



Company data			
Stock data as of 27-09-10			
Price			GBP29.5
52-week range			GBP14.5-GBP29.5
Shares outstanding			81,162,500
Dividend yield			N/A
Last 12-month average daily trading volume (AIM) ¹			21,875
Capitalisation			
Market capitalisation			GBP23.94 mn
Enterprise value			GBP23.81 mn
Net debt / equity			N/A
Price performance (%)			
	1M	3M	12M
Absolute	40.5	63.9	37.2
Rel to FTSE AIM All-Share	13.3	14.8	21.5
Major shareholders			
Rank	Name	Shares held	Capital
1	Stephen Streater	62,660,000	77.2%
2	SF t1ps Smaller Companies Growth Fund	2,500,000	3.1%
3	VJ Steel	812,500	1.0%
4	Others	15,190,000	18.7%
Total shares		81,162,500	100%
TIDM code:			FBT
SEDOL number:			0474047 GB
Nominated adviser:			Brew in Dolphin Investment Banking
Broker:			Bell Lawrie White
Bankers:			National Westminster Bank Plc
Auditors:			Kingston Smith LLP
Lawyers:			Blake Lapthorn
Country of incorporation:			UK
Head office location:			UK
Principal area of operations:			UK, North America
Company website:			www.forbidden.co.uk
Managing Analyst:			Somatish Banerjee
Analyst:			Devang Bhatt
Next results due:			Mid-April 2011
An update report will be published shortly after the company's earnings release. A copy of this report can be obtained at www.psqanalytics.com .			

Source: Company data, Bloomberg, IIR Group

Summary

On 27 September 2010, Forbidden Technologies plc (Forbidden) reported 1H 10 results under IFRS. Key highlights include:

- Forbidden reported a 21% y-o-y growth in revenues to GBP167,858 in 1H 10, above our estimate. Growth continued to be driven by healthy repeat business and post-production client additions. Its partnership with Editshare in 1H 10 and post period partnership with Envy Post will further strengthen Forbidden's post production sales.
- The recently announced agreement with Siemens in Africa is Forbidden's first with a systems integrator, and marks an important step in the company's strategy to achieve scale without substantially increasing costs. Further deals with systems integrators are expected to follow, with increasing acceptance of cloud video and access to global distribution networks through partners expected to bring significant market potential.
- While gross profit margin was at 94%, with cost of sales falling short of our expectations, Forbidden reported an increase in operating loss from GBP26,931 in 1H 09 to GBP53,853 in 1H 10. This was as a result of a 37% increase in administrative expenses, largely driven by increased advertising and marketing costs, the retention of financial PR consultants and establishment of a presence in the US. Despite the higher-than-anticipated administrative expenses, the company's operating loss was lower than our expectation.
- Forbidden reported an increase in net loss to GBP57,758 in 1H 10, reflecting the trickledown effect of increased administrative expenses, further augmented by an increase in finance costs. Diluted EPS for 1H 10 stood at GBP(0.07) compared to GBP(0.03) in 1H 09.
- As of 30 June 2010, Cash and cash equivalents stood at GBP137,553. Forbidden did not draw any funds from its loan facility in 1H 10, and in 26 July 2010, repaid GBP78,500 of its loan to the Chairman. Post period it has also issued shares for GBP150,000, and issued an option over 500,000 shares for GBP5,000.



Prepared by **Forbidden Technologies plc (FBT: AIM)**

**INDEPENDENT
INTERNATIONAL
INVESTMENT
RESEARCH PLC**

**Sector: Software & Computer Services
Research Note – 1H 10 Results**

28-09-10

1H 10 performance

All figures in GBP, unless specified	1H 09 (restated)	1H 10	y-o-y growth	1H 10E	Variation from IIR estimate
Total revenues	138,774	167,858	21.0%	153,050	9.7%
Cost of sales	(9,010)	(9,483)	5.2%	(16,836)	(43.7%)
Gross profit	129,764	158,375	22.0%	136,215	16.3%
Margin	93.5%	94.4%	84 bps	89.0%	535 bps
Administrative expenses	(156,695)	(214,730)	37.0%	(200,496)	7.1%
Operating income	(26,931)	(53,853)	(100.0%)	(64,281)	16.2%
Margin	(19.4%)	(32.1%)	(1,268 bps)	(42.0%)	992 bps
Net income	(25,697)	(57,758)	(124.8%)	(62,169)	7.1%
Margin	(18.5%)	(34.4%)	(1,589 bps)	(40.6%)	621 bps
Reported diluted EPS (GBP)	(0.03)	(0.07)	(133.3%)	(0.07)	0.0%

Source: Company data, IIR Group

¹ The volume data identified does not include shares trading on the PLUS market, which make up a significant proportion of Forbidden's shares traded.

The company has reviewed a draft of this profile and factual amendments have been made



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