

# Annual Report 2011



**E300L Cash Dispenser**



**H46N Bunker ATM**



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## **CHAIRMAN'S REPORT**

Dear Shareholder,

I am pleased to present our first Annual Report as a listed entity. From an operational perspective, we have had a productive year in which GRG International has set the foundation for a profitable future.

### **Group Performance**

During the year, GRG International's sales were negatively impacted by a reduction in spending from Banks in North America and in the Australian retail sector. Earnings began to gain momentum in the last half of the year as operating losses decreased from \$1.3m in the first half of the year to only \$0.5m in the last half. A large portion of this improvement was due to the acquisition of the eFunds Group which added additional profit after tax of \$0.6 million during the year.

Tranche 1 of the eFunds Group acquisition cost was achieved with the company remaining debt free. This was a significant obligation for FY11 but a major target in GRG International's rapid domestic and international expansion plans. Tranche 2 costs will conclude by July 2012 and GRG International will be in a strong earnings position subsequent to completion of the transaction.

There have been several new entrants to the Australian ATM deployment market recently. This, in conjunction with a weakening retail sector, has given rise to aggressive sales tactics in a highly competitive market. GRG International currently has access to deploy GRG ATMs to nine countries, which will help ease the pressures exerted by a competitive domestic market and gives imperative market diversification.

The most exciting new market for GRG International was entry to the Indian market. This was an important element to GRG International's strategy as India currently has one of the world's highest GDP growth rates. In FY11 GRG International received regulatory approval to distribute, install and maintain GRG ATMs in India and secured a letter of intent for 300 ATM units.

GRG International made key certifications in North America during the year which will drive sales moving forward. In addition, GRG International will be able to sell other GRG Banking products making us a more complete cash handling solution and distinct from many others in the ATM deployment business.

### **Outlook**

In the 2012 financial year we have already signed four new significant agreements; Compass Group, New Sunrise Group, South Carolina Credit Union and Gascorp. Together, these agreements will provide GRG International access to over a thousand sites. I anticipate these will be long term relationships and provide an important opportunity for GRG International to continue to grow its market share.

A key alliance was created through the appointment of Burroughs Payment Systems Inc. as GRG ATM Master Distributor in the United States. Burroughs is high profile in US cash management systems and this alliance creates a new strong channel into the US market.

I look forward to a successful 2012 financial year as we start to see the rewards of the efforts put in place during the 2011 financial year. I am excited by the opportunities presented in FY12 and believe that the business will experience a significant growth period.

Finally after a challenging year where we have made strong progress, I would like to thank the management team and staff for their hard work, my fellow directors and our shareholders for their ongoing support.

A handwritten signature in blue ink, appearing to read 'Jeff Barrow', is positioned above the printed name.

**Jeff Barrow**

## **DIRECTORS' REPORT**

The directors present their report together with the financial statements of the Group, being GRG International Limited ("the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2011 and the Independent Audit Report thereon.

### **1. Directors**

The directors of the Company holding office during the financial year are:

**Mr. Jeffrey Barrow**  
**Chairman and Chief Executive Officer**  
Director since 3 June 2010

Mr. Barrow has extensive global experience in the ATM market. Mr. Barrow's history includes serving as Triton's Vice President of Sales and Marketing, where he was responsible for guiding Triton to new international business opportunities while growing their base North American business. Previously, he spent four years at Direct Cash Pty, Ltd. as Managing Director. In this role, he spearheaded the development of a private ATM network which was the first such operation in Australia.

**Mr. Brian Kett**  
**Executive Director, President North America**  
**MPA, BCom**  
Director since 3 June 2010.

Mr. Kett is a long time global executive board member of the ATM Industry Association (ATMIA), the number one global trade association for the ATM industry with more than 1,300 members in 50 countries. Previous to his current role with the Company, Mr. Kett was the President of Triton since March of 2003, where he led Triton to reach record breaking ATM sales in new markets both domestically and internationally.

**Mr. Daniel Thurtell**  
**Executive Director, Chief Financial Officer**  
**BBA (Finance), Certified Management Accountant**  
Director since 3 June 2010.

Mr. Thurtell has a broad background ranging from international acquisitions to retail distribution. His background includes top level finance positions in the ATM, consumer products, and construction industries. He has helped companies expand through multiple acquisitions, joint venture negotiations, and collaborative development programs into the countries of Great Britain, Ireland, the Netherlands, China, Australia, and India.

**Mr. Frank Cooper**  
**Independent Director**  
**BSc, Member, Australian Institute of Company Directors**  
Director since 9 December 2010.

Mr. Cooper has senior career exposure in financial markets and executive search industries in Canada, the US and Australia. He is currently a Director of Comnicate Media Group, and a Partner

with executive and board search firm Pact Global. Previously he worked nine years in management roles for banking systems experts Unisys and a further four years for office automation and IT integration company Datapoint Corporation.

**Mr. David De Campo**  
**Independent Director**  
**BE (Elec), Masters of Business Administration**  
 Director since 1 November 2010

Mr. De Campo has been a director and CEO of a number of listed and unlisted companies with a track record of growing shareholder wealth in the small to medium company sector. His primary focus in recent years has been as the Australian operative of a New Zealand-based private equity fund. Recent experience also includes his role as executive director of a private pharmaceutical supplies company. Mr. De Campo's career has also included senior roles in three world leading computer and telecommunications companies including Asia Pacific sales & marketing director, Australian managing director and Australasia business development director.

## 2. Company secretary

The following person held the position of company secretary at the end of the financial year:  
 Oliver Carton – Bjuris LLB was appointed as company secretary on 28 September 2010. Oliver is a qualified lawyer with over 23 years experience in a variety of corporate roles. He currently runs his own consulting business, and was previously a Director of the Chartered Accounting firm KPMG where he managed its Corporate Secretarial Group. Prior to that, he was a senior legal officer with ASIC.

Oliver is an experienced company secretary and is currently company secretary of a number of listed and unlisted companies, ranging from GRG International Limited to the not for profit Melbourne Symphony Orchestra Pty Ltd.

Prior to Mr. Carton's appointment the position of company secretary was held by Mr. Jeffrey Barrow who resigned on 28 September 2010.

## 3. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr. Jeffrey Barrow	11	11	-	-	1	1
Mr. Brian Kett	11	11	-	-	-	-
Mr. Daniel Thurtell	11	10	1	1	-	-
Mr. Frank Cooper	8	8	1	1	1	1
Mr. David DeCampo	9	7	1	1	1	1

#### **4. Corporate Governance**

The Board of Directors is committed to conducting the business of the Company in adherence with the highest ethical standards and in accordance with the principles of sound corporate governance. To that end the Board has adopted policies, procedures, and committees to help ensure the proper execution of corporate affairs. Below is a summary of the current policies that are in place. A complete copy of the Company's governance policy can be found by visiting the Company website [www.grgatm.com](http://www.grgatm.com).

##### **BOARD CHARTER**

The Board of Directors is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld. In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter. In accordance with the constitution of the Company, directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The Board does not specify a maximum term for which a director may hold office.

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive directors.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- procedures are in place to incorporate presentations to each Board meeting by financial, operations, exploration and marketing management.

##### **PROCEDURES FOR SELECTION AND APPOINTMENT OF DIRECTORS**

The Board shall ensure that, collectively, it has the appropriate range and expertise to properly fulfill its responsibilities. In the circumstances where the Board believes there is a need to appoint another director, whether due to retirement of a director or growth or complexity of the Company, certain procedures will be followed, including: the skills and experience appropriate for the appointee having regard to those of the existing directors and any other likely changes to the Board; agree the process and timetable for seeking such a person, which may involve an external search



firm; a short list of candidates will be prepared for the Board's consideration and interview. The selection process will encourage visitation to the Company's operating sites and an understanding of management information systems.

The Chairman regularly reviews the composition of the Board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of the Company's activities. If an invitation to become a director is accepted, the Board will appoint the new director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for re-election. When appointed to the Board, a new director will receive an induction appropriate to their experience.

## **CODE OF CONDUCT**

This code of conduct aims to encourage the appropriate standards of conduct and behavior of the directors, officers, employees and contractors (collectively called the employees) of the Company. Employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The general principles of the code are:

- Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole.
- Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment.
- Employees must recognise that their primary responsibility is to the Company's shareholders as a whole.
- Employees must not take advantage of their position for personal gain, or the gain of their associates.
- Directors have an obligation to be independent in their judgments.
- Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company.
- Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.

The Company views breaches of this code as serious misconduct. Employees who have become aware of any breaches of this code must report the matter immediately to their line manager or the Company Secretary. The line manager or Company Secretary has the responsibility to report the breach to the appropriate senior management and to advise the relevant employee of the outcome and actions implemented.

Any employee who in good faith, reports a breach or a suspected breach will not be subject to any retaliation or recrimination for making that report. Employees who breach the policies outlined in the Code may be subject to disciplinary action, including in the case of serious breaches, dismissal.

The following additional comments apply to directors of the Company and aim to ensure directors have a clear understanding of the Company's expectations of their conduct.

- All directors have a fiduciary relationship with the shareholders of the Company. A director occupies a unique position of trust with shareholders, which makes it unlawful for directors to improperly use their position to gain advantage for themselves.
- Each director must endeavor to ensure that the Company is properly managed so as to protect and enhance the interests of all shareholders. To this end, directors need to devote sufficient time and effort to understand the Company's operations.

- Directors should ensure that shareholders and the ASX are informed of all material matters which require disclosure and avoid or fully disclose conflicts of interest.

### ***Conflict of interest***

At all times a director must be able to act in the interests of the Company. Where the interests of associates, the personal interest of a director or a director's family may conflict with those of the Company, then the director must immediately disclose such conflict and either eliminate the conflict, or abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict. Executive directors must always be alert to the potential for a conflict of interest between their roles as executive managers and their fiduciary duty as directors.

### ***Insider trading***

Information concerning the activities or proposed activities of the Company, which is not public and which could materially affect the Company's share price must not be used for any purpose other than valid Company requirements.

### ***Stakeholders***

The Board recognises that the primary stakeholders in the Company are its shareholders. Other legitimate stakeholders in the Company include employees, customers and the general community.

**The Company's primary objective is to create shareholder wealth through capital growth and dividends by the continued development of its business.**

The Company is committed to conducting all its operations in a manner which:

- protects the health and safety of all employees, contractors and community members;
- recognises, values and rewards the individual contribution of each employee;
- achieves a balance between economic development, maintenance of the environment and social responsibility;
- maintains good relationships with suppliers and the local community; and
- is honest, lawful and moral.

All employees (including directors) are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

## **AUDIT COMMITTEE CHARTER**

The Audit Committee is a committee of the Board of the Company with the specific powers delegated under this charter. The charter sets out the Audit Committee's function, composition, mode of operation, authority and responsibilities. The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee will: oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors; determine the independence and effectiveness of the external and internal auditors; maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities; serve as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and review the adequacy of the reporting and accounting controls of the Company.

The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

### **Authority**

In performing its functions in accordance with any applicable law, the Committee: has unrestricted access to the external auditors, the internal audit firm, senior management and employees of the Company; has unrestricted access to information and reports relevant to fulfilling its responsibilities; may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee; and shall have the power to conduct or authorise investigations into any matters within the committee's scope of responsibilities or when requested by the Board.

### **Responsibilities**

The Committee must promote an environment within the Company which is consistent with best practice financial reporting. In particular, the Committee must:

- perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
- monitor the integrity and effectiveness of financial reporting processes;
- review and assess the external audit arrangements;
- appoint, review and assess the internal audit arrangements and consider significant internal audit findings and management's responses and related actions;
- review and ensure implementation of legislated major accounting changes;
- ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions; and
- ensure that the Board is kept regularly informed on general progress and activities, and is promptly briefed on all significant matters.

### **External audit arrangements**

The Committee shall report to the Board on external audit arrangements, including:

- making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
- review the terms of engagement for the external auditor;
- review the scope of the external audit with the external auditor including identified risk areas;
- monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;
- review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;
- review and monitor management's responsiveness to the external audit findings; and
- on a periodic basis, meet with the external auditor without the presence of management.

### **Appointment of external auditor**

Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor. The Committee will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Company, its operations, its key personnel and any other information, including group structures

and financial statements, that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate. The Committee and the Board will consider the appointment in conjunction with senior management. In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations. The appointment of a new external audit firm will be placed before shareholders for ratification at the next annual general meeting after the appointment is made.

### ***Management sign-off procedure***

The Audit Committee will ensure that the Managing Director and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards. The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.

## **CONTINUOUS DISCLOSURE POLICY**

This policy outlines the disclosure obligations of the Company as required under the Corporations Act 2001 and the ASX Listing Rules. The policy is designed to ensure that procedures are in place so that the stock market in which the Company's securities are listed is properly informed of matters which may have a material impact on the price at which the securities are traded.

The Company is committed to: complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules; preventing the selective or inadvertent disclosure of material price sensitive information; ensuring shareholders and the market are provided with full and timely information about the Company's activities; and ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

## **SHAREHOLDERS COMMUNICATION POLICY**

The Company recognises the value of providing current and relevant information to its shareholders. The Managing Director and Company Secretary have the primary responsibility for communication with shareholders.

Information is communicated to shareholders through: continuous disclosure to relevant stock markets of all material information; periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of exploration, production and corporate activities; notices of meetings and explanatory material; the annual general meeting; periodic newsletters or letters from the Chairman or Managing Director; and the Company's web-site.

The Company is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market.

## **RISK MANAGEMENT AND INTERNAL COMPLIANCE AND CONTROL**

Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes: establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives; continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks; formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives: effectiveness and efficiency in the use of the Company's resources; compliance with applicable laws and regulations; and preparation of reliable published financial information.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

## **REMUNERATION COMMITTEE CHARTER**

The Remuneration Committee (when appointed) is a committee of the Board with its principle functions being: to review and recommend to the Board the overall strategies in relation to executive remuneration policies; to review and make recommendations to the Board in respect of the compensation arrangements for the Managing Director, all other executive directors and all non-executive directors; to review the effectiveness of performance incentive plans; and to review and make recommendations to the Board in respect of all equity based remuneration plans. In consultation with the Managing Director, the Committee will review and recommend to the Board for approval, the Company's general approach to compensation and will oversee the development and implementation of the compensation regime.

### ***Composition***

The Committee shall comprise at least three members of the Board, and if possible, the majority of whom will be non-executive directors. Directors serving on the Remuneration Committee should have diverse, complementary backgrounds. If possible, the Chairman of the Committee shall be an independent director. The Company Secretary will be the secretary of the Committee and will act as the principal liaison between executive management and the committee on remuneration matters.

### ***Remuneration policy***

This policy governs the operations of the Remuneration Committee. The Committee shall review and reassess the policy at least annually and obtain the approval of the Board.

### ***General director remuneration***

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The directors shall set individual Board fees within the limit approved by shareholders. Shareholders must also approve the framework for any equity based compensation schemes and if a

recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

#### *Executive remuneration*

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related, together with performance based remuneration which is met out of a profit sharing pool on a calendar year basis. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

### **5. Remuneration report - audited**

#### **Remuneration policy**

The remuneration policy of GRG International Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of GRG International Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy is required to be developed by the remuneration committee and approved by the Board.
- All key management personnel receive a base salary, superannuation, and fringe benefits. Cash payment in lieu of superannuation and fringe benefit payments are made for non-Australian based management personnel.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest caliber of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

### **Employment contracts**

The employment terms and conditions of key management personnel that reside and work in Australia and group executives are formalised in contracts of employment.

Terms of employment require that the company provide an executive contracted person by giving 3 month's written notice to the executive and making a payment of 9 months' salary after the expiry of the 3 months written notice period. If the Company elects to pay the Executive the equivalent of the 3 months Salary and dispense with the notice period, the total payment inclusive of the 3 months notice period will be the equivalent of 12 months' Salary.

A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one months notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance except as noted above.

### **Employment Details of Members of Key Management Personnel and Other Executives**

Details of the nature and amount of each major element of remuneration of each Director of the Company and each of the 5 named Company executives and relevant Group executives who receive the highest remuneration and other key management personnel of the consolidated entity are shown in the table on the following pages:

GRG International Limited  
Financial Report For The Year Ended  
30 June 2011

Name	Position Held	Contract Terms	Financial Year	Salary & fees \$	Post Employment Benefits	Total
Mr. David DeCampo	Non-Executive Director, since 1 November 2010	None	2011	13,766	-	13,766
			2010	-	-	-
Mr. Frank Cooper	Non-Executive Director, since 9 December 2010	None	2011	-	-	-
			2010	-	-	-
Mr. Meng Kang Lim	Non-Executive Director and company secretary from 25 January 2010 to 3 June 2010	None	2011	-	-	-
			2010	-	-	-
Mr. Timothy Neesham	Non-Executive Director from 25 January 2010 to 3 June 2010	None	2011	-	-	-
			2010	-	-	-
Mr. Joshua Wellisch	Non-Executive Director from 25 January 2010 to 3 June 2010	None	2011	-	-	-
			2010	-	-	-
Mr. Oliver Carton	Company secretary since 28 September 2010	No term, cancellable without notice	2011	54,450	-	54,450
			2010	-	-	-
Mr. Jeffrey Barrow	Executive Director, Chairman and Chief Executive Officer since 3 June 2010	Term three years, expiring 25 May 2013, three month notice period with nine months salary after the notice period expires	2011	242,500	-	242,500
			2010	20,400	-	20,400
Mr. Brian Kett	Executive Director, President of North America since 3 June 2010	Term three years, expiring 25 May 2013, three month notice period with nine months salary after the notice period expires	2011	210,066	-	210,066
			2010	18,546	-	18,546



GRG International Limited  
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30 June 2011

Name	Position Held	Contract Terms	Financial Year	Salary & fees \$	Post Employment Benefits	Total
Mr. Daniel Thurtell	Executive Director, Chief Financial Officer since 3 June 2010	Term three years, expiring 25 May 2013, three month notice period with nine months salary after the notice period expires	2011	186,614	-	186,614
			2010	15,367	-	15,367
Mr. William Jackson	Chief Technology Officer	None	2011	197,010	-	197,010
			2010	15,104	-	15,104
Mr. Andrew Tang	Chief Operating Officer and Vice President of Business Development	None	2011	155,182	-	155,182
			2010	12,916	-	12,916
Mr. Steve Polk	Vice President of Sales North America	None	2011	135,718	-	135,718
			2010	10,333	-	10,333
Mr. Jeff Irwin	Director of Sales Engineering North America	None	2011	134,952	-	134,952
			2010	10,299	-	10,299
Mr. Richard Stack	General Manager Australia	No term, one month notice required, no termination payment	2011	139,143	12,523	151,666
			2010	10,703	963	11,666
Total			2011	1,469,401	12,523	1,481,924
			2010	113,668	963	114,631

For each and every individual noted in the table above, for the year ended 30 June 2011 and 30 June 2010:

Proportion of remuneration performance related %	Nil
Value of options and performance share rights as a proportion or remuneration	Nil
Cash bonuses paid or earned during the year	Nil
Long-term benefits paid or earned	Nil
Share based payments paid or earned	Nil

## **6. Principal activities and significant changes in nature of activities**

The principal activity of the consolidated entity during the period was the placement of Automated Teller Machines (ATMs) at retail locations and the on-selling of high end ATM equipment to Banks and major retail customers.

## **7. Review and results of operations**

The loss after tax for the year ended 30 June 2011 amounted to \$1.8 million. The company's sales were negatively impacted by a reduction in capital spending from banks in North America and Australia. This reduction resulted in the slowing of high end ATM machines purchases for the North American market and a slow down on the deployment of new ATMs under the Suncorp Bank brand in Australia. Improvement was seen in the last half of the year as operating losses decreased from \$1.3 million in the first half of the year to only \$0.5 million in the last half. A large portion of this improvement was due to the acquisition of the eFunds Group that was effective as of December 1, 2010 and added additional profit after tax of \$0.6 million during the year.

The Company continues to expand its operations in India and the United Kingdom. In India two ATM models have been certified, initial orders received, and the first shipment of units are awaiting installation. For the United Kingdom we continue to work through the certification process as the technological requirements are well in advance of those we see in other markets.

During the year the Company was admitted to the ASX on 12 October 2010 with active trading in shares commencing on 14 October 2010. Our admission followed the successful completion of 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.

Beyond the IPO the company has leveraged its position in the capital markets to:

- retire the outstanding convertible notes for 8,500,000 shares,
- complete the acquisition of the eFunds group by issuing 16,602,225 shares to the sellers under a voluntary 12 month escrow agreement as part of the consideration,
- raised an additional \$2.9 million through a secondary public offering at a 25% premium to the IPO price,
- and remain debt free.

In April of 2011 the company entered into an agency agreement with a Brisbane based marketing firm to sell some of our physical ATM assets the program produced cash proceeds to the company of \$2.4 million during the last quarter of the fiscal year. The funds will be used for the further funding of working capital and expansion of the company's ATM estate. The ATMs that have been sold will continue to be operated by GRG International.

In addition to the events noted above the Company continued to expand organically and achieved the following successes during the year:

- 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,

- 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.
- secured its first sales in India with C-Edge Technologies Limited and received a letter of intent for 300 ATM units,
- 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,
- secured a contract for the sale of 200 ATM units to the Standard Bank of South Africa with a forecasted demand of 420 units over the contract period,
- through our reseller, Universal Money Center (UMC) signed a contract for the replacement of 28, bank branded, ATMs throughout west Texas,
- signed two additional Value Added Resellers in North America, Value Tec Financial Equipment LLC and American Bank Equipment to further increase our geographical presence in the region,

#### **8. Dividends paid or recommended**

No dividends were declared or paid by the Company during the year ended 30 June 2011 and to the date of this report.

#### **9. Events subsequent to reporting date**

The Company secured a service agreement with Compass Group (Australia) Pty Ltd to install and service ATMs in Australia and New Zealand. The contract commences with the immediate installation of 4 units in remote Western Australia with further installations currently being planned. Compass Group (Australia) Pty Ltd is a wholly owned subsidiary of Compass Group PLC. Compass Group PLC is a global market leader in providing contract catering and support services in a range of markets. These include offshore and remote locations, defence locations, mining sites, healthcare, education, leisure, employee restaurants and coffee shops and corporate hospitality.

GRG International Limited entered into a contract with New Sunrise Group as a preferred supplier for ATM services. New Sunrise manages over 750 sites in Australia. GRG successfully negotiated the contract over several other leading Australian ATM suppliers. The benefits of the contract are:

- Access to over 750 sites
- 100 Initial site opportunities
- New Sunrise Group aggressively promoting each site
- Capacity to form long-term relationships with retailers through customized services

New Sunrise Group is one of Australia’s major buying groups and has strong channels with independent petrol stations and convenience stores. Its services integrate each store’s promotional, operational and merchandising functions.

The Company secured a supply contract for GRG ATMs to the South Carolina State Federal Credit Union. The contract has been secured via Southeastern ATM, LLC and includes an initial deployment of 11 high end full function units. The H46N model ATMs to be installed are sophisticated Full Function Drive-up bunker units with touch screen displays.

There have been no other material events subsequent to 30 June 2011.

## 10. Directors interests

The interests of each Director in the shares and options used by the Company as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001 at the date of this report is as follows:

Director	GRG International Limited			
	Ordinary Shares	Options over ordinary Shares	Performance Shares	Options attaching to Performance Shares
Mr. Jeffrey Barrow	18,694,660	3,134,932	9,821,948	1,964,390
Mr. Brian Kett	5,930,808	1,088,675	2,793,994	558,799
Mr. Daniel Thurtell	507,150	82,470	1,054,320	210,864
Mr. Frank Cooper	40,000	-	-	-
Mr. David DeCampo	-	-	-	-

## 11. Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company and the consolidated entity that occurred during the financial year under review, other than those referred to elsewhere in this report.

## 12. Environmental Issues

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

## 13. Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the following current directors of the Company, Mr. Jeffrey Barrow, Mr. Brian Kett, Mr. Daniel Thurtell, Mr. David DeCampo, and Mr. Frank Cooper against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current directors of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year ended 30 June 2011 and since the end of the year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Company.

#### Directors' and Officers' Insurance

Amounts disclosed above for remuneration of Directors and specified executives exclude insurance premiums paid by the Company in respect of Directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual Directors and officers.

#### 14. Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Grant Thornton for non-audit services provided during the year ended 30 June 2011:

<b>Financing proposal review and comment</b>	<b>\$10,000</b>
--	-----------------

#### 15. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 19 and forms part of the Directors' report for the financial year ended 30 June 2011.

This Report of the Directors', incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Jeffrey Barrow  
**DIRECTOR**

Dated at South Melbourne this 30<sup>th</sup> day of September 2011.

## 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 year ended 30 June 2011.



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### Auditor's Independence Declaration To the Directors of GRG International Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of GRG International Limited for the year ended 30 June 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink that reads "Simon Trivett".

Simon Trivett  
Director

Melbourne, 30 September 2011

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Liability limited by a scheme approved under Professional Standards Legislation.

**GRG International Limited and its controlled entities**  
**Statement of comprehensive income**  
**For the year ended 30 June 2011**

		<b>Consolidated Year Ended 30 Jun 2011 \$</b>	<b>Consolidated Period from 25 January 2010 to 30 June 2010 \$</b>
	<b>Note</b>		
Revenue	7	8,882,365	345,103
Cost of sales	8	(7,573,378)	(320,000)
Gross profit		1,308,987	25,103
Other income	9	5,189,377	-
Impairment of goodwill	10	(3,950,000)	-
Administration and other expenses	11, 12	(5,237,278)	(341,618)
<b>Results from operating activities</b>		(2,688,914)	(316,515)
Finance income	13	17,339	1,110
Finance costs	13	(226,912)	-
<b>Net finance costs</b>		(209,573)	1,110
<b>(Loss) before income tax</b>		(2,898,487)	(315,405)
Income tax benefit	14	1,060,498	79,360
<b>(Loss) for the period after income tax</b>		(1,837,989)	(236,045)
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		(1,837,989)	(236,045)
<i>Loss per share for loss attributable to the ordinary equity holders of the company</i>			
<b>Basic loss per share (cents per share)</b>	26	(1.71)	(0.32)
Diluted loss per share (cents per share)	26	(1.32)	(0.24)

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

**GRG International Limited and its controlled entities**  
**Statement of financial position**  
**As at 30 June 2011**

		<b>Consolidated</b>	<b>Consolidated</b>
		<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>	<b>Note</b>		
Cash and cash equivalents	15	2,369,189	186,245
Trade and other receivables	16	1,308,177	448,790
Inventories	17	1,205,264	536,121
Other assets		144,000	-
<b>Total current assets</b>		<b>5,026,630</b>	<b>1,171,156</b>
Plant and equipment	18	1,247,131	1,688,725
Intangible assets	19	11,426,613	2,851,840
Deferred tax asset	20	846,621	-
<b>Total non-current assets</b>		<b>13,520,365</b>	<b>4,540,565</b>
<b>Total assets</b>		<b>18,546,995</b>	<b>5,711,721</b>
<b>Liabilities</b>			
Trade and other payables	21	2,402,250	973,838
Employee benefits	22	239,884	224,596
Loans and borrowings	23	-	1,275,000
Other current liabilities	24	3,479,993	-
<b>Total current liabilities</b>		<b>6,122,127</b>	<b>2,473,434</b>
Employee benefits	22	15,041	-
Deferred tax liabilities	20	-	102,827
<b>Total non-current liabilities</b>		<b>15,041</b>	<b>102,827</b>
<b>Total liabilities</b>		<b>6,137,168</b>	<b>2,576,261</b>
<b>Net assets</b>		<b>12,409,827</b>	<b>3,135,460</b>
<b>Equity</b>			
Share capital	25	14,475,846	3,363,490
Reserves		8,015	8,015
Accumulated (losses)		(2,074,034)	(236,045)
<b>Total Equity</b>		<b>12,409,827</b>	<b>3,135,460</b>

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



**GRG International and its controlled entities**  
**Statement of changes in equity**  
**For the year ended 30 June 2011**

Consolidated	Note	Share Capital \$	Reserve \$	Accumulated (losses) \$	Total \$
<b>Balance at 25 January 2010</b>		3	-	-	3
<b>Loss for the period</b>		-	-	(236,045)	(236,045)
<i>Other comprehensive income/(loss)</i>		-	-	-	-
Total comprehensive income/(loss) for the period		-	-	(236,045)	(236,045)
<b>Transactions with owners, recorded directly into equity</b>					
<i>Contributions by and distributions to owners</i>					
New share issues, net of transaction costs	25	3,371,168	-	-	3,371,168
Other		(7,681)	-	-	(7,681)
Share options		-	8,015	-	8,015
Total transactions with owners		3,363,487	8,015	-	3,371,502
<b>Balance at 30 June 2010</b>		<b>3,363,490</b>	<b>8,015</b>	<b>(236,045)</b>	<b>3,135,460</b>
<b>Balance at 1 July 2010</b>		3,363,490	8,015	(236,045)	3,135,460
<b>Loss for the period</b>		-	-	(1,837,989)	(1,837,989)
<i>Other comprehensive income/(loss)</i>		-	-	-	-
Total comprehensive income/(loss) for the period		-	-	(1,837,989)	(1,837,989)
<b>Transactions with owners, recorded directly into equity</b>					
<i>Contributions by and distributions to owners</i>					
New share issues, net of transaction costs	25	11,112,356	-	-	11,112,356
Share options		-	-	-	-
Total transactions with owners		11,112,356	-	-	11,112,356
<b>Balance at 30 June 2011</b>		<b>14,475,846</b>	<b>8,015</b>	<b>(2,074,034)</b>	<b>12,409,827</b>

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

**GRG International Limited and its controlled entities**  
**Statement of cash flows**  
**For the year ended 30 June 2011**

	Note	Consolidated Year Ended 30-Jun-11	Consolidated Year Ended 30-Jun-10 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		8,480,264	-
Payments to suppliers and employees		(11,105,729)	(454,915)
Interests and other finance costs	13	(226,912)	-
Interest received	13	17,339	1,110
<b>Net cash (utilised in) operating activities</b>	29	<b>(2,835,038)</b>	<b>(453,805)</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of property, plant and equipment	9	2,440,000	-
Payment for property, plant, and equipment	18	(998,558)	(14,906)
Acquisition of business operations and assets	32	-	(2,075,000)
Payments for subsidiary, net of cash acquired	32	(2,560,521)	-
Advance to related parties	30	(379,852)	-
<b>Net cash (utilised in) investing activities</b>		<b>(1,498,931)</b>	<b>(2,089,906)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	25	7,397,500	1,500,903
Proceeds from the issue of share options	25	-	60
Proceeds from the issue of convertible notes	23	-	1,275,000
Payment of transaction costs related to share issue	25	(880,587)	(46,007)
<b>Net cash from financing activities</b>		<b>6,516,913</b>	<b>2,729,956</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,182,944</b>	<b>186,245</b>
Cash and cash equivalents at the beginning of the year		186,245	-
<b>Cash and cash equivalents at the end of the year</b>		<b>2,369,189</b>	<b>186,245</b>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Summary of Significant Accounting Policies**

#### **1. Reporting entity**

GRG International Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 194 Gladstone Street, South Melbourne VIC 3205. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its controlled entities (together referred to as the "consolidated entity"). The business activity of the consolidated entity is the placement of Automated Teller Machines (ATMs) at retail locations and the on-selling of high end ATM equipment to banks and major retail customers.

#### **2. Basis of preparation**

##### **(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the consolidated entity comply with International Financial Reporting Standards (IFRSs) and Interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on 30 September 2011.

##### **(b) Basis of measurement**

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### **(c) Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

##### **(d) Use of estimates and judgements**

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

#### *Impairment*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

*Trade and other receivables*

Receivables are reviewed on a monthly basis and close contact is kept with the debtor to fully understand any reasons for late payment or recognise the signs of financial difficulty. If a debtor is believed to be at risk the company will reserve appropriate amounts to bad debt reserves so that net receivables accurately reflect the Company's expectations of collectability.

As at 30 June 2011 the Company has determined that the appropriate bad debt reserve is nil.

*Goodwill*

With respect to cash flow projections growth rates, based on the start-up nature of the Company's business have been factored into valuation models for the next five years on an as projected basis of management's expectations around the Group's continued ability to capture market share from competitors. Cash flow growth rates of 5% subsequent to this period have been used as this reflects historical industry averages. Pre-tax discount rates of 13% have been used in all models.

Goodwill related to the acquisition of the eFunds group was impaired by \$3,950,000 as a result of revising the total purchase consideration due to the sellers of eFunds. The total purchase consideration is based as a multiple of earnings produced by the group over the earn-out period, from 1 April 2011 to 31 March 2012. Actual earnings through the date of this statement are below projected earnings for the period leading to a reduction in the estimated total consideration to be paid.

No impairment has been recognised in respect of goodwill, other than that related to the eFunds group, at the end of the reporting period.

*ATMs*

The value of installed ATM machines is cost of the machine plus freight and installation expenses. In the case of ATM contracts that were acquired through a business combination there is also an intangible value for the site placement agreement. Acquired site placement agreements are reviewed annually and compared to the net carrying value of the asset. Future cash flows from the site are projected to the end of the site and then discounted to present values using a discount factor of thirteen percent. If the discounted value is less than the carrying cost then an additional impairment adjustment will be made.

No additional impairment for ATMs and ATM agreements during the year ended 30 June 2011.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### **3. Significant accounting policies**

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

#### **(a) Basis of consolidation**

##### **(i) Business combination**

For every business combination, the consolidated entity identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the consolidated entity takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

##### *Measuring goodwill*

The consolidated entity measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the consolidated entity to the previous owners of the acquiree, and equity interests issued by the consolidated entity. Consideration transferred also includes the fair value of any contingent consideration.

##### *Contingent liabilities*

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

##### *Transaction costs*

Transaction costs that the consolidated entity incurs in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees are expensed as incurred.

##### **(ii) Subsidiaries**

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

In the Company's financial statements, investments in subsidiaries are carried at cost.

**(iii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(b) Foreign currency**

**(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the consolidated entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**(ii) Foreign operations**

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

**(c) Financial instruments**

**(i) Non-derivative financial assets**

The consolidated entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument.

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the consolidated entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The consolidated entity has the following non-derivative financial assets: loans and receivables.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances.

**(ii) Non-derivative financial liabilities**

All financial liabilities are recognised initially on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument. The consolidated entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the consolidated entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The consolidated entity has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

**(iii) Share capital**

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**(d) Plant and equipment**

**(i) Recognition and measurement**

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within other revenue in profit or loss.

**(ii) Subsequent costs**

The cost of replacing a part of an item of plant and equipment is recognised when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

**(iii) Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

- Furniture and fittings 5-7 years
- Computer equipment 3 years
- Leasehold improvements 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**(e) Intangible assets**

**(i) Goodwill**

Goodwill is measured at cost less accumulated impairment losses.

**(ii) Other intangible assets**

Other intangible assets that are acquired by the consolidated entity and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

**(iii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss as incurred.

**(iv) Amortisation**

Amortisation is calculated over the cost of the asset less its residual value. It is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Industrial property rights 15 years
- ATM related customer contracts 3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(g) Impairment**

**(i) Financial assets (including receivables)**

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor or indications that the debtor may enter into bankruptcy.

The consolidated entity considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**(ii) Non-financial assets**

The carrying amounts of the consolidated entity's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(h) Employee benefits**

**(i) Defined contribution superannuation funds**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss during which services are rendered by employees.

**(ii) Long-term employee benefits**

The consolidated entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government bonds that have maturity dates approximating the terms of the consolidated entity's obligations.

**(iii) Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(i) Provisions**

A provision is recognised if, as a result of a past event, the consolidated entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(j) ATMs**

ATMs comprise the installed ATM equipment (which include installation charges, and transportation costs). New additions to ATMs are recorded based on the cost of the installed ATM equipment. The ATMs are depreciated over 5 years.

**(k) Revenue**

**(i) Estate revenue**

Revenue from ATM transactions are recognised when a successful financial transaction has been completed and the convenience fee is earned. Revenue from bank sponsored transactions are accrued based on the successful financial transaction being completed.

**(ii) Revenue from sale of equipment and part sales**

Revenue from the sale of equipment and parts is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

All revenue is stated net of the amount of goods and services tax (GST).

**(l) Finance income and expenses**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise foreign currency losses. Foreign currency gains and losses are reported on a net basis.

**(m) Income tax**

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(n) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

**(o) Segment reporting**

**Determination and presentation of operating segments**

The consolidated entity determines and presents operating segments based on the information that internally is provided to the CEO, who is the consolidated entity's chief operating decision maker.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. All operating segments' operating results are regularly reviewed by the consolidated entity's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**(p) Going concern**

The consolidated entity has prepared its financial statements using the going concern basis of preparation which contemplates the ability for the consolidated entity to pay its debts as and when they fall due without the necessity to wind up its operations.

The consolidated entity incurred a loss after tax for the year ended 30 June 2011 of \$1,837,990 and at this date there was a shortfall of current assets over current liabilities of \$1,095,497.

Included in current liabilities is an amount of \$2,691,254 which is the estimated amount owing to the Vendors of eFunds Group based on their financial results during the earn-out period of 1 April 2011 to 31 Mar 2012. Of this amount fifty percent, \$1,345,627, will be satisfied by way of a share issue.

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 and are satisfied that the going concern basis is appropriate.

**(q) New standards and interpretations not yet adopted**

During the current year the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the consolidated entity's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The consolidated entity has not yet determined the potential effect of the standard.
- AASB 124 Related Party Disclosures (revised December 2009) and AASB 2009-12 simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the consolidated entity's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the consolidated entity's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.

**(r) Change in Accounting Policy**

The consolidated group made no changes to its accounting policies during the financial year ending 30 June 2011.

**(s) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

**4. Determination of fair values**

A number of the consolidated entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(i) Plant and equipment**

The fair value of plant and equipment recognised as a result of a business combination is based on market values.

**(ii) Intangible assets**

The fair value of Industrial property rights acquired in a business combination is based on the estimated development cost of similar intangible assets.

Fair value of customer contracts in relation to ATM estate is based on the discounted cash flows expected to be derived from the use of the assets.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

**(iii) Inventories**

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

**(iv) Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

**(v) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

## **5. Financial risk management**

### **Overview**

The consolidated entity has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- currency risk
- interest rate risk

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

### **Risk Management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### **Credit risk**

Credit risk is the risk of financial loss to the consolidated entity if a customer fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

### **Trade and other receivables**

The consolidated entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the consolidated entity's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances. At period end, there was no significant concentration of credit risk.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the consolidated entity's standard payment and delivery terms and conditions are offered. The consolidated entity's review includes external ratings, when available, and in some cases bank references. Customers that fail to meet the consolidated entity's benchmark creditworthiness may transact with the consolidated entity only on a prepayment basis.

At 30 June 2011, debtors comprise debtors from ATM estate revenue and debtors from sale of ATM machines and parts (refer to Notes 16 and 27 for details). ATM estate revenue is collected on a daily basis at the time of the transaction and therefore credit risk is minimised on these amounts receivable.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the consolidated entity may have a secured claim. The consolidated entity does not require collateral in respect of trade and other receivables.

### **Liquidity risk**

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

Typically the consolidated entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The consolidated entity may buy and sell derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions will be carried out within the guidelines set by the consolidated entity. Generally the consolidated entity seeks to apply hedge accounting in the future in order to manage volatility in profit or loss.

### **Currency risk**

The consolidated entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the entities, the Australian dollar (AUD) and the United States Dollar (USD). The company purchases ATM equipment in USD denominations

from China for distribution in the ATM estate throughout Australia. While this arrangement mitigates the risk for the US operations of the group there remains exposure for the Australian operation.

#### **Interest rate risk**

There is no significant interest rate risk at 30 June 2011.

#### **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the consolidated entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the consolidated entity's operations.

The consolidated entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the consolidated entity's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall consolidated entity standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

#### **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the consolidated entity defines as result from operating activities divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The consolidated entity's long-term target is to achieve a return on capital of between 20 and 25 percent. For the year ended 30 June 2011, the consolidated entity incurred a loss from operations as it continued to build the business operations beyond its break-even point.



The consolidated entity's debt-to-capital ratio at the end of the reporting period was as follows:

	<b>Consolidated 2011</b>	<b>Consolidated 2010</b>
	\$	\$
Total liabilities less employee benefits	5,897,284	2,351,665
Less: cash and cash equivalents	(2,369,189)	(186,245)
Net debt	3,528,095	2,165,420
Total equity	12,409,827	3,135,460
Debt-to-adjusted capital ratio	0.28	0.69

Neither the Company nor its controlled entity is subject to externally imposed capital requirements.

Refer to note 29 for quantitative disclosures regarding sensitivity and maturity analysis of financial liabilities.

## 6. Segment Reporting

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:

### GRG International (Australia)

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

### GRG International (North America)

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

### The eFunds Group

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. Costs relating to general corporate overhead are shown in the "Other" category.

### Information about reportable segments

Year ended 30 June 2011	GRG					TOTAL \$
	GRG International (Australia) \$	International (North America) \$	eFunds Group \$	Other \$	Eliminations \$	
External revenue	4,577,124	948,410	3,356,831	-	-	8,882,365
Inter-segment revenue	-	-	-	-	-	-
Interest income	17,197	-	142	-	-	17,339
Interest expense	(217,326)	(8,096)	(1,490)	-	-	(226,912)
Depreciation and amortisation	(522,654)	(10,662)	(49,956)	-	-	(583,272)
Reportable segment profit before income tax	(1,426,538)	(1,064,798)	715,493	(1,141,971)	19,327	(2,898,487)
Reportable segment assets	17,301,389	564,623	4,004,140	-	(3,323,157)	18,546,995
Reportable segment liabilities	(4,430,439)	(1,060,520)	(646,209)	-	-	(6,137,168)

### Year ended 30 June 2010

	GRG					TOTAL \$
	GRG International (Australia) \$	International (North America) \$	eFunds Group \$	Other \$	Eliminations \$	
External revenue	312,127	32,976	-	-	-	345,103
Inter-segment revenue	-	-	-	-	-	-
Interest income	1,110	-	-	-	-	1,110
Interest expense	-	-	-	-	-	-
Depreciation and amortisation	(72,126)	(913)	-	-	-	(73,039)
Reportable segment profit before income tax	(206,329)	(108,110)	-	(966)	-	(315,405)
Reportable segment assets	5,345,046	617,735	-	(353,887)	-	5,608,894
Reportable segment liabilities	(2,132,942)	(340,492)	-	-	-	(2,473,434)

### Geographical segments

	2011 \$		2010 \$	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	7,933,955	13,014,198	312,127	4,654,981
India	-	-	-	-
Canada	137,228	-	-	-
United States	747,338	506,167	32,976	56,318
Mexico	63,844	-	-	-

**Major customers**

**2011**

Revenues from two customers of the Company represent approximately \$5,588,975 (63%) of the consolidated entity's total revenues. The customers accounted for \$2,937,906 (33%) and \$2,651,069 (30%) of revenues respectively. No other customers totalled more than 10% of the consolidated entity's total revenues.

**2010**

Revenues from one customer of the Company represent approximately \$231,270 (67%) of the consolidated entity's total revenues.

**7. Revenue**

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Estate revenue	7,690,357	312,127
Equipment sales revenue	1,173,767	32,566
Parts and service sales revenue	18,241	410
Total	<u>8,882,365</u>	<u>345,103</u>

**8. Cost of sales**

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Site rebates and payments	3,219,805	102,737
Transaction processing expenses	718,795	31,666
Communication expenses	589,004	33,772
Maintenance expenses	283,088	3,015
Cash servicing expense	1,766,373	114,787
Equipment and parts purchases	892,640	32,166
Other expenses	103,673	1,857
Total	<u>7,573,378</u>	<u>320,000</u>

**9. Other income**

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Decrease in estimated purchase liability	3,950,000	-
Gain on the sale of installed ATM machines	1,239,377	-
<b>Total</b>	<b>5,189,377</b>	<b>-</b>

The balance shown as Other Income is made up of two amounts. The first being the a corresponding decrease in the estimated liability that will be paid to the sellers of the eFunds group in June of 2012, in the amount of \$3,950,000, the liability is included in the Other current liabilities on the Statement of financial position (see Note 24). The second is the net gain derived from the sale of ATM machines to individual investors during the period. The gain totaled \$1,239,377

The ATMs sold to investors will be operated by GRG International under ATM service agreements. The agreements contain a minimum payment clause to the investor guaranteeing between \$235 and \$285 per month payment on the type of machine being serviced which amounts to an ongoing liability for the company of \$46,800 per month based on the 170 units sold as of 30 June 2011 (see Note 33 for additional information on committed cash flows). The sale of units result in cash proceeds to the company of \$2,440,000.

**10. Impairment**

The balance of \$3,950,000 is the amount of goodwill that was impaired as a result of revising the total purchase consideration due to the sellers of eFunds. Estimates of earnings during the earn-out period of 1 April 2011 to 31 March 2011 were reduced from \$3.8M to \$2.7M which lead to a reduction in the estimated total consideration from \$13,030,732 to \$9,078,842. The reduction was based on expected business growth in the short term and actual performance since the business combination became effective on 1 Dec 2010.

**11. Personnel expenses**

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Wages and salaries	2,602,774	141,785
Other associated personnel expenses	140,543	7,401
Contributions to defined contribution superannuation funds	86,337	4,691
Increase in liability for annual leave	42,737	12,275
<b>Total</b>	<b>2,872,391</b>	<b>166,152</b>

**12. Auditors' remuneration**

	Consolidated 2011 \$	Consolidated 2010 \$
<b>Audit Services</b>		
Auditors of the Company:		
<i>Grant Thornton Australia:</i>		
Audit of financial reports	80,891	34,000
Other services	10,000	-
Total	<u>90,891</u>	<u>34,000</u>

**13. Finance income and expense**

	Consolidated 2011 \$	Consolidated 2010 \$
<b>Recognised in profit or loss</b>		
Interest income on bank deposits	17,339	1,110
Finance income	<u>17,339</u>	<u>1,110</u>
Interest costs on deferred payment of eFunds cash consideration	119,288	-
Interest costs on notes	18,031	-
Interest paid to suppliers for deferred payments	4,164	-
Net foreign exchange loss	85,429	-
Finance expense	<u>226,912</u>	<u>-</u>

**14. Income tax benefit**

	Consolidated 2011 \$	Consolidated 2010 \$
<b>Current tax expense/ (benefit)</b>		
Current period	(1,060,498)	(79,360)
Income tax (benefit)	<u>(1,060,498)</u>	<u>(79,360)</u>
<b>Numerical reconciliation between tax (benefit) and pre-tax accounting (loss)</b>		
(Loss) for the period	(2,898,487)	(315,405)
Income tax benefit	1,060,498	79,360
(Loss) after income tax	<u>(1,837,989)</u>	<u>(236,045)</u>
<b>Income tax using the Company's applicable tax rates per country</b>		
Australian based losses taxed at the Company's domestic tax rate of 30%	(499,785)	(94,622)
US based losses taxed the Company's US tax rate of 35%	(444,044)	-
Non-deductible expenses	-	15,262
Income tax liability deducted from eFunds purchase	(116,669)	-
Income tax (benefit)	<u>(1,060,498)</u>	<u>(79,360)</u>

**15. Cash and cash equivalents**

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Cash at bank and in hand	2,369,189	186,245
Total	<u>2,369,189</u>	<u>186,245</u>

The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets is disclosed in note 29.

**16. Trade and other receivables**

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Trade receivables	612,873	46,221
Other receivables from related parties (see note 32)	689,768	354,634
Other receivables	5,536	47,935
Total	<u>1,308,177</u>	<u>448,790</u>

Trade receivables are shown net of impairment losses of \$nil. The consolidated entity's exposure to credit and impairment losses related to trade and other receivables is disclosed in note 29.

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Aging of Trade receivables by invoice date		
30 days or less	436,138	46,221
31 to 60 days	28,386	-
61 to 90 days	98,079	-
91 days or greater	50,270	-
Total	<u>612,873</u>	<u>46,221</u>

**17. Inventories**

	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
ATM units at cost	1,073,729	461,020
Spare parts at costs	131,535	75,101
Total	<u>1,205,264</u>	<u>536,121</u>

**18. Plant and equipment**

	ATMs	Furniture and fittings	Computer equipment	Leasehold improvements	Motor vehicles	Total
<b>Cost</b>						
Balance at 1 July 2009	-	-	-	-	-	-
Additions	1,652,084	31,574	29,709	3,713	-	1,717,080
Disposals	-	-	-	-	-	-
Balance at 30 June 2010	1,652,084	31,574	29,709	3,713	-	1,717,080
Balance at 1 July 2010	1,652,084	31,574	29,709	3,713	-	1,717,080
Additions	833,268	4,178	11,977	-	-	849,423
Acquisitions through business combinations	305,073	4,560	61,187	-	20,506	391,326
Disposals	(1,362,182)	-	-	-	-	(1,362,182)
Effect of movement in exchange rates	-	(5,411)	(5,181)	(664)	-	(11,256)
Balance at 30 June 2011	1,428,242	34,901	97,692	3,049	20,506	1,584,391
<b>Accumulated depreciation</b>						
Balance at 1 July 2009	-	-	-	-	-	-
Depreciation expense	27,286	374	650	45	-	28,355
Disposals	-	-	-	-	-	-
Balance at 30 June 2010	27,286	374	650	45	-	28,355
Balance at 1 July 2010	27,286	374	650	45	-	28,355
Accumulated depreciation acquired through business combination	38,136	450	31,558	-	14,760	84,904
Depreciation expense	427,205	4,737	13,976	499	343	446,760
Disposals	(222,777)	-	-	-	-	(222,777)
Effect of movement in exchange rates	-	5	13	-	-	18
Balance at 30 June 2011	269,850	5,566	46,197	544	15,103	337,260
<b>Carrying amounts</b>						
At 1 July 2009	-	-	-	-	-	-
At 30 June 2010	1,624,798	31,200	29,059	3,668	-	1,688,725
At 1 July 2010	1,624,798	31,200	29,059	3,668	-	1,688,725
At 30 June 2011	1,158,393	29,335	51,495	2,505	5,403	1,247,131

**19. Intangible assets**

	<b>Goodwill</b>	<b>Other Intangible Assets</b>	<b>Customer Intangible</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 30 June 2009</b>	-	-	-	-
Additions	2,239,236	50,000	607,288	2,896,524
Amortisation for the period	-	(278)	(44,406)	(44,684)
Impairment of Goodwill	-	-	-	-
<b>Balance at 30 June 2010</b>	<b>2,239,236</b>	<b>49,722</b>	<b>562,882</b>	<b>2,851,840</b>
<b>Balance at 1 July 2010</b>	2,239,236	49,722	562,882	2,851,840
Additions	12,585,789	75,496	-	12,661,285
Amortisation charge	-	(15,054)	(121,458)	(136,512)
Impairment of Goodwill	(3,950,000)	-	-	(3,950,000)
<b>Balance at 30 June 2011</b>	<b>10,875,025</b>	<b>110,164</b>	<b>441,424</b>	<b>11,426,613</b>

The amortization of \$136,512 for the period was recognised in administration and other expenses in the statement of comprehensive income.

Goodwill relating to the acquisition of the eFunds group was reviewed during the period. Based on the company's actual and projected performance during the "earn-out" period of April 1 2011 to March 31 2012 an impairment of goodwill relating to the purchase of the company in the amount \$3,950,000 was undertaken. The impairment was offset by a corresponding decrease in the estimated liability that will be paid to the sellers of the eFunds group in June of 2012, also in the amount of \$3,950,000 so the impact on net income of the adjustment was nil. The impairment expense is shown as "Other expenses" on the statement of comprehensive income and the corresponding reduction in projected liability to the sellers is shown in "Other income".

For the purposes of impairment testing, goodwill is allocated to the consolidated entity's operating divisions which represent the lowest level within the consolidated entity at which the goodwill is monitored for internal management purposes.

The recoverable amount of the goodwill was determined based on value in use. The value in use calculation was based on discounting the future cash flows generated from the ATM contracts for a forecast period of 5 years. The calculation of value in use was based on a declining rate of approximately 2-4% based on an external industry analyst report and historical industry trends. A pre-tax discount rate of approximately 13% was used.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.



**20. Deferred tax assets and liabilities**

	<b>Consolidated 2011</b>	<b>Consolidated 2010</b>
	\$	\$
(a) Asset/(Liability)		
Amounts recognised in profit or loss		
Deferred tax assets – tax losses	943,398	79,360
Change of tax rate for prior US tax losses	6,050	-
Tax liability acquired upon business acquisition	111,050	-
<b>Total</b>	<b>1,060,498</b>	<b>79,360</b>

	<b>Consolidated 2011</b>	<b>Consolidated 2010</b>
	\$	\$
(b) Movement		
Opening balance at 1 July	(102,827)	-
(Credited/Charged) to Statement of Comprehensive Income	1,060,498	79,360
Deferred tax liabilities – ATM customer contracts	-	(182,187)
Tax liability acquired upon business acquisition	(111,050)	-
<b>Total</b>	<b>846,621</b>	<b>(102,827)</b>

**21. Trade and other payables**

	<b>Consolidated 2011</b>	<b>Consolidated 2010</b>
	\$	\$
Trade payables	1,739,892	532,094
Trade payables due to related parties (see note 32)	662,358	441,744
<b>Total</b>	<b>2,402,250</b>	<b>973,838</b>

**22. Employee benefits and accruals**

	<b>Consolidated 2011</b>	<b>Consolidated 2010</b>
	\$	\$
<b>Current</b>		
Liability for annual leave and accrued payroll	239,884	224,596
<b>Non-current</b>		
Liability for accrued long service leave	15,041	-
<b>Total</b>	<b>254,925</b>	<b>224,596</b>

**23. Loans and borrowings**

	<b>Consolidated 2011</b>	<b>Consolidated 2010</b>
	\$	\$
Convertible notes	-	1,275,000

## Convertible notes

At 30 June 2010, the company had on issue convertible notes of \$1,275,000. On 14 October 2010, being the date when the company achieved conditional approval for admission of the company's shares to the official list of ASX, the convertible notes converted to 8,500,000 shares at \$0.15 per share and 1,700,000 options at an exercise price of \$0.20 with an expiry date of 30 June 2013.

## 24. Other current liabilities

The amount of \$3,479,993 represents amounts due to the eFunds group as part of the acquisition of the business in November of 2011 (ref note 34). Of the amount due \$2,689,000 will come due in June of 2012 and this amount is variable based on the financial performance of the purchased entities during the 12 month period ended 31 March 2012. The payment will be comprised of 50% cash and 50% ordinary shares. The remaining balance will be paid to the seller in cash during the month of July 2012.

## 25. Capital and reserves

### Share capital

	Company Number of Ordinary shares	\$
<b>On incorporation</b>	3	3
Issued for cash	33,375,000	1,500,900
Issued on business combination	41,550,500	2,077,525
Less: Transaction costs arising on issue of shares, net of tax		(207,257)
Other		(7,681)
<b>Balance at 30 June 2010</b>	<b>74,925,503</b>	<b>3,363,490</b>
<b>Balance at 1 July 2010</b>	<b>74,925,503</b>	<b>3,363,490</b>
Issued for cash	22,500,000	4,500,000
Issued for the retirement of convertible notes	8,500,000	1,275,000
Issued as consideration for the eFunds purchase	16,602,225	3,320,445
Issued for cash	11,590,000	2,897,500
Less: Transaction costs arising on issue of shares, net of tax		(880,589)
<b>Balance at 30 June 2011</b>	<b>134,117,728</b>	<b>14,475,846</b>

### Issuance of ordinary shares

On 4 May 2010, the Company issued 9,000,000 shares at 0.01 cents per share. All issued shares were fully paid.

On 14 May 2010, the Company issued 15,000,000 shares at \$0.05 per share. All issued shares were fully paid.

On 28 May 2010, the Company issued 9,375,000 shares at \$0.08 per share. All issued shares were fully paid.

On 3 June 2010, the Company issued 41,550,500 shares at \$0.05 per share. All issued shares were fully paid. Refer Note 29.

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.

On 8 February 2011, the Company issued 16,602,225 at \$0.20 per share as part consideration for the purchase of the eFund Group.

On 17 February 2011, the Company issued 11,590,000 shares at \$0.25 per share. All issued shares were fully paid.

### Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets

### Share options

Share options issued to the date of this report are:

<b>Date approved by the Board of Directors</b>	<b>Company Number of Options issued</b>	<b>Exercise Price</b>	<b>Expiry</b>
<b>Balance at 25 January 2010</b>	-		
4 May 2010	6,000,000	\$0.20	30 June 2013
4 May 2010	6,000,000	\$0.20	30 June 2013
3 June 2010	8,310,100	\$0.20	30 June 2013
28 May 2010	1,700,000	\$0.20	30 June 2013
<b>Balance at 30 June 2010</b>	<u>22,010,100</u>		
<b>Balance at 1 July 2010</b>	22,010,100	\$0.20	30 June 2013
12 October 2010 (Initial public offering)	11,250,000	\$0.20	30 June 2013
17 February 2011	4,397,500	\$0.20	30 June 2013
<b>Balance at 31 December 2010</b>	<u>37,657,600</u>		

### Performance shares and performance options

On 3 June 2010, the Company issued 21,959,600 performance shares. In addition, the Company issued 5,489,900 performance shares with attaching 5,489,900 options to subscribe for fully paid ordinary shares at an exercise price of \$0.20 exercisable on or before 30 June 2013.

### Restrictions on shares, share options and performance shares

Upon official quotation of the Company's securities on the Australian Securities Exchange on 14 October 2010, the following securities were classified as restricted securities:

- (a) Held in escrow for a period of 24 months from the date of official quotation

- From the shares issued for cash during the period ended 30 June 2010, 4,130,000 fully paid ordinary shares issued to related seed capitalists
  - 41,550,500 fully paid ordinary shares distributed in specie by GRG ATM
  - From the shares issued for cash during the period ended 30 June 2010, 9,000,000 fully paid ordinary shares issued to consultants
  - 8,310,000 options exercisable at \$0.20 on or before 30 June 2013 distributed in specie by GRG ATM (refer Note 29)
  - 12,000,000 options exercisable at \$0.20 on or before 30 June 2013 issued to consultants (refer Note 22)
  - 27,449,500 performance shares issued to related and unrelated parties in specie.
- (b) Held in escrow for a period of 12 months from the date of official quotation
- From the shares issued for cash during the period ended 30 June 2010, 14,667,501 ordinary shares issued to unrelated seed capitalists.

#### Reserves

The reserves mainly comprise the fair value of share options and performance options issued as part of the acquisition of the business assets.

#### Dividend franking account

Nil.

#### 26. Earnings per share

##### Reconciliation of earnings to profit or loss

	Consolidated 2011 \$	Consolidated 2010 \$
Net earnings/(loss) after tax	(1,837,990)	(236,045)
<b>Earnings/(loss) used in the calculation of diluted EPS</b>	<u>(1,837,990)</u>	<u>(236,045)</u>

##### 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	107,728,204	74,925,503
Effect of dilutive securities – weighted average number of options outstanding	<u>31,656,997</u>	<u>22,010,100</u>

##### Weighted average number of ordinary share used in the calculation of dilutive EPS

	139,385,201	96,935,603
<b>Earnings/(loss) per share (cents per share)</b>	(1.3)c	(0.2)c

## 27. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2011, the parent company of the consolidated entity was GRG International Limited.

	Company 2011 \$	Company 2010 \$
<b>Result of the parent entity</b>		
(Loss) for the period	(1,667,327)	(159,402)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	<u>(1,667,327)</u>	<u>(159,402)</u>
<b>Financial position of the parent entity at year end</b>		
Current assets	3,644,238	643,138
Total assets	<u>17,301,389</u>	<u>5,447,872</u>
Current liabilities	(4,645,221)	(2,132,942)
Non-current liabilities	-	(102,827)
Total liabilities	<u>(4,645,221)</u>	<u>(2,235,769)</u>
<b>Equity of the parent entity</b>		
Share capital	(14,475,848)	(3,363,491)
Reserves	(8,015)	(8,015)
Accumulated losses	1,827,695	159,402
Total equity	<u>(12,656,168)</u>	<u>(3,212,104)</u>

## 28. Financial instruments

### Credit risk

#### Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

	2011 \$	2010 \$
Trade and other receivables	1,308,177	448,790
Cash and cash equivalents	2,369,189	186,245
	<u>3,677,366</u>	<u>635,035</u>

The consolidated entity's maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

Customers from estate revenue	757,577	367,536
Customers from sale of ATM machines and parts	535,947	33,319
Other	14,653	47,935
	<u>1,308,177</u>	<u>448,790</u>

Included in trade and other receivables at 30 June 2011 is an amount of \$689,768 due from a related party which represents revenue collected from customers by the related party on behalf of the Company (ref note 32).

### Impairment losses

At 30 June 2011, the provision for impairment loss is nil.

### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

#### Consolidated

30 June 2011

	Carrying amount	Contractual cash flows	6 months or less	More than 6 months
<b>Non-derivative financial liabilities</b>				
Trade and other payables	2,402,250	(2,402,250)	(2,402,250)	-
Payable for eFunds acquisition*	3,479,993	(3,479,993)	(790,993)	(2,689,000)
Convertible notes	-	-	-	-
*portion paid in ordinary shares	5,882,243	(5,882,243)	(3,193,243)	(2,689,000)

30 June 2010

	Carrying amount	Contractual cash flows	6 months or less	More than 6 months
<b>Non-derivative financial liabilities</b>				
Trade and other payables	973,838	(973,838)	(973,838)	-
Convertible notes	1,275,000	(1,275,000)	(1,275,000)	-
	2,248,838	(2,248,838)	(2,248,838)	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### Currency risk

The consolidated entity's exposure to foreign currency risk was as follows, based on notional amounts:

Consolidated	2011		2010	
	AUD	USD	AUD	USD
Trade and other receivables	979,467	348,626	415,471	28,387
Convertible notes	-	-	(1,275,000)	-
Trade and other payables	(1,769,467)	(671,123)	(750,259)	(190,484)
Net exposure	(790,000)	(322,497)	(1,609,788)	(162,097)

The following significant exchange rates applied during the year:

	Reporting date		Reporting date	
	Average rate	spot rate	Average rate	spot rate
AUD	2011	2011	2010	2010
USD	0.9898	1.0606	0.8520	0.8520

### Sensitivity analysis

The Company has exposure to the USD as purchases of ATM equipment from GRG Banking are based in US Dollars. During the year ended 30 June 2011 the company purchased 1,273,011 USD worth of equipment. The spot rate varied from the average rate by 715 basis points which could have increased / (decreased) the consolidated entity's profit or loss and equity accounts by \$47,162 based on the amount outstanding at the reporting date in currency different to the functional currency of the Company.

### Interest rate risk

Currently the company has not interest bearing debt and only receives minimal interest on cash deposits therefore there is no material exposure to interest rate risk.

### Fair values versus carrying amounts

There is no material difference between the carrying amount and fair value of financial assets and liabilities at 30 June 2011 and 30 June 2010

## 29. Reconciliation of cash flows (utilised in) operating activities

	Consolidated 2011 \$	Consolidated 2010 \$
<b>Cash flows (utilized in) operating activities</b>		
(Loss) for the period	(1,837,990)	(236,045)
Adjustments for:		
Depreciation and amortisation	583,272	73,038
Income tax benefit	(1,060,498)	(79,360)
Other	-	(6,436)
	<u>(2,315,216)</u>	<u>(248,803)</u>
Change in assets and liabilities, net of those acquired:		
Change in trade and other receivables	(881,235)	(448,790)
Change in inventory	(380,874)	50,897
Change in trade and other payables	726,999	93,017
Change in employee benefits	15,288	99,874
<b>Net cash (utilised in) operating activities</b>	<u>(2,835,038)</u>	<u>(453,805)</u>

## 30. Related parties

### Key management personnel compensation

The compensations included in "personnel expenses" to the key management personnel are as follows:

	Consolidated 2011 \$	Consolidated 2010 \$
Short-term employee benefits	1,401,185	76,440
	<u>1,401,185</u>	<u>76,440</u>

The key management personnel above include Directors and executives who have the authority and responsibility for planning, directing and controlling the activities of the Company. For more information please refer to the remuneration report section of the Directors' report.

Certain executive officers are subject to a mutual term of notice of 3 months. Upon resignation at the consolidated entity's request, they are entitled to termination benefits up to 9 months gross salary.

### Group

Details of the entities in the Group are set out in Note 36.

### Other related party transactions

	Note	Transactions value		Balance outstanding as	
		period ended 30 June		at 30 June	
		\$		Assets/(liabilities)	
		2011	2010	2011	2010
<b>Consolidated</b>					
GRG ATM Pty Ltd	(i)	327,764	354,634	682,398	354,634
GRG Banking	(ii)	1,195,315	308,117	(659,614)	(397,026)
GRG International Inc	(i)	52,088	44,718	7,370	(44,718)

- (i) During the period from 3 June 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 30 June 2010 is an amount of \$354,634 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. This amount increased during the first quarter of the year ended 30 June 2011 by \$327,764 and the balance due is \$682,398. The balance will be paid in full through the redemption of performance shares when converted as called for in the Asset Sale Agreement between the parties.

During the period ended 30 June 2010, GRG International Inc. made payment for expenses on behalf of the Company's controlled entity. This resulted in an amount owing by the Company to GRG International Inc of \$44,718 at 30 June 2010. This amount was offset by the payment of expenses on behalf of GRG International Inc. by the Company during the first quarter of the year ended 30 June 2011 of \$52,088 and the balance is now due to the Company from GRG International Inc. in the amount of \$7,370.

- (ii) GRG Banking has 5.1% of shareholding in the Company at 30 June 2011 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 financial year ended 30 June 2011, GRG International made payments to GRG Banking for outstanding invoices in the amount of \$937,727 and made additional purchases for equipment of \$1,195,315.

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.

#### Equity instrument disclosures relating to key management personnel

##### Shareholding

The number of shares in the Company held during the financial year ended 30 June 2011 and 30 June 2010 by each Director and each of the specified executives of the economic entity, including their personally related parties, are set out below:

Year ended 30 June 2011	Balance at the start of the year	Purchases	Sales	Balance held at balance date
<b>Non-Executive Directors</b>				
Mr. David DeCampo	-	-	-	-
Mr. Frank Cooper	-	-	-	-
<b>Executive Directors</b>				
Mr. Jeffrey Barrow	18,574,660	-	100,000	18,474,660
Mr. Brian Kett	6,030,808	-	100,000	5,930,808
Mr. Daniel Thurtell	507,150	-	-	507,150



<b>Year ended 30 June 2011</b>	<b>Balance at the start of the year</b>	<b>Purchases</b>	<b>Sales</b>	<b>Balance held at balance date</b>
<b>Other key management personnel</b>				
Mr. William Jackson	-	410,234	-	410,234
Mr. Andrew Tang	-	1,459,606	-	1,459,606
Mr. Steve Polk	-	-	-	-
Mr. Jeff Irwin	-	-	-	-
Mr. Richard Stack	-	25,000	-	25,000
<b>Total</b>	<b>25,112,618</b>	<b>1,894,840</b>	<b>200,000</b>	<b>26,807,458</b>

<b>Year ended 30 June 2010</b>	<b>Balance at the start of the year</b>	<b>Purchases</b>	<b>Sales</b>	<b>Balance held at balance date</b>
<b>Executive Directors</b>				
Mr. Jeffrey Barrow	-	18,574,660	-	18,574,660
Mr. Brian Kett	-	6,030,808	-	6,030,808
Mr. Daniel Thurtell	-	507,150	-	507,150
<b>Other key management personnel</b>				
Mr. William Jackson	-	-	-	-
Mr. Andrew Tang	-	-	-	-
Mr. Steve Polk	-	-	-	-
Mr. Jeff Irwin	-	-	-	-
Mr. Richard Stack	-	-	-	-
<b>Total</b>	<b>-</b>	<b>25,112,618</b>	<b>-</b>	<b>25,112,618</b>

### 31. Operating leases

#### Leases as lessee

Non-cancellable operating leases contracted but not capitalised in the financial statements

<b>Operating lease commitments</b>	<b>Consolidated 2011 \$</b>	<b>Consolidated 2010 \$</b>
Not later than 12 months	751,518	124,027
Between 12 months and 5 years	2,316,382	-
Greater than 5 years	1,675,945	-
	<b>4,743,845</b>	<b>124,027</b>

The consolidated entity's operating leases consist of office leases in Australia and US and ATM service agreements throughout Australia (Refer to Note 9). The majority of the financial commitments come from the ATM service agreements whereby we are renting equipment back from individual investors for the purpose of placement in a retail location. Total commitments under the service agreements \$4,483,945 and occur over an eight year period.

During the year ended 30 June 2011, \$183,264 was recognised as an expense in the statement of comprehensive income of the consolidated entity in respect of operating leases.

## 32. Business combinations

### GRG ATM and GRG Inc.

The Company, GRG International Corporation, GRG ATM Pty Ltd and GRG Inc entered into an Asset Sale Agreement (the Agreement) on 14 May 2010 which was varied by a deed of variation dated 19 July 2010 and a deed of variation dated 26 July 2010. Under the Agreement, the Company has acquired the business operations, including certain assets, from GRG ATM Pty Ltd and GRGI Inc with effect from 3 June 2010, being the date of settlement.

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

In the period from 4 June 2010 to 30 June 2010, the acquired businesses contributed revenue of \$345,103 and incurred losses after tax of \$225,730. If the acquisitions had occurred on 25 January 2010, management estimates that the consolidated revenue would have been \$1,733,374 and consolidated losses after tax for the period would have been \$1,076,198. 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 25 January 2010.

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

#### Consideration transferred

	Note	\$
Cash	34(a)	2,075,000
Equity instruments	34(b)	2,077,525
Share options	34(c)	5,485
Performance shares and performance options	34(d)	2,470
Assumed liability to GRG Banking	34(e)	719,571
Other assumed liabilities	34(e)	124,722
		\$ 5,004,773

In return for the assets acquired, the Company paid the following consideration to GRG ATM:

- (a) the payment of \$2,075,000 in cash, being reimbursement of past asset development and management costs associated with GRG ATM assets;
- (b) the issue of 41,550,500 ordinary shares in the Company at an issue price of 5 cents per share. The fair value of the ordinary shares issued was based on the current trading value of seed capital shares being sold in the enterprise to third party investors (i.e. the prevailing market price);
- (c) the issue of 8,310,100 options to acquire ordinary shares in GRG International exercisable at 20 cents each on or before 30 June 2013. The fair value of the options was based on the Black Scholes option-pricing model;
- (d) the issue of 27,449,500 performance shares and 5,489,900 performance options. These shares and options will not be quoted on ASX and are convertible to ordinary shares and options (exercisable at 20 cents each on or before 30 June 2013), respectively, on the achievement of certain milestones. If the milestones are not achieved then the performance shares and performance options will lapse and cease to exist. The fair value of the options was based on the Black Scholes option-pricing model; and

- (e) assumed the liabilities of approximately \$719,571 (US\$600,000) owing to GRG Banking and liabilities to other parties of \$124,722.

**Fair value of identifiable assets acquired and liabilities assumed**

	Note	\$
ATM machines and parts inventory	34 (iii)	587,017
ATM machines installed	34 (iv)	1,637,177
ATM machines related customer contracts	34 (iv)	607,288
Goodwill on acquisition	18	2,239,236
Plant and equipment	34 (v)	66,242
Intellectual property	34 (vi)	50,000
Deferred tax liabilities	15	(182,186)
		\$ 5,004,774

The assets acquired from GRG ATM and GRGI Inc are summarised as follows:

- (i) The Automated Teller Machine ("ATM") businesses which include wholesale and distribution operations;
- (ii) Assignment of the rights to supply and distribute GRG Banking ATMs and other related products in specified countries via the Co-operation Agreement with GRG Banking;
- (iii) ATM machines and parts in inventory at estimated fair value of \$587,017;
- (iv) ATM machines installed and related customer contracts at estimated fair value of \$4,301,515;
- (v) Plant and equipment at estimated fair value of \$66,242; and
- (vi) Intellectual and industrial property rights, including supplier agreements at estimated fair value of \$50,000.

**Transactions separate from the acquisition**

The consolidated entity incurred acquisition related costs of \$49,628 relating to external legal fees and due diligence costs. These legal fees and due diligence costs have been included in administration and other expenses in the consolidated entity's consolidated statement of comprehensive income.

**eFunds Pty Ltd, Electronic Retail Solutions, and ATM Serve Pty Ltd**

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") which was varied by letters of variation dated 26 November 2010, 7 February 2011, and 1 April 2011.

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

In the period from 1 December 2010 to 30 June 2011 the acquired business contributed revenue of \$3,356,832 and profits after tax of \$602,478. If the acquisition occurred on 1 July 2010, management estimates that the contributed revenue would have been \$6,035,954 and profits after tax of \$1,063,943. 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 30 June 2011 in an amount of \$6,389,842 and the second being due on or before 15 June 2012 in the estimated amount of \$2,689,000. The second consideration is variable based on the financial performance of the

GRG International Limited  
Annual Report For The Year Ended  
30 June 2011

purchased entities during the 12 month period from 1 April 2011 to 31 March 2012. Each payment is comprised of cash and ordinary shares.

The amounts shown in current liabilities represent the value of cash and share consideration to satisfy the remaining consideration for the transaction.

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

<b>Consideration</b>	<b>\$</b>
Part 1 payments	
Cash	3,069,397
Equity instruments	3,320,445
Total part 1	<u>6,389,842</u>
Part 2 payments	
Cash	1,344,500
Equity instruments	1,344,500
Total part 2	<u>2,689,000</u>
<b>Total consideration</b>	<b><u>9,078,842</u></b>

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 \$2.5M, as such the second payment is currently estimate to be \$2,689,000 and the fair value of this payment is reflected in other 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**

	<b>\$</b>
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	8,603,364
Intellectual property	75,496
Trade and other payables	(663,357)
Accrued liabilities	(38,056)
Deferred tax liabilities	(116,669)
	<u><b>9,078,842</b></u>

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.

<b>Net cash outflow arising on acquisition</b>	<b>\$</b>
Consideration paid in cash	3,069,397
Less: cash and cash equivalent balances acquired	<u>(508,876)</u>
	<u>2,560,521</u>

### 33. Contingencies

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. One of the proceeds has now been won by the Company through a default judgment, the remaining six proceeds are ongoing and expected to come to trial in October of 2011. As the Company is the plaintiff in these matters no reserve has been made for their outcome.

### 34. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3(a)

Name	Country of Incorporation	Percentage Owned 2011	Percentage Owned 2010
<b>Parent entity</b>			
GRG International Limited	Australia		
<b>Subsidiaries of parent entity</b>			
GRG International Corporation	United States	100%	100%
eFunds Pty Ltd	Australia	100%	-
ATM Serve Pty Ltd	Australia	100%	-
GRG International Holdings Pty Ltd (Electronic Retail Solutions)	Australia	100%	-

### 37. Events subsequent to reporting date

The Company secured a service agreement with Compass Group (Australia) Pty Ltd to install and service ATMs in Australia and New Zealand. The contract commences with the immediate installation of 4 units in remote Western Australia with further installations currently being planned. Compass Group (Australia) Pty Ltd is a wholly owned subsidiary of Compass Group PLC. Compass Group PLC is a global market leader in providing contract catering and support services in a range of markets. These include offshore and remote locations, defence locations, mining sites, healthcare, education, leisure, employee restaurants and coffee shops and corporate hospitality.

GRG International Limited entered into a contract with New Sunrise Group as a preferred supplier for ATM services. New Sunrise manages over 750 sites in Australia. GRG successfully negotiated the contract over several other leading Australian ATM suppliers. The benefits of the contract are:

- Access to over 750 sites
- 100 Initial site opportunities
- New Sunrise Group aggressively promoting each site
- Capacity to form long-term relationships with retailers through customized services

New Sunrise Group is one of Australia's major buying groups and has strong channels with independent petrol stations and convenience stores. Its services integrate each store's promotional, operational and merchandising functions.

The Company secured a supply contract for GRG ATMs to the South Carolina State Federal Credit Union. The contract has been secured via Southeastern ATM, LLC and includes an initial deployment of 11 high end full function units. The H46N model ATMs to be installed are sophisticated Full Function Drive-up bunker units with touch screen displays.

There have been no other material events subsequent to 30 June 2011.

## **DIRECTORS' DECLARATION**

1 In the opinion of the directors of GRG International Limited ('the Company'):

(a) the consolidated financial statements and notes that are set out on pages 9 to 42 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial period ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

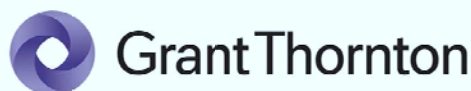
Signed in accordance with a resolution of the directors:



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Jeffrey Barrow  
Director

Dated at South Melbourne this 30th day of September 2011.



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

**Report on the financial report**

We have audited the accompanying financial report of GRG International Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

**Directors responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

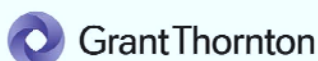
**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Electronic presentation of audited financial report**

This auditor's report relates to the financial report of GRG International Limited and controlled entities for the year ended 30 June 2011 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 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 audited financial report to confirm the information included in the audited financial report presented on this web site.

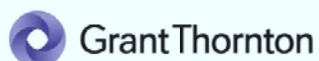
**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**Auditor's opinion**

In our opinion:

- a the financial report of GRG International Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.



**Report on the remuneration report**

We have audited the remuneration report included in pages 11 to 14 of the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of GRG International Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink that reads "Simon Trivett".

Simon Trivett  
Director – Audit & Assurance

Melbourne, 30 September 2011

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

### GRG International Limited

and its controlled entities

ABN 92 141 662 240

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

#### 1. Shareholding

##### a. Distribution of Shareholders

Category (size of holding)	Number	
	Ordinary Shares	Options
1 – 1,000	36	1
1,001 – 5,000	41	60
5,001 – 10,000	66	52
10,001 – 100,000	309	210
100,001 – and over	146	57
	<b>598</b>	<b>380</b>

##### b. The number of shareholdings held in less than marketable parcels is 55.

The names of the substantial shareholders listed in the holding company's register as at 21

##### c. September 2011 are:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
JEFF BARROW *	18,474,660	13.78%
TAYLOR D J + LOVELL N A LOVELL TAYLOR S/F	9,196,925	6.86%
GRG BANKING EQUIPMENT HK	6,897,282	5.14%

\*Jeff Barrow holds shares in his own name and in Rosewar PL and GRG ATM PL

##### d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and converting preference shares

- These shares have no voting rights.

**e. 20 Largest Shareholders – Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. ROSEWAR PL	15,909,450	11.87%
2. TAYLOR D J + LOVELL N A	9,196,925	6.86%
3. GRG BANKING EQUIPMENT HK	6,897,282	5.14%
4. KETT BRIAN	5,343,376	3.99%
5. JMIL INV PL	5,342,800	3.98%
6. SMALL ENTPS AUST PL	4,067,443	3.03%
7. GALLIN NICOLE + HAYNES K	3,950,000	2.95%
8. NEESHAM DAVID C + P C	3,675,000	2.74%
9. GRG BANKING EQUIPMENT HK	3,200,000	2.39%
10. BURDETTE ERNEST SHARBANEE PAUL GABRIEL SCORPION	3,087,665	2.30%
11. FUND A/C	2,096,454	1.56%
12. INTERCORP PL	2,092,500	1.56%
13. RICHSHAM NOM PL	2,072,500	1.55%
14. PROFESSIONAL & SOPHISTICA INVEST A/C	2,002,223	1.49%
15. HAYNES TAMLYN KAY	1,927,579	1.44%
16. BARROW JEFF	1,915,120	1.43%
17. SOUTH WEST INV HLDGS PL ROGET ROBERT RAYMOND + M LILYBROOK	1,800,000	1.34%
18. S/F A/C	1,800,000	1.34%
19. CLEO HLDGS PL	1,500,000	1.12%
20. MING ANDREW TANG CHAU	1,459,606	1.09%
Total	79,336,013	59.17%

**f. 20 Largest Security holders — Options**

Name	Number of Options	% held of Issued Redeemable Preference Shares
1. ROSEWAR PTY LTD	2,751,908	7.31%
2. MS NICOLE JOAN GALLIN	1,560,000	4.14%
3. GRG BANKING EQUIPMENT (HK)	1,379,456	3.66%
4. MR DAVID CHARLES NEESHAM &	1,305,000	3.47%
5. CUNNINGHAM PETERSON SHARBANEE	1,300,000	3.45%
6. GRG BANKING EQUIPMENT (HK)	1,300,000	3.45%
7. MS NICOLE GALLIN &	1,290,000	3.43%
8. SOUTH WEST INVESTMENT HOLDINGS	1,250,000	3.32%
9. MR ROBERT RAYMOND ROGET &	1,250,000	3.32%
10. MR DAVID CHARLES NEESHAM &	1,125,000	2.99%
11. MR GEORGE JERSEY LEWKOWSKI &	1,057,000	2.81%
12. MR BRIAN KETT	888,675	2.36%
13. SMALL ENTERPRISES (AUST)	813,489	2.16%
14. MS NICOLE GALLIN &	665,500	1.77%
15. MR ERNEST BURDETTE	617,533	1.64%
16. MR MENG KANG LIM	500,000	1.33%
17. MR NEVILLE IAN BYRNES	500,000	1.33%
18. PROFESSIONAL & SOPHISTICATED	500,000	1.33%
19. PEARLBUSH HOLDINGS PTY LTD	490,000	1.30%
20. RICHSHAM NOMINEES PTY LTD	415,000	1.10%
	<b>20,958,561</b>	<b>55.67%</b>

2. The name of the company secretary is Oliver Carton
3. The address of the principal registered office in Australia is 194 Gladstone Street, South Melbourne, VIC 3205. Telephone +61 03 9682 4491
4. Registers of securities are held at the following address:  
Security Transfers Registrars  
770 Canning Highway Applecross WA 6153

**5. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Securities Limited.

**6. Unquoted Securities**

Class	Number of Shares
Ordinary shares escrowed until 12 October 2012	54,680,500
Ordinary shares escrowed until 6 February 2012	16,602,225
20c call options expiring 30.06.13 escrowed until 12 October 2012	20,310,100

**7. Other Disclosures: None**

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Directors**

Jeff Barrow

Brian Kett

Dan Thurtell

Frank Cooper

David De Campo

#### **Company Secretary**

Oliver Carton

#### **ASX Code**

GRG

### **DIRECTORY**

#### **Australia**

GRG International Ltd

ABN 92 141 662 240

#### **Registered and Corporate Office**

194 Gladstone Street

South Melbourne, VIC, 3205

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Facsimile: + 61 (0) 3-9682 4481

Internet address: [www.grgatm.com](http://www.grgatm.com)

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Pass Christian, MS 39571 USA

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Internet Address:

[www.grgatm.com](http://www.grgatm.com)

