



**RISK TECHNOLOGIES**

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## Razor Risk Technologies Market Update

**Sydney:** Razor Risk Technologies (ASX: RZR) today provided an update to second half trading conditions.

Confidence is returning to financial markets and we are noting budget allocations being made for the enhancement and replacement of risk management systems. In particular, there has been a distinct increase in the number of worldwide opportunities as regulatory direction becomes clearer. The CPSS-IOSCO policy guidance for central counterparties (CCPs) that clear over-the-counter (OTC) derivatives products, released in May 2010, emphasises the critical importance of robust and comprehensive risk management systems.

As a result of these market conditions, the company has more leads for new business than at the corresponding time last year.

Two clients have exercised their options to use Razor on a broader basis throughout their organisations and longer term incremental contracts exceeding \$3m have been won in recent weeks. The company is also in ongoing discussions with a number of new prospects. One, for a significant license and implementation of Razor, is in an advanced state and may be close to conclusion. As a result of the uncertainty as to deals consummating in June, they have been quarantined from financial year end forecast. Current projections for FY2010 are for a reported EBITA profit of between \$625,000 and \$725,000 and, utilising prior tax losses under AASB 112, an estimated after tax net operating profit of between \$1.5m and \$1.8m. This guidance is subject to statutory audit and a review by the Directors of the carrying value of Goodwill as at 30<sup>th</sup> June 2010.

Ellis Bugg, Chairman, Razor Risk Technologies, said: "It is pleasing to see that the company forecasts, and should achieve, a fourth consecutive half yearly profit. Moreover, the most recent results have been achieved in very trying market conditions and without the benefit of a new major licence sale. These results are testament to the steps taken over the past two years to put the company on a sustainable footing".

He then added, "Management continues to focus on leading high performance Razor-based risk management solutions and on profit protection. Accordingly the Chennai-based development of PTX product in India will be closed this month (the development and support for PTX has already been transitioned to the company's existing centres in Melbourne and Sydney). The annualised cash benefit of the change is estimated at \$325,000".

## **Banking Facilities**

As reported at the half year to 31/12/09, a significant portion of the company's revenues are denominated in United States dollars and British pounds. There have been extensive fluctuations in foreign currencies throughout the current year and the company's ability to adequately protect against these swings was constrained by limited hedge facilities. Accordingly, the company's management undertook a review of its banking facilities and aided by the company's improved financial position, management negotiated enhanced foreign currency facilities as well as overdraft facilities.

## **Research and Development**

The company increased its expenditure on research and development and as a result will launch Razor 3.0 early in the new financial year. The new release culminates over two years of developments in real-time performance improvements and the ongoing expansion of risk analytics, as well as extensive functional enhancements and enhanced product coverage.

Andrew Wood, Chief Executive Officer, Razor Risk Technologies, said: "Our top priority is to ensure that our clients' Razor risk solutions keep exceeding their current needs and lead the market in high performance risk systems. Our clients need to respond to the changing regulatory environment and this requires a flexible risk framework that can be readily adapted to their business requirements".

The company anticipates releasing its full year audited financial statements in the middle of August 2010.

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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).