

12 August 2008

## Maxima Holdings

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	PE (x)	Yield (%)
05/07	31.8	5.7	24.8	5.2	5.5	3.8
05/08	46.7	8.8	25.3	5.6	5.4	4.1
05/09e	63.0	9.8	27.4	6.1	5.0	4.6
05/10e	65.5	10.8	30.0	6.6	4.6	4.8

Note: \*PBT and EPS (fully diluted) are normalised, excluding intangible amortisation, share-based payments and exceptionals.

### Investment summary: Multiple specialist

Maxima's completed IT technology portfolio and exposure across many market sectors add to its defensive qualities. It should not, however, be viewed as a generalist but as a specialist in each area, offering a premium service in a fragmented sector. Underlying prospects remain good against an uncertain sector outlook.

### Final results meet expectations

Revenues rose 47% to £46.7m, with acquisitions the major contributor. Even so, underlying revenue growth only fell 2%-3% despite a major contract loss. This also affected recurring revenues at 52% of revenues (H107: 56%). Underlying pre-tax profit rose 52% to £8.8m (2007: £5.7m), with included 7% organic profit growth at a similar level to the first half, despite the impact of the lost contract. Fully diluted earnings per share increased by only 2% to 25.3p (2007: 24.8p), and the dividend was increased to 5.6p (5.2p). Net debt was as expected at £8.5m.

### Defensive qualities

Maxima looks to be well-positioned within the sector for tougher times, with its emphasis on recurring revenues and managed services. Other than its strength in manufacturing, it has a wide sector spread and now offers the full 'end-to-end solution' in IT technologies. With the potential for market-share gains and good cash-generation to fund acquisitions, we maintain our forecasts for 2009.

### Strategy: Acquisitions and cross-selling remain the focus

With continued strong cash flow anticipated (2008 free cash flow c £4m), Maxima has cash resources to maintain its successful acquisitive expansion even if equity markets are closed. In addition, while market growth rates may decline, market share opportunities have not diminished, especially with added emphasis on cross-selling within the group.

### Valuation appears to focus on the economic risk

Maxima remains one of the cheapest IT service sector companies, which seems to be at odds with its increased critical mass.

Price 136.5p  
Market Cap £34m

#### Share price graph



#### Share details

Code MXM  
Listing AIM  
Sector Software & Computer Services  
Shares in issue 25.0m

#### Price

52 week High 329p Low 125p

#### Balance sheet as at 30 May 2008

Debt/Equity (%) 24.0  
NAV per share (p) 141.0  
Net borrowings (£m) 8.5

#### Business

Maxima is a managed services and systems integration company, aiming to consolidate businesses in the Software & IT Services sector.

#### Valuation

	2008	2009e	2010e
P/E relative	39%	45%	46%
P/CF	3.7	3.2	3.0
EV/Sales	0.9	0.7	0.6
ROE	18%	18%	18%

#### Geography based on revenues

	UK	Europe	US	Other
	83%	13%	4%	0%

#### Analyst

Mark Dichlian 020 3077 5719  
mdichlian@edisoninvestmentresearch.co.uk

## Final results analysis

---

These final results fully met the expectations outlined in June's year-end trading statement. Although disrupted by the major contract loss in January, the figures still show credible underlying profit growth. More important, in our view, is the improvement in margins driven by progress in acquisitions and the strong cash flow, which underline two key planks of the group's strategy.

### Key figures

Revenues were a little below our forecast and rose 47% to £46.7m (2007: £31.8m), with acquisitions made during the last twelve months contributing the major part of the growth. The underlying revenue performance was materially affected by the loss of one of the group's largest contracts and hence fell by 2%-3%; however, ignoring this, revenues would have risen by a similar amount at the underlying level. This is still lower than the reported market growth and underlines Maxima's mix of cash cow and growth segments. Recurring revenues from support and managed service contracts were 52% of revenues (H107: 56%), reflecting the change in mix of the business due to acquisitions and particularly the lost contract.

Underlying pre-tax profit rose 52% to £8.8m (2007: £5.7m), and this figure included £143,000 of redundancy and re-organisation costs. Again, the growth was largely attributable to acquisitions; however, the business yielded 7% organic profit growth at a similar level to the first half despite the impact of the lost contract (excluding this figure, it was over 15%). This resulted in a 1% point rise in operating margins to 20.7%, as the impact of greater efficiencies and cross-selling benefits fed through to profitability.

Fully diluted earnings per share increased by only 2% to 25.3p (2007: 24.8p), as higher tax charge and shares in issue kicked in. These should not be a feature of next year's results. (Note: we include the impact of redundancy and reorganisation within the numbers, which makes our figures slightly different from those published.)

Year-end net debt at £8.5m (£6.6m) was as expected and, although an increase on last year, reflects very strong underlying cash flow in the second half of the year. Gearing was hence 24%. Free cash flow after dividends was £4.1m, which was invested fully in acquisitions (£6.1m spent).

### Expectations for the full year are largely unchanged

We have not changed our earnings expectations for 2009, which is in itself a positive surprise in the current market environment. We have, however, changed the mix to assume less top-line growth from the market and a greater emphasis on recurring revenues and acquisition efficiencies. The first half of 2009 will again reflect an impact (though reduced) from the lost contract, and the major feature will again be acquisitions.

Looking at revenues, the 2008 baseline is £45m-£46m once lost work has been deducted. To this, contributions from Eclectic (five months) and DXI (11 months) add £13m-£14m of sales, taking the figure to £59m-£60m. While capital spending in the IT market is expected to slow down (see *Market Outlook*), we do expect reasonable growth from the Dynamics AX product area, infrastructure and information management sectors within Maxima. While a slowdown in the pace of investment decisions was noted at the interim stage, Maxima report that trading has remained

robust so far this year. To us, it looks like the scale of potential market decline has been quite adequately reflected in the collapse of sector valuations already.

We now assume 5%-6% underlying top-line growth this year and 3%-4% next year. Improvement in underlying margin performance will be more than offset by mix issues from newly acquired businesses (eg DXI), so reported operating margins are expected to drop. This leaves our pre-tax profit and EPS forecasts unchanged for 2009.

In 2010, some improvement in underlying efficiency based on past performance seems pretty well underwritten, along with modest growth from the managed service operations. This leaves us with a 10% EPS growth rate in 2010, which seems at odds with the cautious sector outlook, however entirely justified given the number of opportunities and defensive structure of the group. (see *Sensitivities* section).

#### Exhibit 1: Changes to forecasts

	2008 A	2008 Old	2009 New	2009 Old
Sales	46.7	48.6	63.0	64.0
PTP	8.8	8.9	9.8	9.8
EPS	25.3	25.6	27.4	27.5
DPS	5.6	5.6	6.1	6.1

Source: Edison Investment Research

The two divisions were roughly equal in size in 2008; however, the acquisition of DXI means that on a proforma basis, Managed Services now accounts for 60% of sales.

## Divisional performance

Maxima Solutions won 35 new clients during the year, running at a similar pace in H2 to H1. Of these, nine were for SAP Business One solutions, which appears to have slowed down in the second half, while Microsoft Dynamic AX business has accelerated. New SAP wins were also down on the previous year, and this is one sector of the group that may suffer from reduced IT spend. Maxima sold 40 Microsoft Dynamics AX solutions to the construction and facilities sector, underlining the benefit of its Cognition acquisition and the investment put in to training, development and pre-sales work earlier in the year. Not only does it have low exposure to the troubled housebuilding sector (11 of its 270 construction clients are house builders), but it is looking at healthy growth from this segment as existing customers migrate to the Microsoft product.

While already a major SAP Business One reseller, Maxima is now in the top 10 Microsoft business software sellers in the UK, and just been appointed to the Microsoft Presidents Club (meaning it is the top 5% worldwide). This means that Maxima now has strong relationships with SAP, Oracle and Microsoft, the three winners in the enterprise software sector. In fact, SAP report in its latest results that market share for the top three has risen worldwide (SAP 33.7%, Oracle 17.1%, and Microsoft 3.5%). This accounts for 54.3% of sales, a big increase on 40.8% a year ago.

Maxima Managed Services won 41 new clients in during the year, with acceleration in client wins in H2. The key features of the year were the acquisitions of Centrix and DXI (after year end), which build a strong managed service business within the infrastructure software sector. Aside from the

material contract loss, the business appears to be performing very well, with the characteristic high levels of service continuing to help it build market share.

#### Exhibit 2: Divisional performance

Year to May 31	2007			2008		
Sales	H1	H2	Year	H1	H2	Year
Solutions	7,910	10,886	18,796	9,798	12,917	22,715
Managed Services	5,118	7,853	12,971	11,277	12,665	23,942
<b>Group Sales</b>	<b>13,028</b>	<b>18,739</b>	<b>31,767</b>	<b>21,075</b>	<b>25,582</b>	<b>46,657</b>
Profits						
Solutions	1,114	2,585	3,699	2,119	2,588	4,707
Managed Services	977	1,355	2,332	1,806	2,885	4,691
Other *	(166)	(55)	(221)	(64)	(216)	(280)
<b>Group operating profit</b>	<b>2,257</b>	<b>3,995</b>	<b>6,252</b>	<b>3,989</b>	<b>5,689</b>	<b>9,678</b>

Source: Maxima, Edison Research \* add back of exceptionals & share based amortisation to tally with group definitions

Overall, the client attrition rate remained exceeding low at 3%, and the figures above, which show an improvement in operating margins in both divisions, reflect the benefits of scale and cost control within the business. While the group's cash cows of recurring revenue customers in more mature legacy systems may result in a small decline in revenues, Maxima continues to raise profits in this area as it offers higher value-managed services.

## Market outlook

There are three conflicting market outlook inputs:

- 1) The industry consultants, predicting continued 5%-6% growth, which in our view perhaps falls a bit behind the curve.
- 2) The company trading statements reflecting solid growth, which is perhaps more a reflection of market share gains than market growth.
- 3) The stock market anticipation of a halt in IT spend, resulting in a dramatic fall in valuations and share prices.

The true picture seems to lie somewhere between the extremes, as we explain below.

Ovum, the IT service industry consultants, has in the last quarter lowered its UK software and IT services industry growth forecasts to 5.9% in 2008 and 5.5% in 2009. This still includes growth in enterprise software slightly above these levels (surprisingly in our view), and in services slightly below. The National Computing Centre (NCC), which surveys users, reports 4.9% IT expenditure growth for the current year, with highest increase in construction and health.

From the quoted IT service sector – Maxima's peers – trading statements still remain reasonably upbeat. Although given the size of these companies against the whole market, their growth most likely comes from market share gains, which probably doesn't adequately reflect market trends.

Anecdotally, during recession, it is believed IT spend falls by 0%-5%, which reflects major capital expenditure projects put on hold but the maintenance of essential work to keep systems running. In the current year, given lead time on projects, the IT services sector will still show healthy growth in aggregate, but we believe that the real pinch will come in 2009. Here the risk to market forecasts remains on the downside.

Managed services does, however, add a new dynamic in this cycle, where customers can much more easily outsource their IT cost effectively and efficiently, so it would seem logical that this trend holds up in a downturn given cost advantages. Therefore managed services could grow at 5%-8%, a lot of which could come from upselling to existing customers, while pure software sales will at best remain flat. IT service companies with greater managed service content are hence likely to be more defensive in any downswing.

The other market issue is the consolidation factor. Virtually all the smaller IT services companies are growing organically in excess of the market. Maxima, with its specialist expertise across a multitude of verticals and across the whole IT spectrum, presents an attractive proposition to potential customers trying to reduce costs and complexity of multiple suppliers.

## Sensitivities

---

### Cautious UK business outlook

We discuss the market outlook in the previous section in detail. Judging the balance between negative IT sector sentiment and positive stock-specific issues (market share gains from cross-selling, defensive nature of managed services, strong cash flow), remains the biggest challenge. We believe Maxima is oversold, but accept it may take some time to correct.

### Acquisitive strategy intact

Acquisitive growth has been a major driver of the group's financial performance and its re-rating in the first half of 2007. With the collapse in the share price, the issue of equity for acquisitions is no longer an economic option. This does not mean the acquisitive strategy is dead. With net debt on a pro forma basis of £17m, Maxima has roughly 50% gearing and we estimate interest cover to be c 10x in 2009. It also has a very supportive revolving credit banking arrangement with Barclays, with a current limit of £17.75m. As with DXI, its banking covenants allow this to be extended, meaning it has in reality £10m-£20m to spend without over-stretching itself, given we also expect c £5m free cash-generation each year.

We expect the flow of deals to focus on smaller businesses, which can extend the group's skill set, provide cash-generative maintenance revenues or build the managed service concept.

### Organic profit growth strategy still intact

One of the major changes in Maxima in the last year is that it has completed its portfolio growth and has begun to focus on putting a real structure to cross-selling products. Effort has been put into training sales teams across the whole portfolio in more depth and giving them cross-selling targets, while appointing eight sector specialists for client pitches. This and the attraction of the greater product coverage should continue to build market share.

At the profit level, we expect continued efficiency gains from the customers with legacy systems and steady improvement in performance of recent acquisitions to offset any market pressure on pricing.

## Execution risk on acquisitions

The current strategy of acquiring small private companies, after full due diligence, looks fairly conservative. The track-record so far remains clean, suggesting management has good systems in place to quickly integrate businesses into the Maxima group.

## Valuation

### Discount to peer group

A sector characterised by small UK-centric companies specialising in technology and financial services continues to face the impact of the negative sentiment. There has been a gradual slippage in earnings forecast over the last six months, and this is realistically likely to continue. We do, however, believe that all companies have market share gains to offset market slowdown, and most have a high service content to offset deferment of capital projects. It would seem that future earnings downgrades have hence been largely assumed in the depressed valuations.

Maxima still remains one of the cheapest IT service sector companies, which seems to be at odds with its increased critical mass and defensive qualities (cash-generation, recurring revenues and managed services, wide technology and sector spread).

Exhibit 4: Peer group comparison

Enterprise software services	Year end	Price (p)	Mkt Cap. (£m)	Sales growth (%)	Fiscal 2008			Calendar 2008		
					Sales (£m)	PTP (£m)	EPS (p)	P/E (x)	EV/Sales	Yield (%)
<b>Maxima</b>	<b>May</b>	<b>132</b>	<b>32.8</b>	<b>47%</b>	<b>46.7</b>	<b>8.8</b>	<b>25.3</b>	<b>5.0</b>	<b>0.74</b>	<b>4.5%</b>
<b>Smaller companies</b>										
K3	Dec	117.5	28.0	30%	44.4	7.4	22.0	5.3	0.93	0.5%
Microgen	Dec	51	52.5	2%	33.9	6.5	4.5	11.5	1.14	4.1%
Morse	Sept	48.5	62.9	(2%)	252.0	13.2	7.0	7.5	0.21	8.6%
Sanderson	Mar	36.5	15.8	76%	32.0	3.9	5.9	6.0	0.86	7.7%
Touchstone	Jun	74	9.5	4%	31.4	1.7	17.3	5.3	0.25	4.7%
<b>Peer Average</b>								<b>6.8</b>	<b>0.69</b>	<b>5.0%</b>
<b>Medium size companies</b>										
Axon Group	Dec	493	317.0	18%	241.8	38.4	41.7	11.8	1.21	1.0%

Source: Edison Research, Digital Look, Hemscott. Prices as at 08 August 2008

**Exhibit 5: Company fact sheet**

Operations		Performance																		
<p>Maxima has 12 UK and one overseas office with c 450 staff servicing over 1,000 clients. In the past two years, it has bought eight businesses to broaden its product and service offering and has integrated these businesses under the Maxima brand.</p>																				
Maxima Managed Services																				
<p>This division provides services to customers with pre-installed business software. It provides a range of fully managed or on-demand support and consultancy services. Support for operating systems (Windows, Linux and Unix) and databases (Oracle, Microsoft, IBM and Computer Associates) make up the core of the business and networking and security infrastructure (Nortel and Cisco). The acquisitions of Centric and now DXI provide communication technology and 24/7 helpdesk offerings. The Oracle-based application management business supports over 100 clients' databases, middleware and applications software and has 40 support contracts across a broad base of industries. It has 10 major Computer Associates mainframe clients, and about 100 Citrix-based platform clients.</p> <p><i>Main competitors: Compel, Edenbrook and PDG.</i></p>		<table border="1"> <caption>Maxima Managed Services Performance (2006-2010e)</caption> <thead> <tr> <th>Year</th> <th>Sales (£'000s)</th> <th>Operating Margin (%)</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>5,000</td> <td>25%</td> </tr> <tr> <td>2007</td> <td>15,000</td> <td>15%</td> </tr> <tr> <td>2008</td> <td>25,000</td> <td>20%</td> </tr> <tr> <td>2009e</td> <td>35,000</td> <td>15%</td> </tr> <tr> <td>2010e</td> <td>40,000</td> <td>20%</td> </tr> </tbody> </table>	Year	Sales (£'000s)	Operating Margin (%)	2006	5,000	25%	2007	15,000	15%	2008	25,000	20%	2009e	35,000	15%	2010e	40,000	20%
Year	Sales (£'000s)	Operating Margin (%)																		
2006	5,000	25%																		
2007	15,000	15%																		
2008	25,000	20%																		
2009e	35,000	15%																		
2010e	40,000	20%																		
Maxima Solutions																				
<p>Maxima Solutions delivers and supports a growing range of IT products. Its core expertise is in Enterprise Resource Planning (ERP) systems, where it specialises in the implementation and support of Microsoft Dynamics AX, SAP's Business One, QAD's MFG/PRO and its own proprietary systems. Its 'own-brand' solutions – I-CON360, IBS and Intellect – are mainly for mid-sized industrial clients, while the SAP offering encompasses the whole SME market. Maxima became an accredited SAP partner in 2003 and is now one of the largest of SAP's 31 certified resellers in the UK. It started its relationship with Microsoft in 2007 and is now one of the top 10 UK sellers. It is the sole UK and Irish distribution partner for the QAD enterprise software solution MFG/PRO, a supply-chain management system. QAD is a leading ERP vendor specialising in the manufacturing sector.</p> <p>The division also has a range of product and sector expertises: Microsoft CRM (customer relationship management) applications and its own proprietary document management systems. Portals and information and ticketing systems for kiosks are also strong niches. As well as its strength in the manufacturing sector, document handling brings exposure to financial services and public sector customers.</p> <p>With a balance of older legacy systems as well as newer platforms, the division relies heavily on repeat business from its installed customer base. Hence, operations are all strongly cash-generative.</p> <p><i>Main competitors across different areas: Sapphire, Codestone, INVU</i></p>		<table border="1"> <caption>Maxima Solutions Performance (2006-2010e)</caption> <thead> <tr> <th>Year</th> <th>Sales (£'000s)</th> <th>Operating Margin (%)</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>15,000</td> <td>15%</td> </tr> <tr> <td>2007</td> <td>18,000</td> <td>20%</td> </tr> <tr> <td>2008e</td> <td>22,000</td> <td>20%</td> </tr> <tr> <td>2009e</td> <td>25,000</td> <td>15%</td> </tr> <tr> <td>2010e</td> <td>25,000</td> <td>15%</td> </tr> </tbody> </table>	Year	Sales (£'000s)	Operating Margin (%)	2006	15,000	15%	2007	18,000	20%	2008e	22,000	20%	2009e	25,000	15%	2010e	25,000	15%
Year	Sales (£'000s)	Operating Margin (%)																		
2006	15,000	15%																		
2007	18,000	20%																		
2008e	22,000	20%																		
2009e	25,000	15%																		
2010e	25,000	15%																		
Divisional breakdown	Geographic breakdown	Customer breakdown																		
<p>Managed Services 60% Solutions 40%</p> <p><i>based on 2009e sales</i></p>	<p>USA 4% Europe 13% UK 83%</p> <p><i>based on 2008 sales</i></p>	<p>Service Utilities 11% Ind. 8% Industrial 22% Cons. Product 16% Electronics 8% Construction &amp; Fac. Man. 8% Fin. Service 11% Public sector 13%</p> <p><i>based on 2008 sales</i></p>																		

Source: Edison Investment Research

## Exhibit 6: Financials

Year-end May 31st	£'000s	2006	2007	2008	2009e	2010e
		IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>						
<b>Revenue</b>		<b>19,132</b>	<b>31,767</b>	<b>46,657</b>	<b>63,000</b>	<b>65,500</b>
Cost of Sales		(4,142)	(7,838)	(13,240)	(17,640)	(18,340)
Gross Profit		14,990	23,929	33,417	45,360	47,160
<b>EBITDA</b>		<b>3,299</b>	<b>6,498</b>	<b>10,012</b>	<b>11,450</b>	<b>12,200</b>
<b>Operating Profit (before GW and except)</b>		<b>3,119</b>	<b>6,165</b>	<b>9,535</b>	<b>10,900</b>	<b>11,600</b>
Intangible amortisation		(414)	(1,560)	(3,547)	(3,540)	(3,540)
Exceptionals		0	0	0	0	0
Other		0	0	0	0	0
<b>Operating Profit</b>		<b>2,705</b>	<b>4,605</b>	<b>5,988</b>	<b>7,360</b>	<b>8,060</b>
Net Interest		(73)	(423)	(780)	(1,100)	(800)
<b>Profit Before Tax (norm)</b>		<b>3,046</b>	<b>5,742</b>	<b>8,755</b>	<b>9,800</b>	<b>10,800</b>
<b>Profit Before Tax (FRS 3)</b>		<b>2,632</b>	<b>4,182</b>	<b>5,208</b>	<b>6,260</b>	<b>7,260</b>
Tax		(536)	(822)	(1,463)	(1,940)	(2,270)
<b>Profit After Tax (norm)</b>		<b>2,320</b>	<b>4,445</b>	<b>6,396</b>	<b>6,960</b>	<b>7,630</b>
<b>Profit After Tax (FRS 3)</b>		<b>2,096</b>	<b>3,360</b>	<b>3,745</b>	<b>4,320</b>	<b>4,990</b>
Average Number of Shares Outstanding (m)		14.6	17.5	24.9	25.1	25.1
EPS - normalised fully diluted (p)		15.6	24.8	25.3	27.4	30.0
EPS - FRS 3 (p)		14.4	19.2	15.1	17.2	19.9
Dividend per share		4.0	5.2	5.6	6.1	6.6
Gross Margin (%)		78.4%	75.3%	71.6%	72.0%	72.0%
EBITDA Margin (%)		17.2%	20.5%	21.5%	18.2%	18.6%
Operating Margin (before GW and except.) (%)		16.3%	19.4%	20.4%	17.3%	17.7%
<b>BALANCE SHEET</b>						
<b>Fixed Assets</b>		<b>19,141</b>	<b>46,167</b>	<b>52,971</b>	<b>61,200</b>	<b>68,400</b>
Intangible Assets		18,585	45,224	51,947	59,726	67,026
Tangible Assets		556	943	1,024	1,474	1,374
Investment in associates		0	0	0	0	0
<b>Current Assets</b>		<b>9,415</b>	<b>14,120</b>	<b>17,511</b>	<b>18,032</b>	<b>18,301</b>
Stocks		54	106	312	308	305
Debtors		4,499	8,900	10,521	10,800	10,800
Cash		3,029	2,861	4,202	4,200	4,200
<b>Current Liabilities</b>		<b>(15,578)</b>	<b>(16,800)</b>	<b>(19,415)</b>	<b>(21,932)</b>	<b>(31,501)</b>
Creditors		(11,878)	(16,100)	(18,661)	(21,132)	(30,701)
Short term borrowings		(3,700)	(700)	(754)	(800)	(800)
<b>Long Term Liabilities</b>		<b>(3,564)</b>	<b>(12,085)</b>	<b>(15,561)</b>	<b>(19,000)</b>	<b>(13,500)</b>
Long term borrowings		(2,450)	(8,766)	(11,946)	(15,400)	(9,900)
Other long term liabilities		(1,114)	(3,319)	(3,615)	(3,600)	(3,600)
<b>Net Assets</b>		<b>9,414</b>	<b>31,402</b>	<b>35,506</b>	<b>38,300</b>	<b>41,700</b>
<b>CASH FLOW</b>						
<b>Operating Cash Flow</b>		<b>2,187</b>	<b>4,510</b>	<b>9,215</b>	<b>10,538</b>	<b>11,240</b>
Net Interest		17	(423)	(644)	(1,100)	(800)
Tax		(193)	(2,203)	(1,861)	(1,940)	(2,270)
Capex		(170)	(278)	(816)	(1,000)	(1,000)
Acquisitions/disposals		(12,232)	(15,209)	(6,131)	(8,500)	0
Financing		4,814	10,853	(309)	0	30
Dividends		(469)	(734)	(1,347)	(1,500)	(1,700)
Net Cash Flow		(6,046)	(3,484)	(1,893)	(3,502)	5,500
<b>Opening net debt/(cash)</b>		<b>(2,925)</b>	<b>3,121</b>	<b>6,605</b>	<b>8,498</b>	<b>12,000</b>
HP finance leases initiated		0	0	0	0	0
Other		0	0	0	0	0
<b>Closing net debt/(cash)</b>		<b>3,121</b>	<b>6,605</b>	<b>8,498</b>	<b>12,000</b>	<b>6,500</b>

Source: Company accounts, Edison Investment Research

## EDISON INVESTMENT RESEARCH LIMITED

Edison is Europe's leading independent investment research company. With a team of 50 including over 30 analysts supported by a department of supervisory analysts, editors and assistants, Edison writes on more than 200 companies across every sector. Working directly with corporates, investment banks and fund managers, Edison's research is read by every major institutional investor in the UK, as well as by the private client broker and international investor communities. Edison was founded in 2003 and is authorised and regulated by the Financial Services Authority.

## DISCLAIMER

Copyright 2008 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Maxima Holdings and prepared and issued by Edison Investment Research Limited for publication in the United Kingdom. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison Investment Research Limited at the time of publication. The research in this document is intended for professional advisers in the United Kingdom for use in their roles as advisers. It is not intended for retail investors. This is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment. A marketing communication under FSA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison Investment Research Limited has a restrictive policy relating to personal dealing. Edison Investment Research Limited is authorised and regulated by the Financial Services Authority for the conduct of investment business. The company does not hold any positions in the securities mentioned in this report. However, its directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. Edison Investment Research Limited or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.

## Edison Investment Research

Lincoln House, 296-302 High Holborn, London, WC1V 7JH ■ tel: +44 (0)20 3077 5700 ■ fax: +44 (0)20 3077 5750 ■ www.edisoninvestmentresearch.co.uk  
Registered in England, number 4794244. Edison Investment Research is authorised and regulated by the Financial Services Authority.