

Ellis Bugg
Chairman



Andrew Wood
CEO



Chairman's and Chief Executive Officer's Report.

The difficulties faced by global credit markets in the past year have been well documented.

In the longer term we would expect that this will flow through to demand for higher quality risk management information of the type generated by our RAZOR product.

More immediately though we have seen a negative impact on our ability to close transactions as target market senior personnel changed, operational issues took higher priority, resources were diverted to managing additional disclosure requirements and projects were deferred pending re-evaluation of budgetary capacity.

That more difficult sales environment meant that while we continued to build on the number of RAZOR clients with four new sales, the pipeline conversion was slower than forecast and the company's consolidated result was a net loss of A\$5.936 million. The outcome was slightly worse than the prior year because of impairment adjustments with the actual operating loss showing a decline of 20%.

Despite the disappointing outcome the board remains optimistic about company prospects and is excited by the addition of another two Central Counter-Party (CCP) clients.

That excitement is because we believe that the market disruption that has occurred will lead to an acceleration in the pace towards centralised clearing and settlement for Over the Counter transactions, an area in which the RAZOR product currently has a clear advantage.

One of the CCP transactions was noteworthy in that not only did it provide for an upfront payment and an annualized payment stream with upside potential dependent on exchange participation levels, but it also contained provision for future partnered development and deployment of the RAZOR product to clients of the CCP.

During the year, Razor was implemented and went live with Royal Bank of Canada. This was an ambitious project involving high transaction volumes, multiple locations, sophisticated products, and advanced analytics.

Our partnership approach with Royal Bank of Canada to implementing the RAZOR solution has been very successful, and we look forward to working together to integrate market risk functionality in the next project phase

During the year the board reviewed the listing on the AIM arm of the London Stock Exchange and concluded that the benefits accruing from that listing were insufficient to justify ongoing participation and has now commenced the de-listing process.

Subsequent to the balance date the company commenced a restructuring process which is ongoing. To date the cost structure has been scaled back by the equivalent of approximately \$3 million per annum and further efficiencies are targeted.

Also post financial year end the company's long standing CEO James Maranis tendered his resignation and was replaced by Andrew Wood who had joined the company as CFO. Mr. Maranis played a major role in the evolution of IT&e to a software solutions provider to global financial markets and his contribution is acknowledged.

We enter 2008-09 with a strong pipeline of RAZOR opportunities and see that product as providing the greatest source of upside for shareholders. The majority of those opportunities are presenting in the northern hemisphere validating the costs previously occurred in establishing offices in London and New York. Any additional re-organisation that may take place will not see a move away from that representation profile.

The successes being enjoyed by RAZOR encourage us to the view that this should be the company's primary focus and should an opportunity arise to dispose of non strategic assets at an appropriate price that would be embraced. In light of this, we are proposing at the forthcoming Annual general Meeting to change the name of the Company to Razor Risk Technologies Limited.