

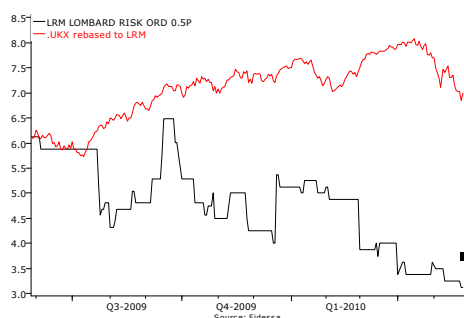
Lombard Risk Management

27 May 2010

3.75p

Interesting Trading Statement

Share Price: 3.75p



12m High: 6.5p

12m Low: 3.4p

Market Cap: £8m

Shares In Issue: 206.9m

NAV/Share: Nil ex intangibles

Gearing: Nil (£0.7m net cash)

Interest Cover: -

EPIC Code: LRM

Sector: Software & Computer Services

Market: London AIM

Broker: Allenby Capital Limited
+44 (0)20 3328 5656

PR: Walbrook PR Limited
+44 (0)20 7933 8780

Website: www.lombardrisk.com

Description: LRM provides financial software systems targeted at the banking and fund management sector, focused on collateral management and regulatory reporting.

Analysts: Rae Ellingham/Roger Hardman

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This morning's Trading Statement from Lombard Risk Management is intriguing. On the one hand it reveals that the loss for the year just concluded will be higher than for the previous year. On the other there is good news on the forward order book, and confirmation of the status of the firm's largest ever contract. Overall, we view this news favourably.

- Sales revenues for y/e March 2010 will be higher than the previous year's £8.7m, but the loss will be higher than the previous year's £1.25m. *This is no surprise, the share price was signalling something of this nature. The loss per share won't necessarily be higher, however, because there are more shares in issue.*
- The trading outlook from now on is 'encouragingly positive'.
- The order book at end-April 2010 was £4.4m, up 70% of the £2.6m at April 2009, and has continued rising in May. *This is before another £4.4m of recurring revenues. So approaching £9m, i.e. twelve months' worth, or work appears to be in hand.*
- £3.5m of contracts have been received since November 2009, but only £0.5m has been recognised as revenue in the March 2010 financial year. *Income recognition is a key issue at Lombard, and this will be a significant contributory reason why y/e March 2010 will show another loss. It suggests there may be better news in y/e March 2011 however.*
- Last year's breakthrough contract with the 'top tier Continental European Bank' and been completed, the software accepted, and additional work commissioned by the bank. *This will ease the concerns of some observers who were concerned about progress on this seven figure deal, the largest ever secured by Lombard.*
- Net cash at end-April was £0.7m. *The market had been worried about Lombard's cash position. This should calm those concerns. It supports anecdotal evidence coming to us that Lombard has been bringing its payables book up to date.*

We have no forecasts for Lombard Risk Management, and will not until the new finance director is able to provide some clarity on income recognition.

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2008A	8.5	-1.11	-1.11	-0.7	-	-	-
2009A	8.7	-1.25	-1.25	-0.8	-	-	-
2010E		No	Forecast		-	-	-
2011E		No	Forecast		-	-	-

Lombard Risk Management

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Management	Major Shareholders												
<p>Chairman: Philip Crawford</p> <p>Deputy Chairman: Ian Peacock</p> <p>CEO: John Wisbey</p> <p>Finance Director & Chief Operating Officer: Chris Langridge</p> <p>Chief Technology Officer: Nicholas Davies</p>	<table> <tr> <td>John Wisbey</td> <td>49.1%</td> </tr> <tr> <td>Advanced Technology Trust</td> <td>11.4%</td> </tr> <tr> <td>Legal & General</td> <td>8.3%</td> </tr> <tr> <td>National Bank of Canada</td> <td>5.9%</td> </tr> <tr> <td>Gartmore</td> <td>5.1%</td> </tr> <tr> <td>Merifin Capital NV</td> <td>3.6%</td> </tr> </table>	John Wisbey	49.1%	Advanced Technology Trust	11.4%	Legal & General	8.3%	National Bank of Canada	5.9%	Gartmore	5.1%	Merifin Capital NV	3.6%
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Gartmore	5.1%												
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Key Dates	Key Milestones												
<p>Full Year Results: 'shortly after' 28 July 2010</p> <p>Annual General Meeting: October 2010</p>	<p>1989 Company founded by John Wisbey and Oberon software installed at first customer site.</p> <p>2000 IDOX, originally part of LRM, floats on AIM.</p> <p>2004 LRM, floats on AIM</p> <p>2005 Purchase of STB Systems (now Lombard Risk Compliance)</p> <p>2005 Release of Colline® collateral management solution</p> <p>2006 New Shanghai office acquired</p> <p>2008 Sale of IVRS</p> <p>2009 First £1m+ contract signed for Colline</p> <p>2009 £1.8m of fresh equity capital raised at 4p/share. Just under £1m net remaining with the company after paying fees, bringing payables back into line and repaying some directors' loans. Some directors' loans turned into equity.</p>												

Lombard Risk Management

27 May 2010

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