

Hardman & Co

Leaders in Corporate Research

Tel: 020 7929 3399
Fax: 020 7929 3377

www.hardmanandco.com
email: research@hardmanandco.com

4 -5 Castle Court
London EC3V 9DL

Lombard Risk

Management

New Issue in Banking

Software Market

14.6.2004

- Lombard Risk Management produces software and provides managed services for derivatives trading and valuation. It is increasingly expanding its product portfolio to include other financial instruments, and to cover risk management. Customers include banks and, increasingly, hedge funds and hedge fund administrators.
- Basel II will be a key driver for sales of risk management software as banks need more sophisticated ways to assess their credit risk and capital adequacy.
- The derivatives markets are growing fast – 2003 was 60% plus growth in credit derivatives. This together with the growth of the hedge fund sector underpins our growth expectations for Lombard Risk.
- Unlike many companies in the sector, Lombard Risk has established a strong base of recurring income from maintenance and managed services, which together account for over 70% of total revenues. This should give the company resilience and provide a solid base for the development of the business.
- Valuing Lombard Risk Management is tricky, but a peer group analysis based on a multiple of sales revenues gives a median value for the group of £14.5m, subject to wide variables. It is worth noting that the Oriel Securities flotation of Brady, the commodity trading software firm, is taking place at a sales/market cap value well above this median.

Share Price: To Be Decided

Capital To Be Raised: £ 4 - £5m

Market Cap. Following Flotation:
To Be Decided

Timing of Issue: July

EPIC Code: n.a.

SEDOL No: n.a.

Sector: Software

Market: Float planned on London AIM

NOMAD: Noble & Co

Broker: Noble & Co

PR: Hill & Knowlton

Website: www.lombardrisk.com

Previous research note:
Initiation of Coverage

Analyst: Andrea Kirkby

Y/E	Sales	Declared	Adjusted	EPS p	P/e ratio	Dividend p	Yield
March	£m	Profit £m	Profit £m				%
2004A	4.5	-1.2	-1.2	n.a.	-	0	0
2005E	5.5	-0.5	-0.5	n.a.	-	0	0
2006E	6.9	+0.6	+0.6	n.a.	n.a.	0	0
2007E	9.1	+2.0	+2.0	n.a.	n.a.		

SWOT analysis

Strengths

- Lombard Risk has concentrated on building a recurring revenue base. Although one-off licence fees will inevitably have an impact on results, recurring revenue now accounts for nearly three-quarters of the top line. Flat revenues for three years including the worst recession we have ever seen in financial software represents something of a triumph and demonstrates the company's resilience.
- This is not a one-product company. It has a mixture of software with a mature user base (Oberon), relatively new web-enabled software (Firmament), and managed services (ValuSpread and Firmament Analytics).
- The management team is highly experienced and expert in the relevant markets, and has succeeded in selling its products and services internationally. Management also has significant public company experience, including bringing companies to AIM.
- All R&D is treated as current cost and none is capitalised.
- We believe the software is of very high quality – highlighted by the fact that Ernst & Young uses it to audit clients' exposures. 20 of the top 50 banks in the world use Lombard Risk's services.
- The company is nearing cash breakeven after three difficult years in the financial software market.

Weaknesses

- Lombard Risk remains a small player in the financial software market compared to the conglomerates such as Misys and SunGard. This may rule it out of the market where some very large customers are concerned, though we do not believe it is such a factor for the smaller banks or for hedge funds and hedge fund administrators who make up most of Lombard Risk's customer base.
- Lombard Risk has not been profitable overall for the past three years, though it demonstrated a history of profitability throughout the 1990s. We believe, though, that the Oberon product was profitable, with losses attributable mainly to R&D on the new generation Firmament platform.

Opportunities

- The Basel II requirements for risk management in financial institutions, due to come into effect by the end of 2006, will lead to increased demand for risk management functionality such as that offered by Lombard Risk's Firmament software.
- The addition of new modules to the Firmament range will allow Lombard Risk to upsell to existing customers as well as addressing new markets.
- While derivatives trading software is a relatively mature market dominated by the large players, risk management is a relatively new market and there is no clear leader. Lombard Risk can therefore establish itself as a serious player.
- ValuSpread currently sells its data directly to banking and buy-side customers. Lombard Risk could expand sales of this data by selling through larger data providers such as Bloomberg, Reuters or Thomson Financial.
- Moves to regulate hedge funds more actively or to increase their disclosure could provide additional upside.

Threats

- The forecasts incorporate projections for high sales of Firmament, particularly on the risk management side, as the impact of Basel II is felt. While we believe this will be a growth area, the timing of deals is difficult to assess and any deferral of purchasing decisions by financial institutions would impact our forecasts.
- ValuSpread could suffer if better data becomes available on any of the major financial information platforms. It is currently in collaboration discussions to mitigate this threat.

Key business drivers

The market for software serving the financial services sector is often seen as a single market; however, it is in fact extremely diverse, with different sub-sectors showing different growth rates. For instance, the markets for front office and back office systems, or for retail banking systems against investment banking orientated treasury systems, tend to respond to different business drivers and consequently may show quite different dynamics.

Lombard Risk specialises in trading, middle office and valuation platforms for the derivatives markets and risk management. Its customers are primarily banks and, increasingly, hedge fund managers and administrators. It has also expanded its capability in risk management, again with a focus on derivatives. We believe Lombard Risk is positioned in niches that should display strong growth over the next few years – well in excess of the financial services software market as a whole. There are three key business drivers which underpin our growth assumptions:

- The derivatives markets are showing strong growth, with the credit derivatives market in particular growing 67% in 2003 and fixed income derivatives growing by 43%.
- Risk management is a major growth area driven by new regulatory requirements which demand more sophisticated risk measurement systems.
- The hedge fund market is also growing strongly, giving Lombard Risk an increasing base of potential customers.

Risk management

Corporate disasters together with capital markets crises have led to increased regulatory focus on risk management. In particular, the Basel II new capital adequacy rules will demand a more sophisticated approach to risk management than has previously been the case. These rules are to be implemented by the end of 2006, and we expect to see strong growth in sales of risk management software as banks and other financial institutions upgrade their capabilities. New accounting standards such as IAS 39 (Financial Instruments: Recognition and Measurement) also require sophisticated methods of measuring risk and valuing portfolios.

For instance, the advanced model approach in Basel II demands stress-testing of capital adequacy, which can only be handled by means of simulations on a firm's portfolio. Lombard Risk's market risk package already handles Monte Carlo simulations, putting them in a good position to extend this methodology to credit risk compared to firms which do not have their experience of these markets. Basel

II also demands that risk should be differentiated according to credit quality, so that banks will need internal rating systems. While banks will use credit ratings from the rating agencies as a major input, we believe they will also be encouraged by regulators to look at other sources of data such as market implied credit ratings from the credit derivatives markets. Lombard Risk with its ValuSpread data and Firmament software should be able to benefit from this opportunity. Lombard Risk's software currently handles market risk, which looks at short term trading sensitivities, but a new Firmament module will enable the system to evaluate credit risk, over a longer term period (e.g. up to three years).

Lombard Risk's products

Oberon is Lombard Risk's original software system for trading and valuing interest rate derivatives. It also now handles many other instruments. Oberon has a built-in database engine (Faircom). Although not a full relational database, it is quick and reliable and can be installed independently of the customer's existing database system. Oberon has been broadened and refined over the years and has captured certain niches, such as municipal bond derivatives in the US and Rand overnight deposit swaps, where functionality has been added to meet customer demand. It is a flexible system, allowing users to define their own fields and create their own yield curves by blending those of a number of different instruments. Individual users' access and privileges can be defined, eg ability to add trades but not amend them, or restrict a trader to certain currencies. A full audit trail is also created. Lombard Risk currently has 30 customers using the system

Firmament is a more sophisticated system than Oberon and is the software on which most of the ongoing R&D effort will be expended. Whereas Oberon is based on its own database system, Firmament has been built around Microsoft SQL Server, although it is able to use any of the major third party databases (eg Oracle or DB2). These relational databases have greater capabilities than the database engine for Oberon. Firmament can be delivered as a managed service (eg for hedge funds which wish their valuations to be carried out for them). While most of the Oberon system runs on the client, Firmament is a more server-based system with minimal footprint on client PCs.

Firmament's functionality has taken account of feedback from existing Oberon users. For instance, it is able to store historic versions of trades, thus enabling incorrectly entered trades to be rolled back. Clients can configure workflow through the lifecycle of the trade, enabling clients to create their own authorisation and confirmation processes. Modules for market risk and collateral management are

already available, and the addition of a credit risk module is now an R&D priority.

Some functionality is extremely sophisticated. For instance, the system will eventually allow cross correlation of credit and equity derivatives, linking share price performance and credit rating.

Correlation of counterparty and reference entity for credit default swaps is already offered; for instance, a credit default swap on Russian oil company Lukoil would have a far different value when struck with Goldman Sachs than when agreed with a Russian bank – which would be subject to many of the same political and economic risks as Lukoil.

Firmament has been entirely written in Java and has a more modern architecture than Oberon, which enables it to be developed rapidly and thus at lower cost. Seven customers currently take Firmament, including 3 who are using it as a managed service.

ValuSpread is a managed service for credit derivative price verification. Since credit derivatives are traded OTC, there is no central authority to publish prices in the way that a stock exchange does for equities. Therefore, banks need to check their traders' prices against some authority in order to assess whether their trades have been properly marked to market. 25 market makers subscribe to ValuSpread, paying an annual fee for the service. Some 7,400 different credit curves are received by the service; this has doubled in the last eighteen months. ValuSpread fees to contributor banks are fixed price, but other managed services are calculated according to the number of curves each customer needs to access, so that the growth in information content should also lead to a growth in revenues. Lombard Risk also sells on selected data from the ValuSpread service to third parties, having various royalty arrangements with those market makers who agree to resale of their data.

Lombard Risk is not the major player in most of its markets. We believe that it has less than 10% of the market for credit and interest rate derivatives trading and valuation software, which is currently its key market. Its share of other markets is lower; it is not one of the top three firms in foreign exchange, and has not yet entered the equity market. In credit derivatives valuation, on the other hand, ValuSpread is one of only two vendors.

Competitors

Lombard Risk's two largest competitors are US based *SunGard* and UK quoted *Misys*. Both these companies are financial software conglomerates offering a number of different products; SunGard also offers business continuity services. While Lombard competes directly only against part of their product range – eg SunGard's Front Capital, and Misys' Summit – the larger companies are able to provide a single solution for larger customers' total

trading and pricing needs. This may prove more attractive to some customers than buying best-of-breed solutions for each individual application, to Lombard Risk's disadvantage. The massive sales forces and networking base of these companies also gives them an advantage over Lombard Risk.

Lombard Risk has sought to optimise its sales of software by concentrating on second tier banks and hedge funds as customers, rather than competing for global systems for first tier banks. (*ValuSpread* is rather different in this regard since its marketmaking customers include many of the tier one banks.) In line with this market focus it has tried to make its software as 'out of the box' as possible, so that implementation costs can be kept to a minimum, and we believe this is a strong differentiator from some of the other products in the market. (An analogy might come from the accounting software and ERP market, where *Sage* has grown by offering software that is easy to implement without either the cost or the complexity of *SAP* – Lombard Risk is a Sage rather than an SAP.)

Both SunGard and Misys have grown mainly through acquisition and have not, in our opinion, effectively integrated all of their products. In particular, we have heard that much of Misys' software is looking somewhat dated. SunGard also owns Reech, which offers valuation and risk management as managed services; however, it does not currently offer price verification.

While SunGard and Misys dominate the market for derivatives trading systems, they are less dominant in risk management, which is a newer discipline. It is clear however that they have identified this as a potential growth area. Front has just acquired *Derivatech Risk Solutions*, of Chicago, to provide foreign exchange derivatives pricing and risk management systems. SunGard also offers Panorama, with functionality similar to Oberon. However at the moment the risk management market remains fragmented, with a number of competitors such as *Algorithmics* and *Raft International* (both very much smaller than SunGard). Algorithmics has good RM capabilities but does not have a trading module, so that it has to be used with other vendors' trading systems via a large number of interfaces. AIM listed Raft has so far been concerned with operational risk rather than market and credit risk, though we understand it is expanding its remit. It also appears to be strongest in the energy market rather than in banking. Lombard Risk does not intend to go head to head with the major enterprise risk management systems, concentrating instead on its niche in treasury and capital markets, especially derivatives.

Privately owned US company *Riskmetrics* – originally a spinoff from JP Morgan – has a suite of market and credit risk products and also covers wealth management, an area in which Lombard Risk

does not compete. It has a strong managed service focus and, like Lombard Risk, sees historical datasets as a key resource. Lombard Risk sees Riskmetrics as a competitor most often in the hedge fund market.

A private UK company, *Mark-It Partners*, also competes in some areas.

As with many other types of financial services software, Lombard Risk sees in-house systems as a major source of competition. Many banks are still building their own systems (though Basel II may make this a less attractive option), sometimes using toolkit-style technologies such as Calypso to do so. Lombard Risk may make its API available to enable customers to adapt its software to their own requirements.

Business model

Lombard Risk's revenues can be broken down between three product groups, but the way in which it derives its revenues is also diverse, since it provides software on rental or licence terms, delivers managed services, and sells data.

- Oberon, the original derivatives package, is seeing a slight decline in revenues as Lombard Risk tends to sell the newer Firmament software more aggressively and some clients migrate to the newer system. We believe Oberon is being milked as a useful cash cow, with the majority of its revenue coming from rental, support and maintenance agreements. However it still requires R&D commitment to keep it competitive. It accounts for roughly half the group's current revenues.
- Firmament is a newer and more sophisticated system, with a higher achieved selling price than Oberon; a contract of over £300k initial licence fee has already been achieved (against roughly £100k for a small Oberon installation). While Firmament contributed under a quarter of revenues last year, we believe it has the greatest potential for growth of the three products owing to its extensive risk management functionality as well as its trading modules. Firmament is offered on sale or rental terms, and as a managed service in conjunction with data, branded as Firmament Analytics.
- ValuSpread has two major sources of revenue. Participating market makers pay a fee to use the system. Lombard Risk also sells on data to third parties, rebating royalties to some marketmakers that allow their data to be used for blended data that Lombard Risk can resell.

Lombard Risk's software is a big ticket item; a hedge fund might only have five users but could pay up to

£250,000 (£50k per user). Both Oberon and Firmament are priced on the basis of the number of users and the number of modules used, so that penetration of existing customers can be increased either by increasing the number of seats, or by selling additional modules into the customer.

Recurring revenues currently account for over 70% of total income. Although we believe recurring revenue will remain strong, we expect its proportion to fall slightly as initial licence fees and implementation on new Firmament sales contribute to growth. Recurring revenues per customer should increase, owing to a number of factors;

- The increase in market size will benefit Lombard Risk, since managed services are priced per trade or per position, and ValuSpread is priced per yield curve covered. A larger number of trades and larger number of individual yield curves on which banks require information will increase the basis on which prices are calculated.
- Customers of the Firmament software system are expected to take new modules as they become available. The addition of equity and risk management modules should lead to an increase in the average order size.

Lombard Risk's cost base, as usual with software companies, consists mainly of staff costs. Over half the staff are technology related. We estimate that over 40% of total staff costs relate to R&D. (Had R&D been cut totally then theoretically, the group could have made a profit of over £1m in both 2002 and 2004. However, it would not then have the new Firmament products which we expect to make increasing contributions to revenue in the medium term.) Lombard Risk received a £243,000 R&D tax credit last year and should receive further payments in future.

The funding of an accelerated R&D programme is one reason for the IPO. Major programmes include:

- R&D on Oberon is focused on extending the life of the product, and is generally initiated to meet a specific client's demand. Bug fixes also take a certain percentage of R&D effort.
- New Firmament modules are being developed to extend the product's functionality.
- Firmament Fixed Income will be released at the end of calendar 2004.
- A Credit Risk module will be launched by June 2005.
- An equity module is currently in its first version and should be generally available

within months. Initially it will cover only straight equity, not equity derivatives which will be added at a later date.

We believe the incremental cost to Lombard Risk of a single Firmament module is around £300,000 to get to a first version of the software. The modular nature of the software and rapid development environment allows modules to be developed relatively quickly. Some development is client funded; in this case Lombard Risk retains the IPR.

Historic performance

On the face of it, the track record of the company for the past three years does not look impressive. This requires some explanation. Turnover has been static at around the £4.5-5m level, while the company has made a loss in each of the last three years. However, we believe that simply looking at the numbers ignores several important factors.

- 2001-2 saw the worst recession the software markets have known, and this was particularly the case in financial services software where 2002 and early 2003 saw many financial institutions freezing investment plans. Static revenues represent a good performance compared to many companies in the sector.
- R&D continued throughout this period, enabling Lombard Risk to exit the software recession with a new and up to date product suite, Firmament. It is possible to argue that R&D should have been cut drastically; the company might then have made a profit, but we believe that on the software side it would have a single, dated product which would by now be in full decline. In fact, Firmament did not come through quickly enough to offset the decline in Oberon at once, but should do so now that more modules are available and the first half dozen clients have been signed up.
- A significant amount of management effort was expended on the flotation and support of i-documentsystems, which provides document management services to local authorities (and is also a client of Hardman & Co). While all IDOX revenues and costs have been excluded from the figures shown in the prospectus, the dilution of management effort over this period surely had some impact on results. On the other hand, IDOX provided Lombard Risk with a source of funds through the progressive sale of its share stake, without which we believe the company would have found the going much harder.

Costs were increased in the year to March 2003 as new staff were recruited, taking the average headcount from 57 to 72. However, markets did not improve and turnover fell 17% from £5.4m to £4.5m. Lombard Risk management took quick action to trim the workforce back to 2002 levels but at some exceptional cost of redundancies; a loss of £3.1m pretax was made for the year (although it was financed largely by selling IDOX shares). We regard the losses of £1m in 2002 and £1.2m in 2004 as a more normal level of loss during the period; this effectively represents the cost of R&D. This also includes exceptional payments to buy out the minority in ValuSpread (see below). Lombard Risk has written this off the P&L more quickly than need have been the case. Again, if this cost had been absent, or if it had been capable of being treated as amortised goodwill the company would have shown a positive EBITDA last year.

In recent years Lombard Risk has received tax credits, as it has been loss making but investing heavily in R&D. The ability to receive tax credits should continue for the foreseeable future.

The company closed both 2003 and 2004 with a negative balance sheet following its large losses and policy of expensing all R&D as incurred. The current share issue will leave Lombard Risk with something over £4m of cash, and £3m plus shareholders' funds.

Forecasts

The IPO proceeds will be used to accelerate R&D and to support an expansion of the sales team from the current 5 (excluding directors who are also involved in sales) to 10. A new sales director has already been hired. One priority will be to add some sales capability (though not a full office) on the West Coast of the USA, where the hedge fund industry is thriving. R&D, as already mentioned, will focus on producing new modules in the Firmament product range.

The current pipeline for Firmament (including the managed service) is good, with some quite major deals being negotiated. A number of customers are now talking about both Oberon and Firmament as part of a single solution, so we expect Oberon to stabilise as a lower specification system, rather than seeing its customers completely migrating through to Firmament. This year may also see a shift in customer sector; hedge funds and hedge fund administrators have provided most of the deals during the past eighteen months, but there is some evidence that the smaller banks are now beginning to spend on IT again. Obviously it is difficult to predict the timing of deals, with the result that revenues may be lumpy over the next couple of years. However, Lombard Risk's high proportion of recurring revenue leaves it better placed than most software companies.

Our forecasts assume that Oberon will lose one net customer to churn each year for the next four years. On the other hand we have assumed that Firmament will double its customer base in the current financial year from 7 to 14 customers, and that customer acquisition will run at a fast rate (60-70%) for the next two years.

We expect Lombard Risk to come close to operating breakeven this year. There is a slightly unusual reason for the loss, which is the payment of continuing remuneration to one of the founders of ValuSpread. Since the division was not incorporated as a subsidiary, it was not possible to treat the buyout of his 25% stake as an acquisition; instead, the payments are taken out of the P&L as extra remuneration. In cash terms, this deal runs for another two years, but as far as the P&L is concerned, it will be completely expensed by the end of the 2004-5 financial year. We believe that the group will in fact make an EBITDA profit before this item.

Assuming only modest increases in costs, we are expecting Lombard Risk to achieve profitability in 2005-6 as revenues come through more strongly from Firmament. Management does not intend to pay a dividend until sustainable profitability has been achieved; we believe it will not start paying until profits of £1.5m-2m are achieved, which could be as early as 2006-7. Our forecasts for that year could be conservative, in view of the fact that Basel II requirements will probably drive high levels of business immediately before the deadline.

Future strategy

Even given the high growth prospects enjoyed in risk management and derivatives sectors, Lombard Risk is likely to remain a relatively small company by stock market standards unless it is able to grow more quickly by acquisition. Acquisitions will be considered if they relate to one of the three main business drivers identified above – the growth of the derivatives market, the growth of the hedge fund sector, or the increasing demand for risk management products.

The increasing cost of developing software in central London – the average staff cost per employee is over £64k – may make offshoring an attractive option for Lombard Risk. Initial exploration of this option has already been carried out, but any implementation would be done very gradually, ensuring that only non-mission-critical development was outsourced in the initial stages. We have not included any benefit from this source in our forecasts.

Valuation

Finding Lombard Risk's peer group is tricky. Its two largest competitors, SunGard (NYSE: SDS) and Misys, are quoted – but both are conglomerates, with a large proportion of earnings coming from non-relevant businesses (business continuity at SunGard and healthcare and retail banking at Misys). Besides, they are much larger than Lombard Risk and are unlikely to display the same growth rates in future, so it is debatable how far their valuations can be applied to Lombard Risk. Advent, too, is much larger than Lombard Risk, and is lossmaking. Therefore, we have also looked at a number of smaller UK financial software players who are not direct competitors to Lombard Risk, but enjoy the same growth characteristics and focus on a coherent product range.

Market capitalisation to historic sales is the easiest valuation method to use, given the fact that Lombard Risk is not currently profitable as a group, and nor are a number of its competitors. Valuations range from 1 times sales at the lower end to nearly 5 times for two smaller players. The median valuation is 3.2 times sales, which would give a valuation for Lombard Risk of £14.5m.

PERs for the current financial year are extremely diverse, as a number of companies are only just emerging from red ink into profitability. For instance *Advent*, (Nasdaq: ADVS) one of Lombard Risk's UK peer group active with hedge fund clients, made a USD 98.3m loss last year and is valued at over 100 times this year's expected earnings and 4.5 times revenues. Excluding these atypical values, the range of PE multiples appears to lie between 11.3x (*StatPro*) and 25.4x (*Royalblue*). The range narrows slightly for the financial year further out, with *Advent* again seeming exceptionally highly valued on 72x; most companies are trading between 8-9x (*StatPro*, *CMS Webview*) and 19.7x (*Royalblue*).

Also *Brady*, a commodity software specialist that used to compete in Lombard Risk's market, is in the process of being floated by Oriel Securities on a valuation range of £20 - £25m. *Brady's* sales in the year to December 2003 were £2.4m, suggesting that Oriel Securities is hoping to obtain a multiple of 8 to 10 times sales. The company that earned pre-tax profits of £0.6m last year. *Brady* is, of course, experiencing boom conditions in 2004 on the back of soaring metals prices, and the prospective sales multiple at its hoped for float price is probably more like 5X.

Lombard Risk, of course, is not in the middle of a commodity boom and is not currently profitable.

All the comparatives with the exception of *Brady* would suggest a valuation range for Lombard Risk of £9.7m at the lowest to potentially over £20m.

Of course, a trade sale could be struck at significantly higher prices. Investment analytics firm Barra was acquired by Morgan Stanley for USD 814m, representing a price of 5.79 times historic

sales. However, we believe Morgan Stanley will derive synergy benefits from the acquisition, so that it may not be a good indicator of secondary market prices for similar stocks.

Lombard Risk Management

Year ending 31 March £000	2002A	2003A	2004A	2005E	2006E	2007E
£000						
Turnover	5,384	4,468	4,525	5,520	6,969	9,091
Cost of sales	178	155	241	304	383	500
Gross profit	5,206	4,313	4,284	5,216	6,586	8,591
Gross margin	96.7%	96.5%	94.7%	94.5%	94.5%	94.5%
Amortisation						
Development						
Staff costs	4,062	4,829	3,636	4,106	4,729	5,320
Other operating charges	1,968	1,958	1,321	1,347	1,374	1,429
Exceptional	81	396	385	340	0	0
	6,111	7,183	5,342	5,794	6,103	6,749
EBIT	-905	-2,870	-1,058	-577	483	1,842
EBITA						
EBITDA	-631	-2,635	-935	-455	605	1,964
Interest	-66	-164	-152	84	127	180
Impairment						
Exceptional	0	-35	2	0	0	0
Pretax profit	-971	-3,069	-1,208	-493	610	2,022
Tax	0	110	460	240	250	250
Non equity appropriation	0	-8	-21	0	0	0
Net profit	-971	-2,967	-769	-253	860	2,272
Dividends	0	0	0	0	0	-537
Retained profit	-971	-2,967	-769	-253	860	1,735
Revenue breakdown						
Oberon	n.a.	n.a.	2,132	1,990	1,996	1,999
Firmament	n.a.	n.a.	696	1,669	2,837	4,736
ValuSpread	n.a.	n.a.	1,644	1,861	2,137	2,357
	n.a.	n.a.	4,472	5,520	6,969	9,091
Recurring revenues	n.a.	n.a.	3,360	3,900	4,896	5,924
Other revenues	n.a.	n.a.	1,165	1,620	2,073	3,168
	n.a.	n.a.	4,525	5,520	6,969	9,091
Recurrent %	n.a.	n.a.	74%	70%	70%	65%

The information in this document has been obtained from sources believed to be reliable, but cannot be guaranteed. Hardman & Co. can accept no liability for its contents. In the UK, this information is provided for the use of ordinary business investors, market counterparties and sophisticated investors, as defined in the rules of the Regulator, and is not intended to be made available to unsophisticated individuals. Hardman & Co. does not undertake investment business in the UK and therefore does not buy or sell shares, although it and individuals associated with it may own shares as long term investments. Hardman & Co. is commissioned by companies to produce research material, but estimates and content are, in all cases, those of Hardman & Co., not the companies concerned. Past performance cannot be relied upon as a guide to future performance.