



COMPANY ANNOUNCEMENT

4 December 2008

GRD Limited announces agreement for sale of its Global Renewables Eastern Creek facility

GRD Limited (ASX:GRD) today announced the signing of agreements for the sale of its Global Renewables Eastern Creek UR-3R™ Facility in Sydney to interests associated with Emergent Capital.

Under the agreement, the effective date for the sale will be 31 December 2008 and will see the buyer take 100 per cent equity in the companies owning and operating the Eastern Creek Facility, along with assuming the project finance debt.

The sale is conditional on approvals by GRD's financiers and NSW Government regulatory authorities. GRD is hopeful the required approvals will be gained in a timely manner.

GRD Limited Chief Executive Cliff Lawrenson said the sale is expected to substantially improve the net profit and cash flow of the GRD group for 2009 onward, but would involve the company recording a significant once-off accounting loss in 2008. The transaction will initially be cash flow negative for GRD, with the company expecting to recoup the cash outlay from savings attained within the first half of 2009.

"Continued funding of operating losses and debt servicing at Eastern Creek is untenable for the GRD Group, and this agreement will have a positive impact on cash and profit for 2009 and beyond," Mr Lawrenson said.

GRD will provide further details on the transaction once the sale is finalised.

The Eastern Creek Facility is an advanced waste treatment plant that annually processes around 175,000 tonnes of Sydney's municipal solid waste. Eastern Creek operates under contract to Waste Services NSW (WSN).

"The Facility is now consistently operating above design capacity, but will require further investment to reduce operating costs and manage improvements to revenue. GRD believes that this is best done under new ownership," Mr Lawrenson said

"The decision by the Board to sell Eastern Creek has come after careful consideration and has been taken to maximise the opportunities for the GRD group of companies going forward. This sale allows GRD to concentrate its efforts on our engineering and project delivery business, GRD Minproc, and the development of the Lancashire Waste Project.

"The Lancashire Project is a very different commercial proposition to Eastern Creek."

Mr Lawrenson said key differences in the Lancashire Project included;

- Higher processing fees
- More realistic and achievable targets for diversion of waste away from landfill
- Better opportunities for revenue from sale of recycled materials.



Construction of the Lancashire Project is on target, and currently the project is approximately 50 per cent complete. The Project is being developed by Global Renewables in alliance with Lend Lease Corporation.

Mr Lawrenson said he expected it will be business as usual at the Eastern Creek Facility, and did not foresee any disruption for the employees or customers of the Facility.

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