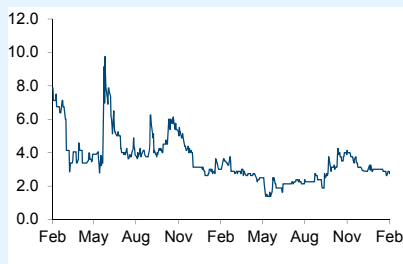


17 February 2017

<b>Ticker</b>	ACP	
<b>Price</b>	2.8p	
<b>Target Price</b>	n/a	
<b>Downside</b>	n/a	
<b>Market Cap</b>	£6.6m	
<b>Index</b>	FTSE AIM All Share	
<b>Sector</b>	Mining	
<b>Net Cash</b>	£0.7m	
<b>Shares in Issue</b>	238.3m	
<b>Next Results</b>	Finals March 2017	
<b>What's changed</b>	<b>From</b>	<b>To</b>
<b>Adj. EPS (FD)</b>	-0.4p	n/c
<b>Recommendation</b>		
<b>Target Price</b>	n/a	n/c

#### Share Price Performance



Source: Thomson Reuters

%	1M	3M	12M
Actual	-8.3	-31.3	-15.4
Relative	-9.3	-36.4	-30.8

#### Company Description

Investment in and development of projects and companies in the African natural resource and infrastructure sectors

#### Analyst:

Martin Potts 020 7220 0544  
mpotts@finncap.com

#### Sales:

Rhys Williams 020 7220 0522  
rwilliams@finncap.com  
Christian Hobart 020 7220 0524  
chobart@finncap.com  
Stephen Joseph 020 7220 0520  
sjoseph@finncap.com  
Tony Quirke 020 7220 0517  
tquirke@finncap.com  
Malar Velaigam 020 7220 0526  
mvelaigam@finncap.com

**Sales Traders:** 020 7220 0531  
STX 73240

## Investing in Africa – graphite in Tanzania

CORP

Armadale Capital offers exposure to an investment company specialising in mining opportunities in Africa. The current focus is on a business that is exploring and developing the Mahenge Liandu graphite project in southern Tanzania. Exploration at Mahenge Liandu is at a relatively early stage though 21 RC drill holes have been completed and a “first pass” inferred resource of 40.9Mt grading 9.41% Total Graphitic Content (‘TGC’) has been defined. Initial metallurgical test-work on a single 10 Kg sample showed encouraging recoveries with some 28.1% within the Jumbo and Super Jumbo flake sizes with a purity of 98.5% TGC. A further 32.9% was within the Large category with a high 99.1% TGC.

- ▶ The market for graphite is in a particularly attractive position with demand for the highest-quality products expected to increase rapidly in line with massively increased demand for lithium-ion batteries, where graphite is used in the manufacture of anodes. Lithium-ion batteries are used in electric vehicles and in dispersed power sources – power banks and so on. Growth in demand for these products is expected to increase substantially over the next decade and beyond.
- ▶ Another drilling campaign at Mahenge Liandu is being planned for the first half of 2017. This is intended to test extensions to the current resource and to upgrade the resource classification.
- ▶ Other mineral exploration companies operating on adjacent licences have reported particularly encouraging results. The Epanko project owned by Kibaran Resources has recently reported a successful Bankable Feasibility Study whereas the Black Rock Mining project is at the Pre-Feasibility stage.
- ▶ At this point in the development of Mahenge Liandu, it is not realistic to set a target price for the stock. However, as the various planned work programmes deliver results, we would anticipate moving to a position where a valuation and hence target price become both credible and realistic.

Year ending December (£m)	2014A	2015A	2016E	2017E
<b>Data</b>				
Sales (£m)	0.0	0.0	0.0	0.0
Adj EBITDA (£m)	-0.8	-0.6	-0.8	-0.8
Adj PBT (£m)	-0.8	-0.7	-0.8	-0.8
Tax rate (%)	0	0	0	0
Adj EPS (FD) (p)	0.0	-1.9	-0.4	-0.4
DPS (p)	0.0	0.0	0.0	0.0
<b>Ratios</b>				
EV/Sales (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	n/a	n/a	n/a	n/a
P/E (x)	n/a	n/a	n/a	n/a
Yield (%)	0.0	0.0	0.0	0.0
Cash flow yield (%)	-15.6	-22.7	-15.7	-12.2
EPS growth (%)	81.2	6,221.6	80.0	0.0

## Key Financials

Income Statement				
Year ending December (£m)	2014A	2015A	2016E	2017E
<b>Sales</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Gross profit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Operating expenses	-0.8	-0.6	-0.8	-0.8
<b>Adjusted EBITDA</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.8</b>
Depreciation/Amortisation	0.0	0.0	0.0	0.0
<b>Adjusted EBIT</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.8</b>
Associates/Other	0.0	0.0	0.0	0.0
Net interest	0.0	-0.1	0.0	0.0
<b>Adjusted PBT</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-0.8</b>
Adjustments	-0.3	-0.3	0.0	0.0
<b>Reported PBT</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-0.8</b>
Taxation	0.0	0.0	0.0	0.0
<i>Tax rate (%)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Reported earnings	-1.1	-1.0	-0.8	-0.8
Average no.shares (FD)	3,564.4	51.9	209.0	209.0
<b>Adj. EPS (FD) (p)</b>	<b>0.0</b>	<b>-1.9</b>	<b>-0.4</b>	<b>-0.4</b>
<b>DPS (p)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Cash Flow				
Year ending December (£m)	2014A	2015A	2016E	2017E
<b>EBITDA</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.8</b>
Net change in working capital	0.2	0.1	-0.2	0.0
Other items	0.2	0.2	0.0	0.0
<b>Operating cash flow</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-1.0</b>	<b>-0.8</b>
Cash interest	0.0	0.0	0.0	0.0
Tax paid	0.0	0.0	0.0	0.0
Capex	-0.6	-1.2	0.0	0.0
<b>Free cash flow</b>	<b>-1.0</b>	<b>-1.5</b>	<b>-1.0</b>	<b>-0.8</b>
Disposals	0.0	0.0	0.0	0.0
Acquisitions	-0.1	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0
Other	0.3	0.0	0.0	0.0
Issue of share capital/(Buyback)	0.5	1.4	1.0	1.0
<b>Net Change in cash flow</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.2</b>
Opening net (debt)/cash	0.9	0.5	0.4	0.4
<b>Closing net (debt)/cash</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.6</b>

Balance Sheet				
Year ending December (£m)	2014A	2015A	2016E	2017E
Tangible assets	3.6	4.9	4.9	4.9
Goodwill	0.0	0.0	0.0	0.0
Other intangible	0.0	0.1	0.8	0.8
Other	0.0	0.0	0.0	0.0
<b>Non current assets</b>	<b>3.6</b>	<b>5.0</b>	<b>5.7</b>	<b>5.7</b>
Inventories	0.0	0.0	0.0	0.0
Trade receivables	0.2	0.3	0.4	0.4
Cash	0.2	0.2	0.9	0.9
Other	0.7	0.3	0.0	0.0
<b>Current assets</b>	<b>1.1</b>	<b>0.8</b>	<b>1.3</b>	<b>1.3</b>
Trade payables	-0.2	-0.3	0.0	0.0
Other current liabilities	0.0	0.0	0.0	0.0
Short term debt	0.0	0.0	0.0	0.0
<b>Net current assets</b>	<b>1.0</b>	<b>0.4</b>	<b>1.3</b>	<b>1.3</b>
Long term debt	-0.3	0.0	0.0	0.0
Pension	0.0	0.0	0.0	0.0
Other/Minorities	0.0	0.0	0.0	0.0
<b>Net assets</b>	<b>4.3</b>	<b>5.4</b>	<b>7.0</b>	<b>7.0</b>
<i>Net working capital</i>	<i>0.0</i>	<i>0.0</i>	<i>0.4</i>	<i>0.4</i>
<i>NAV per share (p)</i>	<i>0.1</i>	<i>10.4</i>	<i>3.4</i>	<i>3.4</i>
<i>NTA per share (p)</i>	<i>0.1</i>	<i>10.3</i>	<i>3.0</i>	<i>3.0</i>

Ratio Analysis				
Year ending December	2014A	2015A	2016E	2017E
<b>Growth</b>				
Revenue growth (%)	n/a	n/a	n/a	n/a
EBITDA growth (%)	11.1	23.4	35.4	0.0
EPS growth (%)	81.2	6,221.6	80.0	0.0
DPS growth (%)	n/a	n/a	n/a	n/a
<b>Returns</b>				
Gross margin (%)	n/a	n/a	n/a	n/a
EBITDA margin (%)	n/a	n/a	n/a	n/a
EBIT margin (%)	n/a	n/a	n/a	n/a
RoE (%)	n/a	n/a	n/a	n/a
RoCE (%)	n/a	n/a	n/a	n/a
<b>Liquidity</b>				
Net debt/equity (%)	n/a	n/a	n/a	n/a
Net debt/EBITDA (x)	0.6	0.7	0.5	0.7
Interest cover (x)	nm	nm	nm	nm
Net working capital to sales (%)	n/a	n/a	n/a	n/a
Cash conversion (%)	132.1	251.4	128.3	100.0
Dividend cover (x)	n/a	n/a	n/a	n/a

### Investment case

Armada Capital offers exposure to a focused portfolio of mineral exploration and development projects in Africa. The principal focus is the Mahenge Liandu graphite project in southern Tanzania. The Mahenge Liandu project is hosted within an area that already hosts advanced graphite projects including the Epanko project controlled by Kibaran Resources, where a full Bankable Feasibility Study has been completed and offtake agreements are in place for all of the expected production.

Initial exploration and drilling results suggest that the Mahenge Liandu project hosts a high-grade graphite deposit. The programme of work going forward will be dictated by results, in particular the fine tuning of the process route as no two graphite deposits are the same. However, other companies exploring projects on adjacent licences have established the broad test processes and mechanisms that should be appropriate to Mahenge Liandu.

Tanzania is a generally pro-mining country with an established gold mining industry hosting several of the continent's largest gold mines. The recent elections have returned a pro-development president and so inward investment in frontier industries including mining is being encouraged.

The outlook for the market for graphite is strongly positive; it is a key component of lithium-ion and other batteries where it is used as the raw material for the anode. Demand growth for high-purity graphite is expected to exceed 20% per year for the next decade at least as more lithium-ion battery-driven technologies become commercialised.

## **Background**

**Armadale Capital was originally incorporated in England and Wales in August 2005 as Chrome Industries Ltd. A month later, its name was changed to MicroFuze International, focusing on the development of metal surface-treatment technologies. The company was admitted to trading on AIM in February 2006.**

In February 2008, the company changed its name to Watermark Global plc. Watermark was focused on the development of technologies that would be capable of addressing the serious acid mine drainage problem on the major South African goldfields. This strategy was followed for nearly four years but the technology failed to be adopted and in December 2011, the interest in the technology was demerged into a South African company, Capricorn Holdings (renamed Mine Restoration Investments). Consequently, Watermark became an Investment Company in terms of the AIM rules.

In July 2013, the company changed its name to Armadale Capital, though it maintained its Investment Company status. A month later, Armadale announced that it was investing in a company that holds the rights to the Mpokoto gold project in the Democratic Republic of the Congo. This project was actively explored and developed (as summarised elsewhere in this note) but has now been put into a joint venture with a partner company that is earning-in to a control position.

In May 2016, the company added to its portfolio with an initial investment in a company with a graphite exploration project at Mahenge in southern Tanzania. Armadale has subsequently acquired the entire interest in the holding company, Graphite Advancement Tanzania Pty Ltd, and exploration and development of the project is proceeding.

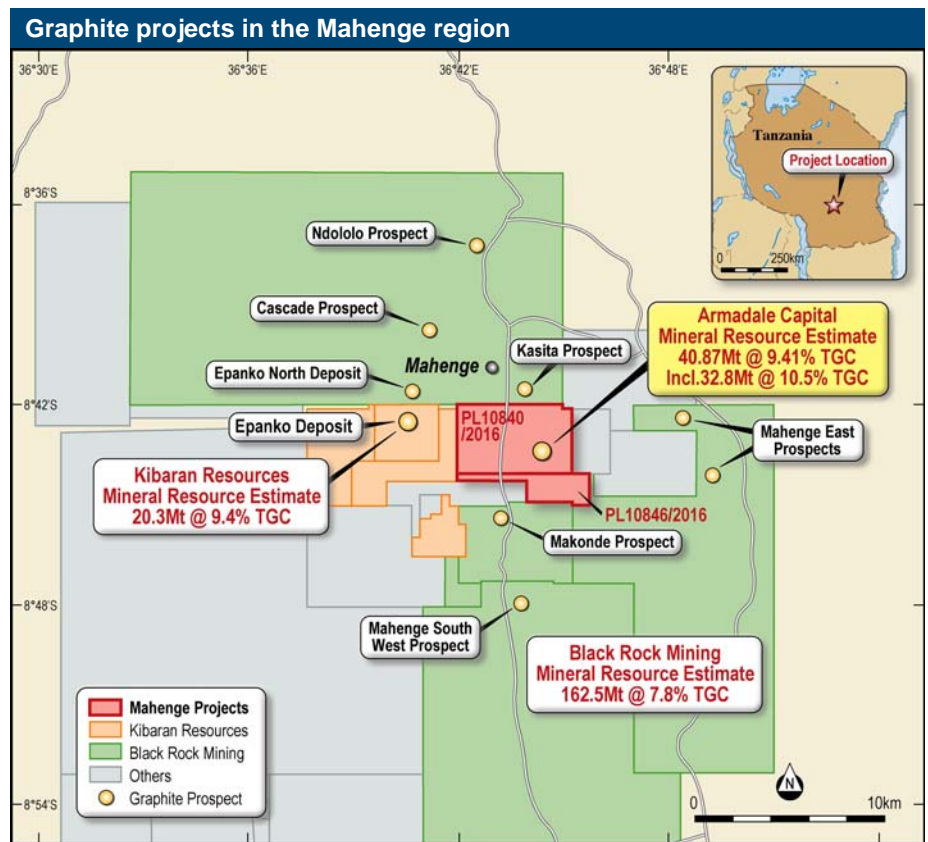
## Mahenge Liandu Graphite Project, Tanzania

The Mahenge Liandu Project is located in south-east Tanzania, approximately 400km south west of the capital and main port of Dar es Salaam and 10km from the town of Mahenge.

Access to the region was opened up with the completion in 1963 of a railway linking Kidatu, some 130 km to the north of Mahenge, with the main railway system to Dar es Salaam. This was superseded in 1975 with the completion of the TAZARA railway, which passes through Ifakara, around 70 km north of Mahenge. Access to Mahenge is to be further improved in the near future with the completion of a road bridge across the Kilombero River, replacing a ferry.

The local holding company, Graphite Advancement Tanzania Pty Ltd ('GAT'), has been exploring the Liandu project since 2015. The Liandu project is hosted by two recently issued prospecting licences covering a total of 29.23 km<sup>2</sup>. These licences are valid for four years, after which half of the total area will have to be relinquished. However, the company would be able to re-apply for any relinquished ground.

In July 2016, Armadale concluded an agreement to acquire 100% of the issued share capital of Graphite Advancement in exchange for shares in Armadale and a loan note for £450,000. The deal left GAT's shareholders owning 28.9% of the enlarged share capital of Armadale.



Source: Armadale Capital

Graphite was first discovered in the vicinity of Mahenge by the Tanganyika Geological Survey in 1944, though at the time it was considered to be merely a geological curiosity and was of no economic interest. Some sampling was done at the time, which reported relatively high grades of flake graphite at outcrop.

Exploration for graphite in the Mahenge area in the modern era appears to have started around 2012 when an Australian company, Kibaran Resources, acquired some mineral exploration rights in the area previously identified by the colonial-era survey. Kibaran was subsequently joined in the immediate area by another Australian company, Black Rock Mining. Both of these companies now have advanced graphite projects at Mahenge. Kibaran's Epanko project is now at the project-financing stage, having completed a Bankable Feasibility Study in 2016. Black Rock's Mahenge project is currently at the Pre-Feasibility study stage.

Construction of Kibaran's Epanko project is likely to start later in 2017, with first commercial graphite production in 2018. Offtake agreements have been concluded for all of Epanko's expected production, with 45% to be used for refractory bricks, 32% going into the high-quality battery market and the remainder going for a range of other higher-end uses. This spread of offtake markets is intended to match the expected product mix from the mine.

#### **Geology and exploration**

The Mahenge Liandu project lies within the Usagaran Neoproterozoic system, which principally comprises high-grade (amphibolites-grade) metamorphic rocks of both sedimentary and igneous origin ranging from schists to gneisses, including marbles, amphibolites, graphitic schist, mica and kyanite schist, acid gneisses, hornblende, biotite and garnet gneisses, quartzite and granulites, which are overlain by Cretaceous sedimentary rocks in the east and Karoo in south west. The Usagaran system is well-known for hosting gold, nickel, copper, various coloured gemstones, including tourmaline, red garnet, tanzanite and spinel, and high-grade coarse graphite flakes.

Reconnaissance mapping by GAT in November 2015 defined a mineralised trend about 1.6 km in strike length and up to 500m wide. A total of 28 rock chip samples were collected from outcrops, with visual estimates of medium-coarse flake graphite ranging from 10-15%. Subsequent surface mapping has extended the strike exposure of the mineralisation to around 2.5km. Structural measurements suggested steep dipping, N-S trending mineralisation in the south, and shallow dipping NE-SW trending mineralisation to the north.



Graphite outcrop in road cutting



Source: finnCap

Graphite in road cutting



Source: finnCap

A limited drilling programme comprising three holes with a total length of 138m was completed in December 2015 to test the mineralisation. A second and more extensive drilling campaign was completed in November 2016, comprising 18 holes with a total length of 694m. Drill traverses were situated around 400m apart, perpendicular to the strike of the deposit. Along each traverse line holes were around 80m apart. Holes were generally drilled with an inclination of -60 degrees.

The results of the 21 RC drill holes have been combined with surface mapping and trenching to calculate an initial resource estimate for the project. A JORC-compliant inferred mineral resource estimate of 40.9Mt grading 9.41% Total Graphitic Content ('TGC') has been defined. More than 32Mt of this resource has an average grade of 10.47% TGC – one of the largest high-grade resources in Tanzania.

Work to date has demonstrated Mahenge Liandu's potential as a commercially viable deposit with significant tonnage, high-grade coarse flake and near-surface mineralisation (implying a low strip ratio) contained within one contiguous ore body.

#### Metallurgical test-work

An initial metallurgical test-work investigation was conducted on a single 10 Kg sample taken from a test pit within the resource area. Contained graphite was recovered by means of flotation and resulted in an excellent flake size distribution with high TGC purity, as summarised in the following table.

Initial flake size distribution			
Category	Size	Weight	TGC
	µm	%	%
Super Jumbo	>500	3.7	98.4
Jumbo	>300	24.4	98.5
Large	>180	32.9	99.1
Medium	>150	11.7	98.9
Medium	>106	11.9	98.9
Small	>75	7.5	98.7
Fine	>25	6.2	97.9
Fine	<25	1.7	88.4

Source: Armadale

A further drilling campaign, intended to test extensions to the current resource and to upgrade the resource classification, is scheduled for H1 2017.



### Graphite demand – the main drivers

The recent unveiling of the Tesla Model 3 electric car has caught the attention of the media, but in reality most of the major car manufacturers already have advanced plans to introduce hybrid and electric cars. All of these cars will require substantial battery systems in order to store a realistic amount of energy. Indeed, it is fair to say that the commercialisation of modern electric vehicles has only been made possible by the commercialisation of the lithium-ion battery. The market has been largely focused on the lithium content of these batteries, but in reality they will also require substantial quantities of high-quality graphite.

The great majority (67%) of graphite currently produced worldwide is used in the manufacture of refractory bricks and furnace linings. Batteries currently use around 12% of global graphite production, but the massive growth in the adoption of electric cars is expected to drive a rapid increase in share. This is a true paradigm shift, assuming even conservative estimates of the take-up of hybrid and electric vehicles. However, the actual forecasts vary substantially, depending principally on the pace of adoption.

Hybrid vehicles are already established in the market, though so far the take-up of pure electric vehicles has principally been driven by fashion. They are expensive relative to petrol or diesel vehicles and the time to recharge the batteries is a definite disadvantage. However, if anti-pollution legislation starts to force their adoption, then demand could increase much more dramatically.

The other significant driver for the growth in demand for batteries is in energy-storage systems. These include domestic energy-storage systems such as the Tesla Powerwall but also much larger systems that can be used in conjunction with renewable electricity generation systems, including wind and solar power. By their nature, these renewables are not consistent in terms of the quantity of electricity that is generated and work best with some form of storage system to balance peaks and troughs.

The net result is that there will be rapid growth in battery manufacturing and utilisation; this will require equally rapid growth in the supply of their component materials. Graphite used in battery anodes can either be high-purity synthetic material or can be natural graphite.

Synthetic graphite is a high-purity product, which leads to improved battery performance. However, it is a high-cost product and so for mass market uses, the compromise is to accept some battery degradation and to use natural graphite. However, if natural graphite is used, it has to have particular characteristics, including high purity, large flake size and very low levels of impurities. Not all natural graphite deposits can produce graphite of the required quality at an economic cost.

## Mpokoto Gold Project, DR Congo

**The Mpokoto project is located in the western part of the Katanga Province, approximately 250 km west of Kolwezi in the Democratic Republic of Congo (DRC), and approximately 25 km from the Zambian border and 150 km east of the Angolan border.**

The Mpokoto project was first identified in 1998 by Kisenge Ltd, then a subsidiary of Cluff Mining. Goldfields of South Africa acquired Kisenge from Cluff Mining in 2003 and sold it to Casa Mining in 2007. The project is currently owned by Mines d'Or de Kisenge (MDDK) – a joint venture between Kisenge (80%) and L'entreprise Minière de Kisenge Manganèse (20%), a DRC state-owned company. The project comprises four mining licences, which are valid for an initial term of 30 years from 30 September 2014.

In December 2016, Kisenge Mining Pty Ltd (KMP), formerly known as African Mining Services, exercised its option to form a joint venture with Armadale to develop and operate the Mpokoto gold project.

Phase I of the joint venture agreement will enable KMP to earn a 25% interest in Armadale's subsidiary, Kisenge Limited ('Kisenge'), the joint venture entity, through providing funding and project-related services up to US\$1.25m, including incremental metallurgical test-work, refining the current Definitive Feasibility Study ('DFS') to incorporate financing the Project and initial capital works.

Upon completion of Phase I of the JV agreement, KMP will have 30 days to decide whether to exercise an option to proceed with Phase II of the joint venture agreement. If KMP proceeds with Phase II, it will seek to arrange funding to put Mpokoto into production. If KMP successfully arranges 100% of the funding, it will receive a further 60% in Kisenge (lifting its aggregate interest to 85%), providing Armadale is satisfied that KMP has fulfilled its obligations. This would leave Armadale with a residual 15% interest in Kisenge.

### Geology and exploration

The mineralisation is hosted in rocks of Palaeoproterozoic age (2.5 to 1.6 billion years), which was formed during multiple tectonic events into the Kibaran Fold and Thrust belts. The basement of plutonic rocks is overlain by a broadly contemporaneous sedimentary and volcanic series of rocks, which were subsequently metamorphosed to amphibolite facies, and which are referred to as the Lukoshi Formation or Complex.

At a local scale, this takes the form of a series of sheared and metamorphosed interbedded conglomeratic sandstones (meta-sedimentary rocks). The meta-sedimentary package has been deformed and metamorphosed with well-defined foliation, boudinaged structures and shear sense indicators, suggesting that the mineralisation lies in a ductile shear zone. In addition, brecciated units are sometimes found within this zone, representing fault zones.

The mineralisation typically takes the form of disseminated lenses of pyrrhotite with variable amounts of pyrite. A distinct paragenetic association occurs between the very fine-grained gold and arsenopyrite, with native gold inclusions occurring within the arsenopyrite, which is locally the most abundant sulphide phase.

The project has a current total mineral resource of 14.58 million tonnes grading 1.45 g/t gold at a cut-off grade of 0.5 g/t and containing 678,000 ounces of gold. The near-surface oxidised resource is considered to be free-milling whereas the deeper sulphides are considered to be refractory.

#### **Project development**

A Definitive Feasibility Study for the Mpokoto project was completed in February 2016. This study concluded that a phased approach was appropriate, concentrating initially on exploiting the near-surface oxide resource.

The initial Phase 1 mine is expected to operate at a throughput of 720,000 tonnes of ore per year for four and a half years, producing an average of 24,900 oz gold per year. Capital costs are estimated to be of the order of US\$25 million, with cash operating costs of US\$792 per oz. There is potential to extend the Phase 1 operation as an exploration target of 2.4-3.0 million tonnes grading 1.25-1.5 g/t Au has been identified.

Phase 2 would require the construction of a more complex plant capable of exploiting the deeper refractory sulphide ore.

## **Directors and Senior Management**

### **William Frewen, Non-Executive Chairman**

Mr Frewen has extensive experience of many varied boards both as an investor and non-executive director/chairman. He has an MA from Oxford University and in his career has worked for Chemical Bank, JP Morgan, HSBC and Nomura, primarily in credit trading, and was notably a Director at Credit Suisse First Boston. Subsequently, he has worked on the buy side as a consultant to the Man Group in 2005 and then Threadneedle Asset Management, where he was a member of the Executive Board and Head of Fixed Income from 2007-2010.

### **Emmanuel Steve Mahede, Non-Executive Director**

Mr Mahede has extensive experience in managing projects and as a CEO in charge of them. With a BEng from University of Western Australia and an MBA from Murdoch University in Perth, WA, he has some 35 years' experience in project management and business. Having been born in Tanzania, he keeps in close contact with business there and is Patron of the Tanzanian Community in Western Australia Inc. He is also Chairman of the Mahede Foundation – a charity providing educational assistance to disadvantaged Tanzanian children.

### **Nicholas Johansen, Non-Executive Director**

Mr Johansen has extensive experience in junior mining exploration and producing companies in many different commodities. He is also an expert on environmental regulation. Prior to forming his own legal practice in March 2015, he worked for Ward Keller, a Darwin-based law firm with whom he completed his Graduate Diploma of Legal Practice at Australian National University. He also holds a BA in economics from the University of Adelaide.

Income Statement				
Year ending December (£m)	2014A	2015A	2016E	2017E
<b>Sales</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Sales growth (%)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Cost of sales	0.0	0.0	0.0	0.0
<b>Gross profit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Gross margin (%)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Operating expenses	-0.8	-0.6	-0.8	-0.8
<b>Adjusted EBITDA</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.8</b>
Depreciation/Amortisation	0.0	0.0	0.0	0.0
<b>Adjusted EBIT</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.8</b>
<i>Adjusted EBIT margin (%)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Associates/Other	0.0	0.0	0.0	0.0
Net interest	0.0	-0.1	0.0	0.0
<b>Adjusted PBT</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-0.8</b>
Adjustments	-0.3	-0.3	0.0	0.0
<b>Reported PBT</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-0.8</b>
Taxation	0.0	0.0	0.0	0.0
<i>Tax rate (%)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Post tax profit	-1.1	-1.0	-0.8	-0.8
Minorities	0.0	0.0	0.0	0.0
Reported earnings	-1.1	-1.0	-0.8	-0.8
Weighted average no.shares	3,564.4	51.9	209.0	209.0
Average no.shares (FD)	3,564.4	51.9	209.0	209.0
<b>Stated EPS (p)</b>	<b>0.0</b>	<b>-1.9</b>	<b>-0.4</b>	<b>-0.4</b>
<b>Adj. EPS (FD) (p)</b>	<b>0.0</b>	<b>-1.9</b>	<b>-0.4</b>	<b>-0.4</b>
<b>DPS (p)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Company reports, finnCap estimates



<b>Cash Flow</b>				
Year ending December (£m)	2014A	2015A	2016E	2017E
<b>EBITDA</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.8</b>
Net change in working capital	0.2	0.1	-0.2	0.0
Share based payments	0.1	0.0	0.0	0.0
Profit/loss on disposal	0.1	0.2	0.0	0.0
Net pensions charge	0.0	0.0	0.0	0.0
Change in provision	0.2	0.0	0.0	0.0
Other items	-0.2	0.0	0.0	0.0
<b>Operating cash flow</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-1.0</b>	<b>-0.8</b>
Cash interest	0.0	0.0	0.0	0.0
Tax paid	0.0	0.0	0.0	0.0
Capex	-0.6	-1.2	0.0	0.0
<b>Free cash flow</b>	<b>-1.0</b>	<b>-1.5</b>	<b>-1.0</b>	<b>-0.8</b>
Disposals	0.0	0.0	0.0	0.0
Acquisitions	-0.1	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0
Other	0.3	0.0	0.0	0.0
Issue of share capital/(Buyback)	0.5	1.4	1.0	1.0
<b>Net Change in cash flow</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.2</b>
Opening net (debt)/cash	0.9	0.5	0.4	0.4
<b>Closing net (debt)/cash</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.6</b>

Source: Company reports, finnCap estimates

<b>Balance Sheet</b>				
Year ending December (£m)	2014A	2015A	2016E	2017E
Tangible assets	3.6	4.9	4.9	4.9
Goodwill	0.0	0.0	0.0	0.0
Other intangible	0.0	0.1	0.8	0.8
Other	0.0	0.0	0.0	0.0
<b>Non current assets</b>	<b>3.6</b>	<b>5.0</b>	<b>5.7</b>	<b>5.7</b>
Inventories	0.0	0.0	0.0	0.0
Trade receivables	0.2	0.3	0.4	0.4
Cash	0.2	0.2	0.9	0.9
Other	0.7	0.3	0.0	0.0
<b>Current assets</b>	<b>1.1</b>	<b>0.8</b>	<b>1.3</b>	<b>1.3</b>
Trade payables	-0.2	-0.3	0.0	0.0
Other current liabilities	0.0	0.0	0.0	0.0
Short term debt	0.0	0.0	0.0	0.0
<b>Net current assets</b>	<b>1.0</b>	<b>0.4</b>	<b>1.3</b>	<b>1.3</b>
Long term debt	-0.3	0.0	0.0	0.0
Pension	0.0	0.0	0.0	0.0
Other/Minorities	0.0	0.0	0.0	0.0
<b>Net assets</b>	<b>4.3</b>	<b>5.4</b>	<b>7.0</b>	<b>7.0</b>
<i>Net working capital</i>	<i>0.0</i>	<i>0.0</i>	<i>0.4</i>	<i>0.4</i>
<i>NAV per share (p)</i>	<i>0.1</i>	<i>10.4</i>	<i>3.4</i>	<i>3.4</i>
<i>NTA per share (p)</i>	<i>0.1</i>	<i>10.3</i>	<i>3.0</i>	<i>3.0</i>

Source: Company reports, finnCap estimates

<b>Research</b>					
Mark Brewer	020 7220 0556	mbrewer@finncap.com	Guy Hewett	020 7220 0549	ghewett@finncap.com
David Buxton	020 7220 0542	dbuxton@finncap.com	Mark Paddon	020 7220 0541	mpaddon@finncap.com
Lorne Daniel	020 7220 0545	ldaniel@finncap.com	Martin Potts	020 7220 0544	mpotts@finncap.com
Andrew Darley	020 7220 0547	adarley@finncap.com	Alex Pye	0207 220 0554	apye@finncap.com
Harold Evans	020 7220 0552	hevans@finncap.com	Roger Tejwani	020 7220 0548	rtejwani@finncap.com
Jeremy Grime	020 7220 0550	jgrime@finncap.com	Dougie Youngson	020 7220 0543	dyoungson@finncap.com
Raymond Greaves	020 7220 0553	rgreaves@finncap.com			
<b>Corporate Broking</b>					
Hannah Boros	020 7220 0516	hboros@finncap.com	Emily Morris	020 7220 0511	emorris@finncap.com
Camille Gochez	020 7220 0518	cgochez@finncap.com	Stephen Norcross	020 7220 0513	snorcross@finncap.com
Mia Gardner	020 7220 0512	mgardner@finncap.com	Tim Redfern	020 7220 0515	tredfern@finncap.com
Simon Johnson	020 7220 0525	sjohnson@finncap.com			
Alice Lane	020 7220 0523	alane@finncap.com			
<b>Sales</b>					
Christian Hobart	020 7220 0524	chobart@finncap.com	Malar Velaigam	020 7220 0526	mvelaigam@finncap.com
Stephen Joseph	020 7220 0520	sjoseph@finncap.com	Rhys Williams	020 7220 0522	rwilliams@finncap.com
Tony Quirke	020 7220 0517	tquirke@finncap.com			
<b>Investor Relations</b>					
Lianne Tucker	020 7220 0527	ltucker@finncap.com	Lisa Welch	020 7220 0519	lwelch@finncap.com
Lucy Nicholls	020 7220 0528	lnicholls@finncap.com			
<b>Sales Trading</b>					
Kai Buckle	020 7220 0529	kbuckle@finncap.com	Mick McNamara	020 7220 0521	mmcnamara@finncap.com
Mark Fidgen	020 7220 0536	mfidgen@finncap.com	Mike Nally	020 7220 0534	mnally@finncap.com
David Loudon	020 7220 0530	dloudon@finncap.com	Danny Smith	020 7220 0533	dsmith@finncap.com
<b>Market Makers</b>					
Steve Asfour	020 7220 0539	sasfour@finncap.com	Ben Tonnison	020 7220 0535	btonnison@finncap.com
Russell Jackson	020 7220 0538	rjackson@finncap.com			
<b>Investment Companies</b>					
Johnny Hewitson	020 7220 0558	jhewitson@finncap.com			

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60 New Broad Street  
London EC2M 1JJ

Tel 020 7220 0500

Fax 020 7220 0597

Email [info@finncap.com](mailto:info@finncap.com)

Web [www.finncap.com](http://www.finncap.com)

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