GUD Holdings Limited
A.B.N. 99 004 400 891

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Altona North, Vic 3025
Australia.

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30 July, 2015

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

Dear Sir

Annual Results - Full Year Report - 30 June, 2015

Enclosed herewith the Annual Results of GUD Holdings Limited, comprising:

- Results for Announcement to the Market (and Media Release);
- Annual Directors' Report (including Operating and Financial Review and Remuneration Report); and
- Annual Financial Report (including Financial Statements and Notes, Directors' Declaration, Auditor's independence declaration and Independent Auditor's Report

Shortly, we will be separately lodging an Appendix 3A.1 - Notification of Distribution and an Appendix 4G with accompanying Corporate Governance Statement.

Yours faithfully

Malcolm G Tyler
Company Secretary

Att:

Annual Financial Report

GUD Holdings Limited

(ABN 99 004 400 891)

Year Ended 30 June 2015

(Previous corresponding period: Year Ended 30 June 2014)

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Results for Announcement to the Market

For the year ended 30 June 2015

Results		Percentage Change		$'000
Revenue	**Up**	**3%**	**to**	**611,515**
Reported net profit for the period attributable to members	**Up**	**88%**	**to**	**33,245**
Add back: transaction costs (net of tax)				1,565
Underlying profit after tax attributable to members *	**Up**	**12%**	**to**	**34,810**
Add back: Non-controlling interests				2,048
Underlying profit after tax *	**Up**	**19%**	**to**	**36,858**
Reported operating profit before interest and tax	**Up**	**91%**	**to**	**57,272**
Add back: transaction costs				1,674
Underlying profit before interest and tax *	**Up**	**20%**	**to**	**58,946**

* Underlying profit after tax and underlying profit before interest and tax are non-IFRS measures that have not been subject to audit or review.

Dividends	**Amount per security**	**Percentage franked**
Final dividend	**22 cents**	**100%**
Date the dividend is payable		**September 3, 2015**
Record date for determining entitlements to the dividend:		**August 20, 2015**
Trading ex-dividend		**August 18, 2015**
Amount of dividend per security		**Percentage franked**
Interim Dividend		
In respect of the 2015 financial year as at 31 December 2014	**20 cents**	**100%**
In respect of the 2014 financial year as at 31 December 2013	**18 cents**	**100%**
Final Dividend		
In respect of the 2015 financial year as at 30 June 2015	**22 cents**	**100%**
In respect of the 2014 financial year as at 30 June 2014	**18 cents**	**100%**

Net Tangible Assets per security	
As at 30 June 2015	**$2.21**
As at 30 June 2014	**$0.59**

This preliminary final report is based on financial statements which have been audited.

Refer to the media release for a brief explanation of the figures reported above.

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30th July 2015

GUD Holdings Limited results for year ended 3oth June 2015

Reported profit after tax up 88% to $33.2 million

GUD Holdings Limited today announced a reported net profit after tax and non-controlling interests of $33.2 million, up 88% compared to $17.7 million recorded in the prior year.

This result included $1.6 million post-tax of transaction costs and $2.0 million representing Jarden's minority interest in the Sunbeam business. The prior period included $13.3 million in restructuring costs after tax.

The underlying profit after tax was up 19% to $36.9 million.

Record sales of $612 million were recorded, a growth of 3% over FY14. In the second half revenue was up 7% on the previous corresponding period with all businesses contributing.

Underlying earnings before interest and tax (EBIT) increased by 20% to $58.9 million, which was at the upper end of the guidance range of $55 - $60 million. The result reflected the benefits of the profit improvement plans that had been put in place in the previous year.

A final dividend of 22 cents per share fully franked was declared, payable on 3rd September 2015, bringing the total year's dividend to 42 cents per share, an increase of 17% on the prior year.

"It is pleasing to see the benefits of the various profit improvement initiatives that were put in place across GUD's businesses, especially at Davey, Dexion and Sunbeam," Managing Director Jonathan Ling said.

"The principal drivers of the profit uplift were the cost savings we identified and secured on freight, logistics and warranty costs along with cost-to-serve. We also contained our overhead costs, which declined marginally on the prior year."

"Whilst 2014-15 was a year in which major progress was made on all elements of the strategy we articulated last year it was encouraging to see the return to revenue growth in the second half which contributed to an increase in gross profit. All businesses contributed to this uplift in sales", he said.

"In the year we also took significant actions to address the future shape of GUD's portfolio of businesses through the joint venture arrangements we made in relation to Sunbeam and the acquisition of Brown & Watson International which was completed on 1st July 2015," Mr Ling said.

"The reported NPAT also includes a loss of $1.1 million from GUD's 49% share in Jarden's Asian business and Jarden's $2.0 million share of Sunbeam's profit. These joint ventures are now fully under our management and we expect to see significant improvements in the FY16 year from both," he noted.

Segment Summary - for the year to 30 June 2015

	Sales		Underlying EBIT	
	$m	% change pcp	$m	% change pcp
Dexion	212.2	6%	5.4	72%
Sunbeam	114.4	-2%	7.3	383%
Davey	102.6	1%	9.5	8%
Automotive	101.4	6%	32.3	7%
Oates	70.2	5%	11.5	3%
Lock Focus	10.7	2%	0.8	-8%
Unallocated			-7.9	
TOTALS	**611.5**	**3%**	**58.9**	**20%**

Notes: Minor differences are due to rounding.
Underlying EBIT is before restructuring and impairment costs in FY14 and transaction costs in FY15.
All underlying measures are non-IFRS and have not been subject to audit or review.
For a full reconciliation of the above refer to Note 6: Segment Information in the Financial Statements.

Dexion underlying EBIT increased 72% to $5.4 million

Dexion reported strong sales growth in the second half of 12% on the previous corresponding period following a flat first half. This was the result of a large number of project completions towards the end of the year combined with improving market conditions in New Zealand and Asia.

Despite these project completions, the order book remains healthy at $62 million at the end of June, compared to $66 million at the same time last year.

During the year Dexion completed a number of major restructuring projects, the costs of which were taken up in FY14. The partial benefit of these is apparent in the FY15 results and the full year effect will be evident in FY16. These projects included the closure of Dexion Commercial's Sunshine factory and associated outsourcing of the product range along with the closure of the Sydney racking factory in October 2014 and its relocation to Malaysia.

These restructuring activities along with Dexion's profit improvement plan initiatives were the primary drivers of the 72% uplift in underlying EBIT.

Sunbeam underlying EBIT increased 383% to $7.3 million

The financial results for Sunbeam include 100% of the Australian and New Zealand business and no EBIT contribution from GUD's 49% share of Jarden's Asian business.

Although Sunbeam recorded a 2% reduction in sales over the full FY15 year this was all due to a 7% decline in the first half. Sales in the last six months increased by 3% on the prior year with the last five of those months showing consistent sales growth year-on-year.

Some of the major contributing factors to this sales growth were the introduction of the Oster blender products in April, the launch of the GoLunch and GoBlend ranges and Sunbeam being re-ranged in the Noel Leeming chain in New Zealand. The Oster launch is a direct outcome of the arrangements entered into with Jarden in November 2014 and is indicative of the benefits that will accrue through the joint ventures.

This momentum in sales led to Sunbeam regaining the leading position in the Australian small appliance market in value terms during May.

The 383% uplift in underlying EBIT was essentially driven by Sunbeam's profit improvement plan, principally in the cost areas of freight and logistics. The sales contribution from the new product activities, while partly supporting profit growth in the second half, occurred late in the half and further benefits will flow in FY16.

Davey underlying EBIT increased 8% to $9.5 million

Davey registered a small sales growth over the full year which was the result of a 3% uplift in the second half following a 2% decline in the first six months. Much of the sales momentum occurred in Davey's export markets as a result of new distribution arrangements, wider product ranging in some markets and benefits from the lower Australian dollar.

Sales in the local market were constrained by the relatively cool summer season and this affected demand for firefighter and swimming pool products.

The 8% increase in underlying EBIT was the result of Davey's profit improvement plan initiatives which centred on freight costs and cost-to-serve. There was some new product launch activity late in the second half and although this did not materially affect the results it will contribute in FY16.

Automotive Products underlying EBIT increased 7% to $32.3 million

The Automotive business exhibited consistent sales growth across the year propelled by new product activity across the three brands. Ryco contributed with sales growth in agricultural, heavy duty filters while also launching a program covering motorcycle filters. Goss introduced ranges of emission sensor and ignition coils while Wesfil acquired the Exelite brand of budget lighting products to complement its other lighting offerings.

The EBIT/sales margin was maintained at 32% due to a combination of pricing movements, to recover currency-related cost increases, and active overhead cost control.

Brown & Watson International, the owner of the leading Narva and Projecta automotive brands, was acquired effective from 1st July 2015. BWI will be included in GUD's Automotive business segment in FY16.

Oates underlying EBIT increased 3% to $11.5 million

Similar to all other GUD businesses Oates reported a stronger sales result in the second half. Sales improved 5% over the year and 7% in the last six months. The growth came principally from hardware and industrial/commercial customers.

Underlying EBIT increased 3% over the year and showed a strong recovery in the second half (up 12% compared to the pcp) following a 5% decline in the first six months. This reversal in profit trend stemmed from the sales growth in addition to the consequences of active product cost management and price increases to offset the effects of the declining Australian dollar.

Oates effectively maintained its EBIT/sales margin at 16.4% compared with 16.6% in the prior year.

Lock Focus EBIT declined 8% to $0.8 million

The primary factor behind Lock Focus's financial performance in FY15 was the delay in new product introductions due to customer project timings. Sales of these new products are expected to feature in FY16's results.

Outlook

"Whilst we have been extremely pleased with the progress made in FY15 we expect a further substantial uplift in financial performance in FY16. This will come from a continuation of the sales momentum evident across the group in the second half of FY15 and from the BWI acquisition, which was completed on 1st July," Jonathan Ling said.

"Building on this momentum we are also expecting a contribution from the planned launches of the first products coming from our recent innovation initiatives. In addition we are maintaining our cost-focused profit improvement programs," he said.

"In particular, we are expecting that Dexion will generate a full year's gain from the FY15 manufacturing restructures along with the cost-down initiatives implemented in the Australian racking business towards the end of year. Revenue growth is expected as conditions remain favourable in the Asian and New Zealand racking markets and as the Commercial business seeks growth offshore."

"We anticipate that Sunbeam in Australia and New Zealand will deliver an improved level of sales and profitability through the benefits from the joint venture and from our internal new product activities. We expect that the Asian joint venture operations should show improvement as they come under a single management structure led primarily by Sunbeam's management team," Mr Ling said.

"GUD has come through its recent period of transition, where the emphasis was on profit improvement driven by cost initiatives, to now be in a position where the focus can change to revenue and profit growth stemming from the integration of the BWI acquisition and our reinvigorated, group-wide new product innovation activities," Jonathan Ling said.

For further information:

Jonathan Ling
Managing Director
GUD Holdings Limited
T: 03 9243 3308

Directors' Report

The Directors of GUD Holdings Limited (the Company) present their report on the consolidated entity, being the Company and its subsidiaries, for the year ended 30 June 2015.

Directors

The names of the Directors who held office during the financial year and details of their qualifications, experience and special responsibilities are as follows:

R M Herron* FCA FAICD

Appointed Non-Executive Director on 17 June 2004. Appointed Chairman on 1 January 2012.

Mr Herron has been a Chartered Accountant since 1973. He is a former Deputy Chairman of Coopers & Lybrand (now PricewaterhouseCoopers) and retired as a partner of PricewaterhouseCoopers in December 2002.

He is also a Non-Executive Director of Select Harvests Limited (since January 2005), Insurance Manufacturers Australia Ltd and Kinetic Superannuation Fund. Mr Herron is a former Director of Heemskirk Consolidated Limited (retired February 2011) and Customers Limited (retired July 2012). Mr Herron is Immediate Past President and former Chairman of the Royal Automobile Club of Victoria (RACV) Ltd (retired December 2014).

P A F Hay* LLB FAICD

Appointed Non-Executive Director on 26 May 2009. Appointed Chairman of the Remuneration Committee on 22 June 2010.

Mr Hay is currently Chairman of Newcrest Limited (appointed January 2014) and Chairman of Federation Centres Limited and Director of Federation Limited (appointed June 2015).

Mr Hay is a Director of the Australian Institute of Company Directors Ltd (appointed November 2012) and is a member of the Australian Government Takeovers Panel (since May 2009).

Mr Hay is a former Director of NBN Co Limited (retired August 2012), Alumina Limited (retired December 2013), Australia and New Zealand Banking Group Limited (retired April 2014) and Myer Holdings Limited (retired July 2014). He is former Chairman of the Advisory Board of Lazard in Australia (retired October 2013). He is former Director of Landcare Australia Limited and Epworth Foundation.

M G Smith* Dip. Business (Marketing) FAMI CPM FAIM FAICD

Appointed Non-Executive Director on 26 May 2009.

Mr Smith is Non-Executive Director and Chairman of Patties Foods Ltd (since April 2013). He is a former Non-Executive Director of Toll Holdings Limited (retired May 2015).

Mr Smith was Managing Director of Cadbury Schweppes Australia and New Zealand (2003 to 2007), and a member of the Asia Pacific Regional Board. Over a 16-year career with the Cadbury Schweppes group he held senior management positions in Australia, the UK and North America. Prior to joining Cadbury Schweppes, Mr Smith's career included senior marketing management positions with Unilever and Uncle Toby's.

He is a former Chairman of Food Holdings Limited (retired August 2011).

G A Billings* BCom FCA MAICD

Appointed Non-Executive Director on 20 December 2011. Appointed Chairman of Audit & Compliance Committee on 1 January 2012.

Mr Billings has been a Chartered Accountant since 1980 and retired from PricewaterhouseCoopers in 2011 after 34 years. He is a former head of the Melbourne Assurance practice as well as heading the firm's Australian and Global Industrial Products business.

He has had extensive experience over a 34 year period providing assurance, transaction and consulting services to multinational and national clients in the automotive, construction and manufacturing industries.

Mr Billings was appointed as a Non-Executive Director of Korvest Limited on 7 May 2013, becoming Chairman on 18 September 2014. He was also appointed Non-Executive Director of Clover Corporation Limited on 14 May 2013.

D D Robinson*

Appointed Non-Executive Director on 20 December 2011.

Prior to joining the Board, Mr Robinson spent the past 22 years with global automotive parts, general industrial and consumer products manufacturer and marketing company Robert Bosch GmbH.

In that time he worked in the USA, Germany and Australia and had responsibility for sales, marketing, engineering, manufacturing, accounting and personnel. He was President of Robert Bosch Australia and Robert Bosch New Zealand.

J P Ling BE (Mech.) MBA FAICD

Appointed Managing Director and Chief Executive Officer on 1 August 2013.

Mr. Ling is a Non-Executive Director of Pact Group Holdings Limited (appointed April 2014). He is former Managing Director and CEO of Fletcher Buildings Limited (retired September 2012), a former Non-Executive Director of ASB Bank Ltd (retired February 2013) and a former Non-Executive Director of Pacific Brands Group Limited (retired February 2014).

* All Non-Executive Directors are independent.

Corporate executive

Chief Financial Officer

M A Fraser B Bus, EMBA, GAICD, FCA

Mr Fraser's early career was with Coopers & Lybrand in Australia, followed by over 25 years in Asia and Europe in senior finance and operational roles in Asia and Europe with McIntosh Hamson Hoare Govett, Jardine Matheson Ltd and the Schindler Group.

Company Secretary

M G Tyler LLB BCom (Hons) MBA AGIA

Mr Tyler is an associate of Governance Institute Australia, a former partner with Freehills and general counsel with Southcorp Limited. He has held a legal practicing certificate in Victoria for 29 years.

General Manager Strategy & Planning

D A Draycott Dip. Bus. Studies, Grad. Dip. Accounting, AMAMI

Mr Draycott has been with GUD for 17 years in the corporate planning and strategy role.

Prior to GUD he was with Bunge Australia in both operational and corporate roles, latterly as General Manager, Sunicrust Clayton Bakery. Mr Draycott commenced his career with Metal Box UK and then spent time in the marketing research profession at A C Nielsen.

Directors' attendances at meetings

The Board held eleven meetings during the year.

Meetings are generally held monthly, with ad hoc meetings called to consider specific or urgent matters.

	Board		Audit & Compliance Committee		Remuneration Committee		Nominations Committee	
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R M Herron	11	11	4	4	3	3	1	1
P A F Hay	11	11	4	3	3	3	1	1
M G Smith	11	11	4	4	3	3	1	1
G A Billings	11	11	4	4	3	3	1	1
D D Robinson	11	11	4	4	3	3	1	1
J P Ling	11	11						

It is the Board's practice that the Non-Executive Directors meet regularly without the presence of Management.

Directors' interests and benefits

Directors are not required to hold any share qualification. The current shareholdings are shown in the table below.

	Shares held beneficially			
Directors	**Own name**	**Private company / trust**	**Total 30 June 2015**	**Total 30 June 2014**
R M Herron	10,768	14,455	25,223	23,210
P A F Hay	4,828	-	4,828	3,863
M G Smith	-	14,753	14,753	5,560
G A Billings	-	-	2,250	Nil
D D Robinson	-	-	3,000	Nil
J P Ling	87,483	26,528	114,011	85,470

Corporate Governance Statement

The Corporate Governance Statement of the Directors, and the accompanying Appendix 4G, is separately lodged with ASX, and forms part of this Directors' Report. It may also be found on the Company's website at www.gud.com.au.

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were the manufacture and importation, distribution and sale of cleaning products, household appliances, warehouse racking, industrial storage solutions, office storage products, automotive products, locking devices, pumps, pool and spa systems, and water pressure systems, with operations in Australia, New Zealand, France, Spain, China, Malaysia and Hong Kong.

Other than as referred herein and in the Operating and Financial Review set out on pages X - X, there were no significant changes in the nature of the activities of the consolidated entity during the year.

Operating and Financial Review

The Operating and Financial Review for the consolidated entity during the financial year forms part of this Directors' Report.

Significant Changes

Effective 1 November, 2014 the Company:

- Sold 49% of the shares in Sunbeam Australia and New Zealand ("Sunbeam ANZ"), comprising Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited, to Holmes Products (Far East) Limited ("HPFE"), a subsidiary of Jarden Corporation for an estimated $31.2 million.
- Acquired 49% of Jarden Consumer Solutions (Asia) Limited ("Jarden Asia") from HPFE for USD$2.9 million (A$3.4 million).

During the year the Company entered into a share purchase agreement to acquire 100% of the shares and voting interests of Brown & Watson International Pty Limited ("Brown & Watson") with businesses in the Australian and New Zealand for an estimated consideration of $209.1 million, effective 1 July, 2015. The acquisition is expected to provide the Group with an expanded presence in automotive aftermarket parts.

In relation to the acquisition of Brown & Watson, the Company incurred $5.489 million of acquisition related costs including equity raising fees, legal fees, due diligence and other advisory fees.

In the opinion of the Directors, other than referred to above, there were no significant changes in the state of affairs of the consolidated entity during the year.

Share Capital

At 30 June 2015, there were 85,079,850 ordinary shares on issue. During the year the Company issued 14,140,358 shares through a combination of share placements and a share purchase plan.

Dividends

During and since the end of the financial year, the following dividends have been paid or declared.

- A final ordinary dividend of 18 cents per share in respect of the year ended 30 June 2014 was declared on 25 July 2014, and paid on 3 September 2014 amounting to $12,769,109. This dividend was fully franked.
- An interim ordinary dividend of 20 cents per share in relation to the year ended 30 June 2014 was declared on 20 January 2014 and paid on 6 March 2015, amounting to $ 14,187,898. This dividend was fully franked.
- A final ordinary dividend of 22 cents per share in respect of the year ended 30 June 2015 was determined on 29 July 2015, and is payable on 3 September 2015 to shareholders registered on 20 August 2015. This dividend will be fully franked. Shares will trade ex-dividend on 18 August 2015. The GUD Dividend Reinvestment Plan remains suspended for this dividend.

Auditor Independence

There is no current or former partner or director of KPMG, the Company's auditors, who is or was at any time during the financial year an officer of the consolidated entity.

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 89 of the accompanying Financial Statements and forms part of this Report.

Non-Audit Services

Details of the amounts paid or payable to the Company's auditors, KPMG, for non-audit services provided during the year are shown in Note 5 to the financial statements, which accompany this Directors' Report.

The Directors are satisfied that the provision of such non-audit services is compatible with the general standard of independence for auditors imposed by, and did not compromise the auditor independence requirements of, the Corporations Act 2001 in view of both the amount and the nature of the services provided, and that all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor.

Options and rights

During the year a total of 577,619 Performance Rights were granted to executives under the GUD Holdings 2017 Long Term Incentive Equity Plan. This included 90,259 Performance Rights granted to the Managing Director in October 2014 after receiving approval of shareholders at the 2014 Annual General Meeting. In addition, as a result of executives departing the Group during the year, a total of 119,674 Performance Rights were determined by the Board to have lapsed.

As a result of meeting TSR targets, 173,981 performance rights granted in 2012 vested and 99,574 performance rights lapsed in relation to the GUD Holdings 2015 Long Term Incentive Equity Plan.

Except as below, no options or rights were granted during the year and no options or rights have been granted since the end of the financial year. No options were exercised during the financial year. There are no unissued shares or interests under option as at the date of this Report.

Details of the Performance Rights granted to key management personnel are included in the Remuneration Report, which forms part of this Directors' Report.

Special Incentives

As a consequence of sale of 49% of the shares in Sunbeam ANZ, the Remuneration Committee approved special incentives for a key executive, Karen Hope, comprising 73,283 performance rights related to the year ended 30 June 2015, and 146,565 performance rights in respect of the year ending 30 June 2018, which will vest if respective EBITDA performance triggers are achieved.

For the year ended June 30 2015, the EBITDA trigger level is subject to review and endorsement by Jarden Corporation by September 2015. We expect the performance rights will vest. If the special incentive does not vest, Karen Hope will be entitled to a STI in respect of year ended 30 June 2015 of $186,099. Due to the uncertainty of the result, a STI has not been reported in the Remuneration Report.

Details of the Special Incentives granted to key management personnel are included in the Remuneration Report, which forms part of this Directors' Report.

Derivatives and Other Financial Instruments

It is the consolidated entity's policy to use derivative financial instruments to hedge cash flows subject to interest rate and foreign exchange risk according to a policy approved by the Board.

Derivative financial instruments are not held for speculative purposes. Exposures, including related derivative hedges, are reported to the Board on a monthly basis.

Financial facilities and operating cash flows are managed to ensure that the consolidated entity is not exposed to any adverse liquidity risks. Adequate standby facilities are maintained to provide strategic liquidity to meet cash flows in the ordinary course of business.

Environmental Regulation

Some of the consolidated entity's activities are subject to various environmental regulations under both Commonwealth and State legislation. The Directors are not aware of any breaches of those environmental regulations during the financial year. The consolidated entity endorses an Environmental Policy of compliance and open communication on environmental issues.

Proceedings on behalf of the Company

There were no proceedings brought on behalf of the Company, nor any persons applying for leave under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company.

Indemnity and Insurance

The Company has, pursuant to contractual arrangements, agreed to indemnify the current and a number of former Directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as a Director of the Company and its subsidiaries, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its subsidiaries, the Company Secretary and certain Senior Executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Pursuant to this indemnification, the Company has paid a premium for an insurance policy for the benefit of Directors, Secretaries and Executives of the Company and related bodies corporate of the Company. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability covered and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Remuneration Policy for Directors and Executives

The policy for determining the nature and amount of remuneration for Directors and Executives is described in the Remuneration Report, which forms part of this Directors' Report.

Director and Executive Benefits

Details of the benefits paid or provided to Directors and specified Executives are included in the Remuneration Report, which forms part of this Directors' Report, and in summary in Note 34 to the financial statements.

Rounding Off

The Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in this Report and the accompanying financial statements have been rounded off to the nearest one thousand dollars unless otherwise stated.

Significant Events after Year End

Effective 1 July, 2015, the Company acquired 100% of the shares and voting interests of Brown & Watson International Pty Ltd. Of the total estimated consideration of $209.1 million, $187 million was paid on the 1 July 2015. We expect a further $13 million will be paid upon completion of the Brown & Watson 30 June 2015 financial statements. In addition, management estimate contingent consideration of $9.1 million, payable based on an earn-out for the year ending 30 June 2016.

In the opinion of the Directors, other than as described above, no matters or circumstances have arisen since the end of the year which significantly affected or may affect the operations of the consolidated entity which have not been outlined in this report.

This Directors' Statutory Report is signed on behalf of the Directors in accordance with a resolution of Directors made pursuant to section 298(2) of the Corporations Act 2001.

R M Herron **Chairman of Directors**	**J P Ling** **Managing Director**

Dated at Melbourne, 30 July 2015

Operating and Financial Review

Overview

Following 2013-14's year of transition for GUD, 2014-15 was marked by major progress being made on all elements of the strategy that was articulated in last year's Operating and Financial Review.

The uplift in profit performance reported for 2014-15 is a direct result of the initiatives and programs that commenced in the previous financial year. These programs focused on three targeted areas for improvement, namely:

1. A detailed understanding of where each business generates its profits, by customer and by product. The majority of the underpinning analyses for this program were completed in 2013-14 and in the ensuing year the detailed profit improvement plans by business were documented and acted upon. Structured tracking of progress is in place to ensure that the improvements flagged are delivering the required uplift in financial performance. The expected benefits from the first fully developed profit improvement plans at Davey, Dexion and Sunbeam have been instrumental in driving the profit uplift in each of these businesses.
2. The second corporate program instigated in 2013-14 centred on creating a high performance culture in each operating business. The development of this program continued in 2014-15 with each business's management team now engaged in embedding high performance principles into their daily operating environments.
3. Following progress being made on the first two programs detailed above, focus has now turned to creating a breakthrough innovation culture across all GUD's businesses. Innovation, whether product or service, is fundamental to driving sales growth and margin protection in future years. GUD's aim is to have, in each business, a pipeline of breakthrough new products or services to ensure that brand momentum is maintained in every sector in which the group competes. A Product Leadership Council has been established which is tasked with driving an innovation culture in the operating businesses and with gauging the success of innovation activities with a common set of key performance measures. The initial, truly innovative new product releases are flagged for the 2015-16 year while progress continues on a number of other ideas which should come to fruition either later in the financial year or into 2016-17.

Apart from underpinning a necessary return to more acceptable levels of profitability and economic return, the principal objective of the three programs described above is to position GUD as a portfolio manager of a group of product leadership businesses that are managed for growth with common links through:

- Strong, innovation cultures.
- Embedded high performance cultures, and
- Well-led, competent management teams.

In addition to the activities described above, major actions to address the future shape of the Group's portfolio of businesses occurred in 2014-15. An analysis of past financial performance, sector attractiveness and each business's position and capabilities was performed and a set of guiding portfolio principles agreed.

Consequently, two major strategic portfolio activities occurred in the 2014-15 year:

1. The Sunbeam small appliance business was placed in a joint venture with the US-based Jarden Corporation. Jarden has a substantial position in the small appliance industry internationally, especially in North and Latin America and Europe, and has a nascent presence in the emerging markets of South East, North East and sub-continental Asia. The link with Jarden provides Sunbeam with access to a broad product and brand portfolio along with the ability to capitalise on market growth in the region. Likewise Jarden benefits from Sunbeam's skills in consumer insights, product design and engineering and brand marketing expertise.
2. The acquisition of Brown and Watson International (BWI), which was completed on the first day of the 2015-16 financial year. The portfolio review noted above identified that the automotive aftermarket was an attractive sector, as evidenced by GUD's Automotive business being the standout performer for the Group in recent years. Consequently, additional presence in this sector has been targeted and the opportunity to acquire BWI arose during the year. Following operational, financial and legal due diligence the acquisition was completed. BWI, through its brands Narva and Projecta, complements GUD's current presence in automotive aftermarkets with Ryco and Wesfil in filtration products and Goss with engine management parts. BWI, like GUD's long-standing automotive activities, is a branded business focused on the aftermarket with no reliance on the vehicle manufacturing sector in Australia.

All of the activities described above have been aimed at transitioning GUD and positioning it for the future. The early results from the profit improvement plans are evident in the 2014-15 financial performance, with more expected to come in the 2015-16 year. The first truly, innovative products will be in market launch phase during the first half of the current year while the effects of the Sunbeam joint venture and BWI acquisition will be equally apparent in the results.

Financial Performance Review

Sales

The two years of revenue decline reported in the 2012-13 and 2013-14 was reversed in the 2014-15 financial year. Total Group revenue increased by 3% to $611.5 million, the highest revenue result achieved by the business. The revenue growth reported was just under $20 million and all businesses, with the exception of Sunbeam, registered growth on the prior year.

All of this growth occurred in the second half of the year when revenue increased by $21.2 million following a small decline in the first half, compared with the previous first half year. All the business units recorded second half revenue growth. The principal factors influencing these revenue results for the 2014-15 year were:

- Despite an overall decline of 2%, which was due to a decline in the first half of $2.8 million on the previous first half, Sunbeam's revenue trend reversed notably in the second half. Growth of $1.7 million was reported with the major contributors to this being the launch of the Oster blender range, the introduction of the GoBlend and GoLunch products and, stemming from these activities, an improvement in retailer support. In addition the re-introduction of the Sunbeam brand into the Noel Leeming chain of stores in New Zealand has provided a further boost to revenue on a year-on-year basis.
- Growth in Dexion, especially in the second half, as some major projects were finalised and as market conditions in New Zealand and Asia improve. The Australian market for warehouse racking products continues to suffer from pricing and margin pressure and this is being addressed through a number of on-going cost-to-serve improvement actions.
- Oates reported solid sales growth across the year, reflecting its market leading service capabilities in the hardware and commercial market segments. The grocery market remains competitive and brands continue to be under pressure from retailers' house brand aspirations.
- The Automotive business benefited from a combination of new product activities and market leading marketing and promotional campaigns. Revenue growth of 6% was recorded reflecting the market share gains being made by Ryco, Goss and Wesfil in their respective market segments.
- With little new product activity in the year and prolonged competitive conditions in the Australian water product markets, Davey's revenue improved by only 1% on the level of the prior year. What new product activity there was occurred late in the year, with the result that there was little contribution logged. Conversely, Davey's export business picked up following the devaluation of the Australian dollar and as a result of a number of in-market initiatives.
- Despite suffering from delayed new product programs and relatively flat demand in a number of crucial market segments, Lock Focus registered a small revenue growth from its identified growth market segments.

Profit

Net profit after tax was $33.2 million, an increase of 88% on the $17.7 million in the prior year. Apart from an improvement in business operating performance a major contributor to the profit uplift was the absence of substantial restructuring and impairment costs in 2014-15.

In the prior year a total of $19 million pre-tax was incurred in Sunbeam and Dexion, principally, in restructuring and associated activities. In 2014-15 no costs of this nature were incurred. However, an amount of $1.7 million was incurred relating to costs associated with the Sunbeam joint venture transaction and the acquisition of Brown and Watson.

Underlying Earnings before Interest and Tax (EBIT) increased by 20% to $58.9 million from $49.0 million in the prior year. With the exception of Lock Focus all business reported growth in underlying EBIT in 2014-15, Sunbeam being the standout with a 383% uplift. Dexion's underlying EBIT improved an impressive 72% on the prior year's level.

The principal factors affecting the profit results for the 2014-15 year were:

- The profit improvement plan initiatives that were actioned in Sunbeam, Dexion and Davey following the profitability analyses completed in late 2013. Improvements in freight and logistics costs, warranty costs and cost-to-serve have all contributed to the profit uplift in these businesses.
- Sales growth and gross profit margin contributed nearly $8 million of gross profit improvement compared with the prior year. In a year when the Australian dollar has devalued against the US dollar, the primary currency in which GUD purchases a substantial component of its product requirements, all business have been active in either seeking price increases to compensate for the high cost of product or actively managing product cost with suppliers, or a combination of both. The recent decline in commodity and base metal prices has resulted in further opportunities to improve the cost of product with the objective of maintaining gross profit margins.
- Gross profit margin remained stable at just over 37% as a consequence of the pricing and product cost activities mentioned above and as a result of the prior year's restructuring activities. There has been a contribution to this result from Dexion's relocation of rack manufacturing from Sydney to Malaysia as well as from Dexion Commercial ceasing manufacturing and outsourcing to lower cost product sources.

Foreign Exchange

GUD continues to source inputs or completed products from suppliers based predominately in Asia, usually priced in the foreign currency. As the inputs or products are typically on-sold to customers in Australia or New Zealand in Australian dollars or New Zealand dollars, movements in foreign currency values have the potential to substantially impact the Group financial result each year.

To address these potential impacts, GUD continues hedges up to 90% of the forecast foreign currency net purchases for up to twelve months. In considering the level and period of forward cover for each business, management considers the typical variability and seasonality of sales and the typical lead times required to review price lists and apply price changes in the markets or channels where the businesses participate.

As the gradual weakening of the Australian dollar was anticipated, currency hedging over the past year was addressed exclusively through forward exchange contracts wherein the exchange rate is defined at the time of entering the contract.

The weakening of the Australian Dollar, and with it the New Zealand Dollar, against the US Dollar has necessitated the careful management of potential supplier cost reductions as well as domestic cost inflation, and in most businesses revisions to price lists. The businesses were successful in achieving price rises although, in the case of Dexion, weakening steel prices largely offset the currency impacts to reduce the level of price increases sought from the market. Many businesses have also put in place, or are finalising, price rises to take effect early in the coming financial year in light of current exchange rates and anticipated domestic cost inflation.

Dividends

The total dividend for the 2014-15 year was 42 cents per share, consisting of an interim dividend of 20 cents per share and 22 cents per share final dividend. Both dividends were fully franked.

The total dividend for 2014-15 represents an increase of 17% on the level for the previous financial year, when dividends of 36 cents per share were declared and paid.

The Dividend Reinvestment Plan remains suspended due to GUD's continuing strong balance sheet position.

Cash Generation and Capital Management

Operating cash flow increased from $29.6 million in 2013-14 to $30.1 million in the year being reviewed. The increase lagged the growth in profits as $7.9 million of restructuring costs reported in the prior financial year were paid out in the current financial year and inventory increased in line with new product introductions and a move toward a growth agenda in the coming year.

Debtors increased over the prior year, in part due to the robust sales performance in the last months of the year, but were largely funded by the growth in payables. In spite of the growth, the Group's value of bad debts did not escalate over the prior year's level and remain immaterial.

The major capital management development for the year was the increase in the Company's share capital following a private placement and a share purchase plan. These were required to partially finance the acquisition of Brown & Watson International Pty. Ltd. A total of 14,140,358 shares were issued in the last quarter of the year raising $101.5 million after associated issue costs.

As a result of the liquidity flowing from the capital raisings the net debt of the Company, at 30th June 2015, swung to a net cash position of $0.6 million. The Company returned to a net debt position on 1st July 2015 after the settlement of the Brown and Watson acquisition.

External Financing Facilities

During the year GUD Holdings debt facilities continued unchanged, with the Group relying principally on the $150 million of facilities in place for Australia and New Zealand with a combination of Westpac, National Australia Bank and ANZ Banking Group of which $50 million was due to expire in October 2016 and $100 million in October 2018. The agreement was modified during the year to permit the sale of 49% of Sunbeam to Jarden Corporation.

Elsewhere minor additional facilities remain in place to support the working capital requirements of GUD's Asian subsidiaries.

To accommodate the acquisition of Brown & Watson International Pty Ltd, it was necessary to seek expanded banking facilities. With favourable facility pricing in the debt marketplace, the Company took the opportunity to negotiate new banking facilities for a total of $300 million.

This new five year facility commenced after the completion of the financial year and will expire on 1st July 2020. The facility, combined with interest swaps for a similar period on the expanded debt, provides mid-term security over debt finance availability and pricing. The new facility sees a change in the banking profile involving Westpac, NAB and the Commonwealth Bank. The ANZ Bank will continue to be involved through Asian debt facilities.

Strategy Review

GUD's primary objective is to produce long-term shareholder returns above the cost of capital and to maximise the value of its brand portfolio for the benefit of shareholders. Strategy development and execution is focused at an individual business level and the businesses operate with a significant degree of autonomy within a framework of the overarching strategy.

This strategy is simple and includes the following elements:

1. Investing in innovative product development in every business to deliver to consumer, trade or industrial customers, breakthrough new products with distinctive features, lower costs and improved performance.
2. Investing in GUD's brands through the full spectrum of marketing activities and programs to maintain strong positions with each brand's target audience.
3. Improving product and supply chain costs and efficiency to enable each business to remain internationally competitive in its product market.
4. Improving efficiency and product unit costs in operations where GUD retains a manufacturing capability.
5. Actively managing the business portfolio to optimise shareholder returns. This involves using the Group's strong financial position to make selected, value creating acquisitions that either complement the existing activities or, that provide new avenues for growth.

Actions taken on these strategy components during the 2014-15 financial year are detailed below.

Innovation and New Product Development

As detailed earlier in this Operating and Financial Review, innovation and product leadership is a major priority for all businesses in the GUD group both in the short and longer terms. The principal focus is changing, however, from innovation that could be classified as incremental to that which is truly breakthrough.

Necessarily, breakthrough activities take longer to come to market than those that are merely cosmetic or minor, as they require a vigorous process starting with a deep understanding of consumers' or users' needs stemming from uncovering insights into behaviours and usage patterns.

Much of the evident new product activity in 2014-15 has been grounded in incremental processes. However, each business has embarked upon a course to identify the breakthrough product and service opportunities that will make a difference in the future. The progress with these varies by business, from one which is in prototype testing mode to others, which are still undergoing research and ideation.

Notwithstanding that breakthroughs should become more frequent in 2015-16 there were a number of notable activities that supported revenue growth and margin retention in the year.

First, the connection with Jarden provided Sunbeam with the opportunity to launch a range of high quality blenders using Jarden's Oster brand. Oster was the original blender brand in the US and Sunbeam was able to select a number of products from Oster's range, including the high end Versa model, the iconic Beehive blender and a personal blender – the FitBlend. This range was launched in April 2015 in time for Mothers Day. The launch was supported by a multi-faceted communications program based around extended infomercials shown on both free-to-air and subscription television.

The blender market has been one of the fastest growing categories in small electrical appliances in recent years, especially the personal blender segment. The joint venture with Jarden has allowed Sunbeam to circumvent the usual prolonged product development process and to access products that it can readily bring to market to capitalise on these types of trends.

While this new product activity can be classified as “catch-up” the next phase of Sunbeam’s new product program is dedicated to breakthrough actions. The first of these is scheduled for launch in the first half of the 2015-16 year.

Another notable new product activity occurring in 2014-15 comes from Dexion’s Commercial business unit. This business is focused on storage solutions for commercial end-uses; that is storage in offices, museums, libraries and the like. Following the completion of its challenging outsourcing program attention in Dexion Commercial has been re-directed to new products and new markets. A growing market internationally at present is that for parcel lockers, as it is following the growth of internet shopping and the increase in parcel deliveries to consumers as a result.

Across the 2014-15 year Dexion was active in introducing three new lockers products onto the market, including one parcel locker range. These products have hit the mark and are partly behind the recovery in financial performance reported from Dexion Commercial.

Prior to the commencement of the 2014-15 year Dexion’s Industrial business completed the installation of the new “Jumbo” equipment at its Kuala Lumpur factory. This gear allows Dexion to produce industrial racking structures for the emerging high-bay warehouse market. Demand for this profile of storage facility is growing rapidly, especially in the developing Asian markets where land is expensive. By building vertically rather than horizontally the cost per square metre reduces substantially.

Dexion’s ability to service this market with the particular racking product required has been enhanced by this investment in plant and it has been rewarded by Dexion securing six major automated systems projects for this type of product over the course of the year. It also maintains a strong order pipeline for product from this equipment going into 2015-16.

Investing in Brands

GUD has operated a common brand management process across all businesses for over seven years. This process involves the creation of an annual brand plan, in conjunction with the annual budget planning cycle. Each plan outlines the actions to be undertaken to strengthen the brand, both within the forthcoming budget year and beyond.

Performance against these actions is tracked with a structured, annual brand tracking survey. These surveys monitor the major brand health parameters.

Performance issues that are identified through the brand health survey are embedded into the annual brand plan update. The associated remedial actions and timelines are incorporated into the brand plan and the annual budget.

In the context of the brand planning disciplines instilled in GUD’s operating businesses the major branding activities, apart from new product development, that occurred in 2014-15 were:

- A number of disruptive and innovative marketing campaigns were initiated by Sunbeam in the lead up to the Christmas trading period in 2014. These campaigns utilised a blend of media including traditional television, social media along with supporting in-store activities. Three campaigns were activated – The Seven Measures of Mixing, Real Men Cook and Cooking is Competitive. The consumer and trade response to all three was extremely positive during the period in which the campaigns were active.
- In addition to the marketing activities noted above Sunbeam capitalised on its connection to Jarden Consumer Solutions by accessing products in the Jarden portfolio and launching them during the fourth quarter of the year in both Australia and New Zealand. Products were put to market using the Sunbeam and Oster brand names. These activities have been instrumental in driving Sunbeam’s revenue growth in the second half.
- Following last year’s line extension into agricultural and heavy duty filters the Ryco business introduced a filter program for motorcycles, supplemented with an industry-leading catalogue. In addition, to maintain its market leading position in automotive filtration Ryco introduced 130 new part numbers as part of its strategy to ensure it is able to meet the needs of the local market with its diversity of automobile choices.
- Similar to Sunbeam Ryco also embarked upon a disruptive marketing campaign with its Bucket List promotion run in conjunction with the automotive parts distributor Burson. Reflecting its innovative approach this marketing activity won the “Most Innovative Supply Chain Engagement Award” at the Australian Automotive Aftermarket Association Expo held in Melbourne in April 2015.

- Still in Automotive, the other two brands in this stable – Goss and Wesfil – both engaged in range extension programs during the year. Goss sourced and introduced an emission sensor parts program to complement its established range of replacement fuel pumps and associated engine management parts and expanded its range of coils to around 200 parts. Wesfil acquired a range of budget lighting products under the Exelite brand to complement its premium Osram offering.
- GUD's Oates cleaning products business continues with activities directed at securing its position as the number one supplier to the commercial and industrial cleaning market segment. These activities include new products and industry-leading trade programs. Reflecting this approach Oates was recognised by winning the "Supplier of the Year" by the Rapid Clean group.
- Following its major brand consolidation activity in 2013-14 Dexion focused on a number of product launches in 2014-15 in both its Industrial and Commercial business units. In the former the principal activity was the introduction of the Dexion 808 product, directed at large automated storage and retrieval systems. The existence of this product was only possible through commissioning the new "Jumbo" roll-forming equipment at Dexion's Malaysian factory during 2014. The rationale for investing in this equipment was to provide Dexion with access to a growing market segment in the Asian and Middle Eastern region.
- In its Commercial business Dexion brought to market a range of new products including shelving and lockers. Following a number of years of restructuring and withdrawal from local manufacturing Dexion Commercial is now firmly focused on product innovation and this is evident through the new product activity in 2014-15 and that planned for successive years.
- Similar to its companion businesses in the GUD Group, Davey's year was also busy with product launches and marketing programs. A number of new product development activities, which had been underway for some years, finally reached the commercialisation stage in 2014-15. These included two variable speed drive pumps, one for swimming pools and one for pump sets, a small diesel engine Firefighter pump and Davey's new Promatic salt chlorinator. Moreover, Davey's support to regional and rural Australia was acknowledged by it winning Ruralco/CRT's "Supplier of the Year" award in Queensland against 1,000 suppliers to this leading agribusiness.

In addition to the more strategic branding activities detailed above, GUD's businesses make on-going investments in their respective brands through normal day-to-day marketing activities such as:

- Media advertising: GUD's brands communicate through a mix of television, magazines, trade publications, radio, internet and social media channels.
- Point-of-sale collateral, including product packaging, shelf talkers, catalogues and swing tags.
- Website development and enhancement.
- New product design, development and introduction (as detailed in the previous section).

Supply Chain Efficiency

GUD's traditional operating method has been to run each business completely autonomously, with very little sharing of facilities and services. Some purchasing and procurement activities have occurred centrally, where opportunities exist to capitalise on the combined purchasing power. For example, the Group has procured its ocean freight requirements on a consolidated basis since 2008. This approach has delivered substantial benefits to the operating businesses, as they have been able to secure more attractive freight rates due to the combined volumes along with a commitment to space, especially in peak seasonal periods.

With changing market conditions and increasingly competitive environments the potential to improve the Group's cost position through a more co-ordinated approach to supply chain activities was identified as an area that potentially provides opportunity to generate efficiencies and the attendant financial benefits.

Substantial effort has been applied to improving logistics costs at Davey in particular. As a result of a number of individual initiatives freight and logistics cost at this business have reduced markedly both as a proportion of sales value and in absolute terms.

These initiatives have included revising the way spare parts are held and freighted, leading to a reduction in airfreight costs, leveraging the combined GUD spend to achieve more favourable freight rate structures and relocation to a shared facility in Brisbane.

The last of these is significant as it is the first time in many years that GUD's businesses have operated from a common distribution facility in an interstate location. The facility in Brisbane is shared between Oates and Davey. The benefits of this arrangement accrue not only in the form of operating efficiencies but also in underpinning the reduction in product being shipped from a national warehouse to interstate branches. The Brisbane warehouse is sufficiently scaled that both Oates and Davey can ship product directly from offshore suppliers to Brisbane, thereby avoiding costly handling through their respective primary warehouses, both of which are located in Melbourne.

In addition to the improvements noted above, an evaluation of the potential to consolidate shipments at source (principally China) and ship directly to interstate locations is now being evaluated. If feasible this concept should lead to further utilisation of interstate branches and lessen the reliance on each business's main hub. The benefits of this are many, not the least of which is an enhanced level of customer service as product will be available at locations that are closer to the ultimate demand point at a lower cost.

Improved Manufacturing Efficiency

GUD maintains a manufacturing capability in three businesses – Davey, Dexion and Lock Focus. All other businesses in the Group source their products from third party suppliers the majority of which are located offshore.

Davey essentially assembles products from sourced components at its Scoresby factory in Melbourne's south eastern suburbs. Close by, Lock Focus engages in die casting, metal stamping and assembly processes to make its range of locking and associated products.

The focus on improving manufacturing efficiency in 2014-15 was principally on Dexion

Until this year Dexion operated four manufacturing facilities. Three of these – Sydney, Kuala Lumpur and Shanghai – are associated with the warehouse racking part of the Dexion business, while the fourth – a factory in Sunshine, Melbourne - supported Dexion's Commercial business.

It was previously announced that, during the course of 2014-15, the Sunshine and Kings Park (Sydney) factories were to be closed. The rationale for ceasing operations at each of these locations was to lower the cost of product to ensure Dexion maintained competitiveness in each sector in which it competes. This process is well known to GUD, which, during the course of the late 1990s and into the 2000s, engaged in similar activities at Sunbeam, Oates and the Automotive businesses.

Dexion's Commercial manufacturing plant at Sunshine ceased operations in September 2014 and all products sold by Dexion Commercial are now sourced from offshore suppliers. The cost of this restructuring was taken up in the accounts for 2013-14. On top of the decision to exit the Elite Built business, which was completed in July 2014, the closure of Sunshine has had the effect of focusing this business's activities to product design, storage solution selling and project management and this focus is now being rewarded by a markedly improved financial performance and an improving position in the market, especially in the developing regions of South and North East Asia.

The most far-reaching manufacturing restructure was that in Dexion Industrial, which was also announced and accounted for in the previous financial year. This involved a number of activities including the closure of the factory in Sydney, the relocation of much of its machinery to Dexion's facility in Malaysia and the subsequent re-configuration of the Malaysian factory and the commissioning of the relocated equipment.

The Sydney factory was closed on schedule in October 2014. The first tranche of equipment to be shifted to Malaysia was moved in July that year and further shipments occurred progressively between July and September.

The reconfigured plant at Kuala Lumpur became fully operational in December 2014 and since that time efforts have been applied to maximising its efficiency and equipment utilisation.

To support the increased manufacturing capacity in Malaysia a new leased warehouse was built and automated equipment for shipping container loading and unloading was installed.

Following this fundamental reshaping of Dexion's manufacturing footprint the principal remaining task is that of supply chain efficiency. This was being addressed in the second half of 2014-15 and will remain a priority for the 2015-16 financial year.

The financial benefits from both of these activities – the closure of Sunshine and the relocation of Sydney – are evident in Dexion's financial performance. In particular the conversion cost for warehouse racking products has declined considerably as a result of the shift to Malaysia. However, there are further benefits to flow as Dexion's supply chain becomes optimised over time.

Portfolio Management

GUD undertook two noteworthy portfolio-changing actions in the 2014-15 year:

- Joint venturing the Sunbeam business with the US-based Jarden Corporation, and
- The acquisition of BWI.

The first of these, the Sunbeam joint venture, was announced in October 2014 and involved Jarden, through its small appliance business unit Jarden Consumer Solutions (JCS), acquiring 49% of Sunbeam. In turn, GUD has acquired 49% of JCS's Asian sales and marketing operations.

The two joint ventures are operating under a unified management structure that is led by Sunbeam's CEO, Karen Hope. The combined business has been tasked with growing sales of both Sunbeam's and JCS's array of products in the Asia-Pacific region. The business is expected to be active in twenty countries spanning from India to New Zealand in 2015.

The rationale for this arrangement is that this effectively resolves Sunbeam's lack of international scale and geographic, brand ownership limitations. Sunbeam is able to access the full JCS product range and brand portfolio to support revenue growth in Australia and New Zealand. Equally, opportunities open up for Sunbeam's product range across the Asian markets, opportunities that were not previously available due to GUD having ownership rights to the Sunbeam brand for only Australia and New Zealand.

One such opportunity has been secured with the April 2015 launch of a range of Oster blenders in Australia and New Zealand, as previously detailed.

In addition to the obvious sales growth potential available through combining the Sunbeam and JCS businesses there is the potential to generate considerable synergy savings. Sunbeam will be able to utilise JCS's substantial Hong Kong-based sourcing office to complement its own activities in this critical business function while it should also benefit from JCS's scale in purchasing small electrical appliances.

Following the announcement of the joint venture Sunbeam's sourcing and quality assurance team in Hong Kong relocated to Jarden's offices. This combining of the two organisations will accelerate the capturing of those synergies available on the product supply side of the business.

This venture with JCS addresses Sunbeam's need to have revenue growth opportunities outside of its established base in Australia and New Zealand, while it also provides the business with scale economies for sourcing. Importantly the joint ventures provide Sunbeam with the opportunity to participate in joint product development initiatives with Jarden globally, such initiatives being fundamental to underpinning future profit growth.

As noted in the Overview section of this Review, GUD undertook the acquisition of BWI on 1st July 2015. This acquisition was announced in May 2015 and was supported by a successful institutional share placement and retail share purchase plan.

BWI is a leading supplier of lighting and electrical accessories and battery power and maintenance products to, principally, the automotive aftermarket. It serves a broader customer base than GUD's existing Automotive business; this customer base includes the auto electrical trade, the battery specialist trade, manufacturers and fabricators of semi-trailers, truck bodies and caravans/camper vans and motor homes.

The business has been in existence since 1953 but has focused only on automotive products since the early 1980s.

Similar to most of GUD's business units BWI maintains an active product development and technology expertise along with comprehensive test laboratory facilities. It manages two leading brands in their respective market sectors – Narva in lighting and Projecta in battery products – and sources its product range from leading international suppliers.

BWI's sales footprint covers Australia and New Zealand.

The acquisition of BWI was attractive to GUD for a number of compelling reasons including:

- **Attractive and complementary market** - its fundamental business drivers are similar to the existing GUD Automotive business, with demand driven by Australia's total vehicle pool.
- **Market leading brands** - it is the owner of the market leading NARVA and Projecta brands in Australia and New Zealand
- **Leading in-house research and development capabilities** – these allow BWI to be first to market with new products and technologies tailored to the local market conditions
- **Comprehensive product portfolio** – BWI is a 'one-stop shop' with an extensive product range of over 6,000 products developed over 30 years
- **Broad customer base and diversified distribution channels.**
- **Strong expected financial performance with upside potential** – there is a clear path to FY16 earnings growth with the introduction of new products and the implementation of GUD's management processes.
- **Benefits to the broader automotive business** - the ability to strengthen customer and supplier relationships across GUD Automotive and BWI.

BWI's long standing Managing Director and significant shareholder, Steve Waterham, is retiring following the acquisition and his role will be filled by Bob Pattison, who transfers to BWI from GUD's Ryco business. This move will facilitate BWI's transition into, and integration with, GUD.

It is expected that this acquisition will contribute $27.9 million of EBIT to the GUD result for the 2015-16 financial year.

Corporate Social Responsibility

People, Safety and Culture

Throughout the year there have been a number of initiatives introduced to instil confidence in GUD's people to succeed in business and build capability for the future, and to do so in a challenging, rewarding and safe environment.

Late in the preceding year the Managing Director set the threshold, challenging the Chief Executives of the businesses to drive for better performance in all aspects of business, but focusing on driving growth through innovation, high performance and re-looking at the ways of doing business.

As noted previously an innovation program has been introduced with the establishment of the Product Leadership Council. This has an ongoing focus of developing a stream of new products to ensure GUD's brands remain foremost in customers' and consumers' minds. The excitement generated by successful new products also engenders a sense of pride in all employees.

High performance was a particular focus, with CEOs and corporate executives introduced to a model for improving team dynamics and identifying, challenging and rewarding high performers. This program has been highly successful, most clearly in the performance of the Automotive business.

The year also saw the introduction of two surveys of employees. The first was a broad based employee satisfaction survey designed to understand how GUD people across the businesses perceive a number of cultural and management effectiveness dimensions. It was important to understand how people have coped with the changes introduced, how they feel about communication around the changes as well as how supportive the business is to roles and to contribution to the future direction. The responses to the survey lead to various initiatives to increase the communication of plans and objectives of the Board and senior management.

The second survey was a targeted employee safety survey as part of the approach to improving the overall safety culture by measuring initial safety culture strength and identifying areas for the improvement of safety management systems and leadership. The responses to this survey provided GUD's safety teams with information to consider strength and weaknesses in categories of Leadership, Structure, and Process and Actions. Since the survey the priority has been to enhance safety leadership through a number of initiatives.

The results from the increased emphasis on safety across the businesses are evident in the following table.

Measure	2012-13	2013-14	2014-15
Total Recordable Injury Frequency Rate	16.8	14.3	8.2
Lost Time Injury Frequency Rate	3.7	5.6	1.8
Days Lost per 100 Employees Per Year	25.4	27.8	17.1

Not resting there, management is intent on moving safety culture away from one of supervised safety to independence, where employees take responsibility for their own safety and the safety of their work colleagues.

Another initiative undertaken during the year was to conduct a study, with the assistance of AON Hewitt, to evaluate and grade each role within the businesses. This study allows the Group to ensure equality and fairness in making salary and career decisions for GUD's employees. It also forms the basis of ensuring sustainability into the future in particular in areas such as career and succession planning, development planning and workforce planning. The objective is to understand and grow the pool of talent available to the Group and ensure that personnel with the right skills and experience are best utilised.

Diversity, in particular gender diversity, is at the forefront of Board and management thinking. GUD's formal report on diversity is included in the Corporate Governance Statement, which is available on the website at http://www.gud.com.au/corporate-governance. A copy of GUD's diversity policy is also available at the same location.

Sustainability

GUD manages its businesses to be responsive, ethical, open and accountable, promoting a relationship of respect and trust by and with shareholders, customers, government and community, and employees.

Initiatives such as ethical sourcing, responsible packaging, lower energy consumption, hazardous chemical reduction, waste recycling and storm water harvesting are ongoing programs across the Group.

GUD addresses sustainability on two levels:

1. Striving to design and make more environmentally sustainable products, in terms of efficiency, materials usage and recycling. GUD's businesses have always strived to bring innovation to their product ideas and development. Recent management action has meant that innovation, an important factor in the sustainability of any business, has been mandated as a priority.
2. Improving the Group's manufacturing and distribution operations and processes to optimise performance. A major focus continues on inbound and outbound freight and logistics operations, having already identified and realised considerable savings and operational efficiencies.

GUD's businesses have relatively minor impact on climate change through greenhouse gas emissions and energy consumption. GUD's operations in total continue to be well beneath the reportable thresholds established by the National Greenhouse and Energy Reporting Act. Nevertheless, businesses are conscious of their impact on the environment and seek to minimise that impact by implementing cost-effective changes to practices.

Recognising the need to incorporate sustainability into an overall comprehensive reporting of non-financial information, GUD is developing a framework for sustainability strategy and reporting. The first step in developing, understanding and managing sustainability risk is to assess each business's major activities and then determine material issues with initial prioritisation.

Once the material risks are identified, the businesses will develop action plans and programs for monitoring and reporting.

Risk Review

Operational Risks

It is the policy of GUD Holdings Limited to ensure that there is a systematic process to identify, analyse, assess, manage and monitor risk throughout the Group.

An evaluation of all organisational risks at business level is performed twice annually for presentation to the Board for review. In addition, there are established policies and processes in relation to specific risks, such as occupational health and safety and financial risk management.

The twice annual business unit risk assessments are performed utilising a standard framework that is designed to ensure that strategic, operational, legal, reputational, product quality, brand and technological risks are identified, assessed, managed and monitored.

The risk management framework highlights those risks that are classified as "extreme" or "high" and these become the priorities for mitigation actions. These risks are material business risks that could adversely affect achievement of GUD's strategy outlined in the 'Strategy' section above and financial prospects described in the 'Outlook' section.

The risks identified as "extreme" have not changed in the past year; these are detailed below.

- Brand reputation risk due to poor product quality from external suppliers. GUD relies heavily on external manufacturers to supply products that comply with GUD's brand quality standards. Any decline in quality could cause major reputational damage and a consequent degradation in brand equity.
- Consolidation of the customer base. Further consolidation of corporate ownership of the customers served by GUD's businesses could potentially lead to pressures to negotiate less favourable trading terms for GUD and to demands for additional promotional allowances and other margin-reducing activities.

Whilst having reduced in perceived risk from "extreme" to "high" GUD still considers supply chain risk, which includes supplier failure and the inability to receive products sourced from offshore suppliers, to be a threat. GUD is heavily dependent on offshore suppliers for a substantial proportion of its product range. Oates, Sunbeam and the Automotive businesses import their full product needs while Davey, Dexion and Lock Focus produce product as well as source from external suppliers. There are a number of individual risks that could be categorized under this subject, including supplier financial failure and country risk through sourcing and shipping predominantly from one location. Monitoring and mitigation activities continue to reduce and manage the severity of these risks.

Foreign Exchange Risk

Foreign currency fluctuations have been identified as material business risks that could adversely affect achievement of GUD's strategy outlined in the 'Strategy' section above and financial prospects described in the following section headed 'Outlook'.

The nature of this risk has not fundamentally changed over the 2014-15 year.

The significant foreign exchange exposures affecting GUD's businesses arise from purchases of goods in foreign currencies that are translated back to the functional currency of the relevant subsidiary, and has increased somewhat with the relocation of Dexion manufacturing from Australia to Malaysia.

Foreign exchange exposures will continue to be managed from a perspective of reducing the effects of volatility on the value of the foreign currency cash flows of the business.

The GUD Group's foreign exchange policy requires significant purchases in foreign currencies to be hedged using either foreign exchange contracts, options or collars.

A Financial Risk Management Committee, consisting of finance staff from the subsidiaries and managers from the holding company, meets monthly in order to monitor foreign currency exposures.

Outlook

The full year contribution from the BWI acquisition coupled with further contributions from the various profit improvement plans and new product introductions at the established businesses should result in a substantial uplift in GUD's financial performance in the 2015-16 year. In addition, Dexion will enjoy the full year benefit from the 2014-15 manufacturing restructure and from further actions to improve performance in its Australian warehouse racking business unit.

All businesses with a product cost structure that is linked to the value of the Australian dollar relative to the US dollar have either implemented, or have planned, price increases to offset the effects of the recent devaluation.

Of the established businesses **Dexion** is expected to provide the most substantial profit uplift. This will come about due to a combination of those factors mentioned above along with further supply chain efficiency improvements and sales growth in Asia.

Sunbeam should contribute notable profit growth as it benefits from a full year's contribution from the Oster blender products launched in April 2015. In addition there are a number of products in Sunbeam's innovation pipeline that are scheduled for introduction during the year. All of these activities have had, and will continue to have, the effect of re-establishing Sunbeam's credibility as an innovator with both retail customers and consumers. Access to Jarden's broad product range will also allow Sunbeam to engage in tactical product programs to address particular opportunities as they arise.

The Ryco, Goss and Wesfil units in the **Automotive** business are focusing on optimising recent product introductions along with progressing breakthrough technology concepts. Ryco will focus on fine tuning its heavy duty range and approach to market while Goss will continue with developing its oxygen sensors product offering.

The **Davey** water products business has undergone an immense change program since the appointment of David Worley as CEO in June 2014. Davey has a structured profit improvement plan embracing procurement costs savings, further freight and logistics efficiency improvements and sales force effectiveness. All of these are expected to contribute to profit growth, as are new product introductions. The latter includes a number of new technology pumps for domestic and export markets along with a re-launched salt chlorinator for the European market.

The **Oates** cleaning products business should see profit growth from a combination of new product launches and procurement cost savings. Oates has recently embarked on its innovation journey and is expecting this activity to provide a number of potential breakthrough new product options during the course of the year.

In recent years GUD's smallest business, **Lock Focus**, has been devoted to a number of significant new product activities in conjunction with some of its major original equipment-manufacturing customers. It was expected that some of these would be commercialised in the 2014-15 year but that has not occurred. It is now expected that contributions from these should start to flow in 2015-16.

Remuneration Report (Audited)

This report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001.

The report is outlined in the following sections:

1. Who this report covers
2. Remuneration governance
3. Managing Director and Senior Executive remuneration strategy and structure
4. Remuneration for the Executive Directors and Senior Executives
5. Link between performance and remuneration outcomes
6. Service agreements
7. Non-Executive Directors' remuneration

1. Who this report covers

This report outlines the remuneration arrangements for the Group's key management personnel (KMP).

The following individuals had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year ended 30 June 2015:

Name	Role
Non-Executive Directors	
R M Herron	Non-Executive Director and Chairman
P A F Hay	Non-Executive Director, Chairman of Remuneration Committee
M G Smith	Non-Executive Director
G A Billings	Non-Executive Director, Chairman of Audit, Risk & Compliance Committee
D D Robinson	Non-Executive Director
Executive Directors	
J P Ling	Managing Director
Senior Executives	
M Fraser	Chief Financial Officer
K Hope	Chief Executive Officer – Sunbeam
D Birch	Chief Executive Officer – E D Oates
R Pattison	Chief Executive Officer – GUD Automotive
P O'Keefe	Chief Executive Officer – Dexion
C Andersen	Former Chief Executive Officer – Davey, resigned 31 August 2014
D Worley	Chief Executive Officer – Davey
T Cooper	Managing Director – Wesfil

2. Remuneration governance

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Managing Director and Senior Executives.

The Remuneration Committee consists of the five Non-Executive Directors and is responsible for determining and agreeing with the Board a framework and broad policy for remuneration. It advises the Board on remuneration policies and practices in general, and makes specific recommendations on remuneration packages, incentives and other terms of employment for KMP.

A copy of the Remuneration Committee Charter is available under the Governance section of the Company's website.

The Managing Director and Senior Executives do not participate in any decision relating to their own remuneration.

3. Managing Director and Senior Executive remuneration strategy and structure

Remuneration strategy

Our remuneration strategy is designed to attract, retain and motivate appropriately qualified and experienced Directors and Senior Executives. Our strategy ensures we are well positioned to deliver reasonable and market competitive rewards in a way that supports a clear performance focus and is aligned with the long-term goals of the Group.

In determining the Managing Director's and Senior Executives' remuneration, we have developed remuneration guiding principles to assist in decision-making:

- The remuneration structure is relevant and simple for Senior Executives and shareholders to understand.
- Our remuneration practices support the delivery of long-term business strategy and provide a clear link between Group performance and remuneration outcomes.
- Remuneration levels are sufficient to attract and retain key talent and be competitive against relevant companies.
- We have clearly defined and disclosed remuneration processes and structures that reflect shareholder views and objectives.
- Our incentive plans are carefully designed to balance the twin imperatives of short-term performance and long-term enhancement of shareholder value, and are regularly reviewed to ensure alignment with corporate governance principles.
- The Remuneration Committee is committed to continuing to review and refine the remuneration strategy to ensure it meets the changing needs of the Group and remains aligned to shareholder interests.

Remuneration structure

The remuneration framework provides a mix of fixed and variable remuneration and has four components:

- Fixed remuneration, and an "at risk" remuneration including;
- Short-term incentives (STI)
- Long-term incentives (LTI) and
- Special incentives.

These, together with certain non-cash benefits, comprise the total remuneration paid to KMP.

Our approach is to position the 'at risk' components of Senior Executives' remuneration relative to fixed remuneration, to around 40 per cent of target 'at risk' (i.e. STI, LTI and special incentives).

Fixed remuneration

The remuneration packages for the Managing Director and Senior Executives contain a fixed amount that is not performance linked. The fixed component consists of salary and vehicle entitlement, as well as employer contributions to superannuation funds, salary continuance insurance premiums and certain employment related memberships. Fixed remuneration for Senior Executives is determined by reference to the scope of their positions and the knowledge, experience and skills required to perform their roles. Periodically, independent consultants provide analysis and advice to the Remuneration Committee to ensure the packages are competitive in the market with comparable roles. In addition, to support our strategy, and to ensure that our remuneration practices are reasonable and market competitive, we have identified a peer group of similar size companies for benchmarking Managing Director and Senior Executive remuneration. We have adopted a desired market positioning around the median of the peer group.

The Remuneration Committee, through a process that considers individual, business unit and overall performance of the Group, reviews fixed remuneration 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.

STI

The current STI plan provides an annual cash bonus for achieving or exceeding an agreed Cash Value Added (CVA) target and is paid following the announcement of the Group's year-end results.

For each financial year from and including the year ended 30 June 2015:

- In respect of business unit Executives – STI bonuses will only be paid where CVA performance exceeds the CVA performance of the prior year and the CVA target for the relevant business unit.
- In respect of Group Executives – STI bonuses will only be paid where Group CVA performance exceeds the Group CVA performance of the prior year and the Group CVA target.
- CVA targets for each business unit and for the Group overall will be recommended to the Board by the Remuneration Committee in the first quarter of the financial year.

The Remuneration Committee and Board will determine the Managing Director and Senior Executive actual STI bonuses after the conclusion of the financial year in accordance with the plan rules.

The Board continues to view CVA as the most appropriate annual performance condition as it measures a true level of performance of the business without the distorting effect of financing decisions and accounting charges such as depreciation and amortisation. CVA measures the return on undepreciated and unamortised net assets utilised. CVA is effective because it is the measurement that most closely compares trading profit performance (being reported profit adjusted for non-recurring items) with the replacement value of the net assets used by the businesses. Acquisition costs are excluded from the CVA calculation due to their one-off nature, which can be difficult to budget with certainty and consequently including them could discourage growing the business through acquisitions. Similarly, newly acquired companies or business are typically excluded from the CVA target and evaluation process in the year following acquisition due to the impact of integration and restructuring activities, which typically occur after the acquisition.

STI bonuses are calculated as a percentage of fixed remuneration. When the agreed divisional CVA target is achieved, the CVA bonus is paid in full. If the CVA target is exceeded, the STI payment increases up to a ceiling of no more than 150 per cent of the base CVA incentive upon achieving 120 per cent of CVA target. No STI is paid where CVA falls below the CVA target. CVA targets for individual businesses are not published, as the Board believes they are commercially sensitive. However, the CVA return for the Company is published on a historical basis.

	% of salary at	
STI	Threshold performance	Stretch performance
Executive Directors		
J P Ling, appointed 1 August 2013	26.7	40.0
Senior Executives		
M Fraser	35.0	52.5
K Hope, appointed 6 December 2013	35.0	52.5
D Birch	35.0	52.5
R Pattison	35.0	52.5
P O'Keefe, appointed 2 September 2013	35.0	52.5
D Worley, appointed 2 June 2014	35.0	52.5
T Cooper	35.0	52.5

The Group's corporate head office Executives receive an STI payment where the Group achieves or exceeds the Group's CVA target applying the same approach outlined above for divisional Executives.

The STI plan for Group corporate head office Executives requires Group CVA performance to equal or exceed that of the prior year and equal or exceed the Group CVA target set by the Board. Details of the CVA STI bonuses payable to the Managing Director and Senior Executives for the year ended 30 June 2015 are set out in section four of this Report.

The Board considers that basing the STI payments on CVA performance aligns the interests of the Executives with the interests of shareholders in the businesses being operated profitably.

LTI

The Board considers that measuring Executives' performance for LTI purposes by reference to the Group's total shareholder return (TSR) relative to a comparator group aligns the LTI component of their remuneration with the interests of shareholders.

The comparator group is the Standard and Poor's ASX Small Ordinaries index, of which the Group forms part, modified to exclude stocks in the mining, materials and energy 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 Group for capital and employees. The comparator group comprises approximately 125–150 companies.

Following shareholder approval at the November 2012 Annual General Meeting, a new LTI plan was implemented for the year ended 30 June 2015 and beyond. LTI bonuses will be provided as performance rights, granted at the commencement of the relevant three-year period, which will convert to GUD shares if the performance hurdle is achieved over the relevant three-year performance period. The plan is in line with market norms, supports the delivery of the Group's long-term strategy and ensures that the Managing Director and Senior Executives hold an exposure to equity. The maximum number of performance rights will be set as a percentage of the Managing Director's and Senior Executives' fixed remuneration on granting, stated as a number of shares determined by applying the share price, being the VWAP over the month of June immediately prior to the commencement of the relevant year of grant.

Participation in the plan is subject to Remuneration Committee recommendation and Board approval. In the case of the Managing Director, shareholder approval is also required, and is sought at the Annual General Meeting prior to the Board formally granting the performance rights to the Managing Director.

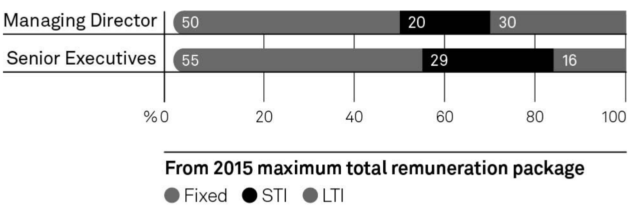
After the cessation of employment of a participating executive, the Board has the discretion whether to allow a pro rata portion of the granted performance rights to remain 'on foot' subject to the plan rules and the performance criteria. The remaining performance rights of a departing Executive lapse in accordance with plan rules.

The vesting schedule for performance rights equity-based awards is as follows:

TSR performance	% of LTI that vests
TSR below 50th percentile	Nil
TSR at 50th percentile	50
TSR between 50th and 75th percentile	Progressive vesting from 50 to 100
TSR at 75th percentile and above	100

In introducing the LTI plan for the year ended 30 June 2015 and beyond, the Remuneration Committee also sought to increase the proportion of overall potential remuneration rewarded in line with business performance.

As a result of the changes to the LTI plan, from the year ended 30 June 2015 the maximum remuneration mix for the Managing Director and Senior Executives is as follows:



Under prevailing accounting standards, the potential cost to the Company from issuing performance rights is actuarially assessed and accrued over the three-year performance testing period.

Special Incentives

With the formation of a joint venture with Jarden Corporation in November 2014, the Company sold 49% of Sunbeam for a price contingent on the financial performance of the business in the year ended 30 June 2015, and potentially in the years ending on or after 30 June 2018 if sale or purchase options are exercised by the Company or Jarden Corporation in respect of the Company's remaining 51% interest in the joint venture.

Consequent upon the transaction, the Remuneration Committee approved special incentives through the issue to Karen Hope of 73,283 performance rights related to the year ended June 30 2015, and 146,565 performance rights in respect of the year ending 30 June 2018, which will vest if performance triggers are achieved.

For the year ended 30 June 2015, the trigger level is set at an EBITDA level of $10m on the EDITDA definition applied by Jarden Corporation, and excluding certain non-recurrent costs. Achievement of the trigger level will be subject to review and endorsement by Jarden Corporation by September 2015. We expect the performance rights will vest. If the special incentive does not vest, Karen Hope will be entitled to a STI in respect of year ended 30 June 2015 of $186,099. Due to the uncertainty of the result, a STI has not been reported in remuneration report.

For the year ended 30 June 2018, the performance rights will vest on achievement of a defined EBITDA trigger level.

4. Remuneration for the Executive Directors and senior executives

Executive remuneration for the year ending 30 June 2015

Details of the nature and amount of each major element of remuneration of the Executive Directors and Senior Executives are:

		Short-term employment benefits						Long-term benefits	Share-based payments	Post-employment benefits				
	Year	Salary and fees $	STI cash bonus $	Leave entitle-ments $	Income protection premium $	Car benefits $	Total short-term employment benefits $	Long service leave $	Equity remuneration value of performance rights [1] $	Superan-nuation $	Retire-ment $	Total $	Proportion of total that is at risk %	Value of equity remuneration as a proportion of total remuneration %
Executive Directors														
J P Ling	**2015**	**887,500**	**238,589**	**(5,937)**	**1,725**	**-**	**1,121,877**	**16,846**	**151,277**	**35,000**	**-**	**1,325,000**	**29.4**	**11.4**
(appointed Aug 13)	2014	790,000	121,678	27,930	1,009	-	940,617	2,295	50,580	35,000	-	1,028,492	17	4.9
I A Campbell	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,164**	**-**	**-**	**1,164**	**100.0**	**100.0**
(retired Jul 13)	2014	84,325	-	-	306	6,230	90,861	2,168	47,948	7,800	-	148,777	32.2	32.2
Senior Executives														
M Fraser	**2015**	**478,639**	**168,863**	**15,462**	**810**	**27,800**	**691,574**	**8,833**	**77,441**	**35,000**	**-**	**812,848**	**30.3**	**9.5**
	2014	475,433	88,671	14,094	1,102	28,136	607,436	3,477	50,692	25,000	-	686,605	20.3	7.4
K Hope [2]	**2015**	**380,000**	**-**	**3,122**	**433**	**-**	**383,555**	**6,384**	**547,653**	**30,000**	**-**	**967,592**	**56.6**	**56.6**
(appointed Dec 13)	2014	213,462	-	14,916	643	-	229,021	3,545	3,048	14,583	-	250,197	1.2	1.2
D Jackson [3]	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,246**	**-**	**-**	**5,246**	**100.0**	**100.0**
(resigned Mar 14)	2014	165,955	-	11,192	477	10,380	188,004	-	20,637	14,416	101,931	324,988	6.4	6.4
D Birch	**2015**	**343,196**	**126,843**	**14,775**	**-**	**24,200**	**509,014**	**11,507**	**52,501**	**32,604**	**-**	**605,626**	**29.6**	**8.7**
	2014	303,944	110,325	8,106	-	24,200	446,575	5,019	33,322	25,000	-	509,916	28.2	6.5
R Pattison	**2015**	**357,078**	**148,269**	**27,467**	**2,906**	**29,000**	**564,720**	**6,868**	**56,799**	**33,922**	**-**	**662,309**	**31.0**	**8.6**
	2014	358,371	174,793	26,443	3,672	6,075	569,354	8,561	36,845	30,797	-	645,557	32.8	5.7
P O'Keefe [4]	**2015**	**477,500**	**-**	**29,385**	**1,011**	**-**	**507,896**	**8,264**	**38,814**	**35,000**	**-**	**589,974**	**6.6**	**6.6**
(appointed Nov 13)	2014	386,667	100,000	13,163	735	-	500,565	-	4,882	16,766	-	522,213	20.1	0.9
P Farmakis	**2015**		**-**		**-**	**-**	**-**	**-**	**260**	**6,711**	**-**	**6,971**	**3.7**	**3.7**
(resigned Aug 13)	2014	124,950	-	6,408	184	-	131,542	-	12,100	6,711	-	150,353	8.0	8.0
D Worley	**2015**	**415,000**	**-**	**15,944**	**1,599**	**-**	**432,543**	**7,704**	**23,192**	**35,000**	**-**	**498,439**	**4.7**	**4.7**
(appointed Jun 14)	2014	38,686	-	-	92	-	38,778	-	-	2,083	-	40,861	N/A	N/A
C Andersen	**2015**	**202,820**	**-**	**15,061**	**-**	**-**	**217,881**	**-**	**23,906**		**-**	**241,787**	**9.9**	**9.9**
(resigned Aug 14) [5]	2014	358,221	-	9,429	1,014	24,161	392,825	-	38,762	23,014	-	454,601	8.5	8.5
T Cooper	**2015**	**365,297**	**142,468**	**10,788**	**3,318**	**-**	**521,871**	**22,062**	**54,277**	**34,703**	**-**	**632,913**	**31.1**	**8.6**
	2014	305,772	124,156	10,233	3,511	-	443,672	1,742	33,863	28,284	-	507,561	31.1	6.7

	Short-term employment benefits						Long-term benefits	Share-based payments	Post-employment benefits				
	Salary and fees	STI cash bonus	Leave entitle-ments	Income protection premium	Car benefits	Total short-term employment benefits	Long service leave	Equity remuneration value of performance rights [1]	Superan-nuation	Retire-ment	Total	Proportion of total that is at risk	Value of equity remuneration as a proportion of total remuneration
Year	$	$	$	$	$	$	$	$	$	$	$	%	%
Total remuneration of Executive Directors and Senior Executives of the Group													
2015	**3,907,030**	**825,032**	**126,067**	**11,802**	**81,000**	**4,950,931**	**88,468**	**1,032,531**	**277,940**	**-**	**6,349,870**		
2014	3,605,786	719,623	141,914	12,745	99,182	4,579,250	26,807	332,679	229,454	101,931	5,270,121		
Total remuneration of Non-Executive Directors													
2015	**686,250**	**-**	**-**	**-**	**-**	**686,250**	**-**	**-**	**63,650**	**-**	**749,900**		
2014	670,000	-	-	-	-	670,000	-	-	61,975	-	731,975		
Total remuneration (compensation of key management personnel of the Group)													
2015	**4,593,280**	**825,032**	**126,067**	**11,802**	**81,000**	**5,637,181**	**88,468**	**1,032,531**	**341,590**	**-**	**7,099,770**		
2014	4,275,786	719,623	141,914	12,745	99,182	5,249,250	26,807	332,679	291,429	101,931	6,002,096		

1 The fair value of performance rights granted under the 2015, 2016 and 2017 performance rights plans are subject to achievement of TSR hurdles and were calculated by independent experts using a Monte-Carlo simulation valuation. The fair value is allocated to each reporting period evenly from the date of grant to the vesting date. The value disclosed in the Remuneration table above is the portion of the fair value of the performance rights expensed during the year ended 30 June 2015.

2 In addition to the performance rights granted under the 2016 and 2017 performance rights plans, Karen Hope was issued performance rights by GUD Holdings Limited in line with the special incentives previously outlined in this report. The Company has recorded nil value with respect to the June 2018 special incentive performance rights on the basis that the conditions required for exercise are uncertain or render the options deeply out-of-the-money.

3 David Jackson resigned in accordance with the notice provisions of his contract outlined in paragraph 6 of this Report. He was relieved of his KMP responsibilities on 5 December 2013 and remained employed in an advisory role until the end of his notice period on 31 March 2014 and was remunerated in accordance with his existing contract of employment. The table above discloses his remuneration proportional to the period he was a KMP.

4 Paul O'Keefe was set a bonus target of $100,000 to scope, define and initiate profit improvement plans for Dexion, which were achieved on schedule.

5 Carsten Andersen resigned in accordance with the notice provisions of his contract outlined in paragraph 6 of this Report. He was relieved of his KMP responsibilities on 1 June 2014 and remained in an advisory role until his notice period ended on 31 August 2014.

Non-statutory compensation received by KMP

The table on the previous page provides a breakdown of the Company's Senior Executive remuneration in accordance with statutory obligations and accounting standards. However, the Board is aware that the format in which the Company is required to present this information may make it difficult for shareholders to understand the total remuneration actually earned by Senior Executives from the various components of their remuneration in respect of the year ended 30 June 2015.

The following table represents non-IFRS information and sets out the total cost to the Company, excluding the fair value of performance rights granted under the 2015, 2016 and 2017 performance rights plans. The amount actually received, if any, under the performance rights plan may vary from the amount measured and recognised in accordance with statutory requirements and accounting standards and has therefore been excluded to better reflect the actual compensation received for the financial year.

	Year	Total	Value of performance rights granted prior to vesting conditions [1]	Value of performance rights vested in favour of the Executive Director or Senior Executives [2]	Total remuneration received by the Executive Director or Senior Executives
		$	$	$	$
Executive Directors					
J P Ling	**2015**	**1,325,000**	**(151,277)**	**-**	**1,173,723**
(appointed Aug 13)	2014	1,028,492	(50,580)	-	977,912
I A Campbell	**2015**	**1,164**	**(1,164)**	**85,637**	**85,637**
(retired Jul 13)	2014	148,777	(47,948)	-	100,829
Senior Executives					
M Fraser	**2015**	**812,848**	**(77,441)**	**45,118**	**780,524**
	2014	686,605	(50,692)	-	635,913
K Hope	**2015**	**967,592**	**(547,653)**	**-**	**419,939**
(appointed Dec 13)	2014	250,197	(3,048)	-	247,149
D Jackson	**2015**	**5,246**	**(5,246)**	**22,158**	**22,158**
(resigned Mar 14)	2014	324,988	(20,637)	-	304,351
D Birch	**2015**	**605,626**	**(52,501)**	**29,656**	**582,781**
	2014	509,916	(33,322)	-	476,594
R Pattison	**2015**	**662,309**	**(56,799)**	**32,793**	**638,303**
	2014	645,557	(36,845)	-	608,712
P O'Keefe	**2015**	**589,974**	**(38,814)**	**-**	**551,160**
(appointed Nov 13)	2014	522,213	(4,882)	-	517,331
P Farmakis	**2015**	**6,971**	**(260)**	**19,144**	**25,855**
(resigned Aug 13)	2014	150,353	(12,100)	-	138,253
D Worley	**2015**	**498,439**	**(23,192)**	**-**	**475,247**
(appointed Jun 14)	2014	40,861	-	-	40,861
C Andersen	**2015**	**264,801**	**(23,906)**	**27,064**	**267,959**
(resigned Aug 14)	2014	454,601	(38,762)	-	415,839
T Cooper	**2015**	**632,913**	**(54,277)**	**30,140**	**608,776**
	2014	507,561	(33,863)	-	473,698
Total remuneration of Executive Directors and Senior Executives of the Group					
	2015	**6,372,884**	**(1,032,531)**	**291,711**	**5,632,064**
	2014	5,270,121	(332,679)	-	4,937,442

1 The value of performance rights granted to Karen Hope includes the 2016 and 2017 performance rights pursuant to the 2016 and 2017 Long Term Incentive plans and the 2015 special incentive performance rights previously outlined under the heading of Special Incentives.

2 Performance rights granted in November 2012 under the 2015 performance rights plan vested as a result of meeting TSR targets as at 30 June 2015 were approved on 29 July 2015. In addition, we expect the 2015 performance rights held by Karen Hope in relation to the special incentives previously outlined in the report will formally vest after the formal endorsement of the Sunbeam result for the year ended June 30 2015 by Jarden Corporation in the first quarter of the coming financial; as they have not yet fully vested, the associated value has been excluded.

3 The value assigned to performance rights has been calculated by independent experts using a Monte Carlo simulation valuation.

GUD Holdings Limited equity interests held by the KMP

KMP have exposure to equity in GUD either directly in the form of shares, or indirectly through holding performance rights in the Company. Details of KPMP equity interests follow.

Performance rights granted during the year

Details of performance rights over ordinary shares in the Company that were granted to KMPs during the reporting period are set out in the following table:

	Rights granted during 2015	Grant date	Vesting date	Fair value per performance right at grant date $	Fair value of rights granted during the year $
Executive Directors					
J P Ling, appointed 1 August 2013	90,259	28 October 2014	30 June 2017	3.35	302,368
Senior Executives					
M Fraser	24,339	24 July 2014	30 June 2017	3.30	80,319
K Hope, appointed 6 December 2013	19,323	24 July 2014	30 June 2017	3.30	63,766
D Birch	17,452	24 July 2014	30 June 2017	3.30	57,592
R Pattison	18,157	24 July 2014	30 June 2017	3.30	59,918
P O'Keefe, appointed 1 November 2013	24,281	24 July 2014	30 June 2017	3.30	80,127
D Worley, appointed 2 June 2014	21,103	24 July 2014	30 June 2017	3.30	69,640
T Cooper	18,575	24 July 2014	30 June 2017	3.30	61,298
Total	**233,489**				**775,028**

The following performance rights were granted to Karen Hope under the Special Incentives plans:

	Rights granted during 2015	Grant date	Vesting date	Fair value per performance right at grant date $	Fair value of rights granted during the year $
K Hope					
2015 Special Incentives [1]	73,283	15 November 2014	30 June 2015	7.08	518,844
2018 Special Incentives [2]	146,565	15 November 2014	30 June 2018	7.08	1,037,680
Total	**219,848**				**1,556,524**

1 The company has accrued the cost associated with the 2015 Special Incentives in anticipation that they will vest when they are fully determined in the first quarter of the coming financial year.

2 The Company has recorded nil value with respect to the 2018 special incentive performance rights on the basis that the conditions required for exercise are uncertain or render the options deeply out-of-the-money.

The following factors were used in determining the fair value of performance rights granted during the year:

	Grant date	Vesting period date	Fair value per performance right $	Exercise price $	Price of shares on grant date $	Estimated volatility %	Risk free interest rate %	Dividend yield %
Grant to Executive Director	28 October 2014	30 June 2017	3.35	-	6.74	20	2.48	6.5
Grant to Senior Executives	24 July 2014	30 June 2017	3.30	-	6.69	20	2.62	6.5
Grant of Special Incentives	15 November 2014	30 June 2015	7.08	-	7.08	20	2.55	6.5
Grant of Special Incentives	15 November 2014	30 June 2018	7.08	-	7.08	20	2.55	6.5

Performance rights holdings of KMP

The following table discloses changes in the performance rights holdings of KMP in the Company.

	Balance at 1 July 2014	Rights granted during the year	Rights vested during the year	Rights lapsed during the year	Balance at 30 June 2015	Rights vested with respect to the year [1]	Rights lapsed with respect to the year [1]	Balance
Executive Directors								
J P Ling, appointed 1 August 2013	78,673	90,259	-	-	168,932	-	-	168,932
I A Campbell, retired 31 July 2013 [2]	30,602	-	-	-	30,602	(19,463)	(11,139)	-
Senior Executives		-						
M Fraser	37,963	24,339	-	-	62,302	(10,254)	(5,868)	46,180
K Hope, appointed 6 December 2013	10,430	239,171	-	-	249,601	-	-	249,601
D Jackson, resigned 31 March 2014 [2]	12,515	-	-	-	12,515	(5,036)	(2,882)	4,597
D Birch	24,954	17,452	-	-	42,406	(6,740)	(3,858)	31,808
R Pattison	27,593	18,157	-	-	45,750	(7,453)	(4,265)	34,032
P O'Keefe, appointed 1 November 2013	15,099	24,281	-	-	39,380	-	-	39,380
P Farmakis, resigned 30 August 2013 [2]	6,841	-	-	-	6,841	(4,351)	(2,490)	-
D Worley, appointed 2 June 2014	-	21,103	-	-	21,103	-	-	21,103
C Andersen, resigned 31 August 2014 [2]	31,534	-	-	(14,807)	16,727	(6,151)	(3,521)	7,055
T Cooper	25,360	18,575	-	-	43,935	(6,850)	(3,920)	33,165
Total	**301,564**	**453,337**	**-**	**(14,807)**	**740,094**	**(66,298)**	**(37,943)**	**635,853**

1 Performance rights granted under the 2015 performance rights plan partially vested on the basis of meeting TSR hurdles as at 30 June 2015. The vesting was approved by the Remuneration Committee on 29 July 2015 and have therefore been included in the table above as if the vesting were effective 30 June 2015. In addition, we expect the 73,283 performance rights held by Karen Hope in relation to the special incentives previously outlined in the report will formally vest after the formal endorsement of the Sunbeam result for the year ended June 30 2015 by Jarden Corporation in the first quarter of the coming financial year.

2 At the end of employment, a determination may be made by the Board to allow a pro-rata amount of performance rights granted to remain 'on foot' in accordance with plan rules.

GUD Holdings Limited shares held by the KMP

The following table discloses changes in the shareholdings of KMP in the Company.

For the year ended 30 June 2015 Number of shares	Balance at 1 July 2014	Shares purchased / (sold)	Shares issued under Share Purchase Plan	Balance at 30 June 2015	Shares to be issued from vested performance rights [1]	Balance
Non-Executive Directors						
R M Herron	23,210	-	2,013	25,223		25,223
P A F Hay	3,863	-	965	4,828		4,828
M G Smith	5,560	7,180	2,013	14,753		14,753
G A Billings	-	1,800	450	2,250		2,250
D D Robinson	-	3,000	-	3,000		3,000
Executive Directors						
J P Ling [2]	85,470	24,515	4,026	114,011	-	114,011
Senior Executives						
M Fraser	40,000	-	2,013	42,013	10,254	52,267
K Hope	-	-	-	-	-	-
D Birch	-	-	-	-	6,740	6,740
R Pattison	-	-	-	-	7,453	7,453
P O'Keefe	-	-	-	-	-	-
D Worley	-	1,250	312	1,562	-	1,562
T Cooper	-	-	-	-	6,850	6,850
	158,103	**37,745**	**11,792**	**207,640**	**31,297**	**238,937**

1 Performance rights granted under the 2015 performance rights plan partially vested on the basis of meeting TSR hurdles as at 30 June 2015. The issue of shares was approved by the Remuneration Committee on 29 July 2015. In addition, , we expect the 73,283 performance rights held by Karen Hope in relation to the special incentives previously outlined in the report will formally vest after the formal endorsement of the Sunbeam result for the year ended June 30 2015 by Jarden Corporation in the first quarter of the coming financial year.

2 The Holdings above include shares held either directly by the executive, or through other entities in which the executive has a trustee role or controlling interest.

5. Link between performance and remuneration outcomes

STI

In the current year, the following businesses in the consolidated entity exceeded CVA targets: GUD Automotive, Wesfil, Sunbeam and Oates. As a result, Executives of those business units received an STI bonus payment based on achieving or exceeding the business unit CVA performance. In addition, corporate Executives, including the Managing Director and Chief Financial Officer, received a bonus reflecting the achievement of the Group CVA target.

STI bonus payable for the year ended 30 June 2015	Maximum STI opportunity $	Actual STI bonus payment [1] $	Actual STI bonus payment as a % of maximum STI %	Forfeited %
Executive Directors				
J P Ling, appointed 1 August 2013	355,000	238,589	67	33
Senior Executives				
M Fraser	251,285	168,863	67	33
K Hope, appointed 6 December 2013	199,500	-	-	100
D Birch	180,178	126,843	70	30
R Pattison	187,466	148,269	79	21
P O'Keefe, appointed 1 November 2013	250,688	-	-	100
D Worley, appointed 2 June 14	217,875	-	-	100
T Cooper	191,781	142,468	74	26

1 A minimum level of performance, including exceeding the previous year's CVA, must be achieved before any STI bonus is payable. Therefore the minimum potential value of the STI that was awarded in respect of the year ended 30 June 2015 was nil.

The payment relates to STI bonus earned in the year ended 30 June 2015, approved by the Remuneration Committee on the 29 July 2015.

The Remuneration Committee periodically reviews the design and operation of the STI plans to ensure that they focus rewards on achieving targets that represent strong performance of the business units, which will ultimately support shareholder returns. The Board has tasked the Remuneration Committee to undertake such a review in the first quarter of the forthcoming financial year before any STI targets are confirmed for that year. The review will focus on the target setting and thresholds for minimum and maximum STI rewards rather than the quantum of potential rewards.

Company performance and shareholder wealth

The following table summarises key Company performance and shareholder wealth statistics over the past five years.

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 the Managing Director and Senior Executives are focused on both maximising short-term operating performance and long-term strategic growth.

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 Senior Executive team.

Financial year	EBIT [1] $m	EPS [1] Cents	Total DPS [2] Cents	Opening share price $	Closing share price $	Dividend yield %
30 June 2011	77.1	71.7	64.0	8.65	9.10	7.0
30 June 2012	70.3	62.9	65.0	9.10	8.60	7.6
30 June 2013	56.4	52.5	52.0	8.60	5.99	8.7
30 June 2014	49.0	43.5	36.0	5.99	6.22	5.8
30 June 2015	58.9	48.1	42.0	6.22	8.84	4.8

1 EBIT and EPS are presented before significant one-off items.
2 The DPS presented does not include special dividends. The following special dividends have been paid in the five-year period: 35 cents paid on 16 August 2012, 10 cents paid on 6 March 2013 and 10 cents paid on 3 September 2013.

6. Service agreements

Remuneration and other terms of employment for Executives are formalised in a service agreement.

The essential terms of the Managing Director and Senior Executives' contracts are shown below:

Name	Notice periods/termination payment
J P Ling	• Unlimited in term. • A notice period of six months by either party applies, except in the case of termination by the Company for cause. • On termination, Mr Ling is entitled to receive his statutory entitlements of accrued annual and long service leave, together with superannuation benefits.
Senior Executives	• Unlimited in term. • One or three months' notice by either party (or payment in lieu), except as noted below. • On termination, Senior Executives are entitled to receive their statutory entitlements of accrued annual and long service leave, together with superannuation benefits. • Mr Cooper is employed under a contract entered into in September 1996. That contract provides for 12 months' notice of termination by either party. Accordingly, if the employment were to be terminated without due notice, Mr Cooper would be entitled to a termination payment of 12 months' salary package. • Apart from Mr Cooper, no current Senior Executive contract includes termination benefits additional to the notice period and statutory entitlements described above.

7. Non-Executive Directors' remuneration

Non-Executive Directors' fees are not 'at risk', to reflect the nature of their responsibilities.

Remuneration policy

Non-Executive Director fees recognise the demands made on, and responsibilities of, Non-Executive Directors in performing their roles. Non-Executive Directors receive a base fee and a fee for chairing a Board Committee. The Chairman of the Board receives no extra remuneration for chairing committees.

Fees payable to Non-Executive Directors are determined within the maximum aggregate amount that is approved by shareholders. The current maximum aggregate fee amount is $1,000,000, approved by shareholders at the 2013 Annual General Meeting.

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, through its Remuneration Committee, will continue to review its approach to Non-Executive Director remuneration to ensure it remains in line with general industry practice and principles of good corporate governance.

Non-Executive Directors do not receive bonuses or any other incentive payments, and are not eligible to participate in any of the Executive or employee share acquisition plans established by the Company.

Fees

Board and Committee fees are set with reference to advice from external advisers and market data, with regard to factors such as the responsibilities and risks associated with the role.

The fees paid to Non-Executive Directors in the year ended 30 June 2015 are set out in the table below:

	Board	Audit, Risk & Compliance Committee	Remuneration Committee	Nominations Committee
Chairman of	256,250	10,000	10,000	Nil
Members of	102,500	Nil	Nil	Nil

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.

Equity participation

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

Nevertheless, most Directors hold shares, either directly or indirectly, in the Company. Details of Directors' shareholdings may be found earlier in this Report.

Superannuation

The Company pays superannuation in line with statutory requirements to 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 2015 are set out in the table below.

		Short-term employment benefits	Post-employment benefits		
		Directors' fees	Superannuation [1]	Retirement	Total
	Year	$	$	$	$
Non-Executive Directors					
R M Herron	**2015**	256,250	23,750	-	**280,000**
	2014	250,000	23,125	-	273,125
P A F Hay	**2015**	112,500	10,450	-	**122,950**
	2014	110,000	10,175	-	120,175
M G Smith	**2015**	102,500	9,500	-	**112,000**
	2014	100,000	9,250	-	109,250
G A Billings	**2015**	112,500	10,450	-	**122,950**
	2014	110,000	10,175	-	120,175
D D Robinson	**2015**	102,500	9,500	-	**112,000**
	2014	100,000	9,250	-	109,250
Total Remuneration of Non-Executive Directors	**2015**	**686,250**	**63,650**	**-**	**749,900**
	2014	670,000	61,975	-	731,975

1 Superannuation contributions on behalf of Non-Executive Directors to satisfy the Company's obligations under applicable Superannuation Guarantee legislation.

Loans to KMPs

There were no loans to KMPs at 30 June 2015 (2014: nil).

Other KMP transactions with the Group

Wesfil Australia Pty Ltd leases its Sydney premises from an entity related to Terry Cooper, a Director of Wesfil Australia Pty Ltd. Net rental expense was $411,000 excluding GST (2014: $388,000 excluding GST).

Apart from the details disclosed in this remuneration report, no KMP has entered into a material contract with the company or entities in the Group since the end of the previous financial year and there were no material contracts involving a KMP's Interest at year end.

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with KMPs and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arms-length basis.

From time to time, KMP of the Company or its subsidiaries, or their related parties, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other group employees or customers and are trivial or domestic in nature.

Financial Statements

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Revenue	1	611,515	591,640
Cost of goods sold, including impairment and restructuring costs	2	(383,802)	(386,710)
Gross Profit		227,713	204,930
Other income	1	1,159	521
Marketing and selling		(70,384)	(70,701)
Product development and sourcing, including impairment and restructuring costs	2	(10,201)	(11,302)
Logistics expenses and outward freight, including restructuring costs	2	(48,394)	(53,101)
Administration, including restructuring costs	2	(38,765)	(38,494)
Other expenses	2	(3,856)	(1,795)
Results from operating activities		57,272	30,058
Net finance expense	3	(7,561)	(6,381)
Share of loss of equity accounted investees	32	(1,073)	-
Profit before tax		48,638	23,677
Income tax expense	28	(13,345)	(5,993)
Profit		35,293	17,684
Non-controlling interests		(2,048)	-
Profit attributable to owners of the Company		33,245	17,684
Earnings per share:			
Basic earnings per share (cents per share)	4	46.0	24.8
Diluted earnings per share (cents per share)	4	45.3	24.6

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014^
		$'000	$'000
Profit for the year		35,293	17,684
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating results of foreign operations	27	1,974	(510)
Fair value adjustments recognised in the hedging reserve	27	14,075	1,663
Net change in fair value of cash flow hedges transferred to inventory	27	(8,686)	(12,074)
Equity settled share based payment transactions	27	1,532	969
Revaluation of contingent receivable	23	2,929	-
Income tax on items that may be reclassified subsequently to profit or loss	28	(3,953)	3,115
Other comprehensive income for the year, net of income tax		7,871	(6,837)
Total comprehensive income for the year		43,164	10,847
Non-controlling interests	31	(2,048)	-
Total comprehensive income attributable to owners of the Company		41,116	10,847

^ Other comprehensive income for the year ended 30 June 2014 has been restated to include equity settled share based payment transactions previously recognised in equity.

All of the above items may subsequently be recognised in the Income Statement.

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

AS AT 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	19	**42,947**	23,301
Trade and other receivables	7	**108,579**	91,872
Inventories	8	**125,018**	111,481
Derivative assets	21	**4,870**	1
Other financial assets	22	**16,519**	-
Current tax receivable		**110**	728
Other assets	9	**9,536**	7,028
Total current assets		**307,579**	234,411
Non-current assets			
Goodwill	14	**106,787**	106,998
Other intangible assets	15	**61,093**	60,667
Property, plant and equipment	16	**34,042**	31,131
Equity accounted investees	32	**2,329**	-
Derivative assets	21	**-**	17
Other financial assets	22	**2,596**	3,500
Deferred tax assets	29	**907**	6,296
Investments		**10**	-
Total non-current assets		**207,764**	208,609
Total assets		**515,343**	443,020
Current liabilities			
Trade and other payables	10	**93,690**	79,718
Employee benefits	11	**13,734**	13,699
Restructuring provisions	12	**230**	8,023
Warranty provisions	13	**1,921**	2,028
Other provisions		**87**	-
Borrowings	20	**22,188**	8,887
Derivative liabilities	21	**796**	4,308
Current tax payables		**3,025**	152
Total current liabilities		**135,671**	116,815
Non-current liabilities			
Employee benefits	11	**1,484**	3,128
Restructuring provisions	12	**46**	196
Other provisions		**20**	-
Borrowings	20	**20,168**	112,857
Derivative liabilities	21	**804**	312
Deferred tax liabilities	29	**935**	437
Other non-current liabilities		**57**	-
Total non-current liabilities		**23,514**	116,930
Total liabilities		**159,185**	233,745
Net assets		**356,158**	209,275
Equity			
Share Capital	25	**286,160**	184,629
Reserves	27	**5,133**	(2,145)
Retained earnings		**33,672**	26,791
Total equity attributable to owners of the Company		**324,965**	209,275
Non-controlling interests	31	**31,193**	-
Total equity		**356,158**	209,275

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Balance at the beginning of the period		**209,275**	239,103
Comprehensive Income			
Profit for the period attributable to owners of the Company		**33,245**	17,684
Other Comprehensive Income attributable to owners of the Company		**6,339**	(7,806)
Equity settled share based payment transactions	27	**1,532**	969
Total Comprehensive Income attributable to owners of the Company		**41,116**	10,847
Transactions with owners recognised in equity			
Issue of shares	25	**105,346**	-
Issue costs	25	**(3,815)**	-
Share buy back	25	**-**	(2,169)
Dividends paid	26	**(26,957)**	(38,506)
Total transactions with owners		**74,574**	(40,675)
Changes in ownership interests			
Recognition of non-controlling interests without a change in control	31	**31,193**	-
Total changes in ownership interests		**31,193**	-
Balance at the end of the period		**356,158**	209,275

The amounts recognised directly in equity are net of tax.

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers		**645,787**	635,625
Payments to suppliers and employees		**(609,334)**	(595,183)
Income taxes paid		**(6,304)**	(10,803)
Net cash provided by operating activities	19	**30,149**	29,639
Cash flows from investing activities			
Payments for intangible assets and product development costs	15	**(540)**	(4,302)
Payments for property, plant and equipment	16	**(10,350)**	(12,135)
Proceeds from sale of property, plant and equipment		**122**	-
Proceeds from sale of investments	31	**16,205**	-
Acquisition of equity accounted investee	32	**(3,402)**	-
Net cash (used in)/provided by investing activities		**2,035**	(16,437)
Cash flows from financing activities			
Net proceeds from issue of shares		**101,531**	32,114
Payments for share buy-backs	25	**-**	(2,169)
Net repayment of borrowings		**(79,388)**	-
Interest received		**227**	82
Interest paid		**(7,788)**	(5,625)
Dividends paid	26	**(26,957)**	(38,506)
Net cash used in financing activities		**(12,375)**	(14,104)
Net increase in cash held		**19,809**	(902)
Cash at the beginning of the year		**23,301**	24,401
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(163)**	(198)
Cash at the end of the year	19	**42,947**	23,301

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.

Basis of Preparation

This section sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

Reporting Entity

GUD Holdings Limited (the 'Company') is a for profit company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in manufacture and importation, distribution and sale of cleaning products, household appliances, warehouse racking, industrial storage solutions, office storage products, automotive products, locking devices, pumps, pool and spa systems, and water pressure systems, with operations in Australia, New Zealand, France, Spain, China, Malaysia and Hong Kong (note 6).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2015 are available on request from the Company's registered office at 29 Taras Avenue, Altona North, Victoria, 3025 or at www.gud.com.au.

Basis of Accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Directors on 29 July 2015.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items which have been measured at fair value:

- Derivatives (note 21)
- Other financial instruments (note 22)

Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Goodwill (note 14) and other intangible assets (note 15)
- Trade and other receivables (note 7)
- Inventories (note 8)
- Financial instruments (note 23)
- Other financial assets – contingent consideration (note 22)

Foreign currency

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 Group. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Foreign currency transactions

Transactions in foreign currency are translated to the respective functional currencies of Group companies at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- Qualifying cash flow hedges to the extent the hedges are effective (note 27), and
- Exchange differences on translating foreign operations (note 27).

New standards and interpretations adopted in the year

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2014; however the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

New or amended standards	Summary of the requirement	Possible impact on consolidated financial statements
IFRS 9 Financial instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments; Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The Group does not plan to adopt these standards early.

Results for the Year

This section focuses on the Group's performance. Disclosures in this section include analyses of the Group's profit before tax by reference to the activities performed by the Group and analysis of key revenues and operating costs, segmental information, net finance costs and earnings per share.

Underlying earnings before interest, tax ("EBIT") and before exceptional items remain the Group's key profit indicators. This reflects how the business is managed and how the Directors assess the performance of the Group.

1. Revenue

Accounting policies

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of the revenue can be measured reliably. Revenue is measured net of returns and allowances, trade discounts and volume rebates.

Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a contract can be estimated reliably, contract revenue is recognised in the income statement in proportion to the stage of completion of the contract. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to become recoverable.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Dividend income

Dividend income is not part of finance income and is recognised when the right to receive payment is established.

Goods and services tax

Revenues are recognised net of the amount of goods and services tax (GST).

	2015	2014
	$'000	$'000
Revenue		
Sale of goods	**611,515**	591,640
Total revenue	**611,515**	591,640
Other income		
Other	**1,159**	521
	1,159	521

2. Expenses

Accounting policies

Depreciation

Depreciation is charged to the income statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis over the estimated useful life of each asset 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 for current and prior periods used in the calculation of depreciation:

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

2. Expenses (continued)

Amortisation

The value of intangible assets, with the exception of goodwill, reduces over the number of years the Group expects to use the asset, via an amortisation charge. Amortisation is recognised in the income statement over the following number of years:

Patents, licences and distribution rights	3 to 5 years
Customer relationships	5 years
Software	5 years

Operating leases

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.

Goods and services tax

Expenses 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 an item of expense.

Expenses by nature

	Note	**2015 $'000**	2014 $'000
Profit before income tax has been arrived at after charging the following expenses:			
Write-Up/(write-back) to value of inventory obsolescence provision	8	**270**	397
Loss/(gain) on sale of plant and equipment	16	**2,444**	808
Operating lease rental expense: Minimum lease payments		**14,275**	15,891
Net foreign exchange (gain)/loss		**(4,008)**	(4,460)
Employee benefits:			
Wages and salaries (including on-costs)		**89,102**	98,304
Contributions to defined contribution plans		**4,850**	6,621
Movements in provisions for employee benefits		**(1,609)**	(1,101)
Equity settled share based payment expense	27	**1,532**	969
Depreciation and amortisation:			
Amortisation and impairment of product development costs	15	**3,980**	4,557
Amortisation of other intangibles	15	**1,818**	1,879
Depreciation of plant and equipment	16	**6,631**	7,924
Depreciation of leased plant and equipment	16	**11**	23
Total depreciation and amortisation		**12,440**	14,383
Product development and sourcing costs		**10,201**	9,790
Non-underlying costs:			
Transaction expenses	38	**1,674**	-
Cost of goods sold			
Impairment of fixed assets	16	**-**	4,438
Impairment of inventory	8	**-**	1,615
Other restructuring costs	12	**-**	8,770
Total restructuring costs in cost of goods sold		**-**	14,823
Product development and sourcing			
Impairment of product development	15	**-**	1,512
Logistics expenses and outward freight			
Other restructuring costs	12	**-**	1,158
Administration			
Other restructuring costs	12	**-**	1,493
Total non-underlying costs		**1,674**	18,986

3. Net finance costs

Accounting policies

Finance income

Finance income is comprised of interest income, fair value gains on interest rate hedging instruments and gains on disposals of available for sale financial assets. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Finance costs

Finance costs are classified as expenses consistent with the balance sheet classification of the related debt or equity instruments. Finance costs are comprised of interest expense on borrowings and fair value losses on interest rate hedging instruments through the income statement. Interest expense on borrowings is recognised on an effective interest basis.

	2015	2014
	$'000	$'000
Finance costs:		
Interest income	**(227)**	(82)
Interest expense	**7,788**	6,510
Revaluation of interest rate swaps	**-**	(47)
Net finance costs	**7,561**	6,381

The ineffective portion of cash flow hedges that is recognised in the income statement is nil (2014: nil).

4. Earnings per share

Earnings per share ('EPS') is the amount of profit attributable to each share.

Basic EPS is calculated on the Group profit for the year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

Diluted EPS reflects any commitments the Group has to issue shares in the future, such as issued upon vesting of performance rights.

Underlying EPS is EPS adjusted in order to more accurately show the underlying business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis. Non-underlying items include acquisition related costs (professional fees, primarily due diligence, and performance based, employment linked contingent payments), impairment of intangible assets, amortisation of intangible assets acquired through business combinations, net financing cost adjustments and prior period and other tax adjustments.

	2015	2014
	$'000	$'000
Profit for the period	**33,245**	17,684
Add back: acquisition, restructuring and impairment costs	**1,674**	18,986
Tax effect on above items	**(109)**	(5,665)
Underlying profit for the period	**34,810**	31,005
	Number	Number
Weighted average number of ordinary shares used as the denominator for basic EPS	**72,326,914**	71,218,295
Effect of balance of performance rights outstanding at 30 June 2015	**1,004,969**	525,517
Weighted average number of ordinary shares used as the denominator for diluted EPS	**73,331,883**	71,743,812
EPS	**Cents per share**	Cents per share
Basic EPS	**46.0**	**24.8**
Diluted EPS	**45.3**	**24.6**
Underlying EPS	**Cents per share**	Cents per share
Basic underlying EPS	**48.1**	**43.5**
Diluted underlying EPS	**47.5**	**43.2**

5. Auditors' remuneration

	2015 $	2014 $
Audit and review services:		
The auditor of GUD Holdings Limited		
- audit and review of financial reports	**639,264**	621,563
Other auditors:		
- audit and review of financial reports	**22,413**	19,533
	661,677	641,096
Other services:		
The auditor of GUD Holdings Limited		
- in relation to other assurance, advisory and taxation services	**313,193**	277,627
- in relation to taxation and due diligence services [1]	**505,570**	-
	818,763	277,627

1 In relation to services rendered in conjunction with the sale of 49% of Sunbeam (note 31), acquisition of 49% of Jarden Asia (note 32) and acquisition of Brown & Watson (note 38).

6. Segment information

Segment reporting is presented in respect of the Group's business and geographical segments. The primary format business segments are reported based on the way information is reviewed by the Group's Managing Director and other senior management.

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.

Business segments

The following summary describes the operations in each of the Group's reportable segments:

Sunbeam

Importer and distributor of small electrical appliances

Oates

Importer and distributor of cleaning products to retail and commercial customers

Automotive (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.

Davey

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

Dexion

Manufacturer and provider of industrial storage and automation solutions

Lock Focus

Manufacturer of disc tumbler locks for furniture, doors and safe locking systems.

Geographical segments

The Group operates primarily in one geographical segment: Australasia.

6. Segment information (continued)

	For the year ended 30 June 2015							
	Sunbeam	Oates	Automotive	Davey	Dexion	Lock Focus	Unallocated	Total
Business segments	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue (external)	**114,420**	**70,213**	**101,446**	**102,623**	**212,180**	**10,678**	**(45)**	**611,515**
Underlying EBITDA pre restructuring and impairment costs	**13,037**	**12,205**	**32,850**	**10,939**	**8,788**	**1,366**	**(7,799)**	**71,386**
Less: Depreciation	(2,269)	(642)	(546)	(1,371)	(1,238)	(570)	(6)	(6,642)
Less: Amortisation and impairment of intangibles	(3,450)	(57)	-	(49)	(2,194)	-	(48)	(5,798)
Underlying EBIT pre restructuring and impairment costs	**7,318**	**11,506**	**32,304**	**9,519**	**5,356**	**796**	**(7,853)**	**58,946**
Transaction costs[1]	-	-	-	-	-	-	(1,674)	(1,674)
Segment result (EBIT)	**7,318**	**11,506**	**32,304**	**9,519**	**5,356**	**796**	**(9,527)**	**57,272**
Net finance costs	(409)	-	-	-	(451)	-	(6,701)	(7,561)
Share of loss of equity-accounted investees	(1,073)	-	-	-	-	-	-	(1,073)
Profit before tax	**5,836**	**11,506**	**32,304**	**9,519**	**4,905**	**796**	**(16,228)**	**48,638**
Income tax expense								(13,345)
Profit								**35,293**
Non-controlling interest								(2,048)
Profit attributable to owners of the Company								**33,245**
Segment goodwill	-	5,166	1,497	35,315	59,509	5,300	-	106,787
Segment brand names	25,062	8,900	1,000	3,215	10,186	-	-	48,363
Segment other assets	69,660	28,537	51,921	65,296	118,830	6,578	19,371	360,193
Segment assets	**94,722**	**42,603**	**54,418**	**103,826**	**188,525**	**11,878**	**19,371**	**515,343**
Segment liabilities	**27,692**	**10,740**	**14,740**	**19,507**	**60,716**	**1,658**	**24,132**	**159,185**
Segment capital expenditure	**5,374**	**978**	**572**	**1,461**	**8,045**	**605**	**4**	**17,039**

1 Transaction costs relate to costs recognised in profit or loss attributable to the sale of 49% of Sunbeam and acquisition of Brown & Watson.

6. Segment information (continued)

For the year ended 30 June 2014

Business segments	Sunbeam $'000	Oates $'000	Automotive $'000	Davey $'000	Dexion $'000	Lock Focus $'000	Unallocated $'000	Total $'000
Total segment revenue (external)	**117,182**	**66,956**	**95,355**	**102,100**	**199,536**	**10,511**	**-**	**591,640**
Underlying EBITDA pre restructuring and impairment costs	**8,378**	**11,886**	**30,860**	**10,549**	**6,912**	**1,501**	**(6,659)**	**63,427**
Less: Depreciation	(2,640)	(676)	(601)	(1,612)	(1,779)	(637)	(2)	(7,947)
Less: Amortisation of intangibles	(4,223)	(84)	-	(102)	(2,027)	-	-	(6,436)
Underlying EBIT pre restructuring and impairment costs	**1,515**	**11,126**	**30,259**	**8,835**	**3,106**	**864**	**(6,661)**	**49,044**
Restructuring and impairment costs	(2,140)	(255)	(312)	(185)	(16,094)	-	-	(18,986)
Segment result (EBIT)	**(625)**	**10,871**	**29,947**	**8,650**	**(12,988)**	**864**	**(6,661)**	**30,058**
Net finance costs	-	-	-	-	-	-	(6,381)	(6,381)
Profit before tax	**(625)**	**10,871**	**29,947**	**8,650**	**(12,988)**	**864**	**(13,042)**	**23,677**
Income tax expense								(5,993)
Profit								**17,684**
Non-controlling interest								-
Profit attributable to owners of the Company								**17,684**
Segment goodwill	-	5,166	1,497	35,526	59,509	5,300	-	106,998
Segment brand names	25,282	8,900	1,000	3,215	10,278	-	-	48,675
Segment other assets	51,418	21,949	41,999	55,410	104,167	5,566	6,838	287,347
Segment assets	**76,700**	**36,015**	**44,496**	**94,151**	**173,954**	**10,866**	**6,838**	**443,020**
Segment liabilities	**16,442**	**10,047**	**14,668**	**16,939**	**62,282**	**1,635**	**111,732**	**233,745**
Segment capital expenditure	**4,806**	**713**	**418**	**1,946**	**7,827**	**513**	**153**	**16,376**

Working Capital

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as inventory, trade and other receivables, trade and other payables and provisions.

Careful management of working capital ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

This section provides further information regarding working capital management and analysis of the elements of working capital.

7. Trade and other receivables

Accounting policies

Trade receivables

Trade and other receivables are non-derivative financial instruments that are initially recognised at fair value plus any directly attributable costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less identified impairment.

Goods and services tax

Trade receivables are recognised inclusive of the amount of goods and services tax (GST) which is payable to taxation authorities. The net amount of GST payable to the taxation authority is included as part of payables.

	2015	2014
	$'000	$'000
Current		
Trade receivables	**89,262**	80,852
Less: Allowance for doubtful debts	**(879)**	(807)
Net trade receivables	**88,383**	80,045
Accrued revenue	**20,196**	11,827
Other receivables	**20,196**	11,827
	108,579	91,872

The group's policy is that cash received at the bank on the first day after the month end is included in the cash at bank figure and set-off against trade receivables in order to take into account cash in transit. This amounted to $6.6 million at 30 June 2015 (2014: $8.7 million).

An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, determined by a specific review of debtors. The movement in the allowance for doubtful debts was recognised in the income statement in the current financial year.

	2015	2014
	$'000	$'000
Movement in allowance for doubtful debts		
Balance at the beginning of the year	**(807)**	(857)
Doubtful debts recognised	**(157)**	(145)
Amounts written off as uncollectible	**85**	195
Balance at the end of the year	**(879)**	(807)

Amounts are written off as uncollectible only after it is determined that the debts are 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 are received to partially mitigate the loss and the net uncollectible amount is reflected above.

7. Trade and other receivables (continued)

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.

2015	**Gross**	**Impairment**	**Net**
Ageing of trade receivables	**$'000**	**$'000**	**$'000**
Not past due	71,429	(213)	71,216
Past due 1 - 60 days	12,798	(82)	12,716
Past due 61 - 120 days	2,673	(89)	2,584
Past due 121 - 365 days	2,011	(144)	1,867
Past due more than one year	351	(351)	-
Total trade receivables	89,262	(879)	88,383

2014	**Gross**	**Impairment**	**Net**
Ageing of trade receivables	**$'000**	**$'000**	**$'000**
Not past due	59,437	(190)	59,247
Past due 1 - 60 days	16,633	(80)	16,553
Past due 61 - 120 days	2,564	(81)	2,483
Past due 121 - 365 days	1,862	(262)	1,600
Past due more than one year	356	(194)	162
Total trade receivables	80,852	(807)	80,045

Additional information relating to credit risk is included in note 24.

8. Inventories

Accounting policies

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 weighted average basis. Net realisable value represents the estimated selling price less all estimated costs of completion and selling costs.

Goods and services tax

Non-financial assets such as inventories 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 the asset.

	2015	2014
	$'000	$'000
Current		
Raw materials and stores	**17,033**	17,275
Work in progress	**2,848**	2,228
Finished goods	**105,137**	91,978
Total inventory	**125,018**	111,481

Inventories disclosed above are net of the provision for obsolescence. Increases or write-backs of the provision are recognised in cost of goods sold (note 2).

9. Other assets

	2015	2014
	$'000	$'000
Current		
Prepayments	**6,247**	3,639
Other	**3,289**	3,389
	9,536	7,028

10. Trade and other payables

Accounting policies

Payables

Trade payables and other accounts payable are non-derivative financial instruments measured at cost.

Goods and services tax

Trade payables are recognised inclusive of the amount of goods and services tax (GST) which is recoverable from taxation authorities. The net amount of GST recoverable from the taxation authority is included as part of receivables.

	2015 $'000	2014 $'000
Current		
Accrued expenses	**18,190**	19,626
Trade payables	**72,266**	60,092
Deferred income	**3,234**	-
Trade payables and accrued expenses	**93,690**	79,718

No interest is incurred on trade payables.

11. Employee benefits

Accounting policies

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 and including on-costs associated with employment.

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 Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

	2015 $'000	2014 $'000
Current	**13,734**	13,699
Non-current	**1,484**	3,128
	15,218	16,827
Accrued wages and salaries	**866**	692
	16,084	17,519

Accrued wages and salaries are included in accrued expenses in note 10.

12. Restructuring provisions

Accounting policies

Restructuring

A provision for restructuring is recognised when the Group 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.

Onerous contracts

An onerous contract is considered to exist where the Group 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.

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.

	2015	2014
	$'000	$'000
Current	**230**	8,023
Non-current	**46**	196
	276	8,219
Carrying amount at beginning of year	**8,219**	1,917
Provisions recognised	**-**	11,421
Payments made during the year	**(7,929)**	(5,195)
Net foreign currency difference arising on translation of foreign operations	**(14)**	76
Carrying amount at end of year	**276**	8,219

The payments made against the provision for restructuring represents the costs of redundancies and closures of manufacturing facilities. The balance represents the present value of the Directors' best estimate of the costs required to complete the restructure.

13. Warranty provisions

Accounting policy

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 Group's liability.

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 Group'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.

Warranty provisions are all current.

	2015	2014
	$'000	$'000
Carrying amount at beginning of year	**2,028**	2,173
Provisions recognised	**9,853**	8,583
Payments made during the year	**(9,985)**	(8,760)
Net foreign currency difference arising on translation of foreign operations	**25**	32
Carrying amount at end of year	**1,921**	2,028

Tangible and Intangible Assets

The following section shows the physical tangible and non-physical intangible assets used by the Group to operate the business, generating revenues and profits.

Intangible assets include brands, customer relationships, patents, licences, software development, distribution rights and goodwill.

This section explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

14. Goodwill

Accounting policies

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. The value of goodwill is 'intangible' value that comes from, for example, a uniquely strong market position and the outstanding productivity of its employees.

Goodwill 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.

	2015	2014
	$'000	$'000
Gross carrying amount		
Balance at the beginning of the year	**106,998**	106,580
Net foreign currency difference arising on translation of financial statements of foreign operations	**(211)**	418
Balance at the end of the year	**106,787**	106,998

15. Other intangible assets

Accounting policies

Product 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.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Product development assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives, which is up to a maximum of 3 years (note 2).

Brand names and trademarks

Acquired 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 (note 17).

15. Other intangible assets (continued)

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite lives, are measured at cost less accumulated amortisation (note 2) and accumulated impairment losses.

The carrying value is tested for impairment as part of the annual testing of cash generating units (note 17).

$'000	Product Development Costs	Brand, Business Names & Trademarks	Patents, Licences & Distribution Rights	Software	Customer Relationships	Total
Gross carrying amount						
Balance at 1 July 2013	**26,238**	**49,869**	**1,246**	**6,478**	**1,452**	**85,283**
Additions from internal developments	3,898	-	-	-	-	**3,898**
Additions	-	-	39	304	-	**343**
Disposals	(4,566)	-	(14)	-	(3)	**(4,583)**
Foreign currency movements	-	762	-	86	-	**848**
Balance at 30 June 2014	**25,570**	**50,631**	**1,271**	**6,868**	**1,449**	**85,789**
Additions from internal developments	6,149	-	-	-	-	6,149
Additions	-	-	-	540	-	540
Disposals	(421)	-	(31)	(79)	-	(531)
Foreign currency movements	**-**	(382)	-	95	-	(287)
Balance at 30 June 2015	**31,298**	**50,249**	**1,240**	**7,424**	**1,449**	**91,660**
Accumulated amortisation						
Balance at 1 July 2013	**(15,114)**	**(1,817)**	**(871)**	**(2,845)**	**(820)**	**(21,467)**
Amortisation expense	(4,557)	-	(248)	(1,343)	(288)	**(6,436)**
Disposals	4,490	-	14	-	-	**4,504**
Impairment	(1,512)	-	-	-	-	**(1,512)**
Foreign currency movements	-	(139)	-	(72)	-	**(211)**
Balance at 30 June 2014	**(16,693)**	**(1,956)**	**(1,105)**	**(4,260)**	**(1,108)**	**(25,122)**
Amortisation expense	(3,765)	-	(128)	(1,422)	(268)	**(5,583)**
Disposals	300	-	8	-	-	**308**
Impairment	(215)	-	-	-	-	**(215)**
Foreign currency movements	-	70	-	(25)	-	**45**
Balance at 30 June 2015	**(20,373)**	**(1,886)**	**(1,225)**	**(5,707)**	**(1,376)**	**(30,567)**
Carrying amount						
As at 30 June 2014	8,877	48,675	166	2,608	341	60,667
As at 30 June 2015	**10,925**	**48,363**	**15**	**1,717**	**73**	**61,093**

Amortisation is recognised as an expense in note 2.

The Group 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 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 6 for allocation of the carrying amount of brand names to segments and cash generating units.

In the year ended 30 June 2015, an impairment charge of $0.215 million (2014: $1.512 million) was taken to write off some product development costs in Sunbeam. This impairment is in the 'Product development and sourcing' line in the Income Statement.

16. Property, plant and equipment

Accounting policies

Property, plant and equipment

Property, plant and equipment and leasehold improvements are stated at cost less accumulated depreciation (note 2) 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.

If there has been a technological change or decline in business performance the Directors review the value of the assets to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value an additional one-off impairment charge is made against profit.

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 above.

	Equipment under finance lease at cost	Plant and Equipment at cost	Total
	$'000	$'000	$'000
Gross carrying amount			
Balance at 1 July 2013	**607**	**77,900**	**78,507**
Additions	-	12,135	**12,135**
Disposals	(507)	(4,880)	**(5,387)**
Foreign currency movements	-	(37)	**(37)**
Balance at 30 June 2014	**100**	**85,118**	**85,218**
Additions	-	10,350	**10,350**
Disposals	-	(5,725)	**(5,725)**
Foreign currency movements	-	1,466	**1,466**
Balance at 30 June 2015	**100**	**91,209**	**91,309**
Accumulated depreciation and amortisation			
Balance at 1 July 2013	**(242)**	**(45,056)**	**(45,298)**
Depreciation expense	(23)	(7,924)	**(7,947)**
Impairment due to restructuring	-	(4,438)	**(4,438)**
Disposals	253	3,447	**3,700**
Foreign currency movements	-	(104)	**(104)**
Balance at 30 June 2014	**(12)**	**(54,075)**	**(54,087)**
Depreciation expense	(11)	(6,631)	(6,642)
Impairment due to restructuring	-	-	-
Disposals	-	3,447	3,447
Foreign currency movements	-	15	15
Balance at 30 June 2015	**(23)**	**(57,244)**	**(57,267)**
Carrying amount			
As at 30 June 2014	88	31,043	31,131
As at 30 June 2015	**77**	**33,965**	**34,042**

Depreciation is recognised as an expense in note 2.

17. Impairment testing

Accounting policies

Impairment of property, plant, equipment and intangible assets

Tangible and intangible assets are tested for impairment annually and whenever there is an indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that cannot be tested individually are grouped together into cash-generating units (CGUs) which are the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 (or CGU) 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 (or CGU) in prior years. A reversal of an impairment loss (other than goodwill) is recognised in the income statement immediately. Any impairment of goodwill is not subsequently reversed.

Results

The Group’s CGUs comprise the operating segments disclosed in note 6.

All intangible assets with indefinite lives (goodwill and brand names), have been allocated for impairment testing purposes to CGUs (or groups of units). The Directors have assessed that no impairment charge is required in relation to goodwill for the year ended 30 June 2015.

Each CGU's recoverable amount has been tested on the basis of its value in use. The value in use calculation uses assumptions including cash flow projections based on Board approved budgets for the 2015 year and forecasts for a further 4 years which are extrapolated in perpetuity using a long term average growth rate consistent with the sectors in which the CGUs operate. The values assigned reflect past experience or, if appropriate, are consistent with external sources of information.

The following summarises the pre-tax discount rates applied to cash flows of each CGU:

	2015	2014
Automotive	13.2-14.0%	14.29
Lock Focus	13.7-14.5%	14.29
Sunbeam	15.9-16.7%	14.29
Oates	12.9-13.7%	14.29
Davey	14.1-15.0%	14.29
Dexion	15.2-16.0%	14.29

The five year cash flow projections are based on the 2016 year budget (2014: based on 2015 budget) and an ongoing sales growth rate of 3% is considered reasonable in light of past performance and is consistent with the sectors in which the CGUs operate.

17. Impairment testing (continued)

Dexion

In the case of Dexion, the past year has focused on the transition of manufacturing from Kings Park to Malaysia and other profit improvement programs. The manufacturing transition has concluded, and Dexion are able to achieve the targeted manufacturing conversion costs. Furthermore, Dexion remains on track to achieve the underlying EBIT uplift of $9.2m from the profit improvement initiatives over the anticipated three year period.

For the year ending 30 June 2016, Dexion is focused on improving supply chain efficiency which has yet to achieve run rate targets and therefore lower the cost to serve customers, while returning to a more growth orientated agenda. Furthermore, Dexion anticipates year on year revenue growth to move from 6.3% to a budgeted 14% in light of the strong current order backlog, tender opportunities, available capacity and improved costs positions. Subsequent to 30 June 2016, ongoing growth is assumed to be a conservative 3%. Keeping all other assumptions constant and calculating the impact on Dexion's discounted cash flows using a pre-tax discount rate of 15.2%, Dexion would need to achieve sales growth of 8.2% for the year ending 30 June 2016 to avoid impairment of its assets. The Director's believe that the 30 June 2016 budget for Dexion is achievable.

Sunbeam

In the case of Sunbeam, significant progress has been seen in the past year across a broad range of profit improvement areas. Establishing the right cost to serve models, setting the platform for new product introductions, achieving price rises to address a weakened currency and re-establishing a profitable base took priority over growth. With a profitable base now in place, we expect the year ending 30 June 2016 will see revenue growth driven by an increase in the number of new products and product innovations coming to market, further progress of recently introduced products and expanded distribution partners in the New Zealand market. For the year ending 30 June 2016, Sunbeam anticipates a revenue growth of 9.7% with a conservative 3% growth in subsequent years. Ignoring any other potential cost improvements and calculating the impact on Sunbeam's discounted cash flows using a pre-tax discount rate of 15.9%, Sunbeam would need to achieve sales growth of 6.8% in the year ending 30 June 2016 to impairment of its assets. The Director's believe the 30 June 2016 budget for Sunbeam is achievable.

18. Commitments for expenditure

Plant & equipment

Future contracted capital expenditure not provided for and payable:

	2015	2014
	$'000	$'000
Within 1 year	48	4,236
Between 1 and 5 years	-	-
Later than 5 years	-	-
	48	4,236

Operating leases

Future non-cancellable operating lease commitments not provided for and payable:

	2015	**2015**	2014	2014
	Buildings	**Other**	Buildings	Other
	$'000	**$'000**	$'000	$'000
Within 1 year	13,564	1,909	13,125	3,466
Between 1 and 5 years	25,135	1,796	22,630	4,098
Later than 5 years	5,428	131	4,971	-
	44,127	3,836	40,726	7,564

The Group leases 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 Group leases 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.

18. Commitments for expenditure (continued)

Finance leases

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

	2015	2014
	$'000	$'000
Minimum future lease payments:		
Within 1 year	27	25
Between 1 and 5 years	3	32
Later than 5 years	-	-
Total finance lease commitment	30	57
Less: Future finance lease charges	-	-
Finance lease liability	30	57
Present value of minimum future lease payments:		
Within 1 year	27	25
Between 1 and 5 years	3	32
Later than 5 years	-	-
	30	57

Lease liabilities provided for in the consolidated financial statements are disclosed in note 20.

Capital Structure and Financing Costs

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The directors determine the appropriate capital structure of the Group, specifically how much is realised from shareholders and how much is borrowed from financial institutions to finance the Group's activities now and in the future.

This section details the interest income generated on the Group's cash and other financial assets and the interest expense incurred on borrowings and other financial assets and liabilities. The presentation of these net financing costs in this note reflects income and expenses according to the classification of the financial instruments.

19. Cash and cash equivalents

Accounting policies

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 and non-derivative financial instruments.

Bank overdrafts, where they occur, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash flows are included in the cash flow statement on a gross basis inclusive of GST. 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.

		2015	2014
	Note	**$'000**	$'000
Current			
Cash and cash equivalents	23	**42,947**	23,301

Note to the cash flow statement

	2015	2014
	$'000	$'000
Reconciliation of profit after income tax to net cash provided by operating activities		
Profit after income tax	**35,293**	17,684
Share of loss of equity accounted investees, net of tax	**1,073**	-
Depreciation and amortisation	**12,225**	14,383
Impairment of brand names	**-**	-
Impairment of fixed assets	**-**	4,438
Impairment of inventory	**-**	1,615
Impairment of product development	**215**	1,512
Interest received	**(227)**	(82)
Interest paid	**7,788**	6,463
Loss on sale of property, plant and equipment	**(2,444)**	808
Changes in working capital assets and liabilities:		
Increase/(decrease) in net tax liability	**7,041**	(4,810)
(Increase)/decrease in inventories	**(13,537)**	(13,224)
(Increase)/decrease in trade receivables	**(16,707)**	(11,885)
(Increase)/decrease in other assets	**(2,508)**	(5,573)
Increase/(decrease) in provisions	**(9,552)**	5,056
Increase/(decrease) in payables	**13,972**	12,373
Increase/(decrease) in derivatives	**(2,483)**	881
Net cash provided by/(used in) operating activities	**30,149**	29,639

20. Borrowings

Accounting policies

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.

Bank overdrafts

The unsecured bank overdraft facilities are subject to annual review. As part of these facilities, GUD Holdings Limited and all of its subsidiaries (excluding Sunbeam) have entered into a deed of cross guarantee. GUD Holdings Limited has a contingent liability to the extent of the bank overdraft 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 2015 is 4.68% (2014: 4.94%).

Unsecured bank loans

The main unsecured bank loan and Common Terms Deed were revised in June 2015 for the purposes of debt funding of the acquisition of Brown & Watson (note 38), effective 1 July 2015. The total facility was increased from $150 million to $300 million consisting of two tranches summarised below:

	Facilities from 1 July 2015		Facilities as at 30 June 2015	
	Amount $ million	Maturity 1 July	Amount $ million	Maturity 29 October
Tranche A – 5 year facility	185	2020	50	2016
Tranche B – 5 year facility	115	2020	100	2018

Both tranches are subject to variable interest rates which as at 30 June 2015 are 4.15% and 5.38%, respectively (2014: 4.45% and 4.92% respectively).

There are also unsecured facilities in Malaysia and China of $20 million, of which $17 million is renewed annually and $3 million matures in 2020.

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.

	Note	2015 $'000	2014 $'000
Current			
Unsecured bank overdrafts		-	-
Unsecured bank loans		15,857	8,862
Unsecured loans from a subsidiary of Jarden Corporation		6,304	-
Secured finance lease liabilities (1)		27	25
	23	22,188	8,887
Non-current			
Unsecured bank loans		20,165	112,825
Secured finance lease liabilities (1)		3	32
	23	20,168	112,857

(1) Secured by the assets leased (note 16).

20. Borrowings (continued)

Financing facilities

	2015	2014
	$'000	$'000
Total facilities available:		
Unsecured bank overdrafts	**4,996**	5,315
Unsecured bank loans	**189,957**	168,893
Unsecured money market facilities	**15,000**	15,000
	209,953	189,208
Facilities used at balance date:		
Unsecured bank overdrafts	**-**	-
Unsecured bank loans	**36,022**	121,687
Unsecured money market facilities	**-**	-
	36,022	121,687
Facilities not utilised at balance date:		
Unsecured bank overdrafts	**4,996**	5,315
Unsecured bank loans	**153,935**	47,206
Unsecured money market facilities	**15,000**	15,000
	173,931	67,521

21. Derivatives

Accounting policies

Derivative financial instruments

The Group enters into a variety of derivatives 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.

Derivatives are recognised initially at fair value and any directly attributed transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are recognised at fair value, and changes are generally recognised in profit or loss unless designated as cash flow hedging instruments.

Cash flow hedges

The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in fair value of the derivative is recognised immediately in the profit or loss.

The amounts are accumulated in other comprehensive income and reclassified in the profit or loss in the same period when the impact of the hedged item affects profit or loss.

When the forecast transaction that is hedged 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.

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. At this time, gain or losses accumulated in other comprehensive income are reclassified to profit or loss.

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.

21. Derivatives (continued)

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables such as exchange rates or interest rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure.

The Group is exposed to changes in interest rates on its net borrowings and to changes in foreign exchange rates on its foreign currency transactions and net assets. In accordance with Board approved policies. The Group uses derivatives to hedge these underlying exposures.

Derivative financial instruments are initially included in the balance sheet at their fair value, either as assets or liabilities, and are subsequently remeasured at fair value or 'marked to market' at each reporting date. Movements in instruments measured at fair value are recorded in the income statement in net finance costs.

An interest rate swap is an instrument to exchange a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another.

Analysis of the derivatives used by the Group to hedge its exposure and the various methods used to calculate their respective fair values are detailed in this section.

Derivative assets

	Note	2015 $'000	2014 $'000
Current			
Derivatives - Foreign currency forward contracts, options and collars	23	**4,870**	1
Current derivative assets		**4,870**	1
Non-current			
Derivatives - Interest rate swaps	23	**-**	17
Non-current derivative assets		**-**	17

Derivative liabilities

	Note	2015 $'000	2014 $'000
Current			
Derivatives - Foreign currency forward contracts and collars	23	**501**	4,295
Derivatives - Interest rate swaps at fair value	23	**295**	13
Current derivative liabilities		**796**	4,308
Non-current			
Derivatives - Interest rate swaps at fair value	23	**804**	312
Non-current derivative liabilities		**804**	312

22. Other financial assets

Accounting policies

Other financial instruments

Financial assets and liabilities are recognised on the date when they are originated or at trade date.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Group’s contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group’s obligations specified in the contract are discharged, expire or are cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

22. Other financial assets (continued)

Loans receivable

Loans receivable are non-derivative financial instruments and are initially recognised at fair value plus any directly attributable costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less identified impairment.

Contingent consideration

Any contingent consideration receivable or payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Other financial assets

	Note	2015 $'000	2014 $'000
Current			
Consideration receivable	23	**15,869**	-
Loans receivable - third parties	23	**650**	-
Other financial assets		**16,519**	-
Non-current			
Loans receivable - third parties	23	**2,596**	3,500
		2,596	3,500

Consideration receivable included in other financial assets measured at fair value represents the contingent consideration receivable from Jarden Corporation in relation to the sale of 49% of the Sunbeam Australia and New Zealand businesses (note 31).

23. Financial instruments

Fair value hierarchy below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments

Level 2 fair values for simple over-the-counter derivative financial instruments are based on valuations from banks. These are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date.

Other financial assets - Contingent consideration

Level 3 fair values are based on the present value of expected receipt discounted using a risk adjusted discount rate. The expected payment has been determined based on forecast EBITDA to 30 June 2015 for Sunbeam Australia and New Zealand.

There were no transfers between any of the levels of the fair value hierarchy during the year ended 30 June 2015.

There have been no transfers between the fair value hierarchy levels from the prior year to current year.

23. Financial instruments (continued)

Changes in fair value of the contingent receivable balance from the sale of Sunbeam ANZ is summarised below:

	Note	2015 $'000	2014 $'000
Balance at 1 July 2014		**-**	-
Contingent receivable – balance of the sale of 49% of Sunbeam ANZ	31	**12,940**	-
Unrealised fair value gain included in OCI	31	**2,929**	-
Balance at 30 June 2015	31	**15,869**	-

Upon sale of Sunbeam Australia and New Zealand, the Company recorded a contingent consideration of $12.940 million representing its fair value at acquisition date.

Subsequent to initial recognition, contingent consideration was revalued at 30 June 2015 to $15.869 million based on Sunbeam ANZ EBITDA and cash at 30 June 2015, changes in working capital from acquisition date to 30 June 2015 and other adjustments reflected in the sale agreement. Consequently a fair value gain of $2.929 million was recorded in other comprehensive income ($2.050 million net of tax) (note 31).

Options

Pursuant to the Share Sale Agreements between the Company and Holmes Products (Far East) Limited ("HPFE", a subsidiary of Jarden Corporation, notes 31 and 32), the parties also entered into Shareholders Agreements. Under these agreements, the parties have agreed to put and call options that give option holders the right but not the obligation to transfer additional equity to HPFE subject to future dates, meeting earnings targets or both.

The Company has recorded nil value with respect to these options on the basis that the conditions required for exercise are uncertain and / or exercise dates are too far into the future.

23. Financial instruments (continued)

	As at 30 June 2015						
	Carrying value		Not at fair	Fair value			
	Current	Non-current	value	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Derivatives - Foreign currency forward contracts	4,870	-	-	-	4,870	-	4,870
Derivatives - Interest rate swaps at fair value	-	-	-	-	-	-	-
Other financial assets	15,869	-	-	-	-	15,869	15,869
Total financial assets measured at fair value	**20,739**	**-**	**-**	**-**	**4,870**	**15,869**	**20,739**
Financial assets not measured at fair value							
Cash and cash equivalents	42,947	-	42,947	-	-	-	-
Trade and other receivables	108,579	-	108,579	-	-	-	-
Other financial assets	650	2,596	3,246	-	-	-	-
Total financial assets not measured at fair value	**152,176**	**2,596**	**154,772**	**-**	**-**	**-**	**-**
Total financial assets	**172,915**	**2,596**	**154,772**	**-**	**4,870**	**15,869**	**20,739**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	501	-	-	-	501	-	501
Derivatives - Interest rate swaps at fair value	295	804	-	-	1,099	-	1,099
Total financial liabilities measured at fair value	**796**	**804**	**-**	**-**	**1,600**	**-**	**1,600**
Financial liabilities not measured at fair value							
Borrowings and loans	22,188	20,168	42,356	-	-	-	
Total financial liabilities not measured at fair value	**22,188**	**20,168**	**42,356**	**-**	**-**	**-**	**-**
Total financial liabilities	**22,984**	**20,972**	**42,356**	**-**	**1,600**	**-**	**1,600**

23. Financial instruments (continued)

	As at 30 June 2014						
	Carrying value		Not at fair				Fair value
	Current	Non-current	value	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Derivatives - Foreign currency forward contracts	1	17	-	-	18	-	18
Derivatives - Interest rate swaps at fair value	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-
Total financial assets measured at fair value	**1**	**17**	**-**	**-**	**18**	**-**	**18**
Financial assets not measured at fair value							
Cash and cash equivalents	23,301	-	23,301	-	-	-	-
Trade and other receivables	91,872	-	91,872	-	-	-	-
Other financial assets	-	3,500	3,500	-	-	-	-
Total financial assets not measured at fair value	**115,173**	**3,500**	**118,673**	**-**	**-**	**-**	**-**
Total financial assets	**115,174**	**3,517**	**118,673**	**-**	**18**	**-**	**18**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	4,295	-	-	-	4,295	-	4,295
Derivatives - Interest rate swaps at fair value	13	312	-	-	325	-	325
Total financial liabilities measured at fair value	**4,308**	**312**	**-**	**-**	**4,620**	**-**	**4,620**
Financial liabilities not measured at fair value							
Borrowings and loans	8,887	112,857	121,744	-	-	-	-
Total financial liabilities not measured at fair value	**8,887**	**112,857**	**121,744**	**-**	**-**	**-**	**-**
Total financial liabilities	**13,195**	**113,169**	**121,744**	**-**	**4,620**	**-**	**4,620**

24. Financial risk management

Overview

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments within its policies described below as hedges to manage certain risk exposures.

Treasury policies have been approved by the Board for managing each of these risks including levels of authority on the type and use of financial instruments. Transactions are only undertaken if they relate to underlying exposures, i.e. the Group does not use derivatives to speculate. The treasury function reports regularly to the Audit Committee and treasury operations are subject to periodic reviews.

The Group has exposure to the following risks from their financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides additional information about the Group’s exposures to the above risks, its objectives, policies and processes for measuring and managing the identified risk. It also outlines the objectives and approach to capital management.

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international markets, and manages the financial risks relating to the operations of the Group.

The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

The use of financial derivatives is governed by the Group'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 Chief Financial Officer. Each month the Chief Financial Officer provides the Board of Directors with a report outlining financial exposures, hedging levels, and, financial risk management policy compliance.

The Group's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates, interest rates and commodity prices.

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

Credit risk

Credit risk refers to the risk that a financial loss may be experienced by the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group’s risk is primarily in relation to receivables from customers and hedging transactions with third party counterparties.

The Group’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 Group 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 Group 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 Group maintain credit insurance to lessen the credit risk,
- ageing of customer receivables is reviewed in detail each month by businesses within the Group and by the Company in an oversight capacity.

24. Financial risk management (continued)

In order to manage credit risk, goods are sold subject to retention of title clauses and where considered appropriate registered under the Personal Properties Securities Act, so that in the event of non-payment, the Group may have a secured claim.

The Group maintains a provision account, described in the consolidated 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. Credit insurance is maintained to partially mitigate uncollectable amounts.

The maximum exposure to credit risk is the sum of cash and cash equivalents (note 19), the total value of trade debtors and other receivables (note 7) and other financial assets (note 22). 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 Group pays when settlement occurs should the counterparty fail to pay the amount which it is committed to pay the Group. To address this risk the Group restricts its dealings to financial institutions with appropriate credit ratings.

Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due. The Group undertakes 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 Group on a regular basis with comparison to budget on a monthly basis,
- maintenance of standby money market facilities, and
- maintenance of a committed borrowing facility in excess of budgeted usage levels.

The contractual maturities of financial liabilities including estimated interest payments on bank loans are as follows:

2015	**Carrying amount $'000**	**Contractual cash flows $'000**	**Less than 1 year $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**Beyond 5 years $'000**
Financial liabilities						
Trade payables	93,690	93,690	-	-	-	-
Derivatives	1,600	1,600	796	804	-	-
Unsecured bank loans	36,022	38,208	34,636	123	369	3,080
Loans from related parties	6,304	6,304	6,304	-	-	-
Secured finance lease liabilities	30	30	27	3	-	-
	137,646	139,832	41,763	930	369	3,080

2014	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Beyond 5 years $'000
Financial liabilities						
Trade payables	79,718	79,718	-	-	-	-
Derivatives	4,620	4,620	4,308	312	-	-
Unsecured bank loans	121,687	143,230	15,593	5,771	119,668	2,198
Secured finance lease liabilities	57	57	25	32	-	-
	206,082	227,625	99,644	6,115	119,668	2,198

24. Financial risk management (continued)

Market risk

Market risk for the Group refers to the risk that changes in foreign exchange rates or interest rates will affect the Group's income or equity value.

The Group 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 Group 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 Group'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 Group'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 (or maximum) 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). The Group's policy is 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 terms of the Group's commitments are rarely more than one year.

At 30 June 2015, the Group is exposed to 14.2 million (2014: $9.9 million) of US$ denominated net liabilities.

Forward foreign exchange contracts

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

	Average Exchange Rate @		**Foreign Currency**		**Contract Value**		**Fair Value**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Buy			**FC'000**	FC'000	**$'000**	$'000	**$'000**	$'000
United States Dollars	0.7866	0.8995	99,786	90,062	126,857	100,127	3,988	(3,538)
Chinese Renminbi	4.4119	5.5135	48,511	60,484	10,995	10,970	325	(742)
European Euro	0.6310	0.6877	1,786	645	2,830	938	(2)	(3)
Australian Dollars (NZ entities)	0.9372	0.9228	990	2,180	1,056	2,195	58	(11)
					141,738	114,230	4,369	(4,294)

@ Represents weighted average hedge exchange rates in the foreign currency contracts

	2015	2014
Sensitivity Analysis - foreign exchange AUD/USD	**$'000**	$'000
For every 1c decrease in AUD:USD rate, total exposures increase by:		
Income statement	176	(61)
Equity	1,037	(807)

24. Financial risk management (continued)

Interest rate risk management

The Group is 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, swap contracts, options and forward interest rate swap contracts.

The Group, from time to time, enters 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 Group to swap floating rate borrowings into fixed rates. Maturities of swap contracts are principally between one and three years. The Group determines 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. The hedging of the core debt level is reviewed monthly by the Financial Risk Management committee.

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

The following table summarises the sensitivity of the Group 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 the Board of Directors. 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	**2015** **$'000**	2014 $'000
For every 100 basis points increase in interest rates:		
Income statement	**(6)**	(689)
Equity	**-**	-

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

	Average contracted Fixed interest rate		**Notional principal amount**		**Fair value**	
Outstanding floating for fixed contracts	**2015** **%**	2014 %	**2015** **$'000**	2014 $'000	**2015** **$'000**	2014 $'000
Less than 1 year	**3.06**	3.32	**32,842**	63,532	**(295)**	(13)
1 to 2 years	**3.73**	3.48	**34,313**	48,027	**(494)**	(52)
2 to 5 years	**4.58**	3.92	**10,625**	13,384	**(310)**	(243)
			77,780	124,943	**(1,099)**	(308)

Capital management

The Board's policy is to maintain a strong capital base for the Group. This policy is predicated on the need to continue to present the Group favourably to various stakeholders including investors, employees, banks, suppliers and customers. This enables the Group 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 Group.

The Group uses a Cash Value Added (CVA) approach when 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 Group has consistently achieved CVA returns in excess of its weighted average cost of capital resulting in positive shareholder returns.

The Group is not subject to any externally imposed capital requirements. The terms and the conditions of the main debt facilities contain four financial covenants: minimum interest cover, maximum debt to earnings, and Australia and NZ subsidiaries to Group asset and earnings ratios. All covenants have been satisfied during the 2014 and 2015 financial.

There were no changes to the Group's approach to capital management during the year.

25. Share Capital

Accounting policies

Share capital

The Company's fully paid 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.

	2015	**2015**	2014	2014
	$'000	**Number**	$'000	Number
Balance at the beginning of the year	**184,629**	**70,939,492**	186,798	71,341,319
Share issue	**105,346**	**14,140,358**	-	-
Issue costs	**(3,815)**	**-**	-	-
Share buy back	-	-	(2,169)	(401,827)
Balance at the end of the year	**286,160**	**85,079,850**	184,629	70,939,492

During the year, the Company issued 10,640,923 shares through an underwritten share placement and an additional 3,499,435 through a share purchase plan. Both issues were at an issue price of $7.45 per share. Proceeds received will be applied against the acquisition of Brown & Watson (note 38). Costs of $3.8 million incurred in relation to these issues are recorded in equity.

During the year no shares were bought back on market and cancelled by the Group (2014: 401,827). The dividend reinvestment plan has been suspended from the 2013 financial year. The Company does not have par value in respect of its issued shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

26. Dividends

Accounting policies

Dividends

Dividends paid are classified as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Recognised amounts

	Cents per share	**Total amount $'000**	**Date of payment**	**Tax rate**	**Percentage franked**
2015					
Final dividend in respect of the 2014 financial year	18	12,769	3 September 2014	30%	100%
Interim dividend in respect of the 2015 financial year	20	14,188	6 March 2015	30%	100%
Total dividends		26,957			
2014					
Final dividend in respect of the 2013 financial year	26	18,549	3 September 2013	30%	100%
Special cash dividend	10	7,134	3 September 2013	30%	100%
Interim dividend in respect of the 2014 financial year	18	12,823	6 March 2014	30%	100%
Total dividends		38,506			

Unrecognised amounts

Fully Paid Ordinary Shares	**Cents per share**	**Total amount $'000**	**Date of payment**	**Tax rate**	**Percentage franked**
2015					
Final dividend in respect of the 2015 financial year	22	18,718	3 September 2015	30%	100%

26. Dividends (continued)

Dividend franking account

The 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.

The Company operates a Dividend Reinvestment Plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with GUD ordinary shares. This has been suspended for all dividends from the 2013 interim dividend onwards.

	GUD Holdings Limited	
	2015	2014
	\$'000	\$'000
30% (2014: 30%) franking credits available to shareholders of GUD Holdings Limited for subsequent financial years	**4,111**	8,331

27. Reserves

Accounting policies

Hedging reserve

The effective portion of changes in the fair value (net of tax) of derivatives designated as hedges of highly probable forecast transactions (cash flow hedges) is recognised in other comprehensive income and accumulated in the hedging reserve and reclassified to the profit or loss in the same period when the impact of the hedged item affects profit or loss.

When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, gains and losses previously deferred in the hedging reserve are transferred and included in the initial measurement of the cost of the asset.

Gains or losses accumulated in the hedging reserve are reclassified to profit or loss on a prospective basis when hedge accounting is discontinued, when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Equity compensation reserve

The Performance Rights Plan grants shares in the Company to certain employees. The fair value of performance rights granted under the Performance Rights Plan is recognised as an employee expense with a corresponding increase in the equity compensation reserve. The fair value is measured at grant date and is spread over the vesting period which is the period from the grant date to the end of the plan period. The fair value of the performance rights granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the performance rights were granted.

Translation reserve

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Group’s reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Group’s reporting currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety such that control or significant influence is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income and accumulated in the translation reserve.

27. Reserves (continued)

	2015	2014
	$'000	$'000
Hedging Reserve		
Balance at the beginning of the year	**(2,719)**	4,577
Fair value adjustments transferred to equity - net of tax	**9,853**	1,164
Amounts transferred to inventory - net of tax	**(6,081)**	(8,460)
Balance at the end of the year	**1,053**	(2,719)
Equity Compensation Reserve		
Balance at the beginning of the year	**1,349**	380
Equity settled share based payment transactions	**1,532**	969
Balance at the end of the year	**2,881**	1,349
Translation Reserve		
Balance at the beginning of the year	**(775)**	(265)
Exchange differences on translating foreign operations	**1,974**	(510)
Balance at the end of the year	**1,199**	(775)
Reserves at the end of the year	**5,133**	(2,145)

Taxation

This section outlines the tax accounting policies, current and deferred tax impacts, a reconciliation of profit before tax to the tax charge and the movements in deferred tax assets and liabilities.

28. Current tax

Accounting policies

Current and deferred tax expense

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

Tax consolidation

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group under Australian taxation law and taxed as a single entity with effect from 1 July 2003. The head entity within the tax-consolidated group is GUD Holdings Limited. The members of the tax consolidated group are identified in note 30.

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 have agreed to pay a tax equivalent payment to or from the head entity, based on the current liability or current asset of the entity. 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 consolidated financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Income tax expense recognised in the income statement

	2015	2014
	$'000	$'000
Prima facie income tax expense calculated at 30% (2014: 30%) on profit	**14,913**	7,103
Increase/(decrease) in income tax expense due to :		
Non-deductible expenditure	**1,466**	551
(Over)/under provision of income tax in prior year	**(486)**	42
Research and development incentives	**(1,316)**	(1,002)
Tax incentives not recognised in profit or loss	**(272)**	-
Non-assessable income	**(960)**	(701)
Income tax expense	**13,345**	5,993
Tax expense comprises:		
Current tax expense	**9,540**	9,665
Adjustments recognised in the current year in relation to the current tax of prior years	**(486)**	42
Deferred tax expense relating to the origination and reversal of temporary differences	**4,291**	(3,714)
Total tax expense	**13,345**	5,993

Income tax expense recognised in other comprehensive income

2015	**Before tax**	**Tax (expense)/benefit**	**Net of tax**
Exchange differences on translating results of foreign operations	1,974	-	1,974
Fair value adjustments transferred to hedging reserve	14,075	(4,222)	9,853
Net change in fair value of cash flow hedges transferred to inventory	(8,686)	2,606	(6,080)
Revaluation of contingent receivable	2,929	(879)	2,050
Income tax on items that may be reclassified subsequently to profit or loss	-	(1,458)	(1,458)
	10,292	(3,953)	6,339

28. Current tax (continued)

2014	Before tax	Tax (expense)/benefit	Net of tax
Exchange differences on translating results of foreign operations	(510)	-	(510)
Fair value adjustments transferred to hedging reserve	1,663	(499)	1,164
Net change in fair value of cash flow hedges transferred to inventory	(12,074)	3,614	(8,460)
	(10,921)	3,115	(7,806)

29. Deferred tax

Accounting policies

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items.

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 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.

2015	Opening balance $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Closing balance $'000
Deferred tax assets				
Employee benefit provisions	5,001	(389)	-	**4,612**
Restructuring provisions	3,574	(3,498)	-	**76**
Warranty provisions	601	(32)	-	**569**
Doubtful debts	300	8	-	**308**
Inventory	1,081	99	-	**1,180**
Accrued expenses	150	270	-	**420**
Hedging reserve	1,159	-	(1,159)	**-**
Other	1,300	(129)	-	**1,171**
	13,166	(3,671)	(1,159)	**8,336**
Set off of tax				**(7,429)**
				907
Deferred tax liabilities				
Property, plant and equipment	1,265	(65)	-	1,200
Capitalised product development	3,099	430	-	3,529
Other intangible assets	2,943	4	-	2,947
Hedging reserve	-	-	437	437
Other	-	251	-	251
	7,307	620	437	8,364
Set off of tax				(7,429)
				935
Net deferred tax assets/(liabilities)				(28)

29. Deferred tax (continued)

2014	Opening balance $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Closing balance $'000
Deferred tax assets				
Employee benefit provisions	5,027	(26)	-	**5,001**
Restructuring provisions	-	3,574	-	**3,574**
Warranty provisions	642	(41)	-	**601**
Doubtful debts	313	(13)	-	**300**
Inventory	941	140	-	**1,081**
Accrued expenses	187	(37)	-	**150**
Hedging reserve	-	-	1,159	**1,159**
Other	1,895	(595)	-	**1,300**
	9,005	3,002	1,159	**13,166**
Set off of tax	(7,718)	848	-	**(6,870)**
	1,287	3,850	1,159	**6,296**
Deferred tax liabilities				
Property, plant and equipment	1,524	(259)	-	**1,265**
Capitalised product development	3,553	(454)	-	**3,099**
Other intangible assets	2,942	1	-	**2,943**
Hedging reserve	1,956	-	(1,956)	**-**
	9,975	(712)	(1,956)	**7,307**
Set off of tax	(7,718)	848	-	**(6,870)**
	2,257	136	(1,956)	**437**
Net deferred tax assets/(liabilities)				**5,859**

Business Combinations

This section outlines the Group's structure and changes thereto.

30. Investment in subsidiaries

Accounting policies

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed an incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Basis of consolidation

These consolidated financial statements are the financial statements of all the entities that comprise the Group, being the Company and its subsidiaries as defined in Accounting Standard AASB 10 Consolidated Financial Statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised losses are eliminated in the same way and unrealised gains, but only to the extent that there is no evidence of impairment.

30. Investments in subsidiaries (continued)

	Country of incorporation	% ownership interest 2015	% ownership interest 2014
Parent entity			
GUD Holdings Limited [(2)]	Australia		
Subsidiaries			
Appliance and Homewares International Pty Ltd [(1) (3)]	Australia	**100**	100
Carsmart Workshop Pty Ltd [(1)]	Australia	**100**	100
Davey Water Products Pty Ltd [(1) (3)]	Australia	**100**	100
Dexion Limited [(1) (3) (4)]	Australia	**-**	100
Dexion (Australia) Pty Limited [(1) (3)]	Australia	**100**	100
Dexion (Shanghai) Logistics Equipment Co. Ltd	Peoples' Republic of China	**100**	100
Dexion Asia Limited	Hong Kong	**100**	100
Dexion Asia Sdn Bhd	Malaysia	**100**	100
Dexion Asia Services Sdn Bhd	Malaysia	**100**	100
Dexion Commercial (Australia) Pty Limited [(1) (3)]	Australia	**100**	100
Dexion Integrated Systems Pty Limited [(1) (3)]	Australia	**100**	100
ED Oates Pty Ltd [(1) (3)]	Australia	**100**	100
Goss Products Pty Ltd [(1) (3) (5)]	Australia	**-**	100
GUD (HK) Limited	Hong Kong	**100**	100
GUD Automotive Pty Ltd [(1) (3)]	Australia	**100**	100
GUD Europe Limited	United Kingdom	**100**	100
GUD NZ Holdings Limited	New Zealand	**100**	100
Lock Focus Pty Ltd [(1) (3)]	Australia	**100**	100
Monarch Pool Systems Pty Ltd [(1) (3) (6)]	Australia	**-**	100
Monarch Pool Systems Europe S.A.S.	France	**100**	100
Monarch Pool Systems Iberica S.L.	Spain	**100**	100
Sunbeam Corporation Limited	Australia	**51**	100
Sunbeam NZ Corporation Limited	Australia	**51**	100
Wesfil Australia Pty Ltd [(1) (3)]	Australia	**100**	100

All overseas subsidiaries except for GUD (HK) Limited, Monarch Pool Systems Europe and Monarch Pool Systems Iberica 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 Australian 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, the 'closed group'.
(4) Dexion Limited was liquidated at the Final General Meeting held on 15 June 2015.
(5) Goss Products Pty Ltd was liquidated at the Final General Meeting held on 24 February 2015.
(6) Monarch Pool Systems Pty Ltd was liquidated at the Final General Meeting held on 24 February 2015.

30. Investments in subsidiaries (continued)

Deed of Cross Guarantee

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

Income Statement	2015 $'000	2014 $'000
Revenue	**450,527**	492,593
Net finance costs	**(5,197)**	(4,369)
Other expenses	**(378,363)**	(469,603)
Share of loss of equity accounted investees, net of tax	**(1,073)**	-
Profit before income tax	**65,894**	18,621
Income tax expense	**(9,375)**	(4,980)
Profit for the year	**56,519**	13,641
Retained earnings at the beginning of the year	**15,447**	40,312
Retained earnings of members leaving the group	**13,690**	-
Dividends paid	**(26,957)**	(38,506)
Retained earnings at the end of the year	**58,699**	15,447
Balance Sheet		
Current assets		
Cash and cash equivalents	**20,156**	11,924
Trade and other receivables	**56,493**	66,011
Current tax receivables	**-**	544
Other assets	**32,090**	6,285
Inventories	**68,456**	90,207
Total current assets	**177,195**	174,971
Non-current assets		
Other financial assets	**122,512**	38,956
Property, plant and equipment	**13,573**	22,123
Deferred tax assets	**3,599**	4,589
Goodwill	**75,188**	75,188
Other intangible assets	**26,758**	52,831
Total non-current assets	**241,630**	193,687
Total assets	**418,825**	368,658
Current liabilities		
Trade and other payables	**47,735**	62,696
Borrowings	**27**	25
Current tax payables	**1,284**	-
Provisions	**12,041**	26,282
Total current liabilities	**61,087**	89,003
Non-current liabilities		
Borrowings	**6,503**	77,482
Other financial liabilities	**506**	312
Provisions	**1,368**	3,128
Total non-current liabilities	**8,377**	80,922
Total liabilities	**69,464**	169,925
Net assets	**349,361**	198,733
Share Capital	**286,160**	184,629
Reserves	**4,502**	(1,343)
Retained earnings	**58,699**	15,447
Total equity	**349,361**	198,733

31. Non-controlling interests

Accounting policies

Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised on profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way and unrealised gains, but only to the extent that there is no evidence of impairment.

The transactions

Effective 1 November, 2014, the Company sold 49% of the shares in Sunbeam Australia and New Zealand ("Sunbeam ANZ"), comprising Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited, to Holmes Products (Far East) Limited ("HPFE"), a subsidiary of Jarden Corporation. The Company maintains control through nominating three members to the five member boards of Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited and retaining an equity interest of 51%.

Consideration

In respect of the sale of 49% Sunbeam ANZ, consideration comprises:

- An initial cash deposit of $16.205 million received by the Company; and
- Contingent consideration estimated at $12.940 million based on its fair value at acquisition date (note 23) and representing the balance of the proceeds on sale. Subsequent to initial recognition, contingent consideration was revalued at 30 June 2015 to $15.869 million as described in note 23.

Ownership interests

With respect to the Sunbeam ANZ businesses, the Group recognised:

- A decrease in retained earnings of $27.178 million; and
- A decrease in equity of $1.967 million.

The following table summarises the changes in the group's ownership interest in Sunbeam ANZ. Comparative information has not been shown as the Group sold 49% of Sunbeam ANZ effective 1 November 2014.

	2015
	$'000
Non-controlling interests at the beginning of the period	-
Recognition of non-controlling interests without change in control	**29,145**
Share of comprehensive income	**2,048**
Non-controlling interests at the end of the period	**31,193**

The carrying amount of Sunbeam ANZ's net assets in the Group's financial statement on the date of sale was $62.469 million.

32. Equity-accounted investees

Accounting policies

Interest in equity accounted investees

The Group's interest in equity-accounted investees comprises interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method. They are initially recognised at cost, including transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date that significant influence ceases.

The transactions

Effective 1 November, 2014, the Company acquired 49% of Jarden Consumer Solutions (Asia) Limited ("Jarden Asia") from HPFE. The Company has significant influence but not control given it nominated two of the five member boards of Jarden Asia and has an equity interest of 49%.

Consideration

Consideration paid by the Company for the acquisition of 49% Jarden Asia was USD$2.9 million (A$3.4 million).

Summary financial information

The following table summarises the financial information of Jarden Asia as included in its own financial statements and reconciles the summarised financial information to the carrying amount of the Group's interest in Jarden Asia. Comparative information has not been shown as the Group acquired Jarden Asia effective 1 November 2014.

	2015 **$'000**
Current assets	**12,918**
Non-current assets	**861**
Current liabilities	**1,404**
Non-current liabilities	**6.645**
Net assets (100%)	**5,731**
Group's share of net assets	**49%**
Net assets (49%)	**2,808**
Foreign currency translation	**(479)**
Carrying amount of interest in associate	**2,329**
Revenue	**8,078**
Loss and total comprehensive income (100%)	**(2,190)**
Group's share of loss and total comprehensive income	**49%**
Share of loss and total comprehensive income of equity accounted investees, net of tax	**(1,073)**

Other Notes

33. Superannuation commitments

The Group 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. Benefits are provided in the form of lump sum payments subject to applicable preservation rules. The Group contributes a percentage of individual employees' gross income and employees may make additional contributions on a voluntary basis. The Group has no further obligations beyond the payment of the contributions.

34. Key management personnel

The key management personnel (including Non-Executive Directors) of GUD Holdings Ltd, and its subsidiaries, during the year have been identified as the following persons:

- R.M. Herron (Chairman, Non-executive)
- P.A.F. Hay (Non-executive)
- M.G. Smith (Non-executive)
- G.A. Billings (Non-executive)
- D.D. Robinson (Non-executive)
- J.P. Ling (Managing Director) (appointed on 1 August 2013)
- I.A. Campbell (Managing Director) (retired on 31 July 2013)
- M.A. Fraser (Chief Financial Officer)
- D. Jackson (Chief Executive – Sunbeam Corporation Ltd – Australia) (resigned on 31 March 2014)
- K. Hope (Chief Executive – Sunbeam Corporation Ltd – Australia) (appointed on 6 December 2013)
- D. Birch (Chief Executive – E D Oates Pty Ltd)
- R. Pattison (Chief Executive – GUD Automotive Pty Ltd)
- D. Worley (Chief Executive – Davey Water Products Pty Ltd) (appointed on 2 June 2014)
- C. Andersen (Chief Executive – Davey Water Products Pty Ltd) (resigned on 31 August 2014)
- T. Cooper (Managing Director – Wesfil Australia Pty Ltd)
- P. Farmakis (Chief Executive – Dexion Limited) (resigned on 30 August 2013)
- P. O'Keefe (Chief Executive – Dexion Limited) (appointed on 2 September 2013)

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 Group is set out below:

	2015	2014
	$	$
Short-term employment benefits	**5,637,181**	5,249,250
Long-term benefits	**88,468**	26,807
Post-employment benefits	**341,590**	291,429
Retirement benefits	**-**	101,931
Share based payments	**1,032,531**	332,679
	7,099,770	6,002,096

35. Related parties

Directors

Details of Directors' compensation is disclosed in note 34 and the Remuneration Report.

Transactions with key management personnel and their related parties

The Group's policy is 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 key management personnel are on terms no more favourable than made available to other employees.

At 30 June 2015, key management personnel held directly, indirectly or beneficially 207,640 ordinary shares (2014: 158,103) in the Group. Performance rights issued under the 2015 plan will partially vest and, as a result, key management personnel will be issued an additional 31,297.

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 30.

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

The Group's policy is that these transactions are on commercial terms and conditions with the exception of loans between Australian entities and loans between New Zealand entities which are not interest bearing. Loans between entities in the wholly-owned group are repayable on demand.

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 $411,000 excluding GST (2014: $388,000 excluding GST). The Group's policy is that related party lease arrangements are undertaken with commercial terms and conditions.

36. Parent entity disclosures

As at and throughout the financial year ending 30 June 2015 the parent company of the Group was GUD Holdings Limited.

	GUD Holdings Limited	
	2015	2014
	$'000	$'000
Results of the parent entity		
Profit for the period	**41,064**	26,871
Other comprehensive income	**(593)**	(245)
Total comprehensive income for the period	**40,471**	26,626
Financial position of the parent entity at the year end		
Current assets	**106,186**	32,576
Total assets	**354,989**	308,112
Current liabilities	**13,377**	4,689
Total liabilities	**12,460**	83,054
Net assets	**342,529**	225,058
Total equity of the parent entity comprising of:		
Share capital	**286,160**	184,629
Retained earnings	**2,366**	39,303
Other reserves	**54,003**	1,126
Total equity	**342,529**	225,058

36. Parent entity disclosures (continued)

	GUD Holdings Limited	
	2015	2014
	$'000	$'000
Parent entity contingencies		
Contingent liabilities	**57,004**	86,871

The parent entity is party to two guarantees relating to subsidiaries. The bank borrowing facility described in note 20 requires the parent entity to guarantee the bank borrowings of GUD NZ Holdings Limited which in turn guarantees the obligations of the parent entity, i.e. a cross guarantee. No liability is recognised by the parent entity as GUD NZ Holdings Limited is expected to be able to meet its debts as they fall due.

The parent entity is also party to a deed of cross guarantee as described in note 30. There is no expectation of a liability to the parent entity as a result of this guarantee.

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

Other than noted above the parent entity has no material contingent liabilities at 30 June 2015.

37. Contingent liabilities

The Group had no material contingent liabilities at 30 June 2015 (2014: Nil).

38. Subsequent events

Acquisition

Effective 1 July, 2015, the Company acquired 100% of the shares and voting interests of Brown & Watson International Pty Limited ("Brown & Watson") with businesses in the Australian and New Zealand. The acquisition is expected to provide the Group with an expanded presence in automotive aftermarket parts.

Estimated initial consideration of $200 million is payable in cash as follows:

	$'000	**Payment**
Intangible asset amount	157,000	
Target net assets down payment	30,200	
Completion payment	187,200	1 July, 2015
Net assets adjustment amount	12,800	Upon agreement of completion statement
	200,000	

Proceeds were received from shares issued (note 25) and facilities available under the Common Terms Deed were extended to $300 million to fund the acquisition (note 20). The Company drew on the following funds on 1 July 2015 for settlement of the acquisition:

	$'000
Tranche A	72,200
Tranche B	115,000
Completion payment	187,200

The Company has also agreed to pay the selling shareholders contingent consideration if the Brown & Watson EBIT exceeds $26.6 million for the year ending 30 June 2016 capped at $20 million. Based on budget EBIT of $27.9 million for the year ending 30 June 2016, management estimate contingent consideration of $9.1 million, payable upon completion of an earn-out statement based on the audited financial statements for the year ending 30 June 2016.

During the year ended 30 June 2015, the Company incurred $5.126 million of acquisition related costs including equity raising fees, legal fees, due diligence and other advisory fees. Equity raising fees of $3.815 million have been recognised in equity and $1.311 million has been included in administrative expenses.

Other

Other than the acquisition of Brown & Watson and the final dividend for the year being declared (note 26), no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operating results or state of affairs of the Group.

Directors' Declaration

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

(a) the consolidated 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 Group as at 30 June 2015 and of its performance for the financial year ended on that date;
   2. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

There are reasonable grounds to believe that the Company and the group entities identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class order 98/1418.

The Directors' draw attention to the basis of preparation (page 9) of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2015.

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

On behalf of the Directors

R.M. Herron
Director

J.P. Ling
Director

Melbourne, 30 July 2015

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 2015 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

SEBell

Suzanne Bell
Partner

Melbourne

30 July 2015

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 consolidated balance sheet as at 30 June 2015, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, Basis of Preparation set out on page 44, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In the Basis of Preparation set out on page 44, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Group's financial position and of its 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 the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in the Basis of Preparation set out on page 44.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with Section 300A of the *Corporations Act 2001*.

Report on non-IFRS financial information

We have audited the non-IFRS financial information comprising the non-statutory remuneration disclosure set out on page 32 of the directors' remuneration report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the non-IFRS financial information in accordance with the basis of preparation set out on page 32 of the directors' remuneration report for the year ended 30 June 2015.

Our responsibility is to express an opinion on the non-IFRS financial information, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the non-IFRS financial information comprising the non-statutory remuneration disclosure set out on page 32 of the directors' remuneration report for the year ended 30 June 2015 is prepared, in all material respects, in accordance with the basis of preparation set out on page 32 of the directors' remuneration report for the year ended 30 June 2015.

KPMG

KPMG

SEBell

Suzanne Bell
Partner

Melbourne

30 July 2015