GRD

GRD Limited

ACN 009 201 754

FULL FINANCIAL REPORT

31 DECEMBER 2008

C O N T E N T S

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 DBNG 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. He has not held any directorships of other listed companies in the past three years.

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.

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:

	Direct Interest		Indirect Interest
Director	**Ordinary Shares**	**Options**	**Ordinary Shares**
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® 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™ 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 7 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 partners, 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 lead 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).

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.

Refer to Note 32(c) of the financial statements for further details of the Company's share options.

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.

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.

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 $400,000 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;
- 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

<u>GRD Share Options</u>

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^{th} percentile, 50% of the options will vest if the GRD Limited share price return ranks equivalent to or higher than the 50^{th} percentile and no options will vest if the GRD Limited share price return does not rank equivalent to or higher than the 50^{th} percentile.

- 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®. 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 fortified 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'. Additional details as to share options granted to, exercised by and held by Directors and Key Management Personnel are contained in Note 32 to the financial statements.

<u>GRD Employee Share Acquisition Plan</u>

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.

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.

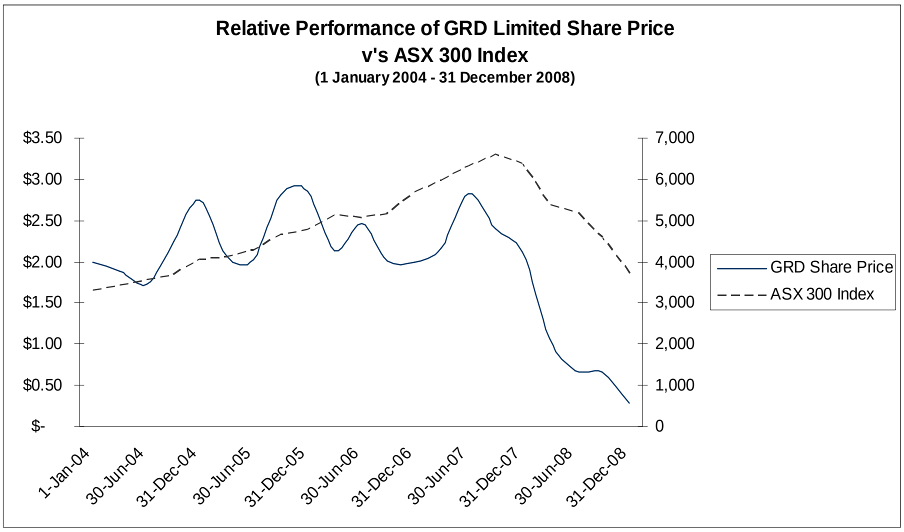
In respect of Mr Lawrenson, Chief Executive Officer of GRD, certain key details of his employment contract are summarised as follows:

- 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)*.

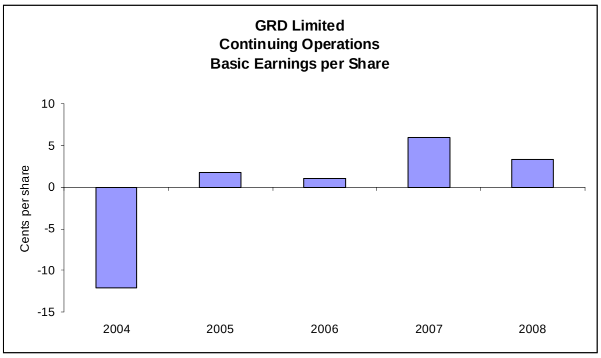
Group Performance

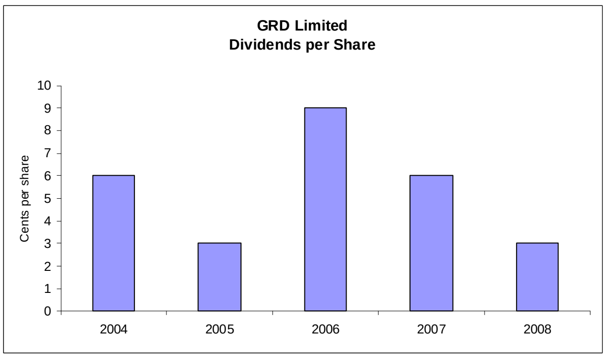
The Group's equity-based remuneration will ultimately reward Directors and executives only to the extent that the performance of the Company achieves creation of shareholder wealth. One way of indicating the performance of the company in recent years is to compare its performance to a comparable peer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





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:

	Short-Term				Post Employment [4]	Share-based Payments		Total	Total Remuneration	
December 2008	Salary & Fees [1] $	Cash Bonus $	Other Cash [3] $	Non-Monetary Benefits $	Super-annuation $	Options [2] $	Share Plan $	$	Performance Related	Consisting of Options
Directors										
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%
Executives										
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%
Total	3,397,719	-	100,000	24,469	152,419	222,951	39,867	3,937,425		

	Short-Term				Post Employment [4]	Share-based Payments		Total	Total Remuneration	
December 2007	Salary & Fees [1] $	Cash Bonus [3] $	Other Cash $	Non-Monetary Benefits $	Super-annuation $	Options [2] $	Share Plan $	$	Performance Related	Consisting of Options
Directors										
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%
Executives										
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%
Total	2,786,480	724,994	-	35,562	140,650	826,108	17,800	4,531,594		

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.

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.

				Terms & Conditions for each Grant of Option				
2008	Options vested in current year	Options granted in current year	Grant date	Fair value per option at grant date $	Exercise price per option $	Expiry date	First exercise date	Last exercise date
Directors								
M C Lawrenson	1,000,000	-	01/06/06	0.52	2.40	01/06/16	31/3/08	01/06/16
Executives								
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
Total	1,000,000	750,000						

				Terms & Conditions for each Grant of Option				
2007	Options vested in current year	Options granted in current year	Grant date	Fair value per option at grant date $	Exercise price per option $	Expiry date	First exercise date	Last exercise date
Directors								
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	-
Executives								
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
	-							
Total	6,450,000	850,000						

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.

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	
December 2008	Number of Shares	Fair Value Per share $	Number of Shares	Fair Value Per share $
Directors				
M C Lawrenson	-	-	6,712	2.12
Executives				
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
Total	63,417		32,040	

	Rights Granted During the Year		Rights Vested During the Year	
December 2007	Number of Shares	Fair Value Per share $	Number of Shares	Fair Value Per share $
Directors				
M C Lawrenson	-	-	6,711	1.98
Executives				
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
Total	7,824		17,936	

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:

	Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee	
Director	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.

AUDITOR'S INDEPENDENCE DECLARATION

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

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

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

NON-AUDIT SERVICES

The non-audit services provided by the entity's auditors are disclosed in Note 25 to the financial statements. 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 full 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 LAWRENSON
Director

Perth, Western Australia
30 March 2009

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.

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.

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.

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Independent auditor's report to the members of GRD Limited

Report on the Financial Report

We have audited the accompanying financial report of GRD Limited ("the Company"), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of GRD Limited is in accordance with the Corporations Act 2001, including:
   i giving a true and fair view of the financial position of GRD Limited and the consolidated entity at 31 December 2008 and of their performance for the year ended on that date; and
   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulation 2001.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

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.

Ernst & Young

R A Kirkby
Partner
Perth
30 March 2009

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of GRD Limited, we state that:

1. In the opinion of the Directors:

   (a) The financial statements, the notes, and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the consolidated entity, are in accordance with the Corporations Act 2001, including:

      (i) Giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and

      (ii) Complying with Accounting Standards and Corporations Regulations 2001; and

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ending 31 December 2008.

On behalf of the Board

M CLIFF LAWRENSON
Director

Perth, Western Australia
30 March 2009

INCOME STATEMENT

For the Year Ended 31 December 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Continuing Operations					
Revenue	3(a)	**251,143**	215,511	**19,438**	17,603
Other income	3(b)	**2,883**	2,395	**211,502**	1,813
Expenses excluding finance costs	3(c)	**(246,992)**	(200,858)	**(128,154)**	(8,775)
Share of net profit of investments accounted for using the equity method	12(b)	**6,728**	5,492	**-**	-
Profit from continuing operations before tax and finance costs		**13,762**	22,540	**102,786**	10,641
Finance costs	3(d)	**(4,794)**	(3,846)	**(4,686)**	(3,723)
Profit before income tax expense		**8,968**	18,694	**98,100**	6,918
Income tax (expense)/benefit	6(c)	**(2,679)**	(7,195)	**4,444**	1,646
Profit from continuing operations		**6,289**	11,499	**102,544**	8,564
Discontinued Operations					
Loss from Discontinued Operations after Income Tax	7(a)	**(68,580)**	(8,890)	**-**	-
Net profit/(loss) for the period		**(62,291)**	2,609	**102,544**	8,564
Earnings per share (cents per share)					
Basic earnings per share	4	**(32.4)**	1.4		
Diluted earnings per share	4	**(32.4)**	1.3		
Basic earnings per share – continuing operations		**3.3**	6.0		
Diluted earnings per share – continuing operations		**3.3**	5.9		

This Income Statement should be read in conjunction with the accompanying notes

BALANCE SHEET

As at 31 December 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current Assets					
Cash and cash equivalents	9	**23,551**	39,817	**1,560**	25,456
Trade and other receivables	10	**45,307**	66,379	**17,260**	402
Inventories	11	**5,867**	1,997	**-**	-
Other assets	17	**854**	1,758	**281**	356
		75,579	109,951	**19,101**	26,214
Assets of disposal group classified as held for sale	7	**41,493**	-	**-**	-
Total Current Assets		**117,072**	109,951	**19,101**	26,214
Non-Current Assets					
Trade and other receivables	10	**-**	-	**144,580**	235,700
Investments accounted for using the equity method	12	**32,074**	66,723	**-**	-
Other financial assets	13	**36**	132	**36**	21,292
Property, plant and equipment	15	**7,628**	81,587	**29**	119
Intangible assets and goodwill	16	**17,390**	18,857	**50**	81
Derivatives	30	**-**	1,979	**-**	-
Deferred tax assets	6	**20,145**	20,876	**13,031**	11,425
Total Non-Current Assets		**77,273**	190,154	**157,726**	268,617
Total Assets		**194,345**	300,105	**176,827**	294,831
Current Liabilities					
Trade and other payables	18	**20,389**	22,044	**3,288**	947
Interest bearing liabilities	19	**11,000**	4,572	**11,000**	6
Provisions	20	**4,665**	7,348	**472**	454
Tax liabilities		**2,196**	709	**-**	-
		38,250	34,673	**14,760**	1,407
Liabilities directly associated with the assets classified as held for sale	7	**53,104**	-	**-**	-
Total Current Liabilities		**91,354**	34,673	**14,760**	1,407
Non-Current Liabilities					
Trade and other payables	18	**-**	-	**-**	211,719
Interest bearing liabilities	19	**46,263**	92,727	**46,263**	57,263
Provisions	20	**1,357**	2,111	**-**	-
Total Non-Current Liabilities		**47,620**	94,838	**46,263**	268,982
Total Liabilities		**138,974**	129,511	**61,023**	270,389
NET ASSETS		**55,371**	170,594	**115,804**	24,442
Equity					
Issued capital	21	**81,505**	81,989	**81,505**	81,989
Reserves	22	**(3,759)**	34,826	**4,984**	4,139
Retained profits/(Accumulated losses)		**(20,055)**	53,779	**29,315**	(61,686)
		57,691	170,594	**115,804**	24,442
Reserves attributable to disposal group classified as held for sale	7	**(2,320)**	**-**	**-**	**-**
TOTAL EQUITY		**55,371**	170,594	**115,804**	24,442

This Balance Sheet should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2008

CONSOLIDATED	Issued Capital $'000	Retained Profits/ (Accumulated Losses) $'000	Reserves $'000	Total Parent $'000	Reserves Attributable to Disposal Group $'000	Total Equity $'000
Balance previously reported at 31 December 2007	81,989	55,117	34,826	171,932	-	171,932
Impact of correction of prior period error (Note 23)	-	(1,338)	-	(1,338)	-	(1,338)
Restated Balance at 31 December 2007	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)
Balance at 31 December 2008	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
Balance at 31 December 2006	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)
Balance at 31 December 2007	81,989	53,779	34,826	170,594	-	170,594

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2008

PARENT	Issued Capital $'000	Retained Profits/ (Accumulated Losses) $'000	Reserves $'000	Total $'000
Balance at 31 December 2007	81,989	(61,686)	4,139	24,442
Profit for the year	-	102,544	-	102,544
Total recognised income and expense for the year	-	102,544	-	102,544
Transactions with equity holders in their capacity as equity holders:				
Share-based payments	-	-	845	845
Net movement of shares reserved for the GRD share plan	(484)	-	-	(484)
Equity dividends	-	(11,543)	-	(11,543)
	(484)	(11,543)	845	(11,182)
Balance at 31 December 2008	81,505	29,315	4,984	115,804

PARENT	Issued Capital $'000	Accumulated Losses $'000	Reserves $'000	Total $'000
Balance at 31 December 2006	81,753	(58,707)	3,060	26,106
Profit for the year	-	8,564	-	8,564
Total recognised income and expense for the year	-	8,564	-	8,564
Transactions with equity holders in their capacity as equity holders:				
Share-based payments	-	-	1,079	1,079
Net movement of shares reserved for the GRD share plan	(80)	-	-	(80)
Issue of share capital	316	-	-	316
Equity dividends	-	(11,543)	-	(11,543)
	236	(11,543)	1,079	(10,228)
Balance at 31 December 2007	81,989	(61,686)	4,139	24,442

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

CASH FLOW STATEMENT

For the Year Ended 31 December 2008

	Note	Consolidated Inflows / (Outflows) 2008 $'000	2007 $'000	Parent Inflows / (Outflows) 2008 $'000	2007 $'000
Cash Flows from Operating Activities					
Receipts from customers		**279,411**	255,590	**75**	385
Interest received		**2,332**	5,833	**1,611**	4,133
Payments to suppliers and employees		**(265,565)**	(275,730)	**(6,381)**	(6,499)
Fees received on financial close of Lancashire Waste Project		**-**	19,570	**-**	-
Interest and other costs of finance paid		**(7,943)**	(7,790)	**(4,307)**	(3,723)
Income tax paid		**(1,732)**	(1,721)	**-**	-
Net cash flows from/(used in) operating activities	9(b)	**6,503**	(4,248)	**(9,002)**	(5,704)
Cash Flows from Investing Activities					
Payment for investment in Lancashire Waste Project		**-**	(57,988)	**-**	-
Proceeds on disposal of subsidiary	8(a)	**-**	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)	**-**	(68)
Payments for intangible assets		**(1,143)**	(1,671)	**(7)**	(83)
Net cash flows used in investing activities		**(8,540)**	(43,208)	**(7)**	(151)
Cash Flows from Financing Activities					
Proceeds from the issue of shares		**-**	316	**-**	316
Net payments for shares reserved for the GRD share plan		**(485)**	(80)	**(485)**	(80)
Repayment of borrowings, non-interest bearing		**-**	(11,699)	**-**	-
Loans to controlled entities		**-**	-	**(2,763)**	(56,722)
Repayment of borrowings, interest bearing		**(1,945)**	(2,218)	**(6)**	(11)
Dividends paid	5	**(11,543)**	(11,543)	**(11,543)**	(11,543)
Net cash flows used in financing activities		**(13,973)**	(25,224)	**(14,797)**	(68,040)
Net decrease in cash held		**(16,010)**	(72,680)	**(23,806)**	(73,895)
Cash at the beginning of the financial year		**36,993**	109,494	**25,456**	99,351
Exchange rate variations on foreign cash balances		**(83)**	179	**(90)**	-
Cash at the end of the financial year	9(a)	**20,900**	36,993	**1,560**	25,456

This Cash Flow Statement should be read in conjunction with the accompanying notes

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

GRD Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian stock exchange.

The address of the registered office is Level 14, AMP Building, 140 St Georges Terrace, Perth, West Australia, 6000.

The financial report of GRD Limited for the year ended 31 December 2008 was authorised for issue in accordance with a resolution of the Directors on 30 March 2009.

Basis of Measurement

The financial report has been prepared on an historical cost basis except for derivative financial instruments and available-for-sale financial assets, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

Functional and Presentation Currency

Both the functional and presentation currency of the parent entity GRD Limited and its Australian subsidiaries is Australian dollars (A$).

Statement of Compliance

The financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2008. The adopted Standards and Interpretations did not result in any changes to the accounting policies adopted by the group.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 December 2008. Each new or amended Standard will be applicable for the Group from the first period beginning 1 January following the application date of the Standard. The expected impact of the new or amended Standards and Interpretations on the Group has not yet been determined. The applicable Standards and Interpretations are outlined in the table below.

Reference	Title	Summary	Application date of standard
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to other Australian Accounting Standards	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split offs or demergers and in-specie distributions.	1 July 2009

Reference	Title	Summary	Application date of standard
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009
ASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009

Reference	Title	Summary	Application date of standard
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the ‘cost method’ and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity GRD Limited, and its controlled entities, referred to collectively throughout these financial statements as the “consolidated entity”.

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The acquisition of subsidiaries is accounted for using the purchase method. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the difference is recognised as a gain in the Income Statement.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted where necessary to comply with group policy.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Construction Contract Revenue

Revenue is recognised on construction contracts in accordance with the percentage of completion method. Profit recognition only commences when the stage of contract completion can be reliably determined and the total contract revenue and costs can be reliably estimated.

Stage of completion is measured based on an assessment of total costs incurred to date as a percentage of total estimated costs.

Any material losses on construction contracts are brought to account as soon as they are probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consulting Services

Consulting services revenue comprises revenue earned (net of discount and allowances) from the provision of services to entities outside the consolidated entity, based on the stage of completion of services.

Revenue from consulting services is recognised when the control of the right to be compensated for the consulting services can be reliably determined.

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

Dividend Income

Dividend income is recognised as received or when a right to receive payment is established.

(c) Taxes

Income tax

Deferred income tax is provided on all temporary difference at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Tax Consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. GRD Limited is the head entity in the tax-consolidation group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within a group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

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

(d) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Trade and Other Receivables

Trade receivables, other receivables and receivables from related entities are initially recorded at fair value, and then subsequently carried at amortised cost less any allowance for impairment. The Group's trade receivables generally have terms of 30 days or less from the date of invoice.

An allowance for doubtful debts is recognised only when there is objective evidence that the Group will not be able to collect a debt, and the debt is determined to be impaired. Factors that are considered in determining the impairment of a trade receivable include that the debtor has gone into administration, that a disagreement with the debtor has reached a stage where it is likely the debt will not be paid, that significant doubt exists as to the debtor's likelihood of honouring a debt, all balanced against the ability and likelihood of the Group pursuing such a debt legally and the chances of it being successful. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows. Bad debts are written off when identified.

(f) Payables

Trade and Other Payables

Liabilities for trade payables and other payables are carried at amortised cost and are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognised in the Income Statement when the liabilities are derecognised, as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories

Construction Work in Progress

Work in progress is valued at cost plus profit recognised to date based on the value of work completed, less provision for foreseeable losses. Provision for the total loss on a contract is made as soon as the loss is foreseeable.

Costs include both variable and fixed costs directly related to specific contracts. Those costs that are expected to be incurred under penalty clauses and warranty provisions are also included.

Amounts billed to customers on long-term construction contracts are netted off against construction work in progress and recorded as a trade receivable.

Stores

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis.

(h) Impairment of Non-Financial Assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Goodwill is tested for impairment annually, without the need to consider if any indications of impairment exist. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. The write down is recognised in the Income Statement.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charges is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Investments and Other Financial Assets

Investments and other financial assets are classified as either financial assets at fair value through profit and loss, held-to-maturity investments or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through the profit and loss, directly attributable transaction costs.

Gains or losses on investments classified as fair value through profit and loss are recognised in the Income Statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Income Statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets classified as held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised costs is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Investment in Subsidiaries

Subsequent to initial recognition, investments in subsidiaries held by the parent are measured at cost less impairment.

(j) Equity Accounted Investments (Associates and Joint Venture Entities)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint venture entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group’s investments in associates and joint venture entities are accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, these investments are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group’s share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group’s net investment.

The Group’s share of its equity accounted investees’ post-acquisition profits or losses is recognised in the Income Statement, after adjustments to align the accounting policies with those of the Group and after elimination of any unrealised profits between the Group and the equity accounted investee. The Group’s share of post-acquisition movements in reserves of the equity accounted investee is recognised in reserves. All cumulative post-acquisition movements in equity are adjusted against the carrying amount of the investment.

When the Group’s share of losses in an equity accounted investee equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

(k) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividend is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(l) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. All such assets, except freehold land, are depreciated over their expected useful lives on a straight line, reducing balance or production output basis, as considered appropriate, commencing from the time the asset is held ready for use.

Depreciation rates used:

Buildings	5% straight line
Eastern Creek property, plant and equipment	predominantly 4% straight line
Other plant and equipment	8% - 33% straight line
	20% - 30% reducing balance

(m) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(n) Intangible Assets

Intangible assets acquired separately or in a business combination are initially capitalised at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful lives. The amortisation expense is recognised in the income statement.

Intangible assets, excluding capitalised development costs (see below), created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development costs

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting period.

(o) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as lessee

Finance leases, which transfer to the consolidated entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Group as lessor – operating lease

In relation to the consolidated entity's waste treatment facility at Eastern Creek, Sydney, the long-term contract under which the facility operates is accounted for as an operating lease, as the Group retains substantially all the risks and benefits of ownership of the leased asset.

Lease rental income is contingent upon actual performance, and is therefore not recognised on a straight-line basis over the term of the lease, but in accordance with a determination made under the Waste Processing Deed between the consolidated entity and WSN Environmental Solutions.

Depreciation of the assets comprising the facility is undertaken in a consistent manner to the Group's normal depreciation policy for similar assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Restoration Costs

Long-term restoration obligations are based on the consolidated entity's compliance with current contractual, environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the relevant location from physical and environmental disturbance. Increases due to additional environmental disturbances in the development or construction phase of an asset are capitalised and amortised over the remaining lives of the assets. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision are accounted for in the income statement.

The estimated costs of restoration are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

(q) Employee Benefits

Provision is made for employee benefits accumulated as a result of employee services up to the reporting date. These employee benefits include wages and salaries, annual leave, and long service leave, and include related on-costs such as superannuation, payroll tax and workers compensation insurance.

Provision for annual leave and the current portion of long service leave together with the associated employment on-costs are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled. The non-current portions of long service leave and its associated employment on-costs are measured at the present value of estimated future cash flows.

A provision is made for accumulating sick leave based on anticipated future payments. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Contributions to defined contribution superannuation plans are expensed as incurred.

(r) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

Terms and Conditions of Issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Shares Reserved for the ESAP

The consolidated entity makes contributions to the Trustee of the GRD Employee Share Acquisition Plan ("ESAP" or the "Plan"), which acquires and holds GRD shares in trust for employees. The Company's contributions to shares held in trust by the Trustee that have not vested in the employees are classified as shares reserved for the ESAP, and deducted from Issued Capital. The Company is periodically entitled to distributions of surpluses from the Plan, which represents the value of unvested shares forfeited by employees upon leaving the Plan. No gain or loss is recognised in the income statement from the sale or purchase of the group's own equity instruments.

(s) Borrowing Costs

Borrowing costs are expensed as incurred with the exception of borrowing costs directly associated with the construction, purchase or acquisition of a qualifying asset, which are capitalised as part of the cost of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Derivative Financial Instruments and Hedge Accounting

The consolidated entity uses derivative financial instruments to manage commodity price, foreign currency and interest rate exposures. Instruments used to manage natural exposures to exchange rates and interest rates include foreign exchange contracts and interest rate swaps.

Derivative financial instruments are initially recognised at fair value in the balance sheet and are subsequently re-measured at their fair values.

The fair value of interest rate swaps is based on the market values of equivalent instruments at the reporting date.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.

At the inception of the transaction, the consolidated entity documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

Changes in the fair value of derivatives that are designated against highly probable forecast transactions including interest payments, qualify as cash flow hedges and if deemed highly effective, are recognised in equity (to the extent of the effective portion). In relation to cash flow hedges, amounts deferred in equity are transferred to the income statement and classified as revenue in the same periods during which the hedged transactions affect the Income Statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction is ultimately recognised in the Income Statement. However, if the committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the Income Statement.

Certain derivative instruments do not qualify for hedge accounting under the specific rules in AASB 139 “Financial Instruments: Recognition and Measurement”. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under AASB 139 are recognised immediately in the Income Statement.

(u) Foreign Currency Translation

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the Income Statement.

As at the reporting date the assets and liabilities of foreign operations are translated into the presentation currency of the parent entity at the rate of exchange ruling at the Balance Sheet date and the Income Statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity in relation to that particular foreign operation is recognised in the Income Statement.

(v) Shared-Based Payment Transactions

The consolidated entity provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares (‘equity-settled transactions’).

There are currently two plans in place to provide these benefits:

- A Share Option Plan which provides benefits to executive directors and senior executives, and
- The Employee Share Acquisition Plan (“ESAP”), which provides benefits to all employees, excluding directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, combined with Monte Carlo simulation for those options where there is a market performance hurdle.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares ('market conditions'), where relevant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the consolidated entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date.

Equity-settled awards granted by the Company to employees of subsidiaries are recognised in the Company's separate financial statements through equity, but are charged to the subsidiary. As a result, the expense recognised by the Company in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(w) Earnings Per Share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Significant Accounting Judgement, Estimates and Assumptions

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and such differences will lead to impacts on the future financial reports of the Company.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Income taxes

The Group is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant estimates are required in determining the worldwide provision for income taxes and the worldwide quantum of tax losses available for carry forward to future years. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final outcome of any tax determination is different from the amounts initially recognised, such difference will impact income tax expense and the current and deferred tax provisions in the period in which the difference becomes known.

Asset impairment assessment

As set out in the Group's accounting policy on the recoverable amount of assets (Note 1(h)) the consolidated entity undertakes impairment testing of assets when there is an indication an asset may be impaired. Goodwill is tested for impairment annually, without the need to establish if there is an indication of impairment. The impairment testing involves significant estimates of future net cash flows expected to be generated from the asset, or the cash-generating unit, as well as other significant assumptions and estimates such as an appropriate discount rate in order to determine a present value of future cash flows. Should actual future cash flows differ significantly from those estimated, then material adjustments to the carrying amounts of assets can be expected in future financial years.

Construction contract revenue

The assessment of construction contract revenue in accordance with the Group's accounting policies requires certain estimates to be made of total contract revenues, total contract costs and the current stage of completion. The Group must also estimate what stage of completion is appropriate for the commencement of profit recognition, and as a general policy the Group has set 20% progress as this stage. Management has made significant estimates in the area of construction contract revenue, which may not represent actual outcomes of revenue recognised in the Income Statement of 2009 and beyond.

The following are the critical judgments (apart from estimates referred to above) that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Classification of arrangements containing a lease

The Eastern Creek waste treatment facility, a discontinued operation of the Group at 31 December 2008, operates under a long-term contract. Under UIG Interpretation 4 Determining Whether an Arrangement Contains a Lease it was considered that the arrangement does constitute a lease because it is dependent on the use of the specific Eastern Creek waste treatment facility and conferred on WSN Environmental Solutions a right to use the asset. Further consideration by the company of AASB 117 Leases concluded that on the balance of factors it could not be concluded that the risks and rewards of ownership of the facility had been passed substantially to WSN Environmental Solutions. The lease arrangement is therefore accounted for as an operating lease.

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
3. REVENUE AND EXPENSES					
(a) Revenue					
Sales revenue					
Construction contracts revenue		**77,442**	90,593	**-**	-
Consulting services		**168,214**	108,377	**-**	-
Total sales revenue		**245,656**	198,970	**-**	-
Other revenue					
Interest received from other persons		**1,997**	4,175	**1,536**	3,504
Interest received from controlled entities		**-**	-	**1,302**	999
Fees received on establishment of the Lancashire Waste Project	8(b)	**-**	9,809	**-**	-
Management services fee		**3,490**	2,557	**-**	-
Dividend income from controlled entities		**-**	-	**16,600**	13,100
Total other revenue		**5,487**	16,541	**19,438**	17,603
Total revenue		**251,143**	215,511	**19,438**	17,603
(b) Other Income					
Net gain on disposal of plant and equipment (c)(i)		**152**	3	**-**	-
Foreign exchange gain		**661**	860	**-**	-
Forgiveness of loans from controlled entities		**-**	-	**209,717**	-
Shared services income from controlled entities		**-**	-	**1,757**	1,624
Other		**2,070**	1,532	**28**	189
Total other income		**2,883**	2,395	**211,502**	1,813
Total revenue and other income		**254,026**	217,906	**230,940**	19,416

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
3. REVENUE AND EXPENSES (continued)					
(c) Expenses Excluding Finance Costs					
Employee benefit expenses		**153,743**	128,959	**3,443**	3,507
Share-based payments expense		**845**	1,079	**178**	671
Depreciation, impairment and amortisation (ii)		**4,205**	4,880	**119,405**	181
Engineering services materials and consumable costs		**47,462**	34,192	**-**	-
Insurance premiums		**2,173**	2,184	**30**	22
Foreign exchange loss		**94**	583	**94**	60
Doubtful debts expense – trade receivables		**5,760**	1,415	**-**	-
Operating lease expenses		**3,947**	2,377	**57**	72
Consulting expenses		**7,539**	5,565	**1,104**	633
Loss on sale of subsidiary	8(a)	**-**	1,022	**-**	-
Shared services expense paid to controlled entity		**-**	-	**766**	1,139
Loss on disposal of plant and equipment		**-**	-	**4**	-
Other expenses		**21,224**	18,602	**3,073**	2,490
Total expenses excluding finance costs		**246,992**	200,858	**128,154**	8,775
(i) Gain/(loss) on disposal of plant and equipment					
Proceeds from sale of plant and equipment		**647**	152	**-**	-
Cost of plant and equipment sold		**(495)**	(149)	**(4)**	-
Gain/(loss) on disposal of plant and equipment		**152**	3	**(4)**	-
(ii) Depreciation, impairment and amortisation					
Depreciation of property, plant and equipment		**2,640**	1,911	**86**	160
Impairment of project development costs		**-**	1,703	**-**	-
Amortisation of intangible assets		**1,565**	1,266	**38**	21
Impairment of investment in controlled entity		**-**	-	**21,161**	-
Impairment of loans receivable from controlled entities		**-**	-	**98,120**	-
		4,205	4,880	**119,405**	181
(d) Finance Costs					
Interest paid to other persons		**4,784**	3,807	**4,686**	3,722
Finance charges related to finance leases		**10**	39	**-**	1
Total finance costs		**4,794**	3,846	**4,686**	3,723

4. EARNINGS PER SHARE

	Consolidated 2008 $'000	Consolidated 2007 $'000
The following reflects the income and share date used in the calculations of basic and diluted earnings per share		
Profit from continuing operations	**6,289**	11,499
Loss from discontinued operations	**(68,580)**	(8,890)
Net Profit/(loss)	**(62,291)**	2,609

Weighted Average Number of Shares

	2008 Number Of Shares	2007 Number Of Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**192,384,982**	192,370,078
Effect of dilutive securities:		
- Share options	**49,229**	1,437,463
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share	**192,434,211**	193,807,541

The weighted average number of ordinary shares used in the calculation of diluted earnings per share does not include 13,857,808 share options that are not dilutive in the current year (2007: 6,141,233).

There have been no ordinary shares issued following the exercise of share options since the reporting date and before the date of signing this report.

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
5. DIVIDENDS PAID AND PROPOSED				
(a) Dividends Paid During the Year				
Previous year final: Unfranked dividends (3 cents per share) (2007: 3 cents)	**5,771**	5,771	**5,771**	5,771
Current year interim: Unfranked dividends (3 cents per share) (2007: 3 cents)	**5,772**	5,772	**5,772**	5,772
	11,543	11,543	**11,543**	11,543
(b) Dividends Proposed and not recognised as a Liability				
Current year final: Unfranked dividends (Nil) (2007: 3 cents per share)	**-**	5,771	**-**	5,771

6. INCOME TAX

(a) Income Tax Expense – Continuing Operations

Major components of income tax expense are:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current income tax				
Current income tax expense/(benefit)	**4,338**	8,275	**(2,400)**	(1,381)
Adjustments in respect of current income tax of previous years	**(2,384)**	121	**(1,746)**	-
Deferred income tax				
Relating to origination and reversal of temporary differences	**725**	(1,201)	**(298)**	(265)
Income tax expense/(benefit) attributable to continuing operations reported in the Income Statement	**2,679**	7,195	**(4,444)**	(1,646)

(b) Amounts Charged or Credited Directly to Equity

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Deferred income tax				
Transfer to interest rate hedge reserve – discontinued operations	**(1,588)**	409	**-**	-
Income tax benefit reported in equity	**(1,588)**	409	**-**	-

6. INCOME TAX (continued)

(c) Reconciliation of Income Tax Expense

The income tax expense applicable to accounting profit before income tax from continuing operations at the statutory income tax rate is reconciled to the income tax expense reported in the Income Statement as follows:

	Consolidated		Parent	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Accounting profit before tax from continuing operations	**8,968**	18,694	**98,100**	6,918
At the statutory income tax rate of 30% (2007: 30%)	**2,690**	5,608	**29,430**	2,075
Equity accounted (profit)/loss not allowable for income tax purposes	**456**	(56)	**-**	-
Non-assessable loan forgiveness from controlled entity	**-**	-	**(62,914)**	-
Non-assessable dividends from controlled entities	**-**	-	**(4,980)**	(3,930)
Non-deductible impairment of investment in controlled entity	**-**	-	**6,348**	-
Non-deductible impairment of loans receivable from controlled entities	**-**	-	**29,436**	-
Non-deductible share-based payments	**253**	323	**53**	201
Non-deductible loss on sale of subsidiary	**-**	307	**-**	-
Other non-deductible expenditure	**908**	728	**319**	8
Effect of different tax rate for overseas subsidiaries	**131**	138	**-**	-
Adjustments in respect of prior periods	**(2,384)**	121	**(1,746)**	-
Tax losses not brought to account	**543**	43	**-**	-
Other	**82**	(17)	**(390)**	-
Income tax expense/(benefit) attributable to continuing operations	**2,679**	7,195	**(4,444)**	(1,646)

6. INCOME TAX (continued)

(d) Recognised deferred tax assets and liabilities

Deferred income tax balances relates to the following:

	Balance Sheet 2008 $'000	Balance Sheet 2007 $'000	Income Statement 2008 $'000	Income Statement 2007 $'000
CONSOLIDATED				
Deferred tax liabilities				
Continuing Operations				
Receivables	**(857)**	(65)	**792**	(192)
Accrued revenue	**(1,548)**	-	**1,548**	-
Intangible assets with greater carrying value than tax cost base	**(886)**	(818)	**68**	713
Project development costs	**-**	-	**-**	2,152
Gross deferred tax liabilities	**(3,291)**	(883)		
Set-off with deferred tax assets	**3,291**	883		
Deferred tax liability – continuing operations	-	-		
Deferred tax assets				
Continuing Operations				
Allowance for impairment of trade debtors	**1,578**	629	**(949)**	(439)
Employee benefit provisions	**1,869**	1,332	**(537)**	226
Other provisions and accruals	**1,070**	526	**(544)**	116
Investment in equity accounted investees	**5,218**	2,539	**(2,680)**	(2,539)
Other	**294**	3,320	**3,027**	(1,238)
Deferred income tax expense – Continuing operations			**725**	(1,201)
Unused tax losses and tax credits				
Losses available for offset against future taxable income	**12,017**	10,669		
Franking deficits tax benefit carried forward	**1,390**	1,182		
Gross deferred tax assets	**23,436**	20,197		
Set-off of deferred tax liabilities	**(3,291)**	(883)		
Net deferred tax assets – continuing operations	**20,145**	19,314		
Discontinued Operations				
Net deferred tax assets	**-**	1,562		
Deferred tax asset per Balance Sheet	**20,145**	20,876		

	Balance Sheet		Income Statement	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
6. INCOME TAX (continued)				
(d) Recognised deferred tax assets and liabilities (continued)				
PARENT				
Deferred tax liabilities				
Receivables	**(41)**	(64)	**(23)**	(192)
Gross deferred tax liabilities	**(41)**	(64)		
Set-off with deferred tax assets	**41**	64		
Deferred tax liabilities per Balance Sheet	**-**	-		
Deferred tax assets				
Provisions and accruals	**458**	353	**(105)**	(73)
Other	**28**	(142)	**(170)**	-
Deferred income tax expense/(benefit)			**(298)**	(265)
Unused tax losses and tax credits				
Losses available for offset against future taxable income	**11,194**	10,096		
Franking deficits tax benefit carried forward	**1,392**	1,182		
Gross deferred tax assets	**13,072**	11,489		
Set-off of deferred tax liabilities	**(41)**	(64)		
Deferred tax assets per Balance Sheet	**13,031**	11,425		

(e) Tax Consolidation

For the purpose of income tax, GRD Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group. The head entity of the tax consolidation group is GRD Limited. GRD has executed a group tax sharing and funding agreement (the "agreement") covering the consolidated tax group.

The agreement provides for allocation of current tax asset or liability to members of the tax consolidated group in accordance with nominal calculations of taxable income that each entity would have recorded had it been an individual taxpayer, with certain adjustments made for intra-group transactions.

As the taxpayer for the Australian consolidated tax group, GRD Limited has recognised all balances for current income tax payable and deferred tax assets in relation to carry forward tax losses. Taxable temporary differences are recorded on the individual Balance Sheets of members of the tax consolidated group.

The allocation of current tax assets and liabilities under the agreement is recognised as an increase or decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, GRD Limited.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the tax consolidation group does not have a tax liability and significant carry forward tax losses exist, therefore the possibility of default in the foreseeable future is remote.

6. INCOME TAX (continued)

(f) Tax losses

The GRD Australian consolidated tax group has recognised estimated income tax losses of $37.317 million (2007: $33.653 million) that are available indefinitely for offset against future taxable income of GRD Limited and the members of the tax consolidated group, subject to continuing to meet relevant statutory tests and availability factors. The Group has also recognised estimated income tax losses outside of Australia of $2.740 million (2007: nil).

Pursuant to the lodgement of consolidated income tax returns, GRD has confirmed Australian capital tax losses of $61.354 million (2007: $26.282 million) for which no deferred tax asset is recognised on the balance sheet, and are available indefinitely for offset against future capital gains of a similar nature subject to continuing to meet relevant statutory tests. The Company has additional estimated Australian capital tax losses of $44.340 million (2007: $37.898 million) which have not been confirmed through lodgement of an income tax return.

There are certain non-Australian income tax losses available to the consolidated entity for which no deferred tax asset is recognised on the balance sheet due to there not being sufficient probability of future utilisation of these unused tax losses.

7. 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)

7. 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.

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

(i) Global Renewables Eastern Creek has in place secured banking facilities, including a combined working capital and bank guarantee facility of $4 million drawn to $3.210 million at 31 December 2008. The draw down of the working capital facility is subject to annual review and utilisation of the bank guarantee facility cannot exceed $3 million. The working capital facility contains standard bank overdraft commercial terms and is secured by all the assets and undertakings of Global Renewables Eastern Creek without recourse to the Company. At 31 December 2008 the working capital facility is drawn to $2.510 million (31 December 2007: $2.124 million). Bank guarantees totalling $0.570 million had been drawn against this facility (2007: $0.570 million). The interest rate on the working capital facility is a variable commercial rate, which at 31 December 2008 is 5.73% (2007: 8.24%).

Global Renewables Eastern Creek also has a separate $1 million bank overdraft facility in place, drawn to $700,000 at 31 December 2008 (31 December 2007: $700,000), secured by a guarantee provided to the bank by the Company. This facility contains standard bank overdraft commercial terms and has a variable commercial interest rate of 4.93% per annum at 31 December 2008 (31 December 2007: 7.70%). This facility has been repaid and terminated subsequent to 31 December 2008.

Global Renewables Eastern Creek has a Term Loan Facility with the Commonwealth Bank of Australia. The Term Loan Facility has been fully drawn down, and is subject to an Interest Rate Swap Agreement under which the interest rate has been fixed at between 5.92% and 6.075% per annum, plus a margin of 2% per annum (2007: 1.25%), on 75% of the forecast outstanding debt. The remaining outstanding debt attracts variable commercial interest rates. Repayment of the Term Loan is made in quarterly repayments over the period to March 2023. No redraw is available under the facility. The Term Loan is carried at $35.397 million at 31 December 2008. At 31 December 2008 the financial covenants attached to this Term Loan were in breach. The Commonwealth Bank of Australia consented in January 2009 to the sale of Eastern Creek.

(ii) In relation to Global Renewables Eastern Creek, interest rate swap contracts are in place at 31 December 2008 to hedge the majority of its exposure to variable interest rates in relation to a bank loan. The interest rate swaps were effective during 2008. At 31 December 2008 the fair value of the interest rate swap contracts was negative $3.314 million (2007: positive $1.979 million, refer to Note 30(b)).

(iii) In 2009 payments representing the net liabilities attributable to the disposal group of $11.611 million, comprising pre-existing liabilities of Eastern Creek and payments required under the share sale agreement, were made to various parties, including Waste Services NSW, Commonwealth Bank of Australia and a payment to the purchaser of Eastern Creek, interests associated with Emergent Capital.

8. 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
(a) Details of Disposal	
Consideration received on disposal (cash)	9,238
Less: Net assets disposed (refer below)	(10,260)
Loss on disposal	(1,022)
Net assets relating to subsidiary disposed:	
Cash	124
Project development costs	43,705
Associated deferred tax liability	(13,112)
Net assets relating to subsidiary disposed	30,717
Costs transferred into equity accounted investment	(20,457)
Net assets relating to subsidiary disposed	10,260
Net cash inflow on disposal:	
Cash consideration received on disposal	9,238
Less cash balances disposed	(124)
Net inflow of cash on disposal	9,114

(b) Contribution to Profit of Establishing the Lancashire Waste Project

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	(1,022)
Contribution to profit before tax	8,787

	Consolidated		Parent	
	2008 **$'000**	2007 $'000	**2008** **$'000**	2007 $'000

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**22,227**	17,277	**276**	2,955
Short-term deposit	**1,324**	22,540	**1,284**	22,501
	23,551	39,817	**1,560**	25,456

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	**23,551**	39,817	**1,560**	25,456
Less: Bank Overdraft	**-**	(2,824)	**-**	-
	23,551	36,993	**1,560**	25,456
Net bank overdraft attributable to Disposal Group and classified as held for sale	**(2,651)**	-	**-**	-
Cash per Cash Flow Statement	**20,900**	36,993	**1,560**	25,456

9. CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of Net Profit to the Net Cash Flows from Operating Activities

	Consolidated		Parent	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Net profit/ (loss)	**(62,291)**	2,609	**102,544**	8,564
Add/(less) non-cash items (includes discontinued operations):				
Depreciation, impairment and amortisation expense	**7,946**	7,945	**119,405**	181
Amortisation of banking establishment costs	**154**	154	**-**	-
Impairment on remeasurement to fair value of assets of discontinued operation	**50,079**	-	**-**	-
Dividends receivable from controlled entity	**-**	-	**(16,600)**	(13,100)
Profit on sale of plant and equipment	**(998)**	(3)	**-**	-
Doubtful debts expense	**5,760**	1,415	**-**	-
Net foreign exchange (gain)/ loss	**(567)**	(277)	**94**	60
Loss on sale of subsidiary (Note 8(a))	**-**	1,022	**-**	-
Forgiveness of loans from controlled entities	**-**	-	**(209,717)**	-
Share of net profit of investments accounted for using the equity method	**(6,728)**	(5,492)	**-**	-
Share-based payment expense	**845**	1,079	**178**	671
Non-cash transactions with controlled entities	**-**	-	**(2,293)**	(1,414)
Fees received on financial close of Lancashire Waste Project eliminated from net profit	**-**	9,761	**-**	-
Amounts received and eliminated from net profit as unrealised	**834**	322	**-**	-
Other	**315**	(86)	**100**	(65)
Other adjustments to profit				
Distribution received on equity accounted investment	**2,598**	-	**-**	-
Transaction costs in respect of sale of discontinued operations	**(1,789)**	-	**-**	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	**(5,397)**	(16,556)	**63**	1,031
Increase/(decrease) in creditors	**12,268**	(9,673)	**1,576**	19
Increase/(decrease) in provisions	**2,236**	2,369	**17**	184
(Increase)/decrease in inventories	**(3,626)**	(1,783)	**-**	-
(Increase)/decrease in other assets	**357**	(438)	**75**	(189)
Movement in deferred tax assets/liabilities	**4,507**	3,384	**(4,444)**	(1,646)
Net cash inflows/(outflows) from operating activities	**6,503**	(4,248)	**(9,002)**	(5,704)

(c) Non-Cash Financing and Investing Activities

There were no non-cash financing or investing activities (2007: nil).

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
10. TRADE AND OTHER RECEIVABLES				
Trade receivables	**45,564**	54,983	**-**	-
Allowance for impairment loss (a)	**(6,282)**	(2,178)	**-**	-
	39,282	52,805	**-**	-
Other receivables	**5,705**	13,574	**98**	230
Retentions receivable	**320**	-	**-**	-
Receivables from controlled entities	**-**	-	**17,162**	172
	45,307	66,379	**17,260**	402
Non-Current				
Receivables from controlled entities (b)	**-**	-	**242,700**	235,700
Allowance for impairment loss (b)	**-**	-	**(98,120)**	-
	-	-	**144,580**	235,700

(a) Allowance for Impairment Loss

Trade receivables are raised monthly, and generally have 30-day payment terms from date of invoice. However, there is a variety of terms of trade within the Group, and some trade receivables have terms of less than 30 days. Refer to Note 30(d) for details of the Group's credit risk exposure and policies.

The ageing analysis of the Group's trade receivables is as follows:

CONSOLIDATED	Total $'000	0-30 days $'000	Past Due 31-60 days $'000	Past Due 61-90 days $'000	Past Due +91 days $'000
2008	45,564	33,222	5,705	2,770	3,867
2007	54,983	38,718	7,873	1,447	6,945

Those trade receivables considered impaired are included in the above categories of ageing as follows:

CONSOLIDATED	Total $'000	0-30 days $'000	31-60 days $'000	61-90 days $'000	+91 days $'000
2008	6,282	430	180	800	4,872
2007	2,178	-	-	-	2,178

An allowance for impairment loss is only recognised against an individual trade receivable when there is objective evidence to suggest that receivable is impaired. Following an appropriate process of pursuing such a trade receivable, including balancing the right to its receipt against the cost of such pursuit and other commercial considerations, such an impaired receivable may ultimately be written off.

The following table sets out the movement in the allowance for impairment loss:

	Consolidated 2008 $'000	Consolidated 2007 $'000
At 1 January	**2,178**	781
Additional charge for the year	**5,760**	1,415
Amounts written off	**(1,656)**	(18)
At 31 December	**6,282**	2,178

10. TRADE AND OTHER RECEIVABLES (continued)

No terms of trade receivables that are considered past their due date but which are not considered impaired have been re-negotiated with the Group's customers. The Group does not hold any collateral as security for any of its trade receivables, and does not have a policy of on-selling its receivables to other entities in any way.

(b) The company's non-current loans receivable from controlled entities are all unsecured. $35.761 million are interest bearing (2007: $16.950 million). None of the loans receivable from controlled entities have fixed repayment dates, and while they are considered at call, only that component expected to be repaid within the next 12 months has been classified as current.

In assessing the allowance for impairment of the Company's loans receivable from its controlled entities, the determination of recoverable amount of the loans has been based on an assessment of the underlying future cash flows of the controlled entities.

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
11. INVENTORIES				
Current				
Construction work in progress (a)	**4,956**	325	-	-
Other work in progress, at cost	**911**	497	-	-
Stores, at cost	**-**	1,175	-	-
	5,867	1,997	-	-
(a) Construction Contracts in Progress				
Construction costs incurred and recognised profits to date	**123,692**	87,343	**-**	-
Less: Progress Billings	**(118,736)**	(87,018)	**-**	-
Net Construction Work in Progress	**4,956**	325	**-**	-
Represented by:				
Gross amount due from customers for contract work	**4,956**	347	**-**	-
Gross amount due to customers for contract work	**-**	(22)	**-**	-
	4,956	325	**-**	**-**

	Consolidated	
	2008	2007
	$'000	$'000

12. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investment Details

The Group has interests in two equity accounted investees:

Jointly controlled entities - unlisted

	2008 $'000	2007 $'000
Global Renewables Lancashire Holdings Limited (b)(i)	**27,222**	63,928
Waste 2 Resources – Project Lancashire LLP	**4,852**	2,795
	32,074	66,723

Ownership interest	**2008 %**	2007 %
Global Renewables Lancashire Holdings Limited	**50**	50
Waste 2 Resources – Project Lancashire LLP	**50**	50

Global Renewables Lancashire Holdings Limited is incorporated in the UK and carries on the business of building, owning and operating the Lancashire Waste Project in the UK. The other 50% equity in the company is held by the Lend Lease Corporation Limited Group.

Waste 2 Resources – Project Lancashire LLP is incorporated in the UK and carries on the business of undertaking the design and construction of the Lancashire Waste Project. The remaining 50% interest in this entity is owned by the Lend Lease Corporation Limited Group.

(b) Movements in the Carrying Amount of the Group's Investment in Equity Accounted Investees

	Consolidated	
	2008	2007
	$'000	$'000
At 1 January	**66,723**	-
Investment in Lancashire Waste Project	**-**	68,340
Foreign currency translation adjustments	**(5,829)**	(4,935)
Elimination of unrealised Group profit	**(834)**	(322)
Share of profits after income tax	**6,728**	5,492
Share of other reserves	**(32,116)**	(1,852)
Receipt of cash distribution	**(2,598)**	-
At 31 December	**32,074**	66,723

(i) The investment in Lancashire Waste Project includes long-term loans receivable from the investee which have been determined, in substance, to form part of the investment in Global Renewables Lancashire Holdings Limited. The key terms and conditions of the long-term loans are summarised as follows:

- The loans have a carrying value of £23.357 million ($48.473 million at 31 December 2008);
- The loans are unsecured and sub-ordinated to the investee's external project finance;
- The loans have a maturity of 2035, a repayment profile commencing in 2010 with no significant repayments of principal planned; and
- The loans predominantly bear interest at 13% per annum.

12. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(c) Summarised Financial Information

The following table summarises the aggregate financial information relating to the Group's equity accounted investees, which is not consolidated in the GRD financial statements:

	Consolidated 2008 $'000	Consolidated 2007 $'000
Extract from the investees' balance sheets:		
Current assets	**107,286**	58,329
Non-current assets	**434,371**	191,822
	541,657	250,151
Current liabilities	**(109,565)**	(65,391)
Non-current liabilities	**(476,295)**	(176,813)
	(585,860)	(242,204)
Net assets/ (liabilities)	**(44,203)**	7,947
Share of investees' net assets/ (liabilities)	**(22,102)**	3,974
Extract from the investees' income statements:		
Revenue	**171,886**	77,711
Net Profit	**24,590**	11,553
Contingent liabilities and capital commitments relating to the investees		
Share of contingent liabilities incurred jointly with other investors	**-**	-
Share of capital commitments	**206,594**	222,051

As at 31 December 2008, Global Renewables Lancashire Holdings Limited had capital commitments which relate to the construction of the Lancashire Waste Project.

13. OTHER FINANCIAL ASSETS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Non-Current				
Investment in controlled entities				
Unlisted securities – at cost	**-**	-	**23,510**	23,510
Accumulated impairment	**-**	-	**(23,510)**	(2,348)
Total investment in controlled entities (i)	**-**	-	**-**	21,162
Investment in other entities				
Available-for-sale-investments (ii)	**36**	132	**36**	130
	36	132	**36**	21,292

(i) The Company's investments in unlisted controlled entities are carried at cost. There remains investments the cost of which is rounded to nil for disclosure.

(ii) These investments are non-core and are carried at fair value.

14. CONTROLLED ENTITIES

The parent entity within the economic entity is GRD Limited, incorporated in Australia. The consolidated financial statements at 31 December 2008 include the following controlled entities:

Name of Controlled Entity [1]	Country of Incorporation	Ownership % 2008	Ownership % 2007
Global Carbon Pty Ltd	Australia	**100**	100
-GRD Power and Water Services Pty Ltd	Australia	**100**	100
GRD Developments Pty Ltd	Australia	**100**	100
GRD Investments Pty Ltd	Australia	**100**	100
-GRD Minproc Limited	Australia	**100**	100
-GRD Minproc Bulgaria EOOD	Bulgaria	**100**	100
-GRD Minproc Engenharia e Consultoria Ltda	Brazil	**100**	100
-GRD Minproc Ingeniería y Construcción Ltda	Chile	**100**	100
-GRD Minproc (Proprietary) Limited	South Africa	**100**	100
-GRD Minproc UK Limited	UK	**100**	100
-GRD Normet Limited	Australia	**100**	100
-Kirfield Limited	Australia	**100**	100
-KEC International Pty Ltd	Australia	**100**	100
-Octagon International Properties Pty Ltd	Australia	**100**	100
-GRD Kirfield Oil & Gas Pty Ltd	Australia	**100**	100
-MEL Investments Inc	USA	**100**	100
-Minproc Engineers (SE Asia) Pte Ltd	Singapore	**100**	100
-PT Minproc Engineers Indonesia	Indonesia	**100**	100
-Minproc Ghana Pty Ltd	Australia	**100**	100
-Minproc Overseas Projects Pty Ltd	Australia	**100**	100
-Minproc Projects (New Zealand) Pty Ltd	Australia	**100**	100
-Minproc Technology Pty Ltd	Australia	**100**	100
-Minproc Engineers Pty Ltd	Australia	**100**	100
GRD New Zealand Pty Ltd	Australia	**100**	100
-Macraes New Zealand Pty Ltd	Australia	**100**	100
GRD Renewables Pty Ltd	Australia	**100**	100
-GRLH Investments Pty Ltd	Australia	**100**	100
- GRL Holdings Pty Ltd	Australia	**100**	100
-Global Renewables Limited	Australia	**100**	100
-GRL Investments Pty Ltd	Australia	**100**	100
-GRL Sydney Pty Ltd[2]	Australia	**100**	100
-Global Renewables Eastern Creek Pty Ltd[2]	Australia	**100**	100
-GRL Operations Pty Ltd[2]	Australia	**100**	100
-Eastern Creek Operations Pty Ltd[2]	Australia	**100**	100
-Global Renewables Melbourne Pty Ltd	Australia	**100**	100
-Global Renewables UK Limited	UK	**100**	100
-Global Carbon Investments Pty Ltd	Australia	**100**	100
-Global Renewables Asia Pty Ltd	Australia	**100**	100
-GRD Asia Pte Ltd	Singapore	**100**	100
-GRL Asia Pty Ltd	Australia	**100**	100
-GRA Technology Pty Ltd	Australia	**100**	100
-Global Renewables Operations Pty Ltd	Australia	**100**	100
South Shore Nominees Pty Ltd	Australia	**100**	100

Notes:
1. All controlled entities have a 31 December reporting date.
2. This company, and consequently its subsidiary, was disposed on 21 January 2009.

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
15. PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment				
At cost				
Opening balance	**93,101**	77,789	**650**	582
Additions	**11,984**	15,780	**-**	68
Disposals	**(3,262)**	(418)	**(37)**	-
Transfer to assets held for sale	**(89,037)**	-	**-**	-
Transfer to intangible assets	**(587)**	-	**-**	-
Foreign exchange translation	**(125)**	(50)	**-**	-
Closing Balance	**12,074**	93,101	**613**	650
Accumulated depreciation and impairment				
Opening balance	**(11,514)**	(6,811)	**(531)**	(371)
Depreciation for the year	**(2,640)**	(4,976)	**(86)**	(160)
Depreciation for the year - assets held for sale	**(3,472)**	-	**-**	-
Disposals	**2,323**	257	**33**	-
Transfer to assets held for sale	**10,374**	-	**-**	-
Transfer to intangible assets	**407**	-	**-**	-
Foreign exchange translation	**76**	16	**-**	-
Closing Balance	**(4,446)**	(11,514)	**584**	(531)
Net book value of property, plant and equipment	**7,628**	81,587	**29**	119

Leases

Lessee Disclosures:

The carrying value of plant and equipment held under finance leases at 31 December 2008 is nil (2007 $0.518 million). Leased assets are pledged as security for the related finance lease liability. Assets are also encumbered to the extent set out in Note 28(b).

Borrowing costs

There are no borrowing costs capitalised into the cost of any assets held on the balance sheet at 31 December 2008 (2007: nil).

16. INTANGIBLE ASSETS AND GOODWILL

	Consolidated					Parent
	Development Costs $'000	*Patents and Licences $'000*	*Computer Software $'000*	*Goodwill $'000*	*Total $'000*	*Computer Software $'000*
Net carrying value, 1 January 2008	**8,030**	**3,175**	**5,064**	**2,588**	**18,857**	**81**
Additions	**-**	**602**	**601**	**-**	**1,203**	**7**
Transfer to assets held for sale	**-**	**(1,285)**	**-**	**-**	**(1,285)**	**-**
Transfer from plant and equipment	**-**	**-**	**180**	**-**	**180**	**-**
Amortisation and impairment	**(272)**	**(357)**	**(936)**	**-**	**(1,565)**	**(38)**
31 December 2008	**7,758**	**2,135**	**4,909**	**2,588**	**17,390**	**50**
Net carrying value, 1 January 2007	8,302	3,181	2,570	2,588	16,641	19
Additions	-	325	3,157	-	3,482	83
Amortisation and impairment	(272)	(331)	(663)	-	(1,266)	(21)
31 December 2007	8,030	3,175	5,064	2,588	18,857	81
At 31 December 2008						
Cost (gross carrying amount)	**8,500**	**2,722**	**7,500**	**2,909**	**21,631**	**404**
Accumulated amortisation and impairment	**(742)**	**(587)**	**(2,591)**	**(321)**	**(4,241)**	**(354)**
Net carrying amount	**7,758**	**2,135**	**4,909**	**2,588**	**17,390**	**50**
At 31 December 2007						
Cost (gross carrying amount)	8,500	3,779	6,311	2,909	21,499	397
Accumulated amortisation and impairment	(470)	(604)	(1,247)	(321)	(2,642)	(316)
Net carrying amount	8,030	3,175	5,064	2,588	18,857	81

Development Costs

This intangible asset represents the development costs of the UR-3R Process®, being the integrated sorting, biological digestion and composting process for the commercial treatment of municipal solid waste. The UR-3R Process® development costs have been assessed as having a finite life, and are amortised over the life of the asset, measured in contracted tonnes of waste throughput at UR-3R Facilities of the consolidated entity or from which the consolidated entity will derive income.

Patents and Licences

This category includes intangible assets acquired through business combination and those capitalised at cost. The patents and licences generally relate to the technologies supporting the UR-3R Process®, and have been granted for varying periods, with a maximum of 10 years' remaining life. The useful life of these intangible assets is the length of the tenure granted and amortisation is on a straight-line basis.

Computer Software

This category includes costs associated with the acquisition and development of the Group's information management systems, and is amortised on a straight line basis.

Goodwill

The consolidated entity's goodwill arose from a previous business combination and relates solely to the Engineering business of GRD Minproc. For purposes of impairment testing the Engineering business is the cash-generating unit.

The recoverable amount of the Engineering business has been determined based on a value in use calculation using cash flow projections supported by recent historical financial performance and a 12 month financial budget approved by the Board and extrapolated, with a zero growth rate.

16. INTANGIBLE ASSETS AND GOODWILL (continued)

The discount rate applied to the cash flow projections is 12% (2007: 10.5%). The other key assumptions on which management has based its assessments of future cash flow projections, when determining the value in use of the Engineering business are summarised as follows:

Current contract work is extended out until the expected conclusion of each contract. Anticipated material contracts are identified and these are weighted by management's expectation of the likelihood of the project starting and the company's likelihood of winning the project. The labour hours are then estimated on a contract-by-contract basis. Estimates of unidentified future work is then added to complete the profile of the short-term financial budget. Estimated labour margins and fees are based on actual recent historical margins and known trends. Operational and business service overheads are estimated based in recent historical performance and expected relationships to revenue and gross margins.

With regard to the assessment of the value in use of the Engineering business of GRD Minproc, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit, inclusive of the goodwill of $2,588,000, to materially exceed its recoverable amount.

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
17. OTHER ASSETS				
Current				
Prepayments	**854**	1,758	281	356
18. TRADE AND OTHER PAYABLES				
Current				
Trade payables and accruals (a)	**20,389**	22,044	**2,522**	944
Amounts payable to controlled entities (b)	**-**	-	**766**	3
	20,389	22,044	**3,288**	947
Non-Current				
Amounts payable to controlled entities (b)	**-**	**-**	**-**	**211,719**

(a) Trade payables are non-interest bearing and average settlement terms are 30 – 45 days.

(b) The Company's non-current amounts payable to controlled entities are unsecured and are interest free.

19. INTEREST BEARING LIABILITIES

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current				
Bank overdraft (a)	**-**	2,824	**-**	-
Bank loan (b)	**-**	1,474	**-**	-
Deferred purchase consideration (c)	**11,000**	-	**11,000**	-
Finance lease liabilities (refer Note 28(b))	**-**	274	**-**	6
	11,000	4,572	**11,000**	6
Non-Current				
Bank loan (b)	**-**	35,243	**-**	-
Deferred purchase consideration (c)	**46,263**	57,263	**46,263**	57,263
Finance lease liabilities (refer Note 28(b))	**-**	221	**-**	-
	46,263	92,727	**46,263**	57,263

(a) Bank Overdraft

A wholly owned subsidiary, GRD Minproc, has in place certain banking facilities including a $5 million bank overdraft facility (2007: $5 million) and bank guarantee facilities. The bank overdraft is a working capital facility containing standard commercial terms and a floating interest rate of 9.35% per annum (2007: 11.10%). The bank overdraft is secured by a first registered mortgage over all the assets and undertakings of the subsidiary and is guaranteed by the Company. This facility is not drawn at 31 December 2008 (2007: nil).

In the prior year the bank overdraft related to the Global Renewables Eastern Creek subsidiary, which at 31 December 2008 is classified as a discontinued operation. Refer to Note 7.

(b) Bank Loan

In the prior year the bank loan related to the Global Renewables Eastern Creek subsidiary, which at 31 December 2008 is classified as a discontinued operation. Refer to Note 7.

(c) Deferred Purchase Consideration

The acquisition of Global Renewables in 2005 included a deferred purchase consideration of $65 million, payable by the Company on or before 30 June 2010, which had been paid down to $57.263 million by 31 December 2006. The deferred purchase consideration debt carries a schedule of fixed interest rates, and over the maximum life of the debt the effective interest rate is 7.29% per annum. While any amount of the deferred purchase consideration remains unpaid, its payment is secured by a fixed charge over GRD's shares in its Global Renewables business and a fixed and floating charge over all the present and future rights, property and undertakings of Global Renewables. Pursuant to a deed executed with Hastings Funds Management in January 2009 a repayment schedule has been agreed under which $11 million is payable by 31 December 2009.

19. INTEREST BEARING LIABILITIES (continued)

(d) Finance Facilities Available

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
At reporting date, the following cash or borrowing facilities had been negotiated and were available to the continuing GRD business:				
Total facilities:				
- Bank overdraft	**5,000**	9,430	**-**	-
- Bank loans	**-**	38,656	**-**	-
Facilities used at reporting date:				
- Bank overdraft	**-**	2,824	**-**	-
- Bank loans	**-**	38,656	**-**	-
Facilities unused at reporting date:				
- Bank overdraft	**5,000**	6,606	**-**	-
- Bank loans	**-**	-	**-**	-

In addition, the consolidated entity has various bank guarantee and bonding facilities in place, neither of which provide the consolidated entity with access to cash or borrowings.

20. PROVISIONS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current				
Employee benefits (Note 32(a))	**4,415**	4,174	**472**	454
Waste processing	**-**	2,482	**-**	-
Other	**250**	692	**-**	-
	4,665	7,348	**472**	454
Non-Current				
Employee benefits (Note 32(a))	**1,047**	944	**-**	-
Restoration	**-**	1,167	**-**	-
Other	**310**	-	**-**	-
	1,357	2,111	**-**	-

Movements during the year:	Restoration $'000	Waste Processing $'000	Other $'000
Balance at beginning of the year	1,167	2,482	692
Provided for during the year	64	2,717	560
Utilised during the year	-	(1,481)	(692)
Transfers to liabilities associated with assets held for sale	(1,231)	(3,718)	-
Balance at the end of the financial year	-	-	560

Restoration

The provision for restoration relates to the Global Renewables Eastern Creek business, which at 31 December 2008 the balance has been transferred to assets held for sale. The operation of the facility is under a 25-year contract extending through until 2032, and it will not be until that time when the obligation will arise. The provision amount has been based on engineering estimates of the expected costs of restoration of the site, discounted to present value.

Waste Processing

The provision for waste processing arises from the Global Renewables Eastern Creek business, which at 31 December 2008 balance has been transferred to assets held for sale. The provision represents amounts payable in relation to waste processing penalties and includes estimates.

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000

21. ISSUED CAPITAL

Ordinary Shares (a)	**82,947**	82,947	**82,947**	82,947
Shares reserved for GRD Share Plan (b)	**(1,442)**	(958)	**(1,442)**	(958)
	81,505	81,989	**81,505**	81,989

Effective 1 July 1998, the Corporations Legislation in place at that date abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

(a) Movement in Ordinary Shares

	2008		2007	
	Number of Shares	**$'000**	Number of Shares	$'000
Balance at beginning of year	**192,384,982**	82,947	192,214,982	82,631
Issued during the year:				
- Exercise of options (Note 32(c))	**-**	**-**	170,000	318
Costs related to Capital return	**-**	**-**	-	(2)
Balance at the end of year	**192,384,982**	**82,947**	192,384,982	82,947

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000

(b) Movement in Shares Reserved for ESAP

Balance at beginning of year	**(958)**	(878)	**(958)**	(878)
Movement	**(484)**	(80)	**(484)**	(80)
Balance at the end of the year	**(1,442)**	(958)	**(1,442)**	(958)

Through a corporate trustee, the Company holds certain shares in Trust for employees under the GRD Employee Share Acquisition Plan (ESAP).

21. ISSUED CAPITAL (continued)

(c) Share Options

During the year, there were 2,450,000 options issued over ordinary shares (2007: 2,600,000) and 2,050,000 options were cancelled (2007: 1,200,000).

At the end of the year there were 14,250,000 (2007: 13,850,000) unissued ordinary shares in respect of which options were outstanding.

Full details of GRD share options on issue are provided in Note 32(c).

(d) Capital Management

The following table sets out the level of net debt and gearing based on the carrying value of the capital of the Group's continuing operations (excluding the disposal group of Eastern Creek).

	Consolidated	
	2008	2007
	$'000	$'000
Cash and cash equivalents	**23,551**	39,817
Interest bearing liabilities	**57,263**	97,299
Net debt	**33,712**	57,482
Equity attributable to Continuing Group	**57,691**	170,594
Total capital	**91,403**	228,076
Gearing (net debt/capital)	**37%**	25%

The company made a prudent decision not to proceed with the final dividend for 2008 to maintain financial flexibility and to reduce net debt. The decision to sell Global Renewables Eastern Creek facility was made to cease ongoing losses and cash outflow from that business, and to eliminate project debt of $38.607 million. The Group's deferred purchase consideration liability requires quarterly reporting and compliance with financial covenants. The Group complied with its financial covenants during the year ended 31 December 2008.

22. RESERVES

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Asset revaluation reserve (a)	**37,136**	37,136	**-**	-
Capital reserve (b)	**1,133**	1,133	**1,133**	1,133
Foreign currency translation reserve (c)	**(11,911)**	(5,982)	**-**	-
Hedge reserve (d)	**(33,968)**	(467)	**-**	-
Share option reserve (e)	**3,851**	3,006	**3,851**	3,006
	(3,759)	34,826	**4,984**	4,139

Movements during the year:

(a) Asset Revaluation Reserve

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Balance at the end of the year	**37,136**	37,136	**-**	-

Upon the acquisition of a controlling interest in Global Renewables, effective 31 December 2005, the consolidated entity was required to fair value the net assets acquired. The balance of the Asset Revaluation Reserve represents the group's share of the reserve corresponding to its previous interest in Global Renewables.

(b) Capital Reserve

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Balance at end of the year	**1,133**	1,133	**1,133**	1,133

The capital reserve originally arose from the consideration received for the issue of share options in the early 1990's.

(c) Foreign Currency Translation Reserve

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Balance at beginning of year	**(5,982)**	(400)	**-**	-
Exchange fluctuations arising on translation of foreign operations	**(100)**	(647)	**-**	-
Share of movement in reserves of equity accounted investees	**(5,829)**	(4,935)	**-**	-
Balance at end of year	**(11,911)**	(5,982)	**-**	-

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations.

(d) Hedge Reserve

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Balance at beginning of year	**(467)**	431	**-**	-
Transfer of opening reserves attributable to disposal group	**(1,385)**	-	**-**	-
Share of movement in hedge reserve of equity accounted investments	**(32,116)**	(1,852)	**-**	-
Movement in fair value of interest rate hedge	**-**	1,363	**-**	-
Tax effect of movement in interest rate hedge	**-**	(409)	**-**	-
Balance at end of the year	**(33,968)**	(467)	**-**	-

This reserve records the movement in fair value of designated financial instruments relating to the effective portion of cash flow hedges. At 31 December 2008 the reserve relates to the consolidated entity's share of movement in the hedge reserve of its equity accounted investments. In the prior year the reserve also included the movements in the interest rate hedge instruments of the discontinued operation Eastern Creek (Note 7).

22. RESERVES (continued)

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
(e) Share Option Reserve				
Balance at beginning of year	**3,006**	1,927	**3,006**	1,927
Share-based payment	**845**	1,079	**845**	1,079
Balance at end of the year	**3,851**	3,006	**3,851**	3,006

The share option reserve is used to record the value of non-cash equity benefits provided to Directors and Executives as part of their remuneration.

23. 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.

24. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(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)

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

(ii) Executives

Name	Position
M Brown	Chief Executive Officer (GRD Minproc)
P Bryant	Chief Financial Officer and 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 on 16 April 2008.
** Mr McCubbing was appointed Chief Financial Officer on 11 August 2008.
*** Mr Singh ceased employment with GRD on 1 January 2009.

24. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(b) Compensation of Key Management Personnel by Category

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Short-term	**3,341**	3,547	**2,079**	2,006
Post employment (superannuation)	**142**	141	**115**	115
Termination benefits	**-**	-	**-**	-
Other long-term	**-**	-	**-**	-
Share-based payment	**224**	844	**(5)**	603
	3,707	4,532	**2,189**	2,724

(c) Option Holdings of Key Management Personnel

The following tables set out the details of GRD Limited share options held by key management personnel during the current and prior year. Full details of the terms and conditions of these options are contained in Note 32(c).

December 2008	*Balance at 1 Jan 2008*	*Granted*	*Exercised*	*Net Change Other #*	*Balance at 31 Dec 2008*	*Vested at 31 December 2008* *Total*	*Exercisable*	*Not Exercisable*
Directors								
M C Lawrenson	4,750,000	-	-	(1,000,000)	3,750,000	3,750,000	3,750,000	-
J D White	4,000,000	-	-	-	4,000,000	4,000,000	4,000,000	-
				-				
Executives				-				
M Brown	750,000	250,000	-	-	1,000,000	250,000	250,000	-
P Bryant	550,000	-	-	(550,000)	-	-	-	-
T Revy	550,000	150,000	-	-	700,000	150,000	150,000	-
D Singh	630,000	200,000	-	-	830,000	230,000	230,000	-
Total	**11,230,000**	**600,000**	**-**	**(1,550,000)**	**10,280,000**	**8,380,000**	**8,380,000**	**-**

December 2007	*Balance at 1 Jan 2007*	*Granted*	*Exercised*	*Net Change Other #*	*Balance at 31 Dec 2007*	*Vested at 31 December 2007* *Total*	*Exercisable*	*Not Exercisable*
Directors								
M C Lawrenson	5,750,000	-	-	(1,000,000)	4,750,000	2,750,000	2,750,000	-
J D White	4,000,000	-	-	-	4,000,000	4,000,000	4,000,000	-
Executives								
M Brown	500,000	250,000	-	-	750,000	250,000	250,000	-
P Bryant	350,000	200,000	-	-	550,000	150,000	150,000	-
T Revy	350,000	200,000	-	-	550,000	150,000	150,000	-
D Singh	430,000	200,000	-	-	630,000	230,000	230,000	-
Total	**11,380,000**	**850,000**	**-**	**(1,000,000)**	**11,230,000**	**7,530,000**	**7,530,000**	**-**

Net change other includes options forfeited following resignation or if certain performance conditions are not met.

24. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(d) Rights to Shares held by Key Management Personnel

GRD has a share acquisition plan in place that is open to all employees of the consolidated entity and its associates, other than Directors (refer to Note 32(b) for details of the share acquisition plan). Certain key management personnel of the consolidated entity are members of the share acquisition plan, which holds GRD shares on their behalf. The following table sets out the GRD shares to which the key management personnel have a right to, and which are held by the Trustee of the share acquisition plan on their behalf:

December 2008	*Balance at 1 Jan 2008*	*Purchases*	*Transfers/ Sales*	*Forfeited Shares*	*Balance at 31 Dec 2008*	*Vested*	*Non Vested*
Directors							
M C Lawrenson	40,270	-	-	-	40,270	37,468	2,802
Executives							
M Brown	88,287	27,433	-	-	115,720	86,468	29,252
P Bryant	4,401	-	(3,594)	(807)	-	-	-
I McCubbing	-	44,409	-	-	44,409	-	44,409
D Singh	303	-	-	-	303	303	-
T Revy	24,854	17,780	-	-	42,634	18,731	23,903
Total	**158,115**	**89,622**	**(3,594)**	**(807)**	**243,336**	**142,970**	**100,366**

December 2007	*Balance at 1 Jan 2007*	*Purchases*	*Transfers/ Sales*	*Forfeited Shares*	*Balance at 31 Dec 2007*	*Vested*	*Non Vested*
Directors							
M C Lawrenson	40,270	-	-	-	40,270	32,158	8,112
Executives							
M Brown	78,792	9,495	-	-	88,287	81,649	6,638
P Bryant	4,395	6	-	-	4,401	3,594	807
D Singh	86,218	-	(85,915)	-	303	151	152
T Revy	18,699	6,155	-	-	24,854	15,667	9,187
Total	**228,374**	**15,656**	**(85,915)**	**-**	**158,115**	**133,219**	**24,896**

(e) Shareholdings of Key Management Personnel

December 2008	*Balance at 1 Jan 2008*	*On Exercise of Options*	*Net Change Other*	*Balance at 31 Dec 2008*	*Direct Interest*	*Indirect Interest*
Directors						
R F Court	29,000	-	98,000	127,000	-	127,000
S G Dean	270,000	-	(270,000)	-	-	-
M C Lawrenson	100,000	-	150,000	250,000	250,000	-
C R Pointon	-	-	33,000	33,000	-	33,000
B G Thomas	3,760,000	-	100,000	3,860,000	-	3,860,000
J D White	115,142	-	40,000	155,142	-	155,142
Executives						
I McCubbing	-	-	145,000	145,000	100,000	45,000
D Singh	196,286	-	204,629	400,915	400,915	-
Total	**4,470,428**	**-**	**500,629**	**4,971,057**	**750,915**	**4,220,142**

24. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(e) Shareholdings of Key Management Personnel (continued)

December 2007	*Balance at 1 Jan 2007*	*On Exercise of Options*	*Net Change Other*	*Balance at 31 Dec 2007*	*Direct Interest*	*Indirect Interest*
Directors						
R F Court	29,000	-	-	29,000	-	29,000
S G Dean	270,000	-	-	270,000	-	270,000
M C Lawrenson	100,000	-	-	100,000	100,000	-
B G Thomas	3,760,000	-	-	3,760,000	-	3,760,000
J D White	115,142	-	-	115,142	-	115,142
Executives						
D Singh	116,200	-	80,086	196,286	85,915	110,371
Total	**4,390,342**	-	**80,086**	**4,470,428**	**185,915**	**4,284,513**

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(f) Loans to Key Management Personnel

No entities within the consolidated entity have made any loan to, or guarantee of a loan on behalf of, a Director or specified executive during the financial year, and there are no loans to, or guarantees on behalf of, Directors or specified executives at year end.

(g) Other Transactions and Balances with Key Management Personnel

There were no transactions undertaken with key management personnel during the current or prior year.

25. REMUNERATION OF AUDITORS

	Consolidated		**Parent**	
	2008	2007	**2008**	2007
	$	$	**$**	$
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	**383,236**	368,916	**267,219**	202,907
▪ Other services in relation to the entity and any other entity in the consolidated entity:				
- Assurance related	**7,725**	20,830	**7,725**	20,830
- Other	**230,411**	-	**-**	-
	238,136	20,830	**7,725**	20,830
	621,372	389,746	**274,944**	223,737
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	**245,744**	258,106	**-**	5,268
▪ Other services in relation to the entity and any other entity in the consolidated entity:				
- Assurance related	**-**	37,887	**-**	-
- Other	**28,747**	58,162	**-**	-
	274,491	354,155	**-**	5,268
	895,863	743,901	**274,944**	229,005

26. RELATED PARTY INFORMATION

(a) Ultimate Parent

The Ultimate Parent Entity of the consolidated entity is GRD Limited, incorporated and domiciled in Australia.

(b) Transactions of the Parent Entity with Controlled Entities

(i) The Company recorded dividend revenue from controlled entities totalling $16,600,000 (2007: $13,100,000).

(ii) The Company received fees from controlled entities for the provision of personnel and information technology infrastructure services totalling $1,757,208 (2007: $1,726,405).

(iii) The Company paid fees to controlled entities for the provision of personnel and accommodation services totalling $766,020 (2007: $1,139,342).

(iv) The Company received interest revenue from controlled entities totalling $1,302,057 (2007: $999,830) on accumulated advances made to assist funding requirements.

(v) In the prior year, the Company advanced $56.722 million to its controlled entities for purposes of investment into the Lancashire Waste Project, investment in plant and equipment and to assist funding requirements.

Amounts due and receivable from entities in the consolidated entity are disclosed in the notes to the financial statements. All transactions with controlled entities have been fully eliminated upon consolidation.

(c) Transactions of the Group with Equity Accounted Investees

(i) During the year a controlled entity recorded sales of $13.270 million in engineering consulting services to Waste 2 Resources – Project Lancashire LLP (2007: $8.691 million). The balance of the Group's trade receivables from this Investee at 31 December 2008 is $986,000 (2007: $1.959 million).

(ii) During the year a controlled entity recorded an equity accounted share of profit from Waste-2-Resources-Project Lancashire LLP of $10.994 million (2007: $5.589 million), of which 50% was eliminated upon consolidation as being unrealised at this date.

(iii) During the year a controlled entity recorded sales of $3.490 million in management services to Global Renewables Lancashire Holdings Limited (2007: $2.557 million). The balance of the Group's trade receivables from this Investee at 31 December 2008 is $315,300 (2007: $297,000).

(iv) In establishing the Lancashire Waste Project in the prior year, there were various transactions undertaken by the consolidated entity with Global Renewables Lancashire Holdings Limited:

- Invested $57.988 million into the Investee, representing mainly long term subordinated debt;
- Received cash of $24.581 million in reimbursed project development costs; and
- Received cash of $19.570 million in fees, of which $9.761 million was eliminated upon consolidation as unrealised at that date and $9.809 million was recorded as Group revenue.

(v) Following the establishment of the Lancashire Waste Project in 2007, the consolidated entity undertook the following transactions with Global Renewables Lancashire Holdings Limited:

- Recorded an equity accounted share of profit of $1.256 million (2007: $2.697 million).
- Received development fees of $1.668 million, of which 50% was eliminated upon consolidation as being unrealised (2007: $645,000).

27. INTEREST IN JOINTLY CONTROLLED OPERATIONS

The Group holds an interest in the following unincorporated joint venture:

- 50% in the Hatch-Minproc Ravensthorpe Joint Venture whose principal activity was the implementation of the Ravensthorpe Nickel Project. This joint venture ceased operation in 2007.

The share of the assets, liabilities, revenue and expenses of the jointly controlled operations, which are included in the consolidated financial statements, are as follows:

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current assets				
Cash at bank	**-**	2,981	**-**	-
Trade and other receivables	**-**	1,364	**-**	-
Total current assets	**-**	4,345	**-**	-
Current liabilities				
Trade and other payables	**-**	(5,320)	**-**	-
Total current liabilities	**-**	(5,320)	**-**	-
Revenue	**-**	57,829	**-**	-
Expenses	**-**	(58,223)	**-**	-
Net profit	**-**	(394)	**-**	-

28. COMMITMENTS

(a) Lease Commitments under Non-Cancellable Operating Leases

Lease commitments under non-cancellable operating leases, not otherwise provided in the financial statements:

Within 1 year	**5,094**	3,015	**-**	-
Later than 1 year but not later than 5 years	**18,941**	5,378	**-**	-
Later than 5 years	**-**	-	**-**	-
	24,035	8,393	**-**	-

Operating leases are entered into as a means of acquiring access to office premises, plant and equipment. Rental payments are generally fixed, with no significant escalation clauses. Certain leases have an option to extend at the expiry, and these extension periods have not been disclosed as a commitment unless they have been exercised prior to reporting date.

(b) Lease Commitments under Finance Leases

Not later than one year	**-**	310	**-**	6
Later than 1 year but not later than 5 years	**-**	220	**-**	-
Later than 5 years	**-**	-	**-**	-
	-	530	**-**	6
Less: Future finance charges	**-**	(35)	**-**	-
Present value of future lease payments	**-**	495	**-**	6
Reconciled to the balance sheet (Note 19)				
Current interest bearing liability	**-**	274	**-**	6
Non-Current interest bearing liability	**-**	221	**-**	-
	-	495	**-**	6

28. COMMITMENTS (continued)

Finance leases are entered into as a means of funding the acquisition of items of plant and equipment. Rental payments are generally fixed, subject to quarterly interest rate adjustments. No leases have escalation clauses other than in the event of payment default. No lease arrangements create restrictions on other financing transactions.

(c) Capital Commitments

The capital expenditure commitments contracted for at reporting date, but not provided for:

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Within 1 year:	**156**	943	**-**	-
Later than 1 year but not later than 5 years	**625**	-	**-**	-
Later than 5 years	**-**	-	**-**	-
	781	943	**-**	-

(d) The consolidated entity is committed to likely ongoing annual expenditure of $148,000 (2007: $148,000) to meet its obligations under intangible asset licence agreements.

29. CONTINGENT LIABILITIES

(a) The consolidated entity gives performance and other guarantees, predominantly in the form of bank guarantees and insurance bonds, in relation to engineering and construction contracts executed in the normal course of business. At 31 December 2008 the contingent liability under these instruments to the consolidated entity totalled $6.112 million (2007: $11.580 million).

(b) The consolidated entity has provided an undertaking, to a financier of the associate Waste 2 Resources – Project Lancashire LLP, in the form of an unlimited guarantee of 50% of the hedging instruments held by the associate with the financier. At 31 December 2008 the foreign exchange hedge contracts held by the associate pursuant to this guarantee had a significant positive fair value, and consequently there is no contingent liability (2007: nil).

(c) The Company has provided a guarantee in respect of the bank overdraft facilities of its subsidiary GRD Minproc (Refer to Note 19(a)). At 31 December 2008 the maximum contingent liability under this guarantee was $5 million (2007: $5 million).

(d) In the course of normal operations the consolidated entity may receive from time to time claims and suits for damages including workers compensation claims, motor vehicle accidents or other items of similar nature. The consolidated entity maintains specific insurance policies to transfer the risk of such claims. No provision is included in the accounts unless the Directors believe that a liability has been crystallised. In those circumstances where such claims are of material effect, have merit and are not covered by insurance, their financial effect is provided for within the financial statements.

30. FINANCIAL RISK MANAGEMENT

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
The recognised fair value of derivative financial instruments of the consolidated entity is as follows:				
ASSETS				
Non-Current				
Fair value of designated interest rate swap (b)	**-**	1,979	**-**	-

(a) Financial Risk Management Objectives and Policies

GRD is exposed to financial risks through the normal course of its business operations, including by sharing in the movement of their net assets those of its equity accounted associates. The financial key risks arising are considered to be interest rate risk, credit risk, liquidity risk and foreign currency risk.

The financial instruments of the Group and its associates exposed to such risks include primarily cash, trade receivables, bank overdrafts, bank loans, finance leases and trade payables.

Under Board approved policies, GRD seeks to manage its exposure to these key financial risks and so minimise the potential for adverse effects on its financial performance. GRD and its associates use derivative financial instruments as part of its risk management policy, being interest rate swaps and forward currency hedges. Trading in derivative instruments is not allowed under the company's policies.

The Board sets the broad framework for managing the risks below, including setting limits and guidelines for the use of derivative financial instruments. Primary responsibility for identification and control of financial risks is with the Chief Executive Officer and Chief Financial Officer.

(b) Interest Rate Swaps – Cash Flow Hedges

At 31 December 2008 the Group had no cash flow hedges in place other than that of the discontinued operation Eastern Creek, which was disposed in January 2009. At 31 December 2008 the fair value of the contracts is negative $3.314 million. At 31 December 2008 the Global Renewables Eastern Creek business is a discontinued operation, and its assets and liabilities are disclosed separately as held for sale, refer to Note 7.

In relation to the subsidiary Global Renewables Eastern Creek, the Group has interest rate swap contracts in place to hedge the majority of its exposure to variable interest rates in relation to a bank loan.

The details of the interest rate swap contracts at 31 December 2007 are as follows:

Effective Date	End Date	Nominal Value at 31 Dec 2007	Pay Fixed	Receive Floating	Fair Value 2007 $'000
05/04/2004	05/02/2023	$28,305,750	6.07%	BBSY*	1,950
31/03/2006	31/03/2017	$424,163	5.92%	BBSY*	29
					1,979

* The applicable 3-month BBSY at 31 December 2007 was 7.27%.

The interest rate swaps require settlement of net interest each 3-month period. The terms, dates and amounts of the swap match the underlying hedged loan to a high degree, are considered highly effective and are designated as an effective cash flow hedge.

The interest rate swaps were highly effective during the current and prior year.

The fair value of these interest rate swaps is exposed to changes in interest rates. For example, as an effective cash flow hedge, the higher that the market BBSY rate is compared to the fixed rate in the above table, the higher the fair value of the interest rate swap contracts. To the extent that the interest rate swaps are effective, these changes in fair values do not go through the Income Statement but directly to equity.

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest Rate Risk

The Group is exposed to interest rate risk in relation to the variable market interest rates of some of its borrowings, and in relation to investment of its surplus cash.

At balance date, the consolidated entity had the following classes of financial assets and financial liabilities exposed to variable interest rate risk. As the Global Renewables Eastern Creek business was sold in January 2009 and is classified as held for sale at 21 December 2008 its assets and liabilities are not expected to expose GRD to any significant financial risk subsequent to the 31 December 2008 and so the table below excludes at that date the assets and liabilities of Eastern Creek.

31 December 2008	**Fixed Maturity Date**							
	1 year or less $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	5 + years $'000	Total $'000	**Weighted Average Interest Rate**
CONSOLIDATED								
Financial assets								
Cash	23,551	-	-	-	-	-	23,551	5.30%
Net exposure	**23,551**	-	-	-	-	-	**23,551**	
PARENT								
Financial assets								
Cash	1,560	-	-	-	-	-	1,560	3.97%
Net exposure	**1,560**	-	-	-	-	-	**1,560**	

31 December 2007	**Fixed Maturity Date**							
	1 year or less $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	5 + years $'000	Total $'000	**Weighted Average Interest Rate**
CONSOLIDATED								
Financial assets								
Cash	39,817	-	-	-	-	-	39,817	5.84%
	39,817	**-**	**-**	**-**	**-**	**-**	**39,817**	
Financial liabilities								
Bank overdrafts	2,824	-	-	-	-	-	2,824	8.10%
Bank loans	368	384	424	455	487	7,546	9,664	8.52%
	3,192	**384**	**424**	**455**	**487**	**7,546**	**12,488**	
Net exposure	**36,625**	**(384)**	**(424)**	**(455)**	**(487)**	**(7,546)**	**27,329**	
PARENT								
Financial assets								
Cash	25,456	-	-	-	-	-	25,456	6.97%
Net exposure	**25,456**	**-**	**-**	**-**	**-**	**-**	**25,456**	

In relation to short-term bank overdrafts, the Group considers these borrowings to be a part of its overall cash and working capital management policy. It does not seek to manage potential volatility arising from interest rate changes in relation to its net cash and working capital.

30. FINANCIAL RISK MANAGEMENT (continued)

The Group does not have a formal policy in relation to the proportion of its long-term borrowing that should be carried at fixed interest rates. However, it is recognised that long-term project finance should be significantly protected from future volatility in interest rates. In this regard the interest rate on the Global Renewables bank loan, that at 31 December 2008 is classified as associated with assets held for sale, is 75% hedged into fixed interest rates pursuant to the use of effective interest rate swaps. Given that GRD has disposed of the Eastern Creek business in January 2009, the Group no longer has any exposure to the interest rate risk associated with the bank loan.

Based on the above exposure to interest rate risk at balance date, the following sensitivity analysis illustrates the nominal impact to current profit and equity if interest rates were assumed to move by a reasonably foreseeable amount (plus or minus 100 basis points), but all other pertinent variables are held constant.

	Post Tax Profit Increase/(Decrease)		**Equity Increase/(Decrease)**	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
CONSOLIDATED				
+100 basis points	**165**	191	**165**	1,267
-100 basis points	**(165)**	(191)	**(165)**	(1,373)
PARENT				
+100 basis points	**11**	178	**11**	178
-100 basis points	**(11)**	(178)	**(11)**	(178)

(d) Credit Risk

The consolidated entity minimises credit risk by undertaking a detailed review of its potential customers' financial position and the viability of the underlying project prior to entering into material contracts.

The Group's Engineering business predominantly provides services to entities in the mineral resources industry. Unfavourable commodity price movements may impact on customers' financial viability, which may have a potential adverse effect on the recoverability of amounts owing to the consolidated entity.

Credit risk in relation to its Engineering business is also managed through the use of regular progress claims on material construction projects designed to maintain a neutral or positive net cash position and through the use of 30-day payment terms on consulting services. This business's credit risk is not concentrated in any individual overseas country or with any individual customer.

Financial instruments other than receivables that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits. The consolidated entity places its cash deposits with high credit-quality financial institutions, being in Australia only the major Australian (big four) banks. Cash holdings in other countries are generally not significant. The Group's cash deposits all mature within twelve months and attract a rate of interest at normal short-term money market rates.

The maximum credit risk the consolidated entity is exposed to is represented by the carrying value of its financial assets in the Balance Sheet as summarised below:

	Consolidated		**Parent**	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Cash and cash equivalents	**23,551**	39,817	**1,560**	25,456
Trade receivables	**39,282**	52,805	**-**	-
Other receivables	**6,025**	13,574	**98**	402
Interest rate swaps (effective hedges)	**-**	1,979	**-**	-
Receivables from controlled entities	**-**	-	**161,712**	235,700
	68,858	108,175	**163,370**	261,558

The Company is also exposed to credit risk to the extent of the financial guarantees it has provided, by way of bank guarantees, on behalf of its controlled entities. Refer to Note 29.

30. FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity Risk

GRD's objective is to match the terms of its funding sources to the terms of the assets or operations being financed. The group uses a combination of trade payables, bank overdraft, finance leases, operating leases, bank loans and other long-term borrowings to provide its necessary debt funding.

The Group aims to hold sufficient reserves of cash or cash equivalents to help manage the fluctuations in working capital requirements and minimise the need for bank overdrafts.

The following are the remaining contractual or expected maturities of the Group's financial liabilities including, where applicable, future interest payments. These liabilities include those of the Global Renewables Eastern Creek business, which was sold in January 2009 and is classified as a disposal group held for sale at 31 December 2008.

31 December 2008	Carrying Amount $'000	Contractual Cash Flows $'000	1 year or less $'000	2-5 years $'000	5 years or more $'000
CONSOLIDATED					
Trade payables and accruals	26,242	26,242	26,242	-	-
Bank overdraft	3,210	3,210	3,210	-	-
Bank loan	35,397	61,346	4,377	17,567	39,403
Deferred purchase consideration	57,263	64,127	15,729	48,397	-
	122,112	154,925	49,588	65,964	39,403
PARENT					
Trade payables and accruals	2,954	2,954	2,954	-	-
Deferred purchase consideration	57,263	64,127	15,729	48,397	-
	60,217	67,081	18,683	48,397	-

31 December 2007	Carrying Amount $'000	Contractual Cash Flows $'000	1 year or less $'000	2-5 years $'000	5 years or more $'000
CONSOLIDATED					
Trade payables and accruals	22,044	22,044	22,044	-	-
Bank overdraft	2,824	2,824	2,824	-	-
Bank loan	36,717	65,314	4,379	17,393	43,542
Finance lease liabilities	495	530	310	220	-
Deferred purchase consideration	57,263	69,145	4,295	64,851	-
	119,343	159,857	33,852	82,464	43,542
PARENT					
Trade payables and accruals	947	947	947	-	-
Finance lease liabilities	6	6	6	-	-
Deferred purchase consideration	57,263	69,145	4,295	64,851	-
	58,216	70,098	5,248	64,851	-

30. FINANCIAL RISK MANAGEMENT (continued)

(f) Foreign Currency Risk

The consolidated entity has certain foreign currency exposures arising from sales or purchases in currencies other than the applicable functional currencies. This exposure is generally not considered significant though, as a high proportion of the Group's sales and purchases are denominated in the functional currencies of the entity making the sale.

In the Group's Australian Engineering business the potential for foreign currency risk is usually mitigated through a policy of fixing the denomination of sales contracts or material contracts in Australian dollars. Should the Australian Engineering business enter a sales contract for a significant sum for which payment is anticipated in a currency other than Australian dollars, the Group's policy is to use forward currency contracts to mitigate currency exposure when the timing and quantum of the forecast cash flow is considered known.

At 31 December 2008 the Group had no forward currency contracts in place (2007: nil).

The Group's Balance Sheet can also be affected by movements in the cross rates between the Australian dollar (being the Group's presentational currency) and the currencies used by its foreign subsidiaries and equity accounted investees, such as the Pound Sterling, South African Rand and Brazilian Real. Exchange differences on translation of foreign subsidiaries and foreign equity accounted investments are recognised in the foreign currency translation reserve, together with exchange differences on monetary items forming part of the entity's net investment in these foreign operations. The Group does not have a policy of actively mitigating this potential exposure.

(g) Fair Values

The fair values of the Company's and Group's financial assets and liabilities as at the reporting date are considered to approximate their carrying amounts in all cases.

31. 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® 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™ technology for the Lancashire Waste Project in the United Kingdom, in partnership with Lend Lease Corporation.

Discontinued Operations

As set out in Note 7 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.

	Continuing Operations				
31 December 2008	**Engineering $'000**	**Waste-to-Resources $'000**	**Total Continuing Operations $'000**	**Discontinued Operations $'000**	**Total 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
Segment revenue	**247,320**	**3,688**	**251,008**	**20,884**	**271,892**
Unallocated			1,997	-	1,997
Eliminations			(1,862)	(213)	(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			28		28
Eliminations			(65)		(65)
Total revenue and income			254,026		274,697
Segment result (i)	**32,545**	**(9,174)**	**23,371**	**(65,022)**	**(41,651)**
Unallocated			(8,931)	-	(8,931)
Eliminations			(5,472)	-	(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.

31. SEGMENT REPORTING (continued)

	Engineering $'000	Waste-to-Resources $'000	Unallocated $'000	Eliminations $'000	Total Continuing Operations $'000	Discontinued Operations $'000	Total Operations $'000
Segment assets	**117,814**	**42,801**	**155,872**	**(163,635)**	**152,852**	**41,493**	**194,345**
Segment liabilities	**116,816**	**178,436**	**63,144**	**(272,526)**	**85,870**	**53,104**	**138,974**
Other Segment Information							
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
Segment revenue	**200,876**	**12,832**	**213,708**	**21,522**	**235,230**
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
Segment result (i)	**24,501**	**2,586**	**27,087**	**(12,701)**	**14,386**
Unallocated			(5,705)	-	(5,705)
Eliminations			(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 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 includes an amount of profit from equity accounted investments of $2,697,000.

31. SEGMENT REPORTING (continued)

	Engineering $'000	Waste-to-Resources $'000	Unallocated $'000	Eliminations $'000	Total Continuing Operations $'000	Discontinued Operations $'000	Total Operations $'000
Segment assets	**116,924**	**169,990**	**256,350**	**(243,159)**	**300,105**	**-**	**300,105**
Segment liabilities	**119,977**	**196,063**	**61,351**	**(247,880)**	**129,511**	**-**	**129,511**
Other Segment Information							
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

(b) Geographic Segments

	Australasia $'000	Africa $'000	United Kingdom $'000	South America $'000	Other $'000	Total $'000
Segment Revenues from sales to external customers						
2008	56,624	142,248	35,521	37,421	-	271,814
2007	124,240	81,764	12,366	18,431	13	236,814

	Australasia $'000	Africa $'000	United Kingdom $'000	Other $'000	Unallocated $'000	Total $'000
Segment Assets						
2008	78,875	35,784	49,805	9,736	20,146	194,346
2007	180,517	16,954	76,607	4,090	21,937	300,105
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets						
2008	7,593	558	737	1,375	-	10,263
2007	16,149	206	1,668	1,044	-	19,067

The Australasia segment includes two discontinued operations: Global Renewables Eastern Creek, which was disposed in January 2009, and the fabrication business of Kirfield Limited, which was discontinued in early 2008.

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

32. EMPLOYEE BENEFITS

(a) Employee Benefits Liability	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
The aggregate employee benefit liability is comprised of:				
- Accrued wages, salaries and on-costs	**4,320**	2,330	**120**	109
- Other provisions (current)	**4,415**	4,174	**472**	454
- Other provisions (non-current)	**1,047**	944	**-**	-
	9,782	7,448	**592**	563

(b) Share-based Benefits: Employee Share Acquisition Plan

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

Plan shares are acquired on the Australian Exchange at market price and held in trust for the participating employees by a dedicated corporate trustee, GRD ESAP Pty Ltd. 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 3 years. On each anniversary of an employee's initial purchase of plan shares, one third of plan shares acquired using the Company contribution during the prior 3 year period 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 shares held by the Trustee that have not yet vested are forfeited.

Details of the GRD Plan for the year are as follows:

Opening Shares Held by Trustee	Shares Acquired by the Trustee During the Year		Shares Transferred from the Trustee During the Year		Forfeited Shares sold by Trustee	Closing Shares Held by the Trustee	
Number	Number [1]	Fair Value [2]	Number [3]	Fair Value [4]	Number [3]	Number[5]	Fair Value [6]
2008							
1,717,802	2,746,513	$2,169,847	369,438	$361,250	-	4,094,877	$1,146,566
2007							
1,374,260	838,326	$1,964,576	392,855	$952,908	101,929	1,717,802	$3,641,740

Notes:

1. The Trustee acquires shares regularly throughout the year, following receipt of contributions from employees and the consolidated entity.
2. The fair value of shares acquired by the Trustee is equal to the market price paid by the Trustee for acquisitions of GRD shares on the ASX throughout the year. The fair value comprises 50% contribution from employees and 50% contribution from the consolidated entity.
3. Members of the Plan are entitled to hold their vested shares in the Trustee for up to 10 years following vesting. The Trustee distributes vested shares to members following receipt of a request to do so, and accordingly these transfers take place throughout the year on a regular basis. Additionally, members who cease employment with the consolidated entity are entitled to receive their vested Plan shares. In the event of a member ceasing employment, unvested Plan shares are forfeited to the Trust.
4. The fair value of the shares transferred out by the Trustee during the year is based on the market value of the GRD shares at the time of transfer.
5. Of the shares held by the Trustee at 31 December 2008 917,648 were vested and 3,177,229 were unvested (2007: 1,104,430 vested, unvested 613,372).
6. The fair value of the shares held by the Trustee at reporting date has been determined by reference to the last sale price of GRD shares on the ASX at reporting date.

32. EMPLOYEE BENEFITS (continued)

(c) Share-based Benefits: Share Option Plans

Directors, executives and certain members of staff of the consolidated entity hold options over the ordinary shares of the Company. The options have all been issued for nil consideration. Exercise of the options either have been or are currently subject to loyalty and, generally, performance requirements. The options cannot be transferred without the Company's prior approval and will not be quoted on the ASX. The options do not provide dividend or voting rights to the holders prior to exercise.

Vested options are only exercisable if the relevant employee or executive is employed by or on behalf of the consolidated entity, or its associates, at the time the options are exercised or if the options are exercised within three calendar months of the relevant employee or executive ceasing such employment.

An expense is recognised in the Income Statement in relation to share options on issue in accordance with *AASB 2 Share-based Payment*.

Information with respect to the numbers of GRD options granted to Directors and employees is as follows:

31 December 2008

Grant Date	Exercise Price[1]	Exercise Period	Number of Options: Opening	Granted	Exercised[10]	Forfeited	Closing
01/06/2000	$0.75	Half from 1 January 2002 and half from January 2004	250,000	-	-	-	250,000
01/06/2001	$1.40	From 1 June 2004 [2]	2,150,000	-	-	-	2,150,000
01/06/2001	$1.90	From 1 June 2004 [2]	1,000,000	-	-	-	1,000,000
01/06/2001	$2.40	From 1 June 2004 [2]	1,000,000	-	-	-	1,000,000
26/06/2002	$1.29	From 26 June 2005	100,000	-	-	-	100,000
30/06/2004	$1.95	From 1 January 2007	300,000	-	-	(150,000)	150,000
30/09/2005	$2.90	From 30 Sep 2007 [7]	750,000	-	-	-	750,000
01/06/2006	$2.40	Half from 31 March 2007 and half from 31 March 2008 [3]	2,000,000	-	-	-	2,000,000
01/06/2006	$2.90	From 5 March 2007 [4]	1,000,000	-	-	-	1,000,000
01/06/2006	$3.40	Half from 31 March 2007 and half from 31 March 2008 [5]	1,000,000	-	-	(1,000,000)	-
01/06/2006	$2.20	From 1 January 2009 [6]	1,800,000	-	-	(400,000)	1,400,000
01/06/2007	$2.29	From 1 January 2010 [8]	1,900,000	-	-	(400,000)	1,500,000
04/10/2007	$2.37	From 1 May 2010 [9]	600,000	-	-	(100,000)	500,000
16/06/2008	$1.50	From 1 June 2009 [10]	-	612,500	-	-	612,500
16/06/2008	$1.50	From 1 June 2010 [11]	-	612,500	-	-	612,500
16/06/2008	$1.50	From 31 December 2010 [12]	-	1,225,000	-	-	1,225,000
			13,850,000	**2,450,000**	-	**(2,050,000)**	**14,250,000**

32. EMPLOYEE BENEFITS (continued)

31 December 2007

Grant Date	Exercise Price[1]	Exercise Period	Number of Options				
			Opening	Granted	Exercised[10]	Forfeited	Closing
01/06/2000	$0.75	Half from 1 January 2002 and half from January 2004	250,000	-	-	-	250,000
01/06/2001	$1.40	From 1 June 2004 [2]	2,150,000	-	-	-	2,150,000
01/06/2001	$1.90	From 1 June 2004 [2]	1,000,000	-	-	-	1,000,000
01/06/2001	$2.40	From 1 June 2004 [2]	1,000,000	-	-	-	1,000,000
26/06/2002	$1.29	From 26 June 2005	120,000	-	(20,000)	-	100,000
30/06/2004	$1.95	From 1 January 2007	450,000	-	(150,000)	-	300,000
30/09/2005	$2.90	From 30 Sep 2007 [9]	750,000	-	-	-	750,000
01/06/2006	$2.40	Half from 31 March 2007 and half from 31 March 2008 [3]	2,000,000	-	-	-	2,000,000
01/06/2006	$2.90	From 5 March 2007 [4]	1,000,000	-	-	-	1,000,000
01/06/2006	$3.40	Half from 31 March 2007 and half from 31 March 2008 [5]	2,000,000	-	-	(1,000,000)	1,000,000
01/06/2006	$2.20	From 1 January 2009 [6]	1,900,000	-	-	(100,000)	1,800,000
01/06/2007	$2.29	From 1 January 2010 [8]	-	2,000,000	-	(100,000)	1,900,000
04/10/2007	$2.37	From 1 May 2010 [9]	-	600,000	-	-	600,000
			12,620,000	**2,600,000**	**(170,000)**	**(1,200,000)**	**13,850,000**

NOTES:

(1) The exercise price of all share options on issue at the time of the Company's capital return on 3 November 2006 were adjusted down by 10 cents per share in accordance with ASX Listing Rules.

(2) These options were issued primarily to Directors and executives of Global Renewables, and in addition to a loyalty vesting period which has now been met, are only exercisable once that business has achieved financial close for the development of at least 3 UR-3R Facilities. This performance vesting condition has been satisfied in the prior year following execution of contracts for the Lancashire Waste PFI Project.

(3) These options were issued to the CEO and have an expiry date of 1 June 2016. In addition to continuous employment and the vesting period referred to above, the first half of the options are only exercisable if GRD Minproc and its subsidiaries secure new business with a total capital value of $500 million over the 12 months to 31 March 2007. The second half of the options are only exercisable if GRD Minproc and its subsidiaries secure new business with a total capital value of $1 billion over the 24 months to 31 March 2008. All these options have now vested as the performance conditions have been met. The fair value of these options, determined at grant date, is $0.52 per option.

(4) These options were issued to the CEO and have an expiry date of 1 June 2016. In addition to the vesting period referred to above, the options are only exercisable upon financial closure of the Lancashire Waste PFI Project, which condition was satisfied in the prior year. The fair value of these options, determined at grant date, is $0.38 per option.

(5) These options were issued to the CEO and have an expiry date of 1 June 2016. In addition to continuous employment and the vesting period referred to above, the first half of the options are only exercisable if the share price of GRD Limited out-performs the average share price return of the ASX 200 Accumulation Index from the period 31 March 2006 to 31 March 2007. This performance vesting condition was not met and these options were consequently forfeited during the prior year. The second half of the options are only exercisable if the share price of GRD Limited out-performs the average share price return of the ASX 200 Accumulation Index from the period 31 March 2007 to 31 March 2008. This performance vesting condition was not met and these options were subsequently forfeited during the year. The fair value of these options, determined at grant date, is $0.10 per option.

(6) These options were issued to executives and have an expiry date of 1 June 2011. In addition to continuous employment and the vesting period referred to above, these options are only exercisable in proportions determined by how the GRD share price performs relative to the ASX 200 Accumulation Index from the period 1 June 2006 to 31 December 2008. No options shall vest if the GRD share price does not rank at least equal to the 50th percentile, 50% shall vest up to the 74th percentile and all shall vest in the event the GRD share price ranks equivalent to at least the 75th percentile. The fair value of these options, determined at grant date, is $0.52 per option.

(7) These options have an expiry date of 30 September 2015 and can only be exercised during certain windows immediately after the Company's half-yearly and annual reporting date. The fair value of these options, determined at grant date, is $0.74 per option.

(8) These options were issued to executives and have an expiry date of 1 June 2012. In addition to continuous employment and the vesting period referred to above, these options are only exercisable in proportions determined by how the GRD share price performs relative to the ASX 300 Accumulation Index from the period 1 June 2007 to 31 December 2009. No options shall vest if the GRD share price does not rank at least equal to the 50th percentile, 50% shall vest up to the 74th percentile and all shall vest in the event the GRD share price ranks equivalent to at least the 75th percentile. The fair value of these options, determined at grant date, is $0.63 per option.

32. EMPLOYEE BENEFITS (continued)

(9) These options were issued to executives and have an expiry date of 1 October 2012. In addition to continuous employment and the vesting period referred to above, these options are only exercisable in proportions determined by how the GRD share price performs relative to the ASX 300 Accumulation Index from the period 1 October 2007 to 30 April 2010. No options shall vest if the GRD share price does not rank at least equal to the 50th percentile, 50% shall vest up to the 74th percentile and all shall vest in the event the GRD share price ranks equivalent to at least the 75th percentile. The fair value of these options, determined at grant date, is $0.68 per option.

(10) These options were issued to executives, have an expiry date of 1 June 2013 and are only exercisable subject to continuous employment and the vesting period referred to above. The fair value of these options, determined at grant date, is $0.14 per option.

(11) These options were issued to executives, have an expiry date of 1 June 2013 and are only exercisable subject to continuous employment and the vesting period referred to above. The fair value of these options, determined at grant date, is $0.14 per option.

(12) These options were issued to executives and have an expiry date of 1 June 2013. In addition to continuous employment and the vesting period referred to above, these options are only exercisable in proportions determined by how the GRD share price performs relative to the ASX Small Ordinaries Accumulation Index from the period 16 June 2008 to 31 December 2010. No options shall vest if the GRD share price does not rank at least equal to the 50th percentile, 50% shall vest up to the 74th percentile and all shall vest in the event the GRD share price ranks equivalent to at least the 75th percentile. The fair value of these options, determined at grant date, is $0.13 per option.

(13) Options Exercised During the Year:

There were no options exercised in 2008.

The following options were exercised in the prior year:

2007						
30/06/2004	150,000	18/01/2007	150,000	$292,500	18/01/2007	$334,500
26/06/2002	20,000	170/5/2007	20,000	$25,800	17/05/2007	$46,600
Total	170,000		170,000	$318,300		$381,100

At 31 December 2008, there were 8,400,000 options that were exercisable (2007: 7,550,000).

Fair Value of Options Granted during the Financial Year

Options were priced using a binomial option-pricing model. Where options had a performance hurdle a Monte-Carlo simulation was used to value the performance hurdle.

The expected life used in the model has been based on the assumption that employees remain with the company for the duration of the exercise period and exercise the options when financially optimal. This is not necessarily indicative of exercise patterns that may occur.

Due to the lack of exchange traded data for option prices of GRD and many other companies on the ASX, historical volatility has been used for the purposes of the valuation. Expected volatility is based on the historical share price volatility. As a result the valuations reflect the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the outcome. The dividend yield was based on recent historical dividend payments of 6 cents per share.

The following table outlines the assumptions made at grant date in determining the fair value of options granted in the current and prior financial year:

Grant Date	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of option	Option Exercise Price	Share Price at Grant Date
16 June 2008	7.0%	45.00%	6.87%	5.0 years	$1.50	$0.83
16 June 2008	7.0%	45.00%	6.87%	5.0 years	$1.50	$0.83
16 June 2008	7.0%	45.00%	6.87%	5.0 years	$1.50	$0.83
4 October 2007	2.5%	35.00%	6.96%	4.0 years	$2.37	$2.40
1 June 2007	2.8%	39.10%	6.20%	4.0 years	$2.29	$2.29

32. EMPLOYEE BENEFITS (continued)

(d) Employee details	**Consolidated 2008**	**Consolidated 2007**
Total number of full-time equivalent Employees (excluding contractors) as at reporting date	**654**	561

33. 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.

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	5,823
Number of shareholders holding less than a marketable parcel	2,882

(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
		148,601,606	77.24

GRD LIMITED
ACN 009 201 754

DIRECTORS	Richard F Court (Non-executive Chairman) M Cliff Lawrenson (Chief Executive) Richard J Linnell Christopher R Pointon Bruce G Thomas John D White
COMPANY SECRETARY	Simon F Cater
REGISTERED OFFICE	Level 14 AMP Building 140 St Georges Terrace Perth Western Australia 6000 Tel: 61 8 9278 1888 Fax: 61 8 9278 1880
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace Perth Western Australia 6000 Tel: 61 8 9323 2000 Fax: 61 8 9323 2033 You can check details of your shareholding conveniently and simply through visiting our Registrar's website at www.computershare.com and clicking on the Investor Centre button (you will need your HIN/SRN).
AUDITORS	Ernst & Young Chartered Accountants 11 Mounts Bay Road Perth Western Australia 6000
STOCK EXCHANGE	Australian Stock Exchange Limited Exchange Plaza 2 The Esplanade Perth Western Australia 6000 Trading Code Ordinary Shares: **GRD**
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