RIS Group Limited

Annual Report 2012

Contents

Dear Shareholders,

RIS Group Limited (RIS Group) advises its audited full year results for the 12 months ended 30 June 2012 is an operating loss of AUD $1.104 million compared to an operating loss of AUD $0.526 million (restated) in the previous reporting period ended 30 June 2011. The overall comprehensive loss for the year ended 30 June 2012 is AUD $0.766 million compared to AUD $3.510 million (restated) for the year ended 30 June 2011.

Overview of events

As covered in the section 'Events subsequent to Financial Year 2010-2011' within last year's Annual Report for the period ended 30 June 2011 and released to market in January 2012, the company advises as follows:

In early July 2011, RIS Group's wholly owned subsidiary, Retail Information Systems Pty Limited (RIS Pty Ltd), executed a Facility Agreement with GM Cabs to assist with its working capital requirements. This was for AUD $300,000 with certain conditions.

In late July 2011, there were changes to the RIS Group Board. The Board secured and appointed Mr Adam Lindsay as a Director of RIS Group Limited (RIS Group). Mr Lindsay acted as the General Manager of RIS Pty Ltd throughout the financial year, whilst Mr Conford elected to resign as Director and Chairman of RIS Group Limited. Subsequent to this, Mr Lindsay was appointed Chairman of the Board in March 2012.

During August 2011, the RIS Group Board members were; Robert Best, Sachin Jain, Adam Lindsay and Keith Phillip Hudson (who also remained as sole Director of RIS Pty Ltd). At that time, a number of RIS Group Board members felt it would be prudent to engage an independent, non-executive Director for the wholly owned subsidiary, RIS Pty Ltd. During August, Mr Hudson was consequently replaced by Mr Christian Marth. Mr Marth was appointed as the Non-executive Director of RIS Pty Ltd.

In late September 2011, Mr Hudson resigned from the RIS Group Limited Board without providing any notice to the Board. Throughout the period of late September and October 2011, the RIS Group Board, in conjunction with the RIS Pty Ltd Management, undertook a thorough review of all financially related activities within the Group as a whole. This included internal and external financial advisers. Due to the unprecedented number of management and director changes within the short period of April 2011 to September 2011, RIS Group was delayed in releasing its Appendix 1 Preliminary results.

The RIS Group Board engaged in open and consistent dialogue with the NZX around these matters, in addition to continuing to search for appropriate New Zealand resident based Directors. Whilst the Board had entered into fruitful discussions with a number of NZ residents for the two Directorship roles, it was difficult to secure such positions until the Preliminary Accounts and the Audited Annual Report were published.

As a result of these unfortunate delays and circumstances, the NZX issued RIS with a Statement of Claim relating to fines for breaches of compliance requirements. RIS entered into negotiation with the NZX and explained the alleviating circumstances and subsequently were able to settle the matter for 50% of the fines proposed. The NZ Market Tribunal later approved this arrangement and a mutually agreed Censure Announcement was made to the market.

In late December 2011, RIS Pty received funds of AUD $438,000 from the AusIndustry R&D Tax offset for the ongoing development of the iRIS Platform. In addition, RIS Pty entered into a commercial arrangement with GM Cabs to develop a new contactless and colour touch screen version of the iRIS Platform for a next generation EFTPOS terminal.

During this period, the Company worked on a number of key items:

- Minimise cash outflow through voluntary staff pay cuts;
- Reach payment agreement terms with outstanding creditors;
- Started delivering on projects for: GM Cabs, Lyra Networks, USG Solutions, E-Cash, Touch Networks, St George, Westpac, etc.;
- Re-engaged in commercial discussions for the Medicare Easyclaim solution with Cuscal and executed a revised Memorandum of Understanding 'MOU';
- Satisfy and pass the Innovation Australia Audit requirements relating to R&D Tax Offset;
- Re-engaged with Ethan Group around a revised model for their use and commercialisation of the RIS Pty Software;
- Commenced training the USG Solutions Development centre team across the iRIS platform so that RIS Pty Ltd can achieve reduced cost for the required current/future software development activities;
- Finalised and submitted the EMV version of the RIS Pty Payment Application for Certification with one of Australia's Largest Banks – Westpac / St.George;
- Finalised and tested integration with Lyra Networks;
- Remotely updated the complete GM Cabs fleet for migrating EFTPOS terminals connecting from the St George host to Westpac host;
- Finalisation and demonstration of the iRIS Portal (TMS) System;
- Commence porting of the iRIS Platform onto new Terminal Platform;
- Finalised the renegotiation of the GM Cabs Facility Agreement repayment with an extension of 12 and 18 months respectively;
- Explore new Capital Raising option

The Company continued to reduce overheads and expenditure significantly due to delays in the execution of new revenue initiatives. These delays were also due to a combination of management and director changes and the late conclusion by key partners of their own business processes and contracts.

As advised to the market in September 2011, RIS entered into an agreement with Lyra Network (Lyra), one of Europe's leading Secure Transaction Routing Services providers to finalise arrangements in the Australian Domestic market as well exploring opportunities with Lyra's International customer base. Unfortunately Lyra subsequently made a decision in March 2012, that it was withdrawing its business operations from the Australian Market and as such RIS and Lyra would no longer be working on Domestic Australian opportunities.

In January 2012, RIS announced that due to a range of reasons the Conditions Precedent required in the Cuscal and RIS agreement had not been met and as a result was terminated. Despite this setback, both parties had agreed to continue to work together to find a new commercial basis to pursue their joint ambitions. Cuscal and RIS executed a Memorandum of Understanding (MOU).

In respect to the above, the discussions between Cuscal and RIS were delayed for numerous reasons and the Companies have not yet reached agreement on terms due to the complexity of the project, the timing of resource allocation by Cuscal and the re-design of the commercial model by Cuscal.

With respect to RIS Pty's development cycle there were delays with respects to key projects that impacted cashflow in the Q2 of calendar year 2012. These delays were caused by integral third parties to the project such as the certifying acquiring bank, telecommunications providers and terminal hardware vendors.

RIS Pty Ltd's EMV Version of its Payment Application was submitted for Certification with one of Australia's Largest Banks – Westpac / St. George in September 2011, however due to internal delays within the Bank, this EMV certification was not approved until June 2012.

The new development of the contactless and colour touch screen version of the iRIS Platform on a next generation EFTPOS terminal for GM Cabs also experienced delays. These initial delays were due to technical support from the EFTPOS terminal hardware vendor and the establishment of the GPRS telecommunication links to the certifying acquiring bank.

With the limited financial and human resources at RIS Group's disposal, it was very difficult for the business to react to such impacting circumstances contributed by these third parties and thus overcome such obstacles.

Mr Benjamin Kepes and Mr Craige Mayo were appointed to the Board of RIS Group Limited on 28 January 2012.

In addition to the Directors Report announced to the market in April 2012 for the six month period July 2011 to December 2011, the Board advised of the following events, announcements and projects for the period January 2012 to June 2012:

- **Director Nominations**
  During May 2012, the Board announced and invited Director Nominations as required under NZAX Listing Rules. The market was advised that any nominations must be made by a security holder entitled to attend and vote at a meeting and that such nominations would ideally be accompanied by the nominated person's consent in writing to act as a Director, if elected. All nominations were to be submitted and received in writing by 31st May 2012. The Board can confirm there were no nominations received and recorded.
- **Medicare Easyclaim Initiative**
  As previously advised to the market RIS Pty Ltd had been working with Cuscal and other financial institutions with the view to sign a contract that allows a go-to-market position in 2012. The Board regrettably advised that while discussions were fruitful with possible financial institutions, the delays involved in such significant contracts had not resulted in any meaningful outcomes.
- **Indian License Partner**
  As previously advised to the market RIS Pty has a contractual master license agreement with USG in India. The Board regrettably advised that while RIS Pty has been trying to provide assistance to USG, as per the contract, it was difficult to provide such assistance due to the lack of resources within RIS Pty causing further delays to USG's ability to go-to-market.
- **GM Cabs**
  As previously advised, RIS Pty entered into a commercial arrangement with GM Cabs to develop a new, contactless and colour touch screen version of the I-RIS platform for the next generation Eftpos Terminal. The Board regrettably advised to the market that the project had significant delays due to third parties causing significant resource impact on RIS Pty and importantly straining its relationship with GM Cabs.

In addition to the above mentioned initiatives, RIS Pty engaged in several other initiatives such as:

- **Other Banks and Payment Providers**
  As previously announced, RIS Pty engaged in discussions with a number of financial institutions and payment processing providers to explore commercial opportunities. The Board regrettably advised that while discussions were fruitful with possible financial institutions, the delays involved in such significant contracts have not resulted in any meaningful outcomes.
- **eCash**
  The Company continued to provide reduced services to eCash, given its limited resources, and has been trying to stabilise the relationship, given its contractual obligations.
- **Touch Networks**
  The Board regrettably advised that Touch Networks and RIS Pty had entered into fruitful discussions around a potential new project, however due to technical project delays faced on their side this has subsequently led to significant delays to any potential outcomes.
- **Ethan Group**
  The Board had entered into very prospective commercial discussions with Ethan Group however it is unfortunate that Ethan Group has selected another preferred vendor relating to the supply of Payments Software to support their business opportunities. The Board regrettably advised that RIS Pty and Ethan Group did not enter into any material arrangements with any commercially meaningful outcomes.

Sale of Retail Information Systems Pty Limited

RIS Group Limited entered into a conditional Share Sale Deed ("Sale Deed") to sell 100% of the Company's wholly owned operating subsidiary company Retail Information Systems Pty Limited to USG Tech Solutions Limited ("USG") for a purchase price of USD$1,000,000. The Purchase Price is to be satisfied by:

- The payment to the Company of USD $150,000 in cash; and
- The allotment to the Company of USD $850,000 in equity shares in USG, listed on the Bombay Stock Exchange.

The sale price for the Australian operations was determined by an unsolicited offer from USG and further negotiation between the Company and USG.

Given the financial position of the RIS Pty subsidiary, specifically the poor projected revenues, committed cashburn towards outstanding liabilities and the ongoing operational cost to retain its limited team of resources, this led the Board to consider that the Company was unlikely to be able to raise sufficient new capital to fund the capital deficit of RIS Pty Ltd, and it was appropriate to dispose of the Australian operations now and realise whatever return it could in consideration for the circumstances.

The alternative to not pursuing the offer were dire, and included the possibility of placing the Australian business into voluntary administration in accordance with Australian statutory requirements. Should that event have occurred, and a Receiver appointed, the Board would have been required, under law, to work through the crystallisation of the Fixed and Floating charge over the assets with its Chargeholder, GM Cabs.

Given the material nature of the proposed transaction, the Board called for a Special Resolution to be considered at its Annual General Meeting on 12 September, 2012 in Auckland. The Special Resolution was passed.

On the basis that the Special Resolution was voted in favour, and following the completion of the disposal of RIS Pty, the Company would hold approximately USD$150,000 of cash to meet its on-going cashflow requirements.

Dated: 3rd December 2012

Adam Lindsay
Chairman

Robert Best
Director

Sachin Jain
Director

Craige Mayo
Director

RIS Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RIS GROUP LIMITED

Report on the Financial Statements

We have audited the financial statements of RIS Group Limited ("the Company") and subsidiary ("the Group") on pages 8 to 39, which comprise the consolidated and separate statements of financial position of RIS Group Limited as at 30 June 2012, the consolidated and separate statements of changes in equity, statements of comprehensive income and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Other than in our capacity as auditor, we have no other relationship with or interests in the Company or its subsidiary.

Basis for Disclaimer of Opinion

An audit would ordinarily involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected would depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit would ordinarily also consider evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

As disclosed in note 28, subsequent to reporting date, the Company has entered into a conditional agreement to sell 100% of the shares in its subsidiary Retail Information Systems PTY Limited. The expected proceeds from this sale have been relied upon by the directors to conclude that the Company and Group's financial statements should be prepared on a going concern basis and for assessing the carrying value and impairment of the Group's intangible assets of A$1,284,000 and the Company's investment in Retail Information Systems PTY Limited.

The directors expect to complete the conditional sale on the terms of the original sale and purchase agreement and price as reported in note 28. The parties have confirmed the targeted settlement date is to be delayed to 5 December 2012. The directors are not in a position to provide suitable audit evidence to support their expectations that the sale will be completed at that time and at the agreed price.

As a result of these matters, the scope of our audit was limited and we were unable to undertake adequate audit procedures in respect of this matter. We were unable to determine whether any adjustments might be necessary in respect of the conditional sale which has a material and pervasive impact on the financial statements and whether it is appropriate to adopt the going concern assumption in their preparation, should the directors' expectations not be realised.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements on pages 8 to 39.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993 we report that:

- As noted above we have not obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by RIS Group Limited as far as appears from our examination of those records.

BDO Auckland

BDO Auckland

3 December 2012

120 Albert Street
Auckland
New Zealand

RIS Group Limited

Statements of Comprehensive Income

For the year ended 30 June 2012

	Note	Group		Parent	
		30.6.2012 12 months AUD$'000	30.6.2011 12 months AUD$'000 (restated)*	**30.6.2012 12 months AUD$'000**	30.6.2011 12 months AUD$'000 (restated)*
Revenue	2	**514**	1,201	**-**	-
Cost of goods sold		**(88)**	(97)	**-**	-
Gross Profit		**426**	1,104	**-**	-
Other income	2	**2**	40	**72**	41
Selling and distribution expenses	3 / 4	**(370)**	(268)	**-**	-
Administrative and other expenses	3 / 4	**(1,162)**	(1,402)	**(168)**	(308)
Operating loss before impairment and finance charge		**(1,104)**	(526)	**(96)**	(267)
Finance income		**2**	8	**1**	4
Finance expense		**(83)**	(131)	**(1)**	-
Exchange (loss) / gain		**(50)**	118	**(2)**	(3)
Impairment of amount due from subsidiary		**-**	-	**-**	(1,091)
Release / (impairment) of investment in subsidiary		**-**	-	**183**	(2,153)
Impairment of amount due from associate		**-**	(9)	**-**	-
Impairment of intangible assets		**-**	(3,418)	**-**	-
Net operating (loss) / profit before taxation		**(1,235)**	(3,958)	**85**	(3,510)
Income tax credit / (expense)	5	**428**	568	**(10)**	-
Net (loss) / profit after taxation for the year attributable to shareholders		**(807)**	(3,390)	**75**	(3,510)
Other comprehensive income for the year					
Foreign currency translation difference for foreign operations		**41**	(120)	**35**	-
Total comprehensive (loss) / profit for the year attributable to shareholders		**(766)**	(3,510)	**110**	(3,510)
Loss per share for attributable to shareholders:					
- Basic loss per share (cents)	9	**(0.11)**	(0.52)		
- Diluted loss per share (cents)	9	**(0.11)**	(0.52)		

* see: Statement of Accounting Policies para 2, (ab) and Note 24 of the Notes to the Financial Statements

The above statements of comprehensive income should be read in conjunction with the accompanying notes

RIS Group Limited

Statements of Changes in Equity

For the year ended 30 June 2012

	Note	Share Capital AUD$'000	Share Based Payment Reserve AUD$'000	Foreign Currency Translation Reserve AUD$'000	Accumulated Losses AUD$'000	Total Equity AUD$'000
Group						
Balance as at 1 July 2010		**7,640**	**-**	**-**	**(4,784)**	**2,856**
Net loss attributable to shareholders as previously reported		-	-	-	(3,188)	(3,188)
Effect of restatement of prior year results	24	-	-	-	(202)	(202)
Other comprehensive income		-	-	(120)	-	(120)
Total restated comprehensive loss		-	-	(120)	(3,390)	(3,510)
Shares issued	7	1,150	-	-	-	1,150
Share issue costs	7	(30)	-	-	-	(30)
Share based payments	8	-	30	-	-	30
Total transactions with owners		1,120	30	-	-	1,150
Balance (restated) as at 30 June 2011		**8,760**	**30**	**(120)**	**(8,174)**	**496**
Net loss attributable to shareholders		-	-	-	(807)	(807)
Other comprehensive income		-	-	41	-	41
Total comprehensive loss		-	-	41	(807)	(766)
Shares issued	6, 7	286	-	-	-	286
Total transactions with owners		286	-	-	-	286
Balance as at 30 June 2012		**9,046**	**30**	**(79)**	**(8,981)**	**16**

	Note	Share Capital AUD$'000	Share Based Payment Reserve AUD$'000	Foreign Currency Translation Reserve AUD$'000	Accumulated Losses AUD$'000	Total Equity AUD$'000
Parent						
Balance as at 1 July 2010		**25,231**	**-**	**-**	**(22,375)**	**2,856**
Net loss attributable to shareholders as previously reported		-	-	-	(3,308)	(3,308)
Effect of restatement of prior year results	24	-	-	-	(202)	(202)
Total restated comprehensive loss		-	-	-	(3,510)	(3,510)
Shares issued	7	1,150	-	-	-	1,150
Share issue costs	7	(30)	-	-	-	(30)
Share based payments	8	-	30	-	-	30
Total transactions with owners		1,120	30	-	-	1,150
Balance (restated) as at 30 June 2011		**26,351**	**30**	**-**	**(25,885)**	**496**
Net profit attributable to shareholders		-	-	-	75	75
Other comprehensive income		-	-	35	-	35
Total comprehensive income		-	-	35	75	110
Shares issued	6,7	286	-	-	-	286
Total transactions with owners		286	-	-	-	286
Balance as at 30 June 2012		**26,637**	**30**	**35**	**(25,810)**	**892**

The above statements of changes in equity should be read in conjunction with the accompanying notes

Statements of Financial Position

As at 30 June 2012

	Note	Group 30.6.2012 AUD$'000	Group 30.6.2011 AUD$'000 (restated)*	Group 1.7.2010 AUD$'000	Parent 30.6.2012 AUD$'000	Parent 30.6.2011 AUD$'000 (restated)*	Parent 1.7.2010 AUD$'000
ASSETS							
Non Current Assets							
Trade and other receivables	15	**23**	23	-	**-**	-	-
Investment in subsidiaries	10	**-**	-	-	**692**	509	2,662
Investment in associates	11	**-**	-	-	**-**	-	-
Property, plant and equipment	13	**55**	105	154	**-**	-	-
Intangible assets	12	**1,284**	1,418	4,019	**-**	-	-
Total non current assets		**1,362**	1,546	4,173	**692**	509	2,662
Current Assets							
Cash and cash equivalents	14	**19**	32	263	**14**	24	212
Trade and other receivables	15	**123**	92	438	**259**	27	64
Taxation receivable	16	**8**	18	-	**8**	18	18
Total current assets		**150**	142	701	**281**	69	294
TOTAL ASSETS		**1,512**	1,688	4,874	**973**	578	2,956
LIABILITIES							
Non Current Liabilities							
Trade and other payables	19	**-**	270	-	**-**	-	-
Borrowings	20	**150**	-	250	**-**	-	-
Total non current liabilities		**150**	270	250	**-**	-	-
Current Liabilities							
Trade and other payables	18	**1,196**	922	1,763	**81**	82	100
Borrowings	20	**150**	-	-	**-**	-	-
Taxation payable		**-**	-	5	**-**	-	-
Total current liabilities		**1,346**	922	1,768	**81**	82	100
TOTAL LIABILITIES		**1,496**	1,192	2,018	**81**	82	100
EQUITY							
Share capital	7	**9,046**	8,760	7,640	**26,637**	26,351	25,231
Reserves	8	**(9,030)**	(8,264)	(4,784)	**(25,745)**	(25,855)	(22,375)
Total Equity		**16**	496	2,856	**892**	496	2,856
TOTAL EQUITY AND LIABILITIES		**1,512**	1,688	4,874	**973**	578	2,956

For and on behalf of the Board:

Director

Director

Dated: 3rd December 2012

* see: Statement of Accounting Policies para 2, (ab) and Note 24 of the Notes to the Financial Statements

The above statements of financial position should be read in conjunction with the accompanying notes

Statements of Cash Flows

For the year ended 30 June 2012

	Note	Group 30.6.2012 12 months AUD$'000	Group 30.6.2011 12 months AUD$'000	Parent 30.6.2012 12 months AUD$'000	Parent 30.6.2011 12 months AUD$'000
OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		**437**	1,431	**72**	42
Interest received		**2**	7	**1**	4
Income tax refund		**438**	544	**-**	-
Cash was applied to:					
Payments to suppliers and employees		**(980)**	(1,690)	**(109)**	(257)
Interest paid		**(3)**	(121)	**(1)**	-
Net cash (outflows) / inflows from operating activities		**(106)**	171	**(37)**	(211)
INVESTING ACTIVITIES					
Cash was provided from:					
Repayment of advance by subsidiary	22	**-**	-	**33**	-
Cash was applied to:					
Purchase of property, plant and equipment	13	**-**	(18)	**-**	-
Purchase of intangible assets	12	**(201)**	(1,248)	**-**	-
Advance to subsidiary	22	**-**	-	**-**	(1,091)
Net cash (outflows) / inflows from investing activities		**(201)**	(1,266)	**33**	(1,091)
FINANCING ACTIVITIES					
Cash was provided from:					
Proceeds of borrowings	20	**300**	-	**-**	-
Proceeds from issue of shares	7	**-**	1,150	**-**	1,150
Cash was applied to:					
Repayment of borrowings		**-**	(250)	**-**	-
Share issue costs	7	**-**	(30)	**-**	(30)
Net cash inflows from financing activities		**300**	870	**-**	1,120
Net decrease in cash and cash equivalents		**(7)**	(225)	**(4)**	(182)
Cash and cash equivalents at the beginning of the year		**32**	263	**24**	212
Effect of exchange rate changes		**(6)**	(6)	**(6)**	(6)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**19**	32	**14**	24
COMPOSITION OF CASH:					
Cash and cash equivalents	14	**19**	32	**14**	24

The above statements of cash flows should be read in conjunction with the accompanying notes

Statements of Cash Flows

For the year ended 30 June 2012

Reconciliation with Net Reported (Loss) / Profit	Group		Parent	
	30.6.2012 12 months AUD$'000	30.6.2011 12 months AUD$'000 (restated)*	**30.6.2012 12 months AUD$'000**	30.6.2011 12 months AUD$'000 (restated)*
Reported net (loss) / profit after taxation	**(807)**	(3,390)	**75**	(3,510)
Items not involving cash flows:				
Depreciation expense	**50**	67	**-**	-
Amortisation of intangibles	**335**	431	**-**	-
Share based payments	**207**	30	**-**	30
Foreign exchange loss / (gain)	**47**	(114)	**41**	6
(Release) / impairment of investment in subsidiary	**-**	-	**(183)**	2,153
Provision for impairment of intercompany receivable	**-**	-	**-**	1,091
Impairment of investment in associate	**-**	9	**-**	-
Impairment of intangibles	**-**	3,418	**-**	-
	(168)	451	**(67)**	(230)
Impact of changes in working capital items:				
Decrease in trade receivables	**5**	114	**-**	-
Decrease / (increase) in prepayments and other receivables	**43**	201	**21**	(6)
Decrease in taxation receivable	**10**	-	**10**	-
(Decrease) in taxation payable	**-**	(23)	**-**	-
Increase / (decrease) in trade payables	**4**	(353)	**25**	(38)
(Decrease) / increase in other payables and accruals	**-**	(219)	**(26)**	63
Net cash (outflows) / inflows from operating activities	**(106)**	171	**(37)**	(211)

* see: Statement of Accounting Policies para 2, (ab) and Note 24 of the Notes to the Financial Statements

The above statements of cash flows should be read in conjunction with the accompanying notes

1) General Information

The Group is engaged in retail scan data and EFTPOS terminal software development, marketing and licensing.

The Company, RIS Group Limited (Parent or Company), is a limited liability company incorporated and domiciled in New Zealand.

The financial statements have been approved for issue by the Board of Directors on 3rd December 2012.

The Company's owners do not have the power to amend these financial statements once issued.

2) Summary of Significant Accounting Policies

These general purpose financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards. The financial statements comply with International Financial Reporting Standards (IFRS).

a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The reporting currency used in the preparation of these consolidated financial statements is Australian dollars, rounded where necessary to the nearest thousand dollars.

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Company and the Group's presentation currency.

Entities reporting

The financial statements of the Parent are for RIS Group Limited as a separate legal entity. The Group financial statements are the consolidated financial statements of the Group comprising RIS Group Limited and its subsidiary, Retail Information Systems Pty Limited.

The consolidated financial statements have been prepared using reverse acquisition accounting. RIS Group Limited was acquired by Retail Information Systems Pty Limited by way of reverse takeover on 3 September 2009. The consolidated financial statements are issued in the name of the legal parent, RIS Group Limited, but are a continuation of the financial statements of the legal subsidiary Retail Information Systems Pty Limited, who is the acquirer. The Group financial statements also include the Group's interest in its associates.

The Parent and its subsidiary are designated as profit oriented entities for financial reporting purposes.

Statutory base

RIS Group Limited is a company registered under Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The Company is also listed on the New Zealand Alternative Market ("NZAX").

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Going concern

The financial statements have been prepared on a going concern basis of accounting. The basis contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

Historical cost convention

These financial statements have been prepared under the historical cost.

b) Principles of consolidation

Subsidiaries

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

On 3 September 2009, Retail Information Systems Pty Limited was acquired by Holly Springs Investments Limited, which purchased 100% of Retail Information Systems Pty Limited for AUD $21,802,500. Holly Springs Investments Limited changed its name to RIS Group Limited to reflect the business of that company. This acquisition was satisfied by the issued of 450,000,000 shares at an issue price of NZD 6.0 cents per share. This gave Retail Information Systems Pty Limited vendors 98.74% of the issued share capital of Holly Springs Investments Limited at that date.

This transaction has been accounted for as a share-based payment in accordance with NZ IFRS 2 "Share Based Payments" and the consolidated financial statements represent the continuation of the financial statements of Retail Information Systems Pty Limited.

Business combinations – Reverse acquisition accounting
As RIS Group Limited (formerly Holly Springs Investments Limited) was not a continuing business at the time of the reverse acquisition on 3 September 2009, the transaction has been accounted for in the consolidated financial statements in accordance with NZ IFRS 2 "Share –based Payment". It has been accounted for as a continuation of the financial statements of Retail Information Systems Pty Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of RIS Group Limited. This deemed issue of the shares is, in effect, a share-based payment transaction whereby Retail Information Systems Pty Limited is deemed to have received the net assets of RIS Group Limited, together with the listing status of RIS Group Limited. The overall accounting effect is very similar to that of a reverse acquisition. This accounting treatment applies only to the business combination transactions at the acquisition date and does not apply to transactions after the reverse acquisition date. Reverse acquisition accounting applies only to the consolidated financial statements.

Because the consolidated financial statements represent a continuation of the financial statements of Retail Information Systems Pty Limited, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in NZ IFRS 3 have been applied:

- Fair value adjustments arising at acquisition were made to RIS Group Limited's assets and liabilities, not those of Retail Information Systems Pty Limited;
- The cost of the acquisition is based on the notional amount of shares that Retail Information Systems Pty Limited would need to issue to acquire the majority interest of RIS Group Limited's shares that the shareholders did not own after the acquisition, times the fair value of RIS Group Limited shares at acquisition date;
- Retained earnings and other equity balances in the consolidated financial statements at the date of acquisition are the retained earnings and other equity balances of Retail Information Systems Pty Limited immediately before the acquisition;
- A share-based payment transaction arises whereby Retail Information Systems Pty Limited is deemed to have issued shares in exchange for the net assets of RIS Group Limited, together with the listing status of RIS Group Limited. The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in the statements of comprehensive income as a listing expense;
- The amount recognised as issued equity instruments in the consolidated financial statements has been determined by adding the share-based payment to the issued equity of RIS Group Limited immediately before the business combination;
- The equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of RIS Group Limited, including the equity instruments issued by RIS Group Limited to effect the acquisition.

Investments
Investments in subsidiaries in the Company's financial statements are valued at cost, less impairment loss.

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Associates have been recorded in the consolidated financial statements on an equity accounting basis, which requires the Group's share of retained surplus in the profit and loss and its share of post acquisition increases or decreases in other comprehensive income of the equity accounted associates after adjustments to align the accounting policies with those of the Group, from the date significant influence commences until the date significant influences ceases. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

c) Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

d) Foreign Currency Reporting
Functional and presentation currency
Items included in the financial statements of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the legal subsidiary's functional currency. The legal parent's functional currency is New Zealand dollars but their financial statements have been prepared in Australian dollars for ease of comparison with the Group which is shown in Australian dollars, the currency of the principal trading entity.

Foreign operations
Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

The assets and liabilities of all of the Groups companies (none of which has a currency of hyper-inflationary economy) that have a functional currency that differs from the presentation currency, including fair value adjustments arising on consolidation, are translated to the presentation currency at foreign exchange rates ruling at the reporting date. All exchange differences arising from the translation of foreign operations are recognised in the foreign currency translation reserve.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retaranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical costs are translated using the exchange rate at the date of the transaction.

e) Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services, net of Goods and Services Tax in the ordinary course of the Group's activities. Revenue is recognised as follows:

Sales – service income

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Finance income

Finance income comprises interest income on funds invested. Interest revenue is recognised as it accrues, using the effective interest method.

f) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income 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 using the comprehensive liability method, providing for 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 at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at 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.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

g) Goods and Services Tax (GST)

The statements of comprehensive income and statements of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statements of financial position are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

h) Leases

The Group as Lessee

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated on the same basis as equivalent owned property, plant and equipment.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

i) Statement of Cash Flows

The following is the definition of the terms used in the statements of cash flows:

i) Cash means coins, notes, demand deposits and other highly liquid investments in which the Group has invested as part of its day to day cash management. Cash includes current liabilities such as negative cash balances in the form of overnight bank overdrafts. Cash does not include receivables or payables or any borrowing that forms part of a term facility.

ii) Investing activities are those relating to the addition, acquisition and disposal of property, plant and equipment, investments, subsidiaries and other non-current assets.

iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group.

iv) Operating activities include all transactions and other events that are not investing or financing activities.

j) Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the profit and loss, any directly attributable transactions costs. Subsequent to initial recognition, non-derivitive financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses. Receivables and payables of short-term duration are not discounted as the effect of discounting is not considered to be material.

k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the statement of financial position.

l) Trade Receivables

Trade receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost, less allowance for impairment. Trade receivables are due for settlement no more than one month from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. Allowance for impairment is established when there is objective evidence (such as age of debt, financial difficulty of the counterparty) that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate. The amount of the allowance is recognised in profit or loss.

m) Trade and Other Payables

Trade and other payables represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value plus directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method.

n) Borrowings

Borrowings are recognised initially at fair value, plus any directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

o) Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows for the current and prior year:

Computer equipment	40.00% - 66.67%
Plant & equipment	11.25% - 37.50%

The assets' residual values depreciation method and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

p) Intangible Assets

(i) Software

Computer software

Computer software has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment losses.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable based on normal operating capacity to preparing the assets for its intended use and is amortised over 5 years on a straight line basis in the statements to comprehensive income.

Costs associated with maintaining computer software programs are recognised as an expense as incurred in profit or loss.

Where the estimated useful lives or recoverable values have diminished due to technological change or market conditions, amortisation is accelerated and/or impairment recognised.

(ii) Research and Development of Software

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development costs are deferred where future benefits are expected to exceed those costs, otherwise such costs are recognised in profit or loss in the period in which they are incurred. Deferred development costs are amortised over future periods (not exceeding ten years) in relation to expected future revenue in each period. Unamortised costs are reviewed at each reporting date to determine the amount (if any) that is no longer recoverable, and any amount so identified is written off.

Development activities involve a plan or design for the production, development or enhancement of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically or commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Intangible assets not yet brought into use are assessed for impairment on an annual basis.

q) Impairment – Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss.

r) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") 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 in money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's reduce the carrying amounts of the assets in the CGU (group of CGU's) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication 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.

s) Determination of Fair Value

A number of the Group'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 value is disclosed in the notes specific to that asset or liability.

Trade and other receivables

Short-term receivables are not discounted as their carrying amounts are expected to be recovered in full at their carrying amounts. Accordingly, their face value is considered to fairly approximate the fair value. The fair value of any term trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes or when acquired in a business combination.

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 flow, discounted at the market rate of interest at the reporting date.

t) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

u) Financing Expense

Financing expense comprises interest expense on interest bearing liabilities calculated using the effective interest rate method.

v) Share Capital

Ordinary Shares

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

w) Dividends

Accrual is made for the amount of any dividend declared on or before reporting date but not distributed at reporting date.

x) Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

y) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

z) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions pension plans are recognised as an employee benefit expense in the profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

aa) Changes in Accounting Policies

There have been no changes in accounting policies.

ab) Comparatives

The comparative financial data of the Australian Subsidiary, Retail Information Systems Pty Limited, has been restated to ensure that revenues and expenses were correctly matched to the accounting period to which they relate. In addition, the comparative financial data of the Parent, RIS Group Limited, has been restated to reflect a revision to the impairment of the investment in Retail Information Systems Pty Limited as a result of the prior period adjustment recorded by that entity. A reconciliation is included in note 24.

3) New Standards

The Group has adopted the following new and amended NZ IFRSs of relevance to the Group and Company as of 1 July 2011:

a) NZ IAS 24, 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011)
The amendment simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies.

b) FRS 44, 'New Zealand Additional Disclosures' (effective for annual periods beginning on or after 1 July 2011)
The standard sets out New Zealand specific disclosures which are required in addition to those required under New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs).

c) Harmonisation Amendments (effective for annual periods beginning on or after 1 July 2011)
The Harmonisation Amendments amend various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards.

The adoption of these amendments has not resulted in material accounting or disclosure changes for the Group or Company.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2012, but which the Group has not early adopted. The Group has identified the following standards as relevant and note that adoption will not have a material effect on the Group's accounts, but will require additional disclosure:

a) NZ IAS 27, 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2013)
NZ IAS 27 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the Group and Company will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements.

b) NZ IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2015)
This standard replaces part of NZ IAS 39 Financial Instruments: Recognition and Measurement. The standard applies to financial assets, their classification and measurement. IFRS 9 requires two primary measurement categories for financial instruments, amortised cost and fair value. The determination is made at initial recognition. All equity investments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss.

c) NZ IFRS 13, 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2013)
The standard replaces the fair value measurement guidance contained in individual NZ IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurement.

d) NZ IFRS 10, 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2013)
The standard replaces all of the guidance on control and consolidation in NZ IAS 27. The standard introduces a single definition of control that applies to all entities.

e) NZ IFRS 12, 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2013)
NZ IFRS 12 sets out the disclosure requirements for entities reporting under the two new standards, NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in NZ IAS 28.

4) Critical Accounting Estimates and Judgements

The preparation of these financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosures of contingent assets and liabilities as at the date of the financial statements, and the profit and loss amounts during the year. The actual results could differ from these estimates.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Going Concern

The company has prepared these audited financial statements using the “going concern assumption” which the directors believe to be appropriate. The factors impacting the Company’s ability to continue as a going concern and the material uncertainties associated with these are detailed in note 27.

Impairment of Intangibles

The Directors have assessed the impairment of intangible assets and have determined that the value of the iRIS platform software is not impaired based on the selling price of the subsidiary company, Retail Information Systems Pty Limited. Refer note 12.

Investment in Subsidiary

The Directors have considered the carrying value of the investment by the company in Retail Information Systems Pty Limited. They have determined that no further impairment is required based on the selling price of Retail Information Systems Pty Limited and that part of the prior year impairment can be reversed. Refer note 10.

Investment in Associate

The investment in associate is fully impaired. Refer note 11.

Recognition of Deferred Taxation Assets

The benefit of deferred tax arising from tax losses and temporary differences have not been recognised as disclosed in note 16.

1 Segment Information

The Group operates in one operating segment, being retail scan data and EFTPOS terminal software development, marketing and licensing.

Revenue is allocated based on the country where the sale is generated. New Zealand includes holding company costs and head office charges.

Approximately 70% of revenue is received from the Group's major customer GM Cab.

Total assets and liabilities are allocated based on where those assets and liabilities are located.

	Year ended 30 June 2012			Year ended 30 June 2011 (restated)		
	Australia	**Holding Company New Zealand**	**Total**	Australia	Holding Company New Zealand	Total
	AUD$'000	**AUD$'000**	**AUD$'000**	AUD$'000	AUD$'000	AUD$'000
Total external sales revenue	**514**	**-**	**514**	1,201	-	1,201
Total EBITDA	**(387)**	**(175)**	**(562)**	360	(240)	120
Depreciation	**(50)**	**-**	**(50)**	(67)	-	(67)
Amortisation of intangibles	**(335)**	**-**	**(335)**	(431)	-	(431)
Impairment of intangibles	**-**	**-**	**-**	(3,418)	-	(3,418)
Share based payments	**(207)**	**-**	**(207)**	-	(30)	(30)
Finance income	**1**	**1**	**2**	4	4	8
Finance expense	**(82)**	**(1)**	**(83)**	(131)	-	(131)
Impairment of amounts due from associate	**-**	**-**	**-**	(9)	-	(9)
Income tax benefit / (expense)	**438**	**(10)**	**428**	568	-	568
Net loss for the year	**(622)**	**(185)**	**(807)**	(3,124)	(266)	(3,390)
Total allocated assets	**1,484**	**28**	**1,512**	1,619	69	1,688
Total allocated liabilities	**1,415**	**81**	**1,496**	1,110	82	1,192

2 Revenue and Other Income

	Group		**Parent**	
	30.6.2012 12 months AUD$'000	30.6.2011 12 months AUD$'000	**30.6.2012 12 months AUD$'000**	30.6.2011 12 months AU$'000
Revenue:				
Software development and licensing fees	**514**	451	**-**	-
Sale of software rights to GM Cabs	**-**	750	**-**	-
Other revenue:				
Research & development export grant	**2**	27	**-**	-
Discounts received	**-**	13	**-**	-
Management fee	**-**	-	**72**	41
Total operating revenue and other income	**516**	1,241	**72**	41

3 Expenses

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	12 months	12 months	**12 months**	12 months
	AUD$'000	AUD$'000	**AUD$'000**	AUD$'000
		(restated)		(restated)
Operating expenses include:				
Directors' fees (refer note 22)	**12**	66	**12**	66
Rental and operating lease expense	**36**	33	**-**	-
Foreign exchange currency losses / (gains)	**50**	(118)	**2**	3
Share based payments (refer note 6)	**207**	30	**-**	30
Impairment of amount due from subsidiary	**-**	-	**-**	1,091
(Release) / impairment of investment in subsidiary	**-**	-	**(183)**	2,153
Impairment of intangibles assets	**-**	3,418	**-**	-
Legal fees – disposal of subsidiary	**2**	-	**3**	-
Depreciation				
- Computer hardware & software	**26**	39	**-**	-
- Plant & equipment	**24**	28	**-**	-
Total depreciation	**50**	67	**-**	-
Amortisation of intangible assets				
- Patents & trademarks	**13**	13	**-**	-
- Software development	**36**	-	**-**	-
- Software	**286**	418	**-**	-
Total amortisation	**335**	431	**-**	-
Auditors' fees				
Audit fees paid to parent company auditors				
- Audit fees paid to parent company auditors	**14**	15	**14**	15
Total Auditors' fees paid to parent company auditors	**14**	15	**14**	15
Audit fees paid to other auditors				
- Audit fees paid to other company auditors	**15**	11	**-**	-
Fees paid for other services by auditors				
- Other assurance services	**3**	21	**-**	-
Total fees paid to other auditors	**18**	32	**-**	-

4 Employee Benefits

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	12 months	12 months	**12 months**	12 months
	AUD$'000	AUD$'000	**AUD$'000**	AUD$'000
Wages and salaries	**135**	95	**-**	-
Staff superannuation	**12**	42	**-**	-
	147	137	**-**	-

The Group is required, under Australian employment laws, to pay a prescribed portion of each employee's salary into a superannuation scheme.

5 Income Tax Expense

	Group		Parent	
	30.6.2012 12 months AUD$'000	30.6.2011 12 months AUD$'000 (restated)	**30.6.2012 12 months AUD$'000**	30.6.2011 12 months AUD$'000 (restated)
Net (loss) / profit for the year before taxation	**(1,235)**	(3,958)	**85**	(3,510)
Tax at the New Zealand rate of 28% (2011: 30%)	**(346)**	(1,187)	**24**	(1,053)
Expenses not deductible for tax	**29**	1,154	**(22)**	922
Tax losses converted to R&D tax concession	**(438)**	(568)	**-**	-
Temporary differences not recognised	**-**	7	**-**	-
Losses not recognised	**317**	94	**2**	70
Impairment of taxation receivable	**10**	-	**10**	-
Prior year losses recouped	**-**	(68)	**-**	-
Total income tax (credit) / expense	**(428)**	(568)	**10**	-
Comprising:				
Current income tax (credit) / expense	**(428)**	(568)	**10**	-
Total income tax (credit) / expense	**(428)**	(568)	**10**	-

The standard income tax rate in New Zealand reduced from 30% to 28% in the current year.

6 Share Based Payments

	No. of shares issued	**Deferred Facility Fee AUD$'000**	**Share Based Payment expense AUD$'000**	**Total AUD$'000**
Shares issued in settlement of employment dispute	**1,500,000**	**-**	**12**	**12**
Shares issued to GM Cabs Pty Limited	**20,000,000**	**79**	**78**	**157**
Shares issued to employees	**15,000,000**	**-**	**117**	**117**
	36,500,000	**79**	**207**	**286**
	(note 7)	(note 15)	(note 3)	(note 7)

In December 2011, an employment dispute was settled with the former General Manager of Retail Information Systems Pty Limited Mr Neil McLaren. As part of the settlement agreement it was agreed to issue Mr McLaren 1,500,000 fully paid ordinary shares in RIS Group Limited at no cost. These shares were issued on 3 February 2012. The issue of shares has been recorded at NZD 1.0 cents per share being the quoted market price of the shares at the time of issue which is also equivalent to AUD $12,000.

In order for the Loan Agreement between GM Cabs Pty Limited and Retail Information Systems Pty Limited to be extended and to remedy defaults in payment obligations the Company was obligated to issue the lender 20,000,000 fully paid ordinary shares in RIS Group Limited at no cost. These shares were issued on 28 June 2012. The share based payment was for a number of services, principally a loan extension facility fee. Given the unique nature of the arrangement it was considered to be more reliable to value the shares issued rather than the service provided. The issue of shares has been recorded at NZD 1.0 cents per share. The facility fee has been amortised over the period of the loan on a straight line basis. As at 30 June 2012, AUD $79,000 has been included within Trade and Other Receivables to be amortised over the remaining period of the loan facility.

On 28 June 2012, RIS Group also issued 15,000,000 fully paid ordinary shares to three employees of Retail Information Systems Pty Limited at no cost. The shares were issued to retain the services of those employees. The issue of these shares has been recorded at NZD 1.0 cents per share being the quoted market price of the shares at the time of issue which is also equivalent to AUD $117,000.

7 Share Capital

Group	30.6.2012 Number of Shares	30.6.2011 Number of Shares	30.6.2012 AUD$'000	30.6.2011 AUD$'000
Ordinary shares				
Balance at beginning of year	**708,625,328**	557,934,826	**8,760**	7,640
Shares issued	**36,500,000**	150,690,502	**286**	1,150
Share issue costs	**-**	-	**-**	(30)
Balance at end of year	**745,125,328**	708,625,328	**9,046**	8,760

Parent	30.6.2012 Number of Shares	30.6.2011 Number of Shares	30.6.2012 AUD$'000	30.6.2011 AUD$'000
Ordinary shares				
Balance at beginning of year	**708,625,328**	557,934,826	**26,351**	25,231
Shares issued	**36,500,000**	150,690,502	**286**	1,150
Share issue costs	**-**	-	**-**	(30)
Balance at end of year	**745,125,328**	708,625,328	**26,637**	26,351

Parent share issue details and rights
Ordinary shares
As at 30 June 2012 there were 745,125,328 shares issued. All ordinary shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each share.

Parent shares issued
36,500,000 shares were issued during the year ended 30 June 2012 (2011: 150,690,502). 36,500,000 shares were issued at NZD 1.0 cent per share (AUD$286,000). All shares issued during the year ended 30 June 2012 were issued as a result of share based payments. Refer to note 6.

Share Options
Consideration options
On settlement of the reverse-listing on 3 September 2009, the Company granted 50,000,000 Consideration Options.
These options have the following terms:

- One Consideration Option entitles the holder to purchase one fully paid ordinary share.
- The exercise price to acquire one ordinary share is NZD 10.0 cents (subject to adjustment under the NZAX Listing Rules).
- Consideration Options can only be exercised within an exercise period commencing on 3 September 2009 and ending on 3 September 2012 ("exercise period").
- The Consideration Options will lapse if they are not exercised by the end of the exercise period.
- Shares issued upon exercise of a Consideration Option are credited as fully paid and rank equally in all respects with shares on issue at the relevant exercise date (except for any dividend or other entitlement where the entitlement date occurs prior to the exercise date).
- The Consideration Options are freely transferable.
- The holder of the Consideration Options will be entitled to attend all meetings of shareholders of the Company and to receive and will be sent all notices of meetings, reports and financial statements required to be sent to the shareholders of the Company. However the holder of the Consideration Options will not have the right to vote at such meetings, except where required by law or any applicable stock exchange listing rules.
- The holder of the Consideration Options is entitled to participate in a rights issue undertaken by the Company on the basis that each Consideration Option shall carry the same entitlement to subscribe for new shares as each ordinary share in the Company.
- If prior to the end of the Exercise Period, the Company undertakes a bonus issue to the shareholders of the Company, the number of shares over which the Consideration Option is exercisable will be increased (or, at the election of the holder, additional shares may be reserved for issue on the exercise of the Consideration Options) by the number of shares which the holder would have received if the Consideration Options had been exercised before the record date for the bonus issue. The total purchase price for the new shares to be issued upon exercise of the Consideration Options shall however remain unchanged.
- If there is a consolidation or subdivision or similar proportionate reconstruction of the shares in the Company, the number of shares over which the Consideration Options is exercisable will be consolidated or subdivided in the same ratio. The total purchase price for the new shares to be issued upon exercise of the Consideration Options shall however remain unchanged.

7 Share Capital *(continued)*

USG share options

On 1 October 2010, the Company granted 50,000,000 options to acquire shares in the Company to USG ("USG Options").
USG agreed to set up a software development centre in India, to facilitate and fast track the software customisation required to enable a global roll out of the RIS software solutions. USG agreed to provide the partial underwriting of the Rights Issue.
These options have the following terms:

- The exercise price is NZD 6.0 cents.
- Options can only be exercised within an exercise period commencing from the date of issue on1 October 2010 and ending on 1 October 2014 ("exercise period").

Gamaj options

On 1 October 2010, in consideration for Gamaj providing the underwriting services in respect of the Rights Issue, and providing a loan facility of up to AUD$300,000 to the Company, the Company agreed to issue 20,000,000 options to acquire shares in the Company to Gamaj ("Gamaj Options").
These options have the following terms:

- The exercise price is NZD 6.0 cents.
- Options can only be exercised within an exercise period commencing from the date of issue on1 October 2010 and ending on 1 October 2014 ("exercise period").

Share option movements

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Year ended 30 June 2012		Year ended 30 June 2011	
	Average exercise price NZD$ per share	**Options 000**	Average exercise price NZD$ per share	Options 000
Balance at beginning of year	**0.16**	**120,000**	0.10	50,000
Issued	**-**	**-**	0.06	70,000
Balance at end of year	**0.16**	**120,000**	0.16	120,000

Share options outstanding at the end of the year have the following exercise dates and exercise prices:

	Exercise Price NZD$	**30 June 2012 000**	30 June 2011 000
3 September 2012	**0.10**	**50,000**	50,000
1 October 2014	**0.06**	**70,000**	70,000
Total share options outstanding		**120,000**	120,000

No shares of the Company were reserved for issuance under the above share options.

The 50,000,000 consideration options were not exercised on or before 3 September 2012 and have therefore subsequently lapsed.

8 Reserves

	Group		Parent	
	30.6.2012 AUD$'000	30.6.2011 AUD$'000 (restated)	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000 (restated)
Reserves				
Accumulated losses	**(8,981)**	(8,174)	**(25,810)**	(25,885)
Share based payment reserve[1]	**30**	30	**30**	30
Foreign currency translation reserve	**(79)**	(120)	**35**	-
Total reserves	**(9,030)**	(8,264)	**(25,745)**	(25,855)
Accumulated losses				
Balance at beginning of year	**(8,174)**	(4,784)	**(25,885)**	(22,375)
Loss after taxation for the year	**(807)**	(3,390)	**75**	(3,510)
Balance at end of year	**(8,981)**	(8,174)	**(25,810)**	(25,885)
Share based payment reserve[1]				
Balance at beginning of year	**30**	-	**30**	-
Share based payments	**-**	30	**-**	30
Balance at end of year	**30**	30	**30**	30
Foreign currency translation reserve				
Balance at beginning of year	**(120)**	-	**-**	-
Foreign currency translation	**41**	(120)	**35**	-
Balance at end of year	**(79)**	(120)	**35**	-

1. This reserve relates to share option issued to USG for underwrite services, see note 7. The share based payment was valued at 2.5% of the capital raised.

9 Earnings per Share

Basic earnings per share is calculated by dividing the profit / (loss) by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share is calculated by dividing the profit / (loss) by the weighted average number of ordinary shares on issue during the year adjusted to assume conversion of dilutive potential ordinary shares as a result of the issue of share options. Options being potential shares are usually considered to be dilutive but due to a loss being made are not considered dilutive and have not been used to calculate diluted loss per share, as they have an anti-dilutive effect and not adjusted for.

	Group	
	30.6.2012 12 months 000	30.6.2011 12 months 000 (restated)
Basic loss per share		
Net loss attributable to shareholders	**(766)**	(3,510)
Number of ordinary shares on issue (thousands)	**745,125**	708,625
Weighted average number of ordinary shares on issue (thousands)	**709,530**	669,030
Basic loss per share attributable to shareholders (cents)	**(0.11)**	(0.52)
Diluted loss per share		
Weighted average number of ordinary shares on issue (thousands)	**709,530**	669,030
Adjustment for dilutive share options	**-**	-
Weighted average number of diluted shares on issue (thousands)	**709,530**	669,030
Diluted loss per share attributable to shareholders (cents)	**(0.11)**	(0.52)

10 Investment in Subsidiaries

Name of entity	Country of incorporation	Principal activities	Interest held by Parent	
			30.6.2012	30.6.2011
Subsidiaries				
Retail Information Systems Pty Limited	Australia	Retail scan data & Eftpos terminal software development	**100.0%**	100.0%

All subsidiary entities have a balance date of 30 June.

	Parent	
Investment in Subsidiaries	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000 (restated)
Shares in subsidiaries	**21,932**	21,932
Impairment of investment in subsidiary	**(21,240)**	(21,423)
Total investments	**692**	509

The Parent's investment in subsidiaries comprises shares at cost less impairment write-down. The cost price represents the fair value assigned to the issue of the RIS Group Limited shares by Campbell MacPherson Limited in their independent advisers report issued on 2 August 2009 in accordance with the Takeovers Code requirements. This valuation was based on a projected 2010 EBITDA for Retail Information Systems Pty Limited of AUD$2.34 million and using an earnings multiple of 9.5 times. As the actual results were considerably less than that forecast the Directors have impaired the carrying value to the net assets of the subsidiary as at 30 June 2010. Further writedowns in the year ended 30 June 2011 were made to reflect losses incurred by the subsidiary.

The carrying value of the investment has been considered for impairment as at 30 June 2012. Notwithstanding the losses incurred by Retail Information Systems Pty Limited during the year the investment is not considered to be further impaired as its carrying value and the subsequent capitalised trading account balance are expected to be fully recovered from the subsequent sale of the investment. Previous impairments have been reversed by $183,000, being the extent that the expected sale proceeds exceed the carrying value of the investment and the trade receivable from Retail Information Systems Pty Limited. See notes below for details of these transactions.

Additional shares issued by Retail Information Systems Limited
On 12 September 2012, Retail Information Systems Pty Limited issued 110,829,412 fully paid ordinary shares to RIS Group Limited at an issue price of AUD $0.03402 per share. Refer to note 28, Events Subsequent to Balance Date. This transaction transfers some of the net impaired trading account balance to an investment in subsidiary. The combined net asset is expected to be recovered from the sale detailed below.

Sale of investment in Retail Information Systems Pty Limited
In May 2012, the Board announced that it had received a conditional offer from USG Tech Solutions Limited ("USG") to purchase 100% of the shares held by RIS Group Limited in Retail Information Systems Pty Limited. A special resolution was approved by shareholders of RIS Group Limited at the Annual General Meeting held on 12 September 2012. The conditional sale proceeds are a maximum of USD $1,000,000 which will be satisfied by the payment of USD $150,000 in cash and the allotment of USD $850,000 in equity shares in USG. Refer to note 28, Events Subsequent to Balance Date for details of the current status of the sale which has yet to complete at the date of issue of these financial statements.

11 Investment in Associates

	Group	
	30.6.2012	30.6.2011
	AUD$'000	AUD$'000
Investment at beginning of year	**-**	-
Funds advanced to associate	**-**	9
Impairment of advance to associate	**-**	(9)
Investment at end of year	**-**	-

	30.6.2012
Summarised financial information of associate	**AUD$'000**
Assets	5
Liabilities	(787)
Revenue	6
Loss before taxation	19

Retail Information Systems Pty Limited has a 50% interest in UCB Technology Pty Limited. UCB Technology Pty Limited is an unlisted Australian proprietary company. The reporting date of UCB Technology Pty Limited is 30 June.
The summarised financial information above has been extracted from unaudited financial statements of UCB Technology Pty Limited for the year ended 30 June 2012. As the company is in the process of being liquidated (no recoveries are expected) and the company has not guaranteed any of the liabilities of UCB Technology Limited, the directors have written off advances to date and have not accounted for the Group's share of any further losses.

12 Intangible Assets

Group	Patents & Trademarks AUD$'000	Software AUD$'000	Software Development AUD$'000	Total AUD$'000
Cost				
Balance as at 1 July 2010	**154**	**4,180**	**206**	**4,540**
Additions	1	-	1,247	1,248
Balance as at 30 June 2011	**155**	**4,180**	**1,453**	**5,788**
Additions	-	-	201	201
Balance as at 30 June 2012	**155**	**4,180**	**1,654**	**5,989**
Amortisation and impairment losses				
Balance as at 1 July 2010	**63**	**458**	**-**	**521**
Current year amortisation	13	418	-	431
Current year impairment	-	3,018	400	3,418
Balance as at 30 June 2011	**76**	**3,894**	**400**	**4,370**
Current year amortisation	13	286	36	335
Current year impairment	-	-	-	-
Balance as at 30 June 2012	**89**	**4,180**	**436**	**4,705**
Carrying amounts				
At 1 July 2010	91	3,722	206	4,019
At 30 June 2011	79	286	1,053	1,418
At 30 June 2012	**66**	**-**	**1,218**	**1,284**

The Parent has no intangible assets (30 June 2011: nil).

The 2011 capitalised Software Development costs relate to the iRIS platform. It is expected that the costs will be covered by future periods. The 2010 capitalised Software Development costs relate to the India and Medicare projects.

12 Intangible Assets *(continued)*

The directors have assessed the carrying values of the Company's and Group's tangible and intangible assets, as required by and in accordance with NZ IFRS 36, "Impairment of Assets". The recoverable amount of the intangible assets have been assessed as their fair value less costs to sell. The Directors believe that the intangible assets fair value is supported by the conditional offer from USG Tech Solutions Limited to purchase 100% of the shares in Retail Information Systems Pty Limited which places a value on the net assets and liabilities of Retail Information Systems Pty Limited, which owns the Group's intangible assets, of a maximum of USD $1m (approximately A$946,000 net of disposal costs). The purchase price covers liabilities assumed of A$1.4m which leaves A$2.3m to support that company's assets (including the intangible assets above) which have a carrying value of A$1.4m. Refer to note 28, Events Subsequent to Balance Date.

13 Property, Plant and Equipment

	Office furniture & equipment	Computer Equipment	Total
Group	**AUD$'000**	**AUD$'000**	**AUD$'000**
Cost			
Balance as at 1 July 2010	**370**	**114**	**484**
Additions	1	17	18
Balance as at 30 June 2011	**371**	**131**	**502**
Additions	-	-	-
Balance as at 30 June 2012	**371**	**131**	**502**
Accumulated depreciation			
Balance as at 1 July 2010	**286**	**44**	**330**
Depreciation charge for the year	28	39	67
Balance as at 30 June 2011	**314**	**83**	**397**
Depreciation charge for the year	24	26	50
Balance as at 30 June 2012	**338**	**109**	**447**
Carrying amounts			
At 1 July 2010	84	70	154
At 30 June 2011	57	48	105
At 30 June 2012	**33**	**22**	**55**

The Parent has no property, plant and equipment (30 June 2011: nil).

14 Cash and Cash Equivalents

	Group		**Parent**	
	30.6.2012 AUD$'000	30.6.2011 AUD$'000	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000
The carrying amount of the Group's and Parent's cash and cash equivalents are denominated in the following currencies:				
Australian dollars	**5**	8	**-**	-
New Zealand dollars (AUD equivalent)	**14**	24	**14**	24
Total cash and cash equivalents	**19**	32	**14**	24

The carrying amount for cash and cash equivalents equals the fair value.

The parent company bankers, ASB Bank Limited, have granted a guarantee to the New Zealand Stock Exchange to the value of NZD$15,000 (AUD$12,000) on behalf of the parent company. As a condition of the guarantee, the parent is required to maintain a level of cash in an interest bearing account at ASB Bank Limited equivalent to the value of the guarantee at all times.

15 Trade and Other Receivables

	Group		Parent	
	30.6.2012 AUD$'000	30.6.2011 AUD$'000	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000
Current				
Trade receivables	**5**	10	**-**	-
Allowance for impairment	**-**	-	**-**	-
Net trade receivables	**5**	10	**-**	-
Other receivables	**39**	82	**6**	27
Deferred facility fee	**79**	-	**-**	-
Due from subsidiaries	**-**	-	**3,912**	3,659
Provision for impairment of intercompany receivable	**-**	-	**(3,659)**	(3,659)
Total current trade and other receivables	**123**	92	**259**	27
Non current				
Other receivables	**23**	23	**-**	-
Total non current trade and other receivables	**23**	23	**-**	-
Total trade and other receivables	**146**	115	**259**	27
Foreign currency risk				
The carrying amounts of the Group's and Parents' trade and other receivables are denominated in the following currencies:				
Australian dollars	**140**	88	**-**	-
New Zealand dollars (AUD equivalent)	**6**	27	**259**	27
Total trade and other receivables	**146**	115	**259**	27

The fair value of trade and other receivables approximates in all material respects their carrying value, less impairment losses. No interest is charged on the current trade and other receivables except as mentioned below. No trade receivable amounts are past due or impaired as at 30 June 2012 (30 June 2011: nil).

Included in current and non current other receivables are the following security deposits:

Westpac Security Deposit (Lease of premises) AUD $23,000

- Interest rate 6.10% per annum
- Date of maturity: 14 April 2014

In 2011 other current receivables included Westpac Security Deposit (Direct Debit Facility) AUD $20,000

- Interest rate 5.85% per annum
- Date of maturity: 11 October 2011

Amount due from Subsidiary

On 12 September 2012, Retail Information Systems Pty Limited issued 110,829,412 fully paid ordinary shares at AUD $0.03402 cents per share to RIS Group Limited. The issue of shares transfers the asset from an amount owing by Retail Information Systems Pty Limited to RIS Group Limited that was substantially impaired to an investment in subsidiary which is also impaired. After year end the Company received a conditional offer to purchase 100% of its investment in this company. The offer price supports the carrying value of the investment and the loan as reported as at 30 June 2012. . Refer to note 28, Events Subsequent to Balance Date for details of the conditional offer.

16 Taxation

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	AUD$'000	AUD$'000	**AUD$'000**	AUD$'000
Taxation receivable				
Balance at beginning of year	**18**	(5)	**18**	18
Current taxation	**(10)**	-	**(10)**	-
Tax paid	**-**	25	**-**	-
Total taxation receivable	**8**	18	**8**	18

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The directors do not believe it is probable these will be realised. Tax losses and temporary differences relating to the Group's subsidiary will not be available to shareholders of the Parent following the sales of the subsidiary, see note 28. Tax losses of the parent can be carried forward against future taxable income totalled AUD $327,000 (2011: AUD $329,000), subject to meeting the requirements of Income Tax Legislation, including those relating to shareholder continuity.

17 Imputation credits

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	AUD$'000	AUD$'000	**AUD$'000**	AUD$'000
Imputation credits available for use in subsequent periods	**8**	8	**8**	8

18 Trade and Other Payables - current

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	AUD$'000	AUD$'000 (restated)	**AUD$'000**	AUD$'000
Trade payables	**187**	225	**52**	30
Trade payables to related parties (refer to note 22)	**140**	98	**5**	2
Other payables	**357**	127	**-**	-
Other payables to related parties (refer to note 22)	**127**	127	**-**	-
Accrued expenses	**48**	129	**24**	50
Accrued expenses to related parties (refer to note 22)	**309**	202	**-**	-
Employee entitlements	**28**	14	**-**	-
Total current trade and other payables	**1,196**	922	**81**	82
Foreign currency risk				
The carrying amounts of the Group's and Parent's trade and other payables are denominated in the following currencies:				
Australian dollars	**1,121**	841	**6**	2
New Zealand dollars (AUD equivalent)	**75**	81	**75**	80
Total current trade and other payables	**1,196**	922	**81**	82

Other payables includes AUD $285,000 representing the Westpac Banking Corporation settlement. A Deed of Settlement has been entered into between Retail Information Systems Pty Limited, USG Tech Solutions Limited and Westpac Banking Corporation Limited whereby it has been agreed that USG Tech Solutions Limited will, subject to USG Tech Solutions Limited acquiring Retail Information Systems Pty Limited, pay a lesser amount in full and final settlement of the debt. Refer to note 28, Events Subsequent to Reporting Date.

19 Trade and Other Payables – non current

	Group		Parent	
	30.6.2012 AUD$'000	30.6.2011 AUD$'000	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000
Other payables	**-**	270	**-**	-
Total non current trade and other payables	**-**	270	**-**	-
Foreign currency risk				
The carrying amounts of the Group's and Parent's non-current other payables are denominated in the following currencies:				
Australian dollars	**-**	270	**-**	-
Total non current trade and other payables	**-**	270	**-**	-

This represents the Westpac Banking Corporation settlement and is repayable over 39 months.

20 Borrowings

	Group	
	30.6.2012 AUD$'000	30.6.2011 AUD$'000
Loan	**300**	-
Total borrowings	**300**	-
Borrowings due for repayment:		
Current	**150**	-
One to two years	**150**	-
Total borrowings	**300**	-

The Parent has no borrowings (30 June 2011: nil).

The table above reflects the contractual maturity and cash flows of borrowings.

The loan as at 30 June 2012 relates to a loan facility provided by GM Cabs Pty Limited to Retail Information Systems Pty Limited. The loan is secured by way of a fixed and floating charge on the company. The loan is interest free, however during the term of the facility the lender is not obliged to pay a monthly service fee required under a Service Level Agreement between the parties to the extent to which the loan is outstanding. The fair value of the service fee forgone of $60,000 has been recognised as imputed income and an interest expense of the same value. The deferred facility fees associated with this facility are recorded as a sundry debtor in note 15.

21 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out centrally by the head office under policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments.

The Group has entered into a number of non-derivative financial instruments all of which are classified as either loans and receivables or financial liabilities at amortised cost. The carrying values of these items approximate their fair value and represent the maximum exposures for each type of financial instrument. They are listed as follows:

Loans and receivables and financial liabilities at amortised cost		**Group**		**Parent**	
	Note	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000
Cash and cash equivalents		**19**	32	**14**	24
Trade and other receivables		**67**	115	**6**	27
Trade creditors and other payables		**(839)**	(861)	**(57)**	(32)
Borrowings		**(300)**	-	**-**	-
Total		**(1,053)**	(714)	**(37)**	(19)

The Group does not have any derivative financial instruments (2011: nil).

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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return on risk. The only market risk the Group is exposed to is interest rate and foreign currency risk.

Foreign currency risk
The Group's functional currency is the Australian dollar.

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Foreign exchange transactions are settled at the prevailing exchange rate available on the date (spot rate) available from the Group's bankers.

The following table shows the sensitivity of the Group and the Company's after tax profit and equity to a movement in the exchange rate of +/-10%. The table assumes a tax rate of 28% (30 June 2011: 30%).

	Group		**Parent**	
	30.6.2012 AUD$'000	30.6.2011 AUD$'000	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000
Currency amount	**(47)**	(30)	**3,865**	3,630
+10% movement				
pre tax profit	**5**	2	**(387)**	(254)
equity	**5**	2	**(387)**	(254)
-10% movement				
pre tax profit	**(5)**	(2)	**387**	254
Equity	**(5)**	(2)	**387**	254

The above table has not been tax effected due to tax losses available to the Group.

Refer to note 15, 18 and 19 for receivables and payables denominated in foreign currencies.

Cash flow and fair value interest rate risk
The Group's interest rate risk arises from borrowings. Borrowings entered into at variable rates expose the Group to cash flow and interest rate risk. Borrowings entered into at fixed rates exposes the Group to fair value interest rate risk.

The Group has no borrowings entered into that are at variable rates. Refer note 20, Borrowings.

Trade and Other Payables includes an accrual to related parties of AUD $309,000. This payable is subject to a variable rate of RBA Rate plus 2%.

21 Financial Instruments *(continued)*

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from trade debtors and transactions with customers in the industry. The Group has a credit policy that is used to manage this exposure to credit risk. As part of this policy, limits on exposure with counterparties have been set and are monitored on a regular basis.

No credit limits were exceeded during the period and management does not expect any losses from non-performance by these counterparties.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities by delivering cash or another financial asset. As detailed in note 27 the Group has a conditional sale of its subsidiary, This is required to settle to remove the obligation of the subsidiary's outstanding liabilities all of which are repayable on demand with the exception of the borrowings disclosed in note 20 from the group. The sales will also provide fund for the parent company to settle its current and future liabilities. Refer to note 27 for discussion on working capital management and going concern.

Fair value
The fair value of trade receivables, trade payables and cash and cash equivalents are determined to be equivalent to their carrying value due to the short term nature of these balances.

Capital risk management
The Group and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is calculated as "equity" as shown in the consolidated statements of financial position. There are no external capital requirements.

There were no changes to the Group's approach to capital management during the period.

22 Related Party Information

Parent Entity
The ultimate parent entity within the Group is RIS Group Limited.

Subsidiaries
The following subsidiaries are 100% owned:

- Retail Information Systems Pty Limited

Transactions with Subsidiaries
Management fees of AUD $72,000 were charged by the parent to Retail Information Systems Pty Limited (2011: AUD $42,000).

Share based payment or dividend in note 6 were made on behalf of the subsidiary

Associates
The following associates are 50% owned:

- UCB Technology Pty Limited

Directors
The names of persons who were directors of the Company at any time during the current and previous financial periods are as follows: Robert Best, Sachin Jain (appointed 17 November 2010), Adam Lindsay (appointed 25 July 2011), Mark Nagy (resigned 2 June 2011), Roger Gower (resigned 20 April 2011), Sean Joyce (resigned 20 April 2011), Keith Hudson (appointed 26 May 2010; resigned 30 September 2011), Stephen Cornford (appointed 6 April 2011; resigned 25 July 2011), Benjamin Kepes (appointed 28 January 2012) and Craige Mayo (appointed 28 January 2012).

22 Related Party Information *(continued)*

Key Management and Personnel Compensation
Key management personnel compensation is set out below. The Group only employs two staff members and key management input is provided by the directors.

	Group		Parent	
Payments made to directors or entities related to them are as follows and include:	**30.6.2012 12 months AUD$'000**	30.6.2011 12 months AUD$'000 (restated)	**30.6.2012 12 months AUD$'000**	30.6.2011 12 months AUD$'000
Directors' remuneration				
Roger Gower & Associates (resigned 20 April 2011)	**-**	28	**-**	28
Sean Joyce (resigned 20 April 2011)	**-**	31	**-**	31
Phil Hudson	**-**	10	**-**	7
Benjamin Kepes	**6**	-	**6**	-
Craige Mayo	**6**	-	**6**	-
Total directors' remuneration (including fees)	**12**	69	**12**	66
Other services				
Legal fees paid to company related to former Director (Sean Joyce)				
Jones Young – legal fees	**-**	14	**-**	14
Jones Young – capital raising expenses	**-**	3	**-**	3
Corporate Counsel – legal fees	**2**	4	**2**	4
Fees paid to members of management / Directors for contractor services and consulting fees:				
Robert Best – BF Investments Pty Limited – management fees	**60**	79	**-**	-
Mark Nagy – Lap 2 Holdings Pty Limited – management fees	**-**	88	**-**	-
K Hudson – Catalyst KP Pty Limited – system development and technical services	**-**	26	**-**	26
P Hudson – Catalyst KP Pty Limited – consulting fees	**-**	55	**-**	-
Roger Gower & Associates – consulting fees	**-**	15	**-**	15
Sachin Jain – Servtech Pty Limited – consulting fees	**60**	15	**-**	-
Sachin Jain – I-Venture Group – consulting fees	**-**	120	**-**	-
Sachin Jain & Adam Lindsay – I-Venture Group – grant success fees	**88**	194	**-**	-
Sachin Jain & Adam Lindsay – I-Venture Group – interest payable	**19**	8	**-**	-
Adam Lindsay – A L & Co. Pty Ltd – consulting fees	**144**	-	**-**	-
Christian Marth – The Cloud Group Ltd – consulting fees	**17**	-	**-**	-
Fees paid to company related to Director for premises rental and expenses related to premises rental:				
Dr J Best, Mrs S Best & Best Family Trust	**1**	63	**-**	-
Fees paid to company owned by the Director for repairs & maintenance:				
RIS Security & Electrical Systems Pty Ltd (Robert Best is a shareholder)	**-**	4	**-**	-

22 Related Party Information *(continued)*

	Group		Parent	
	30.6.2012 AUD$'000	30.6.2011 AUD$'000 (restated)	**30.6.2012 AUD$'000**	30.6.2011 AUD$'000
Balances outstanding:				
Trade payables with directors and associated entities (unsecured):				
A L & Co Pty Ltd – Adam Lindsay	**26**	-	**-**	-
BF Investments Pty Ltd – Robert Best	**51**	30	**-**	-
Dr J Best, Mrs S Best & Best Family Trust – trade payable	**-**	15	**-**	-
Diversity Limited – Benjamin Kepes	**1**	-	**1**	-
Global Outlook Limited – Craige Mayo	**2**	-	**2**	-
I-Venture Group - Sachin Jain & Adam Lindsay	**22**	33	**-**	-
Catalyst KP Pty Limited – trade payable	**2**	14	**2**	2
Servtech Pty Ltd - Sachin Jain	**34**	6	**-**	-
The Cloud Group Ltd – Christian Marth	**2**	-	**-**	-
Total related party trade payables	**140**	98	**5**	2
Other payables (unsecured):				
Robert Best	**127**	127	**-**	-
Accruals (unsecured):				
I-Venture Group – Sachin Jain & Adam Lindsay (success fees related to government grant funds received)	**309**	202	**-**	-

TRANSACTIONS BETWEEN GROUP COMPANIES	**Parent 30.06.12 AUD$'000**	Parent 30.06.11 AUD$'000
Owing to Parent Company		
Retail Information Systems Pty Limited	**3,912**	3,659
Impairment of amount due from subsidiary	**(3,659)**	(3,659)
	253	-

The loan from the parent company to the subsidiary was to fund working capital requirements of the subsidiary. The NZD denominated loan is interest free and for no fixed term and is repayable on demand.

23 Operating Lease Commitments

	Group	
	30.06.12 AUD$'000	30.06.11 AUD$'000
Less than one year	**16**	15
Between 1 and 5 years	**13**	29
Total operating lease commitments	**29**	44

The property lease is a non-cancellable lease for the office of Retail Information Systems Pty Limited with a term to 14 April 2013. Contingent rental provisions within the lease agreements require that the minimum lease payments shall be increased by 4%. No option exists to renew the lease at the end of the term.

24 Restatement Due to Prior Year Error

	Group		Parent	
	Trade & other payables	Net loss after tax attributable to shareholders	Investment in subsidiary	Net loss after tax attributable to shareholders
	AUD$'000	AUD$'000	AUD$'000	AUD$'000
Balance reported as at 30 June 2011	(720)	3,188	711	3,308
Other payable not accounted for as at 30 June 2011	(202)	202	-	-
Further impairment of investment in subsidiary	-	-	(202)	202
Restated as at 30 June 2011	(922)	3,390	509	3,510

The restatement was the result of a payable due by Retail Information Systems Pty Limited under an agreement which had been incorrectly interpreted. It has been made to ensure that the financial transaction is captured in the accounting period to which it relates.

The Parent's investment in subsidiary has been further impaired to reflect the reduced net assets of the subsidiary as at 30 June 2011. The restatement also increases accumulated losses of the Group and Parent by AUD$202,000 from that original reported.

As a result of the above adjustment, basic loss per share as at 30 June 2011 increased from 0.49 cents per share to 0.52 cents per share.

25 Contingent Liabilities

There are no contingent liabilities as at 30 June 2012 (30 June 2011: nil).

26 Capital Expenditure Commitments

There are no capital expenditure commitments as at 30 June 2012 (30 June 2011: nil).

27 Going Concern

The Company has prepared these audited financial statements using the "going concern assumption" which the directors believe to be appropriate based on the sale of Retail Information Systems Pty Limited (see Note 28). Were the sale not to complete the Company would need to consider putting its subsidiary into liquidation and raising other funds.. However, the Board of the company consider that the following matters should be identified and highlighted:

Cash flow
The directors have prepared forecast cash flows for 12 months from the date of approval of these financial statements. These are for the Company only and assumes the sale of Retail Information Systems Pty Limited (see note 28 below). Cash flows remain tight but indicate small positive cash position at the end of the period. The cash inflow to RIS Group Limited and subsequent forward looking cashflow and going concern are reliant on the settlement of the transaction with USG Tech Solutions Limited ("USG") relating to the sale of the subsidiary Retail Information Systems Pty Limited to USG.

Should the forecast on-going costs exceed the amounts currently forecast by the board the directors would look to the following options to manage liquidity and remain a going concern:

- Negotiate settlement amounts and repayment terms with creditors;
- Raise capital or complete a rights issue to existing shareholders
- Look to dispose of the shares expected to be acquired from USG see note 28 below, once the regulatory lockup period of 12 months has expired.

Tangible and Intangible Assets
In accounting terms, the major assets of the Company are its Subsidiary and associated intangible assets. Upon settlement of the completion of the USG Transaction, the remaining assets of RIS Group Limited will be the equity shares it owns within USG Tech Solutions Limited and the opportunity to utilise the Public Company structure to explore business opportunities.

27 Going Concern *(continued)*

Working Capital
Following the completion of the disposal of RIS Pty, the directors expect the Company would receive cash sale proceeds of approximately USD$112,500 (a deposit of US$37,500 having already received) of cash to meet its on-going cashflow requirements. The Board expects to plan the use of these funds as follows:

- Disposal cost of Retail Information Systems Pty Limited such as legal fees;
- Board fees. The Board will continue to compensate its two independent, New Zealand Non-Executive Directors at a below market rate. No other current Board Directors will receive Board Directors Fees to fulfil their duties;
- Current liabilities as reported within these financial statements. The Company will be making payments towards settling these liabilities throughout the year ahead.
- Compliance and listing fees. The Board will continue to follow all NZAX Compliance rules and provide audited financial statements and interim financial statements as required. Such costs that are likely to be expended are accounting fees, audit fees, share registry and listing compliance costs and associated legal fees.

Continued listing of RIS Group Limited
Given the transaction relating to the sale of Retail Information Systems Pty Limited is proceeding, the Board does not consider it either appropriate or necessary to de-list the Company from the NZAX market. Instead, the Board proposes to identify new business opportunities for acquisition by the Company that may ultimately be better suited to being listed on the NZAX.

28 Events Subsequent to Balance Date

Annual General Meeting
The Board prepared and held its AGM on 12 September 2012 where the following resolutions were all passed:

1. Re-election of Robert Best as Director
2. Election of Benjaimin Kepes as Director – Listing Rule 3.2.3
3. Election of Adam Lindsay as Director – Listing Rule 3.2.3
4. Election of Craige Mayo as Director – Listing Rule 3.2.3
5. Appointment and remuneration of BDO Auckland as auditors
6. Sales of 100% of the shares on issue in Retail Information System Pty Limited ("wholly owned subsidiary of RIS Group Limited) – special resolution – Listing Rule 9.1.1(a), 9.1.1(b) and 9.2.1, and section 129 of the Companies Act 1993

Sale of Retail Information Systems Pty Limited
At the Annual General Meeting held on 12 September 2012 a special resolution was passed authorising the sale of 100% of the shares held by RIS Group Limited in its wholly owned subsidiary, Retail Information Systems Pty Limited.

The Company had entered into a conditional Share Sale Deed ("Sale Deed") to sell 100% of the Company's wholly owned operating subsidiary company Retail Information Systems Pty Limited to USG Tech Solutions Limited ("USG") for a purchase price of a maximum of USD$1,000,000. The Purchase Price is to be satisfied by:

- The payment to the Company of USD $150,000 in cash (USD $37,500 on completion, USD $37,500 within 90 days of completion, USD $37,500 within 180 days of completion and USD $37,500 within 270 days of completion); and
- The allotment to the Company of USD $850,000 in equity shares in USG. USG is listed on the Bombay Stock Exchange (BSE Scrip Code: 532402). The issue price for the allotment of such equity shares will not be less than the minimum price as determined under Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations 2009, which is prescribed as higher of the weekly average market price for the (i) last 2 weeks, or (ii) last 26 weeks prior to the Relevant Date (Relevant Date means the date 30 days prior to the date of the Annual General Meeting of USG).

The equity shares to be issued to the Company will represent 9.24% of the total share capital of USG immediately following the completion of the allotment of those equity shares. The Company will not hold controlling interest in USG post the issue of the equity shares.

There are no other classes of securities on issue in USG aside from the equity shares.

Regulatory Lock-In Period for the USG Equity Shares Allotted
Following the allotment of equity shares in USG to the Company, those shares will be issued subject to a lock-in period of 12 months from the date of allotment, which restricts the Company from dealing in those shares.

This condition is a ruling of SEBI (Securities and Exchange Board of India) under the "Issue of Capital and Disclosure Requirements, Regulations, 2009", Chapter VII, Preferential Issue, Clause 78 (2), Lock-in of specified securities."

28 Events Subsequent to Balance Date *(continued)*

Settlement of Transaction
Settlement of the transaction was scheduled to take place within 90 business days of the date upon which the conditions in the Agreement are satisfied, or such other date as the parties may agree. The principal outstanding conditions under the Sale Deed as at the date of this report are:

- approval of the proposed allotment of shares to RIS Group by the BSE and supporting documentation,

The Company has provided further announcements regarding the settlement date as a target of 5 December 2012. The items remaining for the settlement to compelte by this target date are administration task associated with the bSE and the completion of final due diligence.

The sale and purchase agreement allows for the purchaser to request changes to the purchase price as a result of any matters disclosed in the completion accounts which are materially adverse to the valuation of Retail Information Systems Pty Limited originally undertaken by the purchaser or materially different from the accounts previously disclosed to the purchaser. If the parties are unable to agree any downward revision to the sale price, the buyer has the right to terminate the agreement.

To date the directors have received no indication from the purchaser that they will not settle the transaction at the revised target date at the maximum agreed price. The directors have approached the purchaser who as a listed company is not able to make any further comment on the matter at this time. Until such time as the transaction actually settles it is not possible to be certain on this matter.

Westpac Banking Corporation Settlement
In March 2011, Retail Information Systems Pty Limited entered into a Settlement Deed with Westpac Banking Corporation regarding settlement of an amount payable. As at 30 June 2012, the amount payable under this Settlement Deed amounts to AUD $285,000. This amount is included within the current portion of Other Payables in the consolidated statement of financial position.

Subsequent to 30 June 2012, a further Settlement Deed has been entered into between Westpac Banking Corporation, USG Tech Solutions Limited ("USG") and Retail Information Systems Pty Limited ("RIS"). The terms of this Settlement Deed state:

- a Revised Amount is now due and payable in accordance with the terms of the deed;
- On or by the Payment Date, USG must pay to Westpac the Revised Amount in full in one payment;
- The Payment Date is defined as being 90 calendar days after the date of completion of the RIS acquisition or 5 months from the date of the Deed whichever is the earlier;
- All obligations of USG under the Deed are subject to and conditional upon acquisition of RIS by USG. If USG is not able to acquire RIS within a period of five months from the execution of the Deed, the agreement will become null and void to the extent it imposes any obligations on USG.
- Provided Westpac receives the Revised Amount on the Payment Date, Westpac shall accept the payment of the Revised Amount in full and final satisfaction of the Agreed Amount.

Additional shares issued by Retail Information Systems Pty Limited
On 12 September 2012, Retail Information Systems Pty Limited ("RIS Pty") issued a further 110,829,412 fully paid ordinary shares to RIS Group Limited at an issue price of AUD $0.03402 per share. The issue of shares transfers the asset from an amount owing by Retail Information Systems Pty Limited to RIS Group Limited that was substantially impaired to an investment in subsidiary which is also impaired. After year end the Company received a conditional offer to purchase 100% of its investment in this company. The offer price supports the carrying value of the investment and the loan as reported as at 30 June 2012.

Shareholder Information

For the year ended 30 June 2012

Stock Exchange Listing

The Company's shares are listed on the New Zealand Alternative Market ("NZAX").

Distributions of Ordinary Shares

as at 28 November 2012

Size of holding	Number of security holders		Number of securities	
	No of holders	%	Shares held	%
1 – 1,000	1,056	63.57%	41,270	0.01%
1,001 – 5,000	404	24.32%	933,911	0.12%
5,001 – 10,000	35	2.11%	241,019	0.03%
10,001 – 100,000	67	4.04%	1,935,670	0.26%
100,001 and over	99	5.96%	741,973,458	99.58%
Total	1,661	100.00%	745,125,328	100.00%

Principal Shareholders

20 Largest Registered Holders of Quoted Equity Securities

as at 28 November 2012

Shareholder	Shares held	%
High Street Nominees No 7 Limited as trustee for the Nuovo Tasman Investments Trust	185,000,000	24.83%
RA Compusoft Private Limited	125,000,000	16.78%
Advanced Retail Technologies Limited	90,000,000	12.08%
Myriad Holdings Limited	56,082,833	7.53%
Custodian Nominee Company Limited	35,000,000	4.70%
BF Investment Holdings Pty Limited as trustee of the Best Family Trust	20,000,000	2.68%
Michelle Bryant as trustee of the Challenger Trust	20,000,000	2.68%
Mikhael Mikhael	20,000,000	2.68%
Waterside Investments Pty Limited	18,285,000	2.45%
Howarth James Noel Duckworth	12,666,667	1.70%
Christies International Limited	10,000,000	1.34%
Lava Limited	8,835,000	1.19%
David Duckworth	7,588,000	1.02%
Mark Anthony McMahon	5,860,434	0.79%
Raffi Varvarian	5,550,682	0.74%
Laddford Enterprises Pty Limited	5,158,050	0.69%
Delfour Pty Limited	5,081,301	0.68%
ASB Nominees Limited	5,026,500	0.68%
ASB Nominees Limited	5,000,000	0.67%
Leanne Bland	5,000,000	0.67%
	645,134,467	86.58%

High Street Nominees No 7 Limited is a trustee for the Nuovo Tasman Investments Trust is the registered holder of 25,000,000 Consideration Options, Myriad Holdings Limited is the registered holder of 20,000,000 Consideration Options and Custodian Nominee Company Limited is the registered holder of 5,000,000 Consideration Options representing 100% of the Consideration Options on issue in the Company.

Gamaj Pty Ltd is the registered holder of 20,000,000 Consideration Options and USG Solutions Pvt Limited is the registered holder of 50,000,000 Consideration Options on issue in the Company.

Substantial Security Holders

As at 28 November 2012 there were a total of 745,125,328 ordinary fully paid shares on issue.

According to notices given to the Company under the New Zealand Securities Market Act 1988, as at 28 November 2012, the substantial security holders in the Company are:

	Number of shares held	Relevant Interest	% of Shares at date of notice
High Street Nominees No 7 Limited as trustees for the Nuovo Tasman Investments Trust	185,000,000	non-beneficial	34.00%
USG Solutions Pvt Limited (Registered name: RA Compusoft Private Limited)	125.000,000	beneficial	17.87%
San Maramba Limited (Registered name:Advanced Technologies Limited)	90,000,000	non-beneficial	16.53%
Myriad Holdings Limited	56,082,833	non-beneficial	7.53%
Siesta Limited (Registered name: Custodian Nominee Company Limited)	35,000,000	beneficial	6.43%

Directors' Security Holdings
as at 30 June 2012

	Equity securities held			
	Beneficially owned		Non beneficial	
	30.6.2012 Number	30.6.2011 Number	**30.6.2012 Number**	30.6.2011 Number
Ordinary Shares				
Robert Best	**-**	-	**20,000,000**	20,000,000
Keith Hudson	**-**	-	**90,000,000**	90,000,000
Sean Joyce	**200,000**	200,000	**-**	-
Mark Nagy	**-**	-	**20,000,000**	20,000,000

	Options			
	Beneficially owned		Non beneficial	
	30.6.2012 Number	30.6.2011 Number	**30.6.2012 Number**	30.6.2011 Number
Keith Hudson	**-**	-	**20,000,000**	20,000,000

Directors' Interests and Remuneration

Details of the nature and the amount of each major element of the remuneration of each Director for the year ended 30 June 2012 is:

	Directors' Fees AUD$'000	Consultancy, Legal, and Other AUD'000	Salary AUD'000	Total AUD'000
Parent				
Robert Best	-	60	-	60
Sachin Jain	-	60	-	60
Adam Lindsay	-	144	-	144
Benjamin Kepes	6	-	-	6
Craige Mayo	6	-	-	6
Total Remuneration	**12**	**264**	**-**	**276**

Statutory Information

For the year ended 30 June 2012

Share Dealings by Directors
During the 12 month period ended 30 June 2012 there were no Directors dealings in the ordinary shares of the company.

Remunerations of Employees
RIS Group Limited has no employees.

Auditors
BDO Auckland are the auditors for the Company. They were paid AUD $14,000 as audit fees in respect of the last financial period.

Trading Halt of Securities

During the 12 month period ended 30 June 2012, trading in RIS Group Limited's securities were suspensed on the 21st of September 2011, due to the delay in release of Preliminary Results and Appendix 1 for year end 30 June 2011. The Trading Halt of RIS Group's securities remained in effect until the 18th of January 2012 upon the release of the Annual Report and Audited Financial Statements for year end 30 June 2011.

RIS Group requested a Trading Halt in its securities on the 23rd of May 2012. The trading halt was lifted on the same day following the announcement that the Board had received an offer from USG Tech Solutions Limited to purchase RIS Group's wholly owned subsidary Retail Information Systems Pty Ltd.

Donations
No donations were paid by RIS Group Limited for the year ended 30 June 2012.

Directors
The persons holding office as Directors of RIS Group Limited as at 30 June 2012 are:

- Robert Best
- Sachin Jain
- Adam Lindsay
- Benjamin Kepes
- Craige Mayo

The persons who ceased to hold office as Directors of RIS Group Limited during the 12 months ended 30 June 2012 were:

- Mr Stephen Cornford (resigned 25 July 2011)
- Mr Keith Philip Hudson (resigned 30 September 2011)

Use of Company Information
There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been made available to them.

Disclosure of interests by Directors of the Subsidiary Company
Directors of the subsidiary company, Retail Information Systems Pty Limited, have declared interests in the following transactions with the Company during the 12 month financial period:

Mr Christian Marth received payment for consulting fees $15,000.

The details of these transactions are given in note 22, Related Party Information.

Directors of Subsidiary
The persons holding office as Directors of Retail Information Systems Pty Limited as at 30 June 2012 are:

- Christian Marth

The persons who ceased to hold office as Directors of Retail Information Systems Pty Limited during the 12 months ended 30 June 2012 were:

- Mr Keith Philip Hudson (resigned 11 August 2011)

Remuneration of Directors of Subsidiary

No Directors received remuneration from Retail Information Systems Pty Limited as Directors of the subsidiary.

Details of consulting fees from Retail Information Systems Pty Limited to subsidiary Directors are provided for in note 22, Related Party Information.

Employee Remuneration of Subsidiary

Section 211(1)(g) of the New Zealand Companies Act 1993 required disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of NZD $100,000 per year, paid by the Company or any of its subsidiaries worldwide to any employees (or former employees) who are not Directors of the Company, during the 12 month period to 30 June 2012.

AUD $110,000 – AUD $119,999	1
AUD $140,000 – AUD $149,999	1

Donations of Subsidiary

No donations were paid by Retail Information Systems Pty Limited for the year ended 30 June 2012.

Auditors of Subsidiary

Lachlan Partners are the auditors of Retail Information Systems Pty Limited.

Corporate Governance

Role of the Board

The Directors of RIS Group Limited are elected by shareholders and are responsible for the direction and supervision of the company's business. The Board has determined that its principal responsibilities are to:

- Create shareholder value through the approval of appropriate corporate strategies with particular regard to return expectations, allocation of resources, financial policy and the review of performance against strategic objectives;
- Ensure that material is disclosed to the market as soon as possible in a fair, accurate and balanced manner,
- Approve and foster a corporate culture of ethical and professional behaviour;
- Approve major transactions relating to acquisitions and divestments and capital expenditure;
- Review performance against budgets and other performance goals and to monitor corrective action by management;
- Ensure that appropriate external advice is available to management and the Board;
- Recruit Directors and to regularly review and assess the effective operation of the Board;
- Appoint auditors, communicate with shareholders and monitor regulatory compliance;
- Ensure governance issues are reviewed periodically and managed appropriately;
- Establish appropriate authorities for delegation of responsibilities to management and to monitor compliance with these authorities.

At each Annual Meeting, one third of the Directors retire from office, the Directors who retire in each year being those who have been the longest in office since the last election. Non-executive Directors are normally appointed for an initial three year term and are typically expected to serve two to three year terms.

There are now five Directors as follows:	**Appointed**	
• Mr Robert Best	3 September 2009	Non Executive Director
• Mr Sachin Jain	17 November 2010	Non Executive Director
• Mr Benjamin Kepes	28 January 2012	Independent, Non Executive Director
• Mr Adam Lindsay	25 July 2011	Independent, Chairman
• Mr Craige Mayo	28 January 2012	Independent, Non Executive Director

The following persons ceased to hold office during the period:	**Resigned**	
• Mr Stephen Cornford (appointed 6 April 2011)	25 July 2011	RIS Group Limited
• Mr Keith Hudson (appointed 24 May 2010)	30 September 2011	RIS Group Limited

The Board has adopted various codes and policies relating to the conduct of its members and executives in specified situations, including a code regulating trading of securities of the Company. There is also a confidentiality code in place.

There are formal sub committees of the main Board, covering Audit and Risk Management, Nomination and Remuneration.

Processes have been established for the internal evaluation of performances of the executive and non-executive directors.

Company Directory

For the year ended 30 June 2012

Directors

R Best
S Jain
A G Lindsay
B P Kepes
C A Mayo

Registered Office

c/- Minter Ellison Rudd Watts
Level 17
125 The Terrace
Wellington 6011
New Zealand

Postal Address

c/- Retail Information Systems Pty Limited
Suite 404, 30 Alfred Street
Milsons Point, NSW 2061
Australia

Auditors

BDO Auckland
120 Albert Street
Auckland 1010
New Zealand

Share Registry

Link Market Services
Level 16, Brookfield House
19 Victoria Street West
Auckland 1010

PO Box 91976
Auckland 1142
New Zealand