Edison investment research

27 February 2007

Maxima Holdings

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	PE (x)	Yield (%)
05/05 **	14.1	2.2	12.0	1.5	22.1	0.6
05/06	19.1	3.1	16.9	4.0	15.7	1.5
05/07e	31.2	5.8	25.0	5.2	10.6	2.0
05/08e	36.9	6.7	26.7	5.5	9.9	2.1

Note: *PBT and EPS (fully diluted) are normalised, excluding goodwill amortisation
** pro-forma results for Azur only. 2006 onwards under IFRS

Investment summary: An appropriate strategy

Maxima continues to deliver on both results and strategy. A successful track record with six acquistions has built a stronger business with an increased focus on managed services and a recurring revenue base of 62% of sales. In this note, we review the interim results and look at how its strategy fits the IT service environment.

Interim results meet expectations

Pre-tax profits of £2.0m (£1.0m) on revenues of £13.0m (£8.1m) reflect not only acquisitive growth but organic growth, with 8 and 9 new client wins in Solutions and Managed Services respectively. A 20% dividend increase to £1.8p reflects a confident outlook for H2. Net debt now stands at £7.8m, which should fall in H2.

Acquisitive strategy builds healthy track record

Maxima seeks to acquire private businesses with £5-10m revenues that have strong recurring revenues and areas of expertise that will strength the group. It reports a very healthy pipeline of potential businesses and has the strong cash flow and growing reputation to support further purchases.

Sensitivities: Still dependent on successful execution

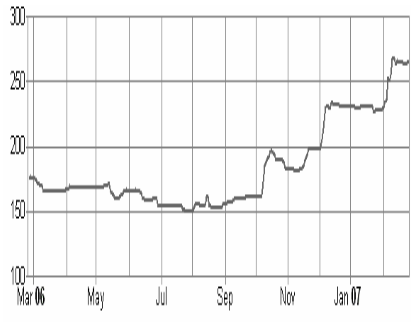
Maxima's wide breadth of exposure across the main manufacturing, public service and financial sectors and across the key global technology platforms gives an inherently stable base. With a benign UK business economy, the group's main sensitivity is its continued ability to execute and integrate acquisitions.

Valuation: Value will increase with expansion

Excluding some minor changes for adoption of IFRS, we have upgraded our earnings by c.5% on the back of these results. On a calendar basis, Maxima is trading on a PE of 10.6x (2007), which is at the average of its most immediate peers. Our analysis, based on Maxima's acquisitive track record, suggests that building a £80-£100m sales business within 3 years is possible without substantial dilution or overstretching the balance sheet. The market already values larger IT service companies at a premium and successful execution of its strategy should prompt a re-rating.

Price	265p
Market Cap	£48m

Share price graph



Share details

Code	MXM
Listing	AIM
Sector	Software & Computer Services
Shares in issue	18.4m

Price

52 week	High	Low
	265p	150p

Balance sheet as at 30 Nov 2006

Debt/Equity (%)	15
NAV per share (p)	73
Net borrowings (£m)	7.8

Business

Maxima is a holding company aiming to consolidate businesses in the Software & IT services sector.

Valuation

	2006	2007e	2008e
P/E relative	95%	73%	73%
P/CF	17.6	8.5	7.5
EV/Sales	2.2	1.6	1.4
ROE	24%	24%	25%

Geography based on revenues

UK	Europe	US	Other
92%	3%	5%	0%

Analyst
Mark Dichlian 020 7190 1755
mdichlian@edisoninvestmentresearch.co.uk

Maxima Holdings is a research client of Edison Investment Research Limited

Investment summary: An appropriate strategy

Company description: IT service company consolidator

Maxima is a managed services and systems integration company that provides and supports enterprise software for medium sized customers. The business is split into two parts: Maxima Solutions, which is the larger business and is a traditional installer of a range of world leading and own software systems; and Maxima Managed Services, which provides a range of managed services to customers with pre-installed operating systems, databases and other applications. The demand for new installations in the UK has matured and now largely reflects the health of the economy; managed services however are growing more strongly. Growth is driven by companies finding it more cost effective to outsource increasingly complex IT demands. IT service companies, like Maxima, that can provide reliable and experienced service across a range of platforms are taking advantage of a market that has been historically very poorly served by the original installers.

Interim results highlight further progress across the board

Pre-tax profits of £2.0m (£1.0m) on revenues of £13.0m (£8.1m) reflect not only acquisitive growth but organic growth, with 8 and 9 new client wins in Solutions and Managed Services respectively. A 20% dividend increase to 1.8p reflects a confident outlook for H2. Net debt stands at £7.8m.

Growth opportunities: Acquisition and cross selling

The SME market is still served by a large number of small software companies, differentiated by geography, sector technology or strategy. The core of Maxima's strategy is to be a consolidator in this industry, to build up experience across a range of platforms to enable it to provide a fuller service while growing its base of recurring revenues. The feedstock for this strategy is the host of £5-10m revenue private IT service companies that are seeking a bigger parent to extend their own growth. We see the Solutions business providing the market presence and relationship with the software companies, and the Services business offering the growth, while both deliver strong cash flow. There has been some encouraging progress to cross sell products and services across the whole group's growing client base in the last six months and also some larger contract wins using expertise from several parts of the group.

Valuation: Potential for re-rating over time

The investment opportunity with Maxima to date has been in the track record of healthy earnings growth driven by shrewd acquisitions; in the future we see the potential for re-rating as well. Our valuation analysis shows a clear differentiation between the valuation of small (under £100m market cap) and larger IT service companies. We believe a successful continuation of the group's acquisition strategy will enable the shares to command a significantly higher P/E rating in the future.

Sensitivities: In control of its destiny

The group is dependent on the health of the UK business economy for its new installations business. However the sensitivities are relatively modest here (not least because the economy looks fairly sound) compared to its own opportunities to promote growth through acquisition. Maxima's biggest risk is that it can't find new deals or control those it has made, however in both cases its track record going back to 1999 suggests this area is in fact one of its greatest strengths.

Exhibit 1: Company fact sheet

Operations

Maxima has 8 UK and 2 overseas offices with c.300 staff servicing about 1000 clients. In the last two years, it has bought six businesses to broaden its product and service offering and integrated these businesses under the Maxima brand.

Performance

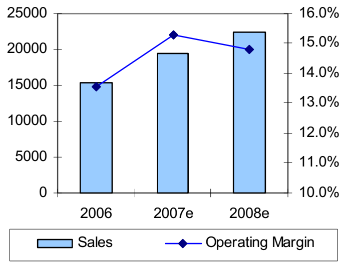
Maxima Solutions

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 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. The recent acquisition extends the client base to the construction and facilities market (270 support clients). Maxima became an accredited SAP partner in 2003 and it has grown the business strongly since then and is now one of the largest of SAP's 31 certified resellers in the UK. It is 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.

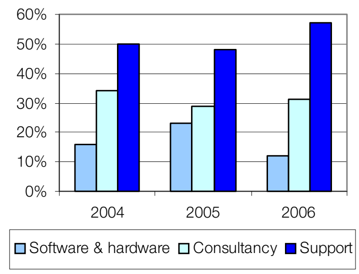
The division also has a range of product and sector expertises: Microsoft CRM (customer relationship management) applications and its own proprietary Document Management systems are two of the larger product areas. Portals and information & ticketing systems for Kiosks are also strong niches. As well as its strength in the manufacturing sector, document handling brings exposure to financial services and public sector customers.

With a balance of older legacy systems as well as newer platforms, the division relies heavily on repeat business from its installed customer base. Operations are hence all strongly cash generative.

Original constituent businesses: Weir Systems, Minerva, Seabrook, Ringwood, Cognition. Main competitors across different areas: Sapphire, Codestone, INVU, K3, Touchstone, Chelford, COINS



Group Business Mix

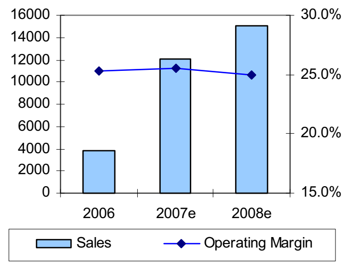


Maxima Managed Services

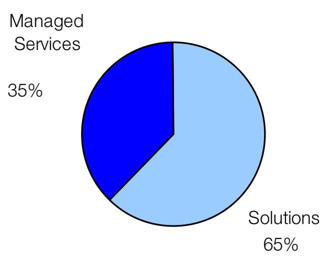
This division provides services to customers with pre-installed business software. It provides a range of fully managed or on demand support and consultancy services. Support for operating systems (Windows, Linux & Unix) and databases (Oracle, Microsoft, IBM and Computer Associates) make up the core of the business.

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 a 100 Citrix based platforms clients.

Original constituent businesses: Hanston, QED, Intertech
Main Competitors: Compel, Edenbrook, PDG,

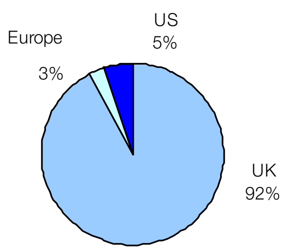


Divisional breakdown



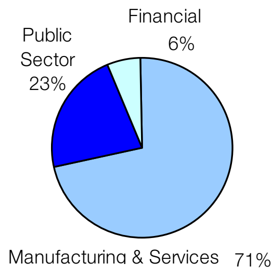
Based on fiscal 2007e sales

Geographic breakdown



Based on fiscal 2006 sales

Customer breakdown



Based on fiscal 2006 sales

Source: Edison Investment Research

Interim results analysis

Key figures

Revenues in H1 rose to £13.0m (£8.1m). The two acquisitions made during the period contributed revenues of £0.8m, although we estimate acquisitions from the previous year added about a further £3m, suggesting underlying revenues grew by 7-8%. Recurring revenues from support and managed service contracts rose to 62% of revenues (H1 2006: 55%).

Operating profit doubled to £2.2m (H1 2006: £1.1m) before exceptional costs of £.0.14m. The growth was largely attributable to the acquisitions in the previous financial year, as well as the benefits of scale as the acquired businesses share central functions. Utilisation rates amongst fee-earning staff remained strong at 74% (H1 2006: 69%), having a positive effect on margins. Fully diluted earnings per share increased by 42% to 10.1p (H1 2006: 7.1p). With a small seasonal cash outflow from the business and having paid £4.4m net in cash on acquisitions, Maxima ended the first half with net debt of £7.8m (£3.1m at June 2006).

Expectations for the full year

Maxima has adopted IFRS which brings a few adjustments to the figures. The most notable is a large reduction in the goodwill on the balance sheet. This does reduce the NAV of the group to 73p (last reported as 127p under UK GAAP). We have also taken the opportunity to charge exceptional costs against profits in our earnings calculation as these generally relate to acquisitions, which are an ongoing part of the business strategy. We have made minor adjustments to profit and tax figures partly due to IFRS with the results that eps figures have been raised c.5% in each year.

Divisional performance

Maxima Solutions won eight new clients in the period (while Cognition has won four since acquisition) as well as substantial business from existing clients. We estimate underlying growth was c.5%. The major change in H1 has been the growing relationship with Microsoft; firstly Maxima has enrolled as a partner for Microsoft's CRM software; this is an area of high growth in the market (i.e over 10%); secondly it has committed to substantial investment to bring the legacy technologies of Intellect, Cognition's Software, to Microsoft's highly successful Dynamics AX technology.

Maxima Managed Services won nine new clients during the period, as well as achieving high levels of repeat business from existing customers. We estimate underlying growth was c.20%. The Intertech acquisition won its largest contract ever, worth €4m, for a major petro-chemical project, shortly after joining Maxima.

Exhibit 2: Divisional performance

Year to May 31		2006			2007e	
Sales	H1	H2	Year	H1	H2 e	Year e
Solutions	7,239	8,075	15,314	7,910	11,503	19,413
Managed Services	854	2,964	3,818	5,118	6,669	11,787
Group Sales	**8,093**	**11,039**	**19,132**	**13,028**	**18,172**	**31,200**
Profits						
Solutions	841	1,238	2,079	1,114	1,856	2,970
Managed Services	128	839	967	977	1,993	2,970
Other *	156	153	309	166	81	247
Group operating profit	1,125	2,230	3,355	2,257	3,930	6,187

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

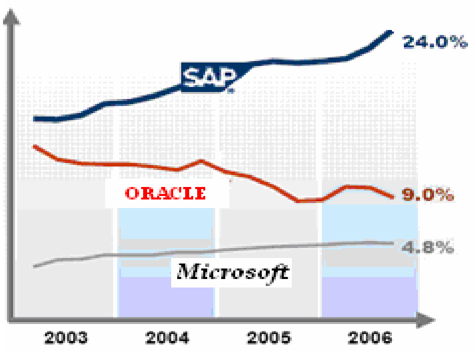
Market Outlook

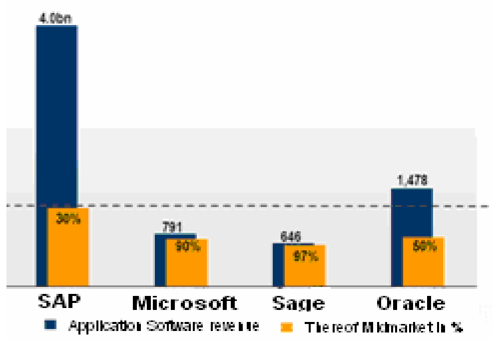
Growth in the IT services sector

With a business mix that has 88% consultancy and support, we must be careful not to classify Maxima as just an enterprise software reseller. Growth rates for maintaining its customer's installed software are always likely to be much lower and more stable than new installation revenues. Even so it is worth looking at the background to the market that Maxima operates in.

In the mid market, application software is dominated by several big vendors and the growth of the market can be judged by their relative success. SAP, the market leader reported 12% growth in 2006 and expects 12-14% in 2007. Microsoft is the more recent entry into the market and it reported 19% growth in the Microsoft Dynamics product at its last results. The graphs below show relative global market shares for the three largest vendors, and their position for application software sales into the mid market. This software is rarely sold direct to customers in the mid market, instead SAP and other vendors rely on partners to implement and tailor their packages. Maxima's strategy has been to offer a broad spread of IT platforms as well as own solutions. For Maxima, the release of the next version of SAP's Business One in Q107 may be beneficial.

Exhibit 3: Overall vendor market shares   Application software revenues in the mid market





Source: SAP

Ovum, the IT industry consultant, reported growth in the software market in the UK at about 10% in 2006 and believes that rates of 8-10% are sustainable for the next few years. For the whole IT service industry, it believes that an underlying growth rate of c.6% is likely to prevail. This is a mild upgrade from previous expectations and we think it reflects the general health of the UK economy.

Industry trends

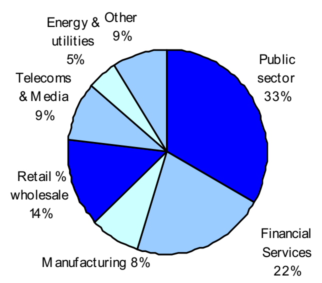
We believe the key issues for the next few years are likely to be:

- Further catch-up of mid market businesses with the trends of the larger market, i.e. increasing demands of compliance and efficiency driving IT spend; pressure on IT budgets demanding higher service from installers.
- Some slowing in the rapid growth in the public sector, after several years of above trend spend and increasing government pressure on budgets. The faster growth may swing back to the private sector (N.B Maxima has 23% public sector exposure).

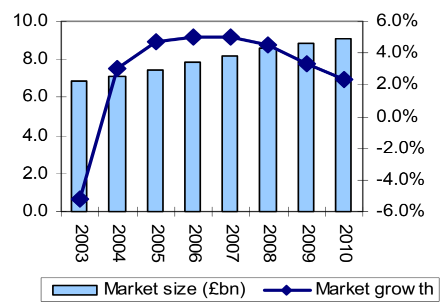
- The consolidation of application vendors has driven development of their own ecosystem of products and this looks to be leading customers to increasingly pick one vendor and align accordingly.
- Enterprise software has become simpler and cheaper to install, leaving customers with relatively more money to spend on optimising or making their systems more efficient.
- Increasing demand for customer resource management (CRM) – Maxima's alignment with Microsoft should result in incremental upgrade work as the client base has a low adoption rate so far.
- Consolidation in the IT service sector. The last 12 months has seen significant consolidation of smaller IT service companies. Axon and Computer Software Group have been the most active, though nearly all quoted companies have built through acquisition, including Maxima with 4 acquisitions in calendar 2006.

The concept of managed services plays to many of these trends. For the likes of Maxima this means that there are lots of customers that want to realign their current IT systems with a more efficient model.

Exhibit 4: UK IT service sector verticals



UK IT consulting & systems integration market growth



Source: Ovum

Competing strategies

Within the UK IT service sector virtually all companies have some form of acquisitive strategy. The reasons are the combination of a relatively mature market (though forecast 2007 growth of 6% is not too bad) and the highly fragmented nature of the market servicing medium and small enterprises. Other key considerations are:

- The large number of private companies with relatively attractive potential takeout multiples.
- The increased customer credibility and brand attributable to a larger business.
- The critical mass required to offer higher service and product knowledge.

Within this framework, the IT services companies do have significant differences in emphasis.

Maxima differentiates itself from the other IT service companies in three ways:

- Consolidator of service not technology. Maxima's approach has been to form strong partnerships with the software vendors for particular products like SAP (Business One), Microsoft (CRM) and Oracle as well as specialists in certain fields like QAD (manufacturing). Hence it does not claim to be a single technology consolidator, but to be a consolidator of services with the aim of providing a fuller range of services to the secondary market of customers with pre-installed software.

- Broad industry spread Maxima has not pursued narrow industry 'verticals' but covers the three largest sectors, manufacturing, public services and financial services. While this leaves a larger range of opportunities, it means it requires high quality service, competitive prices and a tighter focus than a larger group to win business.

- Experienced consolidator Kelvin Harrison and Linda Andrews have worked together for eight years buying and integrating companies. Maxima has a solid reputation with its banks for performing its own careful due diligence. The group has common business processes and a low central overhead, so businesses can be integrated quickly to yield both cost savings and potential cross selling opportunities. For each acquisition, Maxima prepares a detailed integration plan, tailored to the needs of the staff, clients and partners, with a strong emphasis on clear communications. Maxima management claim this careful planning has resulted in a clean transition to new ownership with negligible staff and client attrition in all of the acquisitions made to date.

As a consequence, the driver for growth is likely to be a broad market figure plus the added value that management can add by concentrating on a better quality service. In short it is a stock specific issue, which is best judged on track record rather than outside indicators. Sixteen months after our first Outlook report we are encouraged that there is now a credible track record to build growth assumptions on.

Exhibit 5: Selected IT service companies strategies

Company	Core technology platforms	Main verticals	Gross margin	Recurring revenues	Strategy
Maxima	SAP, Microsoft, Oracle, & own IPR	Manufacturing, Public Sector, Financial Services	78%	62%	Managed service consolidator
Touchstone	Microsoft Dynamics (60%) & Sun Systems	Financial Services, charities	50%	38% service	Vertical market expansion
Computer Software Group	own IPR	Financial Services, Legal, Charities	86%	37%	Acquisitive growth in verticals
K3	Microsoft Dynamics, Syspro, own IPR	Retail, Manufacturing, Distribution	63%	n/a	Diversification from manufacturing
Axon	SAP only	Public Sector, Aerospace	28%	37% (consultancy & applic. man.)	Largest SAP based international consultancy
Chelford	SAP, Microsoft & own IPR	Manufacturing, Distribution, Financial Services, Public Sector	46%	n/a	Increase recurring revenues
Sanderson	own IPR	Manufacturing (46%), E-commerce sales (54%)	84%	55%	Development of own products
Microgen	Own IPR, SAP	Financial Services (c.60%), Energy, Public sector	n/a	48%	International consultancy with emphasis on managed services

Source: company report & accounts. N.B. recurring revenues & gross margin definitions may not be consistent

Others in the private and quoted sector have a much more focussed approach on verticals or technologies. There is little firm evidence to suggest which the right course is; growth in the last two years has in fact been determined more by the pace of acquisitive action and skill in operational management (i.e. not making mistakes).

Some of Maxima's closest private competitors have different specialisations as well: Sapphire Systems is the leading SAP Business One partner in the UK, Compel is the leading Oracle partner in the UK, and both Codestone and Edenbrook have similar managed service exposure across many verticals and technologies. The conclusion from the table above is that the market is broad and diverse enough that it can be satisfied by many different approaches, however we think Maxima's strategy enables it to be in greater control of its destiny than many others- being neither confined by technology or verticals.

The acquisition pipeline

Maxima has reiterated its view that the there is a plentiful pipeline of potential acquisitions. The acquisitive growth has extended Maxima's market presence and as a result it is receiving lots of approaches, mainly from the private sector.

Exhibit 6: Acquisition history

Acquisitions	Date	Division	Price (£m)	Sales (£m)	EBIT (£m)	P/sales (x)	P/EBIT (x)
Ringwood	Aug-05	Solutions	2.9	3.2	0.0	0.4	100.0
Hanston	Sep-05	Managed Services	8.2	3.5	0.7	2.3	11.9
Seabrook	Jan-06	Solutions	0.5	0.6	0.1	0.5	5.3
QED	May-06	Managed Services	4.3	3.2	1.1	1.3	4.0
Cognition	Oct-06	Solutions	4.1	4.7	1.0	0.9	4.1
Intertech	Nov-06	Managed Services	3.7	3.0	0.0	1.2	11.5
				18.3		1.2	7.4

Source: Maxima, Edison Investment Research * estimated, # net of acquired cash balances

We expect the focus to remain on businesses with sales of £5-10m which can extend the group's skill set, provide cash generative maintenance revenues or build the managed service concept.

Sensitivities

Timing and pace of acquisitions

In the last year we have seen that the main business sensitivity is the pace of the acquisition strategy. A series of acquisitions have each resulted in incremental upgrades to earnings forecasts. The two acquisitions in the current year have raised forecasts for 2007 by 7% (EPS raised from 21.8p to 23.3p in our Update note published December 2006).

Execution risk on acquisitions

The clean track record so far suggests management have good systems in place to quickly integrate businesses into the Maxima group. In the last year this has included a re-branding to the Maxima name. We think that the risk on execution of acquisitions is only likely to become an issue if the pace or size of deals steps up materially. This may be an issue in the future but the current strategy of acquiring small private companies after full due diligence looks fairly conservative.

Industry consolidation by others

While companies like Axon and Computer Software Group have seen strong share price outperformance from aggressive acquisition strategies this does not preclude others with more risk-averse strategies. Maxima report a large acquisition pipeline in companies of £5-10m sales.

UK business outlook

The relative health of the UK economy has been a positive factor for the new installations market, however the majority of Maxima's business is recurring revenues from existing clients, which are relatively insensitive to economic factors.

Lack of financing

At the interim stage Maxima reported net debt of £7.8m. Assuming it continues to use a mixture of shares and debt to purchase companies, we estimate this leaves Maxima with sufficient funds to maintain its acquisition programme (See *2009 Model*). Bank facilities are arranged on a deal basis.

Valuation

Whilst there have typically been 40-60 software and IT service companies acquired in each of the last three years (source: Regent Associates), most have been private companies and the much lower P/E multiples (see Exhibit 6) are not a true reflection of PE multiples in the quoted sector. Our basis for valuation hence relies more on a peer group analysis than on "takeout multiples". We also revisit the implications of the group's target ambition to become a £50-100m revenue business.

Discount to peer group

Exhibit 7: Peer group comparison

				Fiscal 2007				Calendar 2007		
Enterprise software services	Year end	Price (p)	Mkt Cap. (£m)	Sales growth (%)	Sales (£m)	PTP (£m)	EPS (p)	P/E (x)	EV/ Sales	Yield (%)
Maxima	May	265	48.0	63%	31.2	5.8	25.0	10.2	1.81	2.0%
Smaller companies										
Chelford	Dec	149	10.6	9%	20.9	1.7	16.7	8.9	0.46	0.0%
Computer Software Group	Feb	115	70.6	18%	41.9	8.3	10.0	10.5	1.74	0.0%
K3	Dec	125	24.6	5%	26.7	3.2	12.2	10.3	0.83	0.0%
Microgen	Dec	56	57.5	3%	38.6	5.8	3.9	14.4	1.31	2.5%
Sanderson	Sept	51.5	21.5	18%	19.0	3.0	4.8	10.6	1.23	5.2%
Touchstone	Mar	192.5	22.4	15%	27.0	3.1	18.4	9.3	0.71	2.1%
Peer Average				14%				10.6	1.16	1.7%
Medium size companies										
Axon Group	Dec	710	417.5	26%	167.5	24.9	28.3	25.1	2.45	0.6%
Morse	Jun	99	154.8	(15%)	311.0	9.5	4.3	19.1	0.41	4.0%
Average								22.1	1.43	2.3%
IT Services sector average								13.0	1.30	

Source: Edison Research, Hemscott, Yahoo Finance

In our forecasts, Maxima is trading on a P/E of 10.2x for calendar 2007. This is now the average of its quoted peer group. The table above shows a clear step-up in rating depending on market capitalisation. Below £50m market cap., the average 2007 P/E is about 9.5 x; between £50-£100m (CSG and Microgen), it is about 12.5x, while between £100-400m (Axon and Morse) it is about 22.1x. We think that if Maxima follows through on its strategy, it should make the steps up in size and these should be reflected in its valuation. The share price performance of those companies making a step up in revenues has been very noticeable: Axon and Computer Software's share prices have both risen sharply in the last 12 months.

The 2009 model

Since our first note in November 2005, we have been tracking the group's strategy target of becoming a £50-100m revenue company within five years of listing. With evidence from its acquisition track record to date, we can refine our model. For future acquisitions, we now assume a mixture of 60% cash, and 40% shares is used and an average EBIT multiple of 7-8x (based on the average of the last six deals). With current annualised revenues of c.£35m, we assume it acquires businesses with sales of c.£50m in the next 3 years. The table below shows the broad-brush calculation of the impact assuming the balance sheet remains below 100% geared.

Exhibit 8: Maxima in 2009, what the strategy implies

	2006	2007	2008	2009	Cumulative acquisitions	Proforma 2009
Sales	19.1	31.2	36.9	38.7	49.3	88.1
EBIT	3.1	6.1	7.0	7.4	8.9	16.3
EBIT margin	16%	20%	19%	19%	18%	19%
Interest	(0.1)	(0.3)	(0.4)	(0.2)	(2.7)	(2.9)
Pre-tax profit	3.0	5.8	6.6	7.2	6.2	13.4
Tax	18%	24%	26%	26%	26%	26%
Earnings	2.5	4.4	4.9	5.3	4.6	9.9
Shares in issue	14.8	17.5	18.4	18.4	11.7	30.1
Diluted EPS	16.9	25.0	26.7	29.0		33.0

Source: Edison Investment Research

The table shows a potential 14% EPS uplift even assuming new shares are issued at a 15% discount to the current price. In fact the main sensitivity is the share price. The scenario looks more favourable than six months ago, largely due to the EPS upgrades in the last six months and the materially higher share price.

Financials

Our earnings expectations are based on the following assumptions for the business:

Exhibit 9: Divisional assumptions

Year to May 31	2007e				2008e			
	Sales growth	Sales (£'000)	Profit (£'000)	Margin	Sales growth	Sales (£'000)	Profit (£'000)	Margin (%)
Solutions	6%	19,413	2,970	*15.3*	5%	22,450	3,320	*14.8*
Managed Services	21%	11,787	2,970	*25.2*	13%	14,450	3,600	*24.9*
(add backs) *			247				80	
Group		31,200	6,187	*19.8*		36,900	7,200	*19.0*

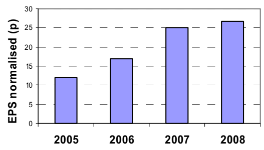
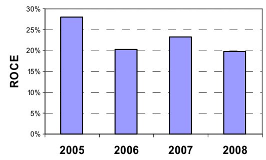
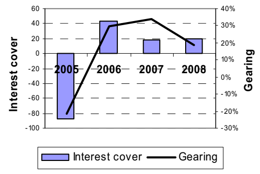
Source: Edison Research

We note Maxima's divisional profit figures (as above) are stated after exceptionals and amortisation of share based figures. We need to add these back to get published group figures.

Exhibit 10: Financials

£'000s	2005	2006	2007e	2008e
Year-end May 31st				
PROFIT & LOSS				
Revenue	14,118	19,132	31,200	36,900
Cost of Sales	(3,929)	(4,142)	(6,864)	(8,118)
Gross Profit	10,189	14,990	24,336	28,782
EBITDA	2,321	3,299	6,340	7,250
Operating Profit (before GW and except.)	2,191	3,119	6,100	7,000
Goodwill Amortisation	(373)	(414)	(1,660)	(1,800)
Exceptionals	0	0	0	0
Other	0	0	0	0
Operating Profit	1,818	2,705	4,440	5,200
Net Interest	25	(73)	(340)	(350)
Profit Before Tax (norm)	2,216	3,046	5,760	6,650
Profit Before Tax (FRS 3)	1,843	2,632	4,100	4,850
Tax	(665)	(536)	(1,383)	(1,729)
Profit After Tax (norm)	1,551	2,510	4,378	4,921
Profit After Tax (FRS3)	1,178	2,096	2,718	3,121
Average Number of Shares Outstanding (m)	11.9	14.6	17.2	18.1
EPS - normalised fully diluted (p)	12.0	16.9	25.0	26.7
EPS - FRS 3 (p)	9.9	14.4	15.8	17.2
Gross Margin (%)	72.2%	78.4%	78.0%	78.0%
EBITDA Margin (%)	16.4%	17.2%	20.3%	19.6%
Operating Margin (before GW and except.) (%)	15.5%	16.3%	19.6%	19.0%
BALANCE SHEET				
Fixed Assets	15,023	19,141	28,053	26,223
Intangible Assets	14,704	18,585	27,103	25,223
Tangible Assets	319	556	950	1,000
Investment in associates	0	0	0	0
Current Assets	7,011	9,415	9,400	10,674
Stocks	14	0	0	0
Debtors	2,467	4,386	6,200	7,254
Cash	2,925	3,029	1,000	1,000
Current Liabilities	(8,519)	(11,878)	(13,428)	(13,273)
Creditors	(8,519)	(11,878)	(13,428)	(13,273)
Short term borrowings	0	0	0	0
Long Term Liabilities	0	(6,150)	(6,800)	(4,600)
Long term borrowings	0	(6,150)	(6,800)	(4,600)
Other long term liabilities	0	0	0	0
Net Assets	13,515	10,528	17,225	19,025
CASH FLOW				
Operating Cash Flow	4,111	2,187	5,260	6,170
Net Interest	(20)	17	(340)	(350)
Tax	(665)	(193)	(2,200)	(1,729)
Capex	(30)	(170)	(300)	(300)
Acquisitions/disposals	0	(12,232)	(4,220)	(662)
Financing	0	4,814	(149)	13
Dividends	0	(469)	(730)	(942)
Net Cash Flow	3,396	(6,046)	(2,679)	2,200
Opening net debt/(cash)	471	(2,925)	3,121	5,800
HP finance leases initiated	0	0	0	0
Other	0	0	0	0
Closing net debt/(cash)	(2,925)	3,121	5,800	3,600

Source: Company accounts, Edison Investment Research

Growth	Profitability	Balance sheet strength
		

Sensitivities evaluation	
Litigation/regulatory	○
Pensions	○
Currency	○
Stock overhang	◗
Interest rates	◗
Oil/commodity prices	○

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 03-07e	26.1	ROCE 06e	23.2	Gearing 06e	33.7	Address:	
EPS CAGR 05-07e	16.5	Avg ROCE 03-07e	N/A	Interest cover 06e	17.9	Cotswold Court, Lansdown Road, Cheltenham, Gloucs. GL50 2JA	
EBITDA CAGR 03-07e	37.8	ROE 06e	25.4	CA/CL 06e	0.7		
EBITDA CAGR 05-07e	30.0	Gross margin 06e	62.2	Stock turn 06e	N/A	Phone	01242 211 211
Sales CAGR 03-07e	24.3	Operating margin 06e	19.6	Debtor days 06e	72.5	Fax	01242 236 107
Sales CAGR 05-07e	24.5	Gr mgn / Op mgn 06e	3.2	Creditor days 06e	144	www.maximaholdings.com	

Principal shareholders	%
K. F Harrison	19.5
Liontrust Asset Man Ltd	10.1
Unicorn Asset Management	9.9
J M Caines	4.5
Invesco Perpetual	3.6
M Ashwell	3.3
M Riley	3.3
L. Andrews	3.3

Forthcoming announcements/catalysts	Date *
Final results	August 2007
*Note: * = estimated*	

Management team
CEO: Kelvin Harrison
Kelvin Harrison joined Weir Systems as CE in 1999 to turn the loss making company around. Having successfully achieved this he merged the business with Minerva to create Azur in June 2001, becoming CEO. This was the foundation of Maxima. Previously he was CEO of Vega Group and Symbionics Group. He was non exec director of Axon plc.
CFO: Linda Andrews
Linda is a chartered accountant and joined Weir Systems in 2000. She was group finance director of Azur before its incorporation into Maxima. She has been involved in the due diligence in all the acquisitions.
Chairman: Michael Brooke
Michael has worked in the computer industry for almost 40 years, predominantly specialising in founding, developing, floating and/or selling companies within the computer software, hardware and services sector. He has used this model successfully on at least five companies.