



## **RISK TECHNOLOGIES**

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19 August 2010

## **RAZOR RISK TECHNOLOGIES RELEASES FULL YEAR RESULTS**

### **Highlights**

Razor Risk Technologies Limited (ASX:RZR) today released its audited financial results for the year ended 30th June 2010.

Key financial and operating points:

- Net profit from continuing operations \$2.243m ( FY09 \$2.217m)
- Discontinued operations in Chennai, India for the PTX product resulted in a net additional expense after goodwill impairment of \$0.6m
- Further improvements in operating client margins
- Cash and cash equivalents exceed \$3.3m reflective of continuing operational cash generation
- Deferred tax asset recognised from prior period tax losses
- New banking facilities secured to better manage currency exposures and provide working capital flexibility
- Company continues to operate without debt

### **Overview**

Today Razor Risk Technologies announced a full year net profit after tax from continuing operations of \$2.243m for the year ended 30th June 2010.

Ellis Bugg, Chairman, Razor Risk Technologies commented on the result, saying, "The decisions we took in 2009 to solely focus on risk management have proved to be the right ones. Despite the challenging conditions and associated disruption of the markets, the business performed credibly. The market for Razor type risk systems at an enterprise level temporarily dried up but our continued sales and development focus with our existing clients ensured that we continued to enhance our product offering whilst also making a solid profit contribution.

"As a result of continuing to record taxable profits, part of the prior year tax losses have been brought to account, with further scope to bring more of these to account in future years."

Andrew Wood, Chief Executive Officer, Razor Risk Technologies said, "Our immediate focus continues to be around the evolving needs of the existing client base. Two of our largest clients exercised their options to take up additional rights to Razor and this was accompanied by new incremental consulting, implementation and development work which is continuing into the new financial period. The Company also satisfactorily passed user acceptance testing at its latest

Central Counterparty (CCP) site and is currently in the process of assisting with the necessary regulatory approval prior to an actual 'go live' date."

He went on to say, "Expenditure on research and development was increased and the latest version of Razor will be launched early in the new financial year. This will culminate over two years of developments in real-time performance improvements and the ongoing expansion of risk analytics, extensive functional enhancements and enhanced product coverage."

"As a result of the Company's focus on Razor, the level of ongoing maintenance and development did not justify the continuation of a dedicated support centre for PTX based in Chennai, India. Accordingly this office was closed in June 2010 after the transfer of client operations to existing staff in Melbourne."

The Company's management also undertook a detailed review of its banking facilities and as a result negotiated enhanced foreign currency facilities as well as overdraft facilities.

### **Outlook**

The credit crisis and the collapse of several banking institutions highlighted deficiencies in the measurement and control of risk, and technology expenditure slowed to a trickle as institutions went through a period of reflection. Confidence and a sense of direction are now returning to financial markets and we are beginning to see a more constant level of enquiry for Razor through demonstrations of its enterprise level credit and market risk functionality.

Recent regulatory developments will likely also mean significant changes to the way financial institutions operate. In the United States the Dodd-Frank Wall Street Reform and Consumer Protection Act will see mandatory clearing and exchange trading for certain derivative instruments that were previously transacted "over the counter". Razor has existing CCP clients and a track record of successful implementations for exchanges. We therefore anticipate that this area will continue to provide opportunities for growth.

With the positive signs that are emerging, including industry reports of increased budget availability for risk systems, the Company plans a lift in expenditure on marketing to potential new clients.

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### **Enquiries/Additional Information:**

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### **About Razor Risk Technologies Limited**

Razor Risk Technologies is a leading provider of risk management technology and consulting solutions to financial institutions worldwide. Established in 1999, the company was created in response to the complex issues surrounding risk management. Razor Risk Technologies recognised that to proactively measure and manage risk, it was necessary to manage the total exposure of a financial institution across all of its global activities. The company's Razor product

has helped transform the way Banks, Hedge Funds, Brokers, Central Clearing Counterparties and Stock Exchanges, in many countries, measure their risk and manage their capital.

An Australian public company (ASX: RZR) with offices in Sydney (headquarters), Melbourne, New York and London, Razor Risk Technologies has a highly skilled team of specialists who provide risk management technology and consulting services across the financial markets and risk management sectors. The company operates on a global risk consultancy structure, drawing upon the expertise of all employees in implementing best practices for clients' individual needs. This methodology supports an efficient, low cost, minimal risk implementation, allowing clients to maximise optimal risk and reward. Razor Risk Technologies has a 100 per cent successful implementation record for Razor. For more information, please visit Razor Risk Technologies at: [www.razor-risk.com](http://www.razor-risk.com).