



GUD Holdings Limited

A.B.N. 99 004 400 891

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Tottenham, Vic 3012
Australia.

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28 July, 2009

Manager, Company Announcements
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir

Full Year Report - 30 June, 2009

Enclosed herewith Appendix 4E, Results Announcement, Media Release, Audited Accounts and Remuneration Report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm G Tyler', with a long horizontal flourish extending to the right.

Malcolm G Tyler
Company Secretary

Att:

Appendix 4E - Full-Year Report
Preliminary final report given under Listing Rule 4.3A

GUD Holdings Limited
(ABN 99 004 400 891)

Full-Year Ended 30 June 2009
(Previous corresponding period: Full-Year Ended 30 June 2008)





Results for announcement to the market

FOR THE YEAR ENDED 30 JUNE 2009

<u>Results from continuing operations</u>	<u>Percentage Change</u>			<u>\$'000</u>
Revenue	Down	0.1%	to	468,334
* Underlying profit before interest and tax	Down	3.6%	to	60,789
* Underlying profit after tax	Down	1.2%	to	37,410
Reported net profit from continuing operations for the period	Up	7.7%	to	34,798
Reported net profit for the period attributable to members	Down	6.9%	to	34,798

* Underlying profit is from continuing operations excluding restructuring costs

<u>Dividends</u>	<u>Amount per security</u>	<u>Percentage franked</u>
Final dividend	33 cents	100%
Date the dividend is payable:		September 30, 2009
Record date for determining entitlements to the dividend:		September 16, 2009
Trading ex dividend		September 10, 2009
<u>Amount of dividend per security</u>	<u>Amount per security</u>	<u>Percentage franked</u>
Interim Dividend		
In respect of the 2009 financial year as at 31 December 2008	27 cents	100%
In respect of the 2008 financial year as at 31 December 2007	30 cents	100%
Final Dividend		
In respect of the 2009 financial year as at 30 June 2009	33 cents	100%
In respect of the 2008 financial year as at 30 June 2008	38 cents	100%
<u>Net Tangible Assets Per Security</u>		
As at 30 June 2009	\$0.66	
As at 30 June 2008	\$0.48	

Brief explanation of the figures reported

above:

Refer to media release

Appendix 4E

Preliminary final report for the period ended 30 June 2009

Compliance Statement

1. This report has been prepared in accordance with AASB Accounting Standards including Australian Interpretations.
2. This report and the accounts upon which the report is based use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is in accordance with the Corporations Act 2001.
5. This report is based on accounts which have been audited.
6. The entity has a formally constituted audit committee.



MALCOLM G TYLER
Company Secretary

Melbourne, 28 July 2009



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28th July 2009

GUD Holdings Limited results for year ended 30 June 2009

Underlying net profit of \$37.4 million and 60 cent annual dividend

GUD Holdings Limited today reported pleasing performance from its leading consumer brands Sunbeam, Oates, Davey, Ryco and Wesfil with Underlying Net Profit in the year to June 2009 down only 1% to \$37.4 million despite competitive conditions, huge swings in the Australian dollar and weaker economies in Australia and New Zealand.

Demand for GUD's products remained consistent with sales from continuing operations steady at \$468.3 million versus \$469 million last year. Within the Group growth was experienced by Oates cleaning products, Davey's emerging water treatment products and the Ryco and Wesfil ranges of automotive aftermarket products.

Reported net profit after tax dipped 7% to \$34.8 million reflecting Victa's strong contribution before being sold in FY08 and the impact of restructuring charges previously announced.

"In the latest year we responded to changed conditions. We reduced overhead costs, improved terms with offshore suppliers, edged up prices, reduced inventory and tightened working capital. We are very pleased to have recorded a sound result. Consumers continue to support our range of leading brands," GUD Managing Director Mr Ian Campbell said.

During the period the Australian dollar fell from a high of over US\$0.95 to below US\$0.65 and more recently has bounced back to US\$0.80. These currency swings added significantly to currency hedging costs, pushed up the price of products and components from offshore suppliers, which squeezed margins, and increased the value of inventory on the balance sheet.

"We've been successful in partially offsetting the negative impact of weaker consumer sentiment and the extreme swings in the Australian dollar but more can be done. We are exploring all options to improve shareholder returns," Mr Campbell said.

The balance sheet has remained strong during the period due to a strong operating cash flow of \$57.9 million. Interest cover increased to 7.9 times from 6.7 times and net debt edged up only 5% to \$90.6 million following proceeds from the \$14 million Share Purchase Plan and the \$18 million acquisition of the 19.4% stake in Breville Group Limited.

The strong cash flow and stable financial performance enabled the company to sustain a high level of dividend payments to shareholders. An annual dividend of 60 cents per share fully franked has been announced comprising a 33 cent final dividend and the 27 cent interim dividend. The annual dividend payment compares to 68 cents previously.

Segment Summary – Continuing Operations for the year to 30 June

\$ million	Sales			EBIT		
	FY08	FY09	% Change	FY08	FY09	% Change
Consumer	246.6	254.9	3%	33.0	29.9	-9%
Water	137.4	123.6	-10%	13.5	15.0	11%
Automotive	71.5	78.4	10%	19.4	19.3	-1%
Security	13.6	11.5	-16%	2.5	1.3	-49%
Unallocated				(5.4)	(4.7)	
TOTALS	469.0	468.3	0%	63.0	60.8	-4%

Note: Minor differences may occur due to rounding of amounts. Consumer Products EBIT for FY08 excludes Oates restructuring costs and Victa.

Consumer Products EBIT down 9% to \$29.9 million

Both the 3% sales growth and the \$29.9 million EBIT were satisfactory results in the weaker economy and in the competitive consumer products market environment.

Oates and Sunbeam both source a substantial proportion of their respective product ranges from offshore suppliers and were faced with significantly increased product costs as the Australian dollar devalued against the US dollar. This led to intense pressure on margins which was countered through price increases where possible and improved product purchasing arrangements.

The Oates and Sunbeam brands are market leaders in their respective sectors and the strength of the brands has been instrumental in underpinning the solid result in Consumer Products.

The FY09 year was the first full year in which Oates sourced all its product requirements, from both local and offshore suppliers. The investment made in restructuring this business in FY08 has flowed through to noticeably improved returns in FY09.

Opportunities for further improvement in financial performance in Sunbeam will be driven by more streamlined sourcing and supply chain activities. These will manifest in better buying terms, reduced working capital and enhanced customer service levels.

Water Products EBIT increased 11% to \$15.0 million

The growth in Water Products EBIT is due principally to a reduced cost base in the second half compared with the prior year. Significant costs were incurred in FY08 in reconfiguring the Monarch Pool Systems business and the benefits of these activities are now flowing.

Davey continued to be affected by low demand levels in the local swimming pool and spa pool markets resulting in lower sales. Actions to grow market share in these sectors are in place for FY10 and should result in higher returns. Davey's heartland markets, in regional Australia, remain affected by the prolonged dry conditions.

Increasing demand for Davey's water conservation and treatment products in metropolitan Australia has partially offset market weakness in other market segments. Opportunities in export markets for water conservation and treatment products are encouraging.

Automotive Products EBIT down 1% to \$19.3 million

The Automotive Products businesses reported a satisfactory result. Sales increased 10%, largely due to Ryco achieving broader distribution and Wesfil continuing to pick up business following the closure of National Parts in February 2008.

Similar to the Consumer Products segment, this business segment relies on a number of offshore suppliers for its product range and consequently was impacted by the decline in the Australia dollar. Remedial actions to reduce costs and adjust pricing helped in maintaining margins.

Both the Ryco and Wesfil brands have recorded market share gains over the FY09 year, reflecting improved brand equity in the target market.

Security Products EBIT down 49% to \$1.3 million

The Security Products business was heavily affected by de-stocking in their customers' operations, especially in customers active in the building and leisure industries.

The decline in sales due to this de-stocking and higher metals prices early in the financial year were the principal factors behind the 49% decline in EBIT compared with the prior year.

Indications are that ordering patterns are now returning to normal. This, coupled with recent management initiatives focused on improving customer service and reducing product costs, should underpin improved results in FY10.

Outlook

"GUD is strongly positioned to deliver positive future returns to shareholders. The FY09 performance highlights the underlying strength of our leading brands and our flexible, lower risk business model," Managing Director Ian Campbell said.

"In an effort to maintain positive returns the management teams at each business continue to be focused on product innovation, cost reductions, brand management and tight working capital management."

"In the coming year markets will remain highly competitive but demand for our products is likely to remain sound and we are encouraged by the recent uptick in consumer sentiment. Although we remain cautious on the macro environment and consider the rising trend in unemployment a threat, all our businesses are well positioned to benefit from any upturn in activity."

"On current indications I expect the Group to achieve an improved financial performance in the FY10 financial year."

"GUD's balance sheet is strong and provides a platform to drive additional growth as opportunities arise."

For further information:
Ian Campbell
Managing Director
GUD Holdings Limited
t: 03 9243 3332

Financial Summary

\$ million	FY08	FY09	% Change
Continuing Operations			
Sales	469.0	468.3	
EBITDA	73.7	71.3	-3%
Depreciation	5.6	5.5	
Amortisation	5.0	5.0	
EBIT	63.0	60.8	-4%
Interest	9.3	7.7	
Profit before Tax	53.7	53.1	
Tax	15.8	15.7	
Underlying NPAT	37.9	37.4	-1%
Discontinued Operations			
Victa Contribution	5.1		
Restructuring Costs			
Oates Restructuring	(5.9)		
Interest Hedging Restructure	0.3	(2.6)	
Reported NPAT	37.4	34.8	-7%

Victa sold 30 June 2008 to Briggs & Stratton

Benefit reflected in FY09 operating performance

First half cost following interest rate declines



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Income Statements

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 \$'000	Restated* 2008 \$'000	GUD Holdings Limited 2009 \$'000	Restated* 2008 \$'000
Continuing Operations:					
Revenue	2 (a)	468,334	469,023	39,840	53,958
Cost of goods sold		(279,735)	(280,903)	-	-
Gross Profit		188,599	188,120	39,840	53,958
Other income	2 (b)	432	325	48	25
Marketing and selling		(55,567)	(58,978)	-	-
Product development and sourcing		(5,619)	(4,426)	-	-
Logistics expenses and outward freight		(37,623)	(34,430)	-	-
Administration		(28,138)	(26,917)	(5,218)	(5,724)
Reorganisation of subsidiaries	20	-	-	-	36,257
Restructure of Oates business		-	(8,455)	-	-
Other		(1,295)	(665)	-	(138)
Results from operating activities		60,789	54,574	34,670	84,378
Net finance expense before interest rate hedging restructure		(7,716)	(9,348)	(6,268)	(7,686)
Interest rate hedging restructure - revaluation and settlement costs		(3,732)	490	(3,678)	590
Net finance expense including interest rate hedging restructure	2 (c)	(11,448)	(8,858)	(9,946)	(7,096)
Profit before income tax		49,341	45,716	24,724	77,282
Income tax expense	3	(14,543)	(13,415)	4,450	3,704
Profit from continuing operations		34,798	32,301	29,174	80,986
Discontinued Operations:					
Operating profit from discontinued operations (net of income tax)	2 (d)	-	3,709	-	-
Gain on sale (net of income tax)	2 (d)	-	1,385	-	-
Profit from discontinued operations (net of income tax)	2 (d)	-	5,094	-	-
Profit for the period		34,798	37,395	29,174	80,986
Earnings per share:					
Basic earnings per share (cents per share)	27	60.0	62.6		
Diluted earnings per share (cents per share)	27	60.0	62.6		
Continuing operations					
Basic earnings per share (cents per share)	27	60.0	54.1		
Diluted earnings per share (cents per share)	27	60.0	54.1		

Notes to the financial statements are annexed.

* See note 2(a): Profit from operations - Revenue

Balance Sheets

AS AT 30 JUNE 2009

	Note	Consolidated		GUD Holdings Limited	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets					
Cash and cash equivalents	6	16,206	33,121	387	19,265
Trade and other receivables	7	62,327	65,929	37,789	40,948
Other assets	8	6,559	4,210	279	179
Inventories	9	82,671	81,412	-	-
Total current assets		167,763	184,672	38,455	60,392
Non-current assets					
Other financial assets	10	24,013	4,734	196,481	174,201
Property, plant and equipment	11	19,609	20,175	18	39
Deferred tax assets	3(b)	456	441	-	95
Goodwill	12	42,063	42,004	-	-
Other intangible assets	13	49,509	50,243	-	-
Total non-current assets		135,650	117,597	196,499	174,335
Total assets		303,413	302,269	234,954	234,727
Current liabilities					
Trade and other payables	14	44,266	45,088	998	1,685
Borrowings and loans	15(a)	454	488	-	-
Current tax payables		4,820	962	5,363	1,173
Provisions	16(a)	13,602	13,950	1,030	1,196
Total current liabilities		63,142	60,488	7,391	4,054
Non-current liabilities					
Borrowings and loans	15(b)	106,360	118,798	87,401	100,732
Deferred tax liabilities	3(b)	1,415	1,475	1,267	-
Provisions	16(b)	1,380	1,418	32	25
Total non-current liabilities		109,155	121,691	88,700	100,757
Total liabilities		172,297	182,179	96,091	104,811
Net assets		131,116	120,090	138,863	129,916
Equity					
Share Capital	17	94,505	80,655	94,505	80,655
Reserves	18	(873)	(838)	3,510	-
Retained earnings		37,484	40,273	40,848	49,261
Total equity		131,116	120,090	138,863	129,916

Notes to the financial statements are annexed.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Retained Earnings				
Retained earnings at the beginning of the year	40,273	41,224	49,261	6,621
Profit for the period	34,798	37,395	29,174	80,986
Dividends paid	(37,587)	(38,346)	(37,587)	(38,346)
Retained earnings at the end of the year	37,484	40,273	40,848	49,261
Reserves				
Foreign Currency Translation Reserve:				
Balance at the beginning of the year	(452)	(52)	-	-
Exchange differences on translating foreign operations	(167)	(400)	-	-
Balance at the end of the year	(619)	(452)	-	-
Cash Flow Hedge Reserve:				
Balance at the beginning of the year	(386)	(334)	-	-
Fair value adjustments transferred to equity	7,154	(1,573)	-	-
Amounts transferred to inventory	(10,532)	1,432	-	-
Amount transferred to the Income Statement - Victa disposal	-	89	-	-
Balance at the end of the year	(3,764)	(386)	-	-
Available for sale asset revaluation reserve:				
Balance at the beginning of the year	-	-	-	-
Fair value adjustment	3,510	-	3,510	-
Balance at the end of the year	3,510	-	3,510	-
Reserves at the end of the year	(873)	(838)	3,510	-
Share Capital				
Share capital at the beginning of the year - 57,854,998 (1 July 2007 - 59,916,164) fully paid shares	80,655	98,437	80,655	98,437
Share buy-back	(281)	(17,782)	(281)	(17,782)
Share purchase plan	14,131	-	14,131	-
Share capital at the end of the year - 60,124,261 (30 June 2008 - 57,854,998) fully paid shares	94,505	80,655	94,505	80,655
Total equity	131,116	120,090	138,863	129,916
Profit for the year	34,798	37,395	29,174	80,986
Exchange differences on translating foreign operations	(167)	(400)	-	-
Fair value adjustments transferred to cash flow hedge reserve	7,154	(1,573)	-	-
Net change in fair value of cash flow hedges transferred to inventory	(10,532)	1,432	-	-
Fair value adjustment of available for sale asset	3,510	-	3,510	-
Total Income And Expense For The Year	34,763	36,854	32,684	80,986

The amounts recognised directly in equity are net of tax.

Notes to the financial statements are annexed.



Cash Flow Statements

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		GUD Holdings Limited	
		2009 \$'000	Restated* 2008 \$'000	2009 \$'000	Restated* 2008 \$'000
Cash flows from operating activities					
Receipts from customers		511,408	590,125	534	454
Payments to suppliers and employees		(442,772)	(509,642)	(6,174)	(5,909)
Dividends received		-	-	39,400	53,503
Income taxes paid		(10,760)	(13,273)	(10,335)	(12,216)
Net cash provided by/(used in) operating activities	23	57,876	67,210	23,425	35,832
Cash flows from investing activities					
Payments for property, plant and equipment		(5,452)	(8,769)	(15)	(12)
Proceeds from sale of businesses net of cash disposed of		-	17,859	-	-
Proceeds from sale of property, plant and equipment		182	2,320	-	-
Payment for acquisition of available for sale asset		(18,181)	-	(18,181)	-
(Repayment)/Proceeds from subsidiary entity loans		-	-	21,769	33,964
Interest received		222	243	201	182
Interest paid		(11,731)	(9,262)	(9,608)	(7,428)
Payments for intangible assets and product development costs		(4,247)	(5,786)	-	-
Net cash provided by/(used in) investing activities		(39,207)	(3,395)	(5,834)	26,706
Cash flows from financing activities					
(Payments)/Proceeds of borrowings		(11,873)	7,988	(12,732)	14,029
Proceeds of share issues		14,131	-	14,131	-
Payments for share buy-back		(281)	(17,782)	(281)	(17,782)
Dividends paid		(37,587)	(38,346)	(37,587)	(38,346)
Net cash provided by/(used in) financing activities		(35,610)	(48,140)	(36,469)	(42,099)
Net increase in cash held		(16,941)	15,675	(18,878)	20,439
Cash at the beginning of the year		33,121	17,733	19,265	(1,174)
Effects of exchange rate changes on the balance of cash held in foreign currencies		26	(287)	-	-
Cash at the end of the year		16,206	33,121	387	19,265
Reconciliation of net cash at the end of the year					
Cash at bank and on hand	6	16,206	33,121	387	19,265
		16,206	33,121	387	19,265

Notes to the financial statements are annexed.

* See Note 23

Notes to the financial statements

1. Summary of accounting policies

Reporting Entity

GUD Holdings Limited (the 'Company') is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity').

Basis of Preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (AASB's) (including Australian interpretations) and the Corporations Act 2001. The financial report of the Consolidated Entity and the Company comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 28 July 2009.

Basis of measurement

The financial report has been prepared on the basis of historical cost, except for derivative financial instruments and available for sales assets which are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency and the functional currency of the majority of the Consolidated Entity.

Use of estimates and judgements

In the preparation of the financial statements, the Directors are required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported carrying values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 12 - Goodwill
- Note 13 – Other intangible assets
- Note 26 – Financial instruments and financial risk management

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities within the Consolidated Entity.

a) Principles of consolidation

The consolidated financial statements are the financial statements of all the entities that comprise the Consolidated Entity, being the Company and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. A list of subsidiaries appears in note 20 to the financial statements. On acquisition, the identifiable 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 the fair values of the identifiable net assets acquired exceed the cost of acquisition, such excess is credited to the income statement in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Consolidated Entity are eliminated in full. In the Company's financial statements, investments in subsidiaries are carried at cost.

b) Foreign currency**Foreign currency transactions**

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items are translated at the exchange rates prevailing at the reporting date.

Exchange differences are recognised in the income statement in the period in which they arise except those:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer 'Derivative financial instruments'), and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in the income statement on disposal of the net investments.

Foreign operations

On consolidation, the assets and liabilities of the Consolidated Entity's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at weighted average rates of exchange for the year which approximate actual exchange rates. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the income statement on disposal of the foreign operation.

Goodwill, fair value adjustments, assets and liabilities arising on the acquisition of a foreign operation are translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to Australian equivalents of IFRS is treated as an Australian dollar denominated asset.

c) Segment reporting

Segment reporting is presented in respect of the Consolidated Entity's business and geographical segments. The primary format, business segments, is based on the Consolidated Entity's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses, interest and tax, corporate borrowings, and, deferred tax balances.

d) Revenue recognition**Sale of goods**

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Dividend and interest revenue

Dividend revenue is recognised when the right to receive payment is established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

e) Discontinued operations

A discontinued operation is a component of the Consolidated Entity's business that represents a separate business that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

f) Financial instruments issued by the Consolidated Entity**Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends

Borrowing costs inclusive of interest and dividends, are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments. Borrowing costs are recognised on an effective interest basis.

g) Financial instruments**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and, trade and other payables.

Non-derivative financial instruments are initially recognised at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to their initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date being the date the Consolidated Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract are discharged, expire or are cancelled.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings and loans in current liabilities in the balance sheet. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments

Investments in subsidiaries are recorded at cost less impairment, where identified.

Available for sale assets are measured at fair value in accordance with AASB 139. The changes in fair value are recognised directly in a separate component of equity.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less identified impairment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of or repurchase (buy-back) of ordinary shares are recognised as a deduction from equity, net of any tax effects. Ordinary shares bought back by the Company are cancelled in accordance with the law.

Derivative financial instruments

The Consolidated Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, options, collars, and, interest rate swaps, options and collars. Further details of derivative financial instruments are disclosed in note 26 to the financial statements. A derivative financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at trade date being the date the Consolidated Entity commits itself to purchase or sell the asset.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and considered an effective hedging instrument in which case it is initially recognised in equity. The subsequent timing of the recognition of the hedging instrument in the income statement depends on the nature of the hedge relationship. The Consolidated Entity designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred and recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts deferred and recognised in equity are subsequently transferred to the income statement in the periods when the impact of the hedged item is recognised in the income statement. When the forecast transaction that is hedged (purchases of inventory) results in the recognition of a non-financial asset or a non-financial liability, gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset (inventory).

Hedge accounting is discontinued on a prospective basis when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred and recognised in equity at that time is retained in equity and is transferred to the income statement when the result of the forecast transaction is ultimately recognised in the income statement. However when a forecast transaction is no longer expected to occur, or hedge ineffectiveness is identified, the cumulative gain or loss deferred and recognised in equity is recognised immediately in the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are recognised as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the income statement.

h) **Income Tax**

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets and liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affect neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company/subsidiary expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/subsidiary intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. GUD Holdings Limited is the head entity in the tax-consolidated 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 group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the tax-consolidated group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 3 to the financial statements.

i) Impairment of property, plant, equipment and intangible assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its property, plant, equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset (or cash-generating unit) is estimated in order to determine the extent of the impairment loss (if any). Where the asset (or cash-generating unit) does not generate cash inflows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

j) Goods and services tax

Revenues, expenses and non-financial assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

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

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

k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

l) Property, plant and equipment

Property, plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to depreciate the cost of each asset over its estimated useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Buildings 25 to 40 years
- Plant and equipment 3 to 12 years
- Equipment under finance lease 3 to 12 years

m) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

Subsequent to their initial recognition, finance leased assets are amortised over their estimated useful life as described in (l) above.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

n) Intangible assets

Patents, licences and distribution rights

Patents, licences and distribution rights, which have a finite useful life, are measured at cost less accumulated amortisation and impairment, where identified. Amortisation is charged on a straight line basis over the shorter of the relevant agreement or useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

The carrying value is tested for impairment as part of the annual testing of cash generating units.

Brand names and trademarks

Brand names and trademarks are recorded at cost. The carrying value is tested annually for impairment as part of the annual testing of cash generating units.

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Research and development costs

Expenditure on research activities is recognised as an expense in the income statement period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the income statement in the period as incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

- Product development costs over a maximum of 3 years

Intangible assets acquired in a business combination

All identified intangible assets acquired in a business combination are recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

o) Financial Liabilities

Financial liabilities are initially recognised at fair value. Subsequent to initial recognition, financial liabilities are measured as described below. Financial liabilities are derecognised when the Consolidated Entity's obligations specified in the contract expire, or are discharged or cancelled.

Payables

Trade payables and other accounts payable are measured at cost.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the income statement over the period of the borrowing using the effective interest rate method. Borrowing costs are expensed as incurred.

p) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

q) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Onerous contracts

An onerous contract is considered to exist where the Consolidated Entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligations exceed the economic benefits estimated to be received.

Restructuring

A provision for restructuring is recognised when the Consolidated Entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by:

- starting to implement the plan; or
- announcing its main features to those affected by it.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Consolidated Entity's liability.

r) New standards and interpretations not yet adopted

The following standards have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

Revised AASB3 Business Combinations (2008)

This revised standard, which is applicable for annual reporting periods beginning on or after 1 July 2009, introduces greater emphasis on the use of fair value recognition. Transaction costs will be required to be accounted for separately through the Income Statement rather than capitalised as part of the investment as is currently the case.

AASB8 Operating Segments

This standard is applicable for annual reporting periods beginning on or after 1 July 2009. It will not impact the results, but may impact the disclosure of results of the Consolidated Entity.

Revised AASB101 Presentation of Financial Statements (2007)

This revised standard introduces as a financial statement the "statement of comprehensive income". The revised standard does not change the recognition, measurement, or disclosure of transactions and events that are required by other Accounting Standards. The revised standard will become mandatory for the

Consolidated Entity's 30 June 2010 financial statements. The effect on the disclosures in financial statements has not yet been determined.

AASB2008-7 Amendments to Accounting Standards – Cost of an Investment in a Subsidiary

The key revisions to this standard include the requirement for all dividends to be treated as revenue, the removal of the definition of the cost from AASB127 Consolidated and Separate Financial Statements, and, amendments to AASB136 Impairment of Assets to include the receipt of a dividend from a subsidiary as a possible indicator of impairment. These amendments will become mandatory for the Group's 30 June 2010 financial statements.

2. Profit from operations

	Consolidated						GUD Holdings Limited	
	Continuing operations		Discontinued operation		Total		2009	2008
	2009	Restated* 2008	2009	2008	2009	Restated* 2008		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
(a) Revenue								
Sale of goods	468,334	469,023	-	65,886	468,334	534,909	-	-
Rendering of services	-	-	-	-	-	-	440	455
	468,334	469,023	-	65,886	468,334	534,909	440	455
Dividends:								
Subsidiaries	-	-	-	-	-	-	39,400	53,503
Total revenue	468,334	469,023	-	65,886	468,334	534,909	39,840	53,958
(b) Other income								
Other	432	325	-	-	432	325	48	25
	432	325	-	-	432	325	48	25

* During the year ended 30 June 2009, the Consolidated Entity and the Company both modified their income statement classification of interest income and fair value gains and losses on interest rate hedging financial instruments to include these items in finance income and finance expense to more appropriately portray the nature of these transactions. The impact of the finance income reclassification on the prior year figures is a reduction in revenue of \$243,000 for the Consolidated Entity and \$182,000 for the Company and an increase in finance income of the same amount. The impact of the fair value gains and losses reclassification on the prior year figures is a reduction in other income of \$490,000 for the Consolidated Entity and \$590,000 for the Company and an increase in Interest rate hedging restructure – revaluation and settlement costs of the same amount. Refer to note 2 (c).

2. Profit from operations (continued)

(c) Expense disclosures	Consolidated		GUD Holdings Limited	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit before income tax has been arrived at after charging the following expenses:				
Write-down in value of inventories to net realisable value	403	219	-	-
Depreciation and amortisation:				
Depreciation of plant and equipment	5,144	6,235	36	43
Depreciation of leased plant and equipment	363	1,016	-	-
Amortisation of product development costs	4,522	4,783	-	-
Amortisation of other intangibles	522	597	-	-
Total depreciation and amortisation	10,551	12,631	36	43
Net finance costs:				
Finance income	(732)	(243)	(711)	(182)
Finance expense	8,448	9,591	6,979	7,868
Net finance expense before interest rate hedging restructure	7,716	9,348	6,268	7,686
Interest rate hedging restructure - revaluation and settlement costs (1)	3,732	(490)	3,678	(590)
Net finance expense including interest rate hedging restructure	11,448	8,858	9,946	7,096
Product development costs:				
Expensed directly to income statement	5,619	6,323	-	-
Amortisation of product development costs	4,522	4,783	-	-
Total product development sourcing and amortisation	10,141	11,106	-	-
Post employment benefits:				
Defined contribution plans	4,695	5,825	301	275
Operating lease rental expenses:				
Minimum lease payments	9,010	13,584	12	12
Losses on sale of plant and equipment:				
Loss on sale of plant and equipment included in business restructures	-	3,716	-	-
Loss on sale of plant and equipment excluding business restructures	300	331	-	-
Loss on sale of plant and equipment	300	4,047	-	-
Net foreign exchange loss	1,175	1,303	-	250

(1) During the year, the company closed out all interest rate hedging instruments in order to take advantage of lower interest rates. This resulted in a charge against profit of \$3,732,000 and a cash outflow of \$2,568,000 within interest paid in the cash flow statement.

2. Profit from operations (continued)

The Victa Lawncare business was sold to Briggs and Stratton on the 30 June 2008 for \$26,945,000.

(d) Discontinued Operation	Note	Consolidated	
		2009 \$'000	2008 \$'000
Results of discontinued operations			
Revenue		-	65,886
Expenses		-	(60,614)
Results from operating activities		-	5,272
Income tax expense		-	(1,563)
Results from operating activities, net of income tax		-	3,709
No interest has been charged on intercompany loans			
Gain on sale of discontinued operations		-	1,385
Income tax on gain on sale of discontinued operations		-	-
Gain on sale, net of income tax		-	1,385
Profit for the period		-	5,094
Basic earnings per share (cents per share)	27	0.00	8.53
Diluted earnings per share (cents per share)	27	0.00	8.53
Cash flows from (used in) discontinued operation			
Net cash from operating activities		-	4,016
Net cash used in investing activities		-	(1,173)
Net cash used in financing activities		-	(607)
Net cash from discontinued operations		-	2,236

3. Taxation

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(a) Income tax expense recognised in profit				
Prima facie income tax expense calculated at 30% (2008: 30%) on profit	14,802	15,713	7,417	23,185
<i>Increase/(decrease) in income tax expense due to :</i>				
Non-deductible expenditure	217	244	2	50
Non-deductible depreciation and amortisation	8	3	3	5
Under/(over) provision of income tax in prior year	38	25	(62)	(26)
Research and development incentives	(398)	(714)	-	-
Foreign source income	10	-	10	9
Effect of higher tax rates on overseas income	-	79	-	-
Reduction in deferred tax asset due to change in New Zealand tax rate	-	44	-	-
Non-assessable income	(134)	(416)	(11,820)	(26,927)
Income tax expense	14,543	14,978	(4,450)	(3,704)
Continuing operations	14,543	13,415	(4,450)	(3,704)
Discontinued operation	-	1,563	-	-
Total income tax expense	14,543	14,978	(4,450)	(3,704)

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Income tax expense recognised in profit				
<i>Tax expense comprises:</i>				
Current tax expense	14,580	14,355	(5,750)	(3,826)
Adjustments recognised in the current year in relation to the current tax of prior years	38	25	(62)	(26)
Deferred tax expense relating to the origination and reversal of temporary differences	(75)	598	1,362	148
Total tax expense	14,543	14,978	(4,450)	(3,704)

3. Taxation (continued)

Tax consolidation

Relevance of tax consolidation to the Consolidated Entity

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is GUD Holdings Limited. The members of the tax consolidated group are identified in note 20.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, GUD Holdings Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current liability or current asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(b) Deferred tax balances				
Deferred tax assets				
<i>Temporary differences</i>	456	441	-	95
Deferred tax assets comprises the estimated future benefit at the applicable rate				
Deferred tax liabilities				
<i>Temporary differences</i>	1,415	1,475	1,267	-
Provision for deferred income tax comprises the estimated liability at the applicable rate				
Net deferred tax assets/(liabilities)	(959)	(1,034)	(1,267)	95

3. Taxation (continued)

Taxable and deductible temporary differences arise from the following:

2009	Consolidated			Closing balance
	Opening balance	Charged to income	Charged to equity	
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets:				
Employee benefit provisions	3,492	(66)	-	3,426
Warranty provisions	941	124	-	1,065
Inventory	760	(157)	-	603
Provision for restructure	154	(154)	-	-
Other provisions	261	27	-	288
Accrued expenses	295	77	-	372
Tax losses	69	12	-	81
Deferred expenditure	131	(90)	-	41
Cash flow hedge reserve	153	-	1,460	1,613
Available for sale asset revaluation reserve	-	-	(1,505)	(1,505)
	6,256	(227)	(45)	5,984
Deferred tax liabilities:				
Property, plant and equipment	377	195	-	572
Capitalised product development	3,341	(177)	-	3,164
Intangible assets	3,126	(67)	-	3,059
Other	446	(298)	-	148
	7,290	(347)	-	6,943
Net deferred tax liabilities				(959)

3. Taxation (continued)

2008	Opening balance	Charged to income	Consolidated		Closing balance
	\$'000	\$'000	Charged to equity	Disposals	\$'000
			\$'000	\$'000	
Deferred tax assets:					
Employee benefit provisions	3,857	(95)	-	(270)	3,492
Warranty provisions	973	(25)	-	(7)	941
Inventory	1,089	(284)	-	(45)	760
Provision for restructure	31	123	-	-	154
Other provisions	472	(140)	-	(71)	261
Accrued expenses	110	187	-	(2)	295
Tax losses	78	(9)	-	-	69
Deferred expenditure	79	52	-	-	131
Cash flow hedge reserve	143	-	47	(37)	153
Other	(56)	56	-	-	-
	6,776	(135)	47	(432)	6,256
Deferred tax liabilities:					
Property, plant and equipment	371	21	-	(15)	377
Capitalised product development	3,406	253	-	(318)	3,341
Intangible assets	3,162	(40)	-	4	3,126
Other	217	229	-	-	446
	7,156	463	-	(329)	7,290
Net deferred tax liabilities					(1,034)
2009					
	Opening balance	GUD Holdings Limited		Closing balance	
	\$'000	Charged to income	Charged to equity	\$'000	\$'000
		\$'000	\$'000		
Deferred tax assets:					
Deferred expenditure	85	(35)	-	-	50
Employee benefit provisions	366	(47)	-	-	319
	451	(82)	-	-	369
Deferred tax liabilities:					
Property, plant and equipment	(1)	1	-	-	-
Unearned income	357	(357)	-	-	-
Accrued expenses	-	131	-	-	131
Available for sale asset revaluation reserve	-	-	-	1,505	1,505
	356	(225)	-	1,505	1,636
Net deferred tax liabilities					(1,267)



3. Taxation (continued)

2008	GUD Holdings Limited			Closing balance
	Opening balance	Charged to income	Charged to equity	
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets:				
Deferred expenditure	79	6	-	85
Employee benefit provisions	349	17	-	366
Accrued expenses	3	(3)	-	-
	431	20	-	451
Deferred tax liabilities:				
Property, plant and equipment	(1)	-	-	(1)
Unearned income	189	168	-	357
	188	168	-	356
Net deferred tax assets				95

Unrecognised deferred tax balances	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
The following deferred tax assets have not been brought to account as assets:				
Tax losses - capital	2,242	2,242	2,242	2,242

4. Segment information

FOR THE YEAR ENDED 30 JUNE 2009

Business segments

Consumer Products (Sunbeam and Oates)

Small electrical appliances and cleaning products.

Automotive Products (Ryco, Wesfil, Goss)

Automotive and heavy duty filters for cars, trucks, agricultural and mining equipment, fuel pumps and associated products for the automotive after market.

Water Products (Davey)

Pumps and pressure systems for household and farm water, water transfer pumps, swimming pool pumps and filters, spa bath controllers and pumps and water purification equipment.

Security Products (Lock Focus)

Disc tumbler locks for metal and wooden furniture, security doors, roller shutter doors and hotel and domestic safe locking systems.

Discontinued operation (Victa)

Lawnmowers and other gardening equipment.

	Continuing operations					
	Consumer Products	Automotive Products	Water Products	Security Products	Unallocated	Total
Business segments	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue (external)	254,863	78,421	123,593	11,457	-	468,334
EBITDA	36,352	19,836	17,803	2,044	(4,695)	71,340
Less: Depreciation	(1,884)	(531)	(2,283)	(773)	(36)	(5,507)
Less: Amortisation of intangibles	(4,528)	-	(516)	-	-	(5,044)
Segment result (EBIT)	29,940	19,305	15,004	1,271	(4,731)	60,789
Net finance expense before interest rate hedging restructure						(7,716)
Interest rate hedging restructure - revaluation and settlement costs						(3,732)
Net finance expense including interest rate hedging restructure						(11,448)
Profit before income tax						49,341
Income tax expense						(14,543)
Profit for the period						34,798
Segment assets	138,416	30,655	95,474	13,962	24,906	303,413
Segment liabilities	49,482	9,554	15,504	2,511	95,246	172,297
Segment acquisition of assets	6,491	426	2,151	616	15	9,699

4. Segment information (continued)
FOR THE YEAR ENDED 30 JUNE 2008

Business segments	Continuing operations						Discontinued	Total
	Consumer Products \$'000	Automotive Products \$'000	Water Products \$'000	Security Products \$'000	Unallocated \$'000	Total \$'000	operations \$'000	\$'000
Total segment revenue (external)	246,583	71,485	137,360	13,595	-	469,023	65,886	534,909
EBITDA pre business restructuring and gain on sale of Victa	39,490	19,861	16,429	3,244	(5,339)	73,685	7,358	81,043
Less: Depreciation	(2,003)	(449)	(2,359)	(755)	(43)	(5,609)	(1,642)	(7,251)
Less: Amortisation of intangibles	(4,477)	-	(570)	-	-	(5,047)	(333)	(5,380)
EBIT pre business restructuring and gain on sale of Victa	33,010	19,412	13,500	2,489	(5,382)	63,029	5,383	68,412
Business restructuring	(8,455)	-	-	-	-	(8,455)	-	(8,455)
Gain on sale, net of income tax	-	-	-	-	-	-	1,385	1,385
Segment result (EBIT)	24,555	19,412	13,500	2,489	(5,382)	54,574	6,768	61,342
Net finance expense before interest rate hedging restructure						(9,348)	(111)	(9,459)
Interest rate hedging restructure - revaluation and settlement costs						490	-	490
Net finance expense including interest rate hedging restructure						(8,858)	-	(8,969)
Profit before income tax						45,716	6,657	52,373
Income tax expense						(13,415)	(1,563)	(14,978)
Profit for the period						32,301	5,094	37,395
Segment assets	137,194	31,311	101,181	15,642	16,941	302,269	-	302,269
Segment liabilities	43,393	10,920	21,201	2,477	104,188	182,179	-	182,179
Segment acquisition of assets	7,316	549	2,718	1,143	12	11,738	2,344	14,082

Notes:

It is the Consolidated Entity's policy that inter-segment pricing is on a commercial basis.

Segment result excludes finance costs, interest revenue and income tax expense.

The Consolidated Entity operates in one geographical segment: Australasia.



5. Dividends

Recognised amounts

Fully Paid Ordinary Shares	Cents per share	Total amount \$'000	Date of payment	Tax rate	Percentage franked
2009					
Final dividend in respect of the 2008 financial year	38.0	21,978	8 September 2008	30%	100%
Interim dividend in respect of the 2009 financial year	27.0	15,609	27 March 2009	30%	100%
Total dividends		37,587			

2008					
Final dividend in respect of the 2007 financial year	34.0	20,371	7 September 2007	30%	100%
Interim dividend in respect of the 2008 financial year	30.0	17,975	7 March 2008	30%	100%
Total dividends		38,346			

Unrecognised amounts

Fully Paid Ordinary Shares

2009

Final dividend in respect of the 2009 financial year	33	19,841	30 September 2009	30%	100%
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GUD Holdings Limited

2009	2008
\$'000	\$'000

Dividend franking account

30% (2008: 30%) franking credits available to shareholders of GUD Holdings Limited for subsequent financial years

14,997	21,954
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The above available amounts are based on the balance of the dividend franking account at the reporting date adjusted for franking credits that will arise from the payment of the current tax liability.

6. Cash and cash equivalents

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current				
Cash and cash equivalents	16,206	33,121	387	19,265

7. Trade and other receivables

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current				
Trade receivables	62,416	60,569	-	-
Less: Allowance for doubtful debts (1)	(395)	(221)	-	-
Net trade receivables	62,021	60,348	-	-
Derivatives - Foreign currency forward contracts, options and collars	103	500	-	-
Derivatives - Interest rate swaps at fair value	203	103	203	50
Loans to subsidiaries at cost (2)	-	-	37,586	40,898
Other debtor	-	4,978	-	-
Other financial assets	306	5,581	37,789	40,948
	62,327	65,929	37,789	40,948

- (1) An allowance has been made for estimated irrecoverable amounts from the sale of goods, determined by a specific review of debtors and the movement in the allowance for doubtful debts was recognised in the income statement in the current financial year.
- (2) Includes amounts due under tax sharing and funding agreement.

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Movement in allowance for doubtful debts				
Balance at the beginning of the year	(221)	(251)	-	-
Doubtful debts recognised	(277)	(206)	-	-
Amounts written off as uncollectible	103	208	-	-
Disposal of Victa	-	27	-	-
Net foreign currency difference arising on translation of financial statements of foreign operations	-	1	-	-
Balance at the end of the year	(395)	(221)	-	-

Bad debts were recognised only after it was determined that the debts were no longer collectible either by notification from an administrator to the debtor or because the debtor has demonstrated an inability to pay. Where applicable, insurance proceeds have been received to partially mitigate the loss and the net uncollectible amount is reflected above.

Impaired receivables are those receivables for which a specific doubtful debt provision has been recognised. Receivables that are past due but not impaired are those receivables the Directors believe to be fully recoverable and as a result, have not recognised any amount in the doubtful debt provision for them. The Company's receivables are all current and as a result the Company does not have a provision for impairment or doubtful debts.

7. Trade and other receivables (continued)

2009	Consolidated		
	Gross \$'000	Impairment \$'000	Net \$'000
<u>Ageing of trade receivables</u>			
Not past due	49,337	(98)	49,239
Past due 1 - 60 days	11,373	(80)	11,293
Past due 61 - 120 days	1,056	(83)	973
Past due 121 - 365 days	580	(110)	470
Past due more than one year	70	(24)	46
Total trade receivables	62,416	(395)	62,021

2008	Consolidated		
	Gross \$'000	Impairment \$'000	Net \$'000
<u>Ageing of trade receivables</u>			
Not past due	50,931	(56)	50,875
Past due 1 - 60 days	8,025	(24)	8,001
Past due 61 - 120 days	625	(51)	574
Past due 121 - 365 days	859	(87)	772
Past due more than one year	129	(3)	126
Total trade receivables	60,569	(221)	60,348

Additional information relating to credit risk is included in note 26.

None of the Company's trade or other receivables are past their due date.

8. Other assets

	Consolidated		GUD Holdings Limited	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Prepayments	2,303	1,633	279	133
Other	4,256	2,577	-	46
	6,559	4,210	279	179

9. Inventories

	Consolidated		GUD Holdings Limited	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Raw materials and stores	10,723	13,718	-	-
Work in progress	1,445	1,838	-	-
Finished goods and spare parts	70,503	65,856	-	-
Total inventory	82,671	81,412	-	-

Inventories disclosed above are net of the provision for obsolescence.



10. Other financial assets

	Note	Consolidated		GUD Holdings Limited	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Non-current					
Loan to related party	25	564	564	564	564
Investment in subsidiaries	20	-	-	172,468	172,467
Available for sale asset		23,195	-	23,195	-
Derivatives - Interest rate swaps at fair value	26	254	1,170	254	1,170
Other debtor	2 (d)	-	3,000	-	-
		24,013	4,734	196,481	174,201

11. Property, plant and equipment

Aggregate depreciation and amortisation recognised as an expense is disclosed in Note 2(c).

	Equipment under finance lease at cost \$'000	Consolidated Plant and Equipment at cost \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2007	8,724	65,016	73,740
Additions	-	8,769	8,769
Disposals	(5,948)	(20,933)	(26,881)
Net foreign currency difference arising on translation of financial statements of foreign operations	-	(612)	(612)
Balance at 30 June 2008	2,776	52,240	55,016
Additions	-	5,452	5,452
Disposals	118	(8,620)	(8,502)
Net foreign currency difference arising on translation of financial statements of foreign operations	-	45	45
Balance at 30 June 2009	2,894	49,117	52,011
Accumulated depreciation and amortisation			
Balance at 1 July 2007	(3,370)	(39,975)	(43,345)
Depreciation expense	(1,016)	(6,235)	(7,251)
Disposals	3,437	11,832	15,269
Net foreign currency difference arising on translation of financial statements of foreign operations	-	486	486
Balance at 30 June 2008	(949)	(33,892)	(34,841)
Depreciation expense	(363)	(5,144)	(5,507)
Disposals	129	7,848	7,977
Net foreign currency difference arising on translation of financial statements of foreign operations	-	(31)	(31)
Balance at 30 June 2009	(1,183)	(31,219)	(32,402)
Carrying amount			
As at 30 June 2008	1,827	18,348	20,175
As at 30 June 2009	1,711	17,898	19,609

12. Goodwill

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount				
Balance at the beginning of the year	42,004	42,555	-	-
Net foreign currency difference arising on translation of financial statements of foreign operations	59	(551)	-	-
Balance at the end of the year	42,063	42,004	-	-

All intangible assets with indefinite lives (goodwill and brand names), have been allocated for impairment testing purposes to cash generating units. Refer below for the allocation of goodwill and brand names to cash generating units. The Directors have assessed that no impairment charge is required for the year ended 30 June 2009. Additional information relating to brand names is included in note 13.

Allocation of goodwill and brand names to cash-generating units	Consolidated 2009		
	\$'000		
	Goodwill	Brand Names	Total Assets with Indefinite Lives
Automotive Products	1,497	1,000	2,497
Lock Focus Pty Ltd	5,300	-	5,300
Sunbeam Australia and New Zealand	463	24,657	25,120
Oates	3,195	8,900	12,095
Water Products group	31,608	3,215	34,823
	42,063	37,772	79,835

Allocation of goodwill and brand names to cash-generating units	Consolidated 2008		
	\$'000		
	Goodwill	Brand Names	Total Assets with Indefinite Lives
Automotive Products	1,497	1,000	2,497
Lock Focus Pty Ltd	5,300	-	5,300
Sunbeam Australia and New Zealand	463	24,595	25,058
Oates	3,195	8,900	12,095
Water Products group	31,549	3,215	34,764
	42,004	37,710	79,714

12. Goodwill (continued)

Each cash generating unit's recoverable amount has been tested on the basis of its value in use. The key assumptions used in the value in use calculation for the various cash generating units with significant indefinite life assets, in comparison with the Consolidated Entity's indefinite life assets, are detailed below.

Cash generating units within the Consumer Products business segment during the current and prior year included Sunbeam Australia and New Zealand (Sunbeam) and Oates. The pre-tax discount rate applied to Sunbeam cash flows was 13.54% (2008: 16.22%). The pre-tax discount rate applied to Oates cash flows was 13.88% (2008: 16.59%).

Lock Focus Pty Ltd is both a cash generating unit and a business segment. The pre-tax discount rate applied to cash flows was 12.53% (2008: 15.13%).

The Water Products group is both a cash generating unit and a business segment. The pre-tax discount rate applied to cash flows was 13.88% (2008: 16.59%). Additional details relating to key assumptions are detailed below.

Assumptions applicable to each cash generating unit:

1. Year one cash flows based on 2010 budget (2008 analysis was based on the 2009 budget).
2. Revenue increase of 3% (2008: 3%)
3. Cost of sales increase of 3% (2008: 3%)
4. Expense increase of 3% (2008: 3%)
5. No material changes to working capital (2008: no material changes to working capital)
6. Growth rate used to project cash flows beyond five years of 3% (2008: 3%)

All of the assumptions have been determined based on Directors' understanding of each cash generating unit. The assumptions are generally consistent with past performance.

The five year cash flow projections are based on the 2010 year budget (2008: based on 2009 budget) and an ongoing growth rate of 3% is considered reasonable in light of past performance and is consistent with the sectors in which the cash generating units operate.

13. Other intangible assets

	Consolidated			Total
	Product Development Costs	Brand Names, Business Names, and Trademarks	Patents, Licences and Distribution Rights	
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount				
Balance at 1 July 2007	25,231	50,699	4,781	80,711
Additions from internal developments	5,383	-	-	5,383
Additions	-	-	403	403
Disposals	(5,445)	(12,414)	(510)	(18,369)
Net foreign currency difference arising on translation of financial statements of foreign operations	-	(575)	(3)	(578)
Balance at 30 June 2008	25,169	37,710	4,671	67,550
Additions from internal developments	3,859	-	-	3,859
Additions	-	-	388	388
Disposals	(4,296)	-	(460)	(4,756)
Net foreign currency difference arising on translation of financial statements of foreign operations	-	62	1	63
Balance at 30 June 2009	24,732	37,772	4,600	67,104
Accumulated amortisation				
Balance at 1 July 2007	(13,415)	-	(3,363)	(16,778)
Amortisation expense	(4,783)	-	(597)	(5,380)
Disposals	4,740	-	111	4,851
Balance at 30 June 2008	(13,458)	-	(3,849)	(17,307)
Amortisation expense	(4,522)	-	(522)	(5,044)
Disposals	4,296	-	460	4,756
Balance at 30 June 2009	(13,684)	-	(3,911)	(17,595)
Carrying amount				
As at 30 June 2008	11,711	37,710	822	50,243
As at 30 June 2009	11,048	37,772	689	49,509

13. Other intangible assets (continued)

Aggregate amortisation allocated during the year is recognised as an expense and disclosed in Note 2(c).

The Consolidated Entity holds a number of brand names that are considered to have an indefinite useful life. The indefinite useful life reflects the Directors' view that these brands are assets that provide ongoing market access advantages for both new and existing product sales in the markets that the businesses operate. The current understanding of the industries and markets that the businesses operate in indicates that demand for products will continue in a sustainable manner, that the brands could be managed by another management team, that changes in technology are not seen as a major factor impacting the brands future value, and, the brands have proven long lives in their respective markets.

Refer to note 12 for details relating to the allocation of brand names to cash generating units and impairment testing of assets with indefinite lives.

14. Trade and other payables

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued expenses	8,936	11,818	998	1,668
Trade payables (1)	27,744	33,270	-	17
Trade payables and accrued expenses	36,680	45,088	998	1,685
Derivatives - Foreign currency forward contracts and collars	7,586	-	-	-
Trade and other payables	44,266	45,088	998	1,685

(1) No interest is incurred on trade payables.

15. Borrowings

	Note	Consolidated		GUD Holdings Limited	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Current					
Secured finance lease liabilities (1)	24	454	488	-	-
		454	488	-	-
(b) Non-Current					
Unsecured bank loan		104,902	117,370	87,401	100,732
Secured finance lease liabilities (1)	24	1,458	1,428	-	-
		106,360	118,798	87,401	100,732
(c) Financing facilities					
Total facilities available:					
Unsecured bank overdraft		5,000	5,000	4,000	4,000
Unsecured bill facility		180,000	180,000	160,085	144,091
Unsecured money market facility		18,000	18,000	15,000	15,000
		203,000	203,000	179,085	163,091
Facilities used at balance date:					
Unsecured bank overdraft		-	-	-	-
Unsecured bill facility		104,902	117,370	87,401	100,732
Unsecured money market facility		-	-	-	-
		104,902	117,370	87,401	100,732
Facilities not utilised at balance date:					
Unsecured bank overdraft (2)		5,000	5,000	4,000	4,000
Unsecured bill facility		75,098	62,630	72,684	43,359
Unsecured money market facility		18,000	18,000	15,000	15,000
		98,098	85,630	91,684	62,359

(1) Secured by the assets leased.

(2) The unsecured bank overdraft for GUD Holdings Limited of \$4 million applies to the Australian operations, as part of the bank account set-off arrangement for the GUD Consolidated Entity and not exclusively to GUD Holdings Limited.

15. Borrowings (continued)

Bank overdrafts

The unsecured bank overdraft facility of \$5 million is subject to annual review. As part of these facilities, GUD Holdings Limited and all of its subsidiaries have entered into a deed of cross guarantee. GUD Holdings Limited has a contingent liability to the extent of the bank debt incurred by its controlled entities. Interest on bank overdrafts is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 30 June 2009 is 7.75% (2008: 10.32%).

Bill facility

The unsecured bill facilities are provided by way of a club facility arrangement. The facilities are for a total \$180 million which are subject to review prior to maturity, as follows:

	Amount \$ million	Year ended 30 June
Working Capital Facility	80	2013
Core Facility	100	2012

Money market facility

The unsecured money market facilities are payable on demand and may be withdrawn unconditionally. Interest on draw-downs is charged at prevailing market rates.

16. Provisions

	Consolidated		GUD Holdings Limited	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Current				
Employee benefits	10,050	10,295	1,030	1,196
Relocation and restructuring	-	515	-	-
Warranty	3,552	3,140	-	-
	13,602	13,950	1,030	1,196
(b) Non-current				
Employee benefits	1,380	1,418	32	25

Reconciliations

Employee provisions include on-costs.

Reconciliations of the carrying amounts of the relocation and restructuring and warranty provisions are set out:

Relocation and restructuring - current

Carrying amount at beginning of year	515	95	-	-
Provisions recognised	(110)	8,493	-	-
Payments made during the year	(407)	(8,063)	-	-
Net foreign currency difference arising on translation of financial statements of foreign operations	2	(10)	-	-
Carrying amount at end of year	-	515	-	-

16. Provisions (continued)

The payments made against the provision for relocation and restructuring represents the costs of closure of the Oates Naval Base and Reservoir manufacturing sites. The balance represents the present value of the Director's best estimate of the costs required to complete the relocation and restructure.

Warranty - current	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of year	3,140	3,195	-	-
Provisions recognised	14,395	12,993	-	-
Payments made during the year	(13,987)	(12,972)	-	-
Disposal of Victa	-	(25)	-	-
Net foreign currency difference arising on translation of financial statements of foreign operations	4	(51)	-	-
Carrying amount at end of year	3,552	3,140	-	-

The provision for warranty claims represents the present value of the Directors' best estimate of the future sacrifice of economic benefits that will be required under the Consolidated Entity's warranty program. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

Aggregate employee benefits	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Aggregate liability for employee benefits, including on-costs, recognised and included in the financial statements is as follows:				
Provision for employee benefits				
Current	10,050	10,295	1,030	1,196
Non-current	1,380	1,418	32	25
	11,430	11,713	1,062	1,221
Accrued wages and salaries *	2,755	4,477	937	1,129
	14,185	16,190	1,999	2,350

*Accrued wages and salaries are included in accrued expenses in Note 14.

17. Share Capital

	Consolidated and GUD Holdings Ltd			
	2009	2009	2008	2008
	\$'000	No. '000	\$'000	No. '000
Fully paid ordinary shares				
60,124,261 fully paid ordinary shares (2008 57,854,998)	94,505	60,124	80,655	57,855
Balance at the beginning of the year	80,655	57,855	98,437	59,916
Share buy-back	(281)	(42)	(17,782)	(2,061)
Share purchase plan	14,131	2,311	-	-
Balance at the end of the year	94,505	60,124	80,655	57,855

Share purchase plan

On 26 May 2009 the Company issued 2,311,597 new shares under a share purchase plan. Shareholders on the register at 24 April 2009 had the right to acquire up to \$15,000 of new shares in the Company at \$6.14. The total amount raised was \$14,131,000 after costs of \$68,000.

Share buy back

The Company purchased 42,334 shares (2008: 2,061,166 shares) for a total consideration of \$280,138 (2008: \$17,737,746) pursuant to a share buy-back scheme advised to the Australian Securities Exchange on 18 February 2008. The scheme permits the Company to buy-back a maximum of three million shares through on-market transactions by 17 February 2009 as part of ongoing capital management. The number of the shares purchased represents 0.1% (2008: 3.4%) of ordinary shares issued prior to the buy-back representing an average price of \$6.62 per share (2008: \$8.61). Transaction costs of \$700 (2008: \$44,344) associated with the share buy-back have been deducted from share capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

18. Reserves

Foreign currency translation reserve

Exchange differences relating to the translation from New Zealand dollars and US dollars, being the functional currency of the Consolidated Entity's foreign subsidiaries in New Zealand, Hong Kong and North America, into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to underlying hedged transactions that have not yet been recognised.

Available for sale revaluation reserve

The available for sale revaluation reserve contains movements in the fair value of the available for sale asset since acquisition.

19. Superannuation commitments

The Consolidated Entity contributes to a number of defined contribution superannuation funds (the accumulating benefit type) for which no actuarial assessments are required to be made and which were established to provide benefits for employees or their dependants on retirement, resignation, disablement or death. The funds include company sponsored funds and multi employer industry funds. Benefits are provided in the form of lump sum payments subject to applicable preservation rules. The Consolidated Entity contributes a percentage of individual employees' gross income and employees may make additional contributions on a voluntary basis. The Consolidated Entity has no further obligations beyond the payment of the contributions.

20. Investment in subsidiaries

	Country of incorporation	Percentage ownership interest	
		2009	2008
Parent entity			
GUD Holdings Limited (2)	Australia		
Subsidiaries			
GUD Automotive Pty Ltd (1) (3)	Australia	100	100
Goss Products Pty Ltd (1) (3)	Australia	100	100
GUD Investments Pty Ltd (1) (3)	Australia	100	100
GUD Europe Limited	United Kingdom	100	100
GUD (NZ) Limited	New Zealand	100	100
GUD (HK) Limited	Hong Kong	100	100
Davey Water Products Limited	New Zealand	100	100
Monarch Pool Systems Pty Ltd (1) (3)	Australia	100	100
Davey Water Products Pty Ltd (1) (3)	Australia	100	100
Wesfil Australia Pty Ltd (1) (3)	Australia	100	100
Heavy Duty Filters Pty Ltd (4)	Australia	-	100
Lock Focus Pty Ltd (1) (3)	Australia	100	100
Sunbeam Victa Holdings Limited (4)	Australia	-	100
Sunbeam Victa Corporation Limited (4)	Australia	-	100
Sunbeam Corporation Limited (1) (3)	Australia	100	100
Sunbeam Administration Services Pty Ltd (4)	Australia	-	100
Sunbeam Overseas Holdings Australia Pty Ltd (4)	Australia	-	100
Sunbeam Corporation Limited	New Zealand	100	100
Spa-Quip (Australia) Pty Ltd (4)	Australia	-	100
Davey Pumps Inc	USA	100	100
ED Oates Holdings Pty Ltd (4)	Australia	-	100
ED Oates Pty Ltd (1) (3)	Australia	100	100

All overseas subsidiaries except for GUD (HK) Limited are audited by an associate firm of KPMG Australia. All entities carry on business only in the country of incorporation.

- (1) Member of the Australian Tax Consolidated group.
- (2) GUD Holdings Limited is the head entity within the Tax Consolidated group.
- (3) Relieved from the need to prepare audited financial reports under Australian Securities Commission Class Order 98/1418 as party to a deed of cross guarantee with GUD Holdings Limited.
- (4) Liquidated by the reporting date as part of a streamlining process commenced in the prior year. There was no financial impact on the Consolidated Entity as a result of this reorganisation (2008: no financial impact) and no impact on GUD Holdings Limited (2008: a gain of \$36,256,793).



20. Investment in subsidiaries (continued)

Set out below are the financial statements for the group entities which form the 'closed group' under the Deed of Cross Guarantee:

	2009 \$'000	2008 \$'000
Income Statement		
Continuing operations:		
Revenue	436,954	434,671
Finance costs	(7,131)	(8,031)
Other expenses	(379,791)	(392,008)
Profit before income tax	50,032	34,632
Income tax expense	(14,649)	(12,528)
Profit from continuing operations	35,383	22,104
Profit (loss) from discontinued operations (net of income tax)	-	4,868
Retained earnings at the beginning of the year	37,772	49,146
Dividends paid	(37,587)	(38,346)
Retained earnings at the end of the year	35,568	37,772

20. Investment in subsidiaries (continued)

	2009	2008
	\$'000	\$'000
Balance Sheet		
Current assets		
Cash and cash equivalents	14,952	33,056
Trade and other receivables	57,796	55,127
Other assets	6,375	7,366
Inventories	75,538	74,246
Total current assets	154,661	169,795
Non-current assets		
Other financial assets	33,527	14,501
Property, plant and equipment	18,823	19,270
Goodwill	29,691	29,691
Other intangible assets	45,458	46,255
Total non-current assets	127,499	109,717
Total assets	282,160	279,512
Current liabilities		
Trade and other payables	34,969	41,603
Borrowings and loans	7,426	488
Current tax payables	5,363	1,173
Provisions	12,814	13,150
Total current liabilities	60,572	56,414
Non-current liabilities		
Borrowings and loans	88,859	102,160
Deferred tax liabilities	1,530	1,659
Provisions	1,380	1,409
Total non-current liabilities	91,769	105,228
Total liabilities	152,341	161,642
Net assets		
Share Capital	94,505	80,655
Reserves	(254)	(557)
Retained earnings	35,568	37,772
Total equity	129,819	117,870

21. Key management personnel (including Non-executive Directors) compensation and equity holdings

The key management personnel of GUD Holdings Ltd, and its subsidiaries, during the year have been identified as the following persons:

- C.K. Hall (Chairman, Non-executive)
- P.G. Thomas (Non-executive) (passed away on 31 January 2009)
- G.D.W. Curlewis (Non-executive)
- R.M. Herron (Non-executive)
- P. Hay (Non-executive) (appointed 26 May 2009)
- M. Smith (Non-executive) (appointed 26 May 2009)
- I.A. Campbell (Managing Director)
- R.J. Wodson (Finance Director)
- D. Jackson (Chief Executive – Sunbeam Corporation Ltd – Australia) (appointed 4 August 2008)
- J. Lord (Chief Executive - Sunbeam Corporation Ltd - Australia) (resigned 1 August 2008)
- D. Birch (Chief Executive - E D Oates Pty Ltd)
- R. Pattison (Chief Executive - GUD Automotive Pty Ltd)
- D. Cleland (Managing Director - Davey Water Products Pty Ltd)
- T. Cooper (Managing Director - Wesfil Australia Pty Ltd)

Key management personnel compensation policy

The compensation policy and disclosure of compensation relating to key management personnel is detailed within the Remuneration Report contained in the Directors' Report.

Key management personnel compensation

The aggregate compensation of the key management personnel of the Consolidated Entity and the Company is set out below:

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employment benefits	4,821,427	4,644,225	2,381,720	2,400,412
Post-employment benefits	582,988	616,449	283,926	280,520
	5,404,415	5,260,674	2,665,646	2,680,932

Transactions with key management personnel and their related parties

It is the Consolidated Entity's policy that the sale and purchase of goods and services with key management personnel are made under normal customer and supplier relationships and on normal commercial terms and conditions. The sale of goods to Directors are on terms no more favourable than made available to other employees.

At 30 June 2009, key management personnel held directly, indirectly or beneficially 416,716 ordinary shares (2008: 390,250) in the Company.

Details of transactions involving property leases with related parties are included in note 25.

21. Key management personnel (including Non-executive Directors) compensation and equity holdings (continued)
Fully paid ordinary shares issued by GUD Holdings Limited

		Balance@ 1/7/08 No.	Net other change No.	Balance@ 30/6/09 No.
For the year ended 30 June 2009				
Directors				
Non-Executive				
C.K. Hall	(Chairman)	70,000	2,442	72,442
P.G. Thomas	(Passed away on 31 January 2009)	10,000	(10,000)	-
G.D.W. Curlewis		10,000	2,442	12,442
R.M. Herron		10,000	12,442	22,442
P. Hay	(Appointed 26 May 2009)	-	1,814	1,814
M. Smith	(Appointed 26 May 2009)	-	-	-
Executive				
I.A. Campbell	(Managing Director)	250,000	4,884	254,884
R.J. Wodson	(Finance Director)	35,000	7,442	42,442
Other key management personnel				
D. Jackson	(Chief Executive - Sunbeam Corporation Ltd from 4 August 2008)	-	-	-
J. Lord	(Chief Executive - Sunbeam Corporation Ltd until 1 August 2008)	-	-	-
D. Birch	(Chief Executive - E D Oates Pty Ltd)	-	-	-
R. Pattison	(Chief Executive - GUD Automotive Pty Ltd)	-	-	-
D. Cleland	(Managing Director - Davey Water Products Pty Ltd)	5,250	5,000	10,250
T. Cooper	(Managing Director - Wesfil Australia Pty Ltd)	-	-	-
		390,250	26,466	416,716

21. Key management personnel (including Non-executive Directors) compensation and equity holdings (continued)

Fully paid ordinary shares issued by GUD Holdings Limited

For the year ended 30 June 2008		Balance@ 1/7/07 No.	Net other change No.	Balance@ 30/6/08 No.
Directors				
Non-Executive				
C.K. Hall	(Chairman)	70,000	-	70,000
P.G. Thomas		10,000	-	10,000
G.D.W. Curlewis		10,000	-	10,000
R.M. Herron		10,000	-	10,000
Executive				
I.A. Campbell	(Managing Director)	250,000	-	250,000
R.J. Wodson	(Finance Director)	35,000	-	35,000
Other key management personnel				
J. Lord	(Chief Executive - Sunbeam Corporation Ltd)	-	-	-
D. Birch	(Chief Executive - E D Oates Pty Ltd from 11 September 2007)	-	-	-
J. Oates	(Chief Executive - E D Oates Pty Ltd until 11 September 2007)	18,600	(18,600)	-
R. Pattison	(Chief Executive - GUD Automotive Pty Ltd)	-	-	-
D. Cleland	(Managing Director - Davey Water Products Pty Ltd)	5,250	-	5,250
T. Cooper	(Managing Director - Wesfil Australia Pty Ltd)	-	-	-
		408,850	(18,600)	390,250

22. Auditors' remuneration

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$	\$	\$	\$
Audit services:				
The auditor of GUD Holdings Limited				
- audit and review of financial reports	289,250	280,000	74,850	60,780
- other assurance services	29,055	34,480	-	34,480
Overseas audit firms:				
- audit and review of financial reports (1)	54,050	64,343	-	-
	372,355	378,823	74,850	95,260
Non-audit services:				
The auditor of GUD Holdings Limited				
- income tax compliance	125,000	200,810	36,000	38,500
- general tax advice	20,735	122,253	12,000	117,933
Overseas audit firms:				
- income tax compliance	17,976	25,546	-	-
	163,711	348,609	48,000	156,433

(1) Includes non KPMG amount of \$6,800 (2008: \$5,811) for the audit of GUD (HK) Limited.



23. Notes to the statement of cash flows

	Consolidated		GUD Holdings Limited	
		Restated*		Restated*
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Reconciliation of profit after income tax to net cash provided by operating activities				
Profit after income tax	34,798	37,395	29,174	80,986
Depreciation and amortisation	10,551	12,631	36	43
Gain on sale of discontinued operations	-	(1,385)	-	-
Gain on reorganisation of subsidiaries	-	-	-	(36,257)
Interest received *	(732)	(243)	(711)	(182)
Interest paid *	8,448	9,591	6,979	7,868
Interest rate hedging restructure - revaluation and settlement costs	3,732	(490)	3,678	(590)
Loss (gain) on sale of property, plant and equipment	300	4,047	-	-
Changes in working capital assets and liabilities:				
Increase (decrease) in net tax liability	3,783	1,705	5,552	1,438
(Increase) decrease in inventories	(1,259)	4,267	-	-
(Increase) decrease in receivables	3,602	2,164	(20,337)	(17,358)
(Increase) in other assets *	(4,139)	(691)	(100)	(765)
Increase (decrease) in provisions	(386)	1,113	(159)	57
Increase (decrease) in payables	(822)	(2,894)	(687)	592
Net cash provided by/(used in) operating activities	57,876	67,210	23,425	35,832

* The Consolidated Entity and the Company have modified their cash flow statement classifications of interest received and interest and other costs of finance paid by disclosing these items as investing activities rather than operating activities to more appropriately portray the nature of these items. The comparative amounts have been reclassified with an increase in operating cash flows of \$9,019,000 for the Consolidated Entity and \$7,246,000 for the Company and a corresponding decrease in investing cash flows.

24. Commitments for expenditure

	Consolidated		GUD Holdings Limited	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Capital expenditure commitments				
Plant & equipment				
Contracted but not provided for and payable:				
Within 1 year	79	312	-	-
Between 1 and 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	79	312	-	-
Non-cancellable operating lease expense commitments				
Future operating lease commitments not provided for in the financial statements and payable:				
Within 1 year	9,741	9,281	12	12
Between 1 and 5 years	21,937	24,114	-	-
Later than 5 years	4,313	5,925	-	-
	35,991	39,320	12	12

	Note	Consolidated		GUD Holdings Limited	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Finance lease payment commitments					
Plant & equipment					
Minimum future lease payments:					
Within 1 year		580	604	-	-
Between 1 and 5 years		1,610	1,561	-	-
Later than 5 years		-	-	-	-
Total finance lease commitment		2,190	2,165	-	-
Less: Future finance lease charges		(278)	(249)	-	-
Finance lease liability		1,912	1,916	-	-
Present value of minimum future lease payments:					
Within 1 year		454	488	-	-
Between 1 and 5 years		1,458	1,428	-	-
Later than 5 years		-	-	-	-
		1,912	1,916	-	-
Lease liabilities provided for in the financial statements:					
Current	15(a)	454	488	-	-
Non-current	15(b)	1,458	1,428	-	-
Total lease liability		1,912	1,916	-	-

The Company and Consolidated Entity lease a number of premises throughout Australia and New Zealand. The rental period of each individual lease agreement varies between one and ten years with renewal options ranging from one to five years. The majority of lease agreements are subject to rental adjustments in line with movements in the Consumer Price

Index or market rentals. The leases do not include an option to purchase the leased assets at the expiry of the lease period. The Company and Consolidated Entity lease the majority of its motor vehicles from external suppliers over a lease period of up to four years with monthly payments. At the end of the lease period there are a number of options available with respect to the motor vehicles, none of which include penalty charges.

The Consolidated Entity leases production plant and equipment under finance leases expiring from 3 to 5 years. At the end of the lease term, the Consolidated Entity has the option to purchase the equipment at the agreed residual amount or renegotiate an extension to the finance lease.

25. Related parties

Directors

Details of Directors' compensation is disclosed in Note 21.

Loan to Director

The Company negotiated an agreement with the Managing Director, Mr. I A Campbell in April 2008 to provide him with an unsecured equity loan of \$564,000. Mr Campbell has given an undertaking not to dispose of 130,000 shares he holds in his name in the Company for so long as the loan remains outstanding. The loan is repayable in the event that Mr. I A Campbell's employment with the Company ceases. The interest rate applicable to the loan is the Company's cost of funds plus a margin of 0.25%. No compensation value has been attributed to this loan as it is on arms length terms and conditions. As at the reporting date, all interest charged on the loan during the year had been paid.

	Note	2009	2008
		\$'000	\$'000
Opening loan balance		564	-
Loan advanced		-	564
Closing loan balance	10	564	564
Interest paid during the period		38	10

Transactions with entities in the wholly-owned Group

GUD Holdings Limited is the ultimate parent entity in the wholly-owned group comprising the Company and its wholly-owned subsidiaries, as disclosed in Note 20.

The Company advanced loans, rented premises, received dividends and provided accounting and administrative assistance to other entities in the wholly-owned group during the current and previous financial years.

Entities in the wholly-owned group advanced and repaid loans, paid and received dividends, provided marketing, product sourcing and accounting assistance and sold and purchased goods during the current and previous financial years.

It is the Consolidated Entity's policy that these transactions are on commercial terms and conditions with the exception of loans between Australian entities which are not interest bearing. Loans between entities in the wholly-owned group are repayable at call.

Amounts receivable by the Company from entities in the wholly owned group are disclosed in Note 7.

Dividend revenue and services revenue by the Company and the Consolidated Entity is disclosed in Note 2.

Other related party transactions with entities in the wholly-owned Group

Wesfil Australia Pty Ltd leases its Sydney premises from an entity related to a Director of Wesfil Australia Pty Ltd. Net rental expense was \$250,000 (2008: \$243,000). It is the Consolidated Entity's policy that related party lease arrangements are undertaken on commercial terms and conditions.

26. Financial instruments and financial risk management

(a) Overview

The Company and the Consolidated Entity have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides additional information about the Company's and Consolidated Entity's exposures to the above risks, their objectives, policies and processes for measuring and managing the identified risk. It also outlines the objectives and approach to capital management.

(b) Financial risk management objectives

The Company's and Consolidated Entity's Corporate Treasury function provides services to the business, coordinates access to domestic and international markets, and manages the financial risks relating to the operations of the Consolidated Entity.

The Company and Consolidated Entity do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The use of financial derivatives is governed by the Company's and Consolidated Entity's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the Financial Risk Management Committee chaired by the Finance Director. Each month the Finance Director provides the Board of Directors with a report outlining financial exposures, hedging levels, and, financial risk management policy compliance.

The Consolidated Entity's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates and interest rates. The carrying value of financial assets and financial liabilities recognised in the accounts approximate their fair value with the exception of borrowings which are recorded at their amortised cost.

There has not been any change to the objectives, policies and processes for managing risk during the current year or in the prior year.

26. Financial instruments and financial risk management (continued)

(c) Credit risk

Credit risk refers to the risk that a financial loss may be experienced by the Company or the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company, this risk is evident in relation to loans to subsidiaries and third party counterparties with respect to hedging transactions. The Consolidated Entity's risk is observed primarily in relation to receivables from customers.

Trade and other receivables:

The Consolidated Entity's exposure to credit risk is characterised by the following:

- the majority of customer sales transactions are domestic in nature,
- trade receivables are non interest bearing and domestic trade receivables are generally on 30 to 60 day terms,
- the Consolidated Entity as a whole is not exposed in a material way to any single customer however there are significant customers with individual businesses in the retail, hardware and automotive aftermarket sectors,
- new customers are subjected to credit assessment by the specific business within the Consolidated Entity that they wish to transact with and are allocated credit limits which are managed according to the needs of the customer and the risk assessment of the relevant business,
- most businesses within the Consolidated Entity maintain credit insurance to lessen the credit risk,
- ageing of customer receivables is reviewed in detail each month by businesses within the Consolidated Entity and by the Company in an oversight capacity

The Company's exposure to credit risk is characterised by the following:

- loans to subsidiaries that are 100% beneficially owned by the Company that may be reorganised or restructured according to the needs of the Company,
- counterparty risk emanating from transactions relating to hedging of interest rate exposure or foreign exchange exposure. To address this risk the Company restricts its dealings to only those entities that have a minimum Standard and Poors rating of 'A' or a minimum Moody's rating of 'A1'.

In order to manage credit risk, goods are sold subject to retention of title clauses so that in the event of non-payment, the Consolidated Entity may have a secured claim. The Consolidated Entity maintains a provision account, described in the financial statements as an allowance for doubtful debts, which represents the estimated value of specific trade receivables that may not be recovered. A general provision for doubtful debts is not maintained. Uncollectible trade receivables are charged to the allowance for doubtful debts account. Identified bad debts are submitted to the Board of Directors for approval for write off in December and June of each year.

The maximum exposure to credit risk is the sum of cash and cash equivalents disclosed in note 6, the total value of trade debtors and other receivables disclosed in note 7, other financial assets disclosed in note 10, and, the bank guarantee of a subsidiary of US\$700,000 (2008: US\$2 million) disclosed in note 28. The majority of credit risk is within Australia and New Zealand. A material exposure arises from forward exchange contracts, options and collars that are subject to credit risk in relation to the relevant counterparties. The maximum credit risk exposure on foreign currency contracts, options and collars is the full amount of the foreign currency the Consolidated Entity pays when settlement occurs should the counterparty fail to pay the amount which it is committed to pay the Consolidated Entity.

26. Financial instruments and financial risk management (continued)

Guarantees:

The Company has provided financial guarantees to entities within the 100% owned group and as well as to a bank for the provision of trade finance facilities to a 100% owned subsidiary as described in note 28.

(d) Liquidity risk

Liquidity risk refers to the risk that the Consolidated Entity or the Company will not be able to meet its financial obligations as they fall due. The Consolidated Entity and the Company undertake the following activities to ensure that there will be sufficient funds available to meet obligations:

- Prepare budgeted annual and monthly cash flows,
- Measurement of actual cash flows of the Consolidated Entity and the Company on a daily basis with comparison to budget on a monthly basis,
- Maintenance of standby money market facilities,
- Maintenance of a committed borrowing facility in excess of budgeted usage levels.

The maturity analysis for financial liabilities can be found in notes 14: Trade and other payables, 15: Borrowings and 24: Commitments for expenditure.

(e) Market risk

Market risk for the Company and Consolidated Entity refers to the risk that changes in foreign exchange rates, interest rates or the share price of listed companies invested in will affect the Company and Consolidated Entity's income or equity value.

The Company and the Consolidated Entity enters into a variety of derivative financial instruments to manage its exposure to interest rates and foreign currency risk, including:

- forward foreign exchange contracts, options and collars to hedge the exchange risk arising from the importation and sale of goods purchased in foreign currency (principally US dollars); and
- interest rate swaps, options and collars to partially mitigate the risk of rising interest rates.

Foreign exchange risk management:

The Company and the Consolidated Entity undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts, options and collars. The Board of Directors reviews the Consolidated Entity's foreign currency exposure on a monthly basis. The process includes a review of a rolling 12 month estimate of foreign currency exposure, an analysis of financial instruments contracted, an analysis of positions in relation to policy compliance and an analysis of the Consolidated Entity's sensitivity to movements in the exchange rates on an annualised basis.

Forward foreign exchange contracts provide certainty as specific rates are agreed at the time the contract is agreed. Purchased foreign currency options require a premium to be paid and provide a minimum rate at which the entity transacting will purchase (or sell) foreign currency. Foreign currency collars, being a combination of bought call and sold put options, provide the transacting entity with a minimum rate of exchange (call) and a maximum rate of exchange (put). It is the policy of the Consolidated Entity to enter into forward foreign exchange contracts, options and collars to cover specific and anticipated purchases, specific and anticipated sales and committed capital expenditure, principally in US dollars. The policy sets minimum and maximum positions and applies to transactions up to nine months from the reporting date. The policy requires a decreasing proportion (maximum hedging of 90% of forecast exposure in month one reducing to maximum hedging of 50% in month nine) of cover and prohibits cover to be taken beyond that period without specific approval by the Board of Directors. The terms of the Consolidated Entity's commitments are rarely more than one year. At the reporting date financial instruments are recognised at their fair value, which are determined with reference to third party confirmations of financial instruments outstanding at the reporting date and are based on exit values.

26. Financial instruments and financial risk management (continued)

Foreign currency risk management analysis

The Company did not have any contractual obligations in relation to foreign exchange financial instruments at the reporting date or at the previous corresponding reporting date.

Forward foreign exchange contracts

The following table summarises the forward foreign currency contracts outstanding as at the reporting date:

	Average Exchange Rate		Consolidated Foreign Currency		Contract Value		Fair Value	
			2009	2008	2009	2008	2009	2008
			FC'000	FC'000	\$'000	\$'000	\$'000	\$'000
	2009	2008	2009	2008	2009	2008	2009	2008
Buy United States Dollars	0.6688	0.9490	29,270	1,268	43,765	1,285	(7,717)	(2)
Buy Great British Pound	0.4787	0.4789	70	20	146	42	(2)	-
Buy European Euro	0.5262	0.5952	692	553	1,315	929	(103)	(12)
Buy Australian Dollars (NZ entities)	0.7928	0.8298	1,099	325	1,115	325	(18)	15
					46,341	2,581	(7,840)	1

Foreign currency options and collars

The following table summarises the foreign currency collars (combined call and put options) and call options outstanding as at the reporting date:

	Average Call and Put Options		Consolidated Foreign Currency		Contract Value		Fair Value	
			2009	2008	2009	2008	2009	2008
	Call - Put	Call - Put	FC'000	FC'000	\$'000	\$'000	\$'000	\$'000
	2009	2008	2009	2008	2009	2008	2009	2008
Buy United States Dollars	-	0.8425-0.8820	-	400	-	454	-	(38)
Buy United States Dollars	0.8114	0.9170	15,635	47,510	19,269	49,353	309	473
Buy European Euro	-	0.5767-0.6123	-	260	-	428	-	(3)
Buy Australian Dollars (NZ entities)	-	0.8394	-	1,150	-	1,150	-	67
					19,269	51,385	309	499

The following table summarises the sensitivity of the Consolidated Entity and the Company to movements in the value of the Australian dollar compared to the United States dollar, the principal currency that the Consolidated Entity has an exposure to. The table includes the type of sensitivity analysis that is used when reporting to key management personnel. The movement of one cent in the value of the Australian dollar is used for the purposes of sensitivity analysis because it allows the reader to easily project the effect of multiples of that amount. An appreciation in the Australian dollar would be positive to the Consolidated Entity as United States dollars are required to be purchased with Australian dollars to pay for goods sourced from overseas, whereas a depreciation in value is negative as it has the effect of making purchases more expensive in Australian dollar terms. It is important to note that this foreign currency sensitivity analysis assumes that all other economic variables remain constant. The calculations are based on exposures that existed at the reporting date and do not take into account the offsetting impact of any hedging in place.

26. Financial instruments and financial risk management (continued)

Sensitivity Analysis - foreign exchange AUD/USD	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
For every 1c decrease in AUD:USD rate, total exposures increase by:				
Income statement	(221)	(158)	-	-
Equity	(917)	(780)	-	-

Interest rate risk management:

The Company and the Consolidated Entity are exposed to interest rate risk as it borrows funds at variable interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating interest rates through the use of interest rate derivatives products; swap contracts, options and forward interest rate swap contracts.

The Company and the Consolidated Entity, from time to time, enter into interest rate swaps and options, with expiration terms ranging out to three years, to protect part of the loans from exposure to increasing interest rates. Interest rate swaps allow the Company and the Consolidated Entity to swap floating rate borrowings into fixed rates. Maturities of swap contracts are principally between one and three years. The Company and the Consolidated Entity determine the level of hedging required each year based on an estimate of the underlying core debt which is represented by forecast June debt levels. The core debt level is hedged to levels ranging from a maximum of 80% in year one to a minimum of 20% in year three.

Under interest rate swap contracts, the Consolidated Entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. These contracts enable the Consolidated Entity to partially mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on counterparty exit values at the reporting date.

The following table summarises the sensitivity of the Consolidated Entity and the Company as at the reporting date to movements in interest rates and does not take into account the offsetting impact of any hedging in place. It is important to note that this interest rate sensitivity analysis assumes that all other economic variables remain constant. The information presented includes the type of sensitivity analysis used when reporting to key management personnel. The table illustrates the impact of a change in rates of 100 basis points, a level that management believes to be a reasonably possible movement.

Sensitivity Analysis - interest rates	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
For every 100 basis points increase in interest rates:				
Income statement	(621)	(603)	(609)	(592)
Equity	-	-	-	-

26. Financial instruments and financial risk management (continued)

The following tables detail the notional principal amounts and remaining terms of interest rate swap and option contracts outstanding at the reporting date.

Outstanding floating for fixed contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009	2008	2009	2008	2009	2008
			\$'000	\$'000	\$'000	\$'000
Less than 1 year	2.93%	6.03%	80,000	27,923	203	103
1 to 2 years	3.69%	6.39%	48,046	47,500	254	653
2 to 5 years	-	6.87%	-	50,000	-	517
			128,046	125,423	457	1,273

Investment in listed security – share price risk:

The Company and the Consolidated Entity hold an investment in a company which is listed on the Australian Securities Exchange. A one percent increase in the share price of this company at the reporting date would have increased equity by \$162,000 after tax. A one percent decrease would have decreased equity by \$162,000 after tax. There is no impact on the Income Statement as all movements in fair value are recognised directly in equity.

(f) Capital management

It is the Board's policy to maintain a strong capital base of the Company and the Consolidated Entity. This policy is predicated on the need to be able to continue to favourably present the Company and the Consolidated Entity to various stakeholders including investors, employees, banks, suppliers and customers. This enables the Company and the Consolidated Entity to be able to access capital markets, attract talented staff and negotiate favourable terms and conditions with suppliers and customers. Capital is defined as total debt and equity of the Consolidated Entity.

The Consolidated Entity uses a Cash Value Added (CVA) approach to measuring returns achieved by each business. This approach involves comparing the cash profit achieved to the cost of the capital utilised by each business. This cost of capital represents a weighted average cost of debt and equity and allows a single measure to assess business performance. The Consolidated Entity has consistently achieved CVA returns in excess of the weighted average cost of capital resulting in positive shareholder returns.

The Consolidated Entity actively manages the capital structure by buying back shares when the cost of debt is lower than the cost of equity.

The Company and the Consolidated Entity are not subject to any externally imposed capital requirements. The terms and the conditions of the bank bill facility do contain two covenants: minimum interest cover and maximum debt to earnings. Both covenants have been satisfied during the 2008 and 2009 financial years.

There were no changes to the Consolidated Entity and the Company's approach to capital management during the year.



27. Earnings per share

	2009 Number	2008 Number
Weighted average number of shares used as the denominator for basic and diluted earnings per share - ordinary shares	58,040,751	59,717,962

	2009 \$'000	2008 \$'000
Earnings used as the numerator in the calculation of basic and diluted earnings per share	34,798	37,395

28. Contingent liabilities

The total contingent liabilities of the Consolidated Entity and the Company are:

	Consolidated		GUD Holdings Limited	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
	863	2,078	57,113	58,909

The Company is party to three guarantees relating to subsidiaries. The bank borrowing facility described in note 15 requires the Company to guarantee the bank borrowings of Sunbeam Corporation Limited NZ which in turn guarantees the obligations of the Company, ie a cross guarantee. No liability is recognised by the Company as Sunbeam Corporation Limited NZ is expected to continue to generate positive cash flows.

The Company is also party to a deed of cross guarantee as described in note 20. There is no expectation of a liability to the Company as a result of this guarantee.

The Company has also provided a US\$700,000 (2008: USD\$2 million) guarantee to a bank in relation to a trade finance facility provided by the bank to GUD (HK) Limited. There is no expectation of a liability to the Company as a result of this guarantee.

As a result of the above assessments, no liability has been recorded in the Company and the fair value has been deemed to be nil.

29. Events subsequent to balance date

Dividend declared

On 28 July 2009, the Board of Directors declared a fully franked dividend of 33 cents per ordinary share. Record date is 16 September 2009 and the dividend will be paid on 30 September 2009.

DIRECTORS' DECLARATION

In the opinion of the directors of GUD Holdings Limited (the "Company"):

- a) the attached financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report included in the Directors' report are in accordance with the Corporations Act 2001, including:
 - 1. giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2009 and of their performance for the financial year ended on that date;
 - 2. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the 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.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the Deed of Cross Guarantee is such that each company which is a party to the deed guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the subsidiary companies identified in note 20 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director and the Finance Director for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the Directors pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



C K Hall
Director



I A Campbell
Director

Melbourne, 28 July 2009



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of GUD Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in black ink that reads 'Paul Shannon'.

Paul Shannon
Partner

Melbourne

28 July 2009



Independent auditor's report to the members of GUD Holdings Limited

Report on the financial report

We have audited the accompanying financial report of GUD Holdings Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the directors' declaration of the Group 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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control 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, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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



Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of GUD Holdings Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 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 Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of GUD Holdings Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Paul Shannon
Partner

Melbourne

28 July 2009

Remuneration Report

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for the Company and the consolidated entity for the year ended 30 June 2009.

This Remuneration Report discloses the remuneration for key management personnel of the consolidated entity, including the Directors and the five most highly remunerated executives of the Company and the consolidated entity.

The Company's remuneration strategy is designed to attract, retain and motivate appropriately qualified and experienced Directors and Senior Executives. Detail of the Company's remuneration strategy for the 2009 financial year is set out in this Remuneration Report. This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2009 and includes the transferable disclosure requirements of Accounting Standard AASB 124.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands made on and responsibilities of Non-Executive Directors in discharging their duties.

The fees paid to the Chairman and other Non-Executive Directors are reviewed annually by the Board. The Board seeks the advice of independent consultants to ensure fees and payments are appropriate and in line with market conditions.

Executive Directors and Senior Executives

The objective of the Company's executive reward program is to ensure reward for performance is competitive and appropriate for the results delivered.

The compensation framework provides a mix of fixed and variable remuneration, and short-term and long-term incentives. Most Senior Executives have a significant proportion of their rewards 'at risk'.

The Remuneration Committee, as part of an annual review that considers performance-related elements, comparative remuneration and independent advice, reviews all executive remuneration.

An overview of the elements of remuneration is set out in the table below. More detailed discussion of each element is contained in this Remuneration Report.

	Elements of Remuneration	Directors		Senior Executives
		Non-Executive	Executive	
Fixed Remuneration	Fees	•		
	Salary		•	•
	Superannuation	•	•	•
	Other Benefits		•	•
At-risk Remuneration	Short-Term Incentive		•	•
	Long-Term Incentive		•	•
Post Employment	Notice periods and termination payments		•	•

Section 1 – Non-Executive Directors' Remuneration

Remuneration Policy

Fees payable to Non-Executive Directors are determined within the maximum aggregate amount that is approved by shareholders. The current maximum aggregate amount is \$800,000, approved by shareholders at the 2008 Annual General Meeting.

The level of fees is reviewed annually by the Remuneration Committee based on a recommendation from the Managing Director. In determining the level of fees, external professional advice and available data on fees payable to Non-Executive Directors of similar sized companies are taken into account. The Board will continue to review its approach to Non-Executive Director remuneration to ensure it remains in line with general industry practice and best practice principles of corporate governance.

The remuneration of the Non-Executive Directors is not linked to the performance of the Company, in order to maintain their independence and impartiality.

Fees

The current base fee was last increased with effect from 1 July 2008. For the year ended 30 June 2009, Non-Executive Directors' fees were \$82,700 per annum. The Chairman, taking into account the greater time commitment required, received \$206,700 per annum.

The Company has not in the past paid additional fees for membership of the Board's committees or attendance at committee meetings. However, on 21 June 2007, the Board resolved that the Chairman of the Audit & Compliance Committee should receive an additional fee of \$10,000 per annum in recognition of the greater time commitment that role requires.

In accordance with rule 36 of the Constitution, Directors are permitted additional fees for special services or exertions. No such fees were paid during the year. Directors are also entitled to be reimbursed for all business related expenses, including travel on Company business, as may be incurred in the discharge of their duties. Such reimbursements are not included in the aggregate fee cap approved by shareholders.

Equity Participation

Non-Executive Directors do not receive shares or options, and there is no provision for Non-Executive Directors to convert a percentage of their prospective fees into GUD shares.

During the year most Directors acquired shares in GUD, including under the Share Purchase Plan offered in May 2009. Details of shareholdings may be found in the Corporate Governance Report.

Retiring Allowance for Directors

In the past, the Company paid retiring allowances to Non-Executive Directors. On 23 June 2003, the Board resolved to cease offering retiring allowances for Non-Executive Directors appointed after that date.

The two Non-Executive Directors who were appointed prior to June 2003 (Messrs Hall and Curlewis) continue to be eligible to receive retiring allowances under an agreement entered into at the date of their appointment. On 22 May 2007, the Board resolved to freeze the retiring allowances to be paid to those Directors at the amount accrued to 30 June 2007. This amount will be paid out to those Directors on their eventual retirement.

The accrued and frozen retiring allowance benefit for each Non-Executive Director entitled to receive one is set out in the table below.

Non-Executive Directors Entitled to Retiring Allowance benefits	Date of First Appointment	Accrued Retiring Allowance
C K Hall	13 September 1999	\$451,375
G D W Curlewis	1 March 2003	\$157,000

The benefits accrued in previous financial years totalling \$164,850 in respect of P G Thomas were paid to his Estate during the current financial year.

Superannuation

The Company pays statutory superannuation in relation to its eligible Non-Executive Directors.

Remuneration

Details of the nature and amount of each element of the remuneration of Non-Executive Directors for the year ended 30 June 2009 are set out in the table below.

Non-Executive Directors	Year	Short-term Employee Benefits	Post-employment Benefits		Total \$
		Directors' Fees \$	Superannuation* \$	Retirement \$	
C K Hall (Chairman)	2009	206,700	18,603	-	225,303
	2008	184,600	16,614	-	201,214
P G Thomas ¹	2009	-	52,585	-	52,585
	2008	30,769	49,716	-	80,485
G D W Curlewis	2009	82,700	7,443	-	90,143
	2008	73,840	6,645	-	80,485
R M Herron	2009	92,700	8,343	-	101,043
	2008	83,840	7,545	-	91,385
P A F Hay ²	2009	6,891	620	-	7,511
	2008	-	-	-	-
M G Smith ³	2009	6,891	620	-	7,511
	2008	-	-	-	-
Total Remuneration of Non-Executive Directors	2009	395,882	88,214	-	484,096
	2008	373,049	80,520	-	453,569

* Superannuation contributions on behalf of Non-Executive Directors to satisfy the Company's obligations under applicable Superannuation Guarantee legislation, plus any elected sacrifice of fees to superannuation.

¹ Mr P G Thomas passed away on 31 January 2009

² Mr P A F Hay was appointed Director on 26 May 2009

³ Mr M G Smith was appointed Director on 26 May 2009

Section 2 – Executive Directors' and Senior Executives' Remuneration

The disclosures in this section relate to the executives listed below, being the Executive Directors and the Senior Executives with authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity during the financial year. This group of executives includes the five most highly remunerated Company and consolidated entity executives during the financial year.

Executive Director/ Senior Executive/ Company Secretary	Position	Company
I Campbell	Managing Director	GUD Holdings Ltd
R Wodson	Finance Director	GUD Holdings Ltd
J Lord ¹	Chief Executive	Sunbeam Corporation Ltd
D Jackson ²	Chief Executive	Sunbeam Corporation Ltd
D Birch	Chief Executive	E D Oates Pty Ltd
R Pattison	Chief Executive	GUD Automotive Pty Ltd
D Cleland	Managing Director	Davey Water Products Pty Ltd
T Cooper	Managing Director	Wesfil Australia Pty Ltd
M Tyler	Company Secretary	GUD Holdings Ltd

Remuneration Policy

The Remuneration Committee of the Board is responsible for establishing the remuneration strategy and structure for the Company's Executive Directors and Senior Executives.

The objective of the Company's executive reward program is to ensure reward for performance is competitive and appropriate for the results delivered. Most Senior Executives have a significant proportion of their rewards 'at risk'. In reviewing executive remuneration, the Remuneration Committee considers performance-related elements, comparative remuneration and independent advice.

The aim is that remuneration levels are set to attract and retain appropriately qualified and experienced executives, and to provide significant potential for short-term and long-term incentive rewards based on Company, business unit and individual performance.

The short-term and long-term incentive programs are cash-based reward schemes. They do not involve the grant of shares or other equity instruments to executives. The short-term incentive program delivers annual cash bonuses based on satisfaction of an internal performance target that measures absolute performance of the Company. The Company's long-term incentive program delivers a cash bonus based on satisfaction of a comparative performance target measured over a 3-year performance period. Further details regarding both programs are outlined below.

No Executive Director or other Senior Executive participates in any decision relating to his or her own remuneration.

¹ Resigned August 2008

² Appointed August 2008

Company Performance and Shareholder Wealth

Below is a table summarising key Company performance and shareholder wealth statistics for the Company over the last five years.

The Company's operating performance has been solid and consistent, delivering a high fully franked dividend yield. The Company has delivered superior Total Shareholder Returns (TSR) ranking above the 70th percentile in a comparator group of small industrial companies, independently compiled and measured.

TSR measures the return a shareholder obtains from ownership of shares in a company in a defined period, and takes into account various matters such as changes in the market value of the shares, as well as dividends on those shares.

The remuneration and incentive framework, which has been put in place by the Board, has ensured that executives are focused on both maximising short-term operating performance and long-term strategic growth. This has contributed to the Company generating increased shareholder returns, as set out in the table.

The Board will continue to review and monitor the remuneration and incentive framework to ensure that performance is fairly rewarded and encouraged, and to attract, motivate and retain a high quality executive team.

Financial Year	EBITA* \$m	EPS Cents	Total DPS Cents	Share Price \$	Dividend yield
30 June 2005	62.8	50.2	50.0	6.25	8.0%
30 June 2006	68.2	67.1	60.0	7.90	7.6%
30 June 2007	65.2	56.2	61.0	9.18	6.6%
30 June 2008	75.7	62.6	68.0	7.57	9.0%
30 June 2009	65.8	60.0	60.0	6.42	9.3%

* EBITA excludes significant one-off items.

Components of Remuneration

The executive remuneration framework has three components:

- fixed remuneration;
- short-term performance incentives; and
- long-term shareholder return linked performance incentives.

These, together with certain minor non-cash benefits, comprise the total remuneration paid to key management personnel.

The relative proportion of Executive Directors' and Senior Executives' total remuneration packages that is performance-based is set out in the table on the following page.

FY2009	% of Total Target Compensation (annualised)		
	Fixed Remuneration	Performance- based Remuneration (at target)	
		STI	LTI
Executive Directors			
I Campbell	68.4%	11.4%	20.2%
R Wodson	66.0%	18.3%	15.7%
Senior Executives			
J Lord	100%	Nil	Nil
D Jackson	76.8%	14.5%	8.7%
R Pattison	76.6%	14.6%	8.8%
D Cleland	76.9%	14.4%	8.7%
D Birch	76.2%	14.9%	8.9%
T Cooper	76.7%	14.6%	8.7%
Company Secretary			
M Tyler	76.7%	14.6%	8.7%

Fixed Remuneration

The remuneration packages for all Executive Directors and Senior Executives contain a fixed amount that is not performance linked. It generally consists of salary and vehicle entitlement, as well as employer contributions to superannuation funds.

Fixed remuneration for Senior Executives is determined by the scope of their respective positions, knowledge, experience and skills required to perform their roles. Independent consultants provide analysis and advice to ensure the package is competitive in the market for comparable roles. The Remuneration Committee, through a process that considers individual, business unit and overall performance of the Company, reviews package levels annually. Fixed remuneration levels are generally not adjusted during the year unless the individual is promoted or there is a substantial change in market rates.

Variable Performance-linked Remuneration

Performance-linked remuneration includes both short-term and long-term incentives, and is designed to reward Executive Directors and Senior Executives for their business unit or the Company meeting or exceeding financial targets. Both the short-term and long-term incentives are provided in the form of cash (not shares or other equity instruments) and are 'at risk' bonuses.

The Board does not exercise any discretion on the payment of short-term and long-term incentives. The amount of performance-linked remuneration paid to an Executive is determined based on the Executive's performance against set targets and is governed by set plan rules.

Short-Term Incentive (STI)

The Company's Cash Value Added (CVA) scheme provides an annual cash bonus for meeting or exceeding an agreed CVA target and is paid following the announcement of the Company's year end results. The CVA target for each business unit and the Company overall is established each year by the Board. The Company's Executives receive an STI payment where the Company meets its CVA target and, in the case of divisional Executives, their STI potential is linked to the CVA target for their business unit.

CVA measures the return on undepreciated and unamortised net assets invested. CVA has been effective because it is the measurement that most closely aligns trading profit performance, being reported profit adjusted for non recurring items, with undepreciated and unamortised net assets invested. The Board has selected CVA as an appropriate annual performance measure as it considers that it measures a true level of performance of the business, without the distorting effect of financing decisions or accounting charges such as depreciation and amortisation.

The CVA STI is calculated with reference to salary and increases upon exceeding the agreed CVA target, up to a ceiling of 150% of the base CVA incentive rate upon achieving 120% of CVA target. No STI is paid where CVA falls below the CVA target.

The CVA STI for target performance varies from 20.8% of salary for the Managing Director, 35% of salary for the Finance Director, to 25% of salary for divisional Executives.

STI	% of Salary*	
	Threshold and Target Performance	Stretch Performance
Executive Directors		
I Campbell	20.8%	31.2%
R Wodson	35%	52.5%
Senior Executives		
J Lord	25.0%	37.5%
D Jackson	25.0%	37.5%
R Pattison	25.0%	37.5%
D Cleland	25.0%	37.5%
D Birch	25.0%	37.5%
T Cooper	25.0%	37.5%
Company Secretary		
M Tyler	25.0%	37.5%

* Refer to Salary and Fees column in the table at the end of this Remuneration Report.

The Remuneration Committee recommends the cash incentives, determined in accordance with the plan rules.

Details of the CVA STI payable to the Executive Directors and Senior Executives for the year ended 30 June 2009 are set out in the table at the end of this Remuneration Report.

Long-Term Incentive (LTI)

The LTI is designed to align executive financial rewards with those of shareholders by making the executive's reward dependent upon the Company's TSR relative to a comparator group.

The LTI is provided as a cash reward, consisting of tranches covering rolling 3-year measurement periods. There is a phasing-in of one and two year measurement period tranches for executives as they are introduced to the incentive scheme.

An incentive is paid where the Company's TSR over the measurement period is equal to or exceeds the median (50th percentile) of the comparator group ranked by TSR. The incentive increases up to a maximum of 150% of the target incentive rate upon the Company TSR equalling or exceeding the 75th percentile of the comparator group. In assessing whether the LTI performance hurdle for the Company has been met, the Remuneration Committee receives independent data.

The comparator group is the Standard and Poor's ASX Small Ordinaries index, of which the Company forms part, modified to exclude stocks in the mining, materials and resources industries. It was chosen on the basis that it is the most effective way to measure and reward the extent to which shareholder returns are generated relative to the performance of companies that compete with the Company for capital and employees.

The LTI vests in accordance with the following table:

TSR Target	% of LTI that Vests in a Given Period
TSR below 50th percentile	Nil
TSR at 50th percentile	100%
TSR between 50 and 75th percentile	Progressive vesting from 100% to 150%
TSR at 75th percentile and above	150%

The LTI that Executives receive for target performance varies from 36.8% of salary for the Managing Director, 30% of salary for the Finance Director, to 15% of salary for corporate and divisional Executives.

Upon cessation of an Executive's employment due to resignation, only the vested amount is due as an LTI, whereas in cases of retirement, total disablement and death the Board will, and in other circumstances the Board may, pay a pro rata LTI in accordance with TSR performance at the date the Executive's employment ceases. For instance, the Board may award a pro rata amount of the LTI having regard to performance against the TSR hurdle should the Company be the subject of a successful takeover bid or other change of control.

The Remuneration Committee considers that the Company's LTI structure is appropriate, as Executives only receive a benefit where there is a corresponding direct benefit to shareholders.

Current Year Performance

Short-Term Incentive

In the current year, a number of businesses in the consolidated entity exceeded CVA targets. As a result, some Executives of the Consumer Products and Automotive Products business units received an STI reward based on achieving or exceeding the business unit CVA performance. In addition, corporate Executives, including the Managing Director, Finance Director and Company Secretary, received a bonus.

STI payable for the Year Ended 30 June 2009	Actual STI payment* \$	Actual STI payment as a % of maximum STI	% Forfeited
Executive Directors			
I Campbell	72,465	29.6%	70.4%
R Wodson	56,904	29.2%	70.8%
Senior Executives			
J Lord	-	Nil	100.0%
D Jackson	68,750	67.5%	32.5%
R Pattison	90,856	98.3%	1.7%
D Cleland	-	Nil	100.0%
D Birch	84,375	100.0%	Nil
T Cooper	64,989	90.6%	9.4%
Company Secretary			
M Tyler	25,965	29.2%	70.8%

* A minimum level of performance must be achieved before any STI is payable. The payment relates to STI earned in the year ended 30 June 2009 and paid in July 2009.

Long-Term Incentives

LTIs were achieved for all three TSR performance tranches.

The relative TSR of the Company in relation to the comparator group for the relevant periods were:

TSR Performance Tranche	Current Year (to 30 June 2009)	Prior Year (to 30 June 2008)
1 Year Tranche	70.9 th percentile	89.0 th percentile
2 Year Tranche	86.6 th percentile	74.5 th percentile
3 Year Tranche	77.3 th percentile	78.3 th percentile

LTI paid for the Year Ended 30 June 2009	Maximum LTI payment* \$	% Payable	% Forfeited
Executive Directors			
I Campbell	438,204	100%	Nil
R Wodson	166,950	100%	Nil
Senior Executives			
J Lord	Nil	Nil	Nil
D Jackson	61,126	96%	4%
R Pattison	55,463	100%	Nil
D Cleland	64,125	100%	Nil
D Birch	50,625	100%	Nil
T Cooper	43,058	100%	Nil
Company Secretary			
M Tyler	53,325	100%	Nil

* The payment relates to LTI earned in the year ended 30 June 2009 and paid in July 2009.

Employment Contracts

Executive Directors

The Managing Director (Ian A Campbell) and Finance Director (Roger J Wodson) have entered into service contracts with the Company.

In the case of the Managing Director, the current contract expires on 31 December 2010. In the case of the Finance Director, the current contract expires on 31 December 2011. These contracts may be terminated by the Company giving 3 months notice in writing or, in the case of termination by the executive, 6 months notice in writing.

Should the Company terminate early the employment of the Managing Director (other than for cause) a maximum termination payment equivalent to 12 months total annual package is payable.

Should the Company terminate early the employment of the Finance Director (other than for cause) a maximum termination payment equivalent to 12 months total annual package is payable.

In the event that the Company determines not to renew the appointment of the Managing Director or the Finance Director at the end of the contract period, an amount equal to the total annual package applicable at the date of the notice is payable to the relevant executive.

Senior Executives

In general, it is the Company's policy that service contracts for Senior Executives are unlimited in term, but capable of termination on one month's notice. Mr T Cooper's service contract requires twelve months notice of termination. The Company retains the right to terminate the contract immediately by making a payment equal to the required payment in lieu of notice.

In addition, Executive Directors and Senior Executives are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with superannuation benefits.

Remuneration levels are reviewed each year, effective 1 July, and take into account cost of living adjustments, changes in the scope of the role and changes to meet competitive market forces.

Remuneration Paid

Details of the remuneration and benefits paid or provided to Executive Directors and Senior Executives (and the Company Secretary) during the year are included in the table below.

	Year	Short-term employee benefits					Post-Employment Benefits		Total	Proportion of total which is performance related
		Salary & Fees	STI Cash Bonus	LTI Cash Bonus	Income Protection Premium	Car Benefits	Super annuation	Retirement		
		\$	\$	\$	\$	\$	\$	\$	%	
Executive Directors										
I.A. Campbell	2009	830,702	72,465	438,204	3,512	49,662	95,712	-	1,490,257	34.3%
	2008	769,880	161,928	413,400	3,523	49,504	100,000	-	1,498,235	38.4%
R.J. Wodson	2009	337,780	56,904	166,950	3,512	26,147	100,000	-	691,293	32.4%
	2008	313,000	127,155	157,500	3,523	27,950	100,000	-	729,128	39.0%
Senior Management										
J. Lord (Resigned August 08)	2009	564,687	-	-	2,810	-	4,140	-	571,637	0.0%
	2008	301,280	77,514	62,100	2,818	-	49,680	-	493,392	28.3%
D. Jackson (Appointed August 08)	2009	299,436	68,750	58,493	-	-	44,976	-	471,655	27.0%
	2008	-	-	-	-	-	-	-	-	0.0%
D. Birch	2009	247,480	84,375	50,625	-	-	40,500	-	422,980	31.9%
	2008	169,615	51,991	37,955	-	18,157	30,531	-	308,249	29.2%
J. Oates (resigned September 2007)	2009	-	-	-	-	-	-	-	-	0.0%
	2008	478,301	-	-	2,521	27,941	50,421	-	559,184	0.0%
R. Pattison	2009	198,474	90,856	55,463	2,601	21,570	100,000	-	468,964	31.2%
	2008	182,670	88,875	53,325	2,610	23,819	100,777	-	452,076	31.5%
D. Cleland	2009	285,000	-	64,125	2,854	40,673	51,300	-	443,952	14.4%
	2008	269,145	-	59,619	2,863	40,673	47,700	-	420,000	14.2%
T. Cooper	2009	191,368	64,989	43,058	2,020	-	58,146	-	359,581	30.0%
	2008	184,000	62,595	41,400	2,026	-	56,820	-	346,841	30.0%
Total Remuneration of Executive Directors and Senior Executives of the Group including the Company										
	2009	2,954,927	438,339	876,918	17,309	138,052	494,774	-	4,920,319	
	2008	2,667,891	570,058	825,299	19,884	188,044	535,929	-	4,807,105	
Total Remuneration of Non-Executive Directors										
	2009	395,882	-	-	-	-	88,214	-	484,096	
	2008	373,049	-	-	-	-	80,520	-	453,569	
Total Remuneration (Compensation of Key Management Personnel of the Company and Group)										
	2009	3,350,809	438,339	876,918	17,309	138,052	582,988	-	5,404,415	
	2008	3,040,940	570,058	825,299	19,884	188,044	616,449	-	5,260,674	
Remuneration of Company Secretary										
M.G. Tyler	2009	175,322	25,965	53,325	1,363	33,000	50,000	-	338,975	23.4%
	2008	204,474	59,036	51,188	1,367	16,500	27,000	-	359,565	30.7%