

21 December 2011

ANNOUNCEMENT OF NZ MARKETS DISCIPLINARY TRIBUNAL

PUBLIC CENSURE OF RIS GROUP LIMITED (“RIS”) BY THE NZ MARKETS DISCIPLINARY TRIBUNAL FOR A BREACH OF NZAX LISTING RULES 3.2.1, 10.4.1 AND 10.5.1

1. The NZ Markets Disciplinary Tribunal (“*Tribunal*”) has approved a settlement agreement between NZX and RIS dated 20 December 2011 (“*Settlement Agreement*”) in respect of breaches by RIS Group Limited (“*RIS*”) of NZAX Listing Rules (“*Rules*”) 3.2.1, 10.4.1 and 10.5.1.

Background

2. Rule 3.2.1 requires that at least two Directors who are ordinarily resident in New Zealand are on the Board of an Issuer. Rule 10.4.1 requires that an Issuer provide its Full Year Preliminary Announcement to the market within 75 days of its financial year end. Rule 10.5.1 requires as Issuer to provide its Annual Report to the market within four months of its financial year end.
3. On 20 April 2011, two New Zealand resident Directors of RIS resigned without notice. Those particular Directors had control over financial reporting requirements, financial information and relationships with financial advisers, and their resignation together with the further resignations of financial executives within RIS, lead RIS to breach its periodic reporting requirements. RIS was unable to provide its Full Year Preliminary Announcement on 13 September 2011 when required, subsequently releasing this to the market on 1 December 2011. As at the date of this censure, RIS has not provided its Annual Report to the market which was required on 31 October 2011.

Determination

4. The Tribunal takes the breaches of these Rules very seriously. The corporate governance provisions of the Rules are of vital to the importance of the market and ensure that Issuers who have a primary listing on the NZAX market have Directors who are available and responsible for the actions of the Issuer to both New Zealand resident shareholders and the New Zealand regulatory authorities. The periodic reporting requirements are fundamental to the integrity of the market in ensuring that relevant reliable financial information regarding an issuer is made available to the market promptly. Those requirements also mitigate the risk posed by information imbalance, where those “inside” the company are in possession of information not available to the market.
5. In determining to approve the Settlement Agreement, the Tribunal considered certain mitigating factors, including that:
 - (a) the immediate resignation of the two New Zealand Directors was outside of the control of RIS;
 - (b) RIS has communicated with NZX and the market regarding its failure to provide the Preliminary Announcement to the market and the timeframes within which it expected to provide the Preliminary Announcement and Annual Report; and

- (c) RIS has agreed that it will release its Annual Report on or before 18 January 2012 and will appoint two New Zealand resident Directors by 31 January 2012.
6. In determining to approve the Settlement Agreement, the Tribunal considered certain aggravating factors, including that:
- (a) RIS was two and a half months late in filing its Preliminary Announcement and consequentially RIS shareholders have been unable to trade RIS shares since 21 September 2011 when RIS shares were placed into suspension. The suspension of RIS shares continues as at the date of this determination; and
 - (b) RIS should have implemented effective management procedures to ensure that if unexpected resignations at management or Board level occur, its periodic reporting obligations under the Rules could be met and that lines of communication with NZX were maintained.

Penalties

7. NZX and RIS have reached a settlement and agreed that:
- (a) this public censure by the Tribunal will be made;
 - (b) RIS will remedy its breach of Rule 10.5.1 on or before 18 January 2012 and its breach of Rule 3.2.1 on or before 31 January 2012;
 - (c) RIS will pay a penalty of \$70,000 in aggregate, being:
 - (i) \$10,000 for the breach of LR 3.2.1;
 - (ii) \$30,000 for the breach of LR 10.4.1; and
 - (iii) \$30,000 for breach of LR 10.5.1; and
 - (d) RIS will pay the costs of the Tribunal and substantially contribute to the costs incurred by the NZX in relation to this matter.

Approval

The Settlement Agreement is approved by the Tribunal pursuant to Rule 10 of the NZ Markets Disciplinary Tribunal Rules, and, as such, the Settlement Agreement is the determination of the Tribunal.

Censure

The Tribunal hereby publicly censures RIS for its breaches of NZAX Listing Rules 3.2.1, 10.4.1 and 10.5.1.

Dated: 21 December 2011