

# **Gutteridge Haskins & Davey Limited**

## **Report and Financial Statements**

30 June 2007



## **GENERAL INFORMATION**

### **Directors**

C Weeks  
D Whybird  
M Polin  
T Pinzone  
D Marsden  
J Blake

### **Secretary**

R Holliday

### **Auditors**

Ernst & Young LLP  
1 Bridgewater Place  
Water Lane  
Leeds LS11 5QR

### **Bankers**

HSBC  
Leeds Branch Office  
33 Park Row  
Leeds LS11LD

### **Solicitors**

Lovells  
Andrew Smith  
Atlantic House  
Holborn Viaduct  
London  
EC1A 2FG

### **Registered Office**

4 Innovation Close  
York Science Park  
York YO10 5ZF

## DIRECTOR'S REPORT

### DIRECTORS

The names of the directors in office at any time during or since the end of the year are

C Weeks	appointed on 28 September 2005
D Whybird	appointed on 28 September 2005
M Polin	appointed on 28 September 2005
T Pinzone	appointed on 17 May 2006
D Marsden	appointed on 15 September 2006
J Blake	appointed on 3 August 2007

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an international professional services company providing leadership in management, engineering, the environment, planning and architecture

### DIVIDENDS

No dividends have been declared or paid by the Company

### REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

The loss after tax of the Company for the reporting period was £1,004,884

### OPERATING RESULTS & LIKELY DEVELOPMENTS

Any likely development in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2007 that has significantly affected or may significantly affect

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years

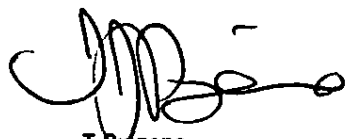
### DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information

### AUDITORS

Ernst & Young LLP were appointed as the company's first auditors. A resolution to re-appoint them as auditors will be proposed at the AGM

This report is made in accordance with a resolution of the Board



T Pinzone  
Director



D Marsden  
Director

21 February 2008

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and those International Financial Reporting Standards as adopted by the European Union

The directors are required to prepare financial statements for each financial year, which present fairly the financial position of the company and the financial performance and cash flows of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the company's financial position and financial performance, and
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT** to the members of Gutteridge Haskins & Davey Limited

We have audited the financial statements of Gutteridge, Haskins and Davey Limited for the year ended 30 June 2007, which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

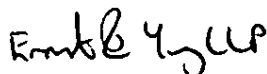
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 June 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP  
Registered auditor  
Leeds  
23 April 2008  
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**INCOME STATEMENT**  
for the year ended 30 June 2007

	Notes	June 2007 £	June 2006 £
<b>Revenue</b>	3	<b>107,874</b>	-
Interest received		5,024	-
Job related disbursements		(37,932)	-
Work in progress	10	20,580	-
Employee costs	6	(815,089)	-
Depreciation of plant and equipment	11	(19,294)	-
Recruitment and training		(5,703)	-
Occupancy costs		(69,405)	-
Office overheads		(185,021)	-
Other expenses		(5,918)	-
<b>Loss before income tax expense</b>		<b>(1,004,884)</b>	-
Income tax	8	-	-
<b>Loss for the year from continuing operations</b>		<b>(1,004,884)</b>	-

## BALANCE SHEET

at 30 June 2007

	Notes	June 2007 £	June 2006 £
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	11	134,337	-
Deferred tax assets	8(c)	1,216	-
<b>Total non current assets</b>		<b>135,553</b>	<b>-</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	18(a)	202,212	-
Trade and other receivables	9	36,889	1
Work in progress	10	20,580	-
Prepayments		9,624	-
<b>Total current assets</b>		<b>269,305</b>	<b>1</b>
<b>Total assets</b>		<b>404,858</b>	<b>1</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	83,548	-
Provisions	13	16,977	-
<b>Total current liabilities</b>		<b>100,525</b>	<b>-</b>
<b>NON CURRENT LIABILITIES</b>			
Loans	14	300,000	-
Provisions	13	8,001	-
Deferred tax liabilities	8(d)	1,216	-
<b>Total non current liabilities</b>		<b>309,217</b>	<b>-</b>
<b>Total liabilities</b>		<b>409,742</b>	<b>-</b>
<b>NET (LIABILITIES)/ ASSETS</b>		<b>(4,884)</b>	<b>1</b>
<b>CAPITAL AND RESERVES</b>			
Equity share capital	16	1,000,000	1
Accumulated losses		(1,004,884)	-
<b>Total (deficit)/equity</b>		<b>(4,884)</b>	<b>1</b>

The financial statements were approved by the board on 21 February 2008 and were signed off on its behalf by



T Pinzone  
Director  
21 February 2008

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
for the year ended 30 June 2007

	Notes	June 2007 £	June 2006 £
Net loss for the year	17	(1,004,884)	-
<b>Total recognised income and expense for the year attributable to Gutteridge Haskins &amp; Davey Limited</b>		<b>(1,004,884)</b>	<b>-</b>
<b>Total deficit at the end of the financial year</b>		<b>(4,884)</b>	<b>1</b>



## STATEMENT OF CASH FLOWS

for the year ended 30 June 2007

	Notes	June 2007 £	June 2006 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		61,361	-
Payments to suppliers and employees		(1,020,334)	-
Interest received		5,024	-
<b>Net cash used in operating activities</b>	<b>18(b)</b>	<b>(953,949)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(143,630)	-
<b>Net cash used in investing activities</b>		<b>(143,630)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue		999,999	-
Borrowings from parent		300,000	-
<b>Net cash provided by financing activities</b>		<b>1,299,999</b>	<b>-</b>
Net increase in cash held		202,420	-
Cash at the beginning of the financial year		-	-
Effect of exchange rates on cash holdings in foreign currencies		(208)	-
<b>Cash at the end of the financial year</b>	<b>18(a)</b>	<b>202,212</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENTS OF COMPLIANCE WITH IFRS

The financial statements of Gutteridge Haskins & Davey Limited ('the Company') for the year ended 30 June 2007 were authorised for issue by the board of directors on 21 February 2008 and the balance sheet was signed on the board's behalf by T Pinzone. Gutteridge Haskins & Davey Limited is a limited liability private limited company incorporated and domiciled in England and Wales. The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985. The principal accounting policies adopted by the company are set out in note 2.

### 2. ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Great British Pounds.

#### Going Concern

As at 30 June 2007, the Company had net current assets of £168,780 and net liabilities of £4,884. The parent has undertaken to support the Company for a period of not less than 12 months from the date on which the financial statements are signed. As a result, the going concern basis has been applied in the preparation of these financial statements.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

#### Rendering of services

Revenue from services provided is recognised by reference to the stage of completion. Stage of completion is measured in reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome can not be measured reliably, revenue is recognised only to the extent of the expenses incurred that are recoverable.

#### Interest income

Interest on bank accounts is recognised as received.

#### Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### Property, plant and equipment

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost included the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Depreciation is calculated on a diminishing value basis over the useful life of the assets. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided on all plant and equipment on a straight line basis over its expected useful life as follows:

- Plant and equipment - over 3 to 5 years
- Leasehold improvements - 5 years
- Motor vehicles - 5 years

#### Cash and cash equivalents

Cash in the balance sheet comprises cash at banks and at hand.

#### Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowings at balance date are from GHD Pty Ltd, the Company's parent. These borrowings are interest bearing.

## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 2. ACCOUNTING POLICIES (continued)

#### **Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or on terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

#### **Work in progress**

Where work has been carried out but not yet invoiced, revenue is recognised as work in progress to the extent of costs incurred where it is probable those costs will be recoverable. Where progress invoices exceed the aggregate costs incurred (pre-bill), the excess is adjusted against work in progress in the income statement and recognised as unearned income in other liabilities in the balance sheet. Contract costs include all costs directly related to specific contracts and an allocation of costs that are attributable to contract activity in general.

#### **Trade receivables**

Trade receivables are recognised at cost less provision for doubtful debts. The recoverability of trade receivables is reviewed on an ongoing basis. A provision for doubtful receivables is established when collection of the full nominal amount is no longer probable. Bad debts are written off as incurred.

#### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

#### **Premises made good**

Provisions are measured both initially and subsequently as the present value of the amount required to settle the obligation at balance date.

#### **Employee Benefits**

##### ***Wages and salaries and annual leave***

Liabilities for wages and salaries and annual leave are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date, where they are expected to be settled within one year.

##### ***Pensions***

The company operates a defined contribution pension scheme. Contributions to this scheme are recognised in the income statement in the period in which they become payable.

#### **Operating Leases**

The company has entered into a commercial property lease. As at 30 June 2007, this non-cancellable lease had a remaining term of 4.2 years. The lease includes a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

#### **Taxes**

##### ***Current Income Tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

##### ***Deferred income tax***

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed each balance sheet 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. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and deferred income tax 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.

## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 2. ACCOUNTING POLICIES (continued)

#### Financial risk management objectives and policies

##### *Foreign currency risk*

At balance sheet date the company did not have any foreign currency receivable or payables. The company's borrowings are in Great British Pounds.

##### *Credit risk*

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

##### *Liquidity risk*

The company monitors its risk to a shortage of funds. The Company has an overdraft facility in place, and cash available from its parent (as required).

#### Key sources of estimation uncertainty

##### *Judgments*

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the financial statements.

##### *Estimates and assumptions*

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

##### *Deferred tax assets*

Deferred tax assets and liabilities are recognised when temporary differences arise between the tax base of assets and liabilities and their respective carrying amounts, or where a benefit arises due to unused tax losses and are recognised at the tax rates expected to apply when the assets or liabilities are settled.

##### *Work in progress*

The accurate calculation of work in progress relies on accurate forecasts of contract costs at completion, which generally are difficult to ascertain.

### 3. REVENUE

#### Sales revenue

Fees for services rendered

June 2007 £	June 2006 £
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107,874	-
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### 4. OPERATING LOSS

*This is stated after charging*

Depreciation of property, plant and equipment

Auditors remuneration

19,294	-
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13,000	-
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32,294	-
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### 5. AUDITORS REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and other services provided to the Company.

Audit of the financial statements

Other fees to auditors – taxation services

13,000	-
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3,000	-
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16,000	-
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## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 6. EMPLOYEE COSTS

Wages and salaries  
National Insurance  
Pension costs  
Other staff costs

June  
2007  
£

June  
2006  
£

657,128  
60,364  
55,819  
41,778

-  
-  
-  
-

**815,089**

-

The average number of employees during the year, including directors, was as follows

Directors\*  
Professional staff  
Support staff

June  
2007  
No.

June  
2006  
No

5  
10  
1

-  
-  
-

\*Directors include two Professional staff. They have been counted only once as Directors

**17**

-

### 7. REMUNERATION OF DIRECTORS

Director's emoluments  
Contributions to defined contributions pension schemes

June  
2007  
£

June  
2006  
£

240,006  
10,833

-  
-

**250,839**

-

C Weeks, D Whybird and M Polin are all directors of the parent undertaking GHD Pty Ltd and their emoluments and pension costs are disclosed in the financial statements of that entity. At 30 June 2007, one of the two UK based directors was in a defined contribution pension scheme

### 8. INCOME TAX

#### a) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

Loss before income tax expense  
Tax on the operating loss at 30%  
Expenses not deductible for tax purposes  
Unrecognised tax losses  
Accelerated capital allowances

**(1,004,884)**

-

(301,465)

-

3,195

-

299,486

-

(1,216)

-

**-**

-

#### b) INCOME TAX EXPENSE

Current tax  
Deferred tax

-

-

-

-

**-**

-

#### c) DEFERRED TAX

##### DEFERRED TAX ASSET

The deferred tax included in the balance sheet is as follows

Tax losses carried forward

1,216

-

**1,216**

-

##### Movements:

Opening balance at 1 July  
Credited to income statement

-

-

1,216

-

Closing balance at 30 June

**1,216**

-

## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 8. INCOME TAX continued

Deferred tax assets are expected to be recovered within 12 months. At 30 June 2007 there was a potential deferred tax asset of £300,249 (2006 nil) in respect of unutilised tax losses. A deferred tax asset was not recognised due to the uncertainty as to when they would be recovered.

	June 2007 £	June 2006 £
<b>(d) DEFERRED TAX LIABILITY</b>		
Accelerated capital allowances	1,216	-
<b>Movements.</b>		
Opening balance at 1 July	-	-
Charged to income statement	1,216	-
<b>Closing balance at 30 June</b>	<b>1,216</b>	<b>-</b>

### 9. TRADE AND OTHER RECEIVABLES

Amounts owed by parent undertaking	20,052	-
Other debtors	16,837	1
	<b>36,889</b>	<b>1</b>

### 10. WORK IN PROGRESS

Gross value of contracts in progress less recognised losses	113,771	-
Less progress claims	93,191	-
<b>Work in progress</b>	<b>20,580</b>	<b>-</b>

### 11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings (leasehold) £	Plant and equipment £	Total £
<b>Cost</b>			
At 1 July 2006	-	-	-
Additions	67,582	86,049	153,631
<b>At 30 June 2007</b>	<b>67,582</b>	<b>86,049</b>	<b>153,631</b>
<b>Depreciation and impairment</b>			
At 1 July 2006	-	-	-
Provided during the year	8,210	11,084	19,294
<b>At 30 June 2007</b>	<b>8,210</b>	<b>11,084</b>	<b>19,294</b>
<b>Net book value at 30 June 2007</b>	<b>59,372</b>	<b>74,965</b>	<b>134,337</b>
<b>Net book value at 30 June 2006</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 12. TRADE AND OTHER PAYABLES

	June 2007 £	June 2006 £
<b>CURRENT</b>		
Trade payables	4,453	-
Employee entitlements	36,680	-
Other payables	42,415	-
	<b>83,548</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 13. PROVISIONS

#### CURRENT

Employee benefits  
Make Good Provision

June 2007 £	June 2006 £
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14,978	-
1,999	-

<b>16,977</b>	<b>-</b>
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#### NON CURRENT

Make Good Provision

8,001	-
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<b>24,978</b>	<b>-</b>
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#### NATURE AND PURPOSE OF PROVISIONS

##### Employee benefits

Annual leave liability with pension and national insurance cost factored in

##### Premises Make Good

The Company has legal obligations to "make good" certain of its leasehold premises on departure from those premises for which it makes provision in line with the accounting policy set out at note 2

#### MOVEMENTS IN PROVISIONS

##### CURRENT – Employee benefits

Carrying amount at beginning of year  
Additional provision recognised

-	-
14,978	-

<b>14,978</b>	<b>-</b>
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##### CURRENT AND NON CURRENT – Premises make good

Carrying amount at beginning of year  
Additional provision recognised

-	-
10,000	-

<b>10,000</b>	<b>-</b>
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### 14. FINANCIAL LIABILITIES

#### Borrowings – Non Current

Loan from Immediate Parent - GHD Pty Ltd

<b>300,000</b>	<b>-</b>
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#### Borrowings

Loan from parent entity GHD Pty Ltd. Interest charges will commence from 1 July 2007 at BBSW (90 day Bank Bill Swap Rate) + 1.5%. Loan repayments will commence once the Company has positive operating cash flow

### 15. COMMITMENTS AND CONTINGENCIES

#### OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows

Not later than one year  
After one year but not more than five years  
After five years

43,000	-
135,000	-

-	-
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<b>178,000</b>	<b>-</b>
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## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 16. SHARE CAPITAL

#### *Authorised*

2007 & 2006 - Ordinary shares of £1 each

#### *Issued and fully paid\**

Issued on incorporation – 5 August 2005

#### **Balance at 30 June 2006**

Issued 31 July 2006\*

Issued 25 August 2006\*

Issued 30 October 2006\*

Issued 1 June 2007\*

#### **Balance at 30 June 2007**

Number	£
1,000,000	1,000,000
1	1
1	1
99,999	99,999
200,000	200,000
400,000	400,000
300,000	300,000
<b>1,000,000</b>	<b>1,000,000</b>

\* Issue of shares to immediate parent company, GHD Pty Ltd

### 17. RECONCILIATION OF MOVEMENTS IN EQUITY

#### *At 1 July 2005*

Issue fully paid shares

#### *At 30 June 2006*

Loss for the year ending 30 June 2007

Issue fully paid shares

#### *At 30 June 2007*

Share capital £	Retained earnings £	Total £
-	-	-
1	-	1
1	-	1
-	(1,004,884)	(1,004,884)
999,999	-	999,999
<b>1,000,000</b>	<b>(1,004,884)</b>	<b>(4,884)</b>

### 18. NOTES TO THE STATEMENTS OF CASH FLOWS

#### (a) RECONCILIATION OF CASH

For purpose of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdraft. Cash at the end of the year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet are as follows

Cash assets

June 2007 £	June 2006 £
202,212	-

#### (b) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING LOSS AFTER INCOME TAX

Operating loss after income tax

Depreciation and impairment

Unrealised foreign exchange losses

Changes in operating assets and liabilities

Increase in receivables and prepayments

Increase in trade creditors and accruals

Increase in work in progress

Increase in employee benefits

**Net cash flows from operating activities**

(1,004,884)	-
19,294	-
208	-
(46,513)	-
83,548	-
(20,580)	-
14,978	-
<b>(953,949)</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2007

### 19. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 7. Transactions entered into, and trading balances outstanding at 30 June with other related parties, are as follows:

Related party	Sales to related party £	Purchases from related party £	Amounts owed by related party £	Amounts owed to related party £
Associates	67,972	47,920	20,474	422

### PARENT ENTITY

The ultimate parent entity of the Company is GHD Group Pty Ltd and the immediate parent is GHD Pty Ltd. Amounts receivable from and payable to members of the wholly owned Group, refer notes 9 and 14.

### 20. ULTIMATE PARENT UNDERTAKING

At 30 June 2007 the company's immediate parent undertaking was GHD Pty Ltd, a company registered in Australia. Copies of GHD Pty Ltd & Controlled Entities Consolidated Financial Statements can be obtained on application to the Company Secretary, 10 Bond St, Sydney, NSW 2000, Australia.