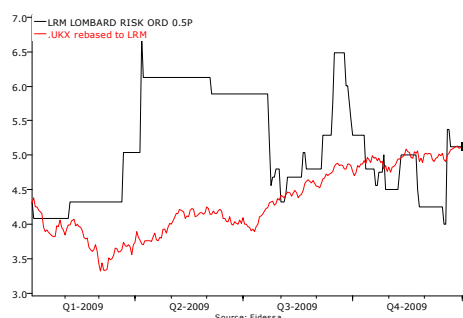


Lombard Risk Management 5.125p
Interim Results and New Contract

6 January 2010

Share Price: 5.125p



12m High: 7p

12m Low: 3.25p

Market Cap: £10m

Shares In Issue: 206.9m

NAV/Share: nil ex intangibles.

Gearing: Nil

Interest Cover: -

EPIC Code: LRM

Sector: Software & Computer Services

Market: London AIM

Broker: Noble Group +44 (0)20 7763 2200

PR: City Profile +44 (0)20 7448 3244

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.

Analyst: Roger Hardman

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Email: research@hardmanandco.com

Interim results showed sales up 8% on H1 of the previous year. The loss from operations was £0.7m, again a slight improvement on H1 of the previous year but a deterioration from the immediately preceding half.

The results were accompanied by news of a new contract for COLLINE®, Lombard's collateral management software. The contract is with ABN AMRO Bank. The previous COLLINE® win, with an unidentified major European bank, was worth in excess of £1.0m. We understand the ABN AMRO contract is smaller, but still in six figures. It gives LRM a seat at the table when negotiating for further work.

The key feature in the Interim Balance Sheet is the fall in Trade And Other Receivables of £1m, from £2.8m to £1.8m. Deferred Income was slightly lower also. Other balance sheet items are irrelevant because they have been changed significantly by the equity issue at 4p/share in October, which is after the balance sheet date.

Lombard Risk Management is world No. 2 in both collateral management and bank regulatory reporting software, and as such punches considerably above its weight as a small AIM company. It will clearly lose money in the current year. We hope it will become profitable in y/e March 2011, but have no forecasts at present. Annual sales as declared in the p & I account are very much dependent upon income recognition policies on large contracts. However, LRM is, in our opinion, heading for sales ahead of last year. A valuation of ~1.2X annual sales would suggest a correct market cap for Lombard Risk Management of ~£11m compared to the current market cap of £10m.

Full forecasts will follow at a later date.

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

6 January 2010

Management	Major Shareholders														
<p>Chairman: John Wisbey, but non-exec chairman being sought.</p> <p>CEO: John Wisbey</p> <p>Finance Director: Keith Butcher</p> <p>Non-executive Deputy Chairman: - Ian Peacock</p> <p>NED: Brian Crowe</p>	<table> <tr> <td>John Wisbey</td> <td>49.1%</td> </tr> <tr> <td>Legal & General</td> <td>8.3%</td> </tr> <tr> <td>AMF</td> <td>5.9%</td> </tr> <tr> <td>Gartmore</td> <td>5.1%</td> </tr> <tr> <td>Michael Thomas</td> <td>4.2%</td> </tr> <tr> <td>Other Directors</td> <td>4.0%</td> </tr> <tr> <td>Merifin Capital</td> <td>3.6%</td> </tr> </table>	John Wisbey	49.1%	Legal & General	8.3%	AMF	5.9%	Gartmore	5.1%	Michael Thomas	4.2%	Other Directors	4.0%	Merifin Capital	3.6%
John Wisbey	49.1%														
Legal & General	8.3%														
AMF	5.9%														
Gartmore	5.1%														
Michael Thomas	4.2%														
Other Directors	4.0%														
Merifin Capital	3.6%														
Key Dates	Key Milestones														
<p>Full Year Results: September 2010 (on previous year's timetable)</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**

6 January 2010

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