GRG International Limited

ABN 92 141 662 240

Appendix 4D
ASX Half-Year Report
31 December 2010

Lodged with the ASX under Listing Rule 4.2A

Contents

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Summary of Financial Information

Extracts from this report for announcement to the market:

	6 months ended 31 December 2010 $	6 months ended 31 December 2009 $	Movement $	Movement %
Revenue from ordinary activities	3,142,863	N/A	3,142,863	N/A
Loss before amortisation, depreciation, borrowing costs, and income tax (EBITDA)	(1,390,228)	N/A	(1,390,228)	N/A
Net loss for the period after tax	(1,337,484)	N/A	(1,337,484)	N/A

Dividends

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

Highlights of Results

- The after tax loss of $1,337,484 was in line with budget expectations.
- The company acquired Sydney based eFunds Group including the exclusive outsource partner for Suncorp-Metway Ltd. The acquisition was effective as of 1 December 2010 and contributed revenue of $522,779 and profits after tax of $83,979. If the acquisition occurred on 1 July 2010, management estimates that the contributed revenue would have been $3,493,517 and profits after tax of $402,058.
- Succeeded with an initial public offering of 17,500,000 shares for $3,500,000 and oversubscription of $1,000,000 for an additional 5,000,000 shares. The offer closed on 8 September 2010. In addition 11,250,000 free attaching options exercisable at $0.20 and with expiry date of 30 June 2013 were issued.
- Admitted to the ASX on 12 October 2010 with active trading in shares commencing on 14 October 2010.
- During the half year ended December 31st 2010 GRG International:
  - received regulatory approval to distribute, install and maintain GRG ATMs in India,
  - awarded the supply contract to replace existing ATMs for Bank Trust Financial Group Inc in the United States (51 locations),
  - made initial sales into the countries of Canada and Mexico,
  - installed their first through the wall ATM in Australia,
  - continued to install ATM units to United Petroleum locations in Australia with Bendigo Bank branding,
  - completed certification with 15 ATM processors networks in North America including processors in Canada and Mexico with installed "live" ATMs operating on 13 out of the 15 networks.

Net Tangible Asset Backing

	6 months ended 31 December 2010 $	6 months ended 31 December 2009 $
Net assets	6,876,700	N/A
Less intangible assets	(15,420,624)	N/A
Net tangible assets	(8,543,924)	N/A
Fully paid ordinary shares on issue at Balance Date	105,925,503	Nil
Net tangible asset backing per issued ordinary share as at Balance Date	(0.08)	N/A

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2010 annual financial report

COMPLIANCE STATEMENT

1. This Appendix 4D has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Act 2001and Corporations Regulations 2001; and other standards acceptable to the ASX.

2. This Appendix 4D has been prepared in accordance with Australian Accounting Standards.

3. This Appendix 4D does give a true and fair view of the matters disclosed.

4. This Appendix 4D is based on financial statements which have been reviewed and the review report contains no qualifications.

5. The entity has a formally constituted Audit and Risk Management Committee

GRG INTERNATIONAL LIMITED

Jeffrey Barrow
DIRECTOR

Melbourne, 28 February 2011

DIRECTORS REPORT

The Directors present their report on the consolidated entity consisting of GRG International Limited and the entities it controlled at the end of, or during, the half-year 31 December 2010.

DIRECTORS

The names of the Directors of GRG International Limited on office during the half-year and until the date of this report are as follows:

Mr Jeffrey Barrow – Chairman, Chief Executive Officer
Mr Daniel Thurtell – Executive Director, Chief Financial Officer
Mr Brian Kett – Executive Director, President North America
Mr David DeCampo – Non-Executive Director (appointed 22 October 2010)
Mr Frank Cooper – Non-Executive Director (appointed 25 November 2010)

COMPANY SECRETARY

Mr Jeffrey Barrow held the position of company secretary until 28 September 2010. In 28 September 2010 Mr Oliver Carton was appointed company secretary.

REVIEW AND RESULTS OF OPERATIONS

The loss after tax for the half-year ended 31 December 2010 amounted to $1,337,484. This loss was in line with budget expectations as the Company is still in its infancy and continues to work towards the attainment of critical mass that will allow the Company to produce positive results.

The Company made a major advancement towards this goal with the acquisition of the eFunds Group that was effective as of 1 December 2010. The eFunds group added over 300 additional ATMs to the GRG installed fleet and brought to the company an exclusive outsourcing agreement with Suncorp Bank. Total consideration for the purchase included a mix of shares and cash with payment and closing to occur on or before 31 March 2011.

During the half-year the Company was successful with an initial public offering of 17,500,000 shares for $3,500,000 and oversubscription of $1,000,000 for an additional 5,000,000 shares. The offer closed on 8 September 2010. In addition 11,250,000 free attaching options exercisable at $0.20 and with expiry date of 30 June 2013 were issued. The Company was admitted to the ASX on 12 October 2010 with active trading in shares commencing on 14 October 2010.

In addition to the events noted above the Company continued to expand organically and achieved the following successes during the half-year ended December 31st 2010 GRG International:

- received regulatory approval to distribute, install and maintain GRG ATMs in India,
- awarded the supply contract to replace existing ATMs for Bank Trust Financial Group Inc in the United States (51 locations),
- made initial sales into the countries of Canada and Mexico,
- installed their first through the wall ATM in Australia,

- continued to install ATM units to United Petroleum locations in Australia with Bendigo Bank branding,
- completed certification with 15 ATM processors networks in North America including processors in Canada and Mexico with installed “live” ATMs operating on 13 out of the 15 networks.

SUBSEQUENT EVENTS

The Company secured its first sales in India with an initial agreement to sell and install 10 ATMs to the Municipal Co-operative Bank Limited of Mumbai. In conjunction with its Indian processing relationship with C-Edge Technologies Limited the Company has secured a letter of intent for 300 ATM units.

The Company executed a Heads of Agreement to acquire UK based Cash Point Machines Ltd (CPM), the terms of which are conditional on due diligence and shareholder approval. The acquisition of CPM will fast track the Company’s penetration into its exclusive market region of the UK and provide a European presence that will further strengthen the multinational footprint of the company.

The transaction for the purchase of the eFunds Group was closed on 7 February 2011 and included the issuance of 16,602,225 in ordinary fully paid shares of the company and a cash payment of $1,162,223 and a side letter that allows the balance of cash consideration (approximately $2,324,311) to be paid by 24 March 2011.

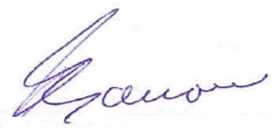
On 17 February 2011 the company closed an additional placement of 11,590,000 shares and 4,397,500 options for total consideration of $2,897,500. The placement was issued under the Company’s 15% capacity in accordance with ASX listing rule 7.1. The proceeds of the raising will be used partly towards acquiring CPM; and for working capital and current business acquisitions.

There have been no other material events subsequent to 31 December 2010.

AUDITOR’S INDEPENDENCE DECLARATION

A copy of the Auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is attached to this Directors’ Report for the half-year ended 31 December 2010.

Signed in accordance with a resolution of the Board of Directors.



Jeffrey Barrow
DIRECTOR

Dated at South Melbourne this 28th day of February 2010.

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 2
215 Spring Street
Melbourne
Victoria 3000
GPO Box 4984WW
Melbourne
Victoria
3001

T +61 3 8663 6000
F +61 3 8663 6333
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of GRG International Limited and Controlled Entity

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of GRG International Limited and Controlled Entity for the period ended 31 December 2010, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Trivett
Director - Audit & Assurance

Melbourne, 28 February 2011

GRG International Limited and its controlled entities
Statement of financial position
As at 31 December 2010

	Note	Consolidated As at 31 Dec 2010 $	Consolidated As at 30 Jun 2010 $
Assets			
Cash and cash equivalents		1,414,801	186,245
Trade and other receivables	3	1,468,752	448,790
Inventories		1,426,302	536,121
Total current assets		4,309,855	1,171,156
ATMs		2,042,053	1,624,798
Plant and equipment		95,664	63,927
Intangible assets	4	15,420,624	2,851,840
Deferred tax asset		203,327	-
Total non-current assets		17,761,668	4,540,565
Total assets		22,071,523	5,711,721
Liabilities			
Trade and other payables	5	1,721,695	973,838
Employee benefits		431,358	224,596
Loans and borrowings		-	1,275,000
Other current liabilities	6	6,389,842	-
Total current liabilities		8,542,895	2,473,434
Accrued long service leave		11,038	-
Deferred tax liabilities		-	102,827
Other non-current liabilities	6	6,640,890	-
Total non-current liabilities		6,651,928	102,827
Total liabilities		15,194,823	2,576,261
Net assets		**6,876,700**	**3,135,460**
Equity			
Share capital	7	8,442,214	3,363,490
Reserves		8,015	8,015
Accumulated (losses)		(1,573,529)	(236,045)
Total Equity		**6,876,700**	**3,135,460**

The above statement of financial position is to be read in conjunction with the accompanying condensed notes to the financial statements.

GRG International Limited and its controlled entities
Statement of comprehensive income
For the half year ended 31 December 2010

	Note	Consolidated Half Year Ended 31 Dec 2010 $
Revenue		3,142,863
Cost of sales		(2,669,165)
Gross profit		473,698
Administration and other expenses		(2,155,501)
Results from operating activities		(1,681,803)
Finance income		12,417
Finance costs		(101,413)
Net finance costs	8	(88,996)
(Loss) before income tax		(1,770,799)
Income tax benefit		433,315
(Loss) for the period after income tax		(1,337,484)
Other comprehensive income		-
Total comprehensive income for the period		(1,337,484)
Loss per share for loss attributable to the ordinary equity holders of the company		
Basic loss per share (cents per share)	9	(1.51)
Diluted loss per share (cents per share)		(1.16)

The above statement of comprehensive income is to be read in conjunction with the accompanying condensed notes to the financial statements.

GRG International Limited and its controlled entities
Statement of changes in equity
For the half year ended 31 December 2010

Consolidated	**Note**	**Share Capital**	**Reserve**	**Accumulated (losses)**	**Total**
		$	**$**	**$**	**$**
Balance at 1 July 2010		3,363,490	8,015	(236,046)	3,135,459
Loss for the period		-	-	(1,337,484)	(1,337,484)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		-	-	(1,337,484)	(1,337,484)
Transactions with owners, recorded directly into equity					
Contributions by and distributions to owners					
New share issues, net of transaction costs	7	5,078,724	-	-	5,078,724
Share options		-	-	-	-
Total transactions with owners		5,078,724	-	-	5,078,724
Balance at 31 December 2010		**8,442,214**	**8,015**	**(1,573,529)**	**6,876,700**

The above statement of changes in equity is to be read in conjunction with the accompanying condensed notes to the financial statements.

GRG International Limited and its controlled entities
Statement of cash flows
For the half year ended 31 December 2010

	Note	Consolidated Half Year Ended 31 Dec 2010 $
Cash flows from operating activities		
Receipts from customers		2,669,383
Cash paid to suppliers and employees		(4,100,622)
Finance costs		(80,734)
Net cash (utilised in) operating activities		(1,511,973)
Cash flows from investing activities		
Acquisition of ATMs		(1,288,594)
Payments for subsidiary, net of cash acquired	11	508,876
Purchase of plant and equipment		36,139
Loan to related parties	10	(319,616)
Net cash (utilised in) investing activities		(1,063,195)
Cash flows from financing activities		
Proceeds from issue of share capital	7	4,500,000
Payment of transaction costs related to share issue		(696,276)
Net cash from financing activities		3,803,724
Net increase in cash and cash equivalents		1,228,556
Cash and cash equivalents at the beginning of the period		186,245
Cash and cash equivalents at 31 December 2010		1,414,801

The above statement of cash flows is to be read in conjunction with the accompanying condensed notes to the financial statements.

GRG International Limited and its controlled entities
Condensed Notes to the financial statements
For the half year ended 31 December 2010

1. BASIS OF PREPERATION OF HALF YEAR REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 *Interim Financial Reporting.* Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards, IAS 34 *Interim Financial Reporting*.

This half-year financial report is intended to provide users with an update to the latest annual financial statements of GRG International Limited ("the company"). As such, it does not contain information the represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial statements of GRG International Limited for the period ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

Going Concern
There is a shortfall of current assets over current liabilities of $4,233,040. As disclosed at Note 11, included in current liabilities is an amount of $3,320,445 is owing to the Vendors of eFunds Group that will be satisfied by way of a share issue. In addition to this, as disclosed in Note 5, amounts payable to related parties total $769,745 and payment of these amounts could be deferred if deemed necessary. However, the directors are confident that the cash flows generated from the business will be sufficient to meet all debts as and when they fall due

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.* AASB 2009-5 Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods. However, the only amendment that has had a material impact and resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements is the presentation of development costs in the statements of cash flows. AASB 107 *Statement of Cash Flows* has been amended through AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statements of cash flows.

Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 *Intangible Assets* for capitalization as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows. Prior year amounts have been restated for consistent presentation.

2. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the CEO (the chief operating decision maker) in assessing the performance and in determining the allocation of resources. The CEO has identified three reportable segments which are as follows:

The following summary describes the operations in each of the Group's reportable segments:

<u>GRG International (Australia)</u>
GRG International (Australia) provides placement, service and support of ATM machines in retail locations in Australia and India.

<u>GRG International (North America)</u>
GRG International (North America) provides high-end ATM machines for financial institutions in Canada, United States and Mexico.

<u>The eFunds Group</u>
The eFunds Group provides outsourced ATM site management to Banks in Australia and refurbished ATM machines for financial institutions in Australia and Africa.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the consolidated entity's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

Six months to 31 Dec 2010	GRG International (Australia)	GRG International (North America)	eFunds Group	Other	TOTAL
	$	$	$	$	$
External revenue	2,149,956	425,595	567,311		3,142,863
Inter-segment revenue	-	-	-		-
Interest income	12,410	-	7		12,417
Interest expense	(14,976)	(8,016)	(40)		(23,032)
Depreciation and amortisation	(240,480)	(5,518)	(3,599)		(249,597)
Reportable segment profit before income tax	(1,247,153)	(565,235)	119,970	(78,381)	(1,770,799)
Reportable segment assets	16,831,278	1,512,275	3,727,970	-	22,071,523
Reportable segment liabilities	(13,614,835)	(906,231)	(673,757)	-	(15,194,823)

Geographical segments

Six months to 31 Dec 2010	Revenues	Non-current assets
Australia	2,717,267	17,595,931
India	-	-
Canada	27,256	-
United States	330,728	165,737
Mexico	67,612	-
Africa	-	-

3. TRADE AND OTHER RECEIVABLES

	Note	Consolidated As at 31 Dec 2010	Consolidated As at 30 Jun 2010
Trade receivables		515,384	46,221
Other receivables from related parties	10	629,532	354,634
Other receivables		323,836	47,935
		1,468,752	448,790

4. INTANGIBLE ASSETS

	Note	Consolidated As at 31 Dec 2010	Consolidated As at 30 June 2010
ATM related customer contracts		603,903	607,288
Industrial Property rights acquired through business acquisition		84,197	50,000
Amortisation for the period		(61,966)	(44,684)
		626,134	612,604
Goodwill on business acquisition		14,794,490	2,239,236
		15,420,624	2,851,840

	Note	Goodwill $	Other Intangible Assets $	Customer Intangible $	Total $
Balance at 1 July 2010		2,239,236	49,722	562,882	2,851,840
Additions	11	12,555,254	34,475	41,021	12,630,750
Amortisation charge		-	(4,994)	(56,972)	(61,966)
Balance at 31 December 2010		14,794,490	79,203	546,931	15,420,624

The amortization of $61,966 for the period was recognised in administration and other expenses in the statement of comprehensive income.

5. TRADE AND OTHER PAYABLES

	Note	Consolidated As at 31 Dec 2010	Consolidated As at 30 Jun 2010
Trade payables		635,921	532,094
Trade payables due to related parties	10	748,042	441,744
Trade payables other		337,732	-
		1,721,695	973,838

6. OTHER CURRENT AND NON-CURRENT LIABILITIES

On 11 November 2010 the Company entered into an agreement to acquire all the issued capital of a Sydney-based business comprising eFunds Pty Ltd, Electronic Retail Solutions and ATM Serve Pty Ltd ("eFunds Group").

Consideration for the acquisition is to be made in two parts with the first portion being due on or before 31 March 2011 in an amount of $6,389,842 and the second being due on or before 15 March 2012 in the estimated amount of $6,640,890. The second consideration is variable based on the financial performance of the purchased entities during the calendar year ended 31 December 2011.

The amounts shown in current liabilities represent the value of cash and share consideration paid to satisfy the first part of the payment which closed on the 7th of February 2011. The amounts shown in non-current liabilities represent the expected value of the second payment due in March of 2012.

7. SHARE CAPITAL

Issue of ordinary shares during the half-year

	Company Number of Ordinary shares	**$**
Balance at 1 July 2010	74,925,503	3,363,490
Issued for cash	22,500,000	4,500,000
Issued for the retirement of convertible notes	8,500,000	1,275,000
	105,925,503	9,138,490
Less: Transaction costs arising on issue of shares, net of tax		(696,276)
Balance at 31 December 2010	105,925,503	8,442,214

Issuance of ordinary shares

On 12 October 2010, the Company issued 22,500,000 shares at $0.20 per share. All issued shares were fully paid.

On 14 October 2010, the Company retired the convertible notes on issue of $1,275,000 through the issue of 8,500,000 shares at $0.15 per share.

Refer Note 13 for events subsequent to reporting date for share issues after 31 December 2010.

Share options

Share options issued during the period are:

	Company Number of Options issued	Exercise Price	Expiry
Balance at 1 July 2010	22,010,100	$0.20	30 June 2013
12 October 2010 (Initial public offering)	11,250,000	$0.20	30 June 2013
Balance at 31 December 2010	33,260,100		

Refer Note 13 for events subsequent to reporting date for share options issued after 31 December 2010.

8. FINANCE INCOME AND EXPENSE

Recognized in profit or loss

	Six Months to 31 Dec 2010
Interest income on bank deposits	12,417
Finance Income	12,417
Net foreign exchange loss	(78,381)
Interest costs on notes	(23,032)
Finance expense	(101,413)
Net finance expense recognized in profit or loss	(88,996)

9. EARNINGS PER SHARE

Reconciliation of earnings to profit or loss

Net earnings/(loss) after tax	(1,337,484)
Earnings/(loss) used in the calculation of diluted EPS	(1,337,484)
Weighted average number of ordinary shares used in the calculation of basic EPS	
Weighted average number of shares on issue used to calculate basic EPS	88,831,373
Effect of dilutive securities – weighted average number of options outstanding	26,901,404
Weighted average number of ordinary share used in the calculation of dilutive EPS	115,212,777
Earnings/(loss) per share (cents per share)	(1.5)c

10. RELATED PARTIES

	Note	Transactions value Six Months to 31 Dec 2010 $	Balance outstanding as at 31 Dec 2010 Assets/(liabilities) $
Company			
GRG International Corporation	(i)	828,127	876,043
Consolidated			
GRG ATM Pty Ltd	(ii)	267,214	621,848
GRG Banking	(iii)	1,181,520	(748,042)
GRG International Inc	(ii)	52,402	7,684

(i) During the six month period ended 31 December 2010, loans advanced by the Company to its controlled entity (GRG International Corporation) amounted to $828,127. As of 31 December 2010 this amount of $828,127 along with loans made in the prior year ended 30 June 2010 of $47,916 were owing by the controlled entity to the Company for an outstanding balance of $876,043. This amount eliminates on consolidation.

(ii) During the period from 1 July to 30 September 2010, the consolidated entity was in the process of assimilating the ongoing business and operations of GRG ATM Pty Ltd and GRG International Inc under the terms of the business acquisition agreement between the parties. During this period, certain transactions such as the electronic settlements of revenue and the disbursements of certain expenses were shared between the bank accounts of these entities. This relationship was transitional only. Subsequent to balance date, all parties were separate with no ongoing business other than the expected future conversion of performance shares as called for in the Asset Sale Agreement between the parties.

Included in trade and other receivables at 31 December 2010 is an amount of $621,848 due from GRG ATM Pty Ltd, which represents revenue collected from customers by the related party on behalf of the Company, while the Company's accounts were being established.
During the period ended 31 December 2010, GRG International Inc. made payment for expenses on behalf of the Company's controlled entity and collected outstanding receivables. This resulted in an amount due to the Company from GRG International Inc of $7,684 at 31 December 2010.

(iii) GRG Banking has 8.4% of shareholding in the Company at 31 December 2010 and is the sole supplier of ATM Equipment and Software to the consolidated entity. In addition, the Company has the exclusive rights to distribute GRG Banking products in certain territories. For the six months ended 31 December 2010, GRG International made payments to GRG Banking for outstanding invoices and purchases in the amount of $808,801, total purchases of $1,181,520 were made during the period.

Refer Note 11 for the acquisition of business operations and assets during the period ended 31 December 2010.

During the financial year, all transactions between the consolidated entity and other related parties were in the ordinary course of business and on normal arm's length commercial terms and conditions

11. BUSINESS COMBINATION

On 11 November 2010 the Company entered into an agreement to acquire all the issued capital of a Sydney-based business comprising eFunds Pty Ltd, Electronic Retail Solutions and ATM Serve Pty Ltd ("eFunds Group").

Management have not yet made a final determination of amounts due under the deferred consideration, as not all relevant information is currently available. As a consequence certain fair values of assets and liabilities for the acquisitions have been determined on a provisional basis, and will be completed in 2011.

The acquisitions were made to expand the business operations of the consolidated entity.

In the period from 1 December 2010 to 31 December 2010 the acquired business contributed revenue of $522,779 and profits after tax of $83,979. If the acquisition occurred on 1 July 2010, management estimates that the contributed revenue would have been $3,493,517 and profits after tax of $402,058. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition occurred on 1 July 2010.

Consideration
Consideration for the acquisition is to be made in two parts with the first portion being due on or before 31 March 2011 in an amount of $6,389,842 and the second being due on or before 15 March 2012 in the estimated amount of $6,640,890. The second consideration is variable based on the financial performance of the purchased entities during the calendar year ended 31 December 2011. Each payment is to be comprised of cash and ordinary shares.

The amounts shown in current liabilities represent the value of cash and share consideration paid to satisfy the first part of the payment which closed on the 7th of February 2011. The amounts shown in non-current liabilities represent the expected value of the second payment due in March of 2012.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration	**Note**	**$**
Part 1 payments		
Cash	11(a), 6	3,069,397
Equity instruments	11(a), 6	3,320,445
Total part 1		6,389,842
Part 2 payments		
Cash	11(b), 6	3,320,445
Equity instruments	11(b), 6	3,320,445
Total part 2		6,640,890
Total consideration		**13,030,732**

In return for the businesses acquired the Company agree to pay the considerations listed below to the owners of the eFunds Group.

(a) The payment of $3,069,397 in cash, being 50% of the agreed consideration for the first part payment adjusted by the net current assets of the eFunds group as of 30 November 2010 and the issue of 16,602,225 ordinary shares in the Company at an issue price of 20 cents per share. The payment must be concluded before 31 March 2011. The fair value of this payment is reflected in other current liabilities.

(b) The second payment will act as a balance payment and be calculated at 3.62 times the EBITDA earnings of the Entities for calendar year 2011 less the value of the initial payments. The maximum value paid is capped at $15,000,000 for the aggregate of payment 1 and payment 2 regardless of the CY 11 earnings. Earnings from the eFunds Group for calendar year 11 are estimated to be $3.6M, as such the second payment is currently estimate to be $6,640,890 and the fair value of this payment is reflected in other non-current liabilities.

The current executive owners of the eFund's Group have agreed to sign two year management contracts and all owners of the eFunds Group have agreed to a 12 month voluntary escrow period over the initial payment of Company shares received as consideration.

Fair value of identifiable assets acquired and liabilities assumed

	$
Cash	508,876
Trade and other receivables	122,152
ATM machines and related inventories	288,269
ATM machines installed	260,427
Plant and equipment	38,340
Goodwill on acquisition	12,555,254
Intellectual property	75,496
Trade and other payables	(663,357)
Accrued liabilities	(38,056)
Deferred tax liabilities	(116,669)
	13,030,732

Trade receivables acquired with a fair value of $122,152 had gross contractual amounts of the same amount. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $nil.

Acquisition-related costs amounting to $56,200 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'other expenses' line item in the statement of comprehensive income.

Goodwill arose in the acquisition of the eFunds business because the acquisition included the customer lists, relationships and certain contracts as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from that business and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition	**$**
Consideration paid in cash	6,389,842
Less: cash and cash equivalent balances acquired	(508,876)
	5,880,966

12. CONTINGENCIES

As set out in the third supplementary prospectus for the Company dated 9 September 2010, on 30 August 2010, the Company has instituted seven separate proceedings in the County Court of Victoria. The defendants to these proceedings are parties against whom the Company alleges certain breaches of various ATM placement agreements. The Company is claiming damages, interest and costs against the defendants to those proceedings.

13. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Company executed a Heads of Agreement to acquire UK based Cash Point Machines Ltd (CPM), the terms of which are conditional on due diligence and shareholder approval. The acquisition of CPM will fast track the Company's penetration into its exclusive market region of the UK and provide a European presence that will further strengthen the multinational footprint of the company.

The transaction for the purchase of the eFunds Group was closed on 7 February 2011 and included the issuance of 16,602,225 in ordinary fully paid shares of the company and a cash payment of $1,162,223 and a side letter that allows the balance of cash consideration (approximately $2,324,311) to be paid by 24 March 2011.

On 17 February 2011 the company closed an additional placement of 11,590,000 shares and 4,397,500 options for total consideration of $2,897,500. The placement was issued under the Company's 15% capacity in accordance with ASX listing rule 7.1. The proceeds of the raising will be used partly towards acquiring CPM; and for working capital and current business acquisitions.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1 The financial statements and notes, as set out on pages 8 to 22 are in accordance with the Corporations Act 2001, including:

   a. Complying with Accounting Standard AASB 134 Interim Financial Reporting; and

   b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.

2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

GRG INTERNATIONAL LIMITED

Jeffrey Barrow
DIRECTOR

Melbourne, 28 February 2011

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 2
215 Spring Street
Melbourne
Victoria 3000
GPO Box 4984WW
Melbourne
Victoria
3001

T +61 3 8663 6000
F +61 3 8663 6333
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report
To the Members of GRG International Limited

We have reviewed the accompanying half-year financial report of GRG International Limited ("the Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, 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 2010 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 GRG International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton

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.

Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of GRG International Limited for the half-year ended 31 December 2010 included on GRG International Limited's web site. The Company's directors are responsible for the integrity of GRG International Limited's web site. We have not been engaged to report on the integrity of GRG International Limited's web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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 GRG International 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 2010 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Trivett

Simon Trivett
Director - Audit & Assurance

Melbourne, 28 February 2011