

## **GRG International Limited**

**ABN 92 141 662 240**

Appendix 4D

ASX Half-Year Report

31 December 2011

Lodged with the ASX under Listing Rule 4.2A

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Appendix 4D - Interim Financial Report for the half-year ended 31 December 2011  
RESULTS FOR ANNOUNCEMENT TO THE MARKET

SUMMARY OF FINANCIAL INFORMATION	Half-year Ended 31 December 2011	Half-year Ended 31 December 2010	Movement \$	% Change
Revenue from ordinary activities	7,413,285	3,142,863	4,270,422	136%
Profit/(Loss) after tax from ordinary activities attributable to members	47,433	(1,337,484)	1,384,917	104%
Net profit/(loss) for the period after tax	47,433	(1,337,484)	1,384,917	104%

**DIVIDENDS PAID AND PROPOSED**

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

**COMMENTARY ON THE RESULTS FOR THE PERIOD**

The commentary on the results for the period is contained in the "Review of Operations" included within the Directors' Report.

**NET TANGIBLE ASSETS PER SHARE**

	Half-year Ended 31 December 2011 \$/Share	Half-year Ended 31 December 2010 \$/Share
Net Assets	13,060,791	6,876,700
Less intangible assets	(13,263,876)	(15,420,624)
Net tangible assets	(203,085)	(8,543,924)
Fully paid ordinary shares	140,823,614	105,925,503
Net tangible assets per issued ordinary share	0.00	(0.08)

**CONTROL GAINED OR LOST OVER ENTITIES IN THE HALF-YEAR**

The company acquired 100% of GRG Banking Solutions Private Ltd and GRG International Private Ltd. The acquisition was effective as of 8 December 2011 and contributed revenue of \$Nil and profits after tax of \$Nil. If the acquisition occurred on 1 July 2011, management estimates that the contributed revenue would have been \$Nil and profits after tax of \$Nil.

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2011 annual financial report.


**GRG International Limited ABN 92 141 662 240  
and Controlled Entities**

**Appendix 4D - Interim Financial Report for the half-year ended 31 December 2011**

**COMPLIANCE STATEMENT**

- 1 This Appendix 4D has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Act 2001 and Corporations Regulations 2001; and other standards acceptable to the ASX.
- 2 This appendix 4D has been prepared in accordance with Australian Accounting Standards.
- 3 This appendix 4D does give a true and fair view of the matters disclosed.
- 4 This appendix 4D is based on financial statements which have been reviewed and the review report contains for qualifications.

**GRG INTERNATIONAL LIMITED**



**JEFFREY BARROW  
DIRECTOR**

Dated at South Melbourne this 29<sup>th</sup> day of February 2012

**Appendix 4D - Interim Financial Report for the half-year ended 31 December 2011**

**DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated group consisting of GRG International Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

**Directors**

The names of directors who held office during or since the end of the half-year:

- Mr Jeffrey Barrow – Chairman, Chief Executive Officer
- Mr Daniel Thurtell – Executive Director, Chief Financial Officer
- Mr Brian Kett – Executive Director, President North America
- Mr Baljit Singh – Non-Executive Director (appointed 8 December 2011)
- Mr David DeCampo (resigned 17 November 2011)
- Mr Frank Cooper (resigned 8 December 2011)

**Company Secretary**

Mr Oliver Carton held the position of Company Secretary.

**Review of Operations**

- The after tax profit for the half-year ended 31 December 2011 was \$47,433 (2010 loss was \$1,337,484). This was in line with budget expectations.
- Sales have increased by 136% in comparison to last year's corresponding half-year result.
- In addition to the events noted above the Company continued to expand organically both nationally and internationally and achieved the following success during the half-year ended December 31<sup>st</sup> 2011:
  - Acquired 100% of its Indian distribution partners, GRG Banking Solutions Private Ltd and GRG International Private Ltd. This acquisition gives GRG a physical presence in India and opens the door for a rapid increase in sales throughout the country.
  - Secured a Cash Deposit Machine trial with Indraprastha Gas Ltd (IGL) using the GRG P2801L device.
  - Entered into an agreement with Burroughs Payment Systems Inc (BPS), appointing it Master Distributor for GRG ATMs and cash products in the United States. BPS will also provide a national service and maintenance coverage for GRG ATMs and related banking products.
  - Entered into an agreement for Stanley Convergent Security Solutions (CSS) Inc to distribute and service GRG automatic teller machines (ATMs) throughout Canada.
  - Was awarded regulatory approval by the Interac Association to have Open Solutions Inc. distribute, install and maintain GRG ATMs on Canada's national ATM network.
  - Secured a supply contract for GRG ATMs to the South Carolina State Federal Credit Union which includes an initial deployment of 11 high end full function units in the United States.
  - Secured a service agreement with Compass Group (Australia) Pty Ltd to install and service ATMs in Australia and New Zealand.
  - Entered into a contract with New Sunrise Group as a preferred supplier for ATM services with access to over 750 sites in Australia.
  - Entered into a three-year contract with Gascorp Pty Ltd as a preferred supplier for ATM services across NSW.

**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 Director's Report for the half year ended 31 December 2011.

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

A handwritten signature in blue ink, appearing to read 'Jeffrey Barrow', is written over a faint, dotted grid background.

Jeffrey Barrow

**DIRECTOR**

Dated at South Melbourne this 29<sup>th</sup> day of February 2012

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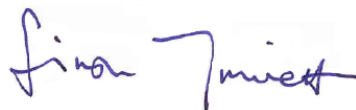
**Auditor's Independence Declaration  
To The Directors of GRG International Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of GRG International Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Simon Trivett  
Director - Audit & Assurance

Melbourne, 29 February 2012

Appendix 4D - Interim Financial Report for the half-year ended 31 December 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED  
31 DECEMBER 2011

	Note	Consolidated Group	
		Half-year ended 31.12.2011	Half-year ended 31.12.2010
Revenue		7,413,285	3,142,863
Cost of sales		(5,672,378)	(2,669,165)
Gross Profit		1,740,907	473,698
Administration and other expenses		(3,587,626)	(2,155,501)
<b>Results from operating activities</b>		<b>(1,846,719)</b>	<b>(1,681,803)</b>
Finance income	8	40,070	12,417
Finance costs	8	(14,861)	(101,413)
Gain on Sale		1,804,721	-
<b>Net finance costs</b>		<b>1,829,930</b>	<b>(88,996)</b>
<b>Profit/(Loss) before income tax</b>		<b>(16,789)</b>	<b>(1,770,799)</b>
Income tax expense/benefit		64,222	433,315
<b>Profit/(Loss) for the period after income tax</b>	2	<b>47,433</b>	<b>(1,337,484)</b>
Other comprehensive income			-
Total comprehensive income for the period		47,433	(1,337,484)
<b>Loss per share attributable to the ordinary equity holders of the company</b>			
- basic profit per share (cents)		0.00	(1.51)
- diluted loss per share (cents)		0.00	(1.16)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

		Consolidated Group	
		31.12.2011	30.06.2011
	Note	\$000	\$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,330,743	2,369,189
Trade and other receivables	3	2,067,918	1,308,177
Inventories		1,801,546	1,205,264
Other Assets		144,000	144,000
<b>TOTAL CURRENT ASSETS</b>		<b>5,344,207</b>	<b>5,026,630</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,166,036	1,247,131
Deferred tax assets		1,297,313	846,621
Intangible assets	4	11,966,564	11,426,613
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,429,913</b>	<b>13,520,365</b>
<b>TOTAL ASSETS</b>		<b>19,774,120</b>	<b>18,546,995</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	3,769,158	2,402,250
Employee benefits		99,772	239,884
Current tax payable		384,126	-
Other current liabilities	6	2,443,968	3,479,993
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,697,024</b>	<b>6,122,127</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefits		16,305	15,041
Other non-current liabilities		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>16,305</b>	<b>15,041</b>
<b>TOTAL LIABILITIES</b>		<b>6,713,329</b>	<b>6,137,168</b>
<b>NET ASSETS</b>		<b>13,060,791</b>	<b>12,409,827</b>
<b>EQUITY</b>			
Issued capital	7	15,079,377	14,475,846
Reserves		8,015	8,015
Accumulated (losses)		(2,026,602)	(2,074,034)
<b>TOTAL EQUITY</b>		<b>13,060,791</b>	<b>12,409,827</b>

The accompanying notes form part of these financial statements.



Appendix 4D - Interim Financial Report for the half-year ended 31 December 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED  
31 DECEMBER 2011

Consolidated Group	Note	Ordinary Share Capital	Reserve	Accumulated (losses)	Total
<b>Balance at 1 July 2011</b>		14,475,846	8,015	(2,074,034)	12,409,827
<b>Comprehensive income</b>					
Profit for the period		-	-	47,433	47,433
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income/(loss) for the half year</b>		-	-	47,433	47,433
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
New share issues, net of transaction costs	7	603,531	-	-	603,531
Share options					
<b>Total transactions with owners and other transfers</b>		603,531	-	-	603,531
<b>Balance at 31 December 2011</b>		15,079,377	8,015	(2,026,601)	13,060,791

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2011**

	<b>Consolidated Group</b>	
	<b>Half-year ended 31.12.2011</b>	<b>Half-year ended 31.12.2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	6,653,544	2,669,383
Payments to suppliers and employees	(8,073,660)	(4,100,622)
Interest received	10,314	-
Finance costs	(14,861)	(80,734)
<b>Net cash (used in)/provided by operating activities</b>	<u>(1,424,663)</u>	<u>(1,511,973)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of ATMs	2,921,214	-
Acquisition of ATMs	(1,489,026)	(1,252,455)
Payment for property, plant and equipment	(34,156)	-
Loan to related parties	(228,727)	(319,616)
Payment for subsidiary, net of cash acquired	(783,088)	508,876
<b>Net cash used in investing activities</b>	<u>386,217</u>	<u>(1,063,195)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	4,500,000
Payment of transaction costs related to share issue	-	(696,276)
<b>Net cash used in/(provided by) financing activities</b>	<u>-</u>	<u>3,803,724</u>
<b>Net increase in cash and cash equivalents</b>	(1,038,446)	1,228,556
Cash and cash equivalents at beginning of period	<u>2,369,189</u>	<u>186,245</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>1,330,743</u></u>	<u><u>1,414,801</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 1: BASIS OF PREPARATION**

These general purpose interim financial statements for half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards, IAS 34 Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of GRG International Ltd ("the group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of GRG International Limited for the year ended 30 June 2011, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

**New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period**

For the half-year reporting period to 31 December 2011, a number of new and revised accounting standard requirements became mandatory for the first time. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of or disclosure in, its half-year financial statements.

**Going Concern**

There is shortfall of current assets over current liabilities of \$1,352,817. As disclosed at Note 6, included in current liabilities is an amount of \$2,443,968 is owing to the Vendors of eFunds Group that will be partly satisfied by way of a share issue. However, the directors are confident that cash flows generated from the business will be sufficient to meet all debts as and when they fall due, and, that they will be able to raise additional equity capital should the need arise.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 2: SEGMENT INFORMATION**

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

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

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.

GRG Banking Solutions and GRG International Private Group

GRG Banking Solutions Private Ltd distributes ATMs in India.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

(i) Segment performance

	GRG International (Australia) \$000	GRG International (North America) \$000	eFunds Group \$000	Other \$000	Total \$000
<b>Six months ended 31 December 2011</b>					
<b>Revenue</b>					
External sales	2,914	927	3,572	-	7,413
Inter-segment sales	-	-	-	-	-
Interest revenue	10	-	-	-	10
Gain on Sale	1,804	-	-	-	1,804
<b>Total segment revenue</b>	<b>4,728</b>	<b>927</b>	<b>3,572</b>	<b>-</b>	<b>9,227</b>
<b>Segment net profit before tax</b>					
	(419)	(654)	1,114	(58)	(17)
<b>Six months ended 31 December 2010</b>					
<b>Revenue</b>					
External sales	2,150	426	567	-	3,143
Inter-segment sales	-	-	-	-	-
Interest revenue	12	-	-	-	10
Gain on Sale	-	-	-	-	1,804
<b>Total segment revenue</b>	<b>4,728</b>	<b>908</b>	<b>5,143</b>	<b>-</b>	<b>10,779</b>
<b>Segment net profit before tax</b>					
	(1,247)	(565)	120	(78)	(1,771)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 3: TRADE AND OTHER RECEIVABLES

	Note	Consolidated As at 31 December 2011	Consolidated As at 30 June 2011
Trade Receivables		1,152,118	612,873
Other receivables from related parties		915,800	689,768
Other receivables		-	5,536
		<u>2,067,918</u>	<u>1,308,177</u>

NOTE 4: INTANGIBLE ASSETS

	Note	Consolidated As at 31 December 2011	Consolidated As at 30 June 2011
Customer Intangible		372,384	441,424
Other Intangible Assets		146,761	110,164
Goodwill on business acquisition		11,447,419	10,875,025
		<u>11,966,564</u>	<u>11,426,613</u>

	Note	Goodwill	Other Intangible Assets	Customer Intangible	Total
		\$	\$	\$	\$
<b>Balance at 1 July 2011</b>		10,875,025	110,164	441,424	11,426,613
Additions		572,394	44,511	-	616,905
Amortisation charge		-	(7,914)	(69,040)	(76,954)
<b>Balance at 31 December 2011</b>		<u>11,447,419</u>	<u>146,761</u>	<u>372,384</u>	<u>11,966,564</u>

The amortization of \$76,954 for the period was recognized in administration and other expenses in the statement of comprehensive income.

NOTE 5: TRADE AND OTHER PAYABLES

	Note	Consolidated As at 31 December 2011	Consolidated As at 30 June 2011
Trade payables		2,818,909	1,739,892
Trade payables due to related parties		950,249	662,358
Trade payables other		-	-
		<u>3,769,158</u>	<u>2,402,250</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 6: OTHER CURRENT AND NON-CURRENT LIABILITIES**

The amount of \$2,443,968 represents amounts due to the “eFunds Group” in June 2012 as part of the acquisition of the business that was completed in November of 2011. 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 amounts shown in current liabilities represent the expected value of the payment due in March of 2012.

**NOTE 7: SHARE CAPITAL**

	<b>Company Number of Ordinary shares</b>	<b>\$</b>
<b>Balance at 1 July 2011</b>	134,117,728	14,475,846
Issued for cash	-	-
Issued as consideration for GRG Banking Solutions and GRG International purchase	6,705,886	603,530
	<hr/>	<hr/>
Less: Transaction costs arising on issue of shares, net of tax		-
<b>Balance at 31 December 2011</b>	<hr/> <b>140,823,614</b> <hr/>	<hr/> <b>15,079,376</b> <hr/>

**Issuance of ordinary shares**

On 12 December 2011, the company issued 6,705,886 at \$0.09 per share as consideration for the acquisition of GRG Banking Solutions Private Ltd and GRG International Private Ltd.

**Share options**

Share options issued during the period are:

	<b>Company number of Options issued</b>	<b>Exercise Price</b>	<b>Expiry</b>
<b>Balance at 1 July 2011</b>	37,657,600	\$0.20	30 June 2013
<b>Balance at 31 December 2011</b>	<hr/> <b>37,657,600</b> <hr/>	\$0.20	30 June 2013

**NOTE 8: FINANCE INCOME AND EXPENSE**

**Recognised in profit or loss**

	<b>Six Months to 31 December 2011</b>	<b>Six Months to 31 December 2010</b>
Interest income on bank deposits	5,613	12,417
Interest income on notes	4,701	-
Net foreign exchange gain	29,757	-
Finance Income	<u>40,071</u>	<u>12,417</u>
Net foreign exchange loss	-	(78,381)
Interest cost on notes	(14,861)	(23,032)
Finance Expense	<u>(14,861)</u>	<u>(101,413)</u>
Net finance income/expense recognized in profit or loss	<u>25,209</u>	<u>(88,996)</u>



**NOTE 10: RELATED PARTIES**

	Note	Transactions value Six Months to 31 Dec 2011 \$	Balance outstanding as at 31 Dec 2011 Assets/(liabilities) \$
GRG ATM Pty Ltd	(i)	-	682,398
GRG Banking	(ii)	2,855,387	950,249
Jeffrey Barrow	(iii)	233,402	233,402

- (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 31 December is an amount of \$682,398 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. 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.

- (ii) GRG Banking has 7.2% of shareholding in the Company at 31 December 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 half-year ended 31 December 2011, GRG International made payments to GRG Banking for outstanding invoices in the amount of \$1,261,339 and made additional purchases for equipment of \$1,594,048.
- (iii) During the period, the company made two loans to the Chairman, Jeffrey Barrow totalling \$228,727.66. The first loan comprises a principal amount of \$120,000 and the second loan a principal amount of \$108,727.66. The loans are repayable within 10 days of the company providing Mr Barrow with written notice of demand and Interest is payable on the unpaid principal of the loans at the rate of 8.5% calculated daily. As at 31 December 2011 the amount owing including accrued interest was \$233,401.73.

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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 11: BUSINESS COMBINATION**

On 8 December 2011 the Company acquired GRG Banking Solutions Private Ltd and GRG International Private Ltd.

In the period 8 December 2011 to 31 December 2011 the acquired business contributed revenue of \$Nil and after tax profits of \$Nil. If the acquisition occurred on 1 July 2011, management estimates that the contributed revenue would have been \$Nil and profits after tax of \$Nil. 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 2011.

**Consideration**

Consideration for the acquisition is payable in scrip only, by the issue of 6,705,886 fully paid ordinary shares in GRG International Ltd, which equates to 5% of GRG's issued ordinary shares.

The Consideration Shares are apportioned between the Companies as follows:

- (a) 3,352,943 Consideration Shares in respect of the GRG Banking Solutions Private Ltd shares; and
- (b) 3,352,943 Consideration Shares in respect of the GRG International Private Ltd shares.

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>Note</b>	<b>\$</b>
Equity instruments	7	603,530
Total Consideration		<u>603,530</u>

In return for the businesses acquired the Company agreed to pay the considerations listed below to the owners of GRG Banking Solutions Private Ltd and GRG International Private Ltd

- (a) The issue of 6,705,886 ordinary shares in the Company at an issue price of \$0.09 per share.

<b>Fair value of identifiable assets acquired and liabilities assumed</b>	<b>\$</b>
Cash	-
Goodwill on acquisition	603,530
	<u>603,530</u>

The acquisition gives the Company a physical presence in India with dedicated staff and head offices in New Delhi. It also provides the Company with direct access to over 25 customer relationships that are in multiple stages of development including 21 national banks that are evaluation the Company's products for deployment within India.

**NOTE 12: CONTINGENCIES**

There were no significant contingencies that have arisen during the half-year ended 31 December 2011.

**NOTE 13: EVENTS AFTER THE END OF THE INTERIM PERIOD**

The Company through its wholly owned subsidiary, GRG Banking Solutions Private Limited, entered into a memorandum of understanding (MOU) on 22 February 2012 with Madhya Pradesh Consultancy Organisation (MPCON) Limited to facilitate the installation and operation of a welfare distribution network in the Indian state of Madhya Pradesh. This project would provide the company with its biggest contract to date and includes issuing 4

**Appendix 4D - Interim Financial Report for the half-year ended 31 December 2011**

million electronic cards, installing and maintaining up to 5,000 automatic teller machines (ATMs) and 25,000 point of sale machines and running a transaction switch.

MPCON is a premier consulting organization in Madhya Pradesh and Chhattisgarh. MPCON is a technical consulting organization promoted jointly by all India Financial institutions, public sector banks and state government corporations. MPCON will primarily design processes and arrange government clearances. Madhya Pradesh is a central state of India and is the sixth most populous state in the country with over 75 million inhabitants.

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

**Appendix 4D - Interim Financial Report for the half-year ended 31 December 2011**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

**GRG INTERNATIONAL LIMITED**



**JEFFREY BARROW  
DIRECTOR**

Dated at South Melbourne this 29<sup>th</sup> day of February 2012

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

We have reviewed the accompanying half-year financial report of GRG International Limited (“the Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

#### **Directors’ responsibility for the half-year financial report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor’s responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the

auditor of GRG International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

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

### **Electronic presentation of reviewed financial report**

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

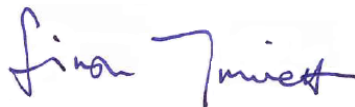
### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GRG International Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Simon Trivett  
Director - Audit & Assurance

Melbourne, 29 February 2012