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razor

RISK TECHNOLOGIES

**Razor Risk Technologies Limited
(Formerly IT&e Limited)**

Half-Year Financial Report 31 December 2008

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Corporate Information

ABN 84 088 299 512

This report covers both Razor Risk Technologies Limited as an individual entity and the consolidated entity comprising Razor Risk Technologies Limited and its subsidiaries. The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on pages 5 to 7. The Directors' Report is not part of the financial report.

Directors

Ellis Bugg	Chairman, Non-Executive Director
Andrew Wood	Group Chief Executive Officer
Simon Yencken	Non-Executive Director
Ralph Pickering	Non-Executive Director
Jane Yuile	Non-Executive Director

Company Secretary

Oliver Carton

Registered Office

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Sydney NSW 2000
Telephone +61 2 9236 9400

Principal Place of Business

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Primary Overseas Offices

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USA
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New York NY 10001
Telephone +1 212 683 9445

Corporate Information (continued)

Share Register

Computershare Registry Services Pty Ltd
Level 12, 565 Bourke Street,
Melbourne VIC 3000
Telephone +61 3 9611 5711

Solicitors

Carton Solicitors
Suite 211, 11 Milton Parade
Malvern VIC 3144

Bankers

Australia and New Zealand Banking Group Limited
287 Collins Street, Melbourne VIC 3000

Bank of Western Australia Ltd
Level 25, 45 Clarence Street, Sydney NSW 2000

Auditors

Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW 2000

Directors' Report

The Board of Directors of Razor Risk Technologies Limited submits its report in respect of the half-year ended 31 December 2008.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below.

Directors were in office for this entire period unless otherwise stated.

Ellis Bugg	Chairman, Non-Executive Director
Andrew Wood	Group Chief Executive Officer (appointed Director 1 February 2009)
Ralph Pickering	Non-Executive Director
Simon Yencken	Non-Executive Director
Jane Yuile	Non-Executive Director
James Maranis	Managing Director (resigned 11 September 2008)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial period comprised the development and integration of risk management software for the financial sector.

REVIEW AND RESULTS OF OPERATIONS

The Company made significant improvements in operations which resulted in a net profit of \$456,000 for the six months to 31 December 2008 (net loss of \$625,000 for the six months to 31 December 2007). During the period a new CEO was appointed, a reorganisation of the Company's management team occurred together with the implementation of a global structure for client operations. This resulted in improvements in client margins and a lowering of the annualised cost base compared to at June 2008.

Improved revenue was generated through enhanced management of projects, with deliveries and milestones resulting in cash generation and revenue recognition.

Cash, cash equivalents and term deposits totalled \$2.1m as at 31 December 2008 (\$1.1m at 31 December 2007) reflecting the improved financial performance and enhanced management of client receivables and vendor payment terms.

The carrying value of goodwill as at 31 December 2008 was reviewed and found to be appropriate.

Following a resolution of the Shareholders, the company formally delisted from the UK Alternative Investment Market (AIM) on 5 December 2008.

Directors' Report (continued)

Outlook

Although the Directors are mindful that the current economic conditions are impacting business opportunities, the Company continues to focus on its core strengths as the global financial crisis is likely to lead to increased demand for the Company's products.

EVENTS AFTER THE BALANCE SHEET DATE

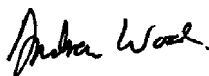
On 27 January 2009, by resolution of the shareholders the company's Auditors, Ernst & Young were removed and Grant Thornton were appointed as Auditors.

In accordance with a resolution of the shareholders effective 16 February 2009 the company changed its name to Razor Risk Technologies Limited (ASX code RZR, website www.razor-risk.com). This better reflects the Company's key focus on its flagship Razor product and the focus on risk management for financial institutions.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Grant Thornton, which immediately follows the Report on the Half Year Financial Report.

Signed in accordance with a resolution of the directors.



ANDREW WOOD

Managing Director

Sydney, 18 February 2009

Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		CONSOLIDATED	
		31 Dec 2008	31 Dec 2007
	Note	\$000	\$000
Revenue	4(a)	8,873	8,085
Cost of goods sold		(5,780)	(5,382)
Gross profit		3,093	2,703
Other income	4(b)	20	34
<i>Operating expenditure</i>			
Marketing expenses		(86)	(50)
Occupancy expenses		(496)	(541)
Employee benefits expenses	4(d)	(893)	(718)
Administrative expenses		(1,251)	(1,762)
Other expenses	4(c)	144	(246)
Profit/(loss) before tax and share-based payments		531	(580)
Share-based payment expense		(53)	(17)
Profit/(loss) before income tax		478	(597)
Income tax (expense)		(22)	(28)
Net profit/(loss) for the period		456	(625)
Basic earnings/(loss) per share (cents per share)		0.16	(0.26)
Diluted earnings/(loss) per share (cents per share)		0.15	(0.26)

Interim Financial report should be read in conjunction with the accompanying notes

Balance Sheet

AS AT 31 DECEMBER 2008

		CONSOLIDATED	
		As at	As at
		31 Dec 2008	30 Jun 2008
Note		\$000	\$000
ASSETS			
Current Assets			
	Cash and cash equivalents	1,484	1,604
	Financial assets – term deposits	374	341
	Trade and other receivables	2,571	1,905
	Prepayments	167	120
	Accrued revenue	251	962
	Total Current Assets	4,847	4,932
Non-current Assets			
	Financial assets – term deposits	227	185
	Property, plant and equipment	465	566
	Goodwill	3,290	3,290
	Total Non-current Assets	3,982	4,041
	TOTAL ASSETS	8,829	8,973
LIABILITIES			
Current Liabilities			
	Trade and other payables	1,799	2,141
	Provisions	619	847
	Unearned revenue	2,707	2,410
	Total Current Liabilities	5,125	5,398
Non-Current Liabilities			
	Provisions	267	333
	Lease liability	341	262
	Convertible loan	69	164
	Total Non-Current Liabilities	677	759
	TOTAL LIABILITIES	5,802	6,157
	NET ASSETS	3,027	2,816
EQUITY			
Equity attributable to equity holders of the parent			
	Contributed equity	52,320	52,212
	Accumulated losses	(52,258)	(52,714)
	Reserves	2,965	3,318
	TOTAL EQUITY	3,027	2,816

Interim Financial report should be read in conjunction with the accompanying notes

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

<i>CONSOLIDATED</i>	<i>Issued capital</i>	<i>Accumulated losses</i>	<i>Other reserves</i>	<i>Total Equity</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
At 1 July 2008	52,212	(52,714)	3,318	2,816
Currency translation differences	-	-	(384)	(384)
Employee Share Scheme	2	-	-	2
Net profit for the period	-	456	-	456
Share-based payment	-	-	31	31
Staff Bonus Scheme	14	-	-	14
Conversion of Director's Loan	86	-	-	86
Management Retention Issue	6	-	-	6
At 31 December 2008	52,320	(52,258)	2,965	3,027

<i>CONSOLIDATED</i>	<i>Issued capital</i>	<i>Accumulated losses</i>	<i>Other reserves</i>	<i>Total Equity</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
At 1 July 2007	49,273	(46,778)	3,977	6,472
Currency translation differences	-	-	41	41
Employee Share Scheme	3	-	-	3
Share earn-out TMS	12	-	(12)	-
Share payment Halcyon	782	-	(782)	-
Net (loss) for the period	-	(625)	-	(625)
Issue of share capital	1,440	-	-	1,440
Share-based payment	-	-	14	14
At 31 December 2007	51,510	(47,403)	3,238	7,345

Interim Financial report should be read in conjunction with the accompanying notes

Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	CONSOLIDATED	
		31 Dec 2008	31 Dec 2007
		\$000	\$000
Cash flows from Operating Activities			
Receipts from customers		9,127	5,971
Payments to suppliers and employees		(9,111)	(8,458)
Interest and other items of a similar nature received		25	34
Net cash flows provided (used) in operating activities		<u>41</u>	<u>(2,453)</u>
Cash flows from Investing Activities			
Payment to Halcyon		(302)	(302)
Repayment of Director's loan		(21)	-
Purchase of property, plant and equipment		-	(134)
Net cash flows used in investing activities		<u>(323)</u>	<u>(436)</u>
Cash flows from Financing Activities			
Proceeds from issue of shares and options		-	1,440
Net cash flows provided by financing activities		<u>-</u>	<u>1,440</u>
Net (decrease) in cash and cash equivalents		(282)	(1,448)
Net foreign exchange differences		162	(173)
Cash and cash equivalents at beginning of period		1,604	2,429
Cash and cash equivalents at the end of period	5	<u>1,484</u>	<u>808</u>

Interim Financial report should be read in conjunction with the accompanying notes

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Razor Risk Technologies Limited as at 30 June 2008, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

It is also recommended that the half-year financial report be considered together with any public announcements made by Razor Risk Technologies Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including Australian Accounting Standards, AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Going Concern

During the period the operations of Razor Risk Technologies Limited have been restructured and the cost base reduced to successfully achieve both a profit and a positive operating cash flow.

The Board and management of Razor Risk Technologies Limited have reviewed and challenged the assumptions used in the cash flow forecast for the next 12 months and continue to be satisfied that there is no material uncertainty as to the going concern of the company and consolidated entity.

(b) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008, except for the early adoption of AASB 8 and AASB 2007-3 (refer note 2).

(c) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Razor Risk Technologies Limited and its subsidiaries as at 31 December 2008 ('the Group').

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

2. CHANGE IN ACCOUNTING POLICIES

At 31 December 2008 the Group elected to early adopt AASB8: Operating Segments, which replaces AASB 114: Segment Reporting. The standard was applied retrospectively. The adoption of this standard has affected the identified operating segments for the Group. The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the Chief Operating decision maker.

In contrast AASB 114 required the Group to identify two sets of segments (business and geographically) based on risk and rewards of the operating segments.

3. SEGMENT INFORMATION

Management currently identifies the Group as having only one operating segment being the development and integration of risk management software for the financial sector. This operating segment is monitored and strategic decisions are made on this basis.

4. REVENUE, INCOME AND EXPENSES

The current period profit (2007: loss) before tax and share-based payments includes the following material items of income and expense whose disclosure is relevant in explaining the performance of the entity:

	<i>CONSOLIDATED</i>	
	<i>2008</i>	<i>2007</i>
	<i>\$000</i>	<i>\$000</i>
(a) Revenue		
Sale of goods	7,722	6,413
Rendering of services	1,151	1,672
	<u>8,873</u>	<u>8,085</u>
(b) Other income		
Bank interest receivable	20	34
	<u>20</u>	<u>34</u>
(c) Other expenses		
Bad and doubtful debts-trade & other debtors	-	(29)
Interest expense	17	-
Depreciation of plant and equipment, owned	102	102
Net foreign exchange differences	(263)	173
	<u>(144)</u>	<u>246</u>
(d) Employee benefits expense		
Wages and salaries	633	577
Workers compensation costs	9	13
Superannuation	41	35
Employer related taxes	56	68
Redundancies	97	-
Other employee costs	57	25
	<u>893</u>	<u>718</u>
Employee benefits recognised in cost of sales	5,621	5,246
	<u>6,514</u>	<u>5,964</u>

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

5. CASH AND CASH EQUIVALENTS

	<i>CONSOLIDATED</i>	
	<i>As at</i>	<i>As at</i>
	<i>31 Dec 2008</i>	<i>30 Jun 2008</i>
	<i>\$000</i>	<i>\$000</i>
Cash and cash equivalents	1,484	1,604
	<u>1,484</u>	<u>1,604</u>

Cash, cash equivalents & term deposits totalled \$2.085m as at 31 Dec 08 (31 Dec 07 \$1.184m).

6. FINANCIAL ASSETS - TERM DEPOSITS

For the purposes of the half-year cash flow statement, financial assets - term deposits are comprised of the following:

	<i>CONSOLIDATED</i>	
	<i>As at</i>	<i>As at</i>
	<i>31 Dec 2008</i>	<i>30 Jun 2008</i>
	<i>\$000</i>	<i>\$000</i>
Current		
Term Deposits	374	341
Non-Current		
Term Deposits	161	-
Bonds	66	185
	<u>227</u>	<u>185</u>

Cash, cash equivalents & term deposits totalled \$2.085m as at 31 Dec 08 (31 Dec 07 \$1.184m).

7. ACCRUED REVENUE

	<i>CONSOLIDATED</i>	
	<i>As at</i>	<i>As at</i>
	<i>31 Dec 2008</i>	<i>30 Jun 2008</i>
	<i>\$000</i>	<i>\$000</i>
Accrued revenue	251	962

The majority of projects are billed based on a schedule of milestones and accordingly to the extent that work has been performed that cannot as yet be billed, revenue is accrued. In accruing for revenue the overall project is assessed to ensure its overall profitability.

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

8. GOODWILL

	<i>CONSOLIDATED</i>			
	<i>NextSet \$000</i>	<i>TMS \$000</i>	<i>Halcyon \$000</i>	<i>Total \$000</i>
At 1 July 2007				
Cost (gross carrying amount)	1,548	1,085	2,048	4,681
Additions	-	-	-	-
Impairment loss	-	-	-	-
At 31 December 2007	1,548	1,085	2,048	4,681
At 1 January 2008				
Cost (gross carrying amount)	1,548	1,085	2,048	4,681
Additions	-	-	-	-
Impairment loss	(1,343)	(48)	-	(1,391)
At 30 June 2008	205	1,037	2,048	3,290
At 1 July 2008				
Cost (gross carrying value)	205	1,037	2,048	3,290
Additions	-	-	-	-
Impairment loss	-	-	-	-
At 31 December 2008	205	1,037	2,048	3,290

As at 31 December 2008, Management have performed impairment testing and the value in use calculation prepared support the carrying value of goodwill.

9. EVENTS AFTER THE BALANCE SHEET DATE

As of 16 February 2009, the holding company changed its name to Razor Risk Technologies Limited.

10. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

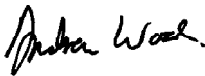
Directors' Declaration

In accordance with a resolution of the directors of Razor Risk Technologies Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 including:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



ANDREW WOOD
Managing Director
Sydney, 18 February 2009



Grant Thornton Audit Pty Ltd
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RAZOR RISK TECHNOLOGIES LIMITED (FORMERLY IT&e LIMITED)

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Razor Risk Technologies Limited (the Company), which comprises the consolidated interim balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF RAZOR RISK TECHNOLOGIES LIMITED
(FORMERLY IT&e LIMITED) (cont.)**

Auditor's responsibility (cont.)

As the auditor of Razor Risk Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Razor Risk Technologies Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A J Archer
Director – Audit & Assurance Services

Sydney, 18 February 2009

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF RAZOR RISK TECHNOLOGIES LIMITED
(FORMERLY IT&e LIMITED)**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Razor Risk Technologies Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A J Archer
Director – Audit & Assurance Services

Sydney, 18 February 2009