



**GRD**

GRD Limited

ACN 009 201 754

**CONCISE FINANCIAL REPORT**

**31 DECEMBER 2008**

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### **Relationship of the Concise Financial Report to the Full Financial Report**

The concise financial report is an extract from the full financial report for the year ended 31 December 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of GRD Limited and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. Please call + 8 9278 1888 and a copy will be forwarded to you. Alternatively, you can access both the full financial report and the concise report via our website at [www.grd.com.au](http://www.grd.com.au).

## DIRECTORS' REPORT

The Directors of GRD Limited (referred to in these financial statements as 'the Company' or 'GRD') submit the following report in respect of the Company and the consolidated entity for the financial year ended 31 December 2008.

### DIRECTORS

The following persons held office as Directors of GRD during or since the end of the financial year. Unless otherwise indicated all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

#### **Richard F Court (Non-executive Chairman)**

Mr Court AC was Premier and Treasurer of Western Australia from 1993 to 2001 and retired from Parliament after nineteen years as the Member for Nedlands. His Government achieved the successful privatisation of SGIO, BankWest, Alinta Gas, Westrail Freight and the Dampier to Bunbury Natural Gas Pipeline. Mr Court was actively involved with initiatives to expand the resources sector including the successful deregulation of the Western Australian gas market, the LNG marketing push into China and Korea, and infrastructure support for the mining and oil and gas sector – these interests are now being actively pursued through the private sector. Mr Court is a Commerce graduate from the University of Western Australia. Mr Court was appointed as Chairman of GRD on 29 May 2006, is the Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee. Mr Court is a non-executive Director of Iron Ore Holdings Limited and National Hire Group Limited.

#### **M Cliff Lawrenson (Chief Executive Officer)**

Mr Lawrenson joined GRD in 2004, prior to which he spent seven years with CMS Energy Corporation in the United States as Vice President Financial, Advisory and Strategic Planning. He has worked extensively in development and investment banking around the world, including in Australia and Singapore. Mr Lawrenson has served on several boards in international locations where he has lead the development and financing of numerous major infrastructure projects. He holds postgraduate qualifications in commerce and finance. Mr Lawrenson was a Director of Oceana Gold Limited between 30 January 2006 and 29 May 2006.

#### **Richard J Linnell (Non-executive, appointed 31 March 2008)**

Mr Linnell has significant experience in the development and marketing of resources and commodities, predominantly in Africa. He holds honours degrees in Geology, including from the University of London (external). Mr Linnell is a former head of Billiton Plc's exploration and development activities in Africa, Director of BHP Billiton (SA) Ltd and a member of the Eskom Council. He is currently non-executive Chairman of Coal of Africa Limited, Chrome Corporation Limited, Maghreb Minerals Plc, Sacoil Holdings Limited and Brinkley Mining Plc, and a non-executive Director of Moydow Mines International Inc, GMA Resources Plc and Mag Industries Corp Inc. In the past three years Mr Linnell has also been a Director of Resource and Investment NL and Falkland Gold and Minerals Plc.

#### **Christopher R Pointon (Non-executive)**

Dr Pointon has extensive international experience in the resources sector and a track record in building and managing new organisations. A career mining executive, Dr Pointon has over 30 years' experience covering Australia, Latin America, Europe and Asia, and in most major metals. His early career was in minerals exploration, initially with CRA (subsequently Rio Tinto), and then Royal Dutch Shell – Billiton. Dr Pointon gained experience across the business spectrum with assignments including human resources, business development and operations, before moving into general and strategic management. Prior to joining the GRD Board, Dr Pointon was a senior executive with BHP Billiton and was appointed President, Stainless Steel Materials in June 2001, where he helped build this business into the world's third largest nickel producer, with annual sales of over US\$5 billion. He holds a Doctorate in Geology from Aston University in the UK. Dr Pointon is a member of the Audit and Risk Management Committee. Dr Pointon is currently a Director of European Nickel Plc.

#### **Bruce G Thomas (Non-executive)**

Mr Thomas is a Chartered Accountant, a Chartered Secretary and an Associate of the Securities Institute of Australia. Mr Thomas has substantial experience in capital markets and funds management. He is Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee. Mr Thomas is also a Director of Hill End Gold Limited and was a Director of Oceana Gold Limited between 10 April 2006 and 6 November 2006.

## DIRECTORS' REPORT

### John D White (Non-executive)

Dr White held the position of Managing Director of Global Renewables until 31 December 2005. He is a former Managing Director of Transfield Defence Systems, Visy Industries and Siddons Ramset. Dr White holds a PhD in Engineering from the University of Cambridge and has extensive experience in the leadership and strategic development of businesses in the technology, manufacturing and distribution sectors. Dr White is a member of the Remuneration and Nomination Committee and has not held any directorships of other listed companies in the past three years.

### Steven G Dean (Non-executive, resigned 26 March 2008)

Mr Dean is a Fellow of the Australian Institute of Mining and Metallurgy, the Australian Institute of Chartered Accountants, a Member of the Canadian Institute of Mining, Metallurgy and Petroleum, and was a founding Director of the Australian Gold Council. He was previously a member of the founding management group of Normandy Poseidon, which later became Normandy Mining Limited, founder of PacMin Mining Corporation and President of Teck Cominco Limited. Until his resignation on 26 March 2008, Mr Dean was a member of both the Audit and Risk Management Committee and Remuneration and Nomination Committee. In the past three years, Mr Dean has been Director and Chairman of Amerigo Resources Limited and Spur Ventures Inc.

### COMPANY SECRETARY

### Simon F Cater (appointed 2 April 2008)

Mr Cater has over 15 years experience in finance and reporting, and joined GRD in 2002 where he has held a variety of roles including Group Financial Controller. Mr Cater holds a Bachelor of Commerce and is an Associate member of the Institute of Chartered Accountants. He commenced his career with Deloitte Touche Tohmatsu, where as a former Account Director he gained experience in Australia and the United Kingdom over a period of ten years.

### DIRECTORS' SHARE AND OPTION HOLDINGS

The relevant interest of each Director in the share capital of the Company and shares under option as at the date of this report is as follows:

Director	Direct Interest		Indirect Interest Ordinary Shares
	Ordinary Shares	Options	
R F Court	-	-	127,000
M C Lawrenson	250,000	3,750,000	-
R J Linnell	-	-	-
C R Pointon	-	-	33,000
B G Thomas	-	-	3,860,000
J D White	-	4,000,000	155,142

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

GRD is an Australian engineering, development and operating company. The principal activities of the consolidated entity during the period comprised:

**Engineering:** GRD Minproc Limited ('GRD Minproc') is a leading independent engineering and project delivery business specialising in the design, procurement and construction of mineral resources and waste-to-resources projects. GRD Minproc is among the few engineering companies that services the entire resources product development cycle from feasibility, through to project delivery and into ongoing training, maintenance and operational needs.

**Waste-to-Resources:** Global Renewables has assembled the world's leading technologies to maximise the recovery of resources from the municipal solid waste stream. The UR-3R Process<sup>®</sup> is a mechanical biological treatment that treats municipal solid waste through integrated sorting, biological digestion and composting processes. Already technically proven in Australia, Global Renewables is currently implementing the next generation UR-3R<sup>™</sup> technology for the Lancashire Waste Project in the United Kingdom, in partnership with Lend Lease Corporation.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

GRD disposed of its Global Renewables Eastern Creek ("Eastern Creek") business in January 2009. The commencement of this sale process in 2008, together with the cessation in late 2008 of the Global Renewables business development activities, represents a significant restructure of GRD's activities. The Eastern Creek business has contributed significant losses in recent years while the significant expenditure on further Global Renewables business development has also ceased in 2008 in line with the downturn in the UK economy.

The restructures undertaken to sell Eastern Creek and cease ongoing Global Renewables business development activity will allow GRD to focus on the core GRD Minproc engineering and project management business and the completion and operation of the Global Renewables Lancashire Waste Project.

The impact on the consolidated financial statements of GRD in 2008 from the disposal process of Eastern Creek has been significant. In respect of the 2008 Income Statement the financial impact of the discontinued Eastern Creek operation is disclosed separately from that of the continuing operations of GRD in both the current and prior periods. Including asset write downs related to the disposal in January 2009, the impact of the Eastern Creek business on the 2008 net result has been a loss of \$68.878 million, after tax.

As the disposal of Eastern Creek took place in January 2009, the 31 December 2008 consolidated Balance Sheet includes all assets and liabilities pertaining to the Eastern Creek business. However these assets and liabilities are disclosed separately from those of the continuing business. The prior period Balance Sheet comparatives include the assets and liabilities of Eastern Creek.

In the Consolidated Cash Flow Statement, both the current and prior period cash flows include the full impact of the Eastern Creek business. The summarised impact of the Eastern Creek business to consolidated operating, investing and financing cash flows is set out in Note 4 to the financial statements.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the year under review, not otherwise disclosed in this report or the financial statements.

## **DIVIDENDS**

A 2008 interim unfranked dividend of three cents per share was paid on 3 October 2008 (\$5.772 million).

The Directors have announced that no final dividend for 2008 will be declared.

## **OPERATING AND FINANCIAL REVIEW**

### **Overview of Group Strategies and Prospects**

2008 has seen a significant restructure for GRD, with the cessation of Global Renewables business development activities and subsequent to year-end the sale of Global Renewables Eastern Creek. This restructure has allowed the Group to focus on its core operations of the GRD Minproc engineering and project management business and the Global Renewables Lancashire Waste Project.

The duration and depth of the current global down turn cannot be predicted. However, it appears to the company that there will be fewer significant greenfields projects in the short term and projects will continue on a more selective basis for major established mining companies and for very high quality deposits.

The company has diversified its commodity and regional focus in recent years, and so while the immediate outlook for the resources market remains challenging, the company has a strong order book and is well positioned to generate opportunities.

The strategies for sustaining the business through this period include leveraging the company's long standing relationships with many of the world's largest mining houses, greater exposure to the Western Australian magnetite iron ore sector and a growing focus on brownfields work of a sustaining capital nature such as optimisation of existing production facilities.

GRD Minproc has ongoing work and prospects in commodities which have retained a level of strength in the current market, such as gold, uranium, iron ore and to a lesser extent copper. The Lancashire Waste Project also remains a significant contributor for the next two years.

The Lancashire Waste Project is currently under construction and more than 50% complete. The project is fully funded, from both equity and debt, and commercially robust. GRD, in conjunction with its joint partner, Lend Lease Corporation, is focused on delivering this project into the commencement of operations in 2010.

## **Operating Results for the Year**

Following GRD's disposal of the Global Renewables Eastern Creek business subsequent to year-end and the cessation during 2008 of the Global Renewables business development activities, the ongoing business of GRD comprises that of the GRD Minproc engineering and project delivery business and the Global Renewables Lancashire Waste Project.

The consolidated GRD Group recorded a net profit from continuing operations for the year of \$6.289 million (2007: \$11.499 million). However as a result of significant write-downs and losses in relation to the business of Eastern Creek, the net loss for the year is \$62.291 million.

The Global Renewables business development activities, while closed during the year, are not reported as discontinued but included within GRD's 2008 continuing operations.

Excluding the discontinued operations and Global Renewables business development activities, the ongoing GRD business generated earnings before tax in 2008 of \$18.225 million and net profit after tax of \$13.078 million.

As shown in the segment reporting note the significant movements in profit before tax from continuing operations from 2007 to 2008 have been that:

- GRD Minproc's Engineering contribution, before interest and tax, has increased \$8.044 million (or 33%) to \$32.545 million,
- The contribution from the Global Renewables Waste-to-Resource business reduced \$11.760 million, explained primarily that in 2007 the financial close of the Lancashire Waste Project delivered Group profit of \$8.787 million, and
- Higher unallocated costs of \$3.226 million, representing that net interest expense in 2008 of (\$2.797 million) has reduced \$3.126 million from 2007 due to significantly lower interest revenue.

## **Earnings Per Share**

The Company had a weighted average number of shares on issue during the year of 192,384,982. Basic earnings per share (EPS) for 2008 is a loss of (32.4) cents per share (2007: 1.4 cents). Diluted EPS for 2008 is a loss of (32.4) cents (2007: 1.3 cents). For the continuing operations basic EPS for 2008 was 3.3 cents per share (2007: 6.0 cents).

## **Balance Sheet**

The GRD Balance Sheet at 31 December 2008 reflects significant change from the prior year. The main impact has been that of the disposal of the Global Renewables Eastern Creek business subsequent to year-end, which has led to a significant impairment write-down in the carrying value of the assets of that business at December 2008. As a consequence, the loss from discontinued operations of \$68.580 million has significantly reduced the Group's net assets. The carrying value of the Eastern Creek assets are classified on the GRD balance sheet at 31 December 2008 as 'held for sale' within current assets, and the associated liabilities are classified within current liabilities.

The Group's net assets have also been reduced \$32.116 million due to the unfavourable impact of hedge accounting for the effective interest rate swap within its Global Renewables Lancashire 50% equity accounted investment. This balance sheet volatility does not impact cash and has minimal impact on earnings.

Importantly, the disposal of Eastern Creek will see the removal from the Group Balance Sheet of \$38.607 million of project finance debt, and will reduce the Group's consolidated debt from \$97.299 million at 31 December 2007 to \$57.263 million.

Other significant factors in the reduction of the Group's net assets are the dividends declared and paid during 2008 of \$11.543 million and the unfavourable movement of \$5.829 million in the foreign currency translation reserve of the Group's investment in Global Renewables Lancashire.

## **Cash Flows**

The continuing Group's cash holdings at 31 December 2008 are \$23.551 million, a reduction of \$13.442 million during the year from the consolidated cash holding of \$36.993 million at 31 December 2007.

The continuing operations of GRD generated \$19.973 million in operating cash flow for 2008 (2007: \$4.529 million). However the discontinued operation of Eastern Creek was a significant drain on the Group, contributing an operating cash outflow, inclusive of interest expense, of \$12.819 million (2007: \$8.777 million), investment in plant and equipment of \$4.613 million (2007: \$11.467 million) and debt repayments of \$1.474 million (2007: \$1.819 million).

The continuing Group invested \$5.003 million in new plant and equipment and intangible assets during the year.

From a financing perspective GRD paid \$11.543 million in shareholder dividends during the year (2007: \$11.543 million).

## DIRECTORS' REPORT

### ENVIRONMENTAL REGULATION AND PERFORMANCE

Through the performance of its core engineering and project delivery business GRD Minproc, the Group adheres to Australian and international environmental regulations on the construction sites it operates around the world. In relation to this business, the Group is not aware of any known significant environmental regulation breaches.

Through its former subsidiary Global Renewables Eastern Creek Pty Ltd, the Group previously owned and operated a municipal solid waste treatment facility at Eastern Creek, Sydney. The Eastern Creek facility operated and complied with a specific Operating Licence under the NSW Protection of the Environment Operations Act 1997 ("POEO Act"). The NSW Department of Environment and Climate Change is currently investigating an incident that occurred in 2006.

### EVENTS SUBSEQUENT TO BALANCE DATE

The sale of the Global Renewables Eastern Creek business was completed on 21 January 2009. While the effective date of the sale is 31 December 2008 for practical purposes, the business remains consolidated into the GRD Group at 31 December 2008 as control did not pass until completion. The full net profit impact to GRD of the sale of Eastern Creek is included within this 2008 financial report, by virtue of significant asset impairment write-downs at 31 December 2008. The impact to the GRD Balance Sheet of the sale is not fully reflected in this financial report, although those assets held for disposal, and the associated liabilities, are disclosed separately on the GRD Balance Sheet.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, disclosure of any further information on likely developments in operations and expected results would be prejudicial to the interests of the Company, the consolidated entity and shareholders.

### SHARE OPTIONS

At the date of this report, there were 14,250,000 unissued ordinary shares under options (14,250,000 at balance date).

During the year, 2,450,000 options to acquire ordinary shares in the Company were issued to executives as remuneration options. No options have been issued since the end of the year to the date of this report.

During the year there were no options exercised, while 2,050,000 options to acquire fully paid ordinary shares in the Company were forfeited.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The consolidated entity maintains insurance policies that provide for indemnification (to the extent permitted by the *Corporations Act 2001*) for loss suffered by its Directors and Officers as a result of any act or omission caused by its Directors or Officers in conducting their affairs in the capacity of Directors and Officers of the consolidated entity. Associated premiums paid during the period were \$76,505 (2007: \$85,556).

### PROCEEDINGS ON BEHALF OF THE COMPANY

There are no proceedings on behalf of the company under section 237 of the *Corporations Act 2001* in the financial year or at the date of this report.

## DIRECTORS' REPORT

### REMUNERATION REPORT (Audited)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company. The Company Secretary is included in this report as one of the five executives in the Parent and the Group receiving the highest remuneration.

### DETAILS OF KEY MANAGEMENT PERSONNEL

Except as noted, all key management personnel and named executives held their roles during the current and prior years.

#### (i) Directors

Name	Position
R F Court	Chairman (non-executive)
M C Lawrenson	Chief Executive Officer
S G Dean	Director (non-executive) *
R J Linnell	Director (non-executive) **
C R Pointon	Director (non-executive) ***
B G Thomas	Director (non-executive)
J D White	Director (non-executive)

\* Mr Dean resigned as a non-executive Director on 26 March 2008.

\*\* Mr Linnell was appointed as a non-executive Director on 31 March 2008.

\*\*\* Dr Pointon was appointed as a non-executive Director on 3 December 2007.

#### (ii) Executives

Name	Position
M Brown	Chief Executive Officer (GRD Minproc)
P Bryant	Chief Financial Officer and Company Secretary (GRD Limited) *
S Cater	Company Secretary (GRD Limited)***
I McCubbing	Chief Financial Officer (GRD Limited) **
T Revy	Director Development (GRD Minproc)
D Singh	Managing Director (Global Renewables)****

\* Mr Bryant resigned as Chief Financial Officer and Company Secretary (GRD Limited) on 16 April 2008.

\*\* Mr McCubbing was appointed Chief Financial Officer (GRD Limited) on 11 August 2008.

\*\*\* Mr Cater was appointed as Company Secretary on 2 April 2008.

\*\*\*\* Mr Singh ceased employment with GRD on 1 January 2009.

### COMPENSATION POLICY

It is the Company's objective to attract and retain high quality Directors and executive officers. One aspect of achieving this is by remunerating Directors and executive officers in a manner consistent with employment market conditions. To assist in achieving this objective, the company links the nature and amount of part of the executives' emoluments to the company's financial and operational performance.

Where appropriate, the Board obtains independent advice on remuneration packages.

#### *Remuneration and Nomination Committee*

The Remuneration and Nomination Committee (the 'Committee') of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and all key management personnel.

The Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

## DIRECTORS' REPORT

As part of this function, the Committee can review and make recommendations to the Board on executive remuneration and incentive policy, executive incentive plans, equity-based incentive plans, remuneration of non-executive directors, and recruitment, retention, performance measurement and termination policies and procedures for Directors, the CEO, the Company Secretary and all senior executives.

### *Remuneration Structure*

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

### **Non-executive Director Compensation**

#### *Objective*

The Committee seeks to attract and retain non-executive Directors of a high calibre, and sets non-executive director remuneration at competitive market levels.

#### *Structure*

In setting the level of non-executive director remuneration, the Committee considers advice from external consultants and undertakes its own benchmarking with comparable companies.

Each director receives a fee for being a director of the company, with additional fees considered in recognition of specific duties carried out by each director, such as membership on sub-committees of the Board. The current approved aggregate remuneration pool for the director fees of non-executive directors is \$600,000 per annum. Fees paid to non-executive directors are reviewed annually.

Non-executive directors are encouraged to hold shares in the Company. The Committee also considers in certain cases it may be appropriate to include equity-based incentives, including share options, in the remuneration package of non-executive directors, although the company has not to date issued share options to non-executive directors.

### **Executive Compensation**

#### *Objective*

The Committee aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- Reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link rewards with the strategic goals and performance of the company; and
- Ensure total compensation is competitive by market standards.

#### *Structure*

Remuneration packaging contains the following key elements:

- Primary benefits – fixed components of salary, fees and non-monetary benefits such as motor vehicle costs, and short-term incentives;
- Post-employment benefits – including superannuation and prescribed benefits; and
- Equity-based benefits – includes share options and contributions made into the consolidated entity's employee share acquisition plan.

### **Primary Benefits – Fixed Compensation**

#### *Objective*

The level of fixed primary benefits is reviewed annually by the Committee. The process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

#### *Structure*

Executives and senior managers are given the opportunity to receive part of their primary fixed remuneration in a variety of forms other than cash, such as motor vehicle fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating an unreasonable cost or administrative burden for the Group.

### **Primary Benefits – Short Term Incentive**

GRD did not have a formal executive short-term incentive plan in place during the year. However, the CEO's contract includes provision for the establishment of annual performance criteria upon which a cash performance bonus is to be linked. In respect of the current year the Board did not establish any criteria under which a cash performance bonus would be linked. During 2007 the Committee and Board determined that Mr Lawrenson would be paid a cash bonus of \$300,000 following the achievement of certain operational targets during the first year of Mr Lawrenson's contract, namely, the achievement of financial close on the Lancashire Waste Project.

The Committee can approve discretionary cash bonuses to executives and senior managers where superior performance has delivered significant value to the Group, such as through the winning of new projects. During 2007 the Committee determined that certain executives and senior managers would be paid a cash bonus in respect of the achievement of financial close on the Lancashire Waste Project in March 2007. Mr Singh received \$424,994 in respect of the award of the Lancashire Waste Project contract in 2007.

### **Post-Employment Benefits**

#### *Objective*

Post-employment benefits include superannuation and any benefits receivable by executives should their employment be terminated by the Company. The Committee reviews the level of primary benefits annually, with assistance of external advisers if required.

#### *Structure*

Australian executives receive statutory superannuation as a minimum, and all executives are given the opportunity to salary sacrifice additional amounts of their remuneration into superannuation contributions. It is the policy of the Group that termination benefits are only offered to executives employed under contract, unless under a formal redundancy programme.

### **Equity-Based Benefits**

#### *Objective*

The objective of the consolidated entity's share option plan and employee share acquisition plan is to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

#### *Structure*

#### GRD Share Options

All share options issued include loyalty-vesting periods and vested options can only be exercised if the Director or executive is still in the employment of the consolidated entity at the time of exercise, or if the options are exercised within three months of ceasing such employment.

Additionally, most share options contain specific qualitative performance requirements that are required to be met before exercise can take place. Some share options issued prior to 2006 have included only absolute performance requirements in terms of the exercise price being set above the share price on the date of issue of the share options. In these situations it is considered that the share options formed a relevant component of the remuneration of executives.

In relation to Directors and named executives, details of the performance conditions attached to issued share options are set out below:

- Share options issued during the year to Mr Brown (250,000), Mr Cater (150,000), Mr Revy (150,000) and Mr Singh (200,000) include certain vesting conditions that adjust the proportion of options that vest. 25% of total options vest on 1 June 2009 on the condition that the employee has been continuously employed since the date of option issue and another 25% of total options vest on 1 June 2010 on the condition that the employee has been continuously employed since the date of option issue. The remaining 50% of total options vest on 31 December 2010 based on how the GRD Limited share price has performed relative to the ASX Small Ordinaries Accumulation Index for the period from the date of option issue and ending 31 December 2010. In regards to these remaining 50% of total options, all share options will vest if the GRD Limited total share price return ranks equivalent to or higher than the 75<sup>th</sup> percentile, 50% of the options will vest if the GRD Limited share price return ranks equivalent to or higher than the 50<sup>th</sup> percentile and no options will vest if the GRD Limited share price return does not rank equivalent to or higher than the 50<sup>th</sup> percentile.

## DIRECTORS' REPORT

- Share options issued during the prior year to Mr Brown (250,000), Mr Bryant (200,000), Mr Revy (200,000) and Mr Singh (200,000) include vesting conditions that adjust the proportion of options that vest on 1 January 2010 based on how the GRD Limited share price has performed relative to the ASX 300 Accumulation Index for the period from the date of option issue and ending 31 December 2009. All share options will vest if the GRD Limited share price ranks equivalent to or higher than the 75th percentile of the stocks comprising the ASX 300 Accumulation Index, 50% of the options will vest should the GRD Limited share price rank equivalent to or higher than the 50th percentile and no options will vest if the GRD Limited share price does not rank equivalent to or higher than the 50th percentile.
- 5,000,000 share options were issued in 2006 to Mr Lawrenson. The conditions attached to these share options include the following:
  - > The vesting of 2,000,000 of these options was linked to the performance of the GRD Minproc Engineering business. 1,000,000 options vested on 31 March 2007 following the achievement of new business being secured with a total capital value to its clients of at least \$500 million during the year ending 31 March 2007. The remaining 1,000,000 options vested on 31 March 2008 following the achievement of new business being secured with a total capital value to its clients of at least \$1 billion during the two years ending 31 March 2008;
  - > 1,000,000 of these options vested in 2007 upon financial close of the Lancashire Waste PFI Project; and
  - > The vesting of 2,000,000 of these options was linked to the GRD Group's financial performance. 1,000,000 (being 50%) of the options were to vest on 31 March 2007 if the GRD Limited share price outperformed the average share price return of the ASX 200 Accumulation Index for the year ending 31 March 2007. The remaining 1,000,000 were to vest on 31 March 2008 if the GRD Limited share price outperformed the average share price return of the ASX 200 Accumulation Index for the year ending 31 March 2008. All of these options were forfeited as the conditions were not met.
- All 4,000,000 share options held by Dr White and 150,000 of the options held by Mr Singh include vesting conditions requiring that financial close is achieved for the development of three facilities using the UR-3R Process<sup>®</sup>. This vesting condition was satisfied in 2007 following execution of contracts for the Lancashire Waste PFI Project.
- Share options held by Mr Revy (150,000) and Mr Bryant (150,000) included vesting conditions requiring the GRD Minproc business to average a secured order book of projects with a capital value of \$750 million for the three years ending 31 December 2006. This vesting condition was satisfied and the options vested on 1 January 2007. Mr Bryant's options were forfeited following his resignation during the current year.

The performance conditions are set to be stretch targets recognising performance over and above what is satisfactory for the position and, if achieved, are demonstrably beneficial to shareholders.

In relation to Directors and named executives, the details of options granted during the year and options that vested during the year are set out below in the section headed 'Compensation Options: Granted and vested during the year'. The value of options forming part of the remuneration of Directors and executives during the year is shown below in the section headed 'Compensation of Directors and Other Key Management Personnel'.

### GRD Employee Share Acquisition Plan

Under the GRD Employee Share Acquisition Plan (the 'Plan'), the company offers all Australian employees of the consolidated entity (other than Directors of the Company) the opportunity to purchase shares in GRD Limited. Eligible employees are able to direct up to 10% of their gross salary to acquire shares, with the Company matching the employee contribution on a dollar for dollar basis.

Plan shares are acquired on the Australian Stock Exchange at market price and held in trust for participating employees by a dedicated corporate Trustee. While the Trustee holds the shares, the employees are entitled to full dividend and voting rights on the shares beneficially held on their behalf. A comprehensive Plan Constitution and Trust Deed set out the basis of operation of the Plan, pursuant to relevant Corporations Act and taxation legislation requirements.

The transfer or sale of Plan shares is restricted for a maximum of three years. On each anniversary of an employee's commencement with the Plan, one third of Plan shares acquired with Company contributions in the prior three years are vested to the employee. The Plan shares acquired with the employee's contribution vest immediately. In the event that an employee leaves the employment of the Group, all vested shares held by the Trustee are made available to the employee and unvested shares are forfeited.

The Plan has been designed as a loyalty-based programme, and consequently has no performance conditions attached. This is considered appropriate given that the Plan is open voluntarily to all eligible employees, and requires investment of employees' funds into the Plan.

## D I R E C T O R S '   R E P O R T

### Hedging

Directors and executives are prohibited under the Company's securities trading policy from hedging the securities that they hold.

### Employment Contracts

Except as disclosed below, all Directors and key management personnel of GRD are employed under contracts of employment with standard commercial terms, such as having no fixed term of expiry, provision for annual review of salary, notice periods for termination of between one and six months and termination payments limited to being in lieu of notice.

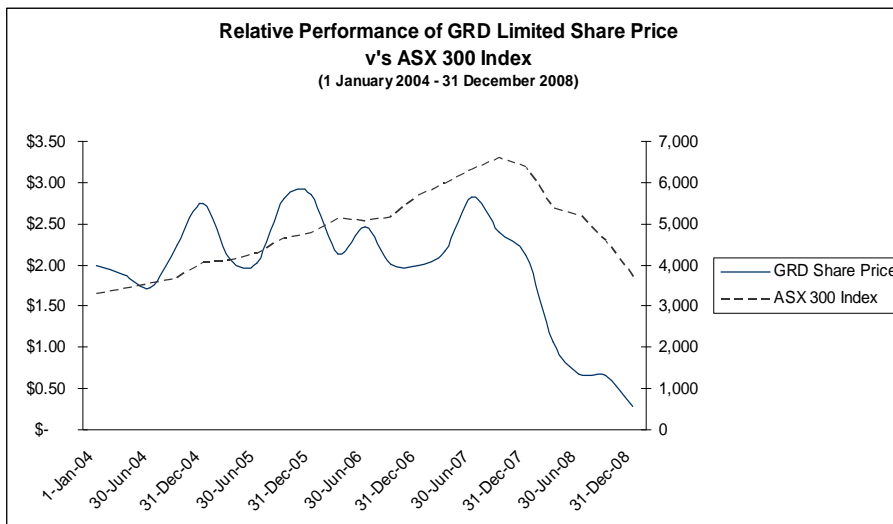
In respect of Mr Lawrenson, Chief Executive Officer of GRD, certain key details of his employment contract are summarised as follows:

- Contract commenced on 31 March 2006 and has no fixed term;
- The contract can be terminated by either party, giving four weeks' notice; and
- In the event of termination of his contract by the Company other than for reasons related to serious misconduct or ill health, Mr Lawrenson is entitled to the lesser amount of three times his current annual base salary or the amount calculated in accordance with the statutory retirement provisions of the *Corporations Act 2001 (Cth)*.

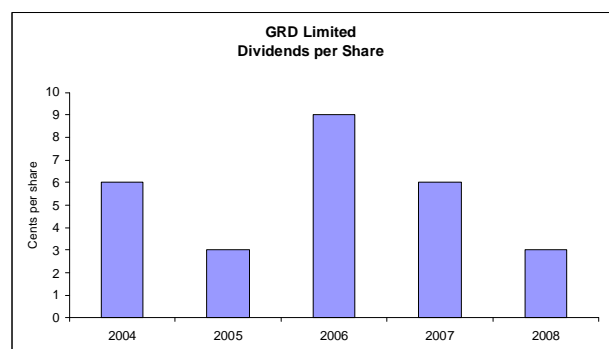
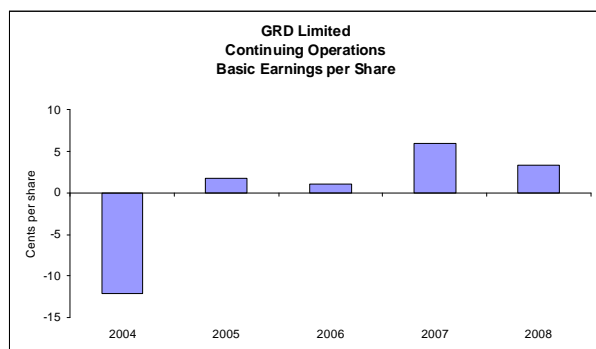
### Group Performance

The Group's equity-based remuneration will ultimately reward Directors and executives only to the extent that the performance of the Company achieves creation of shareholder wealth. One way of indicating the performance of the company in recent years is to compare its performance to a comparable peer group of Australian companies.

The graph below shows the performance of the GRD share price compared to the relative performance of the ASX 300 Accumulation Index over a period of five years to 31 December 2008. This index is relevant, as the vesting of many of the executives' share options are strictly linked to the company's share price performance relative to this or similar indices.



In addition, the performance of the company can also be reflected in its historical earnings and dividend payout record. The following charts show the basic earnings per share for the continuing operations of the Group and the ordinary dividends per share of GRD Limited for the last five years.



# DIRECTORS' REPORT

## COMPENSATION OF DIRECTORS, EXECUTIVES AND OTHER KEY MANAGEMENT PERSONNEL

The following details the nature and amount of remuneration paid to Directors, named executives and key management personnel of the company and the consolidated entity during the year:

December 2008	Short-Term				Post Employment <sup>4</sup>	Share-based Payments		Total	Total Remuneration	
	Salary & Fees <sup>1</sup>	Cash Bonus	Other Cash <sup>3</sup>	Non-Monetary Benefits		Options <sup>2</sup>	Share Plan		Performance Related	Consisting of Options
	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Directors</b>										
R F Court	143,807	-	-	-	6,193	-	-	150,000	0%	0%
S G Dean	26,750	-	-	-	-	-	-	26,750	0%	0%
M C Lawrenson	850,000	-	-	-	76,500	77,500	-	1,004,000	8%	8%
R J Linnell	150,000	-	-	-	-	-	-	150,000	0%	0%
C R Pointon	200,000	-	-	-	-	-	-	200,000	0%	0%
B G Thomas	93,807	-	-	-	6,193	-	-	100,000	0%	0%
J D White	187,861	-	-	-	13,068	-	-	200,929	0%	0%
<b>Executives</b>										
M Brown	461,017	-	-	-	13,437	82,305	10,800	567,559	15%	15%
P Bryant	161,113	-	-	-	6,565	(92,437)	-	75,241	0%	0%
S Cater	181,250	-	-	-	10,155	27,086	12,000	230,491	12%	12%
I McCubbing	166,112	-	100,000	-	6,872	-	10,067	283,051	0%	0%
T Revy	306,100	-	-	-	13,437	64,248	7,000	390,785	16%	16%
D Singh	469,900	-	-	24,469	-	64,248	-	558,618	12%	12%
<b>Total</b>	<b>3,397,719</b>	<b>-</b>	<b>100,000</b>	<b>24,469</b>	<b>152,419</b>	<b>222,951</b>	<b>39,867</b>	<b>3,937,425</b>		

December 2007	Short-Term				Post Employment <sup>4</sup>	Share-based Payments		Total	Total Remuneration	
	Salary & Fees <sup>1</sup>	Cash Bonus <sup>3</sup>	Other Cash	Non-Monetary Benefits		Options <sup>2</sup>	Share Plan		Performance Related	Consisting of Options
	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Directors</b>										
R F Court	143,807	-	-	-	6,193	-	-	150,000	0%	0%
S G Dean	107,000	-	-	-	-	-	-	107,000	0%	0%
B T Fogarty	26,464	-	-	513	2,382	-	-	29,359	0%	0%
M C Lawrenson	841,346	300,000	-	1,595	74,250	534,091	-	1,751,282	48%	30%
C R Pointon	16,667	-	-	-	-	-	-	16,667	0%	0%
B G Thomas	93,807	-	-	-	6,193	-	-	100,000	0%	0%
J D White	187,861	-	-	-	12,908	-	-	200,769	0%	0%
<b>Executives</b>										
M Brown	437,861	-	-	-	12,908	85,887	10,800	547,456	16%	16%
P Bryant	287,380	-	-	-	12,908	68,710	-	368,998	19%	19%
T Revy	287,314	-	-	-	12,908	68,710	7,000	375,932	18%	18%
D Singh	356,973	424,994	-	33,454	-	68,710	-	884,131	56%	8%
<b>Total</b>	<b>2,786,480</b>	<b>724,994</b>	<b>-</b>	<b>35,562</b>	<b>140,650</b>	<b>826,108</b>	<b>17,800</b>	<b>4,531,594</b>		

1 In relation to the fees received by non-executive Directors, these disclosed amounts of remuneration include all amounts paid to the Director or companies related to the Director for services.

2 The remuneration value ascribed to share options in the above tables has been calculated in accordance with AASB 2 *Share-based Payment*, whereby the fair value of options determined at grant date is spread evenly (and recognised as an expense) over the vesting period. There were no alterations to the terms and conditions of options issued as remuneration since their grant date.

During the year:

- Mr Brown was issued with 250,000 GRD share options which had a fair value determined at grant date of \$33,750.
- Mr Cater was issued with 150,000 GRD share options which had a fair value determined at grant date of \$20,250.
- Mr Revy was issued with 150,000 GRD share options which had a fair value determined at grant date of \$20,250.
- Mr Singh was issued with 200,000 GRD share options which had a fair value determined at grant date of \$27,000.
- Mr Bryant ceased employment with GRD and as a consequence certain unvested options were forfeited during 2008. The options forfeited had no intrinsic value at the date of forfeiture. The expense recognised by the Company in prior periods in relation to these forfeited options has been reversed in 2008, resulting in a negative element of remuneration. For this reason the proportion of total remuneration related to options has been disclosed as nil.

During the prior year:

- Mr Brown was issued with 250,000 GRD share options which had a fair value determined at grant date of \$157,500.
- Mr Bryant was issued with 200,000 GRD share options which had a fair value determined at grant date of \$126,000.
- Mr Revy was issued with 200,000 GRD share options which had a fair value determined at grant date of \$126,000.
- Mr Singh was issued with 200,000 GRD share options which had a fair value determined at grant date of \$126,000.

3 In the current year a cash payment of \$100,000 was paid to Mr McCubbing following the commencement of his employment with GRD, as a consequence of securing his employment from the market. During the prior year, a cash bonus was paid to Mr Lawrenson of \$300,000 following the achievement of certain operational targets during the first year of Mr Lawrenson's contract, namely the achievement of financial close on the Lancashire Waste Project. A cash bonus of \$424,994 was also granted to Mr Singh in 2007, due to the achievement of financial close on the Lancashire Waste Project, which was paid partly in 2007 (\$313,858) and partly 2008 (\$111,136).

4 No termination benefits were paid to the Directors, named executives or key management personnel during the current or prior year.

## DIRECTORS' REPORT

### COMPENSATION OPTIONS: GRANTED AND VESTED DURING THE YEAR

During the current and prior year, options were granted as equity compensation benefits to certain Directors and named executives, and certain options vested, as disclosed below.

	Options vested in current year	Options granted in current year	Grant date	Terms & Conditions for each Grant of Option				
				Fair value per option at grant date \$	Exercise price per option \$	Expiry date	First exercise date	Last exercise date
<b>2008</b>								
<b>Directors</b>								
M C Lawrenson	1,000,000	-	01/06/06	0.52	2.40	01/06/16	31/3/08	01/06/16
<b>Executives</b>								
M Brown	-	62,500	16/06/08	0.14	1.50	01/06/13	01/06/09	01/06/13
M Brown	-	62,500	16/06/08	0.14	1.50	01/06/13	01/06/10	01/06/13
M Brown	-	125,000	16/06/08	0.13	1.50	01/06/13	31/12/10	01/06/13
S Cater	-	37,500	16/06/08	0.14	1.50	01/06/13	01/06/09	01/06/13
S Cater	-	37,500	16/06/08	0.14	1.50	01/06/13	01/06/10	01/06/13
S Cater	-	75,000	16/06/08	0.13	1.50	01/06/13	31/12/10	01/06/13
T Revy	-	37,500	16/06/08	0.14	1.50	01/06/13	01/06/09	01/06/13
T Revy	-	37,500	16/06/08	0.14	1.50	01/06/13	01/06/10	01/06/13
T Revy	-	75,000	16/06/08	0.13	1.50	01/06/13	31/12/10	01/06/13
D Singh	-	50,000	16/06/08	0.14	1.50	01/06/13	01/06/09	01/06/13
D Singh	-	50,000	16/06/08	0.14	1.50	01/06/13	01/06/10	01/06/13
D Singh	-	100,000	16/06/08	0.13	1.50	01/06/13	31/12/10	01/06/13
<b>Total</b>	<u>1,000,000</u>	<u>750,000</u>						

	Options vested in current year	Options granted in current year	Grant date	Terms & Conditions for each Grant of Option				
				Fair value per option at grant date \$	Exercise price per option \$	Expiry date	First exercise date	Last exercise date
<b>2007</b>								
<b>Directors</b>								
M C Lawrenson	1,000,000	-	01/06/06	0.38	2.90	01/06/16	02/03/07	01/06/16
M C Lawrenson	1,000,000	-	01/06/06	0.52	2.40	01/06/16	31/03/07	01/06/16
J White	2,000,000	-	01/06/01	0.33	1.40	-	01/06/04	-
J White	1,000,000	-	01/06/01	0.30	1.90	-	01/06/04	-
J White	1,000,000	-	01/06/01	0.27	2.40	-	01/06/04	-
<b>Executives</b>								
M Brown	-	250,000	01/06/07	0.63	2.29	01/06/12	01/01/10	01/06/12
P Bryant	-	200,000	01/06/07	0.63	2.29	01/06/12	01/01/10	01/06/12
P Bryant	150,000	-	30/06/04	0.42	1.95	-	01/01/07	-
T Revy	-	200,000	01/06/07	0.63	2.29	01/06/12	01/01/10	01/06/12
T Revy	150,000	-	30/06/04	0.42	1.95	-	01/01/07	-
D Singh	-	200,000	01/06/07	0.63	2.29	01/06/12	01/01/10	01/06/12
D Singh	150,000	-	01/06/01	0.33	1.40	-	01/06/04	01/06/12
<b>Total</b>	<u>6,450,000</u>	<u>850,000</u>						

### SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

There were no shares issued to Directors or named executives on account of the issue of share options during the year or the prior year.

## D I R E C T O R S ' R E P O R T

### COMPENSATION PAYMENTS: RIGHTS UNDER THE SHARE PLAN

During the year certain named executives and key management personnel participated in the GRD employee share acquisition plan, and became entitled to rights to GRD shares as disclosed below. These rights vest over a three-year period and the value of rights that have vested during the year are also disclosed below.

	Rights Granted During the Year		Rights Vested During the Year	
	Number of Shares	Fair Value Per share \$	Number of Shares	Fair Value Per share \$
<b>December 2008</b>				
<b>Directors</b>				
M C Lawrenson	-	-	6,712	2.12
<b>Executives</b>				
M Brown	13,717	0.79	5,729	0.82
S Cater	18,605	0.64	16,399	0.70
I McCubbing	22,205	0.45	-	-
T Revy	8,890	0.79	3,048	2.12
D Singh	-	-	152	0.82
<b>Total</b>	<u>63,417</u>		<u>32,040</u>	

	Rights Granted During the Year		Rights Vested During the Year	
	Number of Shares	Fair Value Per share \$	Number of Shares	Fair Value Per share \$
<b>December 2007</b>				
<b>Directors</b>				
M C Lawrenson	-	-	6,711	1.98
<b>Executives</b>				
M Brown	4,747	2.27	4,678	2.70
P Bryant	-	-	733	2.43
T Revy	3,077	2.27	3,116	1.98
D Singh	-	-	2,698	2.70
<b>Total</b>	<u>7,824</u>		<u>17,936</u>	

**This is the end of the Remuneration Report**

### DIRECTORS' MEETINGS

The number of Directors' meetings and meetings of committees of Directors held in the period each Director held office during the financial year and the number attended by each Director are:

Director	Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
R F Court	12	12	3	3	1	1
M C Lawrenson	12	12	-	-	-	-
C R Pointon	12	11	1	1	-	-
B G Thomas	12	12	3	2	1	1
J D White	12	12	-	-	-	-
R J Linnell	9	8	-	-	-	-
S G Dean	2	2	2	2	-	-

The details of the functions and memberships of the committees of the Board are presented in the Corporate Governance Statement.

## DIRECTORS' REPORT

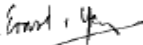

### AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst & Young.



#### Auditor's Independence Declaration to the Directors of GRD Limited

In relation to our audit of the financial report GRD Limited for the year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

  
Ernst & Young  
  
R A Kirkby  
Partner  
Perth  
30 March 2009

Liability limited by a scheme approved  
under Professional Standards Legislation

### NON-AUDIT SERVICES

The non-audit services provided by the entity's auditors are disclosed in Note 9 of this financial report. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each non-audit service provided means that auditor independence was not compromised.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of GRD support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is contained on pages 15 and 16 of this financial report.

### ROUNDING OF AMOUNTS

The Company is a company of the kind specified in Australian Securities and Investment Commission class order 98/0100. In accordance with that class order, amounts in this report and the accompanying financial statements have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

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



**M CLIFF LAWRENSEN**  
Director

Perth, Western Australia  
30 March 2009

## CORPORATE GOVERNANCE STATEMENT

For the Year Ended 31 December 2008

The GRD Board of Directors is responsible for the overall corporate governance of the consolidated entity including strategic direction, establishing goals for management, monitoring the achievement of these goals and managing the internal control structure to address the various risks faced by the consolidated entity.

The Board has established a framework for management of the company, including an overall framework of internal control, a business risk management process and the establishment of appropriate ethical standards. This framework has been designed to enhance and protect shareholder value, ensure risks are managed and maintain stakeholder confidence in the integrity of the company.

The ASX Listing Rules require this Corporate Governance Statement to contain a summary of certain corporate governance information including the extent to which the Company has followed the ASX Corporate Governance Council's published guidelines during the year.

The corporate governance practices of the Company have been in place for the full year and, except as detailed below, are compliant with the Corporate Governance Council's recommendations.

Further information regarding the Company's corporate governance practices is available on the Company's website, [www.grd.com.au](http://www.grd.com.au).

### Structure and Performance of the Board

The Directors in office at the date of this report are:

Name	Term in Office	Position and Status
R F Court	5 years	Chairman, independent non-executive
M C Lawrenson	3 years	Chief Executive
R J Linnell	1 year *	Independent, non-executive
C R Pointon	1 year **	Independent, non-executive
B G Thomas	10 years	Independent, non-executive
J D White	9 years	Non-executive

\* Appointed as Director on 3 December 2007

\*\* Appointed as Director on 31 March 2008

The skills, experience and expertise of all the Directors in office at the date of the financial report, and their attendance at meetings of the Board and its Committees during the financial year, are summarised in the Directors' Report.

The Directors of GRD Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

When considering independence, the Board assesses 'materiality' on an on going basis, taking into account both quantitative and qualitative factors. Interests of between 5% and 10% may be material, although qualitative assessment will override the quantitative assessment. In accordance with these concepts Messrs Court, Linnell, Pointon and Thomas are considered independent, ensuring that a majority of the Board are independent.

Procedures exist to enable Directors to seek independent professional advice, at the Company's expense, in order to execute their duties.

The Board utilises certain sub-committees to assist in the practical discharge of its responsibilities, and to this end has established an Audit and Risk Management Committee and a Nomination and Remuneration Committee. The composition, roles and responsibilities of these committees are outlined below.

## C O R P O R A T E   G O V E R N A N C E   S T A T E M E N T

F o r   t h e   Y e a r   E n d e d   3 1   D e c e m b e r   2 0 0 8

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates under a Charter approved by the Board, and its role is to:

- Review and make recommendations about remuneration policies for executives and Directors; and
- Make assessments and recommendations about the performance and suitability of individual Directors and the Board as a whole.

All members of the Remuneration and Nomination Committee are non-executive Directors, and during the year were:

R F Court (Chairman)

B G Thomas

J D White (replacing Mr Dean following his resignation in March 2008)

For details of the Company's policy relating to remuneration, plus the amounts of all monetary and non-monetary emoluments paid to Directors and other key management personnel during the year, refer to the remuneration report contained in the Directors' Report.

At present the Company does not have a formal scheme covering the payment of equity-based executive remuneration. Rather, the company intends to advise Shareholders of the proposed issue of options and other securities to executives until such time as a formal scheme is approved. During the year the Company issued share options to certain executives of the GRD Group, the terms and conditions of which were advised at the 2008 Annual General Meeting of Shareholders.

With regard to non-executive Directors, remuneration is structured differently to that of executives. While remuneration is typically in the form of fixed cash fees, the Remuneration and Nomination Committee may recommend that non-executive Directors also be issued with equity-based incentives, such as share options. No schemes for retirement benefits exist, other than statutory superannuation.

While the Company has not presently issued share options to non-executive Directors, which its policies do allow for, such an issue would be a departure from the Corporate Governance Council's recommendations. The Board considers that in certain cases it will be appropriate to include equity-based incentives in the remuneration package of a non-executive Director, where this aligns with the role undertaken by that Director and is in the best long-term interests of GRD.

The Chairman of the Board is the chair of the Remuneration and Nomination Committee. The performance of the Board is reviewed at least annually, which involves an assessment of each Board member's performance in contributing to the effectiveness of the Board.

### Audit and Risk Management Committee

The Audit and Risk Management Committee exists to assist the Board to fulfil its responsibilities in relation to the Company's financial reporting practices, internal control structure, risk management systems and the internal and external audit functions. It operates under a Charter approved by the Board.

All members of the Audit and Risk Management Committee are non-executive directors, and during the year were:

B G Thomas (Chairman)

R F Court

C R Pointon (replacing Mr Dean following his resignation in March 2008)

In relation to the Group's external financial reporting, the committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in such reports.

### Risk

One of the key roles of the Board is the determination and oversight of the Company's risk profile and approval of risk management strategies. The tasks of assessing day-to-day risk management and internal control effectiveness are delegated to management through the chief executive officer. Management reports regularly to the Board on the management of the Company's key business risks.

In accordance with section 295A of the Corporations Act, the Chief Executive Officer and Chief Financial Officer have provided a written statement to the Board that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

**CONSOLIDATED INCOME STATEMENT**

**For the Year Ended 31 December 2008**

	Note	Consolidated	
		2008 \$'000	2007 \$'000
<b>Continuing Operations</b>			
Revenue	2	251,143	215,511
Other income	2	2,883	2,395
Expenses excluding finance costs		(246,992)	(200,858)
Share of net profit of investments accounted for using the equity method		6,728	5,492
Profit from continuing operations before tax and finance costs		13,762	22,540
Finance costs		(4,794)	(3,846)
<b>Profit before income tax expense</b>		<b>8,968</b>	<b>18,694</b>
Income tax expense		(2,679)	(7,195)
<b>Profit from continuing operations</b>		<b>6,289</b>	<b>11,499</b>
<b>Discontinued Operations</b>			
Loss from Discontinued Operations after Income Tax	4(a)	(68,580)	(8,890)
<b>Net profit/(loss) for the period</b>		<b>(62,291)</b>	<b>2,609</b>
<b>Earnings per share (cents per share)</b>			
Basic earnings per share		(32.4)	1.4
Diluted earnings per share		(32.4)	1.3
Basic earnings per share – continuing operations		3.3	6.0
Diluted earnings per share – continuing operations		3.3	5.9

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2008

	Note	Consolidated	
		2008 \$'000	2007 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	7	23,551	39,817
Trade and other receivables		45,307	66,379
Inventories		5,867	1,997
Other assets		854	1,758
		<u>75,579</u>	<u>109,951</u>
Assets of disposal group classified as held for sale	4(c)	41,493	-
Total Current Assets		<u>117,072</u>	<u>109,951</u>
<b>Non-Current Assets</b>			
Investments accounted for using the equity method		32,074	66,723
Other financial assets		36	132
Property, plant and equipment		7,628	81,587
Intangible assets and goodwill		17,390	18,857
Derivatives		-	1,979
Deferred tax assets		20,145	20,876
		<u>77,273</u>	<u>190,154</u>
Total Non-Current Assets		<u>77,273</u>	<u>190,154</u>
<b>Total Assets</b>		<u>194,345</u>	<u>300,105</u>
<b>Current Liabilities</b>			
Trade and other payables		20,389	22,044
Interest bearing liabilities		11,000	4,572
Provisions		4,665	7,348
Tax liabilities		2,196	709
		<u>38,250</u>	<u>34,673</u>
Liabilities directly associated with the assets classified as held for sale	4(c)	53,104	-
Total Current Liabilities		<u>91,354</u>	<u>34,673</u>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities		46,263	92,727
Provisions		1,357	2,111
		<u>47,620</u>	<u>94,838</u>
Total Non-Current Liabilities		<u>47,620</u>	<u>94,838</u>
<b>Total Liabilities</b>		<u>138,974</u>	<u>129,511</u>
<b>NET ASSETS</b>		<u>55,371</u>	<u>170,594</u>
<b>Equity</b>			
Issued capital		81,505	81,989
Reserves		(3,759)	34,826
Retained profits/(Accumulated losses)		(20,055)	53,779
		<u>57,691</u>	<u>170,594</u>
Reserves attributable to disposal group classified as held for sale	4(c)	(2,320)	-
<b>TOTAL EQUITY</b>		<u>55,371</u>	<u>170,594</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 December 2008

CONSOLIDATED	Issued Capital \$'000	Retained Profits/ (Accumulated Losses) \$'000	Reserves \$'000	Sub Total \$'000	Reserves Attributable to Disposal Group \$'000	Total Equity \$'000
<b>Balance previously reported at 31 December 2007</b>	81,989	55,117	34,826	171,932	-	171,932
Impact of correction of prior period error	-	(1,338)	-	(1,338)	-	(1,338)
<b>Restated Balance at 31 December 2007</b>	81,989	53,779	34,826	170,594	-	170,594
Exchange differences on translation of foreign operations	-	-	(100)	(100)	-	(100)
Movement in fair value of interest rate hedge, net of tax	-	-	-	-	(3,705)	(3,705)
Share of movement in foreign currency translation reserve of equity accounted investments	-	-	(5,829)	(5,829)	-	(5,829)
Share of movement in hedge reserve of equity accounted investments	-	-	(32,116)	(32,116)	-	(32,116)
Net expense recognised directly in equity	-	-	(38,045)	(38,045)	(3,705)	(41,750)
Loss for the year	-	(62,291)	-	(62,291)	-	(62,291)
Total recognised income and expense for the year	-	(62,291)	(38,045)	(100,336)	(3,705)	(104,041)
Transactions with equity holders in their capacity as equity holders:						
Opening reserves attributable to disposal group	-	-	(1,385)	(1,385)	1,385	-
Share-based payments	-	-	845	845	-	845
Net movement of shares reserved for the GRD share plan	(484)	-	-	(484)	-	(484)
Equity dividends	-	(11,543)	-	(11,543)	-	(11,543)
	(484)	(11,543)	(540)	(12,567)	1,385	(11,182)
<b>Balance at 31 December 2008</b>	81,505	(20,055)	(3,759)	57,691	(2,320)	55,371

CONSOLIDATED	Issued Capital \$'000	Retained Profits \$'000	Reserves \$'000	Total Parent \$'000	Minority Interest \$'000	Total Equity \$'000
<b>Balance at 31 December 2006</b>	81,753	62,356	40,584	184,693	(74)	184,619
Exchange differences on translation of foreign operations	-	-	(647)	(647)	-	(647)
Movement in fair value of interest rate hedge, net of tax	-	-	954	954	-	954
Share of movement in foreign currency translation reserve of equity accounted investments	-	-	(4,935)	(4,935)	-	(4,935)
Share of movement in hedge reserve of equity accounted investments	-	-	(1,852)	(1,852)	-	(1,852)
Net expense recognised directly in equity	-	-	(6,480)	(6,480)	-	(6,480)
Profit for the year	-	2,609	-	2,609	-	2,609
Total recognised income and expense for the year	-	2,609	(6,480)	(3,871)	-	(3,871)
Transactions with equity holders in their capacity as equity holders:						
Transfer of gain on dilution upon disposal of subsidiary	-	357	(357)	-	-	-
Disposal of subsidiary	-	-	-	-	74	74
Share-based payments	-	-	1,079	1,079	-	1,079
Net movement of shares reserved for the GRD share plan	(80)	-	-	(80)	-	(80)
Issue of share capital	316	-	-	316	-	316
Equity dividends	-	(11,543)	-	(11,543)	-	(11,543)
	236	(11,186)	722	(10,228)	74	(10,154)
<b>Balance at 31 December 2007</b>	81,989	53,779	34,826	170,594	-	170,594

**CONSOLIDATED CASH FLOW STATEMENT**

**For the Year Ended 31 December 2008**

	<b>Consolidated Inflows / (Outflows)</b>	
	<b>2008 \$'000</b>	<b>2007 \$'000</b>
Note		
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	279,411	255,590
Interest received	2,332	5,833
Payments to suppliers and employees	(265,565)	(275,730)
Fees received on financial close of Lancashire Waste Project	-	19,570
Interest and other costs of finance paid	(7,943)	(7,790)
Income tax paid	(1,732)	(1,721)
Net cash flows (used in)/from operating activities	<b>6,503</b>	<b>(4,248)</b>
<b>Cash Flows from Investing Activities</b>		
Payment for investment in Lancashire Waste Project	-	(57,988)
Proceeds on disposal of subsidiary	-	9,114
Recovery of project development costs	-	24,581
Payments for project development costs	-	(1,558)
Proceeds from sale of plant and equipment	1,723	152
Payments for property, plant and equipment	(9,120)	(15,838)
Payments for intangible assets	(1,143)	(1,671)
Net cash flows used in investing activities	<b>(8,540)</b>	<b>(43,208)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from the issue of shares	-	316
Net payments for shares reserved for the GRD share plan	(485)	(80)
Repayment of borrowings, non-interest bearing	-	(11,699)
Repayment of borrowings, interest bearing	(1,945)	(2,218)
Dividends paid	(11,543)	(11,543)
Net cash flows used in financing activities	<b>(13,973)</b>	<b>(25,224)</b>
<b>Net decrease in cash held</b>	<b>(16,010)</b>	<b>(72,680)</b>
Cash at the beginning of the financial year	36,993	109,494
Exchange rate variations on foreign cash balances	(83)	179
<b>Cash at the end of the financial year</b>	<b>20,900</b>	<b>36,993</b>
	7(a)	

**1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT**

The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the 2008 Full Financial Report of GRD Limited.

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 "Concise Financial Reports".

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of GRD Limited and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report, which can be accessed via the Company's website [www.grd.com.au](http://www.grd.com.au).

The full financial report and auditor's report will also be sent to members on request, free of charge. Please forward your request to [grd@grd.com.au](mailto:grd@grd.com.au).

All amounts are presented in Australian dollars.

		<b>Consolidated</b>	
	Note	<b>2008</b>	2007
		<b>\$'000</b>	<b>\$'000</b>
<b>2. REVENUE AND EXPENSES</b>			
<b>(a) Revenue</b>			
<b>Sales revenue</b>			
Construction contracts revenue		77,442	90,593
Consulting services		168,214	108,377
<b>Total sales revenue</b>		<b>245,656</b>	198,970
<b>Other revenue</b>			
Interest received from other persons		1,997	4,175
Fees received on establishment of the Lancashire Waste Project		-	9,809
Management services fee	6(b)	3,490	2,557
<b>Total other revenue</b>		<b>5,487</b>	16,541
<b>Total revenue</b>		<b>251,143</b>	215,511
<b>(b) Other Income</b>			
Net gain on disposal of plant and equipment		152	3
Foreign exchange gain		661	860
Other		2,070	1,532
<b>Total other income</b>		<b>2,883</b>	2,395
<b>Total revenue and other income</b>		<b>254,026</b>	217,906
<b>3. DIVIDENDS PAID AND PROPOSED</b>			
<b>(a) Dividends Paid During the Year</b>			
Previous year final:			
Unfranked dividends (3 cents per share) (2007: 3 cents per share), paid 4 April 2008		5,771	5,771
Current year interim:			
Unfranked dividends (3 cents per share) (2007: 3 cents per share), paid 3 October 2008		5,772	5,772
		<b>11,543</b>	11,543
<b>(b) Dividends Proposed and not recognised as a Liability</b>			
Current year final:			
Unfranked dividends (Nil) (2007: 3 cents per share)		-	5,771

**4. DISCONTINUED OPERATIONS**

During 2008 GRD undertook to sell its Global Renewables Eastern Creek business and as a result that business is disclosed in this financial report as a discontinued operation. A share sale agreement was signed for the sale of several companies comprising the Eastern Creek business on 3 December 2008 and the sale was completed subsequent to year-end on 21 January 2009.

The results and cash flows of the Eastern Creek business for both the current and prior year are presented below.

During 2007 GRD made the decision to cease the fabrication unit of Kirfield Limited, a component of the Engineering business GRD Minproc. The fabrication business was closed down in early 2008 and its assets disposed.

**(a) Financial Performance of Discontinued Operations**

The results of the discontinued operations for the year until disposal are presented below:

	2008			2007		
	Eastern Creek \$'000	Fabrication \$'000	Total \$'000	Eastern Creek \$'000	Fabrication \$'000	Total \$'000
Revenue	18,192	2,479	20,671	15,773	5,530	21,303
Expenses	(29,959)	(2,052)	(32,011)	(23,244)	(7,412)	(30,656)
Finance costs	(3,602)	(1)	(3,603)	(3,335)	(13)	(3,348)
	(15,369)	426	(14,943)	(10,806)	(1,895)	(12,701)
Impairment of assets on remeasurement to fair value	(50,079)	-	(50,079)	-	-	-
Profit/(loss) before income tax	(65,448)	426	(65,022)	(10,806)	(1,895)	(12,701)
Tax benefit/(expense)						
- related to pre-tax profit	4,494	(128)	4,366	3,242	569	3,811
- related to remeasurement to fair value	(7,924)	-	(7,924)	-	-	-
Profit/(loss) from discontinued operations after tax	(68,878)	298	(68,580)	(7,564)	(1,326)	(8,890)

**Discontinued Operations: Earnings per share information  
(cents per share)**

	2008 ¢	2007 ¢
Basic earnings per share – discontinued operations	(35.7)	(4.6)
Diluted earnings per share – discontinued operations	(35.7)	(4.6)

**(b) Net Cash Flows of Discontinued Operations**

In respect of the discontinued operations the following net cash flows are included in the Cash Flow Statement:

	2008			2007		
	Eastern Creek \$'000	Fabrication \$'000	Total \$'000	Eastern Creek \$'000	Fabrication \$'000	Total \$'000
Cash Flows from/(used in):						
Operating activities	(12,819)	(651)	(13,470)	(8,777)	(1,389)	(10,166)
Investing activities	(4,613)	1,076	(3,537)	(11,467)	-	(11,467)
Financing activities	(1,474)	(225)	(1,699)	(1,819)	(302)	(2,121)
Net cash flows from/(used in) discontinued operations	(18,906)	200	(18,706)	(22,063)	(1,691)	(23,754)

**4. DISCONTINUED OPERATIONS (CONTINUED)**

**(c) Assets and Liabilities of Disposal Group Classified as Held for Sale Operations**

The major class of assets, liabilities and reserves of the Eastern Creek business at 31 December 2008, that are classified on the balance sheet as held for sale, are summarised below. The Eastern Creek business was disposed in January 2009.

	<b>Consolidated 2008 \$'000</b>
<b>Assets</b>	
Cash and cash equivalents	559
Trade and other receivables	4,585
Inventories	1,112
Property, plant and equipment	33,448
Other	1,789
	41,493
Total assets	41,493
<b>Liabilities</b>	
Trade and other payables	5,853
Provisions	5,330
Interest bearing liabilities	38,607
Derivatives	3,314
	53,104
Total liabilities	53,104
Net liabilities attributable to disposal group	(11,611)
<b>Reserves attributable to disposal group</b>	
Hedge reserve	(2,320)

**5. CORRECTIONS OF PRIOR PERIOD ERROR**

An error relating to the measurement of construction labour costs in 2007 was identified during the current year. The error resulted in an overstatement in 2007 of both construction costs and construction revenues. As a consequence the error had the effect of overstating profit before income tax from continuing operations by \$1,911,000 and consolidated net profit by \$1,338,000 for the year ended 31 December 2007, and as at 31 December 2007 of overstating trade and other receivables by \$1,911,000 and consolidated retained profits by \$1,338,000 and of understating deferred tax assets by \$573,000. The error has been corrected by restating each of the affected comparative amounts in these financial statements as described.

Basic and diluted earnings per shares for the 2007 year have also been restated, and the amount of correction for both basic and diluted earnings per share was a reduction of 0.2 cents per share.

**6. DISPOSAL OF SUBSIDIARY AND ESTABLISHMENT OF THE LANCASHIRE WASTE PROJECT**

During the prior year GRD's subsidiary Global Renewables executed contracts establishing the Lancashire Waste Project in the United Kingdom, in joint ownership with Bovis Lend Lease Limited. As part of these transactions the GRD group ceased to control its subsidiary Global Renewables Lancashire Holdings Limited on 8 February 2007. GRD carries its 50% interest in the Global Renewables Lancashire Waste Project on its Balance Sheet as an equity accounted investment.

Prior to its disposal Global Renewables Lancashire Holdings Limited was not operating, and had made no contribution to the GRD financial result for the year to the date of disposal.

The contribution from the financial close of the Lancashire Waste Project to consolidated GRD profit for the prior year was significant, and is summarised below.

	Consolidated 2007 \$'000
<b>(a) Details of Disposal</b>	
Consideration received on disposal (cash)	9,238
Less: Net assets disposed (refer below)	<u>(10,260)</u>
Loss on disposal	<u>(1,022)</u>
Net assets relating to subsidiary disposed:	
Cash	124
Project development costs	43,705
Associated deferred tax liability	<u>(13,112)</u>
Net assets relating to subsidiary disposed	30,717
Costs transferred into equity accounted investment	<u>(20,457)</u>
Net assets relating to subsidiary disposed	<u>10,260</u>
Net cash inflow on disposal:	
Cash consideration received on disposal	9,238
Less cash balances disposed	<u>(124)</u>
Net inflow of cash on disposal	<u>9,114</u>
 <b>(b) Contribution to Profit of Establishing the Lancashire Waste Project</b>	
The direct impact to GRD profit of the financial close of the Lancashire Waste Project during the prior year is reconciled to the components disclosed in this financial report as follows:	
Fees received on establishment of the Lancashire Waste Project	9,809
Loss on disposal of subsidiary	<u>(1,022)</u>
Contribution to profit before tax	<u>8,787</u>

**NOTES TO THE CONCISE FINANCIAL REPORT**

For the Year Ended 31 December 2008

**7. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Cash at bank and in hand	<b>22,227</b>	17,277
Short-term deposit	<b>1,324</b>	22,540
	<b>23,551</b>	39,817

The Group places its short-term cash deposits with high credit-quality financial institutions. The most significant cash holdings are in Australia and only the major (big four) banks are used as counterparties.

**(a) Reconciliation of Cash**

For the purposes of the Cash Flow Statement, cash includes cash on hand and on deposit, net of outstanding bank overdrafts. The balance of cash as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash per the Balance Sheet	<b>23,551</b>	39,817
Less: Bank Overdraft	-	(2,824)
	<b>23,551</b>	36,993
Net bank overdraft attributable to Disposal Group and classified as held for sale	<b>(2,651)</b>	-
Cash per Cash Flow Statement	<b>20,900</b>	36,993

**NOTES TO THE CONCISE FINANCIAL REPORT**

For the Year Ended 31 December 2008

**8. SEGMENT REPORTING**

**(a) Business Segments**

GRD operates in two main continuing business segments:

- (i) Engineering: GRD Minproc is a leading independent engineering and project delivery business specialising in the design, procurement and construction of mineral resources and waste-to-resources projects. GRD Minproc is among the few engineering companies that services the entire resources product development cycle from feasibility, through to project delivery and into ongoing training, maintenance and operational needs.
- (ii) Waste-to-Resources: Global Renewables has assembled the world's leading technologies to maximise the recovery of resources from the municipal solid waste stream. The UR-3R Process<sup>®</sup> is a mechanical biological treatment that treats municipal solid waste through integrated sorting, biological digestion and composting processes. Already technically proven in Australia, Global Renewables is currently implementing the next generation UR-3R<sup>™</sup> technology for the Lancashire Waste Project in the United Kingdom, in partnership with Lend Lease Corporation.

**(b) Discontinued Operations**

As set out in Note 4 there are two businesses reported as discontinued operations, Global Renewables Eastern Creek, disposed in January 2009 (previously reported in the Waste-to-Resources segment) and GRD Minproc's fabrication unit, discontinued in early 2008 (previously reported in the Engineering segment). In the tables below, the discontinued operations information relates to both of these businesses.

The group accounts for intersegment sales on commercial terms.

31 December 2008	Continuing Operations			Discontinued Operations \$'000	Total Operations \$'000
	Engineering \$'000	Waste-to- Resources \$'000	Total Continuing Operations \$'000		
Revenue from external customers	245,656	3,490	249,146	20,671	269,817
Intersegment revenues	1,664	198	1,862	213	2,075
<b>Segment revenue</b>	<b>247,320</b>	<b>3,688</b>	<b>251,008</b>	<b>20,884</b>	<b>271,892</b>
Unallocated Eliminations			1,997 (1,862)	-	1,997 (2,075)
Total segment revenue			251,143	20,671	271,814
Other income from external customers	1,173	1,747	2,920	-	2,920
Segment revenue and income	248,493	5,435			
Unallocated Eliminations			28 (65)		28 (65)
Total revenue and income			254,026		274,697
<b>Segment result (i)</b>	<b>32,545</b>	<b>(9,174)</b>	<b>23,371</b>	<b>(65,022)</b>	<b>(41,651)</b>
<b>Unallocated Eliminations</b>			(8,931) (5,472)	-	(8,931) (5,472)
Profit/(loss) before income tax			8,968	(65,022)	(56,054)
Applicable income tax expense			(2,679)	(3,558)	(6,237)
Net profit/(loss)			6,289	(68,580)	(62,291)

(i) Share of Profit of Equity Accounted Investments:

- The Engineering segment result includes an amount of profit from equity accounted investments of \$10,944,000 of which \$5,472,000 is eliminated on consolidation.
- The Waste-to-Resources segment result includes an amount of profit from equity accounted investments of \$1,256,000.

**NOTES TO THE CONCISE FINANCIAL REPORT**

For the Year Ended 31 December 2008

**8. SEGMENT REPORTING (continued)**

	Engineering \$'000	Waste-to- Resources \$'000	Unallocated \$'000	Eliminations \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total Operations \$'000
<b>Segment assets</b>	<b>117,814</b>	<b>42,801</b>	<b>155,872</b>	<b>(163,635)</b>	<b>152,852</b>	<b>41,493</b>	<b>194,345</b>
<b>Segment liabilities</b>	<b>116,816</b>	<b>178,436</b>	<b>63,144</b>	<b>(272,526)</b>	<b>85,870</b>	<b>53,104</b>	<b>138,974</b>
<b>Other Segment Information</b>							
Capital expenditure	4,863	782	7	-	5,652	4,611	10,263
Non-cash items:							
Depreciation, amortisation and impairment	3,352	731	122	-	4,205	53,820	58,025
Other non-cash items	(159)	39	272	-	152	(852)	(700)

31 December 2007	Continuing Operations				
	Engineering \$'000	Waste-to- Resources \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total Operations \$'000
Revenue from external customers	198,970	12,366	211,336	21,303	232,639
Intersegment revenues	1,906	466	2,372	219	2,591
<b>Segment revenue</b>	<b>200,876</b>	<b>12,832</b>	<b>213,708</b>	<b>21,522</b>	<b>235,230</b>
Unallocated			4,175	-	4,175
Eliminations			(2,372)	(219)	(2,591)
Total segment revenue			215,511	21,303	236,814
Other income from external customers	310	1,980	2,290	-	2,290
Segment revenue and income	201,186	14,812			
Unallocated			85		85
Eliminations			20		20
Total revenue and income			217,906		239,209
<b>Segment result (i)</b>	<b>24,501</b>	<b>2,586</b>	<b>27,087</b>	<b>(12,701)</b>	<b>14,386</b>
<b>Unallocated Eliminations</b>			(5,705)	-	(5,705)
			(2,688)	-	(2,688)
Profit/(loss) before income tax			18,694	(12,701)	5,993
Applicable income tax (expense)/benefit			(7,195)	3,811	(3,384)
Net profit/(loss)			11,499	(8,890)	2,609

(i) Share of Profit of Equity Accounted Investments:

-The Engineering segment result in the prior year includes an amount of profit from equity accounted investments of \$5,589,000 of which \$2,794,000 is eliminated on consolidation.

-The Waste-to-Resources segment result in the prior year includes an amount of profit from equity accounted investments of \$2,697,000.

**NOTES TO THE CONCISE FINANCIAL REPORT**

For the Year Ended 31 December 2008

**8. SEGMENT REPORTING (continued)**

	Engineering \$'000	Waste-to- Resources \$'000	Unallocated \$'000	Eliminations \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total Operations \$'000
<b>Segment assets</b>	<b>116,924</b>	<b>169,990</b>	<b>256,350</b>	<b>(243,159)</b>	<b>300,105</b>	<b>-</b>	<b>300,105</b>
<b>Segment liabilities</b>	<b>119,977</b>	<b>196,063</b>	<b>61,351</b>	<b>(247,880)</b>	<b>129,511</b>	<b>-</b>	<b>129,511</b>
<b>Other Segment Information</b>							
Capital expenditure	5,590	2,036	151	(177)	7,600	11,467	19,067
Non-cash items:							
Depreciation, amortisation and impairment	2,289	2,410	181	-	4,880	3,065	7,945
Other non-cash items	2,040	(607)	731	-	2,164	50	2,214

**Consolidated**

2008                      2007  
\$                              \$

**9. REMUNERATION OF AUDITORS**

Amounts received, or due and receivable, by Ernst & Young Australia for:

▪ An audit or review of the financial report of the entity and any other entity in the consolidated entity	<b>383,236</b>	368,916
▪ Other services in relation to the entity and any other entity in the consolidated entity:		
- Assurance related	<b>7,725</b>	20,830
- Other	<b>230,411</b>	-
	<b>238,136</b>	20,830
	<b>621,372</b>	389,746

Amounts received, or due and receivable, by Ernst & Young other than Australia for:

▪ An audit or review of the financial report of the entity and any other entity in the consolidated entity	<b>245,744</b>	258,106
▪ Other services in relation to the entity and any other entity in the consolidated entity:		
- Assurance related	-	37,887
- Other	<b>28,747</b>	58,162
	<b>274,491</b>	354,155
	<b>895,863</b>	743,901

**10. SUBSEQUENT EVENTS**

The sale of the Global Renewables Eastern Creek business was completed on 21 January 2009. While the effective date of the sale is 31 December 2008 for practical purposes, the business remains consolidated into the GRD Group at 31 December 2008 as control did not pass until completion. The full net profit impact to GRD of the sale of Eastern Creek is included within this 2008 financial report, by virtue of significant asset impairment write-downs at 31 December 2008. The impact to the GRD Balance Sheet of the sale is not fully reflected in this financial report, although those assets held for disposal, and the associated liabilities, are disclosed separately on the GRD Balance Sheet.

Since the end of the financial period, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the financial statements, that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

**DIRECTORS' DECLARATION**

**For the Year Ended 31 December 2008**

The Directors declare that:

- (a) the concise financial report of the consolidated entity for the year ended 31 December 2008 is in accordance with Accounting Standard AASB 1039 Concise Financial Reports; and
- (b) the financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 31 December 2008.

Made in accordance with a resolution of the Directors.

On behalf of the Board



**M CLIFF LAWRENSON**  
**Director**

Perth, Western Australia  
30 March 2009



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## Independent auditor's report to the members of GRD Limited

### Report on the Concise Financial Report

The accompanying concise financial report of GRD Limited comprises the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of GRD Limited for the year ended 31 December 2008. The concise financial report also includes the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

### Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of GRD Limited for the year ended 31 December 2008. Our audit report on the financial report for the year was signed on 30 March 2009 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

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

### Independence

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

### Auditor's Opinion

In our opinion, the concise financial report and the directors' declaration of GRD Limited for the year ended 31 December 2008 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Liability limited by a scheme approved  
under Professional Standards Legislation



**Report on the Remuneration Report**

The following paragraph is copied from our Report on the Remuneration Report for the year ended 31 December 2008.

We have audited the Remuneration Report included in pages 6 to 13 of the Directors' Report for the year ended 31 December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's Opinion**

In our opinion, the Remuneration Report of GRD Limited and its controlled entities for the year ended 31 December 2008, complies with section 300A of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink, appearing to read "R A Kirkby".

R A Kirkby  
Partner  
Perth  
30 March 2009

**ADDITIONAL SHAREHOLDER INFORMATION**

**For the Year Ended 31 December 2008**

As at 13 March 2009, there were 192,384,982 fully paid ordinary shares on issue.

**(a) Distribution of Shareholdings**

Number of ordinary shares held	Number of Holders
1 - 1,000	1,898
1,001 - 5,000	2,297
5,001 - 10,000	767
10,001 - 100,000	791
100,001 and over	70
Total number of holders	<u>5,823</u>
Number of shareholders holding less than a marketable parcel	<u><u>2,882</u></u>

**(b) Voting Rights**

Voting rights of members are governed by the Company's Constitution. In summary, on a show of hands, every member present in person or by proxy shall have one vote and upon a poll every such attending member shall be entitled to one vote for every share held. All fully paid ordinary shares issued by the Company carry one vote per share.

**(c) Substantial Shareholders**

The Company's Substantial Shareholders and the number of securities in which they have an interest as disclosed by notices received under section 671B of the *Corporations Act 2001* as at 13 March 2009 are:

Name	Fully Paid Ordinary Shares
IML Investors Mutual Limited	25,216,735
Seven Network Group	23,500,000
Schroder Investment Management Australia Limited	18,280,516
Macquarie Group Limited	17,915,812
Newton Investment Management Ltd	15,711,535
MMC Contrarian Limited	12,188,143

**(d) Top Twenty Shareholders**

The names of the 20 largest holders of fully paid ordinary shares as at 13 March 2009 are listed below:

Rank	Name	Number	%
1	I7 Pty Limited	23,500,000	12.22
2	RBC Dexia Investor Services Aust Nominees Pty Ltd (BKCust A/C)	18,408,430	9.57
3	Macquarie Technology Investments Ltd (IBG Principal A/C)	17,000,000	8.84
4	National Nominees Limited	16,147,947	8.39
5	Cogent Nominees Pty Limited	13,246,095	6.89
6	JP Morgan Nominees Australia Limited	9,559,574	4.97
7	Holdex Nominees Pty Ltd	9,276,864	4.82
8	HSBC Custody Nominees (Australia) Limited	6,829,853	3.55
9	ANZ Nominees Limited (Cash Income A/C)	6,416,792	3.34
10	Citicorp Nominees Pty Limited	5,999,861	3.12
11	GRD ESAP Pty Ltd	5,323,861	2.77
12	Leet Investments Pty Ltd	3,860,000	2.01
13	Yandal Investments Pty Limited	2,672,787	1.39
14	Bond Street Custodians Limited	2,319,916	1.21
15	Sandhurst Trustees Ltd	1,989,000	1.03
16	Citicorp Nominees Pty Limited (CFSIL C'wealth Aust SHS 14 A/C)	1,856,000	0.96
17	Yandal Investments Pty Limited	1,654,884	0.86
18	Queensland Investment Corporation	1,021,507	0.53
19	Log Creek Pty Ltd	825,000	0.43
20	Mr & Ms Andrew Gregor	693,235	0.36
		<u>148,601,606</u>	<u>77.24</u>