

**Appendix 4D  
Preliminary Final Report  
Period ending 31 December 2011**

**Razor Risk Technologies Limited  
ABN: 84 088 299 512  
Half year ended 31 December 2011  
Previous corresponding period – half year ended 31 December 2010**

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**Results for announcement to the Market**

	<b>31/12/11</b> \$	<b>31/12/10</b> \$	<b>Movement</b> \$	<b>Increase/ Decrease</b>
<b>Revenues from ordinary activities</b>	3,044,060	5,084,140	(2,040,080)	Decrease
<b>Net Profit before tax</b>	(771,687)	14,945	(786,632)	Decrease
<b>Net Profit after tax attributable to members</b>	(1,353,067)	1,738	(1,354,805)	Decrease

**Dividends**

It is not proposed to pay dividends for the half year ended 31 December 2011.

**NTA backing**

	<u>Current period</u>	<u>Previous corresponding period</u>
Net tangible asset backing per share	0.02 cents	1.03 cents

**Audit Status**

This report is based on half year financial accounts that have been reviewed.

**Attachments forming part of Appendix 4D**

Razor Risk Technologies Limited Half-Year Financial Report

Half Year Financial Statements  
31 December 2011

**razor**

RISK TECHNOLOGIES

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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 6. The Directors' Report is not part of the financial statements.

### 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

Level 9, 115 Pitt Street  
Sydney NSW 2000  
Telephone +61 2 9236 9400

### PRINCIPAL PLACE OF BUSINESS

#### Australia

Level 9, 115 Pitt Street  
Sydney NSW 2000  
Telephone +61 2 9236 9400

### OVERSEAS OFFICES

#### United Kingdom

Razor Risk Technologies Limited  
8<sup>th</sup> Floor, 145 Leadenhall Street  
London EC3V 4QT  
Telephone +44 20 7621 8520

#### USA

Razor Risk Technologies Inc.  
276 5th Avenue, Suite 901  
New York NY 10001  
Telephone +1 212 683 9445

## Corporate Information

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### 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, 19 Milton Parade  
Malvern VIC 3144

### BANKERS

St George Bank  
CBD Chifley Square  
Level 3, 1 Chifley Square  
Sydney NSW 2000

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<sup>st</sup> December 2011.

### 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
Ralph Pickering	Non-Executive Director
Simon Yencken	Non-Executive Director
Jane Yuile	Non-Executive Director

### 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 recorded revenue of \$2,945,820 for the half-year ended 31 December 2011 (2010: \$4,967,186 and a net operating loss after tax of \$1,353,067 (2010: profit after tax \$1,738).

On 30<sup>th</sup> November 2011 the Company and TMX Group Inc entered into a Takeover Bid Implementation Agreement whereby a takeover offer for all shares in the Company would be made. The Implementation Agreement amongst other things governed the way that the Company was to be operated and managed.

Although the Company continued to operate in the normal course of business, the Company's Management focus was on ensuring that existing client relationships were preserved and sales pipeline opportunities were managed.

On 14<sup>th</sup> December 2011 TMX Australia Pty Ltd, a subsidiary of TMX Group Inc made a takeover offer that valued the Company and consolidated entity at AUS\$10 million dollars. The Directors of Razor all unanimously supported the takeover offer.

On 15<sup>th</sup> February 2012 TMX Australia announced that the Offer was Unconditional and provided the Company with a Notice of Freedom of Conditions.

The receipt of the TMX Australia offer has impacted the operating result for the period and in particular the change in ownership has caused uncertainty on the recoverability of the tax losses. Accordingly the Directors have fully expensed the deferred tax asset of \$581,380 as at 31<sup>st</sup> December 2011.

**SIGNIFICANT EVENTS SINCE BALANCE DATE**

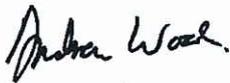
On 25<sup>th</sup> January 2012 the Company was notified of a legal claim amounting to USD \$625,000 (approximately AUD \$585,000). The Directors have sought legal advice which indicates that Razor has a defensible position and accordingly the Directors intend to defend the validity of the claim.

Except as noted above, and in relation to the TMX Australia Pty Ltd Offer becoming free of conditions there are no other significant events since Balance Date.

**AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration in accordance with s307c of the Corporations Act 2001 from our auditors, Grant Thornton Audit Pty Ltd, which immediately follows the Report on the Half Year Financial Statements and forms part of this report.

Signed in accordance with a resolution of the Directors.



ANDREW WOOD

**Group Chief Executive Officer**

Sydney, 15 February 2012

**Statement of Comprehensive Income**  
**For the Half Year Ended 31 December 2011**

	Note	CONSOLIDATED	
		31 Dec 2011 \$	31 Dec 2010 \$
<b>Revenue</b>	3(a)	<b>2,945,820</b>	<b>4,967,186</b>
Direct labour		(1,487,410)	(2,266,411)
<b>Direct margin</b>		<b>1,458,410</b>	<b>2,700,775</b>
Other income	3(b)	98,240	116,954
<i>Operating expenditure</i>			
Direct sales expenses		(196,165)	(530,980)
Marketing expenses		(7,235)	(35,200)
Occupancy expenses		(335,462)	(334,735)
Administrative expenses	3(c)	(1,666,759)	(1,654,737)
Other expenses	3(d)	(53,863)	(199,997)
Share-based payment expense	11	(68,853)	(47,135)
<b>(Loss) / profit before income tax</b>		<b>(771,687)</b>	<b>14,945</b>
Income tax (expense)		(581,380)	(13,207)
<b>Net (loss) / profit for the period</b>		<b>(1,353,067)</b>	<b>1,738</b>
<b>Other comprehensive income</b>			
FX translation gain / (loss) on translation of subsidiary		11,562	(90,870)
Income tax relating to components of other comprehensive income		-	-
<b>Other comprehensive income for the year, after tax</b>		<b>11,562</b>	<b>(90,870)</b>
<b>Total comprehensive loss for the year</b>		<b>(1,341,505)</b>	<b>(89,132)</b>
Total comprehensive attributed to:			
Owners of the parent		(1,341,505)	(89,132)
Basic (loss) / earnings per share (cents per share)		(0.005)	0.01
Diluted (loss) / earnings per share (cents per share)		(0.005)	0.01

The Interim Financial Statements should be read in conjunction with the accompanying notes

Statement of Financial Position  
As at 31 December 2011

	Note	CONSOLIDATED	
		As at 31 Dec 2011 \$	As at 30 Jun 2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,788,510	1,610,106
Trade and other receivables		612,744	1,861,353
Prepayments		96,136	196,829
Financial Assets	7	3,532	8,009
Accrued revenue	6	196,530	57,332
<b>Total Current Assets</b>		<b>2,697,452</b>	<b>3,733,629</b>
<b>Non-current Assets</b>			
Financial assets	7	329,256	332,158
Property, plant and equipment		178,891	240,458
Deferred tax asset	4	-	581,380
Intangibles	8	3,883,392	3,600,626
<b>Total Non-current Assets</b>		<b>4,391,539</b>	<b>4,754,622</b>
<b>TOTAL ASSETS</b>		<b>7,088,991</b>	<b>8,488,251</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		414,561	790,254
Short-term provisions		210,085	211,395
Unearned revenue		1,543,420	1,287,147
<b>Total Current Liabilities</b>		<b>2,168,066</b>	<b>2,288,796</b>
<b>Non-Current Liabilities</b>			
Long-term provisions		83,864	74,800
Deferred lease incentive		370,266	385,208
<b>Total Non-Current Liabilities</b>		<b>454,130</b>	<b>460,008</b>
<b>TOTAL LIABILITIES</b>		<b>2,622,196</b>	<b>2,748,804</b>
<b>NET ASSETS</b>		<b>4,466,795</b>	<b>5,739,447</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital		52,662,099	52,593,246
Accumulated losses		(51,244,952)	(49,891,885)
Reserves		3,049,648	3,038,086
<b>TOTAL EQUITY</b>		<b>4,466,795</b>	<b>5,739,447</b>

The Interim Financial Statements should be read in conjunction with the accompanying notes

**Statement of Changes in Equity**  
**For the Half Year Ended 31 December 2011**

	CONSOLIDATED			
	Issued Capital \$	Accumulated losses \$	Other reserves \$	Total Equity \$
<i>Changes in equity for period</i>				
Balance at 1 July 2010	52,505,687	(49,662,774)	3,180,549	6,023,462
Net comprehensive income for the period	-	1,738	(90,870)	(89,132)
Share-based payment	46,283	-	852	47,135
<b>At 31 December 2010</b>	<b>52,551,970</b>	<b>(49,661,036)</b>	<b>3,090,531</b>	<b>5,981,465</b>

	CONSOLIDATED			
	Issued Capital \$	Accumulated losses \$	Other reserves \$	Total Equity \$
<i>Changes in equity for period</i>				
Balance at 1 July 2011	52,593,246	(49,891,885)	3,038,086	5,739,447
Net comprehensive income for the period	-	(1,353,067)	11,562	(1,341,505)
Share-based payment	68,853	-	-	68,853
<b>At 31 December 2011</b>	<b>52,662,099</b>	<b>(51,244,952)</b>	<b>3,049,648</b>	<b>4,466,795</b>

The Interim Financial Statements should be read in conjunction with the accompanying notes

**Statement of Cash Flow**  
**For the Half Year Ended 31 December 2011**

	Note	CONSOLIDATED	
		As at 31 Dec 2011 \$	As at 31 Dec 2010 \$
<b>Cash flows from Operating Activities</b>			
Receipts from customers (inclusive of GST)		4,059,000	4,312,981
Payments to suppliers and employees (inclusive of GST)		(3,724,947)	(5,251,275)
Interest received		33,240	56,261
Government grant received		-	27,793
Rent received		65,000	-
<b>Net cash flows provided by / (used in) operating activities</b>		<b>432,293</b>	<b>(854,240)</b>
<b>Cash flows from Investing Activities</b>			
Capitalised development costs		(282,766)	(267,376)
Purchase of property, plant and equipment		(12,702)	(23,841)
<b>Net cash flows (used in) investing activities</b>		<b>(295,468)</b>	<b>(291,217)</b>
<b>Cash flows from Financing Activities</b>			
Proceeds from issue of shares and options		-	-
<b>Net cash flows provided by financing activities</b>		<b>-</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents		136,825	(1,145,457)
Net foreign exchange differences		41,579	(214,045)
Cash and cash equivalents at beginning of period		1,610,106	3,374,220
<b>Cash and cash equivalents at the end of period</b>	<b>5</b>	<b>1,788,510</b>	<b>2,014,718</b>

The Interim Financial Statements should be read in conjunction with the accompanying notes

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial statements do not include all notes of the type normally included within the annual financial statements 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 statements should be read in conjunction with the Annual Financial Statements of Razor Risk Technologies Limited as at 30<sup>th</sup> June 2011, 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 statements be considered together with any public announcements made by Razor Risk Technologies Limited and its controlled entities during the half-year ended 31<sup>st</sup> December 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

### (a) Basis of Preparation

The half-year consolidated financial statements are general purpose financial statements, which have 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 statements have been prepared on a historical cost basis.

The half-year financial statements are presented in Australian dollars.

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

### *Going Concern*

The financial statements have been prepared on a going concern basis notwithstanding the operating loss for the period. The Directors have assessed that the Company can continue as a going concern on the basis of TMX Australia announcing on 15<sup>th</sup> February 2012 that the Offer for Shares has become free of any defeating conditions and was now unconditional. TMX Group Inc subsequently provided The Board of Directors with an undertaking that it is their intention to provide financial support if required for a period of not less than 12 months from the date of signing these consolidated financial statements to enable Razor Risk to meet its debts as and when they fall due. TMX Group Inc has further committed to the Directors that it is their intention for Razor to continue as a going concern for a period of at least 12 months. Accordingly the Board and Management of Razor Risk Technologies are satisfied that there is no material uncertainty as to whether the Company can continue as a going concern.

### (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<sup>th</sup> June 2011 unless stated otherwise in this report.

### (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<sup>st</sup> December 2011 ('the Group').

## 2. 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. There have been no changes in operating segments during the period.

The operating result presented in the Statement of Comprehensive Income represents the same segment information as reported to the Company's Chief Operating Decision Maker.

The Group's revenues from external customers are divided into the following geographical areas:

	CONSOLIDATED	
	31 Dec 2011 \$	31 Dec 2010 \$
United Kingdom	829,701	1,141,665
Australia (domicile)	979,201	1,270,316
United States of America	1,136,918	2,555,205
Total	2,945,820	4,967,186

The top five customers represent 94% of the Group's revenues.

#### 4. DEFERRED TAX ASSET

	CONSOLIDATED	
	As at	As at
	31 Dec 2011	30 Jun 2011
	\$	\$
Deferred Tax Asset	-	581,380
	-	<b>581,380</b>

The receipt of the TMX Australia offer has impacted the operating result for the period and in particular the change in ownership has caused uncertainty on the recoverability of the tax losses. Accordingly the Directors have fully expensed the deferred tax asset of \$581,380 as at 31<sup>st</sup> December 2011.

#### 5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	As at	As at
	31 Dec 2011	30 Jun 2011
	\$	\$
Cash at bank and in hand	933,765	1,117,986
Short-term deposits	854,745	492,120
	<b>1,788,510</b>	<b>1,610,106</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and four months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### 6. ACCRUED REVENUE

Revenue is accrued when a service is performed but not yet invoiced. Service revenue is invoiced in arrears and accrued monthly.

#### 7. FINANCIAL ASSETS

	CONSOLIDATED	
	As at	As at
	31 Dec 2011	30 Jun 2011
	\$	\$
<b>Current</b>		
Employee advances	3,532	3,000
Forward exchange contracts	-	5,009
	<b>3,532</b>	<b>8,009</b>
<b>Non-Current</b>		
Term Deposits	299,468	298,449
Bonds	29,788	33,709
	<b>329,256</b>	<b>332,158</b>

## 8. INTANGIBLE ASSETS

	CONSOLIDATED			
	Internally developed software \$	TMS \$	Halcyon \$	Total \$
<b>At 1 July 2010</b>				
Opening balance	-	1,037,606	2,047,264	3,084,870
Additions	267,376	-	-	267,376
Impairment loss	-	-	-	-
<b>At 31 December 2010</b>	267,376	1,037,606	2,047,264	3,352,246
<b>At 1 January 2011</b>				
Opening balance	267,376	1,037,606	2,047,264	3,352,246
Additions	348,380	-	-	348,380
Impairment loss	-	(100,000)	-	(100,000)
<b>At 30 June 2011</b>	615,756	937,606	2,047,264	3,600,626
<b>At 1 July 2011</b>				
Opening balance	615,756	937,606	2,047,264	3,600,626
Additions	282,766	-	-	282,766
Impairment loss	-	-	-	-
<b>At 31 December 2011</b>	898,522	937,606	2,047,264	3,883,392

Following the TMX Australia offer, updated forecasts were not available, accordingly the Directors have calculated the recoverable amounts of the cash generating units based on the fair value less costs to sell calculation, which is based on the binding offer from TMX Australia. This calculation supports the carrying value of the intangible assets.

An intangible asset arising from development expenditure on the Company's flagship product, "Razor", is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for sale, its intention to complete and its ability to sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development, and the ability to measure reliably the expenditure attributable to the intangible asset during the development.

The Company continued development of new Razor modules designated for use within clearing houses and stock exchanges.

## 9. EVENTS AFTER THE BALANCE SHEET DATE

On 15<sup>th</sup> February 2012 TMX Australia announced that the Offer for Shares has become free of any defeating conditions and was now unconditional.

## 10. CONTINGENT LIABILITIES

On 25<sup>th</sup> January 2012 the Company was notified of a legal claim amounting to USD \$625,000 (approximately AUD \$585,000). The Directors have sought legal advice which indicates that Razor has a defensible position and accordingly the Directors intend to defend the validity of the claim.

## 11. SHARE-BASED PAYMENT PLANS

### Employee Share Option Plan (ESOP)

A total of 2,916,705 options expired during the period ended 31<sup>st</sup> December 2011 (2,116,705 Hoodless options expired and 800,000 IT&e ESOP options expired).

No options were excised or granted during the period ended 31<sup>st</sup> December 2011.

Following receipt of the TMX Australia offer, the remaining 700,000 IT&e options were forfeited.

### Employee Share Acquisition Plan (ESAP)

In December 2011 following receipt of the TMX Australia offer 3,800,000 shares issued to employees in the Company's ESAP were made unconditional, with all terms and conditions of each offer removed. Accordingly the shares fully vested crystallising the share based payment which is included in the expense of \$68,853.

## Directors' Declaration

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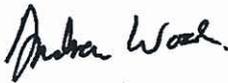
### Directors' Declaration

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) giving a true and fair view of its financial position as at 31<sup>st</sup> December 2011 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standards AASB134 Interim Financial Reporting; and
  
- (b) as at the date of this declaration, 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

**Group Chief Executive Officer**

Sydney, 15 February 2012

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

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**Auditor's Independence Declaration  
To The Directors of Razor Risk Technologies 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 2011, 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

Sydney, 15 February 2012

Grant Thornton Audit Pty Ltd  
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### **Independent Auditor's Review Report To the Members of Razor Risk Technologies Limited**

We have reviewed the accompanying half-year financial report of Razor Risk Technologies Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 both the Company and the entities it controlled at the half-year's end or from time to time during the 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 controls 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 the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report 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 2011 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. 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 2011 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

Sydney, 15 February 2012