30/04/2015	IFS	N/D	2,600	4,255.0	605.0	3,650.0	11%	n/d
03/11/2014	Knight O'Byrne	N/D	N/D	1,200.0	525.0	675.0	44%	
02/02/2015	First Class Financial Management	3.0	28	84.0	42.0	42.0	50%	n/d
27/02/2015	CIB Wealth Management	N/D	N/D	973.4	500.9	472.5	51%	2.4%

Source: AFH, Edison Investment Research. Note: N/D is not disclosed. FUM = funds under management.

Exhibit 2: Key business dynamics

Date	Names	Location	Advisers kept	FUM (£m)	Client portfolio (£000s)	As % consideration
02/02/2015 *	Roxborough Consultancy	Didcot		55	916	94%
10/02/2015 *	K.L. Plester Financial Services	Kidderminster	Y	N/D	1,717	94%
02/04/2015 *	Clarendon Financial Solutions	Nottingham	Y	25	461	95%
01/05/2015 *	IFS	National (Stroud)	Y	N/D	4,100	96%
03/11/2014 **	Knight O'Byrne	Cornwall	Y	51	N/D	N/D
02/02/2015 **	First Class Financial Management	West Bromwich		N/D	N/D	N/D
27/02/2015 **	CIB Wealth Management	Rochester	Y	41	N/D	N/D

Source: AFH, Edison Investment Research. Note: *Acquisition accounted, **asset purchase accounted.

IFS (UK)

The IFS deal is worthy of individual comment. At £4.3m maximum consideration, it is nearly three times the size of AFH's previous largest deal. It will add up to 35 independent financial advisers and has a number of national affinity group relationships (including the Federation of Small Businesses) materially increasing AFH's existing affinity business (which is local partnerships). For the year ended 28 February 2015, IFS's revenue was £3.1m, of which £2.6m was recurring, and pre-tax profit was £0.2 million. The initial consideration was a cash payment of £450k. Deferred consideration will be based on the performance of IFS over 30 months following acquisition and is

payable, 50% in cash and 50% in shares (issued at the average market price of the five business days prior to each payment date over the next 32 months in three tranches). With half the deferred consideration paid in equity, management believe the cash generated by the business will exceed the cash consideration by the end of year three.

The scale of IFS means it is being treated differently from the other deals. It 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 full existing cost base of IFS for this period. It will additionally book in the current financial year, one-off restructuring and integration costs of c £0.5m in anticipation of the operational integration of IFS in due course.

The business was run on a less centralised basis than the AFH model, with the cost of sales typically 70% (AFH average c 48%). IFS provided a different service proposition to its advisers and paid them accordingly. The existing arrangements continue until 1 November 2015 when the advisers will be brought on to AFH contracts. The risk of adviser defection is higher than in previous deals given the proportion of advisers who held equity was lower, giving them less of a deal benefit, the different remuneration structure, and the different working practices. AFH has built into the deal structure the right to review the maximum consideration after six months and if there are departures the cap will reduce. It should also be noted that the upfront consideration was well below the proportion normally offered by AFH.

It is also worth noting that the risk to the key national affinity schemes is relatively modest. The key relationship manager for these accounts is retiring and has agreed to contractual ‘good hand-over’ clauses, which have already allowed AFH to have detailed discussions with the counter-parties. There is thus no risk of this key individual trying to take the relationships to another IFA firm.

The gross margin distortion from running the IFS model through H215 will therefore disappear in 2016. Management will manage the transition carefully to ensure the minimum business disruption. The experience from its previous largest acquisition (Shape Financial in June 2013) has given AFH expertise in integrating such multiple-adviser deals.

H215 deals

On 27 July, AFH announced a further two deals:

- Quest Financial Management (Quest), a Derby based IFA. The two advisers left Quest on completion of the acquisition and existing AFH advisers have taken over their client relationships. The maximum consideration is £585k, with an initial cash consideration of £292.5k and deferred cash consideration of up to £292.5k over the next 26 months in two tranches; and
- the assets of Phoenix Independent Financial Services (Phoenix), a Blackburn based IFA. The maximum consideration is £489k, with an initial cash consideration of £240k and deferred cash consideration of up to £249k, payable over the next 26 months in two tranches.

The acquisitions of Quest and the assets of Phoenix will, in aggregate, add approximately £320k of recurring revenue to the company.

Cash movements

While AFH is reporting strong organic growth, roll-up acquisitions form a material part of the group’s strategy. The cash consumption of such an approach has for many competitors proved problematic and this peer track record may be a cause for concern for some investors. However, we believe AFH management is fully aware of the risks and that there are several dynamics from which investors can take comfort.

- Unlike many peers AFH has raised the equity it needs to support deals in advance of making them. It has not made commitments and then had to scramble around arranging finance at a later date.
- Investors should not compare balance sheet deferred consideration with balance sheet cash in isolation. Deferred consideration is performance driven and so the business acquired generates all of the cash for its deferred consideration. The typical multiple of maximum consideration has been 3x recurring revenue and consideration is deferred over 26 months (or in its largest deal 32 months). On the operating assumptions used in Exhibit 3 below, around 50% of total consideration is actually earned by the business being bought over the earn-out period and the acquired company is cumulatively cash positive early in year five. After the initial payment, deferred consideration is paid for by operating cash generated by the acquired business and the performance-related clauses mean that any shortfall in earnings (and so cash) leads to lower payments to the vendors. AFH's policy is that the risk is with the vendor and deferred consideration needs to be earned in cash by the target company. The group's cash position appears very comfortable.

Exhibit 3: Worked example of £100k deal and impact on cash flows

£k	Year 0	Year 1	Year 2	Year 3	Year 4
Cash paid (50% up-front, two tranches, 26 months)	(50.0)	0.0	(25.0)	(25.0)	0.0
Recurring revenue (one third consideration)		33.3	35.0	36.8	38.6
Non-recurring revenue (one third recurring)		11.1	11.7	12.3	12.9
Total revenue		**44.4**	**46.7**	**49.0**	**51.5**
Paid to advisers (60% non-recurring fee)		(6.7)	(7.0)	(7.4)	(7.7)
Admin costs (at 20% marginal)		(8.9)	(9.3)	(9.8)	(10.3)
EBITDA		**28.9**	**30.3**	**31.9**	**33.4**
Interest cost		(1.0)	(1.0)	(1.0)	(0.6)
Tax (at 20%)	0.0	(5.6)	(5.9)	(6.2)	(6.6)
Operating cash in year	**0.0**	**22.3**	**23.5**	**24.7**	**26.3**
Cash movement in year	(50.0)	22.3	(1.5)	(0.3)	26.3
Cumulative cash movement	(50.0)	(27.7)	(29.2)	(29.5)	(3.2)

Source: Edison Investment Research

- Further deals may also involve equity issuance as part of the deferred consideration. For IFS, its latest and largest deal, half the deferred consideration is in equity and management believe it will generate more cash than the cash element of its consideration by the end of year three (rather than in year five as in our example above).
- The group remains lowly geared with financial debt at 26% of equity. The £2.14m bond issued indicates good appetite for the company's long term unsecured debt.

Acquisition accounting

The accounting for the deals is done on either an acquisition basis (where the company has been bought) or on an asset purchase basis (when the client business but not the legal entity is bought). Asset purchase means that any historic issues around mis-selling are not AFH's responsibility, while on an acquisition basis there are always indemnities required from the seller.

AFH values the book of clients on acquisition. It deducts all identifiable assets and liabilities from the maximum consideration, with the residual value becoming a fair value adjustment. This adjustment is treated as an 'acquired client portfolio' within intangible assets and amortised over the expected life of the client (20 years). If the business underperforms against the initial expectations, deferred consideration is reduced, and if the long term value is undermined, the acquired client portfolio may be written down. There was a £779k write down in FY13 but there has been nothing since.

Acquisition adjustments

Investors may note some modest adjustments between the consideration when the company announced the deal and the subsequent notes in the accounts. For the four announced deals which have been acquisition accounted the total announced consideration was £7.2m, while the accounting value was £7.5m (5% more). The reason for this is a net asset adjustment on the initial consideration, where the accounting review on completion of the deal saw net assets acquired. The asset purchase acquisition effect appears minimal.

Exhibit 4: Consideration as announced and as accounted for in H115 (£000s)

	Initial consideration		Deferred contingent consideration	
Heading Left	**Announced**	**Actual**	**Announced**	**Actual**
Roxborough*	477	535	435	435
KL Plester*	745	860	972	972
Clarendon*	231	253	231	231
IFS	450	605	3,650	3,650
Total	**1,903**	**2,253**	**5,288**	**5,288**

Source: AFH, Edison Investment Research. Note: * Adjustment is attributable to net assets on completion of accounts.

Valuation

The average of our valuation approaches for the existing business is 206p (previously 201p) per share, equivalent to 16x 2016e earnings, reflecting the long-term double-digit growth story and the potential benefits of deploying further resources into acquisition opportunities. This multiple is in line with AFH's broad peer group. Over time, delivery of earnings and a continued effective execution of the acquisition strategy are the most likely catalysts to a higher share price.

Peer comparisons

Exhibit 5: Peer valuation comparatives

	Market cap (£m)	2015e P/E (x)	2016e P/E (x)	2015e yield (%)
AFH*	29	15.5	11.0	1.2
IFA businesses				
Lighthouse Group	8	10.2	6.8	4.9
Frenkel Topping	26	22.0	16.1	1.9
Professional service groups				
IFG Group*	158	22.2	18.0	2.9
Mattioli Woods (May following year)	139	19.8	16.2	1.9
Wealth managers				
Brooks MacDonald (June)	250	21.3	18.3	1.7
Charles Stanley (March)	190	31.7	16.8	1.6
St James Place	5,175	30.7	23.9	2.8
Platform Providers				
Hargreaves Lansdown	5,663	34.9	29.6	2.7
Share plc**	44	21.7	13.8	2.4

Source: Thompson Reuters, Edison Investment Research. Note: *Edison Investment Research forecasts, **Edison cash-adjusted basis. Priced at 5 August 2015.

For the reasons identified above, we believe AFH's business model is differentiated from peers. The companies above should only be taken as illustrative of AFH's business.

Discounted cash flow: 257p

We explicitly forecast operating cash generation until 2016, then apply a 5% growth rate for 10 years and a 10x multiple to the final year to establish the terminal value and add this to existing cash balances (including the recent £750k placement). This is then discounted at the cost of capital (10% assumed), generating a fair value of 257p (up from our previous estimate of 247p). The rise is

due to a lower net cash holding at end H115 vs FY14 (£2.2m vs £4.1m) being more than offset by the earnings estimates increase.

Gordon's growth model: 155p

We believe that a skill-based business, with suitable economies of scale, should be able to generate returns safely above its cost of capital. We assume AFH's long-term return will be c 15%, against a cost of capital of 10% and long-term growth of 5%. The base case indicates it should therefore trade at c 2x book. We then apply a premium for near-term performance as despite recent equity raisings, the normalised 2015-16 ROE is around our long-term estimates, and the equity growth rate well above. This indicates a fair value of 155p (up from our previous estimate of 154p due to the profitability generated from now-included acquisitions and the issue of shares above NAV). The sensitivities are given below.

Exhibit 6: Gordon's growth model and sensitivity

	Base	1% ROE	1% g	1% COE
ROE	15.0%	16.0%	15.0%	15.0%
Growth	5.0%	5.0%	6.0%	5.0%
COE	10.0%	10.0%	10.0%	11.0%
P/B	**2.0**	**2.2**	**2.3**	**1.7**
2016e NAV	0.67	0.67	0.67	0.67
Implied price	**1.35**	**1.48**	**1.51**	**1.12**
Discount for near-term performance	15%	15%	15%	15%
Fair value	**1.55**	**1.70**	**1.74**	**1.29**
Difference		0.15	0.19	-0.26

Source: Edison Investment Research

Any model which focuses on statutory earnings (such as Gordon's Growth model) will include the amortisation charge and so is likely to show a lower valuation than a cash-based model, (which does not include the amortisation as it is a non-cash item).

Financials

Exhibit 7: Estimates changes

	Revenue (£m)		%	Adjusted PBT (£m)		%	EPS (p)		%	Dividend (p)		%
	Old	New	Chg	Old	New	Chg	Old	New	Chg	Old	New	Chg
FY15e	19.0	19.7	4	2.0	2.3	15	8.21	9.36	14	1.75	1.75	0
FY16e	23.4	25.5	9	2.9	3.3	15	11.95	13.16	10	2.00	2.00	0

Source: Edison Investment Research.

Our numbers are based on the existing business and so only include acquisitions as they complete. In 2015, our statutory pre-tax profit has fallen by £0.6m driven by higher revenue (£0.7m from the net of including deals and lower organic growth), cost of sales (£0.5m), and amortisation expenses (£0.3m) and the inclusion of a £0.5m restructuring cost. The adjusted number has risen because we strip out the last two factors from our normalised earnings.

The changes to our 2016 estimates are detailed below:

- Revenue – we estimate that the deals since our last report should add around £3.9m to annual revenue. We have only increased our forecast revenue by £2.1m as the growth in H115 was below the level expected. Our historic organic forecasts included growing revenue from existing hires as well as three to five incremental advisers per month. We understand that this level of recruitment was not achieved in H115 and our estimates fully reflect the absence of this source of revenue growth in the future. Additionally, there has been a business mix effect, where there are lower upfront fees offset by higher ongoing fees, which mean revenue is more lagged than in the past. While we are confident that any changes in regulation will see increased demand,

we believe it prudent to recognise that the government's review of pensions could see this delay to customers seeking advice continue into 2016.

- Costs – we have increased the aggregate of costs of sales, administration costs and amortisation to 90.3% of revenue (from 89.7%). Half of the increase is attributable to higher amortisation charges, reflecting recent acquisitions. The lower organic revenue growth sees a modest adverse operational leverage effect.
- Adjustments – our 2016e statutory pre-tax profits have seen a marginal rise to £2.3m from £2.2m. Our adjusted pre-tax profit rises further (from £2.9m to £3.3m), as the higher amortisation charge is stripped out of the adjusted number.
- Cash – our end-2016 net cash (pre deferred consideration) has been reduced from £3.9m to £0.3m. The company has long term debt (repayments due in 2018 and 2021), which cannot be cancelled at the debt and bond holders option. Its gross cash position is still expected to be a healthy £3.1m. We expected this falling cash trend as the group deploys the cash it has raised into acquisitions. The 2016e post-tax operating cash generation is forecast at £3.2m (previously £3.3m), with the reduction totally accounted for by the inclusion of £0.35m cash payments in 2016 in respect of the restructuring charge taken in the 2015 profit and loss account.

Exhibit 8: Financial summary

£'000s	2012	2013	2014	2015e	2016e
Year end 31 October					
PROFIT & LOSS					
Revenue	7,201	10,797	15,037	19,700	25,500
Cost of Sales (exc amortisation and depreciation)	(6,826)	(9,581)	(13,514)	(17,249)	(21,943)
EBITDA	375	1,216	1,523	2,452	3,558
Depreciation	(29)	(54)	(84)	(100)	(115)
Amortisation	(44)	(91)	(343)	(837)	(975)
Operating profit (pre-exceptional)	301	1,071	1,096	1,514	2,468
Exceptionals	0	0	(196)	(500)	0
Other	0	0	0	0	0
Investment revenues	1	(22)	(39)	(164)	(215)
Profit Before Tax (FRS 3)	302	1,049	861	850	2,253
Profit Before Tax (norm)	541	1,140	1,439	2,307	3,348
Tax	(127)	(245)	(260)	(337)	(646)
Profit After Tax (FRS 3)	168	804	601	513	1,608
Profit After Tax (norm)	357	875	1,061	1,846	2,678
Average Number of Shares Outstanding (m)	14.3	15.1	18.2	19.7	20.3
EPS - normalised (p)	2.50	5.80	5.83	9.36	13.16
EPS - FRS3 (p)	1.18	5.33	3.31	2.60	7.90
Dividend per share (p)	1.00	1.25	1.50	1.75	2.00
Cost sales as % revenue	-48%	-48%	-49%	-50%	-47%
Admin cost (exc amortisation) as % revenue	-47%	-41%	-42%	-39%	-40%
EBITDA Margin (%)	5.2%	11.3%	10.1%	12.4%	14.0%
Operating Margin (before GW and except.) (%)	4.2%	9.9%	7.3%	7.7%	9.7%
ROE	4.7%	14.2%	6.7%	4.6%	12.7%
Normalised ROE	10.0%	15.4%	11.9%	16.6%	21.1%
BALANCE SHEET					
Fixed Assets	4,496	7,628	9,987	19,764	18,750
Current Assets	2,923	6,959	8,127	5,770	5,911
Total Assets	7,420	14,587	18,114	25,535	24,661
Deferred consideration due >1 yr	(606)	(1,839)	(2,266)	(3,377)	(2,843)
Other current liabilities	(1,873)	(2,456)	(2,650)	(3,240)	(3,737)
Deferred consideration due <1 yr	(853)	(2,220)	(1,866)	(4,285)	(1,442)
Other LT liabilities	(16)	(786)	(794)	(2,936)	(2,939)
Net Assets	4,072	7,285	10,538	11,696	13,699
NAV per share	0.28	0.43	0.54	0.58	0.67
CASH FLOW					
Operating Cash Flow	(197)	811	1,581	2,669	3,180
Net cash from investing activities	(2,383)	(3,139)	(2,761)	(7,602)	(2,807)
Net cash from (used in) financing	1,780	5,739	2,499	2,626	(571)
Net Cash Flow	(799)	3,411	1,319	(2,308)	(199)
Gross Cash	2012	2013	2014	2015e	2016e
Opening	1,722	923	4,334	5,653	3,345
Change in cash	(799)	3,411	1,319	(2,308)	(199)
Closing balance sheet	**923**	**4,334**	**5,653**	**3,345**	3,146
Cash, debt and deferred consideration analysis					
Closing cash	923	4,334	5,653	3,345	3,146
Closing financial debt	(225)	(802)	(752)	(2,894)	(2,894)
Closing bal sht net cash	698	3,532	4,901	451	252
Closing deferred consideration<1 yr	(606)	(1,839)	(2,266)	(3,377)	(2,843)
Closing deferred consideration >1 yr	(853)	(2,220)	(1,866)	(4,285)	(1,442)
Closing net debt	(761)	(527)	769	(7,212)	(4,033)

Source: AFH, Edison Investment Research

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