



RISK TECHNOLOGIES

Razor Risk Technologies Limited
Level 9, 115 Pitt Street
Sydney NSW 2000
AUSTRALIA
T: +61 2 9236 9400
www.razor-risk.com
ACN 088 299 512

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Razor Risk Technologies Releases 1H Results

Razor Risk Technologies Limited (ASX: RZR) today released its audited financial results for the half year ended 31 December, 2009.

The first six months in brief:

- Net profit increases to \$603,000, on lower revenue of \$7.7 million
- Trading results in line with the Board's expectations, given the challenging economic conditions in the Company's major markets
- Decisive action taken to continue to manage gross direct margins whilst investing in increased sales and marketing capabilities across all sales regions
- Management team strengthened with the recruitment of senior experienced risk practitioners
- Strength of the Australian dollar impacted the Company's profits during the first six months

Overview

Ellis Bugg, Chairman, Razor Risk Technologies, said: "Despite the ongoing difficult economic conditions, especially in the Americas, we are pleased to post our third consecutive reporting profit period. We are also seeing the start of increased activity in our key target markets. This affirms the Board's view that the strategy we adopted last year will help generate the best outcome for our shareholders."

Company results

The Company's trading results are in line with the Board's expectations. The strengthening Australian dollar was the major influencing factor in the decrease in revenue. Gross direct margins further improved to 56% and net profit increased to \$603,000 (2008: \$456,000). Excluding the effects of exchange movements, the like for like revenue would have been constant with the prior period and net profit would have been approximately \$1.2 million.

"Gross direct margins and professional staff utilisation continue to be a key focus and these results build on the significant improvements delivered by the Company's management team. These include improved cost and margin management, the streamlining of operations to focus on the Company's flagship 'Razor' product and bringing in contemporary senior risk practitioners to lead each sales region. We have emerged as a more balanced, client focused business.

“As reported at the last Annual General Meeting, the operating costs of the Company have reduced except in the key area of sales and marketing, which is priority spending for Razor Risk Technologies,” said Mr Bugg.

Balance sheet and cash

Whilst the cost savings implemented across the calendar year would normally result in immediate cash improvements, the first half cash flow was impacted by decreases in current liabilities, such as bonus payments to staff in respect of the previous financial year and investment in core technology infrastructure to enhance the Company’s development capabilities. In addition, the majority of the cash receipts for clients’ annual maintenance occur in the second half of the fiscal year.

The Company continues to operate without any debt and has advanced discussions with its bankers to improve banking facilities in line with current needs.

The Company has yet to recognise as an asset any of the substantial tax losses that arose from prior years trading losses and, given the underlying profitability, the Directors will work with its external auditors on identifying the steps necessary to bring these to account.

Outlook

Andrew Wood, Chief Executive Officer, Razor Risk Technologies, said: “In recent months, we have seen a distinct pick up in the number of direct enquiries for Razor and specific requests for proposals. The main enquiries revolve around credit / counterparty risk management and measurement, which are at the core of the Razor suite of modules.

“A number of opportunities with central counterparties and existing customers have also progressed. These opportunities already involve receiving fees for our risk consulting services, as we work with clients to tailor a Razor solution to suit their individual needs and implementation timelines. Central counterparties remain a key focus for our global sales activities as we see ongoing demand for time proven risk applications that can handle growing trade volumes.

“The Directors remain confident in our strategy of focusing on Razor and expanding the Company’s sales and marketing efforts globally.”

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Enquiries/Additional Information:

Razor Risk Technologies Telephone: +61 2 9236 9400
Ellis Bugg, Chairman
Andrew Wood, Chief Executive Officer

Media Contacts:

Ian Pope, Hill & Knowlton: +61 2 9286 1266 or +61 416 826 037
Camilla Myers, Hill & Knowlton: +61 2 9286 1248 or +61 413 805 367

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, London and Chennai, 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.