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

29 Taras Avenue,
Altona North, Vic 3025
Australia.

PO Box 62
Sunshine, Vic 3020
Australia.

Telephone: +61 3 9243 3311
Facsimile: +61 3 9243 3300
Email: gudhold@gud.com.au
Internet: www.gud.com.au

28 July 2016

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

Dear Sir

Annual Results - Full Year Report - 30 June 2016

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

Enc

Annual Financial Report

GUD Holdings Limited
(ABN 99 004 400 891)

Year Ended 30 June 2016

Previous corresponding period:
Year Ended 30 June 2015

Table of Contents

Results for Announcement to the Market

For the year ended 30 June 2016

Results from operations		Percentage Change		$'000
Revenue	**Up**	**20%**	**to**	**595,513**
Reported net profit from continuing operations for the period attributable to members	**Down**	**241%**	**to**	**(40,927)**
Add back:				
Impairment costs & loss on additional earn-out consideration, after tax				85,295
Underlying profit from continuing operations after tax *	**Up**	**44%**	**to**	**44,368**
Reported operating profit from continuing operations before interest and tax	**Down**	**117%**	**to**	**(8,639)**
Add back:				
Impairment costs & loss on additional earn-out consideration, before tax				87,252
Underlying profit from continuing operations before interest and tax *	**Up**	**52%**	**to**	**78,613**
Underlying profit from discontinued operations before interest and tax *	**Down**	**70%**	**to**	**2,202**
Total underlying profit before interest and tax *	**Up**	**37%**	**to**	**80,815**
Operating cash flows	**Up**	**133%**		**70,192**

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

Net debt	**167,798**

Dividends	**Amount per security**	**Percentage franked**
Final dividend	**23 cents**	**100%**
Date the dividend is payable		**September 2, 2016**
Record date for determining entitlements to the dividend:		**August 19, 2016**
Trading ex-dividend		**August 18, 2016**
Interim Dividend		**Percentage franked**
In respect of the 2016 financial year as at 31 December 2015	**20 cents**	**100%**
In respect of the 2015 financial year as at 31 December 2014	**20 cents**	**100%**
Final Dividend		
In respect of the 2016 financial year as at 30 June 2016	**23 cents**	**100%**
In respect of the 2015 financial year as at 30 June 2015	**22 cents**	**100%**

Net Tangible Assets per security	
As at 30 June 2016	**$0.52**
As at 30 June 2015	**$2.21**

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.

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

29 Taras Avenue,
Altona North, Vic 3025
Australia.

PO Box 62
Sunshine, Vic 3020
Australia.

Telephone: +61 3 9243 3311
Facsimile: +61 3 9243 3300
Email: gudhold@gud.com.au
Internet: www.gud.com.au

28th July 2016

GUD Holdings Limited results for year ended 30th June 2016

Underlying NPAT up 36% underpinned by strong performance in Automotive businesses

GUD Holdings today reported a net loss after tax of $43.0 million including a $75.7 million non–cash impairment at Dexion and an earn-out payment of $10.6 million, treated as an expense, associated with the acquisition of the Brown & Watson automotive business.

The recent trading performance together with the near term outlook for Dexion resulted in the decision to impair GUD's holding value by $75.7 million pre-tax, of which $19 million was recognised in the half year results. Following the impairment the holding value of Dexion stands at $44 million and all goodwill has been written off.

Underlying NPAT from continuing operations increased 36% to $44.4 million with strong contributions from the Automotive businesses and Davey Water Products, partially offset by a loss in Dexion.

The Sunbeam appliances business was reclassified as a discontinued operation following the announcement of the sale of GUD's interest in the joint ventures, which completed on 1st July 2016. Sunbeam's revenues and underlying EBIT contribution are excluded from the comparative analysis for the continuing business.

Group revenue from continuing operations was up 20% to $595.5 million including a $117.4 million contribution from Brown & Watson. Revenue growth was reported in Davey, Oates and the established automotive businesses, Ryco and Wesfil.

Underlying EBIT from continuing operations increased 52% to $78.6 million from $51.6 million previously. The underlying EBIT including Sunbeam's $2.2 million, was $80.8 million, marginally below the guidance range provided at the half year.

Dexion reported lower revenue due to a lack of major projects in the Australian racking market and lower demand in the commercial products market. Dexion's underlying EBIT was a loss of $3.8 million for the year.

A group-wide initiative focusing on inventories and debtor collections resulted in cash flow more than doubling to $70 million from $30 million in the prior year, with a strong pick up in the second half. Cash conversion increased to 101% from 62% year-on-year.

Net debt at year end was $168 million, a reduction of $23 million from 31st December 2015. On 1st July 2016, cash of $35.4 million was received from the sale of the Sunbeam joint ventures. In addition the total Brown & Watson earn out payment of $20 million will be paid in August 2016.

Underlying earnings per share increased 5% to 50.3 cents on the expanded share base associated with the Brown & Watson acquisition. A final dividend of 23 cents per share fully franked was declared bringing the total dividend for the year to 43 cents, compared with 42 cents in the prior year.

"Whilst Dexion's performance was disappointing and difficult decisions have been taken in respect of its carrying value, there were a number of offsetting positives in our other businesses in these results," Managing Director Jonathan Ling stated.

"The Brown & Watson business, which was acquired on 1st July 2015, exceeded expectations in respect of its financial performance. Accordingly, the earn-out to the previous owners was maximised at $20 million. Meanwhile the existing automotive businesses reported solid growth in both revenue and EBIT."

"There was a strong return to growth evident in the Davey water products business, driven by a sales increase in Australia and Europe and continuing benefits from internal efficiency initiatives," Mr Ling said.

"The year represented one in which the portfolio structure of GUD was rebalanced with the acquisition of Brown & Watson and the sale of the interests in the Sunbeam joint ventures. We anticipate the consequences of this to be more consistent and stable revenue and profit streams, as the relative focus shifts from consumer markets to trade and industrial markets," he said.

Segment Summary - for the year to 30 June

	Revenue			Segment Result (EBIT)			Underlying EBIT		
$ million	**2015**	**2016**	**% change**	**2015**	**2016**	**% change**	**2015**	**2016**	**% change**
Automotive	101.4	229.9	127%	32.3	66.7	106%	32.3	66.7	106%
Davey	102.6	107.5	5%	9.5	11.1	16%	9.5	12.1	27%
Oates	70.2	72.0	2%	11.5	10.2	-11%	11.5	10.2	-11%
Lock Focus	10.7	10.6	0%	0.8	0.6	-21%	0.8	0.6	-21%
Dexion	212.2	175.6	-17%	5.4	-79.5		5.4	-3.8	
Unallocated	-0.0	-0.0		-9.5	-17.7		-7.9	-7.2	
Continuing Operations	497.1	595.5	20%	50.0	-8.6		51.6	78.6	52%
Discontinued Operations	114.4	114.4	0%	7.3	1.2	-83%	7.3	2.2	-70%
TOTALS	**611.5**	**709.9**	**16%**	**57.3**	**-7.4**	**-113%**	**58.9**	**80.8**	**37%**

Notes:

1. Davey's segment EBIT includes $1 million inventory impairment taken in the first half.
2. Dexion EBIT includes $19 million goodwill and inventory impairment taken in the first half and $56.7 million of impairment subsequently.
3. The Unallocated segment EBIT result includes $10.6 million contingent consideration associated with the Brown & Watson acquisition.
4. Minor differences are due to rounding.
5. Underlying EBIT is before impairment costs. All underlying measures are non-IFRS and have not been subject to audit or review.
6. For a full reconciliation of the above refer to Note 7: Segment Information in the Annual Financial Report.

Automotive Products EBIT increased 106% to $66.7 million

The established Ryco and Wesfil automotive businesses contributed revenue of $112 million and EBIT of $36 million, representing robust growth on the prior year of 11% and 10% respectively. A number of new product and marketing initiatives were behind this growth at both businesses.

These included Ryco's introduction of diesel particulate filters and Syntec high performance filters along with ranging of its Japanese truck filter program in specialist distributors.

In addition, Ryco continued to convert workshops to first choice Ryco customers and implemented a number of innovative market activations in support of the range expansion activities.

Brown & Watson's contribution of $117 million revenue and $31 million EBIT was in excess of expectations at the time of the acquisition. This performance came about due to substantial new product activity throughout the year, continuing the momentum that was inherent in the business. Additional new product introductions associated with the Narva catalogue publication in February 2016 provided a further boost to revenues.

Joint customer-focused activities were initiated across Ryco and Brown & Watson, including a number of joint promotions and cross-selling actions.

Brown & Watson's integration into GUD commenced with EBIT contribution from bringing the business into some of GUD's purchasing arrangements, including container and local freight and insurance.

Davey underlying EBIT increased 27% to $12.1 million

As a result of internal efficiency improvements and procurement savings Davey was able to generate a 27% uplift in underlying EBIT on a 5% increase in revenue.

The Australian and European businesses underpinned the sales growth. A change in focus in the Australian sales structure to more effective key account management and increased ranging in European pool products were behind this growth.

Davey's cost structure benefited from further savings made in local freight costs and from the on-going application of the sales force effectiveness program, which focuses on a combination of cost-to-serve and share of wallet. The pool products business within Davey returned to a profitable position in the year.

Oates EBIT declined by 11% to $10.2 million

The Oates cleaning products business generated sales growth of 2% to $72 million, which came from a record performance in the commercial/industrial market segment; that is, sales of product used by professional cleaners.

The EBIT decline was a consequence of difficulty in achieving price increases in the grocery and hardware market segments, needed to offset the higher cost of product due to currency effects.

Accordingly, the future direction for Oates is product innovation aimed at the higher returning commercial and industrial markets.

Lock Focus EBIT declined 21% to $0.6 million

Increased investment in new product projects restrained financial performance in 2015-16. However, increasing sales momentum from new products is expected in 2016-17.

Dexion reported an underlying EBIT loss of $3.8 million

Dexion's second half performance was below expectations following a disappointing first half. Lower demand in the commercial market segment and the postponement of major racking projects in Australia led to reduced revenues.

This latter factor resulted in volume throughput at the Malaysian factory being lower than expected and this caused continued under-recoveries, during a period in which the factory was predicted to break-even.

Conversely, the New Zealand racking business delivered a record financial result, partly due to the commencement of a substantial automated warehouse project in that market.

The result in New Zealand, coupled with internal efficiency improvements, contributed to profitable performance in Dexion in each month in the last quarter of the year.

Discontinued Operations – Sunbeam joint ventures

The sale of GUD's interest in the Sunbeam ANZ and Asian joint ventures was announced on 14th April 2016, effective 1st July 2016. $35.4 million was received on 1st July, with the final adjustments to price being determined when all accounts are completed by end September 2016.

Outlook

"The 2016 year was one in which substantial steps were taken in rebalancing GUD's asset portfolio. There is evidence in the results from continuing operations that these moves are having a positive effect," Jonathan Ling said.

"It is also apparent that there still remains much to be done at Dexion and while trading conditions remain difficult there are signs, from a profitable last quarter, that the approach of the new management team is starting to head the business in the right direction," he said.

"Our automotive interests are now the core of the portfolio, contributing nearly 80% to operational EBIT in the recent year. We expect both organic and acquisition growth to continue in these businesses in the current financial year. This will result from further market-directed collaboration between Brown & Watson and Ryco and new product activity in all three businesses. Ryco should benefit from its growing customer base while Brown & Watson is predicting a sales uplift associated with the 2017 Projecta brand catalogue release," he said.

"Davey and Oates are expected to deliver growing profit contributions from on-going innovation programs, further cost structure improvements and acquisitions," he said.

"GUD's financial position remains strong with high cash conversion and a reducing net debt position. This leads to a substantial balance sheet capacity to support further organic and acquisition growth initiatives."

"Overall we are anticipating underlying earnings to grow again in the current year," Mr 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 2016.

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 Immediate Past President and former Chairman of the Royal Automobile Club of Victoria (RACV) Ltd (retired December 2014).

A L Templeman-Jones* **BComm MRM EMBA CA FAICD**

Appointed Non-Executive Director on 1 August 2015.

Ms Templeman-Jones is currently a Non-Executive Director of APN News & Media Limited, where she serves as Chair of the Audit and Risk Committee and a Non-Executive Director of Cuscal Limited, where she is Chair of the Risk Committee . She is also Non-Executive Director of Pioneer Credit Limited.

Ms Templeman-Jones has considerable experience in institutional and commercial banking, wealth management and insurance, having previously held a number of senior executive roles within Westpac and ANZ.

P A F Hay* **LLB FAICD (Retired 1 August 2015)**

Appointed Non-Executive Director on 26 May 2009. Appointed Chairman of the Remuneration Committee on 22 June 2010. Mr Hay retired from the Board on 1 August 2015.

Mr Hay is currently Chairman of Newcrest Limited (appointed January 2014) and Chairman of Vicinity Centres 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 Alumina Limited (retired December 2013), Australia and New Zealand Banking Group Limited (retired April 2014) and Myer Holdings Limited (retired July 2014).

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 Limited (since April 2013). He is a former Non-Executive Director of Toll Holdings Limited (retired May 2015), and a former Chairman of Food Holdings Limited (retired August 2011).

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 management roles with Unilever and Uncle Toby's.

G A Billings* **BCom FCA MAICD**

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

Mr Billings retired from PricewaterhouseCoopers in 2011 after 34 years, where he was head of the Melbourne Assurance practice as well as heading the firm's Australian and Global Industrial Products business.

Mr Billings was appointed Chairman of Korvest Limited in September 2014 and a Non-Executive Director of Clover Corporation Limited on 20 May 2013. He was appointed Chairman of Azure Healthcare Ltd on 21 October 2015.

D D Robinson* **BSc MSc**

Appointed Non-Executive Director on 20 December 2011.

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

In that time he has 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 **BEng MBA FAICD**

Appointed Managing Director and Chief Executive Officer on 1 August 2013. Mr Ling was appointed as a Non-Executive Director of Pact Group Holdings Ltd on 28 April 2014.

Mr Ling was previously CEO and Managing Director of Fletcher Building Limited (2006 to 2012). He has extensive management experience in competitive manufacturing businesses through his senior roles with Fletcher Building and prior roles with Pacifica, Visy and Nylex.

Mr Ling is a former Non-Executive Director of Pacific Brands 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 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 30 years.

General Manager Strategy & Planning

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

Mr Draycott joined GUD in June 1997 as Corporate Development Manager.

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 ten meetings during the year.

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

	Board		Audit, Risk & Compliance Committee		Remuneration Committee		Nominations Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
R M Herron	10	10	4	4	4	4	2	2
A L Templeman-Jones (appointed 1 August 2015)	9	8	3	2	3	2	1	1
P A F Hay (retired 1 August 2015)	10	1	1	1	1	1	1	1
M G Smith	10	10	4	4	4	4	2	2
G A Billings	10	10	4	4	4	4	2	2
D D Robinson	10	10	4	4	4	4	2	2
J P Ling	10	10						

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 2016**	**Total 30 June 2015**
R M Herron	10,768	34,455	45,223	25,223
A L Templeman-Jones (appointed 1 August 2015)	540	2,752	3,292	-
P A F Hay (retired 1 August 2015)	4,828	-	4,828	4,828
M G Smith	-	30,373	30,373	14,753
G A Billings	-	11,250	11,250	2,250
D D Robinson	-	13,000	13,000	3,000
J P Ling	116,894	26,528	143,422	114,011

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 16 -29, 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

On 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 provides the Group with an expanded presence in automotive aftermarket parts.

Initial consideration paid was $198.0 million plus an estimated consideration payable at acquisition of $8.011 million based on an earn-out for the year ending 30 June 2016.

Subsequent to initial recognition, management revalued the contingent consideration payable to a fair value of $19.4 million at 30 June 2016 based on Brown & Watson reported EBIT at 30 June 2016. This represents contingent consideration of $20.0 million, payable in October 2016.

In relation to the acquisition of Brown & Watson, the Company incurred $5.5 million of acquisition related costs including equity raising fees, legal fees, due diligence and other advisory fees which were incurred in the year ended 30 June 2015.

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 2016, there were 85,327,114 ordinary shares on issue.

Dividends

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

- A final ordinary dividend of 22 cents per share in respect of the year ended 30 June 2015 was declared on 30 July 2015, and paid on 3 September 2015 amounting to $18,755,843. This dividend was fully franked.
- An interim ordinary dividend of 20 cents per share in relation to the year ended 30 June 2016 was declared on 27 January 2016 and paid on 4 March 2016, amounting to $17,065,423. This dividend was fully franked.
- A final ordinary dividend of 23 cents per share in respect of the year ended 30 June 2016 was determined on 28 July 2016, and is payable on 2 September 2016 to shareholders registered on 19 August 2016. This dividend will be fully franked. Shares will trade ex-dividend on 18 August 2016. 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 102 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 6 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 411,376 Performance Rights were granted to executives under the GUD Holdings 2018 Long Term Incentive Equity Plan. This included 62,762 Performance Rights granted to the Managing Director in October 2015 after receiving approval of shareholders at the 2015 Annual General Meeting. In addition, as a result of executives departing the Group during the year, a total of 122,461 Performance Rights were determined by the Board to have lapsed.

As a result of meeting TSR targets, 258,384 performance rights granted in 2013 vested and 28,567 performance rights lapsed in relation to the GUD Holdings 2016 Long Term Incentive Equity Plan.

Except as above, 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

With the formation of a joint venture with Jarden Corporation in November 2014, the Company sold 49% of Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited (collectively "Sunbeam ANZ") 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 30 June 2015, and 146,565 performance rights in respect of the year ending 30 June 2018, to vest if performance triggers are achieved.

For the year ended 30 June 2015, the trigger level was set at an EBITDA level of $10m on the EDITDA definition applied by Jarden Corporation, and excluding certain non-recurrent costs. The trigger level was achieved and endorsed by Jarden Corporation. Karen Hope was therefore issued 73,283 performance rights.

An STI in respect of year ended 30 June 2015 of $186,099 would have been paid to Karen Hope had the performance rights not vested. Given that the performance rights did vest, Karen Hope did not receive this STI.

As a consequence of the decision to sell the remaining 51% of the shares in Sunbeam ANZ in April 2016, the Remuneration Committee approved a special incentive for a key executive, Karen Hope, comprising up to 73,282 performance rights related to net proceeds received in consideration of the sale.

The 146,565 performance rights previously granted to Karen Hope in respect of the year ending 30 June 2018 have lapsed as a result of the Sunbeam ANZ sale.

For the year ended 30 June 2016, the EBITDA trigger level is subject to review and endorsement by Jarden Corporation by September 2016. At this stage it is uncertain whether the performance rights will vest.

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 36 to the financial statements.

Rounding Off

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Rounding Instrument, 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

On the 14 April 2016, the Company entered into amended shareholders agreements that grant a put option to the Company, giving the Company the right but not the obligation to require Holmes Products (Far East) Limited ("HPFE") , a subsidiary of Jarden Corporation, to acquire:

- the Company's remaining 51% of the shares in Sunbeam ANZ, comprising Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited, to HPFE; and
- the Company's 49% of shares in Jarden Asia.

On the 1 July 2016, the Company exercised its rights under this put option such that HPFE acquired :

- the remaining 51% of Sunbeam ANZ for an estimated $30.3 million, of which $29.5 million was received on 1 July 2016; and
- the remaining 49% of Jarden Asia for USD$2.9 million (A$4.0 million), which was received on 1 July 2016.

In addition, loans made by the Company to Sunbeam ANZ of approximately $1.9 million were repaid on 1 July 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
Dated at Melbourne, 28 July 2016

J P Ling
Managing Director

Operating and Financial Review

OVERVIEW

2015-16 was a landmark year in the evolution of GUD. The acquisition of Brown & Watson International Pty Ltd (Brown & Watson) and the announcement of the sale of GUD's remaining interest in the Sunbeam small appliances business marked the most significant shift in the composition of GUD's business activity portfolio since the acquisition of the Sunbeam Victa company in 1996.

In addition to these formative portfolio activities, the businesses in the Group continued to pursue the elements of strategy that have been outlined in previous years' Operating and Financial Reviews. That is, each business continued to focus on the three areas targeted for improvement over recent years:

1. Actioning improvements in cost-to-serve and share of wallet that were identified in the profit by customer and profit by product analyses that were completed in 2013-14. For example, the Davey water products business has implemented an active sales force effectiveness program that continues to deliver savings in excess of $2 million annually.

2. Continued implementation of the high performance culture at each business unit to lower levels in the respective organisations. Last year the framework was active at the management team level and this has now cascaded down to middle management and supervisor level.

3. Instigating structured and intensive innovation programs across all businesses. This has involved the commencement of a far-reaching innovation capability-building program for which GUD is using the services of Australia's leading innovation consultancy. This program is multi-layered and initially involves around 50 people from various functions in the businesses and follows the establishment of the Product Leadership Council in 2014-15. Following completion of the program in early calendar 2017, GUD will have a robust innovation process, will have the necessary tools and techniques embedded at each business and will have a broad base of people to apply those tools with the aim of conceiving and commercialising pipelines of breakthrough new products and services.

As previously noted the objective of these three programs is to underpin more stable and satisfactory levels of profitability and economic return, through positioning GUD as a portfolio manager of a group of product leadership businesses that are managed for growth.

When coupled with the sizeable portfolio initiatives that were undertaken during the year, these mark the first major steps in framing the structure of the GUD of the future.

FINANCIAL PERFORMANCE REVIEW

Prior to outlining the primary financial performance results for the 2015-16 financial year it is important to note that, following the announcement of the sale of GUD's interests in the Sunbeam appliance business joint ventures, the accounts for both the current and the previous financial years have been restated to show Sunbeam as a discontinued operation. The remaining businesses have been classified as continuing operations for comparative purposes.

Revenue

Total revenue in 2015-16 increased over the prior year by 16% to just under $710 million. The increase of $98.4 million consisted of the full year contribution from the Brown & Watson business that was acquired on 1st July 2015, sales growth in the other automotive businesses as well as in Davey and Oates, flat revenue in Lock Focus and Sunbeam and a decline of $37 million at Dexion.

Revenue for the continuing operations increased 20% to $596 million from $497 million in the prior year.

The principal factors behind these revenue trends were:

1. The contribution of $117 million from Brown & Watson. This level exceed the revenue expectations held at the time of the acquisition and was the result of a number of factors including a continuation of the new product momentum that existed in the business at purchase and an additional boost to sales in the second half from new products introduced in the 2017 Narva brand product catalogue.

2. Revenue growth in the established Ryco and Wesfil automotive businesses from a combination of entry into new product categories, range extension in existing categories, growth in the workshop user base and implementation of a number of innovative marketing activation programs to support the new products.

   GUD Automotive’s filtration brand Ryco continued to lead the industry with new product activity. During the year it introduced a range of diesel particulate filters, the first aftermarket offering of this product type in Australia and New Zealand. In addition, it introduced a high performance filter program under the Syntec sub-brand and gained ranging for its Japanese truck filter program in specialist distributors.

   Ryco continued with its market-leading workshop conversion program over the year, growing its user base substantially. This will be reflected in increasing sales in future years as these workshops and mechanics establish regular usage of Ryco filters.

   Wesfil continued to add to its product offering with substantial sales growth reported in wiper blades, engine parts, globes and its traditional automotive filters as a consequence.

3. After some years of subdued revenue growth, Davey reported a 5% growth in revenue to $108 million in the year. Growth was recorded in Australia and in the European pool products distribution business, the former coming from a combination of a more structured approach to managing key accounts, continuation of the share of wallet element of the sales force effectiveness program and a consumer-directed promotional program implemented at the end of the year.

   The European business, which sells swimming pools products to a significant distributor in that region, increased sales by a third over the prior year as a result of broader ranging of Davey’s suite of pool products.

   Davey also reported that its pool products business returned to profitability in 2015-16.

4. The Oates cleaning products business enjoyed a record year of sales to its heartland commercial and industrial distributors, resulting in a 2% revenue growth in the year. Oates struggled to grow sales in the grocery and hardware sectors due to a combination of factors including uncertainty over the future of the Masters hardware chain and the increasing focus by supermarkets on lower cost, lower quality product offerings.

5. GUD’s smallest business unit, Lock Focus, reported a slight drop in revenue for the year as traditional markets continue to decline, while new product revenue gained momentum.

6. Dexion, a business that supplies warehouse racking and associated systems along with storage equipment for commercial markets, reported a 17% decline in revenue from the prior year, generating $176 million in sales in 2015-16. Two major factors influenced this result, the first being the reduction in demand for commercial storage products. The second factor was the lack of confirmed, new major warehouse racking projects in the Australian market as customers postponed decisions, for a variety of reasons.

   Conversely, the New Zealand racking business reported a record year with a contribution to revenue coming from a large automated warehouse project that commenced in the latter part of the year.

Profitability

Following a write-down in the value of GUD's holding in the Dexion business the Group reported a net loss after tax of $43 million for the 2015-16 financial year. The write down, which consisted of impairment of goodwill, brand names, inventory and product development costs, totalled $75.7 million pre-tax.

An impairment of Dexion was taken following a review of recent trading performance and its near term outlook. $19 million of the total Dexion impairment was recognised in the half-year accounts.

In addition, the net result also included a $1 million impairment of Davey's inventory, a charge that was included in the half-year accounts and an amount of $10.6 million relating to an earn-out payment to Brown & Watson's previous shareholders, following that business reaching the maximum earn-out hurdle due to its exceptional financial performance in the year.

Underlying net profit after tax from continuing operations, that is, before the impairment and one-off costs and excluding Sunbeam, increased by 36% to $44.4 million.

Underlying EBIT from continuing operations was $78.6 million, a 52% increase on the prior year's level. Growth in underlying EBIT at Automotive and Davey contrasted with declines at Dexion, Oates and Lock Focus. The profit growth in the Automotive business came from a combination of the inclusion of Brown & Watson along with higher contributions from both the Ryco and Wesfil businesses.

The primary influences on the profit results from each of the reporting entities were:

1. Automotive – the sales growth, as previously noted, was a major factor behind the profit uplift in Ryco and Wesfil. In addition the EBIT contribution of $31 million from Brown & Watson underpinned the overall $34.4 million EBIT growth in this segment.

2. Whilst revenue growth also contributed to Davey's 27% increase in EBIT, a more significant contribution came from internal efficiency improvements and lower costs. In particular savings from local freight costs, procurement activities covering both products and services and cost to serve benefits from the sales force effectiveness program all contributed.

3. Disappointingly Dexion reported an EBIT loss of nearly $4 million in the year following a profit of over $5 million in the prior year. This result was due to the lower level of sales as previously commented on. In addition, lower volumes processed through the Malaysian factory, as a result of the lower demand, led to the factory operating at below break-even levels, with the result that under-recovered overhead costs had a substantial effect on Dexion's profit.

   It was anticipated at the interim results announcement that the factory would reach a break-even position over the course of the second half, but this did not eventuate as major projects were postponed. At the same time Dexion instigated a major drive on reducing inventories, which was particularly successful, and this further reduced demand on the factory.

   Despite the profit result, Dexion reported a strong recovery in cash generation, due to increased collections from customers and a sizeable reduction in its inventory level, especially over the second half.

4. Although it registered a growth in revenue Oates reported an 11% decline in EBIT, to $10.2 million from $11.5 million previously. The principal reason for this decline was the difficulty in achieving price increases in the grocery and hardware market segments, which were required to offset the higher cost of product due to currency effects. The extremely competitive nature of these sectors, where the focus is on price to gain and retain customers, underlies this difficulty.

The Sunbeam small appliance business, classified as a discontinued operation for these accounts, contributed an underlying EBIT result of $2.2 million in the year compared with $7.3 million previously.

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 the respective local currencies, movements in foreign currency values have the potential to substantially affect the Group's financial result each year.

To address these potential effects, GUD utilises hedges of up to 90% of the forecast foreign currency net purchases for up to twelve months. In assessing the level and period of forward cover for each business, 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 are considered.

Following its acquisition by GUD, Brown & Watson adopted the Group's approach to foreign exchange management during the year.

Currency hedging over the past year continued to be addressed predominately through forward exchange contracts, wherein the exchange rate is defined at the time of entering the contract.

In most cases the businesses were successful in achieving price rises in response to weakening currencies. In addition, most businesses have put in place, or are finalising, price rises to take effect early in the 2016-17 financial year in light of current exchange rates and anticipated domestic cost inflation. However, in the case of Dexion, weakening steel prices largely offset the currency impacts, reducing the level of price increases sought from the market.

Dividends

The total dividend for the 2015-16 year was 43 cents per share consisting of an interim dividend of 20 cents per share and a final dividend of 23 cents per share. Both dividends were fully franked.

This compares with total dividends of 42 cents per share in the previous financial year.

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

Cash Generation and Capital Management

A group-wide initiative focusing on inventories and debtor collections resulted in cash flow more than doubling to $70 million from $30 million in the prior year, with a strong pick up in the second half.

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

With the exception of Brown & Watson concerted efforts were made to reduce net working capital in the current financial year. In the case of Dexion, attention was focused on improving the work-in-progress financed by customer down-payments and progress payments, whereas in other businesses action plans centred on inventory reduction.

Brown & Watson's priority was on improving fulfilment rates and ensuring sufficient inventory was on hand to support the launch of new product lines which were introduced with the release of the 2016 Narva catalogue.

The major capital commitment for the year was the purchase of Brown & Watson, which involved an initial payment of $187.2 million on 1st July 2015 and true-up payments totalling $10.8 million during the year. A final tranche of $20.0 million will to be paid to the prior owners of Brown & Watson during the first quarter of the 2016-17 financial year, representing an earn-out, which was linked to the year's financial performance.

In addition $35.4 million was received on 1st July 2016 as an payment for the sale of the Company's remaining interest in the Sunbeam business. A final, small adjusting settlement is expected to be concluded in the first quarter of the 2016-17 financial year.

As a consequence of the Brown & Watson purchase, the Company's debt position swung from a net cash position of $0.6 million at the end of the prior year (which included cash received of $105m from an equity raising) to a net debt position of $168 million at 30th June 2016. Net debt reduced post balance date after receipt of the payment for Sunbeam.

External Financing

A new five-year debt financing facility agreement for a total of $300 million commenced on 1st July 2015 to support both the ongoing operations and the purchase of Brown & Watson. This facility involves Westpac, NAB and the Commonwealth Bank.

The facility comprises two parts. The first is a five-year core debt facility of $185 million, while the second is a $115 million acquisition-related debt facility, which will reduce to $62.5 million over the life of the loan.

The total facility capacity at the end of 2015-16 was $295 million and this will fall to $282.5 million at the end of 2016-17. It will reduce by a further $15 million each year thereafter until it expires on 1st July 2020 at a value of $247.5 million.

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

STRATEGY REVIEW

GUD's primary objective is to generate long-term shareholder returns above the cost of capital, while maximising the value of its unique portfolio of market leading brands.

Strategy development and execution is focused at the segment level. GUD's businesses operate with a significant degree of autonomy. There is very little overlap between the businesses in respect of markets and customers served, hence the focus.

This individual business approach is overlaid with strategic portfolio analysis, which addresses the structure of the GUD group in relation to the types of activities the Company should be active in to meet the long-term objective.

The business unit and Group strategies are prepared and reviewed by the Board annually. The approach taken considers the competitive position of each business through assessing its market position, management capabilities and business culture, business fitness and scalability opportunities.

In addition, the attractiveness of each industry sector is evaluated along with the long-term financial performance of each business unit. The latter analysis includes sales and profit trends along with shareholder return history.

This approach provides a framework for assessing an activity and business unit's prospects, from which the future portfolio structure is developed.

From the strategy work completed in recent years a more clearly defined criteria for GUD's portfolio structure has emerged. The overarching guidelines that frame the portfolio structure now and into the future are:

- Industrial, trade or commercial customer base
- Business to business sales profile
- Strong brands – either #1 or #2 in the category
- Product leadership in niche markets with a strong innovation track record
- Sustainable and attractive returns
- Predominantly and Australian and New Zealand footprint.

At the individual business unit level the elements that frame the strategy are:

1. Investing in innovative product development to deliver breakthrough new products that address specific customer needs, through either distinctive product features, lower product costs and/or improved functional performance.
2. Investing in GUD's brands through the full spectrum of marketing activities and programs to maintain leading positions with each brand's selected audience.
3. Improving product and supply chain costs and efficiencies to enable each business to remain internationally competitive in its sector.
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.

Actions taken on these elements of strategy during the 2015-16 financial year are detailed in the following sections.

Innovation and new product development

Innovation and new product development has been a fundamental component of activity across GUD's businesses for many years. However, with increasing globalisation and growing disintermediation the need to continue innovating to provide the users of, and customers for, the Group's various products with new features and benefits has become more paramount.

Without new products and services GUD's ability to compete over time will erode and the requirement, therefore, to accelerate the introduction of these through a well-defined innovation process is urgent.

To that end, and with the objective of creating a consistent innovation approach and culture, a comprehensive innovation capability-building program commenced during the 2015-16 year. This year-long, structured program involves capability building across a group of people from a broad spectrum of disciplines in each business.

The aim of the program is to embed a common innovation process, based broadly around principles that are complementary with design thinking concepts and that are resolutely focused on the existing or potential customer or user. From this each business has been tasked with developing a pipeline of breakthrough new products or services for introduction in the current and coming years.

The ability to create new solutions to existing customer problems is critical for future sales growth, for margin protection and for maintaining the relevance of GUD and its brands with its disparate and complex customer bases.

The program is about making innovation, and the unique approach to it, a way of doing business for GUD in coming years.

Concurrent with the major innovation initiative, all businesses in the GUD Group have been active in introducing new or upgraded products to their respective market places.

In particular the Ryco automotive filtration business has completed an exceptionally active year for new product introductions.

Ryco has led the market with the launch of diesel particulate filters. These filters are now commonly found in the exhaust systems of diesel vehicles and, to date, there has not been an aftermarket offering of this type of product. With diesel vehicles growing in popularity the requirement for these filters as replacement parts is emerging and Ryco is now well positioned to service that market need.

There is also a niche market for performance filters for a small number of vehicle types owned by high performance vehicle enthusiasts. Through identifying new filtration media Ryco was able to develop and introduce the SYNTEC™ high efficiency oil filter that meets the specific requirements of this market segment. The launch of this filtration program, through one of Australia's leading retailers of automotive parts, was exceptionally successful as the range sold through at volumes well above initial estimates.

Whilst engaged in these new product activities the Ryco business has also maintained its customary range extension program aimed at maintaining the relevance of its filtration offering to the changing nature of the vehicle population in Australia and New Zealand. This has included the introduction of filters specifically for Japanese-branded small trucks, an introduction that was complemented with a dedicated range catalogue to assist in part identification at the workshop and parts distributor levels.

Ryco's sister brand Goss, in the engine management market segment, has been equally active in expanding its range to include new technology ignition coils and complete replacement fuel pump modules. At the same time its traditional range of fuel pumps has been expanded to meet changing market needs.

The newly acquired Brown & Watson business has been equally busy with new product introductions, especially those associated with the release of the 2016 Narva product catalogue. The introduction of an updated catalogue is a major event on the marketing calendar for Brown & Watson as the catalogue is typically the vehicle for a myriad of new product introductions. This was the case with the February 2016 release of the catalogue, which included around 500 new items across various product types including driving and fog lamps, emergency lighting, globes, fuses, cables, switches and LED truck and trailer lighting.

In addition to the new product launches Brown & Watson upgraded many existing product lines and made performance improvements to many more.

The net result of this activity has been a sizeable uplift in sales following the catalogue's release. Brown & Watson has scheduled to follow up the recent Narva catalogue launch with one covering its battery and power products brand, Projecta, in the 2016-17 financial year.

Following a period of significant investment in new product development, Davey introduced a number of innovative products to its various markets during the year. These include, in August 2015, the ProMaster® series swimming pool pump, offering users super quiet performance and substantial energy savings over competitive products.

This was followed in September with the introduction of the Promatic® MKII chlorinator, incorporating unique self-cleaning features. The next month Davey's Torrium2 "Plug-and-Play' pump controller was released and this was followed by the EcoSalt Redox sanitisation system for swimming pools in November and with the multi-fit SureFlo pool pump in December.

In calendar 2016 product release activity continued, principally aimed at the pool and spa market segments with products which have been incrementally improved on previous models.

Davey's innovation focus now turns to identifying and developing the product development opportunities for future breakthroughs across its other market segments, specifically household water pressure systems and farm and irrigation pumps and associated equipment, using the innovation process and tools introduced in the broader GUD innovation initiative.

Consistent with its sister companies in the GUD group the Oates cleaning products business also has a dynamic new product program. During 2015-16 this resulted in Oates releasing a range of gardening tools with a unique unbreakable, flexible head and introducing a range of packaged, single use wipes designed for specific cleaning tasks.

Following new product introduction activity in recent years Oates is benefiting from considerable sales growth in the modular janitors cart product range and from its unique Decitex microfiber mopping system.

A number of new product opportunities remain in development at Oates, the majority of which are focused on the professional cleaning market, the market where Oates remains the market leader in its category and where it has exceptionally strong brand equity.

Sunbeam continued to leverage its relationship with the US-based Jarden appliances business by sourcing relevant products from the Jarden portfolio to introduce to consumers in both Australia and New Zealand. Following the previous year's introduction of Oster brand blender products Sunbeam accessed a range of UK-designed toasters and kettles from Jarden and introduced these in April 2016 as the London Collection.

Sunbeam has been the leader in the electric blanket market in Australia and New Zealand over many years. In support of its leadership position the brand continues to innovate and in the year under review the Sleep Express range of blankets was introduced. These incorporate patented Boost technology that provides rapid heating of the blanket, compared with standard offerings.

In addition, in recent years Sunbeam has collaborated with the internationally recognised Australian designer Marc Newson, with the result that a range of stylish, high-end kettles and toasters were released mid-way through the year, under the Sunbeam by Marc Newson label.

Investing in Brands

GUD's portfolio consists of a number of businesses that own and operate the leading brands within each of their respective markets. Brands provide a unique connection to consumers and users and effective brand management has long been a fundamental platform and skill base required to ensure long-term financial success for each business.

In addition to product-related activities, which have been outlined in the preceding section, each year the businesses embark on a number of brand communication and support programs aimed at reinforcing brand equity with existing users or building brand recognition and experience with new users or consumers.

In addition, the diverse nature of GUD's business portfolio opens up opportunities for cross-brand promotions; for example, offering products from one of the brand stables as rewards or prizes in another's marketing programs.

The addition of Brown & Watson to GUD has resulted in strong collaboration between it and the Ryco business across a number of marketing activities, especially where there are common customers.

For example, a joint promotion was developed for implementation at one of the largest common customers in the automotive aftermarket trade channels, involving both the Narva and Ryco brands and staff and managers at the customer's branch network. This initiative, which resulted in customer personnel winning a trip to China, was recognised as being one of the most successful joint brand promotions held with that customer.

Further, similar activities around unique, joint promotions are being actioned in 2016-17.

Cabin air filters is an emerging growth segments for Ryco and Wesfil. This market is under-developed compared with the standard engine oil and air filter markets and opportunities exist to use differentiated products to drive awareness and unit growth. To that end during the year the Ryco business developed and implemented a marketing campaign around a new range of cabin air filters that remove fine particles from air entering an automobile's cabin.

The comprehensive "Breathe Easier" campaign focused on the Ryco MicroShield filters incorporated trade and consumer advertising, social and digital media activities, a consumer and trade promotion and trade-directed educational content.

The combination of these elements reinforced Ryco's position as the leading aftermarket filtration brand in Australia and New Zealand as well as providing a substantial payback as represented by the sales unit growth of nearly 40% compared with the prior year.

To support its new product development programs Sunbeam maintained a high level of activity on digital and social media platforms. As a consequence Sunbeam continues to lead the small appliance category on engagement across the various platforms.

Supply Chain Efficiency

With GUD having little residual involvement in manufacturing activities a major component of the cost structure of the various businesses in the Group is supply chain cost – the cost of sourcing products, transporting and storing them and ultimately delivering them to customers across the various regions where the businesses are active.

Traditionally the approach to these costs has been to let each business manage their own supply chain, essentially because there is very little overlap between the businesses in relation to the customers served and the physical nature of the products handled.

One exception to this has been the procurement of ocean freight services which has been managed on a Group-wide basis for the best part of a decade. By combining the requirement for shipping product from origin to market, GUD has benefited from its scale in achieving market-competitive ocean freight rates along with committed allocations on vessels.

In recent years this approach has changed in that opportunities to streamline these costs between the businesses, outside of ocean freight, are now being more actively pursued. To that end a cross-business Supply Chain Council was established in the 2015-16 year with the aim of identifying these opportunities and to benchmark critical supply chain performance measures to ensure that efficiencies are being secured by understanding best practice across GUD.

The formation of the Supply Chain Council resulted in the following benefits accruing in the year under review:

- A reduction in Davey's cost of freight, generating savings of over $1 million annually.
- Creation of a group buying arrangement for trans-Nullarbor freight generating savings of $150k annually.
- Leveraging GUD's freight rates in the acquired Brown & Watson business saving that operation around 20% of its freight costs.
- Closed Davey's Townsville warehouse delivering considerable savings with no detrimental effect on customer service levels.

Although progress has been made, there are additional opportunities for further savings to be achieved. Perhaps the most potential lies in consolidating shipments at the point of origin and shipping directly to the relevant market. This avoids the additional costs of handling product through a national distribution centre and re-freighting to the ultimate point of demand. Apart from the cost benefits that this provides, shipping to the destination that is closer to the customer should result in improved customer service levels.

Manufacturing Efficiency

GUD maintains a manufacturing presence at three of its business units – Davey, Dexion and Lock Focus. All other businesses source their products from third party suppliers, the majority of which are located offshore, with a large number of these in China.

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

Dexion has the most substantial manufacturing footprint of any business in the GUD group. Dexion operates factories in Malaysia and China to supply its market-facing functions in Australia, New Zealand, South East Asia, China and the Middle East.

The Malaysian factory has undergone a substantial upgrade and reconfiguration in recent years as a result of the combination of investment in a new roll forming line and the relocation of the previous plant and equipment from the now closed Kings Park factory in Sydney's west.

The focus for manufacturing efficiency improvement in the 2015-16 year has necessarily been at the Malaysian site and has centred on optimising the operation of the plant relocated from Sydney.

To some degree this process has been hindered by the relatively low volume requirement that has been placed on the factory due to lower demand for racking products in the Australian market. Simultaneously, the new Jumbo line, which was installed in mid-2014 has experienced demand growth for the product range that it produces, although substantial capacity remains untapped at present.

The installation of automated container loading equipment has improved both the efficiency of despatch operations as well as reducing the workplace health and safety risks associated with these activities.

A major factor that has hindered Dexion's manufacturing efficiency improvement has been the lack of a robust sales and operational planning process in the business. This is now rectified and a robust forecasting process is in place for the 2016-17 year.

The Malaysian factory has not performed to the levels expected at the time of the major investment and the relocation of the equipment from Sydney. Progress has been made and there is no doubt that Dexion's cost to convert is significantly lower in Malaysia than it was in Sydney.

This positions the Dexion business well for the future. The expected improvement in volume throughout in the coming year coupled with the robust demand planning regime and the improvements that will come from the experience of running the reconfigured factory, should result in a lower break-even point and an improved delivery performance from this crucial manufacturing facility.

Portfolio Management

During the 2015-16 year GUD undertook two significant activities that were aimed at framing GUD's business portfolio structure for the future.

Specifically these activities were:

- The acquisition of Brown & Watson on 1st July 2015.
- The announcement that GUD is selling its remaining shareholding in the Sunbeam appliances joint venture effective from 1st July 2016.

The Brown & Watson acquisition was detailed in last year's Operating and Financial Review and its contribution to GUD's financial performance in 2015-16 was outlined earlier in the Financial Performance Review section of this report.

At the time of the acquisition GUD flagged that a number of specific initiatives would be actioned at Brown & Watson, these having been implemented across all other GUD businesses in recent years.

To guide this activity and to provide the business with leadership following the retirement of its long standing Managing Director and part-owner, Steve Waterham, Bob Pattison transferred from his previous role heading GUD's Ryco business.

In the twelve months that Brown & Watson has been in GUD ownership the business has adopted most of the major elements of GUD's performance culture, namely:

- Commencing a profitability analysis by customer and by product to identify areas for improvement around cost-to-serve, product cost improvement and pricing opportunities.
- Implementing the high performance framework at the management team level. At Brown & Watson this has also been taken to sales management and representative level with extremely positive results.
- Introducing the GUD-wide innovation program to embed structured and customer-focused innovation activities, with the aim of having a pipeline of breakthrough new products ready for market introduction in 12-24 months' time.

Simultaneous to the introduction of these programs, a number of activities have occurred which have been aimed at improving Brown & Watson's cost position by inclusion in GUD purchasing arrangements. The business is now included in such arrangements for insurance, domestic freight and container freight with benefits accruing from these.

Apart from continuing its strong financial performance the focus now for the management team is to develop and implement a growth strategy for the next five years. The business is fortunate in that it is active in a myriad of market segments and has opportunities to grow organically in most of these. In addition rapid technological change in many of its product segment, particularly lighting and batteries, provide further avenues for sales growth and margin expansion.

The current task is to identify which of these offers the best potential for growth and to act on those in conjunction with the established activities around product leadership and innovation.

The evidence to date is that Brown & Watson has been a sensible acquisition for GUD. It complements the Group's established activities in the automotive aftermarket while providing access to other market segments that offer good growth potential. The business is targeting a sustainable 8% per annum sales growth and a 30% EBIT to sales benchmark. At these levels this business will be a major contributor to value growth in GUD.

In April 2016 GUD announced that it had entered into an agreement with Jarden Consumer Solutions (JCS) of the USA to sell its remaining interest in the Sunbeam appliances business.

Previously GUD had entered into joint venture arrangements with JCS in October 2014 whereby it sold a 49% shareholding in Sunbeam Australia and New Zealand to JCS and acquired a 49% stake in Jarden's Asian sales and marketing operations.

The objective of the joint venture arrangement was to provide Sunbeam with some much-needed scale and to enable Sunbeam to benefit from access to Jarden's broader product range and to provide product purchasing benefits through accessing JCS's supplier network and procurement capabilities.

While operating in the joint venture mode it became apparent quite rapidly that it was to Sunbeam's long term benefit that it become a fully owned subsidiary of JCS sooner rather than later.

The exit from the small appliance industry, which has rapidly globalised and left Sunbeam strategically disadvantaged as a result, comes after an involvement spanning 20 years, following GUD's acquisition of Sunbeam Victa Corporation in 1996.

JCS is an electrical appliance business with an international footprint. It owns the Sunbeam brand globally, with the exception of Australia and New Zealand where it has been owned by GUD and is the natural owner of Sunbeam Australia and New Zealand.

GUD's original intention was to sell its shareholdings in the joint ventures at a later date but circumstances changed such that an earlier exit was the best avenue to take for GUD's shareholders.

GUD received cash of $35.4 million from the sale of its remaining interest in the two joint ventures. The completion date for the transaction was 1st July 2016. The proceeds will be applied to reducing GUD's borrowings.

Following the divestment of Sunbeam, GUD's activity base covers the automotive aftermarket, water products, cleaning products, warehouse and commercial storage products and systems and security products.

The portfolio remains under regular review and there is likely to be further changes to the structure of the portfolio in coming years. These will be done to fulfil the strategic objectives already stated along with the intention to position GUD as the owner of three or four larger businesses each with sales of between $200 and $400 million, enjoying international scale. To achieve this position the businesses in the portfolio will need to be scalable and complementary businesses will be acquired as opportunities arise.

CORPORATE SOCIAL RESPONSIBILITY

People, Safety and Culture

This year GUD continued with its broad-based employee satisfaction survey designed to understand how people across the businesses perceive a number of cultural and management effectiveness dimensions.

As previously detailed the Company made significant changes to its business portfolio and within the businesses themselves, with the objective of achieving the best portfolio mix of high performing businesses. With these changes it continues to be important to understand how people cope with change, and how communication around the changes mitigates personal concerns. The responses to the survey shape the communication of plans and objectives of the Board and senior management.

High performance is becoming embedded in the culture of the businesses, as programs have been conducted in each of the last three years. The approach offers individuals who have much to contribute, an opportunity to demonstrate their abilities and gain recognition for their achievements. GUD is cultivating the leaders of tomorrow's business.

Many cross-business projects and teams have been established in the last few years driving a greater understanding of the businesses, their risks and opportunities and creating an environment for sharing of knowledge and solutions. One example is the Information Technology Council, which brings together the relevant professionals from the businesses for the purpose of understanding and harmonising the approach to the many technology issues facing the business and jointly developing cohesive and comprehensive policies.

A safety culture survey was not conducted during the year, as it was considered the previous survey gave clear guidance on what needs to be focused on. The priority has been to enhance safety leadership through a number of initiatives. The businesses have introduced programs and initiatives to enhance safety culture, where management effectively leads with safety and increases employee participation and trust. Additionally, businesses are developing safety campaigns to encourage staff to be more aware of their surroundings and engage in safety conversations if a potential issue is identified.

During the year GUD introduced its Safety Excellence Awards to promote, encourage, recognise and reward businesses, teams and individuals who place a high value on accident prevention and promotion of safety in the workplace. The inaugural Safety Excellence Awards were held in August 2015. The winners were the Dexion Manufacturing business in China, the warehouse team at Davey Water Products (Melbourne) and George Jabbour in the warehouse at E D Oates in New South Wales.

The Awards are being run again this year and strong submissions have been received from a number of the businesses competing to be the best and safest in the GUD Group.

Along with the rewards and encouragement GUD is also providing comprehensive training in a number of areas complementary to the essential basic safety training. Recent programs have covered incident investigation and reporting, the objective being to properly investigate and understand the local factors that contribute to an incident and the latent hazards within the system and organisation, not just focussing on the errors and violations of operational personnel.

Throughout the Group trained investigators form teams to carry out these investigations, and apply their ability to transfer the knowledge gained across the businesses.

GUD has for many years run a comprehensive program of annual inspections of business sites by trained personnel from other businesses within the Group. This has worked well, however this year investment have been made in more training for a larger pool of internal auditors. Additionally, the internal audit checklist has been refreshed and renewed. This system allows the transfer of knowledge and experience across businesses and teams within the GUD Group.

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

Measure	2012-13	2013-14	2014-15	2015-16
Total Recordable Injury Frequency Rate	16.8	14.3	8.2	7.1
Lost Time Injury Frequency Rate	3.7	5.6	1.8	4.5
Days Lost per 100 Employees Per Year*	25.4	27.8	17.1	47.0

*This measure for 2015-16 is significantly impacted by two long term cases where the injury occurred in a prior year; if those numbers were omitted the rate would be 12.3

The application of the AON Hewitt-assisted evaluation continued in the year and informed the grading of each role within the businesses. This allows the Group to ensure equality and fairness in proposing and recommending salary and career decisions for all GUD employees. It also forms the basis of ensuring sustainability into the future, in particular in areas such as recruiting, career and succession planning, development planning and workforce planning. The objective is to grow the pool of talent available to the Group and ensure that personnel with the right skills and experience are best utilised.

GUD businesses offer an employee assistance programme, provided on a confidential basis by an independent third party. Employees and managers are encouraged to make use of this assistance whether the matter is work-related or personal.

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.

During the year, GUD undertook a study across its businesses to identify sustainability risks. With the assistance of KPMG, the study identified sustainability risks of varying degrees found across the businesses in product quality, labour, supply reliability, health and safety and the environment.

Each business was presented with the finding of the study as they applied across the Group, and to the individual business, and was asked to provide a response as to how it was addressing each of those risks.

The responses demonstrate that some businesses are better prepared and more progressed in the identification, analysis and consideration and planning and implementing a response to these risks. For instance, a number of GUD businesses have for many years included in their contracts with overseas suppliers, requirements in relation to ethical labour practices. This now applies to all GUD businesses. Some businesses are going further and auditing their suppliers against these commitments.

A second example is the treatment of waste. Where appropriate, businesses are signatories to the Australian Packaging Covenant and have undertaken an assessment of the areas where packaging can be minimised or re-used and have made commitments accordingly. All businesses are conscious of their impact on the environment and seek to minimise that impact by implementing cost-effective changes to practices. Initiatives such as ethical sourcing, responsible packaging, lower energy consumption, hazardous chemical reduction, waste recycling and storm water harvesting are ongoing programs in the Group.

Ethical conduct in business is a key pillar of GUD's sustainability. GUD has had a Code of Conduct for many years, including provisions for the protection of 'whistle-blowers'. The Code of Conduct has been strengthened in recent years with broad-based training of staff in areas of privacy, bribery and corruption risks, harassment and bullying, anti-competitive conduct and consumer protection.

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.

RISK REVIEW

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. During the year, this expanded to include the acquired Brown & Watson business.

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 workplace 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 materially 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.

Emerging risks include cyber risk and bribery and corruption. During the year, the Company assessed these risks and established policies and processes, including training of staff, to mitigate them.

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 2015-16 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. This has increased somewhat with the relocation of Dexion manufacturing from Australia to Malaysia and the acquisition of Brown & Watson. In the case of Davey, exports from Australia provide a partial natural hedge against the purchases of imported components.

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

Despite the absence of a contribution from the Sunbeam business, which was sold on 1st July 2016, as previously reported, underlying financial performance in 2016-17 is expected to improve on the level generated in 2015-16.

This improvement is expected to come about as a result of a number of initiatives and programs, many of which have been outlined earlier in this Operating and Financial Review.

Specifically, contributions are expected from the innovation projects commenced early in the financial year, following completion of the capability-building phase of the innovation initiative. Innovation missions are being progressed through GUD's innovation process at Davey, Ryco and Oates, these being the first to complete the program. This will be followed by projects been commissioned at Brown & Watson, Lock Focus and Dexion.

For GUD's established business that have been through substantial reconfigurations over time, transitioning from manufacturing-intensive operations to design, develop, source and sell businesses, the ability to develop and introduce innovative products and services that meet real customer needs is critical to future success.

The focus for these businesses, which span all with the exception of Dexion, is weighted to this activity.

In Dexion, while new products and services are important, the main tasks are around internal process improvements, manufacturing efficiency progression in the Malaysian factory and rebuilding Dexion's position in the local market. These actions are aimed at building a solid internal foundation to grow the business in future years. Simultaneously, the strategic options available for Dexion are being considered.

Brown & Watson joined the GUD group on 1st July 2015 and made a substantial contribution to financial performance in the 2015-16 year. The business is part way through implementing GUD's policies, processes and procedures and further progress on these will occur in the current year.

In addition to any additional benefits that may flow from this, Brown & Watson should deliver profit growth as a result of a full-year contribution from the new products introduced in the 2016 Narva catalogue and a contribution from new Projecta brand products to be introduced with that brand's new catalogue early in the 2017 calendar year.

GUD Automotive, the foundation business in the GUD group, is expected to continue with the market momentum it generated in 2015-16, by focusing on optimising the benefits form its recent new product introductions, including its push into the heavy duty market segments and its launch of diesel particulate filters. In addition its market-leading customer acquisition program will contribute to market share growth as more workshop convert to using the Ryco brand as their first choice automotive filter.

Davey's financial performance has turned the corner after some years of stagnation. A less volatile trading performance should come about following Davey's management team renewal and its changed approach to key account management. Davey is well advanced with its major innovation projects and these should make a contribution to financial performance as the year progresses.

The 2016-17 year represents one in which GUD is not as exposed to consumer purchasing patterns and trends as it has been in the past. Sunbeam was the business with a significant exposure to the consumer market, and although Oates retains business to consumers through hardware and grocery channels its most important market is the commercial cleaning sector.

GUD is transitioning to managing a group of business with trade and industrial customers as the core of the customer base. The brands remaining in the Group's portfolio are all leaders in their respective markets to this customer profile. This transition is aimed at building a solid portfolio of consistently performing businesses, that aren't subject to the variability of consumer markets. By being close to customer and framing product and service development around real customer needs GUD's businesses are uniquely placed to organically grow and to deliver sustainable, high quality returns.

Remuneration Report (Audited)

This report forms part of the Directors' Report and has been audited as required by section 308(3C) of the Corporations Act 2001, and prepared 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 Managing Director 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 for all or part of the financial year ended and 30 June 2016:

Name	Role		
Non-Executive Directors			
R M Herron	Non-Executive Director and Chairman		
P A F Hay	Non-Executive Director and Chairman of Remuneration Committee (resigned 1 August 2015)		
A L Templeman-Jones	Non-Executive Director and Chairman of Remuneration Committee (appointed 1 August 2015)		
M G Smith	Non-Executive Director		
G A Billings	Non-Executive Director and Chairman of Audit, Risk & Compliance Committee		
D D Robinson	Non-Executive Director		
Managing Director			
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	Brown & Watson	(appointed 1 July 2015)
G Nicholls	Chief Executive Officer	GUD Automotive	(appointed 1 July 2015)
T Richards	Chief Executive Officer	Dexion	(appointed 5 October 2015)
P O'Keefe	Chief Executive Officer	Dexion	(resigned 2 October 2015)
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 (collectively, "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 fees, remuneration packages, incentives and other terms of employment for Senior Executives.

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

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

3. Senior Executive remuneration strategy and structure

Remuneration strategy

Our remuneration strategy is designed to attract, retain and motivate appropriately qualified and experienced 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 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

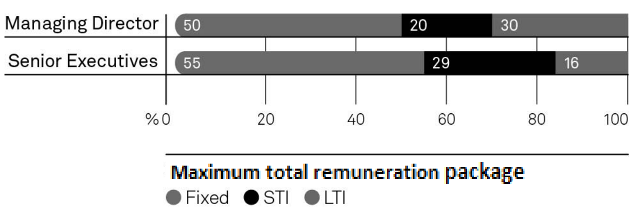
and "at risk" remuneration including:

- Short-term incentives (STI)
- Long-term incentives (LTI) and
- Special incentives.

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

Our approach is to position the maximum "at risk" components of Senior Executives' remuneration relative to total maximum remuneration, to around 45 per cent, and 50% in the case of the Managing Director.

In the absence of any special incentives, the maximum remuneration mix for the Senior Executives is as follows:



Fixed remuneration

The remuneration packages for the Senior Executives contain a fixed amount that is not performance linked. The fixed component consists of salary and vehicle entitlements, 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. We have adopted a desired market positioning around the median of the peer group. The Company did not receive any remuneration recommendations from an independent consultant during the year ended 30 June 2016.

The Remuneration Committee, through a process that considers individual, business unit and overall Group performance, 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 Board considers that basing the STI payments on Cash Value Added (CVA) performance aligns the interests of the Senior Executives with the interests of shareholders in the businesses being operated profitably. The current STI plan provides an annual cash bonus for achieving or exceeding an agreed CVA target and is paid following the announcement of the Group's year-end results.

For each financial year:

- In respect of business unit executives – STI bonuses will only be paid where business unit 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 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 measure. It measures a true level of performance of the business by comparing trading profit performance (being reported profit adjusted for non-recurring items) with the return required on the net assets used by the businesses. This requires management to drive both trading profit and carefully manage the balance sheet.

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.

Newly acquired companies or business are typically excluded from the CVA target and evaluation process in the year of acquisition due to the impact of integration and restructuring activities, which typically occur after the acquisition. STI bonuses may be determined for these businesses based on other measures as approved by the Remuneration Committee.

STI bonuses are calculated as a percentage of fixed remuneration. When the agreed CVA target is achieved, the STI bonus is paid in full. If the CVA target is exceeded, the STI bonus increases up to a ceiling of no more than 150 per cent of the base CVA incentive generally upon achieving 120 per cent of CVA target. No STI is paid where CVA falls below the CVA target.

	% of salary at		
Bonuses as a percent of fixed remuneration	**STI Threshold performance**	**STI Stretch performance**	**LTI**
Managing Director	26.7	40.0	60.0
Senior Executives	35.0	52.5	30.0

Details of the CVA STI bonuses payable to the Senior Executives for the year ended 30 June 2016 are set out in section four of this Report.

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 typically comprises over 100 companies.

LTI bonuses are provided as performance rights, granted at the commencement of the relevant three-year period, which will convert to an equivalent number of GUD shares if the performance hurdle is achieved over the relevant three-year performance period. No amount is payable for the issue of performance rights, or for the share received upon vesting of those performance rights. The plan is in line with market norms, supports the delivery of the Group's long-term strategy and ensures that the Senior Executives hold an exposure to equity. The maximum number of performance rights will be set as a percentage of the Senior Executives' fixed remuneration on grant, 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.

Following the end of the performance period, the Board receives an independent assessment of the Company's TSR performance against the comparator group over the performance period. 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

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

The rules of the LTI plan include provisions that prohibit participants entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Special Incentives

From time to time the Remuneration Committee may approve special incentives to selected employees aligned to the attainment of particular outcomes which align with shareholder interests and value.

With the formation of a joint venture with Jarden Corporation in November 2014, the Company sold 49% of Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited (collectively "Sunbeam ANZ") 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 put or call 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. On 15 November 2014, a Senior Executive, Karen Hope was issued for no consideration:

- 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,

to vest into an equivalent number of ordinary shares in GUD if performance triggers are achieved.

For the year ended 30 June 2015, the trigger level was set at Sunbeam ANZ achieving an EBITDA level of $10m on the EDITDA definition applied by Jarden Corporation, and excluding certain non-recurrent costs. The trigger level was achieved and endorsed by Jarden Corporation. Karen Hope's 73,283 performance rights therefore vested during the year ended 30 June 2016 and she was issued with 73,238 shares in the Company for no consideration.

An STI in respect of year ended 30 June 2015 of $186,099 would have been paid to Karen Hope had the performance rights not vested. Given that the performance rights did vest, Karen Hope did not receive this STI payment.

As a consequence of the sale of the Company's remaining 51% of the shares in Sunbeam ANZ and 49% of the shares in Jarden Consumer Solutions (Asia) Limited ("Jarden Asia"), the Remuneration Committee approved special incentives for Karen Hope, and on 14 April 2016, she was granted 73,282 performance rights which will vest into an equivalent number of ordinary shares in GUD for no consideration subject to the following performance hurdles:

- The first tranche of 36,641 performance rights vests upon the successful completion of the sale of Sunbeam ANZ and Jarden Asia effective 1 July 2016 and the receipt of minimum proceeds in consideration of the sale as agreed between the parties; and
- The second tranche of up to 36,641 performance rights vests upon attainment of above the minimum proceeds in consideration of the sale based on certain targets being met. The attainment of targets by Sunbeam ANZ and Jarden Asia are subject to the review and endorsement of the acquirer, HPFE (a subsidiary of Jarden Corporation) by September 2016.

With respect to the first tranche, the Remuneration Committee may approve the vesting of 36,641 performance rights to Karen Hope on the basis that the Company receives target proceeds of $34.5 million for the sale of the Company's remaining interests in Sunbeam ANZ and Jarden Asia. At this stage it is not certain that these target proceeds will be received and consequently no cost has been accrued for those rights in preparing the financial statements for the year ended 30 June 2016.

With respect to the second tranche, it is highly unlikely that the performance rights will vest.

Proceeds above the minimum proceeds received in consideration of the sale are determined on the basis of:

- Net cash and EBIT targets achieved by Sunbeam ANZ for the year ended 30 June 2016; and
- Net cash targets achieved by Jarden Asia at 30 June 2016.

Given the sale of Sunbeam ANZ, the previously reported 146,565 performance rights granted to Karen Hope in respect of the year ending 30 June 2018 have lapsed.

In addition, during the year the Remuneration Committee approved the grant of 115,528 performance rights to Tim Richards if Dexion attains certain EBIT levels in the year ending 30 June 2017. The Board now believes the achievement of the target is unlikely and consequently no cost has been attributed to those rights in preparing the Financial Statements for the year ended 30 June 2016.

4.1 Remuneration of Senior Executives

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					
		Salary and fees	STI cash bonus	Leave entitle-ments	Income protection premium	Car benefits	Total	Long service leave	Equity fair value of performance rights [1]	Superan-nuation	Total	Proportion of total that risk related remuneration	Value of equity remuneration as a proportion of total remuneration
	Year	$	$	$	$	$	$	$	$	$	$	%	%
Managing Director													
J P Ling	**2016**	**965,000**	**-**	**(20,689)**	**4,360**	**-**	**948,671**	**18,558**	**223,748**	**35,000**	**1,225,977**	**18.3**	**18.3**
	2015	887,500	238,589	(5,937)	1,725	-	1,121,877	16,846	151,277	35,000	1,325,000	29	11.4
Senior Executives													
M Fraser	**2016**	**494,882**	**-**	**3,679**	**903**	**29,411**	**528,875**	**9,195**	**70,126**	**35,000**	**643,196**	**10.9**	**10.9**
	2015	478,639	168,863	15,462	810	27,800	691,574	8,833	77,441	35,000	812,848	30.3	9.5
K Hope [2]	**2016**	**440,000**	**-**	**2,096**	**482**	**-**	**442,578**	**8,925**	**41,997**	**30,000**	**523,500**	**8.0**	**8.0**
	2015	380,000	-	3,122	433	-	383,555	6,384	547,653	30,000	967,592	56.6	56.6
D Birch	**2016**	**354,155**	**-**	**1,132**	**-**	**24,200**	**379,487**	**7,606**	**48,852**	**33,645**	**469,590**	**10.4**	**10.4**
	2015	343,196	126,843	14,775	-	24,200	509,014	11,507	52,501	32,604	605,626	29.6	8.7
R Pattison	**2016**	**445,000**	**233,625**	**44,460**	**2,539**	**-**	**725,624**	**7,410**	**54,910**	**35,000**	**822,944**	**35.1**	**6.7**
	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
G Nicholls	**2016**	**330,000**	**154,713**	**7,114**	**296**	**-**	**492,123**	**5,512**	**33,917**	**30,000**	**561,552**	**33.6**	**6.0**
	2015	-	-	-	-	-	-	-	-	-	-	N/A	N/A
T Richards [3]	**2016**	**386,667**	**-**	**11,480**	**-**	**-**	**398,147**	**-**	**20,610**	**22,500**	**441,257**	**4.7**	**4.7**
	2015	-	-	-	-	-	-	-	-	-	-	N/A	N/A
P O'Keefe [4]	**2016**	**205,365**	**-**	**59,752**	**1,133**	**-**	**266,250**	**-**	**21,579**	**15,569**	**303,398**	**7.1**	**7.1**
	2015	477,500	-	29,385	1,011	-	507,896	8,264	38,814	35,000	589,974	6.6	6.6
D Worley	**2016**	**428,500**	**213,906**	**25,963**	**1,397**	**-**	**669,766**	**7,224**	**40,409**	**35,000**	**752,399**	**33.8**	**5.4**
	2015	415,000	-	15,944	1,599	-	432,543	7,704	23,192	35,000	498,439	4.7	4.7
T Cooper	**2016**	**377,000**	**155,992**	**(5,171)**	**2,539**	**-**	**530,360**	**10,734**	**51,256**	**35,000**	**627,350**	**33.0**	**8.2**
	2015	365,297	142,468	10,788	3,318	-	521,871	22,062	54,277	34,703	632,913	31.1	8.6
Total remuneration of the Managing Director and Senior Executives of the Group													
	2016	**4,426,569**	**758,236**	**129,816**	**13,649**	**53,611**	**5,381,881**	**75,164**	**607,404**	**306,714**	**6,371,163**		
	2015	3,704,210	825,032	111,006	11,802	81,000	4,733,050	88,468	1,001,955	271,229	6,094,701		

	Short-term employment benefits						Long-term benefits					
Year	Salary and fees	STI cash bonus	Leave entitle-ments	Income protection premium	Car benefits	Total	Long service leave	Equity fair value of performance rights [1]	Superan-nuation	Total	Proportion of total that risk related remuneration	Value of equity remuneration as a proportion of total remuneration
	$	$	$	$	$	$	$	$	$	$	%	%
Total remuneration of Non-Executive Directors												
2016	**706,238**	**-**	**-**	**-**	**-**	**706,238**	**-**	**-**	**67,093**	**773,331**		
2015	686,250	-	-	-	-	686,250	-	-	63,650	749,900		
Total remuneration (compensation of key management personnel of the Group)												
2016	**5,132,807**	**758,236**	**129,816**	**13,649**	**53,611**	**6,088,119**	**75,164**	**607,404**	**373,807**	**7,144,494**		
2015	4,390,460	825,032	111,006	11,802	81,000	5,419,300	88,468	1,001,955	334,879	6,844,601		

1 The fair value of performance rights granted under the 2016, 2017 and 2018 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 2016.

2 In addition to the performance rights granted under the 2016, 2017 and 2018 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 with respect to both tranches of the June 2016 special incentive performance rights on the basis that at this time the satisfaction of the conditions required for exercise are not reasonably certain.

3 Tim Richards was appointed Chief Executive Officer of Dexion on 5 October 2015, replacing Paul O'Keefe (below). The table above discloses his remuneration proportional to the period he was a Senior Executives. In addition to the performance rights granted under the 2018 performance rights plans, Tim Richards 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 2017 special incentive performance rights on the basis that satisfaction of the conditions required for exercise are uncertain or render the rights deeply out-of-the-money.

4 Paul O'Keefe 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 2 October 2015 and remained in an advisory role until his notice period ended on 30 November 2016. The table above discloses his remuneration for the period to 30 November 2016.

4.2 Non-statutory compensation received by Senior Executives

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 2016.

The following table represents non-IFRS information. It sets out fixed remuneration, non-monetary benefits, STI payable in relation to FY2016, as well as any LTI or special incentive that has been earned as a result of performance that vested during FY16 or shortly after 30 June 2016. As a general principle, the Australian Accounting Standards require the value of share based payments to be calculated at the time of grant and accrued over the performance period. This may not reflect what Senior Executives actually received or became entitled to during the financial year. The figures in the table below have not been prepared in accordance with the Australian Accounting Standards. They provide additional and different disclosures to the previous statutory table

	Year	Fixed Remuneration [1]	STI cash bonus [2]	Other non-monetary benefits [3]	Performance rights vested with respect to the year [4]	Total remuneration
		$	$	$	$	$
Managing Director						
J P Ling	**2016**	**1,000,000**	**-**	**2,229**	**663,673**	**1,665,902**
Senior Executives						
M Fraser	**2016**	**529,882**	**-**	**43,188**	**184,250**	**757,320**
K Hope	**2016**	**470,000**	**-**	**11,503**	**735,806**	**1,217,309**
D Birch	**2016**	**387,800**	**-**	**32,938**	**121,108**	**541,846**
R Pattison	**2016**	**480,000**	**233,625**	**54,409**	**133,917**	**901,951**
G Nicholls	**2016**	**360,000**	**154,713**	**12,922**	**66,476**	**594,111**
T Richards	**2016**	**409,167**	**-**	**11,480**	**-**	**420,647**
P O'Keefe	**2016**	**220,934**	**-**	**60,885**	**102,606**	**384,425**
D Worley	**2016**	**463,500**	**213,906**	**34,584**	**-**	**711,990**
T Cooper	**2016**	**412,000**	**155,992**	**8,102**	**123,076**	**699,170**
Total remuneration of the Managing Director and Senior Executives of the Group						
	2016	**4,733,283**	**758,236**	**272,240**	**2,130,912**	**7,894,671**
	2015	3,975,439	825,032	292,276	276,665	5,369,412

1. Fixed remuneration includes salary, fees and superannuation contributions.
2. The STI cash bonus column reflects the STI cash bonus paid in respect of performance during the year ended 30 June 2016 and paid in August 2016 following the announcement of the Group's year-end results.
3. Non-monetary benefits includes leave entitlements, income protection premiums, car benefits and long service leave.
4. LTI performance rights granted in July and November 2013 vested as a result of meeting TSR targets on 30 June 2016. The Remuneration Committee approved vesting of the performance rights on 27 July 2016. The value assigned to the vested performance rights has been calculated using the Company's closing share price on 30 June 2016 of $9.11. In addition, special incentive performance rights were granted to Karen Hope in 2015 and 2016 in relation to the sale of Sunbeam. The 2015 rights have vested. The value assigned to the vested performance rights has been calculated using the Company's closing share price on 30 June 2015 of $8.84. At the date of this report the Remuneration Committee has not approved vesting of the 2016 incentives on the basis that the satisfaction of criteria for vesting is uncertain.

4.3 GUD Holdings Limited equity interests held by the Senior Executives

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

Performance rights granted during the year

Details of performance rights over ordinary shares in the Company that were granted to Senior Executives under the LTI plan during the reporting period are set out in the following table:

	Rights granted during the year ended 30 June 2016	Grant date	Vesting date	Fair value per performance right at grant date $	Fair value of rights granted during the year ended 30 June 2016 $
Managing Director					
J P Ling	62,762	27 October 2015	30 June 2018	3.46	217,157
Senior Executives					
M Fraser	16,093	29 July 2015	30 June 2018	3.71	59,705
K Hope	14,308	29 July 2015	30 June 2018	3.71	53,083
D Birch	11,517	29 July 2015	30 June 2018	3.71	42,728
R Pattison	14,471	29 July 2015	30 June 2018	3.71	53,687
G Nicholls	10,731	29 July 2015	30 June 2018	3.71	39,812
T Richards	17,886	27 October 2015	30 June 2018	3.46	61,886
P O'Keefe	16,028	29 July 2015	30 June 2018	3.71	59,464
D Worley	13,935	29 July 2015	30 June 2018	3.71	51,699
T Cooper	12,260	29 July 2015	30 June 2018	3.71	45,485
Total	**189,991**				**684,706**

A minimum level of performance must be achieved before any performance rights vest. Therefore the minimum possible total value of the LTI for future financial years is nil.

In addition, the following performance rights were granted under the Special Incentives plans:

	Rights granted during the year ended 30 June 2016	Grant date	Vesting date	Fair value per performance right at grant date $	Fair value of rights granted during the year ended 30 June 2016 $
K Hope [1]					
2016 Special Incentives - first tranche [2]	36,641	14 April 2016	30 June 2016	7.17	262,734
2016 Special Incentives - second tranche [3]	36,641	14 April 2016	30 June 2016	7.17	262,734
	73,282				**525,468**
T Richards					
2017 Special Incentives [1]	115,528	21 October 2015	30 June 2017	7.84	905,197
Total	**188,810**				**1,430,665**

1 As a result of the sale of the remaining 51% of Sunbeam ANZ (Note 31), Karen Hope's 2018 special incentives of 146,585 performance rights granted previously lapsed.

2 Karen Hope was granted 2016 special incentives of 73,282 performance rights during the year as a consequence of the sale of the remaining 51% of Sunbeam ANZ (Note 31). The company has not accrued the cost associated with the first tranche of the 2016 Special Incentives on the basis that satisfaction of the conditions required for exercise are uncertain.

3 The minimum possible total value of the special incentives for Karen Hope for the year ending 30 June 2017 is nil, if the applicable performance conditions are not met. The company has not accrued the cost associated with the second tranche of the 2016 Special Incentives as the vesting remains uncertain and in anticipation that they will not vest when they are fully determined in the first quarter of the coming financial year.

4 The minimum possible total value of the special incentives for Tim Richards for the year ending 30 June 2017 is nil, if the applicable performance conditions are not met. The Company has recorded nil value with respect to the 2017 special incentive performance rights on the basis that the conditions required for exercise are uncertain or render the rights 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 Managing Director	27 October 2015	30 June 2018	3.46	-	8.42	29.00	1.79	5.9
Grant to T Richards	27 October 2015	30 June 2018	3.46	-	8.42	29.00	1.79	5.9
Grant to Senior Executives	29 July 2015	30 June 2018	3.71	-	8.46	29.00	1.88	5.9
Grant of Special Incentives	21 October 2015	30 June 2017	7.84	-	8.46	29.00	1.79	5.9
Grant of Special Incentives	14 April 2016	30 June 2016	7.17	-	7.92	40.00	1.97	6.2

Performance rights holdings of Senior Executives

The following table discloses changes in the performance rights holdings of Senior Executives in the Company. The related parties of Senior Executives do not hold any performance rights.

	Balance at 1 July 2015	Rights granted during the year	Rights vested during the year	Rights lapsed during the year	Balance at 30 June 2016	Rights vested with respect to the year [1]	Rights lapsed with respect to the year [1]	Balance at the date of this report
Managing Director								
J P Ling	168,932	62,762	-	-	231,694	(72,851)	(5,822)	153,021
Senior Executives								
M Fraser	46,180	16,093	-	-	62,273	(20,225)	(1,616)	40,432
K Hope [2]	249,601	87,590	(73,283)	(146,565)	117,343	(9,658)	(772)	106,913
D Birch	31,808	11,517	-	-	43,325	(13,294)	(1,062)	28,969
R Pattison	34,032	14,471	-	-	48,503	(14,700)	(1,175)	32,628
G Nicholls	18,965	10,731	-	-	29,696	(7,297)	(583)	21,816
T Richards	-	133,414	-	-	133,414	-	-	133,414
P O'Keefe [3]	39,380	16,028	-	(29,553)	25,855	(11,263)	(900)	13,692
D Worley	21,103	13,935	-	-	35,038	-	-	35,038
T Cooper	33,165	12,260	-	-	45,425	(13,510)	(1,080)	30,835
Total	**643,166**	**378,801**	**(73,283)**	**(176,118)**	**772,566**	**(162,798)**	**(13,010)**	**596,758**

1 Performance rights granted under the 2016 performance rights plan partially vested on the basis of meeting TSR hurdles as at 30 June 2016. The vesting was approved by the Remuneration Committee on 27 July 2016 and the rights have therefore been included in the table above as if the vesting were effective 30 June 2016.

2 The 73,283 performance rights held by Karen Hope in relation to the special incentives formally vested after the formal endorsement of the Sunbeam ANZ result for the year ended 30 June 2015 by Jarden Corporation.

3 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. P O'Keefe resigned on 2 October 2015.

GUD Holdings Limited shares held by the KMPs

The following table discloses changes in the shareholdings of KMPs and their related parties in the Company.

Number of shares

For the year ended 30 June 2016	Balance at 1 July 2015	Shares issued from vested performance rights [1]	Shares purchased	Shares sold	Balance at 30 June 2016	Shares to be issued from vested performance rights [2]	Balance at the date of this report
Non-Executive Directors							
R M Herron	25,223	-	20,000	-	45,223	-	45,223
A L Templeman-Jones	-	-	3,548	(256)	3,292	-	3,292
P A F Hay	4,828	-	-	-	4,828	-	4,828
M G Smith	14,753	-	15,620	-	30,373	-	30,373
G A Billings	2,250	-	9,000	-	11,250	-	11,250
D D Robinson	3,000	-	10,000	-	13,000	-	13,000
Managing Director							
J P Ling [3]	114,011	-	29,411	-	143,422	72,851	216,273
Senior Executives							
M Fraser	42,013	10,254	27,733	-	80,000	20,225	100,225
K Hope [4]	-	73,283	-	(36,641)	36,642	9,658	46,300
D Birch	-	6,740	-	(6,740)	-	13,294	13,294
R Pattison	-	7,453	-	-	7,453	14,700	22,153
G Nicholls	-	3,663	-	-	3,663	7,297	10,960
T Richards	-	-	-	-	-	-	-
P O'Keefe	-	-	-	-	-	11,263	11,263
D Worley	1,562	-	-	-	1,562	-	1,562
T Cooper	-	6,850	-	-	6,850	13,510	20,360
	207,640	**108,243**	**115,312**	**(43,637)**	**387,558**	**162,798**	**550,356**

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 (as disclosed in the Remuneration Report for the year ended 30 June 2015) and were allotted on 5 August 2015..

2 Performance rights granted under the 2016 performance rights plan partially vested on the basis of meeting TSR hurdles as at 30 June 2016. The issue of shares was approved by the Remuneration Committee on 27 July 2016.

3 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.

4 Performance rights in relation to the special incentives of 73,283 granted to Karen Hope vested after the formal endorsement of the Sunbeam ANZ result for the year ended 30 June 2015 by Jarden Corporation.

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, Brown & Watson and Davey. As a result, Executives of those business units received an STI bonus payment based on achieving or exceeding the business unit CVA performance. Corporate Executives, including the Managing Director and Chief Financial Officer, did not receive a bonus reflecting the failure to achieve the Group CVA target.

STI bonus payable for the year ended 30 June 2016	Maximum STI opportunity $	Actual STI bonus payment [1] $	Actual STI bonus payment as a % of maximum STI %	Forfeited %
Managing Director				
J P Ling	386,000	-	-	100
Senior Executives				
M Fraser	259,813	-	-	100
K Hope	231,000	-	-	100
D Birch	185,931	-	-	100
R Pattison [2]	233,625	233,625	100	-
G Nicholls	173,250	154,713	89	11
T Richards	201,945	-	-	100
P O'Keefe [3]	258,759	-	-	100
D Worley	224,963	213,906	95	5
T Cooper	197,925	155,992	79	21

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 2016 was nil.
2 The Remuneration Committee agreed an STI bonus for Brown & Watson based on target EBIT for the year ending 30 June 2016. As a result of exceeding this EBIT target, R Pattison received an STI bonus.
3 P O'Keefe resigned on 2 October 2015 and is therefore not entitled to STI for the year ended 30 June 2016.

The payment relates to STI bonus earned in the year ended 30 June 2016, approved by the Remuneration Committee on the 27 July 2016.

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 %	TSR percentile rank for the 3 year period ending
30 June 2011	77.1	71.7	64.0	8.65	9.10	7.0	84.3
30 June 2012	70.3	62.9	65.0	9.10	8.60	7.6	71.7
30 June 2013	56.4	52.5	52.0	8.60	5.99	8.7	37.0
30 June 2014	49.0	43.5	36.0	5.99	6.22	5.8	35.6
30 June 2015	58.9	48.1	42.0	6.22	8.84	4.8	56.8
30 June 2016	78.6	50.3	43.0	8.84	9.11	4.7	71.3

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 2016 are set out in the table below:

	Board	Audit, Risk & Compliance Committee	Remuneration Committee	Nominations Committee
Chairman of	263,938	10,000	10,000	Nil
Members of	105,575	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, all 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 2016 are set out in the table below.

	Year	Directors' fees $	Superannuation [1] $	Total $
Non-Executive Directors				
R M Herron	**2016**	263,938	25,074	**289,012**
	2015	256,250	23,750	280,000
A L Templeman-Jones	**2016**	105,944	10,065	**116,009**
	2015	-	-	-
P A F Hay	**2016**	9,631	915	**10,546**
	2015	112,500	10,450	122,950
M G Smith	**2016**	105,575	10,030	**115,605**
	2015	102,500	9,500	112,000
G A Billings	**2016**	115,575	10,980	**126,555**
	2015	112,500	10,450	122,950
D D Robinson	**2016**	105,575	10,030	**115,605**
	2015	102,500	9,500	112,000
Total Remuneration of Non-Executive Directors	**2016**	**706,238**	**67,093**	**773,331**
	2015	686,250	63,650	749,900

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 2016 (2015: 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 on terms no less favourable than arm's length commercial terms. Net rental expense was $436,000 excluding GST (2015: $411,000 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 2016

	Note	2016 $'000	2015^ Restated $'000
Revenue	2	**595,513**	497,095
Cost of goods sold		**(356,709)**	(310,749)
Gross Profit		**238,804**	186,346
Other income	2	**829**	763
Marketing and selling		**(75,328)**	(54,125)
Product development and sourcing	3	**(8,591)**	(8,453)
Logistics expenses and outward freight		**(41,482)**	(38,286)
Administration		**(34,963)**	(32,563)
Other expenses:			
Loss on revaluation of contingent consideration payable	3, 7	**(10,555)**	-
Impairment	3, 7	**(76,697)**	-
Other		**(656)**	(3,728)
Results from operating activities		**(8,639)**	49,954
Net finance expense	4	**(14,649)**	(7,152)
Profit before tax		**(23,288)**	42,802
Income tax expense	29	**(17,639)**	(11,686)
Profit from continuing operations, net of income tax		**(40,927)**	31,116
Profit / (loss) from discontinued operation	31	**(1,794)**	4,177
Profit from operations, net of income tax		**(42,721)**	35,293
Non-controlling interests		**(318)**	(2,048)
Profit attributable to owners of the Company		**(43,039)**	33,245
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	5	**(48.0)**	43.0
Diluted earnings per share (cents per share)	5	**(47.4)**	42.4
Underlying basic earnings per share (cents per share)	5	**52.0**	45.2
Underlying diluted earnings per share (cents per share)	5	**51.4**	44.6
Earnings per share from discontinuing operations:			
Basic earnings per share (cents per share)	5	**(2.5)**	2.9
Diluted earnings per share (cents per share)	5	**(2.4)**	2.9
Underlying basic earnings per share (cents per share)	5	**(1.7)**	2.9
Underlying diluted earnings per share (cents per share)	5	**(1.7)**	2.9

^ Prior year comparatives have been restated to be consistent with disclosures for 30 June 2016.

The notes on pages 50 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

		2016	2015^ Restated
		$'000	$'000
Profit for the year		**(40,927)**	31,116
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating results of foreign operations	28	**1,110**	1,974
Fair value adjustments recognised in the hedging reserve	28	**2,362**	14,075
Net change in fair value of cash flow hedges transferred to inventory	28	**(10,551)**	(8,686)
Equity settled share based payment transactions	28	**1,399**	1,532
Revaluation of contingent receivable	29	**355**	2,929
Income tax on items that may be reclassified subsequently to profit or loss	29	**2,350**	(3,953)
Other comprehensive income for the year, net of income tax		**(2,975)**	7,871
Total comprehensive income from continuing operations, net of income tax		**(43,902)**	38,987
Profit / (loss) from discontinued operation, net of income tax	31	**(1,794)**	4,177
Total comprehensive income attributable to owners of the Company		**(45,696)**	43,164
Non-controlling interests	33	**(318)**	(2,048)
Total comprehensive income		**(46,014)**	41,116

^ Prior year comparatives have been restated to be consistent with disclosures for 30 June 2016.

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

The notes on pages 50 to 100 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 June 2016

	Note	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	20	**18,235**	42,947
Trade and other receivables	8	**118,813**	108,579
Inventories	9	**108,872**	125,018
Derivative assets	22	**144**	4,870
Other financial assets	23	**2,358**	16,519
Current tax receivable		**515**	110
Other assets	10	**5,488**	9,536
Assets held for sale	31	**88,927**	-
Total current assets		**343,352**	307,579
Non-current assets			
Goodwill	15	**110,394**	106,787
Other intangible assets	16	**119,478**	61,093
Property, plant and equipment	17	**33,295**	34,042
Equity accounted investees	34	**-**	2,329
Derivative assets	22	**62**	-
Other financial assets	23	**2,359**	2,596
Deferred tax assets	30	**9,215**	907
Investments		**11**	10
Total non-current assets		**274,814**	207,764
Total assets		**618,166**	515,343
Current liabilities			
Trade and other payables	11	**81,291**	93,690
Employee benefits	12	**13,741**	13,734
Restructuring provisions	13	**37**	230
Warranty provisions	14	**731**	1,921
Other provisions		**16**	107
Borrowings	21	**18,550**	22,188
Derivative liabilities	22	**3,545**	796
Other financial liabilities	23	**19,367**	-
Current tax payable		**9,342**	3,025
Liabilities held for sale	31	**22,128**	-
Total current liabilities		**168,748**	135,691
Non-current liabilities			
Employee benefits	12	**2,039**	1,484
Restructuring provisions	13	**-**	46
Borrowings	21	**167,483**	20,168
Derivative liabilities	22	**3,649**	804
Deferred tax liabilities	30	**1,515**	935
Other non-current liabilities		**91**	57
Total non-current liabilities		**174,777**	23,494
Total liabilities		**343,525**	159,185
Net assets		**274,641**	356,158
Equity			
Share Capital	26	**286,160**	286,160
Reserves	28	**1,910**	5,133
Retained earnings		**(44,940)**	33,672
Total equity attributable to owners of the Company		**243,130**	324,965
Non-controlling interests	33	**31,511**	31,193
Total equity		**274,641**	356,158

The notes on pages 50 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Note	**2016** **$'000**	2015 $'000
Balance at the beginning of the period		**356,158**	209,275
Comprehensive Income			
Profit for the period attributable to owners of the Company		**(43,039)**	33,245
Other Comprehensive Income attributable to owners of the Company		**(4,374)**	6,339
Equity settled share based payment transactions	28	**1,399**	1,532
Total Comprehensive Income attributable to owners of the Company		**(46,014)**	41,116
Transactions with owners recognised in equity			
Issue of shares	26	**-**	105,346
Issue costs	26	**-**	(3,815)
Dividends paid	27	**(35,821)**	(26,957)
Total transactions with owners		**(35,821)**	74,574
Non-controlling interests			
Recognition of non-controlling interests without a change in control	33	**-**	29,145
Profit for the period attributable to non-controlling interests	33	**318**	2,048
Total changes in ownership interests		**318**	31,193
Balance at the end of the period		**274,641**	356,158

The amounts recognised directly in equity are net of tax.

The notes on pages 50 to 100 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		**771,933**	645,787
Payments to suppliers and employees		**(692,415)**	(609,334)
Income taxes paid		**(9,326)**	(6,304)
Net cash provided by operating activities	20	**70,192**	30,149
Cash flows from investing activities			
Payments for intangible assets and product development costs	16	**(3,345)**	(540)
Payments for property, plant and equipment	17	**(7,483)**	(10,350)
Proceeds from sale of property, plant and equipment		**21**	122
Acquisition of controlled entity, net of cash acquired	32	**(194,323)**	-
Proceeds from sale of investments		**16,224**	16,205
Acquisition of equity accounted investee	34	**-**	(3,402)
Net cash (used in)/provided by investing activities		**(188,906)**	2,035
Cash flows from financing activities			
Net proceeds from issue of shares	26	**-**	101,531
Net proceeds / (repayment) of borrowings		**145,538**	(79,388)
Interest received		**730**	227
Interest paid		**(13,486)**	(7,788)
Dividends paid	27	**(35,821)**	(26,957)
Net cash used in financing activities		**96,961**	(12,375)
Net increase in cash held		**(21,753)**	19,809
Cash at the beginning of the year		**42,947**	23,301
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(1,233)**	(163)
Cash at the end of the year	20	**19,961**	42,947

The notes on pages 50 to 100 are an integral part of these consolidated financial statements.

1. 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 2016 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 7).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 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 27 July 2016.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the Rounding Instrument, 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 22)
- Other financial instruments (Note23)

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 15) and other intangible assets (Notes 16, 32)
- Inventories (Note 9)
- Financial instruments (Note 24)
- Other financial instruments – contingent consideration (Note 24)

1. Basis of preparation (continued)

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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Rounding Instrument, 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 28), and
- Exchange differences on translating foreign operations (Note 28).

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 2015 and earlier application is permitted. 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 de-recognition 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.
IFRS 16 Leases	The standard removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. This will effectively move all off-balance sheet operating leases onto the balance sheet that is similar to current finance lease accounting. The Group is currently assessing the impact of this standard. The application date of this standard is 1 January 2019.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

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.

2. 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).

This table summarises revenue from continuing operations:

	2016 **$'000**	2015^ Restated $'000
Revenue		
Sale of goods	**595,513**	497,095
Total revenue	**595,513**	497,095
Other income		
Other	**829**	763
	829	763

^ Prior year comparatives have been restated to be consistent with disclosures for 30 June 2016.

3. 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

3. Expenses (continued)

Amortisation

The value of intangible assets, with the exception of goodwill, and indefinite life intangible assets 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 to 15 years
Software	5 to 7 years

Operating leases

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

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

This table summarises expenses by nature from continuing operations:

	Note	2016 $'000	2015^ Restated $'000
Profit before income tax has been arrived at after charging the following expenses:			
Write-Up/(write-back) to value of inventory obsolescence provision	9	**1,034**	353
Loss/(gain) on sale of plant and equipment	17	**98**	2,442
Operating lease rental expense: Minimum lease payments		**12,400**	10,894
Net foreign exchange (gain)/loss		**(1,058)**	(2,454)
Employee benefits:			
Wages and salaries (including on-costs)		**84,518**	74,171
Contributions to defined contribution plans		**5,652**	3,726
Movements in provisions for employee benefits		**117**	(1,434)
Equity settled share based payment expense	26	**1,221**	1,149
Depreciation and amortisation:			
Amortisation and impairment of product development costs	16	**745**	658
Amortisation of other intangibles	16	**707**	1,690
Depreciation of plant and equipment	17	**6,016**	4,362
Depreciation of leased plant and equipment	17	**19**	11
Total depreciation and amortisation		**707**	6,721
Product development and sourcing costs		**8,591**	8,453
Non-underlying costs:			
Transaction expenses	32	**-**	1,674
Impairment of goodwill	15	**59,448**	-
Impairment of brand names	16	**10,332**	-
Impairment of product development	16	**1,917**	-
Impairment of inventory	9	**5,000**	-
Loss on revaluation of contingent consideration		**10,555**	-
Total non-underlying costs		**87,252**	1,674

^ Prior year comparatives have been restated to be consistent with disclosures for 30 June 2016.

4. 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.

This table summarises net finance costs from continuing operations:

	2016	2015^ Restated
	$'000	$'000
Finance costs:		
Interest income	**(696)**	(187)
Interest expense	**13,033**	7,339
Financial assets / liabilities measured at fair value through the profit and loss	**889**	-
Net foreign exchange (gain) / loss	**622**	-
Unwinding of discount on contingent consideration payable	**801**	-
Net finance costs	**14,649**	7,152

^ Prior year comparatives have been restated to be consistent with disclosures for 30 June 2016.

The ineffective portion of cash flow hedges that is recognised in the income statement is nil (2015: nil).

5. 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 on 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 and reflect how the business is managed and measured. Non-underlying items include acquisition related costs (professional fees, financing costs and contingent payments) and impairment of intangible assets.

	Continuing operations		**Discontinuing operations**	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Profit for the period	**(40,927)**	31,116	**(2,112)**	2,129
Add back: acquisition, restructuring, impairment costs and loss on contingent consideration payable	**87,252**	1,674	**966**	-
Tax effect on above items	**(1,957)**	(109)	**(288)**	-
Underlying profit for the period	**44,368**	32,681	**(1,434)**	2,129
	Number	Number	**Number**	Number
Weighted average number of ordinary shares used as the denominator for basic EPS	**85,290,956**	72,326,914	**85,290,956**	72,326,914
Effect of balance of performance rights outstanding at 30 June 2015	**1,028,185**	1,004,969	**1,028,185**	1,004,969
Weighted average number of ordinary shares used as the denominator for diluted EPS	**86,319,141**	73,331,883	**86,319,141**	73,331,883
EPS	**Cents per share**	Cents per share	**Cents per share**	Cents per share
Basic EPS	**(48.0)**	43.0	**(2.5)**	2.9
Diluted EPS	**(47.4)**	42.4	**(2.4)**	2.9
Underlying EPS	**Cents per share**	Cents per share	**Cents per share**	Cents per share
Basic underlying EPS	**52.0**	45.2	**(1.7)**	2.9
Diluted underlying EPS	**51.4**	44.6	**(1.7)**	2.9

6. Auditors' remuneration

This table summarises auditors' remuneration incurred in relation to continuing operations:

	2016	2015
	$	$
Audit and review services:		
The auditor of GUD Holdings Limited		
- audit and review of financial reports	**733,632**	639,264
Other auditors:		
- audit and review of financial reports	**21,602**	22,413
	755,234	661,677
Other services:		
The auditor of GUD Holdings Limited		
- in relation to other assurance, advisory and taxation services	**372,313**	313,193
- in relation to taxation and due diligence services [1]	**-**	505,570
Other auditors:		
- in relation to other assurance, advisory and taxation services	**15,000**	-
	387,313	818,763

1 In relation to services rendered in conjunction with the sale of 49% of Sunbeam ANZ (Note 33), acquisition of 49% of Jarden Asia (Note 34) and acquisition of Brown & Watson (Note 32).

7. 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.

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:

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.

Sunbeam (discontinued operations)

Importer and distributor of small electrical appliances

Geographical segments

The Group operates primarily in one geographical segment: Australasia.

7. Segment information (continued)

	For the year ended 30 June 2016								
Business segments	**Oates $'000**	**Automotive $'000**	**Davey $'000**	**Dexion $'000**	**Lock Focus $'000**	**Unallocated $'000**	**Continuing operations $'000**	**Discontinued operations $'000**	**Total $'000**
Total segment revenue (external)	**71,958**	**229,859**	**107,526**	**175,558**	**10,629**	**(17)**	**595,513**	**114,432**	**709,945**
Underlying EBITDA pre impairment costs	**11,030**	**68,195**	**13,368**	**(588)**	**1,187**	**(7,092)**	**86,100**	**5,718**	**91,818**
Less: Depreciation	(793)	(1,523)	(1,244)	(1,919)	(545)	(11)	(6,035)	(1,413)	(7,448)
Less: Amortisation and impairment of intangibles	(42)	-	(65)	(1,287)	(10)	(48)	(1,452)	(2,103)	(3,555)
Underlying EBIT pre impairment costs	**10,195**	**66,672**	**12,059**	**(3,794)**	**632**	**(7,151)**	**78,613**	**2,202**	**80,815**
Impairment costs[1]	-	-	(1,000)	(75,697)	-	-	(76,697)	-	(76,697)
Loss on revaluation of contingent consideration payable[2]	-	-	-	-	-	(10,555)	(10,555)	-	(10,555)
Restructuring	-	-	-	-	-	-	-	(966)	(966)
Segment result (EBIT)	**10,195**	**66,672**	**11,059**	(79,491)	**632**	(17,706)	**(8,639)**	1,236	**(7,403)**
Net finance costs	(15)	(1,384)	(309)	(679)	(10)	(12,252)	(14,649)	(419)	(15,068)
Share of loss of equity-accounted investees	-	-	-	-	-	-	-	(2,329)	(2,329)
Profit before tax	**10,180**	**65,288**	**10,750**	(80,170)	**622**	**(29,958)**	**(23,288)**	**(1,512)**	**(24,800)**
Income tax expense							(17,639)	(282)	(17,921)
Profit							**(40,927)**	**(1,794)**	**(42,721)**
Non-controlling interest							-	(318)	(318)
Profit attributable to owners of the Company							**(40,927)**	**(2,112)**	**(43,039)**
Segment goodwill	5,166	64,287	35,641	-	5,300	-	110,394	-	110,394
Segment brand names	8,900	99,500	3,215	-	-	-	111,615	25,402	137,017
Segment customer relationships	-	4,441	-	-	-	-	4,441	-	4,441
Segment other assets	28,522	112,931	61,293	95,553	6,426	(1,936)	302,789	63,525	366,314
Segment assets	**42,588**	**281,159**	**100,149**	**95,553**	**11,726**	**(1,936)**	**529,239**	**88,927**	**618,166**
Segment liabilities	**10,857**	**32,629**	**16,734**	**52,138**	**1,582**	**207,457**	**321,397**	**22,128**	**343,525**
Segment capital expenditure	**932**	**1,826**	**1,409**	**2,194**	**444**	**2**	**6,807**	**4,035**	**10,824**

1 Impairment costs relate to costs recognised in profit or loss attributable to impairment of Dexion goodwill ($59.4 million, Note 15), impairment of Dexion brandnames ($10.3 million, Note 16), impairment of Dexion inventory ($4 million, Note 9) , impairment of Dexion product development costs ($1.9 million) and impairment of Davey inventory ($1 million, Note 9).

2 Loss on contingent consideration payable relates to loss recognised on earn-out payable for the acquisition of Brown & Watson (Note 32)

7. Segment information (continued)

Business segments	Oates $'000	Automotive $'000	Davey $'000	Dexion $'000	Lock Focus $'000	Unallocated $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
	For the year ended 30 June 2015								
Total segment revenue (external)	**70,213**	**101,446**	**102,623**	**212,180**	**10,678**	**(45)**	**497,095**	**114,420**	**611,515**
Underlying EBITDA pre transaction costs	**12,205**	**32,850**	**10,939**	**8,788**	**1,366**	**(7,799)**	**58,349**	**13,037**	**71,386**
Less: Depreciation	(642)	(546)	(1,371)	(1,238)	(570)	(6)	(4,373)	(2,269)	(6,642)
Less: Amortisation and impairment of intangibles	(57)	-	(49)	(2,194)	-	(48)	(2,348)	(3,450)	(5,798)
Underlying EBIT pre transaction costs	**11,506**	**32,304**	**9,519**	**5,356**	**796**	**(7,853)**	**51,628**	**7,318**	**58,946**
Transaction costs[2]	-	-	-	-	-	(1,674)	(1,674)	-	(1,674)
Segment result (EBIT)	**11,506**	**32,304**	**9,519**	**5,356**	**796**	**(9,527)**	**49,954**	**7,318**	**57,272**
Net finance costs	-	-	-	(451)	-	(6,701)	(7,152)	(409)	(7,561)
Share of loss of equity-accounted investees	-	-	-	-	-	-	-	(1,073)	(1,073)
Profit before tax	**11,506**	**32,304**	**9,519**	**4,905**	**796**	**(16,228)**	**42,802**	**5,836**	**48,638**
Income tax expense							(11,686)	(1,659)	(13,345)
Profit							**31,116**	**4,177**	**35,293**
Non-controlling interest							-	(2,048)	(2,048)
Profit attributable to owners of the Company							**31,116**	**2,129**	**33,245**
Segment goodwill	5,166	1,497	35,315	59,509	5,300	-	106,787	-	106,787
Segment brand names	8,900	1,000	3,215	10,186	-	-	23,301	25,062	48,363
Segment other assets	28,537	51,921	65,296	118,830	6,578	19,371	290,533	69,660	360,193
Segment assets	**42,603**	**54,418**	**103,826**	**188,525**	**11,878**	**19,371**	**420,621**	**94,722**	**515,343**
Segment liabilities	**10,740**	**14,740**	**19,507**	**60,716**	**1,658**	**24,132**	**131,493**	**27,692**	**159,185**
Segment capital expenditure	**978**	**572**	**1,461**	**8,045**	**605**	**4**	**11,665**	**5,374**	**17,039**

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

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.

8. 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.

This table summarises trade and other receivables related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016	2015
	$'000	$'000
Current		
Trade receivables	**110,316**	89,262
Less: Allowance for doubtful debts	**(829)**	(879)
Net trade receivables	**109,487**	88,383
Accrued revenue	**9,326**	20,196
Other receivables	**9,326**	20,196
	118,813	108,579

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.

	2016	2015
	$'000	$'000
Movement in allowance for doubtful debts		
Balance at the beginning of the year	**(879)**	(807)
Acquisitions through business combinations	**(101)**	-
Doubtful debts recognised	**(19)**	(157)
Amounts written off as uncollectible	**170**	85
Balance at the end of the year	**(829)**	(879)

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.

8. 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.

2016 Ageing of trade receivables	**Gross** **$'000**	**Impairment** **$'000**	**Net** **$'000**
Not past due	71,039	(169)	70,870
Past due 1 - 60 days	29,698	(137)	29,561
Past due 61 - 120 days	5,847	(139)	5,708
Past due 121 - 365 days	3,329	(271)	3,058
Past due more than one year	403	(113)	290
Total trade receivables	110,316	(829)	109,487

2015 Ageing of trade receivables	**Gross** **$'000**	**Impairment** **$'000**	**Net** **$'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

Additional information relating to credit risk is included in Note 25.

9. 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.

This table summarises inventories related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016 **$'000**	2015 $'000
Current		
Raw materials and stores	**16,588**	17,033
Work in progress	**2,161**	2,848
Finished goods	**90,123**	105,137
Total inventory	**108,872**	125,018

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 3).

10. Other assets

This table summarises other assets related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016	2015
	$'000	$'000
Current		
Prepayments	**3,868**	6,247
Other	**1,620**	3,289
	5,488	9,536

11. 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.

This table summarises trade and other payables related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016	2015
	$'000	$'000
Current		
Accrued expenses	**17,710**	18,190
Trade payables	**58,090**	72,266
Deferred income	**5,491**	3,234
Trade payables and accrued expenses	**81,291**	93,690

No interest is incurred on trade payables.

12. 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.

12. Employee benefits (continued)

This table summarises employee provisions related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016 $'000	2015 $'000
Current	**13,741**	13,734
Non-current	**2,039**	1,484
	15,780	15,218
Accrued wages and salaries	**945**	866
	16,725	16,084

Accrued wages and salaries are included in accrued expenses in Note 11.

13. 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.

This table summarises restructuring provisions related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016 $'000	2015 $'000
Current	**37**	230
Non-current	**-**	46
	37	276
Carrying amount at beginning of year	**276**	8,219
Provisions recognised	**-**	-
Payments made during the year	**(251)**	(7,929)
Net foreign currency difference arising on translation of foreign operations	**12**	(14)
Carrying amount at end of year	**37**	276

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.

14. 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.

This table summarises warranty provisions related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016	2015
	$'000	$'000
Carrying amount at beginning of year	**1,921**	2,028
Provisions recognised	**2,502**	9,853
Payments made during the year	**(2,483)**	(9,985)
Reclassification as liabilities held for sale	**(1,216)**	-
Net foreign currency difference arising on translation of foreign operations	**7**	25
Carrying amount at end of year	**731**	1,921

Tangible and Intangible Assets

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

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.

15. 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.

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.

This table summarises employee provisions related to continuing operations:

	2016	2015
	$'000	$'000
Gross carrying amount		
Balance at the beginning of the year	**106,787**	106,998
Acquisitions through business combinations	**62,791**	-
Impairment	**(59,509)**	-
Net foreign currency difference arising on translation of financial statements of foreign operations	**325**	(211)
Balance at the end of the year	**110,394**	106,787

16. 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 3).

16. Other intangible assets (continued)

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 18).

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite lives, are measured at cost less accumulated amortisation (Note 3) and accumulated impairment losses.

The carrying value is tested for impairment as part of the annual testing of cash generating units (Note 18).

This table summarises other intangible assets related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

$'000	Product Development Costs	Brand, Business Names & Trademarks	Patents, Licences & Distribution Rights	Software	Customer Relationships	Total
Gross carrying amount						
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**
Additions from business combinations	-	98,500	-	-	4,441	102,941
Additions from internal developments	351	-	-	-	-	351
Additions	-	-	-	76	-	76
Disposals	(2,619)	-	(10)	(5)	-	(2,634)
Transfers	335	-	-	-	-	335
Reclassification to assets held for sale	(22,190)	(25,062)	(958)	-	-	(48,210)
Foreign currency movements	-	255	-	49	-	304
Balance at 30 June 2016	**7,175**	**123,942**	**272**	**7,544**	**5,890**	**144,823**
Accumulated amortisation						
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)**
Amortisation expense	(745)	-	-	(634)	(73)	**(1,452)**
Disposals	2,537	-	10	5	-	**2,552**
Impairment	(1,917)	(10,332)	-	-	-	**(12,249)**
Reclassification to assets held for sale	15,922	-	943	-	-	**16,865**
Transfers	(319)	-	-	-	-	**(319)**
Foreign currency movements	-	(109)	-	(66)	-	**(175)**
Balance at 30 June 2016	**(4,895)**	**(12,327)**	**(272)**	**(6,402)**	**(1,449)**	**(25,345)**
Carrying amount						
As at 30 June 2015	10,925	48,363	15	1,717	73	61,093
As at 30 June 2016	**2,280**	**111,615**	**-**	**1,142**	**4,441**	**119,478**

Amortisation is recognised as an expense in Note 3.

16. Other intangible assets (continued)

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 7 for allocation of the carrying amount of brand names to segments.

17. 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 3) and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the item.

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.

This table summarises the movement in gross carrying amount of property, plant and equipment:

	Equipment under finance lease at cost	Plant and Equipment at cost	Total
	$'000	$'000	$'000
Gross carrying amount			
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**
Additions from business combinations	-	7,201	7,201
Additions	-	6,380	6,380
Disposals	-	(1,694)	(1,694)
Reclassification to assets held for sale	-	(16,306)	(16,306)
Transfers	-	(335)	(335)
Foreign currency movements	-	(527)	(527)
Balance at 30 June 2016	**100**	**85,928**	**86,028**

17. Property, plant and equipment (continued)

This table summarises the movement in accumulated depreciation of property, plant and equipment:

	Equipment under finance lease at cost	Plant and Equipment at cost	Total
	$'000	$'000	$'000
Accumulated depreciation and amortisation			
Balance at 30 June 2014	**(12)**	**(54,075)**	**(54,087)**
Depreciation expense	(11)	(6,631)	(6,642)
Disposals	-	3,447	3,447
Foreign currency movements	-	15	15
Balance at 30 June 2015	**(23)**	**(57,244)**	**(57,267)**
Additions from business combinations	-	(4,553)	(4,553)
Depreciation expense	(19)	(6,016)	(6,035)
Disposals	-	1,348	1,348
Reclassification to assets held for sale	-	13,396	13,396
Transfers	-	319	319
Foreign currency movements	-	59	59
Balance at 30 June 2016	**(42)**	**(52,691)**	**(52,733)**
Carrying amount			
As at 30 June 2015	77	33,965	34,042
As at 30 June 2016	**58**	**33,237**	**33,295**

Depreciation is recognised as an expense in Note 3.

18. 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.

18. Impairment testing (continued)

Results

The Group's CGUs comprise the operating segments disclosed in Note 7.

All intangible assets with indefinite lives (goodwill and brand names), have been allocated for impairment testing purposes to CGUs (or groups of units).

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 2017 (2015: based on 2016 budget) 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 for the years ended 30 June 2015 and 2016:

Automotive	13.2-14.0%
Lock Focus	13.7-14.5%
Oates	12.9-13.7%
Davey	14.1-15.0%
Dexion	15.2-16.0%

As a result of Dexion CGU value in use calculation being less than the carrying value, an impairment was recognised as disclosed in Note 7.

19. Commitments for expenditure

Plant & equipment

Future contracted capital expenditure not provided for and payable are as follows:

	2016	2015
	$'000	$'000
Within 1 year	66	48
Between 1 and 5 years	-	-
Later than 5 years	-	-
	66	48

Operating leases

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

	2016	**2016**	2015	2015
	Buildings	**Other**	Buildings	Other
	$'000	**$'000**	$'000	$'000
Within 1 year	9,773	1,428	10,890	1,633
Between 1 and 5 years	26,957	2,225	18,218	1,495
Later than 5 years	18,338	316	4,441	131
	55,068	3,969	33,549	3,259

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.

19. 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.

Future non-cancellable finance lease commitments not provided for and payable are as follows:

	2016	2015
	$'000	$'000
Minimum future lease payments:		
Within 1 year	14	27
Between 1 and 5 years	11	3
Later than 5 years	-	-
Total finance lease commitment	25	30
Less: Future finance lease charges	-	-
Finance lease liability	25	30
Present value of minimum future lease payments:		
Within 1 year	14	27
Between 1 and 5 years	11	3
Later than 5 years	-	-
	25	30

Lease liabilities provided for in the consolidated financial statements are disclosed in Note 21.

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, 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.

20. 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.

	Note	2016 $'000	2015 $'000
Current			
Cash and cash equivalents in the balance sheet	24	**18,235**	33,237
Cash and cash equivalents reclassified as held for sale		**1,726**	9,710
Total cash and cash equivalents		**19,961**	42,947

Reconciliation of cash flows from operating activities

	2016 $'000	2015 $'000
Reconciliation of profit after income tax to net cash provided by operating activities		
Profit from operations, net of income tax	**(42,721)**	35,293
Share of loss of equity accounted investees	**2,329**	1,073
Depreciation and amortisation	**11,003**	12,225
Impairment of goodwill	**59,448**	-
Impairment of brand names	**10,332**	-
Impairment of inventory	**5,000**	-
Impairment of product development	**1,917**	-
Loss on revaluation of contingent consideration payable	**10,555**	-
Unwind of discount on contingent consideration payable	**801**	215
Interest received	**(730)**	(227)
Interest paid	**13,486**	7,788
Loss on sale of property, plant and equipment	**38**	(2,444)
Changes in working capital assets and liabilities:		
Increase/(decrease) in net tax liability	**6,901**	7,041
(Increase)/decrease in inventories	**2,574**	(13,537)
(Increase)/decrease in trade receivables	**(9,372)**	(16,707)
(Increase)/decrease in other assets	**4,643**	(2,508)
Increase/(decrease) in provisions	**(976)**	(9,552)
Increase/(decrease) in payables	**(8,167)**	13,972
Increase/(decrease) in derivatives	**3,131**	(2,483)
Net cash provided by/(used in) operating activities	**70,192**	30,149

21. 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 Corporation Limited and Sunbeam NZ Corporation Limited) 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 2016 is 4.17% (2015: 4.68%).

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 32), effective 1 July 2015. The total facility was increased from $150 million to $300 million consisting of two tranches summarised below:

	Facilities as at 30 June 2016		Facilities from 1 July 2015		Facilities as at 30 June 2015	
	Amount	Maturity	Amount	Maturity	Amount	Maturity
	$ million	1 July	$ million	1 July	$ million	29 October
Tranche A – 5 year facility	185	2020	185	2020	50	2016
Tranche B – 5 year facility	110	2020	115	2020	100	2018

The Tranche B facility amortises from 31 March 2016 to maturity. The facility has amortised $5 million during the year ended 30 June 2016.

Both tranches are subject to variable interest rates which as at 30 June 2016 are 4.08% and 4.21%, respectively (2015: 4.15% and 5.38%, respectively). Tranche B reduces over the term to maturity in accordance with facility agreements entered into in conjunction with the Common Terms Deed (as amended).

There are also unsecured facilities in Malaysia and China of $25 million, of which $22.5 million is renewed annually and $2.5 million amortises to 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.

This table summarises Borrowings relating to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	Note	2016 $'000	2015 $'000
Current			
Unsecured bank overdrafts		-	-
Unsecured bank loans		**18,548**	15,857
Unsecured loans from a subsidiary of Jarden Corporation		-	6,304
Secured finance lease liabilities (1)		**2**	27
	24	**18,550**	22,188
Non-current			
Unsecured bank loans		**167,483**	20,165
Secured finance lease liabilities (1)		-	3
	24	**167,483**	**20,168**

(1) Secured by the assets leased (Note 17).

21. Borrowings (continued)

Financing facilities

This table summarises facilities available, used and not utilised related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	2016	2015
	$'000	$'000
Total facilities available:		
Unsecured bank overdrafts	**5,338**	4,996
Unsecured bank loans	**320,272**	189,957
Unsecured money market facilities	**15,000**	15,000
	340,610	209,953
Facilities used at balance date:		
Unsecured bank overdrafts	**-**	-
Unsecured bank loans	**186,033**	36,022
Unsecured money market facilities	**-**	-
	186,033	36,022
Facilities not utilised at balance date:		
Unsecured bank overdrafts	**5,338**	4,996
Unsecured bank loans	**134,239**	153,935
Unsecured money market facilities	**15,000**	15,000
	154,577	173,931

22. Derivatives

Accounting policies

Derivative financial instruments

To manage its exposure to interest rate and foreign exchange rate risk, the Group enters into a variety of derivatives 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 or liability.

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.

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.

22. Derivatives (continued)

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.

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.

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

This table summarises derivative assets related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	Note	**2016** **$'000**	2015 $'000
Current			
Derivatives - Foreign currency forward contracts, options and collars	24	**144**	4,870
Current derivative assets		**144**	4,870
Non-current			
Derivatives - Interest rate swaps	24	**62**	-
Non-current derivative assets		**62**	-

Derivative liabilities

This table summarises derivative liabilities related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	Note	**2016** **$'000**	2015 $'000
Current			
Derivatives - Foreign currency forward contracts and collars	24	**2,964**	501
Derivatives - Interest rate swaps at fair value	24	**581**	295
Current derivative liabilities		**3,545**	796
Non-current			
Derivatives - Foreign currency forward contracts and collars	24	**829**	-
Derivatives - Interest rate swaps at fair value	24	**2,820**	804
Non-current derivative liabilities		**3,649**	804

23. Other financial instruments

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.

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

This table summarises other financial assets related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	Note	**2016** **$'000**	2015 $'000
Current			
Consideration receivable	24	**-**	15,869
Loans receivable - related parties	24	**1,885**	
Loans receivable - third parties	24	**473**	650
Other financial assets		**2,358**	16,519
Non-current			
Loans receivable - third parties	24	**2,359**	2,596
		2,359	2,596

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 Corporation Limited and Sunbeam NZ Corporation Limited (collectively "Sunbeam ANZ") businesses (Note 31).

Loans receivable from related parties relate to loans by the Company to Sunbeam ANZ which were repaid in 1 July 2016.

23. Other financial instruments (continued)

Other financial liabilities

This table summarises other financial liabilities related to continuing operations at 30 June 2016 and all operations at 30 June 2015:

	Note	**2016** **$'000**	2015 $'000
Current			
Consideration payable	24	**19,367**	-

Consideration payable included in other financial liabilities measured at fair value represents the contingent consideration payable to the vendors of Brown & Watson (Note 32).

24. 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 market values 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 ANZ.

There were no transfers between any of the levels of the fair value hierarchy during the years ended 30 June 2016 or 2015.

Contingent consideration payable

Changes in fair value of the contingent consideration payable balance from the acquisition of Brown & Watson is summarised below:

	Note	**2016** **$'000**	2015 $'000
Opening balance		**-**	-
Contingent payable – acquisition of 100% of Brown & Watson	32	**8,011**	-
Unwinding of discount	32	**801**	-
Unrealised fair value loss included in profit and loss	32	**10,555**	-
Closing balance	32	**19,367**	-

Upon acquisition of 100% of Brown & Watson, effective 1 July 2015, the Company recorded a contingent consideration payable of $8.0 million representing its fair value at acquisition date.

Subsequent to initial recognition, the contingent consideration payable was revalued to $19.4 million at 30 June 2016 based on Brown & Watson reported EBIT at 30 June 2016. Consequently a fair value loss of $10.6 million and an unwinding of discount of $0.8 million were recorded in profit and loss (Note 32).

24. Financial instruments (continued)

Contingent consideration receivable

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

	Note	**2016** **$'000**	2015 $'000
Opening balance		**15,869**	-
Contingent receivable – balance of the sale of 49% of Sunbeam ANZ	33	**-**	12,940
Unrealised fair value gain included in OCI	33	**355**	2,929
Receipt of consideration	33	**(16,224)**	
Closing balance	33	**-**	15,869

Upon sale of 49% of Sunbeam ANZ, effective 1 November 2014, the Company recorded a contingent consideration receivable of $12.9 million representing its fair value at sale date.

Subsequent to initial recognition, the contingent consideration receivable was revalued to $15.9 million at 30 June 2015 based on Sunbeam ANZ reported 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 $2.9 million was recorded in other comprehensive income ($2.1 million net of tax) (Note 33).

Between 30 June 2015 and settlement, both parties to the sale agreement reviewed Sunbeam ANZ EBITDA, cash, changes in working capital from acquisition date to 30 June 2015 and other adjustments reflected in the sale agreement. As a result the consideration was revised to $16.2 million and a fair value gain of $0.4 million was recorded in other comprehensive income ($0.2 million net of tax) (Note 33). This was settled on 1 October 2015.

Options

Pursuant to the Share Sale Agreements between the Company and Holmes Products (Far East) Limited ("HPFE", a subsidiary of Jarden Corporation, Notes 33 and 34), the parties also entered into Shareholders Agreements. Under these agreements, the parties 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 option agreement between the parties was amended in April 2016. As a result, the Company exercised it's put option in April 2016 to effect the sale of the Company's remaining interests in Sunbeam ANZ and Jarden Consumer Solutions (Asia) Limited ("Jarden Asia") to HPFE on 1 July 2016.

24. Financial instruments (continued)

	As at 30 June 2016						
	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	144	-	-	-	144	-	144
Derivatives - Interest rate swaps at fair value	-	62	-	-	62	-	62
Other financial assets	-	-	-	-	-	-	-
Total financial assets measured at fair value	**144**	**62**	**-**	**-**	**206**	**-**	**206**
Financial assets not measured at fair value							
Cash and cash equivalents	18,235	-	18,235	-	-	-	-
Trade and other receivables	118,813	-	118,813	-	-	-	-
Other financial assets	2,358	2,359	4,717	-	-	-	-
Total financial assets not measured at fair value	**139,406**	**2,359**	**141,765**	**-**	**-**	**-**	**-**
Total financial assets	**139,550**	**2,359**	**141,765**	**-**	**206**	**-**	**206**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	2,964	829	-	-	3,793	-	3,793
Derivatives - Interest rate swaps at fair value	581	2,820	-	-	3,401	-	3,401
Other financial liabilities	19,368	-	-	-	-	19,368	-
Total financial liabilities measured at fair value	**22,913**	**3,649**	**-**	**-**	**7,194**	**19,368**	**7,194**
Financial liabilities not measured at fair value							
Borrowings and loans	16,665	167,483	184,148	-	-	-	-
Total financial liabilities not measured at fair value	**16,665**	**167,483**	**184,148**	**-**	**-**	**-**	**-**
Total financial liabilities	**39,578**	**171,132**	**184,148**	**-**	**7,194**	**19,368**	**7,194**

24. 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**

25. 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.

25. 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 20), the total value of trade debtors and other receivables (Note 8) and other financial assets (Note 23). 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:

2016	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	81,291	81,291	81,291	-	-	-
Derivatives	7,194	7,194	3,545	3,649	-	-
Unsecured bank loans	186,031	194,278	90,389	16,557	87,333	-
Secured finance lease liabilities	2	2	2	-	-	-
	274,518	282,765	175,227	20,206	87,333	-

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	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	135,453	930	369	3,080

25. 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 2016, the Group is exposed to $5.4 million (2015: $14.2 million) of US$ 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 [1]		**Foreign Currency**		**Contract Value**		**Fair Value**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Buy			**FC'000**	FC'000	**$'000**	$'000	**$'000**	$'000
United States Dollars	**0.7162**	0.7866	**67,152**	99,786	**93,762**	126,857	**(2,703)**	3,988
Chinese Renminbi	**4.2931**	4.4119	**46,848**	48,511	**10,912**	10,995	**(519)**	325
European Euro	**0.6091**	0.6310	**2,788**	1,786	**4,517**	2,830	**(408)**	(2)
Australian Dollars (NZ entities)	**0.9279**	0.9372	**5,912**	990	**6,371**	1,056	**(163)**	58
					115,622	141,738	**(3,793)**	4,369

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

	2016	2015
Sensitivity Analysis - foreign exchange AUD/USD	**$'000**	$'000
For every 1c decrease in AUD:USD rate, total exposures increase by:		
Income statement	83	176
Equity	311	1,037

25. 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.

	2016	2015
Sensitivity Analysis - interest rates	**$'000**	$'000
For every 100 basis points increase in interest rates:		
Income statement	**(1,661)**	6
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**
	2016	2015	**2016**	2015	**2016**	2015
Outstanding floating for fixed contracts	**%**	%	**$'000**	$'000	**$'000**	$'000
Less than 1 year	**3.65**	3.06	**34,700**	32,842	**(581)**	(295)
1 to 2 years	**4.58**	3.73	**11,400**	34,313	**(29)**	(494)
2 to 5 years	**2.91**	4.58	**80,000**	10,625	**(2,791)**	(310)
			126,100	77,780	**(3,401)**	(1,099)

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 2015 and 2016 financial years.

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

26. 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.

	2016	**2016**	2015	2015
	$'000	**Number**	$'000	Number
Balance at the beginning of the year	**286,160**	**85,079,850**	184,629	70,939,492
Share issue	**-**	**-**	105,346	14,140,358
Issue costs	**-**	**-**	(3,815)	-
Performance share rights vested	**-**	**247,264**	-	-
Balance at the end of the year	**286,160**	**85,327,114**	286,160	85,079,850

During the year, the Company issued 247,264 shares as a result of the vesting of performance rights as follows:

- 173,981 shares issued pursuant to the vesting component of the 2015 performance rights plan; and
- 73,283 shares issued to Karen Hope (executive of Sunbeam ANZ) for meeting EBITDA targets the year ended 30 June 2015. Details of special incentives is disclosed in Note 36 and the Remuneration Report.

During the year no shares were bought back on market and cancelled by the Group (2015: nil). 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.

27. 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**
2016					
Final dividend in respect of the 2015 financial year	22	18,756	3 September 2015	30%	100%
Interim dividend in respect of the 2016 financial year	20	17,065	4 March 2016	30%	100%
Total dividends		35,821			
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			

Unrecognised amounts

Fully Paid Ordinary Shares	**Cents per share**	**Total amount $'000**	**Date of payment**	**Tax rate**	**Percentage franked**
2016					
Final dividend in respect of the 2016 financial year	23	19,625	2 September 2016	30%	100%

27. 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	
	2016	2015
	$'000	$'000
30% (2015: 30%) franking credits available to shareholders of GUD Holdings Limited for subsequent financial years	**44,476**	4,111

28. 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 items 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.

28. Reserves (continued)

This table summarises the movement in reserves:

	2016 $'000	2015 $'000
Hedging Reserve		
Balance at the beginning of the year	**1,053**	(2,719)
Fair value adjustments transferred to equity - net of tax	**1,653**	9,853
Amounts transferred to inventory - net of tax	**(7,385)**	(6,081)
Balance at the end of the year	**(4,679)**	1,053
Equity Compensation Reserve		
Balance at the beginning of the year	**2,881**	1,349
Equity settled share based payment transactions	**1,399**	1,532
Balance at the end of the year	**4,280**	2,881
Translation Reserve		
Balance at the beginning of the year	**1,199**	(775)
Exchange differences on translating foreign operations	**1,110**	1,974
Balance at the end of the year	**2,309**	1,199
Reserves at the end of the year	**1,910**	5,133

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.

29. 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 32.

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

	2016	2015^ Restated
	$'000	$'000
Prima facie income tax expense calculated at 30% (2015: 30%) on profit	**(6,986)**	12,841
Increase/(decrease) in income tax expense due to :		
Non-deductible expenditure	**25,993**	1,401
(Over)/under provision of income tax in prior year	**104**	(212)
Research and development incentives	**(1,116)**	(1,111)
Tax incentives not recognised in profit or loss	**(356)**	(524)
Non-assessable income	**-**	(709)
Income tax expense	**17,639**	11,686
Tax expense comprises:		
Current tax expense	**22,720**	8,224
Adjustments recognised in the current year in relation to tax of prior years	**104**	(212)
Deferred tax expense from origination and reversal of temporary differences	**(5,185)**	3,674
Total tax expense	**17,639**	11,686

^ Prior year comparatives have been restated to be consistent with disclosures for 30 June 2016.

29. Current tax (continued)

Income tax expense recognised in other comprehensive income

2016	Before tax	Tax (expense) / benefit	Net of tax
Income tax on items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating results of foreign operations	1,110	-	1,110
Fair value adjustments transferred to hedging reserve	2,362	(709)	1,653
Net change in fair value of cash flow hedges transferred to inventory	(10,551)	3,166	(7,385)
Revaluation of contingent receivable	355	(107)	248
	(6,724)	2,350	(4,374)

2015	Before tax	Tax (expense) / benefit	Net of tax
Income tax on items that may be subsequently reclassified to profit or loss:			
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
Other	-	(1,458)	(1,458)
	10,292	(3,953)	6,339

30. 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.

30. Deferred tax (continued)

2016	Opening balance $'000	Acquisition through business combinations $'000	Recognised in Profit or Loss from: Continuing operations $'000	Recognised in Profit or Loss from: Discontinuing operations $'000	Recognised in Equity $'000	Closing balance $'000
Deferred tax assets						
Employee benefit provisions	4,612	-	229	(119)	-	**4,722**
Restructuring provisions	76	-	(66)	-	-	**10**
Warranty provisions	569	-	(320)	(32)	-	**217**
Doubtful debts	308	-	(63)	-	-	**245**
Inventory	1,180	-	843	(141)	-	**1,882**
Accrued expenses	420	-	577	232	-	**1,229**
Derivative liabilities	480	-	104	305	1,246	**2,135**
Property, plant and equipment	-	-	140	-	-	**140**
Other intangible assets	-	1,088	(72)	72	-	**1,088**
Other	1,464	-	(595)	109	-	**978**
	9,109	1,088	777	426	1,246	**12,646**
Set off of tax						**(3,431)**
						9,215
Deferred tax liabilities						
Property, plant and equipment	1,200	-	546	-	-	**1,746**
Capitalised product development	3,529	-	(1,988)	-	-	**1,541**
Other intangible assets	2,947	1,293	(3,198)	-	-	**1,042**
Derivative assets	1,461	-	291	(479)	(1,211)	**62**
Other	-	-	(59)	614	-	**555**
	9,137	1,293	(4,408)	135	(1,211)	**4,946**
Set off of tax						**(3,431)**
						1,515
Net deferred tax assets/(liabilities)						**7,700**

30. Deferred tax (continued)

2015	Opening balance $'000	Recognised in Profit or Loss from Continuing operations $'000	Recognised in Profit or Loss from Discontinuing operations $'000	Recognised in Equity $'000	Closing balance $'000
Deferred tax assets					
Employee benefit provisions	5,001	(394)	5	-	**4,612**
Restructuring provisions	3,574	(3,498)	-	-	**76**
Warranty provisions	601	4	(36)	-	**569**
Doubtful debts	300	8	-	-	**308**
Inventory	1,081	16	83	-	**1,180**
Accrued expenses	150	298	(28)	-	**420**
Derivative liabilities	1,386	666	(393)	(1,179)	**480**
Other	1,078	120	266	-	**1,464**
	13,171	(2,780)	(103)	(1,179)	**9,109**
Set off of tax					**(8,202)**
					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
Derivative assets	5	525	493	438	1,461
	7,312	894	493	438	9,137
Set off of tax					(8,202)
					935
Net deferred tax assets/(liabilities)					(28)

Business Combinations

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

31. Disposal group held for sale

Accounting policies

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution, and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

The transaction

On the 14 April 2016, the Company entered into amended shareholders agreements that grant put options to the Company, giving the Company the right but not the obligation to require Holmes Products (Far East) Limited ("HPFE") , a subsidiary of Jarden Corporation, to acquire the disposal group comprising:

- the Company's remaining 51% of the shares in Sunbeam ANZ comprising Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited, to HPFE; and
- the Company's 49% of shares in Jarden Asia.

The option agreement between the parties was amended in April 2016. As a result, the Company exercised it's put option in April 2016 to effect the sale of the Company's remaining interests in Sunbeam ANZ and Jarden Asia to HPFE on 1 July 2016. Total estimated consideration is comprised of:

- Sunbeam ANZ for an estimated $30.3 million; and
- Jarden Asia for USD$2.8 million (A$3.9 million).

Of the total estimated consideration, $33.5 million was received on 1 July 2016 made up as follows:

- $29.5 million for Sunbeam ANZ; and
- USD$2.9 million (A$4.0 million) for Jarden Asia.

An additional amount of consideration will be paid in the first quarter of the following year once the Company and Jarden Corporation formally agree the final results and balance sheets of Sunbeam ANZ and Jarden Asia at 30 June 2016.

In addition, loans made by the Company to Sunbeam ANZ of approximately $1.9 million were repaid on 1 July 2016.

31. Disposal group held for sale (continued)

The comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

Assets and liabilities of the disposal group have been reclassified to assets held for sale and liabilities held for sale, respectively.

Results of the discontinued operation

	2016 $'000	2015 $'000
Revenue	**114,432**	114,420
Cost of goods sold, including impairment and restructuring costs	**(77,998)**	(73,053)
Gross Profit	**36,434**	41,367
Other income	**355**	396
Expenses	**(35,553)**	(34,445)
Results from operating activities	**1,236**	7,318
Net finance expense	**(419)**	(409)
Share of loss of equity accounted investees, net of income tax	**(2,329)**	(1,073)
Profit before tax	**(1,512)**	5,836
Income tax expense	**(282)**	(1,659)
Profit from discontinued operations, net of income tax	**(1,794)**	4,177

Of the loss from discontinuing operations of $1.8 million (2015: profit of $4.2 million):

- The loss of equity accounted investees, net of income tax of $2.3 million (2015: $1.1 million) is attributable entirely to the owners of the Company;
- An amount of $0.3 million (2015: $2.7 million) is attributable to the owners of the Company.

Cumulative income or expenses in other comprehensive income

Cumulative income and expenses included in other comprehensive income relating to the disposal group were:

	2016 $'000	2015 $'000
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges, net change in fair value, net of tax	**1,994**	**(4,517)**
Cash flow hedges, fair value of cash flow hedges transferred to inventory, net of tax	**(3,218)**	**2,953**
Other comprehensive income from discontinued operations	**(1,224)**	**(1,564)**

Cash flows from (used in) discontinued operation

	2016 $'000	2015 $'000
Net cash used in operating activities	**899**	84
Net cash from investing activities	**(4,021)**	(5,073)
Net cash from financing activities	**(4,862)**	10,750
Net cash flows for the year	**(7,984)**	5,761

31. Disposal group held for sale (continued)

Assets and liabilities of disposal group held for sale

At 30 June 2016, the disposal group was stated at carrying value and comprised the following assets and liabilities:

	2016 $'000
Cash and cash equivalents	**1,726**
Trade and other receivables	**20,599**
Inventories	**28,672**
Derivative assets	**49**
Other intangible assets	**32,480**
Property, plant and equipment	**2,589**
Deferred tax assets	**2,149**
Other assets	**663**
Assets held for sale	**88,927**
Trade and other payables	**9,287**
Employee benefits	**1,408**
Warranty provisions	**1,110**
Borrowings	**1,943**
Derivative liabilities	**1,111**
Deferred tax liabilities	**5,248**
Other non-current liabilities	**2,021**
Liabilities held for sale	**22,128**

32. 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 (Note 18). 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.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are 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.

32. Investments in subsidiaries (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions arising from intra-group transactions are eliminated.

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.

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.

Since the acquisition occurred on 1 July 2015, Brown & Watson contributed a full year of results to the Group's results for year ended 30 June 2016 with contributed revenue of $117.4 million, EBIT of $30.8 million and profit of $20.6 million.

In determining these amounts, management has applied fair value adjustments from the date of acquisition for a full year.

Consideration paid

Consideration paid and payable for the acquisition of Brown & Watson is made up as follows:

$'000	Consideration paid: Initial consideration 1 Jul 2015	Revision to net asset adjustment amount	Net cash adjustment	Total initial consideration	Estimated contingent consideration at acquistion	Acqusition value of Investment	Unwinding of discount of contingent consideration at acquisition	Revaluation of contingent consideration subsequent to acquisition	Total estimated consideration
Intangible asset amount	157,000	-	-	157,000		157,000			157,000
Target net assets down payment	30,200	-	-	30,200		30,200			30,200
Net assets adjustment amount	12,800	(4,325)		8,475		8,475			8,475
Net cash	-	-	2,369	2,369		2,369			2,369
Contingent consideration	-			-	8,011	8,011	801	10,555	19,367
	200,000	(4,325)	2,369	198,044	8,011	206,055	801	10,555	217,411

Of the initial consideration, $187.2 million was paid on 1 July 2015, representing the initial consideration with respect to the intangible asset amount of $157 million and the target net assets down payment of $30.2 million.

- The Company estimated an additional $12.8 million payable with respect to estimated completion net asset amount capped at $41 million. Of this $8 million was paid on 7 December 2015.
- Subsequent to acquisition the completion net asset amount of $38.7 million was agreed, giving rise to a reduction in the net assets adjustment amount payable of $4.3 million.
- There is net cash of $2.4 million which relates to completion adjustments.

Contingent consideration payable

The Company agreed to pay the selling shareholders contingent consideration if the Brown & Watson EBIT exceeded $26.6 million for the year ending 30 June 2016.

Management initially estimated 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.

The Brown & Watson EBIT for 30 June 2016 exceeded the estimated EBIT. The contingent consideration payable was therefore revalued to $19.4 million with $20 million payable upon agreement of the transaction parties by October 2016.

32. Investments in subsidiaries (continued)

Acquisition-related costs

During the year ended 30 June 2016, the Company did not incur acquisition related costs including equity raising fees, legal fees, due diligence and other advisory fees (2015: $5.126 million). In the year ended 30 June 2015, equity raising fees of $3.8 million were recognised in equity and $1.3 million were included in administrative expenses and no further fees have been recognised in the year ended 30 June 2016.

Identifiable assets acquired and liabilities assumed

	Note	1 July 2015 $'000
Cash and cash equivalents		**3,721**
Trade and other receivables		**20,875**
Inventories		**20,100**
Tax receivable		**2,064**
Other assets		**1,844**
Goodwill	15	**62,791**
Other intangible assets	16	**102,941**
Property, plant and equipment	17	**2,648**
Net deferred tax asset	30	**1,204**
Investment		**1**
Trade and other payables		**(9,598)**
Provisions		**(2,536)**
Total identifiable net assets		**206,055**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade receivables comprise gross contractual amounts due of $20.9 million, of which $71,000 was expected to be uncollectible at the date of acquisition.

32. Investments in subsidiaries (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Note	1 July 2015 $'000
Consideration transferred		**206,055**
Fair value of identifiable net assets		**143,264**
Goodwill	15	**62,791**

The goodwill is attributable mainly to the skills and technical talent of Brown & Watson's work force, and the synergies expected to be achieved from integrating the company into the Group's existing automotive business. None of the goodwill recognised is expected to be deductible for tax purposes.

Shareholdings

	Country of incorporation	% ownership interest 2016	2015
Parent entity			
GUD Holdings Limited (2)	Australia		
Subsidiaries			
Appliance and Homewares International Pty Ltd (1) (3)	Australia	**100**	100
Brown & Watson International Pty Ltd	Australia	**100**	-
Carsmart Workshop Pty Ltd (1)	Australia	**100**	100
Davey Water Products Pty Ltd (1) (3)	Australia	**100**	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
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 Europe S.A.S.	France	**100**	100
Monarch Pool Systems Iberica S.L.	Spain	**100**	100
Narva New Zealand Limited	New Zealand	**100**	-
Sunbeam Corporation Limited (4)	Australia	**51**	51
Sunbeam NZ Corporation Limited (4)	New Zealand	**51**	51
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) Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited (collectively "Sunbeam ANZ") are part of the disposal group (Note 31) sold on 1 July 2016.

32. 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	2016 $'000	2015 $'000
Revenue	**488,476**	450,527
Net finance costs	**(12,846)**	(5,197)
Other expenses	**(528,172)**	(378,363)
Profit before income tax	**(52,542)**	66,967
Income tax expense	**(15,555)**	(9,375)
Profit	**(68,097)**	57,592
Loss from discontinued operations, net of tax	**(2,329)**	(1,073)
Profit for the year	**(70,426)**	56,519
Retained earnings at the beginning of the year	**58,699**	15,447
Retained earnings of members leaving the group	**-**	13,690
Dividends paid	**(35,821)**	(26,957)
Retained earnings at the end of the year	**(47,548)**	58,699
Balance Sheet		
Current assets		
Cash and cash equivalents	**10,037**	20,156
Trade and other receivables	**87,580**	56,493
Other assets	**7,563**	32,090
Inventories	**83,629**	68,456
Total current assets	**188,809**	177,195
Non-current assets		
Other financial assets	**76,647**	122,512
Property, plant and equipment	**16,852**	13,573
Deferred tax assets	**7,451**	3,599
Goodwill	**93,989**	75,188
Other intangible assets	**119,617**	26,758
Total non-current assets	**314,556**	241,630
Total assets	**503,365**	418,825
Current liabilities		
Trade and other payables	**51,020**	47,735
Borrowings	**12,502**	27
Current tax payables	**8,270**	1,284
Provisions	**13,807**	12,041
Other financial liabilities	**22,824**	-
Total current liabilities	**108,423**	61,087
Non-current liabilities		
Borrowings	**152,300**	6,503
Other financial liabilities	**2,646**	506
Provisions	**2,039**	1,368
Total non-current liabilities	**156,985**	8,377
Total liabilities	**265,408**	69,464
Net assets	**237,957**	349,361
Share Capital	**286,160**	286,160
Reserves	**(655)**	4,502
Retained earnings	**(47,548)**	58,699
Total equity	**237,957**	**349,361**

33. 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 equity 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.

Ownership interests

The following table summarises the changes in the group's ownership interest in Sunbeam ANZ.

	2016 $'000	2015 $'000
Non-controlling interests at the beginning of the period	**31,193**	-
Recognition of non-controlling interests without change in control	**-**	29,145
Share of comprehensive income	**318**	2,048
Non-controlling interests at the end of the period	**31,511**	31,193

34. 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.

Transactions eliminated on consolidation

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 as unrealised gains, but only to the extent that there is no evidence of impairment.

Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell and gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale any equity-accounted investee is no longer equity accounted.

34. Equity-accounted investees (continued)

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.

	2016 $'000	2015 $'000
Current assets	**13,213**	12,918
Non-current assets	**842**	861
Current liabilities	**985**	1,404
Non-current liabilities	**15,135**	6.645
Net assets (100%)	**(2,065)**	5,731
Group's share of net assets	**49%**	49%
Net assets (49%) [1]	**-**	2,808
Foreign currency translation	**-**	(479)
Carrying amount of interest in associate	**-**	2,329
Revenue	**25,028**	8,078
Loss and total comprehensive income (100%)	**(7,490)**	(2,190)
Group's share of loss and total comprehensive income	**49%**	49%
Share of loss and total comprehensive income of equity accounted investees, net of tax [1]	**(2,329)**	(1,073)

1 After the Group's interest was reduced to zero, equity accounting ceased as the Group has no legal or constructive obligation to make payments on behalf of the investee.

Other Notes

35. 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.

36. 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)
- A. L. Templeman-Jones (Non-executive, appointed 1 August 2015)
- P.A.F. Hay (Non-executive, resigned 1 August 2015)
- M.G. Smith (Non-executive)
- G.A. Billings (Non-executive)
- D.D. Robinson (Non-executive)
- J.P. Ling (Managing Director)
- M.A. Fraser (Chief Financial Officer)
- K. Hope (Chief Executive – Sunbeam Corporation Ltd)
- D. Birch (Chief Executive – E D Oates Pty Ltd)
- G. Nicholls (Chief Executive – GUD Automotive Pty Ltd, appointed 1 July 2015)
- R. Pattison (Chief Executive – Brown & Watson International Pty Ltd, appointed 1 July 2015)
- D. Worley (Chief Executive – Davey Water Products Pty Ltd)
- T. Cooper (Managing Director – Wesfil Australia Pty Ltd)
- T. Richards (Chief Executive – Dexion Limited, appointed on 5 October 2015)
- P. O'Keefe (Chief Executive – Dexion Limited, resigned on 2 October 2015)

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:

	2016	2015
	$	$
Short-term employment benefits	**6,088,119**	5,637,181
Long-term benefits	**75,164**	88,468
Post-employment benefits	**373,807**	341,590
Share based payments	**607,404**	1,032,531
	7,144,494	7,099,770

37. Related parties

Directors

Details of Directors' compensation is disclosed in Note 36 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 2016, key management personnel held directly, indirectly or beneficially 387,558 ordinary shares (2015: 207,640) in the Group. Performance rights issued under the 2016 plan will partially vest and, as a result, key management personnel will be issued an additional 162,798 (2015: 31,297 shares issued pursuant to partial vesting of the 2015 plan).

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 32.

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 $436,000 excluding GST (2015: $411,000 excluding GST). The Group's policy is that related party lease arrangements are undertaken with commercial terms and conditions.

38. Parent entity disclosures

As at and throughout the financial year ending 30 June 2016 the parent company of the Group was GUD Holdings Limited.

	GUD Holdings Limited	
	2016	2015
	$'000	$'000
Results of the parent entity		
Profit for the period	**(63,161)**	41,064
Other comprehensive income	**841**	(593)
Total comprehensive income for the period	**(62,320)**	40,471
Financial position of the parent entity at the year end		
Current assets	**71,219**	106,186
Total assets	**440,531**	354,989
Current liabilities	**41,895**	13,377
Total liabilities	**196,956**	12,460
Net assets	**243,575**	342,529
Total equity of the parent entity comprising of:		
Share capital	**286,160**	286,160
Retained earnings / (accumulated losses)	**(44,138)**	54,003
Other reserves	**1,553**	2,366
Total equity	**243,575**	342,529

38. Parent entity disclosures (continued)

	GUD Holdings Limited	
	2016	2015
	$'000	$'000
Parent entity contingencies		
Contingent liabilities	**68,452**	57,004

The parent entity is party to two guarantees relating to subsidiaries. The bank borrowing facility described in Note 21 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 32. 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 2016.

39. Contingent liabilities

The Group had no material contingent liabilities at 30 June 2016 (2015: Nil).

40. Subsequent events

On 1 July 2016 the Company disposed of its remaining interests in Sunbeam ANZ and Jarden Asia for estimated consideration of $34.2 million (Note 31).

Other than the sale of the remaining interests in Sunbeam ANZ and Jarden Asia as described above, and the final dividend for the year being declared, 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 2016 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 32 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 (Note 1) 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 2016.

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, 28 July 2016

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 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit/review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

S E Bell

Suzanne Bell
Partner

Melbourne
28 July 2016

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 2016, 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, notes 1 to 40 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 note 1, 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 2016 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 note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 2016 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 compensation received by Senior Executives disclosure set out in section 4.2 of the Remuneration Report for the year ended 30 June 2016. 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 in Section 4.2, Non-statutory compensation received by Senior Executives, of the Remuneration Report for the year ended 30 June 2016.

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 compensation received by Senior Executives disclosure set out in section 4.2 of the Remuneration Report for the year ended 30 June 2016 is prepared, in all material respects, in accordance with the basis of preparation set out in section 4.2, Non-statutory compensation received by Senior Executives, of the Remuneration Report for the year ended 30 June 2016.

KPMG

KPMG

S E Bell

Suzanne Bell
Partner

Melbourne
28 July 2016