

09<sup>th</sup> March 2006

COMPANY REPORT

Coverage: Since Q1/2004

## VALOR

**Sector:**  
Software / Technology

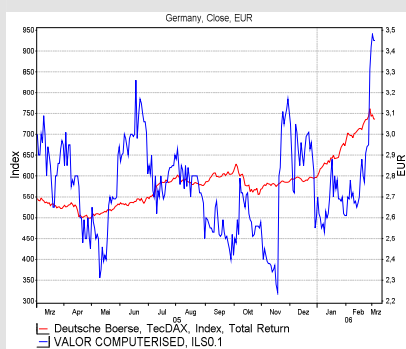
**EVENT:** Results 2005 and New Shareholder

**Rating (old):** BUY  
**Fair Value (old)** € 4,55  
**Last Price:** € 3,50

**Rating:** KAUFEN  
**Fair Value (new)** € 4,55

## Good News and increasing Interest

- **New and Impressive Institutional Investor**
- **Results in line with our Expectations**
- **Promising further Processoptimizations and Enlargement of Client Basis**



### SWOT

- + Strong experienced Management
- + Fine Margins with Software Concepts and Tools
- + High Cashreserves (\$ 32 Mio)
- - Enterprise 3000 with limited Growth
- - High demand on worldwide sales

#### ANALYST

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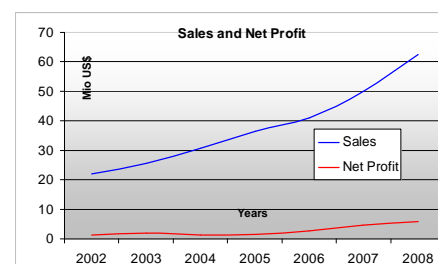
See also  
Kalliwoda Recommendations  
on Terminal: Bloomberg  
Reuters  
Thomson Financials  
JCF Factset

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### COMPANY DESCRIPTION

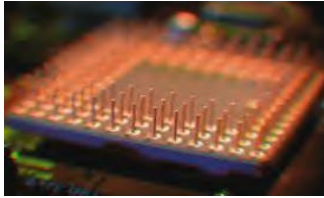
VALOR COMPUTERIZED SYSTEMS is one of the leading suppliers of productivity-increasing software solutions for the electronic industry. VALOR's solutions cover the development, production and monitoring. VALOR created an international standard for dataexchange on the highest level. The products help companies to increase their productivity and to minimize mistakes.

### HISTORY & ESTIMATES



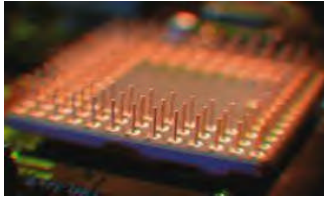
VALOR COMPUTERIZED SYSTEMS					
Figures in EUR	2002	2003	2004	2005	2006e
EPS Dr. Kalliwoda	0,07	0,11	0,07	0,08	0,15
EPS Consensus	-0,04	0,11	0,13	0,12	0,20
Revenues (mln)	22,1	25,6	30,7	36,3	41,0
net Income (adj.)	1,3	1,9	1,2	1,4	2,7
net cash per share	0,8	1,6	1,5	1,7	1,7
net Cash	14,0	29,9	27,6	32,0	32,0
Free Cash Flow	5,1	8,8	11,9	10,4	1,6
P/E	-	33,7	52,7	46,3	23,5
P/S	-	2,5	2,1	1,8	1,6
ROE in %	2,38	3,4	5,5	3,5	7,6
EV/EBITDA	-	32,6	107,5	62,2	29,6
Price (curr)	3,48				18,55
52W high	3,48				16,5
52W low	1,87				39,2%
Market Cap (mln)	64,6				0,005%
Last Dividend	0,07				VCR
Sales CAGR 2001-2010	33%				VCR
Web Page	www.valor.com				WKN 928731

Source: DR.KALLIWODA | RESEARCH



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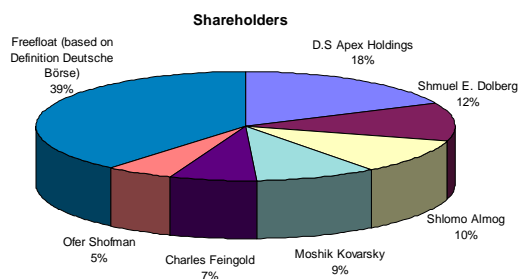
## 1. RESULTS FY 2005

### 1.1 Large Israelic Investment House Buys 3,4 Mio. Shares

The investment company D.S Apex bought 3.4 million Valor shares at a price of 3,07 Euro from the institutional shareholder Courses. Courses closes its business. The new Investor D.S Apex manages approx. 3 billion Euro and ranks as one of the large Israeli Investment companies. The society administers providence funds, mutual funds, pension funds and provides portfolio management services. In the graphic below you can see the shareholders structure of Valor.

In addition D.S Apex bought further Valor shares according to statements of the management board of Valor. This also explains the present share performance.

At present the volumes of the daily traded shares rise. Based on our DCF-Model (see chapter 3) the valuation on Valor is still favorable. After subtraction of the US-\$ 30 millions.



### 1.2 Valor 2005 Results: Sales-Record

In 2005 Valor obtained sales of US\$ 36.3 million (in line with our estimates).

EBIT before share-referred payments amounted to US\$ 1.8 million thereby lying 51% over the 2004 year's result.

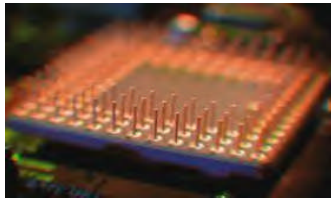
The net result in 2005 grew by 22% on US\$ 2 million compared to 2004. After share-referred payments Valor has obtained a net result of US\$ 1.4 million compared to US\$ 1.2 million.

Valor is valued at present with the simple turnover-multiple of one. Comparable technology enterprises are valued partially with a double or even higher turnover-multiple.

### Guidance for 2006

Valor communicates a guidance for the running year 2006: Net profit of US\$ 3 million. Valor should have a double digit sales growth for 2006.

We expect sales of US\$ 41 million and a net result of US\$ 3.9 million. On the basis of our valuation model and our discussion with the management board we maintain our **BUY recommendation**. Our price target stays constant with **EURO 4.45 per share** on view of 12 months.

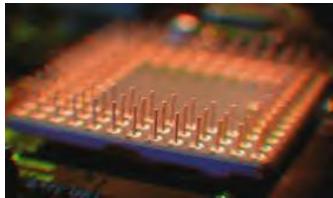


## 1.3 Quarterly Trends

VALOR 2004 and 2005 Figures in Mio. US\$

	Q1 2005	Q1 2004	Change % to Q1 2004	Q2 2005	Q2 2004	Change % to Q2 2004	Q3 2005	Q3 2004	Change % to Q3 2004	Q4 2005	Q4 2004	Change % to Q4 2004	Total 2005	Total 2004	Change % to 2004
<b>Revenues</b>															
Product Sales and Related Services	5,840	4,811	26.63%	5,893	4,777	23.47%	6,059	5,088	19.30%	6,328	5,444	16.43%	24,120	19,899	21.21%
% of revenues	67.1%	64.5%		65.5%	64.0%		66.1%	65.1%		66.8%	65.8%		66.4%	64.8%	
Maintenance	2,865	2,544	12.75%	3,110	2,688	16.09%	3,105	2,721	14.07%	3,139	2,821	11.27%	12,219	10,763	13.53%
% of revenues	32.9%	35.5%		34.5%	36.0%		33.9%	34.9%		33.2%	34.2%		33.6%	35.1%	
<b>Total Revenues</b>	<b>8,705</b>	<b>7,355</b>	<b>22%</b>	<b>9,003</b>	<b>7,465</b>	<b>21%</b>	<b>9,164</b>	<b>7,809</b>	<b>17%</b>	<b>9,467</b>	<b>8,265</b>	<b>15%</b>	<b>36,339</b>	<b>30,662</b>	<b>19%</b>
<b>Cost of Revenues</b>															
Product Sales	0,849	0,288	200.00%	1,088	0,844	29.37%	1,838	0,866	112.99%	0,955	0,855	12.88%	4,730	2,833	66.96%
% of revenues	9.8%	4.0%		12.1%	11.3%		20.1%	11.1%		10.1%	10.2%		13.0%	9.2%	
Maintenance	0,299	0,200	52.55%	0,245	0,116	57.05%	0,205	0,211	-2.84%	0,267	0,144	88.03%	1,016	0,705	44.11%
% of revenues	3.4%	2.7%		2.7%	2.1%		2.2%	2.7%		2.8%	1.7%		2.8%	2.3%	
<b>Total Costs of Revenues</b>	<b>1,148</b>	<b>0,488</b>	<b>140%</b>	<b>1,333</b>	<b>0,960</b>	<b>20%</b>	<b>2,043</b>	<b>1,077</b>	<b>72%</b>	<b>1,323</b>	<b>0,999</b>	<b>21%</b>	<b>5,746</b>	<b>3,538</b>	<b>62%</b>
% of revenues	13.2%	6.7%		14.9%	14.9%		22.3%	15.2%		14.0%	13.2%		15.8%	11.5%	
<b>Gross Profit</b>	<b>7,557</b>	<b>6,867</b>	<b>13%</b>	<b>7,670</b>	<b>6,505</b>	<b>19%</b>	<b>7,121</b>	<b>6,732</b>	<b>6%</b>	<b>8,144</b>	<b>7,266</b>	<b>13%</b>	<b>30,593</b>	<b>27,124</b>	<b>13%</b>
% of revenues	86.8%	93.3%		85.2%	86.6%		77.7%	86.2%		87.1%	88.0%		84.2%	88.5%	
<b>Research and Development Costs</b>	<b>2,810</b>	<b>2,666</b>	<b>5.72%</b>	<b>2,825</b>	<b>2,446</b>	<b>14.79%</b>	<b>2,660</b>	<b>2,444</b>	<b>8.93%</b>	<b>2,588</b>	<b>2,744</b>	<b>-5.62%</b>	<b>10,883</b>	<b>10,303</b>	<b>5.63%</b>
% of revenues	32.3%	37.2%		31.4%	33.0%		29.0%	31.3%		27.3%	33.2%		29.9%	33.6%	
<b>Selling and Marketing Expenses</b>	<b>3,617</b>	<b>3,344</b>	<b>8.42%</b>	<b>3,862</b>	<b>3,451</b>	<b>11.88%</b>	<b>3,780</b>	<b>3,499</b>	<b>8.31%</b>	<b>4,901</b>	<b>3,455</b>	<b>42.02%</b>	<b>16,160</b>	<b>13,729</b>	<b>17.71%</b>
% of revenues	41.6%	46.6%		42.9%	46.3%		41.2%	44.7%		51.8%	41.8%		44.5%	44.8%	
<b>General and Administrative Expenses</b>	<b>0,612</b>	<b>0,577</b>	<b>7.75%</b>	<b>0,650</b>	<b>0,433</b>	<b>51.87%</b>	<b>0,613</b>	<b>0,445</b>	<b>35.02%</b>	<b>0,482</b>	<b>0,477</b>	<b>1.90%</b>	<b>2,357</b>	<b>1,923</b>	<b>22.57%</b>
% of revenues	7.0%	7.9%		7.2%	5.7%		6.7%	5.8%		5.1%	5.7%		6.5%	6.3%	
<b>Total Operating Costs and Expenses</b>	<b>7,039</b>	<b>6,556</b>	<b>7%</b>	<b>7,337</b>	<b>6,113</b>	<b>3%</b>	<b>7,053</b>	<b>6,339</b>	<b>10%</b>	<b>7,971</b>	<b>6,677</b>	<b>20%</b>	<b>29,400</b>	<b>25,955</b>	<b>13%</b>
% of revenues	80.9%	91.7%		81.5%	85.7%		77.0%	81.9%		84.2%	80.7%		80.9%	84.6%	
Impairment (loss) earnings															
<b>Profit from Operations</b>	<b>0,518</b>	<b>0,111</b>	<b>363%</b>	<b>0,333</b>	<b>0,111</b>	<b>192%</b>	<b>0,068</b>	<b>0,233</b>	<b>-70%</b>	<b>0,175</b>	<b>0,500</b>	<b>-65%</b>	<b>1,193</b>	<b>1,169</b>	<b>2%</b>
% of revenues	6.0%	1.6%		3.7%	1.5%		0.7%	3.0%		1.9%	6.1%		3.3%	3.8%	
<b>Financial Income, net</b>	<b>0,113</b>	<b>0,244</b>	<b>-52.92%</b>	<b>0,075</b>	<b>0,222</b>	<b>-66.22%</b>	<b>0,144</b>	<b>0,110</b>	<b>48.45%</b>	<b>0,115</b>	<b>0,211</b>	<b>-46.01%</b>	<b>0,447</b>	<b>0,772</b>	<b>-42.10%</b>
% of revenues	1.3%	3.4%		0.8%	3.0%		1.6%	1.3%		1.2%	2.6%		1.2%	2.5%	
<b>Profit before Taxes on Income</b>	<b>0,631</b>	<b>0,355</b>	<b>79%</b>	<b>0,408</b>	<b>0,334</b>	<b>21%</b>	<b>0,212</b>	<b>0,333</b>	<b>-35%</b>	<b>0,288</b>	<b>0,713</b>	<b>-60%</b>	<b>1,640</b>	<b>1,941</b>	<b>-16%</b>
% of revenues	7.2%	4.9%		4.5%	4.5%		2.3%	4.2%		3.0%	8.6%		4.5%	6.3%	
<b>Taxes on Income</b>	<b>0,000</b>	<b>0,006</b>	<b>-100.00%</b>	<b>0,000</b>	<b>0,004</b>	<b>-100.00%</b>	<b>0,110</b>	<b>0,004</b>	<b>197.30%</b>	<b>0,136</b>	<b>0,190</b>	<b>-28.42%</b>	<b>0,246</b>	<b>0,315</b>	<b>-22.88%</b>
% of revenues	0.0%	0.8%		0.0%	0.5%		1.2%	0.5%		1.4%	2.3%		0.7%	1.0%	
<b>Profit before Tax due to Dividend Distribution</b>	<b>0,631</b>	<b>0,300</b>	<b>114%</b>	<b>0,408</b>	<b>0,330</b>	<b>36%</b>	<b>0,102</b>	<b>0,299</b>	<b>-65%</b>	<b>0,253</b>	<b>0,523</b>	<b>-52%</b>	<b>1,394</b>	<b>1,622</b>	<b>-14%</b>
% of revenues	7.2%	4.1%		4.5%	4.0%		1.1%	3.7%		2.7%	6.3%		3.8%	5.3%	
<b>Income Tax due to Dividend Distribution</b>	<b>0,000</b>	<b>0,000</b>	<b>0.0%</b>	<b>0,000</b>	<b>0,000</b>	<b>0.0%</b>	<b>0,000</b>	<b>0,000</b>	<b>0.0%</b>	<b>0,000</b>	<b>0,000</b>	<b>0.0%</b>	<b>0,000</b>	<b>0,000</b>	<b>0.0%</b>
% of revenues	0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%	
<b>Net Profit (Loss)</b>	<b>0,631</b>	<b>0,300</b>	<b>114%</b>	<b>0,408</b>	<b>0,330</b>	<b>36%</b>	<b>0,102</b>	<b>0,299</b>	<b>-65%</b>	<b>0,253</b>	<b>0,523</b>	<b>-52%</b>	<b>1,394</b>	<b>1,622</b>	<b>-14%</b>
% of revenues	7.2%	4.1%		4.5%	4.0%		1.1%	3.7%		2.7%	6.3%		3.8%	5.3%	
<b>Basic Earnings (Losses) per Share</b>	<b>0,03</b>	<b>0,02</b>	<b>72.12%</b>	<b>0,02</b>	<b>0,02</b>	<b>33.42%</b>	<b>0,01</b>	<b>0,02</b>	<b>-65.19%</b>	<b>0,01</b>	<b>0,03</b>	<b>-52.10%</b>	<b>0,08</b>	<b>0,09</b>	<b>-16.51%</b>
<b>Diluted Earnings (Losses) per Share</b>	<b>0,03</b>	<b>0,01</b>	<b>215.31%</b>	<b>0,02</b>	<b>0,01</b>	<b>104.15%</b>	<b>0,01</b>	<b>0,01</b>	<b>-64.72%</b>	<b>0,012</b>	<b>0,03</b>	<b>-51.82%</b>	<b>0,07</b>	<b>0,081</b>	<b>-11.78%</b>
<b>Weighted Av. No. Of Shares Basic Earnings</b>	<b>18,331</b>	<b>18,15</b>	<b>1.00%</b>	<b>18,541</b>	<b>18,26</b>	<b>1.56%</b>	<b>18,565</b>	<b>18,40</b>	<b>0.91%</b>	<b>18,600</b>	<b>18,40</b>	<b>1.09%</b>	<b>18,55</b>	<b>18,27</b>	<b>1.52%</b>
<b>Weighted Av. No. Of Shares Diluted Earnings</b>	<b>20,012</b>	<b>19,96</b>	<b>0.24%</b>	<b>19,985</b>	<b>20,60</b>	<b>-2.97%</b>	<b>20,126</b>	<b>20,22</b>	<b>-0.44%</b>	<b>20,300</b>	<b>20,20</b>	<b>0.50%</b>	<b>19,62</b>	<b>20,14</b>	<b>-2.58%</b>

Source: VALOR COMPUTERIZED SYSTEMS - DR.KALLIWODA | RESEARCH



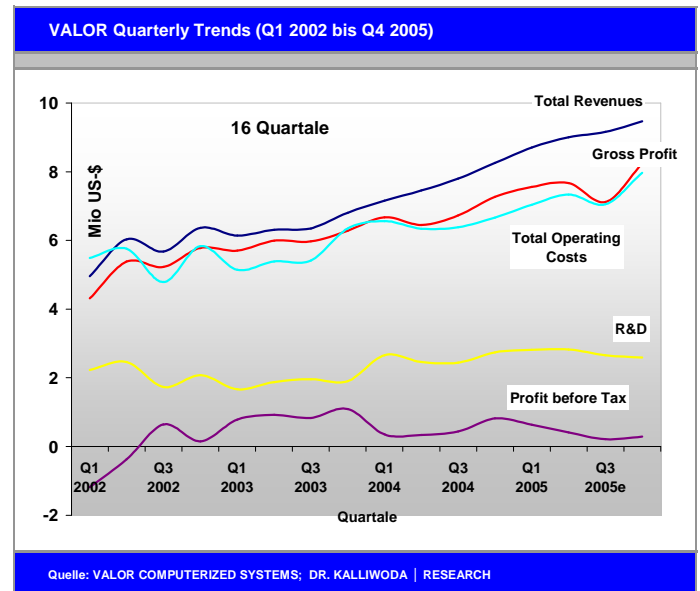
## 2. GROWTH DRIVERS

Valor is specialized in constructing of Manufacturing Execution Systems (MES), which contributes to shorter production-times, improves the product-quality and reduces the production-costs.

Furthermore, we assume that the following industry-trends should accelerate the growth of the MES-market:

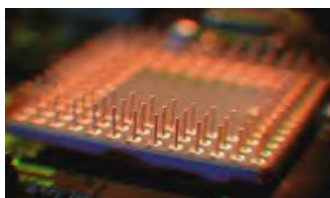
- Spread of Web-technology
- Rising demand for performance-analysis of process-information
- Rising demand f. realtime visualization

The following graphic shows the business-performance of the last four years. The development of revenues and gross-profits as well as earnings before taxes is good news, although an increasing amount of money was invested into the development of the Asian market in the year 2004 and 2005. Furthermore the products were improved and were developed in order to meet the requests of the Valor-clients. Valor is capable of serving process-solutions for the complete product-life-cycle-management. In our opinion Valor also concentrated its software construction processes and strengthened its selling power. The TraceXpert solution<sup>1)</sup> concentrates on the real time monitoring in the electronic production. This makes the accurate traceability of products and materials possible which is important in



mass production. At the beginning of this year (see press release of 14th February) Valor succeeded with the four largest machine systems vendors through the production of electronics products (Fuji, Panasonic, Siemens and Universal). For these machine systems Valor has created full-comprehensive real time monitoring software modules. Valor was able to close improved better contracts with large blue Chips (Sony, Nokia, Toyota, GE and Universal). Historically these companies have fragmented machine and production assembly lines by different manufacturers. TraceXpert is specialized in integrating these different systems for creating systems to supervise the entire production process. Almost more important is the possible reduction of preparation times for the machines and thereby saving costs.

<sup>1</sup>.TraceXpert is a robust realtime system which controls the interfaces of assembly lines in real time modus without any time lags. The "**Feeder Verification**" (Manufacturing) protects against a wrong-positioning of inaccurate components. The electronics-components intended for the equipment are scanned before and are tested for functionality. This "Feeder Verification" is based on a real time-supported functionality-examination in a developed version.



### 3. VALUATION: DCF

On the basis of our discount cash flow model with a weighted cost of capital (WACC) of 10,2% and a beta of 1.3 we calculate a fair value of US\$ 5.45. With a present Euro/US\$ exchange-rate of 1.20 we calculate a fair value of € 4.54 per share (unchanged compared to our last publication on 4th December 2005) and recommend the stock to buy.

The valuation of the Valor was done through the three-staged discount-cash-flow model to calculate the inner value of the share. We made the following assumptions: We set the risk free interest rate at 3.7%. This corresponds to a 10 year bond. We calculated the risk premium with 5% and the beta factor in relation to the TecDax30 with 1.3. These parameters applied, we received a weighted average cost of capital (WACC) of 10,2%.

#### SENSITIVITY ANALYSIS per Share

(US-DOLLAR)		Discount factor				
β = 1,3		0,08	0,09	0,102	0,11	0,1
	0,0%	6,17	5,65	5,23	4,89	4,6
CAGR of revenues in terminal phase	0,5%	6,30	5,74	5,29	4,94	<b>4,6</b>
	1,0%	6,44	5,84	5,37	<b>4,99</b>	4,6
	1,5%	6,61	5,95	<b>5,45</b>	5,05	4,7
	2,0%	6,80	<b>6,08</b>	5,54	5,11	4,7
	2,5%	<b>7,03</b>	6,23	5,64	5,19	4,8

Source: Dr. Kalliwoda Resear

### 3.1 Sensitivity Analysis

The results show a valuation-range of US\$ 4.61 to US\$ 7,03. A long-term growth of 1.5% (Terminal Growth Rate) and a weighted cost of capital of 10,2% is realistic in our eyes. From these numbers, a market-capitalization of US\$ 110 million, corresponding to a fair share price of US\$ 5.45 for Valor Computerized Systems is calculated.

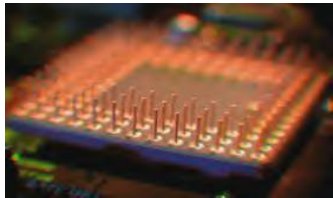
DCF PARAMETER	
PARAMETERS	
Risk-free rate	3,7%
Risk premium	5,0%
Beta	1,30
Longterm growth rate	1,5%
Cost of equity	10,2%
Cost of debt (after Tax)	4,2%
WACC	10,2%
NET PRESENT VALUE OF FREE CASH FLOWS (Mio. US-DOLLAR)	
Phase 1 (2005-2006)	20,4
Phase 2 (2007-2009)	29,5
Phase 3 (2010...terminal value)	30,0
Net debt	30,3
Value of total equity	110,1
DCF value per share	5,45

Source: DR.KALLIWODA | RESEARCH 2005

#### SENSITIVITY ANALYSIS (Market-Capitalization)

(Mio. US-DOLLAR)		Discount factor				
β = 1,3		8,2%	9,2%	10,2%	11,2%	12,2%
	0,0%	125	114	106	99	93
CAGR of revenues in terminal phase	0,5%	127	116	107	100	<b>94</b>
	1,0%	130	118	108	<b>101</b>	95
	1,5%	134	120	<b>110</b>	102	96
	2,0%	138	<b>123</b>	112	103	97
	2,5%	<b>142</b>	126	114	105	98

Source: Dr. Kalliwoda Research



## 4. STATEMENTS OF CASHFLOWS

The following table shows the high level of cash and cash equivalents of US\$ 27,73 million (Q4/2005) as well as the positive development of the operational cash flows. Therefore Valor has very good possibilities to invest into new products

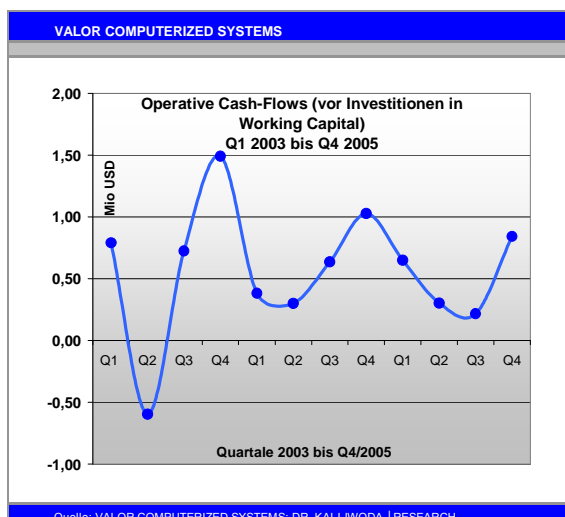
which can strengthen the technological leadership. In addition the high cash reserves should make acquisitions possible, which would strengthen Valors operational business altogether. We assume that Valor will take over small niche-companies.

VALOR CONSOLIDATED STATEMENTS OF CASHFLOWS												
	Q1 2005	Q1 2004	Change to Q1 2004	Q2 2005	Q2 2004	Change to Q2 2004	Q3 2005	Q3 2004	Change to Q3 2004	Q4 2005	Q4 2004	Change to Q3 2004
<b>Cash flows from operating activities</b>												
Net profit	0,63	0,30	114%	0,41	0,30	36%	0,10	0,30	-66%	0,25	0,63	-60%
Operating cash flows before working capital changes	0,65	0,38	70%	0,30	0,30	1%	0,22	0,30	-28%	0,84	2,29	-63%
Net cash provided by (used in) operating activities	0,00	0,20	-101%	0,24	0,96	-75%	-0,16	0,96	-117%	0,37	1,62	-77%
<b>Cash flows from investing activities</b>												
Net cash provided by (used in) investing activities	9,97	-0,53	-1966%	-0,11	0,22	-149%	-0,77	0,22	-445%	-0,09	13,45	-101%
<b>Cash flows from financing activities</b>												
Net cash used in financing activities	-1,30	-2,40	-46%	0,24	0,06	285%	0,21	0,06	234%	-0,49	-3,68	-87%
Increase (decrease) in cash and cash equivalents	8,664	-1,68	-615%	0,37	1,242	-70,05%	0,37	1,242	-70,05%	0,71	10,817	-93,45%
Effect of exchange rate changes on opening cash	-0,050	-0,001	4900%	-0,002	-0,022	-90,91%	-0,002	-0,022	-90,91%	-0,206	0,649	-131,74%
Cash and cash equivalents at beginning of period	17,87	7,65	134%	26,48	5,97	344%	26,85	5,97	350%	17,87	2,74	553%
Cash and cash equivalents at end of period	26,48	5,97	344%	26,85	7,19	274%	26,10	7,19	263%	27,73	14,20	95%

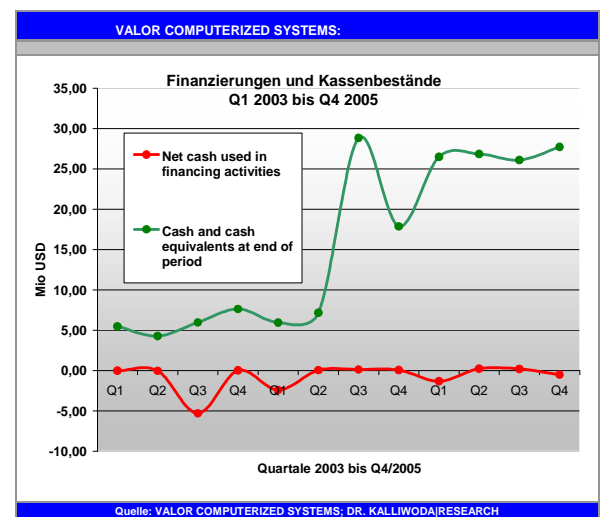
Source: VALOR COMPUTERIZED SYSTEMS ; DR.KALLIWODA | RESEARCH

The following graph (below) clarifies that the gross cash flows (operating cash flows before working capital changes) improved since Q2/2004 and vary afterwards between US\$ 0,2 million and US\$ 1,6 million.

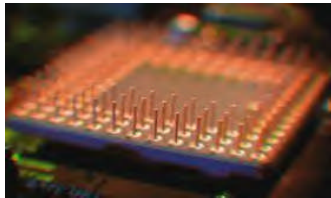
The graph (below) "investments, financings and cash" shows the financing loads e.g. dividend payments. Here again the high cash position of Valor as an important basis for the further enterprise expansion becomes clear.



Quelle: VALOR COMPUTERIZED SYSTEMS; DR. KALLIWODA | RESEARCH



Quelle: VALOR COMPUTERIZED SYSTEMS; DR. KALLIWODA | RESEARCH



## 5. PROFIT & LOSS ACCOUNTING UNTIL 2010

The following graph shows the profit-and-loss-accounts with estimates up to 2010.

Our sales and earnings estimates are based on a conservative scenario 1 (estimates without acquisitions, see following table).

PROFIT & LOSS VALOR COMPUTERIZED SYSTEMS											
\$ mln											
	2001	2002	2003	2004	2005e	2006e	2007e	2008e	2009e	2010e	CAGR 2001 bis 2010
<b>Revenues (Scenario 1<sup>1</sup>)</b>	<b>24,8</b>	<b>22,1</b>	<b>25,6</b>	<b>30,7</b>	<b>36,3</b>	<b>41,0</b>	<b>50,0</b>	<b>62,5</b>	<b>69,5</b>	<b>78,0</b>	<b>33,2%</b>
Revenues (Scenario 2 <sup>2</sup> )	24,8	22,1	25,6	30,7	36,5	46,0	63,0	74,0	82,0	91,0	38,4%
% change	-15,4%	-11,0%	16,0%	19,7%	18,5%	12,8%	22,0%	25,0%	11,2%	12,2%	
COGS	-3,3	-2,2	-1,7	-3,5	-5,7	-5,5	-6,7	-8,4	-9,3	-10,4	
% of revenues	13%	10%	7%	12%	16%	13%	13%	-13%	-13%	-13%	
<b>Gross income</b>	<b>21,5</b>	<b>19,8</b>	<b>23,9</b>	<b>27,1</b>	<b>30,6</b>	<b>35,5</b>	<b>43,3</b>	<b>54,1</b>	<b>60,2</b>	<b>67,6</b>	<b>27,4%</b>
% change	-16,3%	-7,7%	20,7%	13,3%	12,8%	16,1%	22,0%	25,0%	11,2%	12,2%	
<b>Gross margin</b>	<b>87%</b>	<b>90%</b>	<b>93%</b>	<b>88%</b>	<b>84%</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>88%</b>
R & D	-8,0	-6,8	-7,4	-10,4	-10,9	-11,1	-13,1	-16,0	-17,8	-20,0	
% of revenues	-32%	-31%	-29%	-34%	-27%	-26%	-26%	-26%	-26%	-26%	
S, S&A (Distr./Mark.)	-12,9	-10,5	-12,4	-13,9	-16,2	-19,2	-21,5	-26,8	-28,6	-32,1	
% of revenues	52%	47%	49%	45%	47%	43%	43%	43%	41%	41%	
Other op. Income	-1,8	-1,9	-1,7	-2,1	-2,4	-2,7	-3,2	-4,1	-4,5	-5,1	
<b>EBITDA</b>	<b>-1,2</b>	<b>0,7</b>	<b>2,4</b>	<b>0,8</b>	<b>1,2</b>	<b>2,5</b>	<b>5,5</b>	<b>7,0</b>	<b>8,3</b>	<b>9,4</b>	<b>34,0%</b>
% of revenues	-5%	3%	9%	3%	3%	6%	11%	11%	12%	12%	
<b>EBITDA margin</b>	<b>-4,7%</b>	<b>3,0%</b>	<b>9,4%</b>	<b>2,5%</b>	<b>3,3%</b>	<b>6,1%</b>	<b>10,9%</b>	<b>11,2%</b>	<b>11,9%</b>	<b>12,1%</b>	
<b>EBIT</b>	<b>-1,2</b>	<b>0,7</b>	<b>2,4</b>	<b>0,8</b>	<b>1,2</b>	<b>2,4</b>	<b>5,6</b>	<b>7,1</b>	<b>7,3</b>	<b>8,4</b>	<b>30,3%</b>
% of revenues	-5%	3%	9%	3%	3%	6%	11%	11%	10%	11%	
<b>EBIT margin</b>	<b>-4,7%</b>	<b>3,0%</b>	<b>9,4%</b>	<b>2,5%</b>	<b>3,3%</b>	<b>6,0%</b>	<b>11,1%</b>	<b>11,3%</b>	<b>10,5%</b>	<b>10,8%</b>	
Financial result	2,1	0,7	1,2	0,8	0,4	0,8	0,7	0,8	0,7	0,6	
<b>Pre tax income</b>	<b>0,9</b>	<b>1,3</b>	<b>3,6</b>	<b>1,54</b>	<b>1,6</b>	<b>3,2</b>	<b>6,2</b>	<b>7,8</b>	<b>8,0</b>	<b>9,0</b>	<b>37,9%</b>
% of revenues	3,8%	6,1%	14,2%	5,0%	4,5%	7,9%	12,4%	12,5%	11,5%	11,5%	
Taxes	0,0	0,0	-1,7	-0,3	-0,2	-0,5	-1,6	-2,0	-2,0	-2,3	
Tax rate	1,7%	1,2%	47,3%	20,7%	15,0%	15,4%	25,0%	25,0%	25,0%	25,0%	
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
<b>Net income (Ex adj.)</b>	<b>0,9</b>	<b>1,3</b>	<b>1,9</b>	<b>1,22</b>	<b>1,4</b>	<b>2,7</b>	<b>4,7</b>	<b>5,9</b>	<b>6,0</b>	<b>6,8</b>	<b>21,5%</b>
% of revenues	4%	6%	7%	4%	4%	7%	9%	9%	9%	9%	
<b>Net margin</b>	<b>4%</b>	<b>6%</b>	<b>7%</b>	<b>4%</b>	<b>4%</b>	<b>7%</b>	<b>9%</b>	<b>9,4%</b>	<b>8,6%</b>	<b>8,7%</b>	
# shares out (mln)	18,54	18,07	18,05	18,27	18,40	18,40	18,40	18,40	18,40	18,40	
<b>EPS</b>	<b>0,05</b>	<b>0,07</b>	<b>0,11</b>	<b>0,07</b>	<b>0,08</b>	<b>0,15</b>	<b>0,25</b>	<b>0,32</b>	<b>0,32</b>	<b>0,36</b>	<b>21,5%</b>

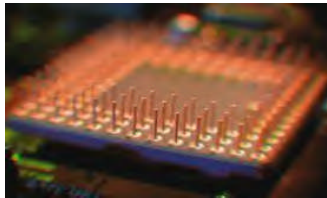
Scenario 1<sup>1</sup>) Schätzungen ohne Firmenakquisitionen; Unsere DCF-Analyse basiert auf diesem Szenario; Fairer Wert: US\$ 5,27 je Aktie.  
 Scenario 2<sup>2</sup>) Schätzungen mit Firmenakquisitionen (Gewinn-Reihe ist etwas höher verglichen mit Szenario 1): 2006: US\$ 0,21; 2007: US\$ 0,30; 2008: US\$ 0,36; 2009: US\$ 0,37; 2010: US\$ 0,41.  
 Fairer Wert: US\$ 5,47 je Aktie.

Source: DR. KALLIWODA | RESEARCH; VALOR COMPUTERIZED SYSTEMS

The P&L shows a strong sales development from 2001 to 2005 from US\$ 24,9 million to US\$ 36,34 million. In 2010 you see our estimates of US\$ 78 million having calculated an average sales growth for the years 2005 to 2010 of 33,2% (CAGR)<sup>2</sup>) from this. For the EBIT we expect US\$ 2,4 million in 2006, US\$ 5,6 million in 2007, US\$ 7,1 million in 2008, US\$ 7,3 million in 2009, and US\$ 8,4 million in 2010., which equals an average EBIT-margin of 9,9%.

The EBT-series is stronger. We expect pre-tax results from 2006 to 2010 to be US\$ 3,2 million, US\$ 5,2 million, US\$ 6,2 million, US\$ 7,8 million, US\$ 8 million and US\$ 9 million which results in an EBT-margin of 11,2% on average with continuous growth. These result-series are positively influenced by a high stock of financial investments of US\$ 27,73 million, even though this stock and the interest obtainable through it could be reduced by the acquisition of smaller companies.

<sup>2</sup> Compound Average Growthrate: Here the turnover growth rates were settled. From 2005 to 2010 on the year 2005 with the capital cost set of 10,2 % (WACC).



## 6. BALANCE & CASH FLOWS

Our balance estimations consider continuous enterprise growth supported by stable cashflow growth. The balance grows, although we subordinated high

declarations of dividend in our cashflow analysis. See for this the also following cashflow statement in the connection of the following balance estimation.

BALANCE SHEET VALOR COMPUTERIZED SYSTEMS																				
US\$ Millionen																				
	2001	in %	2002	in %	2003e	in %	2004e	in %	2005e	in %	2006e	in %	2007e	in %	2008e	in %	2009e	in %	2010e	in %
Intangible assets	0,8	2	0,4	1	0,3	0,6448	0,5	1,2376	0,5	1,16	0,5	1,08701	0,5	0,971	0,5	1	0,5	1	0,5	1
(thereof goodwill)	0,8	2	0,4	1	0,3	4	0,4	4	0,4	0,94	0,4	0,8972	0,4	0,815	0,4	1	0,4	1	0,4	1
Tangible assets	2,8	6	2,2	5	1,8	4	1,6	4	2,3	5	3,0	6	3,8	7	-6,2	9	-6,2	12	-6,2	12
Financial assets	1,7	4	18,5	42	1,8	4	3,2	7	-6,2	-14	-6,2	-13	-6,2	-12	-6,2	-11	-6,2	-10	-6,2	-9
<b>Fixed assets</b>	<b>6,0</b>	<b>11</b>	<b>21,6</b>	<b>48</b>	<b>4,1</b>	<b>9</b>	<b>5,8</b>	<b>12</b>	<b>-3,0</b>	<b>-8</b>	<b>-2,3</b>	<b>-6</b>	<b>-1,5</b>	<b>-4</b>	<b>-11,6</b>	<b>-1</b>	<b>-11,6</b>	<b>2</b>	<b>-11,6</b>	<b>3</b>
Inventories	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0
Trade debtors	3,9	9	4,9	11	4,6	11	5,5	13	6,1	14	6,7	14	7,6	15	8,9	15	9,6	16	15,9	23
Other current assets	0,8	2	3,2	7	2,0	5	2,3	5	2,5	6	2,8	6	3,2	6	3,7	6	4,0	6	6,6	10
Cash & marketable sec.	35,7	78	14,9	34	30,8	75	30,4	70	39,9	88	40,6	86	43,3	83	45,6	79	46,7	76	43,3	63
<b>Current assets</b>	<b>40,4</b>	<b>89</b>	<b>23,1</b>	<b>52</b>	<b>37,4</b>	<b>91</b>	<b>38,1</b>	<b>88</b>	<b>48,6</b>	<b>108</b>	<b>50,0</b>	<b>106</b>	<b>54,1</b>	<b>104</b>	<b>58,2</b>	<b>101</b>	<b>60,3</b>	<b>98</b>	<b>65,9</b>	<b>97</b>
<b>Total assets</b>	<b>45,59</b>	<b>100</b>	<b>44,24</b>	<b>100</b>	<b>41,26</b>	<b>100</b>	<b>43,31</b>	<b>100</b>	<b>45,16</b>	<b>100</b>	<b>47,37</b>	<b>100</b>	<b>52,12</b>	<b>100</b>	<b>57,59</b>	<b>100</b>	<b>61,65</b>	<b>100</b>	<b>68,26</b>	<b>100</b>
Share capital	35,6	76	38,7	87	35,4	86	34,9	81	34,9	77	34,9	74	34,9	67	34,9	61	34,9	57	34,9	51
Reserves	3,6	8	0,0	0	0,0	0	0,4	1	1,0	2	2,4	5	5,7	11	9,3	16	12,3	20	9,3	14
Minority interests	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0
Provisions	2,5	5	1,8	4	2,2	5	2,3	5	2,6	6	2,8	6	3,2	6	3,7	6	4,0	6	6,6	10
Financial liabilities	1,6	4	0,9	2	0,9	2	2,8	6	3,1	7	3,4	7	3,9	7	4,5	8	4,9	8	8,1	12
Other liabilities	0,8	2	0,6	1	0,4	1	0,4	8	0,3	1	0,3	1	0,4	1	5,2	1	5,6	1	9,3	1
<b>Total liabilities</b>	<b>7,4</b>	<b>16</b>	<b>5,5</b>	<b>13</b>	<b>5,8</b>	<b>14</b>	<b>-0,7</b>	<b>20</b>	<b>9,2</b>	<b>20</b>	<b>10,0</b>	<b>21</b>	<b>11,5</b>	<b>22</b>	<b>13,4</b>	<b>23</b>	<b>14,4</b>	<b>23</b>	<b>24,0</b>	<b>35</b>
<b>Total equity + liabilities</b>	<b>46,59</b>	<b>100</b>	<b>44,23</b>	<b>100</b>	<b>41,26</b>	<b>100</b>	<b>42,92</b>	<b>100</b>	<b>45,16</b>	<b>100</b>	<b>47,37</b>	<b>100</b>	<b>52,12</b>	<b>100</b>	<b>57,59</b>	<b>100</b>	<b>61,65</b>	<b>62</b>	<b>68,26</b>	<b>100</b>
Working capital	4,7		5		5		5,5		6,1		7		7,6		9		10		16	
Net debt *)	-33,1		-14		-29		-26,8		-35,5		-36		-37,0		-38		-39		-32	
Gearing **)	-0,8		-0,4		-0,8		-0,8		-1,0		-1,0		-1,0		-0,9		-0,9		-0,8	

\*) Net dept = \*) Net dept = negative value means positive "net dept": ---> Positive assets in the range of US-\$ 26.8 million and US-\$ 32 million in 2010e  
 Def: Net dept = Bank loans (shortterm and longterm) - Cash and marketable securities.

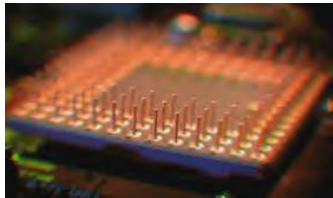
\*\*\*) Gearing: The further in positives, the more unfavorably the indebtedness quotient "Gearing" (net indebtedness/ capital funds);  
 With Valor below 0; very positive balance strength.

Source: DR.KALLIWODA | RESEARCH, VALOR COMPUTERIZED SYSTEMS;

CASH FLOW STATEMENT VALOR COMPUTERIZED SYSTEMS										
US\$ Millionen										
	2001e	2002e	2003e	2004	2005e	2006e	2007e	2008e	2009e	2010e
Operating cash flow	0,5	2,5	3,5	3,0	1,6	2,3	3,9	5,2	6,7	5,2
Cash flow from investments	5,8	2,4	5,3	8,8	8,8	-0,7	-0,7	-1,0	-1,0	-1,0
Dividend payments	0,0	0,0	-5,3	-2,6	-1,6	-1,2	-2,1	-2,6	-2,8	-2,8
Cash flow Financ. (e.g. buy be	-4,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Free cash flow</b>	<b>6,4</b>	<b>4,9</b>	<b>8,8</b>	<b>11,9</b>	<b>10,4</b>	<b>1,6</b>	<b>3,2</b>	<b>4,2</b>	<b>5,7</b>	<b>4,2</b>

Source: DR.KALLIWODA | RESEARCH, VALOR COMPUTERIZED SYSTEMS

CAGR 2005 bis 2010: 25,3%

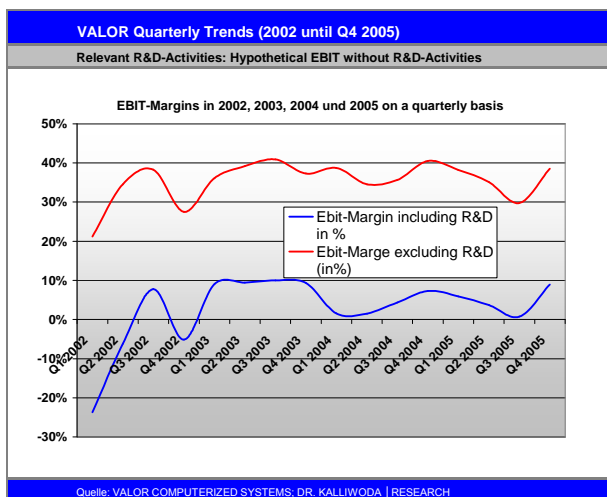


## 7. EBIT+EB R&D = EBITRAD

Valors' longer term strategy is to champion the PLM area in the electronics industry through product investment combined with a proactive program of acquisitions. Valor increases the product scope horizontally (machine vendor partnerships) and vertically (supply chain logistics, stock control etc.). Valor invests R&D resources into products which target the complete factory-floor workflow management.

In our view this is the adequate strategy for generating substantial earnings-growth. In our view customer service is still a winning differentiator for the Valor and a key asset to Valor's company culture.

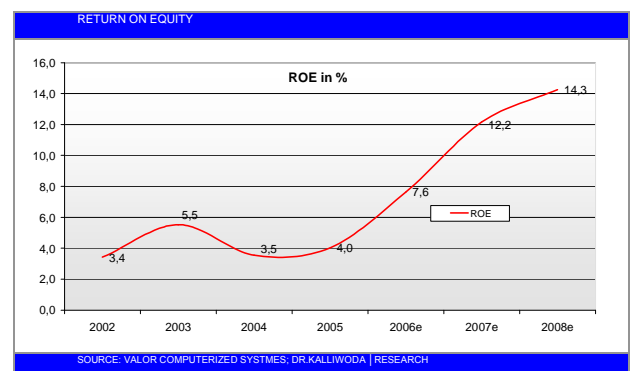
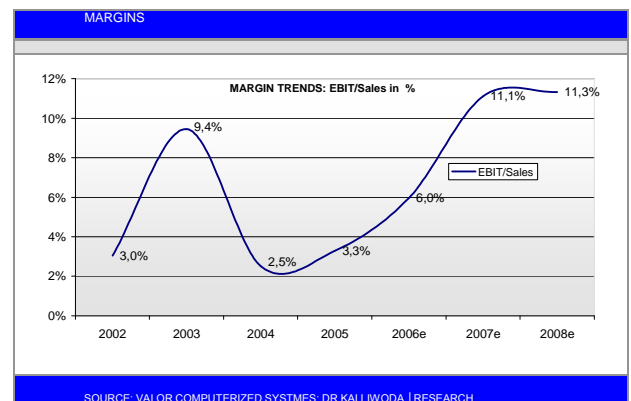
It is to be considered that R&R ensures for example the ability to support lead-free process manufacturing and the handling of hazardous substances. The following graph shows that Valor is a profitable enterprise. The curve above shows a hypothetical EBIT-margin computation that does not account for R&D expenditures.



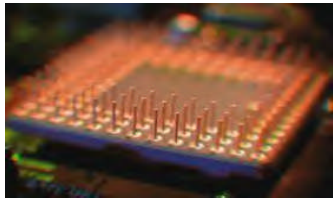
We call it **EBITRAD-margin** (Earnings before Interest, Tax and R&D). Here, Valor exhibits an impressive margin of 37.4% on average for the financial year 2004, 38.4% for 2003 and 30.4% for 2002. For 2005 we derive an EBITRAD of 35,5%.<sup>3)</sup>

### 7.1 Margin Trends to 2008

The following graphs show EBIT/Sales margins and the Return On Equity including our expectations until 2008e. Both curves visualize the expected improvement on sales and earnings.



<sup>3</sup> Valor obtained US\$ 36,34 million in 2005 and EBIT of US\$ 1,193 million and invested US\$ 10,883 million in R&D.



## 8. SWOT-ANALYSIS

### STRENGTHS

<b>Enlargement of Client Basis</b>	■ Valor is strongly integrated in the vertical structures of important companies
<b>Management</b>	■ Competent Manangement with strong know-how in the electronic segment; meaningful geographical distribution of Valors´ human resources
<b>Cashflow</b>	■ High operational cashflow: US\$ 36,34 million sales in 2005 and US\$ 2,462 million operational cashflow
<b>Cash</b>	■ High cash reserves of US\$ 27,73 million
<b>Assembly Expertise</b>	■ State-of-the-art technology; strong assembly process expertise: Know-how with high speed boards and with miniaturization of circuit boards
<b>Trilogy 5000</b>	■ Trilogy 5000 as the biggest growth driver (new documentations-editor and shape-manager-modul)
<b>TraceXpert</b>	■ Best in class product TraceXpert as growth driver: Expert-tool for real time monitoring and component traceability
<b>ODB++</b>	■ Professional open DATA format ODB++; full data portability; Real time production control leads to improved product quality higher production volume
<b>Client basis</b>	■ Huge client basis
<b>New Institutional Investor</b>	■ Leading investment group D.S-Apex Holdings in Israel is new major shareholder

### OPPORTUNITIES

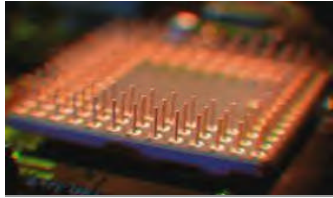
<b>Asia and Japan</b>	■ High turnover and profit potential in Asia and Japan
<b>M&amp;A</b>	■ Lining up M&A transactions
<b>Market trends</b>	■ Market trends of the product innovations and the ever shorter product life cycles support Valors strategy and sales potential
<b>Clients preferences</b>	■ Customers need improved product quality and the possibility of efficient back tracing of all used product-components for the later comprehensibleness of the component supplier
<b>Complex Semiconductors</b>	■ Trend for more complex and more compact disks and electronic components Only professional and efficient production systems master the complexity
<b>Profitability</b>	■ High Investments in software development (R&D) provide good chances for Valor to penetrate blue chip customers more strongly

### WEAKNESSES

<b>Enterprise 3000</b>	■ Enterprise 3000 with limited growth
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### THREATS

<b>Semicond. Cycles</b>	■ Operational presence in over 23 countries requires high distribution and efforts of organization.
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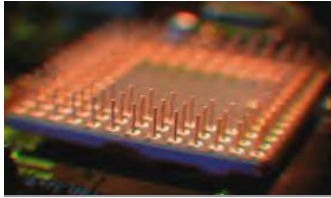
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<b>HOLD</b>	On a basis of our prognoses the stock should have a performance of between minus 10% and plus 10% in the following 12 months.	
<b>REDUCE</b>	On a basis of our prognoses the stock should have an underperformance of between minus 10% and minus 20%.	
<b>SELL</b>	On a basis of our prognoses the stock should have an underperformance of at least minus 20%	

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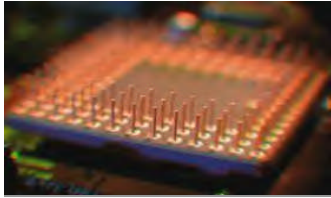
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